



# AMG Weekly Market Update

19<sup>th</sup> July, 2010

## Target missed for European stress test

The most important news for the coming week is the announcement of stress test results for 91 major banks in Europe. European governments aim at easing the public concerns about the financial stability of the major banks in the region and enhancing their access to financing.

While the European sovereign debt problem remains unresolved, it is no wonder that the biggest concerns for investors is about the impact on European banking system if the debt of some countries devalue significant or even if some of the default. And another big question would be how the governments and financial institutions going to help those banks that failed the test. These are the questions that investors expect the stress test to answer.

But, the announcement came short of the expectation. It was revealed that default of sovereign bond was not a test condition, thus the potential damage is still a question. Though that European sovereign debt problem is receding lately, the risk of sovereign default remains largely unknown. So, it can still cause a lot of trouble when the problem heat up again. We would say the job is not fully done for the stress test.

### Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
China	Industrial production	Yoy change	Jun 2010	13.7%	16.5%
China	Retail sales	Yoy change	Jun 2010	18.3%	18.7%
China	Urban FAI	Yoy change	Jun 2010	25.5%	25.9%
China	CPI	Yoy change	Jun 2010	2.9%	3.1%
China	Real GDP	Yoy change	Q2 2010	10.3%	11.9%
China	Exports	Yoy change	Jun 2010	43.9%	48.5%
China	Imports	Yoy change	Jun 2010	34.1%	48.3%
US	University of Michigan consumer sentiment index		Jun 2010	66.5	76.0
US	Industrial production	Mom change	Jun 2010	0.1%	1.2%
US	Capacity utilization	%	Jun 2010	74.1%	74.7%
US	Retail sales	Mom change	Jun 2010	-0.5%	-1.2%
US	Retail sales (excl. autos)	Mom change	Jun 2010	-0.1%	-1.1%
Eurozone	Industrial production	Mom change	May 2010	0.9%	0.9%
Eurozone	CPI	Yoy change	Jun 2010	1.4%	1.6%



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UK	CPI	Yoy change	Jun 2010	3.2%	3.4%
Japan	Industrial production	Yoy change	May 2010	17.0%	20.2%
Singapore	Real GDP	Yoy change	Q2 2010	19.3%	16.9%
India	Industrial production	Yoy change	May 2010	11.5%	17.6%

\* All figures and information are collected from National Bureau of Statistics of China, General Administration of Customs of the P.R.C, www.bloomberg.com, Eurostat, National Statistics Office of UK, Ministry of Economy, Trade and Industry of Japan, Statistics Singapore, Ministry of Statistics and Programme Implementation of India.

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