

Thursday May 24, 2012

Stock Markets Rap (as of May 23)

	Close	Chg	(%)
MSCI World	1,187	-13	-1.0
Dow	12,496	-7	-0.1
Nasdaq	2,850	+11	+0.4
S&P 500	1,319	+2	+0.2
Euro Stoxx	2,134	-59	-2.7
FTSE 100	5,266	-137	-2.5
DAX	6,286	-150	-2.3
CAC	3,003	-81	-2.6
ASX 200	4,067	-54	-1.3
Nikkei	8,557	-173	-2.0
Shanghai	2,363	-10	-0.4
Hang Seng	18,786	-253	-1.3
H Shares	9,574	-125	-1.3

	Close	Chg	(%)
FTSE ASEAN	529	-10	-1.8
Singapore	2,780	-43	-1.5
Thailand	1,111	-21	-1.8
Malaysia	1,540	-7	-0.5
Indonesia	3,982	-40	-1.0
Philippines	4,929	-30	-0.6
Vietnam	437	-11	-2.5
Lao PDR	996	0	0.0
Cambodia	785	-11	-1.4

Currencies Rap (as of May 23)

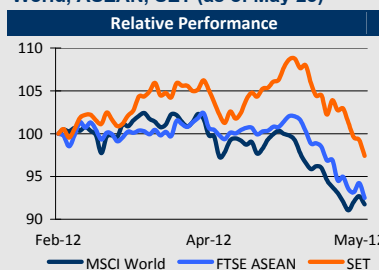
	Last	Chg	(%)
DX	82.09	+0.60	+0.74
USD/EUR	1.2582	-0.01	-0.80
JPY/USD	79.47	-0.49	-0.61
THB/USD	31.53	+0.13	+0.41
VND/USD	20,850	+2.00	+0.01
LAK/USD	8,017.00	+3.50	+0.04
KHR/USD	4,045.00	-1.13	-0.03
MMK/USD	839.10	+1.17	+0.14
VND/THB	660.99	-3.12	-0.47
LAK/THB	254.29	-1.00	-0.39
KHR/THB	128.50	-0.50	-0.39
MMK/THB	26.61	-0.08	-0.31

Commodities Rap (as of May 23)

	Close	Chg	(%)
Gold	1,548.40	-28.20	-1.79
Silver	27.52	-0.66	-2.34
Copper	339.60	-9.10	-2.61
WTI	89.90	-1.76	-1.92
Brent	105.56	-2.85	-2.63
BDI	1,100	-27	-2.40

Source: Bloomberg

World, ASEAN, SET (as of May 23)



Source: Bloomberg

MACRO NEWS

- EU Seen Agreeing on Project Bonds—Not Eurobonds
- EU urges Greece to Stay in Euro, Plans for Possible Exit
- Euro Drops to 22-Month Low on EU Crisis Concern; BOJ Lifts Yen
- Oil Marks First Close Below \$90 Since October

CORPORATE NEWS

- China Construction Bank [939:HK]** - China Big Four Banks Issue CNY34 Billion New Yuan Loans in May - Report
- Procter & Gamble [PG:US]** - P&G Stabilizing Core After 'Overextending' In Emerging Markets
- McDonald's [MCD:US]** - McDonald's Sells \$900 Million of Debt to Match Record-Low Coupon

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

Thursday May 24, 2012

MACRO NEWS**EU Seen Agreeing on Project Bonds—Not Eurobonds**

European leaders meet in Brussels Wednesday evening for an informal dinner being billed as a showdown between German Chancellor Angela Merkel and French President Francois Hollande over the tricky issue of Eurobonds — bonds issued by the European Union and backed by euro zone members collectively. Those hoping for any agreement on an EU-wide bond issue are likely to be disappointed with leaders, who are far more likely to issue a statement on issuing so-called project bonds to fund infrastructure investment, according to economists at Barclays Research. Merkel's CDU party is not ready to accept even a narrow definition of Eurobonds but could be ready to back project bonds in unison with extra funding for the European Investment Bank. [\[CNBC\]](#)

EU urges Greece to Stay in Euro, Plans for Possible Exit

European Union leaders, advised by senior officials to prepare contingency plans in case Greece decides to quit the single currency, urged the country to stay the course on austerity and complete the reforms demanded under its bailout program. After nearly six hours of talks held during an informal dinner, leaders said they were committed to Greece remaining in the euro zone, but it had to stick to its side of the bargain too, a commitment that will mean a heavy cost for Greeks. Three officials told Reuters the instruction to have plans in place for a Greek exit was agreed on Monday during a teleconference of the Eurogroup Working Group (EWG) - experts who work for euro zone finance ministers. The Greek finance ministry denied there was any such agreement but Belgian Finance Minister Steven Vanackere, said: "All the contingency plans (for Greece) come back to the same thing: to be responsible as a government is to foresee even what you hope to avoid." [\[Reuters\]](#)

Euro Drops to 22-Month Low on EU Crisis Concern; BOJ Lifts Yen

The euro fell to its weakest level against the dollar since July 2010 on speculation a summit of European Union leaders will provide no new measures to stem the sovereign-debt crisis. The yen climbed versus all its major peers except Brazil's real after the Bank of Japan left its asset-purchase fund unchanged. The real rose against all its major counterparts after the central bank sold swaps to stem the currency's decline. The euro fell 0.8% to \$1.2582 at 5 p.m. New York time, after touching \$1.2545, the least since July 13, 2010. It was 1.4% weaker at 100 yen, after falling to 99.54, the least since Feb. 1 and approaching the lowest since December 2000. The yen appreciated 0.6% to 79.47 per dollar. [\[Bloomberg\]](#)

Oil Marks First Close Below \$90 Since October

Oil futures closed below \$90 a barrel Wednesday, pressured amid worries over the potential for a Greek exit from the euro zone and expectations for a positive outcome in talks between global powers and Iran over the oil producer's nuclear program. July crude settled at \$89.90 a barrel on the New York Mercantile Exchange, down \$1.95, or 2.1%. That was the first close for a most-active contract below the \$90 level since October. [\[MarketWatch\]](#)

CORPORATE NEWS**China Construction Bank [939:HK] - China Big Four Banks Issue CNY34 Billion New Yuan Loans in May - Report**

China's biggest four banks issued only CNY34 billion (\$5.4 billion) in new yuan loans in the first three weeks of May, and their deposits declined by CNY270 billion over the same period, the 21st Century Business Herald reported on Tuesday, citing unidentified banking sources. The four banks--Industrial & Commercial Bank of China Ltd. , China Construction Bank Corp., Bank of China Ltd. and Agricultural Bank of China Ltd.--were previously reported by local media to have barely issued any new yuan loans in the first two weeks of May. These banks usually account for 30% of new yuan loans issued by China's whole banking system. New loans issued by Chinese financial institutions fell to CNY681 billion in April, down from CNY1.010 trillion in March and posting the lowest monthly level so far this year. There has been a debate among economists as to whether the sluggish increase in new bank lending is largely due to weaker demand for credit or policy direction by the central bank. [\[Dow Jones Newswires\]](#)

Procter & Gamble [PG:US] - P&G Stabilizing Core After 'Overextending' In Emerging Markets

Procter & Gamble Co. pledged to stabilize its largest, most-profitable businesses before spending any money on further emerging-market expansion, where Chief Financial Officer Jon Moeller said the company may have been overzealous in chasing growth. Moeller laid out a strategy to prioritize spending in its upcoming fiscal year in its 40 largest business lines--P&G says it operates in over 1,000 country-category combinations--mainly in North America and China. The product lines, which include businesses like razor blades, laundry and diapers in North America, make up about 50% of P&G's sales. P&G has been pushing deeper into emerging markets in recent years, looking for outsized growth rates. Developing markets now make up about 37% of P&G's total sales, up from 20% in 2000, and organic sales, which exclude currency translation, acquisitions and divestitures, have been rising at double-digit percentage rates over the past year. But the sales are less profitable in developing markets than they are in developed ones, lowering P&G's margins. [\[Dow Jones Newswires\]](#)

McDonald's [MCD:US] - McDonald's Sells \$900 Million of Debt to Match Record-Low Coupon

McDonald's Corp. sold \$900 million of bonds including a seven- year portion with a coupon that matched a record low. The company sold \$500 million of 0.75% three-year notes to yield 45 basis points more than similar-maturity Treasuries and \$400 million of 1.875% seven-year debt with a spread of 88 basis points to equal the record coupon set by International Business Machines Corp. on May 8. A basis point is 0.01%. McDonald's, which claimed the lowest yield on 30- year debt almost four months ago, is borrowing money as it plans to hire 70,000 people in China this year, almost doubling its workforce there, and accelerates new store openings in the Asian nation to compete with Yum! Brands Inc.'s KFC and Pizza Hut. [\[Bloomberg\]](#)