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Global Economic Developments

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ECB: Downside Risks Not Being Acknowledged?

There was no surprise that the ECB kept the refi rate at 1.25% after its latest Council meeting, failing to add to the 25 bp hike made in April, the latter having ended the period of policy stability seen over the previous 23 months. However, equally expected was the clear flagging of a likely further rate hike in July, with the return of rhetoric pointing to the need for 'strong vigilance' ie the kind of wording used in previous tightening cycles (and in March this year) to flag a move in the following month. Accentuating the rate hike warning, one that President Trichet underscored entailed neither pre-commitment nor any hint about the speed at which the tightening cycle might unfold, were reminders from the ECB that it saw inflation risks remaining to the upside while policy is accommodative.

The rationale for the further hike that is seemingly looming looks stretched. Indeed, it is highly notable that the updated economic projections that the ECB unveiled at this meeting still leaves the medium-term (ie 2012) inflation forecast in a range centered around a clearly below-target of 1.7% (actually unchanged from that envisaged back in the last set of projections in March). In other words, while inflation risks are being seen as tilted to the upside, they remain so only from a continued below-target anticipated outcome. Admittedly, these projections may not be shared by the seemingly more inflation-wary ECB Council. Regardless, there is nothing in recent data to suggest that the main inflation concern of the ECB, ie second round effects, is materializing. Indeed, the very opposite seems to be the case in relation to a wage-price spiral given the continuing, if not clearer, weakness evident in regard to consumer spending. Surely this weakness is a reflection of the damage to household spending power in the face of rising food and energy prices alongside an inability to achieve any increase in wages to offset the higher costs facing consumers.

In addition, the supportive picture that the ECB is painting regarding the monetary backdrop seems at odds with reality, with the Council ignoring the softer signs in both Eurozone broad money and corporate lending seen in recent months. Also somewhat hard to rationalize was the assessment that the balance of risks to growth remains balanced. Instead, many would consider that growth risks have moved to the downside given signs of slower global growth and the heightened Eurozone sovereign debt backdrop, the latter of which threatens a clearly still feeble Eurozone banking sector. Indeed, the ECB today implicitly recognized these (continued) banking sector risks by (unsurprisingly) deciding to retain unlimited liquidity for Eurozone banks for a further three months.

Moreover, and perhaps, most notably, the ECB may be adding to the downside risks stemming from peripheral debt worries – and not just via the modest hiking it is flagging. In regard to the further bail-out that Greece needs, while the ECB is yielding no ground in its opposition to anything but a voluntary roll-over of Greek debt, it may very well be discouraging the latter by clearly flagging that it would not participate in any such a roll-over. Instead, rather than the private sector contributing to any further Greek bail-out via voluntary roll-overs, the ECB seems to be hoping that any public money will be complemented by Greece successfully selling state assets to private investors. This is a very optimistic view given that Greek assets must now be carrying a non-negligible exchange rate risk, even for those in the Eurozone. All of which implies that market worries regarding a further Greek bail-out may continue to build.

— Andrew Wroblewski, DE London

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Europe

France

- **Growth and Production:** *Manufacturing edges back.* Matching expectations, manufacturing output increased 0.2% M/M in April, repairing some of the little-revised 1.1% slump seen in March, the latter having been the first fall in five months. On a Y/Y basis, manufacturing production growth slowed to 4.1%, down further from a February reading (at 7.5%) which had been the highest level since May 2010. The M/M rise was far from broad-based and most manifest in food industries. However, overall industrial production fell 0.3% M/M, adding to the 1.1% fall seen in March and bringing Y/Y growth on this basis down 0.6 percentage points to 2.6%.

- **Trade:** *Record trade gap.* Overshooting expectations, the April trade gap widened to a fresh record-high of € 7.14 bln from € 5.91 bln in March. The jump in the deficit was a result of exports falling (1.9% M/M) while imports rebounded by 1.4%, as rising oil prices led to declining volumes imported.

Germany

- **Growth and Production:** *Industrial production falls unexpectedly.* Undershooting what were far from upbeat expectations, April industrial production dropped 0.6% M/M. Admittedly the fall was the first this year and was partly offset by a clear upward revision to March numbers, with the now-estimated 1.2% jump almost double the previous figure. As a result, while Y/Y growth slowed, it came in at what is still a very healthy 9.6%.

- **Trade:** *Exports correct back.* Undershooting expectations, the April (unadjusted) trade surplus narrowed to € 10.9 bln from € 13.2 bln in the same month of the previous year, also falling back sharply from the € 18.8 bln March reading, the latter having been the highest since June 2008. In seasonally adjusted terms, the trade gap also narrowed clearly to € 12.0 bln in April from € 15.1 bln in March, undermined by a clear correction back in exports (-5.5% M/M after a 7.2% surge in March) alongside a swing back in imports (-2.5% from 3.1%). The (unadjusted) current account surplus, meanwhile, decreased to € 8.8 bln from € 12.0 bln in April 2010. On an equally less upbeat note, the year-to-date surplus saw a decrease of 5.2% Y/Y to € 44.2 bln in the first four months of this year.

Switzerland

- **Inflation:** *Inflation remains very soft.* Surprising few, May consumer price inflation edged up 0.1 percentage points to 0.4% Y/Y. In M/M terms, prices were flat, despite small rises in food and clothing costs. The Y/Y breakdown, however, saw mixed developments with the edging up in the overall rate largely a result of less marked food price deflation. Indeed, core inflation (excluding food, energy and fuel) rose by 0.1 percentage points to zero Y/Y while the core inflation measure excluding administered price products dropped a further 0.1 percentage points to -0.2% Y/Y. The data very much underscore the impact of the strong franc on prices with domestic goods inflation running at 0.6% Y/Y, while that for foreign goods fell 0.3%.

- **Employment:** *Lower unemployment.* Coming in slightly below expectations, the seasonally adjusted jobless rate fell by 0.1 percentage point to 3.0% in May, now the lowest since January 2009. The unadjusted rate, meanwhile, was 2.9%, down from 3.1% in April.

Netherlands

- **Growth and Production:** *Further production setback.* Industrial output fell 0.3% M/M in April, a second successive fall, albeit less pronounced than the 2.2% march decline. Partly as a result, the Y/Y rate of growth fell steeply from 3.1% to a 17-month low of 0.8%.

- **Inflation:** *Higher inflation.* Consumer price inflation increased 0.1 percentage points to 2.3% Y/Y in May, the highest since November 2008. This latest outcome came on the back of a 0.1% M/M rise, the latter mainly reflecting a further jump in tobacco prices. Meanwhile, the EU-harmonized reading also rose 0.2 percentage points but to 2.4% Y/Y.

Norway

- **Inflation:** *Underlying inflation falls clearly.* Exceeding expectations this time around, CPI inflation increased by 0.2 percentage point to 1.6% Y/Y in April, a second successive pick-up from a March reading which was the lowest since October 2009. On a M/M basis, prices fell 0.2%, with a broad decline evident. The Y/Y breakdown shows the bounce-back in CPI inflation came from energy base effects, tempered by a correction back in airfares, the latter probably related to the timing of Easter this year. As a result, the core rate, CPI-ATE (excluding taxes and electricity), fell back to 1.0% Y/Y from 1.3% in April, thereby unwinding much of the pick-up of the previous month. The data leaves inflation, at least on a headline basis, above Norges Bank projections, albeit with the core rate softer.

Sweden

- **Growth and Production:** *Output corrects back.* Surprising for once to the downside, industrial production dropped 0.7% M/M in April, the first fall since last December, and unwinding most of the 0.9% rise posted in March. Partly as a result, the Y/Y rate of growth decreased clearly to 12.0%, down further from the cycle-high of 18.5% set in February. Also on a less upbeat note, but still consistent with month-to-month volatility superimposed over a flattish underlying trend, industrial orders fell by 0.1% M/M, unwinding little of the 0.9% rise seen in March. The latest data was driven entirely by a correction on the export side (domestic orders rose).

Spain

- **Growth and Production:** *Industrial output falls.* April (unadjusted) industrial production fell by 4.1% Y/Y from a 1.4% rise in the previous month, the first drop in six months and now hitting a new cycle-low. In workday adjusted terms, output turned more negative, falling by 1.6% Y/Y following a 0.4% decrease in March, a reflection of the clear swing into negative for intermediate goods (-1.0% Y/Y from 4.5% in March) outweighing moderate improvements elsewhere.

United Kingdom

- **Growth and Production:** *Holidays cause marked output jolt.* Surprising very much to the downside, April manufacturing output slumped 1.5% in M/M terms, having risen by 0.2% in March. Very clearly the additional holiday related to the April royal wedding as well as supply effects from the Japanese earthquake took their toll on production, the latter very much hitting the vehicle sector. However, the late Easter is also a possible factor, something though that may have helped support activity in March at the cost of April output. The April weakness was widespread and pulled the three-month rate of growth (favored by statisticians) down from 0.7% in March to -0.1%. The Y/Y growth rate was clearly lower as well, slipping from 2.2% to a 14-month low of 1.3%. Overall industrial production, meanwhile, fell somewhat more abruptly, dropping 1.7%, as warm weather undermined utility production severely.

- **Trade:** *Exports picture less upbeat.* This time revealing a smaller shortfall than expected, the total visible trade gap narrowed from an upwardly revised shortfall of £ 7.71 bln in March to a deficit of £ 7.39 bln in April. The latest data reflected a small 0.1% rise in exports (still down from the record level set in February) alongside a 0.9% drop in imports, albeit with both developments partly accentuated by swings in both oil and erratics and prices. Indeed, underlying export volume figures corrected back clearly and further. As a result, excluding oil and erratics, the nominal deficit on this basis was little changed. In terms of import prices, the data showed clear rises.

Central Europe

Czech Republic

- **Growth and Production:** *Output rebounds.* Surprising clearly to the downside, data for April showed seasonally adjusted industrial production rising by 0.3% M/M, bouncing back from the downwardly revised 1.0% drop in the previous month and ending a run of two successive falls. The latest recovery was the result of broad-based improvements, albeit led clearly by a swing into positive for utilities to rise 0.1% M/M after a 5.7% drop in March. In (unadjusted) Y/Y terms, meanwhile, growth slowed further to 4.7% from 9.2% in the preceding month, the second consecutive slowing in growth and also being the lowest monthly gain since December 2009. The breakdown showed these results to be a reflection of decreases in manufacturing and utilities being tempered by a rise in mining. On a workday adjusted basis, industrial output growth fell less markedly, slipping by 1.1 percentage points to 7.6% Y/Y from March. Industrial orders growth also slowed in April to 8.8% Y/Y, down from 9.7% in the preceding month, dragged down by a 9.4 percentage point drop in non-domestic orders growth to 9.3%. Meanwhile, construction output data only added to the grim picture, falling by 6.0% Y/Y in the month and ending a run of three consecutive increases.

- **Inflation:** *Inflation rises.* Surprising to the downside, CPI inflation rose by 0.4 percentage point to 2.0% Y/Y from the previous month, reaching a five-month high. In M/M terms, prices rose by 0.5%, driven by food (2.1%) and alcohol & tobacco (1.4%) costs. The Y/Y breakdown, meanwhile, also showed the latest rise to be the result of rising price pressures for food (6.7% from 3.8% in April) and alcohol & tobacco (3.1% from 2.8%), with only modest changes elsewhere.

- **Employment:** *Unemployment falls.* Matching expectations, the May unemployment rate slipped to 8.2% from 8.7% in the same month of 2010. The level of unemployment, meanwhile, also narrowed to 490 000 from 514 800 in May 2010, while vacancies rose to 37 600 from 33 100.

- **Trade:** *Mixed trade data.* Trade data for April showed seasonally adjusted exports bouncing back to rise 1.6% M/M after a 0.1% slip in March and thus ending a run of two successive falls. In Y/Y terms, export growth slowed, however, by 3.0 percentage points to 14.8% from the preceding month and now hitting a new cycle-low. Imports, meanwhile, increased a seasonally adjusted 2.2% M/M from the unchanged outcome in the previous month, while Y/Y growth moderated by 0.5 percentage point to 16.8%, also a new cycle low. As a result, the unadjusted trade surplus narrowed to CZK 12.6 bln from CZK 21.3 bln in March, while the seasonally adjusted trade surplus also narrowed, albeit less clearly, to CZK 10.8 bln from CZK 11.8 bln.

Hungary

- **Trade:** *Export growth slows.* April trade data showed export growth slipping clearly by 6.4 percentage points to 13.7% Y/Y from the preceding month, hitting a one-year low. Import growth, meanwhile, eased to 14.7% Y/Y from 17.6% in the preceding month, also hitting a one-year low. The trade surplus widened modestly to HUF 125.7 bln from HUF 121.6 bln in the same month in 2010.

Poland

- **Monetary and Fiscal Policy:** *Rate hiked, NBP set to pause.* As expected, Poland's central bank hiked rates by 25bps to 4.5%, but indicated that it would likely pause the current tightening cycle in coming months (having hiked 25 bps four times in the last five meetings) to determine the effectiveness of earlier increases. On the growth front, the accompanying statement noted signs of a "possible weakening" in the global economy, and a halting in commodity price growth. Domestic data were characterized by deceleration in output growth, but a continued upward trend in retail sales. Importantly, wage pressures were not seen as strengthening, a key element of earlier policy communiqués (though it should be noted that those measures have

been volatile recently) and inflation expectations, do remain "at a relatively high level." The Council does still see a risk of rising wage pressures ahead as employment growth continues, and cited that risk, along with elevated inflation expectations, as the reason for the increase in interest rates. However, the policy statement hinted at a pause ahead, as the rate-setting body "assesses that the substantial monetary policy tightening implemented since the beginning of 2011 should enable inflation to return to the target in the medium term." Hedging its stance, "the Council does not rule out further adjustment of monetary policy, should the outlook for inflation's return to the target deteriorate." Inflation, currently running at 4.5%, is well above the bank's 2.5% target, but the easing in commodity prices gives the bank scope for a pause, particularly when combined with the soft global data flow and core inflation still around 2%. Fresh growth and inflation projections will available in July, suggesting the Council wait at least that long before resuming a tightening cycle.

Turkey

- **Growth and Production:** *Output falls.* April seasonally adjusted industrial production fell by 0.6% M/M, a third straight drop and a sharper fall than the 0.3% decline seen in the preceding month. The latest slip was a reflection of a broad-based deterioration, led by a 7.4% M/M fall in utilities. On an unadjusted Y/Y basis, output growth slipped by 1.9 percentage points to 8.3% in April from the preceding month, reaching a new cycle-low. This was the result of a slowdown in growth for all three major sub-components of mining (1.6% Y/Y from 4.6% in March), manufacturing (8.6% from 10.2%) and utilities (8.7% from 12.2%).

Asia and Pacific

Japan

- **Trade:** *Current account surplus narrows.* The (unadjusted) current account balance for April showed a surplus of ¥ 405.6 bln, down clearly from the ¥ 1331.2 bln surplus in the same period of last year. On a seasonally adjusted basis, the current account surplus narrowed less marked to ¥ 546.3 bln in April from ¥ 752.7 bln in the previous month.

Australia

- **Monetary and Fiscal Policy:** *Policy unchanged with less hawkish rhetoric emerging?* As expected by most, the RBA decided to leave the Cash Rate on hold at 4.75% in May, extending its policy pause to a sixth-straight meeting. The statement by Governor Stevens provided more of a surprise however, with few material changes from the statement from the May meeting, contrasting with market expectations of more hawkish tones emerging. Starting with the global economy, the RBA once again noted an expansion, led by strong growth in Asia, but now pointed to increasing uncertainty stemming from the likes of sovereign debt problems in Europe. In terms of the domestic economy, the central bank repeated its assertion that terms of trade are reaching very high levels and a strong growth in national income continues, with private investment increasing, being led by capital spending programs in the resources sector. However, new in this month's statement, the bank observed that investment intentions have been revised lower recently outside of the resources sector, while a degree of caution remained in household spending and borrowing. Also new to the June statement was the observation of a solid increase in aggregate demand in the March quarter, with coal production levels increasing again after distortions caused by the natural disasters in Q1. Regarding CPI inflation, the RBA reiterated that inflation has risen over the past year due to distortions caused by extreme weather and rising utilities prices. The weather effects are expected to unwind later in the year and inflation will be close to the 2-3% target range over the next 12 months. Notably, the Governor mentioned that the exchange rate remained around its highest level in several decades, which could be expected to exert continued restraint on the traded sector and lower prices for traded goods.

- **Employment:** *Labor market softness continues.* Undershooting expectations once again, employment rose only modestly in May, with a rise of 7 800 failing to make much inroads into the 29 400 slump of the previous month, the latter being larger than previously estimated and now the steepest decline in the current cycle. Moreover, the May number actually saw a further slump in full-time working of 22 000. As a consequence, employment growth actually slowed further, dropping 0.1 percentage point to 2.3%. Admittedly, partly a result of more resilience in part-time working and a stable participation rate (of 65.6%), the seasonally adjusted unemployment rate was unchanged at 4.9% in April.

China

- **Trade:** *Trade surplus narrows.* Coming in below expectations this time around, data for May showed the trade surplus narrowing clearly to $ 13.05 bln from $ 19.53 bln in the same period of 2010. This was a reflection of a relatively sharp slowdown in export growth to 19.4% Y/Y in May from 29.9% in the preceding month, while import growth picked up to a four-month high at 28.4% from 21.8% in the previous month, outpacing exports clearly. On a geographical basis, export growth fell to all major trading partners, with Brazil being the only exception.

Malaysia

- **Growth and Production:** *Output falling.* Contrary to expectations of a modest gain, industrial production fell outright in April for the first time since November 2009. The fall of 2.2%Y/Y almost completely offset the 2.9% gain in March and the breakdown showed a broad-based slump, with manufacturing down 0.4% , while the mining sector contracted for a sixth straight month and at the fastest pace in that sequence (6.9%). Meanwhile, electricity generation slipped 0.7%.

Philippines

- **Inflation:** *CPI inflation rises.* Although undershooting expectations, CPI inflation still rose further last month, jumping from 4.3% Y/Y to a 13-month high of 4.5%. The gain came on the back of a flat M/M reading as a fall in utilities costs more than offset gains elsewhere. The Y/Y breakdown, in contrast, showed utilities price inflation actually rising clearly, rising from 6.0% to a three-month high of 8.7% and with clothing price inflation up as well, albeit less clearly so. However, these

increases in price pressures were moderated by weaker housing price inflation. Nevertheless, core inflation rose clearly in May, jumping 0.4 percentage point to an eight month high of 3.7%.

- **Trade:** *Export growth jump.* Surprising very clearly on the upside, April export growth surged by fifteen whole percentage points to 19.1% Y/Y from March. This was a the first improvement in the pace of growth following three successive falls and brought growth to a four-month high. However, in (unadjusted) M/M terms, exports fell by 1.2%. The Y/Y breakdown showed a fairly broad-based recovery, albeit notably with the important electronic component continuing to fall (-2.1% Y/Y) but at a slower pace than in March. Similar developments were seen on a geographical basis, with improvements across the board, but with exports to the USA and Netherlands still falling.

New Zealand

- **Monetary and Fiscal Policy:** *Policy on hold, but with hawkish tones emerging.* As was generally expected, the Reserve Bank of New Zealand decided to leave the Official Cash Rate (OCR) unchanged at 2.50%, after a similar decision last month and following the 50 bp rate cut in March in response to the earthquake. In the quarterly Monetary Policy Statement (MPS) released this month, Governor Bollard began on a surprisingly hawkish note by announcing that the outlook for the economy has improved since the last release of the MPS, also contrasting clearly with the assessment of a "very uncertain" outlook last month. The negative confidence effects caused by the disruptions from the earthquake on households and firms were noted to be limited, and the signs of recovery seen in the previous statement have continued. GDP growth is expected to pick up despite signs of weakness in the global economy and elevated commodity prices, with reconstruction efforts after the earthquake and intentions by firms to increase hiring and investment cited as sources of growth. Household expenditure, meanwhile, are expected to recovery only modestly, with high levels of household debt and continued fiscal consolidation measures restraining spending. Overall, as a result, central projections for GDP growth over the next year have been revised up since the last meeting. CPI inflation, meanwhile, is noted as having risen due to indirect taxes, food and petrol prices, but with core inflation remaining constrained. Looking forward, however, the Governor announced that a gradual increase in the OCR over the next two years will be required to offset the rise in underlying inflation caused by higher growth (MPS projections suggest this will start in Q4 this year). Thus, partly as a consequence, inflation projections after 2012 have mostly been revised down from those made in March. Despite the clearly hawkish tones in this month's statement, it is important to note that the Governor also observed the currently inflated level of the New Zealand dollar and the softness in the economy meant that policy can remain supportive presently. Thus, movements in these two factors may be closely watched in the near term future for any signs that a rate hike may be around the corner.

South Korea

- **Monetary and Fiscal Policy:** *Rate hiked.* Confounding market expectations once again, the Bank of Korea (BoK) raised the base lending rate by 25 bp to 3.25% at its June meeting, the fifth policy tightening since July 2010 and with the last hike coming in March. The unofficial English translation of the MPC statement, meanwhile, saw some notable changes from the previous month. To begin with, new this month, the BoK noted a possible delay in the recoveries of major economies, as opposed to a sustained pace last month. Even so, the forecast that the global economy will keep up its pace of recovery was unchanged, led by emerging market economies and with the same downside risk factors (Eurozone sovereign debt concerns, political unrest in North Africa and the Middle East and the Japanese earthquake) mentioned. In regard to the domestic economy, the BoK noted a temporary sluggishness in domestic demand, following an increase last month, but with the underlying upward trend in the economy seen as having been sustained by the high growth in exports. Labor market conditions improved further in the month. As for consumer price inflation, there were some clear changes.

Taiwan

- **Inflation:** *CPI inflation rises.* Although undershooting expectations, CPI inflation still rose further last month, jumping from 4.3% Y/Y to a 13-month high of 4.5%. The gain came on the back of a flat M/M reading as a fall in utilities costs more than offset gains elsewhere. The Y/Y breakdown, in contrast, showed utilities price inflation actually rising clearly, rising from 6.0% to a three-month high of 8.7% and with clothing price inflation up as well, albeit less clearly so. However, these increases in price pressures were moderated by weaker housing price inflation. Nevertheless, core inflation rose clearly in May, jumping 0.4 percentage point to an eight month high of 3.7%.

- **Trade:** *Export growth slumps.* Although coming in above expectations, May data still showed exports growth plunging to a 19-month low of 9.5% Y/Y, down from 24.6% in the preceding month. The products breakdown showed the latest slump to be fairly broad based, led by a clear drop in growth in the crucial machinery & electronic equipment component from 22.3% to 13.0%. Meanwhile, on a geographical basis, export growth to almost all major trade partners slowed. Imports, meanwhile, rose by 19.3% Y/Y in May down on the 25.7% gain in April and resulting in the trade balance narrowing to $ 1.2 bln in May a deterioration of $1.9 bln from the same month in 2010.

India

- **Monetary and Fiscal Policy:** *Policy on hold once more.* As expected, Band Indonesia left its benchmark interest rate (the BI rate) unchanged at 6.75% following its latest policy meeting. This was the fourth unchanged policy announcement following the surprise hike seen in February. The press statement accompanying the decision noted that the overall economic performance was strong and that the outlook for the economy suggested that growth may hit the upper bound of the central bank's growth forecast of 6-6.5% for the current year. As for price pressures, the BI highlighted the continued fall back in headline consumer price inflation but also acknowledged that core inflation was rising, due to global commodity prices, strengthening domestic demand and relatively high inflation expectations. Nevertheless, the central bank still maintained that the inflation target of 5% ±1% for this year and 4.5% ±1% for 2012 would be achieved. Admittedly, the BI outlined a series of risks to the inflation outlook, such as the acceleration in domestic demand and continued large capital inflows, but on a

positive note cited the appreciation of the exchange rate to be in line with the BI's efforts to mitigate tradables inflation pressures.

- **Growth and Production:** *Industrial output growth eases back.* April industrial output growth fell back 2.3 percentage points to 6.3% Y/Y, the lowest so far this year. The result was mostly due to a clear slowing in manufacturing output growth from 9.4% Y/Y to 6.9%, as consumer goods growth plummeted (from 11.7% to 2.9%). Admittedly, electricity generation growth slowed as well, but with the mining sector growing at a faster pace.

The Americas

Canada

- **Employment:** *Economy adds jobs, but details a bit softer than the headline indicates.* The May Labor Force Survey revealed a net gain of 22,300 jobs during the month, the result following gains of 15,100, -1,500, and 58,300 in the February to April stretch. The jobless rate also fell to 7.4% from 7.6%, the May reading now the lowest post-recession print (down from a high of 8.7% in 2009). The details of the report showed a sharp drop in manufacturing employment (-22,500), not unexpected given the supply chain disruptions in the auto sector. In the service sector, details were mixed, with gains in wholesale and retail trade (+34,000), healthcare (+14,100), and information services (+14,500) offsetting declines in education (-26,800) and transportation (-9,800). The gain in wholesale and retail trade was still not enough to reverse declines in that sector over the past three months. Also, a large portion of the headline jobs gain could be attributed to self-employment (+29,500), as the combined public/private sector payroll total fell by 7,300. Wage growth, meanwhile, slowed to 2.0% year-on-year, from a +2.5% pace of increases in recent months. That eases any worries about firmer underlying inflation pressures due to higher commodity prices, and also suggests a continuation of a relatively weak backdrop around the consumer spending outlook.

- **Trade:** *Exports decline, trade balance back in deficit. In* contrast to expectations, the trade balance recorded a $0.9 billion deficit in April, compared to a March figure revised to a $0.4 billion deficit, earlier reported as a modest surplus. Industrial (-3.8% m/m) and machinery (-7.8%) goods led the export decline, the latter driven by aircraft and other transportation equipment, while an 8.6% drop in automotive imports offset a rise in industrial (+3.4%) product imports. Statistics Canada attributed the drop in automotive imports to the Japan earthquake. Importantly, in constant-dollar terms exports fell 1.1% while imports rose 1.0%, leaving the early read on Q2 exports clearly weaker than Q1 performance. With softer consumer spending already apparent, greater weakness in trade data will have many questioning even a 2.0% print for GDP growth during the quarter, with downside risks still quite present due to trade disruptions and their impact on the auto sector.

Brazil

- **Monetary and Fiscal Policy:** *Policy tightened further.* The Central Bank of Brazil raised its main policy rate by 25 basis points to 12.25% at its Wednesday meeting, in line with market expectations. This brings the cumulative tightening since April 2010 to 350 basis points. The decision was unanimous as policy makers continue to combat inflation, which is running near the top of the target range. Although recent indicators suggest that the domestic economy is cooling, the statement highlighted uncertainty in the pace of moderation, adding that the "implementation of adjustment in monetary conditions for a sufficiently long period continues to be the most adequate strategy to ensure convergence of inflation to the target in 2012".

- **Growth and Production:** *Q1 GDP indicates soft landing.* Real GDP printed at 1.3% Q/Q in the first quarter, from 0.8% in the previous quarter. In non-seasonally adjusted terms, the pace of growth decelerated to 4.2% year-on-year, compared to 5.0% in Q4. While the recovery has moderated, it remains robust, driven by investment and consumption (although the latter has eased somewhat). Further underpinning the strength are higher commodity prices. The latest data suggest that activity may be responding to more restrictive macroeconomic conditions – Brazil's central bank has been tightening policy since early 2010 to cool the economy and rein in inflation – and may prompt a pause in rate hikes.

- **Inflation:** *Monthly inflation slows.* The benchmark IPCA consumer price index eased to 0.47% in May, led by a fall in transportation costs while food and housing continued to rise. However, inflation over a 12-month period accelerated slightly to 6.55% from 6.51% in April, and remains near the top of the central bank's target of 4.5% ± 2 percentage points. The latest data will have little impact on the central bank's decision at the Wednesday meeting, where the Board is expected to lift the Selic rate a further 25 basis points to 12.25%, bringing the cumulative tightening since April 2010 to 350 basis points. But growth in Brazil has moderately recently, and policy makers will be watching inflation closely for signs of a softening that my prompt a pause in rate hikes over the remainder of the year.

Mexico

- **Inflation:** *Inflation slows.* Consumer prices fell 0.74% in May, slowing inflation from a year ago to 3.25% compared to 3.36% the previous month. The moderation in annual inflation was broad-based; of particular note was the fall of energy prices due to the introduction of warm-weather electricity tariffs. With headline inflation near the center of the 3%+/-1 percentage point, Banco de Mexico is likely to remain on hold for at least the remainder of the year.

Africa

South Africa

- **Growth and Production:** *Manufacturing falls.* Surprising clearly to the downside this time, April manufacturing output fell a seasonally adjusted 3.7% M/M, contrasting clearly with the 1.6% rise in the previous month and ending a run of 6 successive increases. In (unadjusted) Y/Y terms, meanwhile, output growth slowed markedly to 0.4% in April from 4.9% in the previous month.

Comparative International Economic Indicators

Real Growth*

	Latest Period	Chg. Over Prev. Period	Chg. Over Year Ago Period
United States	2011:Q1	1.8	2.3
Canada	2011:Q1	3.9	2.9
Eurozone	2011:Q1	3.4	2.5
United Kingdom	2011:Q1	1.9	1.8
Germany	2011:Q1	6.1	4.8
France	2011:Q1	3.9	2.2
Italy	2011:Q1	0.5	1.0
Switzerland	2011:Q1	1.0	2.5
Japan	2011:Q1	-3.5	-0.7
Korea	2011:Q1	5.4	3.9
Taiwan	2011:Q1	-26.2	6.5
Hong Kong	2011:Q1	-22.4	7.2
Singapore	2011:Q1	8.6	8.3
Australia	2011:Q1	-4.7	1.0
Mexico	2011:Q1	2.1	4.4

**Seasonally adjusted annualized rate, otherwise not seasonally adjusted and reported only on a year-over-year basis.*

Consumer Prices*

	Latest Period	Chg. Over Prev. Period	Chg. Over Year Ago Period
	2011:M4	0.4	3.1
	2011:M4	0.3	3.3
	2011:M4	0.6	2.8
	2011:M4	1.0	4.5
	2011:M5	0.1	2.3
	2011:M4	0.3	2.1
	2011:M5	0.1	2.6
•	2011:M5	0.0	0.4
	2011:M4	0.3	0.3
	2011:M5	0.0	4.1
•	2011:M5	0.2	1.7
	2011:M4	0.7	4.6
	2011:M4	0.3	4.5
	2011:Q1	1.6	3.3
•	2011:M5	-0.7	3.2

**Not seasonally adjusted except for United States and Germany.*

Industrial Production*

	Latest Period	Chg. Over Prev. Period	Chg. Over Year Ago Period
United States	2011:M4	0.0	5.0
Canada	2011:M3	1.1	5.2
United Kingdom	2011:M4 •	-1.7	-1.1
Germany	2011:M4 •	-0.6	9.6
France	2011:M3	-0.9	3.5
Italy	2011:M3	0.4	3.2
Switzerland	2010:Q4	7.4	6.1
Japan	2011:M4	-11.5	-14.0
Korea	2011:M4	-2.7	6.9
Taiwan	2011:M4	-5.6	6.9
Hong Kong	2010:Q4	-1.5	5.8
Singapore	2011:M4	-15.0	-9.6
Australia	2011:Q1	-3.8	-5.4
Mexico	2011:M3	10.2	4.2

**Seasonally adjusted except for Switzerland, Korea, Taiwan, Hong Kong, Singapore and Mexico. Switzerland and Australia are quarterly numbers.*

Current Account (Billions of Dollars)

	Latest Period	Trailing 12-Month Sum	2010 Total	2009 Total
	2010:Q4	-470.2	-470.2	-378.4
	2011:Q1	-50.0	-49.3	-40.3
	2010:Q4	-56.2	-56.2	-37.1
	2011:Q1	184.5	185.1	189.6
	2011:Q1	-61.0	-55.4	-51.8
	2011:Q1	-75.6	-71.2	-41.3
	2010:Q4	76.6	76.6	57.2
	2011:Q1	183.2	196.0	142.6
	2011:Q1	30.6	28.2	32.8
	2011:Q1	40.3	39.9	42.9
	2010:Q4	13.9	13.9	18.0
	2011:Q1	52.5	49.5	35.1
	2011:Q1	-27.6	-31.9	-43.3
	2011:Q1	-7.4	-5.6	-6.4

**Eurozone refers to the EU25 for the Current Account Figure.*

Unemployment Rate*

	Latest Period	Latest	Prev. Period	Year Ago Period
United States	2011:M5	9.1	9.0	9.6
Canada	2011:M5 •	7.4	7.6	8.1
United Kingdom	2011:M4	4.6	4.5	4.7
Germany	2011:M4	6.1	6.2	7.3
France	2011:M4	9.4	9.5	9.8
Italy	2010:Q4	8.5	8.4	8.3
Switzerland	2011:M5 •	3.0	3.1	4.0
Japan	2011:M4	4.7	4.6	5.1
Korea	2011:M4	3.7	4.3	3.8
Taiwan	2011:M4	4.3	4.5	5.4
Hong Kong	2011:M4	3.5	3.4	4.4
Singapore	2011:Q1	1.8	2.0	2.1
Australia	2011:M5 •	4.9	4.9	5.1
Mexico	2011:M4	5.1	4.6	5.4

Seasonally adjusted except for Italy, Switzerland, Korea, Taiwan and Mexico.

Long-Term Government Bond Yield

	Latest	Prev. Month	Year Ago
	2.97	3.16	3.32
	3.01	3.22	3.43
	3.22	3.44	3.56
	2.96	3.13	2.61
	3.78	3.43	3.07
	4.79	4.63	4.02
	1.63	1.91	1.54
	1.14	1.13	1.21
	4.25	4.41	4.92
	1.48	1.40	1.45
	2.23	2.50	2.35
	2.27	2.35	2.62
	5.18	5.42	5.35
	2.89	2.95	2.84

Call Money Rate

	Latest	Prev. Month	Year Ago
Euro	1.25	1.25	1.00
United States	0.10	0.08	0.10
Canada	1.00	1.00	0.50
United Kingdom	0.50	0.50	0.48
Germany	1.25	1.25	1.00
France	1.25	1.25	1.00
Italy	1.25	1.25	1.00
Switzerland	0.09	0.05	0.06
Japan	0.09	0.09	0.11
Korea	3.26	3.03	2.02
Hong Kong	0.09	0.08	0.06
Singapore	0.16	0.16	0.25
Australia	0.00	4.75	4.50
Mexico	4.47	4.47	4.52

Note: All figures in percent unless otherwise indicated. • Data updated in the last week.

Exchange Rate

	Latest Level	Chg. Over Last Week	Chg. Over Prv. Month	Chg. Over Year Ago
	1.4341	-2.0	1.0	18.3
	78.1§	0.7	0.5	-10.3
	0.9786	-0.1	-1.7	5.0
	1.6229	-1.2	-0.7	10.3
	1.3643	2.1	-1.0	-15.4
	4.5756	2.1	-1.0	-15.4
	1350.63	2.1	-1.0	-15.4
	0.8430	-1.1	5.0	26.2
	80.34	0.0	0.9	12.0
	1082.7	-0.2	-0.7	13.5
	7.7847	0.1	0.2	-0.1
	1.2371	-0.6	0.0	11.8
	1.0546	-1.6	-1.4	24.0
	11.9060	-2.1	-2.2	6.2

§ Morgan Guaranty Trade-Weighted Index.

Comparative International Economic Indicators (Cont.)

Real Growth*

	Latest Period	Chg. Over Prev. Period	Chg. Over Year Ago Period
Belgium	2011:Q1	4.3	3.0
Netherlands	2011:Q1	3.5	2.7
Denmark	2011:Q1	-4.5	1.0
Sweden	2011:Q1	3.3	6.5
Norway	2011:Q1	-1.8	0.1
Finland	2011:Q1	3.4	5.8
Spain	2011:Q1	1.2	0.8
Portugal	2011:Q1	-2.4	-0.6
Indonesia	2011:Q1	6.2	6.5
Philippines	2011:Q1	-31.2	4.9
Malaysia	2011:Q1	-11.7	4.6
Thailand	2011:Q1	9.1	3.0
India	2011:Q1	32.2	7.7
China	2011:Q1	---	9.7
Argentina	2010:Q4	10.5	10.1
Brazil	2011:Q1	5.4	4.2

**Seasonally adjusted annualized rate, otherwise not seasonally adjusted and reported only on a year-over-year basis. China is in nominal terms.*

Consumer Prices*

	Latest Period	Chg. Over Prev. Period	Chg. Over Year Ago Period
Belgium	2011:M5	0.3	3.3
Netherlands	2011:M5 •	0.1	2.3
Denmark	2011:M5 •	0.2	3.1
Sweden	2011:M4	0.4	3.0
Norway	2011:M5 •	-0.2	1.6
Finland	2011:M4	0.2	3.2
Spain	2011:M5	0.0	3.5
Portugal	2011:M5 •	-0.1	3.8
Indonesia	2011:M5	---	---
Philippines	2011:M5 •	0.0	4.5
Malaysia	2011:M4	0.2	3.2
Thailand	2011:M5	0.3	4.2
India	2011:M4	0.5	9.4
China	2011:M4	---	5.3
Argentina	2011:M4	0.8	9.7
Brazil	2011:M5	0.3	6.5

**Not seasonally adjusted.*

Industrial Production*

	Latest Period	Chg. Over Prev. Period	Chg. Over Year Ago Period
Belgium	2011:M3	14.6	7.0
Netherlands	2011:M4 •	-0.6	-0.8
Denmark	2011:M4 •	2.8	3.8
Sweden	2011:M3	-0.1	13.5
Norway	2011:M4 •	-1.7	-8.0
Finland	2011:M3	-1.1	0.4
Spain	2011:M4 •	-14.8	-4.1
Portugal	2011:M4	-8.1	-1.6
Indonesia	2011:M3	4.3	6.2
Philippines	2011:M3	5.5	11.1
Malaysia	2011:M3	12.1	2.3
Thailand	2011:M4	-3.1	-7.3
India	2011:M3	16.9	7.3
Argentina	2011:M4	-1.2	5.4
Brazil	2011:M4	-6.4	-1.3

**Not seasonally adjusted except for Netherlands, Sweden, Norway, Finland, and Spain. Thailand reported as 12-month moving average.*

Current Account (Billions of Dollars)

	Latest Period	Trailing 12-Month Sum	2010 Total	2009 Total
Belgium	2010:Q4	5.9	5.9	1.8
Netherlands	2010:Q4	60.5	60.5	38.9
Denmark	2011:Q1	17.7	15.9	6.8
Sweden	2011:Q1	32.2	28.8	28.3
Norway	2011:Q1	49.6	51.4	44.5
Finland	2011:Q1	7.8	7.6	5.9
Spain	2011:Q1	-65.9	-63.8	-75.3
Portugal	2011:Q1	-20.9	-22.6	-25.7
Indonesia	2011:Q1	6.0	6.2	31.8
Philippines	2010:Q4	8.5	8.5	21.9
Malaysia	2011:Q1	28.5	27.3	8.8
Thailand	2011:Q1	16.0	14.8	7.1
India	2010:Q4	-51.9	-51.9	10.2
Argentina	2010:Q4	3.6	3.6	11.1
Brazil	2011:Q1	-50.0	-47.4	-24.3

Unemployment Rate*

	Latest Period	Latest	Prev. Period	Year Ago Period
Belgium	2011:M4 •	7.7	7.7	8.5
Netherlands	2011:M4	4.2	4.2	4.5
Denmark	2011:M4	3.8	3.9	4.2
Sweden	2011:M4	7.4	7.7	9.1
Norway	2011:M5 •	2.5	2.8	2.7
Finland	2011:M4	8.2	9.3	9.3
Spain	2011:M4	20.7	20.7	19.8
Portugal	2011:M4	12.6	12.6	10.9
Indonesia	2010	7.1	7.9	7.9
Philippines	2011:Q1	7.4	7.1	7.3
Malaysia	2011:Q1 •	3.1	3.2	3.7
Thailand	2011:M3	0.7	0.7	1.0
China	2009	4.3	4.2	4.2
Argentina	2011:Q1	7.4	7.3	8.3
Brazil	2011:M4	6.4	6.5	7.3

** Not seasonally adjusted except for Denmark, Netherlands is a 3-month moving average.*

Long-Term Government Bond Yield

	Latest	Prev. Month	Year Ago
Belgium	4.12	4.20	3.46
Netherlands	3.23	3.40	2.90
Denmark	4.12	4.20	3.46
Sweden	2.86	3.07	2.53
Norway	3.33	3.48	3.46
Finland	3.67	3.28	2.91
Spain	5.47	5.26	4.48
Portugal	10.43	9.42	5.16
Indonesia	—	—	—
Philippines	—	—	—
Malaysia	3.93	4.02	4.09
Thailand	3.73	3.76	3.21
China	—	—	—
Argentina	—	—	—
Brazil	—	—	—

Call Money Rate

	Latest	Prev. Month	Year Ago
Belgium	1.25	1.25	1.00
Netherlands	1.25	1.25	1.00
Denmark	1.00	1.00	0.75
Sweden	1.93	1.99	0.26
Norway	2.25	2.00	2.00
Finland	1.25	1.25	1.00
Spain	1.25	1.25	1.00
Portugal	1.25	1.25	1.00
Indonesia	6.16	6.34	6.21
Philippines	4.50	4.50	4.00
Malaysia	0.00	0.00	0.00
Thailand	—	—	—
India	6.90	6.75	5.30
China	—	—	—
Argentina	9.68	9.93	9.65
Brazil	11.16	11.16	0.00

Exchange Rate

	Latest Level	Chg. Over Last Week	Chg. Over Prv. Month	Chg. Over Year Ago
Belgium	28.1389	-2.1	1.0	15.4
Netherlands	1.5372	-2.1	1.0	15.4
Denmark	5.2017	-2.1	1.0	15.2
Sweden	6.3429	-3.4	-0.1	19.6
Norway	5.4942	-3.1	0.4	15.2
Finland	4.1474	-2.1	1.0	15.4
Spain	116.06	-2.1	1.0	15.4
Portugal	139.85	-2.1	1.0	15.4
Indonesia	8520.0	0.1	0.1	7.8
Philippines	43.325	-0.3	-1.2	7.2
Malaysia	3.0200	-0.3	-1.4	8.6
Thailand	30.420	-0.5	-0.8	6.3
India	44.721	-0.2	0.1	-4.8
China	6.4801	0.0	0.2	5.1
Argentina	4.0950	-0.1	-0.3	-4.5
Brazil	1.5977	-1.4	1.5	11.5

Note: All figures in percent unless otherwise indicated. • Data updated in the last week.

Week ended: 6/10/2011

Focus on Korea's Monetary Policy: Is there really a "war on inflation"?

The Bank of Korea increased their benchmark rate by 25 basis points, to 3.25%. The decision was contrary to market expectations, but unsurprising from the perspective of the logic we outlined following the May meeting (see our note of May 13, 2011). We summarize that logic here.

Growth is proceeding at a moderate pace, probably in 4%-to-4.5% range, but domestic demand is relatively weak, and real GDP's expansion depends largely on the strength of exports. It should be noted that there is some discordance between the calm tone of the central bank's comments on domestic demand ("keeps growing" in May, "temporary sluggishness" in June) and what the published data depict as an anemic and perhaps even faltering upturn.

In contrast, the tone of the statements on inflation appears alarmist. The annual inflation target is 3.0%, and the Bank of Korea kept headline CPI inflation fluctuating around that figure for the past ten years. It is now 4.1% year-on-year, down from a peak of 4.7% year-on-year in March; after three consecutive declines it is *currently* on track to drop toward the mid 3% range later in the year.

However, the statement ignores such downward trend in the data—which was acknowledged in April—and instead it warns that *"the Committee expects inflationary pressures to continue in the coming months, driven largely by increased demand from the economic upswing and by inflation expectations"*, adding that core inflation *"has risen to the mid-3% range, as the effects of the recent rises in price of oil and farm products are being passed through to the prices of such items as processed food products, and personal service fees"*.

Although the above rationalization could seem a bit contrived, it makes it clear that policymakers have—or *choose* to present--a "glass half-empty" view of the inflation outlook. From a practical perspective the purpose would be to enable them to continue the "war on inflation" declared earlier, as the *"upward trend"* of the economy is emphasized, the risks to growth are discounted as temporary (or simply ignored, as in the case of domestic investment, which declined both in the last quarter of 2011 and during the first three months of 2011), while the danger that inflation accelerates and becomes entrenched is presented as a virtual certainty.

There is a possibility that the Bank of Korea's stance is to a significant extent influenced by the political calendar. With elections approaching, policymakers are typically concerned about the unleashing of pressure to force them to loosen policy even as inflation remains above target, liquidity ample and real interest rates in negative territory. But the BoK's pushback includes a steady march towards interest rate "normalization", gradually lifting real interest rates from negative territory. This suggest a considerable amount of confidence that conditions in and around the Korean economy are such that the risk of much slower growth is low, not enough to constrain the bank as it pursues its stated goal of shaping expectations of future inflation.

The implicit bet, however, is that at some point over the next few months and quarters the expansion becomes broader-based, with the energy passing from exports to the labor market to consumption to fixed capital formation in a way that has not yet occurred.

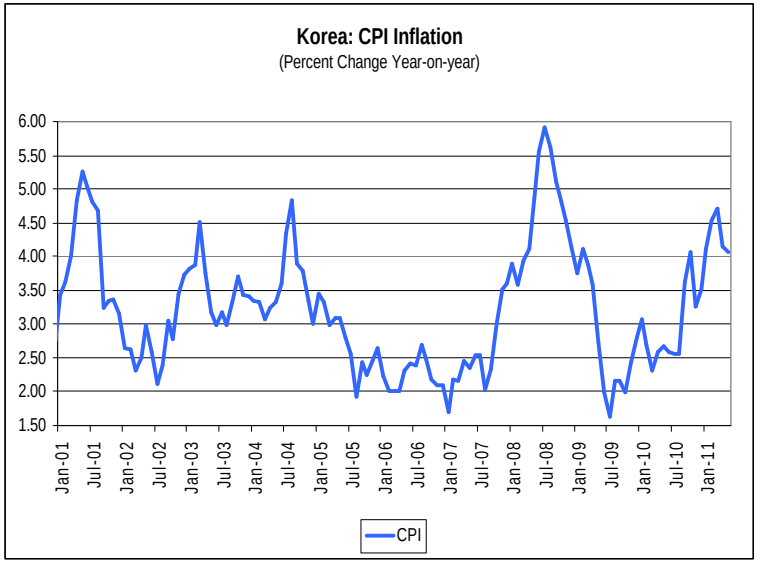
If this transition does not take place, and the export engine slows (which is not a negligible risk given the *cooling* of China's economy) the BoK will have to choose between accepting a considerable softening of real GDP growth (perhaps to the low 3% range or lower) or a shift in their policy even if inflationary pressures persist.

Once again, the political calendar will influence the outcome; a sub-par performance over the next few months is sure to lead to greater government interference with monetary policymaking.

In the meantime, the Bank of Korea's balancing act has settled into a pattern of modest (25 basis points) quarterly interest rate increases, in what could be another year (or more) of movement towards interest rate "normalcy".

— Francisco J. Larios, DE Miami





DECISION ECONOMICS June 10, 2011

	Latest	Week Ago	% Chg. YTD *	12/31/10
Yen/$	80.34	80.34	-1.0	81.12
$/Euro	1.4337	1.4635	-7.1	1.3384
Yen/Euro	115.18	117.58	6.1	108.57
$/STG	1.6227	1.6426	-3.9	1.5612
Sfr/$	0.8431	0.8335	-9.8	0.9352
Can$/US$	0.9786	0.9778	-1.9	0.9980
Mexican Peso/$	11.904	11.664	-3.5	12.340
Brazil Real/$	1.5977	1.5763	-3.8	1.6613
Thai Baht/$	30.420	30.280	1.2	30.060
Malaysian Ringgit/$	3.0200	3.0100	-1.4	3.0635
Indonesian Rupiah/$	8519.8	8528.0	-5.3	8996.0
Korean Won/$	1082.7	1080.1	-3.8	1126.0
Philippines Peso/$	43.325	43.199	-1.1	43.800
India Rupee/$	44.721	44.819	0.0	44.705

* For Year-to-Date change calculations, all signs refer to the movement of the U.S. dollar, except for the Yen/Euro rate, where the sign refers to the euro.

BENCHMARK YIELDS				
SHORT-TERM (3-Month LIBOR)**				
U.S.	0.25	0.25	-0.05	0.30
Canada	1.20	1.20	-0.03	1.23
Euro	1.41	1.38	0.47	0.94
U.K.	0.82	0.83	0.07	0.76
Japan	0.20	0.20	0.01	0.19
LONG-TERM (10-Year Benchmark)**				
U.S.	2.97	2.99	-0.33	3.30
US 10 Year Swap Rate	3.08	3.11	-0.30	3.38
Canada	3.01	2.99	-0.11	3.12
Italy	4.79	4.63	-0.02	4.82
Germany	2.96	3.06	0.00	2.96
U.K.	3.22	3.29	-0.17	3.40
Switzerland	1.63	1.78	-0.09	1.72
Japan (JGB)	1.14	1.14	0.01	1.13
Australia	5.18	5.23	-0.37	5.55
Brazil	4.15	4.23	-0.47	4.61
India	8.27	8.29	0.35	7.92
Spreads to US 10-Year				
10 Year Swap Spread	0.11	0.13	0.02	0.08
10 Year - 2 Year	2.57	2.56	-0.13	2.70
Moody AAA	1.89	1.88	0.28	1.61
UK Gilt	0.25	0.30	0.15	0.10
German Bund	-0.01	0.07	0.32	-0.33
Italian 10-year	1.82	1.64	0.30	1.52

** Year-to-date changes are calculated from the difference in yields.

STOCK MARKETS				
U.S. (DJIA)	11952	12151	3.2	11578
S&P 500	1271	1300	1.1	1258
NASDAQ Composite	2644	2733	-0.3	2653
Russell 2000	780	808	-0.5	784
Canada (TSE-300)	13084	13518	-2.7	13443
Mexico (Bolsa)	34975	35124	-9.3	38551
Argentina (Merval)	3228	3165	-8.4	3524
Brazil (Bovespa)	62695	64341	-9.5	69305
Germany (DAX, XETRA)	7070	7109	2.3	6914
U.K. (FT-SE 100)	5766	5855	-2.3	5900
France (CAC-40)	3805	3891	0.0	3805
Switzerland (SMI)	6197	6407	-3.7	6436
Japan (Nikkei-225)	9514	9492	-7.0	10229
Hong Kong (Hang Seng)	22420	23254	-2.7	23035
Australia (All Ordinaries)	4635	4667	-4.4	4847
South Korea (KOSPI)	2047	2114	-0.2	2051
Thailand	1020	1058	-1.2	1033
India (BSE)	18269	18376	-10.9	20509
China (Dow Jones Shanghai Index)	339	343	-4.7	356
Singapore (Straights Times Index)	3078	3146	-3.5	3190
COMMODITIES				
Gold (USD/Troy Ounce)	1531.80	1541.95	7.8	1420.78
Crude Oil (WTI, Spot)	99.37	100.56	8.7	91.38
CRB Futures	348.04	348.61	4.6	332.80
CRB Raw Industrials (Spot)	562.62	565.88	8.1	520.33