

Financial News – US & Far East

- ECB's Nowotny: More room for rate cut
- JPY higher
- Dollar up vs. euro
- Oil lower ahead of inventory report

Today's main events:

- SEK: Consumer Confidence
- DEM: Consumer Price Index
- GBP: Gross Domestic Product
- USD: Personal Spending, Jobless Claims and New Home Sales



American Time Zone:

U.S. Stocks

U.S. stocks drifted between gains and losses as an USD 800 billion Federal Reserve plan to help resuscitate lending offset concern that the recession is reducing sales of computer products.

SLM Corp., the student lender known as Sallie Mae, rallied 19 %, while CIT Group Inc., the commercial-finance company, jumped 17 % after the Fed said it will use the funds to buy mortgage-related debt and support loans to consumers and small businesses. Hewlett-Packard Co. lost 6.4 % and Cisco Systems Inc. slid 5.6 % as UBS AG analysts said demand is weakening. Analog Devices Inc. led chipmakers lower after predicting a drop in revenue.

JPY higher

The yen rose against the euro and the dollar for the first time in three days on bets a deepening global recession will prompt investors to sell higher-yielding assets funded by low-cost loans in Japan's currency.

The dollar pared its drop against the euro as U.S. stocks reduced gains that came after the Federal Reserve committed up to USD 800 billion to thaw the flow of credit.

Oil lower ahead of inventory report

Crude oil fell on speculation that a

U.S. Energy Department report will show that inventories climbed for a ninth week as demand declined.

Far East Time Zone:

Nikkei slips

Japan's Nikkei average slipped 1.2 % on Wednesday, pressured lower as Kyocera Corp and other exporters slid in the wake of their U.S. peers on fears that the worsening economy would hit demand.

Honda Motor Co and other exporters fell on a stronger yen, but so-called defensive shares - seen as resilient in the face of economic uncertainty, especially overseas - provided support.

The benchmark Nikkei shed 102.99 points to 8,220.94, a day after it posted its biggest one-day gain in two weeks. The broader Topix lost 1.8 % to 816.59.

ECB's Nowotny: More room for rate cut

Receding worries about inflation have made room for another interest rate cut by the European Central Bank, Governing Council member Ewald Nowotny told Japan's Nikkei newspaper.

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document.

Europe is facing major difficulties and the euro zone economy could contract next year due to the impact of the financial turmoil, Nowotny was quoted as saying in the paper's Wednesday morning edition.

Inflation expectations, on the other hand, are receding, making room for another ECB rate cut, said Nowotny, who is also governor of the Austrian central bank.

On the euro's recent weakening against the dollar, Nowotny said the dollar's current rises were unsustainable and that rapid currency moves should be avoided.

Two quick-fire 50 basis point cuts since October have brought benchmark euro zone interest rates to 3.25 %. Analysts think they could fall to 2 % or lower next year if the region's recession evolves into a major long-term slump. The ECB next meets on Dec. 4.

Dollar up vs. euro

The dollar inched up against the euro on Wednesday as market players remained sceptical that the latest U.S. measures to boost consumer lending would ease concerns about the financial crisis.

Market players were doubtful that successive U.S. steps aimed at restoring confidence in the financial system and shoring up the deteriorating economy would be sufficient, traders said. Worries over the global economic downturn and credit jitters have kept investors wary of taking risks, limiting selling of the dollar and yen, traders said.

While the yen has been outperforming overall on growing investor confidence in its safe haven status, sentiment towards the dollar may be turning bearish, some traders said.

The euro eased 0.7 % to USD 1.2980, after hitting a three-week high of USD 1.3081 hit on Tuesday on trading platform EBS as the new rescue steps eased credit concerns and eroded the dollar's appeal as a safe haven, traders said.

The dollar edged down 0.1 % against the yen to 95.15 yen. The euro fell 0.8 % against the Japanese currency to 123.50 yen as the Nikkei slipped.

O/N BRIEFING

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Stocks			Commodities		
Indices	Level	%-change		Prices	Change
DJI	8479	0.4	CRB	238.02	-5.78
Nikkei	8221	-1.2	Brent 1. pos	50.35	0.34
DAX	4560	0.1	Gold Spot	818.50	-6.10
FTSE	4171	0.4	LME Copper	3,695.00	-55.00
OMXS30	634	1.2	CRB Raw	341.94	0.39
SP500	857	0.7	Interest rate futures		
Neu. Markt	533	1.8	Dec08		Pct.
Nasdaq	1465	-0.5	EuroUSD		2.01
OMXC20	252	2.5	EuroYen		0.86
SOX Semicond.	187	-2.2	Euribor		3.49
DRG Pharma	251	-0.2	Eurostg		3.29
CXBT Biotech	652	0.4	EuroChf		0.88
CUTL Telecom.	137	-3.2			
Bonds					
10-year	Rate	Pct.		Spread	Change
Tbond Dec08	121.20	3.11	2Y-5Y US	92	6
JGB Dec08	139.31	1.49	5Y-10Y US	103	-6
Bund Dec08	120.83	3.50	10Y-30Y US	51	-1
Gilts cash	116.77	3.95	CorpAA-30Y US	228	
Sek10Y cash	106.46	2.29	OAS-30Y US	103	
			EMBI Global Div.	768	
FX-range					
	New York 16:00-23:00		Far East 23:00-05:30		
	Range	Open	Range	Open	
EUR/SEK	1020,75/1031,70	1021.50	1029,00/10,3200	1030.00	
EUR/NOK	899,25/908,25	905.40	903,00/904,80	904.80	
EUR/DKK	745,30/745,45	745.40	745,30/745,40	745.35	
USD/DKK	570,25/576,80	571.85	570,30/575,00	570.50	
EUR/USD	129,23/130,72	130.35	129,62/130,70	130.65	
USD/JPY	94,95/95,85	95.60	94,80/95,56	95.24	
EUR/JPY	123,12/125,17	124.55	123,12/124,63	124.43	
USD/CHF	118,32/119,32	118.70	118,37/118,96	118.37	
EUR/CHF	154,02/154,87	154.65	154,15/154,80	154.62	
GBP/USD	152,56/155,33	153.05	153,33/154,80	154.68	
EUR/GBP	84,00/85,24	85.18	84,44/84,68	84.46	
AUD/USD	64,07/65,46	65.00	64,38/65,08	64.95	
NZD/USD	53,91/55,18	54.90	54,45/55,07	54.70	
USD/CAD	121,86/123,66	122.25	122,44/123,30	122.55	

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