

WEEKLY MARKET MONITOR

WEEK 18 / 29 APR - 05 MAY, 2013

THE WEEK IN BRIEF

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- ⇒ ECB May Never Need to Use Bond Buying Program
- ⇒ U.S Economy Grew 2.5% in First Quarter
- ⇒ Spain Aims to Balance Austerity and Growth
- ⇒ Japan Stands by Monetary Expansion as Deflation Accelerates
- ⇒ Europe Can Ease Deficit Cutting
- ⇒ Unemployment Claims in US approach 5 Year Low
- ⇒ House Votes 361-41 to End Air Traffic Controller Lay Off
- ⇒ U.K Posts 0.3% Economic Growth Escaping Triple Dip Recession
- ⇒ Spain Unemployment Breaches 27% as Recession Lingers
- ⇒ Hyundai Motor Beats 1Q Net Income, Sales Estimate
- ⇒ Kia Profit Tumbles Steeper than Estimated 35% on Production
- ⇒ Expedia Earnings Top Expectations

GBP TECHNICALS



RESISTANCE	1.5625
	1.5660
	1.5720
SUPPORT	1.5520
	1.5470
	1.5430

GBP/USD's rally continues today and reaches 1.5526 so far. Intraday bias remaining on the upside and current rise from 1.4830 could target 1.5788. On the downside, below 1.5418 minor supports will turn bias neutral first. Overall, we're still treating rebound from 1.4830 as a correction. But break of 1.5196 supports is now needed to indicate completion. Otherwise, further rally will remain in favor. In the bigger picture, price actions from 1.3503 (2009 low) are treated as consolidations to long term down trend from 2.1161 and could have completed as a triangle pattern at 1.6380. Focus is on 1.4229 supports and strong break there should bring long term down trend resumption for a new low below 1.3503. However, strong rebound from or above 1.4229 will indicate that the whole pattern from 1.3503 is still in progress.

GOLD TECHNICALS



RESISTANCE	1490
	1508
	1522
SUPPORT	1440
	1410
	1398
	1372.610

GOLD appears to be settling into an upward channel finally after the break down from \$1,560 to below \$1,330 in a matter of two trading sessions. Gold traded between \$1,448 to \$1,483 ranges on Friday. Interestingly enough, there have been many reports that hedge funds had started to increase their bets on gold just before the metal dive down. It is very rare that we hear stories of hedge funds getting it so wrong. However, we are still of the view that, in the long term, gold remains a sound investment in the current economic situation of unprecedented stimulus from the global central banks. There has been over the past two week's record demand for physical gold across the key markets from India to China. There has also been chatter about significant purchases from central banks.

GLOBAL COVERAGE

INDEX	MARKET OPEN 22-04-13	MARKET CLOSE 26-04-13
DOW	14567.17	14715.55
S&P 500	1562.50	1582.24
NASDAQ	3233.55	3279.26

INDEX	MARKET OPEN 22-04-13	MARKET CLOSE 26-04-13
NIKKEI	13568.37	13926.08
HANGSENG	22044.37	22547.71
ASX 200	4966.55	5097.51

INDEX	MARKET OPEN 22-04-13	MARKET CLOSE 26-04-13
DAX	7478.11	7814.76
STOXX 50	2583.62	2683.43
FTSE 100	6280.62	6246.42

The **ECONOMY IN THE U.S** grew less than forecast in the first quarter as a drop in defense spending outweighed the biggest increase in consumer spending in two years. Gross domestic product rose at a 2.5 percent annual rate, lower than forecast, after a 0.4 percent fourth quarter advance, Commerce Department figures showed. A boost to wealth from rising stock and home prices combined with a reduction in savings to help Americans cushion an increase in the payroll tax that has now begun to pinch. Recent data signal the strength in other parts of the economy may also not be sustained as across the board cuts in planned federal spending, together with slower stockpiling, may be restraining investment and employment. In addition to consumer spending, growth in the first quarter was driven by a rebound in stockpiling and a gain in residential construction. Government outlays declined for the 10th time in the

past 11 quarters, restraining growth. Defense spending dropped at an 11.5 percent annualized pace following a 22.1 percent plunge in the last three months of 2012. That was the biggest back to back decline on average since 1954, when the military demobilized during the Korean War. Americans boosted spending by putting less money in the bank. The saving rate dropped to 2.6 percent in the first quarter, the lowest since the fourth quarter of 2007.

The **BANK OF JAPAN** maintained its unprecedented plan to boost money supply at a policy meeting and predicted inflation will almost match its target in two years even after a report highlighted deflation's grip. Consumer prices, excluding the impact of a sales tax increase and volatile fresh food costs, will rise 1.9 percent in the fiscal year starting in April 2015 according to the median estimate of BOJ board members published in Tokyo. A separate release showed that the gauge tumbled by 0.5 percent in March, the most in two years. BOJ Governor Haruhiko Kuroda's faith that monetary policy alone will end more than a decade of deflation weighing down the world's largest economy has run up against prediction of failure from former central bankers and ex colleagues from his Finance Ministry days. Policy makers may come under pressure to expand stimulus should prices continue to drop. Policy board members themselves are divided over the outlook for inflation, with some anticipating that consumer prices won't even rise at half the rate they set as a target this month. While the highest of their projections for fiscal 2015 is for a 2.3 percent consumer price gain excluding the tax increase, the lowest is 0.8 percent. The BOJ reiterated its commitment to enlarge the monetary base, a gauge of money that includes physical currency in circulation plus assets that financial institution hold at BOJ, by 60 trillion yen (\$607 billion) to 70 trillion yen a year. Economic growth may be 2.9 percent this fiscal year, followed by gains of 1.4 percent and 1.6 percent. Annualized growth was 0.2 percent in the fourth quarter last year.

CORPORATE NEWS

BRAZIL'S BB SEGURIDADE PARTICIPACOES SA sealed the world's biggest initial public offering in seven months at a time when confidence in the South American giant has ebbed because of concerns about high inflation and mounting government interference in some sectors of the economy. BB Seguridade, the pension, annuity and insurance unit of state controlled Banco do Brasil SA, raised 11.48 billion reais (\$5.74 billion) in the share offering, the world's largest IPO since Japan Airlines Co Ltd's \$8.5 billion listing last September. A successful pricing of BB Seguridade, alongside that of frequent flyer program Smiles SA, brings a much needed confidence boost to an IPO market that just a few years ago was one of the worlds hottest. Stung by a string of deals that failed to deliver promised returns, investors have for the past two years turned extra cautious on Brazil, casting a dark cloud over a pipeline of potential IPO transactions this year. Markets have been attentive to the potential of Brazilian IPO's, if the country gets things back on track, activity may become favorable.

GOOGLE search terms might provide warning signs of stock market moves, according to a paper published by Nature Publishing Group's Scientific Report. The paper "Quantifying Trading Behavior in Financial Markets Using Google Trends" analyzes volumes of queries related to 98 Google search terms between 2004 and 2011, and how those correlate with market performance. The co authors analyzed Dow Jones closing prices on the first trading day of the week and used the Google Trends service, a Tool that identifies related keywords, to determine how many searches have been made in that time period for search queries related to stock markets. The analysis uncovers the relationship between the volume of search queries for a specific term and the overall direction of trader decisions, according to the paper. A hypothetical investment strategy was also created for a portfolio using search volume data. We found that changes in the volume of certain Google search terms could be sued as early warning sign of subsequent stock market movement.

Online travel agency **EXPEDIA** beta on earnings but warned of a lower full year profit from its discount travel website Hotwire due to higher car rental rates and increased competition. The online travel agency's shares dropped more than 7 percent after initially popping more than 4 percent. Expedia reduced its forecast for growth in EBITDA by \$20 million citing weakness at Hotwire. The company however reaffirms its overall 2013 forecast for adjusted EBITDA of growth in the low double digits due to strong performance at Trivago a German travel site in which it acquire a majority stake earlier this year. Expedia said troubles at Hotwire began with super storm Sandy in October. The recent consolidation in the car rental industry made matters worse as it drove up rental rates, discouraging its price sensitive customers, Expedia said on the call. Hertz Global Holdings Inc bought smaller rival Dollar Thrifty last year for \$2.6 billion, leaving just three players to control about 95 percent of the U.S car rental market.

ENERGY & COMMODITIES

Exxon Mobil reported quarterly earnings and revenue that topped market expectations lifted by chemical product sales that allowed the company to counterbalance a decline in oil its traditional strength. The world’s most valuable company as measure by market capitalization saw oil production fall by 3.5 percent during the first quarter, amid volatile global oil markets. However, Exxon ramped up capital on exploration during the quarter, to \$11.8 billion up 33 percent from the comparable a year ago period. During the quarter Exxon saw its performance boosted by its refinery and chemicals businesses. The increase in profitability helped the company to distribute \$7.6 billion worth of dividends to shareholders. Yet Exxon’s earning beat was based largely on a buyback that cut the amount of shares outstanding by five percent. U.S oil production accounted for the majority of the company’s product sales, reflecting the recent energy boom in the world’s largest economy. After the earnings announcement, the company’s shares fell by nearly one percent in early trading on the New York Stock Exchange.

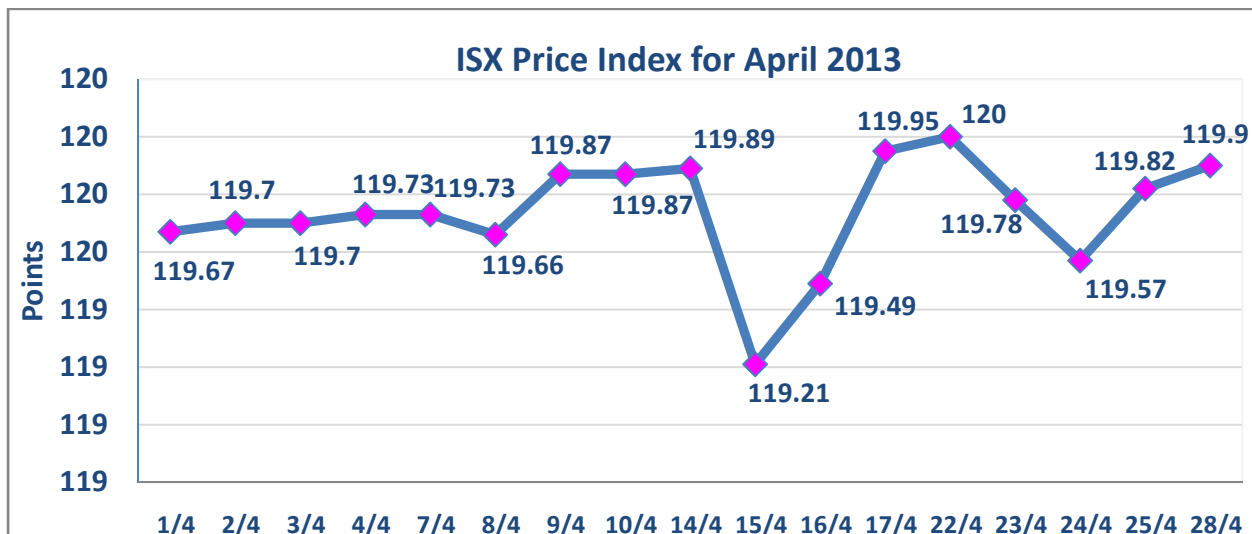
FOREIGN EXCHANGE

INDEX	MARKET OPEN 22-04-13	MARKET CLOSE 26-04-13
EUR:USD	1.3075	1.3028
GBP:USD	1.5228	1.5469
USD:JPY	99.79	98.02
USD:CHF	0.9312	0.9423
AUD:USD	1.0276	1.0274
XAU	1408.5	1461.9
XAG	23.34	23.96
WTI	88.22	92.85

The Dollar Index fell before U.S data today forecast to show consumer spending stagnated last month, boosting bets the Federal Reserve will renew its commitment to its bond buying program at a meeting this week. A government report showed on April 26 that the U.S economy expanded less than forecast in the first quarter, helping Treasury yields extend their monthly decline toward the steepest since May. The yen advanced against most major peers, including the Australian dollar, after a Chinese report showed


slowing profit growth in industrial companies, supporting demand for refuge assets. The U.S dollar will remain heavy, particularly as U.S bond yields stay low. The Fed meeting this week is not going to make any changes to policy or their statement. The Dollar Index, which IntercontinentalExchange Inc. uses to track the greenback against the currencies of six U.S trading partners, slid 0.2 percent to 82.308 in Singapore. The U.S currency dropped 0.4 percent to 97.64 yen and lost 0.2 percent to \$1.3051 per euro. It fell 0.3 percent to \$1.5525 per pound after touching \$1.5527, the weakest since Feb.15. The euro slid 0.2 percent to 127.44 yen. Japanese markets will be closed on Monday until May 3 for holidays, while those in China are shut for three days starting today.

IRAQI MARKETS



Company Name	Code	opening Price	highest price	lowest price	Closing Price	Trading Volume
Bank Sector						
Commercial Bank of Iraqi	BCOI	0.970	0.990	0.970	0.990	15,951,836
Bank Of Baghdad	BBOB	1.820	1.820	1.810	1.820	76,287,829
Middle East Investment Bank	BIME	1.610	1.640	1.610	1.610	914,251,519
Investment Bank of Iraq	BIBI	1.130	1.170	1.130	1.170	124,456,121
National Bank Of Iraq	BNOI	0.800	0.800	0.800	0.800	800,000
Credit Bank Of Iraq	BROI	2.520	2.520	2.510	2.520	12,216,796
Dar es salam Investment Bank	BDSI	2.990	2.990	2.970	2.970	8,950,000
Babylon Bank	BBAY	0.720	0.720	0.720	0.720	4,691,636
Economy Bank For Investment	BEFI	0.960	0.960	0.950	0.950	976,217
Gulf Commercial Bank	BGUC	1.270	1.270	1.270	1.270	99,695,000
Mosul Bank For Investment	BMFI	0.870	0.870	0.860	0.870	119,337,802
Union Bank of Iraq	BUOI	1.050	1.050	1.040	1.040	12,500,000
North Bank	BNOR	2.460	2.470	2.450	2.470	279,023,293
Kurdistan International Bank	BKUI	2.450	2.500	2.450	2.490	2,528,541
Ashur International Bank	BASH	0.830	0.840	0.830	0.840	407,409
United Bank	BUND	1.630	1.670	1.620	1.670	641,644,130
Total of Banks sector						2,313,718,131
Insurance Sector						
Gulf Insurance	NGIR	0.850	0.850	0.850	0.850	850,000
Total of Insurance sector						850,000

ECONOMIC CALENDAR

DATE	TIME	COUNTRY	EVENT	FORECAST	PREVIOUS	
MON 29	Tentative		Italian 10-y bond auction		4.66/1.3	
	17:00		Pending home sales m/m	1.1%	-0.4%	
TUE 30	04:00		ANZ business confidence			
	15:30		GDP m/m	0.2%	0.2%	
WED 1	17:00		CB consumer confidence	60.6	59.7	
	04:00		Manufacturing PMI	50.8	50.9	
	11:30		Manufacturing PMI	48.6	48.3	
	15:15		ADP non-farm employment change	153K	158K	
	17:00		ISM manufacturing PMI	51.1	51.3	
THU 2	21:00		FOMC statement			
	04:30		Building approvals m/m	1.3%	3.1%	
	11:30		Construction PMI	48.1	47.2	
	14:45		Minimum bid rate	0.50%	0.75%	
	15:30		Trade balance	-0.7B	-1.0B	
				ECB press conference		
				Trade balance	-42.1B	-43.0B
FRI 3			Unemployment claims			
	04:30		PPI q/q	0.3%	0.2%	
	All day		Bank holiday			
	11:30		Services PMI	52.5	52.4	
	15:30		Non-farm employment change	155K	88K	
				Unemployment rate	7.6%	7.6%
	17:00		ISM manufacturing PMI	54.1	54.4	

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