

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



## Global Economic Trading Calendar

April 16, 2010

The **European finance ministers** and central bankers gather in Madrid for an informal Ecofin meeting from today.

This morning also sees the release of the **final HICP** numbers for March, where the EMU release at 0900GMT is expected to confirm the preliminary reading of 1.5% y/y.

**US data** starts at 1230GMT when the pace of housing starts is expected to rise to a 605,000 annual rate in March after dipping in February. The NAHB reported a decline in their March builders index.

At 1300GMT, **Fed Governor** Kevin Warsh appears on a panel at the 19th Annual Hyman Minsky Conference at the Levy Economic Institute of Bard College in New York.

US data continues at 1355GMT when the Reuters/University of Michigan Consumer Sentiment Index is expected to rise to a reading of 75.0 in early-April after holding steady at 73.6 in the previous two months.

This is followed at 1400GMT by the release of BLS State Unemployment.

Finally, at 1630GMT, Kansas City Fed President Thomas Hoenig addresses the Hyman Minsky Conference.

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Time (GMT)	Country	Event
0900	EMU	Mar-10 final HICP
1230	US	Mar-10 Housing Starts, Building Permits
1300	US	Fed Governor Kevin Warsh appears on panel
1355	US	Apr-10 Consumer Sentiment (UM)
1400	US	Mar-10 BLS State Unemployment
1630	US	Kansas City Fed President Thomas Hoenig speaks

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MNI Fixed Income Bullet Points

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## European Fixed Income

**European Government Bonds** are opening higher Friday, taking their direction from gains in US Treasuries overnight, with stock futures lower in the wake of Google Q1 earning results.

Greek spreads are seen extending their widening move as reports emerge that Athens may not issue a dollar-denominated bond after it begins its roadshow in the United States on April 20, according to comments from the head of the nation's government debt agency in an interview with the JiJi news agency published Friday. "I'm not sure if we are going to issue dollar-denominated bonds after (the road show)," PDMA chief Petros Christodoulou said. "The market conditions and the interest rate differential (between German and Greek government bonds) are obviously unsatisfactory," he noted. "The markets are refusing to receive the message from the Eurozone countries and the IMF. We are exerting pressure to make (the aid framework) clearer."

Greek Finance Minister George Papaconstantinou sent a letter Thursday to top officials in Europe and the International Monetary Fund, requesting talks to discuss the details of a contingency financial support plan for his country.

Though the letter makes clear that Greece is not yet asking for the help to be activated, the request for a meeting nonetheless suggests that, with Greek bond spreads once again widening and prospects for a U.S. dollar bond of up to \$10 billion are quickly evaporating, the formal request may not be long in coming.

**Eurozone** finance ministers on Sunday announced that they stood ready to provide loans to Greece of up to E30 billion in the first year of a 3-year plan, with more funding negotiable in subsequent years. As part of the plan, the **IMF** would contribute between E10 and E15 billion of its own money, sources said. But details of exactly how the EMU and IMF portions of the plan would mesh together have been vague to non-existent.

In addition, conflicting comments from EU members, reports of potential delays and legislative requirements needed to trigger the E30 billion worth of loans put on offer by EMU governments, pushed Greek 10-year spreads wider to five-day high above the 400 basis-point level at +427 basis points compared to the benchmark 10-year German Bund. That is just 16 basis points below the 11-year high hit on Thursday April 8, which was just before the EMU finance ministers agreed to a contingency 3-year loan plan for Greece. Greek 10-year spreads are currently 3bps wider at +403bps.

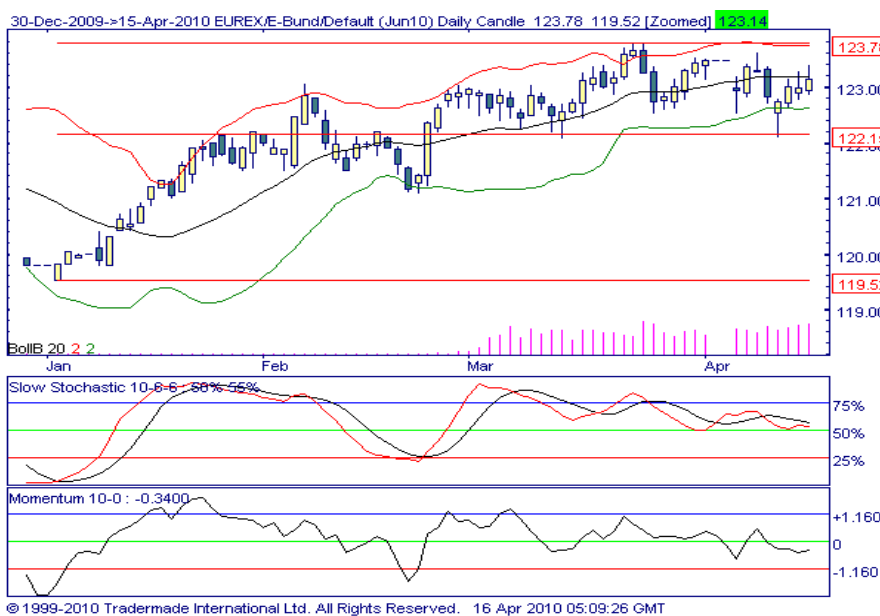
The ongoing Greek drama is likely to dominate discussions among finance ministers and central bankers, who meet in Madrid starting today.

Elsewhere, whilst **sovereign issuance** this week in the eurozone this week has been heavy, circa E31.69bln vs E13.1bln last week, supply next week is expected to ease to around E8.75bln or most likely E10.25bln if Slovakia issues its 10-year benchmark issue.

Ardal, Slovakia's debt and liquidity management agency, announced earlier this week that the due to the launch of the new 10-year benchmark syndicated issue, it has postponed the auction of 3.50% 2016 SlovGB 213 issue from April 19 to April 26.

In addition, net cash flows in the eurozone are expected to turn positive in the last two weeks of April, according to MNI calculations, which in turns are expected to underpin EGBs. There are two redemption payments next week from Ireland E789.9mln and Greece E8.22bln, but bigger reinvestment flow in the last week of April with redemption payments from France E16.04bln and Italy E13.51bln along with coupon payment from France for E14.0bln.

## Euro Bund Futures



## Equities & Corporate Bonds

**Equities** closed in positive territory on both sides of the Atlantic on Thursday, on the back of some robust earnings reports in the US (UPS and Yum! Brands).

In the US, the Dow closed around 145 points over the key 11k level and the S&P 500 managed to stay above the 1,200 level for another 19 month high. European stocks were in moderately positive territory across the board.

Overnight, both **Google** and **AMD** reported robust Q1 earnings, beating market estimates, although both companies saw their shares fall in after-hours trading on future plans in Google's case and a poor Q2 outlook from AMD.

**Google** reported net income \$1.96 billion, or \$6.06/share in Q1 up 38% \$1.42 billion from the same period last year and beat street estimates of \$6.60/share. Revenues after traffic acquisition costs were \$5.06 billion, also topping forecasts. However, Google shares suffered in after-hours session, with traders noting that the "whisper number" was perhaps much higher than street estimates and comments by CFO to increase spending on M&A and promotional activity in Q2. Traders also noted that CEO Eric Schmidt did not participate in the after-hours earnings call.

As a result **Asian stocks** are down, with Japan's benchmark stock indices ending Friday's session lower, weighed by the tech sector and a stronger yen.

Greek government bond spreads over 10 year bunds, which saw some volatile trade yesterday, look as if they have settled around the 400 bps level, after the country formally sought consultations with the IMF over a possible E30 bln loan package. A joint IMF and European mission to Greece is due to begin Monday and last about two weeks. Spreads are currently 3 bps wider at the 403 bps level.

Attention now turns to today's Q1 earnings from Bank of America Corp and General Electric. European stocks look like trading down in early trade, with CDS indices all mildly wider across the board, the benchmark iTraxx Xover index is currently around 5bps wider at the 401 bps level.

## EURO STOXX 50<sup>®</sup> Index



RES 4: 3169.1 50% retracement  
 RES 3: 3044.4 High 11 Jan  
 RES 2: 3032.0 Bollinger band  
 RES 1: 3020.8 High 14 April

PREVIOUS CLOSE: 3012.7

SUP 1: 3000.0 5-day moving average  
 SUP 2: 2972.5 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.

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## Eurex Futures Market Closes

Contract	Last	Change	Open	High	Low	Volume	Open Interest
<b>Fixed Income Futures</b>							
Euro - Bund (FGBL)	123.19	0.05	122.93	123.39	122.87	1,032,386	994,648
Euro - Bobl (FGBM)	117.08	0.07	116.90	117.17	116.88	591,212	783,323
Euro - Schatz (FGBS)	108.81	0.04	108.75	108.83	108.74	528,697	1,684,421
Euro - Buxl® (FGBX)	100.94	0.12	100.70	101.20	100.50	2,406	45,303
Euro - BTP (FBTP)	116.83	0.11	116.59	116.88	116.50	5,265	23,242
<b>Daily Volume and Open Interest</b>						<b>2,159,966</b>	<b>3,530,937</b>
<b>Blue Chip Index Futures</b>							
EURO STOXX 50® (FESX)	2941.00	0.00	2944.00	2956.00	2916.00	985,110	2,029,856
DAX® (FDAX)	6295.50	6.00	6291.00	6316.50	6256.00	133,479	157,460
STOXX Europe 50® (FSTX)	2664.00	17.00	2651.00	2678.00	2641.00	2,809	37,417
STOXX® Europe 600 (F600)	268.10	1.40	267.30	268.20	267.00	116	6,151
SLI Swiss Leader Index® (FSLI)	1067.90	5.80	1067.90	1067.90	1067.90	0	1,161
<b>Daily Volume and Open Interest</b>						<b>1,121,514</b>	<b>2,232,045</b>
<b>Sector Index Futures</b>							
STOXX® Europe 600 Banks (FSTB)	232.40	3.00	229.90	233.00	229.00	4,992	28,105
EURO STOXX® Banks (FESB)	215.30	1.10	214.20	215.70	211.60	728	13,660
STOXX® Europe 600 Industrial G&S (FSTG)	278.80	1.20	278.50	278.50	278.00	630	22,896
STOXX® Europe 600 Insurance (FSTI)	160.50	0.40	160.10	160.90	159.50	587	18,265
STOXX® Europe 600 Media (FSTM)	170.50	2.40	169.00	170.60	169.00	384	8,538
STOXX® Europe 600 Utilities (FSTU)	335.30	1.90	333.30	335.50	332.70	1,121	15,897
STOXX® Europe 600 Travel & Leisure (FSTV)	125.20	1.10	125.00	125.20	124.20	649	10,679
STOXX® Europe 600 P&H Goods (FSTZ)	365.10	-0.10	365.10	365.10	365.10	0	5,751
<b>Daily Volume and Open Interest</b>						<b>9,091</b>	<b>123,791</b>
<b>Money Market Futures</b>							
Three-Month EURIBOR (FEU3)	99.10	0.00	99.11	99.11	99.10	107	3,141
<b>Daily Volume and Open Interest</b>						<b>107</b>	<b>3,141</b>
<b>Other Country Index Futures</b>							
STOXX® Europe Small 200 (F2SM)	167.90	1.20	167.00	167.00	166.90	100	10,053
STOXX® Europe Mid 200 (F2MI)	261.80	1.80	261.70	261.70	261.70	90	8,305
STOXX® Europe Large 200 (F2LA)	283.20	1.20	282.60	282.60	282.00	5	3,175
MDAX® (F2MX)	8,483.00	26.00	8,497.00	8,508.00	8,440.00	685	12,977
TecDAX® (FTDX)	851.50	4.50	853.00	853.00	847.50	679	8,702
SMIM® (FSMM)	1,376.00	7.00	1,368.00	1,368.00	1,368.00	45	3,311
Euro STOXX® Select Dividend 30 (FEDV)	1785.50	5.00	1786.50	1786.50	1786.50	7	4,533
<b>Daily Volume and Open Interest</b>						<b>1,611</b>	<b>51,056</b>
<b>Commodity Futures</b>							
Gold (FGFX)	1155.50	-5.00	1152.10	1152.10	1152.10	10	0
Silver (FSFX)	18.27	-0.12	18.27	18.27	18.27	0	0
<b>Daily Volume and Open Interest</b>						<b>10</b>	<b>0</b>



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### Contact MNI:

Fixed Income Nick Shamim Head of FX and Fixed Income + 44 207 634 1615, [nshamim@marketnews.com](mailto:nshamim@marketnews.com)  
Equities Karl Loomes - Equities & Commodities Analyst + 44 207 634 1615, [kloomes@marketnews.com](mailto:kloomes@marketnews.com)  
Corporate Bonds Kevin Hanly - Head of Corporate Bonds (Europe) + 44 207 634 1615, [khanly@marketnews.com](mailto:khanly@marketnews.com)  
Technical Analysis Clive Tillbrook - Senior Technical Analyst + 44 207 634 1615, [clive@marketnews.com](mailto:clive@marketnews.com)  
MNI Sales - [uksales@marketnews.com](mailto:uksales@marketnews.com), [nysales@marketnews.com](mailto:nysales@marketnews.com), [asiasales@marketnews.com](mailto:asiasales@marketnews.com)

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