

X-pand into the Future



Economic Data Releases & Dow Jones EURO STOXX 50[®] Index Futures

January 13, 2009

Risk Statement

This presentation is for information purposes only and shall not constitute investment advice and respectively does not constitute an offer, solicitation or recommendation to acquire or dispose of any investment or to engage in any other transaction. This presentation is not intended for solicitation purposes but only for use as general information. All descriptions, examples and calculations contained in this publication are for illustrative purposes only.



Agenda

1. Introduction

2. Economic Releases

- U.S. Market Movers
- Key European Economic Releases

3. Conclusions & Further Information



Overview

- Today's webinar focuses on economic releases and how they can affect prices in Dow Jones EURO STOXX 50[®] Futures

We will discuss:

- U.S. Economic releases
- Key European economic releases
- How we can trade Dow Jones EURO STOXX 50[®] Index Futures at or around the announcement of economic releases



Relevance of Economic Indicators?

- Identify information value of key economic releases
- Set up trades to capitalize on differences between expectations and actual
- Interpretation of technical reactions to economic release data
- Understand what others are doing
- Improve your trading



Common Economic Indicators

US Economic Indicators

- FOMC Meetings
- Employment Situation
- Consumer Confidence (University of Michigan)
- ISM Manufacturing Index

European Economic Indicators

- ECB rate decisions/ECB Announcements
- ZEW Index (Indicator of Economic Sentiment)
- IFO Geschäftsklimaindex (business climate index)

Agenda

1. Introduction

2. Economic Releases

- U.S. Market Movers

- Key European Economic Releases

3. Conclusions & Further Information

FOMC Meeting Announcement

Details:

- The Federal Open Market Committee consists of the seven governors of the Federal Reserve Board and five Federal Reserve Bank presidents
- The FOMC meets eight times a year to determine the near-term direction of monetary policy
- Changes in monetary policy are now announced immediately after FOMC meetings

Why do investors care:

- Interest rates/expectations shape every part of business and consumer finance

Dates in 2009:

2009 Release Schedule

Released On:	1/28	3/17	4/29	6/24	8/11	9/22	11/4	12/15
--------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	-----------------------

FOMC Meeting Announcement – The Trade

Consensus:

- The market expected the Fed to decrease the Federal Funds Rate by 50 basis points at this meeting

Market Assessment:

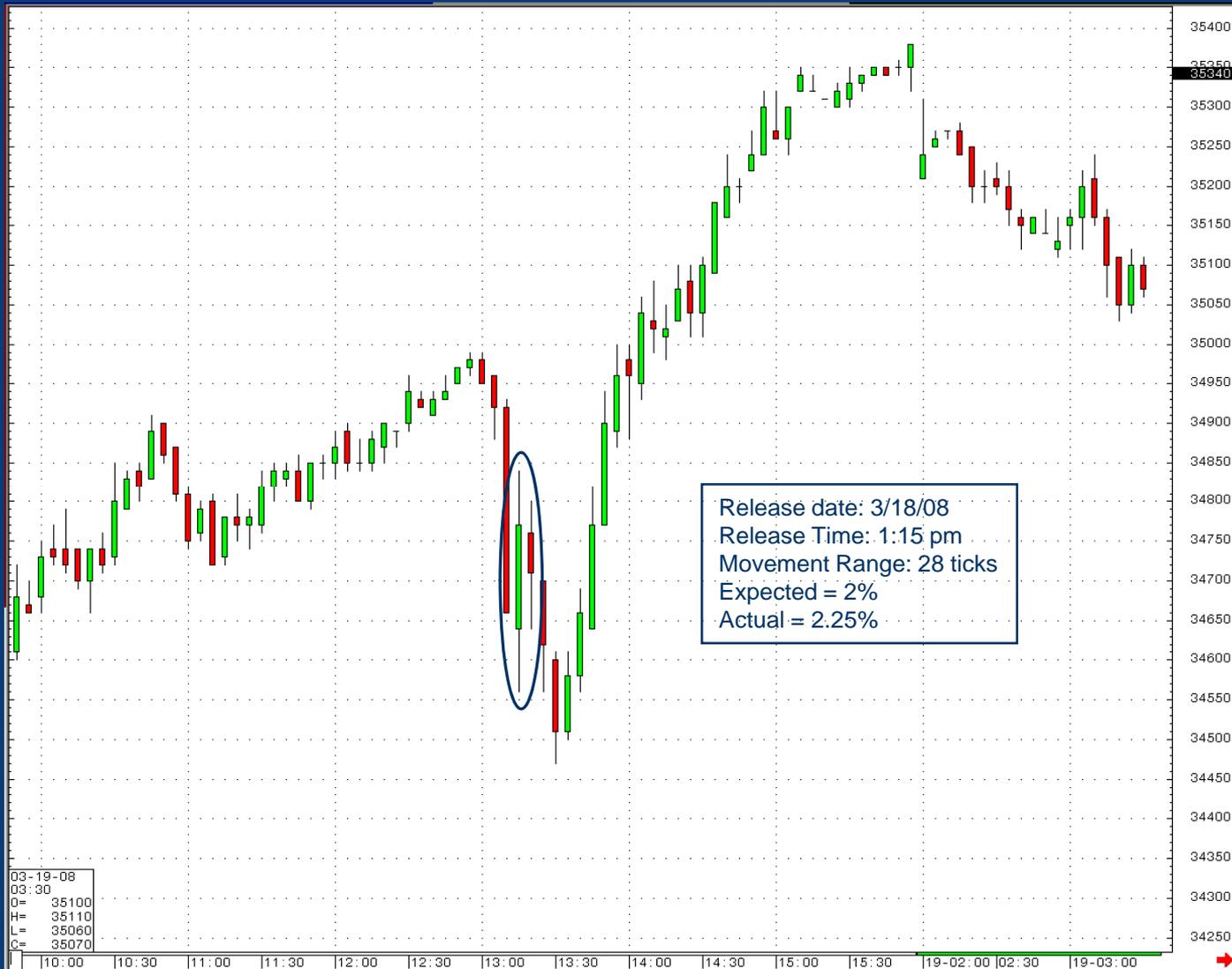
- Our investor believes that the Fed will not move in such a magnitude, in light of the threat of rising inflation

Outcome:

- The market was disappointed by 25 bps
- Ideally, our investor would try to capitalize on 2 effects:
 - 1.) The immediate short term reaction describing the market's disappointment to the "lower than expected" magnitude of the rate move
 - 2.) The general positive market reaction to the rate reduction of 25 basis points



FOMC Meeting Announcement - Chart



Employment Situation

Details:

- Unemployment rate (unemployed as a percentage of the labour force)
- Non-farm payroll employment counts the number of paid employees working part-time or full-time in the nation's business and government establishments
- The average work week reflects the number of hours worked in the non-farm sector
- Average hourly earnings reveal the basic hourly rate for major industries as indicated in non-farm payrolls

Why do investors care:

- Employment data gives the most comprehensive report on how many people are looking for jobs, how many have them, what they're getting paid and how many hours they are working
- These numbers are viewed by many as the best way to gauge the current state as well as the future direction of the economy

Dates in 2009:

2009 Release Schedule												
Released On:	1/9	2/6	3/6	4/3	5/8	6/5	7/2	8/7	9/4	10/2	11/6	12/4
Released For:	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov

Employment Situation – The Trade

Consensus:

- Non-farm payroll employment is estimated to fall by 60,000
- The unemployment rate is expected to come in at 5,1 %

Market Assessment:

- Our investor believes that the unemployment data won't be that bad

Outcome:

- While NFP fell by only 49,000, the market was surprised/disappointed by the worst rise in the unemployment rate in decades
- Our investor had gone long, but quickly exited his Dow Jones EURO STOXX 50[®] Futures position, after his stop loss was triggered on the significant market down move



Employment Situation – Chart



Consumer Sentiment

Details:

- The University of Michigan's Consumer Survey Center questions 500 households each month on their financial conditions and attitudes about the economy

Why do investors care:

- The pattern in consumer attitudes and spending is often the foremost influence on stock and bond markets
- For stocks, strong economic growth translates to healthy corporate profits and higher stock prices
- For bonds, the focus is whether economic growth goes overboard and leads to inflation
- Ideally, the economy walks that fine line between strong growth and excessive (inflationary) growth

Dates in 2009:

2009 Release Schedule

Released On:	1/27	2/24	3/31	4/28	5/26	6/30	7/28	8/25	9/29	10/27	11/24	12/29
Released For:	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

Consumer Sentiment – The Trade

Consensus:

- The sentiment index is estimated to come in at 62.5 index points

Market Assessment:

- We are less bullish on private household's financial conditions and economic outlook

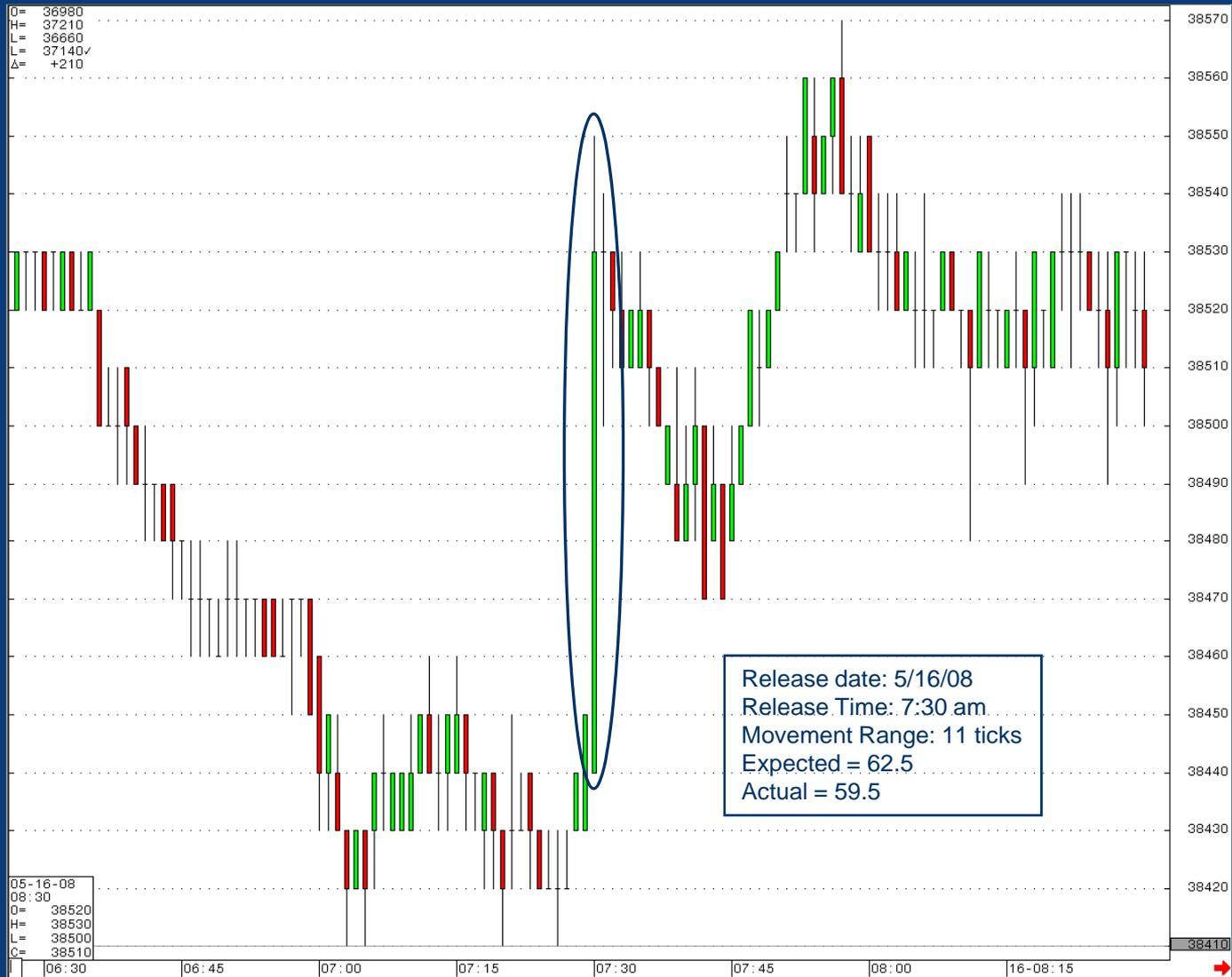
Outcome:

- While the release came out in favor of our investor's position, the market moved against him.

→ “Whisper number”



Consumer Sentiment- Chart



ISM Manufacturing Index

Details:

- The Institute for Supply Management surveys more than 300 manufacturing firms on employment, production, new orders, supplier deliveries, and inventories
- An index of national manufacturing conditions is constructed, where readings above (below) 50 percent indicate an expanding (contracting) factory sector

Why do investors care:

- With the ISM manufacturing index, investors will know what the economic backdrop is for the various markets
- The stock market likes to see healthy economic growth because that translates to higher corporate profits
- The bond market prefers less rapid growth and is extremely sensitive to whether the economy is growing too quickly and causing potential inflationary pressures

Dates in 2009:

2009 Release Schedule

Released On:	<u>1/6</u>	<u>2/4</u>	<u>3/4</u>	<u>4/3</u>	<u>5/5</u>	<u>6/3</u>	<u>7/6</u>	<u>8/5</u>	<u>9/3</u>	<u>10/5</u>	<u>11/4</u>	<u>12/3</u>
Released For:	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov

ISM Manufacturing Index – The Trade

Consensus:

- The ISM Manufacturing Index is estimated to come in at 48.5 index points

Market Assessment:

- Our investor is less bearish on the manufacturing industry, and expects the ISM index to be announced at a level > 50 (= indicating an expanding factory sector)

Outcome:

- At 49.6, the size of the miss was not large enough to create much market movement



ISM Manufacturing Index – Chart



Agenda

1. Introduction

2. Economic Releases

- U.S. Market Movers

- Key European Economic Releases

3. Conclusions & Further Information

ECB Rate Decision

Details:

- The European Central Bank Governing Council meets twice a month
- The first monthly meeting of the month is devoted to monetary policy (6:45 a.m. CST)
- Changes in monetary policy, if any, are announced immediately after the meetings. A press conference is held about 45 minutes after the meeting ends, followed by a Q&A session
- No meeting minutes are published

Why do investors care:

- The European Central Bank determines interest rate policy at their Governing Council meetings
- If the outcome is different from expectations, the impact on European markets can be dramatic and far-reaching
- The interest rates set by the ECB serves as a benchmark for all other rates in the Euro zone

Dates in 2009:

Governing Council meeting of the ECB											
Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
15.01.2009	05.02.2009	05.03.2009	02.04.2009	07.05.2009	04.06.2009	02.07.2009	06.08.2009	03.09.2009	08.10.2009	05.11.2009	03.12.2009

ECB Rate Decision – The Trade

Consensus:

- The ECB is expected to lower its rate to 3.75%

Market Assessment:

- We believe, the ECB, as so often, will keep rates where they are, due to “looming” inflation risks.

Outcome:

- The market was disappointed that rates were not lowered
- In addition, comments were hawkish at the press conference



ECB Rate Decision – Chart



ZEW Index (ZEW Indicator of Economic Sentiment)

Details:

- The “Zentrum für europäische Wirtschaftsforschung” (ZEW) is located in Mannheim, Germany and is one of Europe’s leading economic research labs
- The ZEW Index is an early indicator for the economic situation in Germany
- Once a month, a poll amongst 350 financial experts is conducted, which provides an outlook on the economic situation for the next six months

Why do investors care:

- The indicator reflects the difference between the share of analysts that are optimistic and the share of analysts that are pessimistic for the expected economic development in Germany over the next six months
- The survey also asks for the expectations for the euro zone, Japan, Great Britain and the U.S.A.

Dates in 2009:

ZEW 2009 Release Schedule											
Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
20.01.2009	17.02.2009	17.03.2009	21.04.2009	19.05.2009	16.06.2009	14.07.2009	18.08.2009	15.09.2009	13.10.2009	10.11.2009	15.12.2009

ZEW Index – The Trade

Consensus:

- The ZEW Index is expected to be reported at a level of -30

Market Assessment:

- We believe the economic outlook for Germany is less positive, and short the Dow Jones EURO STOXX 50[®] Futures

Outcome:

- On April 15th, 2008, the ZEW Index is reported at a level of -40.7



ZEW Index – Chart



IFO Geschäftsklimaindex (Business Climate Germany)

Details:

- The IFO Institute for Economic Research is a Munich-based research institution
- As one of Germany's largest economic think-tanks, it analyses economic policy and is widely known for its monthly IFO Business Climate Index for Germany

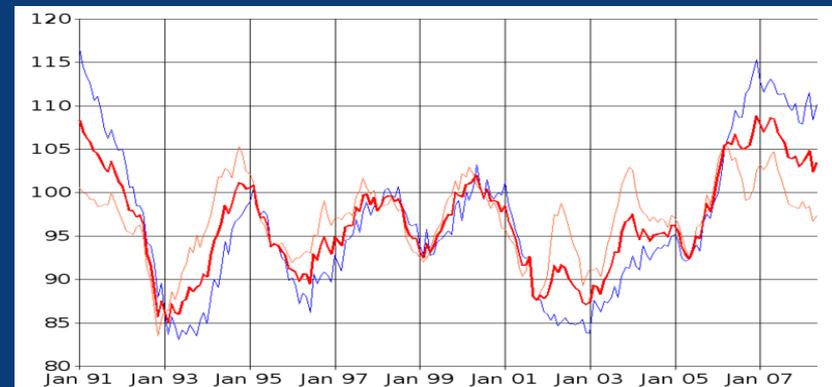
Why do investors care:

- The IFO index is the most prominent instrument for German business-cycle analyses

Publication date is usually between the 20th and the 24th of a given month):

IFO Release Schedule	
Jan 09	Feb 09
27.01.2009	24.02.2009

IFO Index Development since 1991



IFO Business Climate Germany – The Trade

Consensus:

- The IFO is expected to be reported at a level of 102 index points

Market Assessment:

- We are more bullish than the market, and expect the business outlook in Germany to be more positive, driving up the European equity market

Outcome:

- On May 21st, 2008, the IFO Business Climate Index is reported at an index level of 103.5



IFO Business Climate Germany - Chart





Agenda

1. Introduction

2. Economic Releases

- U.S. Market Movers
- Key European Economic Releases

3. Conclusions & Further Information

Conclusions

- Economic indicators provide the market with viable information concerning the overall economic outlook
- Dedicated trading strategies can be constructed around individual economic data releases, dependent upon consensus, and the market's reaction to deviations thereof
- While trading a figure can be quite a turbulent ride (also due to herding effects, and technical order entry systems at play), profitable but risky trading strategies may be pursuable
- In all cases, investors should be aware of upcoming economic data releases, even if they don't intend on trading them per se
- Economic events will effect the underlyings and futures products we trade, and must be considered in light of intraday and shorter termed trading
- A figure can move the market, and trigger stops and additional order volume in a specific market direction

Eurex European Market Outlook

- Free weekly e-newsletter
- Produced by CRB (division of Barchart)
- Covers the week ahead in European Markets
 - What's driving markets
 - Economic calendar

- Sign up at:

http://www.eurexchange.com/education/emo_nl_en.html

by entering your email address

If you sign up after Monday's e-newsletter is sent out, you will receive first newsletter NEXT week!

X-pand into the Future



Thank you for your participation

Eurex - The European Derivatives Exchange

Disclaimer

© Eurex 2008

Deutsche Börse AG (DBAG), Clearstream Banking AG (Clearstream), Eurex Bonds GmbH (Eurex Bonds), Eurex Repo GmbH (Eurex Repo), Eurex Clearing AG (Eurex Clearing) and Eurex Frankfurt AG are public companies and are registered under German law. Eurex Zürich AG is a public company and is registered under Swiss law. Clearstream Banking S.A. (Clearstream) is a public company and is registered under Luxembourg law. The administrating and operating institution of the Frankfurt Stock Exchange (FSE) is DBAG. The administrating and operating institution of Eurex Deutschland is Eurex Frankfurt AG (Eurex). Eurex Deutschland and Eurex Zürich AG are in the following referred to as the "Eurex Exchanges".

All intellectual property, proprietary and other rights and interests in this publication and the subject matter hereof (other than certain trademarks and service marks listed below) are owned by DBAG and its affiliates and subsidiaries including, without limitation, all patent, registered design, copyright, trademark and service mark rights. While reasonable care has been taken in the preparation of this publication to provide details that are accurate and not misleading at the time of publication DBAG, Eurex, Eurex Bonds, Eurex Repo, the Eurex Exchanges, Eurex Clearing, Clearstream and FSE and their respective servants and agents (a) do not make any representations or warranties regarding the information contained herein, whether express or implied, including without limitation any implied warranty of merchantability or fitness for a particular purpose or any warranty with respect to the accuracy, correctness, quality, completeness or timeliness of such information, and (b) shall not be responsible or liable for any third party's use of any information contained herein under any circumstances, including, without limitation, in connection with actual trading or otherwise or for any errors or omissions contained in this publication.

This publication is published for information only and shall not constitute investment advice. This brochure is not intended for solicitation purposes but only for use as general information. All descriptions, examples and calculations contained in this publication are for illustrative purposes only.

Eurex offers services directly to members of the Eurex Exchanges. Those who desire to trade any products available on the Eurex market or who desire to offer and sell any such products to others, should consider legal and regulatory requirements of those jurisdictions relevant to them, as well as the risks associated with such products, before doing so.

Eurex derivatives (other than DAX® Futures contracts, Dow Jones STOXX 50® Index Futures contracts, Dow Jones EURO STOXX 50® Index Futures contracts, Dow Jones STOXX® 600 Banking Sector Futures contracts, Dow Jones EURO STOXX® Banking Sector Futures contract, Dow Jones Global Titans 50SM Index Futures contracts, Dow Jones Italy Titans 30SM Index Futures contracts, MDAX® Futures contracts and Eurex interest rate derivatives) are currently not available for offer, sale or trading in the United States or by United States persons.

Trademarks and Service Marks

Buxl®, DAX®, Eurex®, Eurex Bonds®, Eurex Repo®, Euro GC Pooling®, Eurex Strategy WizardSM, FDAX®, iNAV®, MDAX®, ODAX®, SDAX®, StatistiX®, TecDAX®, VDAX-NEW®, Xetra® and XTF Exchange Traded Funds® are registered trademarks of DBAG.

Xemac® is a registered trademark of Clearstream Banking AG. Vestima® is a registered trademark of Clearstream International S.A.

RDXxt® is a registered trademark of Wiener Börse AG (Vienna Stock Exchange).

iTraxx® is a registered trademark of International Index Company Limited (IIC) and has been licensed for the use by Eurex. IIC does not approve, endorse or recommend Eurex or iTraxx® Europe 5-year Index Futures, Europe iTraxx® HiVol 5-year Index Futures and Europe iTraxx® Crossover 5-year Index Futures.

Eurex is solely responsible for the creation of the Eurex iTraxx® Credit Futures Contract, its trading and market surveillance. ISDA® neither sponsors nor endorses the product's use. ISDA® is a registered trademark of the International Swaps and Derivatives Association, Inc.

SMI®, SMIM® and VSMI® are registered trademarks of SWX Swiss Exchange.

STOXX®, Dow Jones STOXX® 600 Index, Dow Jones STOXX® Mid 200 Index, Dow Jones STOXX® TMI Index, VSTOXX® Index and Dow Jones EURO STOXX®/STOXX® 600 Sector Indexes as well as the Dow Jones EURO STOXX 50® Index and the Dow Jones STOXX 50® Index are service marks of STOXX Ltd. and/or Dow Jones & Company, Inc.

Dow Jones, Dow Jones Global Titans 50SM Index, and Dow Jones Italy Titans 30SM Index are service marks of Dow Jones & Company, Inc. The derivatives based on these indexes are not sponsored, endorsed, sold or promoted by STOXX Ltd. or Dow Jones & Company, Inc., and neither party makes any representation regarding the advisability of trading or of investing in such products.

The names of other companies and third party products may be the trademarks or service marks of their respective owners.