

## Financial News – US & Far East

- U.S. equities rose
- The yen and the dollar declined
- Japan deeper in recession
- Japan mulling USD 260 billion economic package

### Today's main events:

- SEK: Consumer Price Index
- GBP: Trade Balance
- DEM: Trade Balance & Current Account
- DEM: ZEW Survey



### American Time Zone:

#### U.S. equities rose

Stocks rose around the world, sending the Standard & Poor's 500 Index to a one-month high, as President-elect Barack Obama pledged to boost the economy with the biggest public-works spending package since the 1950s.

U.S. Steel Corp. and Alcoa Inc. climbed at least 19 %, while Chevron Corp. added 5 %, as Obama's plan to increase infrastructure spending spurred gains in commodities.

General Motors Corp. jumped as much as 25 % as lawmakers agreed in principle with the White House to provide funds to shore up the car industry. Benchmark indexes in Germany and France added more than 7.6 %, while Tokyo's Nikkei 225 climbed 5.2 %, as Siemens AG and Komatsu Ltd. rallied.

#### The yen and the dollar declined

The yen and the dollar fell the most against the euro in two weeks as U.S. President-elect Barack Obama's pledge to spend more on the nation's infrastructure boosted stocks and reduced the currencies' haven appeal.

Japan's yen also slid against the Swedish krona and the Australian dollar after House Financial Services Committee Chairman Barney Frank said Congress and the Bush administration

have reached an accord on an automaker rescue, prompting speculation investors will resume carry trades. The dollar dropped the most versus the pound in more than five weeks.

#### Commodities higher

Oil, copper and corn rose after President-elect Barack Obama pledged the biggest U.S. public works program in a half century to revive the economy.

### Far East Time Zone:

#### Japan deeper in recession

Japan's economy sank deeper into recession in the third quarter than initially estimated, reinforcing fears that the world's No.2 economy is facing its longest contraction ever.

The export-driven economy now looks likely to keep shrinking at least until the first quarter of next year -- which would mark a post-war-record four straight quarters of decline -- as leading manufacturers slash output to deal with a slump in global demand.

The government has called more spending, which one newspaper said could total USD 216 billion, or around 3.6 % of gross domestic product (GDP).

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The euro zone and the United States are also in recession, and growth is slowing in big emerging markets such as China, boding ill for major Japanese exporters such as Toyota and Sony.

Japan's economy contracted 0.5 % in July-September, far more than the preliminary figure of a 0.1 % decrease, revised GDP figures showed on Tuesday. It was also a bigger slide than economists' median forecast for a 0.2 % fall.

### **Japan mulling USD 206 billion economic package**

The Japanese government and ruling parties are mulling a new economic package that includes spending worth 15 trillion to 20 trillion yen (USD 162 billion to USD 216 billion) over the next three years, the Yomiuri newspaper reported on Tuesday without citing a source.

Japan is in the midst of a recession, with revised growth figures on Tuesday showing the economy shrank much more than first thought in the third quarter.

But voter support is tumbling for Prime Minister Taro Aso's government, with polls showing many Japanese want an early election even as he tries to work on resuscitating the economy in the midst of the global financial crisis.

The planned new spending would be financed through an extra budget for the current fiscal year to March 31<sup>st</sup> and use of some budget spending from the following year, the Yomiuri said.

The new package would bring forward some highway construction and promote energy saving technologies, and would prioritise on funding medium- to long-term policies that help boost domestic demand as well as help individuals, the newspaper reported.

Japan has revealed two economic packages since August, but Aso, who took office in September, has said Japan's economic problems would require three years to heal.

# O/N BRIEFING

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Stocks			Commodities		
Indices	Level	%-change		Prices	Change
DJI	8934	3,5	CRB	219,36	10,76
Nikkei	8385	0,7	Brent 1. pos	43,42	0,45
DAX	4716	7,6	Gold Spot	767,40	3,60
FTSE	4300	6,2	LME Copper	3.315,00	265,00
OMXS30	667	9,5	CRB Raw	317,13	-3,11
SP500	910	3,8	<b>Interest rate futures</b>		
Neu. Markt	550	4,5	Mar09	<b>Pct.</b>	
Nasdaq	1572	4,1	EuroUSD	2,12	
OMXC20	262	6,5	EuroYen	0,89	
SOX Semicond.	196	1,9	Euribor	3,37	
DRG Pharma	261	1,3	Eurostg	3,17	
CXBT Biotech	691	1,5	EuroChf	0,91	
CUTL Telecom.	147	6,1			
Bonds					
10-year	Rate	Pct.		Spread	Change
Tbond Mar09	122,78	2,75	2Y-5Y US	79	0
JGB Mar09	139,16	1,50	5Y-10Y US	102	0
Bund Mar09	123,02	3,27	10Y-30Y US	42	0
Gilts cash	118,24	3,79	CorpAA-30Y US	214	
Sek10Y cash	107,03	2,00	OAS-30Y US	106	
			EMBI Global Div.	798	
FX-range					
	New York 16:00-23:00		Far East 23:00-05:30		
	Range	Open	Range	Open	
EUR/SEK	1038,20/1045,15	1041,00	1040,10/1041,90	1043,50	
EUR/NOK	910,80/919,55	912,00	908,85/910,90	915,00	
EUR/DKK	744,80/744,95	744,95	744,88/745,98	744,90	
USD/DKK	574,50/578,00	577,70	574,70/579,45	575,00	
EUR/USD	128,88/129,65	128,95	128,56/129,62	129,55	
USD/JPY	92,61/93,19	93,00	92,63/93,10	92,84	
EUR/JPY	119,61/120,61	119,95	119,12/120,27	120,27	
USD/CHF	120,19/120,83	120,70	120,35/121,25	120,35	
EUR/CHF	155,38/155,94	155,70	155,60/155,98	155,91	
GBP/USD	147,85/149,58	148,15	148,24/149,04	149,15	
EUR/GBP	86,64/87,37	87,05	86,70/86,86	86,86	
AUD/USD	65,93/66,84	66,00	65,62/66,55	66,80	
NZD/USD	53,85/54,88	53,90	53,99/54,73	54,85	
USD/CAD	125,20/126,13	125,60	124,97/125,51	125,40	

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