

Headlines

- [Wen says China has stake in helping Europe](#). *Reuters.com, 05 Feb 2012*
- [Clock ticks on Greece's bailout deadline](#). *Reuters.com, 05 Feb 2012*
- [Trade Gap in US probably widened as imports increased more than exports](#). *Bloomberg.com, 05 Feb 2012*
- [BOE may increase its Asset-Purchase target to US\\$510 Billion, economists say](#). *Bloomberg.com, 03 Feb 2012*

Weekly Review (for week ending 03 February 2012)

French President Nicolas Sarkozy on Sunday announced plans to introduce a 0.1% tax on financial transactions to come into effect from August this year in France. Sarkozy said he hoped to "create a shock" with the controversial "Robin Hood" tax and inspire other European countries to follow his lead, despite vocal opposition from other EU leaders. Britain is opposed to transaction taxes being implemented across the 27-member EU bloc, with Germany and Italy advising caution. British Prime Minister David Cameron said a Europe-wide transaction tax would be "madness" and could cost 500,000 jobs.

Consumer and business confidence in the 17-nation eurozone improved slightly in January, halting a 10-month decline, official data showed on Monday. A confidence index compiled by the European Commission for the eurozone edged up to 93.4 points from a revised 92.8 points in December. Across the 27-nation European Union, confidence of business leaders and consumers gained 1.2 points to an indexed 92.8 according to the data. The improvement was the result of a pick-up in the service sector, and to a lesser degree, among consumers and professionals in the construction sector.

Eurozone unemployment rose to 10.4% in December, same as an upwardly revised November figure, the EU's statistics office Eurostat said. It was the highest rate since June 1998, before the euro was introduced in 1999. After two years of debt crisis and budget austerity, the number of Europeans out of work has risen to 16.5 million people, with another 20,000 people without a job in December from the month before.

UK consumer confidence rose to the highest in seven months in January as slowing inflation eased pressure on shoppers, GfK NOP Ltd said. An index of sentiment rose 4 points from December to **minus 29**, the strongest reading since June. Consumers' outlook for the economy and their personal finances also improved.

The Conference Board's confidence index decreased to 61.1 in January, lower than the most pessimistic forecast in a Bloomberg survey, from a revised 64.8 reading the prior month. The Institute for Supply Management-Chicago said its business barometer declined to 60.2 from 62.2 in December. The S&P/Case-Shiller index of property values in 20 US cities declined 3.7% from November 2010 after decreasing 3.4% for the year ended October, exceeding a forecasted 3.3% drop.

China's official purchasing managers' index increased to 50.5 in January from 50.3 in December. The data may have been distorted by a week long holiday. A separate gauge from HSBC Holdings Plc and Markit Economics rose to 48.8. Premier Wen Jiabao reiterated his government will "fine-tune" economic policies as needed after the central bank held off on a reduction in bank-reserve requirements that some analysts had forecast for January.

Australia's trade surplus rebounded to the highest in three months in December as the resource-rich country exported more gold and coal, in a record year of earnings that is funding a boom in mining investment. Thursday's data showed a surplus on goods and services of A\$1.71 billion in December, up from A\$1.34 billion the month before and above forecasts of A\$1.2 billion. The surplus for 2011 as a whole hit A\$19.3 billion, an increase of 27% on 2010 and the highest on record.

Initial jobless claims fell to 367,000 in the week ending January 28, from the prior week's slightly upwardly revised 377,750 reading. On Friday, the US Labour Department reported a net gain of 243,000 jobs in January, while the unemployment rate fell 0.2% to 8.3%. It is the fifth month in a row that the jobless rate has declined, and the strongest job gains since last April. Employers have added an average of 201,000 jobs a month in the past three months, spread across the economy.

Eurozone governments may have to contribute closer to 145 billion euros than the originally envisaged 130 billion for the second Greek bailout after the bond swap. Eurozone ministers had hoped to meet on Monday to finalize the bailout, which has to be in place by mid-March if Athens is to avoid a chaotic default. But the meeting was postponed because of Greek reluctance to guarantee it would implement and commit to reforms needed to secure the financing package. Instead, the ministers held a conference call on Saturday, and conveyed a strong message to the Greeks that "enough is enough".

Market Snapshot

Selected Equity Indices	Last (Feb 3)	1-week return	Year-to-date return
Dow Jones Industrial Average	12,862.23	1.11%	5.28%
S&P 500 Index	1,344.90	2.21%	6.94%
FTSE 100 Index	5,901.07	2.86%	5.90%
Euro Stoxx 50	2,515.15	3.22%	8.57%
Nikkei 225	8,831.93	-0.11%	4.45%
Hang Seng Index	20,756.98	1.25%	12.60%
Shanghai SE Composite	2,330.41	0.49%	5.96%
BSE Sensex Index	17,604.96	2.15%	13.91%
Straits Times Index	2,917.95	0.06%	10.26%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Feb 6	Tue, Feb 7	Wed, Feb 8	Thu, Feb 9	Fri, Feb 10
		EIA Petroleum Status Report	<i>Jobless Claims</i>	<i>International Trade</i>
				Consumer Sentiment
				Treasury Budget

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg

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