

Headlines

- [Finance Minister says Italy to overshoot deficit goal - paper](#). *Reuters.com*, 12 Aug 2012
- [German economy faces recession fear in threat to euro zone](#). *Reuters.com*, 12 Aug 2012
- [ECB bond-buying won't solve Spain, Italy woes, says ECB council member Coene](#). *Bloomberg.com*, 11 Aug 2012
- [Euro-Area crisis has 'No Obvious End in Sight', BoE's King says](#). *Bloomberg.com*, 12 Aug 2012

Weekly Review (for week ending 10 August 2012)

■ Eurozone sentiment falls for 5th straight month

Eurozone sentiment fell for a fifth straight month in August to touch its lowest level in over three years amid ongoing worries about the bloc's debt crisis, an index from the Sentix research group showed on Monday. Sentix said its monthly index tracking investor sentiment in the 17-nation eurozone dipped to -30.3 in August, down from -29.6 in July, but slightly better than a consensus forecast for a drop to -31.0.

■ US employers post the most jobs in 4 years

US employers posted the most job openings in four years in June, a positive sign that hiring may pick up. The Labour Department says job openings rose to a seasonally adjusted 3.8 million in June, up from 3.7 million in May. That's the most since May 2008. Layoffs also fell. Even with the increase, hiring is competitive. There were 12.7 million unemployed people in June, or an average of 3.4 unemployed people for each job. In a healthy job market, the ratio is usually around 2 to 1.

■ Italy economy sinks deep into recession

Italy's economy shrank by 0.7% in Q2, increasing the pressure on Mario Monti's government to balance austerity with growth measures as the country wallows deep in recession. The eurozone's third largest economy picked up ever so slightly after an 0.8% contraction of GDP in Q1 but Tuesday's figures show the country is still struggling. Compared with Q2 of 2011, the economy contracted 2.5%, the national institute of statistics (ISTAT) said. While the government has forecast that the economy will shrink 1.2% this year, the Bank of Italy has predicted 2.0% and business association Confindustria fears a deeper 2.4%.

■ Asia business confidence falters on China

Asia has been a ray of sunshine in the global economic gloom, but a confidence survey released on Wednesday shows the region's executives are starting to worry as China's growth slows and exports sink. The Young Presidents' Organisation (YPO) Global Pulse Index for Asia declined 1.8 points to 60.1 in the latest quarterly survey, its lowest level since it began three years ago. "During the first several quarters of the survey, Asian confidence averaged 9 points higher than the global confidence index reading," the YPO said in a statement. The Global Index dropped 4.1 points to 59.7 in the July 2012 survey, following three quarters of rising confidence.

■ German exports decline in June

Germany's exports dropped 1.5% in June over May, to €92.3 billion, when adjusted for seasonal discrepancies and work days. Imports dropped 3% to €76.1 billion for a trade surplus of €16.2 billion. Exports to EU states fell overall by 0.5% over June 2011 to €53.6 billion, dragged down by a 3% drop to the 17-country eurozone. Exports to countries outside the EU rose 19.8% over last June to €41.1 billion.

■ US jobs, export data boost economic outlook

Fewer Americans filed applications for unemployment benefits last week, a sign the labour market may keep improving after hiring picked up in July. Jobless claims unexpectedly dropped by 6,000 to 361,000 in the week ended Aug. 4, versus a forecast for an increase to 370,000. Other reports showed consumer confidence dropped to a two-month low and home prices climbed by the most since 2006. In a separate report, the Commerce Department said the US trade deficit narrowed to \$42.9 billion in June from \$48 billion in May. That's the lowest level in 18 months, largely because of cheaper oil imports. But exports also rose to a record-high \$185 billion.

■ China consumer inflation falls to 30-month low

China's annual consumer inflation fell to a 30-month low in July, suggesting that the PBoC has scope to ease policy further after rate cuts in June and July to keep the economy on track to meet an official 2012 growth target of 7.5%. Annual consumer inflation eased to 1.8% in July from 2.2% in June, dropping further from a three-year high last July of 6.5%. CPI will likely be below the official 4% target for the year.

■ Singapore's economy contracts by 0.7% quarter-on-quarter in Q2

Singapore's economy contracted by 0.7% q/q in Q2 of 2012, a reversal from a growth of 9.5% q/q in Q1. On a year-on-year basis, the economy expanded by 2.0%, compared to 1.5% in Q1. PM Lee had said in his National Day message that Singapore's economy grew 1.7% in the first half of this year and the economy is on track for 1.5%–2.5% growth for 2012. MTI says the pull-back in Q2 quarter-on-quarter growth was largely due to the decline in externally-oriented sectors such as electronics manufacturing, as well as wholesale trade and tourism-related services. The manufacturing sector contracted marginally by 0.5%, following the 20.8% expansion in Q1.

■ Hong Kong cuts growth forecast as world economy falters

HK's GDP rose 1.1% from a year earlier in Q2, after a revised 0.7% gain in the Q1, but contracted 0.1% in Q2 from Q1. The government cut its estimate for growth expansion this year to 1%–2%, from 1%–3%, after the economy grew at close to the slowest pace since the financial crisis amid waning export demand from advanced nations. China had earlier reported a slump in July export growth to 1%.

Market Snapshot

Selected Equity Indices	Last (Aug 10)	1-week return	Year-to-date return
Dow Jones Industrial Average	13,207.95	0.85%	8.11%
S&P 500 Index	1,405.87	1.07%	11.79%
FTSE 100 Index	5,847.11	1.03%	4.93%
Euro Stoxx 50	2,423.22	2.13%	4.60%
Nikkei 225	8,891.44	3.93%	5.16%
Hang Seng Index	20,136.12	2.39%	9.23%
Shanghai SE Composite	2,168.81	1.69%	-1.39%
BSE Sensex Index	17,557.74	2.09%	13.61%
Straits Times Index	3,054.20	0.09%	15.41%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Aug 13	Tue, Aug 14	Wed, Aug 15	Thu, Aug 16	Fri, Aug 17
	<i>Producer Price Index</i>	<i>Consumer Price Index</i>	<i>Housing Starts</i>	Consumer Sentiment
	<i>Retail Sales</i>	Empire State Mfg Survey	<i>Jobless Claims</i>	
	Business Inventories	Treasury International Capital	<i>Philadelphia Fed Survey</i>	
		<i>Industrial Production</i>		
		Housing Market Index		
		EIA Petroleum Status Report		

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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