HD **CMC Markets UK Plc: Indices stall again, Australia jobs disappoint as badly as Canada**

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[**Company** Release]

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The positive enthusiasm that drove markets around the world higher over the last 24 hours appears to be running out of gas this morning. Although the Dax has been able to consolidate yesterday"s breakout to an all-time high, European indices have been trading moderately lower, while US indices have also dropped back slightly as they encounter significant channel resistance near their previous highs.

As we move into the core part of earnings season individual news driven action may become the primary driver for stocks rather than big macro data for the next week until traders start to position for the big FOMC meeting at the end of the month. Today, Citigroup delivered the first big miss while Best Buy reported a 0.8% drop in same store sales over the holiday selling season.

In commodity action, natural gas is soaring ahead of today"s storage report with the street looking for a big drawdown off of last week"s polar vortex. The big question though is whether this may be the last hurrah for the season or if there is more cold weather to come?

The big action in currency markets today has been the collapse of AUD (and concurrent S&P/ASX rally) off of a very disappointing job report that was pretty much as bad as Canada"s. The big drop in full-time employment and a downward revision to last month"s job increase also spooked traders. This sparked speculation that the RBA may have to cut interest rates to manage the transition away from the resource boom. This weekend"s GDP data from **China** may give a better indication of the challenges facing resource exporters moving forward.

Corporate News

Bombardier had bad and good news today. The in-service date for its flagship C-Series jet program has been delayed to the second half of 2015 to accommodate a longer than expected test flight program. Offsetting this, it booked a C-Series order from Saudi Arabia worth up to $1.89 **billion** for up to 26 aircraft.

Highlights of today"s earnings reports include:

Goldman Sachs adjusted EPS $5.13 vs street $4.18

Citigroup $0.82 vs street $0.95

Economic News

Significant economic announcements released yesterday afternoon and overnight include:

US jobless claims 326K vs street 328K

US consumer prices 1.5% as expected vs previous 1.2%

Australia employment change (22K) vs street 10K; previous month revised down to 15K from 21K

Australia unemployment rate 5.8% as expected

Australia full-time jobs (31K) vs previous 15K

Brazil interest rate raised 50 bps to 10.50% more than the 25 bps increase to 10.25% that had been widely expected

Brazil retail sales 7.0% vs street 6.2%

Germany consumer prices 1.4% as expected

Eurozone consumer prices 0.7% as expected

Economic reports due later today include:

10:00 am EST US Philadelphia Fed street 8.7

10:00 am EST US NAHB housing market street 58

10:30 am EST US natural gas storage street (300 BCF)

11:10 am EST Outgoing FOMC chair Bernanke speaking

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COMPANY BACKGROUND

ACTIVITIES

CMC Markets UK been an established player in the spread betting industry for over 22 years. Last year alone we were trusted to execute over 31 **million** trades.

TOP MANAGEMENT

The Chief Executive Officer is Peter Cruddas

BUSINESS NEWS ROUND UP

16 January 2014: CMC Markets UK Plc: Europe cools ahead of another earnings dose from US banks.

[**Company** Release] European markets have cooled somewhat after yesterday"s rampant afternoon session, posting slight losses after Euro CPI inflation failed to excite after hitting estimates. Bulls won"t be too worried after yesterday"s session saw markets surge across the board, taking the DAX to new all-time highs and bringing the FTSE within sight of its 1999 peak of 6950.

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16 January 2014: CMC Markets UK Plc: Inflation data in focus in Europe and US

[**Company** Release] Another positive finish and a record close for the S&P500 in US markets last night has seen investors set aside concerns about Fed tapering and become more comfortable with the idea that, despite a poor payrolls number last week, the US economy looks set to continue to show resilience, helped by a more positive backdrop at home and in Europe, despite some concerns expressed last week that weather related problems were behind last week"s payrolls miss. Even if the weather was a factor, and this doesn"t seem likely, you would have thought that there would be some other evidence to support that belief, but thus far every piece of economic data from various surveys doesn"t support that conclusion, while the January Empire Manufacturing survey yesterday blew away market expectations on every measure, despite the recent unseasonably cold polar weather.

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15 January 2014: CMC Markets UK Plc: World bank"s global growth upgrade pushes Europe higher

[**Company** Release] An upgrade to the global growth outlook from the World Bank has given European stocks a kick this morning, adding to yesterday"s gains ahead of pre market earnings from Bank of America. Yesterday"s results from Wells Fargo and JP Morgan got us off to a decent start for the Banks, minus one off legal costs for the latter, and the figures are likely to be in focus on a day otherwise light in Economic data. Burberry stock has lost ground since CEO Angela Ahrendts announced her move to Apple back in October, but she will certainly be leaving the **company** in good shape, with today"s update confirming a 14% hike in retail revenue"s after a strong Christmas quarter.

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15 January 2014: CMC Markets UK Plc: Europe set to open higher after US rebound

[**Company** Release] It never ceases to amaze how financial markets can turn a negative into a positive and so it was with yesterday''s positive reaction to December''s US retail sales numbers and the subsequent rebound in the S&P500, but as with all things it depends on how the news is dressed up. Having experienced its worst decline in over two months on Monday, yesterday''s US **equity** market rally was the best performance so far this year, and was largely attributed to a 0.2% improvement in US retail sales for December, which was better than the 0.1% reading markets had been expecting. Dig a little deeper and the numbers tell a different story, because going into yesterday''s figures US retail sales for the fourth quarter were showing a rise of 1.3%, in the form of 0.6% for October and 0.7% for November. After the data release these previous numbers were revised down to 0.5% and 0.4% respectively, so in actuality we saw a decline of 0.2% to Q4 retail sales yesterday, and not an increase, as the net Q4 number fell back to 1.1%. Combine that with hawkish comments from new FOMC voting members Charles Plosser and Richard Fisher with respect to further cuts to monetary stimulus and fairly indifferent earnings releases from JP Morgan Chase and Wells Fargo and you wonder what has driven the moves of the last couple of days. The bond markets appear to have reacted to the Fed comments with 10 year yields jumping back 5 basis points, after Monday''s declines, while Europe''s markets also look set to open on a fairly positive note this morning, following the positive **lead** from the US and Asia. Today''s earnings announcements see Bank of America coming to the table while on the economic data front most of the attention will be on inflation and US factory gate prices for December, and Empire manufacturing for January followed by the Federal Reserve''s Beige Book of economic conditions which in the wake of last week''s disappointing payrolls numbers will be dissected for any evidence of the so-called weather effect cited by some commentators for the disappointing December employment number. Will the Beige Book survey of the Fed regions affirm that weather factors caused disruption to economic activity in the month of December? If not then that places a significant question mark over the accuracy of last week''s numbers. Given the poor weather seen on the eastern seaboard in the past three weeks the latest Empire manufacturing survey for January could well also be a weak number, even though analysts expect a reading of 4.5, up from 0.98 in December. As far as European markets are concerned the only data of note is the latest 2013 German GDP number which is expected to show a fairly weak performance for last year with a fall from 0.7% to 0.5%, though the economy ministry is likely to stress that economic performance is picking up sharply heading into 2014. EURUSD - the euro continues to struggle anywhere near the 1.3700 area but has made a higher low for the past four days which suggests that we could once again be heading back towards the main resistance, currently at 1.3875/80.

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14 January 2014: CMC Markets UK Plc: Late US sell-off and Asia slide set to see Europe open lower.

[**Company** Release] Since Friday''s disappointing payrolls report we''ve heard from a number of Fed policymakers who insisted that any decision to taper further would not be swayed by last week''s numbers with Atlanta Fed President Dennis Lockhart following St. Louis Fed member James Bullard by saying that he would continue to support further reductions in stimulus. This seems to have accounted for the sharp sell-off seen late yesterday evening which saw the S&P500 post its worst day in two months, as the dial starts to shift away from what had been until recently a one way bet on stock markets. Given that this year''s voting members now include the rather more hawkish Dallas Fed''s Richard Fisher and Charles Plosser of the Philadelphia Fed, the prospect of another reduction of stimulus at the end of this month, set against rather lofty valuations has seen investors decide to take some money off the table in a week that sees US earnings start to come in thick and fast starting with JP Morgan this afternoon. Given that Plosser and Fisher are also due to speak later this afternoon on the economic outlook it probably won''t take a genius to figure out that they could well be hawkish in any comments they make with respect to stimulus reduction, and this could well have been another factor behind yesterday''s weakness, along with Goldman Sachs suggesting that markets could be in line for a 10% correction. Despite this US bond markets have continued to see yields fall back suggesting that while **equity** markets might be worried about another taper bond markets aren''t, as yet. As a result we can expect to see Europe''s markets open sharply lower this morning with the main focus in the morning session likely to be on the latest UK inflation numbers for December. Last month saw UK inflation for November fall to a four year low at 2.1% largely as a result of falling fruit and vegetable prices and the fact that recent utility price rises had yet to kick in. In December the expectation is for prices to remain at 2.1% on an annualised basis despite the effect of these price rises, which does seem rather optimistic given the steepness of the rises, though month on month prices are expected to rise 0.5%. The thinking may be that heavy pre-Christmas discounting could well offset the effect of the higher gas and electric prices.

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