

Weekly Global Market Commentary

December 22nd, 2008

Stock Market Performance

	12/19/08	W-o-W	M-o-M	Y-o-Y
DJIA	8,579	-0.6%	7.3%	-35.0%
S&P 500	888	0.9%	10.1%	-38.9%
S&P/TSX	8,552	0.4%	0.7%	-36.1%
S&P/TSX-V	699	-2.7%	-4.3%	-73.1%
FSTE100	4,287	0.2%	7.0%	-31.8%
DAX	4,697	0.7%	7.9%	-40.1%
CAC	3,226	0.4%	4.5%	-41.3%
Nikkei	8,589	4.3%	3.8%	-42.9%
Hang Seng	15,128	2.5%	18.0%	-44.0%
Shanghai	2,018	3.3%	0.0%	-59.2%

For Immediate Release

Christmas Comes Early for Some

Last Friday, President Bush announced that up to \$17.4 billion would be available to GM and Chrysler in short-term financing. GM stock ended the week up 10%, helping the Dow finish down only 0.6% despite bigger declines in many of its components. Earlier in the week, the FOMC slashed the federal funds target rate to a range of 0%-0.25% and committed to use all available means to promote growth and price stability, including repurchasing agency debt, mortgage-back securities, and long-term Treasuries. The yield on 30-year Treasuries was driven down to an unappealing 2.6% while 3-month bills finished the week yielding virtually nothing at 0.005%. We recommend avoiding government securities for the time being as we expect a sharp correction in prices.

Short Trading Week

Going into this week, there will be a slew of U.S. economic news on Tuesday and Wednesday. Expectations are quite low so bad news shouldn't be a surprise. Almost all markets will be closed on Thursday for Christmas and Canadian and European markets will be closed on Friday for Boxing Day. Typically this time of year is characterized by thin trading. We also expect to see some flight to quality as portfolio managers try to clean up their year-end holdings. This may bode well for Blue Chip securities and not-so-well for riskier assets.

Key Rates and Prices

Currencies	12/19/08	Month ago	Year ago
EUR	\$1.39	\$1.25	\$1.44
GBP	\$1.49	\$1.50	\$2.00
JPY	¥89.31	¥95.73	¥113.43
CAD	\$0.82	\$0.80	\$1.00
CHF	\$0.91	\$0.82	\$0.87
AUD	\$0.68	\$0.64	\$0.86

Fixed Income

3M LIBOR	1.50	2.17	4.91
3M Treasury Bill	0.01	0.07	2.89
1Yr Treasury Note	0.74	1.06	3.10
10Yr Treasury Note	2.13	3.32	4.03
Prime Rate	3.25	4.00	7.25
Fed Funds Rate	0.25	1.00	4.25

Commodities

Gold/oz.	838.28	734.55	802.19
Silver/oz.	10.89	9.26	14.14
Copper/lb.	1.33	1.63	2.95
Oil	33.87	53.62	91.24

Global Economic Calendar (Dec. 22-Dec. 26)

- Mon: BoJ Monthly Econ. Survey, BoJ's Gov. Shirakawa Speech (Jap.); Industrial New Orders (E.M.U.); GDP (N.Z.)
- Tue: Current Account, GDP (U.K.); GDP, PPI, Personal Consumption, Existing Home Sales, Housing Price Index New Home Sales (U.S.)
- Wed: Core Personal Consumption Expenditure, Durable Goods Orders, Initial Jobless Claims, Personal Income, Personal Spending (U.S.); GDP (Can.); BoJ Minutes (Jap.)
- Thur: Christmas Holiday (Most markets closed); Jobless Rate CPI, Retail Trade (Jap.)
- Fri: Boxing Day (European and Canadian markets closed)

These recommendations do not represent specific trade ideas. Not suitable for all investors.

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