TODAY 11-10-11

NL (a.o.): - ;
NL Tomorrow *(a.o.): ASML;*
EUR (a.o.): Banco Espanol de Credito;
EUR Tomorrow *(a.o): Burberry, Casino ;*
EUR Ex-div (a.o.): Banco Espanol de Credito;
EUR Ex-div Tomorrow *(a.o): Balfour Beatty, Bekaert, Capital Shopping Centres, Cobham, Kerry Group, Old Mutual , Smith & Nephew, Tesco, Travis Perkins, Wolseley, WPP;*

MACRO:
09:30 Netherlands Industrial Production
13:00 US NFIB Small Business Optimism
16:00 US IBD/TIPP Economic Optimism
Slovakian Parliament is scheduled to vote on the EFSF
Michel Barnier speaks at seminar on finance rules in Paris

FINANCE Credit / CDS HFs

- **Volcker Restrictions on Banks' Trading Set for Release by FDIC** -- U.S. regulators may begin seeking comment on Dodd-Frank Act restrictions that have already led banks including JPMorgan Chase & Co. and Goldman Sachs Group Inc. to wind down proprietary trading desks in anticipation. The so-called Volcker rule, which would limit how banks can invest their own capital, is scheduled for consideration by the Federal Deposit Insurance Corp. board at a meeting in Washington today. The measure, crafted by the FDIC and three other agencies, is aimed at heading off risk-taking that helped fuel the 2008 credit crisis. Analysts say it could cut revenue and reduce market liquidity in the name of limiting risk. (BN)
- **Following Volcker Rule on Trading May Fall To CEOs and Directors** -- Chief executive officers and directors of Wall Street banks would have to personally approve compliance with a ban on proprietary trading under the so-called Volcker rule, according to a draft of the proposal. Financial regulators would require senior management to establish detailed programs for ensuring their banks are following the new rules, according to the 288-page proposal dated Sept. 30 and labeled "confidential and predecisional." A copy was obtained by Bloomberg News. Each bank's CEO and board would be "responsible for setting an appropriate culture of compliance" and the board would be responsible for ensuring compensation structures are aligned with the rule, according to the draft. (BN)
- **High-Frequency Trades Said to Be Topic at Regulator Meeting** -- Mary Schapiro, the chairwoman of the U.S. Securities and Exchange Commission, and regulators from the U.S., Europe and Asia will meet in London to discuss high- frequency trading, said two people with knowledge of the discussions. The summit at the U.K. Financial Services Authority on Oct. 14 will also include Gary Gensler, chairman of the Commodities and Futures Trading Commission, and Steven Maijoor, chairman of the European Securities and Markets Authority, according to the people, who declined to comment because the meetings are private. Officials from Japan, Brazil, Italy, Spain and Canada will also attend the meetings, which will look at regulatory issues other than high-frequency trading. (BN)
- **Regulators stand up for new capital rules** -- Reforms would only slow GDP by 0.34 per cent at peak over eight-year period during which regime is implemented, say FSB and Basel Committee http://link.ft.com/r/CTBPCC/KQN6JL/ZGGWY/KQQR9V/R3TOVW/CM/h?a1=2011&a2=10&a3=10 (FT)
- **Basel Levy for Systemic Banks Won't Hit Recovery, Regulators Say** -- Capital surcharges of as much as 2.5 percentage points on the world's biggest banks will have only a "modest impact" on the economic recovery and may eventually help spur growth, according to global regulators. The proposals, coupled with other rules to force banks to build up their reserves, will cut economic output by a maximum of 0.34 percent during a transition period, the Basel Committee on Banking Supervision and the Financial Stability Board said in a report yesterday. Longer term, the combined plans will bolster output by as much as 2.5 percent a year because of the reduced risk of financial turmoil. (BN)
- **Firms Face $1.4 Trillion Hit for Clearing Interest-Rate Swaps** -- New regulations requiring traders to post initial margin when clearing swap contracts through clearinghouses and outside of clearinghouses will cost financial firms $1.4 trillion in new capital charges, according to a research report released on Monday by Tabb Group. That $1.4 trillion relates only to interest-rate contracts which make up the largest portion of the $600 trillion global swaps market. And the figure could be a conservative estimate. It could actually reach as much as $2 trillion. "Although dealers have readily adopted clearing for the most vanilla segment of their OTC derivative portfolios, these exposures require comparatively little margin since they represent the creme of the proverbial crop," says E. Paul Rowady Jr, a senior analyst at Tabb Group who authored the report entitled "Initial Margins for OTC Derivatives: The Burden of Opportunity Costs. For so-called exotic **derivative positions and smaller portfolios held by a majority of "other end users"** -- typically fund managers and corporations-- the initial margin requiremetns will range from "painful" to the "outright extinction of some types of trades. http://www.securitiestechnologymonitor.com/news/clearing-interest-rate-swaps-2-trillion-29306-1.html?ET=securitiesindustry:e2907:187044a:&st=email&utm_source=editorial&utm_medium=email&utm_campaign=SIN_DailyClose__101011 (STM)
- **Opacity May Stymie CMBS Derivatives Index, Credit Suisse Says** -- A proposal requiring dealers to provide individual marks on bonds underlying commercial-mortgage derivative contracts was voted down, potentially creating a drag on liquidity, according to Credit Suisse Group AG. Markit Group Ltd. started the index last week to mimic the performance of debt backed by property loans sold after 2009, in part to provide lenders with a way to offset the risk of warehousing mortgages earmarked for sale as securities. One impediment for the new index gaining traction is concern that marks provided by dealers anonymously aren't reliable, Credit Suisse Group analysts said in an Oct. 7 report. Greater transparency would have raised the level of confidence and increased the odds of the index being a success, said the New York-based analysts. (BN)
- **Volcker Rule May Cut Fixed-Income Revenue 25%, Hintz** -- Wall Street's fixed-income desks could suffer a 25 percent decline in revenue under a Volcker rule proposal that may outlaw so-called flow trading, according to brokerage analyst Brad Hintz. The draft proposal, written by regulators including the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corp., forbids market-makers who trade debt securities for customers from amassing positions "in expectation of future price appreciation," Hintz, of Sanford C. Bernstein & Co., wrote yesterday in a note to investors. "Thus flow trading may be prohibited." Such a move would cut fixed-income revenue by 25 percent and reduce profit margins by 18 percent, Hintz estimated. (BN)
- **[yday] Beijing intervenes to help stabilise banks** -- The domestic arm of China's sovereign wealth fund will buy stakes in the 'big four' banks to stabilise the country's financial system http://link.ft.com/r/CTBPCC/KQN6JL/ZGGWY/KQQR9V/C4YJNO/CM/h?a1=2011&a2=10&a3=10 (FT)
- **Chinese Banks Rally After Huijin Begins Increasing Holdings** -- Agricultural Bank of China Ltd. jumped a record 12 percent in Hong Kong trading, leading a rally in the nation's financial shares after state-run Central Huijin Investment Ltd. started buying stock. Industrial &

Commercial Bank of China Ltd., the world's biggest lender by market value, surged as much as 8.9 percent and Bank of China Ltd. gained 9.8 percent after the arm of China's sovereign wealth fund said it began buying shares yesterday in the four biggest banks. China Construction Bank Corp. rose as much as 9.1 percent. (BN)

- **Leterme Urges EU Bank Plan Before Talk of Deeper Greek Debt Cut** -- European leaders need a strategy for shoring up banks before plunging into the "sensitive" question of deeper-than-planned writedowns on Greek debt, Belgian Prime Minister Yves Leterme said. Leterme said an Oct. 23 crisis summit should focus on boosting the 440 billion-euro rescue fund instead of reopening a July accord to cut Greek bond values by an average of 21 percent. "It is a very sensitive item," Leterme said in a Bloomberg Television interview at his Brussels residence today. "You can't at every European Council change the percentages and bring supplementary problems to banks." (BN)
- **Greece May Face Debt Haircut Over 60 Percent, Juncker Tells ORF** -- Luxembourg's Jean-Claude Juncker, who leads the group of euro-area finance ministers, said more than 60 percent of Greece's debt may need to be restructured. While a Greek debt restructuring cannot be ruled out, Juncker said late yesterday in an interview with Austria's ORF television, "all strenght must be used" to prevent a euro-area country from going bankrupt. (BN)
- **Kranjec Says French, German Banks Would Suffer in Greek Default** -- European Central Bank governing council member Marko Kranjec said banks in France and Germany would suffer if Greece defaulted on its debt, and this would cause a "domino effect." Kranjec, who is also governor of Slovenia's central bank, said in an interview today on TV Slovenija that he expects Greece will restructure its debt and won't default. (BN)
- **[yday] U.K. Regulator Criticizes Auditing of French Banks, FT Reports** -- Britain's leading accounting regulator criticized French auditors for allowing France's banks to report smaller losses on Greek government bonds than some European competitors, the Financial Times reported. Stephen Haddrill, the chief executive officer of the Financial Reporting Council, told the newspaper he doesn't see "strong auditing going on" in France. (BN)
- **Rabobank Placed EU75 Billion in Deposits at ECB, Dagblad Reports** -- Rabobank Groep placed 75 billion euros at the European Central Bank after companies and investors increased their deposits with the Dutch lender, Het Financieele Dagblad reported today, without saying where it got the information. According to Rabobank Chief Financial Officer Bert Bruggink it would be good if banks could issue government-guaranteed debt, similar to a 2009 program, the newspaper said, even as Rabobank itself has no need to do so. (BN)
- **CDC Wants French State Guarantee on Dexia Loans, Tribune Says** -- France's state-owned Caisse des Depots et Consignations is seeking a state guarantee on Dexia SA loans that it's being asked to take over in order to protect its AAA credit rating, La Tribune reported, without citing anyone. The newspaper cited unidentified people close to CDC as saying that it's being asked to assume loans worth between 20 billion euros and 40 billion euros from Dexia's French municipal lending unit. (BN)
- **French Banks to Meet Securitization Rules Mid 2012, Echos Says** -- French banks have committed to meeting rules on allowing for risks linked to securitization by the middle of 2012, French daily Les Echos reported, without saying where it got the information. The new norms are referred to as Basel 2.5 and are an intermediate step towards meeting Basel 3 solvability ratios in 2013, Les Echos said. (BN)
- **EADS CEO: French Banks Say Having Some Dollar Supply Issues** --French banks are experiencing difficulties providing financing for aircraft purchases by airlines, a market that is largely dominated by dollar transactions, Louis Gallois, chief executive of European Aeronautic Defence & Space Co., said Monday. "French banks clearly have problems financing aircraft purchases," he said speaking on the sidelines of an event to launch a new French think-tank to promote the French industry. Mr. Gallois's comments come as French banks have indicated that they were planning to cut back on dollar financing, as raising dollars has become increasingly difficult. Yet, foreign banks are picking up the slack, he added. EADS is cash rich, and is not faced with any problem when it comes to buying parts in dollars, he said. (DJ)
- **Societe Generale Said to Consider Paring Asia Loan Business** -- Societe Generale SA, France's 2nd- largest bank, may reduce its lending in Asia because of market volatility, according to 4 people with knowledge of the matter. * Units in Asia that provide financing for aircraft, shipping and commercial real estate are under review, said the people, who asked not to be identified because the plan hasn't been publicly announced. Paris-based Societe Generale has arranged $1.13b of syndicated loans in Asia-Pacific region outside Japan this year, according to data compiled by Bloomberg (BN)
- **Ireland Sees 46% of Bank Asset Disposals in 2011, Ministry Says** -- Allied Irish Banks, Bank of Ireland, Irish Life & Permanent must deleverage balance sheets by total of EU70b before 2014, Irish finance ministry says in presentation on website. * Govt sees about EU34b of that coming from disposals; sees 46% of disposals "accomplished during 2011" (BN)
- **Irish Life Said to Seek Bids for 500 Million-Euro Subprime Loans** -- Irish Life & Permanent Plc is seeking to sell its 500 million-euro subprime mortgage book after being ordered by regulators to shrink its loans, according to two people with knowledge of the matter. The Dublin-based company, the fifth Irish lender to fall under state control, wants first-round bids for Springboard Mortgages by the end of this week, according to one of the people, who declined to be identified, as the sale isn't public. (BN)
- **U.K. Asset Protection Agency Picks Dickinson as CEO: Times** -- Britain's Asset Protection Agency has appointed Bill Dickinson as its new chief executive officer, the London-based Times reported without saying where it got the information. * Body insures 180 billion pounds of toxic assets held by the Royal Bank of Scotland, Times says. (BN)
- **Banks Are FTSE 100's Biggest Tax Haven Users** -- Banks have emerged as the heaviest users of low-tax jurisdictions in the first audit of where the FTSE 100's 34,216 subsidiaries are registered around the world. HSBC, Barclays, Royal Bank of Scotland and Lloyds Banking Group operate 1,649 companies in low-tax territories, according to returns filed at Companies House compiled by charity ActionAid. Barclays has 174 companies in the Cayman Islands, a British overseas territory that does not tax corporate income. Lloyds has 71 subsidiaries in Jersey, a Crown Dependency, while Royal Bank of Scotland, 83pc-owned by the taxpayer, has 60 companies across both territories. Advertising group WPP, which operates in more than 100 countries, has the largest number of subsidiaries with 2,686 registered around the world. A WPP spokesman said: "The vast majority of the companies identified will be operating companies. I am not saying there are not any companies there for tax planning reasons. We have a duty to shareholders. That's one of the reasons we moved [WPP's head office] to Dublin." http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/8818974/Banks-heaviest-users-of-low-tax-territories.html (TEL)

- **British Bank Downgrade Was 'Entirely Benign Development', Claims ICB Chairman Sir John Vickers** -- Sir John Vickers told the Treasury Select Committee that the ratings downgrade of British banks in anticipation of radical reforms was an "entirely benign development". The chairman of the Independent Banking Commission (ICB)
- insisted that rather than being seen as a warning against his proposals, the downgrades should be seen as "a natural reflection of the taxpayer getting one step further off the hook". Last week Moody's cut the ratings of 12 British lenders, including Royal Bank of Scotland and Lloyds Banking Group, saying that the ICB's report was "credit-negative for bond holders". (TEL)
- **Blackstone, Carlyle On Short List Of Morgan Keegan Suitors -FT** -- Private-equity firms Blackstone Group LP and Carlyle Group LP are conducting due diligence for a possible joint bid, in competition with rival Thomas H. Lee Partners LP, for Regions Financial Corp.'s Morgan Keegan brokerage unit, the Financial Times reported online Monday, citing people familiar with the matter. No date has been set for final bids, but the FT's sources said they expect offers to come in the next two to three weeks. Blackstone, Thomas H. Lee Partners and Regions declined to comment to the newspaper, while Carlyle didn't respond to a request for comment. According to the FT, bids for Memphis-based Morgan Keegan have come in at about the $1.5 billion book value for the business. The unit generated revenue of about $1.3 billion in 2010. (DJ)
- **Deutsche Boerse-NYSE Review Said to Cover Derivatives, Clearing** -- European antitrust regulators are studying how Deutsche Boerse AG's takeover of NYSE Euronext will affect derivatives trading, clearing and index licensing, three people with direct knowledge of the review said. Regulators stopped short of offering possible remedies in a statement sent to the companies last week, the people said, declining to be identified because the document is private. Deutsche Boerse agreed in February to acquire NYSE Euronext, creating the world's largest futures exchange. Frank Herkenhoff, a spokesman for Deutsche Boerse in Frankfurt, Caroline Nico, a spokeswoman for NYSE Euronext in Paris and Amelia Torres, a spokeswoman for the European Commission in Brussels, declined to comment. (BN)
- **Alleged Hackers Fail to Disrupt NYSE** -- Operations of the public web site of the New York Stock Exchange that carries the Internet address http://www.nyse.com were not disrupted Monday. This came after a takedown was pledged as the stated objective of an unidentified pariy or parties claiming to be the Anonymous Hackers, who earlier this year successfully disrupted the public Web sites of credit card payments processors MasterCard and Visa. (STM)
- **Nasdaq Gets into 'Normalized' Market Data Business** -- The service will include prices for all stocks, whether listed on Nasdaq or the New York Stock Exchange. The UltraFeed will compete with market information supplied by such existing broad suppliers as Interactive Data. (STM)
- **CME Group In Push To Strengthen High-Speed Trading Circuits** -- The parent of the Chicago Mercantile Exchange is embarking on a multi-year project that will transmit far-flung customers' business to Chicago more quickly, beginning with a higher-speed connection for East Coast firms. The effort will trim fractions of a second from the time it takes derivatives orders to travel from New York to Chicago and will be first in a series of faster and higher-capacity routes CME Group Inc. is forging around the world. (DJ)
- **MetLife Joins AIG Taking Benefit Charge Amid Regulatory Probes** -- MetLife Inc., the largest U.S. life insurer, has joined American International Group Inc. by taking a charge tied to reserves for death benefits as regulators probe the industry's practices for unclaimed funds. MetLife said last week that it will take a third-quarter charge of $115 million to $135 million as it uses data such as Social Security Administration death records to identify cases where it hadn't paid claims. AIG said in August that it added about $100 million to reserves in the second quarter after changing its process for determining when policyholders die. (BN)
- **Banks May Face Fraud, Municipal Claims After Foreclosure Accord** -- U.S. banks may still face state securities-fraud claims and municipal lawsuits over unpaid mortgage fees under a settlement that is "getting closer," the official leading talks for state attorneys general said. Iowa Attorney General Tom Miller said in an interview yesterday that any settlement wouldn't prevent a growing number of municipalities from suing banks for allegedly cheating them out of millions of dollars in filing fees, or individual states from pursuing securities claims against banks. "They won't be released. They will go forward," Miller said about securities claims brought by states. "There will be ongoing litigation" against the banks, he said. (BN)
- **KBC Executes Early Repayment of CDO Fulham to Van De Velde** -- Van de Velde NV said KBC executed an early and full repayment of the CDO Fulham Road Finance Ltd. to Van de Velde for an amount of 2 million euros. The expected maturity date of the CDO Fulham was Jan. 7, 2013, Van de Velde said today in an e-mailed statement. "The early repayment is purely driven by a decision of KBC and has not been negotiated between parties," Van de Velde said. (BN)
- **VAN DE VELDE CASHES 2.0 M€ ON CDO PORTFOLIO** -- KBC has executed an early and full repayment of the CDO Fulham Road Finance Ltd. ("CDO Fulham")to Van de Velde for an amount of 2.0 m€. The expected maturity date of the CDO Fulham was January 7, 2013. The early repayment is purely driven by a decision of KBC and has not been negotiated between parties. Van de Velde points out that there is still 1 CDO outstanding (Sydney Street Finance Ltd. or "CDO Sydney")for an amount of 1.45 m€ with an expected maturity date of July 7, 2015. The legal case which was brought before the court by Van de Velde against KBC and which relates to the purchase of CDOs, remains pending to allow Van de Velde to also recover the incurred losses on the CDO Sydney. As both CDOs were fully written down in 2008 and 2009, Van de Velde will post an exceptional profit before taxes of 2.0 m€ related to the CDO Fulham in 2011. (vdVelde)

TECH/TELCO

- **European Telecoms High Cash Flow Margins to Fall, Goldman Says** -- Cites industry transitions to data. * Cable/EM Mobile more attractive than declining defensives; conviction list buy on KDH, Millicom, TeliaSonera, Virgin Media; CL Sell on France Telecom: Goldman * 2012 forecasts for S. European stocks 2%-6% below consensus Ebitda, cites macro/structural pressures, LatAm FX weakness: Goldman (BN)
- **Bharti Says India Airwaves Plan to Add 'Needed' Capacity** -- India's plan to make more spectrum available to mobile-phone operators and allow sharing and trading of airwaves will provide carriers with "much needed" extra capacity, Bharti Airtel Ltd. said. (BN)
- **[Yday] Bouygues Shareholders Approve EU1.25 Billion Share Buyback** -- Bouygues SA shareholders approved a plan to buy back as much as 1.25 billion euros of the French construction company's own stocks in a bid to boost shares that have lost a fifth of their value this year. (BN)
- **Apple Says IPhone 4S Preorders Top 1 Million in Single Day** -- Apple Inc. received more than a million preorders for the iPhone 4S in a single day, putting the company on a record-setting sales pace ahead of the device's Oct. 14 release. The preorders topped the previous

record of 600,000 set by the iPhone 4 last year, Cupertino, California-based Apple said today in a statement. Apple unveiled the iPhone 4S last week, pricing it at $199, $299 and $399, depending on the features. (BN)

- **EARNINGS PREVIEW: ASML 3Q Net Profit Seen 25% Higher** -- ASML Holding NV 3Q Earnings: Due: Oct 12 at 0500 GMT; FactSet Survey of 19 Analysts; Average Revenues: EUR1.41B, up 19% (EUR1.18B in 3Q 2010); Average Net Profit: EUR335.8M, up 25% (EUR269M 3Q 2010); Note: Net profit seen up 25% on year with recovery in demand for chips having led to increased orders. However, current uncertainties about global economic environment and its effect on semiconductor industry puts outlook of bellwether ASML in spotlight. Three months ago, company warned that weak demand will hurt orders and new orders in Jul-Sep period won't exceed EUR500M. JPMorgan expects 3Q results in line with company's guidance of EUR1.4B in sales but sees no major improvement in 4Q earnings, adding any comment on visibility into 1Q12 will be of interest. (DJ)
- **Defence groups turn to cybersecurity** -- The sector is thriving, with the defence industry increasingly looking to profit from the need to protect computer networks from attack http://link.ft.com/r/CTBPCC/KQN6JL/ZGGWY/KQQR9V/R3TO2T/CM/h?a1=2011&a2=10&a3=10 (FT)
- **Groupon Changes Tallies to Make Sales Estimates 'Impossible'** -- Groupon Inc., saying it wants to be "transparent" about a "lack of transparency," will change how it reports the number of daily deals sold, an effort to make it harder for researchers to predict its growth. Groupon, which makes money from selling online coupons, will under-report the number of coupons purchased by 0.5 percent to 19.5 percent, it said in a blog posting. It also will be capping and rounding the counter from time to time. (BN)
- **Netflix Retreats From Plan to Split DVDs From Web Streaming** -- Netflix Inc., reacting to customer anger, retreated from a three-week-old decision to split its mail-order DVD and Internet-streaming services. Customers will be able to access the two services from Netflix.com, with one account and password, the Los Gatos, California-based company said in a statement, scrapping a plan to create a separate DVD offering called Qwikster. Netflix declined $5.59, or 4.8 percent, to $111.62 at the close in New York. The shares have slumped 28 percent since Sept. 18. (BN)
- **Cisco Investor Nader Asks Chambers to Issue, Raise Dividend** -- Cisco Systems Inc. shareholder Ralph Nader, a former presidential candidate and consumer advocate, reiterated a call for Chief Executive Officer John Chambers to issue a special dividend and increase the existing one. "My sense is that you really do not resonate with your shareholders who trusted you and relied on you," Nader said in a statement. "Give them the dividend respect their continuity with you deserves." (BN)

RESEARCH UPDATES

Goldman Sachs cut **Telecom Italia** to Sell, from Neutral, cut **Telefonica** to Neutral, from Buy; JP Morgan cut **Aeroports de Paris** to Neutral, from Overweight; Goldman Sachs cut **Metro** to Neutral, from Buy; JP Morgan cut **Vallourec** to Neutral, form Overweight; Goldman Sachs cut **Iberdrola** to Sell; Citigroup initiated **SAP** at Buy; Barclays cut **Accor** to Equal Weight, from Overweight; Nomura upped **Aperam** to Buy, from Neutral; ING cut **ASML** to Hold, from Buy; ING cut **Ordina** to Hold, from Buy;

ENERGY, UTILITIES AND COMMODITIES

- **Oil Trades Near Two-Week High on Supply Concerns, Equities Rally** -- Oil traded near the highest price in two weeks on signs that crude exports from Kuwait and Nigeria may be disrupted, while a rally in equity markets underscored speculation that Europe will contain its debt crisis. Futures were little changed after increasing yesterday for a fourth day in the longest streak of gains since August. Stocks rose after leaders in France and Germany promised to stem a crisis that threatens to pull Europe into recession. A strike may block some oil shipments from Kuwait, a union official said, while Royal Dutch Shell Plc's Nigerian venture declared force majeure on exports of Forcados crude because of sabotage. Crude for November delivery was at $85.62 a barrel, up 21 cents, in electronic trading on the New York Mercantile Exchange at 1:12 p.m. Sydney time. The contract yesterday climbed 2.9 percent to $85.41, the highest close since Sept. 21. Prices are down 6.4 percent this year. Brent oil for November settlement was at $109.02 a barrel, up 6 cents, on the London-based ICE Futures Europe exchange. The European benchmark contract was at a premium of $23.33 to New York crude, compared with a record of $26.87 on Sept. 6. (BN)
- **China to Extend Oil, Gas Resource Tax Nationwide Next Month** -- China will extend a value-based tax on sales of oil and natural gas nationwide starting next month to help save energy in the world's fastest-growing major economy and boost local government revenues to develop inland provinces. The oil and gas tax, ranging from 5 to 10 percent of sales, will be levied on both domestic producers and joint ventures with overseas companies, the Ministry of Finance said in a statement today. China will apply a value-based tax on other commodities when the time is right, the ministry said. China, which currently levies the tax based on volume, introduced a 5 percent tax on oil and gas sales in Xinjiang on a trial basis in June last year to help fund development of the western province. The new regulation may crimp the earnings of companies including PetroChina Co. and China Petroleum & Chemical Corp., known as Sinopec. (BN)
- **Average UK household faces fuel poverty by 2015** -- The average household will be in "fuel poverty" by the next election in 2015 if energy bills, which have almost doubled as a share of median income since 2004, stay on their current path http://link.ft.com/r/P75VYY/YBCXQP/ZGGWY/SPPTU5/SPH06X/VU/h?a1=2011&a2=10&a3=10 (FT)
- **Japan, Saudi Arabia Agree To Boost Energy Cooperation –Kyodo** -- Japanese Economy, Trade and Industry Minister Yukio Edano agreed in Riyadh on Monday to boost bilateral cooperation with Saudi Arabia in a wide range of fields including renewable energy and energy saving, Kyodo News reported Tuesday. (DJ)
- **Putin Courts China as Russia Seeks to Bridge Differences on Gas** -- Prime Minister Vladimir Putin may give Asia more weight in Russian foreign policy when he returns to the presidency next year, broadening a relationship with China and trying to bridge differences on gas exports. Putin, who will meet Chinese President Hu Jintao and counterpart Wen Jiabao on a two-day trip to Beijing that starts today, will take full control of foreign policy again after four years marked by improving ties with the U.S. under outgoing President Dmitry Medvedev. (BN)
- **[yday] Iraq to Revise Kurdish Oil Deals With Foreigners on Dispute** -- Iraq will revise oil deals agreed between the Kurdish north and foreigners such as Genel Energy International Ltd., the company being acquired by investors including Nathaniel Rothschild, and DNO International ASA. "All of those contracts will have to be presented to the Federal Council for Oil and Gas to be reviewed, amended," said Hussain al-Shahristani, Iraq's deputy prime minister for energy affairs and former oil minister, in an interview in Oslo today. "They will not be accepted as they are, for sure." (BN)
- **ArcelorMittal Plans 30 Megawatts of Charcoal-Gas Power in Brazil** -- ArcelorMittal, the world's largest steelmaker, plans to tap the waste gas emitted during the production of charcoal to produce as much as 30 megawatts of electricity. ArcelorMittal may upgrade all 254 of

its wood-carbonizing kilns in Brazil with pipes that funnel combustible gases to power generators by 2016, Augusto Valencia Rodriguez, technology and logistics manager of the Luxembourg-based company, said today in a telephone interview. (BN)

- **Glencore Seeking Mining Ventures in South Africa, Reuters Says** -- Glencore International Plc is pursuing mining joint ventures with South African partner Cyril Ramaphosa and is particularly keen on "bolt-on deals," Reuters reported, citing unidentified people in the industry. (BN)
- **Chinese Steel Chief Will Head Global Industry Group, FT Reports** -- Zhang Xiaogang, 57, the president of China's state-owned Anshan Iron & Steel Group, this week becomes chairman of the World Steel Association for a one-year term, the Financial Times reported. Zhang will, for example, speak for the industry in negotiations with governments over reduction of carbon dioxide emissions, and the appointment points up China's growing industrial strength, the newspaper said. (BN)
- **Chinalco to 'Strictly' Control Investments, Xiong** -- Aluminum Corp. of China, the nation's biggest producer, said it will "strictly" control project investments and be "prudent" on acquisitions amid a slump in metal prices. The company, also known as Chinalco, should "get well prepared to counter tough challenges" and ensure its financial safety amid market volatilities, according to a statement on the company's website today. (BN)
- **Copper in London Drops as Much as 1.3% to $7,400 a Ton** -- Copper in London dropped as much as 1.3 percent to $7,400 a metric ton, extending an earlier decline, the first in five days. (BN)
- **Alcoa's Earnings Recovery Slows on Aluminum Price 'Headwind'** -- Alcoa Inc., the largest U.S. aluminum producer, may report a slowdown in its earnings recovery after the lightweight metal used in beverage cans and aircraft erased all this year's price gains. Third-quarter net income will be 23 cents a share, compared with 9 cents a year earlier, according the average estimate of 15 analysts surveyed by Bloomberg. That's 18 percent less than analysts estimated a month ago. (BN)
- **RWE AG** -- Germany's second-biggest utility company restarted a unit at its Littlebrook oil-fired power station in the U.K. The unit started generating power for the first time since December. (BN)
- **Spanish Utility Intervention Risk 'Material,' Goldman Says** -- Says expects higher pool prices, need to eliminate structural electricity deficit in Spain to put significant pressure on domestic tariffs. * Risk of intervention in the system to balance the electricity deficit remains material: Goldman * Sees structural tariff deficit to be closed by introducing a €20/MWh hydro/nuclear tax in 2012: Goldman * Enel, EDP preferred stocks, cuts Iberdrola to sell (BN)
- **EU to Seek Curbs on UN Excess Emission Rights After** -- European Union governments agreed to seek restrictions on the use of United Nations emission permits after 2012, breaking a two-year deadlock over how to respond to a surplus that threatens climate-protection goals. The political accord by EU environment ministers will become part of their negotiating position for the next round of UN climate talks due to start in November in Durban, South Africa. At stake is the future of UN-sponsored emission rights - - known as **Assigned Amount Units** -- under the 1997 Kyoto Protocol after its initial period ends in 2012. (BN)
- **U.K. Carbon Goals Review May Hamper Investment, Lawmakers Say** -- The U.K.'s plan to review its emissions-cutting targets for the five years through 2027 may weaken investor confidence, a panel of lawmakers from the nation's three biggest political parties said. The Environmental Audit Committee said the 2014 review could jeopardize the country's goal of cutting greenhouse gases by 80 percent from 1990 levels by 2050, according to a report today. The planned review is of the so-called fourth carbon budget, which aims to slash emissions by 50 percent from 1990 levels from 2023 to 2027. (BN)

NETHERLANDS / AEX NEWS

- **Akzo Nobel Starts Single Global Brand Identity Consumer Paint** -- Akzo Nobel NV plans to introduce a single global brand identity for its retail consumer paint range. (BN)
- **Beijing Automotive 'Not Interested' in Saab, Chairman Xu Says** -- Beijing Automotive Group Co. is "not interested" in investing in Saab Automobile, Chairman Xu Heyi said at a forum in Chengdu, China today. The automaker will produce the C70 car at the end of the year, Xu said, the first model from the technology it bought from Saab Automobile in December 2009. Beijing Auto will provide more than 100 electric vehicles to Beijing's police department and 300 electric minicars to government agencies and its own employees, Xu said. (BN)

M&A and OTHER CORPORATE NEWS

- **Asian Stocks Rise, Led by Chinese Lenders; Japan Stocks Climb** -- Asian stocks rose, sending a regional index toward its biggest four-day advance since March 2009, as Chinese lenders surged after a state-owned investment company bought bank shares and Japanese equities climbed on resuming trade from a holiday. Bank of China Ltd. climbed 8.9 percent in Hong Kong after China's state-run investment arm said it began buying shares of the four biggest national banks. Cnooc Ltd., China's No. 1 offshore oil explorer, added 6.1 percent as a pledge by Germany and France to support Europe's banks spurred commodity prices. Rio Tinto Group, the world's second-biggest mining company by sales, rose 0.9 percent in Sydney and Korea Zinc Co. surged 5.1 percent in Seoul. Sony Corp., Japan's largest exporter of consumer electronics, jumped 5.4 percent in Tokyo. The MSCI Asia Pacific Index gained 2.1 percent to 116.12 as of 1:54 p.m. in Tokyo as commodity prices also advanced after German Chancellor Angela Merkel and French President Nicholas Sarkozy pledged at the weekend to deliver a plan to recapitalize the Europe's banks and address Greece's debt crisis by Nov. 3. More than six stocks rose for each that fell on the gauge. The MSCI Asia Pacific Index dropped 17 percent this year through yesterday, compared with a 5 percent loss for the S&P 500 and a 14 percent decline for the Stoxx Europe 600 Index. Stocks in the Asian benchmark were valued at 11.6 times estimated earnings on average, compared with 12 times for the S&P 500 and 10 times for the Stoxx 600. Companies in the MSCI Asia Pacific Index trade at about 1.2 times book value, compared with 2 times for the S&P 500 and 1.4 times for the Stoxx 600. Japan's Nikkei 225 Stock Average advanced 2.1 percent today as the nation's markets resumed trading following yesterday's public holiday. Hong Kong's Hang Seng Index surged 3.3 percent, while Australia's S&P/ASX 200 Index gained 0.6 percent and South Korea's Kospi Index climbed 1.6 percent. (BN)
- **China's Stocks Rise After Sovereign Wealth Unit Buys Bank Shares** -- China's stocks rose for the first time in five days as a state-run investment arm began buying shares of the nation's four biggest banks after valuations dropped to levels reached during the global financial crisis. Industrial & Commercial Bank of China Ltd. climbed the most in six weeks while China Construction Bank Corp., Agricultural Bank of China Ltd. and Bank of China Ltd. jumped at least 2 percent after Central Huijin Investment Ltd. acquired their shares. The stock market pared gains as Yanzhou Coal Mining Co. and its rivals plunged after the government announced higher resource taxes on coking coal. The Shanghai Composite Index added 17 points, or 0.7 percent, to 2,362.03 at 1:01 p.m. local time. The measure rallied as much as 2.9 percent

today, rebounding from a drop yesterday that sent it to the lowest level since March 25, 2009. The CSI 300 Index gained 0.5 percent to 2,570.83 today, led by financial companies. (BN)

- **S&P 500 Caps Biggest Gain Since August on Europe Support Pledge** -- U.S. stocks advanced, giving the Standard & Poor's 500 its biggest rally since August, after the leaders of France and Germany pledged a plan to support European banks and stem the region's debt crisis. All 10 groups in the S&P 500 advanced. Bank of America Corp. and JPMorgan Chase & Co. added more than 5.2 percent. Chevron Corp. and Alcoa Inc. climbed at least 3.9 percent. Caterpillar Inc. and Boeing Co. increased more than 3.5 percent, pacing gains in companies most-tied to the economy. Sprint Nextel Corp. tumbled 7.9 percent as at least seven analysts cut their ratings after the carrier's investor meeting. The S&P 500 advanced 3.4 percent to 1,194.89 at 4 p.m. New York time. It had the biggest rally over five days since March 2009, gaining 8.7 percent. The Dow Jones Industrial Average added 330.06 points, or 3 percent, to 11,433.18. The Russell 2000 Index of small companies surged 4.4 percent. About 6.9 billion shares changed hands on U.S. exchanges as of 4:27 p.m., the lowest volume since Aug. 29, according to Bloomberg data. (BN)
- **EUROPE** -- European bourses, reflecting cautious sentiment, are likely to open narrowly mixed, with a similar pattern found in bunds and gilts. Stock markets may start mixed while investors pause from Monday's euphoria over prospects for a comprehensive resolution to the euro zone's sovereign debt woe. For Tuesday's opening, IG Markets is calling the FTSE down 8 points at 5391, the DAX up 8 at 5391, and the CAC flat at 3161. (DJ)
- **TUI, Hapag-Lloyd Disagree on Timing of Stake Sale, FTD Says** -- TUI AG and Hapag-Lloyd AG disagree on the timing of the planned sale of TUI's stake in the shipping company, Financial Times Deutschland reported, citing unidentified people close to Hapag-Lloyd's owners. The section referring to the sale doesn't in legal terms unambiguously say when TUI is allowed to exercise its put option to sell its remaining Hapag stake, the newspaper said, citing people close to the owner. (BN)
- **KÜHne + Nagel Acquired Carl Druge Logistics for Undiscloed Price** -- Kuehne + Nagel AG said it acquired Carl Drude GmbH & Co. KG for an undisclosed amount. (BN)
- **Air France Unions to Strike on Long Weekend Break, Tribune Says** -- Unions representing flight attendants at Air France-KLM group have called for a strike during France's Oct. 29 to Nov. 2 extended weekend break, La Tribune reported, citing representatives of the organizations. Flights leaving Roissy-Charles de Gaulle, Orly and Marseille airports may be affected by the labor action to protest working conditions, according to the report. (BN)
- **German Air Traffic Controllers Plan Walkout, GdF Union Says** -- Germany's air-traffic controllers plan to stage a strike over pay later this week, threatening services at carriers including Deutsche Lufthansa AG, should talks slated for Oct. 12 fail, their union said. Proposals issued by German air-navigation agency Deutsche Flugsicherung GmbH today were "inadequate," the Gewerkschaft der Flugsicherung union, which represents about 3,400 controllers, said in a statement. (BN)
- **Deutsche Lufthansa AG** -- Europe's second-biggest airline's joint-venture with Alpha Flight Group Ltd. in airline catering needs a full investigation of concerns it could raise prices for U.K. passengers, a British antitrust regulator said. (BN)
- **Continental AG Producing Extra Winter Tires – Report** -- German tire maker Continental AG is producing additional winter tires due to bottlenecks stemming from the current global boom for automobiles, a company board member told Tuesday's edition of German newspaper Handelsblatt. "Strong demand from substitute purchases and from original equipment calls for extra production," Nikolai Setzer, the board member in charge of Continental's global tire business, was quoted as saying. (DJ)
- **Givaudan 9-Month Sales Drop 9.5%; Confirms Mid-Term Targets** -- Givaudan SA reported a 9.5% decline in Swiss franc-denominated nine-month sales, said it will increase prices to offet higher higher costs, and confirmed its mid-term targets. MAIN FACTS: - In the first nine months of 2011, Givaudan recorded sales of 2.97 billion Swiss francs, an increase of 4.7% in local currencies and a decline of 9.5% in compared to the previous year. - Givaudan is successfully implementing price increases in collaboration with its customers to compensate the increases in input costs, and forecasts it will mitigate half of the impact in 2011 and the full impact in 2012. - It continues to have a full project pipeline with win rates sustained at a high level. (DJ)
- **Shore Capital Forecasts Dividends May Rise by 16% in 2011: FT** -- Shore Capital says dividend payments from the U.K.'s 200 biggest companies by market value may rise by 16 percent in 2011 and 13 percent in 2012 because businesses are under pressure from shareholders to return cash instead of spending on expansion, FT reports. * NOTE: Dividends from the same group of companies rose 4 percent in 2010, FT says. (BN)
- **SocGen's Galene Lists 40 Potential European M&A Targets** -- SocGen Deputy Head of Research Alain Galene releases report titled "M&A: A Necessary Recovery"; lists 40 potential M&A targets in Europe: * Aerospace & defense: Meggitt, MTU, Zodiac Aerospace * Auto & equipment makers: GKN, Valeo * Capital goods: Invensys, Rexel, IMI, Vestas * Chemicals: AZ Electronic Materials, Arkema, Akzo Nobel * Construction & construction materials: CRH, Imerys * Hotels & restaurants: Edenred * HPC: Reckitt Benckiser * Luxury & Sporting Goods: Burberry * Media: Havas, PagesJaunes * Metals & mining: Xstrata, Antofagasta, Acerinox * Oil & gas: BG Group * Oil services: SBM Offshore, CGG Veritas * Pharmaceuticals: Qiagen, Shire * Retail (General): CFAO, Next * Software & IT services: Altran, Atos, Logica, Sopra * Technologies: TomTom, Alcatel Lucent * Telecom operators: Belgacom, KPN, Mobistar, Portugal Telecom * Utilities: EDP Renovaveis (BN)

MACRO / GEOPOLITICS

- **ECB Said to Oppose German Push to Alter July 21 Rescue Accord** -- The European Central Bank opposes Germany's push to rewrite the euro area's 12 week-old-rescue plan as leaders prepare the ground for a potential Greek default, a central bank official said. ECB policy makers inserted a line into last week's monthly policy statement that was aimed at Germany's push to impose bigger haircuts on European banks, the official said under condition of anonymity. The sentence, read out by President Jean-Claude Trichet at a press conference in Berlin, urges "all euro area governments to fully implement all aspects" of the July 21 summit agreement. (BN)
- **Slovak Ruling Party Said to Tie EFSF Vote to Confidence Motion** -- Slovakia's ruling party will pressure rebel lawmakers to approve the euro region's retooled bailout fund by threatening to tie a parliamentary vote today on the facility with a no-confidence motion, two government officials said. Slovakia is the only country in the 17-nation euro area that hasn't ratified the financial rescue measure, following approval in Malta's parliament yesterday. (BN)
- **Slovak PM threatens to quit if no deal on euro fund** -- Slovak Prime Minister Iveta Radicova threatened on Monday to quit if her centre-right coalition does not reach agreement on a plan to expand a euro zone safety net to contain the currency bloc's debt crisis, a government

source said. Tiny Slovakia, along with even tinier Malta, are the last holdouts yet to vote to expand the size and scope of the European Financial Stability Facility under a deal reached in July to save the euro from its debt crisis. The plan must be approved by all 17 countries using the European single currency. The measure is due to go up for a vote in Slovakia's parliament on Tuesday. Talks among parties in Radicova's ruling coalition broke up on Monday without agreement to pass it. (R)

- **Constancio Says EFSF Must Support Italy, Spain Bond Sales** -- European Central Bank Vice President Vitor Constancio said the region’s bailout fund should support new bond issuances by Italy and Spain. While recapitalizing banks is “important,” the priority at the moment for the European Financial Stability Facility “is to provide support to new bond issuance by, for instance, Italy or Spain,” Constancio said in a speech in Milan today. German Chancellor Angela Merkel and French President Nicolas Sarkozy yesterday pledged to present a blueprint to resolve the region’s debt crisis by a Nov. 3 Group of 20 nations summit. French-Belgian Dexia SA, once the world’s leading lender to municipalities, became the first bank to fall victim to the worsening crisis after concern over its European sovereign-debt holdings caused short-term funding to evaporate. (BN)
- **ECB Backs Guarantee Option to Magnify Europe’s Rescue Fund** -- The European Central Bank says the firepower of Europe’s bailout fund should be magnified by using government guarantees rather than the central bank’s money market operations. The ECB says governments should use the 440-billion-euro European Financial Stability Facility to insure a portion of new bonds issued by debt-strapped nations. That would leverage the amount available to protect member states from the region’s debt crisis. (BN)
- **Estonia Doesn’t Want EFSF to Be Increased, Le Figaro Says** -- Estonia wants the European Financial Stability Facility to be ratified as soon as possible and doesn’t believe that the amount in the facility should be increased, Le Figaro reported, citing the coutry’s prime minister Andrus Ansip. (BN)
- **EU's Van Rompuy Delays Leaders Summit Until Oct 23** -- European Council President Herman Van Rompuy announced Monday that the upcoming summit of European Union and euro-zone heads of state will be postponed by a week until October 23, in a move signaling the region's leaders are struggling to design a comprehensive crisis response. The summits were originally supposed to happen back-to-back next week, with EU leaders gathering on October 17 and euro-zone heads of government picking up the baton on October 18. "I have decided to convene the European Council & the Eurozone Summit on Sunday, 23 Oct. 2011. Press statement to follow," Van Rompuy said on his Twitter account. The statement added no further details. (DJ)
- **Dutch Say Want Tough Measures for Budget Violations, FT Reports** -- Netherlands Finance Minister Jan de Jager wants harsh enforcement measures for violations of budget agreements as part of any new pact to save the eurozone, the Financial Times reported, citing an interview. • Netherlands want reforms from any country that seeks help from the European financial stability facility: FT • Some measure Netherlands wants may require renegotiating European treaties: FT (BN)
- **Spain Not Likely to Meet Deficit Target This Year: Guardian** -- Spain appears unlikely to be able to reach its target of reducing its public deficit to 6 percent from 9 percent this year, the Guardian reported, citing Angel Laborda an analyst with the Funcas savings bank federation. (BN)
- **Portugal’s Cabinet to Approve 2012 Budget Plan Oct. 13** -- Portugal’s Cabinet met today to review budget proposal, plans to approve it in regular weekly meeting Oct. 13, Council of Ministers says on website. (BN)
- **Venizelos Says Troika Will Need About 10 Days for Greece Report** -- Greek Finance Minister Evangelos Venizelos said talks with the heads of the mission of inspectors from the European Union, European Central Bank and International Monetary Fund had been effectively concluded. The so-called troika will need about 10 days to prepare its report, Venizelos told Athens-based Mega TV in an interview today. Euro area finance ministers could meet on the report before a summit of EU leaders on Oct. 23, he said. (BN)
- **Greek Finance Minister Says Aid Tranche To Be Paid After Vote** -- Greek Finance Minister Evangelos Venizelos said Monday Greek lawmakers will need to vote in the latest round of austerity measures before the country qualifies for the next aid tranche needed to prevent bankruptcy. "We need to vote in a difficult set of measures. This is a condition for the payment of the sixth aid tranche," he told MEGA television. Last week, Greece's government submitted to parliament a bill implementing austerity measures it has promised international creditors, but which are likely to spark fresh public protests and may test the government's grip on power. The legislation aims to further cut civil servants' pay, downsize Greece's 700,000-strong public sector by placing some 30,000 workers in a special labor reserve, and curtail pensions to high-income retirees, among other things. (DJ)
- **Eurogroup Juncker Can't Exclude Possibility Of Greek Haircut** -- Eurogroup President Jean-Claude Juncker on Monday said in an interview with Austrian state television news ZiB 2 that he doesn't exclude the possibility of a Greek haircut. "I don't exclude the possibility of a Greek haircut, but one should not think that it is simply enough," he said. Stating that Greece will not default on its debt has nothing to do with optimism, said Juncker. "We can't allow a euro zone member state to go bankrupt," said Juncker, adding that there would be a risk of contagion for other countries. (DJ)
- **Greece’s Pangalos Says No Way to Leave Euro Zone** -- Leaving the euro zone or being forced out of it is “impossible,” Greek Deputy Prime Minister Theodoros Pangalos said. “I don’t think there is any possibility of anybody leaving the Euorpean monetary zone, or of kicking somebody out,” Pangalos said at a meeting with reporters in Paris “The euro system is not a system that provides for an exit. We have never thought about that.” He said he has no regrets about Greece joining the euro. (BN)
- **Moody's Reviews Belgian Regions for Downgrade** -- Belgium's financial troubles appeared to mount Monday as Moody's Investors Service announced it was putting the country's three regions on review for a possible downgrade, along with three of their government-related issuers. The news followed Friday's announcement that Moody's was putting the country's Aa1 ratings on review for possible downgrade, in part because the country was about to pay a significant sum to prop up the French-Belgian Dexia bank. (BN)
- **ECB Nowotny Says Inflation Fears Not Justified as Prices Peaked** -- European Central Bank Governing Council member Ewald Nowotny said inflation fears are unfounded as prices will peak in the fourth quarter and retreat afterwards. “All economic forecasts anticipate that inflation rates will peak this quarter and decrease in 2012,” Nowotny said in a panel discussion in Vienna today. “However, fear is justified on the development of the real economy,” he added. (BN)
- **Investors worry over cheap ECB money side effects** -- Jean-Claude Trichet, the European Central Bank's departing president, last week offered a farewell gift to Europe's troubled banking sector – cheap money. The ECB, Mr Trichet announced, would offer to lend to European financials through two longer-term refinancing operations. The new LTROs, as they are known, come less than a year after the expiry of the central bank’s last such refinancing operation, in December 2010. LTROs are meant to provide the banks with more stable, longer-term

funding, helping pacify nervous investors and boost liquidity. However, in practice banks can use the funds any way they want. So the offer of more LTROs begs the question of how financial companies will choose to use them this time – and also whether the operations will actually improve conditions for Europe's banks. The original LTROs, for instance, allowed some banks to go on a buying spree – using inexpensive ECB funds to snap up higher-yielding assets in a classic "carry trade". Unfortunately many of those investments appear to have taken the form of government debt from the region's weaker nations, strengthening the link between troubled sovereigns and banks which Europe is trying desperately to break.[…] Analysts expect banks will tap €225bn-€440bn from the two new operations, but seem divided on how much of that will be used to improve funding. Banks' ability to source financing is likely to have deteriorated since the first LTROs, some say, meaning banks will be trying to deleverage and sell assets rather than buy new ones. (http://www.ft.com/intl/cms/s/0/d2f87d16-f339-11e0-8383-00144feab49a.html#axzz1aS1SecLO)

- **[yday] OECD Indicators Strongly Point To Slowdown In Most Econs** -- The slowdown in the world's largest economies looks set to continue, more so in the U.S. and Germany, the Organization for Economic Cooperation and Development said Monday on the basis of its composite index of leading indicators. The Paris-based think tank said its leading indicator of economic activity in its 34 members fell to 100.8 in August from 101.4 in July. It was the fifth straight monthly decline, indicating that the slowdown in growth across developed economies since the third quarter of last year is set to continue. The August CLIs for major developing countries also pointed to a continued slowdown. "Composite leading indicators...continue to point to a slowdown in economic activity in most OECD countries and major non-member economies," the OECD said. (DJ)
- **Japan Finance Minister: To Urge Europe To Take Action To Dispel Market Concerns** --Japan's finance minister said Tuesday that he will press European nations to take fresh action to deal with the continent's debt crisis at a meeting of finance officials from the Group of 20 industrialized and developing nations later this week. "A more stable situation in Europe would stop the yen's uptrend and lead to stable growth in the Japanese economy," Jun Azumi said at a regular press conference. Azumi also said that if European leaders come up with a new scheme for dealing with the debt crisis, Japan will consult with the U.S. on additional support the two countries could give to the continent. (DJ)
- **Japan's Current-Account Surplus Falls as Growth Slows** -- Japan's current-account surplus narrowed for a sixth consecutive month in August, as waning growth in overseas economies and a stronger yen damped export demand. The gap shrank 64.3 percent from a year earlier to 408 billion yen ($5.3 billion), the Finance Ministry said in Tokyo today. The median estimate of 16 economists surveyed by Bloomberg was for a 63.6 percent decline. (BN)
- **Japan Will Be Prudent in Overseeing U.S. Bonds, Maehara Says** -- Japan will be prudent and monitor global trends in overseeing its U.S. bond holdings, said Seiji Maehara, policy chief for the ruling Democratic Party of Japan. Japan needs to take balanced action as the world economy's interdependence is growing, Maehara told reporters at the World Knowledge Forum held in Seoul today. China and Japan are big holders of U.S. debt and Japan will be prudent in its investment decisions, he said in Japanese translated into Korean. China held $1.174 trillion of U.S. Treasuries and Japan owned $915 billion as of July, according to the U.S. Treasury Department. (BN)
- **Berlusconi's Post-Draghi Feud Showcases Italy Risk: Euro Credit** -- Prime Minister Silvio Berlusconi's delay in appointing a new Bank of Italy governor highlights the political paralysis that's hampered his response to the debt crisis and helped prompt three rating cuts in as many weeks. Less than a month before Mario Draghi leaves to head the European Central Bank, Berlusconi remains at odds with Finance Minister Giulio Tremonti over the Bank of Italy governor's successor. With the premier facing four criminal trials and his economic-growth plan delayed by Cabinet wrangling, the Northern League party that ensures his parliamentary majority said last week that the government is unlikely to see out the end of its term in 2013. (BN)
- **Ukrainian Court to Give Tymoshenko Verdict With EU Ties at Risk** -- A Ukrainian court will hand down its verdict today in the abuse of office trial of former Prime Minister Yulia Tymoshenko, with the country's drive for closer ties with the European Union at risk. Tymoshenko, 50, is accused of abusing her position while in power by signing a 10-year gas supply contract with Russia in 2009. The prosecutor in Kiev is seeking a 7-year prison sentence. (BN)
- **BOE Stimulus Expansion May Not Prevent U.K. Recession, BCC Says** -- The Bank of England's expansion of stimulus may not be enough to prevent the U.K. economy slipping back into recession, the British Chambers of Commerce said. "Given the worsening international situation and the acute problems facing the euro zone, there is a clear need for the Monetary Policy Committee and the government to make every effort to avert risks of recession," BCC Chief Economist David Kern said in an e-mailed statement in London today. "The recent increase" in so-called quantitative easing "is welcomed, but more radical measures are needed." (BN)
- **U.K. House-Price Index Was Unchanged in September, RICS Says** -- A U.K. house-price index was unchanged last month as weak consumer sentiment and uncertainty about the economic outlook caused potential sellers to defer putting their homes on the market, the Royal Institution of Chartered Surveyors said. The gauge by London-based RICS remained at minus 23 in September, it said in a statement today. A separate report from the British Retail Consortium showed that while U.K. retail sales rose last month, demand for big-ticket items was hurt by "the weak housing market." (BN)
- **Australia Business Confidence Strengthens by Most Since January** -- Australian business confidence strengthened last month by the most since January as the nation's currency weakened on investor bets that the central bank will cut interest rates, a private survey showed. The confidence index improved to minus 2 in September from a revised minus 9 in August, according to a National Australia Bank Ltd. survey of more than 400 companies from Sept. 26-30 that was released in Sydney today. The business conditions gauge, a measure of hiring, sales and profits, advanced to 2 from minus 3. (BN)
- **Germany Wants EU-Vietnam Free Trade Agreement, Merkel Says** -- Germany wants a European Union- Vietnam free trade agreement, German Chancellor Angela Merkel said at a press briefing in Hanoi today. There's much scope to boost Vietnam-German trade, she said. (BN)
- **UBS Says Worst of China Lending Panic, Hysteria May Be** -- The worst of the "panic and hysteria" over informal lending in China may be over as the city of Wenzhou works with businesses and the central government to stabilize credit, UBS AG said. "The size of informal lending is relatively small and the concerns about the direct impact on the formal banking sector and the economy are exaggerated," Hong Kong-based economist Wang Tao said in a note today. The "bigger risks are credit withdrawal in both the formal and informal lending market and contagion," she said. (BN)

AFS Brokers

Last Trading Day Stats

Index	*Close*	*1D %Chg*	*YTD%Chg*
EuroStoxx 50	2,320.80	2.27%	-16.90%
CAC	3,161.47	2.13%	-16.91%
DAX	5,847.29	3.02%	-15.43%
AEX	293.34	1.74%	-17.27%
FTSE 100	5,399.00	1.80%	-8.49%
SMI	5,718.56	1.17%	-11.15%
OMX	948.29	3.27%	-17.94%
S&P 500	1,194.89	3.41%	-4.99%
Nikkei 225	8,778.83	2.01%	-14.18%

Index	Close	1D Chg	5D Chg
Dow Jones	11,433.18	330.06	777.88
VIX Index	33.020	-3.180	-12.430
VDAX Index	39.310	-3.340	-9.950
2-10 EUR	142.275		
2-10 US	178.821		
Eur / Dollar	1.3644		
Bunds	*Yield (%)*	***Chg 1d bp***	*Chg 5d bp*
2YR	0.65	**4.70**	15.50
5YR	1.328	**7.80**	22.60
10YR	2.083	**8.10**	26.80
	Close	1D Chg	5D Chg
1st CL future	85.41	-0.11	9.63
CRB index	308.66	5.14	12.28

AEX close	293.34
ADR Impact	**0.03**
ADR Impact %	0.01%
AEX Parity	**293.37**
AEX Ex-div Impact	

ADRs	**Volume**	**Rel.vol**	**NL Close**	**ADR (Eur)**	**Chg EUR**	**%Chg**
AEGON NV-NY REG	830476	53%	3.40	**3.42**	0.02	0.54%
ARCELORMITTAL-NY	8138171	102%	13.76	**13.76**	0.00	0.03%
ASML HOLDING-NY	2624948	81%	27.36	**27.10**	(0.25)	-0.92%
REED ELSEVIE-ADR	254343	264%	8.53	**8.55**	0.01	0.16%
ING GROEP-ADR	5258402	95%	5.87	**5.89**	0.02	0.33%
PHILIPS ELEC-NY	1625201	84%	14.43	**14.41**	(0.02)	-0.14%
ROYAL DUTCH-ADR	2929148	136%	24.29	**24.27**	(0.02)	-0.09%
UNILEVER NV-NYS	2189684	55%	23.62	**23.67**	0.05	0.22%

Dow Jones Sectors US	*Close*	***%Chg***	*Chg 1d*	*Chg 2d*	*Chg 5d*
BAS MAT	247.82	**4.46%**	10.59	5.93	29.48
CON CYC	342.08	**3.25%**	10.76	10.66	29.63
CON NCY	328.62	**2.18%**	7.02	7.11	21.55
ENERGY	545.59	**4.55%**	23.72	16.82	58.60
FINANCL	230.80	**5.01%**	11.01	3.07	20.56
HLTHCAR	337.81	**2.39%**	7.90	6.75	20.20
INDUST	285.03	**3.65%**	10.05	8.08	28.44
TECH	652.90	**3.36%**	21.25	17.61	57.42
TELECOM	126.26	**2.32%**	2.86	2.27	3.90
UTILITY	164.56	**2.13%**	3.43	3.72	6.51

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