



# AMG Weekly Market Update

31<sup>st</sup> May, 2010

## Slower growth becomes new challenge for Euroland

Sovereign debt problem in Europe is still fermenting. Last week, Spain lost the top credit rating as Moody's downgraded the long term credit rating for its sovereign debt one notch to AA+ from AAA. Still, market reaction was relatively calm. We can attribute the resilience to the effort by European central banks to purchase bonds in market.

Moreover, Italy followed the lead of Greece, Spain and Portugal to draw deficit reduction plans last week. Italy aims at bringing its fiscal deficit below 3% of its GDP in 2 years with the newly announced EUR 25 billion (about 1.6% of Italian GDP) spending cuts. As more and more governments add to their fiscal consolidation efforts, European economy will probably slow down again. Stronger headwind is blowing and European stock markets will likely fell behind U.S. and emerging stock markets.

### Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
US	Existing homes sales	Annualized rate	Apr 2010	5.77M	5.35M
US	New homes sales	Annualized rate	Apr 2010	504K	411K
US	Durable goods orders	Mom change	Apr 2010	2.9%	-1.3%
US	Durable goods orders (excl. transportation)	Mom change	Apr 2010	-1.0%	2.8%
US	Personal Income	Mom change	Apr 2010	0.4%	0.3%
US	Consumption spending	Mom change	Apr 2010	0.0%	0.6%
US	University of Michigan consumer confidence index		May 2010	73.6	73.3
US	Real GDP	Qoq change (Annualized)	Q1 2010	3.0%	5.6%
UK	Real GDP	Yoy change	Q1 2010	0.3%	0.4%
Japan	Exports	Yoy change	Apr 2010	40.4%	43.5%
Japan	Imports	Yoy change	Apr 2010	24.2%	20.6%
South Korea	Consumer confidence index		May 2010	111	110
Singapore	Industrial production	Yoy change	Apr 2010	51%	47%



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Taiwan	Industrial production	Yoy change	Apr 2010	31.4%	39.5%
Taiwan	Unemployment Rate	%	Apr 2010	5.4%	5.6%

\* All figures and information are collected from www.bloomberg.com, National Statistics Office of UK, Ministry of Finance of Japan, Bank of Korea, Statistics Singapore, National Statistics, R.O.C. (Taiwan).

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