UK's top share index rises

LONDON: Britain's top share index closed 0.6 percent higher on Monday, as gains in rebounding miners and strength in defensive issues more than offset weaker financials, which were weighed by ongoing eurozone debt issues.

The FTSE 100 rose 31.41 points at 5,092.33 in choppy trade. The index fell 2.5 percent last week, its fourth straight weekly decline and is down 6 percent in 2010.

Strength in miners was underpinned by bullish results from Randgold Resources, the top FTSE 100 riser, up 6.4 percent after the gold miner saw its full-year profit jump 79 percent.

Xstrata added 3.6 percent after the mining group reinstated its dividend, after it met expectations by posting a 41 percent fall in 2009 profit.

The sector was also rebounding from last week's sharp falls when it fell over 8 percent.

"The volatility index is up almost 20 percent in the United States over the last two weeks, moves which have been echoed over here and that tells you all you need to know about investor sentiment at the moment," said Richard Hunter Head of UK equities at Hargreaves Lansdown.

Oil firms also rebounded from recent falls with Royal Dutch Shell and BP up 1.2 and 0.5 percent respectively.

But BG Group, which reported downbeat results on Friday, fell 1.6 percent after its rating was cut to "equal-weight" by Barclays Capital following results on Friday.

Defensive plays were firmly on the front foot as appetite for risk receded, with pharmaceuticals and tobacco stocks strong performers.

AstraZeneca, GlaxoSmithKline and Shire added 0.2-1.8 percent, while Imperial Tobacco and British American Tobacco gained 1.7 and 2.3 percent respectively.

Among individual blue chip risers, International Power added 2.1 percent after a report in the Independent on Sunday said France's GDF Suez is mulling a revised offer for the British power generator, including a cash element. ICAP recovered 3.3 percent after Friday's plunge which was sparked by a profit warning, helped by a Credit Suisse upgrade to "outperform", with the broker calling the falls "overdone".

Brewing giant SABMiller rose 3 percent with fourth-quarter results due on Tuesday.

However, property company British Land, which is scheduled to report Q3 results on Tuesday, fell 1.7 percent.

Financial stocks took most points off the FTSE 100 as negative sentiment over euro zone debt problems weighed.

Barclays, Standard Chartered, Royal Bank of Scotland and Lloyds Banking Group fell 0.3-2.3 percent.

Life insurers Legal & General, Aviva and Prudential fell 2.4-3.5 percent.

Broker UBS raised its cash level in its global model portfolio and cut equities to neutral from a small overweight, saying risk premiums would remain high for some time on concerns over Greece, Portugal and Spain.

Over the weekend European finance ministers tried to assure their counterparts in the G7 that the eurozone's debt crisis is under control. They said they would make sure that Greece sticks with its budget cutting plans.

"The longer the debt fears go on the more it will add to market nervousness," Hargreaves's Hunter said.

Among other blue chip fallers, chip designer ARM Holdings eased 1.5 percent on its FTSE 100 debut, having replaced Cadbury at the close on Friday.

Wednesday's Bank of England Inflation Report will be the main focus for economic data this week.—Reuters

Monday's early afternoon trade

S&P, Nasdaq gain on upgrades, debt woes weigh on Dow

NEW YORK: The S&P 500 and Nasdaq edged higher on Monday as several bellwethers rose on brokerage upgrades and positive comments about the economy, but worries about eurozone sovereign debt problems limited gains.

Worries about Greece's financial problems and other fiscally fragile eurozone countries has dragged Wall Street about 7 percent lower since mid-January.

But brokerage upgrades lifted shares of Dow components Home Depot Inc, Walt Disney Co and Exxon Mobil Corp, though the industrial average drifted 0.1 percent lower.

In its upgrade of Home Depot, Morgan Stanley said it was optimistic about the home improvement chain's prospects as the housing market begins to recover.

JPMorgan cited improving economic conditions in its upgrade of Disney, but said the entertainment company's earnings recovery would lag its peer group.

Over the weekend, European finance ministers tried to assure their counterparts in the Group of Seven industrialised nations that the eurozone's debt crisis is under control.

"There's a tug-of-war in the markets between the good news of the upgrades and strong earnings, and the bad news of the European debt," said John Praveen, chief investment strategist at Prudential International Investments Advisers LLC in Newark, New Jersey.

"The macro picture for the United States is improving, and if we didn't have the debt issue, the markets would be rallying today on all the good news."

The Dow Jones industrial average fell 7.55 points, or 0.1 percent, to 10,004.98. The Standard & Poor's 500 Index gained 2.70 points, or 0.25 percent, to 1,068.89. The Nasdaq Composite Index was up 8.34 points, or 0.39 percent, to 2,149.47.

Financial stocks came under pressure. JPMorgan Chase & Co fell 1.1 percent to $37.89 and was one of the Dow's top drags, while Exxon and Home Depot were the two top boosts. Walt Disney was up 1.2 percent to $29.89, Exxon rose 1.1 percent to $65.07 and Home Depot climbed 3.1 percent to $28.84.

Lifting the Nasdaq was Amazon.com Inc, which Collins Stewart upgraded on a recent decline in the shares. The stock rose 1.5 percent to $119.18.

Other gainers included Hasbro Inc and CVS Caremark Corp, both of which rallied after reporting stronger-than-expected fourth-quarter results.

Hasbro also said it expects its revenue and profit to rise in 2010, sending its shares up 14 percent to $34.96. CVS rose 6.3 percent at $33.02.

On the downside, Nasdaq OMX Group Inc fell 3.5 percent to $18.15 after it reported fourth-quarter earnings and sales that fell from the prior year.—Reuters

NEW YORK: Traders work on the floor of the New York Stock Exchange on Monday.—Reuters

Nikkei sinks 1.1pc

TOKYO: Japan's Nikkei stock average sank 1.1 percent to a two-month closing low on Monday, with exporters such as Sony Corp hurt by a stronger yen, while anxiety over fiscal problems in Europe continued to dent investor confidence.

Kirin Holdings fell more than 7 percent after saying that it and fellow brewer Suntory had scrapped a plan to form one of the world's largest food and beverage makers, citing differences over governance and a merger ratio.

Toyota Motor Corp fell 1.1 percent to 3,280 yen despite spending much of the day in positive territory after its president apologised on Friday for safety problems and said the automaker would bring in outside experts to review quality controls.

A source familiar with its plans said later on Monday that the company is preparing a recall of its new Prius hybrid car as early as Tuesday in Japan, followed by similar steps in the United States, Europe and other markets.

"There's no real direction on European sovereign risk factors, which has led to buying of both the dollar and the yen as investor risk aversion increased," said Takashi Ushio, head of the investment strategy division at Marusan Securities.

The benchmark Nikkei lost 1.1 percent to 9,951.92, its lowest close since Dec. 10, though it dipped as far as 9,942.05 at one point.

The broader Topix lost 1.0 percent to 883.01.

Should the Nikkei break below the 200-day moving average, Ushio said the next support was likely around 9,800 — the 62 percent retracement from its recent low just above 9,000 on Nov. 27 and a 15-month high of 10,982.10 hit on Jan 15.

"Sovereign risks in Europe are coming to the fore, and stocks and commodities are falling almost in unison. That shows there are many funds who have been encouraged by the current liquidity but now they're pulling out due to mounting risks regarding liquidity," said Kenichi Hirano, operating officer at Tachibana Securities.

After the bell, Sumitomo Mitsui Financial Group, Japan's third-largest bank by assets, posted a three-fold rise in April-December profit, aided by an improvement in its stock portfolio and a decline in bad loans, and stuck to its full-year forecast.

On Monday the euro was down 0.4 percent at 121.92 yen, after falling as low as 120.64 yen on Friday to its lowest in almost a year. The dollar was trading around 89.34 yen after earlier falling further towards 89 yen.

Investors fret about a stronger yen as it eats into exporters' profits when they are repatriated.

Sony Corp slipped 3.6 percent to 2,973 yen, while Honda Motor Co declined 2.1 percent to 3,035 yen.

Panasonic lost 5.3 percent to 1,318 yen after market analysts said UBS had downgraded the stock to "neutral" from "buy", with additional downward pressure from the yen.

The move came even though the electronics maker reported on Friday that its quarterly profit jumped more than threefold to the highest level in five quarters as it cut costs and enjoyed robust TV sales, and lifted its outlook to beat market expectations.

The Nikkei business daily said on its website that Toyota was also considering a recall for the Sai and Lexus gasoline-electric hybrid models that use the same brake system as the Prius.

The stock has lost one-fifth of its value in the past two weeks.

Trading volume on the Tokyo stock exchange's first section slipped to 2 billion, its lowest since late January. Declining shares outpaced advancing ones by nearly 3 to 1.—Reuters

Closing stock market indices

LONDON: Here is how major stock markets outside the United States ended on Monday.

FRANKFURT: The DAX index ended at 5,484.85 points, up 50.51 or 0.93 percent.

PARIS: The CAC-40 index closed at 3,607.27 points, up 43.51 or 1.22 percent.

ZURICH: The Swiss market index closed at 6,347.14 points, up 82.81 or 1.32 percent.

MILAN: The FT IT All Share index closed at 21,425.45 points, up 90.37 or 0.42 percent.

SYDNEY: Stocks rose 0.16 percent as bargain hunters looked for good buys after the market slumped to a three-month low last week, but investors bailed out of retailer JB Hi-Fi, after it announced a new CEO. The S&P/ASX 200 index picked up 7.3 points to close at 4,521.4.

JOHANNESBURG: South African stocks broke two days of losses, on better-than-expected earnings, while the rand recovered some of its footing against the dollar after last week's heavy sell-off. The All-share index closed at 26,041.96 points, up 248.9 or 0.96 percent. The All Gold index closed at 2,208.24 points, up 49.81 or 2.31 percent, while the Industrial index closed at 20,613.64 points, up 161.21 or 0.79 percent.—Reuters

HK, Chinese stocks fall

HONG KONG/SHANGHAI: Hong Kong shares slipped to a five-month closing low on Monday, falling for a third consecutive session on mounting concerns that the euro zone's debt problems will hamper the global economic recovery.

The benchmark Hang Seng Index closed down 0.58 percent or 114.19 points at 19,550.89. The China Enterprises Index of top locally listed mainland Chinese stocks closed down 1.28 percent at 10,989.19.

Market turnover fell to HK$59.63 billion ($7.67 billion), its lowest level since Jan. 4, from Friday's HK$77.5 billion.

"The situation now has reversed. We are swinging back to fear, compared to previously, when we were on the greed side," said Ben Kwong, chief operating officer at KGI Asia.

Funds that had been borrowing US dollars at low interest rates to invest in higher-risk Asian stocks - known as carry trades - were unwinding their positions on the back of the strengthening US dollar, now seen as a safe haven in the current market turmoil, dealers said.

"The market will perform weakly in coming weeks because of the European debt situation," said Steven Lam, vice-president at Karl-Thomson Securities. "The Hong Kong market is highly linked to the volatility of the US dollar and if the US dollar continues to strengthen, carry trades will slow. Investor sentiment is weak."

Chinese property developer China Resources Land fell 0.96 percent, erasing its earlier 2.87 percent gain in early trade on news the company will join Hong Kong's benchmark blue-chip Hang Seng Index (HSI) on March 8, Hong Kong's stock index compiler said on Friday after its quarterly review.

China State Construction fell 2.66 percent after it said it would team up with two investors for a HK$400 million ($51.5 million) bond subscription, of which it would subscribe for half.

Shares of high-end fashion group Joyce Boutique fell 13.33 percent after it said Allied Wisdom International would take the company private and buy all outstanding shares it did not already own in Joyce at a discount of HK$0.20 each, for HK$88 million.

China's key stock index edged down 0.14 percent in shrinking turnover, with the banking and property sectors soft as bank lending curbs and the outlook for more new share supplies weighed on the market. The Shanghai Composite Index ended at 2,935.174 points, extending the previous week's 1.7 percent loss, the third weekly fall in a row.

Gaining Shanghai A shares outnumbered losers by 489 to 378, while turnover slipped to a four-month low of 73 billion yuan ($11 billion) from Friday's 110 billion yuan.

Activity is expected to thin out in the run-up to the one-week holiday for the Lunar New Year, which begins on Feb. 14.

Industrial & Commercial Bank of China, the world's biggest bank by market capital, slipped 0.41 percent while the Shanghai property sub-index dropped 0.48 percent to 4,010.197 points. —Reuters

Seoul shares slip on banks, Kumho issues

SEOUL: Seoul shares fell on Monday led by banking and Kumho Asiana Group related issues including Hana Financial Group and Kumho Petrochemical, amid renewed concerns about the group's financial position.

The Korea Composite Stock Price Index (KOSPI) finished down 0.91 percent to 1,552.79 points, the lowest close since November 27, 2009.

"The market lacks enough momentum for a rebound and worries about Europe's debt problems persist, though we do not think these will develop into a broader crisis," said Lee Jin-woo, a market analyst at Mirae Asset Securities.

Lee expected buying appetite to strengthen at the market's closing level, near the main KOSPI's 200-day moving average of about 1,555 points.

Kumho Asiana Group related shares tumbled amid worries about the parent group, after shares of Kumho Industrial were suspended from trading early Monday on rumours that the company might seek court protection.

Kumho Petrochemical shares ended down 9.55 percent to 16,100 won, the lowest close since March 2, 2009, and Kumho Tire lost 5.83 percent.

Shares in KB Financial Group fell 2.34 percent and Shinhan Financial Group retreated 3.29 percent. But defensive issues rose as investors turned increasingly risk-averse.

Shares in SK Telecom, South Korea's No.1 mobile carrier, gained 2.31 percent, and tobacco monopoly KT&G ended up 1.34 percent.

Institutions bought a net 101.5 billion won, and foreign investors offloaded a net 222 billion won.

Decliners outnumbered advancers 545 to 247 with 82 issues ending flat.

The KOSPI 200 March futures index ended down 1.25 points at 203.30, and the KOSPI 200 spot index fell 1.69 points to 203.37.

The junior Kosdaq market declined 2.0 percent to close at 487.41.—Reuters

European shares snap losing streak

LONDON: European shares snapped a three-day losing streak on Monday, boosted by defensive stocks such as drugmakers and commodities tracking crude and metal prices higher.

The FTSEurofirst 300 index of top European shares closed up 0.7 percent at 979.33 points in choppy trade, having been as high as 982.02 points and as low as 964.22 earlier.

"Markets are in a tug of war. There is a chance of stabilisation in the short-term," said Gerhard Schwarz, head of global equity strategy at UniCredit in Munich.

Over the weekend, officials from the European members of the Group of Seven industrialised countries vowed to hold Greece to its cost-cutting programme. But investors were waiting for European leaders to take further steps to address the region's debt crisis.

Defensive stocks were in favour. Drugmakers Sanofi Aventis, GlaxoSmithKline and AstraZeneca rose 1.1 to 2.5 percent, while food producer Nestle gained 2.2 percent.

Miners rose with the rebound in metal prices from last week's lows. Xstrata was 3.6 percent higher after it reinstated dividends, citing an encouraging outlook for commodities demand in the medium term.

Energy stocks were in demand, spurred on by a 1 percent gain in crude. BP, Total and Royal Dutch Shell were up 0.5 to 1.9 percent.

Banks rebounded from earlier falls. UBS, Banco Santander, Dexia and Credit Agricole were 1.9 to 4.7 percent higher.

However, Greek banks National Bank of Greece, Alpha Bank and Bank of Piraeus lost 5.4 to 8.5 percent.

Insurers were on the downside on concerns over the sector's exposure to sovereign debt. Aviva, Legal & General and Swiss Life slipped 2.6 to 3.5 percent. SAP fell 2.5 percent after the abrupt resignation of Chief Executive Leo Apotheker, as the market sought direction on where the world's largest business software company is headed.

Across Europe, the FTSE 100 index gained 0.6 percent, Germany's DAX was 0.9 percent higher and France's CAC 40 rose 1.2 percent.—Reuters

Indian shares spring back

MUMBAI: Indian shares pulled back from an early slide and eked out a 0.1 percent gain on Monday, after a recovery in their European peers helped soothe nerves. Beaten down telecoms Bharti Airtel and Reliance Communications led the rise.

The government forecast the economy would grow 7.2 percent in the current fiscal year that ends in March, picking up from a six-year low in the previous year and reinforcing market expectations of strong industrial growth.

The rebound could prepare the ground for a roll-back in stimulus incentives when the federal budget is unveiled on Feb. 26 and hasten an increase in interest rates to tame inflation pressures.

For the time being, however, investors will be watching the debt problems in Europe, traders said.

"The market will continue to be volatile in near term, until the global picture has some clarity," said Vaibhav Sanghavi, director of Ambit Capital. "The worries in the euro zone will weigh."

The 30-share BSE index ended up 0.13 percent, or 19.96 points, at 15,935.61, after falling 1.7 percent at one stage. Sixteen of its components gained.

Bharti, India's leading mobile operator, rose 2.7 percent to 308.30 rupees and rival Reliance Communications climbed 2.2 percent to 168.70 rupees. The stocks were the only ones to fall in 2009 amongst the constituents of the main index.

Banks gained on hopes for good long-term outlook in a growing economy.

Top lender State Bank of India rose 1.1 percent and rival ICICI Bank firmed 0.4 percent.

Non-ferrous metals producer Sterlite Industries gained 0.4 percent to 752 rupees as copper prices scored their biggest one-day gain since November.

Top power producer NTPC closed down 1.3 percent at 202.40 rupees after a muted response to its follow-on public offer that was just covered on the final day.

In the broader market, losers outpaced gainers in a ratio of 1.1:1 on volume of 334 million shares, down from last week's daily average of 394 million shares.

The 50-share NSE index rose 0.07 percent to 4,760.40.—Reuters

Key stocks, currency market movements

LONDON: The following table shows the latest close of key indices on major world stock exchanges, the day's change in points and the indices' 2010 closing highs and lows (with dates).

	Feb 08 Close	Day's Change in points	High	Low
NEW YORK	10013.44 (1300 EDT)	+1.21	10725.43 (Jan 19/10)	6594.44 (Mar 05/09)
LONDON	5092.33	+31.41	5538.07 (Jan 11/10)	3512.09 (Mar 03/09)
TOKYO	9951.82	-105.27	10982.10 (Jan 15/10)	7054.98 (Mar 10/09)
FRANKFURT	5484.85	+50.51	6048.3 (Jan 04/10)	3690.72 (Mar 03/09)
PARIS	3607.27	+43.51	4045.14 (Jan 08/10)	2519.29 (Mar 09/09)
SYDNEY	4521.4	+7.3	4950.7 (Jan 11/10)	3145.5 (Mar 06/09)
HONG KONG	19550.89	-114.19	22943.98 (Nov 16/09)	11344.58 (Mar 09/09)

Foreign Exchange/Gold Bullion Close in London

Euro/Dollar	1.3702 (1.3630)
Dollar/Yen	89.29 (89.28)
Pound/Dollar	1.5646 (1.5625)
Gold (ounce)	1069.35 (1052.85)

CDS indices widen further

LONDON: European credit default swap indices widened late Monday, pushing the Europe index to a fresh 4-month wide, on negative sentiment about sovereign risk. By 1529 GMT, the investment-grade Markit iTraxx Europe index was at 95 basis points, according to data from Markit, 3 basis points wider versus late on Friday, according to data from BGC Partners.

The last time the index was over 95 basis points was Oct. 2 last year, when it was at 98.75 basis points.

The Markit iTraxx Crossover index, made up of 50 mostly "junk"-rated credits, was at 502 basis points, 7 basis points wider.—Reuters

Major Southeast Asian stocks fall

COLOMBO: Major Southeast Asian stock markets fell on Monday due to growing worries over the eurozone's debt problems and the prospect of further turbulence on world markets, but Singapore bucked the trend.

At a weekend meeting, European ministers tried to reassure their counterparts in the Group of Seven that the eurozone's debt crisis was under control and that Greece would stick to its budget-cutting plan.

But analysts said Europe needed to go beyond words to restore confidence among investors that it would prevent a sovereign default.

"Sentiment is very weak," said a Singapore-based analyst. "I think there will be more downside than upside in the next few days."

Malaysia lost 1 percent to hit a three-month low, Indonesia eased 1.72 percent, hitting a six-week low, and the Philippines fell 0.3 percent to its lowest close since Sept. 23.

But Singapore's Straits Times Index gained 0.4 percent — recovering from a three-month low after falling 1 percent during the session — led by a 1.7 percent gain in Singapore Telecom and 1.6 percent in bank DBS.

Hong Kong stocks slid 0.6 percent, while the MSCI index of Asia Pacific stocks traded outside Japan was down 0.02 percent at 0935 GMT after the close in Singapore.

The Thai index fell 0.5 percent, recovering from a 2-1/2-month low during the session, led by a 3.6 percent fall in Bangkok Bank and 2.6 percent drop in top olefins maker PTT Chemical.

"The indicators for risk aversion remain cautious," said Rakpong Chaisuparakul, a strategist at broker KGI Securities in Bangkok, in a research note. "When coupled with the unstable politics at home, we see investment sentiment as negative."

The Thai government is bracing for a new round of protests in Bangkok by supporters of former premier Thaksin Shinawatra ahead of a Feb. 26 Supreme Court verdict on whether to confiscate $2.3 billion of his family's assets.

In Kuala Lumpur, financial shares dropped, led by a 1.6 percent fall in CIMB Group and 1.3 percent in Malayan Banking Bhd.

In Jakarta, index heavyweight Telkom Indonesia drove the market with a 2.8 percent fall, while market heavyweight Astra International lost 1.9 percent.

The Philippines lost 0.32 percent, closing at its lowest in 4-1/2 months, led by a 4.6 percent fall in Bank of the Philippine Island and 0.8 percent in the country's biggest firm, Philippine Long Distance Telephone Co.

Vietnam fell for the second session, losing 0.4 percent as investors booked profits ahead of a long holiday next week, with Petrovietnam down 2.6 percent and Vietinbank sliding 0.7 percent.—Reuters

Star Energy, other bonds gain in Asia

HONG KONG: New dollar bonds from Indonesia's Star Energy Geothermal rose on Monday, along with recent issues from two Hong Kong banks, as easing worries about the fiscal problems in Europe spurred demand for riskier assets.

The Asia ex-Japan iTraxx investment-grade index narrowed 4 basis points (bps) to 124/127, traders said. The index widened by as much as 11 bps on Friday, reflecting market concerns about debt problems of Greece and other eurozone members.

The Thomson Reuters Index of Asia emerging credit was quoted at 204.73 on a simple average basis and at 143.56 on a weighted average.

"The market is focusing more on the emerging sovereign crisis in Europe as the main driver of spreads right now," said Tim Jagger, Singapore-based head of Asia Pacific credit strategy at Royal Bank of Scotland.

Officials from the Group of Seven on Saturday said Greece would meet tough new targets to cut its swelling budget deficit. Greece plans to slash the budget gap to below 3 percent of GDP in 2012 from nearly 13 percent.

The overall positive tone in the market lifted Star Energy's bonds sold at par on Friday. The bonds due in 2015 were traded at 100.25/100.75 cents on the dollar, traders said.

Star Energy's $350 million issue attracted $1.1 billion in total orders, a source close to the deal said. Of the total debt sold, 44 percent went to buyers in Asia, 40 percent to the United States and the rest was sold in Europe.

By investor type, fund and asset managers accounted for the bulk at 73 percent, while banks got 15 percent, the balance went to retail and other investors.

Recent issues from lenders BOC Hong Kong, a unit of state giant Bank of China, and Dah Sing Bank also rebounded.

The 10-year BOC bonds were traded at 215 bps over US Treasuries, down from 220 on Friday. Dah Sing Bank's bonds due in 2020 were traded at 305 bps, down from Friday's 310, traders said.

The selloff on Friday prompted India's state-run Bank of Baroda to defer its 5-year dollar bond issue. But the postponement of the Indian lender's debt sale would probably not deter other potential issuers such as Bank of India.

In Indonesia, Jakarta's Pertamina is eyeing up to $1.5 billion in bond sale. The state oil and gas firm would use the proceeds to fund capital spending this year.

Asia ex-Japan raised a healthy $7.25 billion in sales of dollar-, euro- and yen-denominated bonds in January. This follows last year's aggregate of a record high $64.7 billion.

February has had a flying start with volume of over $4.6 billion in the first week alone.—Reuters