

Global Markets Weekly Preview

March 1, 2010

GLOBAL UPDATE & WEEK AHEAD

- Economic recovery confirms its pace, but consumer is still weak
- EURUSD fails to rebound so far
- ECB and BOE meeting in focus this week

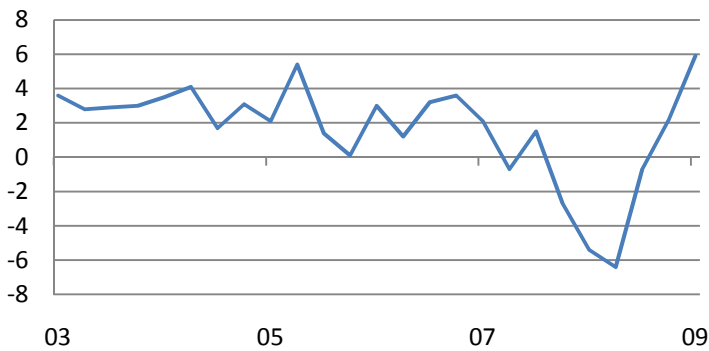
Market Data*		
CDS HY 5Y	570.57	-9.82%
ITX Crossover	478.32	-6.11%
CDS Japan 5Y	145.10	-0.99%
CDS EM 5Y	109.93	+0.55%
CDS Russia 5Y	177.59	-11.26%
US Tsys 10Y	3.89%	+3.8518
US Tsys 5Y	2.60%	+2.5773
Brazil 10Y	4.92%	+4.8663
UK 10Y	3.98%	+3.9411
Germany 10Y	3.08%	+3.0450
EUR/USD	1.3526	-0.62%
USD/JPY	89.22	-0.83%
EUR/GBP	0.9071	+4.51%
Oil Brent	77.4	+6.32%
Gold	1112.6	+1.44%
Copper	7195	+5.65%
Nickel	21096	+13.61%
S&P 500	1104.49	+2.69%
Topix	902	+1.92%
Shanghai Comp	3,087.84	+2.31%
DJ EURO Stoxx	2740.62	+1.72%
VIX	19.5	-14.21%

* Weekly change, as of 14:00 GMT, according to Bloomberg

Markets were quite unactive last week. Credit concerns over Greece eased and spurred risk appetite revival both in equity and FX markets. However, the European currency failed to rebound vs USD.

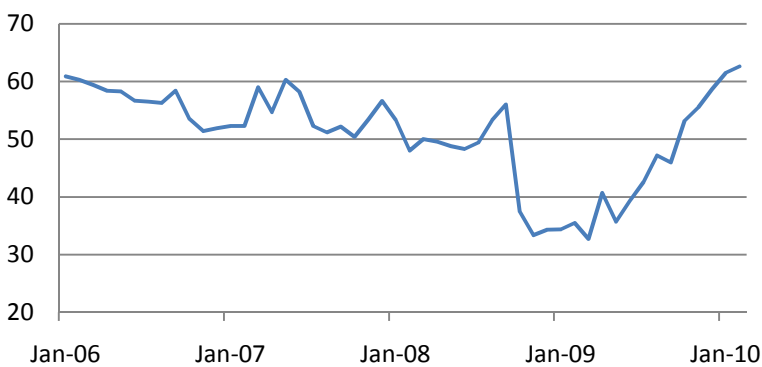
In terms of economic statistics, Friday GDP report was the major event. The data were quite positive– the headline indicator rose 5.9% q/q. The biggest upbeat contribution was made by inventories and business investments in equipment and software. But Personal consumption was revised to grow 1.7%, below prior reading of +2.0%.

US GDP, q/q, annualized



The Chicago PMI rose to 62.6 in February from 61.6 in January, above consensus expectations of 59.7 due to a rise in the supplier deliveries index. New orders index declined to 62.2 from 66.4 in January. Overall, the indicator shows strong pace of manufacturing rebound in the US.

Chicago PMI Index



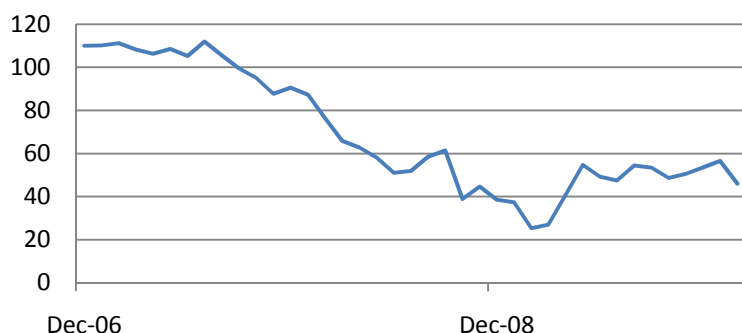
The University of Michigan Consumer sentiment Index was 73.6 in February, slightly below consensus estimates of 73.9. Concerns on the labor market still weigh on consumer and will continue to exert deflationary pressure on the economy in a foreseeable future.

University of Michigan Consumer confidence Index



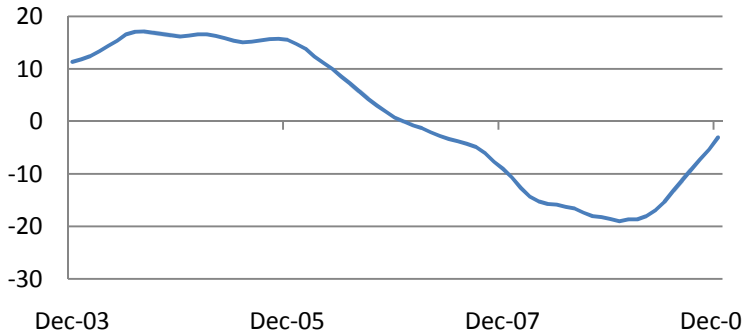
But consumer and real estate market still weigh on the economy. CBOT Consumer confidence index fell sharply to 46 from 56.5 in January, below consensus of 55. Main components – expectations and current situation assesment dropped to the lows, latter – to the lowest level since 1983.

US CBOT Consumer confidence , m/m



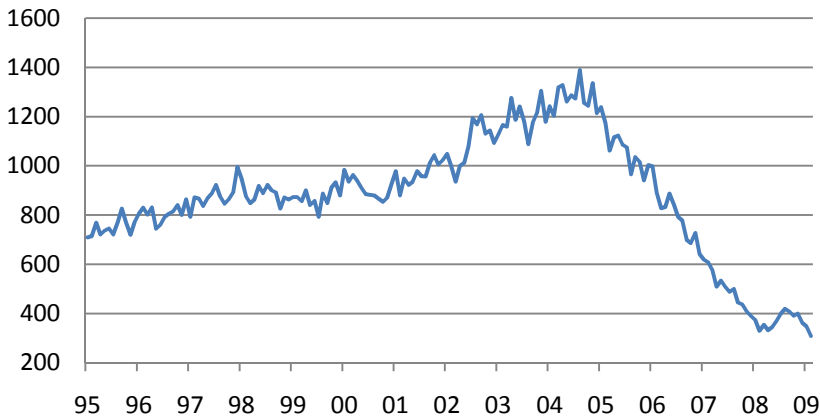
The S&P Case Shiller composite rose 0.32% in December, up 0.26% from November gain. Tax credit probably was the main driver for higher homes demand, but concerns about market sustainability still remain.

S&P /Case-Shiller 20 city home prices index (y/y, sa, %)



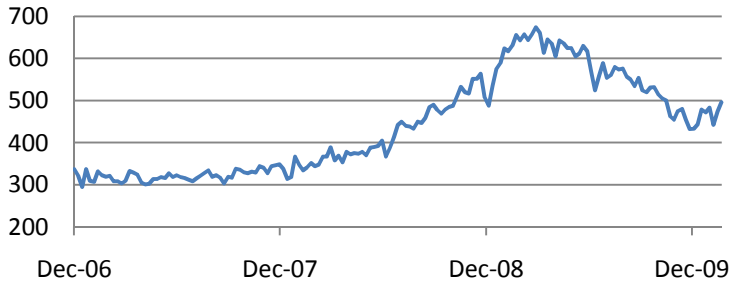
US new home sales plunged 11.2% m/m to 309 000 in January, well below consensus expectations of 353 000, breaking 1963’s low. Although the dive might have been caused by cold winter, the housing market dynamics seems to be very weak. Inventory of new homes increased 0.4%, for the 1st time since 2007.

New Home Sales, thous., m/m



US jobless claims unexpectedly rose in a week – Initial claims inched up 22 000 to 496 000, above consensus of 460 000 and Continuing claims went up to 4617 000, above consensus of 4570 000. Cold winter might have distorted the indicators but yet there are few reasons for optimism concerning labor market condition.

Initial Jobless Claims, weekly, thous.



Of 462 S&P 500 companies reported, 348 beat analyst expectations in terms of net income and 102 trailed estimates. In terms of sales, 334 topped expectations and 120 companies failed to meet consensus. In Europe, the count is 110-111 in terms of net income and 112-110 in terms of sales.

The Week Ahead

This week, In US, ISM Manufacturing survey on Monday, Vehicle Sales on Tuesday ISM Non-factoring on Wednesday and Chain Store sales on Thursday will be in focus. Labor data on Friday are likely to be distorted by unusual winter swings in February, thus less trustworthy.

In Europe, CPI and Retail Sales data will be released on Tuesday and Wednesday and GDP report on Thursday will be in focus. ECB and BOE will announce key rates on Thursday. Earnings season will also go on in Europe with 84 companies to present 2009 financial statements.

Economic Calendar*					
Time, GMT	Country	Data	Period	Consensus	Prior
03/01/2010 01:00	CH	PMI Manufacturing	FEB	55.2	55.8
03/01/2010 05:00	JN	Vehicle Sales (YoY)	FEB	--	36.80%
03/01/2010 08:55	GE	PMI Manufacturing	FEB F	57.1	57.1
03/01/2010 09:00	EC	PMI Manufacturing	FEB F	54.1	54.1
03/01/2010 09:30	UK	PMI Manufacturing	FEB	56.5	56.7
03/01/2010 10:00	EC	Euro-Zone Unemployment Rate	JAN	10.10%	10.00%
03/01/2010 13:30	US	Personal Income	JAN	0.40%	0.40%
03/01/2010 13:30	US	Personal Spending	JAN	0.40%	0.20%
03/01/2010 13:30	US	PCE Deflator (YoY)	JAN	2.20%	2.10%
03/01/2010 13:30	US	PCE Core (MoM)	JAN	0.00%	0.10%
03/01/2010 15:00	US	ISM Manufacturing	FEB	58	58.4
03/01/2010 15:00	US	Construction Spending MoM	JAN	-0.60%	-1.20%
03/01/2010 23:30	JN	Jobless Rate	JAN	5.10%	5.10%
03/02/2010 09:30	UK	PMI Construction	FEB	48.9	48.6
03/02/2010 10:00	EC	Euro-Zone CPI Estimate (YoY)	FEB	0.90%	1.00%
03/02/2010 10:00	EC	Euro-Zone PPI (MoM)	JAN	0.60%	0.10%
03/02/2010 22:00	US	Domestic Vehicle Sales	FEB	8.00M	8.19M
03/02/2010 22:00	US	Total Vehicle Sales	FEB	10.40M	10.82M
03/03/2010 08:55	GE	PMI Services	FEB F	51.7	51.7
03/03/2010 09:00	EC	PMI Services	FEB F	52	52
03/03/2010 09:00	EC	PMI Composite	FEB F	53.7	53.7
03/03/2010 09:30	UK	PMI Services	FEB	55	54.5
03/03/2010 10:00	EC	Euro-Zone Retail Sales (MoM)	JAN	-0.30%	0.00%
03/03/2010 10:00	EC	Euro-Zone Retail Sales (YoY)	JAN	-1.60%	-1.60%
03/03/2010 12:00	US	MBA Mortgage Applications	26-	--	-8.50%
03/03/2010 13:15	US	ADP Employment Change	FEB	-10K	-22K
03/03/2010 15:00	US	ISM Non-Manf. Composite	FEB	51	50.5
03/03/2010 15:30	US	DOE U.S. Crude Oil Inventories	26-	--	3034K
03/03/2010 15:30	US	DOE U.S. Gasoline Inventories	26-	--	-895K
03/03/2010 15:30	US	DOE U.S. Distillate Inventory	26-	--	-591K
03/03/2010 19:00	US	Fed's Beige Book	2-Mar		
03/04/2010 10:00	EC	Euro-Zone GDP s.a. (QoQ)	4Q P	0.10%	0.10%
03/04/2010 10:00	EC	Euro-Zone GDP s.a. (YoY)	4Q P	-2.10%	-2.10%
03/04/2010 12:00	UK	BOE ANNOUNCES RATES	4-Mar	0.50%	0.50%
03/04/2010 12:45	EC	ECB Announces Interest Rates	4-Mar	1.00%	1.00%

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03/04/2010 13:30	US	Nonfarm Productivity	4Q F	6.30%	6.20%
03/04/2010 13:30	US	Initial Jobless Claims	27-	465K	496K
03/04/2010 13:30	US	Continuing Claims	20-	4600K	4617K
03/04/2010 15:00	US	Factory Orders	JAN	1.80%	1.00%
03/04/2010 15:00	US	Pending Home Sales MoM	JAN	1.00%	1.00%
03/04/2010 15:00	US	Pending Home Sales YoY	JAN	--	10.50%
03/04/2010 15:30	US	ICSC Chain Store Sales YoY	FEB	--	3.00%
03/05/2010 11:00	GE	Factory Orders MoM (sa)	JAN	1.30%	-2.30%
03/05/2010 11:00	GE	Factory Orders YoY (nsa)	JAN	15.40%	8.40%
03/05/2010 13:30	US	Change in Nonfarm Payrolls	FEB	-50K	-20K
03/05/2010 13:30	US	Unemployment Rate	FEB	9.80%	9.70%
03/05/2010 13:30	US	Change in Manufact. Payrolls	FEB	-20K	11K
03/05/2010 20:00	US	Consumer Credit	JAN	-\$4.5B	-\$1.7B

Central Bank Speakers & US Treasuries Auctions

Time	Ct	Event
03/01/2010 13:45	US	Fed's Lacker to Speak to International Bankers in Washington
03/01/2010 20:30	US	Former Fed Chairman Volcker Speaks in San Francisco
03/02/2010 19:00	US	Fed's Kocherlakota Speaks at Minneapolis Symposium
03/03/2010 13:00	US	Fed's Fisher Speaks on U.S. Recovery in New York
03/03/2010 14:15	US	Fed's Rosengren Speaks at Conference in Philadelphia
03/03/2010 18:00	US	Fed's Lockhart Speaks to N.Y. Assn. of Business Economics
03/04/2010 13:30	EC	Trichet Speaks at ECB Monthly News Conference
03/04/2010 18:25	US	Fed's Evans Speaks in Chicago on U.S. Economy
03/04/2010 21:15	US	Fed's Bullard to Speak in St. Cloud, Minnesota

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Earnings Calendar – US*				
Company Name	Ticker	Date	Time	Estimate
Public Storage	PSA US	3/1/2010	Bef-mkt	1.246
Edison International	EIX US	3/1/2010	Bef-mkt	0.373
Rowan Cos Inc	RDC US	3/1/2010	Bef-mkt	0.491
El Paso Corp	EP US	3/1/2010	15:00	0.27
CMS Energy Corp	CMS US	3/1/2010		0.36
Titanium Metals Corp	TIE US	3/1/2010		0.01
AutoZone Inc	AZO US	3/2/2010	Bef-mkt	2.336
Staples Inc	SPLS US	3/2/2010		0.385
Big Lots Inc	BIG US	3/3/2010		1.281
Urban Outfitters Inc	URBN US	3/4/2010	11:00	0.4
Berkshire Hathaway Inc	BRK/A US	3/4/2010		1303.33
Costco Wholesale Corp	COST US	3/4/2010		0.71

Earnings calendar, Europe*				
Company Name	Ticker	Date	Time	Cons.
Ultra Electronics Holdings PLC	ULE LN	3/1/2010	7:00	0.944
HSBC Holdings PLC	HSBA LN	3/1/2010	8:15	0.497
Luxtotta Group SpA	LUX IM	3/1/2010	16:56	0.792
Vivendi SA	VIV FP	3/1/2010		2.102
Sacyr Vallehermoso SA	SYV SM	3/1/2010		0.978
Kuehne + Nagel International AG	KNIN VX	3/1/2010		4.39
Amlin PLC	AML LN	3/1/2010		0.772
Tomkins PLC	TOMK LN	3/1/2010		0.101
Pearson PLC	PERSON LN	3/1/2010		0.635
Sika AG	SIK SW	3/2/2010	Bef-mkt	102.662
UCB SA	UCB BB	3/2/2010	6:00	1.396
Allied Irish Banks PLC	ALBK ID	3/2/2010	7:00	-2.742
Verbund - Oesterreichische Elektrizitaetswerke AG	VER AV	3/2/2010	7:00	2.147
John Wood Group PLC	WG/ LN	3/2/2010	7:00	0.407
Bouygues SA	EN FP	3/2/2010	16:45	3.758
Genmab A/S	GEN DC	3/2/2010	Aft-mkt	-19.471
Alpha Bank AE	ALPHA	3/2/2010		0.747
Pargesa Holding SA	PARG SW	3/2/2010		7.055
Groupe Bruxelles Lambert SA	GBLB BB	3/2/2010		5.149

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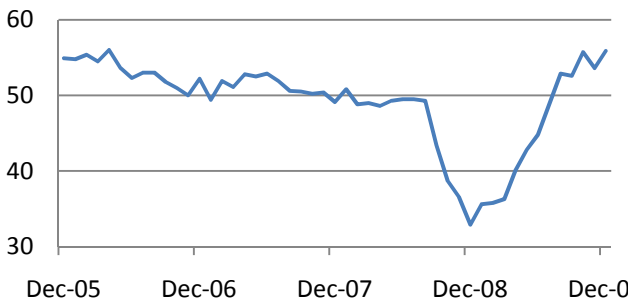
GAM Holding Ltd	GAM VX	3/2/2010		0.793
Intercell AG	ICLL AV	3/2/2010		-0.262
CRH PLC	CRH ID	3/2/2010		0.92
Jardine Lloyd Thompson Group PLC	JLT LN	3/2/2010		0.342
Rotork PLC	ROR LN	3/2/2010		0.715
Meggitt PLC	MGGT LN	3/2/2010		0.232
Admiral Group PLC	ADM LN	3/2/2010		0.575
Persimmon PLC	PSN LN	3/2/2010		0.015
Fresnillo PLC	FRES LN	3/2/2010		0.418
Provident Financial PLC	PFG LN	3/2/2010		0.732
Informa PLC	INF LN	3/2/2010		0.321
Zon Multimedia Servicios de	ZON PL	3/2/2010		0.145
Cookson Group PLC	CKSN LN	3/2/2010		0.151
Jeronimo Martins SGPS SA	JMT PL	3/3/2010	Bef-mkt	0.309
Fraport AG Frankfurt Airport Services	FRA GR	3/3/2010	6:00	1.497
Holcim Ltd	HOLN VX	3/3/2010	6:00	4.809
Adidas AG	ADS GR	3/3/2010	6:30	1.306
Vinci SA	DG FP	3/3/2010	Aft-mkt	2.944
Valiant Holding	VATN SW	3/3/2010		8.775
Symrise AG	SY1 GR	3/3/2010		0.95
Wereldhave NV	WHA NA	3/3/2010		5.079
Lottomatica SpA	LTO IM	3/3/2010		1.031
Prysmian SpA	PRY IM	3/3/2010		1.141
Adecco SA	ADEN VX	3/3/2010		1.443
Gecina SA	GFC FP	3/3/2010		2.896
Irish Life & Permanent Group Holdings PLC	IPM ID	3/3/2010		-0.47
Standard Chartered PLC	STAN LN	3/3/2010		1.705
Cimpor Cimentos de Portugal SGPS SA	CPR PL	3/3/2010		0.353
ITV PLC	ITV LN	3/3/2010		0.013
Carillion PLC	CLLN LN	3/3/2010		0.375
Arriva PLC	ARI LN	3/3/2010		0.451
Gemalto NV	GTO FP	3/4/2010	Bef-mkt	1.746
Koninklijke BAM Groep NV	BAMNB	3/4/2010	Bef-mkt	0.861
Portugal Telecom SGPS SA	PTC PL	3/4/2010	Bef-mkt	0.601
Anheuser-Busch InBev NV	ABI BB	3/4/2010	6:00	2.537
Bureau Veritas SA	BVI FP	3/4/2010	6:30	2.475
Koninklijke Ahold NV	AH NA	3/4/2010	6:30	0.757
Cobham PLC	COB LN	3/4/2010	7:00	0.185
Aviva PLC	AV/ LN	3/4/2010	7:00	0.555
Schroders PLC	SDR LN	3/4/2010	7:00	0.472

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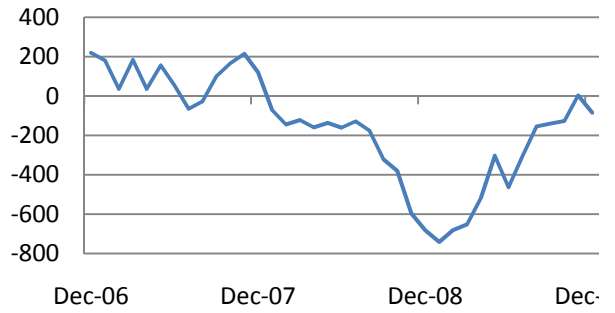
Beiersdorf AG	BEI GR	3/4/2010	7:00	1.715
AMEC PLC	AMEC LN	3/4/2010	7:00	0.469
Kazakhmys PLC	KAZ LN	3/4/2010	7:00	1.43
Cie Nationale a Portefeuille	NAT BB	3/4/2010	16:45	1.73
EDP - Energias de Portugal SA	EDP PL	3/4/2010	Aft-mkt	0.26
Finmeccanica SpA	FNC IM	3/4/2010		1.218
AP Moller - Maersk A/S	MAERSKB	3/4/2010		-1148.25
DSV A/S	DSV DC	3/4/2010		3.416
GDF Suez	GSZ FP	3/4/2010		2.017
H Lundbeck A/S	LUN DC	3/4/2010		10.898
Casino Guichard Perrachon SA	CO FP	3/4/2010		4.497
Cie Generale d'Optique Essilor International	EI FP	3/4/2010		1.915
Arkema SA	AKE FP	3/4/2010		-1.086
Linde AG	LIN GR	3/4/2010		4.658
Balfour Beatty PLC	BBY LN	3/4/2010		0.356
Aggreko PLC	AGK LN	3/4/2010		0.619
IMI PLC	IMI LN	3/4/2010		0.406
Michael Page International PLC	MPI LN	3/5/2010	7:00	0.039
Ackermans & van Haaren NV	ACKB BB	3/5/2010		3.556
Andritz AG	ANDR AV	3/5/2010		2.13
Veolia Environnement	VIE FP	3/5/2010		1.232
Fugro NV	FUR NA	3/5/2010		3.334
Atlantia SpA	ATL IM	3/5/2010		1.308
United Business Media Ltd	UBM LN	3/5/2010		0.498
WPP PLC	WPP LN	3/5/2010		0.431

Economic monitor

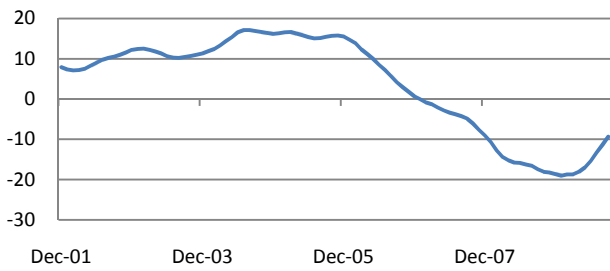
ISM Manufacturing Index



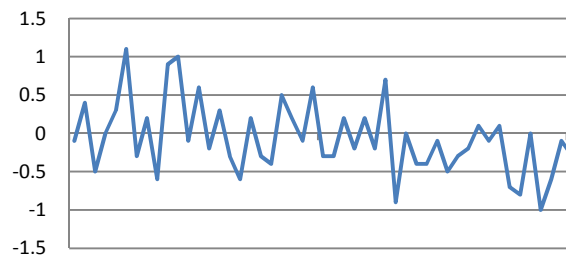
Non-farm Payrolls



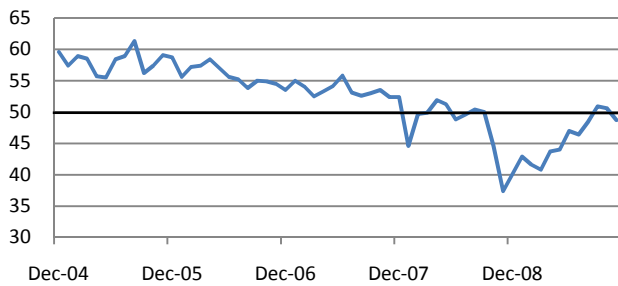
S&P Case/Shiller Index



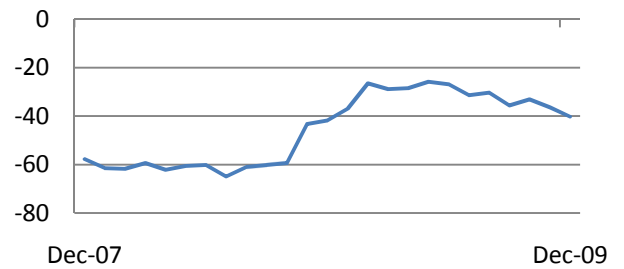
US leading indicators index



ISM Non-Manufacturing



US Trade Deficit



*Data provided by Bloomberg

Technical View

S&P 500 Index, daily



S&P 500 Index seems to have finished its bounce to around 1100. If the index fails to hold above resistance at 1105 and later breaks support at 1065, next support will be around 200 MA at 1010 points. If long A-B-C correction (started in March) is ended we might be at the beginning of a new major Index decline with testing July (900) or even March (667) lows in the coming 2-4 months. Yet, 1-2 months consolidation scenario in the range 1060-1160 remains possible.

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Dow Jones Stoxx 600 Europe Index, daily



Bounce reached 250 points bounce target and reversed lower. If price consolidates at current levels for some time, or goes up, testing 260 upper bound of the range is possible. However, if short-term reversal occurs in the coming days and 238 support-level is broken, testing MA 200 at 229 points will become highly likely. Further support levels are around May highs (213-215 points).

EURUSD, daily



In EURUSD case 2 possible Elliott wave counting options are possible: 1) 5th wave of the C (B)-wave ended in December and (i)(C) has started. 2) Current leg is the 4th wave) and new highs can be seen later that year. For now, downward zigzag seems to have ended and price has found a support level at 1.345. Next important long-term support is around 1.31. In the coming days resistance at 1.40 yet might be tested.

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