

Global Equities

	DJIA	S&P 500	NASDAQ	FTSE	SHANGHAI A	NIKKEI 225	HSI
High	10,265.54	1,088.96	2,236.37	5,244.88	2,676.22	9,404.07	20,494.18
Low	10,065.50	1,065.25	2,183.22	5,139.46	2,641.18	9,230.84	20,334.35
Close	10,120.53	1,069.59	2,187.33	5,214.64	2,657.25	9,278.83	20,487.23
Net Change	-109.43	-13.89	-35.16	75.18	7.01	-21.63	222.64
% Change	-1.07	-1.28	-1.58	1.46	0.26	-0.23	1.10

Currencies

	EUR / USD	USD / JPY	GBP / USD	USD / CHF	AUD / USD	NZD / USD	USD / CAD
High	1.2913	87.47	1.5334	1.0543	0.8859	0.7195	1.0501
Low	1.2733	86.88	1.5126	1.0486	0.8764	0.7122	1.0352
Close	1.2768	87.03	1.5171	1.0500	0.8783	0.7133	1.0478

Bonds Yields / Commodities / Crosses

	10 Yrs UST	Crude Oil Future	CRB	GOLD	GBP/JPY	EUR / JPY	EUR /GBP
High	105-16/32	78.57	263.63	1,197.50	133.72	112.83	0.8480
Low	104-17/32	76.20	261.30	1,183.80	131.62	110.79	0.8376
Close	105-13/32	76.40	261.53	1,184.80	131.96	111.05	0.8413
Net Change	2.86% (Yield)	-1.18	0.01	-7.20			

Key News of the day

The euro fell sharply against the dollar while the yen rallied on Wednesday after Fed Ben Bernanke expressed concerns about the US economy, dampening investors' appetite for risk. The comments pushed the euro down more than 1 percent versus both the dollar and yen as concern the global economic outlook spurred safe-haven flows into the US and Japanese currencies. Tepid demand at a Portuguese debt sale also weighed on the euro as it heightened fears about Europe's banks days before the European Union was due to reveal which ones need to raise more capital.

Fed Chairman Bernanke said central bankers "remain prepared" to act as needed to aid growth even as they get ready to eventually raise interest rates from almost zero and shrink a record balance sheet. While Fed officials plan for the exit, "we also recognize that the economic outlook remains unusually uncertain," He said in testimony, "We will continue to carefully assess ongoing financial and economic developments, and we remain prepared to take further policy actions as needed to foster a return to full utilization of our nation's productive potential in a context of price stability."

Canadian wholesale sales unexpectedly fell for a second month in May as farmers in the country's western prairie provinces stopped buying supplies because of bad weather. Overall sales fell 0.1 percent to C\$44.1 billion, with agricultural supplies dropping 30 percent, Statistics Canada said. Economists expected a 0.5 percent increase in total sales.

European regulators plan to detail three scenarios when they publish the results of their stress tests on the region's banks this week, according to a document by the Committee of European Banking Supervisors. Banks will publish their estimated Tier 1 capital ratios under a benchmark for 2011, an adverse scenario and a third test that includes "sovereign shock," according to a template prepared by CEBS for the banks and obtained by Bloomberg News. In the last scenario, banks will publish their estimated losses on sovereign debt held in their trading book as well as "additional impairment losses on the banking book" that they may suffer after a sovereign debt crisis, according to the document dated July 15.

A double-dip is not in sight, ECB's Makuch opines, pointing out that recent data has been 'very good', while inflation pressures remain contained in the medium-term. With this outlook in mind, he argues that no rate hike will be needed until 2011, and indeed not until the third quarter if current market indications are anything to go by.

Bank of England policy makers considered expanding stimulus this month after the economic outlook "deteriorated a little," overruling Andrew Sentance's repeated call for an interest-rate increase. The Monetary Policy Committee, led by Governor Mervyn King, voted 7-1 to keep the benchmark rate at 0.5 percent, according to minutes of the July 8 decision released in London today. Sentance favoured an increase to 0.75 percent, arguing that inflation had "shifted sufficiently to justify beginning to raise interest rates gradually." The policy makers voted unanimously to keep the size of their bond holdings at 200 billion pounds (\$306 billion), the minutes also show.

BOJ DG Yamaguchi is the latest major official, apart from that CB source, to comment on the yen. Yamaguchi says the board is watching FX moves carefully. Yamaguchi understands Japanese firms are sensitive about exchange rate moves, but the CB needs more time to gauge the impact on corporate mood, which depends on the length and pace of the gains, while admitting the currency rise affects exports. Yamaguchi says the board will not decide policy with FX levels.

Chinese central bank adviser Zhou Qiren said that the nation will let the yuan weaken if exports fall sharply, according to a report in a Japanese newspaper. The currency's renewed flexibility means declines are possible, the Asahi newspaper quoted Zhou as saying in an interview published on its website in English today and Japanese yesterday. Zhou couldn't be contacted through his office in Beijing to confirm the comments.

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US Equities

A stock selloff accelerated after Federal Reserve Chairman Ben Bernanke told Congress that the outlook for the economy is "unusually uncertain," adding to concerns about the pace of the recovery. Stocks were slightly lower through the early afternoon as better-than-expected quarterly profit reports from Apple, Morgan Stanley and Wells Fargo were countered by disappointment about results from Yahoo and others.

After the close Tuesday, Apple posted its best quarter ever, thanks to sales of its Mac computers, iPads and iPhones. Shares gained 0.93% Wednesday. Yahoo reported results that disappointed investors, reported higher earnings that beat estimates on revenue that was barely higher from a year ago and was shy of analysts' expectations. Shares -8.49%.

Citigroup downgraded the stock, while a variety of other firms downgraded it or cut earnings estimates on the company. Shares -1.25%. Dow component Coca-Cola reported higher quarterly sales and earnings that topped estimates, helped by increased sales in most of its markets, with particularly strong demand overseas. Shares +1.58%.

Morgan Stanley +6.27%, Wells Fargo +0.58% but US Bancorp -0.37% all reported strong profits.. Morgan Stanley reported a profit of \$1.4 billion, better than expected and reversing a loss from the same quarter a year ago.

World markets snapshot, European markets rose, with FTSE 100 +1.5%, DAX +0.4% and CAC 40 +0.8%. Asian markets ended mixed. Nikkei -0.2%, Hang Seng index +1.1% and the Shanghai Composite index +0.3%.

Breadth was negative. On the New York Stock Exchange, losers beat winners by almost two to one on volume of 840 million shares. On the Nasdaq, decliners beat advancers by more than two to one on volume of 1.77 billion shares.

Key Economic Data & Events on July 22

Country	GMT/HKT	Release	For	Median	Previous
EMU	07:00/15:00	ECB Governors Meeting	-	-	-
GER	07:28/15:28	Markit Comp Flash PMI	JUL	-	56.70
GER	07:28/15:28	Markit Service Flash PMI	JUL	54.50	54.80
GER	07:28/15:28	Markit MFG Flash PMI	JUL	58.00	58.40
EMU	07:58/15:58	Markit Comp Flash PMI	JUL	55.50	56.00
EMU	07:58/15:58	Markit Service Flash PMI	JUL	55.00	55.50
EMU	07:58/15:58	Markit MFG Flash PMI	JUL	55.20	55.60
UK	08:30/16:30	Retail Sales, M/M, Y/Y	JUN	0.5%/1.0%	0.6%/2.2%
EMU	09:00/17:00	Industrial Orders, SA M/M, Y/Y	MAY	0.0%/20.2%	0.9%/22.1%
US	12:30/20:30	Initial Jobless Claims	17-Jul	445K	429K
US	12:30/20:30	Jobless Continuous Claims	10-Jul	4.620M	4.681M
CAN	12:30/20:30	Retail Sales, M/M	MAY	0.40%	-2.00%
CAN	12:30/20:30	Retail Sales ex-Autos, M/M	MAY	0.40%	-1.20
US	13:30/21:30	Bernanke's House Testimony	-	-	-
EMU	14:00/22:00	Flash Consumer Confidence Balance	JUL	-	-17.30
US	14:00/22:00	Existing Home Sales, Annual Rate	JUN	5.18M	5.66M
US	14:00/22:00	Leading Economic Indicators, M/M	JUN	-0.30%	0.40
CAN	14:30/22:30	BoC Mon Policy Report	-	-	-
CAN	14:30/22:30	BoC news conference	-	-	-

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