



Weekly Market Insight

August 20, 2010

NORTH AMERICAN & INTERNATIONAL ECONOMIC HIGHLIGHTS

Sifting Through the Data Rubble

By Avery Shenfeld

While this publication is typically devoted to looking at what comes next, it's worth spending a few moments in this case on the week gone by. Specifically, in reviewing just what we learned from the wreckage in two indicators that were historically seen as of secondary importance in tracking the US economy, but which caught a bit more attention this time around.

The first was the further rise in weekly claims for unemployment benefits to the 500,000 level, which took it visibly outside the prevailing sideways range that it had been stuck in for several months. There are two reasons for taking that news with more than the usual grain of salt.

First, it's unclear the extent to which the winding down of census jobs is affecting this series. There were still about 200,000 such temporary positions at the July payrolls count that are now in the process of disappearing. True, many of the census workers will not have worked enough to qualify for benefits, but some will, and others will apply in the hopes of success. Remember, these are "claims" for benefits, not "approvals." Testing for this distortion is problematic, because as it turns out, several of the census periods of the past decades also coincided with economic shocks that sent unemployment higher.

Second, the recent restart of extended benefits makes it more tempting to file a jobless benefit claim where the chances of success are less than 100%, simply due to the larger potential reward. We have observed similar impacts when benefits were extended or enriched in the past. The bottom line is that we will have to be patient and wait for the payrolls data in September to judge the implications of the rise in jobless claims.

The other downside surprise came in the Philadelphia Fed Index, which is by definition only a regional indicator, perhaps unduly influenced by how the demand for hoagies and a certain brand of cream cheese is faring. Draw a chart of that indicator for a few years back and the latest dive into negative territory looks ominous. But chart it going back several decades and one finds many similar and even deeper dives into negative terrain, particularly in early recovery years, ones that proved to be sustained expansions rather than double-dips.

None of this is to say that all is well with the US economy. The clouds are dark enough that we expect Bernanke to use his high profile platform in the week ahead to remind markets that he still has weapons available to combat recession and deflation risks. "Helicopter Ben" doesn't have the consensus on the FOMC to deploy that firepower yet. But it's not too early to start lifting inflation expectations (or, more precisely, combat deflation expectations) with a bit of verbal easing.

Market Snapshot

US	Current*	yesterday*	a week ago*	a month ago*	a year ago
TED SPREAD (bps)	19	20	23	35	25
10Y / 2Y SPREAD (bps)	210	216	216	238	246
2Y SWAP SPREAD (bps)	18	19	19	24	42
3M T-Bill (%)	0.14	0.14	0.14	0.14	0.14
LIBOR 1 MONTH (%)	0.26	0.26	0.27	0.33	0.27
LIBOR 3 MONTH (%)	0.33	0.34	0.37	0.49	0.39
2-YR BOND (%)	0.48	0.49	0.54	0.56	1.07
5-YR BOND (%)	1.40	1.44	1.45	1.67	2.52
10-YR BOND (%)	2.58	2.64	2.70	2.94	3.53
A Rated / 10Y TREASURY (bps)	167	166	170	170	194
B Rated / 10Y TREASURY (bps)	643	647	659	680	680
BB Rated / 10Y TREASURY (bps)	443	442	446	456	528
CANADA					
PRIME / BA SPREAD (bps)	182	183	184	187	185
CDOR 3 MONTH (%)	1.02	1.02	1.02	0.94	0.59
CDOR 3 MONTH / 3M T-BILL SPREAD (bps)	38	35	35	33	39
10Y / 2Y SPREAD (bps)	159	154	161	164	214
2-YR BOND (%)	1.31	1.40	1.39	1.57	1.30
5-YR BOND (%)	2.18	2.17	2.19	2.41	2.56
10-YR BOND (%)	2.90	2.94	3.00	3.21	3.44
A Rated / 10Y TREASURY (bps)	131	129	130	129	135
BBB Rated / 10Y TREASURY (bps)	183	181	181	187	188
CAN Sovereign Agency / 10Y TREASURY (bps)	41	41	42	41	49
Provincial / 10Y TREASURY (bps)					
ALTA	73	73	73	72	82
BC	95	96	96	92	89
MAN	86	87	85	84	85
NB	93	90	92	92	88
PEI	107	106	108	105	118
NFLD	116	115	116	112	118
ONT	103	102	102	99	97
QUE	107	107	106	103	105
SASK	106	106	104	104	87
NS	103	103	103	103	104
COMMODITIES					
WTI CRUDE FUTURE (US\$ / bbl.)	73.8	75.3	75.7	78.7	74.0
NATURAL GAS (US\$ / MMBtu)	4.2	4.3	4.3	4.6	3.0
SILVER (US\$ / t oz.)	18.0	18.5	18.1	18.1	14.2
GOLD (US\$ / t oz.)	1227.0	1234.3	1213.5	1196.8	954.5
WHEAT (US¢ / bu.)	681.5	677.8	722.5	594.8	471.0
SOYBEANS (US¢ / bu.)	1008.0	1040.3	1057.0	1013.5	1030.8
SUGAR (US¢ / lb.)	20.0	19.3	18.9	18.4	22.1
CORN (US¢ / bu.)	410.5	420.0	410.0	377.5	323.8
FX					
C\$ / US\$	1.049	1.031	1.037	1.040	1.081
US\$ / EURO	1.269	1.289	1.277	1.284	1.429
C\$ / EURO	1.331	1.328	1.324	1.335	1.545
YEN / US\$	85.600	85.260	85.850	87.330	94.650
US\$ / BRITISH POUND	1.550	1.566	1.558	1.538	1.652
SWISS FRANCS / US\$	1.038	1.031	1.053	1.051	1.063

* As of 11:00 a.m.

Note: Data is for reference only.

International Stock Indexes

Thursday, August 19, 2010

Index (Region/Country)	DAILY					52 WEEK				3-yr % chg
	High	Low	Close	Chg	% Chg - +	YTD % chg	High	Low	% Chg	
Global										
The Global Dow (World)	1860.05	1826.92	1834.3	-18.76	-1.01	-7.6	2087.12	1699.63	2.2	-7.7
The Global Dow (Euro) (World)	1357.43	1342.43	1342.43	-15	-1.11	3.1	1448.65	1180.97	13.1	-6.2
DJ Global Index (World)	221.22	217.51	218.3	-2.08	-0.94	-3.8	242.2	203.56	6.7	-8.1
DJ Global ex U.S. (World)	194.57	191.87	192.54	-0.77	-0.4	-4.3	210.96	170.93	6.2	-7.7
MSCI EAFE* (World)	n.a.	n.a.	1461.14	-8.5	-0.58	-7.6	1642.2	1305.13	0.5	-10.8
Asia Pacific										
DJ Asia-Pacific (Asia-Pacific)	124.24	122.83	124.07	1.09	0.89	0.8	132.22	111.94	8.1	-4.4
All Ordinaries (Australia)	4509.6	4487.5	4509.6	5.75	0.13	-7.6	5024.1	4250.6	2.7	-7.4
S & P/ASX 200 (Australia)	4479	4454.9	4479.02	4.11	0.09	-8	5001.9	4222.1	2.3	-7.6
DJ CBN China 600 (China)	25088.59	24696.86	24920.92	118.71	0.48	-14.2	29811.23	20950.68	-0.2	-11.5
Dow Jones China 88 (China)	239.24	235.26	237.73	1.83	0.78	-21.1	308.76	208.48	-13	-16.4
Shanghai Composite (China)	2701.93	2659.3	2687.98	21.68	0.81	-18	3338.66	2363.95	-7.7	-16.7
Hang Seng (Hong Kong)	21297.62	21023.3	21072.46	49.73	0.24	-3.7	22943.98	18985.5	3.7	1.1
Bombay Sensex (India)	18475.27	18276.5	18454.94	197.82	1.08	5.7	18454.94	15012.32	22.9	9.3
Jakarta Composite (Indonesia)	3118.37	3072.48	3105.35	33.26	1.08	22.5	3105.35	2285.93	33.4	17.6
Nikkei 300 (Japan)	172	170.21	171.97	1.81	1.06	-7.1	202.75	164.24	-10.9	-16.7
Nikkei Stock Avg (Japan)	9362.68	9242.84	9362.68	122.14	1.32	-11.2	11339.3	9081.52	-9.8	-15.1
Topix Index (Japan)	843.98	835.41	843.98	8.75	1.05	-7	998.9	811.01	-12	-17.1
Kuala Lumpur Composite (Malaysia)	1392.56	1385.93	1392.56	7.05	0.51	9.4	1392.56	1163.43	19.7	5.3
NZSX-50 (New Zealand)	3030.73	3015.59	3029.79	11.6	0.38	-6.2	3335.51	2933.82	-0.8	-8
KSE 100 (Pakistan)	9885.98	9705	9847.61	142.61	1.47	4.9	10677.47	7973.45	23.5	-8.1
Manila Composite (Philippines)	3560.39	3534.8	3560.39	25.59	0.72	16.6	3560.39	2720.18	30.9	7.3
Straits Times (Singapore)	2952.39	2922.72	2946.77	27.4	0.94	1.7	3025.04	2544.86	15.1	-1.3
Kospi (South Korea)	1781.07	1762.98	1779.64	17.65	1	5.8	1790.6	1524.5	12.9	2.8
Colombo Stock Exchange (Sri Lanka)	5577.47	5421.83	5568.5	146.75	2.71	64.5	5568.5	2522.92	120.6	32
Weighted (Taiwan)	7948.73	7886.73	7928.94	4.84	0.06	-3.2	8356.89	6654.8	17.8	-0.7
SET (Thailand)	892.89	885.55	891.23	11.21	1.27	21.3	891.23	640.98	39	5.5
Europe										
Stoxx Europe 600 (Europe)	259.49	253.84	253.9	-3.7	-1.44	0.3	272.14	229.65	10.6	-11
Stoxx Europe 50 (Europe)	2524.37	2465.95	2466.96	-39.08	-1.56	-4.3	2711.84	2285.13	5.7	-12.2
Euro Stoxx 50 (Euro zone)	2752.47	2674.68	2675.02	-53.64	-1.97	-9.8	3017.85	2488.5	0.4	-13.7
Euro Stoxx (Euro zone)	262.96	256.2	256.26	-4.48	-1.72	-6.7	284.91	237.29	3.3	-13.6
ATX (Austria)	2508.62	2452.51	2452.51	-27.5	-1.11	-1.7	2795.32	2216.84	2.6	-17
Bel-20 (Belgium)	2529.49	2474.08	2474.08	-38.53	-1.53	-1.5	2716.7	2290.72	7.1	-15.3
PX 50 (Czech Republic)	1198	1185	1188.3	3.7	0.31	6.4	1314.6	1092.8	4.5	-11
OMX Copenhagen (Denmark)	383.77	376.08	376.56	-3.7	-0.97	19.3	396.15	304.16	23.6	-5.4
OMX Helsinki (Finland)	6820.26	6698.26	6698.26	-43.87	-0.65	3.8	7452.62	5868.92	14.1	-14.6
CAC 40 (France)	3680.03	3570.35	3572.4	-75.53	-2.07	-9.2	4065.65	3331.29	1.9	-12.7
DAX (Germany)	6229.46	6070.83	6075.13	-111.18	-1.8	2	6351.6	5301.42	14.4	-6.3
BUX (Hungary)	22349.95	21909.14	21953.89	-206.31	-0.93	3.4	25322.96	18213.59	20.5	-4.9
FTSE MIB (Italy)	20713.19	20061.18	20115.69	-421.08	-2.05	-13.5	24425.98	18382.71	-6	-19.6
AEX (Netherlands)	330.27	321.76	322.37	-5.3	-1.62	-3.9	357.43	288.12	11.9	-13.6
All-Shares (Norway)	414.25	404.39	404.39	-7.43	-1.8	-3.7	444.01	342.44	15.5	-8.3
WIG (Poland)	42852.39	42081.73	42409.85	-182.91	-0.43	6.1	44078.65	35784.36	15.8	-9.1
PSI 20 (Portugal)	7494.26	7366.95	7366.95	-59.98	-0.81	-13	8882.69	6624.29	-4.5	-15.8
DJ Russia Titans 10 (Russia)	5507.48	5470.91	5470.91	-36.81	-0.67	-1.9	6071.02	4347.87	25.4	-6
RTS Index (Russia)	1471.43	1445.72	1445.72	-12.64	-0.87	1.3	1676.27	1018.5	41.9	-8.1
IBEX 35 (Spain)	10538.2	10225.6	10238	-153	-1.47	-14.3	12222.5	8669.8	-6	-10.4
SX All Share (Sweden)	331.07	325.04	325.13	-4.91	-1.49	8.6	337.54	269.58	18.6	-4.7
Swiss Market (Switzerland)	6400.56	6265.34	6281.35	-81.53	-1.28	-4	6967.56	5942.25	4.1	-9.7
Istanbul National 100 (Turkey)	59854.65	58595.39	58849.39	-594.04	-1	11.4	60737.28	44585.14	26.4	8.1
FTSE 100 (U.K.)	5336.4	5205.6	5211.29	-91.58	-1.73	-3.7	5825	4756.6	9.6	-4.9
FTSE 250 (U.K.)	9958.77	9833.63	9835.08	-51.71	-0.52	5.7	10690.08	8519.93	15.3	-2.7
Americas										
DJ Americas (Americas)	293.49	287.16	288.47	-4.84	-1.65	-2.7	324.75	260.52	9.1	-7.3
Merval (Argentina)	2470.77	2420.3	2429.28	-37.42	-1.52	4.7	2487.76	1743.64	37.5	8
Sao Paulo Bovespa (Brazil)	67712.83	66823.59	66887.13	-751.25	-1.11	-2.5	71784.77	55385.72	17.7	11.3
S & P/TSX Comp (Canada)	11801.15	11669.33	11710.18	-70.9	-0.6	-0.3	12280.97	10689.78	9.4	-3.6
Santiago IPSA (Chile)	4522.53	4481.36	4522.38	8.72	0.19	26.3	4522.38	3132.55	38	14.2
IPC All-Share (Mexico)	32421.2	31972.12	32153.63	-254.67	-0.79	0.1	34134.23	27749.16	15.1	4.1
Caracas General (Venezuela)	65024.75	64987.77	64987.77	...	unch.	18	66061.09	47989.9	35.4	17
Other Countries										
CASE 30 (Egypt)	6395.23	6356.01	6388.88	28.17	0.44	2.9	7603.04	5850.38	1	-6.4
Tel Aviv (Israel)	1171.74	1161.05	1162.43	-5.04	-0.43	1.5	1237.85	939.71	22.6	3.2
Johannesburg All Share (South Africa)	27491.06	27078.15	27148.75	-138.34	-0.51	-1.9	29565.1	24519.76	10.4	1.5

*Europe, Australia, Far East: U.S.-dollar terms.

Three year percent change is annualized.

Sources: Reuters; WSJ.com

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