



## **Futures rise on stimulus hopes**

*The Fed may be forced to purchase more assets to avoid going over the fiscal cliff.*

November 15<sup>th</sup>, 2012

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U.S. equity futures rose in early Thursday trading after the Federal Reserve signaled that it might extend stimulus measures to stimulate the economy. Should the U.S. go over the fiscal cliff, the Fed, in its minutes of its latest policy meeting, said that members particularly discussed increasing the size of asset purchases once Operation Twist expires at the year end.

In other news around the markets, Eurozone GDP fell 0.1% in the third quarter as compared to the previous quarter, better than economists' expectations of a drop of 0.2% but still showing that the Eurozone remained in recession. Strength in France and a slower than expected rate of contraction in Italy were offset by weakness in Spain and the Netherlands, which saw GDP drop 1.1% in the quarter while Germany was in line.

EU Commissioner for Economic and Monetary Affairs Olli Rehn spoke overnight, stating that he believes that the economy in Europe is bottoming, and that the European Central Bank has helped to lower yields on peripheral debt, and that continued credit contraction weighs on growth.

As European leaders mull creating a banking union, it appears as though leaders will attempt to attract Swedish and Danish banks into the union.

- S&P 500 futures rose 4.9 points to 1,357.90.
- The EUR/USD was higher at 1.2758.
- Spanish 10-year government bond yields fell to 5.924%.

- Italian 10-year government bond yields fell to 4.941%.
- Gold futures fell 0.39% to \$1,723.40 per ounce.

### **Commodities**

Commodities were mostly weaker in overnight trade led lower by metals. WTI crude futures fell 0.01% to \$86.31 per barrel and Brent Crude futures rose 0.43% to \$110.08 per barrel. Copper futures rose 0.46% to \$346.95 per pound while gold was lower and silver futures dropped 0.7% to \$32.65 per ounce.

### **Currencies**

Currency markets were mixed overnight as the euro gained against most trading partners. The EUR/USD was higher and the dollar rose against the yen to 81.19. Overall, the Dollar Index rose 0.07% on strength against the yen, the Canadian dollar, and the Swiss franc. Also, the Aussie dollar was slightly weaker overnight, falling against the euro and the U.S. dollar.

### **Premarket movers**

- **Bank of America** (BAC +1.39%) shares rose 1.11% after the company said it is set to purchase notes issued by MBIA to block an amendment to a lawsuit against it.
- **BP** (BP +1.87%) shares rose 0.32% premarket as the company is close to settling claims with the government over the oil spill despite hints that the firm could face criminal charges.
- **Pepsi** (PEP -0.19%) shares rose 0.63% in premarket trading despite breaking below its 200-day moving average yesterday.
- **NetApp** (NTAP +10.83%) shares rose 10.21% premarket after the company reported strong earnings.

### **Earnings**

- **Aruba Networks** (ARUN +0.56%) is expected to report first quarter earnings per share of \$0.17 vs. \$0.14 a year ago.

- **Buckle Inc.** (BKE -1.03%) is expected to report third quarter earnings per share of \$0.84 vs. \$0.81 a year ago.
- **Autodesk** (ADSK -0.07%) is expected to report third quarter earnings per share of \$0.44 vs. \$0.44 a year ago.
- **Gamestop** (GME +3.83%) is expected to report third quarter earnings per share of \$0.33 vs. \$0.39 a year ago. Look for comments on the launch of **Activision-Blizzard's** (ATVI -1.12%) Call of Duty: Black Ops 2 and **Microsoft's** (MSFT -0.11%) Halo 4. (Microsoft owns and publishes Top Stocks, an MSN Money site.)
- **Marvell Technology Group** (MRVL +2.65%) is expected to report third quarter earnings per share of \$0.20 vs. \$0.40 a year ago.
- **Sears Holdings** (SHLD +0.80%) is expected to report a third quarter loss of \$2.18 per share vs. a \$2.57 per share loss a year ago.
- **Target** (TGT +1.01%) is expected to report third quarter earnings per share of \$0.77 vs. \$0.82 a year ago.
- **Viacom** (VIAB +3.39%) is expected to report third quarter earnings per share of \$1.16 vs. \$1.06 a year ago.
- **Wal-Mart** (WMT -4.01%) is expected to report third quarter earnings per share of \$1.07 vs. \$0.97 a year ago.

## **Economics**

On the economics calendar Thursday, weekly jobless claims and continuing claims are due out. Also, inflation data in the CPI is set to be released alongside the Empire State Manufacturing Index and the Philly Fed Index is due out as well.

Fed Chairman Bernanke is set speak on the housing market and Richmond Fed President Lacker is set to speak on the economic outlook in West Virginia. In addition, Dallas Fed President Richard Fisher is set to speak at Stanford University, Philly Fed President Plosser is set to speak at the Cato Institute, and New York Fed President Dudley is to speak in New York. Also, the Chicago Fed's International Banking Conference kicks off.