

Financial News – US & Far East

- U.S. equities rose again
- The dollar fell after Citigroup rescue
- EU executive to propose VAT cuts
- Global Markets
- Euro/yen down on profit-taking

Today's main events:

- DEM: GFK Consumer Confidence
- NOK: GDP
- USD: Consumer Confidence
- USD House Price Index



American Time Zone:

U.S. equities rose again

U.S. stocks were headed for the biggest two-day rally since 1987 after the government said it will guarantee USD 306 billion of troubled Citigroup Inc. assets and lawmakers pledged to pass another economic stimulus package.

Citigroup, which lost more than 60 % of its market value last week, rebounded 53 % after the Treasury Department also agreed to inject USD 20 billion into the bank.

JPMorgan Chase & Co. added 18 % and Bank of America Corp. jumped 22 % as the government's moves boosted confidence in the financial system. Alcoa Inc. and Microsoft Corp. climbed more than 4.1 % on speculation a new stimulus will spur economic growth.

The dollar fell after Citigroup rescue

The dollar had its biggest two-day loss against the euro this month as Citigroup Inc. received USD 306 billion of U.S. government guarantees for its troubled assets, reducing demand for the greenback as a haven.

The yen dropped versus the euro and the dollar on speculation a U.S. stock rally on the rescue will slow the sale of higher-yielding assets funded by low-cost loans in Japan's currency.

Commodities rose

Crude oil, copper and corn rose as a U.S. rescue of Citigroup Inc. shored up investor confidence and a weaker dollar enhanced the appeal of commodities

Far East Time Zone:

EU executive to propose VAT cuts

The European Commission will propose on Wednesday measures to stimulate the recession-hit European economy including value-added tax cuts and a call for lower ECB interest rates, a draft document showed on Monday.

The draft proposal, seen by Reuters, did not specify the size of the stimulus plan, which Germany said last week could be worth some one percent of the European Union's gross domestic product (GDP), or 130 billion Euros.

The final size of the programme, aimed at helping the EU limit the fall-out from the financial crisis, will be decided on Wednesday after consultations with national governments by Commission President Jose Manuel Barroso. It will then be discussed at an EU summit on Dec 11-12.

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The paper attempts to bridge differences of opinion between bloc leaders on how to kick-start the European economy, EU sources said.

Global markets

Asian shares rose on Tuesday and so-called safe haven assets such as bonds fell after the U.S. government rescued banking giant Citigroup to prevent further damage to the ailing global financial system.

The yen recovered from sharp falls a day earlier and gained against major currencies, but some traders said the Japanese currency could stall in the near term if investors continued to return to battered equity markets and other riskier assets.

Oil prices retreated below USD 54 after surging more than 9 % in the previous session, a rally that was big enough to send regional commodity-related stocks such as BHP Billiton sharply higher.

But shares gave up some of their early gains as plenty of near-term risks remained, including whether other global lenders are in need of rescue, the fate of U.S. auto makers and indicators that continue to signal a rough road ahead for the global economy.

Japan's Nikkei jumped nearly 3 %, resuming trade after a public holiday on Monday.

Euro/yen down on profit-taking

The yen edged up against the euro on Tuesday after falling around 5 % the previous day on a rally in U.S. stocks as the U.S. government agreed to inject USD 20 billion of new capital to rescue troubled Citigroup.

While investors remain cautious due to persistent worries about credit crisis and global economic downturn, a recovery in stock markets could spur some risk taking, causing the yen to pause from recent gains in the near term, traders said. Japanese financial markets were closed on Monday for a national holiday.

The fall in the euro against the yen was led by profit taking and Asian players adjusting positions after the single currency rose nearly seven yen on Monday, with thin volume exaggerating price moves, traders said.

O/N BRIEFING

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Stocks			Commodities		
Indices	Level	%-change		Prices	Change
DJI	8443	4,9	CRB	243,80	12,42
Nikkei	8219	3,9	Brent 1. pos	53,93	-0,54
DAX	4554	10,3	Gold Spot	819,50	-4,80
FTSE	4153	9,8	LME Copper	3.750,00	210,00
OMXS30	626	10,4	CRB Raw	341,94	0,39
SP500	852	6,5	Interest rate futures		
Neu. Markt	524	6,4	Dec08		Pct.
Nasdaq	1472	6,3	EuroUSD		2,08
OMXC20	246	5,1	EuroYen		0,88
SOX Semicond.	191	6,1	Euribor		3,42
DRG Pharma	251	3,7	Eurostg		3,31
CXBT Biotech	650	3,9	EuroChf		0,91
CUTL Telecom.	141	7,7			
Bonds					
10-year	Rate	Pct.		Spread	Change
Tbond Dec08	119,73	3,28	2Y-5Y US	93	-7
JGB Dec08	138,56	1,55	5Y-10Y US	112	-2
Bund Dec08	120,27	3,56	10Y-30Y US	49	2
Gilts cash	116,25	4,01	CorpAA-30Y US	203	
Sek10Y cash	106,50	2,28	OAS-30Y US	147	
			EMBI Global Div.	785	
FX-range					
	New York 16:00-23:00		Far East 23:00-05:30		
	Range	Open	Range	Open	
EUR/SEK	1024,80/1045,25	1043,00	1021.35/1026.25	1026,25	
EUR/NOK	891,00/903,00	902,00	894.60/896.50	896,25	
EUR/DKK	745,45/745,70	745,60	745.38/745.42	745,40	
USD/DKK	576,40/583,00	582,85	575.15/581.40	575,60	
EUR/USD	127,87/129,34	127,92	128.21/129.60	129,50	
USD/JPY	95,80/97,33	95,77	96.25/97.44	97,15	
EUR/JPY	122,48/126,10	122,70	123.54/126.23	125,81	
USD/CHF	119,24/120,74	120,60	119.22/120.25	119,31	
EUR/CHF	154,02/154,68	154,33	154.05/154.74	154,50	
GBP/USD	150,24/151,87	150,35	150.85/151.90	151,87	
EUR/GBP	84,74/85,39	85,10	84.98/85.33	85,27	
AUD/USD	64,00/65,44	64,02	63.83/65.56	65,46	
NZD/USD	54,44/55,01	54,02	53.93/55.14	55,10	
USD/CAD	122,43/125,67	125,60	123.06/124.27	123,20	

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