

Capital Markets

Issue 886

Friday 27 January 2012



Major Indices

Foreign	Last	Ch	YtD
Dow Jones	12734.63	-0.18%	4.23%
Nasdaq	2805.28	-0.46%	7.68%
S&P500	1318.43	-0.58%	4.84%
DAX	6539.85	1.84%	10.88%
CAC40	3363.23	1.53%	6.44%
FTSE100	5795.20	1.26%	4.00%
DJstoxx 600	257.86	1.14%	5.45%
Nikkei 225	8841.22	-0.09%	4.56%

Arab*	Last	Ch	YtD
BSI	1169.38	-0.05%	-0.62%
S&P AFE40	53.83	0.92%	0.22%
TASI	6476.86	0.00%	0.92%
DFMGI	1405.82	0.70%	3.87%
EGX30	4432.99	7.18%	22.38%
KWSE	5852.20	0.21%	0.65%
AMGNRLX	1938.10	0.10%	-2.86%

Major Currencies**

	Last	Previous	Change
EUR/USD	1.3104	1.3102	0.02%
GBP/USD	1.5687	1.5655	0.20%
USD/JPY	77.44	77.79	-0.45%

Major Commodities Futures**

	Last	Previous	Ch
Oil	99.93	99.96	-0.03%
Gold	1720.0	1709.9	0.59%

Interbank Rates

	Last	Previous
LIBOR 1M	0.27%	0.27%
LIBOR 3M	0.55%	0.56%
EURIBOR 1M	0.73%	0.74%
EURIBOR 3M	1.14%	1.15%

US Benchmark Rates

	Last	Change
1 Y	0.12%	0
2 Y	0.22%	0
5 Y	0.77%	-4
10 Y	1.96%	-5
30 Y	3.10%	-3

Economic Watch List

	Actual
US Build Permits (Dec)	-
US GDP (Q4)	3%
US GDP Consumer Spending (Q4)	-
CA Budget Balance (Nov)	-

MARKET WRAP UP

The US market ended lower on Thursday after a report showed that sales of new homes unexpectedly declined, while banks' shares lost on concerns that interest margins will remain low with the Fed's pledge to keep rates low until 2014. Dow Jones slid 0.2% to 12734, S&P500 dropped 0.6% to 1318. In Europe, gains in mining companies boosted equity markets despite continued disputes between Greece's creditors and EU finance ministers. Stoxx600 climbed 1.1% to 258; Germany's DAX, France's CAC40, and UK's FTSE100 gained 1.8%, 1.5%, and 1.3% respectively. Moving to East Asian markets, stock prices swung between gains and losses today as commodity prices supported mining stocks while the Yen's appreciation exerted downward pressure on Japanese exporters. MSCI Asia Pacific 50 rose 0.1% to 816; Japan's Nikkei225 slipped 0.1% to 8841 and Hong Kong's Hang Seng added 0.3% to 20502.

TOP STORIES

New Orders for Durable Goods Increase; Leading Indicator Points to Growth

New orders for manufactured US durable goods rose by 3% m-o-m in December to \$214.5B, the fifth increase in the second half of 2011, and following a 4.3% rise the month before. Excluding transportation, new orders increased by 2.1%. In other releases, sales of new single-family houses fell by 2.2% m-o-m during the same period to the seasonally adjusted annual rate of 307,000, and were down by 7.3% y-o-y. Initial jobless claims rose last week by 21,000 to reach the seasonally adjusted level of 377,000, while the four-week average has declined to 377,500 from 380,000 the week before. Also, the leading economic indicator, a gauge of future economic activity, rose in December by 0.4% following a 0.2% increase the month before. In corporate news, Caterpillar reported a 58% y-o-y jump in Q4 earnings to \$1.55B, or \$2.32 per share, beating Wall Street's estimates, on record sales of construction and mining equipment as revenue rose by 35% to \$17.24B.

Banks Sell EZ Bonds & Buy German; Roche Directs Talks at Illumina Shareholders

International banks have reduced cross-border lending to the Eurozone where in Q3 alone bonds and loans claims on Italy, France, Poland and Spain declined q-o-q by 23% q-o-q, 21%, 17% and 10% respectively. As for Germany, \$65.3B was injected into its safe-haven debt. In other news, amid signs of a German economy likely to run out of steam, consumers' confidence going forward showed otherwise. The GfK consumer climate survey improved 0.2 points to 5.9 in February m-o-m instead of falling back to 5.6 as estimated baffling the market and economists. Moving to corporate news, Illumina targeted by Roche in a \$5.7B hostile bid, has granted the right to its shareholders to buy additional shares at half the price should the latter or any other bidder become owner of 15% of the gene-mapping maker's common stock. This pre-emptive strategy would dilute the stake of the prospective buyer and make the deal prohibitively expensive. Roche will begin direct talks with shareholders instead.

Japan's Retail Sales Spring Up 2.5%; Samsung Q4 Profits Jump 17%

Japan's December retail sales grew at the fastest pace in two years as consumers regained some of their confidence in the economy despite the country's slowing export sector. Sales rose 2.5% y-o-y beating estimates of a 2.1% annual increase, and edging up by 0.2% from the previous month. Relatedly, a report from Tokyo's statistics bureau showed that consumer prices slid by 0.1% y-o-y in December as the Yen's record levels rendered import prices relatively cheaper. In corporate news, Samsung Electronics Co. fourth quarter profits jumped 17% y-o-y to \$3.55 B with the company's chip production and cost efficiencies boosting its gains to their highest level since Q3 2010. Separately, the president of Honda Motor Co. said that the car maker's results will recover to pre-crisis levels in the year ending March 2013. The company's operating income will likely double to \$7.6 B according to estimates.

Arab Markets End Up; Passengers at Abu Dhabi Airport Hit a Record-high

Egypt's bourse surged 7.2% to close at 4,433, its highest close since trading was resumed in March following the 18-day uprising that unseated President Hosni Mubarak. Dubai's benchmark edged 0.7% up to 1,406, led by property stocks, while Abu Dhabi's market gained 0.6% to 2,390. Qatar and Kuwait indices rose 0.2% each to 8,435, and 5,852 respectively. In other news, passenger traffic at the Abu Dhabi International Airport increased 3.9% in 2011 to a record-high of 12.4 million. On the corporate front, Oman's Bank Sohar posted a 41.8% jump in full year net profits to OMR14.49 million (\$37.6 million). Separately, Fitch Ratings revised the outlook on Dubai Holding Commercial Operations Group to "stable" from "negative" and affirmed its long-term Issuer Default Rating (IDR) and senior unsecured rating at "B".

*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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