

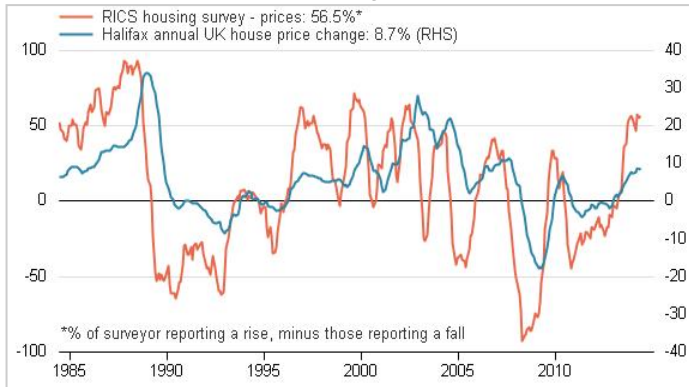
# THE MORNING BENCHMARK

PRODUCED BY REUTERS, TRADEWEB AND IFR MARKETS

Thursday, June 12, 2014

## RICS UK HOUSE PRICE

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## TOP NEWS

- Euro zone robust April output boosts Q2 GDP growth hopes
- U.S. healthcare data points to much weaker first-quarter GDP
- China's faster lending in May seen helping steady economy
- U.S. budget deficit shrinks to \$130 billion in May
- Smaller drop in Japan machinery orders keeps economy on track
- UK plans to make currency-rigging a crime but rejects EU rules

## ANALYSIS

### Cantor exit raises Wall Street fears of renewed debt fight

House Majority Leader Eric Cantor's shocking defeat isn't likely to have much effect on U.S. financial markets -- unless his departure emboldens Tea Party Republicans to again threaten a government shut-down over the debt ceiling next year, investment strategists said.

Even though most of the items on Wall Street's legislative wish list, particularly corporate tax reform, were already viewed as non-starters over the next two years, Cantor's departure may roil the relative calm that's prevailed since the bipartisan budget deal of December 2013.

"It underscores total political dysfunction," said Doug Kass, president of Seabreeze Partners Management in Palm Beach, Florida. "At some point the danger of no deal on the debt limit or increased wrangling raises the likelihood of a major repricing in stocks."

For more, [click here](#)

### For more stories from IFR Markets

- Market Preview, [click here](#)
- MBS Volume Summary, [click here](#)

## MORNING MEETING FROM IFR

### DATA

- 08:30 Initial Claims (wk June 7) (mkt 310k, prev 312k)
- 08:30 Continuing Claims (wk May 31) (mkt 2.598 mln, prev 2.603 mln)
- 08:30 Retail Sales (May) (mkt +0.6% m/m, prev +0.1% m/m)
- 08:30 Retail Sales ex-Autos (May) (mkt +0.4% m/m, prev 0.0% m/m)
- 08:30 Retail Sales Control (May) (mkt +0.4% m/m, prev -0.2% m/m)
- 08:30 Import Prices (May) (mkt +0.2% m/m, prev -0.4% m/m)
- 10:00 Business Inventories (Apr) (mkt +0.4% m/m, prev +0.4% m/m)

### EVENTS

- 11:00 Fed Outright TIPS Purchases (07/15/2018 - 02/15/2044) (\$0.55 - \$0.80 bln)

### ISSUANCE

- 11:00 Treasury announces 3- and 6-month bills (e: \$25/23 bln)
- 11:00 Treasury announces reopened 30-year TIPS (e: \$7 bln)
- 13:00 Treasury auctions \$13 bln re-opened 30-year bonds

### MARKET BIAS

- The tactical bias is neutral/defensive, looking to trade the range with the emphasis towards selling strength
- Look for a range of 2.67% to 2.59% in 10s
- The strategic bias is long a 50 % position in WI 10s at 2.648% versus a 50% short in 5s at 1.70%. A 50% position long in WI 3-years from 0.93% was exited at 0.915% for a 1.5 bps profit
- The curve bias is flat after exiting a 5s/30s flattener from 178 bps at 176.7 bps for a 1.3 bps profit. A long bund/treasury 10-year spread entered at -121.7 bps was exited -123 bps also for a 1.3 bps profit

### TECHNICAL OVERVIEW

Cash Support and Resistance		
	5-year	10-year
Resistance	1.68%	2.59%
Support	1.73%	2.67%

Best Trade: 10-Year Sep Contract

Position	Entry	Stop	Exit
Sell	124-020	3/32	123-240

Reason: Focus still on the downside as slide seems set to extend

### OVERNIGHT TREASURIES

- Bonds heavy overnight despite Iraq concerns, spike in oil
- Moderately light volume, 159k 10-year futures trade by 06:29 EST
- Sep 10s trade 124-03.5/123-29 overnight, last at 123-29
- Talk leveraged accounts sell 10s and longer dated paper
- Japanese/Asian accounts lift front-end through 10s

For more, [click here](#)

### For more market data

- Tradeweb Markets update, [click here](#)
- Thomson Reuters CDS Biggest Movers, [click here](#)
- Thomson Reuters Loan & Bonds movers, [click here](#)

## MORNING MEETING FROM IFR

(continued)

- 10s trade in a range of 2.637% to 2.655% overnight
- USTs outperforming Germany by 2.8bp in the 10-year maturity compared to the previous London close

**OVERNIGHT NEWS RECAP**

- No clear direction for stocks in Europe with markets still concerned that a material correction is overdue
- Follows negative handover from Wall Street (S&P500 -0.4%) and losses in Asia (MSCI Asia Pacific ex-Japan -0.3%)
- European credit indices treading water (s-21 MAIN +0.8bp, XOVER +0.3bp)
- Oil moving higher as violence escalates in Iraq, fuelling supply worries. Brent crude up over \$2.06 to 3-m high at \$112.29
- EUR slips lower in late morning trade to 1.3512, nearing post-ECB low at 1.3503
- EZ IP rises bigger than expected 0.8% mom in Apr (prev -0.4%, exp 0.4%) - seen as old news though
- UK RICS housing survey stronger in May at 57 (prev 55, exp 52) but price rises expected to ease to 3.6% in next 12 months (from 3.9%) with falling buyer enquiries and tighter lending standards expected to weigh on demand
- IFR COMMENT - Riksbank - The risk of ZIRP as lowflation persists
- IFR COMMENT - Fed - A new script to avoid repeating 1994 and 2004-06 mistakes [

**OVERSEAS SOVEREIGNS**

## JGBs

- 10-yr (#334) -0.5bp at 0.595% (0.595% only); 2-yr (#341) flat at 0.08%
- 5s(old) -1bp at 0.17%, 20s -1bp at 1.445%, 30s -1.5bp at 1.695%(H=1.705%)
- Domestic investors buy new 5s (#118) and S/L JGBs for quarterly redemption
- BoJ starts its monthly 2-day policy board mtg today; No action eyed

## EGBs

- Bunds sideways in very low octane trade after halting multi day slide in prior session
- German curve steeper, helped by EUR15bn maturing Schatz payment due Friday while EONIA slips again (1-wk down 3bp to 2.6bp)
- EURIBOR curve also steepens again, Sep14/Sep16 rises to 22bp following fresh low at 17bp seen Tue
- Spain syndicated 10-yr – Books above EUR12bn at m/s+118bp, to price at 17.00 CET. EUR3.663bn of 2015 BONOs accepted in exchange
- Italy sell full EUR8.5bn 3-, 7- and 30-yr BTPs at record low yields - virtuous circle of lower funding costs and improved bal-

ance sheet/rating dynamics intact

## GILTS

- Sellers in control despite geopolitical worries, underperform eurozone
- Support emerges against technical resistance of 2.74% on 10-year cash yields
- 10-year spreads to Germany wider, last at 133 bp, interim resistance next at 140bp
- Bank of England Governor Carney and Chancellor to speak at Mansion House this evening, Carney expected to focus on housing, Osborne on FX regulations and fixings
- Volumes ease in data free morning, just over 45k Sep Gilts traded as of 10:25 GMT

**RATES SNAPSHOT**

	10-yr Current Yield	Spread to Trsy (bps)
US	2.658%	
JGB	0.595%	-206
BUND	1.404%	-125
GILTS	2.738%	+8

data supplied by Tradeweb

**EQUITY RECAP**

- NIKKEI 14973.583, -96
- Nikkei loses 0.64% on lower World Bank growth forecast

DAX 9951.50, +2 FTSE 100 6845.83 +7

- FTSE edges 0.07% higher on corporate merger talk

Dow Futures +2, NASDAQ Futures +6, S&amp;P Futures +1

FX SNAPSHOT USD/JPY 102.03 EUR/USD 1.3524

COMMODITY SNAPSHOT Gold \$1264.20 +\$3.96, Oil \$106.00, +\$1.52

**SPREAD PRODUCT OUTLOOK**

## MORTGAGES

- 30yr FNMA CC 3.29%; +55/swaps, +112/5&10yr blend
- Class B (15yrs) net-out, 2pm cutoff
- Low Fed Trade day, no 30yr Class A bonds- portends widening bias
- Retail Sales only tier 1 release

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## ANALYSIS

The Tea Party Republicans who supported the 2013 government shutdown may believe that Cantor's defeat opens the door to another such battle, according to Greg Valliere, chief political strategist at Potomac Research Group in Washington. Dave Brat, the professor of economics who beat Cantor in Virginia's 7th Congressional district, has said in the past that he doesn't support raising the federal debt limit.

"An ugly, market-rattling debt ceiling fight now looms in March 2015," potentially undermining the record-breaking run the S&P 500 has put together over the last couple of years, Valliere said in a Wednesday note.

Stocks slumped during the last debt ceiling battle in October 2013, only rebounding once negotiations to pass a budget and "suspend" the debt ceiling turned more constructive. Since Oct. 10, 2013, the S&P 500 has gained 17.3 percent.

The 2013 deal set spending limits through the end of 2015, and the 2011 Budget Control Act also set spending caps through the end of the decade. Still, the Tea Party's focus on the debt limit as a symbol of government spending run amok serves as a key rallying point.

Cantor is stepping down as House majority leader at the end of July. Other investors were less sure that new House leadership would want to risk losing more public support by fighting the debt ceiling again, saying that they would more likely focus their battle on the growth in entitlement spending.

"I don't think there's any consensus in the House to try to take on that (debt limit) again," said Dan Alpert, managing director at Westwood Capital in New York. "Most people are focused on maintaining the pressure on entitlements going forward."

Issues such as immigration reform or a corporate tax holiday allowing companies to repatriate overseas earnings without penalty were already long-shots, and a re-energized Tea Party smelling possible November victories in Senate races in Mississippi or Iowa could move the GOP even further right.

"There's this tangible disquiet and Cantor's loss shows a lot of

discontent among Republican voters on spending, debt, and budget issues," said Loren Smith, research analyst at Capital Alpha Partners in Washington.

## FAVORITE POLITICIAN

Though most investors don't see a real problem for the broader stock market, unless a debt battle materializes, Wall Street is losing one of its favorite politicians.

With contributions of \$1.4 million, Cantor received more donations from the finance, industry and real estate sector in the 2014 election cycle than any other House member other than House Speaker John Boehner, according to the Center for Responsive Politics. Top donors include Goldman Sachs Group Inc, Citigroup, Blackstone Group and hedge fund Canyon Partners.

"I thought it was stunning," Goldman Sachs chairman and CEO Lloyd Blankfein told CNBC this morning. "I hope it doesn't mean that it'll be impossible from this point forward to compromise on issues like the budget, on immigration policy or on any of the other issues wracking the economy."

To be sure, Cantor's potential replacement as majority leader, Jeb Hensarling of Texas, the current chair of the House Financial Services Committee, isn't far behind with contributions of \$1.09 million for this cycle. His top contributors come from insurance companies, as well as banks including JPMorgan Chase & Co and Zurich-based UBS AG.

"A basic lesson of markets is that all politicians are replaceable instantly, except the President who is replaceable almost instantly," said Ken Fisher, founder and president of Fisher Investments. "Cantor? He will be forgotten faster than you can say [former Virginia Representative] Tom Bliley (his predecessor you may recall)."

--- David Gaffen

## IFR MARKETS PREVIEW

## Trading heavy despite Iraq concerns, leveraged selling out curve

Bonds are down overnight under talk of leveraged selling of 10s and longer dated paper, while the market disregards concerns about Iraq which have sent WTI Oil futures up \$1.64 to \$106.04. London dealers relay the market trades poorly regardless, with Sep 10s trading down to 123-29 last, out of a 124-03.5/123-29 range. Volumes have been moderately light with 159k 10-year futures trading by 06:29 EST. Other customer flows feature better buying from Japan and Asia in the front-end through 10s.

Bunds are also down, but only slightly, helping widen out 10s/Bunds further to +125.3 bps last on Tradeweb, from +122.6 bps as of London's close Wednesday. Within Europe peripheral markets are mixed with some selective tightening which is actu-

ally a reasonably impressive performance given big supply which is being taken down today. The latter encompasses EUR8.5 bn of Italian bonds which were sold, including a new 12/21, alongside a new syndicated 10-year for Spain which is admittedly partly being done as an exchange against shorter dated issues. 10-year Spanish bonds are three bps wider to Bunds under this pressure, while 10-year Italian bonds are 1.5 bps wider.

Stocks are in neutral territory with S&P futures up about half a point while Eurostoxx are fractionally lower, after the Nikkei dipped 0.6%. Other related markets show the euro a little softer at EUR/USD1.3523, the yen marginally better at USD/JPY102.04, and the pound stronger at GBP/US1.6827.

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## TOP NEWS

**Euro zone robust April output boosts Q2 GDP growth hopes**

Euro zone industrial output rebounded with a twice-as-strong as expected monthly rise in April thanks to energy and non-durable goods production, official data showed on Thursday, pointing to an acceleration of economic growth in the second quarter.

Output in the 18 countries sharing the euro rose 0.8 percent on the month in April after a downwardly revised -0.4 percent drop in March. Economists had expected a 0.4 percent rise.

Compared with the same period of 2013, production grew by a much stronger than expected 1.4 percent, against an upwardly revised 0.2 percent rise in March, previously reported as a 0.1 percent drop. Economists had expected 0.9 percent annual growth.

"Q2 is shaping up stronger than Q1," said Evelyn Herrmann, an European economist at BNP Paribas. "We forecast GDP to grow 0.4 percent q/q in Q2, following the disappointingly soft 0.2 percent q/q expansion in Q1."

The monthly production rise, strongest in five months, was mainly driven by a 2.5 percent rise in energy output, followed by a 2.1 percent increase in non-durable consumer goods output.

**China's faster lending in May seen helping steady economy**

China's new bank lending and money supply rose faster than expected in May, as the government ramps up policy stimulus measures to energise a slowing economy.

The central bank data released on Thursday added to reassuring signs that the world's second largest economy is pulling out of its soft patch -- first quarter growth of 7.4 percent was the slowest in 18 months - but the recovery appears patchy.

A mini-stimulus package has helped, and analysts do not rule out more measures by Beijing, especially if the property market starts to deteriorate rapidly.

Chinese banks made 870.8 billion yuan (\$140.08 billion) worth of new yuan loans in May, 12.4 percent more than in April and higher than a forecast of 750 billion yuan.

Broad M2 money supply rose 13.4 percent in May from a year earlier, the central bank said in a statement on its website, quickening from 13.2 percent rise in April and ahead of forecast in a Reuters poll of a 13.1 percent rise.

Outstanding yuan loans grew 13.9 percent from a year earlier versus forecasts for growth of 13.7 percent.

**Smaller drop in Japan machinery orders keeps economy on track**

Japan's core machinery orders fell less than expected in April after a record jump in the previous month, underscoring recent signs of a steady pick up in capital spending seen as vital for a durable economic recovery.

The 9.1 percent drop in core orders, a highly volatile data series regarded as an indicator of capital spending in the coming six to nine months, backs the Bank of Japan's view the world's third-largest economy could weather the pain of a recent sales tax hike.

The decline compared with economists' median estimate for a 11.9 percent fall in a Reuters poll. It followed a sizable 19.1 percent increase in March, the biggest month-on-month gain under comparable data by the Cabinet Office available from fiscal year 2005.

As domestic demand slows down in the current fiscal year after the sales tax rose to 8 percent from 5 percent on April 1, exports would need to pick up the pace to help sustain a recovery in machinery orders, they say.

**U.S. healthcare data points to much weaker first-quarter GDP**

The U.S. economy likely contracted at a much sharper pace in the first quarter than previously estimated with data on Wednesday showing weaker healthcare spending.

The Commerce Department's quarterly services survey, or QSS, showed healthcare outlays were not as strong as the government had assumed when it published its second gross domestic product estimate for the first quarter last month.

Ryan Sweet, a senior economist at Moody's Analytics in West Chester, Pennsylvania said the latest numbers on services spending "made the first quarter look even worse."

"Healthcare spending did not add nearly as much to growth as we initially thought in the first quarter," he said.

It is not unusual for the government to make big revisions to GDP numbers as it does not have complete data when it makes its first and second estimates, and the QSS has led to big revisions at times over the last several years.

The government previously estimated that healthcare spending contributed one percentage point to growth, but economists said the QSS suggested healthcare spending added only about 0.7 percentage point.

**U.S. budget deficit shrinks to \$130 billion in May**

The U.S. budget deficit shrank more than six percent from a year earlier to \$130 billion in May, according to data released by the Treasury Department on Wednesday.

Analysts polled by Reuters expected a \$131 billion deficit last month. The gap was \$139 billion in May 2013.

May's results brought the year-to-date deficit to \$436 billion, compared with \$626 billion in the same period last year.

Last month's budget results were affected by differences in the calendar. If adjusted for timing-related transactions, the U.S. would have ended the month of May with a deficit of \$87 billion, down from last year's adjusted \$106 billion deficit.

Receipts totaled \$200 billion, up 1 percent from a year ago, the monthly budget statement said, bringing the year-to-date total to \$1.93 trillion.

Outlays were at \$330 billion, down 2 percent from last year, for a year-to-date total of \$2.37 trillion.

**UK plans to make currency-rigging a crime but rejects EU rules**

British finance minister George Osborne will reject European Union plans to outlaw currency market manipulation on Thursday and instead set out his own proposals to make rigging exchange rates a criminal offence.

EU laws taking effect in 2016 will make it a criminal offence with a four-year jail term to rig key prices in a wide range of financial markets.

But Osborne does not want these laws to apply in London, the world's biggest centre for currency trading.

Instead, he wants a panel led by the Bank of England to recommend new criminal sanctions which meet the needs of London, where much of the loosely regulated \$5-trillion-a-day trade in foreign exchange takes place.

"Our own rules will be as strong or stronger than those of the EU, but will preserve flexibility to reflect specific circumstances in the UK's globally important financial sector," Britain's finance ministry said in a statement late on Wednesday.

## MBS CLOSE FROM IFR MARKETS - June 11

## Spreads mixed in light volume session

Treasuries held a modest bid through most of today as the risk appetite dissipated following news that the World Bank lowered its global growth outlook for 2014 to +2.8% from an original projection of 3.2% at the start of the year. 2015, however, was unchanged at 3.4%.

Ahead of a sizeable FedTrade MBS operation in 30-year conventional 3.5s and 4s at 9:45 AM, investors were modestly supportive despite the higher prices. As yields began moving off their lows around mid-morning and following the purchases, selling from real and fast money picked up and pressured spreads off their intraday tightness. Volume in MBS, however, was well below normal at 78% of the 30-day moving average.

Tomorrow has a full calendar of key economic releases which may have encouraged investors to take profits in the event the data is more favorable than anticipated, especially as the Fed will be not be an available offsetting buyer in 30-year conventionals in the event there is a sell-off.

Also possibly encouraging investors to be more opportunistic is the potential for increased selling into quarter-end from banks. In weekly MBS research from Deutsche Bank, analysts noted that for the majority of the past 12 months large bank portfolios have been underwater. The rates rally in this second quarter has resulted in sizeable unrealized gains currently, so "as we head into quarter end, it seems fairly likely that banks will sell MBS into this strength," said analysts, "harvest gains and redeploy into shorter duration securities."

With supply averaging \$1.5 to \$1.6 billion lately, any excess selling will weigh on MBS as Fed purchases currently are averaging a \$1.8 billion per day average which should drop to \$1.6 billion starting in July. Technicals broadly remain favorable, however, and investors would likely be opportunistically responsive to cheapening.

Today's FedTrade operations totaled \$2.231 billion in all. In the first, the desk accepted \$1.687 billion par 30-year conventional 3.5s and 4s for July settlement out of \$13.22 billion submitted (12.8% hit ratio). Of note, though, the Fed purchased 88.8% of its planned maximum of \$1.9 billion in FNMA and FHLMC 3.5s and 4s which compared to 98.2% in the operation on Monday. In the second, \$544 million 30-year GN II 3.5s and 4s for July settlement were accepted out of \$4.64 billion submitted (11.7% hit rate). Overall, purchases included: \$490 million FNCL 3.5s; \$487 million FNCL 4s; \$379 million FGLMC 3.5s; \$331 million FGLMC 4s; \$319 million G2SF 3.5s, and \$225 million G2SF 4s. At 3 PM, the 10-year Treasury note was marked down 1/32 to 98-25 (2.64% yield) while prices on FNMA 3s through 4.5s ranged from +1+ tick to -1 tick. The slope of the 2s10s curve was steady at +221; swap spreads were tighter, and vol was lower. Versus Treasuries, spreads were a tick tighter on 3s, flat in the belly, and over a tick wider on 4.5s; spreads were back a plus to a tick from there versus swaps. The 30yr current coupon spread was 2 to 4 basis points wider to its various benchmarks at +64.5/10yr, +112/5yr-10yr Treasury blend, and +54.9/10yr

swap. More reports today suggested that supply technicals should remain relatively benign. While mortgage applications jumped over 10% in the week ending June 6, levels on the refinancing and purchases indexes remain relatively low. The Refi Index increased 11% to 1529, but is notably below the 2000 area of last October when mortgage rates were similar. Furthermore, rates are rising and are well away from 4% that would stimulate organic refis.

The Purchase Index, meanwhile, gained 9.3% to 187.5, but remains down by nearly 14% from a year ago. Purchases remain stymied by tight credit conditions, limited inventory and lower affordability as a result of higher mortgage rates and home valuations.

Fannie Mae's May 2014 National Housing Survey also suggested hesitancy in regards to housing. Among some of the points, it said:

- The share of respondents who believe the economy is headed in the wrong direction remained at 57 percent last month.
- Those who said their household income is significantly higher than it was at the same time last year decreased four percentage points to 21 percent.
- The percentage of respondents who expect their personal financial situation to get better over the next 12 months fell slightly to 42 percent.

Doug Duncan, senior vice president and chief economist for Freddie Mac concluded, "Consumers' lukewarm income expectations and reticence about the economy seem to be holding back housing demand. This year's spring and summer home buying season has gotten off to a slow start, even as mortgage rates have trended lower over the past two months. Our National Housing Survey data show that economic conditions continue to be the top concern among consumers who think it's a bad time to buy or sell a home. While recent housing activity suggests that the worst of the housing slump may be behind us, this caution among consumers supports our expectation that the rebound in home sales will likely be too modest to pull sales for all of 2014 ahead of last year." A fuller data calendar replete with higher tiered releases arrives Thursday. At 8:30 AM are Import Prices (May), Initial Claims (6/7) and Retail Sales (May), while 10 AM receives Business Inventories (Apr) and Freddie Mac's weekly report on mortgage rates. Import Prices is projected at +0.2 from -0.4; Initial Claims is called lower by 2k to 310k; consensus on Retail Sales is +0.6 from +0.1 and at +0.4 from +0.0 ex-autos, while Business Inventories is forecast unchanged at +0.4. Treasury concludes this week's coupon auctions with \$13 billion in 30-year bonds at 1 PM, which is preceded by a 30-year TIPS announcement at 11 AM. In MBS, there are two FedTrade purchase operations scheduled: \$550 million 15-year 2.5s and 3s at 9-9:45 AM and \$650 million in GN II 3.5s and 4s at 11:15-11:45 AM. Also, at 2 PM the NYFRB reports on MBS purchases for the week ending June 11, and lastly it is Class B net out as 15-year MBS proceed through the monthly settlement cycle.

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## TRADEWEB MBS VOLUME SUMMARY FROM IFR MARKETS - June 11

- Tradeweb volume in MBS was below normal at 78% of the 30-day moving average.
- By term, 15s made up 49% of today's volume, leaving 30s at 51%. The pick up in 15s is related to the approaching 48-hour day on Friday.
- At 3 PM, the 10-year Treasury note was marked 1/32 lower to 98-25 (2.64% yield) and the 2s10s curve was essentially unchanged at +221.

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## Tradeweb Summary

Sector	Total Volume Vs 30-Day Avg
All	78%
FHLMC 15yr	165%
FHLMC 30yr	39%
FNMA 15yr	91%
FNMA 30yr	67%
GNMA 30yr	171%



TRADEWEB MARKETS

AS OF 7:00 AM ET

U.S. TREASURIES <27075>					UK GILTS <0#GBBMK=TWEB>					JGBs <0#JPBMK=TWEB>				
	BID	ASK	YIELD	CHANGE		BID	ASK	YIELD	CHANGE		BID	ASK	YIELD	CHANGE
2-Year	99.867	99.875	0.439	0.012	2-Year	102.005	102.034	0.743	-0.032	2-Year	100.025	100.049	0.087	-0.002
3-Year	99.820	99.828	0.933	0.011	5-Year	98.756	98.785	2.007	-0.095	5-Year	100.103	100.155	0.178	0.033
5-Year	98.992	99.000	1.711	0.017	10-Year	96.084	96.116	2.732	-0.141	10-Year	99.943	100.047	0.606	0.009
7-Year	98.438	98.453	2.241	0.015	30-Year	95.675	95.776	3.485	-0.169	20-Year	100.767	101.031	1.450	0.169
10-Year	98.688	98.703	2.649	0.011						30-Year	100.000	100.358	1.700	0.337
30-Year	98.094	98.125	3.476	0.009										

USD IRS SWAPS <TWEBIRS>					GBP IRS SWAPS <TWEBIRS>			JPY IRS SWAPS <TWEBIRS>		
	SPREAD		RATE			RATE			RATE	
2-Year	0.143	0.150	0.584	0.589	2-Year	1.179	1.190	2-Year	0.178	0.188
3-Year	0.093	0.100	1.029	1.034	3-Year	1.567	1.578	3-Year	0.195	0.205
5-Year	0.078	0.083	1.789	1.794	5-Year	2.110	2.122	5-Year	0.295	0.295
7-Year	0.053	0.058	2.294	2.299	7-Year	2.450	2.463	7-Year	0.465	0.475
10-Year	0.100	0.105	2.750	2.755	10-Year	2.790	2.801	10-Year	0.750	0.760
30-Year	-0.038	-0.033	3.440	3.445	30-Year	3.281	3.294	30-Year	1.768	1.783

EUROPEAN GOV'T DEBT <TWEBEURO>					EUR IRS SWAPS <TWEBIRS>			CDS - U.S. (previous day's close)		
	BID	ASK	YIELD	CHANGE		RATE			CLOSE	CHANGE
UKT-10Year	96.078	96.110	2.733	-0.147	2-Year	0.318	0.323	CDXIG.19.V1.5Y	58.2753	-0.077
BTPS-10Year	114.391	114.507	2.803	-0.260	3-Year	0.397	0.403	CDXHY.19.V1.5Y	108.625	0.015
SE-10Year	97.312	97.456	1.796	0.051	5-Year	0.707	0.713			
RAGB-10Year	99.376	99.508	1.703	-0.043	7-Year	1.090	1.095			
OLO55-10Year	95.524	95.964	2.510	0.028	10-Year	1.580	1.585			
FRTR-10Year	104.548	104.613	1.747	0.067	30-Year	2.344	2.351			
PGB-10Year	118.952	119.570	3.255	0.253						
IRISH-10Year	108.513	108.754	2.409	0.227						
RFGB-10Year	103.609	103.690	1.591	0.085						
DBR-10Year	100.927	100.966	1.395	-0.028						
NETHR-10Year	103.366	103.435	1.635	0.066						
GGB-10Year	82.392	83.360	5.571	0.054						
SPGB-10Year	109.580	109.760	2.682	-0.408						
DGB-10Year	100.622	100.792	1.409	-0.069						

CDS - Europe		
	BID	ASK
ITEEU.18.V1.5Y	59.000	59.5
ITEXO.18.V1.5Y	228.500	230.500
ITEFA.18.V1.5Y	58.750	59.750

All data below is from previous day's close

ACTIVE FANNIE MAE AGENCIES <27096>						ACTIVE FREDDIE MAC AGENCIES <27096>					
TERM	COUPON	MATURITY	SPREAD	BID	YIELD	TERM	COUPON	MATURITY	SPREAD	BID	YIELD
3-Year	0.750	04/20/2017	-1.5	-4	0.913	2-Year	-	-	-	-	-
5-Year	1.750	06/20/2019	11	41.5	1.814	3-Year	0.875	22-02-2017	-8.000	-3.600	0.848
10-Year	5.375	06/12/2017	5.5	-3.5	0.983	5-Year	0.875	07-03-2018	42.500	2.900	1.353
30-Year	6.625	11/15/2030	1.8	28.7	3.482	10-Year	2.375	13-01-2022	32.000	16.000	2.554
						30-Year	6.250	15-07-2032	8.300	29.400	3.547

Active MBS 30YR <7687> - 89			
	CPN	BID	ASK
FNMA	3.000	97.547	97.563
FHLMC	3.000	97.484	97.516
GNMA	3.000	99.922	99.953

## THOMSON REUTERS CDS BIGGEST MOVERS

Convention spread for lower risk entities is based off the 100bp fixed coupon, while the convention spread for higher risk entities is based off the 500bp fixed coupon. All data below is from previous day's close

**CREDIT IMPROVEMENT - LOWER RISK ENTITIES**  
 (CDS whose 5Yr spreads are <500bps)

## NORTH AMERICA

Name	RIC	ConvSprd	% Chg
ANADARKO PETROL	<APC5YUSAX=R>	36.64	-21.39
MGIC INVESTMENT	<MTG5YUSAX=R>	218.55	-6.86
BALL CORPORATIO	<BLL5YUSAX=R>	142.36	-5.04
CATERPILLAR FIN	<CATF5YUSAX=R>	41.00	-4.63
RADIAN GROUP IN	<RDN5YUSAX=R>	254.36	-4.10

## EUROPE/ MID EAST/ AFRICA

Name	RIC	ConvSprd	% Chg
CAJA DE AHORROS	<CDAD5YEUAM=R>	75.45	-6.27
RENTOKIL INITIA	<RTO5YEUAM=R>	81.10	-5.77
REPUBLIC OF ICE	<ISGV5YUSAC=R>	168.67	-5.61
EUROPEAN AERONA	<AERM5YEUAM=R>	44.31	-4.28
KINGFISHER PLC	<KGF5YEUAM=R>	53.25	-3.60

## ASIA PACIFIC

Name	RIC	ConvSprd	% Chg
JAPAN TOBACCO I	<JAPT5YJPAC=R>	22.47	-11.01
JFE HOLDINGS, I	<JFEH5YJPAC=R>	59.98	-10.46
TOSHIBA CORPORA	<TOSB5YJPAC=R>	59.98	-6.27
EBARA CORPORATI	<EBAR5YJPAC=R>	63.52	-5.91
NIPPON SHEET GL	<NIPF5YJPAC=R>	295.47	-5.18

**CREDIT DETERIORATION - LOWER RISK ENTITIES**  
 (CDS whose 5Yr spreads are <500bps)

## NORTH AMERICA

Name	RIC	ConvSprd	% Chg
TYSON FOODS, IN	<TSN5YUSAX=R>	80.01	6.69
FIA CARD SERVIC	<BACM5YUSAX=R>	60.01	3.47
UNITED RENTALS,	<URI5YUSAX=R>	181.60	2.85
MEADWESTVACO CO	<MWV5YUSAX=R>	80.00	2.58
RITE AID CORPOR	<RAD5YUSAX=R>	253.11	2.13

## EUROPE/ MID EAST/ AFRICA

Name	RIC	ConvSprd	% Chg
DEUTSCHE LUFTHA	<LHAG5YEUAM=R>	83.09	10.59
REPUBLIC OF AUS	<ATGV5YUSAC=R>	27.67	9.50
NEXT PLC	<NXT5YEUAM=R>	51.41	8.74
DIAGEO PLC	<DIAG5YEUAM=R>	44.43	7.55
ELECTRICITE DE	<EDF5YEUAM=R>	48.28	6.60

## ASIA PACIFIC

Name	RIC	ConvSprd	% Chg
ASAHI GLASS COM	<ASAG5YJPAC=R>	38.84	7.09
BANGKOK BANK PU	<BBL5YUSAC=R>	104.97	1.92
AMP GROUP HOLDI	<AMPG5YUSAR=R>	84.64	1.85

**CREDIT IMPROVEMENT - HIGHER RISK ENTITIES**  
 (CDS whose 5Yr spreads are >=500bps)

## NORTH AMERICA

Name	RIC	ConvSprd	% Chg
-	-	-	-

## EUROPE/ MID EAST/ AFRICA

Name	RIC	ConvSprd	% Chg
-	-	-	-

## ASIA PACIFIC

Name	RIC	ConvSprd	% Chg
-	-	-	-

**CREDIT DETERIORATION - HIGHER RISK ENTITIES**  
 (CDS whose 5Yr spreads are >=500bps)

## NORTH AMERICA

Name	RIC	ConvSprd	% Chg
-	-	-	-

## EUROPE/ MID EAST/ AFRICA

Name	RIC	ConvSprd	% Chg
NORSKE SKOGINDU	<NSG5YEUAM=R>	2284.38	1.06
UKRAINE	<UAGV5YUSAC=R>	800.25	0.31

## ASIA PACIFIC

Name	RIC	ConvSprd	% Chg
-	-	-	-



## THOMSON REUTERS BIGGEST LOAN MOVERS

All data below is from previous day's close

## CREDIT IMPROVEMENT

## NORTH AMERICA

Name	RIC	Avg. Bid	% Chg
TOYS R US	<00TOYN086TB1=R>	85.5	0.35
APEX TOOL GROUP	<A000ND017TB1=R>	98.65	0.32
DEX MEDIA EAST L	<D0003N048TB1=R>	81	0.31
GRAY TELEVISION	<00GCSN0A8TB1=R>	100.22	0.28
MONEYGRAM IN-TERN	<M000C5047TB1=R>	98.75	0.25

## EUROPE/ MID EAST/ AFRICA

Name	RIC	Avg. Bid	% Chg
AUTOBAR GROUP LT	<A000AL047TB1=R>	79	1.09
ABBOT GROUP PLC	<A000H4042TC3=R>	99.38	0.82
HEMA BV	<H0007Q027TB1=R>	99.18	0.1
DELACHAUX SA	<D0007Z013TB1=R>	101.04	0.08
HC STARCK GMBH	<H0006H026TB2=R>	99	0.06

## CREDIT DETERIORATION

## NORTH AMERICA

Name	RIC	Avg. Bid	% Chg
EDUCATION MANAGE	<0EDMCO046TL1=R>	72.83	-0.23
SEADRILL LTD	<S000LY030TB1=R>	98.73	-0.21
NINE WEST	<00NINN036TB2=R>	100.4	-0.21
BORGATA	<B0004L043TB1=R>	101.1	-0.19
ARCH COAL INC	<00ACIN031TB1=R>	97.93	-0.15

## EUROPE/ MID EAST/ AFRICA

Name	RIC	Avg. Bid	% Chg
VIVARTE SA	<V0002K045TB1=R>	42.5	-0.58
SELECTA	<S000ER016TL5=R>	96.83	-0.34
AVR HOLDING	<H0005S041TB1=R>	81.33	-0.26
CORTEFIEL SA	<C000DJ039TB1=R>	65.5	-0.19
TRADER MEDIA COR	<T00072035TB1=R>	99.96	-0.16

## THOMSON REUTERS BIGGEST HIGH-YIELD BOND MOVERS

## CREDIT IMPROVEMENT

## NORTH AMERICA

Name	RIC	Price	% Chg
-	-	-	-

## CREDIT DETERIORATION

## NORTH AMERICA

Name	RIC	Price	% Chg
-	-	-	-

Thomson Reuters CDS index and single-name data is available in Eikon through CreditViews or by entering <REUTERSCDs> in a quote.

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(Compiled by Benny Thomas in Bangalore)

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# FIFA WORLD CUP 2014

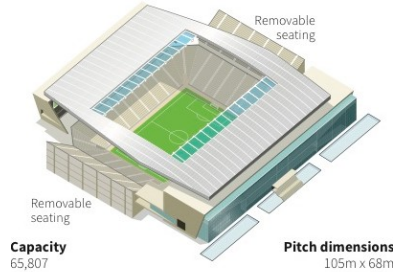


16:00 ET



## Arena de Sao Paulo

The stadium, home ground of local football club Corinthians, is the venue for 2014 World Cup's opening match between host Brazil and Croatia.



Capacity  
65,807

Pitch dimensions  
105m x 68m

## Brazil

Profile of team at the 2014 FIFA World Cup in Brazil.

### KITS



### FIXTURES (Group A)



Opponent  
and venue

- CROATIA**  
Sao Paulo  
June 12, 2000 GMT
- MEXICO**  
Fortaleza  
June 17, 1900 GMT
- CAMEROON**  
Brasilia  
June 24, 2000 GMT

Sources: Reuters; FIFA

F. Chan, 11/06/2014



Coach  
Luis Felipe Scolari

### SQUAD

#### Goalkeepers

**Jefferson** (Botafogo)  
**Julio Cesar** (Toronto FC)  
**Victor** (Atletico Mineiro)

#### Defenders

**Marcelo** (Real Madrid)  
**Daniel Alves** (Barcelona)  
**Maicon** (AS Roma)  
**Maxwell** (Paris St Germain)  
**Thiago Silva** (Paris St Germain)  
**David Luiz** (Chelsea)  
**Dante** (Bayern Munich)  
**Henrique** (Napoli)

#### Midfielders

**Paulinho** (Tottenham Hotspur)  
**Ramires** (Chelsea)  
**Willian** (Chelsea)  
**Oscar** (Chelsea)  
**Hernanes** (Inter Milan)  
**Luiz Gustavo** (VfL Wolfsburg)  
**Fernandinho** (Manchester City)

#### Forwards

**Neymar** (Barcelona)  
**Fred** (Fluminense)  
**Jo** (Atletico Mineiro)  
**Hulk** (Zenit St Petersburg)  
**Bernard** (Shakhtar Donetsk)



## Croatia

Profile of team at the 2014 FIFA World Cup in Brazil.

### KITS



### FIXTURES (Group C)



Opponent  
and venue

- BRAZIL**  
Sao Paulo  
June 12, 2000 GMT
- CAMEROON**  
Manaus  
June 18, 2200 GMT
- MEXICO**  
Recife  
June 23, 2000 GMT

Sources: Reuters; FIFA

F. Chan, 11/06/2014



Coach  
Niko Kovac

### SQUAD

#### Goalkeepers

**Stipe Pletikosa** (Rostov)  
**Danijel Subasic** (Monaco)  
**Oliver Zelenika** (Dinamo Zagreb)

#### Defenders

**Darijo Srna** (Shakhtar Donetsk)  
**Dejan Lovren** (Southampton)  
**Vedran Corluka** (Lokomotiv M.)  
**Gordon Schildenfeld** (Panathin.)  
**Danijel Pranjinic** (Panathinaikos)  
**Domagoj Vida** (Dynamo Kiev)  
**Sime Vrsaljko** (Genoa)

#### Midfielders

**Luka Modric** (Real Madrid)  
**Ivan Rakitic** (Sevilla)  
**Ognjen Vukojevic** (Dynamo Kiev)  
**Ivan Perisic** (Wolfsburg)  
**Mateo Kovacic** (Inter Milan)  
**Marcelo Brozovic** (Dinamo Zagreb)  
**Sammir** (Getafe)  
**Ivan Mocinic** (Rijeka)

#### Forwards

**Mario Mandzukic** (Bayern Munich)  
**Ivica Olic** (Wolfsburg)  
**Eduardo** (Shakhtar Donetsk)  
**Nikica Jelavic** (Hull City)  
**Ante Rebic** (Fiorentina)



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