



## The World 5<sup>h</sup> – 12<sup>th</sup> December, 2011

### Markets reaction to Eurozone talks muted

Equity markets rallied at the news of an EU deal to save the euro, but the response of bond and currency markets was more muted. On Friday, US equities jumped 1.6% with similar rises on the FTSE and Dax. However, the euro rose just 0.31% against the dollar, fell against the Swiss franc and rose only slightly against the pound and the yen<sup>1</sup>.

### Key Data:

<b>GDP Per Capita(PPP)</b>	US\$9,216 (2010) <sup>2</sup>
<b>GDP Growth</b>	4.2% annual change (2010) <sup>3</sup>
<b>Unemployment</b>	8.7% (2010 est) <sup>4</sup>

### Contextual Data:

<b>Manufacturing PMI</b>	49.6 (Nov 2011) <sup>5</sup>
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<sup>1</sup> <http://www.firstpost.com/world/heres-currency-and-bond-market-response-to-eu-yawn-152741.html>

<sup>2</sup> [http://www.google.co.uk/publicdata/explore?ds=d5bncppjof8f9 &met\\_y=ny\\_gdp\\_pcap\\_cd&tdim=true&dl=en&hl=en&q=global+gdp+per+capita](http://www.google.co.uk/publicdata/explore?ds=d5bncppjof8f9 &met_y=ny_gdp_pcap_cd&tdim=true&dl=en&hl=en&q=global+gdp+per+capita)

<sup>3</sup> [http://www.google.co.uk/publicdata/explore?ds=d5bncppjof8f9 &met\\_y=ny\\_gdp\\_mktp\\_kd\\_zg&tdim=true&dl=en&hl=en&q=global+gdp+growth](http://www.google.co.uk/publicdata/explore?ds=d5bncppjof8f9 &met_y=ny_gdp_mktp_kd_zg&tdim=true&dl=en&hl=en&q=global+gdp+growth)

<sup>4</sup> [http://www.indexmundi.com/world/unemployment\\_rate.html](http://www.indexmundi.com/world/unemployment_rate.html)

<sup>5</sup> <http://www.reuters.com/article/2011/12/01/pmi-manufacturing-global-idUSL4E7N12VK20111201>

### Stories from the week:

- **Inequality harming social contract say European money managers:** Rising inequality, both within and between nations, threatens the social contract, said European money managers at the 2012 Reuters Investment Outlook Summit. Four years of financial crisis, unemployment and austerity have created wealth gaps which are eroding the sense of fairness needed to unite societies, the experts said. A failure to tackle inequality could lead to regulatory backlashes that could hurt the world economy<sup>6</sup>. **07/12/11**
- **US economy receives highest rating for two years:** The US economy has received its highest rating from international investors for two years as confidence that the world's biggest economy will weather the current European financial storm, according to a Bloomberg poll. 41% of those polled identified the US as the market likely to perform best in the coming two years. The figure is double the next two top rated markets: Brazil and China<sup>7</sup>. **07/12/11**
- **Developed economies have entered vicious circle of slow growth says IMF deputy:** The developed economies have entered a vicious circle of slow growth, financial instability and debts, said IMF deputy managing director, Zhu Min, on Friday at an IMF symposium in Shanghai. Whilst emerging economies continue to enjoy strong fundamentals, they are not immune from the spill-over effects from their more advanced partners, he stressed. Asia has not "de-coupled" itself from the EU and US, he pointed out<sup>8</sup>. **09/12/11**

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<sup>6</sup> <http://in.reuters.com/article/2011/12/06/investment-summit-inequality-idINDEE7B50HA20111206>

<sup>7</sup> <http://www.businessweek.com/news/2011-12-07/american-economy-rebounding-as-investor-favorite-in-global-poll.html>

<sup>8</sup> <http://online.wsj.com/article/SB10001424052970203501304577087510669932598.html>