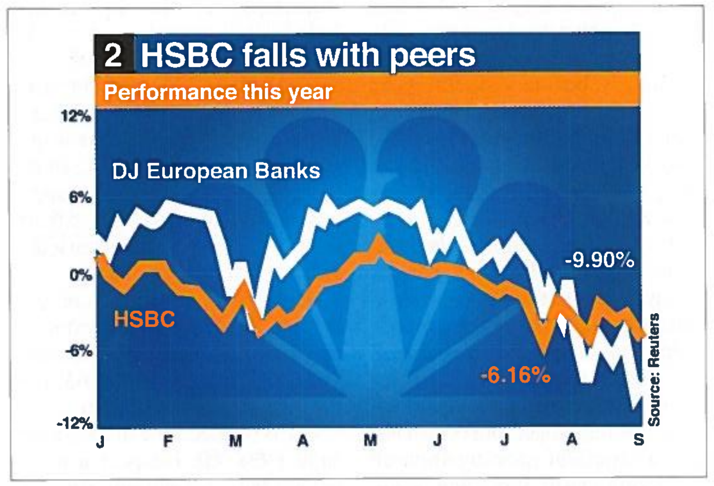
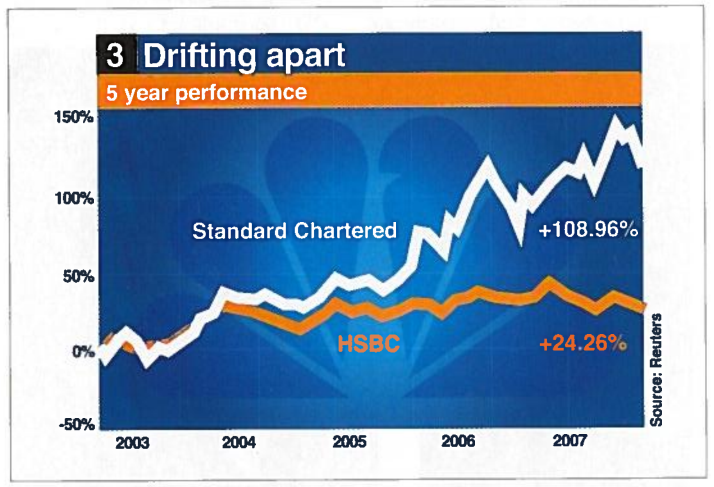
FTSE CNBC Global 300

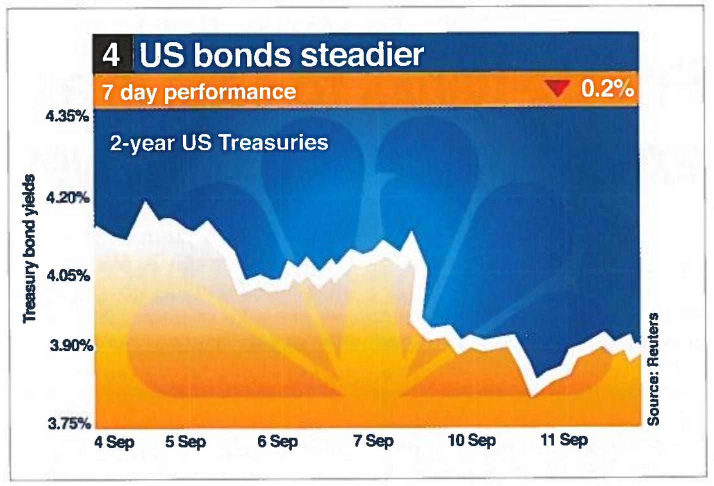
The performance of the world's largest companies over the past week

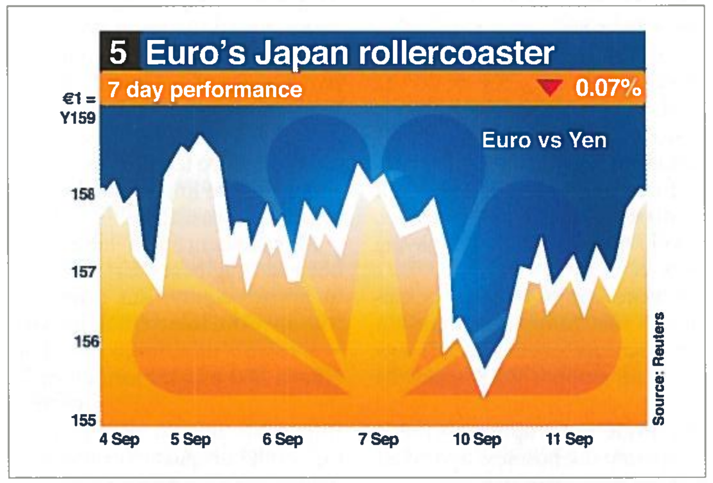
The FTSE CNBC Global 300 Index, calculated by FTSE Group, is featured in various CNBC TV news programmes. It is designed to show broad market performance world-wide across all industries, developed and emerging markets. The index comprises the largest 15 stocks by full market capitalisation from each of the 18 Industry Classification Benchmark Supersectors (using FTSE All Cap Developed Index), as well as the 30 largest stocks from the emerging markets (using FTSE Emerging All Cap Index). The index maintains a fixed number of constituents and stocks are free-float weighted to ensure that only the investable opportunity set is included within the index.

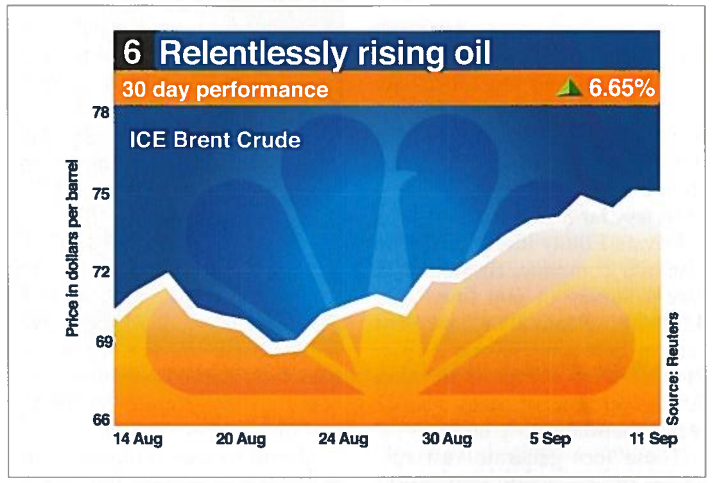
Redistribution of the data comprising the FTSE CNBC Global 300 is not permitted.











Main indices (7 days)		
FTSE CNBC 300		
5889.96	▼	0.47%
S&P 500		
1465.79	▼	0.56%
Nikkei 225		
15877.67	▼	3.92%
FTSEurofirst 100		
4791.19	▼	1.68%
FTSE 100		
6280.70	▼	0.55%

Winners of the week		
Amazon		
85.79	▲	7.36%
Las Vegas Sands		
106.27	▲	6.59%
eBay		
36.34	▲	6.57%
McDonald's		
52.18	▲	5.95%
NTPC		
195.75	▲	5.61%

Losers of the week		
ACS		
35.83	▼	12.48%
Acciona		
166.00	▼	11.47%
Home Depot		
34.28	▼	10.52%
Canon		
5980.00	▼	10.48%
Grupo Ferrovial		
58.55	▼	10.06%

Anna Martin
Presenter, CNBC Europe

CREDIT CONUNDRUM

THE curtain opened on our drama in the spring when it became clear US mortgage holders with poor credit histories were having trouble paying their debts.

Act 1, The Penny Drops, gained momentum over the summer and Act 2, The Banks Take Fright, has opened to mixed reviews as the liquidity crisis in the sector continues.

During the market turmoil of August we were told by bankers we would know more in September. Now here we are in September, so commercial paper refinancing and bridge loans to private equity take centre stage like never before. Dealogic, a research firm, estimates $50bn (£24.6bn, €36.1bn) of asset-backed commercial paper (short-term loans to meet the cash needs of mortgage market lenders) will mature in Europe by Monday.

Banks are holding on to their cash, reluctant to lend to each other, let alone the whizz-kids who put together investment vehicles built on short-term funding. They also want to make sure they have the funds to cover loans made to private equity companies at the height of this year's merger and acquisition frenzy, which may now be hard to sell on. Global financial markets look likely to remain nervous about Act 2 until this period has ended.

HSBC CAST AS VILLAIN

One of the characters to make an early appearance in this credit drama was HSBC. Europe's largest bank has been quizzed about losses inflicted by the US sub-prime sector since February, when it had to increase provisions for bad debts. The 140-year-old bank is now under pressure from a minority shareholder, Knight Vinke Asset Management, which is trying to force large changes. The purchase of Household International in 2003 made the bank's exposure to the US housing market significant but, despite this, the share price has held up relatively well compared with peers this year (chart 2).

But that is not really the point, according to Knight Vinke chief Eric Knight. The activist investor likes to compare HSBC with Asia-focused bank Standard Chartered over a longer period (chart 3) and such comparisons do not look rosy. HSBC is in touch with its Asian roots but Knight wonders why the group is exposed to some of the slower-growth Western markets at all.

RECESSION TWIST

As markets brace themselves for the climax of Act 2, and HSBC prepares for tough questions from shareholders, Act 3, Whither the Real Economy?, begins to take shape. Ben Bernanke, chairman of the US Federal Reserve, is looking for timely data to guide him in his interest rate decision on 18 September. Keen to avoid the moral hazard of bailing out those who have taken excessive risks, the Fed would feel more comfortable if a rate cut could be justified by weakness in the real economy.

Data looks mixed, with some US high street resilience and positive durable goods figures playing off against a dreary jobs report. The latter caused a flight to the safety of bond markets last week (chart 4), sent equity markets lower (chart 1) and led to buying of the Japanese yen (chart 5) as investors fretted about their exposure to risky currency trades. However, the euro-yen rate remains highly volatile. Recent comments from Fed luminaries look to be playing down the significance of the jobs report. Maybe the weak jobs data heralds a weaker economy.

Economists are not ruling out a US recession. If serious weakness in the economy emerges – and recent rises in oil markets will not have helped (chart 6) – then Act 4, Whither the Global Economy?, would need to be swiftly penned.

The FTSE CNBC Global 300 Index is calculated by FTSE Group. All data from 6pm on 11 September 2007.