



Week Ahead: Fed Decision and Iraq Tensions Eyed

Summary of key economic events

16 June	UK	House Prices
	Eurozone	CPI
	US	Industrial Production
		Capacity Utilization
		NAHB Housing Market Index
17 June	Australia	RBA Minutes of June Policy Meeting
	Japan	Tokyo Condominium Sales
		Machine Tool Orders
	UK	CPI
		Retail Price Index
		PPI
	Germany	ZEW Survey
	Eurozone	ZEW Survey Expectations
		Labour Costs
	US	CPI
Housing Starts		
18 June	Japan	Trade Balance
		Nationwide Dept Sales
	China	China May Property Prices
	UK	Bank of England Minutes
	Eurozone	Construction output
	US	MBA Mortgage Applications
		Current Account Balance
19 June	Australia	RBA FX Transactions
	Japan	Foreign Buying Japan Stocks
		All Industry Activity Index
	UK	Retail Sales
	US	Fed QE3 Pace
		FOMC Rate Decision
		Initial Jobless Claims
		Continuing Claims

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20 June	UK	Public Finances
		Central Government NCR
		Public Sector Net Borrowing
	Germany	PPI
	Eurozone	ECB Current Account
		Consumer Confidence

Source: Bloomberg

Performance of major stock market indices

	Index	End	2014		Daily	Percent Change		
		2013	June 12	June 13	Change	Daily	2014	Yr/Yr
North America								
United States	Dow	16576.7	16734.2	16775.7	41.6	0.2	1.2	11.9
	NASDAQ	4176.6	4297.6	4310.7	13.0	0.3	3.2	25.9
	S&P 500	1848.4	1930.1	1936.2	6.1	0.3	4.8	19.0
Canada	S&P/TSX Comp**	13621.6	14909.6	15001.6	92.0	0.6	10.1	23.1
Europe								
UK	FTSE 100	6749.1	6843.1	6777.9	-65.3	-1.0	0.4	7.4
France	CAC	4296.0	4554.4	4543.3	-11.1	-0.2	5.8	19.4
Germany	XETRA DAX	9552.2	9938.7	9912.9	-25.8	-0.3	3.8	22.0
Italy	MIB	18967.7	22163.5	22166.0	2.5	0.0	16.9	37.2
Spain	Ibex 35	9916.7	11088.5	11113.7	25.2	0.2	12.1	37.7
Sweden	OMX Stockholm 30	1333.0	1397.7	1390.2	-7.5	-0.5	4.3	18.1
Switzerland	SMI	8203.0	8671.0	8653.8	-17.2	-0.2	5.5	13.3
Asia/Pacific								
Australia	All Ordinaries	5353.1	5407.9	5383.7	-24.2	-0.4	0.6	12.7
Japan	Nikkei 225	16291.3	14973.5	15097.8	124.3	0.8	-7.3	19.0
Hong Kong	Hang Seng	23306.4	23175.0	23319.2	144.1	0.6	0.1	11.2
S. Korea	Kospi	2011.3	2011.7	1990.9	-20.8	-1.0	-1.0	5.4
Singapore	STI	3167.4	3293.0	3293.3	0.2	0.0	4.0	4.2
China	Shanghai Comp	2116.0	2051.7	2070.7	19.0	0.9	-2.1	-4.2
India	Sensex 30	21170.7	25576.2	25228.2	-348.0	-1.4	19.2	31.5

Data Source — Haver Analytics

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US markets

Buying interest remained somewhat subdued Friday as stocks moved slightly higher over the course of the trading day. The slim gains partly offset the pullback seen in the two previous sessions. The Dow Jones industrials were up 0.25% while both the S&P and Nasdaq added 0.3%. On the week, the Dow was down 0.9%, the S&P lost 0.7% and the Nasdaq was 0.2% lower. Concerns regarding the escalating violence in Iraq dampened buying interest.

Upbeat guidance from Intel contributed to the modest strength. The company cited stronger than expected demand for business PCs and said it now expects second quarter revenues of US\$13.7 billion, plus or minus US\$300 million, up from its previous guidance of US\$13 billion, plus or minus US\$500 million. For the full year, Intel said it now expects some revenue growth compared to its previous forecast for flat revenues. The company also lifted its gross margin guidance. OpenTable surged after Priceline Group agreed to buy the restaurant booking service for US\$2.6 billion in cash. Peers Yelp and GrubHub also advanced. Express jumped after private equity firm Sycamore Partners reported a 9.9% stake in the retailer and said it was interested in looking into a possible buyout. Citigroup dropped after reports the Justice Department has warned the bank it is seeking a figure close to US\$10 billion to settle investigations into how Citi handled securitized mortgages.

Gold at the afternoon London fixing was up US\$7.25 to US\$1,273.00. Copper futures were up 0.4% to US\$3.03. WTI spot crude was up 38 US cents to US\$106.91. Dated Brent spot crude was up 4 US cents to US\$112.46. The US dollar was up against the euro, Swiss franc, yen and the Canadian and Australian dollars. It was down against the pound. The Dollar Index was virtually unchanged. The yield on US Treasury 30 year bond was unchanged at 3.41% while the yield on the 10 year note edged up 1 basis point to 2.60%.

European markets

Stocks here ebbed lower as crude oil prices spiked to levels not seen since last year. Talk of an interest rate increase from the Bank of England weighed heavily on UK stocks and airlines came under heavy pressure thanks to rising oil prices. The FTSE was down 1.0%, the DAX declined 0.3% and both the CAC and SMI lost 0.2%. On the week, the FTSE retreated 1.2%, the CAC declined 0.8%, the DAX was down 0.7% and the SMI slipped 0.1%.

Both EasyJet and Lufthansa declined. Gerry Weber declined on disappointing first half results. Schneider Electric was down on a broker downgrade. Michelin and Axa were down. Barratt Developments, Land Securities Group and British Land were down after Britain's finance minister George Osborne said that in a bid to limit risk to financial stability from the housing market, he would increase the Bank of England's power to restrict borrowing.

Escalating violence in Iraq stoked concern about supply disruptions for Iraq. Militants calling themselves the Islamic State in Iraq and the Levant are heading towards Baghdad after seizing several cities in the country. US President Barack Obama said he won't rule out using air strikes to help the Iraqi government.