



TODAY 01-08-11

NL (a.o.): TNT express, Mediq ex-div, Nutreco ex-div, ProLogis ex-div;

NL Tomorrow (a.o.): DSM, Imtech, Ten Cate, TMC, Exact ex-div;

EUR (a.o.): HSBC, Air Liquide, Porsche, Bulgari;

EUR Tomorrow (a.o.): BNP Paribas, Metro, BMW, Deutsche Post, Barclays, Wacker Chemie, Xstrata, Arkema, SABMiller, Fresenius;

FINANCE Credit / CDS HF's

- **LSE CEO Warns Of Merger's Threat To London's Position – FT** - London Stock Exchange Group PLC Chief Executive Xavier Rolet warned in a video interview with the Financial Times that the proposed merger of Deutsche Boerse AG and NYSE Euronext posed a threat to London's position as a global financial center. "There's definitely a medium- to long-term threat which we believe is not completely understood here in the U.K.," the FT quoted Rolet as saying on its website Sunday. "In terms of the prudential regulations, of credit, insurance, financial stability, there is a European framework where the U.K. has a voice but not a voice which is in keeping with the size that London and the U.K. represents," he added. (DJ)
- **Bank Job Cuts May Cost U.K. \$2.1 Billion in Tax, Telegraph Says** -- Job cuts by investment banks in London coming to as many as 16,000 may cost the U.K. more than 1.3 billion pounds (\$2.1 billion) in lost tax revenue, the Sunday Telegraph reported. A 5 percent reduction by the end of the year may rise to 20 percent in the next two to three years as higher funding costs, tougher regulation and lower revenue affect the financial industry, the newspaper said, without saying where it got the information. Credit Suisse Group AG, the second-biggest Swiss bank, said July 28 it planned to eliminate about 2,000 jobs after second-quarter profit fell because of reduced trading earnings. HSBC Holdings Plc declined on the same day to comment on a Sky News report that the bank is near a decision to cut more than 10,000 jobs worldwide. (BN)
- **HSBC to Cut at Least 10,000 Jobs Or 3% of Headcount, FT Says** -- Cuts are part of sweeping cost reductions aimed at reversing falling revenues, the Financial Times reports without disclosing its sources. * Cuts are part of broad overhaul that analysts estimate could see up to 30,000 jobs eliminated: FT * NOTE: HSBC is scheduled to release 1H results later today (BN)
- **Swiss To Sign Tax Deal With Germany On Aug. 10 – Report** -- Switzerland has reached a tax deal with Germany and may sign the deal as early as August 10, which could be followed by a similar pact with the U.K., Swiss weekly SonntagsZeitung writes Sunday, referring to the newspaper's own inquiries. As part of the deal, Switzerland will pay Germany an upfront guarantee of around 2 billion Swiss francs to solve issues surrounding undeclared funds held by Germans on Swiss bank accounts. The upfront payment to the U.K. should stand at about CHF500 million, the newspaper said. As part of the deal, which needs to be ratified by Switzerland's parliament, Switzerland would get the upfront payment guarantee back if Germany can generate an annual tax income of at least CHF4 billion, the newspaper said. The tax deal with Germany should help Switzerland keep up part of its banking secrecy rules, which have been watered down during the financial crisis as governments around the world cracked down on tax evaders who hold funds in Switzerland. (DJ)
- **Prudential to Boost Dividend by 20 Percent, Telegraph Reports** -- Prudential Plc will raise its half-year dividend by 20 percent this week on better interim earnings and a bid to improve its relationship with investors, the Sunday Telegraph reported, citing analysts. The dividend will jump to 7.95 pence a share on operating profit of 970 million pounds, the newspaper said. The London-based insurer raised its dividend by 20 percent in March after 2010 profit beat expectations. (BN)
- **Former AIA Chief Eyes Bid For Aviva Divisions: Sources – FT** -- Former AIA Group Ltd. chief executive Mark Wilson is looking for private equity backing for a bid for the non-core emerging markets businesses of Aviva PLC, the Financial Times newspaper reported Monday on its website, citing unnamed people familiar with the plans. Wilson is believed to be in the initial stages of fundraising efforts, the report said, adding that a spokesman for Wilson said he wouldn't comment. (DJ)
- **Nomura, Daiwa to Cut Costs as Losses Accumulate Overseas** -- Nomura Holdings Inc. and Daiwa Securities Group Inc., Japan's largest brokerages, plan to cut costs as the faltering local economy, Europe's sovereign credit crisis and U.S. debt impasse weigh on earnings. Nomura plans to trim costs annually at its wholesale unit by about \$400 million, the Tokyo-based company said July 29 after reporting that a one-time gain boosted first-quarter profit more than sevenfold. Daiwa, whose loss for the three months ended June 30 widened from a year earlier, said it plans to merge two units and reassign staff to curb expenses. (BN)
- **HSBC to Sell 195 U.S. Branches to First Niagara for \$1 Billion** -- HSBC Holdings Plc, Europe's largest bank by market value, agreed to sell its upstate New York branch network to First Niagara Financial Group Inc. for about \$1 billion as it pares U.S. operations. The price amounts to a 6.7 percent premium for the \$15 billion of deposits First Niagara is acquiring along with 195 branches in New York and Connecticut, London-based HSBC said yesterday in a statement. The deal would let First Niagara expand in markets surrounding its home city of Buffalo, New York, as HSBC Chief Executive Officer Stuart Gulliver, 52, pares U.S. operations amid a push to overhaul its businesses. HSBC also has been seeking buyers for its U.S. credit-card unit, which has more than \$30 billion of assets. (BN)
- **[Fri] Capital One Considered Deal For E*Trade Last Fall – Sources** -- Capital One Financial Corp. approached E*Trade Financial Corp. last fall about a potential bid for the online brokerage, according to people familiar with the situation. Though an offer never materialized, and Capital One ultimately didn't pursue it further, those discussions are a key reason hedge-fund manager Ken Griffin, who is on E*Trade's board, has lately been aggressively and publicly pushing E*Trade to sell itself. The failure of the preliminary discussions to lead to a concrete offer represented a tipping point for Griffin, founder and chief executive of Citadel LLC, E*Trade's largest shareholder, according to a person familiar with the situation. Griffin felt the approach wasn't properly evaluated by the board, according to a person familiar with the situation. The question of how E*Trade treated the discussions is a matter of contention. Some people familiar with the matter said there is no indication that E*Trade didn't give the Capital One approach the appropriate attention. Some other people familiar with the matter said E*Trade acted responsibly by not exploring a sale at the time since it probably would have been acquired at a relatively cheap price, which could have also angered investors. (DJ)
- **S&P Slammed by Wall Street Over Pulled Mortgage Ratings** -- Wall Street banks including Morgan Stanley and Deutsche Bank AG slammed Standard & Poor's decision to suspend ratings on commercial-mortgage bonds after finding a flaw in the review process. S&P withdrew rankings it had assigned to a \$1.5 billion offering from Goldman Sachs Group Inc. and Citigroup Inc., forcing the banks to scuttle the deal after it was placed with investors. It then yanked ratings on Freddie Mac's \$1.19 billion deal that JPMorgan Chase & Co. and Wells Fargo & Co. sold earlier this month that has yet to be completed. "The manner in which S&P took its action has severely eroded investor

EUR Ex-div (a.o.): Santander, Banco Espanol de Credito;

EUR Ex-div Tomorrow (a.o.): - ;

MACRO:

11:00 Euro-zone Unemployment rate

16:00 US Construction Spending, ISM Manufacturing, Prices Paid

and issuer confidence in its ratings," Morgan Stanley analysts led by Richard Parkus in New York wrote in a note yesterday, referring to the Goldman Sachs and Citigroup transaction. "Such an event is unprecedented within the CMBS market." S&P's decision is impeding bank efforts to unload mortgages they have accumulated for sale as securities and introduces new risks for debt tied to hotels, shopping centers and offices. The \$700 billion market was already showing signs of strain as investors pushed back against new sales amid sovereign crises and looser underwriting standards. S&P is reviewing the application of its criteria for offerings that pool multiple commercial mortgages, the firm said in a separate statement. "The review was prompted by the discovery of potentially conflicting methods of calculation," of how income from the properties relates to their debt burden. (BN)

- **Munich Re Expects Profit This Year, CEO Tells Sueddeutsche** -- Munich Re expects to post a profit this year, Sueddeutsche Zeitung reported, citing Chief Executive Officer Nikolaus von Bomhard. Separately, Bomhard criticized European Union leaders for their handling of the region's debt crisis, the newspaper said in a preview of an interview to be published tomorrow. "There mustn't be a second Greece," Sueddeutsche quoted the CEO as saying. "Europe cannot bear further crises or crisis solutions of that kind." (BN)
- **Munich Re Chief: No More 'Absolutely Safe Investments' - Report** -- The budget crises facing the eurozone and United States mean there are no longer any "absolutely safe investments," the head of the leading global reinsurer Munich Re told a German newspaper. "Absolutely safe investments, which we had been accustomed to for years, no longer exist," Nikolaus von Bomhard told Sueddeutsche Zeitung in an interview to be published on Monday. "A state bond is no longer what it used to be--a safe investment in all respects," said Bomhard, who manages EUR200 billion in assets. Bomhard also warned that Europe would not be able to sustain further crises. "Europe cannot bear new crises and new remedies to crisis" such as the efforts made to sustain the Greek economy, he said. He said he was also worried by the failure to reach a deal on raising the U.S. debt ceiling. "We could still bear a partial payment default of the United States. But in any case this will cause us headaches because of the domino effect it would trigger," he said. (AFP)
- **Royal Bank of Scotland Group Plc** The U.K.'s biggest government-owned lender may be forced to write down the value of its holdings in Greek government bonds by at least 800 million pounds (\$1.3 billion), the Times said, citing calculations by unidentified analysts. (BN)
- **Three Banks Seized In US** -- Three more U.S. banks failed Friday, including the first this year in Virginia and Indiana, according to the Federal Deposit Insurance Corp. With the latest failures, 61 banks have failed in 2011. The FDIC said it was appointed the receiver of Integra Bank Corp.'s Integra Bank NA of Evansville, Ind.; Virginia Business Bank of Richmond, Va.; and BankMeridian NA of Columbia, S.C. Integra Bank is the third-largest bank to fail this year, with about \$2.2 billion in total assets and \$1.9 billion in total deposits as of March 31. Overall, U.S. bank failures have slowed in 2011 from the flood of recent years, and smaller community banks predominate the ranks. However, a backlog of remaining stressed banks is expected to keep the failure rate relatively high for some time. (DJ)
- **Banks in BRICs Signaling Credit Risks as Bad Loans Curb Growth** -- Banks in the biggest emerging markets are losing the confidence of investors as loans turn sour after a two-year credit binge. Brazil's financial shares have lost more this year than counterparts in crisis-stricken Europe as consumer defaults hit a 12-month high in June and borrowing costs climbed to 46 percent. Bank stocks in China are trading at lower valuations than global emerging-market indexes for the first time since 2006. The country faces a financial crisis with bad debt that may jump to 30 percent of total loans, Fitch Ratings said. In India, the cost of insuring banks against default has climbed to the highest level in a year. Loan-loss provisions at State Bank of India, the nation's largest lender, rose 77 percent in the first three months of 2011, while net income fell 99 percent. "People are beginning to smell the credit cycle turning," Michael Shaoul, chairman of Marketfield Asset Management and chief executive officer of New York-based brokerage Oscar Gruss & Son, said in an interview. "Credit cycles have tremendous momentum, and whenever they turn you want to pay attention," said Shaoul, who recommends selling high-yield bonds in emerging markets and betting on further losses in bank shares. (BN)
- **Spanish Bank Fields Ronaldo as Collateral** -- Cristiano Ronaldo, the most expensive footballer in history, has joined the European Central Bank on a free transfer. Sources say the authorities want his help on the sovereign debt crisis -- by kicking the can further down the road. Well, not quite. But Ronaldo could feasibly become ECB property after he was pledged as collateral for emergency liquidity support by Spain's struggling savings bank, Bankia. In 2009, one of the Spanish banks that has since become Bankia lent Real Madrid €76.5m to pay the transfer fees for both Ronaldo and Kaka, the Brazilian forward. It has now emerged that Bankia has put up the loan as collateral with the ECB in return for vital funding. If both Bankia and Real Madrid go bust, the ECB would own the two "galácticos". The loan was rated AAA by Moody's, which judged the £80m Real Madrid paid Manchester United for Ronaldo and the £56m fee to AC Milan for Kaka a gilt-edged security -- as safe as US government debt -- for what that's worth. It is not known whether the ECB imposed a haircut on the collateral, though it is thought unlikely the Portuguese winger would have consented without advice from a professional stylist. Collateralising the footballers is part of a rescue plan that has already seen Bankia take €4.5bn in state support. It was created earlier this year from the merger of seven troubled regional banks, becoming the country's largest savings institution. It plans a public listing to raise funds and bolster its finances. The board is hoping the shares don't take a dive. (BN)

TECH/TELCO

- **Alcatel-Lucent** -- Microsoft Corp. has been ordered by a federal jury to pay France's largest telecommunications equipment maker \$70 million for infringing its patent, which is used in versions of Microsoft's Outlook program and two other applications. (BN)
- **Alibaba.com Rises After Parent's Deal With Yahoo, Softbank** -- Alibaba.com Ltd. rose the most in almost six weeks in Hong Kong trading after its parent reached a deal with Yahoo! Inc. and Softbank Corp. over compensation for the spinoff of the Alipay payment business. Alibaba.com rose as much as 7.4 percent to HK\$11.66, the biggest intraday increase since June 22, before trading at HK\$11.52 at 10:21 a.m. Parent Alibaba Group Holding Ltd. said on July 29 that its two biggest shareholders, Yahoo and Softbank, agreed to a compensation deal that may result in Alibaba Group receiving as much as \$6 billion from Alipay. (BN)
- **China Mobile to Cut International Roaming Fees, Caijing Says** -- China Mobile Ltd. will cut international roaming fees charged for 38 countries and regions by as much as 80 percent starting tomorrow, Caijing said today on its website, citing a company announcement. The company will cut the fees in countries including Australia, Singapore and Canada, Caijing said, citing the statement. It's the fifth time since the beginning of 2010 that China Mobile has reduced international roaming fees, it said. (BN)
- **Russian Svyaznoy Plans London IPO Within a Year, Vedomosti Says** -- Svyaznoy NV, operator of the Russian handset chain of the same name, plans to hold an initial public offering in London within a year, Vedomosti said, citing unidentified people familiar with the situation. The company has a preliminary deal with banks including Troika Dialog to manage the sale, the Moscow based newspaper reported today. Chief Executive Officer Denis Lyudkovsky said in March the company may hold its IPO in the second quarter of 2012, Interfax reported at the time. (BN)

RESEARCH UPDATES

Deutsche Bank cut **Siemens** to Hold, from Buy; UBS upped **Michelin** to Neutral, from Sell; UBS upped **Vodafone** to Buy, from Neutral; UBS cut **Q-Cells** to Sell, from Neutral;

ENERGY, UTILITIES AND COMMODITIES

- **Oil Advances From Two-Week Low as Lawmakers Reach Debt Agreement** -- Oil advanced from a two-week low in New York after President Barack Obama said leaders of both parties in the U.S. House and Senate approved a deal to raise the nation's debt ceiling, stoking optimism over the economic recovery in the world's biggest crude-consuming nation. Futures surged as much as 1.7 percent after Obama spoke from the White House and Senate Majority Leader Harry Reid endorsed the emerging accord between Republican leaders and the administration. The U.S. won't default on its obligations, Senate Minority Leader Mitch McConnell said. A Labor Department report on Aug. 5 may show July payrolls rose by 90,000 workers. Crude for September delivery rose as much as \$1.59 to \$97.29 a barrel in electronic trading on the New York Mercantile Exchange and was at \$96.93 at 2:01 p.m. Sydney time. The contract slipped \$1.74 to \$95.70 on July 29, the lowest settlement since July 14. Prices gained 0.3 percent last month and are 19 percent higher the past year. Brent oil for September settlement climbed \$1.41, or 1.2 percent, to \$118.15 a barrel on the London-based ICE Futures Europe exchange. The European benchmark contract was at a premium of \$21.23 to New York futures, compared with a record close of \$22.63 on July 14. (BN)
- **US Govt: 6% Of US Gulf Oil Output, 3.5% Gas Shut In After Storm** -- About half of the daily oil and natural-gas production that had been shut down by Tropical Storm Don had resumed by Sunday, a sign that producers are sending workers back to sea and that facilities were likely not damaged by the relatively weak storm, federal regulators said. About 6% of oil production and 3.5% of natural-gas production in the U.S. Gulf remained shut down Sunday after Tropical Storm Don blew ashore in south Texas late Friday, the Bureau of Ocean Energy Management, Regulation and Enforcement said. Don, a storm that had maximum sustained winds of about 50 miles per hour, weakened significantly when it approached land south of Corpus Christi, Texas, the National Hurricane Center said. (DJ)
- **Europe's Big Oil Sees Output Fall** -- Most European major oil companies posted a surge in quarterly profits last week, but their results were overshadowed by a trend that continues to trouble Wall Street and corporate boardrooms: Nearly every major oil company reported year-to-year oil-and-gas output declines, often in the double-digits. Big Oil is throwing huge resources at the problem with more open embrace of unconventional petroleum developments, high-risk exploration in frontier areas and corporate restructuring. But even if these strategies work in some cases, there is little doubt that anemic petroleum output signals a long-term challenge. The particulars varied across the sector. BP PLC's 11% output drop was fueled in part by the continued hit from its reduced activity in the U.S. Gulf of Mexico after last year's disastrous spill. Italian giant Eni SpA's production fell 15% due to its disproportionate exposure to war-ravaged Libya. Spain's Repsol YPF SA, whose output fell 17%, was affected by both Libya and the U.S. Oil giants are more vulnerable to operational problems in part because of their declining dominance over key resources. Whereas in 1973, independent oil firms controlled three quarters of the world's reserves, they hold as little as 10% today, according to some estimates. That has forced oil majors to rely to a greater extent on costly unconventional plays such as shale gas, deepwater exploration, and Arctic exploration. (DJ)
- **Schlumberger, Halliburton Final Bidders for Pemex Contracts** -- Schlumberger Ltd., the world's largest oilfield-services provider, Halliburton Co. and Repsol YPF SA are among the final bidders in an auction offered by Petroleos Mexicanos to develop onshore mature fields. Pemex authorized 17 oil firms to bid for three mature fields in the southeastern state of Tabasco, the state-owned producer, based in Mexico City, said today on its website. The company is scheduled to announce the winners on Aug. 18. (BN)
- **Air Liquide 1H Net Profit Beats; 'Confident' in Profit Growth** -- Air Liquide 1H net profit EU750m vs est. EU744m. * Rev. EU7.12b vs est. EU7.13b * Gas & services rev. EU6.36b (+10.5% Y/y ex. currency, nat. gas); * Engineering & construction EU290m (-25.4%)
- "Confident" in ability to generate steady growth of net profit in 2011 * Group has made EU3.2b investment decisions since end 2010 * NOTE: May 4 Air Liquide CEO Benoit Potier reiterated sees sales rising 8%-10%/yr through 2015, profit rising at least at same pace (BN)
- **Medvedev Scraps Ukraine Visit Over Gas Merger Plan – Report** -- Russian President Dmitry Medvedev has scrapped plans to visit Ukraine for a Navy Day parade after Kiev balked at Moscow's proposal to merge the countries' state gas firms, Russian newspaper Kommersant said on Monday. Citing sources in the Ukrainian foreign ministry and the Kremlin administration, the newspaper said the signing of an agreement to merge Russia's Gazprom with Ukraine's Naftogaz was the main condition of Medvedev's Sunday visit to the Crimean port of Sevastopol, where the Russian Black Sea Fleet is based. "Since we deemed this disadvantageous, we were told: then there won't be any visit," the Ukrainian foreign ministry source told Kommersant. (DJ)
- **Gazprom in Talks to Buy Stake in RWE Plants, Sunday Times Says** -- Gazprom OAO is in talks to buy a stake in British power plants owned by RWE AG, the German parent company of the Npower division in the U.K., the Sunday Times reported without saying where it got the information. The British government has indicated to Gazprom that it would not block the deal, which is a departure from the previous administration's stance, the newspaper said. Gazprom is interested in Npower's new plants in Nottinghamshire, England, the Times said. (BN)
- **E.ON May Shut Ruhrgas Unit to Lower Expense, Spiegel Reports** -- E.ON AG may shut three units in Germany, including its Ruhrgas natural-gas division, to cut costs, Der Spiegel reported, citing an agreement by the utility's management board. E.ON has earmarked an energy unit in Munich, a power plant subsidiary in Hanover and Essen-based Ruhrgas for closure, the magazine said. Related operations elsewhere will be integrated with the company's Dusseldorf, Germany-based headquarters. "We're not commenting on the Spiegel report," E.ON spokeswoman Edelgard Malzkorn said in an e-mailed statement. "Given the considerable change in framework conditions, E.ON currently reviews possible adjustments of the company's strategy and structure. Decisions have not been taken yet." (BN)
- **Npower and E.ON Prepare to Raise Prices – Report** -- U.K. energy suppliers Npower and E.ON are set to announce price rises this week due to a 30% increase in the price wholesale cost of gas this year, U.K. newspaper The Independent on Sunday says. The announcement comes after Centrica, which owns British Gas, has increased gas and electricity prices by 18% and 16% respectively, the newspaper reports. Scottish & Southern Energy announced last week that its prices will increase for gas and electricity by 18% and 11% as of 14 September, the newspaper says. (DJ)
- **E.ON is Morgan Stanley's Preferred Way to Play German Power Mkt** -- Says upside risks are emerging in the German power market. * Preferred way to play this is vis E.ON, looks cheap, has leverage to higher power prices (BN)
- **Japan Has 'Slim' Chance of Splitting Utilities as Blackouts Loom** -- Prime Minister Naoto Kan's proposal to split electricity monopolies into generation and distribution companies as part of his plan to wean Japan from nuclear energy may be opposed by utilities as the nation faces power shortages. Kan's government last week announced its plan to diversify away from nuclear power after a public backlash

following the Fukushima disaster, and shift to alternate sources gradually to avoid shortages and higher prices. The strategy will consider separating generation and distribution and encourage "various operators" to enter the electricity market, Kan said July 29. (BN)

- **Siemens to Form Turbine Venture With Highstat, Handelsblatt Says** -- Siemens AG will announce a joint venture with a unit of Highstat Ltd. today to build and maintain turbines for natural-gas-fired power plants in Russia and neighboring countries, Handelsblatt reported. Siemens will take a 65 percent stake in the venture and cede its 25 percent stake in Power Machines OJSB to Highstat, which holds the remainder, the German newspaper said, citing unidentified people close to the German company. Siemens is also discussing how to partner with Rosatom Corp. on nuclear power and the Munich-based company could supply "conventional" components or cooperate with Rosatom in other areas, Handelsblatt said, citing unidentified people familiar with the matter. (BN)
- **Peabody, Arcelor Go Hostile In Bid For Macarthur Coal** -- Peabody Energy Corp. and ArcelorMittal went hostile with a A\$4.7 billion takeover bid for Macarthur Coal Ltd. Monday, after failing to persuade the Australian company's board to halt talks with rival suitors in exchange for a higher offer price. The takeover tussle for Macarthur--the world's biggest miner of pulverized coking coal, a low-cost raw material used to make steel--underscores how mining companies and steel makers are scrambling for the resources critical to China and other developing countries as they urbanize and grow their industry. In a statement to the Australian Securities Exchange, Peabody and ArcelorMittal said their offer is worth A\$15.50 a share and Macarthur's shareholders would be eligible for any final dividend for the fiscal year to June 30 up to A\$0.16/share. "Peabody and ArcelorMittal believe our bid is compelling," said Gregory H. Boyce, Peabody's chairman and chief executive. "And we have decided to take this attractive offer directly to Macarthur shareholders to provide them with significant value." Earlier Monday, Macarthur told shareholders to take no action on the Peabody-Macarthur proposal, while at the same time revealing it had rejected an improved A\$16/share joint offer from them that was conditional on it not holding talks with other potential suitors. (DJ)
- **BHP Billiton Workers Resume Strikes at Australian Coal Mines** -- Workers at BHP Billiton Ltd.'s coking-coal mines in Australia, the world's largest exporter of the steelmaking ingredient, resumed strikes as labor unions prepare for the last two rounds of talks with management. Employees at the Gregory and Crinum mines started shift-long stoppages yesterday that will continue today, Stephen Smyth, a division president at the Construction, Forestry, Mining and Energy Union in Queensland, said by phone. The company plans two sets of meetings with the union this month before seeking a vote on a new work agreement, he said. (BN)
- **Gold Drops From Record as Obama Says Lawmakers Reach Debt Deal** -- Gold declined from a record as President Barack Obama said that U.S. lawmakers reached a deal to increase the nation's debt limit and cut the federal deficit, averting a default tomorrow and eroding demand for haven assets. Gold for immediate delivery lost as much as 1.3 percent to \$1,607.45 an ounce, and traded at \$1,615.65 at 12:24 p.m. in Singapore. Spot gold, which reached an all-time high of \$1,632.80 on July 29, advanced 8.5 percent last month on concern that sovereign-debt crises in the U.S. and Europe may derail the global economic recovery. (BN)

NETHERLANDS / AEX NEWS

- **TNT Express 2Q Adj. Operating Income EU79m; Analysts Est. EU77m** -- Company says 2001 goals unchanged, declares interim div. EU0.04. * Call 2pm CET 646 461 1757 pin: 154172,27 (BN)
- **BASF, Dutch CSM May Start Bio-Based Succinic Acid Joint Venture** -- BASF SE and CSM NV may create a joint venture to produce bio-based succinic acid and aim to construct a facility with a capacity of 50,000 tons, the companies said in a statement today. (BN)
- **AFC Ajax NV** -- The only publicly traded Dutch soccer club reached a conditional agreement about the transfer of keeper Maarten Stekelenburg to AS Roma SpA. (BN)

M&A and OTHER CORPORATE NEWS

- **Asia Stocks, U.S. Futures Gain on Debt Plan; Yen, Franc Slide** -- Asian stocks snapped a three-day loss, while U.S. stock futures and oil surged after President Barack Obama said Congressional leaders reached an agreement to raise America's debt ceiling. The yen, Swiss franc and Treasuries fell. The MSCI Asia Pacific Index added 1.6 percent as of 1:55 p.m. in Tokyo, set for the biggest gain since May 26. Standard & Poor's 500 futures climbed 1.5 percent, indicating the gauge will rebound from three straight monthly losses. The U.S. dollar increased 1 percent against the yen and 0.9 percent versus the Swiss franc. Ten-year Treasury yields jumped four basis points. Oil rose 1.2 percent in New York, while gold slid from a record. Leaders of the Republican and Democratic parties have agreed on a deal that will "reduce the deficit and avoid default," Obama said. The plan would raise the \$14.3 trillion debt ceiling by \$2.1 trillion, sufficient to serve the nation's needs through 2013. Stocks also rallied after data showed growth in Chinese manufacturing and South Korean exports beat analyst estimates, and as companies including Mitsubishi UFJ Financial Group Inc. posted higher profits. The dollar traded at 77.54 yen today from 76.76 yen on July 29 in New York, and bought 79.30 Swiss centimes, from 78.55 last week. Higher-yielding currencies rallied against the greenback, with the Australian dollar rising 0.4 percent to \$1.1042 and New Zealand's gaining 0.3 percent to 88.21 U.S. cents. About six shares rose for every one that declined on MSCI's Asia Pacific Index, helping the gauge rebound from a 1.6 percent weekly loss. Japan's Nikkei 225 Stock Average increased 1.9 percent, South Korea's Kospi index jumped 1.8 percent, and Australia's S&P/ASX 200 Index climbed 1.9 percent. (BN)
- **U.S. Stock Futures Rise as Obama, Lawmakers Reach Debt Agreement** -- U.S. stock futures rose, indicating the Standard & Poor's 500 Index may rebound from its worst weekly loss in a year, as President Barack Obama announced an agreement to raise the federal debt limit and avoid a default. S&P 500 futures expiring in September jumped 1.2 percent to 1,306.50 at 12:09 p.m. in Tokyo. Futures on the Dow Jones Industrial Average climbed 116 points, or 1 percent, to 12,260. Obama said in remarks at the White House that both parties in the U.S. House and Senate had reached an agreement to raise the nation's borrowing limit and cut the federal deficit. (BN)
- **EUROPE** -- European bourses are set to follow higher Monday, with core government debt lower. The euro is little changed, while spot gold is lower and oil futures are higher. European bourses are likely to start well higher Monday as the U.S. debt deal, while still to be ratified in Congress, has provided enough relief to entice investors to take on some risk after the recent bout of uncertainty. For Monday's opening, Cantor Index is calling the FTSE up 65 at 5880, the DAX up 80 at 7239, and the CAC up 41 at 3712. (DJ)
- **Correct closing levels of CAC40 /AEX /BEL20 / PSI20** -- Correct closing levels of today 29 July 2011 of the CAC40 / AEX / BEL20 and PSI 20 are: CAC40 3671.28; AEX 329.17; BEL20 2426.96; PSI20 6895.39; These closing levels will be rebroadcast through the feed and are to be considered as the official closing level (EURONEXT)
- **EADS Is Considering A Major Acquisition In Europe – Report** -- European Aeronautic Defence & Space Cos. is planning an acquisition in Europe that would rank among the largest in its recent string, Reuters reports on its website Sunday, citing "sources familiar with the matter." The report said EADS was considering "a space-industry acquisition in Europe," without naming the target. The report also said the Astrium space division would lead the newly acquired entity. (DJ)

- **At Least 3 Bidders Remain For Hochtief Airport Unit Sale-Sources** -- At least three bidders are in the running for the sale of Hochtief AG's airport portfolio, and the deal could be concluded as early as September, several people close to the matter said Friday. Airport operator Fraport AG and its bidding partner, Deutsche Bank AG's infrastructure fund RREEF, as well as French construction company Vinci SA, submitted binding offers in time for the deadline Thursday, the people told Dow Jones Newswires. A bidding consortium made up of Allianz SE's investment arm Allianz Capital Partners and infrastructure fund Global Infrastructure Partners also submitted a bid, one of the people said. A purchase price of up to about EUR1.1 billion is "realistic," another person said. (DJ)
- **FedEx Corp.** -- Chief Executive Officer Frederick Smith is "largely upbeat" on the world's biggest cargo airline's outlook as the economy improves and businesses start building up inventories, Barron's reported, citing an interview conducted in mid-July. (BN)
- **Continental AG** -- Europe's second-largest car-parts maker doesn't expect to return to the DAX index of the country's top 30 companies, Frankfurter Allgemeine Zeitung reported, citing Chief Financial Officer Wolfgang Schaefer. (BN)
- **Daimler AG** -- Chief Executive Officer Dieter Zetsche called on employees to face up to growing competition among luxury-car makers and help the Mercedes-Benz brand surpass Bayerische Motoren Werke AG and Audi AG to become the world's top premium auto manufacturer, Automotive News Europe reported, citing a letter from the CEO to workers. (BN)
- **Bolton Calls for U.S. to Close Listings Loophole, FT Reports** -- Fidelity International Ltd. fund manager Anthony Bolton urged the U.S. to close a loophole that allows Chinese companies to list on its exchanges through reverse takeovers, the Financial Times reported. Chinese companies use the practice by merging with a U.S. shell company to avoid the scrutiny of an initial public offering, the newspaper cited Bolton as saying. He made his comments yesterday at the first general meeting of the Fidelity China Special Situations fund, the Financial Times said. U.S.-listed Chinese companies were among the lowest performers in Bolton's portfolio at Fidelity, the FT said. (BN)
- **Worst Europe Earnings Hitting Industrials as Stoxx 600 Falls 9%** -- Profits at European companies are trailing analyst estimates by the most in at least five years, dragged down by manufacturing shares that had been forecast to lead a rally in the second half of the year. About 53 percent of companies in the Stoxx Europe 600 Index that have reported earnings since July 11 missed analysts' projections. That's the most in data compiled by Bloomberg since 2006. The benchmark gauge lost 3.1 percent in the period, the largest decline to start an earnings season since April 2010. Investors have been relying on manufacturers in Germany and Scandinavia to buoy stocks after Europe's debt crisis forced Greece to accept a second bailout and cut projections for bank earnings. As commodities costs rise and currencies in Switzerland and the Nordic region strengthen, companies from Atlas Copco AB in Stockholm to Paris-based PSA Peugeot Citroen and Ludwigshafen, Germany-based BASF SE have disappointed, sending their shares down more than 5 percent. (BN)

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- **Obama announces deal on US debt limit** -- President Barack Obama announced on Sunday night that US Congressional leaders had reached an agreement on a tentative deal that would raise the US government's borrowing limit and avoid a US default, prompting a positive response from Asian financial markets. As Republican and Democratic leaders coalesced around a deal that would involve \$2,800bn in deficit cuts over the next decade, the president said a framework was in place to "end the crisis that Washington imposed on America" and would "begin to lift the cloud of debt and the cloud of uncertainty that hangs over our economy". The proposed cuts meant the US's annual domestic spending will fall to the lowest level since Dwight Eisenhower was president in the 1950s, Mr Obama said. But the president assured that the deficit-reduction "won't be a drag on a fragile economy". The deal still has to be passed by both the Senate and the House of Representatives, and passage could prove bumpy in the lower chamber in particular. But analysts said that it appeared Congress was on track to approve the deal before the deadline of midnight on Tuesday, beyond which the Treasury had warned that the federal government would not be able to pay its bills. (FT)
- **Obama Says Congressional Leaders Approve Debt-Limit Increase** -- President Barack Obama said tonight that leaders of both parties in the U.S. House and Senate had approved an agreement to raise the nation's debt ceiling by \$2.1 trillion and cut the federal deficit by as much as \$2.5 trillion over a decade, a deal that must now be sold to Congress. "The leaders of both parties in both chambers have reached an agreement that will reduce the deficit and avoid default," Obama said at the White House. "This compromise does make a serious down payment on the deficit-reduction we need. Most importantly it will allow us to avoid default." Congressional leaders reached a bipartisan agreement to raise the debt ceiling by at least \$2.1 trillion, sufficient to serve the nation's needs into 2013. They are preparing to sell to members the deal to cut \$917 billion in spending over a decade, raising the debt limit initially by \$900 billion, and to charge a special committee with finding another \$1.5 trillion in deficit savings by the year's end. They confront an Aug. 2 deadline for approval of the agreement. (BN)
- **Still No Guarantees U.S.'s Perfect Credit Rating Will Remain Intact** -- Though Moody's Investors Service and Standard & Poor's Ratings Services said late Sunday they would not immediately comment on the tentative debt deal reached by President Barack Obama and Congress, past comments from the ratings agencies indicate the U.S. government's perfect credit rating could still be in jeopardy. S&P had repeatedly said since putting the U.S. rating on review for possible downgrade that it wanted to see a deficit-reduction plan that was around at least \$4 trillion. The tentative deal reached earlier Sunday appears to fall well short of that level. The agreement calls for a \$2.4 trillion reduction to deficits over the next 10 years. If S&P determines the deal falls short of meaningfully changing the trajectory of U.S. deficits, it could still cut the government's triple-A rating. S&P had previously said a downgrade would likely be into the AA range, which means the U.S. could still see its rating cut between one and three notches. A cut in the rating could lead to higher borrowing costs for the U.S. "The impact on the AAA will depend on whether S&P sticks to what it stated back on July 14 when it placed America's rating on negative watch," said Mohamed El-Erian chief executive officer and co-chief investment officer at Pacific Investment Management Company. Pimco, a unit of Allianz, is one of the world's largest bond market investors. El-Erian said in an emailed response to questions from Dow Jones Newswires that "a strict interpretation by S&P speaks to the likelihood of a downgrade, though I suspect, the agency is under enormous pressure not to do so." (DJ)
- **US May Still Face Debt Rating Downgrade - Economist Buchholz** -- U.S. debt faces a likely ratings downgrade in the next couple months despite President Barack Obama confirming a deal to raise the country's debt ceiling was in place, economic commentator Todd Buchholz said Monday. Buchholz, a former White House director of economic policy until 1992, said it was difficult to see how the current rating could be maintained while a certain amount of uncertainty remained. He said the pullback in the price of gold in reaction to the debt ceiling deal was insignificant and unlikely a devastating blow for the price of the precious metal. Obama said leaders of both political parties reached a broad deal Sunday night to raise the government's debt ceiling while cutting spending. Earlier Sunday, congressional aides said

the agreement would raise the debt ceiling by US\$2.4 trillion in three stages and provide initially for roughly \$900 billion in spending cuts over 10 years. (DJ)

- **Debt deal's prospects in House uncertain** -- The House of Representatives will be the last hurdle before a deal can be signed by President Barack Obama and both parties will probably face defections
<http://link.ft.com/r/UXDMSS/62A3KM/NJJ6V/0GTA2T/ZGG4JW/PJ/h?a1=2011&a2=8&a3=> The announcement by Barack Obama that a deal had been reached to increase the US debt ceiling late on Sunday night did not put to rest lingering questions about whether the agreement would overcome the most difficult remaining hurdle: passage of the legislation in the House of Representatives. While Democratic and Republican leaders signed off on the deal, some rank-and-file members from both parties appeared to be deeply unsettled by details of the plan. In a late night conference call with his caucus, John Boehner, the Republican speaker, emphasised the extent of the concessions his party had been able to wring out of the US president and assured his members that any attempts to raise taxes had effectively been "shut down". (FT)
- **Fed's Bullard: Rising Inflation Makes New Stimulus Unlikely** -- A changed inflation environment makes additional Federal Reserve stimulus for the economy unlikely, a Federal Reserve official told Dow Jones Newswires Friday. In an interview, Federal Reserve Bank of St. Louis President James Bullard said while he doesn't see a need for the central bank to offer assistance beyond what it is already doing, "I think the inflation outlook does make it a much tougher decision than it was last summer" when one of the major threats to the economy was the prospect of falling price pressure potentially tipping over into deflation. Now, "you've got rising inflation, and headline inflation is pretty high compared to a year ago. It could even go even higher," Bullard said, noting "in that case you have to be very circumspect" about doing more to help the economy, even in the face of anemic growth. (DJ)
- **Low Bank Capital Is the Next U.S. Fiscal Crisis** -- The summer debate that has dominated Washington seems straightforward. Under what conditions should the U.S. government be allowed to borrow more money? The numbers that have been bandied about focus on reducing the cumulative deficit projection over the next 10 years, as measured by the Congressional Budget Office. But there is a serious drawback to this measure because it ignores what will probably prove to be the U.S.'s single largest fiscal problem over the next decade: The lack of adequate capital buffers at banks. The Congressional Budget Office was created in 1974 to provide nonpartisan analysis of budget issues. This was a major breakthrough. It's hard to exaggerate the lack of serious and timely budget information that existed previously. The CBO still does great work, but it has a major blind spot. (Disclosure: I'm a member of the CBO's panel of economic advisers; I don't speak for them here or anywhere else.). The CBO is very good at explaining how the U.S. got itself into a fiscal mess. The primary cause of the government debt surge in recent years was a huge recession. A big loss of gross domestic product and a fall in employment in any country will collapse tax revenue. To appreciate the magnitude of this disaster in the U.S., compare the CBO's baseline forecasts immediately before and after the financial crisis. In January 2008, before anyone thought the crisis would spin out of control, the CBO projected that total government debt in private hands -- the best measure of what the government really owes -- would reach only \$5.1 trillion by 2018, which was then the end of its short-term forecast horizon. That represented a fall in real terms to just 23 percent of GDP. Some House Republicans might argue that even this level of debt relative to the size of the economy is too large, but there is no evidence that such debt levels by themselves stall growth or cause other ill effects. The U.S. carried government debt at or slightly above this level throughout the 1950s and the decades that followed. As of January 2010, once the depth of the recession became clear, the CBO projected that over the next eight years debt would rise to \$13.7 trillion, or more than 65 percent of GDP -- a difference of \$8.6 trillion. In January 2011, CBO moved the forecast for 2018 to \$15.8 trillion, or 75 percent of GDP, primarily because the damage to growth had proved even more prolonged than anticipated. [...]The CBO is only as good as Congress allows it to be. The CBO itself should push hard in this direction. The agency is good about scoring other contingent liabilities and implicit guarantees. Future health-care costs, for example, are assessed on the basis of probabilities. No one knows what the world will look like in 2050, but the CBO should be able to warn taxpayers and lawmakers what will probably happen in the future, based on the immediate past. (Simon Johnson on BN)
- **Deficit-Cutters Ignore El-Erian's Economic-Growth 'Denominator'** -- U.S. and European policy makers arguing about budget deficits and debt may be failing to combat the other plague on their economies: sluggish growth. With the U.S. Treasury set to exhaust its authority to borrow tomorrow, President Barack Obama said late yesterday that congressional leaders had approved a deal to raise the debt ceiling and cut the deficit, which must be voted on by lawmakers. The austerity drive follows similar consolidation in Europe, where countries from Greece to the U.K. have reduced outlays and increased taxes to bring liabilities under control. What officials may also need to execute are the fundamental changes needed on both sides of the Atlantic to make economies function better and thus expand more. In the U.S., the budget squabbles threaten to hold back growth, making it harder to tackle entrenched unemployment and a battered housing market, said Mohamed El-Erian, chief executive officer of Pacific Investment Management Co. (BN)
- **EU Plans to Boost Poorer Countries' Access to Funds, FT Says** -- The European Commission will announce a plan today to ease co-financing rules for Greece, Ireland, Portugal, Hungary, Latvia and Romania, unblocking tens of billions of euros in EU funds that governments are entitled to, the Financial Times reported, citing the EC. The plan will also reduce the costs of accessing the funds by a total of 3 billion euros over the next two years, the FT said. (BN)
- **IMF Report Urges Further Economic Fixes For Spain** -- Spain has taken decisive steps to fix its economic problems, but further efforts are urgently needed, the International Monetary Fund said in its latest report on the euro zone's fourth-largest economy. "The policy agenda remains challenging and urgent--there can be no letup in reform momentum," the IMF said. Spain is suffering from the collapse of a decade-long housing boom that sent unemployment soaring, punched a large hole in its public-sector accounts and made the country vulnerable to the spread of the region's sovereign-debt crisis. A major political shift occurred earlier Friday that raised hopes domestically for a new round of economic reforms. Prime Minister Jose Luis Rodriguez Zapatero said he would call early elections in November, ahead of the end of his term in March. The Socialist leader's capacity for reforms has been limited by his lack of a parliamentary majority and plummeting popularity. Crucially, the IMF said "additional action" is needed to shore up public-sector accounts because the government's budget deficit targets are based on "optimistic" economic growth projections. It added that there is risk that Spain's powerful regions will miss their targets (DJ)
- **Spain Election May Mean More Austerity If Rajoy Ousts Socialists** -- Spain's opposition People's Party pledged to restore investor trust in the euro area's fourth- biggest economy by imposing more spending cuts if it wins early elections in November as polls suggest it will. With Europe's debt crisis lapping at Spanish shores, the People's Party led by Mariano Rajoy, 56, is set to campaign on the extra steps it says are needed to kick-start growth and slash unemployment of more than 20 percent. The PP is holding out the prospect of more austerity

- after the Nov. 20 election as it bids to repeat the trouncing it gave Prime Minister Jose Luis Rodriguez Zapatero's Socialists at local polls in May. (BN)
- **Spain's Economy Faces Tough Times, Rubalcaba Says** -- Spain's economy still faces tough times ahead of the country's elections slated for Nov. 20, Socialist candidate Alfredo Perez Rubalcaba told state-owned Radio Nacional de Espana. "Elections don't change the economic situation of Spain," Rubalcaba said. "There are still difficult times ahead but we're seeing some light at the end of the tunnel." *Spain's opposition People's Party kept its lead over the ruling Socialists. (BN)
 - **IMF's Lagarde: Fin Min, ECB Disagreements Caused Confusion -Report** -- International Monetary Fund head Christine Lagarde said disagreements between euro-zone finance ministers and The European Central Bank about the Greek bailout confused the markets, The Financial Times reports on its website Sunday. She also said Europeans needed to "stick to the script" when discussing the new package for Greece, the FT reported. According to the report, Lagarde said the IMF planned to remain involved in the Greek rescue. (DJ)
 - **EU's Van Rompuy Defends Greek Deal, Disputes Rising Borrowing Costs** -- European Council President Herman Van Rompuy defended the deal agreed to last week to provide more aid to Greece in an essay published Saturday. The former Belgian Prime Minister writes in Germany's Sueddeutsche Zeitung that it is "clear" that Greece's debt level remains "at a high level." Still, it is far below the level of Japan, he says. He criticizes the lumping together of other euro zone countries with Greece, saying that it "cannot be emphasized often enough that Greece is an exception and is not comparable with the condition of any other euro zone country." He says that "astonishingly" borrowing costs of some euro countries rose after last week's summit. He says that "all macroeconomic fundamentals point in the opposite direction," adding that interest rates on borrowing "really would have to fall." He points out that Italy will achieve a primary budget deficit this year and that Spain's debt is below the euro zone average. Furthermore, the country has made "courageous" decisions to cut debt and stimulate growth. (DJ)
 - **Quietly, Germans Take On More Prominent Role At EU** -- When Axel Weber walked away from the chance to be the next president of the European Central Bank, many in Brussels were amazed that Germany again lost out on the chance to pick up a powerful European Union post. Despite playing an ever more important role as the holder of the euro zone's largest checkbook, Germany has failed to secure any of the EU's heavyweight jobs. The head of the European Commission, Jose Manuel Barroso, is Portuguese; the leader of the European Council is a Belgian, Herman Van Rompuy. The EU's new foreign policy chief, Catherine Ashton, is British, while the ECB chief Jean-Claude Trichet, is a Frenchman (and will soon pass the baton to an Italian, Mario Draghi). The head of the European Parliament, meanwhile, is Poland's Jerzy Buzek. Yet EU watchers say this first-glance view of German officials on the sidelines is misleading. In addition to the German government pushing its interests more aggressively in private than it does in public, observers note a growing ring of key Brussels players from the EU's largest member state. (WSJ)
 - **Germany's Schaeuble: What's Good For Greece, Is Good For Euro - Report** -- German Finance Minister Wolfgang Schaeuble defends the second rescue package for Greece in a newspaper interview published Sunday. He tells Germany's Frankfurter Allgemeine Zeitung that what is good for the sustainability of Greek state finances and the country's competitiveness "is also good for the euro." "A community is not a zero sum game," he says. He says Greece now has "much more time" to deal with its problems. Schaeuble rejects former European Central Bank Executive board member, and fellow German, Otmar Issing's suggestion that Greece leave the euro zone. Schaeuble says the euro zone would suffer an irredeemable loss of trust if a country were to leave it. He also adds that he does not want to imagine how it would be if markets thought they could drive individual states out of the euro zone. Speaking on domestic issues, Schaeuble dismisses concerns that Germany will lose its status as a solid borrower. He says Germany this year is targeting a Maastricht Deficit of 1.5% of gross domestic product. He also says that he would like a direct popular election of a European president. (DJ)
 - **IIF Predicts Successful Greek Debt Swap, Market Return -Report** -- A voluntary swap of privately held Greek bonds as part of the debt-laden country's bailout will be successful and help it return to bond markets by early 2014 at the latest, a key official said Saturday, according to a report on Reuters. "I see no reason why it (Greece) should not return to markets in 18-30 months," said Charles Dallara, managing director of the Institute of International Finance, a global bank association, in an interview with Greek newspaper Kathimerini. Dallara dismissed analysts' concerns that Greece's latest bailout package offers respite but will ultimately fail to make the country's debt sustainable. He also predicted that Greek banks, the biggest holders of the country's debt, will not have to be nationalized or bought out by rivals to cope with losses they would incur under the bond swap. (DJ)
 - **Irish Ministers Support Anglo Irish Burden Sharing, Post Says** -- Ireland's government should adopt an aggressive stance in talks with the European Central Bank later this year on senior Anglo Irish Bank Corp. bondholders sharing the lender's losses, the Sunday Business Post reported, citing two unidentified ministers. The government has repeatedly said it will not act unilaterally to force losses on senior bondholders in Anglo Irish and smaller rival, Irish Nationwide Building Society. Anglo Irish Chief Executive Mike Aynsley has asked the government to explore with the ECB and European Commission the option of senior Anglo Irish bondholders taking voluntary discounts on their bonds, the newspaper said. (BN)
 - **U.K.'s CBI Cuts Growth Forecast, Sees BOE on Hold Until 2012** -- The U.K. economy will grow less this year than previously forecast, pushing the Bank of England to keep its main interest rate at a record low until the first quarter of 2012, the Confederation of British Industry said. (BN)
 - **UK Government Will Have to Act If Growth Remains Weak, Warns CBI** -- One more quarter of weak growth will force the Government's hand and trigger a policy response, the CBI business lobby group has warned. Unveiling its latest economic forecast, John Cridland, the CBI director-general, said: "If we get to the third quarter and the second-quarter soft patch proves to have been more persistent than the CBI believes today, then the Government will have to look for new measures." The warning comes from one of the most prominent supporters of the Coalition's austerity programme, but it does not reflect the group's central expectation. The CBI is predicting a bounce-back from the anaemic 0.2pc growth in the three months to June to 0.8pc in the third quarter. For 2011 as a whole, it has not revised its previously downgraded forecast of 1.3pc. Its forecast for growth of 2.2pc in 2012 is also unchanged. Although noting that the "mood among business leaders has darkened", Mr Cridland was able to offer the Government some comfort. "On balance, we don't believe the recovery has stalled," he said. "We will begin to make headway, but the rest of the year will be tougher than thought." Confidence in the outlook will be critical for companies to start investing the £60bn to £70bn of cash they are sitting on, the CBI added. The biggest risk remains the crisis in Europe, Mr Cridland added. "If there is a decline in growth in the eurozone, and in Germany in particular, that will be bad news for the UK." (TEL)

- Australian Manufacturing Slumps in 'Boom and Gloom' Economy** -- A gauge of Australian manufacturing slumped to a two-year low last month as a surging currency and the highest borrowing costs in the developed world hurt demand at home and abroad. The manufacturing index dropped to 43.4 in July, the lowest level since June 2009, from 52.9 a month earlier, the Australian Industry Group and PricewaterhouseCoopers said in a survey released today. It was the fourth month in five that the index was below 50, the dividing line between expansion and contraction. The nation's factories have been lagging behind the mining industry, which is expanding to meet Chinese demand for raw materials and pushing the job market near a level the government views as full employment. The Australian dollar reached \$1.1081 on July 27, the highest level since it was floated in 1983. (BN)
- Australia's Mining Investment Boom a 'Mixed Blessing,' Swan Says** -- The mining investment boom in Australia is a "mixed blessing" for the economy as a rise in the local dollar hurts the manufacturing and tourism industries, Treasurer Wayne Swan said. "I'm acutely aware many businesses are doing it tough," Swan said in his weekly economic note released yesterday, citing tighter credit and "cautious" consumer spending. Asian demand for energy and commodities is driving record investment, including last week's approval by ConocoPhillips and Origin Energy Ltd. of the first stage of a \$20 billion liquefied natural gas project in Queensland State. The so-called Aussie, the world's fifth-most traded currency, has risen 22 percent against the U.S. dollar in the past 12 months as the mining boom drove unemployment below 5 percent. Prime Minister Julia Gillard's government estimates that mining investment will reach A\$76 billion **this fiscal year. The nation is undergoing what the Reserve Bank of Australia calls a structural change** -- a shift in productive capacity to the mining and construction industries while the stronger currency hurts exporters, education, tourism and manufacturing. (BN)
- Syrian Army Attacks Cities on Ramadan Eve; At Least 150 Dead** -- At least 150 people were killed in Syria yesterday, al Jazeera reported, as soldiers sought to reassert control over a restive nation in one of the deadliest bouts of violence since the uprising against President Bashar al-Assad began more than four months ago. The army took action the day before the start of Ramadan, the Muslim month of fasting and prayer. Tanks shelled Hama, Syria's fourth-largest city, where at least 113 people were killed, the Qatari-based television network said, citing the National Organization for Human Rights in Syria. (BN)
- Germany Seeks UN Security Council Meeting On Syria Monday – Spokesman** -- United Nations Security Council member Germany Sunday formally requested emergency consultations by the 15-nation body on the Syrian government's deadly offensive against demonstrators, a spokesman said. A meeting could be held Monday. But the move is likely to reopen bitter divisions within the Security Council, which hasn't yet been able to agree even a statement on President Bashar al-Assad's four month-old crackdown against opponents. India will take over from Germany Monday as president of the council, fixing the body's agenda. But a German U.N. official said he expected a meeting Monday afternoon. The U.K., France, Germany, Portugal and the U.S. have been pressing for weeks for some kind of condemnation of the violence. But Russia, China, South Africa, India and Brazil--which are angry at the North Atlantic Treaty Organization's bombing campaign in Libya--have refused to support the move. Russia and China have threatened to veto any formal resolution against Assad. (AFP)
- China July Home Prices Rise Slowest in 11 Months, SouFun Says** -- China's home prices rose at the slowest pace in 11 months in July after the government expanded efforts to curb the risk of an asset bubble, according to SouFun Holdings Ltd. Home prices gained 0.2 percent in July from June, the slowest since August last year. Residential prices increased in 66 out of 100 cities tracked by the nation's biggest real-estate website owner, with average home values nationwide climbing to 8,874 yuan (\$1,378) a square meter (10.76 square feet), SouFun said on its website today. China's cabinet said last month it will expand measures to rein in residential prices to smaller cities after limiting home purchases in metropolitan areas including Beijing and Shanghai. The government is intensifying real-estate restrictions nationwide after developers posted gains in first-half sales and housing transactions climbed 31 percent in June, even as down payments on some mortgages were increased this year. (BN)
- China's Manufacturing Growth Exceeds Economists' Estimates** -- A Chinese manufacturing index was higher than economists estimated in July, signaling the world's second-biggest economy is withstanding increased interest rates and tightened credit. The Purchasing Managers' Index was at 50.7 for July compared with 50.9 in June, the China Federation of Logistics and Purchasing said in a statement today. That was more than every forecast in a Bloomberg News survey of 13 economists. The median estimate was for a reading of 50.2. Today's data may ease concerns that Premier Wen Jiabao's campaign to tame consumer and property prices will trigger a deeper slowdown that limits the nation's contribution to global growth. The government needs to sustain domestic demand as a sluggish U.S. recovery and a sovereign debt crisis in Europe cap export demand. (BN)
- India Shunning 'Big Bang' Economic Change Risks Singh's Legacy** -- Prime Minister Manmohan Singh's push to deepen India's welfare system may divert focus from the investment and regulatory changes needed to sustain an economic transformation that he unleashed two decades ago. The government is expanding education and rural jobs plans whose costs could swell by almost 2 percentage points of gross domestic product, International Monetary Fund estimates show. Singh also aims to submit a bill in the parliamentary session starting today securing low-cost food for more than 800 million people, more than the combined U.S. and euro-area population. While embracing such populist measures may help shore up support for a government roiled by corruption charges, it means proposals to boost investment and overhaul tax and land-use laws risk languishing, analysts said. By contrast, Singh as finance minister 20 years ago attacked regulatory burdens that held back private companies, helping propel a 247 percent surge in GDP. (BN)



Last Trading Day Stats

Index	Close	1D %Chg	YTD%Chg
EuroStoxx 50	2,670.37	-0.83%	-4.38%
CAC	3,672.77	-1.07%	-3.47%
DAX	7,158.77	-0.44%	3.54%
AEX	329.22	-1.00%	-7.15%
FTSE 100	5,815.19	-0.99%	-1.44%
SMI	5,783.35	-1.50%	-10.14%
OMX	1,065.97	-0.26%	-7.75%
S&P 500	1,292.28	-0.65%	2.75%
Nikkei 225	9,965.01	1.34%	-2.58%

Index	Close	1D Chg	5D Chg
Dow Jones	12,143.24	-96.87	-537.92
VIX Index	25.250	1.510	7.730
VDAX Index	22.720	0.590	2.900

2-10 EUR	137.990
2-10 US	247.784
Eur / Dollar	1.4397

Bunds	Yield (%)	Chg 1d bp	Chg 5d bp
2YR	1.191	2.90	-14.00
5YR	1.745	2.70	-19.40
10YR	2.572	3.70	-18.80

	Close	1D Chg	5D Chg
1st CL future	95.70	1.40	-2.10
CRB index	#N/A	-2.57	-5.85

AEX close	329.22
ADR Impact	-1.15
ADR Impact %	-0.35%
AEX Parity	328.07
AEX Ex-div Impact	

ADRs	Volume	Rel.vol	NL Close	ADR (Eur)	Chg EUR	%Chg
AEGON NV-NY REG	696161	59%	4.02	3.97	(0.05)	-1.24%
ARCELORMITTAL-NY	4017457	91%	21.81	21.64	(0.17)	-0.77%
ASML HOLDING-NY	2390516	95%	24.99	24.76	(0.22)	-0.89%
REED ELSEVIE-ADR	94119	100%	9.30	9.28	(0.02)	-0.22%
ING GROEP-ADR	3007032	110%	7.52	7.46	(0.06)	-0.80%
PHILIPS ELEC-NY	917891	55%	17.35	17.20	(0.15)	-0.84%
ROYAL DUTCH-ADR	2658738	123%	25.60	25.55	(0.05)	-0.21%
UNILEVER NV-NYS	2195190	100%	22.65	22.56	(0.09)	-0.40%

Dow Jones Sectors US	Close	%Chg	Chg 1d	Chg 2d	Chg 5d
BAS MAT	309.13	-0.82%	-2.55	-3.34	-15.74
CON CYC	360.69	-0.38%	-1.38	-3.64	-12.57
CON NCY	338.39	-0.57%	-1.93	-1.48	-11.80
ENERGY	649.23	-1.03%	-6.78	-11.35	-29.65
FINANCL	272.09	-0.28%	-0.76	-0.77	-10.03
HLTHCAR	356.07	-0.43%	-1.55	-2.10	-16.94
INDUST	316.36	-0.51%	-1.61	-4.54	-20.02
TECH	678.32	-0.76%	-5.18	-4.20	-25.37
TELECOM	131.12	-0.40%	-0.52	-3.01	-5.53
UTILITY	162.07	-0.92%	-1.51	-2.60	-3.85

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Sources amongst others: Bloomberg (BN), Reuters (R), BBC, CNN, NY Times (NYT), Washington Post(WP), The Guardian (G), het Financieele Dagblad (FD), Telegraaf (T), Volkskrant (VK), NRC, Wall Street Journal Europe (WSJE), Dow Jones (DJ), AFX and the Financial Times (FT) The information and opinions contained in this document have been compiled or arrived at from sources believed to be reliable but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. All opinions and estimates expressed in this document are subject to change without notice. AFS does not accept any liability whatsoever for any direct or consequential loss arising from the use of this document. This document is for information purposes only and is not, and should not be construed as, an offer to buy any securities or derivatives. The information contained in this document is published for the assistance of the recipient, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient.