

Capital Markets

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Major Indices

Foreign	Last	Ch	YtD
Dow Jones	10447.93	1.24%	0.19%
Nasdaq	2233.75	1.53%	-1.56%
S&P500	1104.51	1.32%	-0.95%
Nikkei 225	9301.32	2.05%	-12.70%
DJ stxx50	2537.22	1.08%	-1.62%

Arab*	Last	Ch	YtD
BSI	1456.96	0.04%	-6.95%
TASI	6269.36	-0.09%	1.94%
DFMGI	1538.09	2.69%	-17.55%
CASE30	6525.00	-0.02%	4.03%
KWSE	6711.50	0.12%	-4.19%
ASE	2259.14	-0.23%	-11.77%

Major Currencies**

	Last	Previous	Change
EUR/USD	1.2887	1.2826	0.48%
GBP/USD	1.5439	1.5391	0.31%
USD/JPY	84.37	84.28	0.11%

Major Commodities Futures**

	Last	Previous	Ch
Oil /barrel \$	74.33	74.93	-0.80%
Gold/ounce \$	1248.1	1251.1	-0.24%

Interbank Rates

	Last	Previous
LIBOR \$1M	0.26%	0.26%
LIBOR \$3M	0.29%	0.29%
EURIBOR1M	0.62%	0.62%
EURIBOR3M	0.88%	0.88%

US Benchmark Rates

	Last	Change
1 Y	0.25%	0
2 Y	0.52%	2
5 Y	1.49%	6
10 Y	2.72%	9
30 Y	3.79%	7

Economic Watch List

	Expected
GB BRC retail sales yy (Aug)	0.5%
EZ Sentix Index	8,0
JP Foreign reserve	1063.5b

MARKET WRAP UP

US stocks climbed on Friday, as August job reports came out better than expected, helping the market break a three-week losing streak. The Dow Jones added 1.24%, closing at 10445. The NASDAQ Composite gained 1.53% to 2234, while the S&P 500 rose 1.32% to 1105. European markets followed the positive reports from the U.S, scoring the highest weekly gains since July, as the Germany's DAX Index edged 0.83% to 6,135, UK's FTSE 100 Index soared 1.06% to 5428, while the French's CAC 40 increased by 1.12% to 3672 points. Asian stocks were also on the rise, with the MSCI Asia Pacific Index going up 1.1% to 121.27, its highest level in four weeks, Japan's Nikkei 225 rose by 2.05% to 9301, while Hang Seng's index climbed 1.32% to close at 21249.

TOP STORIES

Obama Proposes Research Tax Credit; August ISM Non-Manufacturing Fell by 2.8 pp

The Obama administration is seeking new ways to revive job growth by asking Congress to permanently extend and expand a research and development tax credit for businesses. The administration is also considering using the revenue from expiring tax cuts for the wealthy to finance about \$35B of tax cuts for small businesses. Obama will soon detail further the research tax credit plan which is estimated to cost about \$100B over 10 years. "The economy is moving in the right direction, we just have to speed it up" he said. With respect to economic data releases, the Institute of Supply reported that the ISM non-manufacturing composite index slowed by 2.8 percentage points to a level barely over the break-even threshold at 51.5. The services sector continues pulling back considerably with the business activity down by 3 points to 54.4 and the new orders momentum down by 4.3 points. Inventories expanded at a slower rate and inventory sentiment remained about unchanged.

UK Manufacturing Expands on Exports; PwC UK Posts Lower Profits, Creates 800 Jobs

UK factory production grew at a record pace in Q3 as export demand surged. The number of manufacturers reporting an increase in sales outweighed advocates by 33%, compared with 30% last quarter to reach its highest level since 1995. Factory output, which accounts for about 13% of UK's economy, is expected to increase by 3.7% in the year, above previous estimates of 3.5% before easing to 3.2% in 2011. A gauge of export orders also rose to a record, advancing by 7 points to 30 in Q3 as sales in the Middle East and East Asia were particularly strong and markets in the EU beat expectations. Moving to corporate news, PricewaterhouseCoopers UK (PwC), one of the four biggest accountancy companies in the country announced plans to create 800 new jobs during the year on top of the 1,200 recent graduate recruits and despite posting lower profits for the year ended June 2010. PwC UK profits fell 5.6% to GBP 649M while turnover rose 4% to GBP 2.33B as new staff hires and investments pushed up costs.

China Retail Sales to beat US by 2016; Australia's Annual Inflation Rose to 3%

China's retail sales may reach Yuan 34T (\$5T) by 2016 topping those of the US in a forecast based on the 14.5% annual growth rate in China compared to the 4.6% in the US. Separately, the Russian steelmaker OAO Severstal reported net income of \$192M in Q2 after posting losses in the previous quarter as sales rose 35% to \$4.25B compared to the previous three months. In other news, Australia's annual inflation rose to 3% in August from a year earlier, according to an index compiled by TD securities Ltd. and the Melbourne Institute which measures the prices of 1,000 goods and services. The Reserve Bank of Australia will keep its benchmark interest rate at 4.5% for the fourth consecutive month as the annual inflation was held within the central Bank's target range in August.

Gulf Stocks Climbed on Sunday, FDI Inflow into Qatar Jumped to \$8.7B in 2009

Most Gulf stocks climbed on Sunday, tracking the rally in international markets. Kuwait's index rose 0.1% to 6,712 as Agility surged 5.6%. In Abu Dhabi, the market added 0.5% to 2,507, while Dubai advanced 2.7% to 1,538, its biggest gain in 11 weeks, as heavyweight Emaar Properties soared 5.4%, Arabtec Holding climbed 4.2%, and Dubai Islamic Bank ended up 3.7%. Oman gained 0.3% to 6,277, whereas Qatar jumped 2.3% to a 17-week high at 7,471, boosted by Industries Qatar that rose 5% to a 16-week high. Alternatively, the Saudi Tadawul Index dropped from Saturday's four-week high by losing 0.09% to close at 6,269. In other news, Foreign Direct Investment (FDI) inflow into Qatar rose to \$8.7B in 2009 compared to \$6.7B recorded a year earlier, while the total FDI inflow into the GCC region dropped 15.1% to \$50.8B last year from \$60.1B in 2008, due to the impact of the global downturn.

*BSI: BLOM stock index ; AMFCI: Arab Monetary Fund composite index ; TASI: KSA index ; DFMGI: Dubai index ; CASE30: Egypt index ; KWSE: Kuwait index ; ASE: Jordan Index

** From Open To Open

*** US: United States ; EZ: Euro Zone ; UK: United Kingdom ; DE: Germany ; JP: Japan

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