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FUNDAMENTAL ANALYSIS

16/11/2011

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08:00 GMT

EUR

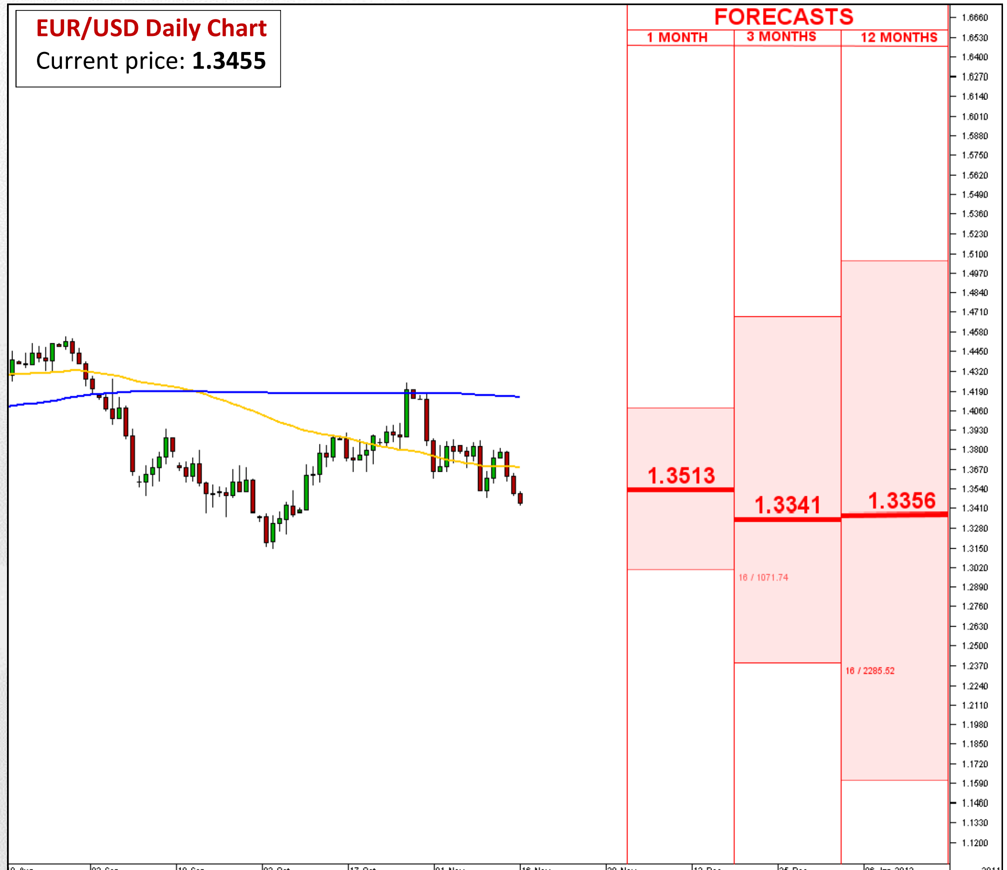
“The economic slump will accelerate in the coming months”
- Christoph Weil, economist at Commerzbank

news	Impact
Euro Zone economy is on the edge of recession	High

The Euro Zone economy grew 0.2 percent in the third quarter compared to the previous three months fuelling concerns the bloc may slide into recession in forthcoming months, according to the figures released by the Eurostat agency on Tuesday.

"The economic slump will accelerate in the coming months," said Christoph Weil, economist at Commerzbank. "We expect real GDP to already fall in the closing quarter of 2011 at a rate of 0.25 percent on the third quarter," he said.

"The uncertainty caused by the sovereign debt crisis is lying like mildew upon the euro zone economy. Plunging sentiment indicators for months suggest that the euro-zone economy will slide into recession at the turn of the year," added Mr. Weil.



Trends*	1 month	3 months	12 months
Min	1.32	1.32	1.25
Max	1.48	1.50	1.50
Mean	1.4156	1.4080	1.3811
St. deviation	0.0298	0.0519	0.0876

* the data is based on 35 international banks forecasts

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USD

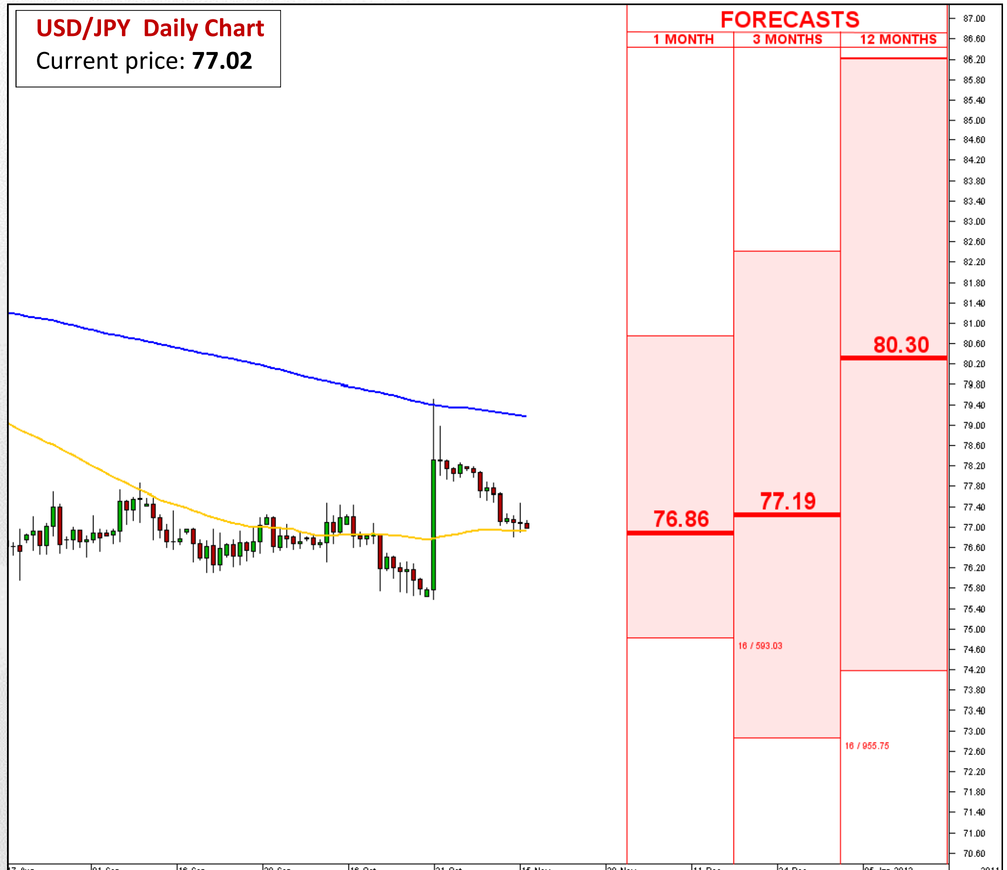
"The economy is showing some resilience at this point which is encouraging"
- Sean Incremona, an economist at 4CAST

news	Impact
U.S. retail sales rose 0.5% in October	High

U.S. retail sales increased in October, compared to September, easing concerns the largest economy in the world may slide into recession. Total retail sales advanced 0.5 percent, after increasing 1.1 percent in September, said the Census Bureau on Tuesday. Economists expected the reading to advance 0.3 percent.

"The data are uniformly positive," said Eric Green, chief U.S. economist at TD Securities in New York. Retail sales "is more than enough to keep the economy going. They continue to push back the recession fears that began this summer."

"The economy is showing some resilience at this point which is encouraging," said Sean Incremona, an economist at 4CAST in New York. "But we really want to see this sustained and there are a lot of risks to the outlook that could easily bump us off again."



Trends*	1 month	3 months	12 months
Min	75	77	80
Max	85	90	91.5
Mean	77.72	78.95	84.35
St. deviation	1.5449	3.0990	4.3802

* the data is based on 35 international banks forecasts

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GBP

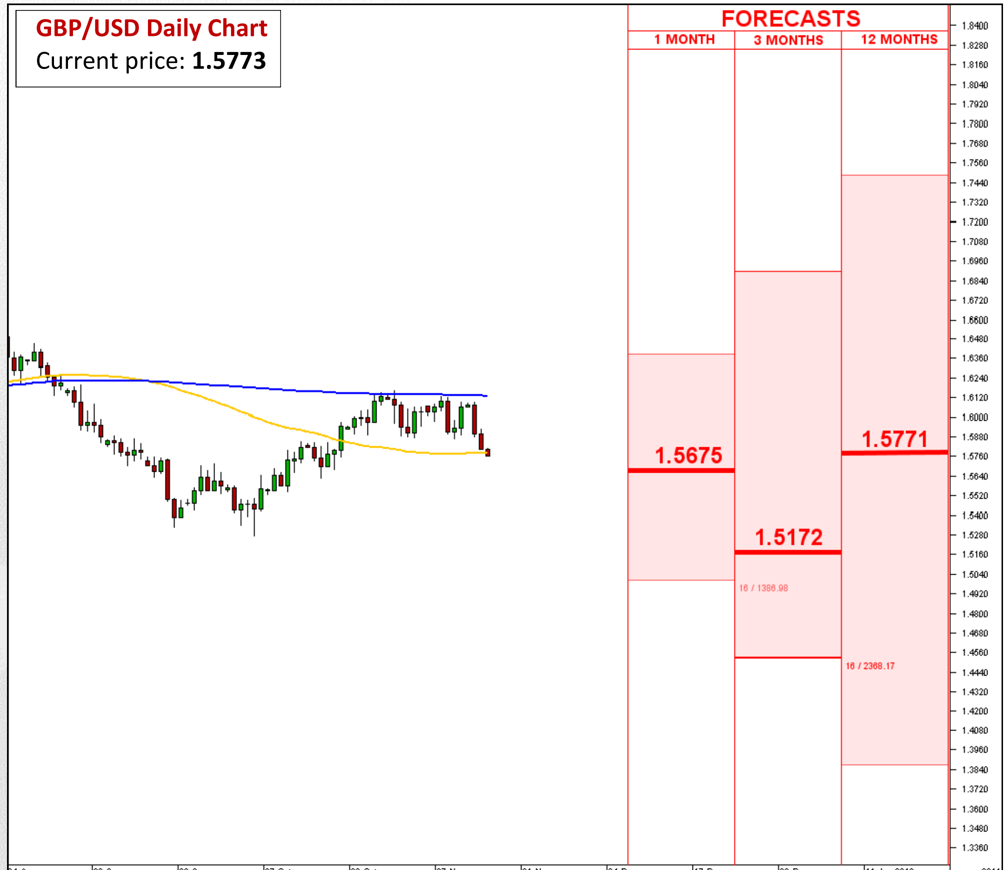
"With the economic slowdown, the pressure on inflation should be downwards"
- Amit Kara, an economist at UBS AG

news	Impact
U.K. inflation eased to 5% in October	High

U.K. inflation eased more than expected in October amid faltering global economic growth, leaving the door open for more stimulus. Consumer price index rose 5%, said the Office for National Statistics on Tuesday.

"The easing in the rate of inflation marks the start of what is likely to be a downward tend, with a further marked easing in the rate likely in coming months. The rate could well fall back to target [2%] in the next 12 months," said Chris Williamson, chief economist at Markit.

"With the economic slowdown, the pressure on inflation should be downwards," said Amit Kara, an economist at UBS AG in London and a former Bank of England official. "They [Monetary Policy Committee] will leave the door open for more QE for sure."



Trends*	1 month	3 months	12 months
Min	1.57	1.50	1.42
Max	1.65	1.68	1.76
Mean	1.6203	1.6057	1.6037
St. deviation	0.0224	0.0457	0.0957

* the data is based on 35 international banks forecasts

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CHF

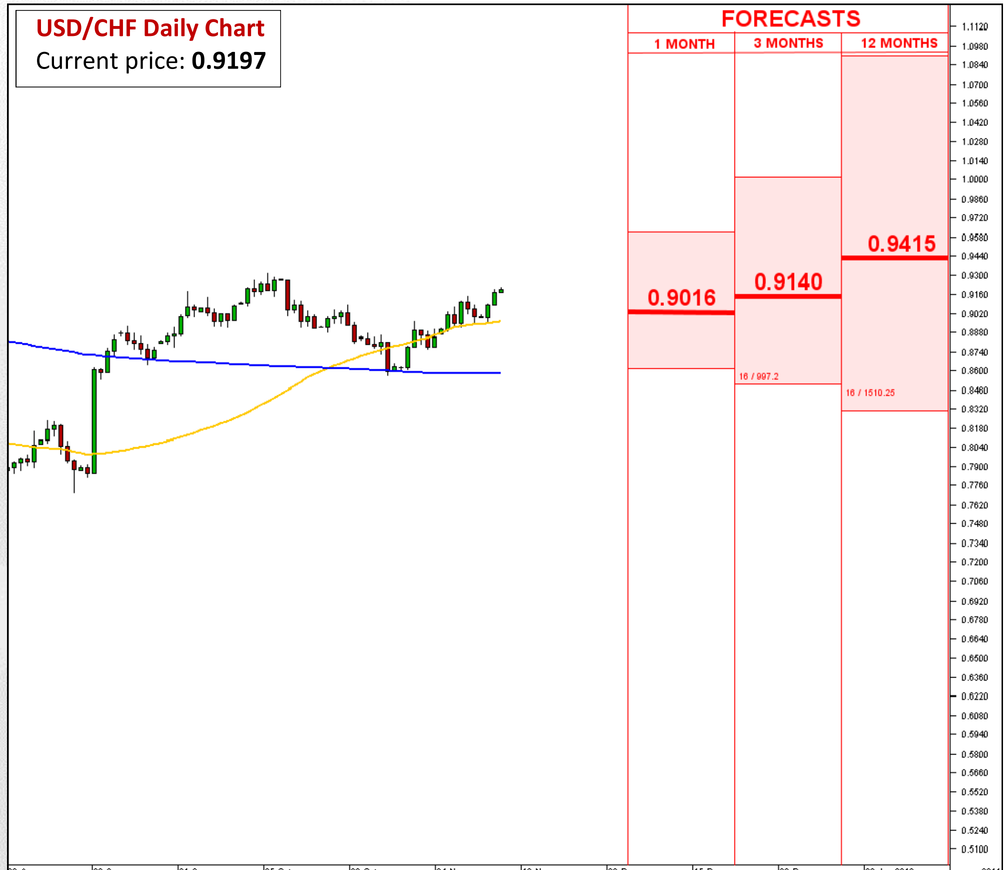
"... investors still have big hopes for the new Italian government ..."
- John Plassard, director at Louis Capital Markets

news	Impact
Swiss stocks closed mixed on Tuesday	Medium

Swiss stocks closed mixed on Tuesday, as disappointing economic growth in Europe was partly offset by better than expected retail sales in U.S. The Swiss blue-chip index SMI, a measure of the largest and most actively traded companies, gained 0.06%, or 3.20 points, to 5,664.91. The broader Swiss Performance Index declined 0.08%, or 4.03 points, to 5,147.00.

"U.S. data today weren't bad -- retail sales didn't collapse," said John Plassard, director at Louis Capital Markets in Geneva. "Furthermore, investors still have big hopes for the new Italian government and that the new austerity measures will be implemented on Friday."

Centre for European Economic Research is to announce its economic expectations for Switzerland on Thursday. Index is based on a survey of institutional investors, who are asked to rate the country's 6 month economic outlook.



Trends*	1 month	3 months	12 months
Min	0.74	0.80	0.77
Max	0.95	0.98	1.07
Mean	0.7972	0.8192	0.8923
St. deviation	0.0285	0.0383	0.0767

* the data is based on 35 international banks forecasts

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JPY

"Investor concern hasn't been eased"

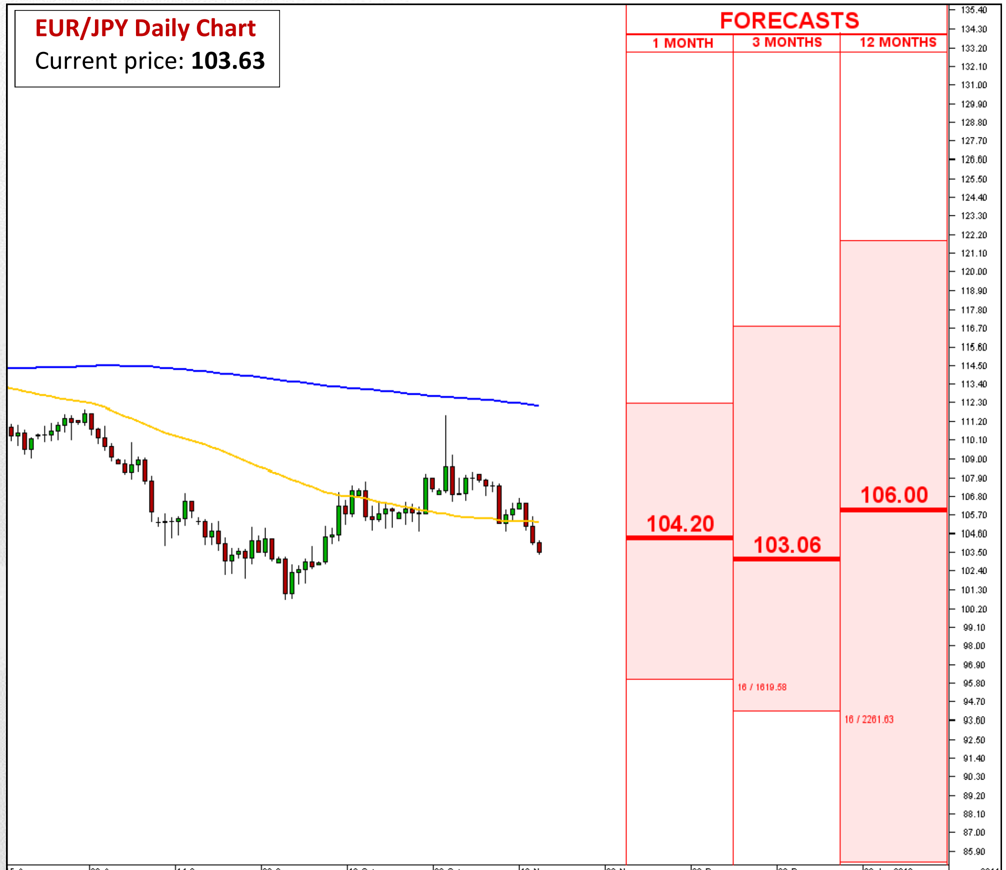
- Yoshinori Nagano, a senior strategist at Daiwa Asset Management Co.

news	Impact
Japanese stocks declined for the first day in three on Tuesday	Medium

Japanese stocks declined on Tuesday amid higher borrowing costs for Italy. The Nikkei 225 decreased 0.72%, or 61.77 points, to 8,541.93, while the broader Topix lost 0.67%, or 4.94 points, to 730.91.

"Investor concern hasn't been eased," said Yoshinori Nagano, a senior strategist in Tokyo at Daiwa Asset Management Co. "Europe's debt crisis is starting to calm down overall, but it won't be solved anytime soon."

"People are now worried whether Spain will be the next Italy, and whether the Euro members will support indebted countries until the end," added Mr. Nagano.



Trends*	1 month	3 months	12 months
Min	109	107	106
Max	120	128	132
Mean	110.30	114.74	116.13
St. deviation	2.8063	4.7848	6.2300

* the data is based on 35 international banks forecasts

EXPLANATIONS

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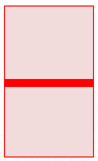
Chart

- SMA (55) – Simple Moving Average of 55 periods;
- SMA (200) – Simple Moving Average of 200 periods.

Max – the highest projection set by the industry sentiment



Mean – the average price based on the projections of the industry sentiment

Min – the lowest projection set by the industry sentiment

Price projections

- Min – the lowest forecast among 35 international banks;
- Max – the highest forecast among 35 international banks;
- Mean – the average price based on the projections made by 35 international banks;
- St. Deviation – the standard deviation based on the forecasts made by 35 international banks.

Table terms

- Time – the exact time of the economic data release;
- Impact – the expected market impact caused by the economic events;
- Actual – the latest data officially announced by the relevant authority;
- Forecast – the consensus of the predictions made by polled economists and analysts;
- Previous – the previous actual data released.