

The Global Economic Daily

Today's key snapshots

(all times GMT)

US Aug Change in Nonfarm Payrolls (1230)

Market bullishness regarding the risk outlook may be dented by a soft payrolls report today. Laid-off census workers and job losses in state and local government will more than offset gains in the private sector.

ING= -150 Cons= -110 Prev= -131

US Aug Change in Private Payrolls (1230)

ING= 50 Cons= 46 Prev= 71

US Aug Change in Manufacturing Payrolls (1230)

ING= 25 Cons= 11 Prev= 36

US Aug Unemployment Rate % (1230)

ING= 9.7 Cons= 9.6 Prev= 9.5

US Aug ISM Non-Manuf'g (1230)

Given the softer tone to recent US data we expect the services PMI to post a modest dip.

ING= 9.7 Cons= 9.6 Prev= 9.5

UK Aug PMI Services (0830)

The index is likely to be consistent with ongoing subdued growth. Although perhaps, if anything, there may be some upside risk given the fact that other surveys of this sector are pointing to a stronger trend.

ING= 52.9 Cons= 52.9 Prev= 53.1

Global Economics Team

Prophet

3 September 2010

DEVELOPED MARKETS/GLOBAL**US: Labour market concerns mount**

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Eurozone: ECB meeting: Exit postponed – once again

The ECB postponed its liquidity exit once again and will provide ample liquidity to the financial system at least until early next year.

Switzerland: 2Q GDP surprises on the upside

Even if the rhythm of expansion should be lower in the 2H of the year, the recovery is set to continue for a while, putting further upward pressure on the CHF.

EMEA**Russia: Preserving the status quo on rates**

The CBR is satisfied with both policy rates and FX-intervention mechanics, pledging no tightening in 2010.

Ukraine: New power elite strengthens control over NBU

The reshuffle should not affect exchange rate policy considerably but adds another argument against hryvnia strengthening in the medium term.

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The receipt of the tranche from the IMF, EUR appreciation and issuance of local bonds caused accelerated public debt growth in July.

Hungary: First words on next year's budget

Csefalvay stated the HUF's depreciation is only temporary, and they do not need a new IMF agreement. The government plans a lower budget deficit next year.

Poland: Stable PLN, short end bracing for a rate hike in Oct

2011 budget draft today.

Turkey: Food inflation risk resumes

We revised our August monthly inflation forecast up to 0.30% after Istanbul data. We do not expect the 8-8.25% (compound) band in the 2Y benchmark bond to be broken today.

Romania: Government reshuffle

Prime Minister changed six ministers, including from MinFin. We see no risks for the IMF deal yet, but political instability is on the rise.

ASIA**Asia: PMIs Point to Slower Growth, Not Recession**

We think reduced domestic demand in China has slowed activity growth across Asia. The good news is that China's IP growth seems to have stabilized.

China: Yuan Gets Support as a Reserve Currency

Internationalization would increase demand for the yuan for reserve currency purposes.

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We see 25bp more downside in the 10- and 20-year KTB yields from latest 4.38% and 4.59% respectively.

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We attribute the export underperformance to a low China export-destination weight.

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Our forecast that BI will remain on hold this year supports our bullishness on government bonds.

Developed markets/global

US: Labour market concerns mount

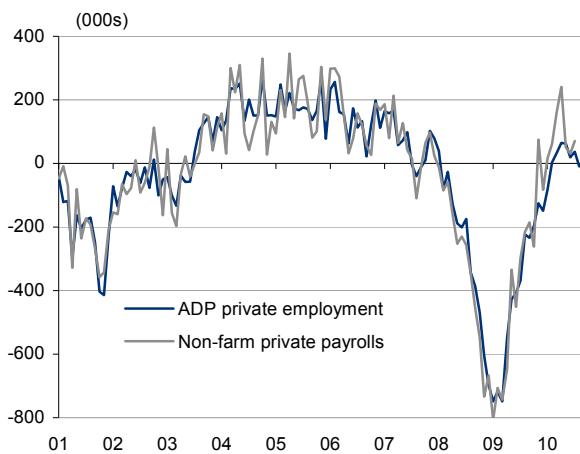
Risk appetite has been boosted by some improved US data, but another disappointing payrolls figure today could reverse that trend.

Surprise increases in the ISM manufacturing index and pending home sales have helped to boost risk appetite with equity markets bouncing on the newsflow over the past two days. However, our base forecast remains one where the US experiences a weak growth recovery over the next couple of years that will leave the Federal Reserve, equity markets and the consensus GDP growth forecast of economists disappointed. A key reason for this is the weakness in the labour market.

For sure, the recent run of negative payrolls numbers is due in large part to temporary factors. Nearly 600,000 workers were hired this year to conduct the census and now that it is close to completion, they are being laid off. The Census' [website](#) shows that around 120,000 have been laid off over the month (in the weeks corresponding to the payrolls survey). There are still 84,000 employed so this is likely to continue to drag payrolls growth lower for at least another month.

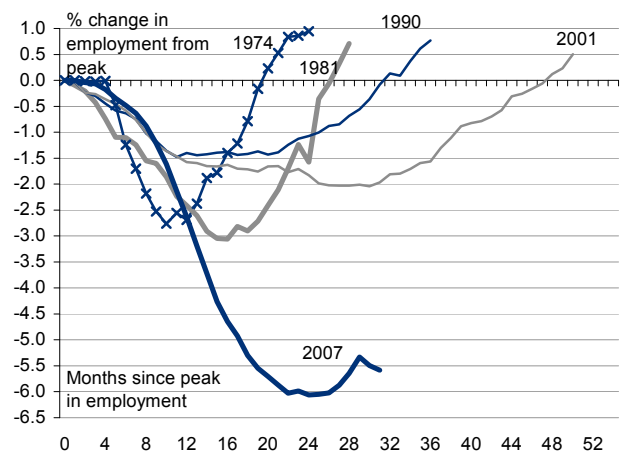
However, there are also major employment concerns within the local and state government sector, which are likely to be more permanent. Budget deficits are prompting spending cuts, which in turn means job losses. This is unlikely to turn around anytime soon and as we move into next year there is the growing prospect of job losses spreading to Federal government.

Fig 1 Private payrolls growth to become negative?



Source: EcoWin

Fig 2 Labour dynamics in recessions



Source: EcoWin, ING

This is putting pressure on the private sector to generate jobs, but unfortunately the story isn't looking great here either. The latest ADP report actually showed a 10,000 decline in private sector payrolls. Now admittedly, payrolls has been beating the numbers suggested by the ADP for much of this year, but even if private payrolls did rise, say 50,000, then we are still going to get a 150,000 fall today for headline payrolls – which is also our forecast. Consequently, we are among the more pessimistic of forecasters and believe that if anything the balance of risks favours an even weaker outcome.

There are some positives to be had – weekly jobless claims are off their highs, while the Monster employment index has risen of late, suggesting hiring is picking up. However, the drag from the loss of government workers means that hiring in aggregate will remain

weak for a considerable period. With households continuing to deleverage while household earnings remain under pressure it is no surprise to see confidence at such low levels. With little prospect of an imminent major improvement, this points to ongoing softness in consumer spending, which in turn suggests further stimulus measures cannot be ruled out. Quantitative easing expansions remains a distinct possibility, the prospect of which can only increase if we are right on today's payrolls figure. This suggests 10Y Treasury yields could yet break below 2%.

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Eurozone: ECB meeting: Exit postponed – once again

The ECB postponed its liquidity exit once again and will provide ample liquidity to the financial system at least until early next year. We continue to see the ECB remaining on hold for most of 2011.

Despite upward revisions to the growth forecasts, ECB president Trichet tried to strike a cautious note in today's rate-setting meeting. As expected, rates remained on hold. As also expected, with thanks to Bundesbank president Weber, the ECB today announced an extension of its liquidity measures with full allotment until early next year. As a consequence, liquidity provision will remain ample, a next exit attempt will at the earliest only start in the first quarter of next year and rate hikes are still a distant future.

As regards the ECB's assessment of the economy, ECB president Trichet tried to send a two-sided message. On the one side, the ECB sees a "positive underlying momentum" in the Eurozone economy since the recovery started and the ECB's staff projections were significantly revised upwards. For 2010, the ECB now expects GDP growth of 1.6%, from 1.0% in June. For 2011, GDP growth is now expected at 1.4%, from 1.2%. On the other side, Trichet stressed prevailing uncertainty and even cautioned against too much optimism. In the Governing Council's view, risks to the latest staff projections were slightly tilted to the downside.

As regards inflation, Trichet reiterated the almost traditional distinction between headline inflation and domestic price pressures. While strong global growth and energy prices could still lead to higher headline inflation, the ECB expects domestic price pressure to remain low. In the latest ECB staff projections, headline inflation is expected to come in at 1.6% in 2010, from 1.5% in June, and at 1.7% in 2011, from 1.6%.

While the ECB's macro assessment did not bring any surprises and can be summarised as "a gradual sub-potential recovery without risks to price stability", the ECB presented the official postponement of its liquidity exit. As expected, the ECB will provide unlimited liquidity until 1Q11. One-week and one-month refinancing operations will be offered at full allotment at least until 18 January 2011. Full allotment will also be applied to the monthly 3-month LTROs until the end of the year. Last but not least, the ECB will also carry out three fine-tuning operations on 30 September, 11 November and 23 December to smoothen out the expiring 6-month and 12-month refinancing operations. These measures are too big to only tackle the end-of-the-year problem for banks. They show that, despite the positive stress tests in July, the ECB is still concerned about the health of the financial system.

All in all, after Axel Weber's comments almost two weeks ago, yesterday's ECB meeting was almost predetermined to become a damp squib. Even the extension of the liquidity measures did not come as a surprise anymore. Nevertheless, the meeting and, in particular, the decision on the liquidity programme show that the ECB still does not trust the recovery and the health of the financial system. The attempt to enter the exit lane has once again been postponed.

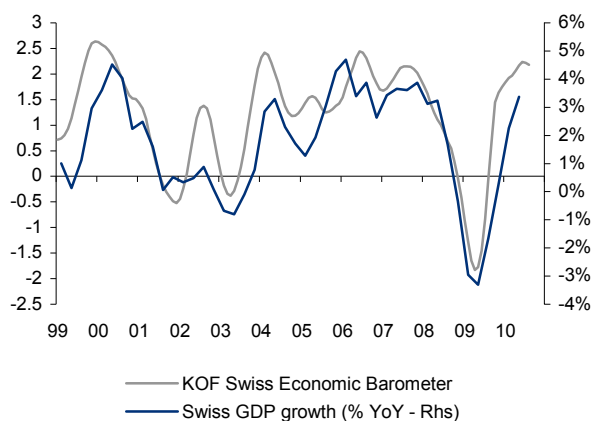
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Switzerland: 2Q GDP surprises on the upside

GDP figures for the 2Q showed the strength of the recovery. Even if the rhythm of expansion should be lower in the 2H of the year, the recovery is set to continue for a while, putting further upward pressure on the CHF.

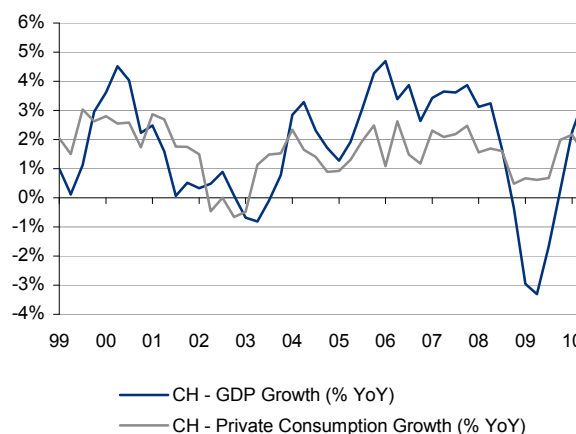
In the 2Q Swiss GDP surprised again on the upside, showing a very strong 0.9% QoQ progression after an already strong 1Q (+1.0% QoQ). YoY, the GDP growth was 3.4%. This strong showing is surprising given the stagnation of private consumption on the back of a stabilizing labour market. Investments were indeed the main engine of this growth (+2.8% QoQ). As industrial production is recovering quickly, capacity utilisation already reached its pre-crisis level of above 80%, triggering new investments. All in all, this shows that the industry is taking over from the consumers as the engine of the recovery. Swiss consumers were indeed the main support to growth during the crisis. That said, we expect the consumption recovery to resume as the labour market is recovering quickly.

Fig 3 The recovery has been quick ...



Source: Thomson Reuters

Fig 4 ... but consumers are still hesitant



Source: Thomson Reuters

The 2Q is already history, but we believe the future remains brighter than many could have hoped for some months ago. The July KOF survey stated that “all the economic sectors questioned in the survey expected a further pick-up in business in the coming six months”, confirming that GDP growth is likely to be higher than 2.5% this year. All those positive signs of activity are likely to put further upward pressure on the CHF.

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EMEA

Russia: Preserving the status quo on rates

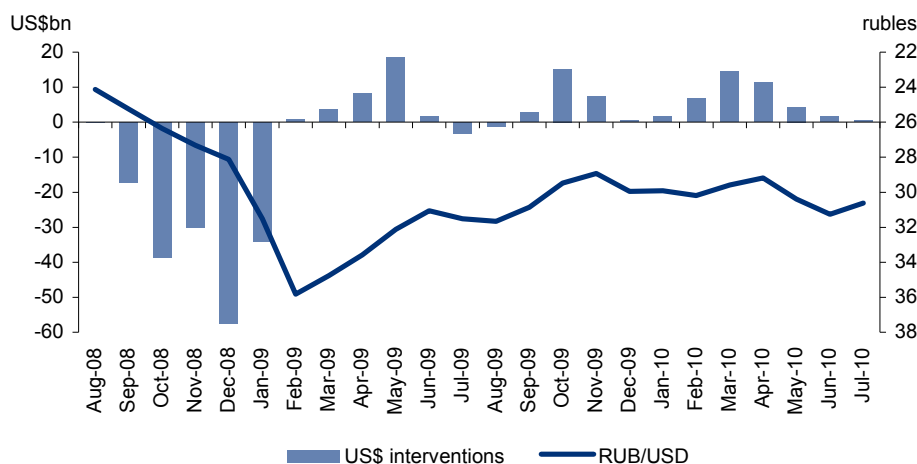
The CBR is satisfied with both policy rates and FX-intervention mechanics, pledging no tightening in 2010.

Russia's Central Bank First Deputy Chairman Alexey Ulyukaev announced that:

- The CBR is satisfied with the current policy rates for the coming months.
- With the stable rates and the current mechanism of FX interventions (aimed at smoothing excess volatility), the era of “easy money” for carry traders is over; the CBR is on the path to a free-floating ruble.
- A drought-related effect on inflation will be seen over the next 3-6 months – the figures are still uncertain, but the official forecast of 7-8% for 2010 is realistic.
- Inflation in September will be higher than in 2009 (0% MoM), but below 0.2% a week.
- Banks' holding of OBRs could rise to RUB1.5tr by year-end vs the current RUB1tr, with the CBR set to issue RUB1tr of OBRs in September.

There was nothing new on inflation compared to the CBR statement after its meeting on 31 August. We are less optimistic though, assuming that the overall price effect from the drought could be more prolonged and pronounced, pushing headline inflation to 8.5% in 2010 and to 10% in 2011. Our call for no CBR rate changes in 2010 is therefore generally confirmed. Yet, we still envisage 75-100bp in rate hikes in 2011.

Fig 5 CBR US\$ interventions and RUB/USD



Source: CBR

Lower CBR FX interventions do suggest that speculative capital pressure likely eased in recent months. FX reserves dynamics tell the same story since, by our estimate, of the total US\$17.6bn increase over 11 June to 27 August nearly US\$17.1bn is a pure FX-revaluation effect. Less capital inflow means lower liquidity injections (so, lower needs for sterilisation) when targeting a stable ruble exchange rate. Yet, the CBR's expectations of higher bank OBR holdings and plans for new OBR issues probably indicate that the regulator sees the risks stemming from abundant liquidity in the system as material. With stable oil prices and rising risk appetite globally, the capital inflow might resume. Add expanding credit and consumption and together this might curb bank demand for OBRs and complicate the CBR's sterilisation task. So, on this scenario, stronger RUB – hello!?

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Ukraine: New power elite strengthens control over NBU

The reshuffle should not affect exchange rate policy considerably but adds another argument against hryvnia strengthening in the medium term.

The new power elite strengthened its control over the National Bank recently and appointed Serhiy Arbuzov as First Governor of the NBU instead of Anatoliy Shapovalov. Arbuzov was recently Chairman of the Board for local Donetsk-based Ukrbiznesbank and is reportedly linked to the president's family. We believe his appointment to the second-most important position in the NBU means the current president is looking to get more control over the NBU. As the reshuffle of the NBU governor is a rather politically complicated process, it is less costly to appoint a first deputy governor and allow him to perform the duties of NBU governor when key decisions are necessary. The current power elite already implemented this procedure when it strengthened its control over Kyiv city administration and actually removed the Kyiv mayor from his duties.

We believe the reshuffle at the NBU will not considerably affect exchange rate policy in the medium term. At the same time it is highly likely the NBU will put more effort in preventing the hryvnia from strengthening excessively as the business entities that support the current president mostly represent large exporters and are not interested in hryvnia strengthening. In any case, we believe the NBU will remain between a rock and a hard place as from one side it will have to restrain excessive hryvnia strengthening and from the other side, the prevention of hryvnia strengthening during periods of excessive foreign currency supply will require the NBU to increase money supply domestically, yet the growth rate of the monetary base has been limited by the IMF. And as of the end of July, it was already quite close to the ceiling required by the IMF for the end of September. Thus if the NBU continues to buy excessive foreign currency, it should have to sterilise additional money supply almost completely, which is not an easy task, taking into consideration that sterilisation volumes in the last several months hit record highs. In any case, we do not expect hryvnia strengthening to continue this year while more significant improvements in the balance of payments next year will force the NBU to allow moderate hryvnia strengthening.

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Ukraine: IMF loan raises public debt by 6.5% over July

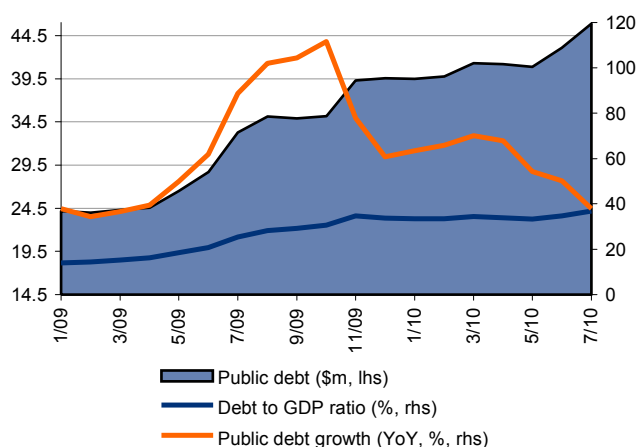
The receipt of the tranche from the IMF, EUR appreciation and issuance of local bonds caused accelerated public debt growth in July. However the level of public debt should not cause any problems in servicing in the medium term.

Public debt saw accelerated growth in July showing a 6.5% MoM increase over the month (vs 5.3% MoM in June) to US\$45.9bn. External borrowings were the main reason behind public debt growth for the second month in a row. In relative terms the level of public debt does not give cause for concern. In particular although the ratio of public debt to GDP grew to 36.8% in July (compared to 34.7% the month before), it still remains well behind the debt ratios of most European countries, thus not increasing default risk for Ukraine in the medium term.

We expect further growth in Ukrainian public debt on the back of the new Eurobond issuance and new loans from international financial organisations. At the same time, government plans to increase the statutory funding of the Naftogaz oil and gas monopoly, to recapitalise banks as well as the issuance of VAT bonds at the end of August will affect growth in local public debt this year as well. Thus we reiterate our forecast for public debt at the end of 2010 at US\$49.0bn or 35.7% of GDP.

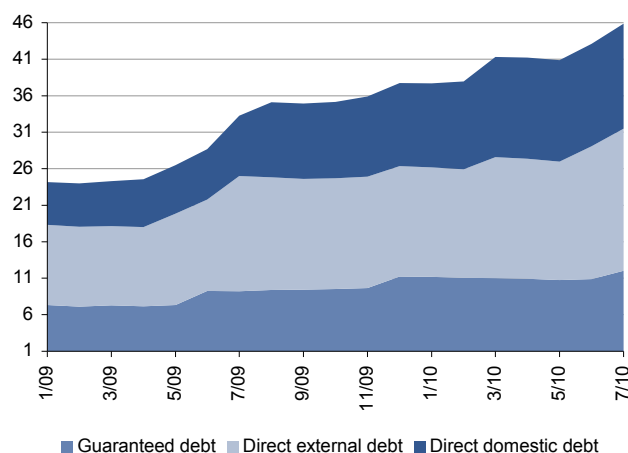
For more detailed information on the news please refer to our *Ukraine: Financial Markets Snapshot* of 3 September.

Fig 6 IMF stand-by loan caused rise in debt



Source: Ministry of Finance, ING

Fig 7 External debt drove the dynamics mostly



Source: Ministry of Finance, ING

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Hungary: First words on next year's budget

Csefalvy stated the HUF's depreciation is only temporary, and they do not need a new IMF agreement. The government plans a lower budget deficit next year.

Secretary of the State Csefalvy said on Thursday that the government finds the HUF's recent depreciation to be only temporary. The HUF recently weakened to a historical low vs the Swiss franc, while the sovereign CDS also reached a 1.5-month high due to the worsening global market sentiment.

Regarding next year's budget, we heard the first figures from Csefalvy: the government wants a lower budget than this year's target, which means lower than 3.8% of GDP. According to our calculations, that would require further cuts in 2011 (together with next year's bank levy). Csefalvy finished his statement by repeating that the government does not want to sign a new IMF agreement after the current one expires in October. This is in line with the PM's statement on Monday that he considers the IMF agreement only as a loan contract, and economic cooperation is only acceptable with the EU.

The market responded slightly negatively to the statement, with the HUF depreciating vs EUR by 0.5%. In the long run, a decreasing deficit can be a good sign of a sustainable debt orbit, but further plans about next year's economic policy are needed for a positive market response. We expect HUF to trade in a range of 278-290 against EUR in the coming days.

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Poland: Stable PLN, short end bracing for a rate hike in Oct

2011 budget draft today.

The zloty stayed mostly flat against the euro on Thursday, closing at 3.97/€. Bonds continue to weaken (some 6bp yesterday), especially the short end after the MPC's Andrzej Bratkowski's muted warning about a likely rate hike this year. 3x9s are at 4% now, up from 3.90 on 19 August.

The 2011 budget draft is likely to be accepted by the cabinet today, with Reuters reporting a PLN40.2bn central budget deficit (ex local governments and agencies) for 2011 and PLN48.3bn for 2010. Previous plans assumed PLN45bn for 2011 and the official 2010 budget was for a PLN52.2bn deficit.

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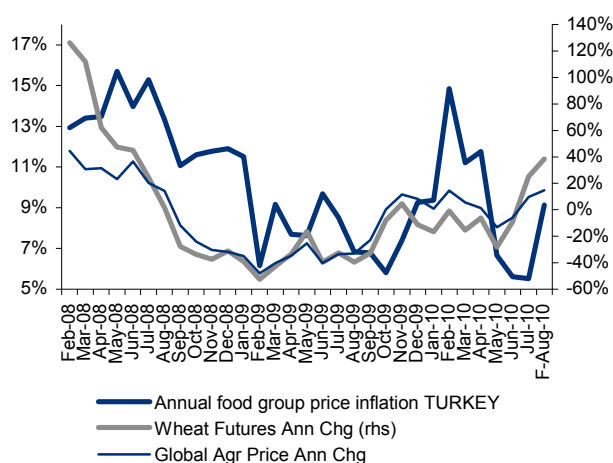
Turkey: Food inflation risk resumes

We revised our August monthly inflation forecast up to 0.30% after Istanbul data. We do not expect the 8-8.25% (compound) band in the 2Y benchmark bond to be broken today, but still see risk more on the upside after the 12-Sep referendum.

Consumer prices increased 0.75% MoM in Istanbul in August according to the numbers published by the Istanbul Chamber of Commerce (ICC) on 1 September. Overall it is not a good leading indicator for CPI, but food is often a good indicator for the same group under CPI. Mainly driven by meat and raw/dry vegetables and fruit, food prices increased 1.69% MoM in Istanbul last month. Accordingly, we revised our monthly food price and total consumer price inflation expectations up to 1.80% and 0.30% respectively (market consensus before Istanbul data was 0.18%). With the revision we expect annual inflation to increase to 8.23%, up from 7.58% in July.

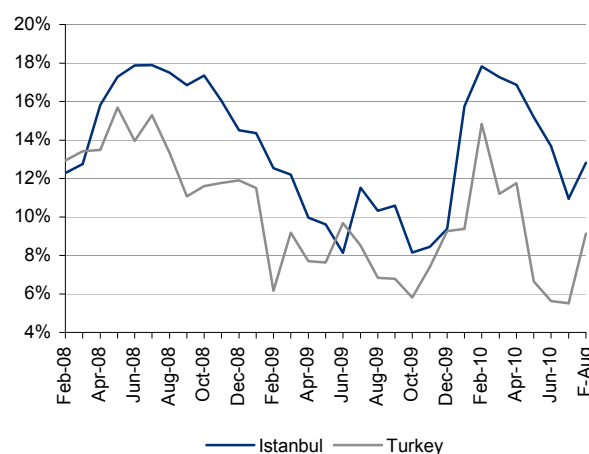
In September we expect another significant increase in annual inflation, pulling it closer to 9% before declining back below 8% towards the year-end. Global food price developments seem to feed in via expectations into the local market recently and the Turkish Grain Office put part of its wheat stock on sale today in order to cap speculation in the local market. Overall wheat stocks (despite the expected YoY decline in 2010) are said to exceed annual demand in Turkey. Our year-end inflation forecast stands at 7.5% while we expect the first rate hike to come in March 2011, pulling the current policy rate of 7% up to 8.5% by August next year. Market expectations have been more benign than ours (most expecting the first hike in mid-2011), so some adjustment (closer to ours) looks likely in the coming period.

Fig 8 Global rise might feed in via expectations



Source: Turkstat, Thomson Reuters, ING

Fig 9 Annual food inflation



Source: Turkstat, ING

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Romania: Government reshuffle

Prime Minister changed six ministers, including from MinFin. We see no risks for the IMF deal yet, but political instability is on the rise.

The government reshuffle was larger than initially presented in the local press, but it poses no risk for the IMF deal. Please remember that late 2009 when Romania had no government IMF still came here and said they are negotiating with Romania, not a specific party. Moreover, the Prime Minister is the same (Emil Boc) and, ultimately, he decides about IMF/EU deals.

Moreover, Romania is not in the situation to give-up the IMF deal disregarding the ruling party (currently there is no change).

However, the government reshuffle signals tension inside the main ruling party (PDL presided by Emil Boc) is rising. At the same time opposition announced a clear intention to overthrow the government with another no-confidence motion. If it succeeds opposition wants to have a temporary government and afterwards, early elections (early 2011).

Therefore, we believe that chances for the government to fall until the end of this year are rising gradually. Political noise may increase significantly during October/November and we should expect some weakening pressure on the RON and further increase in yields during that period. Given uncertainty about budget deficit, rising inflationary expectations and rising political risks, we believe it is just a matter of time until MinFin will start paying yields above 7%.

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Asia

Asia: PMIs Point to Slower Growth, Not Recession

We think reduced domestic demand in China has slowed activity growth across Asia. The good news is that China's IP growth seems to have stabilized.

The HSBC manufacturing PMI for Taiwan and Singapore's PMI slipped below the 50 threshold in August (Singapore's electronics PMI remained above 50). Other Asian PMIs also declined but remained above 50. A notable exception was China's official PMI, which bounced to 51.7 from 51.5.

PMIs in Asia peaked in 2Q and have fallen since. We blame the China State Council property measures, which hit domestic demand. The increase in China's PMI in August tells us that production has adjusted to lower domestic demand. We expect China's IP growth to stabilize at 13-15%, down from 16-18% in 1Q. Our outlook for China IP is behind our view that the PMIs in China's neighbors also will soon stabilize.

Fig 10 China: Manufacturing PMI vs. Industrial Production



Source: Bloomberg, CEIC, ING Bank

We do not think Singapore will be the only country to report negative sequential GDP growth in 3Q. However, we don't think this is the beginning of another recession. Rather, we believe it's a growth slowdown due to reduced import demand from China.

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China: Yuan Gets Support as a Reserve Currency

Internationalization would increase demand for the yuan for reserve currency purposes.

Nobel laureate Robert Mundell, who we think had a big hand in formulating PBOC Governor Zhou's proposal for a new world reserve currency, advised the IMF to include the yuan in the SDR, the IMF composite currency comprised of the dollar, the yen, the euro and the British pound. Mundell suggested the IMF equal weight the pound and the yuan. Including the yuan in the SDR would be another small step toward internationalizing it and would increase demand for reserve currency purposes.

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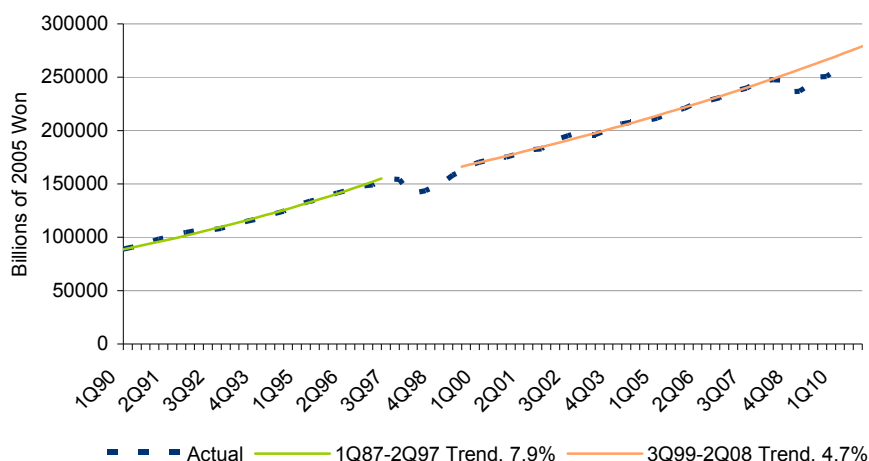
Korea: 2Q10 GDP Growth Revised Lower

We see 25bp more downside in the 10- and 20-year KTB yields from latest 4.38% and 4.59% respectively.

2Q10 GDP growth was revised to 1.4% QoQ SA from 1.8% mainly due to a smaller contribution from net trade. We estimate post-Asian crisis potential growth at 4.7% and the output gap as of 2Q10 at 5.0% (see figure). If our forecast of growth returning to trend in 2H10 materializes the output gap will not narrow and worries about it being a source of inflation pressure are wide of the mark. We do not see inflation becoming a threat until March 2011 at the earliest when the annual adjustment in teacher salaries, which is a signal for economywide wage adjustments, occurs.

We do not see inflation causing long-dated (10- and 20-year) KTB yields to de-couple from the 10-year UST yield. Against ING's forecast that the latter grinds toward 2.25% by yearend we see another 25bp of downside in the 10- and 20-year KTB yields (latest 4.38% and 4.59% respectively).

Fig 2 Korea: Real GDP (seasonally adjusted) and Trends



Sources: CEIC, ING Bank

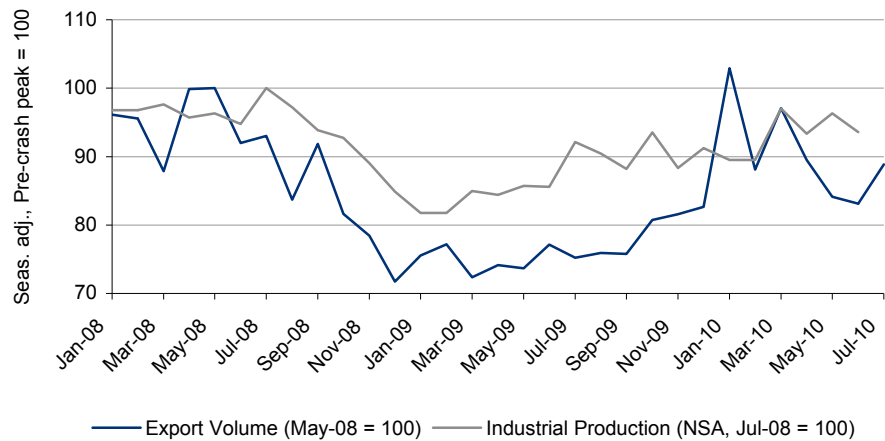
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Malaysia: July Export Review

We attribute the export underperformance to a low China export-destination weight.

Exports grew 2.1% MoM SA in July, their second consecutive monthly bounce (YoY growth is slowing from the base effect). However, neither exports nor industrial production has recovered to its pre-crash peak. We estimate that the volume of exports was 11% below its pre-crash peak in July and IP was 6% below its pre-crash level in June, the latest month for which data are available. We attribute the underperformance to a low China export-destination weight. If we're correct it's not going to be reversed in the short term.

Fig 3 Malaysia: Export Volume a/ vs. Industrial Production



a/ July figure estimated by assuming the same growth as seasonally-adjusted US dollar value exports.

Sources: CEIC, ING Bank

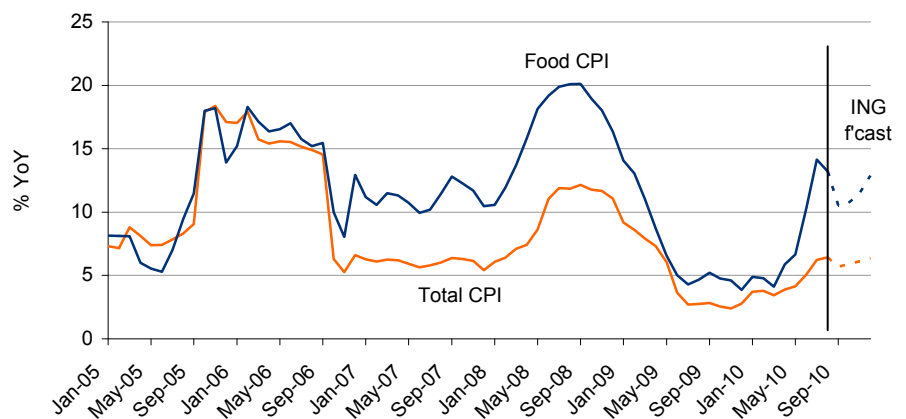
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Indonesia: Bank Indonesia Policy Meeting Preview

Our forecast that BI will remain on hold this year supports our bullishness on government bonds.

Bank Indonesia meets today with a near unanimous consensus, including us, forecasting it will keep its policy rate unchanged at 6.50%. The August CPI data reinforced our confidence that the worst of the food price shock is over and we expect inflation to slow from September and for the full year hit 5%, the middle of BI's 4-6% target.

Fig 3 Indonesia: CPI Inflation



Sources: CEIC, ING Bank

We reiterate our view that BI will remain on hold this year and that government bonds are a buy on inflation jitters (latest 10-year yield 8.016% ask, INGF 7% by mid-2011).

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Closing prices

Developed markets closing prices

Cash market		Last	Chg DoD bp	Chg WoW bp	Yield curves/ swap spreads	Last	Chg DoD bp	Chg WoW bp	Chg MoM bp	Swap Spd bp	Chg DoD bp	
US	1-mth	0.258	0.0	-0.4	US	2yr govt	0.494	0.1	-5.4	-3.6	18.4	-0.7
	3-mth	0.294	-0.1	-0.9		5yr govt	1.420	-0.3	-7.1	-12.8	21.6	-0.1
	6-mth	0.496	-0.1	-1.6		10yr govt	2.618	-0.5	-2.7	-29.1	-0.3	0.1
	12-mth	0.839	-0.1	-3.1		10s-2s (bp)	212	212	214	189		
EU12	1-mth	0.620	0.1	-0.8	EU12	2yr govt	0.610	-0.5	-2.3	-11.5	66.6	-0.9
	3-mth	0.884	-0.2	-0.5		5yr govt	1.282	-1.2	0.1	-29.8	55.5	1.2
	6-mth	1.134	0.0	-0.5		10yr govt	2.283	0.0	8.3	-32.4	23.6	-1.6
	12-mth	1.413	0.2	-0.4		10s-2s (bp)	167	168	178	158		
UK	1-mth	0.569	0.0	0.4	UK	2yr govt	0.715	2.2	8.4	-8.3	56.3	0.4
	3-mth	0.726	0.0	0.5		5yr govt	1.729	3.3	14.2	-35.8	38.6	0.6
	6-mth	1.025	0.1	0.8		10yr govt	2.962	3.1	11.9	-38.7	7.8	0.2
	12-mth	1.465	0.1	0.4		10s-2s (bp)	225	226	229	199		
Japan	1-mth	0.233	0.0	-0.3	Japan	2yr govt	0.135	0.5	0.0	-2.0	30.1	0.0
	3-mth	0.148	0.1	0.0		5yr govt	0.317	0.8	2.8	-4.7	26.6	0.0
	6-mth	0.435	0.0	-0.3		10yr govt	1.148	2.9	13.9	10.4	4.0	0.0
	12-mth	0.670	0.1	0.1		10s-2s (bp)	101	104	118	130		
Canada	1-mth	0.910	2.5	3.2	Canada	2yr govt	1.284	1.6	3.8	-18.3	13.0	-0.1
	3-mth	1.027	1.7	0.9		5yr govt	2.113	1.0	4.7	-18.0	0.0	0.0
	6-mth	1.283	1.1	-0.1		10yr govt	2.867	1.3	6.6	-24.4	15.0	0.1
	12-mth	1.870	-0.2	-2.8		10s-2s (bp)	158	158	161	155		

Spot FX	Last	Abs chg DoD	Abs chg WoW	Abs chg MoM	Market forwards			
					1mth	3mth	6mth	12m
EUR/USD	1.2824	-0.0001	0.0061	-0.0407	1.2823	1.2821	1.2819	1.2812
USD/JPY	84.22	-0.06	-1.01	-1.57	84.19	84.14	84.03	83.76
EUR/JPY	108.01	-0.07	-0.73	-5.48	107.97	107.89	107.73	107.32
GBP/USD	1.5424	0.0023	-0.0105	-0.0529	1.5421	1.5414	1.5405	1.5386
EUR/GBP	0.8315	-0.0013	0.0097	0.0021	0.8316	0.8318	0.8322	0.8327
EUR/SEK	9.3010	0.0123	-0.0649	-0.0680	9.3047	9.3138	9.3309	9.3751
EUR/NOK	7.8812	0.0014	-0.0804	-0.0034	7.8934	7.9187	7.9554	8.0288
EUR/CHF	1.2984	-0.0005	-0.0137	-0.0765	1.2980	1.2969	1.2953	1.2917
USD/CAD	1.0526	0.0002	0.0018	0.0292	1.0532	1.0544	1.0562	1.0604
AUD/USD	0.9078	-0.0032	0.0088	-0.0049	0.9046	0.8980	0.8884	0.8693
NZD/USD	0.7142	-0.0005	0.0034	-0.0200	0.7125	0.7089	0.7036	0.6920

Equities		Last	% chg DoD	% chg WoW	% chg MoM	Commodity markets	Last	% chg DoD	% chg WoW	% chg MoM
US	Dow Jones	10320	0.5	3.3	-3.0	Brent Crude (bbl)	76.0	-0.3	2.4	-8.1
	S&P 500	1090	0.9	4.1	-2.7	Brent 1mth fwd (bbl)	76.5	-0.5	2.0	-8.1
	Nasdaq	2200	1.1	3.8	-3.7	WTI (bbl)	75.0	1.5	2.3	-7.8
EU						OPEC basket (bbl)	72.5	0.1	3.6	-2.6
	Eurotop 300	1055	-0.1	3.4	-1.5					
	DAX	6084	0.0	2.9	-3.6	Base metals*	213.6	1.6	5.9	2.1
	CAC	3631	0.2	4.5	-3.1	Gold (oz)	1251.1	0.0	1.1	5.5
	Milan MIB30	#N/A N.A.	#N/A N.A.	#N/A N.A.	#N/A N.A.	Precious metals*	358.5	0.8	1.4	0.2
UK	FTSE 100	5371	0.1	5.1	-0.5	Food & fibre*	195.5	0.1	1.0	-4.6
	FTSE all-share	2773	0.2	5.1	-0.4					
Japan						<i>*Bloomberg index</i>				
	Nikkei 225	9114	0.6	1.4	-6.0					
	Topix	822	0.3	0.3	-4.3					

Source: Bloomberg

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