Overnight Report

MF Global

Date	Time	The Day Ahead (AUSTRALIA)	Month	Survey	Prior

TREASURIES

NEW YORK, Dec 28 (Reuters) - U.S. Treasuries surged on Friday, sending yields to one-week lows as grim housing data heightened worries over the economy and boosted the allure of safe-haven government bonds.
Sales of new single-family U.S. homes fell much more than expected in November and marked their slowest annual pace in more than 12 years, according to a government report. For details see [ID:nN28465441].
The troubled housing market has been at the center of distress in financial markets.
The latest data suggested little reason to hope this would change any time soon.
Geopolitical tension also encouraged the flight to quality a day after the assassination of Pakistan's opposition leader Benazir Bhutto. Pakistan's government said it had evidence al Qaeda was responsible, but her party dismissed the claim.
"It has been really quite a rally," said Mary Ann Hurley, vice president of fixed-income trading at D.A. Davidson & Co. in Seattle. "It is the stuff going on in Pakistan and that horrible new home sales number."
Prices on the benchmark 10-year note <US10YT=RR> rose 31/32 to yield 4.08 percent. The 30-year long bond <US30YT=RR> rallied 1-28/32 to yield 4.50 percent.
Bonds got a further lift as the stock market's earlier gains dissipated, though trade in Treasuries was thin, as it often is at the year-end holiday period.
Dealers said bonds were also receiving support from the usual month-end buying that large investors do to keep portfolios in line with industry benchmarks.

ON TRACK
Ten-year notes were on track for their biggest day of price gains in more than two weeks, based on the fall in yields.
For the week, benchmark notes looked set for their strongest rally this month.
The latest gains came after bond prices rose on Thursday in the wake of weak economic data and warnings that big-name Wall Street firms may face more losses due to the mortgage meltdown.
This dour backdrop has led investors to focus primarily on weak data as evidence that the severe tightening of credit this year is infecting the broader economy.
In fact, other figures released on Friday showed business activity expanded more than expected in the U.S. Midwest during December. The National Association of Purchasing Management-Chicago's business barometer rose to its strongest level since June.
However, some elements in the report provided a reason to buy bonds, particularly components showing softer inflation pressures and employment.
"The data on new home sales was weak and the Chicago Purchasing Managers Index, although the headline was up, had some bond-friendly components like weaker employment and a drop in prices paid," said John Spinello, Treasury bond strategist at Jefferies & Co. in New York.

STOCKS

NEW YORK, Dec 28 (Reuters) - U.S. stocks ended little changed on Friday as weak new home sales data reinforced concerns that the housing and mortgage markets may be far from a recovery, offsetting gains in the energy sector.
The Dow Jones industrial average <.DJI> was up 6.26 points, or 0.05 percent, to end unofficially at 13,365.87. The Standard & Poor's 500 Index <.SPX> was up 2.12 points, or 0.14 percent, to finish unofficially at 1,478.49. But the Nasdaq Composite Index <.IXIC> was down 2.33 points, or 0.09 percent, to close unofficially at 2,674.46.
For the week, the Dow fell 0.63 percent, the S&P was down 0.41 percent and the Nasdaq declined 0.65 percent.

Last Night's Figures US	Survey	Actual	Prior
CHICAGO PMI	51.9	56.6	52.9
NEW HOME SALES	720K	647K	728K

***REVISED UP / **REVISED DOWN**

Date	Time	The Week Ahead (US)	Month	Survey	Prior