

Financial News – US & Far East

- US Stocks decline – Credit fears
- USD lower
- Nikkei decline – hit 1 month low
- BOJ keeps rates steady

Today's main events:

- DE - ZEW Sentiment
- US – Producer prices
- US – Housing starts



American Time Zone:

U.S Stocks decline

U.S. stocks declined the most in more than a week, led by banking and real estate shares, as growing speculation the government will bail out Fannie Mae and Freddie Mac rattled the mortgage market. Freddie Mac and Fannie Mae slumped to the lowest in almost two decades, losing more than 18 percent, after Barron's said shareholders of the biggest U.S. home-loan financiers would be wiped out in a Treasury rescue. Lennar Corp. and Ryland Group Inc. led a 5.1 percent drop by builders. Hershey Co. retreated the most since 2002 after the chocolate maker said price increases will curb growth. The market extended its decline after oil pared a loss of as much as 1.6 percent. About 607 million shares traded on the New York Stock Exchange, 25 percent fewer than at the same time a week ago.

USD lower

The dollar fell from the highest level in almost six months against the euro and dropped versus currencies in New Zealand and Australia on speculation its recent rally is too fast to be sustained.

The U.S. currency decreased against the yen as concern the government will be forced to bail out Fannie Mae and Freddie Mac led some investors to sell higher-yielding assets and pay back loans in Japan's currency.

Oil declined

Crude oil fell amid signs Tropical Storm Fay will miss rigs and platforms in the Gulf of Mexico, which accounts for about a fifth of U.S. production.

Far East Time Zone:

Lower stocks on credit fears

MSCI pan-Asia index at lowest since July 2006 with a fall of 1.7 percent on Tuesday, led by exporter shares, on fears of further destabilising in the financial sector.

Nikkei was down 2.65 percent to a one-month low.

AUD sees case for early rate cut

Australia's central bank could see a case for an early rate reduction to head off a deeper slowdown in the economy. – Even if inflation remained high, the minutes from its August meeting showed on Tuesday.

The RBA left key rates steady at a 12-year high of 7.25 percent at its meeting on August 5, but signalled that the next move was likely to be lower.

Gold slips below \$800 again

Gold fell to \$792.50 an ounce from \$801.05 late in New York on Monday, when it regained \$800 in a technical rebound, after falling to its lowest level in nine months around \$773 an ounce last week. Gold hit a lifetime high of \$1,030.80 in March.

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BOJ keeps rates steady

BOJ kept its rate target unchanged at 0.50 percent as widely expected, and cut its economic outlook.

In a statement BOJ said, that economic growth had been sluggish due to weaker growth in exports and high energy and raw material prices.

USDJPY was unchanged at 109.80 after the announcements.

O/N BRIEFING

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Stocks			Commodities		
Indices	Level	%-change		Prices	Change
DJI	11479	-1,5	CRB	384,35	2,05
Nikkei	12816	-2,7	Brent 1. pos	111,94	-0,65
DAX	6433	-0,2	Gold Spot	799,70	13,70
FTSE	5450	-0,1	LME Copper	7355,00	-5,00
OMX	875	0,2	CRB Raw	468,55	-2,02
SP500	1279	-1,5	Interest rate futures		
Neu. Markt	902	1,4	Jun08		Pct.
Nasdaq	2417	-1,4	EuroUSD		2,86
KFX	417	-0,5	EuroYen		0,83
SOX Semicond.	370	-1,7	Euribor		4,98
DRG Pharma	315	-0,9	Eurostg		5,76
CXBT Biotech	916	-1,3	EuroChf		2,74
CUTL Telecom.	252	-1,6			

Bonds					
10-year	Rate	Pct.		Spread	Change
Tbond Jun08	116,45	3,80	2Y-5Y US	75	0
JGB Jun08	137,89	1,60	5Y-10Y US	77	1
Bund Jun08	114,41	4,21	10Y-30Y US	64	0
Gilts cash	109,05	4,85	CorpAA-30Y US	113	0
Sek10Y cash	102,26	4,28	OAS-30Y US	175	0
			EMBI Global Div.	N/A	

FX-range	New York 16:00-23:00		Far East 23:00-05:30	
	Range	Open	Range	Open
EUR/SEK	934,85/936,50	935,25	936,15/936,80	936,40
EUR/NOK	795,55/796,96	796,50	795,50/796,00	795,80
EUR/DKK	745,88/745,91	745,90	745,85/745,90	745,85
USD/DKK	505,85/507,80	507,75	507,25/508,45	507,45
EUR/USD	146,89/147,45	146,90	146,69/147,03	146,98
USD/JPY	109,97/110,29	110,20	109,67/110,23	110,08
EUR/JPY	161,77/162,38	162,05	161,01/161,85	161,79
USD/CHF	109,46/109,98	109,90	109,63/109,90	109,73
EUR/CHF	161,28/161,65	161,55	161,13/161,30	161,28
GBP/USD	186,33/186,94	186,50	186,17/186,53	186,50
EUR/GBP	78,75/78,92	78,85	78,76/78,85	78,81
AUD/USD	86,75/87,24	87,14	86,34/86,88	86,82
NZD/USD	70,97/71,44	71,30	70,57/71,04	71,02
USD/CAD	105,90/106,46	105,98	106,38/106,50	106,43

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