

Wednesday October 19, 2011

NEWS UPDATE

Stock Markets Rap (as of Oct 18)

	Close	Chg	(%)
Dow	11,577	+180	+1.6
Nasdaq	2,657	+43	+1.6
S&P 500	1,225	+25	+2.0
Global Dow	1,824	+1	+0.0
VIX	31.56	-1.83	-5.5

	Close	Chg	(%)
FTSE 100	5,410	-26	-0.5
DAX	5,877	+18	+0.3
CAC	3,141	-25	-0.8

	Close	Chg	(%)
ASX 200	4,187	-89	-2.1
Nikkei	8,742	-138	-1.6
Shanghai	2,383	-57	-2.3
HSI	18,076	-798	-4.2
H Shares	9,340	-513	-5.2
FTSE STI	2,725	-54	-2.0
SET	953	-19	-1.9
LSX	905	+1	+0.1
Vietnam	404	-7	-1.6

Currencies Rap (as of Oct 18)

	Last	Chg	(%)
DXY	77.15	+0.00	+0.00
THB/USD	30.69	+0.02	+0.07
THB/LAK	261.00	-0.09	-0.03
LAK/USD	8,016.50	+1.50	+0.02
USD/EUR	1.3739	-0.00	-0.23
JPY/USD	76.85	+0.10	+0.13

Commodities Rap (as of Oct 18)

	Close	Chg	(%)
Gold	1,652.80	-23.80	-1.42
Silver	31.83	+0.01	+0.03
WTI	88.34	+1.96	+2.27
Brent	111.15	+0.99	+0.90
BDI	2,136	-24	-1.11

Source: Bloomberg

France, Germany Near Rescue Fund Deal

Britain's Guardian newspaper reported on Tuesday that France and Germany had agreed to boost a euro zone financial rescue fund to two trillion euros (\$2.76 trillion), pushing U.S. stocks and the euro higher despite doubts about whether there was such an agreement. The Guardian, citing senior European Union diplomats, said the euro zone would endorse a five-fold increase in the 440-billion-euro bailout fund, giving it some two trillion euros to help troubled governments and banks survive should Greece or any other troubled euro zone country default. **[Reuters]**

Moody's Cuts Spain by 2 Notches, Sees Funding Risks

Moody's Investors Service on Tuesday cut Spain's sovereign ratings by two notches, saying high levels of debt in the banking and corporate sectors leave the country vulnerable to funding stress. Spain could be downgraded again if the euro zone debt crisis escalates further. Moody's cuts the country's ratings to A1 from Aa2. Standard & Poor's and Fitch Ratings both have Spain one notch higher. **[Reuters]**

S&P Downgrades Italian Bank Ratings

S&P cut the ratings of 3 large Italian banks following last month's downgrade of Italy's sovereign rating on weaker growth prospects. S&P cut Monte dei Paschi di Siena, Italy's third-largest bank by assets, from A- to BBB+, Banco Popolare from A- to BBB and UBI Banca from A to A-. It lowered the ratings of a further 21 regional banks as part of a sector-wide downgrade citing concerns of higher funding costs as a result of high yields on Italian sovereign debt. It confirmed the ratings of 18 other banks, including UniCredit and Intesa Sanpaolo, Italy's largest banks by assets. **[Financial Times]**

Bernanke Says Fed Seeks to Increase Clarity About Its Goals

Federal Reserve Chairman Ben S. Bernanke said the central bank is likely to rely more on public communications as a policy tool as it seeks to provide clarity about the likely future path of interest rates. "Forward guidance and other forms of communication about policy can be valuable even when the zero lower bound is not relevant, and I expect to see increasing use of such tools in the future." **[Bloomberg]**

CFTC Votes 3-2 to Approve Limits on Commodity Speculation

The top U.S. derivatives regulators voted 3 to 2 yesterday to curb trading in oil, wheat, gold and other commodities after a boom in raw-materials speculation, record-high prices and years of debate and delay. The rule limits traders to 25% of deliverable supply in the month nearest to delivery. The spot-month limits apply separately to physically settled and cash-settled contracts. Deliverable supply will be determined by the CFTC in conjunction with the exchanges. **[Bloomberg]**

China Economy Grows at Slowest Pace in 2 Years

China's economy grew 9.1% in 3Q11 from a year earlier, the slowest pace since 2009, adding to concern that the global recovery is fading as Europe's debt crisis deepens. The gain was less than the median estimate of 9.3% in a Bloomberg survey of 22 economists. Growth was 9.5% in 2Q11. **[Bloomberg]**

Vietnam Dong Falls to Weakest Level in Six Months; Bonds Steady

Vietnam's dong fell to the weakest level in almost 6 months as the central bank set the currency's reference rate lower. Government bonds were steady. The State Bank of Vietnam set the daily rate 0.1% weaker at VND20,723/USD, the eighth time this month it fixed a lower level. The currency has dropped 0.6% since Sept. 23, when preliminary data from the General Statistics Office showed the nation's trade deficit widened to \$1 billion last month from a revised \$396 million in August. **[Bloomberg]**

ETL, EDL-Gen Woo Investors

Enterprise of Telecommuni-cation Lao (ETL) and Electricite du Laos Generation Public Company (EDL-Gen) spent Saturday promoting their business operations to potential investors. The BCEL-KT Securities Company held a seminar in Vientiane with ETL and EDL-Gen ahead of the companies offering shares to attract more investment. The seminar, attended by more than 150 local and foreign potential investors, was chaired by executive officials of both companies. ETL is expected to issue a prospectus and allow people to subscribe for shares at the end of this month. However, the IPO share price remains unset as the Lao Securities and Exchange Commission has not yet approved an official price. **[Vientiane Times]**

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