

FRIDAY'S HEADLINES:

- Europe moves ahead with increased bailout fund
- China wary of buying high risk Eurozone bonds
- UK consumer confidence rises for first time in four months
- Oil prices recover to pare biggest quarterly drop since 2008
- Asian currencies set for biggest monthly loss in a decade
- Global economic concerns wipe \$9 trillion of value from equities
- Commodities tumble into bear territory on demand worries

NEWS:

EUROPEAN leaders are turning their focus to the next steps to stem the region's debt crisis after German lawmakers approved an expansion of the euro-area rescue fund's firepower. With the European Commission now expecting the overhauled €440bn European Financial Stability Facility in place by mid-October, euro finance chiefs will next week discuss accelerating enactment of a permanent rescue fund that provides more capital and a tool for managing defaults.

THE HEAD of China's sovereign wealth fund, Jin Liqun, signalled yesterday that he is reluctant to deploy Beijing's firepower to help stem the Eurozone crisis until the region's leaders present a coherent rescue plan. "China cannot be expected to buy high risk Eurozone bonds without a clear picture of debt workout programmes." Markets had rallied in previous instances when China indicated that it was prepared to deploy some of its \$3.2tn wealth fund into propping up the Eurozone.

UK CONSUMER confidence rose for the first time in four months in September as Britons became more optimistic about the economic outlook and spending, a leading survey firm reported yesterday.

MARKETS:

CONCERN that Europe's sovereign-debt crisis will spread and the US economic recovery is faltering has wiped out more than \$9tn of value from global equities this quarter, driving investors to the relative safety of the yen, dollar and Treasuries.

EUROPEAN shares are expected to open lower today and set to post the biggest quarterly decline in nearly three years, with weaker metals prices on concerns about global demand for industrial materials seen putting pressure on mining stocks.

CURRENCIES:

ASIAN currencies were set for their biggest monthly loss in more than a decade as concern some European nations will struggle to pay their debts and a global slowdown bolstered demand for the relative safety of the dollar. "Asia's currencies are under pressure because of fund outflows as investors have been risk averse due mainly to the European debt crisis," said Kozo Hasegawa, a trader at Sumitomo Mitsui Banking Corp. in Bangkok. "Sentiment may not recover anytime soon."

ENERGY:

OIL rose in New York, paring the steepest quarterly drop since 2008, as investors speculated US fuel demand would increase on signs the economy of the world's biggest crude user is expanding faster than expected. Futures climbed a second day after reports showed US GDP last quarter beat economists' estimates and jobless claims dropped more than forecast.

COMMODITIES:

COMMODITIES tumbled into a bear market this month, dropping 21% since April, on concern that slowing growth will curb demand for raw materials. Prices had more than doubled since the beginning of 2009 as surging consumption led by emerging markets created shortages in everything from corn to copper to crude.

THREE-MONTH copper dropped 2.4% to \$7,060 a metric ton on the London Metal Exchange, a third day of losses. Prices have declined 25% this quarter, the most since 2008. Nickel fell 1.3% and tin retreated 1.7%.

DATA AT 0640 BST (FT.COM)

FTSE 100	5,197	-0.40%
S&P 500	1,160	+0.81%
Eurofirst 300	933.26	+0.64%
Nikkei 225	8,704	+0.03%
Shanghai Comp	2,354	-0.47%
FTSE 100	5,197	-0.40%
Hang Seng	17,636	-2.08%
Dow	11,154	+1.30%

Commodities	Value	Change
WTI Crude	\$82.68	+0.66%
Brent Crude	\$104.52	+0.55%
Gold	\$1,624	+0.53%
Copper	\$3.24	0.00%
Corn	\$6.29	-0.59%

Forex Pair	Value	Change
\$ per €	1.3545	-0.29%
\$ per £	1.5599	-0.08%
¥ per \$	76.51	-0.39%
¥ per €	103.63	-0.68%
€ per £	1.1514	+0.19%

Prediction	Opening	Change
FTSE 100	-30 points	-0.6%
German DAX	-19 points	-0.3%
French CAC-40	-14 points	-0.5%