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FUNDAMENTAL ANALYSIS

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EUR

"To the extent that they were convinced that... the recession is indeed deeper, I think that we have figured things out "
- Pantelis Oikonomou, Greek Deputy Finance Minister

	Impact
Euro declines as Greece inducts \$8.8 Billion austerity plan	High

Greek government initiated austerity measures worth \$8.8 Billion on Monday. The 2012 deficit is planned to be chopped to 6.6 percent of the GDP. The government is also intending to save 300 million by reducing the number of public workers by 30,000 by December.

Despite the severe austerity plan, Greek Finance Minister Evangelos Venizelos admitted that Greece will fail to meet the budget targets and the troika, consisting of EU, IMF and ECB is well informed about it. The news, however, provoked uncertainty over a prearranged second bailout payment for Greece.


Imre Speizer, a strategist in Auckland at Westpac Banking Corp., Australia's second-largest lender, said "a full bailout and the stemming of contagion coming out of Europe require a lot of money, certainly more than the 440 billion euros that they've agreed on so far".





USD

"There's not going to be health in consumer spending as long as the employment situation is weak"
- Stephen Stanley, chief economist at Pierpont Securities LLC

 news	Impact
U.S. Manufacturing Index and the construction spending surged	High

Institute for Supply Management's factory's Manufacturing PMI increased in September to 51.6 from 50.6 in August, encouraging investors that manufacturing sector accounting 12 percent of the GDP will aid the U.S. economy to overcome recession.

Overall production is described as bouncing back from the last month after shrinking in august with the cash-rich businesses carrying on investing in machinery.

The Commerce Department reported the rise of construction spending by 1.4 percent to an annual rate of \$799.15 billion. Moreover, the escalation in hiring last month is regarded promising also for Friday's employment report.






GBP

"Borrowing too much is the cause of Britain's problems, not the solution"

- George Osborne, U.K. Chancellor of the Exchequer



 news	Impact
The UK will stick to the deficit-reduction plan; manufacturing Index surges	High

Standard and Poor's acknowledged UK's AAA credit rating, however, it expects Britain's recovery to get under pressure by fiscal squash as the U.K. Chancellor of the Exchequer George Osborne announced persistence of the deficit-reduction plan and keeping interest rates at low.

Meanwhile the Manufacturing PMI, built on a survey by Markit Economics and the Chartered Institute of Purchasing and Supply, is reported to have ascended in September to 51.1, from 49.4 in August due to producers' launch of new products and advertising campaigns.






CHF

“Investors are clearly on standby”

- Jean-Maurice Ladure, head of investment strategy at RBS Coutts Bank Ltd.

	Impact
Swiss retail sales dive; stocks retreat	High

Swiss stocks declined on Monday amid possible default of Greece and concerns the global economy is slowing. The Swiss blue-chip index SMI, a measure of the largest and most actively traded companies, lost 0.652%, or 36.05 points, to 5,495.69. The broader Swiss Performance Index fell 0.726%, or 36.33 points, to 4,970.13.

“New statements on how banks can be protected from a possible collapse of Greece are expected from today’s meeting of the EU finance ministers,” Benno Galliker, a trader at Luzerner Kantonalbank in Lucerne, said. “It will be the financial shares that are going to be under pressure the most.”

The Switzerland retail sector contracted in August 2011, compared to the same period last year. Retails sales declined 1.9%, down from 2.9% increase the previous year, the Federal Statistical Office announced on Tuesday.






JPY

"There is a continued wait for Japan's government to implement full-scale reconstruction"

- Martin Schulz, a senior economist at Fujitsu Research Institute



 news	Impact
Bank of Japan announces the increase of Tankan Manufacturing Index	Medium

The Bank of Japan reported on Monday that Japanese quarterly Tankan Manufacturing Index of sentiment advanced from 9 in June to 2 in September from minus, thus, inspiring investors to use the yen as a safe-haven currency.

Japan is enduring recovery from the March 11 earthquake, whilst the consumer confidence is surging. The government is, however, skeptical, as Takehiko Nakao, Japan's vice finance minister for international affairs, stated "there's no reason the Japanese yen should be targeted as a safe-haven currency or flight-to-safety currency."

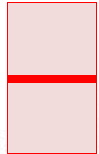


EXPLANATIONS

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.

Disclaimer

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