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GLOBAL MARKET UPDATE

BANKS, ENERGY STOCKS LEAD GLOBAL MARKETS HIGHER

Equity markets rose on Wednesday as banks gained due to optimism about continuing improvement in the global economy and oil majors were supported by firmer crude oil prices.

In Europe, banks rose on account of expectations that Greece's financial crisis will be contained. Moreover, Barclays benefited from a newspaper report that said it wanted to buy a retail bank in the US. Mining stocks tracked higher metals prices, which were supported by better-than-expected Chinese imports data. On the data front, German exports posted their biggest drop in a year in January. Economic news from the US was more upbeat. Wholesale inventories fell modestly in January, while sales rose to their highest level since October 2008, suggesting that inventories would support economic growth in the first quarter. Banks gained due to expectations that an improving economy will stoke loan demand. Technology and industrials shares were also higher.

In contrast, most Asian indices declined this morning. Commodity-related companies fell the most due to concerns that China will pare back measures that have boosted economic growth after inflation reached a 16-month high in February. Japanese stocks advanced amid speculation that the nation's economy is recovering.

Looking Ahead

Investors will try to see more signs of economic stabilisation when the US Commerce Department's monthly retail sales data for February comes out tomorrow. Analysts anticipate a negative impact from last month's severe winter snowstorms. In addition, the Thomson Reuters/University of Michigan preliminary reading on March consumer sentiment and January business inventories numbers will be revealed tomorrow. Weekly jobless claims and the international trade deficit will be out today.

A bill that would extend unemployment benefits and health care subsidies that passed the US Senate yesterday, now moves on to the House. Democrats are also hoping to finish work this week on a smaller package of job creation measures, which includes new tax breaks for companies that hire unemployed workers. Just a few S&P 500 companies are expected to report results today including National Semiconductor, Smithfield Foods and Aeropostale.

Elsewhere, the main focus is on the industrial production figures from the eurozone, Hong Kong and India. Trade balance statistics from Singapore and producer prices data in Hong Kong will be released tomorrow.

Equity Markets

European equities rose, supported by gains in banks and oil majors. Banks, including HSBC, Societe Generale, BNP Paribas and UBS, closed higher. ICAP, the world's largest broker of transactions between banks, advanced after rival Tullett Prebon said it is in takeover talks. Alpha Bank led Greek stocks higher due to optimism that Greece's financial crisis will be contained. Energy shares BP, BG, Royal Dutch Shell, Total and ENI climbed, supported by a rally in crude oil prices. However, Carlsberg fell amid renewed market talk that Russia may ban the sale of beer at kiosks.

US equities advanced on Wednesday, driven by financials. Retail banks climbed following reports that Barclays is considering buying a large US retail bank in a push to expand beyond its investment banking franchise. Speculation rose that SunTrust, PNC Financial and US Bancorp are potential targets, which lifted their shares. Citigroup moved up on account of news of a preliminary agreement that Apollo Management would buy Citi Property, the bank's property investment unit. Teen clothing retailer American Eagle Outfitters surged after posting sharply better results than expected, helped by higher sales and its decision to minimise mark downs. Takeover activity continued, with Abbott Laboratories announcing its decision to buy Facet Biotech.

Asian equities slipped this morning as expectations rose that an increase in inflation, higher industrial production and expanding credit would strengthen the case for further monetary tightening in China. Most major markets surrendered early gains with banks, such as Industrial and Commercial Bank of China, among the key decliners. Weakness in banks, notably Westpac Banking, weighed upon the overall market performance in Australia, which was further dampened by disappointing jobs data. Elsewhere, Japanese exporters, such as Sony and Konica Minolta, climbed due to weaker yen and a fall in US wholesale inventories.



as at 10/03/10

Source: Datastream, Price Index Returns in local currency. Past performance is not a reliable indicator of future results

	Market	Close as at 10/03/10	% change 10/03/10	Net change	% change 12 months	% change 5 years	% off peak during past 12 months*
US	US: Dow Jones	10567.3	0.03	2.95	52.56	-2.62	-1.47
	US: S&P 500	1145.6	0.45	5.16	59.20	-5.26	-0.40
	US: NASDAQ	2359.0	0.78	18.27	73.67	14.53	0.00
Europe	MSCI Europe	1147.7	0.80	9.09	52.91	4.26	-0.16
	UK: FTSE All Share	2882.1	0.69	19.82	53.74	15.61	0.00
	UK: FTSE 100	5640.6	0.68	38.27	51.82	13.67	0.00
	Germany: DAX	5936.7	0.86	50.83	52.73	36.86	-1.84
	France: CAC 40	3943.6	0.86	33.54	48.05	-2.34	-2.51
	Netherlands: All Share	532.7	0.57	3.02	61.03	-3.69	-0.29
	Italy: S&P MIB	22638.7	1.27	282.85	67.66	-28.59	-7.32
	Switzerland: SMI	6873.6	0.08	5.27	52.32	15.61	0.00
	Spain: IBEX 35	11121.0	1.07	118.20	55.47	19.33	-9.01
	Sweden: OMX	1013.0	1.25	12.54	55.71	32.14	0.00
Asia	Japan: Nikkei	10563.9	-0.04	-3.73	49.74	-10.97	-3.81
	MSCI Asia Pacific ex Japan	420.1	0.14	0.57	67.35	45.72	-3.17
	Hong Kong: Hang Seng	21208.3	0.00	0.74	81.36	53.06	-7.56
	Australia: S&P/ASX 200	4820.0	-0.00	-0.10	51.36	14.34	-2.64
	China: Shanghai Shenzhen 300	3279.7	-0.79	-26.17	46.36	NA	-13.40

*This reflects the % amount that each market has fallen since its highest point in the last 12 months.

Fixed Income Markets

European bonds declined after Germany sold €5 billion of two-year notes and Portugal's larger-than-planned securities auction helped reduce the appeal of safer assets. Furthermore, the spread between the **German** securities and the **Greek** 10-year bonds narrowed following former European Commission President Romano Prodi's statement that the worst of Greece's financial crisis is past. **US** Treasuries also fell amid gains in global equities. **Japan's** five-year bond yields opened lower this morning, before the Ministry of Finance auctions ¥2.4 trillion (\$26.5 billion) of the securities today.

as at 10/03/10		Source: Bloomberg, Merrill Lynch.			
	Market	Close (%)	Change (percentage points)		
			One Day	12 months	5 years
10-year Govt Bond Yields	US	3.72	0.02	0.72	-0.74
	UK	4.08	0.03	0.96	-0.80
	Eurozone	3.15	0.02	0.15	-0.62
	Japan	1.31	0.00	0.00	-0.17
Credit spreads (BBB)	Market	Close (basis points)	Change (basis points)		
			One Day	12 months	5 years
	US	221	-2	-498	111
	UK	284	-1	-663	178
	Eurozone	230	-2	-437	163
Japan	109	-1	-159	76	



The Longer-Term Perspective

Markets historically fall from time to time in the course of their longer-term upward progress. Investors who are willing to accept periods of market volatility and stay invested for the long term are often well positioned to grow their wealth as markets subsequently recover. Fidelity views the market reaction to them as a normal part of the investment cycle that, in itself, creates attractive opportunities for long-term investors.

As the table below demonstrates, while we may experience some short-term weakness in markets, the longer-term performance remains encouraging.

Equity markets as at 10/03/10		Source: Datastream, Price Index Returns in local currency				
	Market	% change 12 mths to 10/03/2010	% change 12 mths to 10/03/2009	% change 12 mths to 10/03/2008	% change 12 mths to 10/03/2007	% change 12 mths to 10/03/2006
US	US: Dow Jones	52.56	-41.00	-4.37	10.83	2.07
	US: S&P 500	59.20	-43.49	-9.23	9.46	5.98
	US: NASDAQ	73.67	-37.39	-9.14	5.55	9.82
EU	MSCI Europe	52.91	-42.02	-14.09	10.10	24.34
	UK: FTSE All Share	53.74	-35.02	-11.06	7.99	20.50
	UK: FTSE 100	51.82	-34.00	-9.87	5.71	19.06
	Germany: DAX	52.73	-39.72	-4.00	15.70	33.83
	France: CAC 40	48.05	-41.68	-17.53	9.24	25.53
	Netherlands: All Share	61.03	-49.84	-12.86	10.58	23.74
	Italy: S&P MIB	67.66	-57.55	-22.19	7.79	19.64
	Switzerland: SMI	52.32	-36.04	-21.03	12.08	34.06
	Spain: IBEX 35	55.47	-43.47	-11.24	21.11	26.31
	Sweden: OMX	55.71	-28.87	-23.06	17.78	31.67
	Asia	Japan: Nikkei	49.74	-43.70	-26.99	6.51
MSCI Asia Pacific ex Japan		67.35	-41.72	6.36	18.74	18.31
Hong Kong: Hang Seng		81.36	-48.50	18.66	23.89	11.47
Australia: S&P/ASX 200		51.36	-38.53	-11.15	19.27	15.96
China: Shanghai Shenzhen 300		46.36	-49.44	69.70	NA	NA

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