

Morning Report

Friday, 26 June 2009

EQUITIES (close & % chg)			SYDNEY FUTURES EXCHANGE (close & chg)					INTEREST RATES (close & chg)		
S&P/ASX 200	3856.0	1.3%			Last	Overnight Chg		Australia		
Dow Jones	8472.4	2.1%	10 yr bond	94.42		0.10		10 year bond	5.72	-0.02
Nikkei	9796.1	2.1%	3 yr bond	95.16		0.07		3 year bond	4.66	0.09
Hang Seng	18275.0	2.1%	3 mth bill	96.77		0.02		90 day bill	3.24	0.02
Shanghai	2925.0	0.1%	SPI 200	3862		32		United States		
DAX	4800.6	-0.7%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	3.54	-0.15
FTSE100	4252.6	-0.6%	TWI	63.6	-	-	64.0	2 year bond	1.13	-0.10
COMMODITIES (close & chg)			AUD/USD	0.7960	0.8043	0.7931	0.8034	3-month T Bill	0.17	-0.03
CRB Index	253.4	3.6	AUD/JPY	76.24	77.28	76.12	77.14	Other (10 year yields)		
Gold	938.55	7.45	AUD/GBP	0.485	0.4912	0.4844	0.4907	Germany	3.43	-0.02
Copper	5095	95	AUD/NZD	1.2455	1.2516	1.2406	1.2413	Japan	1.39	0.01
Oil (WTI)	70.36	1.96	AUD/EUR	0.5714	0.5745	0.5697	0.574	UK	3.69	-0.02

Data as at 7.30am. Change from yesterday morning (excluding the SFE – which is the change during the night session).
Source: Reuters/Bloomberg

SHARE MARKETS: The US share market enjoyed a strong rally overnight with investors relieved that Fed Chairman Ben Bernanke survived questioning by a Congressional committee surrounding emergency measures on Merrill Lynch. The higher oil price also provided support to energy stocks. At session end, the three major US stock indices were 2.1% higher.

BONDS: US treasury debt rose (pushing yields lower) after the last of the three government debt auctions this week saw better than expected demand. The 10-year yield was down 15bp, while the 2-year yield fell 10bp.

FX: The USD is a slight 0.2% lower on a trade-weighted basis from 24 hours ago. The domestic currency has pushed up to around 80.30 US cents, supported by the improvement in investor sentiment, gains in commodities and the slightly weaker US dollar.

COMMODITIES: Commodities have gained on the back of the sharp rally in the US share market and the slightly weaker US dollar. The price of crude oil was also pushed higher by renewed rebel attacks on oil facilities in Nigeria and concerns surrounding tight gasoline stockpiles during the US summer driving season. Oil surged almost \$US2 to now trade just above \$US70 per barrel. Copper is 1.9% higher, while gold has gained \$US7.50 to \$US938.50 an ounce.

GLOBAL: Reports are that the IMF could likely upgrade its global growth forecasts within weeks. IMF First Deputy Managing Director John Lipsky has commented that, "After two quarters of sharp contraction, signs are emerging that the rate of decline in global output is moderating...in the upcoming weeks, we will be updating our global growth forecasts and will likely revise modestly upward our projections, particularly for 2010.

US: The final estimate of US GDP in the March quarter showed an annualized decline of 5.5%. This was slightly

better than the earlier estimate of 5.7% with the upgrade partly due to an upward revision in inventories. Separately, US jobless claims were shown to increase 15k to 627k in the latest week. The 4-week average for this series rose slightly but is still substantially below the recent peak. The number of people remaining on claims jumped 29k to 6.74m.

AUSTRALIA: There was no key data in Australia yesterday.

EURO ZONE: Euro Zone industrial orders fell 1.0% in April to be 35.5% lower over the year. It was weaker than market expectations.

NEW ZEALAND: New Zealand's current account shrank to 15.3bn in the year to March (or 8.5% of GDP) as imports fell.

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

NZ GDP Q1 exp -0.7% prev -0.9% (8.45am)
 NZ GDP Q1 exp -2.3% prev -1.9% (8.45am)
 UK BoE Financial Stability Report (9.01am)
 JP Core CPI May exp -1.1% prev -0.1% (9.30am)
 CH Industrial Profits May prev -37.3% YTD (12pm)
 GE Import Price Index May exp +0.3% prev -0.8% (4pm)
 US Pers. Income May exp +0.3% prev +0.5% (10.30pm)
 US Pers. Spending May exp +0.3% prev -0.1% (10.30pm)
 US PCE Core May exp +1.8% y/y prev +1.9% (10.30pm)
 US Fed Fisher Speaks (3am)

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

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