



## Market rallies after European Bond auctions

A whole host of catalysts prompted yesterday's rally; starting with positive comments from RBA meeting minutes regarding growth in China and Europe, followed by successful, well bid, bond auctions in Spain, Ireland and Belgium, exasperated by M&A with POT (+27.7%) rejecting a \$130 a share cash offer from BHP (which would be the biggest deal of the year by some stretch), and if that wasn't enough we also had positive industrial production data from the US (+1.0% v +0.5%e). The S&P opened strongly and continued to move higher until it found resistance at 1100 half way through the session. It never really looked to test the level, and we trended lower from there, accelerating some in the final half hour of trading. Despite the size of the move and the number of catalysts behind it, volumes were light, and down today vs accum. 20d avg. All sectors closed up on the day, with materials +2.3% leading the way.

Commodity	Price	1 Day Change
Brent Crude	75.95	-1.27%
Baltic Dry	2,515.00	1.09%
Gold	1,223.50	-0.25%
Copper	7,382.00	1.82%
Silver	18.40	-0.63%
Dollar Index	82.18	-0.06%

Currency	Price	1 Day Change
Eur / Usd	1.2873	-0.09%
Eur / Gbp	0.8229	0.47%
Eur / Yen	109.81	0.35%
Gbp / Usd	1.5643	0.37%
Usd / Yen	85.30	0.27%

Stock Index	Latest	1 Day Change
ISEQ	2,870	0.43%
FTSE 100	5,311	-0.74%
NIKKEI 225	9,241	0.86%
DOW JONES	10,406	1.01%
S&P 500	1,093	1.22%
NASDAQ	2,209	1.26%
CAC 40	3,652	-0.32%
DAX 30	6,197	-0.15%
EUROSTOXX	2,729	-0.30%

10 Year Benchmark	Yield %	1 Day Change
United States	2.60	-1.29%
United Kingdom	3.03	-0.98%
Germany	2.35	-0.76%
Japan	0.92	-2.33%
Ireland	5.23	-1.02%

## Strong Bond Auctions increases risk appetite

Global equity markets improved across the board yesterday as a degree of risk appetite returned to the financial markets yesterday. The firmer tone in Wall St. was triggered by positive earnings after retail giants Walmart and Home Depot reported positive earnings. These are significant when you bear in mind that consumer spending accounts for 70% of the US economy. All ten of the main S&P 500 categories rose by between 1-2% yesterday with the overall index up 1.2% at the close. It was a similar story across the pond with European equities posting even stronger gains. The scale of government debt in the euro zone periphery has weighed heavily on both risk appetite and the single currency. Investor sentiment, however, improved yesterday following the successful government bond auctions in the euro zone periphery. The Spanish and Irish governments sold €5.5bn and €1.5bn worth of debt. This has helped to narrow the 10-Yr government bond spreads (yield relative to German benchmark) over the last 24 hours. Indeed, the yield (or interest rate) on 10-Yr government debt has fallen by around 15bps since Monday.

The rise in US housing starts during July was weaker than expected (+1.7%) with downward revisions to the June figure. US building permits also fell back by over 3% in July which was weaker than the 0.5% decrease anticipated. On a positive note, the US industrial production figures surprised on the upside with the 1% m/m rise in July coming in at twice the growth rate anticipated. Manufacturing output surged by 1.1% during July as there were fewer car plant shutdowns for retooling. There are no major US releases out of the US today.

Meanwhile the main news out of the UK was the CPI figures for July. CPI inflation eased to 3.1% y/y in July in line with market expectations. There is little in the way of significant data due for release today with the latest BoE MPC minutes likely to attract the most attention.

## Top 5 Open Positions

Ticker	Stock	Price	BID now	Gain/Loss
AZN	AstraZeneca Plc	2760	3286.00	+19.06%
LGF	Lions Gate	5.59	6.47	+15.74%
EMC	EMC Corp	16.83	18.92	+12.42%
SKG	Smurfit Kappa	7.27	7.80	+7.29%
QQQ	Nasdaq Trust ETF	42.6	45.04	+6.15%

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