

Financial News – US & Far East

- U.S. Stocks plunge
- USD fell after rescue package rejected
- Oil sharply lower
- Rejection sends markets reeling

Today's main events:

- SEK: Retail Sales
- NOK: Retail Sales
- EUR: CPI, ECB's Trichet speaks
- USD: Chicago PMI, Consumer Confidence, Pres. Bush speaks



American Time Zone:

U.S. Stocks plunge

U.S. stocks plunged and the Standard & Poor's 500 Index tumbled the most since 1987 after the House of Representatives rejected a USD 700 billion plan to rescue the financial system.

Wachovia Corp. declined 85 % after the bank was sold to Citigroup Inc. in a deal brokered by the Federal Deposit Insurance Corp. Sovereign Bancorp Inc. and National City Corp. sank more than 60 %, leading financial shares in the S&P500 to an 11 % slide. Goldman Sachs Group Inc. and Morgan Stanley, the two largest Wall Street securities firms, fell more than 19 %. The MSCI World Index of 23 developed markets slid 5.9 %, the most since its creation in 1970.

USD fell after rescue package rejected

The dollar fell against the yen as a majority in the House of Representatives voted against the USD 700 billion rescue of the U.S. financial industry. The yen and the Swiss franc gained against all the other major currencies including the Brazilian real and the South African rand as stocks plunged, encouraging investors to sell higher-yielding assets and pay back loans in Japan. The pound had its biggest intraday drop against the dollar in 16 years and the euro fell as European governments bailed out banks.

Oil sharply lower

Crude oil fell the most in almost seven years, down USD 10 from the top of the day, after the U.S. House of Representatives rejected the rescue plan.

Far East Time Zone:

Japan jobless rate hits 2 year high

Japan's jobless rate hit a two-year high while spending and industrial output fell more than expected in August, adding to the gloom for an economy on the brink of a recession amid a global market meltdown.

Economists say production will probably fall for the third straight quarter in July-September due to slowing exports, which was part of the reason Japan logged a trade deficit in August for the first time in 26 years.

Jitters over the U.S. banking system remained the market's focus after U.S. lawmakers' rejection of a USD 700 billion bailout plan. The Nikkei average tracked Wall Street's tumble, sliding nearly 5 %, while shorter Japanese government bonds jumped, shoving yields lower.

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Industrial output fell 3.5 % in August from a month earlier, bigger than the 2.9 % drop expected by economists.

Manufacturers' output, the core component of production, is expected to rise 1.6 % in September but fall 0.1 % in October, the data showed.

In a sign that high costs and weak exports were hurting companies' appetite for hiring, the availability of jobs fell to its lowest since September 2004. The seasonally adjusted jobless rate rose to 4.2 % in August from 4.0 % in July, marking the highest level since 4.3 % in June 2006.

Reflecting worsening consumer sentiment as high energy and food costs bite, overall household spending fell 4.0 % in August from a year earlier in price-adjusted real terms, bigger than a market forecast for a 1.3 % drop.

Rejection sends markets reeling

Panic gripped markets after U.S. lawmakers unexpectedly rejected the bailout plan for the financial industry, with Asian stocks opening sharply lower after Wall Street's biggest fall since the crash of 1987.

A week that started badly with the rescue of three banks in Europe followed by the distressed sale of big U.S. lender Wachovia to Citigroup got worse after the U.S. Congress was unable to agree on a rescue package.

Stocks in Asia dropped roughly 4 % on Tuesday amid mounting fears about the health of the global economy, with China's two biggest banks opening more than 8 % lower.

Uncertainty about what comes next, and whether Washington can come up with compromise legislation to relieve the worst financial crisis since the Great Depression before adjourning ahead of the Nov. 4 elections sent investors into safe-haven gold and Treasuries. Oil fell on fears of further economic slowdown.

Investors worried that the collapse in financial markets would tip the United States economy into a painful recession that brings the rest of the world with it.

However, Kansas City Federal Reserve Bank President Thomas Hoenig said that despite a sense that "the sky is falling", the U.S. economy is resilient and will emerge stronger from the current credit crisis.

"We need to take a deep breath and think about what is happening," Hoenig said at a Kansas City Fed economic forum in Gering, Nebraska.

U.S. President George W. Bush huddled with economic advisers, including Federal Reserve Chairman Ben Bernanke, to consider the administration's next move. Bush is scheduled to make a statement on the rescue package at 1245 GMT on Tuesday.

O/N BRIEFING

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Stocks			Commodities		
Indices	Level	%-change		Prices	Change
DJI	10365	-7,0	CRB	343,22	-21,35
Nikkei	11199	-4,6	Brent 1. pos	93,98	-0,62
DAX	5807	-4,2	Gold Spot	888,20	16,60
FTSE	4819	-5,3	LME Copper	6.440,00	-335,00
OMXS30	774	-5,7	CRB Raw	447,54	-0,43
SP500	1106	-8,8	Interest rate futures		
Neu. Markt	772	-6,4	Dec08		Pct.
Nasdaq	1984	-9,1	EuroUSD		3,21
OMXC20	359	-5,3	EuroYen		0,84
SOX Semicond.	293	-8,8	Euribor		4,96
DRG Pharma	283	-5,5	Eurostg		5,91
CXBT Biotech	813	-5,7	EuroChf		2,79
CUTL Telecom.	190	-10,3			

Bonds					
10-year	Rate	Pct.		Spread	Change
Tbond Dec08	116,64	3,60	2Y-5Y US	101	-2
JGB Dec08	137,68	1,62	5Y-10Y US	94	2
Bund Dec08	115,49	4,08	10Y-30Y US	56	1
Gilts cash	112,70	4,42	CorpAA-30Y US	172	
Sek10Y cash	103,53	3,69	OAS-30Y US	114	
			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	971,80/979,75	973,25	976.40/978.45	979.85
EUR/NOK	830,65/837,20	831,70	832.92/836.30	837.00
EUR/DKK	745,85/746,00	746,00	745.85/746.00	745.95
USD/DKK	511,90/519,00	518,00	516.80/520.20	516.95
EUR/USD	143,72/145,71	144,01	143.38/144.33	144.30
USD/JPY	104,01/105,63	105,40	103.50/104.45	104.17
EUR/JPY	150,14/152,01	151,95	148.84/150.32	150.32
USD/CHF	108,16/109,83	109,60	108.88/109.75	108.94
EUR/CHF	156,90/158,11	158,00	156.65/157.40	157.20
GBP/USD	180,11/181,82	180,55	179.85/180.80	180.21
EUR/GBP	79,66/80,15	79,75	79.64/79.95	79.82
AUD/USD	80,02/81,68	81,45	79.35/80.45	80.44
NZD/USD	67,05/68,10	67,70	66.40/67.22	67.22
USD/CAD	103,39/104,54	103,50	104.50/105.07	104.57

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