

Tuesday June 19, 2012

Stock Markets Rap (as of June 18)

	Close	Chg	(%)
MSCI World	1,212	+3	+0.3
Dow	12,742	-25	-0.2
Nasdaq	2,895	+23	+0.8
S&P 500	1,345	+2	+0.1
Euro Stoxx	2,156	-26	-1.2
FTSE 100	5,491	+12	+0.2
DAX	6,248	+19	+0.3
CAC	3,066	-21	-0.7
ASX 200	4,137	+80	+2.0
Nikkei	8,721	+152	+1.8
Shanghai	2,316	+9	+0.4
Hang Seng	19,428	+194	+1.0
H Shares	9,819	+74	+0.8

	Close	Chg	(%)
FTSE ASEAN	539	+3	+0.6
Singapore	2,824	+13	+0.5
Thailand	1,163	-2	-0.2
Malaysia	1,583	+4	+0.2
Indonesia	3,860	+42	+1.1
Philippines	5,050	+120	+2.4
Vietnam	436	+3	+0.6
Lao PDR	1,034	+17	+1.7
Cambodia	710	-	-

Currencies Rap (as of June 18)

	Last	Chg	(%)
DX	81.95	+0.32	+0.39
USD/EUR	1.2628	-0.00	-0.08
JPY/USD	79.08	+0.35	+0.44
THB/USD	31.47	-0.04	-0.13
VND/USD	20,965	+5.00	+0.02
LAK/USD	8,001.00	-5.00	-0.06
KHR/USD	4,062.70	-21.05	-0.52
MMK/USD	839.06	-2.88	-0.34
VND/THB	666.11	+0.37	+0.06
LAK/THB	254.24	-0.08	-0.03
KHR/THB	128.00	0.00	0.00
MMK/THB	26.66	-0.08	-0.31

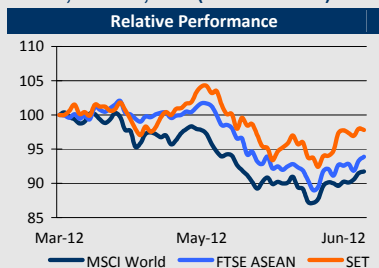
Commodities Rap (as of June 18)

	Close	Chg	(%)
Gold	1,627.00	-1.10	-0.07
Silver	28.67	-0.07	-0.24
Copper	340.25	+1.20	+0.35
WTI	83.27	-0.76	-0.90
Brent	96.05	-1.56	-1.60
BDI	938	+14	+1.52

Source: Bloomberg

* Cambodia Stock Index as of June 15

World, ASEAN, SET (as of June 18)



Source: Bloomberg

MACRO NEWS

- Spanish Yields at 7% Show Investors Slamming Door: Euro Credit
- Spanish Bad Loans Ratio Soars to 18-Year High in April
- Spain Banks Need EUR 150 Billion Provisions: Report
- ECB Stays Out of Government Bonds for 14th Week
- US Housing Index Shows Small Improvement
- China Home Price Declines Slow, Beijing to Keep Curbs

CORPORATE NEWS

- Citigroup [C:US] - Citigroup Asia Fees Rising as Debt Sales Counter Equity Drop
- Citigroup [C:US] - Emerging Markets 'Not Immune' to Europe's Woes: Pandit

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MACRO NEWS

Spanish Yields at 7% Show Investors Slamming Door: Euro Credit

Spanish debt has slumped, pushing the 10-year yield today to a euro-era record of 7.14%, as investors at Fidelity Investments, Frankfurt Trust and Principal Investment Management say the nation may lose market access. The bonds are the worst performers among 26 developed markets since June 9, when Economy Minister Luis de Guindos said he would request as much as 100 billion euros (\$127 billion) of emergency loans from the euro area to shore up a Spanish banking system hobbled by bad assets. [\[Bloomberg\]](#)

Spanish Bad Loans Ratio Soars to 18-Year High in April

Bad debts held by Spanish banks rose to an 18-year high in April, data released Monday by the country's central bank showed, a sign that more companies and households in the euro zone's fourth-largest economy fell behind on debt payments amid a double-dip recession. According to the central bank data, 8.72% of the loans held by banks—or EUR 152.74 billion (USD 193 billion)—were more than 3 months overdue for repayment in April, up from 8.37% in March. This was the highest ratio since April 1994 and just slightly below the all-time high hit in February that year, when non-performing loans soared to 9.15% of the total. [\[WSJ\]](#)

Spain Banks Need EUR 150 Billion Provisions: Report

Spanish banks could need additional provisions for bad loans worth up to EUR 150 billion (\$189 billion) according to the results of an independent audit due to be released later this week, business daily El Confidencial reported on Monday. The newspaper, citing various sources, noted that total includes provisions across the retail mortgage portfolio. [\[MarketWatch\]](#)

ECB Stays Out of Government Bonds for 14th Week

The European Central Bank stayed out of the government bond markets last week for the 14th straight week, despite Spain's financing costs soaring to record highs, indicating that the ECB prefers to bring down sovereign borrowing costs using tools other than bond buys. The ECB has intermittently bought government bonds over the past two years to help contain the region's debt crisis and ensure that its monetary policy rates feed through to sovereign bond yields. The ECB put its much-debated bond-buying program essentially on hold after pumping EUR 1.019 trillion (USD 1.288 trillion) into the banking system late last year and early this year. Commercial banks have used some of these ECB funds to purchase euro-zone government bonds, which has helped lower bond yields temporarily, especially in Spain and Italy. [\[MarketWatch\]](#)

US Housing Index Shows Small Improvement

An index that measures the optimism of U.S. home builders rose slightly in June, according to a survey released Monday. The National Association of Home Builders/Wells Fargo housing index climbed to 29 in June from May's slightly revised figure of 28. The index for May was originally reported at 29. Although the latest reading is the highest since May 2007 — prior to the last recession — it's still well below a level considered healthy. A reading of 50 or better signals that more home builders view conditions as good instead of poor. [\[MarketWatch\]](#)

China Home Price Declines Slow, Beijing to Keep Curbs

China's home prices dipped for the eighth straight month in May but the pace of decline eased, fanning talk that the market may be bottoming out and that recent monetary stimulus could set the stage for a rebound. Beijing reaffirmed hours after the data it would keep property tightening measures in place, concerned that inflationary pressures are still a problem even as the broader economy slows. Average new home prices fell 0.1% in May from a month earlier, narrowing from April's fall of 0.3%, according to Reuters calculations based on home price data in 70 cities published by the National Bureau of Statistics on Monday. The set of year-on-year data told a different story, showing the average new home prices dropped 1.5% in May. That marked the third straight month of decline, and compared with April's fall of 1.2% and March's dip of 0.7%. Premier Wen Jiabao's government and its ministries have reiterated no change in its tightening stance for the real estate sector, which affects more than 40 other industries. The latest confirmation of that policy came on Monday, in a Xinhua report that cited the housing ministry. [\[Reuters\]](#)

CORPORATE NEWS

Citigroup [C:US] - Citigroup Asia Fees Rising as Debt Sales Counter Equity Drop

Citigroup Inc. is boosting revenue at its corporate and investment banking unit in Asia with rising fees from debt underwriting and cash management as initial public offerings shrink. Sales of bonds denominated in dollars, euros and yen have reached \$202 billion this year in the Asia-Pacific region, a 21% jump from the same period of 2011. Meanwhile the value of IPOs dropped to \$18.2 billion from \$45 billion. Citigroup's revenue from securities and banking operations in Asia rose 17% to \$1.2 billion in the first quarter, while profit jumped 46% to \$307 million [\[Bloomberg\]](#)

Citigroup [C:US] - Emerging Markets 'Not Immune' to Europe's Woes: Pandit

Over the last 18 months, Pandit says Citi is preparing by "very tightly managing" exposure to financial institutions in Europe. In percentage terms, Citi's holdings have been scaled down to 10% from 40 % during the tumult of the European debt crisis. "The risk we have is extremely manageable, particularly given our capital and our liquidity," says Pandit. About half Citigroup's business is in the emerging markets, which Pandit concedes is a more challenging landscape than it has been. "I know they're growing a little bit slower than they were a few quarters ago. Emerging markets are not immune to the impact of Europe. We feel it here," he added. Pandit said Citi is in a good position to handle hurdles given its high capital cushion. (It has a 12.5% Tier 1 capital ratio under Basel I rules, and approximately \$500 billion in cash and securities — about 26% of the balance sheet.) [\[CNBC\]](#)

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