

European Market Outlook



Morning Briefing

February 9, 2012

A busy day Thursday, dominated by the ECB and BOE policy decision, although the backdrop continues to be the Greek debt saw/bailout talks.

Data starts at 0745GMT, with the release of the French January industrial investment survey. A string of UK data is scheduled for release at 0930GMT, with the release of January BOE Quoted Rates, December Trade data and December manufacturing and industrial output numbers. Also at 0930GMT, the CML mortgage repossession data is set for release.

At 1200GMT, the BOE releases its latest policy statement. Will the

Bank of England add stg50bn or stg75bn to its Gilt stockpile is of course the big question of the week. Recent communications has not made the answer to this question any clearer.

At 1245GMT, the ECB announces its rate decision, followed by President Draghi's press conference at 1330GMT. Current thinking is that there will be no further relaxation of monetary policy this month nor any extension or enhancement of the existing 3-year LTRO.

The US calendar kicks off at 1330GMT, with the release of the weekly jobless claims data. Initial jobless claims are expected to rise

3,000 to 370,000 in the February 4 week after falling in the previous week.

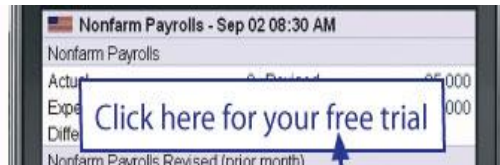
At 1500GMT, Wholesale Inventories numbers are released, the same time the UK policy forum the NIESR release their updated growth forecasts. at 1530GMT, the Regular IMF news briefing is being held.

Back in Europe, at 1800GMT, Bundesbank board member Joachim Nagel is set to participate in a debate about the future of the Euro, in Mannheim, Germany

The last scheduled event for the day is the US money supply data, due for release at 2100GMT..

Global Economic Trading Calendar

Time (GMT/ET)
0745/0245 French Jan ind investment survey
0930/0430 UK Jan BOE Quoted Rates
0930/0430 UK Dec Trade, Visible Goods Balance
0930/0430 UK Dec Industrial Production (%m/m,y/y)
1200/0700 UK Feb BOE Monthly Policy Decision
1200/0700 Verdi trade union to release wage demand
1245/0745 ECB announces rate decision, in Frankfurt
1330/0830 U.S. Wkly Initial Claims for Jobless Benef
1330/0830 ECB President Mario Draghi holds news conference
1500/1000 U.S. Wholesale Inventories
1500/1000 UK Jan NIESR GDP Growth Rate (%3m)
2100/1630 U.S. Money Supply



Markets

EUROPEAN STOCKS: Major European bourses are initially seen trading higher Thursday. Spreadbetters Cantor Index are calling the FTSE up 13, the DAX up 34 and the CAC up 16.

US STOCKS: US index futures are trading lower, although off their worst levels. The S&P Mar contract was last 1.9 points lower at 1345.1, having touched a low at 1340.80. Nasdaq Mar contract was down 1.75 points at 2543.0. Dow futures are also lower, down 20 at 12823.

TSYS: Treasuries are trading higher across the board Thursday, helped by dip-buying after overnight fall and increased unease over the Greek bailout deal. Japanese names are again the buyers of 10-year paper, taking advantage of yields above 2%. Good flows seen in morning trade, although slowing as ECB/BOE

meets loom. The yield on the 2y was last at 0.25%, with the 5Y at 0.82%, the 10Y at 2.01% and the Bond at 3.14%.

JGBS: Japanese government bond prices were mixed this morning as their early losses triggered by overnight declines in Treasuries were erased by short-covering in light of lower domestic share prices. Commercial banks that sold bonds to take profits in early trade appeared to be buying cash bonds later. March 10-year bond futures prices rose slightly due to short-covering, while the 30-year bonds were sold amid concern over investor demand for the supply of new 40-year bonds. THE Benchmark 10-year yield was flat at 0.985%

JGB AUCTION: An auction of Y400 billion re-opened 2.2% coupon

40-year #4 Japanese Government Bonds by the Ministry of Finance produced a lowest accepted price of 101.58 to yield 2.140%, with 29.6% of bids accepted the Ministry said Thursday. The bid/cover was 3.61 (3.92) times.

ASIAN STOCKS: Japan's benchmark stock indices ended Thursday's session mixed. The Nikkei ended down 0.15%, to stand at 902.24. The broader-based TOPIX was higher by 1.94 points at 784.28. The Hang Seng Index ends the morning session down 0.51% at 20,910.52. The benchmark Shanghai Composite Index ends the morning up 0.02% at 2,347.90.

OIL: Crude futures are trading flat in Asian trade Thursday. The front-month Nymex WTI contract was last 1 cent lower at \$98.70, having traded a range of \$98.66 to \$99.11..

Seize Your Opportunities on the Italian Government Bond Market

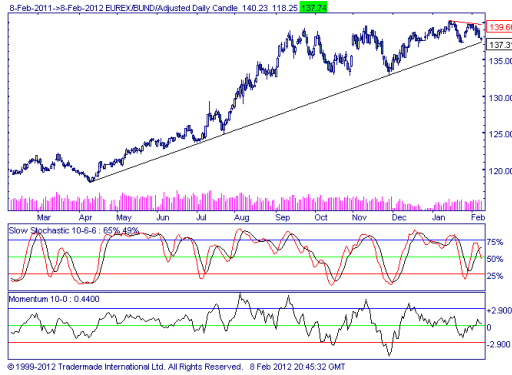
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Technical Analysis

BUND: (H12) Long-term Support Line Valued At 137.40



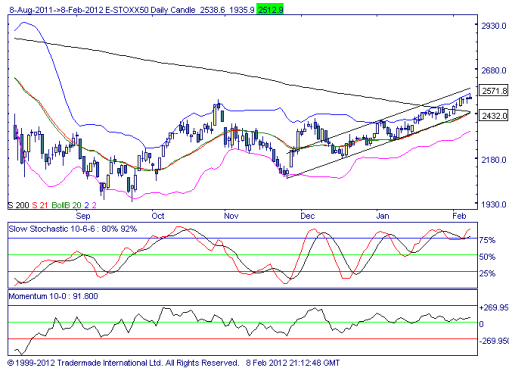
RES 4: 139.63/89 Resistance line from 13 Jan, High 31 Jan
 RES 3: 139.51/59 61.8% of 140.23-137.18, High 3 Feb
 RES 2: 139.14 High 6 Feb
 RES 1: 138.35 5-day moving average

LAST PRICE: 137.85

SUP 1: 137.18/40 Dble-day low 24, 25 Jan
 SUP 2: 137.03 Daily Bollinger band base
 SUP 3: 136.69 Low 21 Dec
 SUP 4: 136.59 50% retracement of 132.94 rally

COMMENTARY: H12 continues to trade with a heavy tone and approaching key long-term support line from April 11, 2011, which is valued at 137.40. The daily stochastic study is bearishly crossed and the 10-day momentum is also turning lower and threatening to break into negative territory. Break below 137.40 favours move to double-day low at 137.18 and daily Bollinger band is valued at 137.03.

Eurostoxx50: Potential Double-Top At Risk



RES 4: 2641.2 61.8% of 3077.2 to 1935.9
 RES 3: 2608.0 Low 11 July
 RES 2: 2560.0/2578 Low 25 Aug, 2010
 RES 1: 2540.8 Bollinger band top

PREVIOUS CLOSE: 2512.90

SUP 1: 2439.9 Support line from 25 Nov & 200-DMA
 SUP 4: 2397.5 Low 30 Jan
 SUP 4: 2329.9 Daily Bollinger band
 SUP 4: 2287.7 Low 6 Jan

COMMENTARY: Bulls remain in control with potential bull-cross of 21 & 200-day moving average's seen at risk, which implies the upside is the least path of resistance. The daily Bollinger band top at 2540.8 is initial resistance and given this is a rising target, focus is on projected channel top, which is today valued at 2578.

Eurex Futures Market Closes

Contract	Last	Change	Open	High	Low	Volume	Open Interest
Fixed Income Futures							
Euro-Bund (FGBL)	137.74	-0.28	137.78	137.96	137.50	626,953	884,980
Euro-Bobl (FGBM)	124.72	-0.10	124.71	124.82	124.56	430,428	703,529
Euro-Schatz (FGBS)	110.26	-0.05	110.30	110.32	110.26	431,336	1,110,513
Euro-Buxl® (FGBX)	123.94	-0.82	124.38	124.62	123.92	6,909	35,838
Long-Term Euro-BTP (FBTP)	102.23	-0.49	102.67	103.38	102.16	12,965	29,936
Short-Term Euro-BTP (FBTS)	105.27	0.07	105.35	105.50	105.07	1,274	7,624
Daily Volume and Open Interest						1,509,865	2,772,420
Money Market Futures							
Three-Month EURIBOR (FEU3)	99.11	0.00	99.12	99.12	99.11	265	6,419
Daily Volume and Open Interest						265	6,419
Blue Chip Index Futures							
EURO STOXX 50® (FESX)	2,529.00	16.00	2,522.00	2,540.00	2,510.00	934,053	2,530,534
DAX® (FDAX)	6,795.50	30.00	6,787.50	6,835.00	6,737.00	128,248	169,022
STOXX® Europe 50 (FSTX)	2,471.00	-3.00	2,480.00	2,491.00	2,467.00	2,849	51,320
SMI® (FSMI)	6,105.00	12.00	6,121.00	6,123.00	6,081.00	34,634	183,319
Daily Volume and Open Interest						1,099,784	2,934,195
Sector Index Futures							
STOXX® Europe 600 Banks (FSTB)	157.00	1.20	156.00	159.80	155.50	6,456	93,374
EURO STOXX® Banks (FESB)	120.70	1.80	120.00	122.00	119.20	81,546	266,073
STOXX® Europe 600 Industrial G&S (FSTG)	306.50	0.50	308.50	308.90	305.60	1,120	23,122
STOXX® Europe 600 Insurance (FSTI)	155.30	0.70	155.70	156.00	155.10	348	23,014
STOXX® Europe 600 Media (FSTM)	168.00	-0.50	168.90	168.90	168.00	36	11,439
STOXX® Europe 600 Utilities (FSTU)	266.90	-0.70	268.90	269.30	266.90	4,937	11,144
STOXX® Europe 600 Travel & Leisure (FSTV)	121.40	0.00	--	--	--	0	1,795
STOXX® Europe 600 P&H Goods (FSTZ)	445.70	-2.20	447.20	448.00	445.70	59	5,027
Daily Volume and Open Interest						94,502	434,988
Other Country Index Futures							
MDAX® (F2MX)	10,369.00	63.00	10,365.00	10,397.00	10,282.00	593	10,174
TecDAX® (FTDX)	777.00	12.00	765.00	777.00	765.00	186	7,604
SMIM® (FSMM)	1,197.00	-3.00	1,205.00	1,205.00	1,194.00	2,762	14,265
Euro STOXX® Selected Dividend 30 (FEDV)	1,514.00	11.00	1,520.50	1,520.50	1,513.00	62	5,354
Daily Volume and Open Interest						3,603	37,397
Dividend Derivatives							
EURO STOXX 50® Index Dividend Futures (FEXD)	114.20	0.20	114.10	114.60	114.10	21,146	616,088
Options on EURO STOXX 50® Index Dividend Futures (OEXD)	--	--	--	--	--	7,100	563,880
Daily Volume and Open Interest						28,246	1,179,968
Volatility Index Derivatives							
VSTOXX® Mini-Futures (FVS)	26.00	0.30	25.30	26.00	25.30	9,040	70,257
VSTOXX® Options (OVS)	--	--	--	--	--	5,100	114,955
Daily Volume and Open Interest						14,140	185,212
Commodity Futures							
Gold (FGFX)	--	--	--	--	--	2	35
Silver (FSFX)	--	--	--	--	--	0	11
Daily Volume and Open Interest						2	46



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