

International Finance



News via satellite from the world's foremost newswires

CREDIT WARNING GIVES EU SUMMIT LAST CHANCE ON DEBT

FRANKFURT - EU leaders were under intense pressure Wednesday to convince markets they can come up with a rapid rescue plan for the eurozone following the threat of possible debt downgrades.

Just days before EU leaders convene for a do-or-die crisis summit in Brussels, Standard and Poor's announced it was putting the sovereign debt of almost all eurozone countries, as well as the bloc's 440-billion-euro (\$590bn) bailout fund, on review for a possible downgrade.

US Treasury Secretary Timothy Geithner, on a trip to European powerhouse Germany, said Tuesday "the eyes of the world are very much on Europe."

But Geithner welcomed what he called encouraging signs from European leaders in the eurozone crisis and conceded that the United States also faced "very challenging economic challenges... We have a lot of work ahead of us."

German Finance Minister Wolfgang Schaueble, speaking in Vienna, argued the warning would provide the "best incentive possible" for leaders "to do what they have all promised to do, so that the necessary decisions are taken in order to win back gradually the trust of investors worldwide".

Greek austerity budget passed

ATHENS - Greek lawmakers early Wednesday approved a 2012 budget pledging tough fiscal goals demanded by EU partners in return for fresh loans after clashes broke out between protesters and police outside parliament.

A broad majority of the parties backing Lucas Papademos' caretaker administration secured the economic blueprint's passage by 258 votes to 41, the assembly said after the vote that concluded after midnight.

Papademos had earlier described the budget as a key first step in a process to reverse disastrous fiscal policies that have burdened each Greek with over 30,000 euros (\$40,000) in state debt.

"Our actions will determine the country's economic future, not only for 2012 but for the entire decade," said Papademos, who took over last month with the task of ratifying a key eurozone debt deal and holding early elections.

The PM, a former European Central Bank deputy chief, also insisted that Greece's

position in the European Union and the euro was "non-negotiable".

"Our place in Europe is non-negotiable. The Greek people will defend it in every way possible," Papademos said.

"Europe and our common currency remain, despite the crisis, one of the noblest achievements of recent history," he said.

The violence outside parliament broke out as thousands of pupils, students and leftist supporters staged separate demonstrations in memory of a schoolboy whose fatal shooting by police had sparked nationwide riots three years ago.

Protesters wearing gas masks and goggles threw firebombs and marble shards broken off from nearby buildings at police, who responded with tear gas and stun grenades to push them back, reporters said.

Nearly 20 people including over a dozen officers were injured during an earlier bout of midday clashes and police said they had made 11 arrests. Police held another 10 people in Thessaloniki after smaller-scale incidents.

UK threatens EU treaty

LONDON - British Prime Minister David Cameron threatened to block a new European Union treaty designed to save the euro from the debt crisis if London's demands are not met.

Cameron said Britain's huge financial sector and the single market would have to be protected if he were to sign up to a new EU-wide treaty aimed at resolving the crisis in the euro, which Britain does not use.

He said his main aim at a crunch summit of European leaders in Brussels this week was "to defend and promote British interests", although he recognized it was in London's interests for eurozone leaders to quickly resolve the crisis.

"If they choose to use the European treaty to do that, then obviously there will be British safeguards and British interests that I will want to insist on," he said.

"I won't sign a treaty that doesn't have those safeguards in it, around things like, of course, the importance of the single market and financial services."

India suspends retail reform

NEW DELHI - India on Wednesday suspended plans to open its \$470 billion retail sector to foreign supermarkets such as Wal-Mart, in a major U-turn forced by an outcry from small shopkeepers and opposition MPs.

The climbdown was a grave embarrassment for Prime Minister Manmohan Singh's government, which had announced the retail reform with great fanfare just two weeks ago.

The arrival of international chains such as Wal-Mart, Carrefour and Tesco in India was expected to herald a consumer revolution with shoppers moving from small, neighborhood stores to large, out-of-town supermarkets.

But anger over the planned reforms united "mom and pop" store owners, trade unions, influential state leaders and opposition lawmakers who have paralysed parliament over the issue.

"The decision to permit 51 percent (foreign direct investment) in multi-brand retail will be suspended till a consensus is developed through consultations," Finance Minister Pranab Mukherjee told parliament.

Australian economy surges

SYDNEY - Australia's mining-powered economy grew 1.0 percent during the September quarter in a result hailed by the government on Wednesday as "exceptional" given the ongoing global turmoil.

The Australian Bureau of Statistics said mining and construction underpinned the robust performance, which represented on-year growth of 2.5 percent and followed upwardly revised growth of 1.4 percent for the three months to June.

Economists had expected gross domestic product to rise 0.8-1.0 percent quarter on quarter and 1.9-2.1 percent from a year earlier.

Treasurer Wayne Swan said the data was "an exceptional result at a time of heightened global instability, turmoil in Europe and slowing global growth".

The Australian dollar jumped to 102.72 US cents after the announcement, from 102.43 US cents before. It was fetching 102.69 in late trade.

THE AMERICAS

Citigroup to cut 4,500 jobs

NEW YORK - Citigroup chief executive Vikram Pandit announced Tuesday that the bank would cut 4,500 jobs as it tries to cut costs in the face of tougher market conditions.

"We have started a firm-wide reduction of headcount this quarter that will affect roughly 4,500 positions and will be completed over the next few quarters," Pandit told a industry conference. But the layoffs will come at a stiff price for the company.

"We anticipate recording a charge in the fourth quarter for severance and other expenses related to this of approximately \$400 million," he said.

While income for the bank leapt in the third quarter, that was largely thanks to a one-off change in credit costs. Revenue was basically flat, amid what Pandit called "a challenging economic environment."

Judge paves way for Lehman Brothers liquidation

NEW YORK - A US judge on Tuesday approved plans to end Lehman Brothers' bankruptcy and move it toward liquidation, three years after the firm became a poster child for the global financial crisis.

Liquidators running what remains of the company said a US bankruptcy court in New York had approved a plan for the now infamous firm to exit Chapter 11 protection.

"This case has required compromise and common sense, diligence and determination, and the reconciliation of complex positions that at times seemed irreconcilable," said Bryan Marsal.

Although the firm collapsed with ignominy in 2008, its full dissolution depends on settling creditors' claims worth around \$450 billion.

The judge's approval of a bankruptcy plan moves that process toward conclusion.

Microsoft to open 'app store'

SAN FRANCISCO - Microsoft began wooing developers for a February opening of its first "app store" for computers powered by the US technology giant's Windows software.

The Windows Store will open in late February when Microsoft releases a test version of its next-generation Windows 8 operating system. It will take on Apple and Google in the booming market of fun, hip or functional programs built for smartphones, tablets, or computers.

INTERNET '.XXX' DISTRICT OPENS

SAN FRANCISCO - An Internet version of a red light district opened on Tuesday as Web addresses with ".xxx" endings became available for purchase by those interested in providing online adult content.

Florida-based ICM Registry is overseeing the top-level domain (TLD) geared for adult entertainment and reported that it is seeing nearly a million visits daily to buy.xxx website showing where the addresses can be purchased.

"We've put a lot of money into this, and 10 years of blood, sweat and tears," ICM chief executive Stuart Lawley said.

"I feel validated," he continued. "It has been a long struggle but we stuck to our guns and took the high road."

The non-profit Internet Corporation for Assigned Names and Numbers (ICANN) board in March approved a petition to add .xxx to the list of "generic top level domains," those endings that include .com, .net, and .org.

"I think we are going to do great," Windows Web Services vice president Antoine Leblond said as he gave developers and press a preview of the store in a San Francisco art gallery.

"The reach of Windows is absolutely huge and can't be matched," he continued, noting that the Microsoft operating system powers more than a half billion computers around the world.

Android Market downloads top 10 billion: Google

SAN FRANCISCO - Google said Tuesday that over 10 billion applications have been downloaded from the Android Market, which offers free and paid programs for smartphones and tablet computers running the Internet giant's operating system.

"This past weekend, thanks to Android users around the world, Android Market exceeded 10 billion app downloads - with a growth rate of one billion app downloads per month," Eric Chu, director of the Android Developer Ecosystem, said in a blog post.

"We can't wait to see where this accelerating growth takes us in 2012," Chu said.

To celebrate achieving the 10-billion download mark, Google said Android developers would offer a selection of apps a day for the next 10 days for just 10 cents each.

McDonald's fined in Brazil

SAO PAULO - US fast food giant McDonald's has been fined \$1.8 million in Brazil over its "Happy Meal" toys, which consumer advocates say encourage bad eating habits in children, state media has reported.

The Foundation for the Protection and Defense of the Consumer in Sao Paulo imposed the fine after a consumer group filed a complaint with it against the global fast food chain.

The group filing the complaint accused McDonald's of "encouraging the formation of distorted values" by using the toys to market meals to children, Agencia Brasil reported Tuesday. McDonald's can appeal the ruling.

The agency quoted McDonald's as denying any wrongdoing, saying the toys could be purchased separately from the meals.

EUROPE

France not planning third austerity program: PM

PARIS - France is not planning a third program of spending cuts and tax hikes, Prime Minister Francois Fillon said Tuesday, a day after its top triple-A credit rating was put under review.

"There won't be a third austerity program," said Fillon after Standard and Poor's warned that the government's planned measures may be insufficient to meet its deficit target of 4.5 percent of GDP.

Standard and Poor's also warned the French government's forecast of economic growth of 1.0 percent next year is too high, saying it expects France to grow by only 0.5 percent in 2012.

"If we have to go further, if other measures must be taken, then the government will take them, but we won't take them based on growth forecasts," but rather "when we know growth (achieved) in the first quarter of 2012)."

Bank of England set to freeze rates ahead of Christmas

LONDON - The Bank of England will keep interest rates at a record low 0.50 percent and opt against expanding its stimulus plans until the new year despite ongoing eurozone turmoil, analysts said.

The BoE's Monetary Policy Committee (MPC) begins a two-day meet on Wednesday amid fears over the impact of the eurozone debt crisis on the flagging British economy, which is also buckling under state austerity and high inflation.

MARKET DATA

WALL STREET INDEXES

Tuesday close

Dow Jones Industrials	12150.13	+52.30
S&P 500	1258.47	+1.39
NYSE Composite	7539.32	+8.31
Amex Index	2272.90	+7.62
NASD Composite	2649.56	-6.20
Value Line Geometric	1234.89	-0.46
Value Line Arithmetic	2719.63	-3.10
DJ US Total Stock Mkt	13160.99	+4.99
Russell 2000 Index	746.78	-0.25

60 MOST ACTIVE US STOCKS

Prices as of Tue Dec 6 17:36:57		
VIAMR	NY	70.00 +.28
AT&T Inc	NY	29.17 +.02
Alcoa	NY	9.92 +.08
Angen	NA	27.89 +.39
AntaresP	AM	2.77 -0.05
ApdMatl	NA	11.09 +.10
BkofAm	NY	5.78 -0.01
CheniereEn	AM	9.68 -0.23
Cisco	NA	18.73 -0.06
CitiGrp rs	NY	29.75 -0.08
Clearwre	NA	2.50 +.25
Comcast	NA	23.10 +.04
Cornlg	NY	15.88 +.26
Dsl Inc	NA	15.86 -0.07
DrSCBR rs	NY	26.87 -0.11
DirFnr rs	NY	38.64 +.06
DirxSCBul	NY	46.73 +.04
EMC Cp	NY	23.58 +.02
ExxonMbl	NY	80.82 +.37
Fifthrd	NY	12.32 -0.24
FordM	NY	11.02 -0.36
GenElc	NY	16.72 +.39
GoldStr g	AM	2.12 +.05
GrBasG	AM	1.01 +.05
Hallbrth	NY	35.57 -1.45
Heclm	NY	6.53 +.55
HewlettP	NY	28.18 +.06
IHSilver	NY	31.93 +.88
IHEMkts	NY	39.87 -0.55
EastE	NY	51.13 -0.24
Shr2K	NY	71.83 +.07
Intel	NA	25.35 +.34
JPMorgCh	NY	33.23 -0.28
JetBlde	NA	4.71 +.01
LillyEl	NY	38.86 +1.45
Lowe	NY	24.77 +.42
MarvelIT	NA	14.10 +.32
MicronT	NA	5.65 -0.08
Microsoft	NA	25.66 +.01
Morgan	NY	11.13 +.01
NwGol g	AM	10.65 +.05
NewsCpA	NY	17.86 +.15
NokiAcP	NA	5.41 +.04
Nvidia	NA	15.26 -0.22
Oracle	NA	31.73 -0.17
Pfizer	NY	20.23 +.39
PwShs 00Q	NY	57.08 -0.16
PwShsS&P	NY	19.48 +.04
PulteGrp	NY	6.48 +.09
Qualcom	NA	54.83 +.34
RegionsFn	NY	4.16 -0.15
RschMotn	NY	17.03 +.01
S&P500ETF	NY	126.26 +.04
SirusXM	NY	1.79 -0.02
SprintNex	NY	2.61 -0.04
SPDR FncI	NY	13.18 +.01
SuccessF	NY	39.80 +.05
Synovus	NY	1.40 -0.11
WellsFargo	NY	26.65 -0.09
Yahoo	NA	15.84 -0.05

(NY=NYSE; AM=AMEX; NA=NASDAQ)

LONDON STOCK EXCHANGE

Prices at 09.25AM Wednesday		
Admiral Grp	884.50	-6.00
Aviva	332.38	+3.25
BAE Systems	281.25	+4.50
BG	1396.50	+13.50
BT Grp	193.50	+1.50
Centrica	289.38	+1.25
GlaxoSmithKline	1435.50	+8.00
HSBC HLDGS	516.63	+8.38
Intl Cons Airli	155.50	+1.13
Intl Power	326.88	-0.38
M & S	314.90	-0.38
National Grid	610.25	+5.75
Penon Grp	684.75	+6.13
Sainsbury	294.75	-0.13
Severn	1474.00	+5.00
SSE	1268.50	+11.50
Tate Lyle	674.50	+4.50
Tesco	398.13	-0.63
United Utils	602.50	+0.50

CLOSING WORLD STOCK INDEXES

Hong Kong H-S	19,240.58	18,942.23
Singapore STI	2782.55	2749.24
Sydney All Ord	4351.26	4321.60
Tokyo Nikkei	8722.17	8575.16

Amsterdam AEX	Dec 06	304.80	Dec 05	305.10
Brussels Bel-25	2086.05	2117.39		
Frankfurt DAX	6028.82	6106.09		
London FT-100	5568.72	5567.96		
Mexico IPC	37071.17	37103.17		
Milan MIB	15848.21	15926.47		
Paris CAC-40	3179.63	3201.28		
Toronto TSX	12081.25	12119.33		
Zurich SMI	5767.93	5739.86		

NYMEX METALS AND ENERGY

Gold:	Dec	1727.90	-2.80
Silver:	Dec	32.672	+3.366
Platinum:	Jan	1524.00	-8.50
Copper:	Dec	3.56455	-0.0385
Crude Oil:	Jan	101.28	+0.29
Heating Oil:	Jan	3.0217	+0.0293
Gasoline:	Jan	2.6454	+0.0317
Nat Gas:	Jan	3.487	+0.026

NEW YORK EXCHANGE RATES

	Tue	Mon
Australia (Dollar)	9746	9732
Britain (Pound)	\$1.5605	\$1.5644
Canada (Dollar)	1.0092	1.0171
China (Yuan)	6.3410	6.3519
Euro	\$1.3414	\$1.3401
Hong Kong (Dollar)	7.7717	7.7703
India (Rupee)	51.416	51.350
Japan (Yen)	77.70	77.77
Mexico (Peso)	13.4570	13.5278
Norway (Krone)	5.7527	5.7721
Russia (Ruble)	31.3235	30.8775
Singapore (Dollar)	1.2825	1.2792
South Africa (Rand)	8.0205	8.0335
Switzerland (Franc)	.9257	.9205

In contrast, the European Central Bank is expected to cut interest rates for the second time in two months on Thursday, as the region teeters on the brink of recession and EU leaders battle to find a solution to the crisis.

"The December meeting of the MPC is unlikely to result in any early Christmas presents for the needy UK economy," said IHS Global Insight economist Howard Archer.

Total to buy North Sea fields from GDF Suez

PARIS - French oil company Total said Tuesday it was buying stakes in two British North Sea gas fields from GDF Suez for 590 million euros (\$790m).

The transaction will increase Total's stake in the Elgin and Franklin fields, which account for 7.0 percent of Britain's production, to 46.2 percent from 35.8 percent, the company said in a statement.

The transfer of the stake in the fields, which produce 140,000 barrels of oil equivalent per day, should be completed by the end of the year.

GDF Suez said the sale was part of its programme announced in March to sell 10 billion euros in assets by 2013.

Czech industrial output grows

PRAGUE - Czech industrial output grew at a seasonally adjusted pace of 0.1 percent in October against September output, the same growth as between September and August, official data showed on Wednesday.

OPEC CHIEF SAYS OIL PRICE 'SATISFACTORY'

DOHA - The head of the Organization of Petroleum Exporting Countries (OPEC) on Wednesday described current oil prices as "satisfactory" to both consumers and producers, insisting a "decent" price is needed to encourage investments in production.

"Average oil price this year is satisfactory for producers and consumers," OPEC Secretary General Abdullah El-Badri told participants at the World Petroleum Congress in Doha.

"This year, the oil market has been in constant flux," he said, citing uncertainties over global economic growth, Japan's multiple disasters and unrest in North Africa and the Middle East. But he insisted that there was "no shortage of oil."

Members of OPEC are meeting on December 14 in Vienna, but many member states have indicated that there will be no changes to production, despite a quicker-than-expected resumption of Libyan oil output.

Venezuelan President Hugo Chavez, whose country is a founding member of OPEC, on Tuesday called oil prices fair and said his government would push to keep them at current levels. He said that a price between \$100 and \$120 a barrel was "fair".

On a 12-month basis, industrial output rose by 1.7 percent in October, following a revised 1.6-percent increase the month before, said the Czech Statistical Office.

The annual growth was pulled by a 16.6-percent increase in car output in the country's three large plants-Volkswagen unit Skoda Auto, South Korea's Hyundai, and TPCA, a joint venture of France's PSA Peugeot Citroen and Japan's Toyota.

ASIA PACIFIC

Intel, Taiwan in tie-up to develop new chip

TAIPEI - US chip giant Intel has joined hands with a top Taiwan research institute to develop a new generation of memory chips for use in lighter, energy-saving smartphones and tablets, officials said Wednesday.

"Intel Labs will collaborate with the Industrial Technology Research Institute (ITRI) on research programmes expected to shape the future of information technology," Intel said in a statement.

The \$15-million project will focus on "super-fast, but extremely energy-efficient memory technologies" for lightweight laptops, tablets and smartphones, it said.

Intel, ITRI and Taiwan's economic ministry each will spend \$5 million on the five-year project.

Malaysia urged to fully probe Alstom allegations

KUALA LUMPUR - Transparency International on Wednesday called for a thorough probe by Malaysian authorities into alleged bribery by French industrial group Alstom, in a scandal involving several countries.

Malaysian media had reported Tuesday that anti-corruption officials last week "visited" the office of a power firm amid allegations a former official took kickbacks from Alstom related to a power project in the 1990s.

Several executives at Teknologi Tenaga Perlis Consortium (TTPC) also had been questioned by the Malaysian Anti-Corruption Commission (MACC), the Star newspaper said.

"Transparency International Malaysia calls upon the MACC to leave no stone unturned in the investigations on Alstom's business dealings in Malaysia," a statement by the anti-corruption group said.

Japan forex reserves hit new record high

TOKYO - Japan said Wednesday its foreign exchange reserves hit a record high \$1.3 trillion in November after authorities intervened in currency markets to stem the yen's rise.

The level was \$94.88 billion higher than in October, the finance ministry said, and surpassed a previous record of \$1.22 trillion set in August.

The reserves are composed mainly of foreign-currency denominated securities and bank deposits along with gold and other assets, according to ministry data.

The country's forex reserves, the second-biggest in the world after China, expanded following Japan's intervention in currency markets on October 31, after the yen hit a fresh post-war high of 75.32 against the dollar.

China to target emerging countries as exports slip

BEIJING - China will seek to boost exports to emerging economies next year in the face of "severe challenges" caused by downturns in Europe and the United States, a senior official said Wednesday.

CHINA AGENCY DOWNGRADES ITALY CREDIT RATING

BEIJING - Chinese rating agency Dagong said Wednesday it has cut its sovereign credit rating for Italy as the country struggles to stay solvent amid the eurozone debt crisis.

Dagong said it lowered Italy's rating from "A-" to "BBB" with a negative outlook due to the country's worsening economic conditions, growing reliance on the European Central Bank to buy its bonds and declining ability to repay debt.

The agency, which has little sway outside China, placed Italy on negative credit watch in July, since when Rome's borrowing costs have surged above six percent, signalling strong sentiment that it could default in the near future.

To cushion the impact on exports - a major engine of growth - Beijing will target developing countries that are growing strongly, said Wang Shouwen, director of the commerce ministry's foreign trade department.

"Next year I think that we will face severe challenges in our exports and imports," Wang told reporters at the release of a white paper on foreign trade marking the 10th anniversary of China joining the World Trade Organization.

"However, some developing and emerging economies are enjoying sound economic performances so we will attach more importance to exports to these countries."

MARKETS

World stocks up on hopes for Europe debt fix

BANGKOK - World stocks rose Wednesday amid growing optimism that European leaders will approve aggressive plans by the end of the week to rescue the region from a debt crisis that has roiled financial markets for months.

European stocks tracked earlier gains in Asia. Britain's FTSE 100 rose 0.9 percent to 5,617.16. Germany's DAX added 1.4 percent to 6,110.91 and France's CAC-40 climbed 1.5 percent to 3,227.68. Wall Street also appeared set for advances, with Dow Jones industrial futures rising 0.8 percent to 12,210 and S&P 500 futures gaining 0.8 percent to 1,265.40.

In Asia, Japan's Nikkei 225 jumped 1.7 percent to end at 8,722.17 - its highest close in a month. South Korea's Kospi added 0.9 percent to 1,919.42 and Hong Kong's Hang Seng gained 1.6 percent to 19,240.58.

*Headland Media produces the market-leading Headland SatNews service, incorporating the News On-Board and HotelNewspapers brands. The service covers 30 countries in more than 12 languages and is delivered daily by e-mail or via satellite.
Tel: +44 151 236 4124 (UK)
and +1 954 492 2292 (US)
E-mail: news@headlandmedia.com
Website: www.headlandmedia.com*

Mainland Chinese shares edged higher, with the benchmark Shanghai Composite Index climbing 0.3 percent to 2,332.73, ending a five-session losing streak.

Hopes that Europe was finally serious about taming its debt crisis boosted US stocks Tuesday. The Dow Jones industrial average closed up 0.4 percent at 12,150.13. The Standard & Poor's 500 index closed up 0.1 percent to 1,258.47. The Nasdaq composite average closed down 0.2 percent at 2,649.56.

Oil ends higher

NEW YORK - Oil prices climbed above \$101 per barrel Tuesday after the government boosted its price forecast for the end of this year and 2012.

Benchmark crude rose 29 cents to end the day at \$101.28 per barrel in New York. Brent crude, which is used to price foreign oils that are imported by US refineries, rose 98 cents to finish at \$110.51 a barrel in London.

Prices increased in afternoon trading after the Energy Information Administration boosted its oil price forecast for the final three months of 2011 and all of 2012.

The government expects the average price of oil will rise to \$98 per barrel next year, up from a previous forecast of \$91 per barrel last month. The increase accounts for recent plans by Canadian pipeline companies to transport oil from overloaded storage tanks in the Midwest to the Gulf of Mexico.

Euro firms in Asia

TOKYO - The euro firmed against other major currencies in Asia on Wednesday ahead of a crucial European Union summit that will focus on hammering out a plan to contain the eurozone debt crisis.

The unit fetched \$1.3422 and 104.34 yen in afternoon trade, compared with \$1.3397 and 104.14 yen in New York late Tuesday. The dollar bought 77.73 yen, compared with 77.70 yen.

The euro will likely be volatile as investors watch for the latest news on Europe's fiscal problems in the lead up to the two-day summit starting Thursday, dealers said.