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

eurex European Market Outlook

Global Economic Trading Calendar

April 15, 2010

European data continues at 0900GMT with the latest Monthly Bulletin from the ECB, although this is usually just a repeat of the opening statement from the recent ECB press conference. Data at 0900GMT sees the EMU trade balance for February.

ECB speakers start at 0915GMT when ECB Governing Council member Axel Weber appears on a panel debate at the Eurofi High Level Seminar co-hosted by the Spanish EU Presidency, in Madrid.

US data starts at 1230GMT with the weekly jobless claims as well as the latest NY Fed Empire State Survey.

Initial jobless claims fall 20,000 to 440,000 in the April 10 week with adjustment factors still expected to make the data volatile. Meanwhile, the NY Fed Empire State index is expected to rise to a reading of 25.0 in April after falling slightly in March.

US data then continues at 1300GMT with the Treasury International Capital System (TICS) data, which is shortly followed at 1315GMT by Industrial Production and Capacity Utilization data. Industrial production is expected to rise 0.8% in March after the modest gain in February. Factory payrolls rose 17,000 in the month, with auto production jobs up 3,000. The factory workweek rose 0.2 to 39.9 hours, while the ISM production index rose to 61.1. Capacity utilization is forecast to rise to 73.4%.

Also at 1315GMT, European Central Bank board member Jurgen Stark and Dallas Fed President Richard Fisher are due to appear on a panel to discuss the status of crisis, at the Trans-Atlantic Economic Dialogue in Washington.

Further US data at 1400GMT sees the Philly Fed Survey, which is followed at 1430GMT by the weekly EIA Natural Gas Stocks data. The Philadelphia Fed index is forecast to rise to a reading of 20.0 in April.

Time (GMT)	Country	Event
0800	EMU	ECB publishes Monthly Bulletin for April
0900	EMU	EMU Feb trade balance
1230	US	10-Apr Jobless Claims, Apr-10 NY Fed Empire State Survey
1300	US	Feb-10 TICS data
1315	US	Mar-10 Industrial Production, Capacity Utilization
1315	US/EMU	European Central Bank board member Jurgen Stark and Dallas Fed President Richard Fisher on panel to discuss status of crisis.
1400	US	Apr-10 Philadelphia Fed Survey
1430	US	09-Apr EIA Natural Gas Stocks
1430	US	Richmond Fed President Jeffrey Lacker speaks
1615	US	St. Louis Fed President James Bullard speaks
1700	US	Apr-10 Housing Market Index (NAHB)
1740	US	Atlanta Fed President Dennis Lockhart speaks
1915	US	Richmond Fed President Jeffrey Lacker speaks

Content

Global Trading Calendar p.1

European Fixed Income p.2

Equities & Corp. Bonds p.3

Eurex Futures Closes p.4

Disclaimers p.5

European Fixed Income

European Government Bonds are opening lower Thursday on the back of gains in stocks overnight. The move comes as risk-appetite improves and also ahead of supply from France for up to E10.3bln.

Markets were also encouraged by stronger than expected **Chinese Q1 GDP** data, which confirmed earlier market rumours of a rise of 11.9%, marking the fastest annual rise in nearly three years. The report comes amid continuing speculation that the government is planning to announce its next policy steps to head off economic overheating and a move back towards its pre-crisis stance, with possible steps to include currency appreciation and/or a hike in benchmark interest rates.

In addition, markets also breathed a sigh of relief Federal Reserve Chairman Ben Bernanke who in response to a question at the Joint Economic Committee, said, "The Federal Open Market Committee has stated clearly that they currently anticipate that very low, extremely low rates will be needed for an extended period."

Bonds initially fell as his written testimony did not contain those words, but then rebounded, as markets concluded that the Fed chief did not bring forward the timing of interest rate hikes or, for that matter, of quantitative tightening.

"His comments on the economy differed little from those he made in a speech last week, and he was even more explicit regarding the outlook for interest rates. And so, with only two weeks to go before the Fed's policymaking Federal Open Market Committee meets again, it seems unlikely that the FOMC will hasten the day of tightening by significantly changing its policy statement", wrote MNI's Steve Beckner.

Looking ahead today, Google reports Q1 earnings after the market close and supply from France & UK is also eyed.

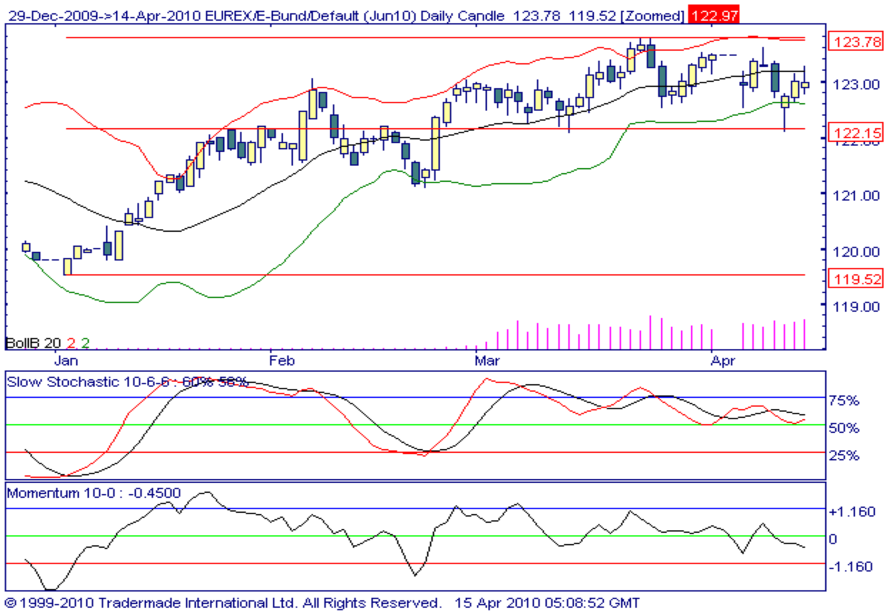
The **France Agence Tresor** (AFT) is due to tap 3 lines of BTAN issues and an old 10-year off-the-run OAT issue first sold in 2002. Most of the allocation is seen skewed to the 5-year benchmark 2.50% Jan 2015 BTAN issue, which was first sold on Jan 21 and auction adds to the E13.617bln. This issue was last sold on Mar 18 for E2.12bln at average yield 1.84%, cover 2.31 times. The 3.75% Jan 2013 BTAN was last sold on Feb 19 and the 3.00% July 2014 BTAN was last sold on Nov 19, 2009 and seen at the request of primary dealers, to eliminate any shortage -- strong demand is expected. The 5.00% Apr 2012 OAT was last sold on Oct 15, 2009 for E830mln and then covered 4.07 times at average yield 2.18%. French debt has underperformed Germany in recent sessions and this concession bodes well. That said, there is competing short-end supply this week.

The UK **Debt Management Office** (DMO) is due to re-open the 0.625% Nov 2042 IL Gilt issue on Thursday for Stg900mln nominal.

This is the first linker auction for FY2010/11 and the first tap since Oct 2009. Following the auction, the total amount outstanding is seen rising to Stg6.72bln.
The real yield is at 0.654%, and 30-year breakevens trading near 5-year highs at 3.87%, traders expect decent results on back of LDI demand. In addition, the recent DMO auctions since BoE halted its QE progamme, have been well received and once again good results are expected. The last tap on Oct 7 for Stg750mln was then covered 2.19 times. This issue was first launched via syndication in July for Stg5.0bln at real yield of 0.886% or -7bps versus the 1.125% Nov 2037 IL Gilt after the order book closed with bids of Stg8.0 billion with 61 orders. Results are due at around 0940GMT.

This follows a heavy slew of issuance so far from Germany, Italy, Portugal, the Netherlands along with Belgium's new 30-year OLO syndicated deal priced Wednesday. Supply is expected to total E32.63bln this week vs E13.1bln last week, according to MNI calculations.

Euro Bund Futures



RES 4: 124.00 100% projection
RES 3: 123.78 High, Bollinger band
RES 2: 123.60 High 8 Apr
RES 1: 123.20 21-day moving average

PREVIOUS CLOSE: 122.97

SUP 1: 122.60 Bollinger band
SUP 2: 122.12/15 61.8% & 38.2% levels
SUP 3: 121.85 100-day moving average
SUP 4: 120.78/84 Low 13 Nov, 4 Jan

COMMENTARY: The Hammer reversal candlestick on Monday may be playing out, although bulls really need a break above the 21-day moving average at 123.20 to be sustained as the 10-day momentum study remains soft and follows the recent bear-cross of the 5 & 21-day moving averages.

Equities & Corporate Bonds

It was a positive day for global **equity markets** on Wednesday as some robust macro and earnings newsflow pushed equities higher on both sides of the Atlantic.

Good retail sales and benign inflation data in the US and some encouraging industrial output data in the eurozone set the tone, with sentiment further boosted by comments from **Fed Chairman** Bernanke last night continuing to suggest that the start of the Fed's rate normalisation cycle is a way off.

This saw European and US stock indices post gains, with the Dow closing around 123 points above the 11k level and the S&P 500 closing above the 12k level, an 18 month high.

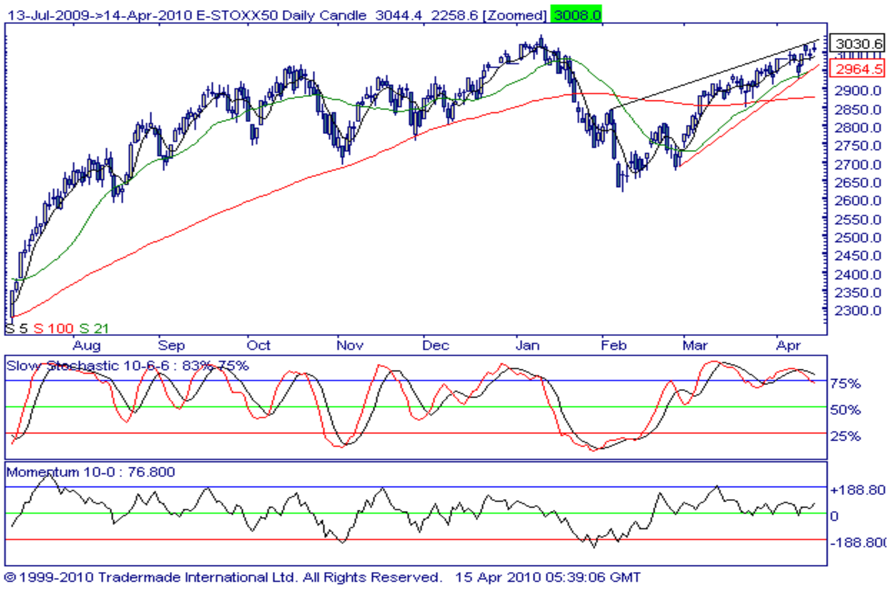
Financial stocks had a good day, on the back of the news that JPMorgan's Q1 results beat analyst estimates, with the US bank seeing its stock rally around 4%.

The only real concern in the markets was the ongoing situation in Greece with the country seeing its bond spreads over bunds move wider, spreads are now back out at 400 bps level, 6 bps wider on the day.

European credit markets underperformed equities to some extent, with CDS indices closing around unchanged levels, although in a relatively stable session, the benchmark iTraxx Xover index closed around the 396 bps level.

As for today, the equity rally has continued into Asia overnight, with European stocks called higher on the open, the Xover index is currently around 4 bps tighter.

EURO STOXX 50® Index



RES 4: 3169.1 50% retracement
RES 3: 3044.4 High 11 Jan
RES 2: 3025.0 Bollinger band
RES 1: 3020.8 High 14 April

PREVIOUS CLOSE: 3008.0

SUP 1: 2985.0 5-day moving average
SUP 2: 2964.3 Minor support line
SUP 3: 2950.0 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.

Eurex Futures Market Closes

Contract	Last	Change	Open	High	Low	Volume	Open Interest
Fixed Income Futures							
Euro - Bund (FGBL)	123.14	0.16	122.89	123.26	122.78	998,151	978,525
Euro - Bobl (FGBM)	117.01	0.13	116.85	117.06	116.79	636,038	759,775
Euro - Schatz (FGBS)	108.78	0.05	108.72	108.79	108.70	535,601	1,670,627
Euro - Buxl® (FGBX)	100.82	-0.02	100.98	101.00	100.56	5,219	45,073
Euro - BTP (FBTP)	116.72	-0.08	116.61	116.77	116.50	3,821	22,281
Daily Volume and Open Interest						**2,178,830**	**3,476,281**
Blue Chip Index Futures							
EURO STOXX 50 ® (FESX)	2941.00	21.00	2935.00	2952.00	2927.00	1,026,995	2,020,512
DAX® (FDAX)	6289.50	48.50	6272.00	6313.00	6256.50	127,522	148,908
STOXX Europe 50® (FSTX)	2647.00	16.00	2638.00	2657.00	2637.00	2,433	37,575
STOXX® Europe 600 (F600)	266.70	1.80	265.40	267.00	265.40	60	6,138
SLI Swiss Leader Index® (FSLI)	1062.10	5.80	1062.10	1062.10	1062.10	0	1,161
Daily Volume and Open Interest						**1,157,010**	**2,214,294**
Sector Index Futures							
STOXX® Europe 600 Banks (FSTB)	229.40	2.60	228.20	230.20	227.00	2,507	27,498
EURO STOXX® Banks (FESB)	214.20	2.60	211.60	214.50	211.60	546	13,637
STOXX® Europe 600 Industrial G&S (FSTG)	277.60	1.60	276.10	276.80	276.00	577	22,332
STOXX® Europe 600 Insurance (FSTI)	160.10	0.70	159.20	160.40	159.20	1,269	17,771
STOXX® Europe 600 Media (FSTM)	168.10	1.80	166.60	168.10	166.60	1,517	8,236
STOXX® Europe 600 Utilities (FSTU)	333.40	1.40	333.80	334.00	332.90	153	15,771
STOXX® Europe 600 Travel & Leisure (FSTV)	124.10	0.10	123.50	123.50	123.50	1,969	8,753
STOXX® Europe 600 P&H Goods (FSTZ)	365.20	-0.80	366.20	366.20	365.50	19	5,732
Daily Volume and Open Interest						**8,557**	**119,730**
Money Market Futures							
Three-Month EURIBOR (FEU3)	98.10	0.03	98.10	98.13	98.06	65	162
Daily Volume and Open Interest						**65**	**162**
Other Country Index Futures							
STOXX® Europe Small 200 (F2SM)	166.70	1.40	166.00	166.00	166.00	3	10,056
STOXX® Europe Mid 200 (F2MI)	260.00	1.90	259.60	259.60	259.50	30	8,305
STOXX® Europe Large 200 (F2LA)	282.00	1.80	280.80	280.80	280.80	61	3,132
MDAX® (F2MX)	8,457.00	125.00	8,370.00	8,472.00	8,360.00	459	12,944
TecDAX® (FTDX)	847.00	7.50	846.00	853.50	843.00	855	8,149
SMIM® (FSMM)	1,369.00	8.00	1,366.00	1,368.00	1,366.00	120	3,193
Euro STOXX® Select Dividend 30 (FEDV)	1780.50	13.50	1778.50	1783.50	1778.50	16	4,519
Daily Volume and Open Interest						**1,544**	**50,298**
Commodity Futures							
Gold (FGFX)	1160.50	11.20	1160.50	1160.50	1160.50	0	0
Silver (FSFX)	18.39	0.23	18.39	18.39	18.39	0	0
Daily Volume and Open Interest						**0**	**0**

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