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GLOBAL MARKET OVERVIEW

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Shares extend losses on Greece fears

By Jamie Chisholm, Global Markets Commentator

Wednesday 08.00 BST. Markets remain crippled by eurozone fears. Many growth-focused assets are tumbling to multi-month lows as investors fret that political turmoil in Greece could hasten the country's exit from the euro and exacerbate the region's debt crisis.

The FTSE All-World equity index is down 1 per cent to a four-month low. The benchmark has fallen in 10 of the last 11 sessions – shedding 7.4 per cent – as the stresses in Europe are seen as further hobbling an already anaemic global economy.

US stock futures suggest the S&P 500 on Wall Street will dip 0.3 per cent to trade at its weakest since the start of February.

Greece faces fresh elections next month after more than a week of negotiations ended with no progress. Leaders of France and Germany met in Berlin on Tuesday and said Greece should remain in the eurozone while promising to consider new measures to revive economic growth in the country.

But investors cannot bear the tension. The euro is down another 0.3 per cent to change hands at $1.2689, the most a buck can buy since mid-January. Spanish benchmark bond yields illustrate increasing stress levels, with the yield up 15 basis points to 6.50 per cent, the highest in nearly six months.

"Uncertainty is likely to prevail in the coming weeks as markets try to gauge the potential outcome of new [Greek] elections and the ensuing extent of Greece's adherence to its EU-IMF programme," said Barclays analysts in a note.

"This suggests that risky assets are likely to trade erratically at best, with a bias to underperform."

Indeed, the roll-call of woe on Wednesday is deep red and lengthy.

The FTSE Eurofirst 300 has started its day with a loss of 0.8 per cent, giving up all its gains for the year and down more than 11 per cent since the March high. A slew of generally decent

European corporate earnings over recent sessions are being lost in the maelstrom. The Athens stock market sits at a 20-year low and Madrid at its worst level in about nine years.

Asian stocks could not escape the selling. The FTSE Asia-Pacific index is down a hefty 2.6 per cent, with not even some upbeat earnings forecasts from Japan's banks able to stop Tokyo's Nikkei 225 shedding 1.1 per cent.

Hong Kong and Sydney were particularly badly hit. The Chinese territory's Hang Seng index lost 3.2 per cent as reports of flat loan growth for the mainland's big banks heightened fears that activity in the world's second biggest economy was slowing too fast.

Australia's S&P/ASX 200 index took global demand fears smack on the chin. Metal prices have been battered in the latest sell-off and this is hurting the resource-rich Sydney market, which dropped 2.4 per cent.

That weakness in commodities continues, as the vanguards of risk appetite absorb heavy casualties.

Industrial bellwether copper is down 1.3 per cent to $3.47 a pound, taking its losses so far this month to more than 9 per cent. US-traded WTI crude is losing 1.9 per cent to $92.20 a barrel, its cheapest since the start of November.

The corollary to all this "risk asset" dumping is the movement of funds into perceived havens.

Benchmark 10-year Bund yields are down 2 basis points to a record low of 1.44 per cent. Equivalent duration US paper is yielding just 1.75 per cent, also down 2 basis points.

The dollar is attracting buyers, too, pushing its trade-weighted index up 0.4 per cent to a four-month peak and helping to force greenback-sensitive gold down 0.8 per cent to $1,531 an ounce and back into bear market territory.