

Market Recap & Commentary August 6, 2008

With Fed remaining on the side line leaving rate unchanged, and most important of all sounding the inflationary alarm. Traders must take notice and be prepared for further inflationary pressure with Fed's "no-action" stance.

Yesterday, all ten sectors were reporting gains with the Financial (XLF +4.85%) leading and closely followed by the Consumer Discretionary (XLY 4.47%).

At the close, the DJIA (+331.62 +2.94% to 11615.77), S&P Composite (+35.87 +2.87% to 1284.88) and NASDAQ Composite (+64.27 +2.81% to 2349.83) were all up with an extra boost after the Fed's decision.

Overnight, **Australia's All Ords** index (+2.79% to 5018.10); **Shanghai** (+1.06% to 2719.37); **India's Sensex** (+0.75% to 15073.5); and **Japan's Nikkei** (+2.63% to 13254.98) all closed up strongly, continuing the momentum from the U.S. market, except the **Hong Kong** market which was closed due to typhoon.

At about 9am ET in Europe: the **French CAC** was up +0.58% to 4411; the German **DAX** up +0.06% to 6522; and the **UK FTSE** up +0.08% to 5459. There have been a bullish move in these indexes following an open that gained strength as oil prices continue to pull back.

The **DJIA futures** are at 11539 (-46), which indicates a lower open.

The \$USD closed up yesterday at \$0.7390 (up +0.63%), but so was the Euro (+0.04%), while the Yen, Pound, and Loonie dropped -0.01%, -0.41% and -0.63% to 92.36, 195.47 and 95.85, respectively. Lower oil prices had helped to push the Canadian dollar to its lowest level since September 2007. The U.S. dollar defended its gains against the euro despite a dovish statement from the Fed. Overall, it shows that the European Central Bank and euro-zone data are driving the euro versus dollar now.

Today the \$USD futures are up to \$0.74145, which is strong, and the Euro is down to 154.34. Crude Oil is down to 119.30/bbl.

The precious metals are getting a boost this morning; gold, palladium, platinum and silver at 9:00am ET are 880, 371, 1609 and 16.61 per oz respectively.

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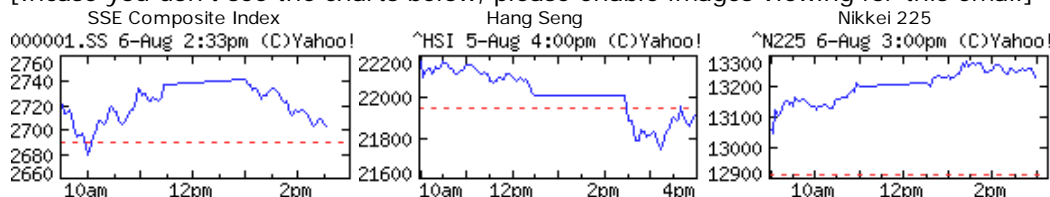
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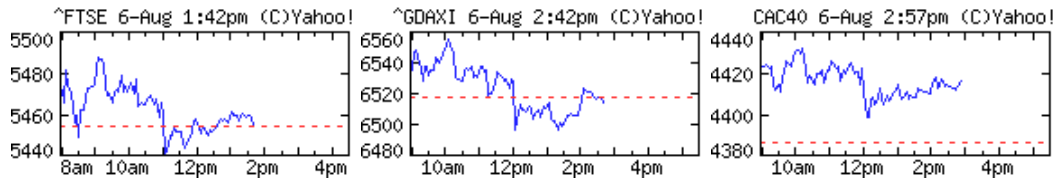
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Headlines From Reuters, WSJ, NYTimes, FT, Bloomberg, FP

- Reuters reports that the Fed held rates steady and indicated it would not raise rates soon.
- Bloomberg writes that Morgan Stanley (MS) has frozen some of its customers' home equity loans.
- Reuters reports that high commodities prices are pressuring margins at restaurants.
- Reuters writes that Fannie Mae (FNM) is raising its fees against ot help offset losses.
- Reuters reports that Starbucks (SBUX) has begun to offer an afternoon beverage discount.
- The Wall Street Journal reports that Citigroup (C) is in talks to settle auction-rate securities charges.
- The Wall Street Journal reports that Whole Foods (WFMI) missed earnings estimates.
- The Wall Street Journal reports that Barclays (BCS) will update investors on its write-offs.
- The Wall Street Journal reports that Toyota (TM) will take a write-down for US car leases.
- The New York Times reports that home energy prices are expected to jump sharply.
- The New York Times reports that Google (GOOG) will release a new set of tools to track the popularity of certain search terms
- The New York Times reports that Morgan Stanley (MS) will advise the US on the asset values of Freddie Mac (FRE) and Fannie Mae (FNM).
- Bloomberg reports that BNP Paribas earnings fell on increased bad debt provisions

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