

# Capital Markets

Issue 888

Tuesday 31 January 2012



## Major Indices

| Foreign     | Last     | Ch     | YtD   |
|-------------|----------|--------|-------|
| Dow Jones   | 12653.72 | -0.05% | 3.57% |
| Nasdaq      | 2811.94  | -0.16% | 7.94% |
| S&P500      | 1313.01  | -0.25% | 4.41% |
| DAX         | 6444.45  | -1.04% | 9.26% |
| CAC40       | 3265.64  | -1.60% | 3.35% |
| FTSE100     | 5671.09  | -1.09% | 1.77% |
| DJstoxx 600 | 252.52   | -1.13% | 3.26% |
| Nikkei 225  | 8802.51  | 0.11%  | 4.11% |

| Arab*     | Last    | Ch     | YtD    |
|-----------|---------|--------|--------|
| BSI       | 1163.93 | -0.34% | -1.09% |
| S&P AFE40 | 54.08   | 0.46%  | 0.69%  |
| TASI      | 6560.25 | 0.08%  | 2.22%  |
| DFMGI     | 1405.61 | 0.29%  | 3.86%  |
| EGX30     | 4530.73 | -0.10% | 25.08% |
| KWSE      | 5865.40 | 0.13%  | 0.88%  |
| AMGNRLX   | 1163.93 | -0.34% | -1.09% |

## Major Currencies\*\*

|         | Last   | Previous | Change |
|---------|--------|----------|--------|
| EUR/USD | 1.3134 | 1.3223   | -0.67% |
| GBP/USD | 1.5703 | 1.5718   | -0.10% |
| USD/JPY | 76.30  | 76.66    | -0.47% |

## Major Commodities Futures\*\*

|      | Last   | Previous | Ch     |
|------|--------|----------|--------|
| Oil  | 98.88  | 99.81    | -0.93% |
| Gold | 1728.8 | 1737.6   | -0.50% |

## Interbank Rates

|            | Last  | Previous |
|------------|-------|----------|
| LIBOR 1M   | 0.27% | 0.27%    |
| LIBOR 3M   | 0.55% | 0.55%    |
| EURIBOR 1M | 0.72% | 0.73%    |
| EURIBOR 3M | 1.13% | 1.14%    |

## US Benchmark Rates

|      | Last  | Change |
|------|-------|--------|
| 1 Y  | 0.12% | 0      |
| 2 Y  | 0.22% | 0      |
| 5 Y  | 0.73% | -2     |
| 10 Y | 1.87% | -6     |
| 30 Y | 2.99% | -8     |

## Economic Watch List

|                              | Actual |
|------------------------------|--------|
| US Consumer Confidence (Jan) | -      |
| CA Producer Prices yy (Dec)  | -      |
| FR Consumer Spending (Dec)   | -      |

## MARKET WRAP UP

US stocks ended lower on Monday as investors showed concern over Greece's stalemate with its private creditors and Portugal's rising bond yields driving down lenders' equities. Dow Jones edged down by less than 0.1% to 12654 and S&P500 lost 0.3% to 1313. In Europe, the unexpected setback in Portugal's debt market pulled the Stoxx600 index down by 1.1% to 253 points. Germany's DAX, France's CAC40 and the UK's FTSE100 fell by 1%, 1.6%, and 1% respectively. An announcement by Greek Prime Minister after markets' closing yesterday stating that considerable progress has been made with creditors however buoyed investment sentiment in Asia today, driving the MSCI Asia Pacific 50 up by 1% to 817 points. Japan's Nikkei225 and Hong Kong's Hang Seng added 0.1 and 1.1% to 8803 and 20391 respectively.

## TOP STORIES

### Americans' Income Rise, Spending Slows; Private Equity Firms Invest in Housing

Personal income (PI) in the US rose by 0.5% m-o-m in December, or \$61.3B, while disposable PI personal income (DPI) increased by 0.4% m-o-m or \$47.1B, following a 0.1% gain the month before. Personal consumption expenditures on the other hand decreased by \$2.0 billion, or less than 0.1% m-o-m following an increase of \$11.4B or 0.1% m-o-m in November. In other news, US private equity firms are eyeing the 200,000 foreclosed homes that the government plans to market to boost rental revenues in their portfolios. GTIS Partners and GI Partners will each spend \$1B in the medium term acquiring single-family homes to manage as rentals, while Oaktree Capital Management will spend \$450M on similar housing. On corporate earnings, pharmaceutical wholesaler McKesson Corp posted an almost twofold increase in Q3 net income to \$300M or \$1.20 per share, up from \$155M or \$0.60 per share a year ago, while the company's adjusted EPS of \$1.40 outperformed estimates for \$1.37.

### Portugal Yields Soar on EU Delays; BNP Paribas Victimized by Sarkozy Tax

Investors gripped by fresh setbacks in Portugal's economic health, pushed 10-year yields up by 217 bps to a euro-era record of 17.39% yesterday. This comes despite its PM P. Coelho and the IMF & EU judging Portuguese debt as "perfectly sustainable" and with no risk of write-downs. Separately, German retail sales declined surprisingly 1.4% m-o-m in December as consumers' Christmas-shopping spree was overshadowed by the economic outlook's uncertainty. Economists expected a surge of 0.8% m-o-m after falling 1% in November. Moving to corporate news, BNP Paribas's shares plummeted 7.1% on potential profits foregone from its trading division as President N. Sarkozy will impose a financial-transaction tax of 0.1% regardless of the latter being endorsed by EU. In other news, Netherlands' Electronics giant Philips, the world's biggest light-bulb maker, reported its third consecutive profit warning after writing down an overpriced bulb inventory, customers postponing medical imaging machines purchases and incurring new losses in its television unit. It posted a \$213M Q4 loss, far wider than analysts' estimates for a \$34M.

### Japan's Budgets Do Little to maintain Jobless Rates; Sany Ventures Abroad

Japan's unemployment rate worsened by 0.1% in December to 4.6% as a strengthening yen continues to squeeze manufacturers, despite the government's passing of four additional budgets worth \$262B to jumpstart demand and labor in the nation and also in devastated nuclear and earthquake areas. Moving to corporate news, the world's second-largest flash memory chips giant Toshiba, maker of televisions and notebooks as well as nuclear reactors, slashed its annual year-ending March 31 sales and profit forecasts by 11% and a whopping 54% to \$8.1B and \$852M respectively. A stronger yen, Thai flooding and European crisis-related sluggish demand were to blame. In other news, The Chinese construction-equipment maker, Sany, run by China's richest man L. Wengen, will buy 90% of renowned German-maker of concrete-pumps, Putzmeister, in a deal totaling \$472M to add new technology and expand overseas.

### Arab Markets End Mixed; UAE's Dana Gas Q4 Profit Surges

Saudi Arabia's Tadawul added 0.1% on Monday to hit a six-month high of 6,560, while Qatar gained 0.6% to 8,492. Dubai's benchmark advanced 0.3% to 1,406, whereas Abu Dhabi's market dropped 0.5% to 2,422. Bahrain lost 0.3% to 1,136, and Oman inched 0.06% down to 5,591. Egypt's EGX30 fell 0.1% to close at 4,531. Moving to corporate news, First Gulf Bank reported an 18% increase in its fourth-quarter profits to AED1.02 billion (\$278.5 million), beating most analysts' expectations. Separately, Dana Gas recorded a sharp rise in its fourth-quarter net profit to AED147 million (\$40 million) compared to AED59 million (\$16.06 million) registered a year earlier, buoyed by an increase in production and higher oil prices. In other news, Qatar made a takeover approach to the majority owner of Oger Telecom, which owns a 55% stake in Turk Telecom. By acquiring the Oger Telecom stake, Qatar would also get Turk Telecom and its mobile unit Avea as well as South African operator Cell C in which Oger holds a 75% stake.

\*BSI: BLOM stock index ; AMFCI: Arab Monetary Fund composite index ; TASI: KSA index ; DFMGI: Dubai index ; EGX30: Egypt index ; KWSE: Kuwait index ; ASE: Jordan Index \*\* From Open To Open \*\*\* US: United States ; EZ: Euro Zone ; UK: United Kingdom ; DE: Germany ; JP: Japan  
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