

Thursday January 5, 2012

NEWS UPDATE

Stock Markets Rap (as of Jan 4)

	Close	Chg	(%)
Dow	12,418	+21	+0.2
Nasdaq	2,648	-0	-0.0
S&P 500	1,277	+0	+0.0
Global Dow	1,838	-10	-0.6
VIX	22.22	-0.75	-3.3

	Close	Chg	(%)
FTSE 100	5,668	-31	-0.6
DAX	6,112	-55	-0.9
CAC	3,194	-52	-1.6

	Close	Chg	(%)
ASX 200	4,188	+87	+2.1
Nikkei	8,560	+105	+1.2
Shanghai	2,169	-30	-1.4
HSI	18,727	-150	-0.8
H Shares	10,094	-141	-1.4
FTSE STI	2,711	+23	+0.8
SET	1,036	+11	+1.1
LSX	886	-12	-1.3
Vietnam	349	-1	-0.3

Currencies Rap (as of Jan 4)

	Last	Chg	(%)
DXY	80.13	+0.52	+0.65
THB/USD	31.48	+0.02	+0.06
THB/LAK	254.91	-0.16	-0.06
LAK/USD	8,024.50	0.00	0.00
USD/EUR	1.3014	-0.00	-0.16
JPY/USD	76.66	-0.06	-0.08

Commodities Rap (as of Jan 4)

	Close	Chg	(%)
Gold	1,612.70	+12.20	+0.76
Silver	29.10	-0.47	-1.61
WTI	103.22	+0.26	+0.25
Brent	113.70	+1.57	+1.40
BDI	1,552	-72	-4.43

Source: Bloomberg

Spain Leads Rise in Sovereign Bond Risk on Bailout Speculation

Spain led an increase in the cost of insuring sovereign bonds amid speculation the indebted nation may seek aid from the European Union and the International Monetary Fund. Credit-default swaps on Spain jumped 29 basis points to 434. The Markit iTraxx SovX Western Europe Index of swaps on 15 governments rose 7 basis points to 367.5. An increase signals deterioration in perceptions of credit quality. Spanish Prime Minister Mariano Rajoy's government is considering applying for loans from the EU's rescue fund and the IMF, Expansion reported, citing unidentified people with knowledge of the matter. The country's deputy minister for communication, Carmen Martinez Castro, said in a telephone interview that there are no plans to seek external aid. [\[Bloomberg\]](#)

Hungary Urged to Change Central Bank Plans as Forint Hits a Record Low

The Hungarian government has been urged to reverse controversial plans to curb the independence of its central bank in order to secure a multibillion-euro loan from the International Monetary Fund and the European Union. The forint hit a record low on Wednesday and Hungarian bond yields soared, prompting economists to warn that Budapest must act swiftly to restore market confidence and avoid inflicting financial pain on the nation of 10 million. In response to the rapidly worsening situation, Hungary's government said it might moderate some policies to appease international lenders, who are unhappy over a new law curbing the independence of the central bank. [\[The Guardian\]](#)

Greece May Face Default in March Without Troika Agreement, Papademos Says

Greek Prime Minister Lucas Papademos told business and union leaders the economy could collapse as soon as March if the country doesn't accept income cuts as a key means to secure agreement with international creditors on more financing. Talks to resume this month with representatives of the European Union, International Monetary Fund and European Central Bank, the so-called troika, will focus on "shaping a credible economic adjustment plan for 2012 to 2015." "Without this agreement with the troika and subsequent financing, Greece in March faces the immediate risk of a disorderly default," he said. [\[Bloomberg\]](#)

China Property Malaise Spreads to Furnishings

China's property prices fell for the fourth straight month in December, adding further pressure on Chinese consumers at a time when both the domestic and global economy increasingly depend on their spending. The property slump has triggered a slowdown in sales growth of goods ranging from furniture to refrigerators. Investment in residential real estate accounts for about 12% of China's economy, but as much as 25% is tied up in a broader category that also includes industries such as construction materials and appliances, according to economists. Average housing prices in 100 major cities in China fell 0.25% in December compared with November, according to data released on Wednesday by data provider China Real Estate Index System. [\[WSJ\]](#)

Thailand: Govt Shifts B1 Trillion in Debt to BoT

The cabinet yesterday decided to transfer responsibility for 1.14 trillion baht in outstanding debt from the 1997 economic crisis to the central bank, paving the way for the government to take out hundreds of billions of baht in new loans to fund new investment programmes. Under a draft decree, the Financial Institutions Development Fund (FIDF) will have direct responsibility for the debt, and gain new powers to impose a charge on local banks of up to 1% of their deposits _ equal to more than 70 billion baht a year _ to help finance the repayments. [\[Bangkok Post\]](#)

Myanmar Sets Parliamentary By-Election Date

Myanmar set parliamentary by-elections for April 1, scheduling a highly anticipated vote that will return pro-democracy leader Aung San Suu Kyi's party to mainstream politics after two decades. Before state media reported the date late Friday, Ms. Suu Kyi and her National League for Democracy had said they planned to contest every seat in the by-election. Most of the 48 Parliament seats being contested were vacated by MPs who became Cabinet ministers after the first parliamentary session in January. The military is guaranteed 110 seats in the 440-seat lower house, and 56 seats in the 224-seat upper house, and the pro-military party now occupies 80% of the remaining 498 elected seats, so the 48 seats up for grabs, even if the NLD wins them all, will not change the balance of power. [\[WSJ\]](#)

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