

NEWS FLASH

GLOBAL MARKET UPDATE

Asia Pacific morning, 15 January 2010

US stocks move higher on optimism in corporate earnings, Asia pushes higher as metals prices, Australian employment numbers rise

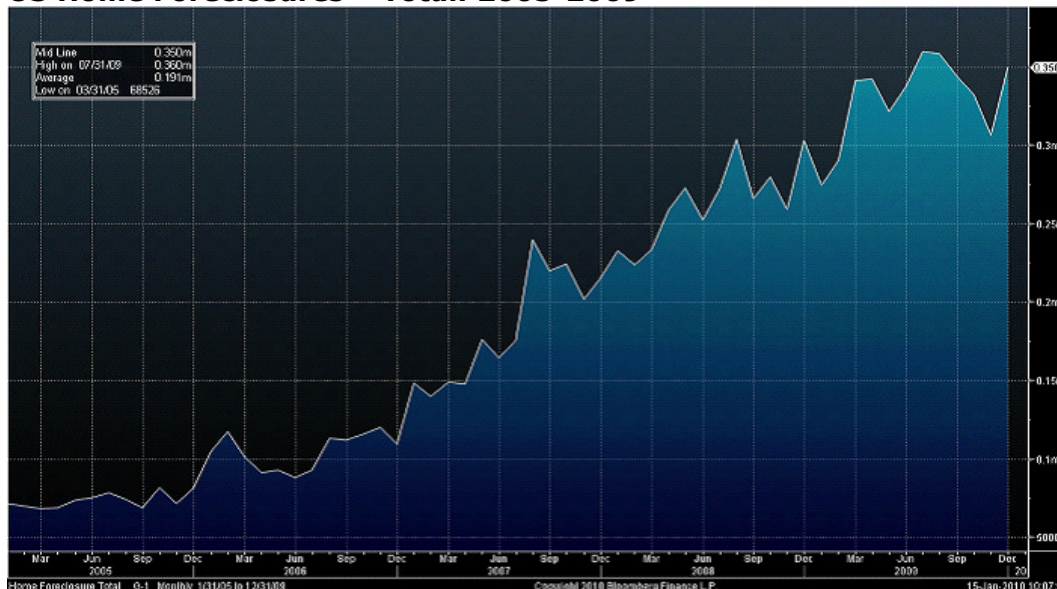
US stocks rose overnight after technology heavyweight, Intel Inc., posted a record profit margin and its biggest quarterly revenue in more than in a year, despite a the poor news on the economic front with a decline in retail sales figures. Dow Jones industrial average added 30 points, or 0.3%, to 10,711, while the Standard & Poor's 500 Index rose 0.24% and the Nasdaq Composite Index 0.4%.

The Dow was led higher by strong performances in the Health Care, Technology and Financials sectors, with Intel Corp. posting strong results to lead other technology stocks. Intel Corp., the world's largest chipmaker, predicted higher first-quarter revenue than analysts estimated as demand for notebook computers rebounded, and upgraded its sales forecast for the current quarter. Fourth-quarter net income climbed more than ninefold to \$2.28 billion, or 40 cents a share.

The key financial stocks on the Dow moved higher despite the potential levy to be imposed on financial firms with assets greater than \$50 billion in assets. According to a broking analyst report, the Obama administration's proposal may each cost JPMorgan Chase & Co. and Bank of America Corp. more than \$1.5 billion each year. The tax would amount to 22% of Bank of America's expected 2010 earnings per share and 12% of JPMorgan's, according to an analyst report, and it is expected to raise \$90 billion over a minimum of 10 years. President Barack Obama said today that the tax aims to get back "every single dime" that taxpayers put into bailing out the financial companies. Those firms can afford to pay the fee because of Wall Street's "massive profits and obscene bonuses". JPMorgan Chase & Co. is scheduled to post results tomorrow and 66 companies in the S&P 500 are slated to deliver earnings next week

In news on the economy, sales at US retailers unexpectedly fell 0.3% in December, while first-time claims for unemployment benefits rose more than forecast to 444,000 last week. Consistent with the slow progress in recovery, New York Federal Reserve Bank President William Dudley said yesterday that short-term interest rates may remain low for at least six months and possibly for as long as two years. Meanwhile, home foreclosures in the US rose to 2.82 million last year, the most since RealtyTrac began compiling data in 2005. Foreclosures in the fourth quarter jumped 18% from the same period in 2008 and fell 7% from the third quarter.

US Home Foreclosures – Total: 2005-2009



European markets moved higher, with UK's FTSE 100 climbing 0.5% on the back of rises in metals prices. Rio Tinto Group, the world's third- largest mining company, climbed 2.2% in London after saying iron ore output increased 49% in the fourth quarter, while Xstrata Plc added 4% and BHP Billiton Ltd climbed 1.2%. The London Metal Exchange Index of six metals including copper and zinc rose 0.8% yesterday. France's CAC 40 and Germany's DAX each added 0.4%, while Greek bonds slid, sending the yield on the nation's two- year note up 45 basis points to 3.6%. Prime Minister George Papandreou is struggling to convince investors and other European leaders he can get the deficit under control after rating downgrades last year sparked a rout in the country's bonds

European Central Bank President Jean-Claude Trichet said the region's outlook is unclear, comments which were backed up by news from DSG International Plc and Home Retail Group Plc, with the UK retailers issued statements which tempered stronger holiday sales, forecasting a tough 2010. Home Retail Group's statement said that it has to adopt an "almost compulsory cautious management outlook".

Markets in the Asia Pacific region moved higher with the exception of Hong Kong which recorded a small loss for the day. Stronger metals prices and positive economic data pushed Australia's S&P/ASX 200 Index 0.6% higher. The Australian Bureau of Statistics said the number of people employed rose by 35,200 in December from the previous month, exceeding the median estimate of 19 economists for an increase of 10,000. The jobless rate fell to 5.5% from 5.6%. Japan's Nikkei 225 rebounded yesterday, driven by Mitsui O.S.K. Lines Ltd which rose 7.2% after the Nikkei English News said the shipper may report higher profit. Meanwhile, China Mobile rose 2.7% on government plans to combine Internet, telecommunications and television networks.

Fixed income

The yield on the 10- year note slid five basis points to 3.74% as U.S. government debt extended gains following the sale of 30-year bonds at a lower-than-estimated yield.

Currencies

The US dollar was little changed against most major currencies overnight. In morning trade, the dollar was buying 91.25 yen and 0.6895 euros.

Commodities

Although metals prices were higher in London, key commodities were largely unchanged in New York. Crude oil for February delivery closed down 0.3% at \$79.39 a barrel in New York, while the Gold price added 0.4%, last trading at \$1142.40 an ounce.

Looking ahead

Australia's S&P/ASX 200 index has opened weaker this morning, currently down 7 points or 0.1% at 4,891.

Latest markets:

Regions	Countries	Indices	Close	Net			
				Change	% 1 day	% YTD	% 1 year
ASIA	Japan	ToPIX	959	15	1.6%	5.7%	20.5%
	Japan	Nikkei 225	10,908	173	1.6%	3.4%	35.9%
	Hong Kong	Hang Seng	21,717	-32	-0.1%	-0.7%	64.0%
	Hong Kong	China Enterprise H Share	12,363	-119	-1.0%	-3.4%	75.6%
	China	Shanghai SE	3,216	43	1.4%	-1.9%	67.5%
	China	Shenzhen SE	1,219	25	2.1%	1.5%	104.6%
	Taiwan	Taiwan TAIEX	6,290	93	1.1%	1.2%	91.9%
	Korea	KOSPI	1,686	14	0.9%	0.2%	51.7%
	Australia	S&P/ASX 200	4,898	30	0.6%	0.6%	36.8%
	India	SENSEX 30	17,585	75	0.4%	0.7%	87.7%
	Singapore	Straits Times	2,910	21	0.7%	0.4%	70.7%
	Malaysia	Kuala Lumpur Comp	1,295	5	0.4%	1.7%	44.3%
	Thailand	Stock Exchange Index	749	3	0.4%	2.0%	75.8%
	Indonesia	Jakarta Comp	2,645	12	0.5%	4.4%	96.9%
Philippines	Philippine SE	3,122	25	0.8%	2.3%	59.7%	
America	US	S&P 500	1,148	3	0.2%	3.0%	36.3%
	US	Dow Jones Industrial Avg	10,711	30	0.3%	2.7%	30.6%
	US	NASDAQ	2,317	9	0.4%	2.1%	55.5%
	Brazil	Bovespa Index	69,601	-584	-0.8%	1.8%	83.8%
Europe	UK	FTSE 100	5,498	25	0.5%	1.6%	31.5%
	Germany	DAX	5,389	26	0.4%	0.5%	35.4%
	France	CAC 40	4,016	15	0.4%	2.0%	31.8%
	Russia	Russian RTS (USD)	1,566	4	0.2%	8.4%	164.8%

As of Sydney Time 9:42:15 01/10

Source: Bloomberg, Reuters, MarketWatch