

Friday October 21, 2011

NEWS UPDATE

Stock Markets Rap (as of Oct 20)

	Close	Chg	(%)
Dow	11,542	+37	+0.3
Nasdaq	2,599	-5	-0.2
S&P 500	1,215	+6	+0.5
Global Dow	1,806	-20	-1.1
VIX	34.78	+0.34	+1.0

	Close	Chg	(%)
FTSE 100	5,385	-66	-1.2
DAX	5,766	-147	-2.5
CAC	3,084	-73	-2.3

	Close	Chg	(%)
ASX 200	4,145	-69	-1.6
Nikkei	8,682	-90	-1.0
Shanghai	2,331	-46	-1.9
HSI	17,983	-326	-1.8
H Shares	9,197	-252	-2.7
FTSE STI	2,694	-26	-1.0
SET	909	-29	-3.1
LSX	905	+1	+0.1
Vietnam	404	+3	+0.6

Currencies Rap (as of Oct 20)

	Last	Chg	(%)
DXY	76.92	-0.20	-0.25
THB/USD	30.91	+0.22	+0.72
THB/LAK	259.30	-1.95	-0.75
LAK/USD	8,015.00	-3.50	-0.04
USD/EUR	1.3810	-0.00	-0.26
JPY/USD	76.83	+0.04	+0.05

Commodities Rap (as of Oct 20)

	Close	Chg	(%)
Gold	1,612.90	-34.10	-2.07
Silver	30.28	-1.00	-3.18
WTI	85.30	-0.81	-0.94
Brent	109.76	+1.37	+1.26
BDI	2,161	+21	+0.98

Source: Bloomberg

European Leaders Set Second Summit Next Week for Euro Rescue

European Union leaders gridlocked on how to solve the sovereign debt crisis will hold a second summit on Oct. 26 in an effort to bridge differences between Germany and France. German Chancellor Angela Merkel and French President Nicolas Sarkozy said in a joint statement that they are seeking a "global and ambitious" strategy to battle the crisis and will meet in Brussels on Oct. 22 before European leaders gather for a meeting there on Oct. 23. [\[Bloomberg\]](#)

Greece Adopts Austerity Bill Amid Protests

The Greek parliament approved a painful set of austerity measures on Thursday, defying violent protests in central Athens and a general strike which shut down much of the country. The resolution should ensure the European Union and International Monetary Fund release a vital 8 billion euro (\$11 billion) loan tranche which the government needs to keep paying its bills past November. [\[Reuters\]](#)

France Likely to Lose Top Rating: S&P

France is among euro-region sovereigns likely to be downgraded in a stressed economic scenario, according to Standard & Poor's. The sovereign ratings of Spain, Italy, Ireland and Portugal would also be reduced by another one or two levels in either of New York-based S&P's two stress scenarios, the ratings firm said in a report dated yesterday. These assume low economic growth and a double-dip recession in the first set of circumstances, and add an interest-rate shock to the recession in the second. [\[Bloomberg\]](#)

Tarullo Says Fed Should Weigh New Mortgage Debt Purchases

Federal Reserve Governor Daniel Tarullo said the central bank should consider resuming purchases of mortgage bonds to boost economic growth and help combat a "crisis" in employment. "We should move back up toward the top of the list of options the large-scale purchase of additional mortgage-backed securities," Tarullo said. "The aggregate demand effect should be felt not just in new home purchases, but also in the added purchasing power of existing homeowners who are able to refinance." [\[Bloomberg\]](#)

Japan to Boost Fund to Help With Strong Yen to \$130 Billion

Japan will increase a fund to help companies cope with a surging yen by about 25 percent to 10 trillion yen (\$130 billion), according to a document obtained from a ruling Democratic Party of Japan official. The government will increase from 8 trillion yen the foreign-exchange reserves being shifted to the state-run Japan Bank for International Cooperation to aid exporters and spur acquisitions overseas. The cabinet is scheduled to agree on the plan at a meeting Friday, according to the document. [\[Bloomberg\]](#)

IEA: Many Months to Restore Libya's Oil Output

An expert at the International Energy Agency says it may be "many months" before Libya's damaged oil industry can resume full production. The head of IEA's Oil Industry and Markets Division, David Fyfe, said Thursday there are "many logistical, operational and security related challenges" to overcome in Libya. Thursday's death of former Libyan leader Moammar Gadhafi appeared to have little impact on the world price of crude oil. [\[Voice of America\]](#)

Premier Wen Meets Leaders of ASEAN Nations

Premier Wen Jiabao met with the leaders from Association of Southeast Asian Nations (ASEAN) member nations in Nanning, capital of south China's Guangxi Zhuang autonomous region, who will attend the 8th China-ASEAN Expo scheduled to open Friday morning. As for the upcoming East Asia series of summits to be held in Bali Island of Indonesia in November, Wen spoke positively of the leading role of ASEAN in East Asian cooperation, and the fruitful cooperation between China and ASEAN (10+1), and cooperation among ASEAN and China, Japan and the Republic of Korea (10+3). [\[Xinhua\]](#)

Baht Drops Most Since January as Central Bank Signals Rate Cut

Thailand's baht fell the most since January after central bank Governor Prasarn Trairatvorakul signaled the bank is willing to consider cutting interest rates as the nation's worst flood in 50 years threatens to slow growth. The central bank will cut its forecast for economic growth this year by more than 1%, from a current target of 4.1%, because of the floods, Prasarn said. The Bank of Thailand would be willing to hold a special meeting to discuss further easing of monetary policy "if needed," he said. [\[Bloomberg\]](#)

Thanawat Patchimkul

Global Strategist

Email: thanawatp@ktzmico.com

Tel: + 66 2 673 5300

Assisted by

Denruthai Krishnamra