

Wednesday, 16 March 2011

# Global Markets

## Foreign Exchange Rates (as at 15 Mar 2011)

	As at 16 Mar	Asian High	Asian Low	NY High	NY Low
JPY	81.04	82.05	81.22	81.65	80.61
EUR	1.3977	1.4001	1.3892	1.4013	1.3855
GBP	1.6074	1.6185	1.6051	1.6105	1.5978
CHF	0.9187	0.9252	0.9216	0.9231	0.9140
AUD	0.9943	1.0095	0.9925	0.9962	0.9815
NZD	0.7321	0.7396	0.7295	0.7345	0.7267
CAD	0.9833	0.9848	0.9738	0.9974	0.9794

## Interest Rates

	Current	Next CB Meet	UOB's Forecast
USD Fed Funds Rate	0.00-0.25%	27 Apr	0.00-0.25%
EUR Refinancing Rate	1.00%	07 Apr	1.25%
GBP Repo Rate	0.50%	07 Apr	0.50%
AUD Official Cash Rate	4.75%	05 Apr	4.75%
NZD Official Cash Rate	2.50%	28 Apr	2.50%
CAD Overnight Rate	1.00%	12 Apr	1.00%
JPY Official Cash Rate	0.00-0.10%	07 Apr	0.00-0.10%

## Stock Indices (as at 15 Mar 2011)

	Closing	% chg
Dow Jones Industrial Average	11855.42	-1.15
S&P 500	1281.87	-1.12
NASDAQ Composite	2667.33	-1.25
Tokyo Nikkei 225	8605.15	-10.55
London FTSE 100	5695.28	-1.38
Frankfurt DAX	6647.66	-3.19
All Ordinaries	4609.90	-2.12

## Commodities (as at 15 Mar 2011)

	Closing	% chg
NYMEX Crude (April)	97.18	-3.96
Comex Gold (March)	1392.6	-2.24
Reuters CRB Index	338.14	-3.56

## Bond Yields (as at 15 Mar 2011)

	Closing	Net chg
US 2-Year Bond	0.61%	+1
US 10-Year Long Bond	3.31%	-5
JP 10-Year JGB	1.22%	+1
EU 10-Year Bund	3.14%	-9
UK 10-Year Long Gilt	3.53%	-4

## Key Events

Date	Event
16 Mar	Fed's Parkinson speaks on Addresses American Bankers Association at 1130GMT
23 Mar	BoE releases Monetary Policy Committee minutes at 0930GMT

## News Highlights

- Both US and European markets fell along with Japan's equity prices, which saw the Nikkei tumbling 19% in the past 4 sessions** after the 11 Mar earthquake and tsunami and the subsequent nuclear crisis. On Tue, all three key US main indices ended weaker, with the Dow off 137.74pts or 1.2% and S&P500 off 1.1%. US stock markets managed to cut losses subsequently by the FOMC meeting statement, as the Dow recovered from sharp drop of 297pts in the opening 5 minutes. European bourses also saw widespread selling as sentiment was weighed down by uncertainty arising from Japan's nuclear crisis. German DAX slumped 3.2% on Tue, while France CAC dropped 2.5%. FTSE100 was off 1.38%. Earlier in Asian session, Japan's Nikkei slumped 10.6% on Tue, its biggest one-day fall since the Lehman crisis in 2008 on concerns of the prospects of a meltdown at Japan's nuclear power plant.
- In FX markets late Tue, safe havens remain in favour, with CHF gaining 0.9% to 0.9165/USD, and JPY rose 1.1% to 80.72/USD.** The JPY is now hovering not far from its all-time high of 79.75/USD, and could provoke MoF into intervening given the current circumstances. In contrast, AUD, which is exposed to Japan's economy and tied to the commodities cycle, tumbled 1.9% to US\$0.9910, chalking up its second consecutive drop. EUR edged higher late Tue to US\$1.3998 from 1.3992 on Mon despite the fact that an upbeat assessment from the US Fed means US interest rate tightening may be coming soon. Elsewhere on Tue, GBP fell 0.6% to US\$1.6078 and CAD tumbled 1.2% to 0.9859/USD.
- Amidst safe haven flows, US Treasury securities rose for the second day.** The benchmark 10Y yield eased 4.2bps to 3.323%, as the US Fed's QE2 program will be running out on schedule on 30 Jun, which means Treasury prices should largely remain supported until then.
- Crude oil prices saw its largest one-day percentage drop in nearly 5 months on Tue,** as the Japan's earthquake means that demand from the world's third largest oil consumer could be disrupted. Prompt month WTI future fell 3.96% or US\$4.01 to 97.18/bbl on Tue, the lowest close in nearly 2 weeks. Gold prices also settled lower, with Comex gold price down US\$32.10 or 2.25% to US\$1392.80/oz, the lowest close in nearly a month.

- US Fed FOMC on Tue left its key rate unchanged at 0.0-0.25% as widely expected**, though the upbeat tone of the post-meeting statement suggests that QE3 is likely to be off the table once the US\$600bn QE2 is completed by 30 Jun. In particular, The Fed said the economy was on firmer footing and conditions in the labor market "appear to be improving gradually," although it is sanguine on the inflation front as any rise in inflation would be "transitory".
- Ahead for today, UK will release its Feb unemployment data and EU's Feb harmonized CPI will be out at 1000GMT** with consensus looking for 2.4%/y/y vs. 2.3% for Jan. Over in the US, MBA mortgage applications survey for 11 March will be out today, as well as Feb PPI, Housing Starts and Building permits. US Treasury Sec Geithner is scheduled to testify before US House panel on FY12 US Budget at 1800GMT.

**Economic Indicators**

SG Time	Indicators	Mth	Actual	UOB Forecast	Mkt Forecast	Previous
<b>15/03</b>						
1730	UK DCLG UK Hse Prices y/y	Jan	0.5	-	2.3	3.8%
1800	EU Eurozone Employment y/y	4Q	0.3	-	-	-0.2%
1800	Gmn Zew Survey (Current Situation)	Mar	85.4	-	86	85.2
1800	EU ZEW Survey (Econ Sentiment)	Mar	31.0	-	-	29.5
1800	Gmn ZEW Survey (Econ Sentiment)	Mar	14.1	-	15.9	15.7
2030	US Empire Manufacturing	Mar	17.5	-	16.1	15.43
2030	US Import Price Index y/y	Feb	6.9	-	6.3	5.3%
2100	US Net Long-term TIC Flows	Jan	51.5	-	55.0	\$65.9
2200	US NAHB Housing Market Index	Mar	17	-	17	16
<b>16/03</b>						
0215	USD Fed Funds Rate	Mar 15	0.25	0.25	0.25	0.25%
1800	EZ CPI - Core y/y	Feb	-	-	1.1	1.1%
1800	EZ CPI y/y	Feb	-	-	2.4	-
1800	EZ Labour Costs y/y	4Q	-	-	1.0	-
2030	US Housing Starts	Feb	-	-	566	596k
2030	US Building Permits	Feb	-	-	570	562k
2030	US Producer Price Index y/y	Feb	-	-	4.7	3.6%
2030	US PPI Ex Food & Energy y/y	Feb	-	-	1.8	1.6%
2030	US Current Account Bal	4Q	-	-	-110.0	-\$127.2b
<b>17/03</b>						
2030	US CPI y/y	Feb	-	-	2.0	1.6%
2030	US CPI Ex Food & Energy y/y	Feb	-	-	1.0	1.0%
2030	US Initial Jobless Claims	Mar 12	-	-	387	397k
2030	US Continuing Claims	Mar 05	-	-	3750	3771k
2115	US Industrial Production	Feb	-	-	0.6	-0.1%
2115	US Capacity Utilization	Feb	-	-	76.5	76.1%
2200	US Leading Indicators	Feb	-	-	1.0	0.1%
2200	US Philadelphia Fed.	Mar	-	-	30	35.9
<b>18/03</b>						
0801	UK Nat'wide Consumer Confidence	Feb	-	-	47	47
1300	JP Leading Index CI	Jan F	-	-	-	101.9
1500	Gmn Producer Prices y/y	Feb	-	-	6.3	5.7%
1700	EZ Current Account nsa	Jan	-	-	-	-0.1b
1700	EU ECB Euro-Zone Current Account sa	Jan	-	-	-	-13.3b
1800	EZ Trade Bal	Jan	-	-	-9.0	-0.5b
1900	CA CPI y/y	Feb	-	-	2.3	2.3%

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