



Weekly Global Market Commentary August 17th, 2009

Stock Market Performance

| | 8/14/09 | W-o-W | M-o-M | Y-o-Y |
|----------------------|---------|-------|-------|--------|
| BSX | 2,316 | 1.6% | -0.5% | -49.8% |
| DJIA | 9,321 | -0.5% | 11.5% | -19.8% |
| S&P 500 | 1,004 | -0.6% | 10.8% | -22.3% |
| S&P/TSX | 10,848 | -0.3% | 8.6% | -18.8% |
| S&P/TSX-V | 1,193 | 0.1% | 13.1% | -40.1% |
| FSTE100 | 4,714 | -0.4% | 11.2% | -14.3% |
| DAX | 5,309 | -2.7% | 11.0% | -17.6% |
| CAC | 3,495 | -0.7% | 13.4% | -20.9% |
| Nikkei | 10,597 | 1.8% | 14.4% | -18.2% |
| Hang Seng | 20,893 | 2.5% | 16.8% | -2.3% |
| Shanghai | 3,047 | -6.6% | -3.1% | 25.0% |
| MSCI World | 1,064 | 0.1% | 12.5% | -21.0% |

Market Recap - Week Ending 8/14/09

After a month of progress, markets took a breather last week with the Dow and S&P 500 falling 0.5% and 0.6%, respectively. In the U.S., wholesale and business inventories, retail sales, and consumer sentiment came in below expectations. Though there have been signs that the recession is ending, consumer and industrial spending continue to lag. In the rest of the world, signs of improvement have been more promising. Germany, France, and Hong Kong all reported unexpected GDP growth for the second quarter. Overall, real GDP in the Euro-zone declined only 0.1%, better than expected. Likewise, industrial production in both China and India rose healthily in recent months.

The Week Ahead

On Tuesday, the U.S. will report PPI and housing starts on Tuesday and will likely do little to juice markets. However, leading indicators on Thursday could cause volatility. A rise for the fourth straight month (as called for by consensus estimates) could give credence that the U.S. economy will begin to show growth in the third quarter.

At the beginning of this week, markets fell universally after Japan's economy grew less than estimated and after foreign direct investment in China fell. Concerns remain that the recovery won't be as easy as the recent gains in equities have implied. With +50% runs for most major indices over the last five months, a reprieve may be due.

Key Rates and Prices

| Currencies | 8/14/09 | Month ago | Year ago |
|------------|---------|-----------|----------|
| EUR | \$1.42 | \$1.40 | \$1.48 |
| GBP | \$1.65 | \$1.63 | \$1.87 |
| JPY | ¥94.94 | ¥93.50 | ¥109.74 |
| CAD | \$0.91 | \$0.88 | \$0.94 |
| CHF | \$0.93 | \$0.92 | \$0.92 |
| AUD | \$0.83 | \$0.79 | \$0.87 |

Fixed Income

| | | | |
|---------------------------|------|------|------|
| 3M LIBOR | 0.43 | 0.51 | 2.81 |
| 3M Treasury Bill | 0.17 | 0.18 | 1.86 |
| 2Yr Treasury Note | 1.05 | 0.94 | 2.43 |
| 10Yr Treasury Note | 3.57 | 3.47 | 3.89 |
| Fed Funds Rate | 0.25 | 0.25 | 2.00 |

Commodities

| | | | |
|-------------------|--------|--------|--------|
| Gold/oz. | 948.55 | 925.70 | 806.63 |
| Silver/oz. | 14.72 | 12.92 | 14.18 |
| Copper/lb. | 2.83 | 2.29 | 3.35 |
| Oil | 67.51 | 59.52 | 115.01 |

Global Economic Calendar (Aug. 17-Aug. 21)

- Mon:** NY State Manufacturing Index, Total Net TIC Flows (US); GDP (JPY)
- Tue:** RBA Minutes (AU); Leading Econ. Index (Jap.); CPI, Retail Price Index (UK); ZEW Survey - Econ. Sentiment (Ger.); Foreign Investment in Can. Securities (Can); Housing Starts, Building Permits, PPI (US)
- Wed:** Current Account (EMU); CPI (Can.); EIA Crude Oil Stocks Change (US)
- Thur:** Retail Sales (UK); Initial Jobless Claims, Leading Indicators (US)
- Fri:** Existing Home Sales (US); PMI Manufacturing, PMI Services (Euro-zone)

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