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## U.S. stock and bond futures off on rescue detail worry

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NEW YORK (Reuters) - Uncertainty about the workings of the government's \$700 billion (382 billion pounds) bank bailout drove U.S. stock index futures and bond futures lower Sunday evening as Asian markets got ready to start the week.

The dollar weakened against the yen on concerns that government borrowing will exacerbate the U.S. budget deficit as it needs to issue more debt to finance its rescue plan to buy bad mortgages from financial institutions.

Negotiations between Congress and U.S. Treasury Secretary Paulson ratcheted up over the weekend after the administration and U.S. congressional leaders began swapping proposals. S&P 500 futures fell 11.80 points and were below fair value, a formula that evaluates pricing by taking into account interest rates, dividends and time to expiration on the contract. Dow Jones industrial average futures dropped 201 points and Nasdaq 100 futures shed 18.75 points.

The drop in stock index futures came on the heels of Friday's massive rally in stocks worldwide -- the largest ever one-day advance as measured by market value. The MSCI main world equity index added more than \$1.5 trillion in value on the day.

Robert Loest, senior portfolio manager at Integrity Mutual Funds in Minot, North Dakota said the drop in futures was a combination of short-term profit-taking and second-guessing how the bailout plan will ultimately be come out.

"Congress hasn't written the legislation and the devil is in the details. The taxpayers are on the hook for an awful lot of money," Loest said.

The dollar was little changed against the euro but weakened against the Japanese yen in early trading as Asian markets opened the week. It last crossed at 1.4459 euro compared with 1.4464 late Friday and at 106.95 yen versus 107.42 on Friday.

"This is partially people looking at the plan and trying to figure out what it all means. I don't know the plan is a save all," said **Joe Saluzzi**, partner at **Themis Trading** in Chatham, New Jersey.

"It may have stopped us from the death spiral, but equities in general are still going to have a tough time. You still have to pay the piper -- where are the earnings, unemployment."

**Saluzzi** noted that Friday's big rally was partly driven by short sellers buying back shares to

cover their bets stocks will fall, after the U.S. temporarily banned short selling in almost 800 financial stocks.

On Friday the Dow Jones industrial average <.DJI> closed up 368.75 points, or 3.35 percent, at 11,388.44. The Standard & Poor's 500 Index <.SPX> advanced 48.57 points, or 4.03 percent, to 1,255.08. The Nasdaq Composite Index <.IXIC> shot up 74.80 points, or 3.40 percent, to 2,273.90.

Late Sunday in electronic trading, U.S. interest rate futures were mostly lower on the view the government's mortgage bailout plan would bring down short-term borrowing costs.

The price of oil was down 85 cents to \$103.70 after Nigeria's main militant group began a unilateral ceasefire. Spot gold rose \$5.65 an ounce to \$876.80.

New Zealand's stock market <.NZ50>, the first to open the new week, rose 2.6 percent in early trading.