

Friday June 22, 2012

Stock Markets Rap (as of June 21)

	Close	Chg	(%)
MSCI World	1,207	-23	-1.8
Dow	12,574	-251	-2.0
Nasdaq	2,859	-71	-2.4
S&P 500	1,326	-30	-2.2
Euro Stoxx	2,199	-8	-0.4
FTSE 100	5,566	-56	-1.0
DAX	6,343	-49	-0.8
CAC	3,114	-12	-0.4
ASX 200	4,088	-45	-1.1
Nikkei	8,824	+72	+0.8
Shanghai	2,261	-32	-1.4
Hang Seng	19,265	-254	-1.3
H Shares	9,663	-158	-1.6

	Close	Chg	(%)
FTSE ASEAN	540	-7	-1.3
Singapore	2,830	-26	-0.9
Thailand	1,159	-14	-1.2
Malaysia	1,601	-3	-0.2
Indonesia	3,902	-42	-1.1
Philippines	5,109	-37	-0.7
Vietnam	431	-2	-0.4
Lao PDR	1,011	-5	-0.5
Cambodia	715	+5	+0.8

Currencies Rap (as of June 21)

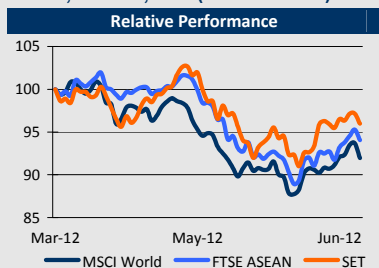
	Last	Chg	(%)
DXY	82.29	+0.71	+0.87
USD/EUR	1.2672	-0.00	-0.11
JPY/USD	79.92	+0.95	+1.20
THB/USD	31.69	+0.18	+0.57
VND/USD	20,920	-20.00	-0.10
LAK/USD	8,003.00	+2.00	+0.02
KHR/USD	4,093.65	+19.90	+0.49
MMK/USD	849.93	+5.14	+0.61
VND/THB	660.09	-4.69	-0.71
LAK/THB	252.52	-1.49	-0.59
KHR/THB	128.00	0.00	0.00
MMK/THB	26.82	-0.00	-0.01

Commodities Rap (as of June 21)

	Close	Chg	(%)
Gold	1,565.50	-50.30	-3.11
Silver	26.90	-1.55	-5.46
Copper	330.65	-8.95	-2.64
WTI	78.20	-3.60	-4.40
Brent	89.23	-3.46	-3.73
BDI	978	+6	+0.62

Source: Bloomberg

World, ASEAN, SET (as of June 21)



Source: Bloomberg

MACRO NEWS

- 15 Major Investment Banks See Ratings Cut by Moody's
- Goldman Sachs Recommends Short Position in the S&P 500
- Spanish Banks Need Up to \$79 Billion in Capital: Auditors
- Eurozone Business Activity Shrinks; U.S., China Output Slows
- Oil Futures Drop Below \$80 for First Time in Eight Months
- Gold Falls Below \$1,600 on Fed Disappointment

CORPORATE NEWS

- Google [GOOG:US] - Google Stock Split Wins Approval; CEO Loses Voice
- BHP Billiton [BHP:US] - BHP Says to Invest \$845 Million in Australian Coal

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MACRO NEWS

15 Major Investment Banks See Ratings Cut by Moody's

Moody's Investors Service downgraded the debt ratings of 15 major international banks and securities firms on Thursday, a move that could cost the banks billions of dollars in extra collateral. U.S. banks that were downgraded included: Bank of America, whose long-term debt rating was cut 1 notch, to BAA2 from BAA1, Citigroup was cut 2 notches to BAA2 from A3, Goldman Sachs was cut by 2 notches to A3 from A1, JPMorgan was cut by 2 notches to AA3 from A2 and Morgan Stanley was cut by 2 notches, to BAA1 from A2. All the ratings cuts for the US banks were expected, except for Morgan Stanley, whom some thought would be cut 3 notches instead of 2. Moody's said that the banks were downgraded because their long-term prospects for profitability and growth are shrinking. A downgrade usually means that it becomes more costly for banks to raise money by selling debt. Investors demand higher interest for riskier debt, which is what the downgrades represent. Royal Bank of Canada and nine European banks, including Barclays Bank, Deutsche Bank, BNP Paribas and Credit Suisse also had their ratings cut. [\[CNBC\]](#)

Goldman Sachs Recommends Short Position in the S&P 500

In its report, Goldman Sachs notes, "We are recommending a short position in the S&P 500 index with a target of 1285 (roughly 5% below current levels) and a stop on a close above 1390. This morning, the Philly Fed print of -16.6, down sequentially and worse than expected, provides further evidence that weakness has extended into June. Although yesterday's FOMC delivered easing as expected, with a dovish statement, positive risk sentiment ahead of the FOMC had already buoyed markets. And we now think, with incremental US monetary policy on hold, the market will need to confront a deteriorating growth picture near term. [\[Benzinga\]](#)

Spanish Banks Need Up to \$79 Billion in Capital: Auditors

Independent auditors have calculated that Spain's troubled banks could need as much as 62 billion euros (\$78.76 billion) in new capital. Deputy Bank of Spain governor Fernando Restoy noted that this worst-case scenario was far below the 100 billion euro that the 17 countries that use the euro have made available to rescue Spain's banking sector, which is struggling under toxic loans and assets. Spain will use the figures from the two outside auditors to decide how much to ask the eurozone for. [\[CNBC\]](#)

Eurozone Business Activity Shrinks; U.S., China Output Slows

According to financial information firm Markit, the euro zone's private sector shrank in June at its fastest pace in three years. Activity declined across the euro zone. Markit's euro zone Flash Composite Purchasing Manager's Index for June, which comprises the service and manufacturing sectors, fell to 46.0. It has contracted for nine of the last 10 months. Germany's factory sector contracted at its fastest pace since June 2009 and its services sector barely expanded, while in France, activity in both sectors declined. Slower growth in China and other large emerging market economies also hit demand for U.S. goods, Markit said. The company's U.S. Flash Manufacturing Purchasing Manager's Index fell to 52.9 in June from 54.0 in May. A separate report showed that factory activity in the U.S. Mid-Atlantic region contracted for a second straight month as new orders tumbled. China's factory sector shrank for an eighth straight month in June as export orders sentiment hit its weakest level since early 2009. Economists said that suggested a broad slowdown in the economy may extend into the third quarter. The HSBC Flash Purchasing Managers Index, the earliest monthly indicator of China's industrial activity, fell to a seven-month low of 48.1 in June from 48.4 in May. [\[Reuters\]](#)

Oil Futures Drop Below \$80 for First Time in Eight Months

Crude futures for August delivery fell \$3.25 to \$78.20 a barrel in New York, the lowest settlement since Oct. 4. The price is down 21% in 2012. Futures dropped 4%, the most this year, as manufacturing slumped in the U.S., China and Europe, applications for U.S. unemployment benefits exceeded estimates and sales of existing homes were lower than expected. Oil stockpiles rose last week to the most since 1990. [\[Bloomberg\]](#)

Gold Falls Below \$1,600 on Fed Disappointment

The most actively traded gold contract, for August delivery, was recently down \$28.30, or 1.8%, at \$1,587.50 a troy ounce in New York as investors saw less need for the metal as an inflation hedge after the Federal Reserve didn't announce new programs to prop up the economy. [\[WSJ\]](#)

CORPORATE NEWS

Google [GOOG:US] - Google Stock Split Wins Approval; CEO Loses Voice

Google shareholders gave CEO Larry Page what he wanted Thursday by approving an unconventional stock split meant to cement his authority, but he wasn't around to hail the victory. The plan calls for a share of Class C stock to be given for every share of the existing Class A stock. That has the effect of cutting the value of each Class A share in half while doubling the total owned by each stockholder. In other words, 100 shares of Class stock worth \$565.21 apiece at Thursday's closing price would become 200 shares worth about \$282.60 apiece after the split. [\[AP\]](#)

BHP Billiton [BHP:US] - BHP Says to Invest \$845 Million in Australian Coal

BHP Billiton, the world's largest miner, has approved an \$845 million investment to keep up production at its Illawarra coal operations in Australia. BHP said on Friday it was going to dig a new area at its Appin Mine which would have production capacity of 3.5 million tonnes per year of coal used in steel mills from 2016, replacing production at the West Cliff Mine. That would sustain total production from its Illawarra operations at 9 million tonnes a year. BHP approved the spending at a time when major miners have been under pressure from shareholders, jittery about slowing global growth, falling commodity prices and rising costs, to hand back capital rather than splashing out on projects. [\[Reuters\]](#)