

October 26, 2012

Stock Markets Rap

	Close	Chg	(%)
MSCI World	1,302.77	4.0	0.3%
Dow	13,103.68	26.3	0.2%
Nasdaq	2,986.12	4.4	0.1%
S&P 500	1,412.97	4.2	-0.3%
Euro Stoxx	2,483.43	-7.2	-0.3%
FTSE 100	5,805.05	0.3	0.0%
DAX	7,200.23	7.4	0.1%
CAC	3,411.53	-15.0	-0.4%
ASX 200	4,510.50	4.7	0.1%
Nikkei	9,055.20	100.9	1.1%
Shanghai	2,101.58	-14.4	-0.7%
Hang Seng	21,810.23	46.5	0.2%
H Shares	10,616.43	-22.3	-0.2%

	Close	Chg	(%)
FTSE ASEAN	596.29	3.6	0.6%
Singapore	3,057.51	12.8	0.4%
Thailand	1,297.39	2.4	0.2%
Malaysia	1,671.89	3.9	0.2%
Indonesia	4,339.15	3.8	0.1%
Philippines	5,405.16	6.5	0.1%
Vietnam	389.92	-5.5	-1.4%
Lao PDR	1,067.27	19.3	1.8%
Cambodia	677.42	0.0	0.0%

Currencies Rap

	Last	Chg	(%)
DX	80.04	0.1	0.2%
USD/EUR	1.30	0.0	0.5%
JPY/USD	80.12	0.4	0.4%
THB/USD	30.69	-0.0	-0.1%
VND/USD	20,850.00	0.0	0.0%
LAK/USD	8,001.70	6.3	0.1%
KHR/USD	4,038.65	-0.5	-0.0%
MMK/USD	850.97	-0.1	-0.0%
VND/THB	679.39	0.8	0.1%
LAK/THB	260.73	0.5	0.2%
KHR/THB	679.39	0.8	0.1%
MMK/THB	27.73	0.0	0.1%

Commodities Rap

	Close	Chg	(%)
Gold	1,714.60	4.92	0.3%
Silver	32.09	0.18	0.6%
Copper	355.05	-1.75	-0.5%
WTI	86.05	0.32	0.4%
Brent	108.49	0.64	0.6%
BDI	1,051.00	-37.00	-3.4%

World, ASEAN, SET

Relative Performance



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MACRO NEWS

- US : Goods Orders Point to U.S. Business Spending Slump
- US : Fed Signals Jobless Rate Drop Won't Deter Bond Purchases
- EU : Spain's Bad Bank Seen as Too Big to Work
- Asia: QE3, China Revival Spur Longest Hong Kong Rally Since '05
- Asia: India Rate-Cut Odds Climb as Policy Revamp Aids Rupee

CORPORATE NEWS

- Citigroup [C: US]** : Citigroup Productivity Worst of Big Banks Shows Challenge
- Apple [AAPL: US]** : Apple Forecasts Profit Shy of Estimates as Costs Rise
- Bank of China [3988: HK]** : Bank of China 17% Profit Jump Tops Estimates on Margins
- Amazon [AMZN: US]** : Amazon Posts Loss on Higher Spending, LivingSocial Stake

MACRO NEWS**Goods Orders Point to U.S. Business Spending Slump**

Orders for business equipment such as computers and communications gear stalled in September, signaling a slowdown in investment that may curb U.S. economic growth. Bookings for non-defense capital goods excluding aircraft, considered a proxy for future spending, were little changed after rising 0.2 percent in August, a Commerce Department report showed today in Washington. Other data showed consumer confidence is climbing even as the labor market makes limited progress. The number of Americans filing first-time applications for unemployment benefits fell last week, returning to a level that signals the job market is making little headway, figures from the Labor Department also showed today. [Bloomberg]

Fed Signals Jobless Rate Drop Won't Deter Bond Purchases

New homes are being built at the fastest pace since 2008, stocks are up 12 percent this year and the U.S. jobless rate is the lowest since January 2009. None of that is enough to satisfy Federal Reserve Chairman Ben S. Bernanke. The Federal Open Market Committee barely changed its view of the economy yesterday as it stuck to a plan to buy \$40 billion of mortgage debt each month to spur growth. Consumer spending has risen "a bit more quickly," the FOMC said in a statement after its two-day meeting in Washington, while the jobless rate "remains elevated." Benchmark 10-year Treasury notes and U.S. stocks fell after the statement. The central bank also repeated that a highly accommodative monetary policy will be appropriate "for a considerable time after the economic recovery strengthens" and interest rates are likely to stay near zero "at least through mid-2015." [Bloomberg]

Spain's Bad Bank Seen as Too Big to Work

Spain's efforts to sell as much as 90 billion euros (\$117 billion) of toxic property assets it uses to create a bad bank from lenders that take state aid will be constrained by the size and inability to provide credit to potential buyers, adding to the risk of taxpayer losses. The country has until the end of next month to establish the institution, a condition of 100 billion euros of external aid for its financial system requested in June. Premier Mariano Rajoy's government, seeking to purge about 180 billion euros of bad assets linked to real estate that the Bank of Spain says are on the balance sheets of lenders, has said it will be profitable and won't cost taxpayers. [Bloomberg]

QE3, China Revival Spur Longest Hong Kong Rally Since '05

The broadest gauge of equity prices in Hong Kong is posting its longest streak of gains in seven years, pushed higher by speculation China's economy will rebound as central banks hold down interest rates. The Hang Seng Composite Index yesterday climbed for an 11th day (HSCI), the most since July 2005, according to data compiled by Bloomberg. The Hang Seng Index, the city's benchmark gauge, rose 0.2 percent today, capping its longest streak since 2006. Shares have rallied since the U.S. Federal Reserve announced a third program of asset purchases on Sept. 13. Hong Kong's de facto central bank intervened for the first time since 2009 to defend the city's currency peg to the U.S. dollar as money pours in. [Bloomberg]

India Rate-Cut Odds Climb as Policy Revamp Aids Rupee

India's central bank will consider reducing interest rates for the first time since April after government efforts to pare the budget deficit stemmed a slide in the rupee, boosting scope to stimulate the economy. Governor Duvvuri Subbarao will cut the repurchase rate to 7.75 percent from 8 percent, 10 of 26 analysts said in a Bloomberg News survey ahead of an Oct. 30 decision. A majority of respondents in another poll forecast Subbarao will lower banks' reserve ratios to spur lending. Finance Minister Palaniappan Chidambaram said Oct. 12 that India needs cheaper credit, following a revamp of economic policy that included fuel-subsidy curbs and helped make the rupee one of Asia's best-performing currencies in the past three months. While Subbarao has signaled that a narrower budget gap may provide more room to join nations from Brazil to Thailand in extending rate cuts, he also faces inflation of almost 8 percent. [Bloomberg]

CORPORATE NEWS**Citigroup Productivity Worst of Big Banks Shows Challenge**

Michael Corbat, Citigroup Inc. (C)'s new chief executive officer, says he wants to run a more efficient bank. That means rousing or cutting one of Wall Street's least productive workforces. Citigroup generated about \$206,000 of revenue for each employee through the first nine months of the year, down 7.5 percent from the same period in 2011, while rivals including Wells Fargo & Co. posted increases, according to data compiled by Bloomberg. Excluding a one-time writedown of \$4.7 billion, Citigroup's productivity rose less than 1 percent. Revenue per employee aggregated for the six banks -- JPMorgan, Bank of America Corp., Citigroup, Wells Fargo, Goldman Sachs Group Inc. (GS) and Morgan Stanley (MS) -- climbed 2.6 percent in the first nine months from a year earlier. The firms cut more than 25,000 jobs over the 12 months ended Sept. 30, and revenue edged up 0.3 percent. [Bloomberg]

Apple Forecasts Profit Shy of Estimates as Costs Rise

Apple Inc. (AAPL) forecast profit that fell short of analysts' predictions as Chief Executive Officer Tim Cook boosts spending to revamp the company's product line and get new iPhones and iPads in stores by year-end holidays. Profit in the current period will be about \$11.75 a share on sales of about \$52 billion, Cupertino, California-based Apple said today in a statement. That compares with \$15.49 a share on sales of \$55.1 billion, the average of analysts' estimates compiled by Bloomberg. Rising production costs reflect Apple's race to unveil new versions of phones, tablets and other computing devices that can vie with competing products from Microsoft (MSFT) Corp., Amazon (AMZN).com Inc. and Google (GOOG) Inc. Cook, on a conference call with analysts, said the company is in "the most prolific period" in its history, as measured by product introductions. Lower priced iPads also helped send profit margins to an almost two-year low. [Bloomberg]

Bank of China 17% Profit Jump Tops Estimates on Margins

Bank of China Ltd., the nation's fourth-largest lender by assets, posted a better-than-estimated 17 percent increase in third-quarter profit as its lending margin improved. Net income climbed to 34.8 billion yuan (\$5.6 billion), from 29.8 billion yuan a year earlier, according to a statement from the Beijing-based bank yesterday. That exceeded the 32.7 billion-yuan median estimate of 10 analysts surveyed by Bloomberg News. Profit growth accelerated to the fastest pace in more than a year as China's largest banks resisted pressure from the government to offer discounts on loans, protecting their margins after the central bank widened the band for lending rates. Bank of China may struggle to maintain earnings momentum as a continued slowdown pushes borrowers to default. [Bloomberg]

Amazon Posts Loss on Higher Spending, LivingSocial Stake

Amazon.com Inc. (AMZN), the world's largest online retailer, reported revenue that missed analysts' estimates and posted the first quarterly net loss since 2003, hurt by higher expenses and its investment in LivingSocial.com. The third-quarter net loss was \$274 million, or 60 cents a share, compared with net income of \$63 million, or 14 cents, a year earlier, the Seattle-based company said in a statement. Sales rose 27 percent to \$13.8 billion, compared with the \$13.9 billion average analyst projection compiled by Bloomberg. Chief Executive Officer Jeff Bezos is opening 19 fulfillment centers worldwide to offer speedier delivery to customers during the holiday shopping season, contributing to a 28 percent increase in operating expenses. Amazon also boosted spending on technology and content as it worked to build out video offerings and expand its line of Kindle tablets. [Bloomberg]