

Morning Report

Monday, 1 March 2010

EQUITIES (close & % chg)			SYDNEY FUTURES EXCHANGE (close & chg)					INTEREST RATES (close & chg)		
S&P/ASX 200	4637.7	0.9%	Last		Overnight Chg			Australia		
Dow Jones	10325.3	0.0%	10 yr bond	94.53	-0.07			10 year bond	5.49	-0.05
Nikkei	10126.0	0.2%	3 yr bond	95.18	-0.01			3 year bond	4.82	-0.02
Hang Seng	20608.7	1.0%	3 mth bill rate	95.73	0.02			90 day bill	4.16	-0.01
Shanghai	3051.9	-0.3%	SPI 200	4619	16			US		
DAX	5598.5	1.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	3.62	-0.02
FTSE100	5354.5	1.4%	TWI	69.5	-	-	-	2 year bond	0.82	-0.01
COMMODITIES (close & chg)			AUD/USD	0.8885	0.8988	0.8869	0.8984	3-month T Bill	0.12	0.00
CRB Index	274.77	3.9	AUD/JPY	79.12	79.86	78.90	79.79	Other (10 year yields)		
Gold	1116.7	11.6	AUD/GBP	0.5819	59.23	58.10	0.5909	Germany	3.11	0.00
Copper	7220	155.0	AUD/NZD	1.2836	1.2852	1.2761	1.2834	Japan	1.31	0.01
Oil (WTI)	79.58	1.2	AUD/EUR	0.6554	0.6587	0.6537	0.6577	UK	4.03	-0.01

Data as at 8.00am. Change from previous trading day (excluding the SFE – which is the change during the night session).

Source: Reuters, Bloomberg

SHARE MARKETS: The US stockmarket posted a small gain for the session on mixed earnings news and economic data. The Dow finished flat, while the S&P500 rose 0.1% and the Nasdaq was up 0.2%. News that large insurer AIG showed a disappointing fourth-quarter loss was negative for the market, while an upward revision to GDP data provided some support.

BONDS: US bond yields edged lower as mixed economic data reinforced expectations for a slow recovery in the US, leading to safe haven flows into government bonds.

FX: The Euro was the biggest gainer for the session, receiving a boost from a report that Germany may buy Greek bonds, assuaging some concerns about Greece's fiscal position and the outlook for the Euro. The Aussie dollar gained against the US dollar, and the Yen also drifted higher. Sterling, however, lost further ground, drifting lower after an upward revision to UK growth data failed to allay concerns about the economic outlook for the UK.

COMMODITIES: Commodities had a stronger session, with oil gaining \$1.20, to trade at \$79.58 per barrel, boosted by news of stronger US economic growth in the fourth quarter. Gold gained \$11.60, rising to \$1116.7 per oz.

GLOBAL: Euro zone inflation was left unrevised at a 1.0% annual rate in January, however, core inflation slipped to a new cycle low of 0.9% for the year to Jan.

UK GDP was revised up to 0.3%, from 0.1% for the fourth quarter, with consumer spending and government spending stronger, while capital spending fell sharply. However, previous quarters were revised lower, indicating the UK recession was worse than previously reported.

UNITED STATES: US GDP growth was revised higher, to 5.9%, from 5.7% annualised in the fourth quarter. Business investment was stronger than previously reported, although consumer spending was less strong and government spending fell more sharply.

Upcoming Data/Events Today, AEST (Aust underlined)*

UK Hometrack Housing Survey Feb prev +0.1% (11.01am)

AU Company Profits Q4 +2.0% prev -2.1% (11.30am)

AU Current Account Q4 -14bn prev -16bn (11.30am)

AU Inventories Q4 +0.7% prev +0.8% (11.30am)

AU Net Exports % of GDP -0.8pp prev -1.8pp (11.30am)

CH PMI Mfg Feb exp 55.2 prev 55.8 (12pm)

AU RBA Commodity Index Feb prev -11.7% y/y (4.30pm)

UK PMI Mfg Feb exp 57.0 prev 56.7 (8.30pm)

EZ Unemployment Rate Jan exp 10.1% prev 10.0% (9pm)

US Personal Income Jan exp +0.4% prev +0.4% (12.30am)

US Personal Spdg Jan exp +0.4% prev +0.2% (12.30am)

US ISM Mfg Feb exp 58.0 prev 58.4 (2am)

US Construction Spdg Jan exp -0.5% prev -1.2% (2am)

* All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data releases are based on St George Bank's forecasts. Forecasts for other countries are consensus forecasts.

To access our Monthly Economic Calendar please refer to:
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However, less positive news in the slump in US new home sales (-7.2% in Jan), its 2nd big monthly decline confounding analysts expectations for a bounce.

AUSTRALIA: Credit to the private sector rose 0.4% in January (+1.3% y/y), slightly above market expectations for a modest 0.2% rise. Housing credit is holding a steady pace of 0.7% m/m, on par with the average over the previous 12 months. The recovery in investors continues with a 0.6% rise in January. Other personal lending continues to rise, +0.5%, and is now up almost 2.75% since July. Business lending fell just 0.1% in January, the first time business credit has shown signs of stabilising since January 2009 and a promising sign we may be nearing an inflection point for business lending. For more information please refer to:

<http://www.stgeorge.com.au/corporate-business/report-centre/data-snapshots.asp>

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