

Headlines

- [US money funds seen at risk from Europe's debt storm](#). *Reuters.com, 20 Nov 2011*
- [Spaniards vote to find way out of crisis](#). *Reuters.com, 20 Nov 2011*
- [US Consumer Spending Probably Climbed as Income Rose Most in Five Months](#). *Bloomberg.com, 20 Nov 2011*
- [Italy's Monti reviews finances before EU meetings](#). *Reuters.com, 20 Nov 2011*

Weekly Review (for week ending 18 November 2011)

Japan's GDP in Q3 grew at the fastest pace in 1½ years as exports recovered from a record earthquake. The economy expanded at an annualised 6.0% in Q3 driven by exports, the Cabinet Office said Monday. This translates to a 1.5% quarter-on quarter growth. Since then, Japan has steadily restored its factories and benefitted more recently from pent-up demand for Japanese goods such as cars.

Greece's conservatives vowed on Monday to reject any new austerity measures in return for the aid that is keeping it from bankruptcy, signalling a new coalition government led by Papademos may not enjoy the kind of cross-party support its lenders demand. Euro zone leaders are demanding the conservative New Democracy and its two coalition partners – the Socialists and the right-wing LAOS party – sign pledges that they will do what is necessary to make a new, 130 billion euro rescue loan package work. If they do not, Greece's international lenders have warned they will withhold an 8 billion euro aid tranche Athens needs to avoid running out of cash in December.

Prime Minister-designate Mario Monti will renew efforts Tuesday to secure enough support from Italy's feuding politicians to allow his cabinet of experts to speed up delivery of painful reforms of pensions, labour markets and business regulation needed to put Italy's finances on a sustainable footing. Italy has to refinance 200 billion euros of bonds by the next April, a daunting prospect given it was forced Monday to pay a euro-lifetime record yield of 6.3% to sell five-year bonds.

The 17-nation euro zone economy grew a modest 0.2% in Q3 from Q2, the EU said on Tuesday, lifted by France and Germany, but economists say the bloc is almost certainly heading for a recession. Germany and France, the euro zone's two biggest economies, grew 0.5% and 0.4% respectively, helped by consumer spending and business investments, particularly in Germany. The euro zone Q3 economy grew by 1.4% compared to a year ago. The ECB cut interest rates by 25 basis points to 1.25% this month and many economists expect another cut in December. For the 27-nation EU, GDP also rose 0.2% on a quarter-over-quarter basis and by 1.4% compared with the same quarter in 2010.

Moody's rates India's rupee sovereign debt a 'Ba1', the highest junk grade, a level shared by Indonesia and Morocco, while its foreign-currency debt is rated at 'Baa3', the lowest investment grade. India's public debt at 70% of its GDP is preventing it from securing an investment-grade rating, Moody's said. The yield on the 10-year government bond has risen 0.96% this year to 8.88%, as inflation remained above 9% for a 11th consecutive month in October. The RBI has increased borrowing costs 13 times starting March 2010 to slow the pace of price gains, and expects inflation will cool to 7% by next March.

The US consumer price index unexpectedly fell 0.1% in October for the first time in four months from September after a 0.3% rise. The core CPI that excludes volatile food and fuel costs rose 0.1%, matching September as the smallest gain this year. Overall consumer prices increased 3.5% in the 12 months ended October. The core CPI climbed 2.1% from October 2010. Fed policy makers aim for long-run overall inflation of 1.7% - 2%, according to their 2nd November forecast.

Industrial production in the US advanced more than forecast in October, adding to evidence the world's largest economy is weathering disruptions in financial markets caused by the crisis in Europe. Output at factories, mines and utilities climbed 0.7% after a revised 0.1% drop in September. Other reports showed builder sentiment improved. Combined with rising retail sales and record exports the data signal manufacturing will help the economic recovery strengthen heading into 2012.

Singapore's exports fell in October by more than expected. Non-oil domestic exports (NODX) declined 16.2% from a year earlier, said International Enterprise Singapore. That is almost twice the size of the 7.8% decline economists had forecast. Exports to the US plunged 51%. They dropped by 31% to both Europe and Hong Kong. NODX to China in October rose by 3.1%. Analysts now say Singapore could be gearing up for a greater contraction for the 4th quarter.

Market Snapshot

Selected Equity Indices	Last (Nov 18)	1-week return	Year-to-date return
Dow Jones Industrial Average	11,796.16	-2.94%	1.89%
S&P 500 Index	1,215.65	-3.81%	-3.34%
FTSE 100 Index	5,362.94	-3.29%	-9.10%
Euro Stoxx 50	2,236.68	-3.79%	-19.91%
Nikkei 225	8,374.91	-1.64%	-18.13%
Hang Seng Index	18,491.23	-3.38%	-19.73%
Shanghai SE Composite	2,416.56	-2.60%	-13.94%
BSE Sensex Index	16,371.51	-4.78%	-28.93%
Straits Times Index	2,730.34	-2.17%	-14.41%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Nov 21	Tue, Nov 22	Wed, Nov 23	Thu, Nov 24	Fri, Nov 25
<i>Existing Home Sales</i>	<i>GDP</i>	<i>Durable Goods Orders</i>	US Holiday: Thanksgiving Day	
		<i>Personal Income and Outlays</i>		
		<i>Jobless Claims</i>		
		Consumer Sentiment		
		EIA Petroleum Status Report		
		<i>FOMC Minutes</i>		

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg

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