

European Futures Rise; Asian Stocks Decline

European stock futures rose, signaling a rebound from yesterday's tumble, before Spain and Italy hold debt auctions. Asian shares fell for a fourth day after HSBC Holdings Plc cut its 2012 growth forecast for China, while corn rallied and New Zealand's dollar strengthened. Euro Stoxx 50 Index futures gained 0.1 percent at 7:42 a.m. in London, while those for the Standard & Poor's 500 Index added 0.2 percent. The MSCI Asia Pacific Index (MXAP) dropped 0.4 percent in a fourth day of losses. The so-called kiwi strengthened against 15 of its 16 major peers after the country appointed a new central bank governor. Oil traded below \$80 a barrel, while corn cost the most since November as dry weather wilted crops. Moody's Investors Service downgraded 28 Spanish banks yesterday, including Banco Santander SA (SAN) and Banco Bilbao Vizcaya Argentaria SA, on concern about the government's ability to repay its debt and rising losses on real estate loans. Cyprus said it will seek a financial lifeline from the euro area's firewall funds, while Greek Prime Minister Antonis Samaras agreed to the resignation of his finance minister, Vassilios Rapanos, on health grounds. HSBC cut its projection for China's economic expansion this year to 8.4 percent from 8.6 percent. "We are still in a critical period with lingering concern over China's economic slowdown and Europe's debt problem," said Saharat Chudsuwan, chief investment officer at Bangkok-based Tisco Asset Management Co., which manages about \$4.7 billion of assets.

EU Summit The MSCI Asia Pacific Index has dropped 0.6 percent this year as Europe's worsening crisis and signs of a slowing global recovery wiped out an 11 percent gain recorded for the first quarter. Declines in the six-month period have been led by commodity producers. The Nikkei 225 Stock Average slid 0.8 percent today, the most in two weeks. European stocks declined for a third day yesterday on concern that the summit of the region's leaders starting on June 28 won't lead to decisive measures to contain its debt crisis and as Chancellor Angela Merkel hardened her resistance to euro-area debt sharing. France and Italy are urging Germany to take decisive action to end the region's debt crisis, now in its third year. Italy is scheduled to sell inflation-linked securities maturing in 2016 and 2026 today as well as 3 billion euros (\$3.8 billion) of zero-coupon bonds. Italy's 10-year yield rose 21 basis points to 6.01 percent yesterday, while Spain's increased 26 basis points to 6.64 percent. Spain will offer three- and six-month bills.

Spanish Banks At least a dozen Spanish lenders were lowered to junk status, Moody's said yesterday in a statement. The ratings company downgraded six banks by four levels and 10 by three grades with the rest getting one- and two-tier declines. The U.S. plans to auction \$35 billion of two-year securities today, the same amount of five-year debt tomorrow and \$29 billion of seven-year notes on June 28. Ten-year Treasury notes yield 1.61 percent, up from 1.60 percent yesterday. The kiwi strengthened 0.2 percent to 78.87 U.S. cents. Former World Bank official Graeme Wheeler was appointed New Zealand's central bank governor, replacing Alan Bollard and inheriting a policy that has maintained record-low interest rates for 15 months. Oil slid 0.2 percent to \$79.04 a barrel. A government report tomorrow may show U.S. gasoline stockpiles increased for the third time in four weeks. Corn futures

rose to \$6.0950 a bushel in Chicago. Morgan Stanley said in a report dated yesterday it's bullish on corn for delivery in December as the U.S. Department of Agriculture's production estimate for 2012-2013 may be at risk. The U.S. accounts for about 40 percent of the world's crop and the nation's farms are contending with the driest June since 1988.