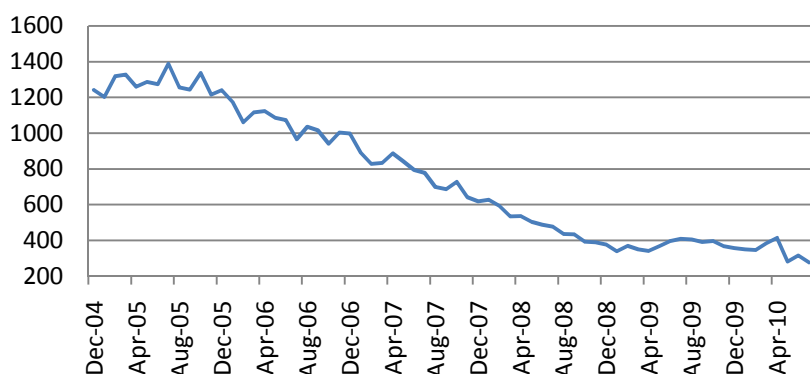


August 26, 2010

US major stock indices were up on Wednesday with HealthCare (+0.93%) and Consumer Services stocks (+0.89%) as the leading sectors despite terrible Housing statistics. New home sales plunged 12.4% to 276K in July, below consensus estimates of 330K. However, 1040 level at S&P 500 Index became the turning point for the US stock market while UST yields topped, having finished important technical formations. EURUSD found support at 1.26 and rebounded strongly from this level.

New Home Sales, mn, monthly.



Asian markets ended the session mixed on Thursday after the good start of the session. Japanese Nikkei was up 0.69%, Hang Seng lost 0.11% and Kospi was down 0.29%. Australian S&P/ASX 200 Index added 0.83%. Shanghai stock indices were up on average – 0.5%.

European indices opened higher in the morning. Dow Jones Eurostoxx 600 added 0.58% as of 9:00 GMT with Basic Materials (+1.16%) and Financials (+0.95%) as the leading sectors.

European corporate news and events

- Royal Ahold NV (AH NA) second-quarter profit rose 3 percent to 202 million euros, below the consensus average of 216 million-euro by Bloomberg.

- Royal BAM Groep NV (BAMNB NA) net income was 50.6 million euros in 2Q, beating the 36.1 million-euro average of Bloomberg estimates.

Основные индикаторы рынка

CDS HY 5Y	593.13	+0.24%
ITX Crossover	457.69	+3.02%
CDS Japan 5Y	65.38	-0.21%
CDS EM 5Y	111.11	-0.22%
CDS Russia 5Y	184.11	+7.09%
US Tsys 10Y	2.96%	+0.20%
US Tsys 5Y	1.63%	+0.17%
Brazil 10Y	3.67%	-0.80%
UK 10Y	2.71%	-0.18%
Germany 10Y	2.05%	-0.16%
EUR/USD	1.2701	+0.28%
USD/JPY	84.54	-0.04%
EUR/GBP	0.8178	+0.16%
Oil Brent	74.3	+1.12%
Gold	1242.4	+0.09%
Copper	7101	-0.50%
Nickel	20031	-2.48%
S&P 500	1055.33	+0.33%
Topix	809	-0.19%
Shanghai Comp	2,603.48	+0.27%
DJ EURO Stoxx	2602.59	+0.59%
VIX	26.7	-0.76%

Most active stocks in Europe*

SEGRO PLC	265.2	-3.56%
IMI PLC	648	-2.48%
VEOLIA ENVIRONNE	18.165	-2.48%
DERWENT LONDON	1355	-2.02%
TELEKOM AUSTRIA	9.93	-1.63%
NORTHUMB WATER	322.7	-1.59%
BRIT LAND CO PLC	443.7	-1.27%
ICADE	72.61	-1.35%
CREDIT AGRICOLE	10.28	+3.84%
GENMAB A/S	53.3	+3.90%
HERMES INTL	149.1	+4.12%
TOPDANMARK A/S	670	+4.28%
L'OREAL	79.07	+4.36%
ACCOR SA	24.575	+4.57%
BAM GROEP	3.812	+4.98%

*As of 9:00 GMT, Bloomberg

Daily Market Report

- Accor SA (AC FP) 1st half operating profit more than doubled to 154 million euros Chief Executive Officer Gilles Pelisson told French daily La Tribune in an interview. *Bloomberg*.

- Bouygues SA (EN FP) won a contract worth 770 million euros to build a sports complex in Singapore. *Company*.

- Credit Agricole SA (ACA FP) said second-quarter net income rose 89 percent, more than analysts estimated, as earnings at the corporate-and investment-banking unit helped cushion losses in Greece. *Bloomberg*.

- Nestle SA (NESN VX) said it will “substantially reduce” its net debt position from 29.6 billion francs at the end of June after completing the sale of its remaining shares in Alcon Inc. to Novartis AG. *Bloomberg*

- Roche Holding AG (ROG VX): Roche’s experimental medicine piragliatin has an acute glucose-lowering action in patients with mild Type 2 diabetes, a study found. Fifteen patients were observed in the phase Ib study. *Bloomberg*

Ahead Today

US Weekly jobless claims, due at 12:30 and the Mortgage delinquencies for 2Q, due at 14:00, will be in focus in the US today.

The Treasury is to announce its \$29 bn 7-year Treasuries’ auction results at 17:00.

S&P 500 Sub-index	Last	Change
CONS	239.4897	+0.97%
DISCRET		
CONS	275.4408	+0.10%
STAPLES		
ENERGY	384.5596	-0.26%
FINANCIALS	182.08	+0.29%
HEALTH CARE	329.6026	+0.95%
INDUSTRIALS	243.971	-0.17%
INFO TECH	333.8269	+0.48%
MATERIALS	184.6059	+0.28%
TELECOM	112.2543	+0.64%
SERV		
UTILITIES	154.7119	-0.28%

DJIA Eurostoxx	Last	Change
SX3P	331.24	+0.17%
SX4P	449.71	+0.70%
SX6P	299.26	-0.23%
SX7P	209.33	+1.22%
SX86P	104.14	-0.44%
SX8P	183.39	+0.43%
SXAP	248.53	+0.90%
SXDP	370.39	-0.29%
SXEP	288.31	+0.59%
SXFP	228.2	+0.80%
SXIP	144.21	+0.73%
SXKP	261.23	+0.21%
SXMP	164.25	+0.44%
SXNP	269.34	+0.94%
SXOP	229.35	+0.69%
SXPP	474.27	+1.66%
SXQP	366.94	+1.03%
SXRP	259.65	+0.04%
SXTP	115.89	+1.09%
SXXP	249.02	+0.60%

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, a bounce from 1040 is likely to go on in the coming days as the leg, started on 09/08 seems to be a zigzag. Optimistic scenario would include possibility of another attempt to break the 200-day moving average at 1120.

Current support levels are at 1041, 1010, 980, 950, 870.

Resistance levels: 1090, 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, bullish daily reversal pattern, if confirmed, might lead to testing MA-200 at 252 and 19/08 high at 258 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. If this a-b-c pattern is a simple zigzag, new highs above 1.40 may be seen soon.

Still, the retracement may go on in the coming days to a support around 1.25, if the correction turns out to be a complex formation. 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 treat recent highs at 1,37 as a maximum possible upward target for EURUSD for the upcoming 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	--	--
08/25/2010 08:00	GE	IFO - Business Climate	AUG	--	106.2
08/25/2010 08:00	GE	IFO - Current Assessment	AUG	--	106.8

Daily Market Report

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%
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		

Daily Market Report

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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