

## Financial News – US & Far East

- U.S. equities rose
- The yen weaker on late stock rally
- Norway said it will put aside an additional 50 billion kroner
- U.S. agrees to Citigroup bailout

### Today's main events:

- DEM IFO Business Climate
- EUR Euro-Zone Current Account
- EUR Industrial New Orders
- USD Existing Home Sales



### American Time Zone:

#### U.S. equities rose

U.S. stocks rallied and the Standard & Poor's 500 Index rebounded from an 11-year low after President-elect Barack Obama picked New York Federal Reserve Bank chief Timothy Geithner to head the Treasury.

National-Oilwell Varco Inc. and Chesapeake Energy jumped more than 20 % as oil rose for the first time in six days. The rally came after this week's rout dragged the S&P 500's price-to-earnings valuation to the cheapest since 1995.

The S&P 500, which capped a third-straight weekly decline, gained 6.3 % to 800.01. The Dow Jones Industrial Average rose 494.37 points, or 6.6 %, to 8,046.66, while the Nasdaq Composite Index added 5.2 % to 1,384.35. Almost five stocks gained for each that fell on the New York Stock Exchange.

#### The yen weaker on late stock rally

The dollar and JPY recorded a third weekly gain against the euro as a plunge in global stocks during the week increased demand for the safety of U.S. government debt and the closure of carry trades.

However, the announcement late Friday that President elect Obama will nominate

Timothy Geithner as new Treasury secretary sent stocks rallying with the JPY giving up earlier gains

#### Oil price higher

Crude oil rose for the first time in six days as OPEC members cut production and governments step up efforts to revive economic growth.

### Far East Time Zone:

#### Norway said it will put aside an additional 50 billion kroner

The Norwegian government Sunday said it will put aside an additional 50 billion kroner (USD 7 billion) for the state export credit agency to ease the effect of the global credit crunch on businesses.

The government said it will raise the funds for Garanti-instituttet for eksportkreditt, or GIEK, by 50 billion to 110 billion kroner (USD 15.4 billion).

GIEK insures Norwegian businesses against losses in connection with exports by stepping in as a guarantor on loans taken by those who buy Norwegian goods or services. It is also an

#### Publisher:

Jyske Markets  
Vestergade 8 -16  
DK - 8600 Silkeborg

+45 8681 4299  
Valuta@jyskebank.dk

Read more FX analyses at  
[www.jyskebank.com](http://www.jyskebank.com)

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important player on the Norwegian market for short-term customer credit insurance.

"A significantly increased framework for GIEK secures Norwegian business contracts abroad and investments at home," Prime Minister Jens

Stoltenberg said in a statement. "This is one of many efforts by the government to meet the setback in the international economy."

GIEK Chief Wenche Nistad welcomed the extra money and said it shows the government understands the magnitude of the needs of businesses.

## **U.S. agrees to Citigroup bailout**

The federal government agreed Sunday to take unprecedented steps to stabilize Citigroup Inc. by moving to guarantee close to USD 300 billion in troubled assets weighing on the bank's books, according to people familiar with details of the plan.

Treasury has agreed to inject an additional USD 20 billion in capital into Citigroup under terms of the deal hashed out between the bank, the Treasury Department, the Federal Reserve, and the Federal Deposit Insurance Corp. Treasury officials will charge a higher interest rate for the capital injection -- 8% for the first few years -- than it has charged to dozens of other banks now borrowing money under the government's the USD 700 billion rescue package approved by Congress last month.

In addition to the capital, Citigroup will have an extremely unusual arrangement in which the government agrees to backstop a roughly USD 300 billion pool of its assets, containing mortgage-backed securities among other things. Citigroup must absorb the first USD 37 billion to USD 40 billion in losses from these assets. If losses extend beyond that level, Treasury will absorb the next USD 5 billion in losses, followed by the FDIC taking on the next USD 10 billion in losses. Any losses on these assets beyond that level would be taken by the Fed.

Citigroup would also agree to work to modify -- if possible -- troubled mortgages held in the

USD 300 billion pool, using standards created by the FDIC after the collapse of IndyMac Bank. The government is not expected to require any management changes, as that was seen as potentially being too destabilizing.

# O/N BRIEFING

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Stocks			Commodities		
Indices	Level	%-change		Prices	Change
DJI	8046	6,5	CRB	231,38	1,03
Nikkei	7911	closed	Brent 1. pos	49,19	0,81
DAX	4127	-2,2	Gold Spot	791,80	8,20
FTSE	3781	-2,4	LME Copper	3.540,00	60,00
OMXS30	568	-3,4	CRB Raw	342,26	-3,35
SP500	800	6,3	<b>Interest rate futures</b>		
Neu. Markt	492	-0,2	Dec08	<b>Pct.</b>	
Nasdaq	1384	5,2	EuroUSD	1,95	
OMXC20	234	-1,2	EuroYen	0,85	
SOX Semicond.	180	5,2	Euribor	3,33	
DRG Pharma	242	3,5	Eurostg	3,30	
CXBT Biotech	625	0,4	EuroChf	0,86	
CUTL Telecom.	131	4,9			
Bonds					
10-year	Rate	Pct.		Spread	Change
Tbond Dec08	120,48	3,20	2Y-5Y US	93	0
JGB Dec08	139,00	1,51	5Y-10Y US	119	0
Bund Dec08	120,68	3,51	10Y-30Y US	50	0
Gilts cash	116,83	3,95	CorpAA-30Y US	196	
Sek10Y cash	106,64	2,22	OAS-30Y US	137	
			EMBI Global Div.	819	
FX-range					
	New York 16:00-23:00		Far East 19:00-05:30		
	Range	Open	Range	Open	
EUR/SEK	1046,50/1069,00	1047,00	1047,55/1051,00	1051,00	
EUR/NOK	898,95/915,00	903,00	895,50/898,50	898,50	
EUR/DKK	745,45/745,60	745,45	745,40/745,50	745,50	
USD/DKK	592,00/599,40	593,00	589,05/592,70	592,40	
EUR/USD	124,37/125,93	125,70	125,77/126,55	125,85	
USD/JPY	94,74/95,99	94,86	94,94/96,08	95,74	
EUR/JPY	118,03/120,82	119,22	119,55/121,47	120,48	
USD/CHF	122,10/122,98	122,45	121,74/122,25	122,17	
EUR/CHF	152,81/153,97	153,85	153,50/154,19	153,75	
GBP/USD	147,05/149,34	149,15	148,42/149,75	149,20	
EUR/GBP	84,13/85,05	84,25	84,30/84,92	84,35	
AUD/USD	61,79/63,20	61,90	62,33/63,84	63,00	
NZD/USD	52,37/53,55	52,50	52,89/54,00	53,60	
USD/CAD	126,85/128,88	128,25	126,60/127,70	126,80	

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