

Date	Time	The Day Ahead (AUSTRALIA)	Month	Survey	Prior
31/12	11:30	PRIVATE SECTOR CREDIT MoM	NOV	1.0%	1.0%
31/12	11:30	PRIVATE SECTOR CREDIT YoY	NOV	15.4%	15.4%

TREASURIES

NEW YORK, Dec 27 (Reuters) - U.S. Treasuries rose on Thursday as investors flocked to low-risk bonds on weaker-than-expected durable goods data and sharp losses in U.S. stocks.

Safe-haven demand for U.S. government securities also emerged following news that Pakistani opposition leader Benazir Bhutto had been assassinated, which partly spurred selling in stocks, pushing U.S. equity indexes down more than 1 percent.

"Today's rally is on the back of durables. There was also some safe-haven buying from the Bhutto news," said Jessica Hoversen, fixed-income analyst at MF Global Research in Chicago.

A government report showed a slim 0.1 percent gain in durable goods orders last month, supporting the view of a weakening U.S. economy and more interest rate cuts from the Federal Reserve.

U.S. interest rate futures <FFG8> implied a 78 percent chance that the Fed would trim its federal funds target rate by a quarter percentage point to 4.00 percent at its January policy meeting, up from 68 percent on Wednesday.

But the day's economic news was not entirely dismal. The Conference Board said its index of U.S. consumer confidence improved slightly in December, a tad better than forecast.

The rebound in Treasuries from recent losses was also driven by renewed credit anxiety after a report from Goldman Sachs warned of more write-downs at several large banks. A Goldman analyst said Citigroup <C.N>, Merrill Lynch <MER.N> and JPMorgan Chase <JPM.N> may write off more than \$33 billion of debt in the fourth quarter, double his earlier forecast on rising mortgage losses at those banks.

The benchmark 10-year Treasury note <US10YT=RR> rose 18/32 in price, snapping a four-session losing streak. The yield slipped to 4.21 percent, a day after reaching its highest level since mid-November. Bond prices and yields move inversely.

The yield on two-year notes <US2YT=RR> auctioned on Wednesday last traded at 3.226 percent, compared with the high yield of 3.285 percent set at the auction.

On the supply front, the Treasury Department sold \$13 billion in new five-year notes <US5YT=RR> to better demand than the poor reception of \$22 billion in two-year debt on Wednesday. But auction results on the five-year auction were below their long-term averages, according to analysts.

STOCKS

NEW YORK, Dec 27 (Reuters) - U.S. stocks dropped on Thursday, led by financial shares' losses after an analyst warned of larger write-offs in the sector, while an assassination in Pakistan sparked fears of global instability.

The Dow and the Nasdaq were down 1 percent, with the Nasdaq snapping a six-day streak of gains.

News that Pakistani opposition leader Benazir Bhutto had been killed sparked fears of political unrest, while a weak durable goods report raised concerns about the outlook for the U.S. economy.

Goldman Sachs analyst said Citigroup Inc <C.N>, Merrill Lynch & Co <MER.N> and JPMorgan Chase & Co <JPM.N> may face larger fourth-quarter debt write-offs than previously expected.

"People are starting to feel like we're not going to be out of the woods with regard to financials quite yet," said Jim Fehrenbach, head of Nasdaq trading at Piper Jaffray, in Minneapolis.

"The market hates uncertainty, and all of the write-offs are going to add to uncertainty," he said.

The Dow Jones industrial average <.DJI> was down 129.82 points, or 0.96 percent, at 13,421.87. The Standard & Poor's 500 Index <.SPX> was down 13.50 points, or 0.90 percent, at 1,484.16. The Nasdaq Composite Index <.IXIC> was down 28.56 points, or 1.05 percent, at 2,695.85.

Orders for U.S. durable goods, which are big-ticket items such as computers and appliances, rose a slender 0.1 percent in November, well below economists' forecast for a 2 percent gain.

The Philadelphia Semiconductor Index <.SOXX> was down 1.3 percent as American Technology Research warned investors to brace for weak business in the first half of 2008 at Applied Materials <AMAT.O>, the largest maker of semiconductor production tools.

Shares of Intel Corp <INTC.O> were down 1.7 percent at \$26.98.

Adding to the uneasiness about the economy's health, new applications for U.S. jobless benefits unexpectedly rose in the latest week.

An index of S&P financial shares <.GSPF> fell 1.4 percent. Merrill Lynch dropped 2.3 percent to \$53.28, while JP Morgan shares fell 1.9 percent to \$44.07 on the New York Stock Exchange.

The Goldman analyst also said Citigroup may have to slash its dividend by 40 percent to preserve capital, sending Citi's shares down 2.4 percent to \$29.73.

The Dow Jones industrial average <.DJI> was down 192.08 points, or 1.42 percent, to end unofficially at 13,359.61. The Standard & Poor's 500 Index <.SPX> was down 21.39 points, or 1.43 percent, to finish unofficially at 1,476.27. The Nasdaq Composite Index <.IXIC> was down 47.62 points, or 1.75 percent, to close unofficially at 2,676.79.

Last Night's Figures US	Survey	Actual	Prior
DURABLE GOODS	2.0%	0.1%	-0.4%
DURABLE GOODS ex TRANSPORT	0.5%	-0.7%	-0.9%**
INITIAL JOBLESS CLAIMS	340K	349K	348K*
CONSUMER CONFIDENCE	86.5	88.6	87.8*

*REVISED UP / **REVISED DOWN

Date	Time	The Week Ahead (US)	Month	Survey	Prior
29/12	01:45	CHICAGO PMI	DEC	51.9	52.9
29/12	02:00	NEW HOME SALES	NOV	720K	728K

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