

A Eurex publication focused on European financial markets, produced by Market News International



Global Economic Trading Calendar

April 14, 2010

European data starts at 0900GMT, when **EMU** industrial output is expected to come in at 0.1% m/m, 2.6% y/y.

US data starts at 1100GMT with the weekly **MBA** data, while at 1230GMT, **Retail Sales** and also the **CPI** are due. Retail sales are expected to rise a further 1.2% in March, as industry light vehicle sales improved after falling back in the previous two months. Meanwhile, gasoline prices rebounded modestly in March and were well above their year-ago level. Sales excluding motor vehicles and parts are expected to rise 0.5%. Meanwhile, the **CPI** is expected to rise 0.1% in March, with gasoline prices rebounding in the month. Core **CPI** is also expected to rise 0.1%. Rental costs in particular are expected to continue to keep **CPI** readings low.

At 1315GMT, the ECB's Jurgen Stark and Dallas Fed President Richard Fisher both appear on a panel to discuss the status of the crisis.

Fed speakers continue at 1330GMT, when Cleveland Fed President Sandra Pianalto speaks, which is followed at 1400GMT when **Fed Chairman** Ben Bernanke testifies before the Joint Economic Committee on the economic outlook in Washington.

US data then continues at 1400GMT with **Business Inventories** and at 1430GMT with the weekly **EIA Crude Oil Stocks** data.

Business inventories are expected to rise 0.5% in February, when wholesale inventories were reported up 0.6% and factory inventories were reported up 0.5%.

At 1500GMT, Richmond Fed President Jeffrey Lacker speaks to West Virginia University economics students in Morgantown, WV.

At 1700GMT, Dallas Fed President Richard Fisher speaks to the 19th Annual Hyman P. Minsky Conference, which is followed at 1800GMT by the latest Fed Beige Book.

Content

Global Trading Calendar	p.1
European Fixed Income	p.2
Equities & Corp. Bonds	p.3
Eurex Futures Closes	p.4
Disclaimers	p.5

Time (GMT)	Country	Event
0900	EMU	EMU Feb industrial output
1100	US	09-Apr MBA Mortgage Application Index
1230	US	Mar-10 Retail & Food Sales, CPI
1315	US/EMU	European Central Bank board member Jurgen Stark and Dallas Fed President Richard Fisher on panel
1330	US	Cleveland Fed President Sandra Pianalto speaks
1400	US	Fed Chair Ben Bernanke testifies before JEC
1400	US	Feb-10 Business Inventories
1430	US	09-Apr EIA Crude Oil Stocks
1500	US	Richmond Fed Bank President Jeffrey Lacker speaks
1700	US	Dallas Fed President Richard Fisher speaks
1800	US	US Beige Book

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European Fixed Income

European Government Bonds opened lower Wednesday ahead of a heavy slew of supply from Germany, Italy, Portugal for up to E15.0bln.

Markets are also cautious ahead of **Fed Chairman** Ben Bernanke's testimony before the Joint Economic Committee on the economic outlook in Washington. Market speculation is that Bernanke may talk about normalizing the spread between Fed Funds and the discount rate. In addition, markets fear that the Fed may remove the language of "extended period" from its policy stance.

Indeed, Richmond Fed President Lacker (FOMC non-voter) said the most recent favorable economic data appeared to argue against much more use of the "extended period" language the FOMC has been using to describe the time until it raises rates. His comfort level with that language, he said, has been "diminished," and he could see dropping it sooner rather than later.

Looking ahead today, the initial focus is on **supply** as well as a heavy calendar of central bank speakers, which includes ECB Stark, Fed's Fisher, Lacker, Pianalto and Bernanke.

The German Finanzagentur is due to sell a new 2.25% Apr 2015 Bobl series 157 issue on Wednesday for up to E7.0bln.

The auction comes at the time when Greek spreads are re-widening amid reports that EU backstop loan to Greece may face potential delays as Italian parliament needs to pass law, and also uncertainty about when and if Greece will apply for funds given German insistence that summit needs to be held first to trigger payment to Athens.

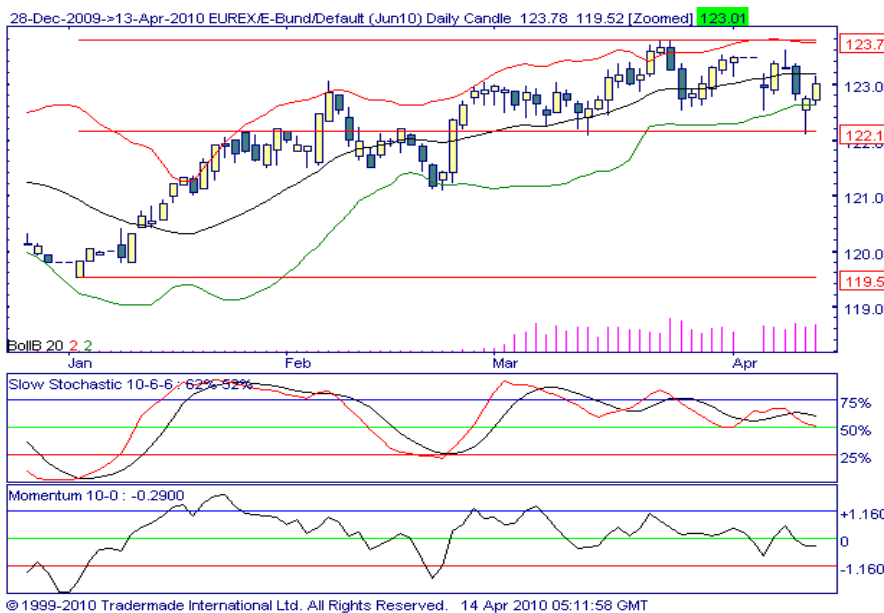
Grey market pricing for the new Bobl 157 is implying issue trades at 2.26% mid-yield or -18.4bps vs swaps and equates to 9bps pick-up compared to the old 2.50% Feb 2015 Bobl 156 issue, which looks attractive. That said, there is competing short-end supply this week in the eurozone from Italy (2015 BTP) & France (2014/2015 BTAN). The previous auction of the 156 Bobl series on Mar 3 for E5.0bln was covered 1.9 times at 2.13% yield, with Buba retaining 19.6% of the sale. Previously, this issue was sold on Feb 3 for E6.0bln at yield 2.31% and covered 1.40 times (Buba retained 19.6% of the sale). Results are due at around 0910GMT

Portugal's IGCP is due to tap the 5.00% June 2012 OT & 4.80% June 2020 OT issues Wednesday for between E1.5-2.0bln. This is the first time the IGCP has sold 2 bonds at one auction and marks the largest bond auction in its history. In addition, the IGCP intends to reopen between 5 to 7 OT series, via auction, in the second quarter, which also marks a busy quarter.

The 2012 OT was last sold on Apr 8 for E760mln at average yield 3.83% and covered 1.45 times. This is the first auction of the 2020 OT that was first sold via syndication in February via syndication for E3.0bln at mid-swaps +140bps, which equated to +163.7bps vs 3.25% 2020 Bund. This issue currently trades at +121bps, and whilst rich comparatively, the Greek backstop deal is seen underpinning demand. Portugal is aiming to sell between E20.0-E22.0bln worth of OT bonds in 2010, which will satisfy the lion's share of the country's total borrowing need of E24 to 25.0bln.

Italy is due to tap its 5-year 3.00% Apr 2015 BTP and 15-year 5.00% Mar 2025 BTP benchmark issues for indicative size of E2.5-3.5bln & E1.5-2.5bln, respectively. This is the 3rd tap of the 5-year issue, which was first launched in January via syndication and adds to the total amount outstanding of E13.54bln. The issue trades at 2.73% yield or +28.2bps vs swaps and this is 29bps above the old 4.25% Aug 2014 BTP and around 9bps discount in ASW terms, which is seen as cheap. This issue was last sold on Mar 12 for E3.5bln at average yield of 2.725 and covered 1.47 times. The 15-year 5.00% Mar 2025 BTP issue trades at 4.45% mid-yield or 73.9bps vs swaps. This issue was last sold on Feb 12 at average yield 4.50% and then covered 1.55 times. Results are due at around 0910GMT.

Euro Bund Futures



COMMENTARY: June Bunds closed the gap left by the 12 Apr open as the contract regains ground within the daily Bollinger band. However, the daily studies remain weak and follow a bear-cross in the MAs, so recovery may be tough work.

Equities & Corporate Bonds

A somewhat **mixed earnings** report from Alcoa on Monday night saw European equity indices drop into moderately negative territory yesterday, with the mining sector weighing on sentiment.

However, in the US, a fall in energy prices boosted **consumer stocks** and helped the main markets to eke out small gains, with the Dow managing to stay just above the 11K level.

Overnight, **Intel** has produced some extremely robust Q1 results, with the tech bellwether reporting a 44% increase in revenue and a quadrupling of profit to \$2.4 billion, together with a bullish outlook.

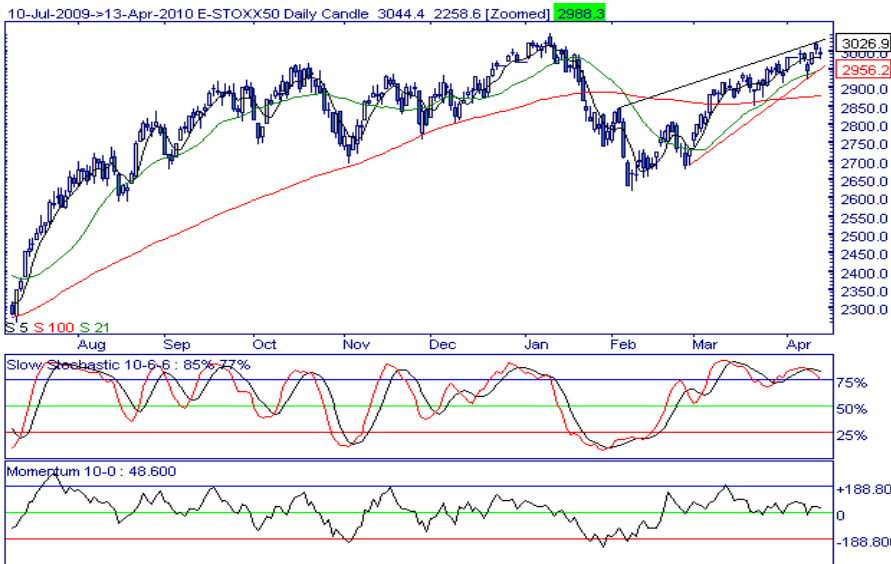
As a result, **Asian stock markets** are mostly higher, led by the tech stocks, with European stocks called higher on the open.

CDS indices are all tighter across the board, with the benchmark iTraxx Xover index currently around 4 bps tighter at the 392 bps, a new low for the current series. The credit market outperformed equities on Tuesday as the Xover index closed around 12 bps tighter, the first time the current index has closed below through the 400 bps level.

As for **Greece**, the country won itself some breathing space yesterday after an oversubscribed issue of short-term debt, but the markets have remained relatively unimpressed with Greek government bond spreads over 10 year bunds still trading at 368 bps level, 2 bps wider on the day.

It seems the country still has a mountain to climb in order to convince the markets it can turn its economy around.

EURO STOXX 50[®] Index



RES 4: 3169.1 50% retracement
 RES 3: 3044.4 High 11 Jan
 RES 2: 3019.5 High 12 April
 RES 1: 3017.0 Bollinger band

PREVIOUS CLOSE: 2988.3

SUP 1: 2980.0 5-day moving average
 SUP 2: 2956.1 Minor support line
 SUP 3: 2945.0 21-day moving average
 SUP 4: 2923.3 Low 8 April

COMMENTARY: Daily studies are mixed, with positive 10-day momentum but the daily stochastic study turning weaker as the move higher tests the top of the daily Bollinger band. This may encourage some profit-taking, although the Bollinger band is a rising target.

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Eurex Futures Market Closes

Contract	Last	Change	Open	High	Low	Volume	Open Interest
Fixed Income Futures							
Euro - Bund (FGBL)	122.98	0.31	122.70	123.13	122.62	920,852	969,626
Euro - Bobl (FGBM)	116.88	0.15	116.77	116.98	116.71	517,961	774,278
Euro - Schatz (FGBS)	108.73	0.06	108.69	108.75	108.67	450,777	1,656,853
Euro - Buxl® (FGBX)	100.84	0.42	100.60	101.08	100.28	2,337	45,187
Euro - BTP (FBTP)	116.80	0.04	116.76	116.86	116.60	5,373	22,259
Daily Volume and Open Interest						1,897,300	3,468,203
Blue Chip Index Futures							
EURO STOXX 50® (FESX)	2920.00	-12.00	2924.00	2937.00	2906.00	884,839	2,029,251
DAX® (FDAX)	6241.00	-20.00	6240.00	6263.00	6205.00	124,503	146,372
STOXX Europe 50® (FSTX)	2631.00	-8.00	2625.00	2640.00	2618.00	2,606	37,144
STOXX® Europe 600 (F600)	264.90	-0.70	265.30	265.30	264.40	54	6,152
SLI Swiss Leader Index® (FSLI)	1056.30	-3.70	1056.30	1056.30	1056.30	0	1,162
Daily Volume and Open Interest						1,012,002	2,220,081
Sector Index Futures							
STOXX® Europe 600 Banks (FSTB)	226.80	-0.80	226.90	227.60	225.90	2,035	27,825
EURO STOXX® Banks (FESB)	211.60	-0.80	211.60	212.30	211.60	109	13,635
STOXX® Europe 600 Industrial G&S (FSTG)	276.00	-1.20	276.10	276.10	274.80	150	22,324
STOXX® Europe 600 Insurance (FSTI)	159.40	0.00	159.50	159.70	158.80	113	17,865
STOXX® Europe 600 Media (FSTM)	166.30	0.00	165.60	166.60	165.60	89	8,245
STOXX® Europe 600 Utilities (FSTU)	332.00	-2.60	333.80	334.40	331.50	245	15,677
STOXX® Europe 600 Travel & Leisure (FSTV)	124.00	-0.30	123.90	124.50	123.90	19	8,753
STOXX® Europe 600 P&H Goods (FSTZ)	366.00	1.10	366.30	366.30	365.80	47	5,764
Daily Volume and Open Interest						2,807	120,088
Money Market Futures							
Three-Month EURIBOR (FEU3)	98.69	0.02	98.67	98.68	98.67	28	1,601
Daily Volume and Open Interest						28	1,601
Other Country Index Futures							
STOXX® Europe Small 200 (F2SM)	165.30	-1.10	165.10	165.10	165.10	110	9,971
STOXX® Europe Mid 200 (F2MI)	258.10	-0.80	258.80	258.80	258.10	78	8,277
STOXX® Europe Large 200 (F2LA)	280.20	-0.60	280.30	280.30	279.90	40	3,164
MDAX® (F2MX)	8,332.00	-32.00	8,349.00	8,375.00	8,301.00	346	12,981
TecDAX® (FTDX)	839.50	-0.50	835.00	843.00	832.50	323	8,102
SMIM® (FSMM)	1,361.00	-4.00	1,364.00	1,364.00	1,364.00	70	3,123
Euro STOXX® Select Dividend 30 (FEDV)	1767.00	-6.00	1774.50	1775.00	1769.50	76	4,570
Daily Volume and Open Interest						1,043	50,188
Commodity Futures							
Gold (FGFX)	1149.30	-15.90	1149.30	1149.30	1149.30	0	0
Silver (FSFX)	18.16	-0.33	18.16	18.16	18.16	0	10
Daily Volume and Open Interest						0	10



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