

January 16 2012

Global Markets Daily



Forex Market Update

- The greenback traded mostly higher in the New York session on Friday against the key currencies, as risk aversion increased after Standard & Poor's downgraded France of its top credit rating and cut eight other Euro-zone nations.
- In the US, trade deficit increased to \$47.8 billion in November, marking the widest level since June 2011. Separately, Reuters and the University of Michigan reported that the Consumer Sentiment Index rose to 74.0 in January.
- Credit rating agency, Standard and Poor's lowered the long-term sovereign ratings on Cyprus, Italy, Portugal, and Spain by two notches; lowered the long-term sovereign ratings on Austria, France, Malta, Slovakia, and Slovenia, by one notch; and affirmed the long term sovereign ratings on Belgium, Estonia, Finland, Germany, Ireland, Luxembourg, and the Netherlands.
- French Finance Minister, Francois Baroin stated that the loss of the triple-A rating was "not a catastrophe" and stressed that France still had a solid AA+ rating.
- EUR was further weighed down amid news that negotiations between Greece and private creditors on a debt swap deal collapsed, raising the risk of a Greek default.
- In the Asian session, the greenback is trading lower against most of the key currencies.

Currencies

	Current*	Last Close	1D % Chg	1W % Chg	1M % Chg	1Y % Chg
EUR/USD	1.2651	1.2681	↓ -1.1%	-0.3%	-2.3%	-5.0%
GBP/USD	1.5313	1.5318	↓ -0.2%	-0.7%	-1.0%	-3.3%
USD/JPY	76.83	76.96	↑ 0.2%	0.0%	-1.5%	-7.0%
EUR/CHF	1.2071	1.2073	↓ -0.3%	-0.6%	-2.5%	-6.2%
USD/CHF	0.9541	0.9520	↑ 0.8%	-0.3%	-0.2%	-1.2%
EUR/GBP	0.8262	0.8277	↓ -1.0%	0.4%	-1.4%	-1.8%
GBP/JPY	117.64	117.90	↑ 0.1%	-0.7%	-2.5%	-10.1%
USD/CAD	1.0228	1.0232	↑ 0.5%	-0.5%	-1.5%	3.4%
AUD/USD	1.0281	1.0326	↓ -0.1%	1.0%	4.3%	3.5%
NZD/USD	0.7935	0.7949	↑ 0.2%	1.8%	6.1%	3.0%

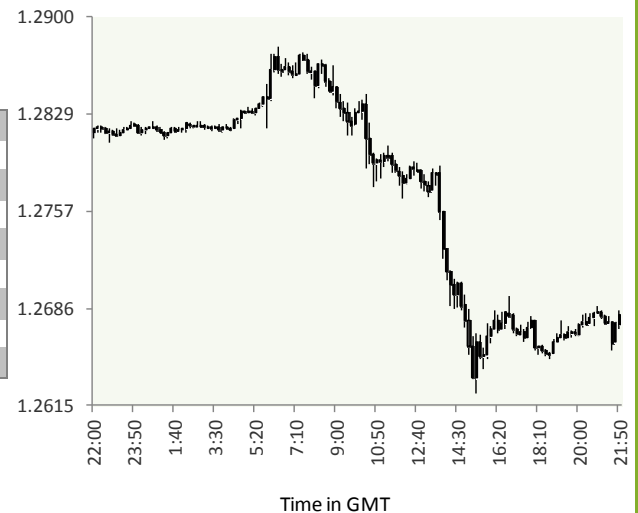
*Time: 04:00:00 GMT

For 1W, 1M and 1Y change, time is 00:00:00 GMT

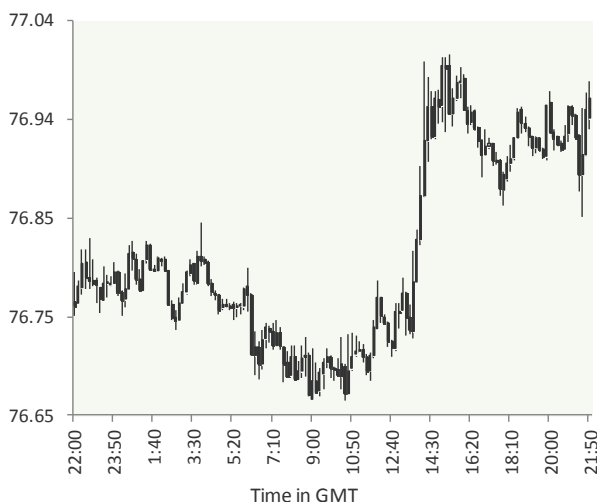
EUR/USD

- EUR traded 1.07% lower against the USD in the New York session on Friday, with the pair closing the session at 1.2643, after ratings agency, Standard and Poor's downgraded nine countries in the Euro-zone, including France.
- In economic news, trade surplus in the Euro-zone advanced to €6.9 billion in November, compared to a surplus of €1.0 billion in October.
- The pair traded at a high of 1.2791 and a low of 1.2624 in the New York session.
- In the Asian session, at GMT0400, the pair is trading at 1.2651, with the EUR trading 0.06% higher from the New York close.
- The pair is expected to find support at 1.2552, and a fall through could take it to the next support level of 1.2461. The pair is expected to find its first resistance at 1.2806, and a rise through could take it to the next resistance level of 1.2970.

Last 24 hours	
R3	1.3224
R2	1.2970
R1	1.2806
PP	1.2715
S1	1.2552
S2	1.2461
S3	1.2207
As at 22:00:00 GMT	



USD/JPY



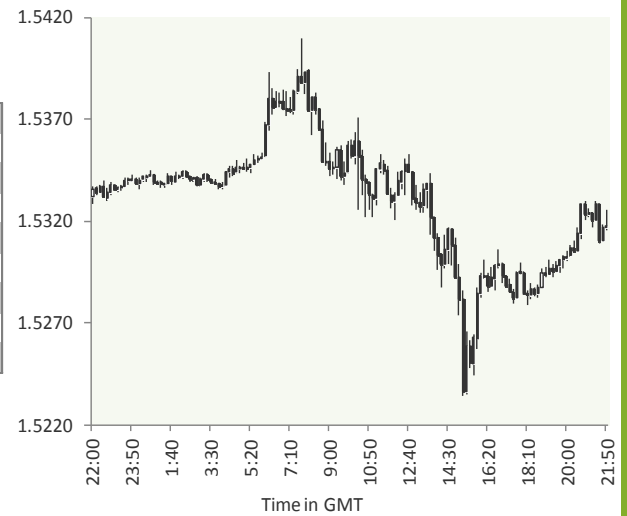
Last 24 hours	
R3	77.73
R2	77.32
R1	77.14
PP	76.90
S1	76.73
S2	76.49
S3	76.07
As at 22:00:00 GMT	

- USD traded 0.28% higher against the JPY in the New York session on Friday, with the pair closing the session at 76.96.
- This morning, Japanese Finance Minister, Jun Azumi stated that he is worried about the rapid weakening of the Euro and that Europe's debt woes are a concern for growth in the Japanese economy.
- Meanwhile in economic news, core machinery orders in Japan climbed 14.8% (MoM) in November, following a 6.9% contraction in October.
- The pair traded at a high of 77.08 and a low of 76.73 in the New York session. In the Asian session, at GMT0400, the pair is trading at 76.83, with the USD trading 0.17% lower from the New York close.
- The pair is expected to find support at 76.73, and a fall through could take it to the next support level of 76.49. The pair is expected to find its first resistance at 77.14, and a rise through could take it to the next resistance level of 77.32.

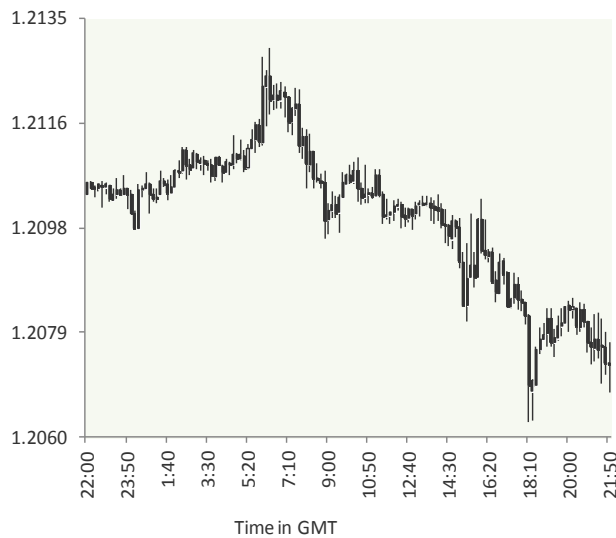
GBP/USD

- GBP traded 0.3% lower against the USD in the New York session on Friday, with the pair closing the session at 1.5286.
- In the UK, the input Producer Price Index (PPI) declined 0.6% (MoM) in December, compared to a revised 0.3% increase in November. Moreover, output PPI fell 0.2% in December, compared to a 0.2% growth in the previous month.
- This morning, Rightmove reported that the House Price Index in the UK fell 0.8% (MoM) in January, following a 2.7% contraction recorded in December.
- The pair traded at a high of 1.5344 and a low of 1.5234 in the New York session. In the Asian session, at GMT0400, the pair is trading at 1.5313, with the GBP trading 0.18% higher from the New York close.
- The pair is expected to find support at 1.5210, and a fall through could take it to the next support level of 1.5134. The pair is expected to find its first resistance at 1.5386, and a rise through could take it to the next resistance level of 1.5485.

Last 24 hours	
R3	1.5661
R2	1.5485
R1	1.5386
PP	1.5310
S1	1.5210
S2	1.5134
S3	1.4958
As at 22:00:00 GMT	



EUR/CHF



Last 24 hours	
R3	1.2222
R2	1.2155
R1	1.2113
PP	1.2088
S1	1.2046
S2	1.2021
S3	1.1954
As at 22:00:00 GMT	

- EUR traded 0.09% lower against the CHF in the New York session on Friday, with the pair closing the session at 1.2106, after Standard & Poor's downgraded few Euro-zone countries.
- On Saturday, German Chancellor, Angela Merkel stated that the Euro-zone downgrades by Standard & Poor's reinforce Germany's stance that European leaders must redouble their efforts to resolve the debt crisis as governments prepare to sell more debt this week.
- The pair traded at a high of 1.2123 and a low of 1.2088 in the New York session. In the Asian session, at GMT0400, the pair is trading at 1.2071, with the EUR trading flat from the New York close.
- The pair is expected to find support at 1.2046, and a fall through could take it to the next support level of 1.2021. The pair is expected to find its first resistance at 1.2113, and a rise through could take it to the next resistance level of 1.2155.

PP— Pivot Point ; R—Resistance Level ; S—Support Level ; M—Mid Point

Economic Calendar

Country	GMT	Economic Indicator	Consensus / * Actual	Previous	Frequency
UK	0:01	Rightmove House Prices (MoM) (Jan)	-0.80%*	-2.70%	Monthly
UK	0:01	Rightmove House Prices (YoY) (Jan)	0.40%*	1.50%	Monthly
Japan	5:00	Consumer Confidence Index (Dec)	-	38.10	Monthly
Germany	7:00	Wholesale Price Index (MoM) (Dec)	-	0.70%	Monthly
Germany	7:00	Wholesale Price Index (YoY) (Dec)	-	4.90%	Monthly
Switzerland	8:15	Producer & Import Prices (MoM) (Dec)	-0.10%	-0.80%	Monthly
Switzerland	8:15	Producer & Import Prices (YoY) (Dec)	-2.80%	-2.40%	Monthly
Canada	13:30	New Motor Vehicle Sales (MoM) (Nov)	2.10%	1.50%	Monthly
Japan	23:50	Tertiary Industry Index (MoM) (Nov)	-0.40%	0.60%	Monthly
US	-	Martin L. King, Jr., Day	-	-	-

Commodities

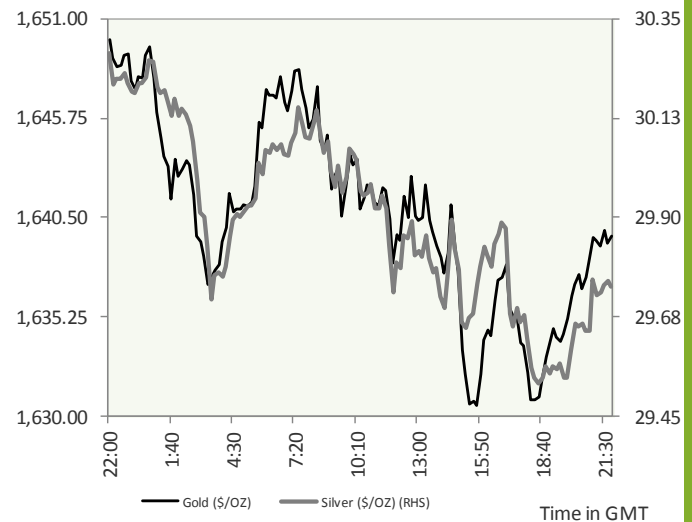
	Current Price		1D (%) Chg	1W (%) Chg	1M (%) Chg	1Y (%) Chg
Brent (\$ / barrel) ¹	110.8	↓	-0.7%	-2.3%	5.2%	12.6%
WTI (\$ / barrel) ¹	98.9	↓	-0.2%	-2.7%	4.3%	8.9%
Gold (\$ / Oz) ¹	1636.9	↓	-0.5%	1.4%	4.1%	19.2%
Silver (\$ / Oz) ¹	29.6	↓	-1.5%	3.5%	2.5%	3.4%
Aluminium (\$ / MT) ²	2109.8	↓	-2.2%	4.5%	6.8%	-14.9%
Copper (\$ / MT) ²	7965.3	↑	0.2%	6.0%	8.4%	-17.2%
Zinc (\$ / MT) ²	1942.5	↓	-0.1%	6.3%	3.7%	-20.7%
Nickel (\$ / MT) ²	19627.5	↑	0.3%	5.1%	10.1%	-23.7%

¹ Price as at 04:00:00 GMT

² Price as of LME close

Gold

- Gold traded 0.06% lower against the USD in the New York session on Friday and closed the session at USD1639.53, as the greenback strengthened following mass downgrades of Euro-zone nations by Standard & Poor's.
- Gold traded at a high of USD1642.62 and a low of USD1625.45 in the New York session.
- In the Asian session, at GMT0400, Gold is trading at USD1636.92, 0.16% lower from the New York close.
- Gold is expected to find support at USD1626.58, and a fall through could take it to the next support level of USD1613.62. Gold is expected to find its first resistance at USD1651.36, and a rise through could take it to the next resistance level of USD1663.19.



Oil (\$/bbl)



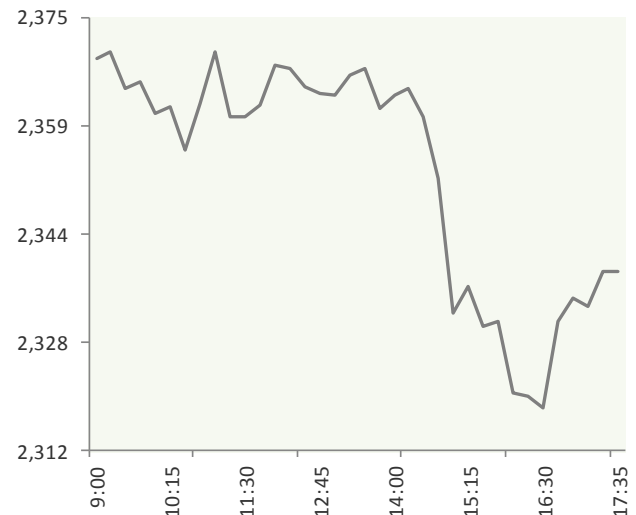
- Oil traded 0.12% higher against the USD in the New York session on Friday and closed the session at USD99.11, on revived concerns over a possible ban on Iranian oil. However, gains were limited amid concerns over the mass debt downgrade of Euro-zone nations.
- Oil traded at a high of USD99.56 and a low of USD97.71 in the New York session. In the Asian session, at GMT0400, Oil is trading at USD98.90, 0.21% lower from the New York close.
- Oil is expected to find support at USD97.82, and a fall through could take it to the next support level of USD96.52. Oil is expected to find its first resistance at USD100.30, and a rise through could take it to the next resistance level of USD101.48.

Global Indices

	Last Close		1D% Chg	1W% Chg	1M% Chg	1Y% Chg
FTSE100	5,636.6	↓	-0.5%	-0.2%	2.7%	-6.4%
DJSTOXX 50	2,396.9	↓	-0.1%	-0.1%	4.1%	-10.7%
FTSEurofirst 300	1,017.8	↓	-0.1%	0.4%	4.6%	-12.1%
German DAX 30	6,143.1	↓	-0.6%	1.4%	6.4%	-13.2%
France CAC 40	3,196.5	↓	-0.1%	1.9%	3.8%	-19.6%
Russia RTS Index	1,446.5	↓	-0.8%	1.6%	4.3%	-23.0%
Dow Jones Industrials	12,422.1	↓	-0.4%	0.5%	3.9%	5.9%
Nasdaq Composite	2,710.7	↓	-0.5%	1.4%	5.1%	-0.9%
Nikkei 225*	8,370.5	↓	-1.5%	0.1%	-0.6%	-19.7%
Shanghai Composite*	2,232.0	↓	-0.6%	3.8%	-0.2%	-20.6%
Sensex*	16,089.6	↓	-0.4%	1.8%	1.0%	-15.8%
*Time - GMT	5:01:59 AM					

Euro Stoxx50

- Euro Stoxx50 finished lower on Friday, as risk appetite waned after ratings agency, Standard & Poor's, downgraded France and Austria's triple-A credit ratings by one notch, and also lowered the ratings of few other European countries. While the downgrades were widely anticipated, Standard & Poor's also put France and 13 other Euro-zone nations on 'Negative' outlook.
- ING Groep lost 2.1%, after its Chief Executive, Jan Hommen stated on Friday that the firm may sell more of its banking assets if it is to repay the state aid it received during the financial crisis. Other insurers, Allianz, Assicurazioni Generali and Muenchener Re, edged down 0.5%, 1.6% and 2.1%, respectively.
- Deutsche Telekom fell 1.2%, after a broker cut its rating on the stock to 'Neutral' from 'Outperform'. Its sector peers, Telefonica, France Telecom and Telecom Italia, lost 0.4%, 1.1% and 1.9%, respectively.
- BMW shed 1.6%, after a broker reduced its outlook on the stock to 'Neutral' from 'Add'. Daimler and Volkswagen declined 0.5% and 2.2%, respectively. RWE, Enel SpA, GDF Suez and E.ON fell between 1.1% and 1.6%. Chemical producers, BASF and Bayer, slipped 1.0% and 1.9%, respectively.
- SAP rose 3.6%, after the company reported that its operating profit for the fourth quarter more than tripled from last year, reflecting strong growth in its core applications business.
- Euro Stoxx50 lost 0.3% to 2,338.0. FTSEurofirst 300 declined 0.1% to 1,017.8. German DAX Xetra 30 edged down 0.6% to 6,143.1. French CAC-40 fell 0.1% to 3,196.5.



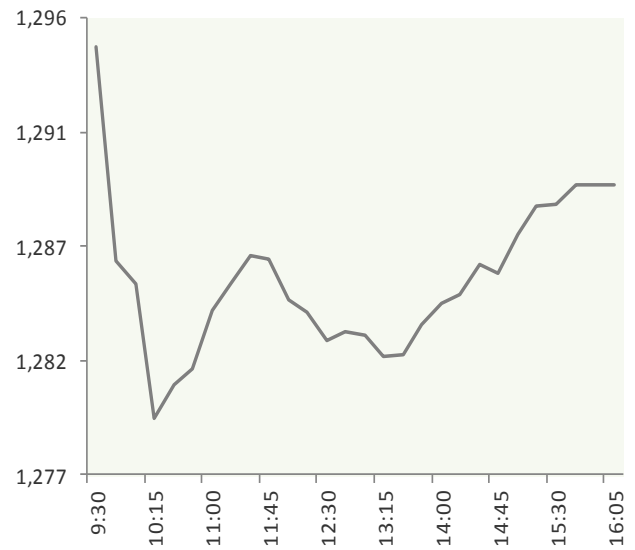
FTSE100



- FTSE100 ended lower on Friday, after a string of downgrades from Standard & Poor's and stalled debt talks in Greece thrust Europe's ongoing debt crisis back into the spotlight.
- Silver miner, Fresnillo declined 2.7%, as the precious metal retreated for the first time in five days. Randgold Resources slipped 1.7%, as gold prices declined.
- Vodafone dropped 2.5%, after a broker trimmed its price target on the stock. International Power fell 2.2%, after a broker slashed its earnings estimate on the stock.
- Tesco shed 2.1%, after a broker downgraded the stock to 'Neutral' from 'Outperform'.
- Distribution and outsourcing group, Bunzl slipped 1.5%, after a broker downgraded the stock to 'Neutral' from 'Buy'. Oil producers, BP, Royal Dutch Shell and AMEC lost 0.7%, 1.0% and 1.7%, respectively, tracking losses in crude oil prices.
- BT Group gained 1.9%, after a broker upgraded the stock to 'Buy' from 'Reduce', with the target price raised from 182p to 285p.
- FTSE100 lost 0.5% to 5,636.6. FTSE250 edged down 0.1% to 10,457.7.

S&P500

- S&P500 ended lower on Friday, snapping a four-day rally, after Standard & Poor's downgraded France of its top credit rating and cut eight other Eurozone nations, shrugging off a rise in the US consumer sentiment for January.
- Alpha Natural Resources, the top laggard on the index, slumped 10.5%. Denbury Resources lost 3.2%, after it agreed to sell some of its Gulf Coast-area property to privately held producer Petro Harvester Oil and Gas for \$155 million.
- Among technology sector stocks, LSI Corp, Novellus Systems, Altera Corp, Akamai Technologies and Electronic Arts, fell between 3.3% and 7.5%.
- Bank of America lost 2.7%, amid reports that it has informed US regulators that the bank is willing to pull back from some parts of the country if its financial problems continue to worsen.
- Charles Schwab fell 2.5%, after a broker downgraded its outlook on the stock to 'Market Perform' from 'Outperform'.
- JPMorgan dropped 2.5%, after its fourth quarter revenue declined 30.0% to \$4.36 billion.
- Caterpillar ticked up 0.5%, after a broker raised its price target on the stock to \$128 from \$115.
- Restaurant chain owner, Chipotle Mexican Grill added 2.0%, after a broker raised its rating on the stock to 'Outperform' from 'Market Perform'.
- S&P500 lost 0.5% to 1,289.1. DJIA declined 0.4% to 12,422.1. NASDAQ edged down 0.5% to 2,710.7.



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