

August 24, 2010

US major stock indices closed lower on Monday with Industrials (-1.09%) and Basic Materials (-1.03%) as the worst sectors. Acquisition stories from HP & HSBC Holdings failed to prevent stocks from falling as Moody's Investors servicereleased a warning that the growth in Europe may be not enough to prevent some sovereign economies from downgrade.

Asian markets were mostly red on Tuesday. Japanese Nikkei fell 1.33%, Hang Seng lost 1.1% and Kospi was down 0.41%. Australian S&P/ASX 200 Index closed down 1.08%. Shanghai stock indices were green with commodities stocks as the leaders. The USD-denominated Shanghai B-shares Index surged 5.06% on speculations that the foreign currency denominated shares will be merged with local counterparts when thy new international board is created.

European indices fell in the morning. Dow Jones Eurostoxx 600 lost 1.3% with Industrials (-1.81%) and Basic Materials (-1.69%) as the worst sectors. German GDP rose 2.2% seasonally adjusted in the 2nd quarter, meeting consensus expectations.

European corporate news and events

- Arques Industries AG (AQU GY) will sell its Gigaset telephone unit to Novero GmbH, the former car communications division of Nokia Oyj. *Handelsblatt*.

- Kabel Deutschland Holding AG (KD8 GY) narrowed its loss in the first three months of the fiscal year and said adjusted earnings for the year would be at the upper end of the forecast range. *Bloomberg*.

- Munich Re (MUV2 GY): HDFC ERGO General Insurance Co., a venture between India's largest mortgage lender and a Munich Re unit, expects to turn profitable by March 2012, Chief Executive Officer Ritesh Kumar said. *Bloomberg*.

Market Data*

CDS HY 5Y	577.84	+0.83%
ITX Crossover	433.52	-1.08%
CDS Japan 5Y	68.52	+0.10%
CDS EM 5Y	111.75	+0.00%
CDS Russia 5Y	162.27	-0.08%
US Tsys 10Y	2.97%	+0.34%
US Tsys 5Y	1.65%	+0.17%
Brazil 10Y	3.55%	+0.00%
UK 10Y	2.78%	+0.25%
Germany 10Y	2.12%	+0.32%
EUR/USD	1.2637	-0.24%
USD/JPY	84.46	+0.98%
EUR/GBP	0.8202	-0.48%
Oil Brent	73.12	-0.68%
Gold	1222.1	-0.52%
Copper	7255	+0.00%
Nickel	21139.5	-1.63%
S&P 500	1067.36	-0.40%
Topix	809.5	-0.80%
Shanghai Comp	2,650.31	+0.41%
DJ EURO Stoxx	2624.85	-1.35%
VIX	25.66	+0.17%

Most active stocks in Europe*

LAFARGE SA	36.575	-4.07%
SAINT GOBAIN	29.15	-4.06%
TOGNUM AG	13.99	-3.72%
ASML HOLDING NV	21.155	-3.00%
BOSKALIS WES	28.715	-2.92%
BOUYGUES SA	32.165	-2.90%
WACKER CHEMIE AG	118.2	-2.84%
SALZGITTER AG	47.8	-2.79%
SCHNEIDER ELECTR	85.56	-2.38%
INFINEON TECH	4.504	-2.38%
STMICROELECTRONI	5.594	-2.37%
GEA GROUP AG	15.685	-2.33%
CARREFOUR SA	35.35	-2.21%
ARCELORMITTAL	22.82	-2.19%
VINCI SA	34.23	-1.99%

*As of 8:00 GMT, Bloomberg

Accor SA (AC FP) will sell 48 hotels to units of Credit Agricole SA (ACA FP) and Fonciere des Regions SA (FDR FP) for 367 million euros as part of a plan to dispose of some real-estate holdings. *Bloomberg*

Electricite de France SA (EDF FP): The French government plans to cut the price that Europe's largest power producer pays for solar-generated electricity by 12 percent, *Le Figaro* .

Ahead Today

Existing home sales and the Richmond Fed Manufacturing Index, due at 14:00, will be in focus in the US today.

The Treasury is to announce its \$37 bn 2-year Treasuries' auction results at 17:00.

In terms of speakers, Fed's Evans is to speak in Indianapolis at 12:45.

S&P 500 Sub-index	Last	Change
CONS	241.2954	-0.82%
DISCRET		
CONS	276.121	+0.24%
STAPLES		
ENERGY	391.1891	+0.20%
FINANCIALS	184.7199	-0.60%
HEALTH CARE	333.2491	+0.34%
INDUSTRIALS	249.2945	-1.10%
INFO TECH	337.7395	-0.97%
MATERIALS	188.4751	-1.04%
TELECOM	111.2362	-0.09%
SERV		
UTILITIES	154.7035	+0.58%

DJIA Eurostoxx	Last	Change
SX3P	329.6	-0.71%
SX4P	451.68	-1.12%
SX6P	301.69	-0.99%
SX7P	211.95	-1.36%
SX86P	104.57	-1.13%
SX8P	185.67	-1.22%
SXAP	249.94	-1.08%
SXDP	372.66	-1.02%
SXEP	291.44	-1.69%
SXFP	229.86	-1.16%
SXIP	145.28	-1.12%
SXKP	261.89	-0.99%
SXMP	165.07	-1.35%
SXNP	270.15	-1.56%
SXOP	230.53	-3.46%
SXPP	477.37	-2.54%
SXQP	364.48	-0.75%
SXRP	261.53	-1.23%
SXTP	115.21	-0.82%
SXXP	250.38	-1.33%

Technical view

S&P 500 Index, daily



The S&P 500 Index has formed a long-term head & shoulders pattern and went down to a support line around 1060. A midterm target seems to be below 1000 at around 980 and 850 in 1-2 months.

However, breaking 1100 and the 200-moving average at 1115 will lead to forming a new leg up inside the B-wave with maximum target below 1200.

Current support levels are at 1063, 1055, 1010, 980, 950, 870.

Resistance levels: 1100, 1130, 1150.

Daily Market Report

Dow Jones Stoxx 600 Europe Index, daily



The index has formed a head & shoulders pattern. Although it may consolidate at the current levels for 1-2 weeks, breaking the neck line at 240 will point 218, 210 levels as the final targets of the current downward leg.

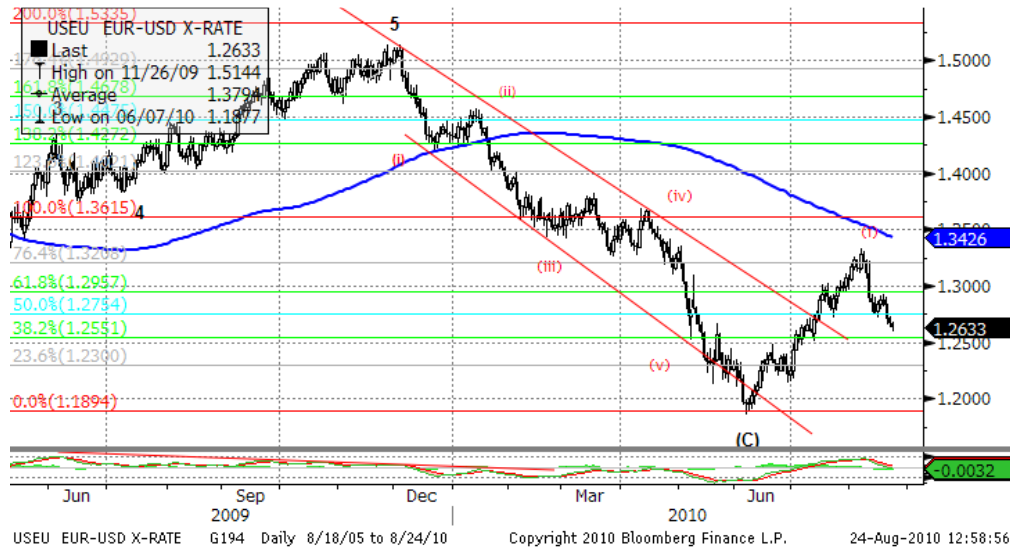
However, if the index holds above the 200-moving average, the test of 260, 276 resistance levels is likely to take place in the coming days.

Important support levels: 250, 243, 238, 217.

Important resistance levels – 260, 272.

Daily Market Report

EURUSD, daily



EURUSD finished the first impulse 5-wave leg of a correction to major move from December 2009 to June 2010 and retraced to 1.26. The retracement is likely to go on in the coming days to a support around 1.25, looking as a finish of a a-b-c zigzag. However, testing new highs of this year above 1.40 is still likely after this correction is finished. The midterm bullish scenario will not be held if support at 1.2411 is broken – we would classify the formation as a flat in this case and expect recent highs at 1,37 as a maximum upward target for EURUSD for months.

Daily Market Report

Macroeconomic calendar*					
Time, GMT	Country	Data	Period	Forecast	Prior.
22-26 AUG	CH	Leading Index	JUL	--	--
23-30 AUG	GE	Import Price Index (MoM)	JUL	--	--
23-30 AUG	GE	Import Price Index (YoY)	JUL	--	--
23-27 AUG	JN	Supermarket Sales (YoY)	JUL	--	-1.40%
08/23/2010 12:30	US	Chicago Fed Nat Activity Index	JUL	--	--
08/23/2010 14:00	EC	Euro-Zone Consumer Confidence	AUG A	--	--
08/23/2010 17:00	US	U.S. to Sell 30-Year TIPS Reopening	23-Aug		
08/24/2010 06:00	GE	GDP s.a. (QOQ)	2Q F	--	--
08/24/2010 06:00	GE	GDP wda (YoY)	2Q F	--	1.60%
08/24/2010 06:00	GE	GDP nsa (YoY)	2Q F	--	1.70%
08/24/2010 06:00	GE	Private Consumption	2Q F	--	-0.80%
08/24/2010 06:00	GE	Government Spending	2Q F	--	1.10%
08/24/2010 06:00	GE	Domestic Demand	2Q F	--	1.40%
08/24/2010 06:00	GE	Imports	2Q F	--	6.10%
08/24/2010 06:00	GE	Exports	2Q F	--	2.60%
08/24/2010 06:00	GE	Construction Investment	2Q	--	-3.80%
08/24/2010 06:00	GE	Capital Investment	2Q F	--	-1.60%
08/24/2010 08:30	UK	BBA Loans for House Purchase	JUL	--	34813
24-30 AUG	UK	Total Business Investment(QoQ)	2Q P	--	7.80%
24-30 AUG	UK	Total Business Investment(YoY)	2Q P	--	-7.70%
08/24/2010 09:00	EC	Industrial New Orders SA (MoM)	JUN	--	3.80%
08/24/2010 09:00	EC	Industrial New Orders SA (YoY)	JUN	--	22.70%
08/24/2010 12:30	US	Fed's Evans Speaks in Indianapolis	23-Apr		
08/24/2010 14:00	US	Richmond Fed Manufact. Index	AUG	--	--
08/24/2010 14:00	US	Existing Home Sales	JUL	--	5.37M
08/24/2010 14:00	US	Existing Home Sales MoM	JUL	--	-5.10%
08/24/2010 17:00	US	U.S. to Sell 2-Year Notes	24-Aug		
08/24/2010 20:30	US	API U.S. Crude Oil Inventories	20-Aug	--	--
08/24/2010 20:30	US	API U.S. Gasoline Inventories	20-Aug	--	--
08/24/2010 20:30	US	API U.S. Distillate Inventory	20-Aug	--	--
08/24/2010 20:30	US	API Cushing Crude OK Inventory	20-Aug	--	--
08/24/2010 21:00	US	ABC Consumer Confidence	22-Aug	--	--
08/24/2010 23:50	JN	Merchnds Trade Balance Total	JUL	--	--
08/24/2010 23:50	JN	Corp Service Price Index (YoY)	JUL	--	--
08/24/2010 23:50	JN	Adjusted Merchnds Trade Bal.	JUL	--	--
08/24/2010 23:50	JN	Merchnds Trade Exports YoY	JUL	--	--
08/24/2010 23:50	JN	Merchnds Trade Imports YoY	JUL	--	--
25-31 AUG	UK	Nat'wide House prices sa (MoM)	AUG	--	--
25-31 AUG	UK	Nat'wide House prices nsa(YoY)	AUG	--	--

Daily Market Report

08/25/2010 08:00	GE	IFO - Business Climate	AUG	--	106.2
08/25/2010 08:00	GE	IFO - Current Assessment	AUG	--	106.8
08/25/2010 08:00	GE	IFO - Expectations	AUG	--	105.5
08/25/2010 11:00	US	MBA Mortgage Applications	20-Aug	--	--
08/25/2010 12:30	US	Durable Goods Orders	JUL	--	--
08/25/2010 12:30	US	Durables Ex Transportation	JUL	--	--
08/25/2010 14:00	US	New Home Sales	JUL	--	--
08/25/2010 14:00	US	House Price Index MoM	JUN	--	0.50%
08/25/2010 14:00	US	New Home Sales MoM	JUL	--	--
08/25/2010 14:00	US	House Price Purchase Index QoQ	2Q	--	-1.90%
08/25/2010 14:30	US	DOE U.S. Crude Oil Inventories	20-Aug	--	--
08/25/2010 14:30	US	DOE U.S. Gasoline Inventories	20-Aug	--	--
08/25/2010 14:30	US	DOE U.S. Distillate Inventory	20-Aug	--	--
08/25/2010 14:30	US	DOE U.S. Refinery Utilization	20-Aug	--	--
08/25/2010 14:30	US	DOE Cushing OK Crude Inventory	20-Aug	--	--
08/25/2010 14:30	US	DOE Crude Oil Implied Demand	20-Aug	--	--
08/25/2010 14:30	US	DOE Gasoline Implied Demand	20-Aug	--	--
08/25/2010 14:30	US	DOE Distillate Implied Demand	20-Aug	--	--
08/25/2010 17:00	US	U.S. to Sell 5-Year Notes	25-Aug		
26-30 AUG	GE	GfK Consumer Confidence Survey	SEP	--	--
08/26/2010 08:00	EC	Euro-Zone M3 s.a. (YoY)	JUL	--	--
08/26/2010 08:00	EC	Euro-Zone M3 s.a. 3 mth ave.	JUL	--	--
08/26/2010 12:30	US	Initial Jobless Claims	21-Aug	--	--
08/26/2010 12:30	US	Continuing Claims	14-Aug	--	--
08/26/2010 13:00	US	RPX Composite 28dy Index	30-Jun	--	195.86
08/26/2010 13:00	US	RPX Composite 28dy YoY	JUN	--	2.14%
08/26/2010 14:30	US	EIA Natural Gas Storage Change	20-Aug	--	--
08/26/2010 17:00	US	U.S. to Sell 7-Year Notes	26-Aug		
08/26/2010 23:30	JN	Tokyo CPI YoY	AUG	--	--
08/26/2010 23:30	JN	Overall Hhold Spending (YoY)	JUL	--	--
08/26/2010 23:30	JN	Jobless Rate	JUL	--	--
08/26/2010 23:30	JN	Job-To-Applicant Ratio	JUL	--	--
08/26/2010 23:30	JN	Tokyo CPI Ex-Fresh Food YoY	AUG	--	--
08/26/2010 23:30	JN	Tokyo CPI Ex Food, Energy YoY	AUG	--	--
08/26/2010 23:30	JN	Natl CPI YoY	JUL	--	--
08/26/2010 23:30	JN	Natl CPI Ex-Fresh Food YoY	JUL	--	--
08/26/2010 23:30	JN	Natl CPI Ex Food, Energy YoY	JUL	--	--
08/27/2010 01:35	CH	MNI Business Condition Survey	AUG	--	--
08/27/2010 08:30	UK	GDP (QoQ)	2Q P	--	1.10%
08/27/2010 08:30	UK	GDP (YoY)	2Q P	--	1.60%
08/27/2010 08:30	UK	Private Consumption	2Q P	--	0.00%
08/27/2010 08:30	UK	Government Spending	2Q P	--	0.50%
08/27/2010 08:30	UK	Exports	2Q P	--	0.00%
08/27/2010 08:30	UK	Imports	2Q P	--	1.40%

Daily Market Report

08/27/2010 08:30	UK	Index of Services (3mth/3mth)	JUN	--	0.80%
27-31 AUG	GE	IFO Aug. Business Climate Survey by	31-Aug		
08/27/2010 12:30	US	GDP QoQ (Annualized)	2Q S	--	--
08/27/2010 12:30	US	Personal Consumption	2Q S	--	--
08/27/2010 12:30	US	GDP Price Index	2Q S	--	--
08/27/2010 12:30	US	Core PCE QoQ	2Q S	--	--
08/27/2010	GE	Consumer Price Index (MoM)	AUG P	--	--
08/27/2010	GE	CPI - EU Harmonised (MoM)	AUG P	--	--
08/27/2010	GE	CPI - EU Harmonised (YoY)	AUG P	--	--
08/27/2010	GE	Consumer Price Index (YoY)	AUG P	--	--
08/27/2010 13:55	US	U. of Michigan Confidence	AUG F	--	--
08/27/2010 14:00	US	Bernanke Speaks at Kansas City Fed's	23-Apr		

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