

Capital Markets

Issue 101

Thursday 30 October 2008



Major Indices

Foreign	Last	Change
Dow Jones	8,991	-0.82%
Nasdaq	1,657	0.47%
S&P500	930	-1.11%
Nikkei 225	9,030	10.33%
Eur stoxx	2,266	9.91%

Arab*	Last	Change
BSI	1,410	2.84%
AMFCI	179.66	-2.93%
TASI	5,622	-0.05%
DFMGI	2917.12	-0.51%
CASE30	4,887	0.57%
KWSE	9,676	-0.09%
ASE	6,734	3.44%

Major Currencies**

	Last	Previous	Change
€/\$	1.2963	1.2765	1.55
£/\$	1.6391	1.5973	2.62
\$/¥	97.41	98.64	-1.25

Interbank Rates

	Last	Previous
LIBOR \$1M	3.12	3.17
LIBOR \$3M	3.42	3.47
EURIBOR 1M	4.50	4.53
EURIBOR 3M	4.83	4.86

Major Commodities Futures**

	Last	Change
Oil	68.11	5.60%
Gold	755.2	1.31%

US Benchmark Rates

	Last	Change
1 Y	1.43%	-7.68%
2 Y	1.60%	-1.23%
5 Y	2.72%	0.00%
10 Y	3.83%	0.74%
30 Y	4.18%	0.80%

Economic Watch List

Data***	Exp
US GDP (advance Q3)	-0.5%
US PCE price index (adv Q3)	5.4%
US Initial Claims (we)	475 K
EZ Consumer sentiment (Oct)	-20.0
JP Unemployment	4.2%

MARKET WRAP UP

Stocks fell in the last minutes of trading on Wednesday on speculation the Federal Reserve's decision to cut its benchmark interest rate to 1 percent will not be enough to rescue the economy from the worst financial crisis since the Great Depression and after the chief executive of General Electric disappointed investors with comments that the big industrial corporation aims to keep next year's profit the same as 2008. The Dow average slumped 74.16, or 0.8 percent, to 8,990.96 with Intel Corp., JPMorgan Chase & Co. and Citigroup Inc. leading the decline. The Standard & Poor's 500 Index lost 10.42 points, or 1.1 percent, to 930.09, one day after surging 11 percent. The measure gained as much as 3.1 percent after the rate cut was announced before sinking in the final 12 minutes of trading. Conversely, European stocks gained for a second day as falling credit costs spurred a rally in financial shares, while higher commodity prices pushed up oil and metals producers. Europe's Dow Jones Stoxx 600 Index climbed 7.2 percent to 213.72. Today, Asian share markets rallied and currencies surged on Thursday on tentative signs that investors are rediscovering an appetite for risk in response to global efforts to prevent the financial crisis from leading to a deep recession. Japan's Nikkei 225 Stock Average climbed 10% percent to 9029.76.

TOP STORIES

Fed Funds Rate to 1%

As "Downside risks to growth remain", The Federal Reserve cut its benchmark interest rate by half a percentage point to 1 percent, matching a half-century low. Central bankers worldwide are trying to revive credit and stop a self-reinforcing downturn in consumer spending and bank lending from triggering a global recession. Today's decision follows the half-point reduction the Fed coordinated with the European Central Bank and four other central banks on Oct. 8. The U.S. economy may have shrunk at a 0.5 percent annual rate last quarter on a report on gross domestic product that will be revealed today, the most since the 2001 recession. Economists expect the slump to persist in the fourth quarter, according to the median estimate.

US Treasury & FDIC for a Program to Stop Foreclosures

The U.S. Treasury and the Federal Deposit Insurance Corp. are considering a program that may offer about \$500 billion in guarantees for troubled mortgages to stem record foreclosures. The plan, which might put as many as 3 million homeowners into affordable loans, would require lenders to restructure mortgages based on a borrower's ability to repay. Under one option, the industry would keep lower monthly payments for five years before raising interest rates. On the other hand, the Fed set up liquidity swap facilities with the central banks of Brazil, Mexico, South Korea and Singapore, effective until April 30, the central bank said yesterday in a statement. The arrangements aim to moderate the spread of difficulties in obtaining US Dollar funding.

The People's Bank Of China Cuts its benchmark 1 Year Lending Rate

China may keep lowering interest rates after three reductions in two months as the global financial crisis drags down exports and production. The People's Bank of China late yesterday reduced its benchmark one-year lending rate to 6.66 percent from 6.93 percent. The bank also said in a statement on its Web site that the deposit rate will drop to 3.60 percent from 3.87 percent. The expansion of the world's fourth-largest economy slowed to 9 percent in the third quarter from 11.9 percent in 2007 and industrial production grew at the slowest pace in six years in September as export markets dried up.

US Durable Goods Unpredictably Surge

Orders to U.S. factories for manufactured goods posted an unexpectedly strong showing in September, the largest gain in three months, on a surge in demand for airplanes and autos, government data showed Wednesday. Orders for durable goods rose by 0.8 percent, surprising economists who had expected a decline. Orders had fallen by 5.5 percent in August, which was the biggest setback in nearly two years. All the strength came in the transportation sector. Demand for commercial aircraft, an extremely volatile category, shot up by 29.7 percent.

*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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