

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	4272.7	-0.4%			Last	Overnight Chg		Australia		
Dow Jones	12653.7	-0.1%	10 yr bond		96.21	0.02		10 year bond	3.74	-0.07
Nikkei	8793.1	-0.5%	3 yr bond		96.85	0.03		3 year bond	3.21	-0.07
Hang Seng	20160.4	-1.7%	3 mth bill rate		4.36	0.00		90 day bill	4.36	0.00
Shanghai	2393.9	-1.5%	SPI 200		4238	-7		United States		
DAX	6444.5	-1.0%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.85	-0.04
FTSE100	5671.1	-1.1%	TWI	77.7	-	-	77.7	2 year bond	0.21	0.00
Commodities (close & change)			AUD/USD	1.0659	1.0655	1.0527	1.0593	3-month T Bill	0.05	-0.01
CRB Index	317.8	0.2	AUD/JPY	81.73	81.76	80.52	80.87	Other (10 year yields)		
Gold	1729.9	-9.2	AUD/GBP	0.6777	0.6774	0.6716	0.6747	Germany	1.79	-0.07
Copper	8420.8	-98.5	AUD/NZD	1.2920	1.2940	1.2877	1.2935	Japan	0.96	-0.01
Oil (WTI)	97.1	-1.4	AUD/EUR	0.8062	0.8078	0.8015	0.8070	UK	1.99	-0.08

Data as at 8.00am. Change from previous trading day (excl the SFE which is the change during the night session). Source: Reuters, Bloomberg.

Share Markets: Sentiment was weighed down European worries. Portugal's bond yields rose while a deal has yet to be reached between Greece and its private bondholders. The deal must be finalised so that Athens can meet a €14.5bn payment due in mid-March.

Markets weakened in Europe and the US. The Dow fell 0.1%, the S&P500 was down 0.3% and the Nasdaq fell 0.2%.

Bonds: US treasuries rose (ie. yields fell) as rising fears about contagion in the Euro zone supported safe-haven buying of US government debt.

Portuguese government bond yields rose to more than 17%, the highest in the euro era. Although Portugal has met fiscal targets, a weaker growth profile and escalating bond yields are heightening fears that they will require a second bailout. Italian 10-year yields rose 20bps, while Spanish 10-year yields rose 8bps.

Foreign Exchange: The US dollar index rose as investor sentiment waned, while the Japanese yen strengthened. The Euro weakened on heightened worries from Greece and Portugal. The Australian dollar also fell on European concerns but partially recovered to around 1.0595.

Commodities: The CRB index was largely unchanged, although most commodities fell on risk aversion and as the US dollar strengthened. Oil prices were also lower as a vote in Iran proposing a suspension of crude exports to Europe did not go ahead. Gold fell, while copper fell as much as 1%.

Australia: Fitch placed Australia's four largest banks on negative credit watch yesterday. It said that they "have a weaker funding profile than other similarly rated peers". The move brings Fitch closer in line with other credit ratings agencies, which currently have ratings for most of the major banks at AA. Last

December, Standard and Poor's downgraded the major four banks one notch to AA- on long-term debt.

Europe: Consumer confidence was revised slightly lower from -20.6 to -20.7 in the final estimate for January.

Spanish GDP contracted 0.3% in the fourth quarter, after posting no growth in the third quarter. Economic growth is being weighed down by austerity, tighter credit and weaker confidence.

European leaders have agreed that the European Stability Mechanism (ESM), Europe's permanent rescue fund worth 500 euro, will come into effect in July. However, leaders remain unreconciled with the limits of fiscal austerity.

United States: Personal spending was flat in December, weaker than expectations for a 0.1% rise. Encouragingly, personal income rose by 0.5%, suggesting that consumers are choosing to save rather than spend.

The Dallas Fed Manufacturing Activity Index jumped to 15.3 in January, the strongest in eleven months. Both new orders and shipments were higher, and have turned positive, after two months of decline. It further suggests that the US manufacturing sector is holding up.

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Today's key data and events

NZ Building Permits Dec exp 8.0% prev -6.4% (8.45am)
AU RPDData-Rismark House Prices Dec prev 0.1% (10.30am)
AU Private Sector Credit Dec exp 0.3% prev 0.3% (11.30am)
AU NAB Business Survey Dec (11:30am)
 Business Confidence prev 2 pts
 Business Conditions prev 1 pts
JP Jobless Rate Dec exp 4.5% prev 4.5% (10.30am)
JP Ind'l Prod'n Dec prelim exp 2.9% prev -2.7% (10.50am)
UK GfK Consumer Conf Jan exp -32 prev -33 (11.01am)
JP Housing Starts Dec y/y exp -1.5% prev -0.3% (4pm)
UK Mortgage Approvals Dec exp 54.0k prev 52.9k (8.30pm)
EZ Unemployment Rate Dec exp 10.4% prev 10.3% (9pm)
US Employment Cost Index Q4 exp 0.4% prev 0.3%
(12.30am)
US S&P/CS House Prices Nov exp -0.50% prev -0.62%
(1am)
US Chicago PMI Jan exp 63.0 prev 62.2 (1.45am)
US Consumer Confidence Jan exp 68.0 prev 64.5 (2am)
US NAPM-Milwaukee Jan exp 57.5 prev 57.8 (2am)

Times are AEST. All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data are house forecasts and for other countries are consensus.

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