

Friday, 13 August 2010

EQUITIES (close & % chg)			SYDNEY FUTURES EXCHANGE (close & chg)					INTEREST RATES (close & chg)		
S&P/ASX 200	4400.9	-1.2%		Last		Overnight Chg		Australia		
Dow Jones	10320.0	-0.6%	10 yr bond	94.97		-0.01	10 year bond	5.04	-0.17	
Nikkei	9212.6	-0.9%	3 yr bond	95.42		-0.01	3 year bond	4.52	-0.08	
Hang Seng	21105.7	-0.9%	3 mth bill rate	95.21		-0.02	90 day bill	4.78	0.03	
Shanghai	2575.5	-1.2%	SPI 500	1079.9		0.70	US			
DAX	6135.2	-0.3%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	2.75	0.07
FTSE100	5266.1	0.4%	TWI	69.6			69.5	2 year bond	0.55	0.04
COMMODITIES (close & chg)			AUD/USD	0.8933	0.9008	0.8912	0.8965	3-month T Bill	0.15	0.00
CRB Index	268.91	0.1	AUD/JPY	76.20	77.25	75.80	77.11	Other (10 year yields)		
Gold	1213.7	14.9	AUD/GBP	0.5715	0.5759	0.5696	0.5750	Germany	2.43	-0.27
Copper	7230	35.0	AUD/NZD	1.2546	1.2659	1.2530	1.2637	Japan	1.01	-0.05
Oil (WTI)	75.95	-1.4	AUD/EUR	0.6957	0.6988	0.6931	0.6986	UK	3.11	-0.24

Data as at 8.00am. Change from previous trading day (excluding the SFE – which is the change during the night session).
Source: Reuters, Bloomberg

SHARE MARKETS: US stocks finished lower for the third day in a row on an unexpected rise in jobless claims and a sobering outlook from Cisco. Although stocks grinded higher towards the end of the session, they still did not manage to unwind losses. The S&P500 ended 0.5% lower the Dow Jones Index fell 0.6% and the Nasdaq dropped 0.8%.

BONDS: US treasury debt yields eased (pushing yields 4-7bp higher) in profit taking following a recent rally. Losses were however limited by increased risk aversion (which supported demand for safe have assets).

FX: The US dollar appreciated against the major currencies, spurred by unexpectedly weak US and Euro Zone economic data. The Australian dollar finished a touch higher in a choppy session. It is now trading close to the 89½ US cent level from lows of just above 89 US cents.

COMMODITIES: Gold rallied, boosted by its safe haven status. But oil slid as weak economic data revived concerns surrounding global growth prospects and the demand for oil.

AUSTRALIA: Australian jobs data yesterday revealed the first signs of a softening. Although the headline employment increase was solid (+23.5k in July for a total 179.6k gain this year) it was all due to part-time jobs (+27.7k). Full-time jobs, in contrast, fell in the month (-4.2k), which brings to an end its non-stop gains since September 2009. Australia's unemployment rate has moved up to 5.3% from 5.1%. Key to this higher jobless rate was a 0.2 pt rise in the participation rate as more people entered the labour force to look for a job. While we would expect some moderation in the jobs numbers, however, the outlook

for employment still looks positive. For more information please see:

<http://www.stgeorge.com.au/corporate-business/report-centre/data-snapshots>

UNITED STATES: US initial jobless claims rise 2k to 484k in the week ended 7/8. That is the highest new claims pace since February, and with no special factors at play, it would seem to indicate that the labour market has softened in recent weeks, consistent with the slowing that is taking place in the broader economy. In the prior week, continuing claims fell by 118k to 4.45mn, but that may reflect claim benefits running out. The number receiving special extended/emergency benefits surged 1.34mn to 5.28mn in the week of 24/7, when new eligibility rules came into effect.

US import prices rise 0.2% in July, but fall 0.2% excluding petroleum. Higher oil prices were clearly a factor at play, but with the US dollar depreciating through the month, the fall in ex oil prices was surprising. Export prices fell 0.2% last month.

EURO ZONE: Euroland industrial production down 0.1% in June. This follows last week's news that German IP contracted in June, and gives us some comfort holding onto our below consensus 0.6% forecast for Euroland Q2 GDP growth, due Friday 13/8.

**Upcoming Data/Events Today, AEST (Aust
underlined)***

EZ Trade Balance Jun exp -0.7bn prev -3.0bn (7pm)
EZ GDP Q2 exp 0.7% prev 0.2% (7pm)
US CPI Jul exp 0.2% prev -0.1% (10.30pm)
US Retail Sales Jul exp 0.5% prev -0.5% (10.30pm)
US UoM Cons.Confid. Aug exp 69.0 prev 67.8 (11.55pm)
US Business Invent's Jun exp 0.2% prev 0.1% (12am)

* All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data releases are based on St George Bank's forecasts. Forecasts for other countries are consensus forecasts.

To access our Monthly Economic Calendar please refer to:
<http://www.stgeorge.com.au/corporate-business/report-centre/economic-calendar.asp>

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