

News: Fed Reserve chairman's testimony sends equities lower

Fed Chairman Bernanke said yesterday in his semi-annual speech to the US Congress that the economic outlook remains "unusually uncertain", but that the central bank was ready to act if necessary. Previous rumours of a definite signal of stimulus in the speech did not come through and Tuesday's rally was unwound. European bank stress tests still dominate the newswires. Today sees another big day of earnings (Caterpillar, UPS and Microsoft), plus a heavy set of macro numbers (industrial new orders, existing home sales, leading indicators).

Commodity	Price	1 Day Change
Brent Crude	72.53	0.26%
Baltic Dry	2,351.00	-2.29%
Gold	1,211.60	0.44%
Copper	6,330.00	-2.84%
Silver	18.06	-2.98%
Dollar Index	84.64	-0.08%

Currency	Price	1 Day Change
Eur / Usd	1.2506	1.38%
Eur / Gbp	0.81982	-1.31%
Eur / Yen	109.97	-0.21%
Gbp / Usd	1.5205	1.56%
Usd / Yen	87.92	0.40%

Stock Index	Latest	1 Day Change
ISEQ	2,833	1.30%
FTSE 100	4,829	0.48%
NIKKEI 225	9,204	0.13%
DOW JONES	9,733	-0.42%
S&P 500	1,044	0.24%
NASDAQ	2,101	-0.37%
CAC 40	3,347	0.21%
DAX 30	5,875	0.30%
EUROSTOXX	2,528	0.36%

10 Year Benchmark	Yield %	1 Day Change
United States	2.93	-0.56%
United Kingdom	3.33	0.33%
Germany	2.57	0.27%
Japan	1.11	3.56%
Ireland	5.41	-1.13%

Portfolio Strategy: U.S. Economy in the spotlight

The last two months has seen a series of economic numbers that point to slower growth and a dwindling recovery. Unemployment rates remain high and inflation low.

Tuesday's rally was based on expectations that the Fed would signal additional QE measures. Yesterdays speech reassured Congress that rates will be held to very low levels for an extended period of time, but offered little hint that QE2 (as some have labeled it) is being considered.

However many commentators are sure that if this trend of soft US economic numbers continues we can expect some policy action, due to the political fact that midterm elections will be soon upon us.

Another round of stimulus could bring risk appetite back into the market. For now the risk trade is switching between on and off on a daily basis on low summer volumes.

Today's earnings expectations:

Company	EPS	Revenue
Amazon.com	0.55c	6.55B
AT&T	0.56c	30.91B
Bristol-Myers	0.53c	4.76B
Caterpillar	0.84c	9.74B
Microsoft	0.46c	15.27B
UPS	0.76c	11.95B
Xerox	0.21c	5.53B

Top 5 Open Positions

Ticker	Stock	Price	BID now	Gain/Loss
LGF	Lions Gate	5.59	6.5	+16.3%
EMC	EMC Corp	16.83	19.47	+15.7%
AZN	AstraZeneca Plc	2760	3195	+15.8%
QQQ	Nasdaq Trust ETF	42.6	44.65	+4.8%
SKG	Smurfit Kappa	7.27	7.57	+4.1%

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