



AMG Weekly Market Update

2nd Nov, 2009

USD jumped again on weaker confidence

Last week, the negative correlation between USD and stock market was made very obvious. When the stock markets tumbled, the USD shot up. And when stock market rebound on U.S. GDP figure, the USD lost last Thursday.

At the back of the vigorous movement, it was weak investor's confidence about the economic prospect. Though that U.S. reported 3.5% real GDP growth in 3Q2009, it was believed to be the result of government stimulation rather than genuine recovery. For the private sector, cost cutting and debt reduction was still holding personal and corporate spending back. As the strength of government stimulation seemed to have peaked, worries about the economy rose again. It drove asset prices down, and USD rose as demand for safety came back.

This week, investment markets shall continue to be volatile. The market focus is expected to fall on the employment situation in U.S. and interest rate meetings of the major central banks. Unemployment rate in U.S. reached 9.8% in August 2009, and it is expected to edge up another notch in September. If the actual figure is worst, it will bring the unemployment rate to double digits and it will very likely shake the market again. Moreover, the Fed, the ECB, Bank of England and Reserve Bank of Australia will announce their decision on policy rates. Except a 0.25% increase by Reserve Bank of Australia, all the other central banks expected to keep their interest rate unchanged. For the interest rate decision, the chance for surprises to occur is much lower than employment data.

Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
US	Consumer Spending	Mom change	Sep 2009	-0.5%	1.3%
US	Personal Income	Mom change	Sep 2009	0.0%	0.2%
US	Real GDP	Qoq change	3Q 2009	3.5%	-0.7%
US	Durable goods order	Mom change	Sep 2009	1.0%	2.4%
US	Durable goods order (excl transportation)	Mom change	Sep 2009	0.9%	0.0%
US	New home sales	Annualized Rate	Sep 2009	402K	429K
Germany	Unemployment rate	%	Oct 2009	7.7%	8.0%
Japan	Industrial production	Yoy change	Sep 2009	-18.9%	-19%
Japan	Retail sales	Yoy change	Sep 2009	-1.4%	-1.8%



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South Korea	Real GDP	Yoy change	3Q 2009	2.9%	2.6%
Singapore	Industrial production	Yoy change	Sep 2009	-9.1%	-6.0%

* All figures and information are collected from www.bloomberg.com, Federal Statistics Office of Germany, Ministry of Economy, Trade and Industry of Japan, Bank of Korea, Singapore Department of Statistics.

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