

Wednesday October 26, 2011

NEWS UPDATE

EU Finance Ministers Meeting Canceled

A meeting of EU finance ministers today on bank recapitalization was canceled while 2 summits of EU leaders will proceed as planned to discuss tackling the sovereign-debt crisis. The meeting was canceled because the bank recap cannot be decided before other elements of the rescue package. [\[Bloomberg\]](#)

Merkel Puts Rescue Fund to German Vote

German lawmakers are set to back a planned increase in the European rescue fund's capacity, removing one hurdle in the path of Chancellor Angela Merkel as she prepares for a summit on tackling the euro-area debt crisis. Merkel is due to address lower-house lawmakers on the crisis in Berlin today before the government puts plans to bulk up the 440 billion-euro (\$612 billion) backstop to a vote. [\[Bloomberg\]](#)

Gold Tops \$1,700 on EU Debt-Crisis Concern, U.S. Inflation Risk

Gold futures rose to the highest price in more than a month, topping \$1,700 an ounce, as delays in resolving Europe's debt crisis and renewed inflation concern in the U.S. spurred demand for the precious metal. "Gold is getting support because there is a general consensus that there will be Fed-induced stimulus to support growth in U.S. at a time when Europe may go into recession because of the debt crisis," Paul Dietrich of Foxhall Capital Management Inc., said "And that may be inflationary." [\[Bloomberg\]](#)

Spain Slipping on Deficit Means Possible Contagion: Euro Credit

Spain will struggle to meet its deficit-reduction target this year as economic growth slows, threatening further debt-crisis contagion as Europe fails to erect a fail-proof firewall. "They will never make it," said Ludovic Subran, at Euler Hermes SA. "Our September forecast sees Spain's deficit at 7% of GDP this year. The government has aimed for a deficit equal to 6% of GDP, down from 9.2% in 2010. [\[Bloomberg\]](#)

U.S. Consumer Confidence Drops to 2-Year Low

Consumer confidence in the U.S. unexpectedly sank and home prices stagnated, showing why the Obama administration and some Federal Reserve policy makers are pivoting to stem a housing slump that is threatening the economic recovery. The New York-based Conference Board's household sentiment index slumped to 39.8 in October, the lowest level since March 2009 and less than the most pessimistic forecast in a Bloomberg News survey, the group's data showed. [\[Bloomberg\]](#)

Japan Plans Baht Loans to Aid Companies Hurt by Thai Floods

The Japanese government is preparing a loan program to aid companies operating in Thailand as the worst flooding in 50 years forces Toyota Motor Corp. and Nissan Motor Co. to shut factories. Loans would be backed by Japanese government bonds and the Bank of Japan would be involved in disbursing the baht funds in the event of cash shortages, Tsutomu Okubo, a lawmaker and deputy policy chief for the ruling Democratic Party of Japan said in an interview in Tokyo yesterday. The BOJ said today it is working with Thailand's central bank to arrange the program. [\[Bloomberg\]](#)

Vietnam October Monthly Trade Deficit Narrows to \$800 Million

Vietnam's trade deficit narrowed in October from September, which may ease pressure on a currency that declined last week to the weakest level since at least 1993. The deficit was \$800 million this month, compared with a revised \$1.5 billion shortfall in September, based on preliminary figures released by the General Statistics Office in Hanoi. The trade gap for 10M11 was \$8.39 billion. The government wants to minimize its trade gap as part of a package of measures aimed at stabilizing the economy, along with fighting inflation and supporting the currency with tighter monetary and fiscal policies. [\[Bloomberg\]](#)

LSX Readies for 3 More IPO Listings

Nov – Dec could see a spark in the local stock market exchange with two more listings on the cards for 2011 and one for early 2012. Scheduled to list by the end of the year are Enterprise of Telecommunications Lao (ETL) and Lao Development Bank (LDB). Local cassava powder producer, Lao Indochina Group Co Ltd (LIG), expects to list on the Lao Securities Exchange by early next year, with Lanexang Securities Company helping with the IPO for public listing. LIG operates cassava plantations in Borikhamxay and Vientiane provinces and in Vientiane on a total area expected to reach near 10,500 hectares, with the company employing more than 1,220 families. [\[Vientiane Times\]](#)

Stock Markets Rap (as of Oct 25)

	Close	Chg	(%)
Dow	11,707	-207	-1.7
Nasdaq	2,638	-61	-2.3
S&P 500	1,229	-25	-2.0
Global Dow	1,856	-24	-1.3
VIX	32.22	+2.96	+10.1

	Close	Chg	(%)
FTSE 100	5,526	-23	-0.4
DAX	6,047	-9	-0.1
CAC	3,174	-46	-1.4

	Close	Chg	(%)
ASX 200	4,228	-27	-0.6
Nikkei	8,762	-82	-0.9
Shanghai	2,410	+39	+1.7
HSI	18,968	+196	+1.0
H Shares	9,861	+143	+1.5
FTSE STI	2,770	+9	+0.3
SET	943	+26	+2.9
LSX	905	-35	-3.7
Vietnam	409	-5	-1.2

Currencies Rap (as of Oct 25)

	Last	Chg	(%)
DXY	76.21	+0.18	+0.23
THB/USD	30.86	-0.02	-0.06
THB/LAK	259.57	+0.08	+0.03
LAK/USD	8,009.00	-4.00	-0.05
USD/EUR	1.3940	+0.01	+0.82
JPY/USD	76.15	+0.09	+0.12

Commodities Rap (as of Oct 25)

	Close	Chg	(%)
Gold	1,700.40	+48.10	+2.91
Silver	33.05	+1.41	+4.45
WTI	93.17	+1.90	+2.08
Brent	110.92	-0.53	-0.48
BDI	2,161	+8	+0.37

Source: Bloomberg

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