

Weekly market report

Monday 30 January 2012

Weekly highlights

US economy grows by 2.8 per cent in December quarter

The US economy grew by 2.8 per cent in the December quarter; the result was below expectations of 3.0 per cent growth.

A new economic report showed the US economy grew at its fastest rate for 18 months, with Gross Domestic Product (GDP) growth at an annualized rate of 2.8 per cent in the December quarter. However, the positive result was below forecasts of 3.0 per cent growth for the quarter. Over the 2011 year the US economy grew by 1.7 per cent.

The US commerce department report highlighted a strong rise in residential investment with house construction rising at an annualized rate of 10.9 per cent. Consumer spending rose by 2.0 per cent while corporate expenditure increased by 5.2 per cent in the quarter.

UK economy contracts

The UK contracted in the December quarter recording negative growth of -0.2 per cent

The UK economy contracted in the December quarter, recording negative growth of -0.2 per cent; this was slightly lower than forecasted. The December quarter growth was well below the September quarter, which recorded GDP growth of 0.6 per cent. Declines in manufacturing and construction output were the major reasons for the contraction in the economy. The result put GDP growth for 2011 at 0.9 per cent with growth forecasts of only 0.6 per cent in 2012.

Spain's unemployment rises

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Spain's unemployment levels rose to 22.9 per cent, with 5.27 million of the country's workforce jobless by the end of the December quarter. Spain's unemployment is the highest among the major euro zone economies.

South Korea grows at slowest pace in two years

South Korea's GDP grew by only 0.4 per cent the December quarter.

South Korea's GDP grew by 0.4 per cent in the December quarter, the slowest growth in two years. The result was slightly below forecasts which estimated growth at 0.5 per cent. The country's economy grew by 3.6 per cent in 2011 with forecasts estimating growth of 3.7 per cent in 2012 and 4.2 per cent in 2013.

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Local markets

The Australian sharemarket as measured by the S&P ASX 200 Index, gained 48 points (+1.1 per cent) over the week, closing at 4,288 on Friday.

Global markets

Equity markets

US stocks had a mixed week with the S&P 500 Index and the Nasdaq Index rose for a fourth consecutive week on news the Federal Reserve planned to keep interest rates low until 2014. The Dow Jones Index, however, recorded its first weekly loss of 2012 as the country's growth figures fell short of market expectations. Markets in Europe closed weaker on the back of poor results from the regions corporations and banks.

Commodities

Gold had its strongest week since October last year rising to \$US1735.40 an ounce (+6.4 per cent). Other commodities also performed well with copper (+6.6 per cent), nickel (+10.7 per cent), and zinc (+9.5 per cent) all up. Soft commodities such as wheat (+6.0 per cent), sugar (+1.6 per cent) and cotton (+0.1 per cent) were also stronger.

Currencies

The Australian dollar (AUD) reached a six month high against the US dollar (USD) trading as high as \$US1.0686 on Friday. The AUD also reached a 27-year high against the British pound trading at 68.08 pence. The AUD was trading at \$US1.0648 in early trade on Monday.

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Market movements

	Close last Friday (27 January 2012)	Weekly movement	% Year
ASX 200	4,288	1.1%	-10.2%
Dow Jones	12,660	-0.5%	7.1%
S&P 500	1,316	0.1%	3.1%
Nasdaq	2,817	1.1%	4.8%
FTSE	5,733	0.1%	-2.5%
DAX	6,512	1.7%	-8.3%
CAC 40	3,319	-0.1%	-17.1%
Nikkei	8,841	0.9%	-14.7%
Shanghai	2,319	0.0%	-14.6%
Hang Seng	20,502	1.9%	-13.2%

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