

Title:

Currency markets - Spanish property

Word Count:

437

Summary:

Summary of Overnight News:

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- Elsewhere, IBM's second-quarter profit rose nearly 11 percent, slightly exceeding analysts' forecasts despite another period of lacklustre revenue growth. Exec

Keywords:

currency markets

Article Body:

Summary of Overnight News:

- The FTSE-100 will open sharply higher this morning, pushed by a strong performance in New York last night.
- Elsewhere, IBM's second-quarter profit rose nearly 11 percent, slightly exceeding analysts' forecasts despite another period of lacklustre revenue growth. Executives acknowledged weakness in IBM's two biggest divisions, services and hardware.
- From April through June, IBM earned 2.02 bln Usd, 1.30 Usd per share, on revenue of 21.9 bln, the company said.
- In Asia, share prices rebounded in the morning session, after the Nikkei slumped over 400 points yesterday, as bargain hunters stepped back into the market supported by Wall Street's overnight rise.
- However, while the broad picture was brighter, there was a reluctance to push the upside too aggressively ahead of US June CPI data, Federal Reserve chairman Ben Bernanke's testimony to Congress starting later today, and a string of earnings reports from US high-tech firms such as Intel Corp, Apple Computer and Microsoft, due out this week.
- The Hang Seng ended the early session up 99.77 points at 16,143.71 while the Nikkei finished the morning better by 184.11 points at 14,621.35.
- Meanwhile, oil prices rebounded this morning in Asia as continued concern about Iran's nuclear program and Israel's attacks on Lebanon kept the market volatile, dealers said.
- New York's main contract, light sweet crude for delivery in August, was at

73.91 Usd a barrel, up 0.37 Usd from 73.54 Usd in late US trading overnight.
Brent North Sea crude for September delivery was up 0.58 Usd at 74.94 Usd.

USA

Figures out:

13:30 US CPI (Jun) %m/m Prev 0.4
13:30 US CPIX (Jun) %m/m Prev 0.3
13:30 US housing starts (Jun) k Prev 1957
13:30 US building permits (Jun) k Prev 1932
13:30 CA leading indicators (Jun) %m/m Prev 0.3
15:00 US Bernanke Report on Economy & Fed Policy

• A major London-based investment bank believes that, as was the case for June, the core CPI reading (13:30) will be the most important determinant of the FOMC's decision on 8 August. Given their relatively benign forecast for the June core CPI, they look for the Fed to (finally) pause in August, though it is a close call. Clearly, a 0.3% rise in the June core index would fundamentally alter the inflation picture and would, in their view, dictate another tightening next month. A more complete treatment of the monetary policy outlook is included in the discussion of Bernanke's Congressional testimony (15:00) where he will have a perfect opportunity to do two critical things:

- a) shape market expectations for the 8 August meeting and
- b) explain the Fed's thinking and give markets, Congress, and the public a roadmap for how the FOMC might respond to various scenarios over the next six months.

UK

Figures out: 09:30 BoE MPC Minutes Exp 7-0 Prev 7-1
EURUSD @ 1.2495 GBPUSD @ 1.8280 GBPEUR @ 1.4630 USDJPY @ 117.45