

Wednesday June 13, 2012

Stock Markets Rap (as of June 12)

	Close	Chg	(%)
MSCI World	1,192	+8	+0.7
Dow	12,574	+163	+1.3
Nasdaq	2,843	+33	+1.2
S&P 500	1,324	+15	+1.2
Euro Stoxx	2,143	+6	+0.3
FTSE 100	5,474	+41	+0.8
DAX	6,161	+20	+0.3
CAC	3,047	+4	+0.1
ASX 200	4,073	+9	+0.2
Nikkei	8,537	-88	-1.0
Shanghai	2,290	-16	-0.7
Hang Seng	18,873	-81	-0.4
H Shares	9,520	-55	-0.6

	Close	Chg	(%)
FTSE ASEAN	531	-1	-0.1
Singapore	2,797	+9	+0.3
Thailand	1,163	+5	+0.4
Malaysia	1,576	-2	-0.1
Indonesia	3,853	-14	-0.4
Philippines	5,076	-	-
Vietnam	428	-4	-1.0
Lao PDR	1,007	0	0.0
Cambodia	731	0	0.0

Currencies Rap (as of June 12)

	Last	Chg	(%)
DX	82.42	-0.09	-0.11
USD/EUR	1.2485	-0.00	-0.09
JPY/USD	79.38	-0.09	-0.11
THB/USD	31.55	-0.11	-0.35
VND/USD	20,910	-80.00	-0.38
LAK/USD	8,018.00	+0.50	+0.01
KHR/USD	4,091.95	+2.00	+0.05
MMK/USD	842.99	+0.83	+0.10
VND/THB	661.33	-1.09	-0.16
LAK/THB	254.25	+0.97	+0.38
KHR/THB	128.00	-1.00	-0.78
MMK/THB	26.72	+0.12	+0.43

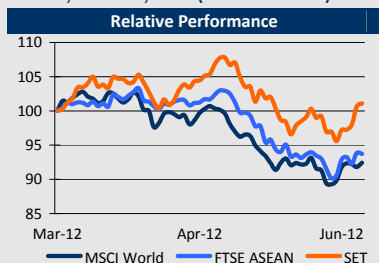
Commodities Rap (as of June 12)

	Close	Chg	(%)
Gold	1,613.80	+17.00	+1.06
Silver	28.95	+0.33	+1.16
Copper	333.55	-0.75	-0.22
WTI	83.32	+0.62	+0.75
Brent	97.14	-0.86	-0.88
BDI	893	+9	+1.02

Source: Bloomberg

* Philippines Stock Index as of June 11

World, ASEAN, SET (as of June 12)



Source: Bloomberg

MACRO NEWS

- ECB Says Euro Zone Needs Banking Union
- Fed's Evans Says He Would Support Various Stimulus Plans
- Spain Bond Yields at Record as Fitch Cuts 18 Banks
- China May New Yuan Loans CNY793.2 Bln; Expected CNY750 Bln
- IMF Says Yen Is Overvalued and BOJ Should Add Stimulus: Economy

CORPORATE NEWS

- JPMorgan [JPM:US] - JPMorgan Q2 'To Be Solidly Profitable': CEO
- China Mobile [941:HK] - China Mobile May Offer iPhone Within 9 Months, HSBC Says
- Johnson & Johnson [JNJ:US] - J&J Says \$19.7 Billion Synthes Deal Will Add to Earnings
- 3M Co [MMM:US] - 3M to Invest \$50M in China R&D

Thanawat Patchimkul
Global Strategist
Email: thanawatp@ktzmico.com
Tel: + 66 2 695 5451
Assisted by
Denruthai Krishnamra

MACRO NEWS

ECB Says Euro Zone Needs Banking Union

The European Central Bank repeated its call for a common banking union to shore up the euro zone's financial system, even as Germany's central bank warned such proposals are "premature" and risky. "There is a need to...conceive a banking union as an integral counterpart of monetary union," the ECB said. Such a union would include euro-zone-wide bank supervision, deposit guarantees and a funding mechanism from banks. However, Bundesbank executive board member said "Recent proposals of a so-called banking union appear to be premature. Creating a banking union "without having established a genuine, democratically legitimated fiscal union would risk undermining the no-bailout clause and the disciplining effects of financial markets on fiscal policy" The ECB said that asset sales and other steps by euro-zone banks to shrink their balance sheets could total €1.2 trillion (\$1.5 trillion) by the end of 2013, potentially restraining economic activity by curtailing the flow of credit to businesses and households. [WSJ]

Fed's Evans Says He Would Support Various Stimulus Plans

Federal Reserve Bank of Chicago President Charles Evans said he would support a variety of measures to generate faster job growth, underscoring his preference for more stimulus. "I've been in favor of pretty much any accommodative policy I've heard about," Evans said in an interview. "Extending the Twist would be useful," he said, referring to a plan expiring this month that lengthens the average duration of bonds in the Fed's portfolio. "More asset purchases would be useful. More mortgage-backed securities purchases would be good." The policy-setting Federal Open Market Committee is meeting next week as slowing job growth at home and a deepening crisis in Europe weigh on the outlook. Evans, who doesn't vote on the FOMC this year, has been one of the most vocal proponents of additional easing at the Fed. [Bloomberg]

Spain Bond Yields at Record as Fitch Cuts 18 Banks

Spain's benchmark borrowing rate hit its highest since the country joined the euro currency after Fitch credit ratings agency downgraded 18 domestic banks on Tuesday. Spain's 10-year bond yield rose to hit 6.81% in late afternoon trading. Fitch said in a statement that its downgrade of the banks was a result of a previous downgrade of the Spanish sovereign debt on June 7. Fitch said it had conducted stress tests, both on the Spanish banking sector as a whole and on individual banks, updating results from tests done in 2011. [Bloomberg]

China May New Yuan Loans CNY793.2 Bln; Expected CNY750 Bln

New yuan loans issued by Chinese financial institutions totaled 793.2 billion yuan (\$125.6 billion) in May, up from CNY682 billion in April, data from the People's Bank of China showed Monday. The median forecast was for new yuan loans of CNY750 billion. The stronger-than-expected new loan data for May confirm the government has eased monetary policy, said Zhiwei Zhang, chief China economist with Nomura. Zhang said new yuan loans would be slightly above CNY800 billion in June and hold above that level for several months. [WSJ]

IMF Says Yen Is Overvalued and BOJ Should Add Stimulus: Economy

The International Monetary Fund said Japan's currency is overvalued and the central bank should consider further monetary stimulus, including longer-dated government bonds and private securities. "The exchange rate has appreciated over the past year partly because of safe-haven capital inflows, and our analysis suggests that the yen is moderately overvalued from a medium-term perspective," the IMF said in a report on Japan's economy released Tuesday. Intervention can be used to counter volatile currency movements [Bloomberg]

CORPORATE NEWS

JPMorgan [JPM:US] - JPMorgan Q2 'To Be Solidly Profitable': CEO

JPMorgan Chase chief executive Jamie Dimon said Tuesday that the giant bank should report strong earnings in the second quarter despite \$2 billion or more in shock losses on derivatives trading. "All of our lines of business remain profitable and continue to serve consumers and businesses," Dimon said. He added, traders in the bank's Chief Investment Office responsible for the losses "did not have the requisite understanding of the risks they took." But he insisted the bank's "fortress" balance sheet "remains intact" despite the losses. [AFP]

China Mobile [941:HK] - China Mobile May Offer iPhone Within 9 Months, HSBC Says

China Mobile Ltd., the world's largest phone company by subscribers, may sell Apple Inc.'s iPhone in six to nine months, HSBC Securities Asia Ltd. said. The company could sell about 20 million iPhones next year. China Mobile doesn't offer the iPhone with a service contract and its homegrown 3G network is incompatible with the device. Still, by the end of this month there will be about 18 million people using iPhones on the company's second-generation voice or Wi-Fi networks and many will want to upgrade to the latest model when it's available, the analyst said. [Bloomberg]

Johnson & Johnson [JNJ:US] - J&J Says \$19.7 Billion Synthes Deal Will Add to Earnings

Johnson & Johnson (JNJ) said its \$19.7 billion purchase of Synthes Inc. (SYST), the largest acquisition in the company's 126-year history, will add 3 cents to 5 cents a share to 2012 earnings excluding certain items. The purchase price was estimated at \$21.3 billion on April 27, 2011, when J&J announced the deal for Synthes, a device company that sells screws, plates, bone grafts and other products that treat trauma victims. [Bloomberg]

3M Co [MMM:US] - 3M to Invest \$50M in China R&D

Conglomerate 3M said it plans to invest \$50 million to develop new technologies and products for the Chinese market in the next five years. "China has become 3M's most important overseas market, which represents 10% of its global business," [China Daily]