

Thursday December 29, 2011

NEWS UPDATE

Stock Markets Rap (as of Dec 28)

	Close	Chg	(%)
Dow	12,151	-140	-1.1
Nasdaq	2,590	-35	-1.3
S&P 500	1,250	-16	-1.2
Global Dow	1,779	-25	-1.4
VIX	23.52	+1.61	+7.3

	Close	Chg	(%)
FTSE 100	5,507	-5	-0.1
DAX	5,771	-118	-2.0
CAC	3,071	-32	-1.0

	Close	Chg	(%)
ASX 200	4,089	-52	-1.2
Nikkei	8,424	-17	-0.2
Shanghai	2,170	+4	+0.2
HSI	18,519	-111	-0.6
H Shares	9,981	-152	-1.5
FTSE STI	2,666	-7	-0.3
SET	1,028	-0	-0.0
LSX	899	-8	-0.9
Vietnam	351	+3	+0.8

Currencies Rap (as of Dec 28)

	Last	Chg	(%)
DXY	80.51	+0.71	+0.89
THB/USD	31.55	+0.11	+0.35
THB/LAK	254.38	-0.75	-0.30
LAK/USD	8,024.50	+1.00	+0.01
USD/EUR	1.3073	-0.00	-0.02
JPY/USD	77.70	-0.18	-0.23

Commodities Rap (as of Dec 28)

	Close	Chg	(%)
Gold	1,564.10	-31.40	-1.97
Silver	27.23	-1.51	-5.24
WTI	99.36	-1.98	-1.95
Brent	107.56	-1.71	-1.56
BDI	1,738	-49	-2.74

Source: Bloomberg

*LSX as of Dec 27

*BDI as of Dec 23

Italy Short-Term Yields Halve; Long-Term Auction Eyed

Italy's short-term debt costs halved at auction on Wednesday as a new package of budget austerity and an injection of cheap long-term money from the European Central Bank won Rome some respite in thin year-end markets. Analysts warned market nerves could easily reignite and pointed to a tougher test on Thursday when Italy will sell up to 8.5 billion euros (\$11.1 bln) of longer-term bonds, including three- and ten-year paper. But the lowest six-month auction yield and strongest bid-to-cover ratio since September added to a sense that some of the tension around the countries now at the center of Europe's debt problems had eased for a moment. Italy paid an average rate of 3.25% to sell 9 billion euros of six-month BOT bills, down from a euro lifetime record of 6.50% just a month earlier. It also sold 1.7 billion euros of 24-month, zero-coupon bonds at a yield of 4.85%, down from 7.8% a month ago. [\[CNBC\]](#)

ECB Balance Sheet Increases to Record

The European Central Bank's balance sheet soared to a record 2.73 trillion euros (\$3.55 trillion) after it lent financial institutions more money last week to keep credit flowing to the economy during the debt crisis. Lending to euro-area banks jumped 214 billion euros to 879 billion euros in the week ended Dec. 23, the Frankfurt-based ECB said in a statement today. The balance sheet increased by 239 billion euros in the week and was 553 billion euros higher than three months ago. [\[Bloomberg\]](#)

Funds Expect Surge of Bad Loans in China

Foreign and domestic distressed debt funds expect a big supply of bad loans to come on to the market in China after at least five years in which banks largely sat on their portfolios of troubled loans. Executives at Clearwater Capital, a Hong Kong-based fund, and at Guangzhou-based Shoreline Capital say Chinese lenders must dispose of existing bad loans to prepare for a new batch of non-performing debt, stemming from the credit binge Beijing encouraged following the global financial crisis. [\[Financial Times\]](#)

China Eclipses US as Top IPO Venue

China has again outshone the US as the top venue for initial public offerings despite steep share price falls on the mainland and Hong Kong stock markets, highlighting the shift in global financial activity from west to east. Companies raised \$73bn from IPOs in Shanghai, Shenzhen and Hong Kong this year, according to Dealogic – almost double the amount of money raised on the New York Stock Exchange and Nasdaq combined. Hong Kong retained its crown as the top bourse for the third year in a row, with \$30.9bn raised this year. That figure compares with \$30.7bn and \$18bn, respectively, on the New York and London stock exchanges. [\[Financial Times\]](#)

Lao PDR: Hydropower Projects to Spark Northern Development

Investment in hydropower projects in the Northern provinces is growing rapidly, and this will help to meet the government's plan to supply mains power to over 90% of families in the region by 2020. Deputy Minister of Energy and Mines Mr Khammany Inthirath said that currently around 802,400 families nationwide have access to electricity, which represents 76.9% of the total households in the country. Laos currently has 16 hydropower plants with an installed capacity of 2,559.7 megawatts. "By 2015 we will attempt to build enough hydropower plants to give the country an installed capacity of 3,856MW. We want to increase the number of households with access to electricity to about 85%. We hope to increase this number to more than 90% by 2020," Mr Khammany said. [\[Vientiane Times\]](#)

Thailand, Cambodia to Re-Start Talks on Oil and Gas

Thailand will send a ministerial delegation to Cambodia on Thursday to revive stalled talks on the joint development of offshore energy reserves in the Gulf of Thailand, its energy minister said on Wednesday. Thailand and Cambodia were keen to re-start negotiations on joint exploration and development of the Overlapping Claim Area (OCA) in the Gulf, which covers 27,000 sq km (16,000 sq miles) and is thought to be rich in oil and gas deposits. "The Ministry of Energy wants negotiations to be done as quickly as possible for the sake of stability through energy and for the benefits of the two countries," Thai Energy Minister Pichai Naripthaphan said. Chevron Corp is operating Block A in the Gulf and Total also has exploration rights in the area. Three Japanese firms - Inpex, Marubeni Oil and Gas, a subsidiary of Marubeni Corp, and Mitsui Oil Exploration Co, a unit of trading house Mitsui & Co Ltd - have also shown interest in exploring, as well as some from Europe. [\[Reuters\]](#)

Thanawat Patchimkul

Global Strategist

Email: thanawatp@ktzmico.com

Tel: + 66 2 673 5300

Assisted by

Denruthai Krishnamra