

Economic News

- » **The number of U.S. workers filing new applications for unemployment benefits fell slightly less than expected** last week, hinting at a slow labour market recovery. Initial claims for state unemployment benefits slipped 6,000 to a seasonally adjusted 462,000 from 468,000 the prior week. The improvement was lower than market expectations.
- » The Commerce Department reported that the **U.S. trade gap shrank 6.6 per cent to \$37.3 billion** as oil imports fell to their lowest since February 1999. However, U.S. exports also declined. Analysts had expected the deficit to widen to \$41.0 billion from \$39.9 billion in December.
- » **Carmakers in the European Union will face falling sales this year** after their output dropped 17 per cent in 2009 due to the economic crisis. Forecasts remain difficult to make but 2010 will be challenging as the economy has yet to recover, the European Automobile Manufacturers' Association commented in an annual report.
- » **UK publics' expectations for inflation over the next 12 months rose slightly to 2.5 per cent** in February from 2.4 per cent in November, a quarterly survey from the Bank of England has revealed. Consumer price inflation hit 3.5 percent in January, well above the BoE's 2 per cent target, though the central bank expects it to fall back within target by the end of the year.
- » **French firms cut fewer jobs than previously thought in the fourth quarter of 2009** but not enough to ease concerns over the labour market in the months ahead. The number of jobs shed in the non-farm sector was revised to 20,400, representing a quarterly decline of 0.1 per cent instead of the 0.4 per cent quarter-on-quarter fall originally reported. Nearly 80,000 non-farm sector jobs were lost in the third quarter of last year.
- » **India's industrial output rose 16.7% from a year earlier in January**, after a revised 17.6% increase in December. The forecast by economists was for a 17.0% increase. Manufacturing output grew 17.9% from a year earlier in January, after a 19.3% rise in December.
- » **The head of the Bank of Japan has acknowledged that the central bank's easy policy stance is helping to curb Yen strength** as speculation mounted that it would loosen policy next week.



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- » **FTSE 100** closed 0.4 per cent lower at 5617.26 yesterday, pressured by miners and banks after data revived concerns about monetary tightening in China, while buyers came in for general retailers. This morning the index was up 0.05 per cent and being pulled higher by the Life Insurance sector.
- » **S&P 500** hit a 17-month closing high, up 0.4 per cent at 1150.24, as rising bank shares led a late rally that lifted U.S. stocks, more than offsetting worries China may move to cool its overheating economy. Financial stocks added to recent sharp gains, helped in part by the possibility new banking regulations being studied by U.S. Congress could be watered down.
- » **Nikkei average** hit its highest close in seven weeks, with exporters higher, helped by expectations for a weaker Yen amid speculation that the Bank of Japan may take additional steps to ease monetary policy. The Nikkei closed up 0.81 per cent at 10751.26.
- » **Sterling** rose yesterday after a slight uptick in inflation expectations, though analysts expected economic and political concerns to keep the pound under pressure ahead of the upcoming general election. This morning sterling was \$1.51 and the **yield on the 10 year gilt** was up 1.3 basis points at 4.16 per cent.

Company News

- » **AGA Rangemaster Group Plc** (122p, +1.67%) posted a 97 per cent drop in pretax profit due to a decline in demand, but forecast a pick-up in sales heading into spring.