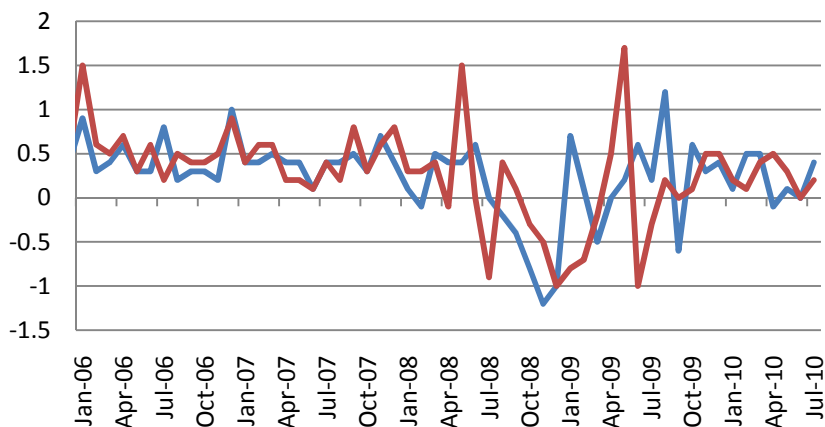


Daily Markets Report

August 31, 2010

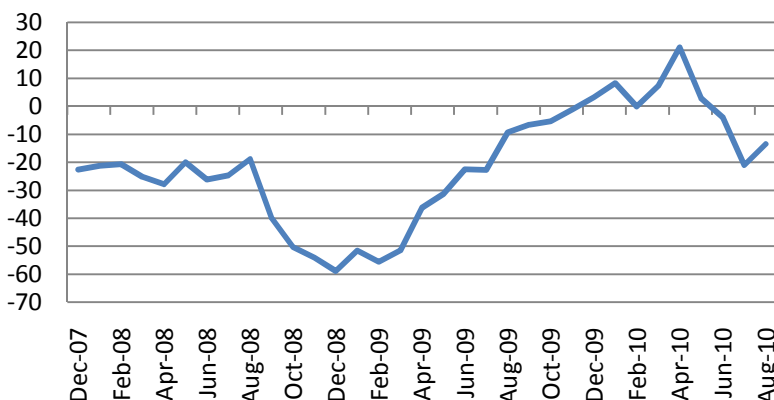
US major stock indices slumped on Monday with Financials (-2.2%) and Industrials (-1.63%) as the worst sectors. Economic statistics were mixed. Personal Income rose to a modest 0.2% in July, below consensus estimates of 0.3%. However, personal spending rose 0.4%, more than consensus of a 0.3% rise. The data released show some rebounds in consumer activity that took place in summer.

Personal Income & Spending, m/m, % chg



The Dallas Fed Manufacturing Activity Index was up to -13.5 in August, trailing consensus estimates of 10.

The Dallas Fed Manufacturing Index



Asian markets fell on Tuesday as Japanese Nikkei slumped 3.55% after the Japanese yen soared to all major currencies. Kospi lost 0.97%. Australian

Macro Indicators		
CDS HY 5Y	604.14	+2.44%
ITX Crossover	458.09	+0.10%
CDS Japan 5Y	67.54	-1.39%
CDS EM 5Y	110.35	-0.18%
CDS Russia 5Y	179.23	-0.98%
US Tsys 10Y	3.03%	+0.15%
US Tsys 5Y	1.78%	+0.04%
Brazil 10Y	3.80%	-0.32%
UK 10Y	2.66%	+0.55%
Germany 10Y	2.00%	+0.18%
EUR/USD	1.2693	+0.12%
USD/JPY	84.4	+0.39%
EUR/GBP	0.8233	-0.46%
Oil Brent	76.1	-0.65%
Gold	1235.6	-0.29%
Copper	7459	+2.12%
Nickel	20997	+2.95%
S&P 500	1048.92	-1.47%
Topix	802	+0.19%
Shanghai Comp	2,638.80	-0.52%
DJ EURO Stoxx	2594.3	-0.85%
VIX	27.21	+2.7%

Most active stocks in Europe*		
ALLIED IRISH BK	0.731	-5.06%
ATRIUM EUROPEAN	4.004	-4.16%
STOREBRAND ASA	31.11	-4.16%
GENMAB A/S	54.4	-3.54%
ASML HOLDING NV	19.53	-3.75%
HERMES INTL	141.7	-3.57%
ELAN CORP PLC	3.38	-3.46%
Q-CELLS SE	5.085	-3.14%
BUNZL PLC	718.5	+2.42%
JC DECAUX SA	18.4	+2.34%
VALEO SA	27.75	+3.24%
CARPHONE WAREHOU	222.75	+3.36%
ARM HOLDINGS	354.4	+4.91%
WEIR GROUP PLC	1225	+5.69%
IRISH LIFE & PER	1.48	+6.47%

*As of 9:00 GMT, Bloomberg

Daily Market Report

S&P/ASX 200 Index was down 1.09%. Shanghai stock indices fell on average 0.6%. Hang Seng lost 0.97%.

European indices opened lower in the morning. Dow Jones Eurostoxx 600 lost 0.85% as of 9:00 GMT with Technology (-1.03%) and Financials (-1.19%) as the worst sectors. The Euro-zone unemployment rate was unchanged at 10% in July with the German labour market as the strongest in Europe. CPI estimate for August was at 1.6% y/y.

European corporate news and events

- Option NV (OPTI BB) had 7.65 million euros of cash left at the end of June following a 20.5 million-euro loss in the first half according to the company disclosure. *Bloomberg*.

- AND International Publishers NV (AND NA) expects full-year profit to rise to at least 2.3 million euros, from 1.5 million euros a year earlier. *Bloomberg*.

- Renault SA (RNO FP) plans to increase production in South Korea to cut its reliance on Japan as a manufacturing base as the yen strengthens, Chief Executive Officer Carlos Ghosn said. *Bloomberg*.

Ahead Today

S&P/Case Shiller home prices data for June, due at 13:00, Chicago PMI, due at 13:45 and Consumer Confidence for August, due at 14:00 GMT will be in focus in the US today.

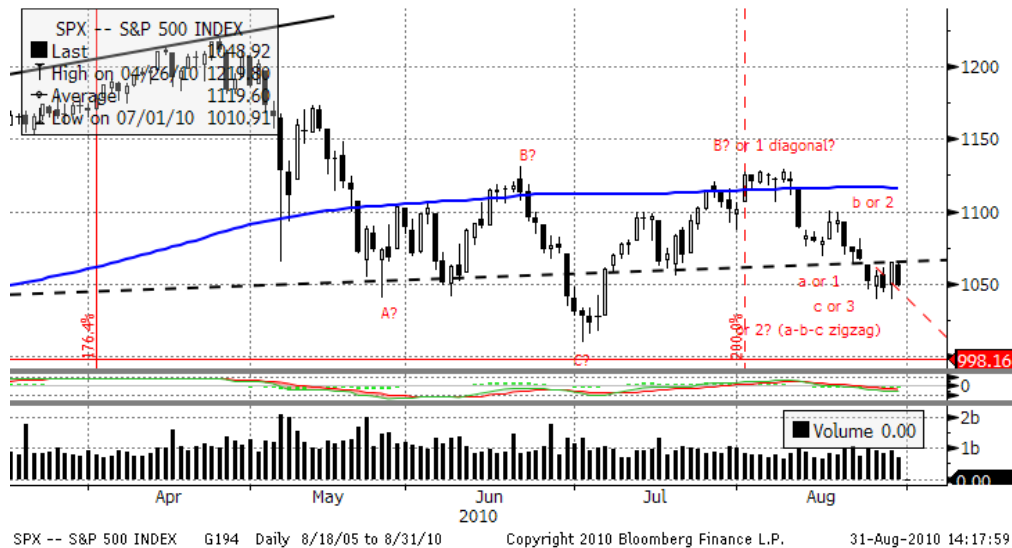
At 18:00 the Fed is to release its minutes from the Aug.10 meeting.

S&P 500 Sub-index	Last	Change
CONS	237.156	-1.78%
DISCRET		
CONS	272.9461	-0.86%
STAPLES		
ENERGY	385.0063	-1.55%
FINANCIALS	180.6092	-2.22%
HEALTH CARE	326.416	-1.11%
INDUSTRIALS	244.2855	-1.64%
INFO TECH	330.0077	-1.19%
MATERIALS	187.4135	-1.40%
TELECOM		
SERV	111.3359	-1.22%
UTILITIES	154.7122	-1.41%

DJIA Eurostoxx	Last	Change
SX3P	332.13	-0.63%
SX4P	451.07	+0.03%
SX6P	301.14	-0.95%
SX7P	207.25	-1.29%
SX86P	104.78	-1.17%
SX8P	180.89	-1.12%
SXAP	245.9	-0.87%
SXDP	374.8	-0.74%
SXEP	286.58	-0.96%
SXFP	227.07	-1.37%
SXIP	143.24	-1.37%
SXKP	264.82	-0.47%
SXMP	166.66	-0.32%
SXNP	268.52	-0.75%
SXOP	229.6	-0.78%
SXPP	473.96	-1.10%
SXQP	365.04	-0.70%
SXRP	262.18	-0.79%
SXTP	116.01	-0.90%
SXXP	248.97	-0.87%

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.

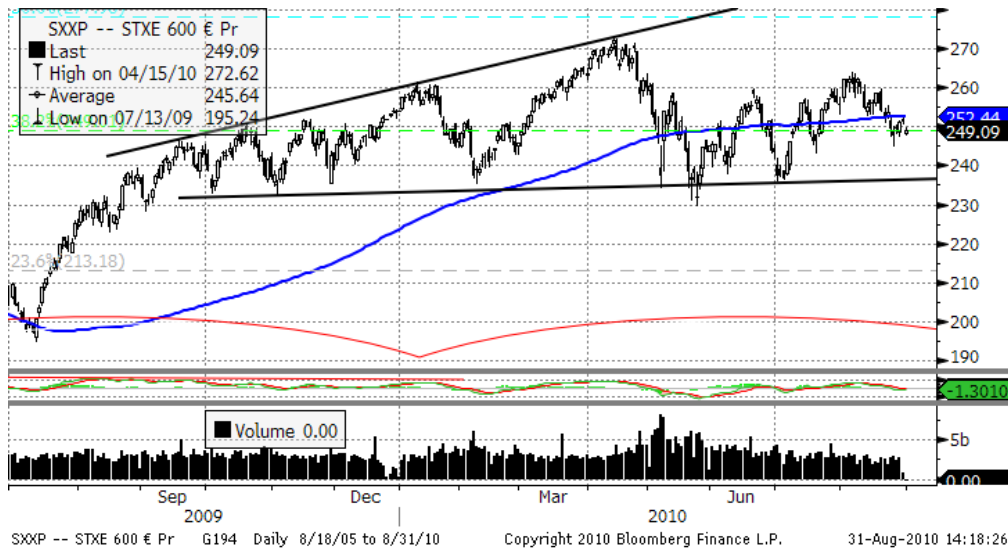
However, a bounce from 1040 is likely to go on in the coming days as the leg, started on 09/08 seems to be a zigzag. Optimistic scenario would include possibility of another attempt to break the 200-day moving average at 1120.

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, chances of another MA-200 test at 252 and 19/08 high at 258 in the coming days still remain.

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.
08/30/2010 09:00	EC	Business Climate Indicator	AUG	--	--
08/30/2010 09:00	EC	Euro-Zone Indust. Confidence	AUG	--	--
08/30/2010 09:00	EC	Euro-Zone Consumer Confidence	AUG F	--	--
08/30/2010 09:00	EC	Euro-Zone Economic Confidence	AUG	--	--
08/30/2010 09:00	EC	Euro-zone Services Confidence	AUG	--	--
08/30/2010 12:30	US	Personal Income	JUL	--	--
08/30/2010 12:30	US	Personal Spending	JUL	--	--
08/30/2010 12:30	US	PCE Deflator (YoY)	JUL	--	--
08/30/2010 12:30	US	PCE Core (MoM)	JUL	--	--
08/30/2010 12:30	US	PCE Core (YoY)	JUL	--	--
08/30/2010 14:30	US	Dallas Fed Manf. Activity	AUG	--	--
08/30/2010 23:01	UK	GfK Consumer Confidence Survey	AUG	--	--
08/30/2010 23:50	JN	Retail Trade MoM SA	JUL	--	--
08/30/2010 23:50	JN	Industrial Production (MoM)	JUL P	--	--
08/30/2010 23:50	JN	Retail Trade YoY	JUL	--	--
08/30/2010 23:50	JN	Industrial Production YOY%	JUL P	--	--
08/30/2010 23:50	JN	Large Retailers' Sales	JUL	--	--
08/31/2010 01:30	JN	Labor Cash Earnings YoY	JUL	--	--
08/31/2010 04:00	JN	Vehicle Production (YoY)	JUL	--	--
08/31/2010 05:00	JN	Housing Starts (YoY)	JUL	--	--
08/31/2010 05:00	JN	Annualized Housing Starts	JUL	--	--
08/31/2010 05:00	JN	Construction Orders (YoY)	JUL	--	--
08/31/2010 07:55	GE	Unemployment Change (000's)	AUG	--	--
08/31/2010 07:55	GE	Unemployment Rate (s.a)	AUG	--	--
08/31/2010 08:30	UK	Mortgage Approvals	JUL	--	--
08/31/2010 08:30	UK	M4 Money Supply (MoM)	JUL F	--	--
08/31/2010 08:30	UK	M4 Money Supply (YoY)	JUL F	--	--
08/31/2010 09:00	EC	Euro-Zone CPI Estimate (YoY)	AUG	--	--
08/31/2010 09:00	EC	Euro-Zone Unemployment Rate	JUL	--	--
08/31/2010 13:00	US	S&P/CaseShiller Home Price Ind	JUN	--	--
08/31/2010 13:00	US	S&P/CS 20 City MoM% SA	JUN	--	--
08/31/2010 13:00	US	S&P/CS Composite-20 YoY	JUN	--	--
08/31/2010 13:00	US	S&P/Case-Shiller US HPI	2Q	--	131.8
08/31/2010 13:00	US	S&P/Case-Shiller US HPI YOY%	2Q	--	2.00%
08/31/2010 13:45	US	Chicago Purchasing Manager	AUG	--	--
08/31/2010 14:00	US	Consumer Confidence	AUG	--	--
08/31/2010 14:00	US	NAPM-Milwaukee	AUG	--	--
08/31/2010 18:00	US	Minutes of FOMC Meeting	31-Aug		
08/31/2010 18:00	US	Fed Releases Minutes from Aug. 10 FOMC	31-Aug		
08/31/2010 20:15	US	Bloomberg FCI Monthly	AUG	--	--
08/31/2010 20:30	US	API U.S. Crude Oil Inventories	27-Aug	--	--
08/31/2010 20:30	US	API U.S. Gasoline Inventories	27-Aug	--	--

Daily Market Report

08/31/2010 20:30	US	API U.S. Distillate Inventory	27-Aug	--	--
08/31/2010 20:30	US	API Cushing Crude OK Inventory	27-Aug	--	--

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