

Financial News – US & Far East

- Stocks fell in U.S.
- AIG owes USD 10 billion
- Tentative deal reached in U.S. auto bailout
- Asia stocks rose

Today's main events:

- SEK: Industrial Production
- SEK: Unemployment
- NOK: Consumer Price Index
- USD: MBA Mortgage Applications



American Time Zone:

U.S. stocks slid

U.S. stocks slid, halting a two-day advance, after companies from FedEx Corp. to Danaher Corp. forecast earnings that disappointed investors as the deepening recession crimps sales.

FedEx, the second-biggest U.S. package-shipping company, tumbled 14 % after projecting profit below analysts' estimates amid a "significantly weaker" economy. United Parcel Service Inc., FedEx's larger rival, lost 7 %. Danaher, maker of Craftsman tools, slid 4.2 %. JPMorgan Chase & Co. and Wells Fargo & Co. dropped almost 7 % as yields on three-month Treasuries turned negative for the first time, signaling increasing stress in credit markets.

JPY higher

The yen rose versus the euro as European reports indicated the global economic slump deepened, increasing the haven appeal of the currency.

The euro weakened as an index showed German investors became more pessimistic this month about current economic conditions. The Canadian dollar fell after the central bank lowered its target lending rate to a half-century low and signaled more action may be needed.

Oil declined

Crude oil fell for the seventh time in eight days after the U.S. forecast that global demand will decline this year and in 2009 for the first time since 1983.

Far East Time Zone:

AIG owes USD 10 billion for soured trades

American International Group, once the world's largest insurer, owes around USD 10 billion to other financial services firms for trades that have gone sour, the Wall Street Journal reported in its online edition on Tuesday.

The report, citing people familiar with the matter, says the trades have not been explicitly disclosed before, and are not covered by terms of a current USD 150 billion U.S. government rescue package.

The government's rescue package was meant to save AIG from collapse, but the Wall Street Journal report says the newly discovered trades raise further questions about how the insurer will raise money to pay the debts.

Tentative deal reached in U.S. auto bailout talks

The White House and congressional Democrats on Tuesday night reached an agreement in

Publisher:

Jyske Markets
Vestergade 8 -16
DK - 8600 Silkeborg

+45 8681 4299
Valuta@jyskebank.dk

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www.jyskebank.com

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principle on a USD 15 billion proposal for bailing out U.S. automakers, officials said.

A Bush administration official and a Democratic leadership aide said the accord covered key points but a few final details still needed to be resolved and put in writing.

Democrats have arranged to have the U.S. House of Representatives vote on a bill as early as Wednesday and send it to the Senate for consideration.

The bailout is designed to allow GM and Chrysler to avert threatened bankruptcy through March with short-term loans. Ford Motor Co is not requesting immediate help but would like a line of credit in case its finances worsen.

Japan machinery orders slide as crisis hits firms

Japan's core machinery orders slid 4.4 % in October in another sign companies are slashing investment in the face of the financial crisis, pointing to a deeper and longer recession.

As well, annual wholesale price inflation slowed further in November as oil and other commodity prices fell, with signs that firms are cutting the prices they charge consumers.

With Japan's automakers and electronics firms such as Sony curbing production and slashing jobs, corporate investment -- an engine of Japan's growth in recent years -- is expected to further slow as weakening exports hit Japanese factories hard.

"The sharp drop in external demand indicates that the appetite for corporate capital outlays is declining globally," said Takeshi Minami, chief economist at Norinchukin Research Institute.

"As yesterday's data showed a large fall in machine tool orders in November, demand for capital investment is nearly certain to decline further."

Stocks rose in Asia

The White House and Congressional Democrats reached tentative agreement on a plan to rescue the battered U.S. auto industry, while Japanese companies slashed machinery investment in October in another ominous sign for the world's second-largest economy.

In a rare bit of good economic news amid a torrent of gloom, a survey in Australia showed a

surprise jump in consumer confidence for December, a sign that falling interest rates and fuel prices, combined with fiscal stimulus, are having their desired effect.

Asian stocks rose on Wednesday, shrugging off a down day on Wall Street that saw investors so frightened of risk that they bought USD 30 billion worth of four-week paper in a U.S.

Treasury auction at zero percent interest.

The MSCI index of Asian stocks outside Japan was up 3,3 %, while Tokyo's main Nikkei index was up 3 % at 04.00 GMT as exporters gained on a softer yen. Oil increased by more than USD 1 a barrel to above USD 43 after dropping nearly 4 % on Tuesday.

O/N BRIEFING

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Stocks			Commodities		
Indices	Level	%-change		Prices	Change
DJI	8691	-2,7	CRB	215,65	-3,71
Nikkei	8643	2,9	Brent 1. pos	41,53	1,00
DAX	4779	1,3	Gold Spot	772,40	5,00
FTSE	4381	1,9	LME Copper	3.200,00	-115,00
OMXS30	685	2,8	CRB Raw	320,36	4,02
SP500	889	-2,3	Interest rate futures		
Neu. Markt	537	-2,4	Mar09		Pct.
Nasdaq	1547	-1,6	EuroUSD		2,01
OMXC20	266	1,4	EuroYen		0,89
SOX Semicond.	206	4,8	Euribor		3,33
DRG Pharma	256	-1,8	Eurostg		3,11
CXBT Biotech	677	-2,1	EuroChf		0,92
CUTL Telecom.	146	-0,9			
Bonds					
10-year	Rate	Pct.		Spread	Change
Tbond Mar09	123,20	2,67	2Y-5Y US	76	0
JGB Mar09	138,92	1,52	5Y-10Y US	104	-1
Bund Mar09	122,17	3,35	10Y-30Y US	40	0
Gilts cash	118,29	3,79	CorpAA-30Y US	227	
Sek10Y cash	106,75	2,11	OAS-30Y US	122	
			EMBI Global Div.	794	
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	1058,00/1059,00	1058,00	
EUR/NOK	910,80/919,55	912,00	914,50/916,50	914,50	
EUR/DKK	744,80/744,95	744,95	744,95/745,00	744,98	
USD/DKK	574,50/578,00	577,70	574,85/577,05	576,75	
EUR/USD	128,88/129,65	128,95	129,10/129,60	129,17	
USD/JPY	92,61/93,19	93,00	92,08/92,64	92,17	
EUR/JPY	119,61/120,61	119,95	119,01/120,00	119,06	
USD/CHF	120,19/120,83	120,70	120,18/120,63	120,58	
EUR/CHF	155,38/155,94	155,70	155,72/156,00	155,75	
GBP/USD	147,85/149,58	148,15	147,36/147,90	147,50	
EUR/GBP	86,64/87,37	87,05	87,55/87,69	87,57	
AUD/USD	65,93/66,84	66,00	65,62/66,43	65,65	
NZD/USD	53,85/54,88	53,90	54,00/54,92	54,00	
USD/CAD	125,20/126,13	125,60	125,53/126,13	126,13	

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