

Capital Markets

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Major Indices

Foreign	Last	Ch	YtD
Dow Jones	12482.10	0.48%	2.17%
Nasdaq	2728.08	0.64%	4.72%
S&P500	1293.67	0.36%	2.87%
DAX	6332.93	1.82%	7.37%
CAC40	3269.99	1.40%	3.49%
FTSE100	5693.95	0.65%	2.18%
DJstoxx 600	253.27	0.86%	3.57%
Nikkei 225	8550.58	0.99%	1.13%

Arab*	Last	Ch	YtD
BSI	1172.02	0.32%	-0.40%
S&P AFE40	52.96	-0.19%	-1.40%
TASI	6370.16	-0.79%	-0.74%
DFMGI	1310.40	0.70%	-3.18%
EGX30	3877.29	1.17%	7.04%
KWSE	5789.40	0.46%	-0.43%
AMGNRLX	1935.93	-0.29%	-2.97%

Major Currencies**

	Last	Previous	Change
EUR/USD	1.2735	1.2662	0.58%
GBP/USD	1.5332	1.5322	0.07%
USD/JPY	76.82	76.78	0.05%

Major Commodities Futures**

	Last	Previous	Ch
Oil	100.91	99.63	1.28%
Gold	1651.7	1643.4	0.51%

Interbank Rates

	Last	Previous
LIBOR 1M	0.28%	0.28%
LIBOR 3M	0.56%	0.56%
EURIBOR 1M	0.81%	0.83%
EURIBOR 3M	1.21%	1.22%

US Benchmark Rates

	Last	Change
1 Y	0.11%	1
2 Y	0.21%	-3
5 Y	0.79%	-1
10 Y	1.87%	-2
30 Y	2.89%	-2

Economic Watch List

	Actual
US Industrial Output mm (Dec)	0.5%
US Producer Prices mm (Dec)	0.1%
JP Industrial Output Rev (nov)	-

MARKET WRAP UP

US stocks advanced on Tuesday following positive economic and financial reports as well as easing concerns from Europe. Dow Jones climbed 0.48% to 12482, and S&P500 followed with a 0.4% increase to 1294. In Europe, Stoxx600 climbed 0.86% to 253 after Spain's borrowing costs declined in its latest debt auction and a report showed that Germany's economic sentiment touched a six-month high; Germany's DAX and France's CAC40 thus jumped 1.8% and 1.4% respectively, while UK's FTSE100 added 0.7%. In Asian trading today, positive reports from both US and Europe boosted investment sentiment driving MSCI Asia Pacific 50 up by 0.2% to 784; Japan's Nikkei225 and Hong Kong's Hang Seng rose 1% and 0.2% to 8551 and 19669 respectively.

TOP STORIES

FDIC Approves Stress Tests; Citigroup Q4 Disappoints

The FDIC voted to approve the proposal for how banks with more than \$10B in assets should conduct stress tests annually. The tests are intended to give banks and regulators a better idea of whether banks can weather a crisis and what steps they may have to take to strengthen their operations. The timing of the tests however is not yet set, and depends on the comments received and when the Fed finalizes its December proposal for stress testing banks with more than \$50B of assets. The Empire State Manufacturing Survey revealed that manufacturing activity in New York state is expanding as the index rose for a third consecutive month to 13.5 in January, up from 9.5 the month before. On corporate earnings, Citigroup reported an 11% y-o-y drop in Q4 net income to \$1.2B or \$0.38 per share, weaker than expected, and a 7% y-o-y decrease in revenues for the period to \$17.2B.

German Zew Propos a Downbeat Europe; Man Group Faces More Investors' Outflows

Following an estimated slowdown of Germany's GDP in Q4, the Zew report for January on analyst and investor sentiment brightened the country's outlook due to optimism over the policy response to the European debt crisis early December. The monthly economic sentiment index realized the largest single monthly increase since the survey started in 1991 to -21.6 from -53.8. In other news, both Greece and creditors are determined to avoid a near default as they meet head to head today. Greek PM L. Papademos warned that if Greece did not receive 100% participation whereby bondholders would voluntarily write down \$130B from the nation's \$450 B debt, Athens would consider ratifying a law forcing those who opted out to bear losses. Moving to corporate news, UK-based Man Group, the world's biggest listed hedge fund manager, is set again to report further heavy client withdrawals in Q4 of around \$2.6B, as nervous investors get out of its poorly-performing funds. The firm saw its share price slump 65% y-o-y. Analysts have been cutting their forecasts after the shocking news that Man lost \$2.7B in outflows in the previous quarter.

China's Home Prices Continue to Slide; BHP Boosts Iron Ore and Petroleum Production

China's December home prices declined in 52 of the 70 cities monitored by the government, with new home prices sliding in the major cities of Shanghai, Beijing and Shenzhen for a third consecutive month, according to the National Bureau of Statistics. The sustained decrease in prices is consistent with government curbs, aimed at averting a housing bubble and rendering the sector more affordable. A separate report from China's Ministry of Finance showed that foreign direct investment inflows declined for the second straight month, falling 12.73% from December 2010 to 12.24 billion. For the whole of last year, FDI to China rose 9.72% to a record \$116 B. In corporate news, the world's largest mining company by market value, Australia's BHP Billiton Ltd. said its Q4 iron ore production increased by 22% y-o-y to 41 million metric tons, boosting its annual production to a record 159 million tons. Likewise, BHP's Petroleum division increased Q4 production 56% y-o-y to 58 million barrels of oil equivalent following its acquisitions of onshore shale in the US last year.

Gulf Equities Close Mixed; SABIC Q4 Profit Misses Estimates

Arab markets ended mixed on Tuesday as fourth-quarter financial results continue to weigh on sentiments. Saudi Arabia's Tadawul declined 0.8% to its lowest close since December 21, weighed by petrochemical stocks, while Qatar lost 0.5% to 8,600, led by banking stocks. Oman dropped 0.6% to 5,602, whereas Kuwait advanced 0.5% to 5,789. In the UAE markets, Dubai's index rose from Monday's all-time closing low, climbing 0.7% to 1,310, while Abu Dhabi's benchmark retreated 1.4% to its lowest close since February 2009. Cairo's main index, EGX30, increased for a sixth session in seven, adding 1.2% to 3,877. Moving to corporate news, Saudi Basic Industries Corp (SABIC) reported a 10% decline in its fourth-quarter net profit to SAR50.24M (\$1.40 billion), missing most analysts' forecasts. In other news, Qatar National Bank signed an agreement to buy a majority stake in the Morocco-based Union Marocaine des Banques, as part of its strategy to expand its presence in Africa.

*BSI: BLOM stock index ; AMFICI: Arab Monetary Fund composite index ; TASI: KSA index ; DFMGI: Dubai index ; EGX30: Egypt index ; KWSE: Kuwait index ; ASE: Jordan Index ** From Open To Open
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