



TODAY 05-07-11

NL (a.o.): - ;

NL Tomorrow (a.o.): - ;

EUR (a.o.): Carrefour Dia Spin-off;; ;

EUR Tomorrow (a.o.): Sodexo Sales;

EUR Ex-div (a.o.): Carrefour, Cerinox, ACS, Enagas, Iberdrola Renovables, Public Power Corp;

FINANCE Credit / CDS HF's

- **China Banks' Outlook May Be Souring on Loans, Moody's Says** -- Chinese banks' loans to local governments is about 3.5 trillion yuan (\$540 billion) more than estimated and the credit outlook for the industry could decline, Moody's Investors Service said. "The Chinese audit agency could be understating banks' exposure to local governments," Yvonne Zhang, a vice president at Moody's, said in the report. The "apparent absence of a clear master plan to deal with this issue" is likely to exacerbate problems and lenders may be left to manage a part of the souring loans on their own, it said. Bank shares fell. The additional liabilities, coming on top of the national audit office's findings last week of 10.7 trillion yuan in local government debt, may stoke concerns that the banks will be unable to absorb losses on defaults should property prices drop. Non-performing loans could reach as much as 12 percent of total credit, Moody's estimated. (BN)
- **China bank moves into private equity and hedge funds** -- China Development Bank, one of the country's largest state-owned banks, is emerging as an increasingly active overseas investor, using its \$10bn CDB capital fund to take stakes in private equity and hedge funds <http://link.ft.com/r/H60H77/FKX6T2/TUUA5/UUR3GJ/HYK169/1G/h?a1=2011&a2=7&a3=4> (FT)
- **Non-U.S. Banks Make Up 79% of 'Too Big to Fail' Under Dodd-Frank** -- U.S. regulators will oversee more foreign-owned than domestic banks under Dodd-Frank Act rules governing firms deemed systemically important. About 100 foreign-owned banks and financial firms with operations in the United States will be subject to rules designed to protect the U.S. economy from the failure of large firms, according to a Bloomberg Government study. Just 26 U.S.-owned banks and financial firms meet the criteria. The non-U.S. banks will constitute 79 percent of those designated "systemically important financial institutions" by U.S. regulators under Dodd-Frank; U.S. banks will make up 21 percent, the study found. "Foreign-owned banks will be disproportionately affected by the law's most stringent requirements," said Cady North, the Bloomberg Government analyst who wrote the report. Among the rules non-U.S. banks may have to follow are the so-called Volcker rule, which restricts proprietary trading; a requirement to file a resolution plan, or "living will," with U.S. regulators outlining how to break up the firm in case of failure; and capital requirements that exclude trust-preferred securities from being considered Tier 1 capital. Bank holding companies owned by firms outside the United States that are expected to fall under Dodd-Frank rules include: Taunus Corp., owned by Frankfurt-based Deutsche Bank AG; HSBC North America Holdings Inc., owned by London-based HSBC Holdings Plc; and TD Bank US Holding Company, owned by Toronto-based Toronto-Dominion Bank. (BN)
- **ECB to Continue Accepting Greek Debt as Collateral, FT Reports** -- The European Central Bank will keep on accepting Greek debt as loan collateral unless the four credit-rating companies it uses declare it to be in default, the Financial Times reported, citing a senior finance official. The ECB will apply the principle of using the best rating available from Standard & Poor's, Moody's Investors Service, Fitch Ratings and the Canadian service DBRS Inc., the FT cited the official as saying. S&P today said a plan for banks to roll over their holdings of Greek debt into new bonds would constitute a "selective default," the newspaper said. (BN)
- **[yday] ECB's Liikanen: Banks Need Bigger Buffers To Absorb Losses** -- European authorities must require banks to hold larger capital buffers to be able to absorb losses, European Central Bank Governing Council member Erkki Liikanen said Monday. "They also need more liquidity," Liikanen--who is also the governor of the Bank of Finland--said at a seminar organized by the Migration Institute in Turku, Finland. The governor added European authorities and member states must learn from the financial crisis. "We need to have better governance in order to avoid excessive deficits in public finances," Liikanen said. "We must also guarantee that every country takes care of its labor unit cost development." (DJ)
- **Danish Bank Profits to Suffer Amid Funding Squeeze, Moody's Says** -- Denmark's banks face a decline in earnings as the fallout from Europe's toughest resolution laws sends funding costs higher in the Nordic country, Moody's Investors Service Senior Vice President Janne Thomsen said. "We are worried about the loans to farmers, still worried about commercial real estate and we are also worried about the earnings of the banks because funding is going to be, and has shown to be, much more costly than it was in the past," Thomsen said in a telephone interview yesterday. The June 24 failure of Fjordbank Mors A/S, a regional lender with about \$1.4 billion in deposits, underlined the Danish state's commitment to resolution laws that force senior creditors to share losses, Moody's said in a note yesterday. The government's goal of avoiding more insolvencies by encouraging industry consolidation is so far proving "elusive," the rating company said. (BN)
- **U.S. Life Insurers' 'Death Policies' Probe Expands, WSJ Reports** -- New York Attorney General Eric Schneiderman subpoenaed nine leading U.S. life insurers as part of an investigation into adequate payouts on deceased policyholders, the Wall Street Journal reported, citing people familiar with the matter. New York's insurance department is also sending letters to 160 life insurers requiring them to run their policyholder lists through a Social Security database to check if any payouts have been missed or are overdue, the newspaper said. (BN)
- **Nippon Life To Buy 1-2% Stake In Allianz For EUR500M - Nikkei** -- Nippon Life Insurance Co. will spend EUR500 million to take a 1-2% stake in German insurer Allianz, hoping to partner with Europe's largest insurer on expanding into emerging markets, developing products and managing assets, the Nikkei reported in its Tuesday evening edition. The Japanese insurer will, probably by the end of this month, purchase bonds to be issued by an Allianz subsidiary. The deal would effectively mean taking a stake in the German insurer, because the bonds can be converted into Allianz common shares. Exchanging all the bonds for shares would give Nippon Life a 1-2% stake in the company. Allianz has a firm footing in Europe and the U.S. Although those markets are not seeing strong growth, medical insurance and products for asset management--such as annuity insurance--are widespread there. Nippon Life hopes Allianz will share its know-how for developing products that would see strong demand in an aging society. (DJ)
- **[yday] One in 10 European Insurers Would Fail Stress Test, Eiopa Says** -- About 10 percent of European insurers wouldn't be able to meet new capital requirements under more severe market conditions, the region's insurance regulator said. Adverse market conditions include falling equity prices and interest rates, as well as a higher-than-expected number of natural catastrophes, the Frankfurt-based European Insurance and Occupational Pensions Authority said in a presentation today. Another 8 percent of insurers would fail to meet the rules should inflation accelerate and interest rates rise rapidly, it said. Eiopa started a stress test in March to see whether European insurers

EUR Ex-div Tomorrow (a.o.): Babcock, British Land, Burberry, Carphone Warehouse, Fomento de Construcciones, Vendanta ;

MACRO:

16:00 US Factory Orders

11:00 Euro-zone Retail Sales

and reinsurers such as Allianz SE, Axa SA and Munich Re can meet capital requirements under new risk-based regulations, called Solvency II. The regulator adopted three stress scenarios that make increasingly severe assumptions about interest rates and falling equity markets and also took into account real-estate markets, credit and insurance risk. (BN)

- **Nowotny Says Banks Open, Raters 'Aggressive' on Greece Deal** -- European Central Bank Governing Council member Ewald Nowotny said policy makers are struggling with a situation in which banks are willing to help stabilize Greece, while rating companies are applying "aggressive" rules. Standard & Poor's said yesterday a bond-rollover plan drafted by French banks that serves as the basis for talks between investors and governments would qualify as a distressed exchange and prompt a "selective default" grade. "We have a somewhat strange situation," Nowotny said in an interview with Austrian state television broadcaster ORF. "Some of the banks themselves are ready" to contribute to a new bailout package for Greece "because they are interested in stabilizing Greece," he said. (BN)
- **UK Opposition Steps Up Campaign For Bankers' Bonus Tax** --The U.K.'s main opposition party will Tuesday escalate its campaign to force the government to reinstate the tax on bankers' bonuses. The Labour Party, which governed Britain from 1997 until 2010, says a reintroduction of the tax will raise at least GBP2 billion in 2011 -- which it says should be used to create 100,000 jobs for young people by establishing a youth jobs fund. The party will Tuesday put forward an amendment to the Finance Bill, which calls on the government to repeat the one-off bank bonus tax Labour introduced in early 2010. (DJ)
- **EU's Deutsche Boerse Questionnaire Focuses on Derivatives** -- Deutsche Boerse AG rivals and customers were asked by European Union regulators whether its \$9.57 billion bid for NYSE Euronext would reduce competition for derivatives and equity trading and clearing. The European Commission, in a survey with more than 165 questions obtained by Bloomberg News, asked what effect the deal to create the largest owner of equities and derivatives markets would have on access to market data. They also asked whether CME Group Inc., the world's largest future exchange, may become "a significant player" in trading or clearing European derivatives. Deutsche Boerse's offer for NYSE Euronext would put more than 90 percent of the region's exchange-traded derivatives market and about 30 percent of European stock trading in the hands of one organization. The number of questions is "unusual" and "shows that people are still firing at the deal" by highlighting a large number of possible problems to antitrust officials, said Matthew Hall, a Brussels-based partner at McGuire Woods LLP. (BN)
- **Deutsche Boerse, NYSE Merger 'Bad for Markets,' Spencer Tells FT** -- ICAP Plc Chief Executive Officer Michael Spencer said the proposed merger of Deutsche Boerse AG and NYSE Euronext would result in a monopoly that would be "fundamentally bad for markets," the Financial Times reported, citing an interview with Spencer. (BN)
- **Chi-X Investors Said to Consider Alternatives to Bats Takeover** -- Chi-X Europe Ltd. shareholders are considering options for the alternative trading system as an agreement to hold exclusive talks with suitor Bats Global Markets Inc. ends this month, according to three people familiar with the matter. Investors in Chi-X Europe are seeking alternatives after U.K. regulators said the takeover faces an extended antitrust investigation, said the people, who declined to be named because the talks are confidential. Options being considered include Chi-X Europe staying independent, seeking another partner or continuing to work toward a combination with Bats Europe without renewing the exclusivity deal, the people said. No decision has been made, they said. Bats agreed to buy London-based Chi-X Europe Ltd., Europe's largest alternative trading system, in February. Chi-X Europe was said to shortlist offers from Nasdaq OMX Group Inc. and Bats after also receiving approaches from NYSE Euronext and Direct Edge Holdings LLC, people with direct knowledge of the matter said at the time. The merger was referred to the U.K. Competition Commission last month and the regulator is due to issue a report by Dec. 2. (BN)
- **[Fri] Bats Options Program, Criticized by Rivals, Gets SEC Approval** -- Regulators approved a program proposed by Bats Global Markets over the objections of CBOE Holdings Inc. and other exchanges that allows market-makers operating on Bats to give certain brokers better options prices. The U.S. Securities and Exchange Commission said it will allow Bats Exchange Options Market to introduce a so-called directed-order program. The plan was criticized by the Chicago Board Options Exchange, Nasdaq OMX Group Inc., NYSE Euronext, International Securities Exchange and BOX Options Exchange. The SEC's approval order was published today. Bats first proposed a directed-order program in December. The Lenexa, Kansas-based company withdrew that after exchanges objected and suggested a different version of the plan in March. The program will be run on a six-month pilot basis that ends on Jan. 30, 2012, the SEC said. (BN)
- **Osaka Securities Exchange Jumps on Report of Bid by Tokyo Bourse** -- Osaka Securities Exchange Co., operator of Japan's second-largest exchange, surged the most in almost two years after the Asahi newspaper reported the Tokyo Stock Exchange Group Inc. is seeking a takeover. Osaka Securities Exchange jumped 8.2 percent to 390,500 yen at the 11 a.m. trading break on the Jadaq Securities Exchange, headed for the biggest gain since August 2009. The number of stocks traded by the break was more than five times the 12-month daily average. "It seems both want to be the lead company and that's slowing the merger talks between them," said Naoki Fujiwara, who helps oversee \$6 billion at Shinkin Asset Management Co. in Tokyo. "Japan is lagging as exchanges globally are expanding and streamlining their operations. The role of the exchanges, which is to attract more investors to Japanese markets, is critical." (BN)
- **Geneva's Oldest Private Bank to Double Japan Wealth Assets** -- Lombard Odier Darier Hentsch & Cie., Geneva's oldest private bank, aims to double the wealth it manages in Japan to 200 billion yen (\$2.5 billion) in five years through tie-ups with local lenders led by Chiba Bank Ltd. The Swiss firm, which has alliances with four regional lenders including Shizuoka Bank Ltd. and Yamaguchi Financial Group Inc., plans to clinch accords with another five banks to boost access to more wealthy families and business owners, Norbert Joue, president of Lombard Odier's Tokyo office, said in an interview. (BN)
- **Deutsche Bank AG** -- Anshu Jain, head of the corporate and investment banking unit at Germany's biggest lender, is the clear favorite to succeed Chief Executive Officer Josef Ackermann, Die Welt reported, citing no one. (BN)
- **Paulson & Co. Profit on Lehman Bonds Exceeds \$500 Mln, FT Says** -- Paulson & Co. has made more than \$500 million on its holdings of Lehman Brothers Holdings Inc. bonds, the Financial Times reported, citing an analysis of court documents. (BN)

TECH/TELCO

- **EU To Cap Data Roaming Services – Document** -- Mobile operators in the European Union will be ordered to cap the costs charged to customers for using their mobiles for data services while abroad, EU digital commissioner Neelie Kroes is expected to announce Wednesday. Such a proposal would come after the European Commission last week proposed to extend roaming caps on calls to and from abroad. The proposal must also be reviewed by the European parliament and the EU Council, which brings together heads of government for the 27 EU countries. In a draft legislative document seen by Dow Jones Newswires, the commission says, "The roaming market is not yet competitive and further regulatory intervention is required." Data roaming is currently only subject to a maximum safeguard cap of

EUR50, but from July 1 next year it will be capped at EUR0.90 a megabyte, according to the draft. The price ceiling for data used will decrease to EUR0.70/MB in 2013 and EUR0.50/MB in 2014, and will remain at this level until June 30, 2016, when the regulation will no longer be applicable. (WSJ)

- **Versatel Says Offer Price of EU6.87 Cash/Share Is 'Fair'** -- Versatel AG welcomed a takeover bid by KKR & Co LP, saying the price of 6.87 euros per share as offered by KKR is "fair," according to an e-mailed statement. Supervisory board and management board of the Dusseldorf, Germany-based company recommended shareholders to accept the offer. (BN)
- **ABI Signals Concerns on C&W Worldwide Pay, Changes, FT Reports** -- Cable & Wireless Worldwide Plc may be challenged by its shareholders after the Association of British Insurers issued a so-called "amber-top alert" to shareholders to signal its concerns about C&W Worldwide pay policy for top executives and the recent boardroom changes, which came just after the company issued a profit warning last week, the Financial Times reported, without attribution. (BN)
- **Japan's NEC to Boost Brazil Sales by 30% This Year, Ugajin Says** -- NEC Corp. plans to increase sales in Brazil by 30 percent this year, boosted by rising demand as the country prepares to host the World Cup and the Olympics, said the company's top executives in Latin America. "Our new development area will focus in providing for the basic infrastructure sector in the country, both public and private," Herberto Yamamuro, chief executive officer of NEC's Brazilian unit, said in a July 1 interview in Bloomberg's office in Sao Paulo. The company aims to reach sales of \$325 million in the South American country this year, he said. (BN)

RESEARCH UPDATES

Nomura cut **European Telecom Services** to Bearish, from Neutral; Goldman Sachs cut **Deutsche Telekom** to Sell, from Neutral; Nomura upped **Deutsche Telekom** to Buy, from Neutral; Nomura cut **Telefonica, France Telecom** to Reduce, from Neutral; Nomura upped **PPR** to Buy, from Neutral;

ENERGY, UTILITIES AND COMMODITIES

- **Oil Trades Near \$95 in New York on China's Slower-Growth Outlook** -- Oil traded near \$95 a barrel for a second day in New York, failing to extend last week's 4.2 percent gain, as investors bet China will step up efforts to cool its economy, tempering fuel demand. Futures fell as much as 0.3 percent today after the People's Bank of China said July 4 the world's biggest energy user still faces "large" inflationary pressure and the central bank will maintain a "prudent" monetary policy. U.S. markets were closed yesterday for the Independence Day holiday. The sale of U.S. emergency crude reserves as part of a stockpile release has been "very successful," the International Energy Agency said. Oil for August delivery was at \$94.79 a barrel, down 15 cents, in electronic trading on the New York Mercantile Exchange at 1:14 p.m. Sydney time. Nymex floor trading was closed yesterday for the Fourth of July holiday. Yesterday's electronic trades are booked with today's transactions for settlement purposes. Futures are 31 percent higher the past year. Brent oil for August settlement fell 27 cents, or 0.2 percent, to \$111.12 a barrel on the London-based ICE Futures Europe exchange. The European benchmark contract was at a premium of \$16.40 to U.S. futures. The spread reached a record \$22.29 on June 15. (BN)
- **Demand for U.S. Strategic Crude 'Looking Good,' IEA Says** -- The sale of U.S. emergency crude oil reserves as part of the International Energy Agency's stockpile release program has been "very successful" based on awards announced last week, the IEA said. "The initial signs from the U.S. this time around are looking good so we would hope that a very sizeable proportion of this would be taken up," David Fyfe, the Paris-based agency's head of oil industry and markets division, said today on a conference call with reporters. The IEA, an adviser to 28 oil-consuming nations, said June 23 its members will release 60 million barrels of crude and oil products, the first such deployment in five years, after the Organization of Petroleum Exporting Countries failed on June 8 to announce a plan on making up for halted Libyan exports. Twelve IEA countries are making fuels available from government and industry reserves. (BN)
- **Ofgem to Crack Down on Fuel Suppliers Over Wholesale Prices** -- FORENSIC accountants hired by Ofgem will scrutinise the wholesale fuel prices paid by the Big Six energy companies, as it emerged there was a 27pc difference in how much suppliers paid for electricity and 15pc in gas last year. Energy companies regularly use rising wholesale prices as a reason why they raise energy bills for customers -- often in quick succession. Scottish Power last month increased gas bills by 20pc and electricity bills by 10pc, because gas is becoming more expensive. Industry sources said British Gas is poised to follow suit with rises, most likely in the next week. However, figures provided to Ofgem show some companies are sourcing electricity and gas much more cheaply than their rivals, undermining the argument that they are all facing identical commodity price pressures. (TEL)
- **ROYAL DUTCH SHELL** -- Long Shell A Shares, Short B at Current Levels, JPMorgan Says (BN)
- **EON, RWE UK Nuclear Plans May Be Shelved, Sueddeutsche Reports** -- EON AG and RWE AG may shelve plans to build U.K. nuclear power plants through the joint venture Horizon Nuclear Power Ltd. because the project may become too costly, Sueddeutsche Zeitung reported, citing unidentified company managers. The project is awaiting the results of a report due this summer from U.K. authorities about new locations for nuclear power plants, the newspaper said, citing an unidentified EON spokesman. The EON spokesman added that there are no plans at present to end the project, the newspaper said. The next steps will be determined this fall, Sueddeutsche Zeitung reported, citing an unidentified RWE spokesman. (BN)
- **Buy E.ON, UBS Says After CFO Call** -- Says he did not rule out additional cost cutting measures. * Compared to market expectations, dividend risk looks on the Upside (BN)
- **Fukushima May Worsen Nuclear Skill Shortage, U.K. Watchdog Says** -- Japan's nuclear disaster may worsen a skills shortage in the nuclear industry as regulators look for people able to carry out detailed assessments of power plants, the U.K.'s chief inspector of atomic installations said. "There is a question about the market hardening in terms of the people with the right skills," said Mike Weightman, who led the International Atomic Energy Agency's fact-finding team to the Fukushima plant in Japan. Regulators "have to have the resources to keep pace with that market." Governments around the world called for inspections of existing nuclear sites after a magnitude-9 earthquake and tsunami in March led to Japan's worst atomic accident. Even as demand rises for competent regulators, who may need up to 10 years of experience to qualify, plant operators are seeking to replace retiring workers and prepare for new build programs. (BN)
- **EDF to Start Four of Its U.K. Nuclear Units Over Next Two Weeks** -- Electricite de France SA, Britain's biggest power producer, said four of its idle nuclear reactors in the U.K. will restart in the next two weeks. The company's Dungeness B21 reactor is set to restart July 18 while the B22 unit will switch on July 11, according to information published today on the company's website. Its Heysham 2 nuclear unit will start on July 16 while reactor 2 at its Torness plant, halted because of jellyfish, will return to service July 6, the data show. EDF's Hartlepool reactor 1 will switch on during the week beginning Aug. 22, the website shows. The data will be updated on a regular basis, EDF said in a

statement. Information on reasons for outages, expected return dates and future statutory outages will be displayed, according to the statement. (BN)

- **EDF Plans to Spend EU100M on Fessenheim, Les Echos Says** -- Electricite de France SA plans to spend about 100 million euros to prolong the life of its Fessenheim nuclear reactor, French daily Les Echos reported, citing an unidentified EDF executive. (BN)
- **EDP-Energias de Portugal SA** -- The biggest power company in the country may be active after Portugal water reserves declined to 61 percent of the storage capacity as of July 3 compared with 63.4 percent a week ago, according to Lisbon-based grid operator REN-Redes Energeticas Nacionais SA. (BN)
- **EnBW May Sell Minority Stake in High-Voltage Grid, FTD Reports** -- EnBW Energie Baden-Wuerttemberg AG may sell part of its high-voltage grid, Financial Times Deutschland reported today, citing Chief Executive Officer Hans- Peter Villis. The utility is considering selling to infrastructure funds, the newspaper quoted Villis as saying. EnBW wants to keep control of the majority of the grid and hasn't made a final decision, the newspaper quoted the executive as saying. (BN)
- **ThyssenKrupp AG** -- Germany's largest steelmaker is likely to work with Citigroup Inc. and Deutsche Bank AG on a plan to sell shares in or divest itself of its stainless steel unit as the company cuts debt, said two people familiar with the matter. (BN)
- **ArcelorMittal to Invest \$450 Million in Kazakhstan** -- ArcelorMittal, the world's No. 1 steelmaker, said it would invest up to \$450 million a year in its operations in Kazakhstan until 2015-16 as it expects other ex-Soviet states to raise demand for the metal. (R)
- **Copper, Zinc, Lead Drop on Concern China Tightening to Continue** -- Copper dropped for the first time in six days on speculation China, the world's largest metals user, may take additional monetary tightening steps to tame inflation even as manufacturing growth cooled. Three-month copper lost as much as 0.3 percent to \$9,423 a metric ton on the London Metal Exchange, and traded at \$9,444.50 by 10:25 a.m. Singapore time. All six LME metals declined after the dollar rose against a six-currency basket including the euro as China struggled to balance rising costs and growth. Copper for September delivery on the Shanghai Futures Exchange fell as much as 0.8 percent to 70,220 yuan (\$10,863) a ton, while metal on the Comex in New York shed as much as 0.4 percent to \$4.2875 a pound. (BN)
- **Copper prices touch \$9,500** -- Signs of improving Chinese demand encouraged investors to make a tentative return to the markets <http://link.ft.com/r/R5WAE/C458VE/FKKUH/NSYQXN/JEY951/36/h?a1=2011&a2=7&a3=5> (FT)
- **Sino-Forest Surges After Wellington Discloses 11.5% Stake** -- Sino-Forest Corp., the Chinese tree-plantation operator accused by a short seller of overstating timber holdings, soared the most almost two weeks after Wellington Management Co. said it owned an 11.5 percent stake. Sino-Forest rose 30 percent yesterday in Toronto after the Boston-based investment firm said in a regulatory filing it held 28.3 million shares as of June 30. The stake was valued at C\$90.7 million (\$94.5 million) on that date. Wellington, which manages \$663 billion, held 79,700 Sino-Forest shares, or 0.03 percent, as of Dec. 31, according to data compiled by Bloomberg. (BN)

NETHERLANDS / AEX NEWS

- **CSM Warns Of Higher Input Costs; Not Able To Fully Pass On Costs** -- Dutch supplier of bakery products CSM NV cautioned Tuesday it wasn't able to fully pass on higher raw material costs to its customers as input costs increased more than expected. The Amsterdam-based company said raw material costs increased further than expected in the second quarter of this year and that although it stepped up the level of price increases, it wasn't able to fully compensate for the higher raw material costs. CSM is the second Dutch company to warn of higher input costs. Last week, paint and coatings company Akzo Nobel NV issued a profit warning, cutting its full-year earnings outlook due to challenging trading conditions and further rises in raw material costs. CSM said it expects 2011 raw material costs to rise by EUR240 million, up from its earlier forecast of at least EUR200 million when it issued 2010 results in February. It said it expects first-half sales to rise from a year earlier, but its earnings before interest, tax and amortization, or ebita, will fall from last year and likely be around EUR80 million. CSM didn't issue prior forecasts for these figures. (DJ)
- **Dutch Bank Tax Will Stifle Credit, Banking Association Tells FT** -- The Dutch Bankers Association said the Netherlands' plan to introduce an annual bank tax of 300 million euros would "come at the cost of access to credit," and "should only be instituted at European level," the Financial Times reported, citing the association. (BN)
- **Philip knew of fraud in Poland** - Royal Philips NV Media in the Netherlands knew that its employees paid bribes in Poland, writes the Financieel Dagblad Tuesday. Internal documents from the European headquarters of Philips Healthcare in Best, which are owned by the Polish justice system, were seen by the newspaper. Philips hasn't commented on the report. (DJ)

M&A and OTHER CORPORATE NEWS

- **Asian Stocks Swing Between Gains, Losses on China Bank Comments** -- Asian stocks swung between gains and losses as banks declined in China after Moody's Investors Service said the potential scale of problem loans at lenders is greater than had been anticipated, offsetting gains by Tokyo Electric Power Co. Industrial & Commercial Bank of China Ltd. fell 0.7 percent in Hong Kong. Tokyo Electric jumped 7.1 percent after the company yesterday said its cooling system used to douse its smoldering nuclear reactors is working. 77 Bank Ltd., a Japanese lender in the Tohoku region worst hit by the March 11 tsunami, advanced 1.6 percent after Nomura Holdings Inc. said it was bullish on regional banks. Taiwan Semiconductor Manufacturing Co. led Taiwanese shares lower after the Digitimes reported the nation's liquid-crystal display panel makers have reduced output. The MSCI Asia Pacific Index fell 0.2 percent to 137 as of 12:25 p.m. in Tokyo, reversing earlier gains of as much as 0.2 percent. A similar number of shares rose and fell on the 1,018-member gauge. (BN)
- **Vietnam Stocks Rise Most in Asia After Central Bank Cuts Rate** -- Vietnam's stocks rose, sending the benchmark index up the most in Asia, after the central bank reduced borrowing costs for the first time since October. The Ho Chi Minh City Stock Exchange's VN Index gained 1.3 percent to 431.03 at the close, the biggest gain in two weeks. Bao Viet Holdings, the nation's biggest insurer, added 0.7 percent to 75,000 dong. Joint-Stock Commercial Bank for Foreign Trade of Vietnam added 2.2 percent to 28,400 dong. The State Bank of Vietnam cut the repurchase rate by one percentage point to 14 percent effective yesterday, according to an e-mailed statement. The Southeast Asian nation will reduce interest rates in line with inflation, Nguyen Xuan Phuc, chairman of the government office, said on July 1. (BN)
- **EUROPE** -- European stocks are seen mixed, and government debt is expected to consolidate; the euro is lower, sterling mixed, gold higher and oil mixed. European bourses are likely to open mixed but in a narrow range Tuesday, as investors are looking for clearer direction given the lack of cues from the U.S. and amid continuing caution over the situation in Greece. For Tuesday's opening, IG Markets is calling the FTSE up 3 at 6021, the DAX down 9 at 7434 and the CAC down 9 at 3994. (DJ)
- **Unscheduled free float adjustment in DAX:** Adjustment for MAN AG as of 7 July 2011 -- Deutsche Börse: Deutsche Börse has announced an unscheduled adjustment to the free float of MAN AG in DAX. Due to the takeover by VW AG, the free float of MAN AG

altered by more than 10 percentage points. According to the guideline to the equity indices the company's free float will thus be reduced from the current 69.47 percent to 44.10 percent. The adjustment will become effective next Thursday, 7 July 2011. The next regular review of the Deutsche Börse blue-chip indices will be on 5 September 2011. (DB)

- **Asset Sales, Spinoffs Reach Half of Global Deal-Making, FT Says** -- Asset sales and spinoffs comprised about half of global deal-making to date this year as increasing numbers of companies attempt to streamline their operations to boost their stock-market valuations, the Financial Times reported, citing data from Dealogic Holdings Plc. (BN)
- **BASF SE** --The world's biggest chemical maker may be paid 600 million euros by Ineos Group Holdings for contributing greater assets to a styrene joint venture, Financial Times Deutschland reported, citing company calculations. (BN)
- **Volvo's Renault Trucks Has Sales Rebound, Les Echos Reports** -- Volvo AB's Renault Trucks unit has seen a jump in sales this year, extending last year's recovery, Les Echos reported, citing a company spokesman. Sales in 2011 through the end of May totaled 25,718 trucks, up 68 percent from a year earlier, the French newspaper reported. The unit is still far from the 79,400 vehicles sold in 2007, Les Echos said. (BN)
- **Bombardier to Unveil 'Substantial' U.K. Job Cuts Today: Guardian** -- Bombardier of Canada has told labor union officials that jobs will go at the company's train factory in Derby, central England, the Guardian reported. * There are fears that 1,500 jobs may be cut. * The cuts follow the award of Thameslink contract to Siemens. (BN)
- **U.K. Defense Ministry Can't Find \$10 Billion Assets, Panel Says** -- Britain's Ministry of Defense can't account for 6.3 billion pounds (\$10 billion)of assets and inadequacies in stock control may continue for four more years, lawmakers said. The House of Commons Defense Committee said in a report published in London today that the ministry is unable to account for 752 million pounds of equipment including firearms and for 184 million pounds of radio gear. That, in part, led government auditors to refrain from approving the department's accounts for a fourth straight year. "The MoD's inability to manage existing resources makes it harder for them to request additional funding," the committee's chairman, James Arbuthnot, said in an e-mailed statement. "This is not some abstract problem existing only on paper: equipment is needed by troops in the field and proper logistics are an essential part of effective military operations." (BN)
- **PagesJaunes Groupe:** Trading Update on Second Quarter of 2011 and Impact on Financial Targets for Full-Year 2011 - PagesJaunes Groupe wishes to inform the market that the ordersrecorded by the Group in the second quarter of 2011 fell short of its expectations due to social unrest amongst the PagesJaunes sales force in France, related to the introduction of a sales reorganisation project. [...] The Group wishes to state that this social unrest caused severe disruption to sales activity in June, which will negatively impact the full-year 2011 results. (PAJ)
- **Italian Budget Law Has Clause to Help Fininvest, Sole24 Ore Says** -- The text of Italy's new budget law contains a clause that may help Prime Minister Silvio Berlusconi's holding Fininvest SpA delay paying a 750 million- euro fine if it loses on appeal, Il Sole 24 Ore newspaper said. The clause allows convicted parties in civil cases to delay paying fines exceeding 20 million euros until a definitive verdict is reached, the daily said, citing a copy of the legislation. To obtain the delay, an "appropriate deposit" must be left, Il Sole said. Fininvest was ordered by a Milan court in 2009 to pay 750 million euros in damages to Compagnie Industriali Riunite SpA for bribing a judge during a takeover battle for publisher Arnoldo Mondadori SpA. Fininvest is appealing the ruling. (BN)
- **[yday] Carrefour May Be Liable For Hostile Transaction -Casino** -- Casino Guichard Perrachon SA Monday raised the prospect of legal action against rival Carrefour SA , amplifying the hostile standoff between the two French retail giants after Carrefour's board approved a controversial plan to merge its Brazilian assets with Casino's Brazilian partner, Pao de Acucar. "Carrefour and the members of its board of directors may be held liable in accepting, despite repeated warnings, a hostile transaction arising out of illegal negotiations," Casino said in a statement. Carrefour said earlier Monday that its board approved a plan to merge with Pao de Acucar's parent company Companhia Brasileira de Distribuicao or CBD . Carrefour, the world's second-largest retailer after Wal-Mart Stores Inc., "deemed that the project is fully in line with Carrefour's strategy to strengthen its footprint in its principal growth markets and would create value for Carrefour," the company said in a statement. (DJ)
- **[yday] Reckitt Benckiser rises on bid battle hopes** -- AS THE top-tier index moved above the 6,000-point level for the first time in nearly eight weeks, Reckitt Benckiser was pushed forwards last night after the re-emergence of speculation that the Cillit Bang manufacturer could be in line for an approach. According to the vague chatter, the consumer goods group - whose brands also include Durex and Gaviscon - could be the subject of a bid battle, with market gossips claiming both **Unilever and the US giant Procter & Gamble** could be interested. With suggestions any approach would be in the region of 5,000p a share, Reckitt rose 35p to 3,488p despite traders playing down the tale and similar chitter-chatter having done the rounds before. Analysts have previously suggested the forthcoming departure of Reckitt's long-standing chief executive Bart Becht - announced in April - could increase the likelihood of its agreeing to such a move. (Indep.)
- **[yday] Nestle Says Early-Stage Discussions Being Held With Hsu Fu Chi** -- Nestle SA said it's in preliminary discussions with Hsu Fu Chi International Ltd., China's biggest confectioner by market value, as it seeks to increase its revenue from emerging markets. Hsu Fu Chi said yesterday that Vevey, Switzerland-based Nestle is assessing a bid and the two companies have been in talks on a partnership for a few years. Talks are also being held with other potential suitors, said Christine Sun, a spokeswoman for the Dongguan, Guangdong province-based company. Nestle has "no further comments to make at this stage," spokeswoman Nina Caren Backes said in an e-mailed statement.(BN)
- **US soft patch sparks full-year outlook concerns** -- Investors are expecting a healthy set of second-quarter earnings, but they are also concerned that full-year outlooks could be lowered due to the recent soft patch in the US economy. The slew of weak data on employment, housing and consumer sentiment – which has caused GDP to be revised down for the year – has not yet translated into significantly weaker earnings forecasts for S&P 500 companies. Concerns are therefore mounting that companies might start to guide down in the next few weeks to reflect this patch of slower economic growth."Second-quarter earnings are going to be fine, but the guidance is going to be awful," says Burt White, managing director and chief investment officer at LPL Financial.Lower guidances from companies might cause analysts to reassess their record \$100 per share full-year earnings forecast for the S&P 500, the figure by which current stock market valuations are justified."There have been two straight months of appalling negative news on the economy, which is starting to make \$100 a share look like a big number," says Ted Cronin, chief executive officer and chief investment officer at Manchester Capital. While this is a dominant concern for many investors, the worries are not shared by all. Some argue that companies are unlikely to lower their guidances in the coming months as it is still too early for them to know if they will meet their forecasts or not as the economy might see a healthy rebound in the second half. (FT)

- **[Fri] Best Consumer Credit Since '06 Reveals Loan Rebound Across U.S.** -- The average U.S. credit score -- a predictor of the likelihood lenders will be paid back -- rose to 696 in May, the highest in at least four years, according to Equifax Inc., a provider of consumer-credit data. The ratio of consumer-debt payments to incomes is the lowest since 1994, and delinquencies have dropped 30 percent in two years, Federal Reserve data show. Improving credit quality gives households the ability to lift borrowing as concerns ease about rising gasoline prices, hard-to-find jobs and falling home prices. A reacceleration in spending would belie Morgan Stanley economist Stephen Roach's assertion that consumers will be "zombies" for years because of too much debt. (BN)
- **EQT Partners Raise 3.5 Billion Euros for Sixth Fund, FT Says** -- EQT Partners AB raised 3.5 billion euros (\$5.1 billion) in six months, 83 percent of the targeted 4.25 billion euros it wants to raise for its sixth fund, the Financial Times reported, citing a letter from the Swedish private equity group to investors. EQT is expected to conclude the fundraising in the next two months, when it may have raised as much as 4.75 billion euros, the FT said. (BN)
- **Munger Disbands His Investor Cult With Barbs for Wall Street** -- Charles Munger, the 87-year-old billionaire, used his farewell conference to criticize Wall Street, reflect on investing and raising children, and treat a fawning audience to his gratitude and familiar jibes. "You all need a new cult hero," Munger said on July 1 at the conference, called 'A Morning with Charlie,' in Pasadena, California. "I'm doing you a favor" by ending the annual question-and-answer sessions with investors, he said. Munger, vice chairman of Berkshire Hathaway Inc., began the three-hour meeting with observations on the deficiencies of bankers, the rise of China and the record of George W. Bush. He criticized decisions at Bank of America Corp., praised Costco Wholesale Corp.'s pricing policies and said **he hopes he's dead before Berkshire pays a dividend**. "I think that some of you will live to see a Berkshire dividend but I hope I don't," Munger said. Omaha, Nebraska-based Berkshire, which uses earnings to fund acquisitions and stock picks, has said it will consider a payout when managers are no longer able to find investments for its profits. (BN)

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- **ECB To Accept Greek Debt Unless All Top Ratings Agencies Say It's In Default -FT** -- The European Central Bank will keep accepting Greek debt as collateral for loans unless all three major credit ratings agencies--Standard & Poor's, Fitch and Moody's--declare Greece to be in default, the Financial Times reported Monday, citing a senior finance official. The ECB would use the best rating available, the FT cites the official as saying. If only one of the agencies did not say Greece was in default, the central bank would continue to support the nation's banking system, according to the FT. Earlier Monday, S&P said current plans to tackle Greece's debt would likely amount to a selective default. The ECB has said it would not accept bonds with a default rating as collateral, according to an earlier report from Dow Jones Newswires. (DJ)
- **ECB's Nowotny: Banks Want To Stabilize Greece; Problem Is Rating Agencies** -- European Central Bank Governing Council Member Ewald Nowotny said Monday that banks want to stabilize Greece, but the rating agencies present obstacles. "We have a somewhat strange situation. The banks themselves are ready, because they also have an interest in that, to stabilize Greece," said Nowotny, adding that difficult discussions with the rating agencies were occurring. "The rating agencies are being in this European matter much stricter and much more aggressive than in, for example, similar cases in South America," said the Austrian central banker. Earlier Monday S&P, the first rating agency to comment on a preliminary plan put forward by French banks last week, had said that current proposals on a second bailout package for Greece would likely amount to a selective default. (DJ)
- **[yday] Italy Faces No Risk of Credit-Rating Downgrade, Gurria Says** -- Italy doesn't face a "concrete risk" of a credit-rating downgrade given its high level of private savings, said Angel Gurria, secretary general of the Organization for Economic Cooperation and Development. "Italy is going in the right direction," he told reporters at an event in Rome yesterday. (BN)
- **Dollar Rises as China Inflation Concern Spurs Demand for Safety** -- The dollar rallied against the euro, snapping a six-day decline, amid speculation China's efforts to tame inflation will cool growth, sapping demand for riskier investments. The U.S. currency climbed against 15 of its 16 major peers after the Beijing-based Economic Information Daily said China is likely to raise interest rates this weekend. The greenback also gained on prospects U.S. companies will bring home earnings to take advantage of a tax holiday being debated in Congress. The Australian dollar fell before a meeting where the nation's Reserve Bank is forecast to leave rates unchanged. (BN)
- **Pfizer Bringing Profits Home to Boost Dollar, Bulls Ascend** -- The corporate tax holiday on foreign profits being debated by Congress may help strengthen the dollar after its worst first half since 2006. Companies from Pfizer Inc. to Cisco Systems Inc. may use the reduction in income tax on repatriated profits to bring back as much as \$700 billion to create jobs and spur investment, according to a study by the Congressional Joint Committee on Taxation. That's double the amount from the last tax holiday in 2005, which helped strengthen the Dollar Index 13 percent, the biggest rally in eight years. (BN)
- **Greek FM: Fiscal Survival Vital For Euro Zone -Reuters** -- Greece will not default because its fiscal survival is vital to the euro zone and the global economy, Greek Finance Minister Evangelos Venizelos said Monday, Reuters reported. "We will make it, because this is vital not only for Greece but for the stability of the whole euro zone and the global economy," he told Reuters, "because in Greece the stamina of the financial system is being tested." Venizelos, who was appointed finance minister June 17, also said that Greece intends to return to bond markets in the middle of 2014, as planned. The official said he would increase the government's effort to raise EUR1.7 billion in privatizations by September. (DJ)
- **Greece Opposition Leader Calls Austerity Plan A 'Failure'** -- The international plan to fix Greece's finances is failing and needs a rethink, the head of Greece's main opposition party said in an interview. Instead of strangling the Greek economy with tax increases, Europe and the International Monetary Fund should let Greece cut taxes to jump-start growth, said Antonis Samaras, leader of the center-right New Democracy party and possibly the country's next prime minister. The austerity program for Greece "is a failure," Mr. Samaras said in an interview with The Wall Street Journal, his first with international media since becoming Greece's opposition leader. Citing Greece's poor tax revenues amid a worsening recession, he said: "I think our lenders will have to change their policy. My question is why do we have to go further down the drain in the meantime?" (WSJ)
- **Polish Fin Min: 6-Pack EU Econ Governance Package Not Enough** -- Polish Finance Minister Jacek Rostowski said proposed European Union legislation to prevent another debt crisis does not go far enough. EU states have been trying to reach an agreement with the European Parliament on a set of six new rules that would tighten oversight of public finances across the 27-member union. Agreement has been stuck on how automatic the consequences should be for countries that are not implementing reforms. It will be Poland's role over the next six months to secure a conclusion to the talks as it takes the helm of rotating EU president. "We need to develop support programs and reform programs of the kind that the [International Monetary Fund] does on a regular basis," Rostowski told the European Parliament in a



question-and-answer session to kick off the presidency. Rostowski will chair the regular meetings of EU finance ministers through December. Without more comprehensive measures, "I don't think the euro-zone will be the kind of strong structure that we all need it to be," he said. (DJ)

- **Cameron Presses on With Budget Squeeze as U.K. Retailers Suffer** -- Prime Minister David Cameron's refusal to compromise on the most ambitious fiscal squeeze since World War II is testing Britain's recovery as consumers lose faith in the economy. As he implements six years of spending cuts -- no postwar British government has managed more than two -- Britons' confidence is waning and inflation is accelerating. Manufacturing and construction growth slowed in June and data today will probably show services also cooled last month. "The plan is hugely ambitious and it's going to require a lot of political skill and a fair amount of good fortune," said Simon Hayes, an economist at Barclays Capital in London. "The economy looks a lot weaker now than people would have hoped." (BN)
- **Cameron Says Afghan Force Cut Won't Mean Radical Strategy Change** -- Prime Minister David Cameron said a reduction he'll announce this week in the 9,500-strong U.K. force in Afghanistan doesn't signal a radical policy change. Cameron, visiting British troops at Camp Bastion in Afghanistan yesterday, said the conflict is entering a "new phase" as responsibility for security passes to Afghan forces. The prime minister, who has pledged to have all U.K. combat troops out of Afghanistan by 2015, said he will give details of the pullout to lawmakers in the House of Commons on July 6, President Barack Obama pledged June 22 to withdraw 33,000 U.S. soldiers by the end of next year. (BN)
- **Irish First-Half Deficit in Line With Government Forecast** -- Ireland's six-month budget deficit, which widened to 10.8 billion euros, is in line with the government's forecasts, Finance Minister Michael Noonan said in a statement. "Although there is some weakness in certain tax heads, the Budget day target for tax revenue in 2011 of 34.9 billion euros remains achievable," Noonan said in a statement on the Ministry's Web site. (BN)
- **Ireland's Noonan Tells RTE 2012 Budget Cut May Be More Difficult** -- Irish Finance Minister Michael Noonan said the budget correction in 2012 would be about 4 billion euros. In an interview with Dublin-based broadcaster RTE, he said the correction may be more difficult than cuts in 2011 because some of the "low-hanging fruit" has been picked. On Greece, Noonan said Standard & Poor's statement that the French plan to roll over Greek debt into new bonds may constitute selective default was "no surprise." (BN)
- **Kenny Says Irish State Asset Disposals Under Consideration** -- Ireland's Prime Minister Enda Kenny said today that the government is considering disposing of some state-held assets as it seeks to regain investor confidence to return to financial markets. "We also need to consider whether assets that are owned by the state are producing the best social and economic results, or whether they would be better placed into other hands," Kenny told union representatives in south-west Ireland in a speech, according to a text e-mailed by his office. "We need to build the confidence required to enable us to re-enter the financial markets." (BN)
- **Denmark tightens border controls amid international criticism** -- Danish customs officials on Tuesday were to start implementing stricter border controls in a bid to fight international crime despite concerns from Brussels that they contravene the rules of the European Union. At the crossing from Germany, Denmark's only land border, 30 additional officers were scheduled to begin random searches. For the crossing across the narrow strait from Sweden, an extra 20 officials were to be deployed. The European Commission and the German government have criticized the plan, which they have called a potential violation of the right to free movement across internal EU borders. Copenhagen has said the new measures respect the terms of the Schengen Agreement, which guarantees free passage between 23 of the EU's 27 member states and three other countries for citizens of those states. Danish authorities have said normal travellers, including German holidaymakers to the North Sea, would not be affected by the controls. But German Foreign Minister Guido Westerwelle warned the additional controls could "become a sign of things to come for the future of Europe" while stressing that the Danish-German friendship was not in jeopardy. (DPA)
- **Danish Ctrl Bk Seen To Copy ECB Rate Decision Thursday-Economists** -- Denmark's National Bank announced Monday that it didn't intervene on behalf of the Danish crown in June, a sign that it will move in concert with the European Central Bank at Thursday's rate setting meeting, according to economists. "There was speculation that the national bank might add another 10 basis points on top of the 25 basis points rate hike expected by the ECB, but nothing points towards an independent rate hike now," said Sydbank economist Jacob Graven. At a current exchange rate of DKK445.95 per EUR100, the Danish crown has reached a level close to the DKK746,038 exchange rate at which it was initially pegged to the euro. (DJ)
- **Japan May Run Out of Money If Bond Bill Isn't Passed, Noda Says** -- Japanese Finance Minister Yoshihiko Noda said the government may run out of money as early as October unless a bill authorizing bond sales is passed in parliament. "If the bill is not passed in the current diet session, the seamless management of the budget beyond September will be difficult," Noda said at a press conference in Tokyo today. "We've got our backs against a wall and need to do our best to avoid that situation." Prime Minister Naoto Kan needs parliamentary approval to issue bonds, which will pay for almost half of the annual budget this fiscal year. The premier said he won't resign unless the bill is passed, amid concern the opposition will use its control of the upper house to hold up the release of the funds. (BN)
- **RBA Holds Key Rate at 4.75% for Seventh Straight Meeting** -- The Reserve Bank of Australia left its benchmark interest rate unchanged today for a seventh straight meeting as signs of slower growth from Europe to China dimmed prospects for an acceleration in hiring at home. Governor Glenn Stevens held the overnight cash rate target at 4.75 percent in Sydney, as forecast by all 28 economists surveyed by Bloomberg News. Growth this year is "unlikely to be as strong as earlier forecast," Stevens said in today's statement. "Inflation is expected to be close to target over the next 12 months," he said. "In underlying terms, inflation has been in the bottom half of the target range, though a gradual increase is expected over time." Stevens's decision to extend the pause to match the longest since he took the helm in 2006 reflects slowdowns in China and India -- nations that account for half of Australia's exports -- and concern about Europe's debt crisis. Investors are wagering that the central bank is too optimistic in its forecasts that growth will accelerate and inflation intensify in coming months as mining companies including BHP Billiton Ltd. expand. (BN)
- **PBOC Statement Sends Signal Rates May Be Raised This Weekend - Report** -- A statement by China's central bank has raised expectations of an imminent rate increase, two local newspapers reported on Tuesday, with one saying a hike could come as soon as this weekend. The brief statement on Monday by the People's Bank of China after a quarterly meeting of its monetary policy committee stressed that inflation pressures remain high. The Economic Information Daily, a newspaper backed by the Xinhua News Agency, said the PBOC statement has raised market expectations for a rate hike this weekend. The report didn't give any further analysis or evidence on the possible timing of such a move. China's central bank has frequently made such policy moves on holidays and weekends. Meanwhile the



state-run China Securities Journal said the statement sent a message that the authorities aren't optimistic about inflation, and the central bank may raise interest rates again this month. (DJ)

- **Chinese Papers See Different Monetary Policy Outlooks, Showing Uncertainty** -- Various Chinese newspapers offered starkly different views Tuesday on the outlook for monetary policy, highlighting the confusion prevailing in the markets over the next step likely to be taken by the country's authorities. China is at a crucial inflection point, with inflation likely having hit new highs in the past month, even as other indicators are pointing to a slowdown in growth. Some voices in China are now calling for a relaxation of monetary policy, while others are arguing for further tightening. The People's Bank of China said in a statement Monday that "inflation pressures are still high" while the economy continues to grow at a steady and relatively fast pace. The brief statement was issued after a quarterly meeting of the central bank's monetary policy committee. On Tuesday, two local papers interpreted the PBOC's statement to mean that a hike in interest rates could be imminent. The Economic Information Daily, a newspaper backed by the Xinhua News Agency, said the PBOC statement has raised market expectations for a rate hike this weekend. The report didn't give any further analysis or evidence on the possible timing of such a move. China's central bank has frequently made such policy moves on holidays and weekends. The state-run China Securities Journal said the statement sent a message that the authorities aren't optimistic about inflation, and the central bank may raise interest rates again this month. However, the a paper backed by the central bank argued in a commentary piece that the PBOC may "appropriately slow the pace of policy adjustments and lower the intensity of policy." (DJ)
- **China June Inflation May Exceed 6%, PBOC's Financial News Says** -- China's inflation may exceed 6 percent in June because of a lagging effect, Financial News said in an editorial published on its front page today. The government aims to steer more "social funding" to support weaker areas of the national economy to help promote social stability and improve people's livelihoods, the central bank-run newspaper wrote. (BN)

NO DATA – U.S. Markets were closed

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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.