

Tuesday October 18, 2011

NEWS UPDATE

Stock Markets Rap (as of Oct 17)

	Close	Chg	(%)
Dow	11,397	-247	-2.1
Nasdaq	2,615	-53	-2.0
S&P 500	1,201	-24	-1.9
Global Dow	1,823	-23	-1.2
VIX	33.39	+5.15	+18.2

	Close	Chg	(%)
FTSE 100	5,437	-30	-0.5
DAX	5,859	-108	-1.8
CAC	3,166	-52	-1.6

	Close	Chg	(%)
ASX 200	4,275	+70	+1.7
Nikkei	8,880	+132	+1.5
Shanghai	2,440	+9	+0.4
HSI	18,874	+372	+2.0
H Shares	9,853	+269	+2.8
FTSE STI	2,779	+35	+1.3
SET	972	+16	+1.7
LSX	904	-9	-1.0
Vietnam	411	-4	-0.9

Currencies Rap (as of Oct 17)

	Last	Chg	(%)
DXY	77.20	+0.57	+0.75
THB/USD	30.67	-0.09	-0.29
THB/LAK	261.26	+0.64	+0.25
LAK/USD	8,015.00	-5.00	-0.06
USD/EUR	1.3738	-0.01	-1.04
JPY/USD	76.83	-0.39	-0.51

Commodities Rap (as of Oct 17)

	Close	Chg	(%)
Gold	1,676.60	-6.40	-0.38
Silver	31.82	-0.35	-1.09
WTI	86.38	-0.42	-0.48
Brent	110.16	-4.52	-3.94
BDI	2,160	-13	-0.60

Source: Bloomberg

Germany Shoots Down 'Dreams' of Swift Euro Crisis Solution

Germany said European Union leaders won't provide the complete fix to the euro-area debt crisis that global policy makers are pushing for at an Oct. 23 summit. German Chancellor Angela Merkel has made it clear that "dreams that are taking hold again now that with this package everything will be solved and everything will be over on Monday won't be able to be fulfilled," The search for an end to the crisis "surely extends well into next year." **[Bloomberg]**

Moody's Warns France on Possible Negative Outlook

Moody's warned on Monday it may slap a negative outlook on France's Aaa credit rating in the next 3 months if the costs for helping to bail out banks and other euro zone members stretch its budget too much. **[Reuters]**

Funds Flow Out of Euro as Central Bankers Prefer Yen, Pound

Foreigners were net sellers of European equities in the past five weeks, according to Zurich-based UBS. Morgan Stanley data show that investors have had a net short, or bearish, position in the currency since September. The reports add to International Monetary Fund figures showing a drop in allocations to the euro by central banks since a 2009 peak. **[Bloomberg]**

Central Banks Sell Most U.S. Bonds Since 2007 as Funds Buy

The Federal Reserve said its holdings of U.S. government debt on behalf of central bankers and institutional investors outside America has plunged \$76.5 billion in the last 7 weeks, the most since August 2007. At the same time, bond mutual funds are adding Treasuries, banks have increased their holdings 45% in the past five years and the Fed has added \$656 billion to its balance sheet this year. **[Bloomberg]**

US Industrial Output Up, NY Manufacturing Contracts

U.S. industrial production rose in September and a gauge of manufacturing in New York State hinted at stabilization in October, data showed on Monday, suggesting the factory sector will keep supporting the economic recovery. Industrial production rose 0.2% last month, in line with expectations, as a gain in manufacturing offset a drop in utility output. The Empire State's business conditions index was up slightly in October at minus 8.48 from minus 8.82. Economists had expected a reading of minus 4.0. **[Reuters]**

Lacker Says Fed Attempts to Boost Growth May Only Raise Prices

Federal Reserve Bank of Richmond President Jeffrey Lacker said the central bank risks stoking inflation by trying to boost growth because the recovery is hampered by conditions that are unaffected by monetary policy. "History has repeatedly demonstrated that if a central bank attempts to add monetary stimulus to offset nonmonetary disturbances to growth, the result is higher inflation." **[Bloomberg]**

Japan Govt Cuts Econ View, Recovery Pace Slowing Down

Japan's government downgraded its assessment of the economy in October for the first time in six months, saying slowing global growth was weighing on the pace of recovery in the nation's factory output and exports. The government's monthly report comes after the Bank of Japan earlier this month kept its policy on hold and said the economy would continue to recover moderately, but highlighted increasing threats from Europe's sovereign debt crisis and weakening global economy. **[Reuters]**

India May Raise Bond Limit for Foreigners to Counter Outflows

India may allow overseas investors to buy more sovereign rupee debt, raising the cap on foreign investment for the first time in 13 months, to help counter equity outflows fueled by Europe's debt crisis. The government last doubled the cap to \$10 billion in September, 2010, which has almost been reached, the official said, without elaborating. **[Bloomberg]**

Lao, Vietnam Send Strong Signal on Telecoms Cooperation

The Lao Ministry of Posts and Telecommunications and the Vietnamese Ministry of Information and Communications have pledged to strengthen bilateral cooperation in the communications field. Under the agreement, the two ministries will foster cooperation in telecommunications, postal services, radio frequencies, information technology, Internet domain names, and information security. **[Vientiane Times]**

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