

NEWS FLASH

GLOBAL MARKET UPDATE

Asia Pacific morning, 26 January 2010

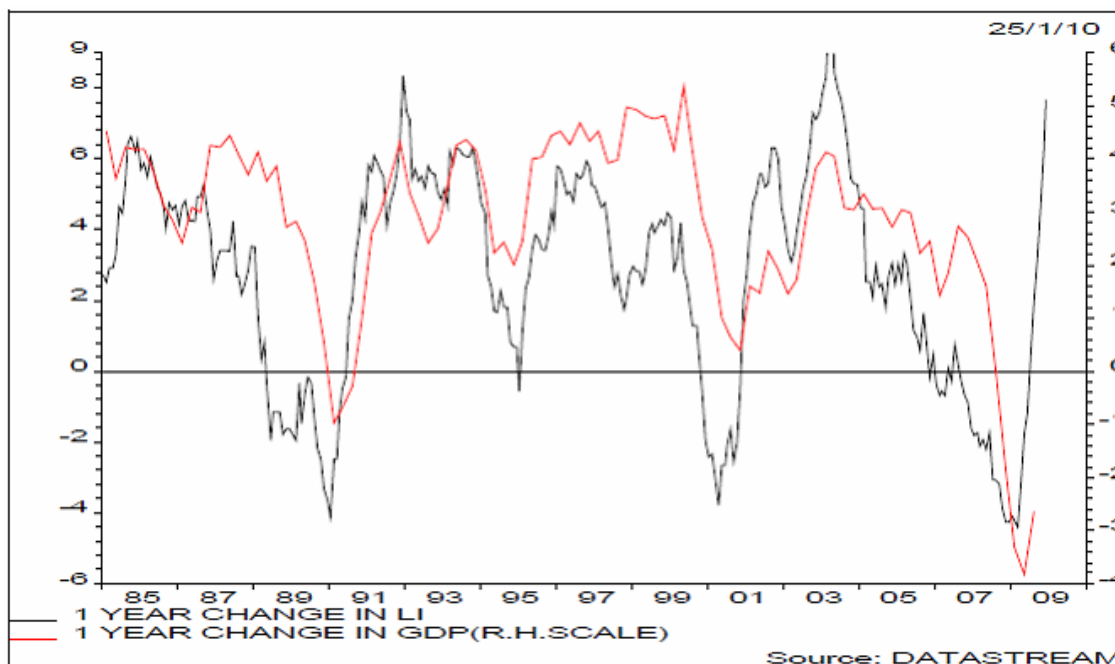
Stocks in the US recover after "its not that bad" sentiments return, Europe lower on corporates while China leads Asia lower

US stocks rose overnight to partially recover from the significant falls last week, suggesting that the prior day's falls were overdone. The market rose early before falling back on poor housing data and then moved higher again into positive territory. Over the day, the Dow Jones industrial average rose 24 points, or 0.2% to end at 10,197, while the Standard & Poor's 500 Index rose by 0.5% and the Nasdaq Composite Index added 0.2%.

Stocks were led higher by positive performances from telecommunications and technology stocks, with Verizon (1.1%), AT&T (0.8%), Intel Corp (2.1%) and Microsoft (1.1%) posting gains. Apple Inc. released its quarterly report following the market's close, reporting a 50% leap in first-quarter profit, buoyed by holiday orders for the Macintosh computer, although sales of the iPhone missed some analysts' estimates. Consumer and energy stocks however limited the gains as crude oil prices hover at the lower end of their recent trading range. So far this month, 46 of the 62 S&P 500 companies that reported earnings topped the average forecast, and more than 130 companies are scheduled to release results this week.

The US housing market is continuing to struggle to recover. Sales of existing US homes fell more than anticipated in December, highlighting the dependence of the housing market on a government tax credit. Purchases declined 17% in the month after a government tax credit was originally due to expire, the biggest decline since records began in 1968. However, the median sale price increased for the first time in two years, and new housing permits also rose. Leading indicators on the economy are providing a better picture, with the recent release of the Conference Board Lead Indicator showing confidence regarding economic conditions has risen for a ninth month.

Chart 1: Conference Board Lead Indicator and GDP



In Europe, the Dow Jones Stoxx 600 Index slipped 0.7%. Ericsson AB, the world's biggest maker of wireless networks, fell 1.1% in Stockholm after reporting a 92% plunge in profit. Royal Philips Electronics NV, Europe's biggest consumer-electronics maker, climbed 5.1% in Amsterdam after posting a third straight quarterly profit. The UK's FTSE 100 Index fell 0.8%, while Germany's DAX index lost 1.1% and France's CAC40 declined by 1.0%. Greece's benchmark ASE Index bucked the trend, rising 2.8% to register a second day of gains after the government successfully completed its first bond sale of the year.

Markets across Asia traded lower reflecting the weak lead from the US on Friday. China's Shanghai stock Exchange (-1%) and the Philippines (-1.8%) led the declines for the region, while the Hang Seng Index fell 0.6% into a correction after its losses since November high touched 10%, reflecting the renewed concern on the prospects for the banking and real estate sectors given the monetary tightening bias emerging in China. However, Bank of China is reported to have interest in a 40 billion yuan (\$5.9 billion) sale of new stock in Hong Kong.

Fixed income

The yield on the benchmark 10-year treasury note climbed two basis points to 3.63%. The Treasury will auction \$44 billion of the notes tomorrow.

Currencies

The US dollar declined against most major trading partners. In morning trade, the greenback was largely unchanged against the euro, trading at 0.7067, while it fell 0.5% against the yen, last trading at 90.25. The yen declined after reports that the Bank of Japan policy makers are prepared to consider expanding an emergency-loan program for banks and increasing purchases of government debt.

Commodities

Crude oil for March delivery rose 1% to \$75.25 overnight, while spot Gold rose 0.5%, last trading at \$1,098.40 an ounce.

Looking ahead

Australia's stock exchange is closed today for the Australia Day national holiday. However the SPI 200 futures contract last traded this morning 22 points or 0.6% at 4,654.

Latest markets:

| Regions | Countries | Indices | Close | Net | | | |
|-------------|---------------|--------------------------|--------|--------|---------|-------|----------|
| | | | | Change | % 1 day | % YTD | % 1 year |
| ASIA | Japan | Topix | 935 | -6 | -0.7% | 3.0% | 21.6% |
| | Japan | Nikkei 225 | 10,513 | -78 | -0.7% | -0.3% | 36.8% |
| | Hong Kong | Hang Seng | 20,599 | -128 | -0.6% | -5.8% | 63.8% |
| | Hong Kong | China Enterprise H Share | 11,858 | -117 | -1.0% | -7.3% | 78.0% |
| | China | Shanghai SE | 3,094 | -34 | -1.1% | -5.6% | 55.4% |
| | China | Shenzhen SE | 1,148 | -13 | -1.2% | -4.4% | 88.2% |
| | Taiwan | Taiwan TAIEX | 7,873 | -54 | -0.7% | -3.8% | 85.3% |
| | Korea | KOSPI | 1,670 | -14 | -0.8% | -0.7% | 52.8% |
| | Australia | S&P/ASX200 | 4,718 | -33 | -0.7% | -3.1% | 41.1% |
| | India | SENSEX 30 | 16,780 | -79 | -0.5% | -3.9% | 93.4% |
| | Singapore | Straits Times | 2,812 | -8 | -0.3% | -3.0% | 66.8% |
| | Malaysia | Kuala Lumpur Comp | 1,297 | -4 | -0.3% | 1.9% | 48.6% |
| | Thailand | Stock Exchange Index | 710 | -4 | -0.5% | -3.3% | 62.7% |
| | Indonesia | Jakarta Comp | 2,598 | -12 | -0.5% | 2.5% | 97.5% |
| Philippines | Philippine SE | 2,968 | -96 | -1.8% | -2.8% | 58.7% | |
| America | US | S&P 500 | 1,097 | 5 | 0.5% | -1.6% | 31.8% |
| | US | Dow Jones Industrial Avg | 10,197 | 24 | 0.2% | -2.2% | 26.2% |
| | US | NASDAQ | 2,211 | 6 | 0.2% | -2.6% | 49.7% |
| | Brazil | Bovespa Index | Closed | Closed | Closed | -3.5% | 73.7% |
| Europe | UK | FTSE 100 | 5,260 | -43 | -0.8% | -2.8% | 29.8% |
| | Germany | DAX | 5,631 | -64 | -1.1% | -5.5% | 34.8% |
| | France | CAC 40 | 3,782 | -39 | -1.0% | -3.9% | 32.7% |
| | Russia | Russian RTS (USD) | 1,490 | 4 | 0.2% | 3.1% | 199.0% |

As of Sydney Time 9:05 26/01/10

Source: Bloomberg, Reuters, MarketWatch