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Local stocks are poised to open higher as both the Dow and S&P 500 closed at fresh highs yet again.

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Local stocks are poised to open higher as both the Dow and S&P 500 closed at fresh highs yet again.

## What you need2know:

- SPI futures up 20 points to 5498
- AUD at 93.53 US cents, 95.88 Japanese yen, 68.81 Euro cents and 55.67 British pence.

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- On Wall St, S&P 500 +0.1%, Dow +0.1%, Nasdaq +0.2%
- In Europe, Euro Stoxx 50 +0.3%, FTSE +0.2%, CAC +0.2%, DAX +0.2%
- Spot gold up 20 US cents to \$US1253.43 an ounce
- Iron ore loses 0.2% to \$US94.30 per metric tonne
- LME 3-month copper is at \$US6670 a tonne
- Brent oil up \$US1.27 to \$US109.88 per barrel

## What's on today

Australia: housing finance, NAB Business survey, ANZ job advertisements;

China: inflation.

## Stocks to watch

Morgan Stanley analyst Daniel Toohey reckons QBE Insurance's incoming chief [financial officer has licence](#) to review the balance sheet, which could prove to be an overhang on the stock.

Intelligent Investor has cut Australian oil and gas explorer and producer AWE Ltd to "hold" from "speculative buy" and gave a 12-month price range of between \$1.14 and \$1.88 a share.

RBC Capital Markets maintained an "outperform" on Oil Search and raised its price target to \$11 a share from \$10 a share.

## Currencies

The US dollar index, which measures the greenback against a basket of six major currencies, was last up 0.31 per cent at 80.664. The euro was last down 0.41 per cent against the dollar at \$US1.3587.

"The FOMC (Federal Open Market Committee) is much closer to its macroeconomic goals than it has been in the past five years," said James Bullard, president of the St. Louis Federal Reserve Bank, speaking at a conference in Palm Beach, Florida.

"The committee now faces a classic challenge concerning the appropriate pace of monetary policy normalisation," he said.

## Commodities

Aluminium prices have hit their highest in 9-1/2 months as inventories continued to decline and speculators piled into the market after key chart-based levels were breached.

Zinc has reached its highest in 15-1/2 months on strong demand, but copper slipped to a one-month low on concerns that a probe into metals storage and financing fraud at a Chinese port could cut investor buying interest.

Platinum has risen, rebounding from its lows after the latest round of negotiations to resolve a five-month strike in South Africa's platinum sector ended without an agreement.

## United States

The Dow and S&P 500 have closed at record highs to start the week, buoyed by more merger news.

Merck has agreed to buy Idenix Pharmaceuticals in a deal valued at about \$3.85 billion. Analog Devices will buy Hittite Microwave in a deal valued at \$2 billion. Tyson Foods has won a bidding war with Pilgrim's Pride for Hillshire Brands, with a \$US8.6 billion offer.

Mark Zuckerberg and other members of Facebook Inc's board have been sued by a shareholder who claimed a policy letting them annually award directors more than \$US150 million of stock each if they choose is unreasonably generous.

Apple shares rose 1.6 per cent to \$US93.70, reflecting a seven-for-one stock split that took effect before the start of trading today.

Goldman's top economist, Jan Hatzius, says the US economy is now "growing at an above-trend pace".

## Europe

Spain, Italy and Portugal outperformed other European stock markets on Monday, as investors stepped up bets that they would benefit most from the European Central Bank's latest economic stimulus measures.

HED Capital head Richard Edwards recommended investors to take profits on the stock market rally so far, while JP Morgan's European equity strategist Mislav Matejka backed adding to equity positions when the markets dipped.

"In our view, equities remain attractively valued versus other asset classes, and the in-flows are steadily coming through," said Matejka.

## What happened last week

The benchmark S&P/ASX 200 Index lost 0.5 per cent over the week to close at 5464 points, while the broader All Ordinaries Index shed 0.6 per cent to 5443.5.

On Friday, the benchmark index added 0.5 per cent to 5464, while the All Ords added 0.4 per cent to 5443.5 after the ECB cut a raft of interest rates, including slashing bank deposit rates below zero to force Europe's banks to lend more.

Financial services was the only sector to post a gain the week, up 0.3 per cent, after the banks got a boost on Friday from the promise of increased global liquidity courtesy of the ECB.

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