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GENERAL ECONOMIC AND BUSINESS DEVELOPMENTS IN THE WORLD

Emerging markets to invest more overseas in future: E&Y chief

LONDON-- James Turley, chief executive of Ernst & Young, expects more and more investment from emerging markets into foreign countries in the future.

"If the last few decades were characterized by Western companies investing into the emerging markets, the next couple of decades will be characterized by that continuing, but also great companies from emerging markets investing outside of their region," Turley told Xinhua in a recent interview.

While encouraging companies from emerging markets to conduct more overseas investment, Turley urged these companies to invest more time in understanding cultures of places they intend to invest in.

"It is very essential to develop real cultural sensitivity and awareness to how people think and what drives their behaviors in another country," Turley said. "Understanding the cultures and customs and the importance of those is the real determination of success, because it helps people build mutual trust, respect and understanding before doing business with each other."

"A Western company can't succeed in China by trying to force Western thinkings on China. Also, a Chinese company can't succeed in Europe by only trying to operate as a Chinese company," Turley said.

Talking about attracting foreign investment into their own countries, Turley said most emerging markets should enhance their domestic governance, transparency, stability in legal and tax systems as well as administrative streamlining to global standards.

Although emerging markets may sometimes lag behind in those fields, Turley believes that the emerging countries including those of the BRICS, the Next Eleven and the Middle East will take a much stronger leadership on the global stage in the coming years and high growth rates will continue to characterize their economies for a long time compared with those of the developed countries.

E&Y itself is taking emerging countries as important markets to the global leading accountancy firm.

"Emerging markets is where E&Y is making the vast majority of its investment. E&Y's growth rates in the emerging countries are far outstripping those in the developed markets," he said.

"For one thing, our growth is driven by the overall economic upturn of these countries. For another, as these countries are gradually embracing global standards like governance and transparency, they demand more services provided by companies like E&Y," Turley said.

http://news.xinhuanet.com/english2010/business/2011-06/06/c_13913520.htm

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Obama cools down double-dip recession concern

WASHINGTON -- U.S. President Barack Obama said here on Tuesday the U.S. economy will not slip into a double-dip recession as recent data indicate a slower than expected growth in the world's largest economy.

"I'm not concerned about a double-dip recession. I am concerned that the recovery that we're on is not producing jobs as quickly as I want it to happen," Obama said at a joint news conference with visiting German Chancellor Angela Merkel.

"Obviously, we're experiencing some headwinds," Obama said.

According to a report released by the U.S. Labor Department on Friday, the country's unemployment rate edged up to 9.1 percent in May and the nonfarm payroll jobs created in the month were much fewer than in the previous months.
The total number of unemployed Americans stood at 13.9 million, still almost double the level prior to the recession.
The Republicans criticized that the Obama administration's economic policy has failed the country.
Obama said his administration was taking a range of steps to boost the economy, and that the nation is on a path to long-term economic growth. But he also acknowledged that "we've still got a lot to do."

http://news.xinhuanet.com/english2010/world/2011-06/08/c_13915953.htm

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Obama says European debt crisis must not harm global recovery
WASHINGTON -- U.S. President Barack Obama said on Tuesday that he and German Chancellor Angela Merkel both agreed that Europe's debt crisis cannot be allowed to harm the global recovery.
"I very much appreciated the chancellor's views on the financial situation in Europe, which we agree cannot be allowed to put the global economic recovery at risk," Obama told a joint press conference with Merkel after their meeting at the White House.
Obama said he was not concerned about a double-dip recession, but "about the fact that the recovery that we're on is not producing jobs as quickly as I want it to happen."
As Obama is seeking reelection in 2012, job creation becomes his top concern. But the past month brought only bad news: the nation had only 54,000 nonfarm payroll jobs added in May after an increase of about 220,000 jobs in each of the three previous months, with the unemployment rate up to 9.1 percent from 9.0 percent in April.
Obama said he had "extensive discussions" with Merkel about the tough situation in Europe and Greece's significant debt, stressing that members of the eurozone need to provide their "backstop and support," with Germany being a key leader in the process.
He also offered U.S. support, saying that "we think that America's economic growth depends on a sensible resolution of this issue."
"We think it would be disastrous for us to see an uncontrolled spiral and default in Europe, because that could trigger a whole range of other events," the president added.

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FAO says food prices likely to remain high in 2011, 2012
ROME -- High and volatile agricultural commodity prices are likely to prevail for the rest of this year and into 2012, a UN report said here Tuesday.
According to the latest biannual report Food Outlook published by Food and Agriculture Organization (FAO), a sharp rundown on inventories and only modest overall production increases for the majority of crops are the reasons for continuing strong prices.
Current prospects for cereals in 2011 point to a harvest of 2,315 million tonnes, a 3.5 percent increase over 2010, but a one percent drop over 2009.
Global wheat output is expected to be 3.2 percent up from last year's reduced crop, mostly reflecting improved yields in the Russian Federation.

The next few months will be critical in determining how the major crops will fare this year, said the report.
According to the report, although prospects are encouraging in some countries such as Russia and Ukraine, weather conditions, featuring too little and in some cases too much rain, could hamper maize and wheat yields in Europe and North America.

http://news.xinhuanet.com/english2010/business/2011-06/07/c_13915643.htm

WEF report highlights future of government in 21st century
VIENNA -- World governments should redesign their structures and processes to address challenges in the 21st century, a report released by the World Economic Forum (WEF) said on Tuesday.
"As the world moves forward amid economic uncertainty, a continuing Internet and social media revolution and deep political change, the future of government has catapulted to center stage as one of the most pressing challenges of the 21st century," Jane E. Fountain, who chaired the group drafting the report, said.
The report authored by the WEF Global Agenda Council on the Future of Government which includes 15 innovative experts and leading practitioners from some of the most advanced governments and international organizations.
It was released in the run-up to the WEF's annual meeting on Europe and Central Asia, for which more than 500 leaders from business, government, academia and civil society are gathering in Vienna on Wednesday and Thursday under the theme Expanding the Frontiers of Innovation.
The report builds the effective sharing of best governance practices so as to speed up innovation globally. It provides a comprehensive analysis of how the strategies, structures and practices of governments must change in the coming years to be flatter, agile, streamlined and tech-enabled (FAST).
"To be efficient and effective in today's complex, interlinked and fast-changing environment, governments need to redesign their structures and processes to capitalize on a new set of actors and tools," the report says.
The report explores the powerful but, in some cases, controversial concepts of open government and open data, giving examples of how governments can use the power of the Internet, including social media, to transform governance, empower citizens and rebuild the social contract between political leaders and citizens.
It also looks at how to find the proper balance between open government and risk management.
The report calls for stronger partnership between governments and the private sector in the developing world to ensure citizens' access to public services.
"Regardless of reform, revitalization and a technological revolution, the reality is that in many developing countries, at least in the foreseeable future, government alone will be unable to develop sufficient capacity to offer basic services to citizens," it says, adding a range of public-private partnerships and other multi-sectoral arrangements have opened possibilities for value creation and greater efficiency.

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World Bank says developing nations should strive to sustain growth

NAIROBI-- World Bank has called on developing countries to focus on tackling country-specific challenges such as achieving balanced growth through structural reforms, coping with inflationary pressures, and dealing with high commodity prices.

The bank says in its June 2011 edition of Global Economic Prospects published on Wednesday that recent events in Japan and the political turmoil in the Middle East and North Africa have cut sharply into domestic growth, but spillover effects to other economies are expected to be modest.

"Developing countries have been resilient despite remaining tensions in high-income countries," said Hans Timmer, the bank's director of Development Prospects.

"But many developing economies are operating above capacity and at risk of overheating, most notably in Asia and Latin America. Monetary policy has responded, but fiscal and exchange rate policy may need to play a bigger role to keep inflation in check."

In contrast, prospects for high-income countries and many of Europe's developing countries remain clouded by crisis-related problems such as high unemployment, household and banking-sector budget consolidation, and concerns over fiscal sustainability among other factors.

The World Bank projects that as developing countries reach full capacity, growth will slow from 7.3 percent in 2010 to around 6.3 percent each year from 2011-2013.

High-income countries will see growth slow from 2.7 percent in 2010 to 2.2 percent in 2011 before picking up to 2.7 percent and 2. 6 percent in 2012 and 2013 respectively. "Globally, GDP is expected to grow 3.2 percent in 2011 before edging up to 3.6 percent in 2012," said Justin Yifu Lin, the bank' s chief economist and senior vice president for development economics. "But further increases in already high oil and food prices could significantly curb economic growth and hurt the poor."

According to the bank, GDP growth in 2011 will likely be flat in Japan. Among developing Middle East and North African countries, GDP growth in 2011 will be weakest in Egypt (1 percent), Tunisia (1.5 percent), and Libya (2 percent).

While uncertain, growth in both Egypt and Tunisia is projected to pick up in 2012, reaching close to 5 percent by 2013.

Strong growth in most developing economies has contributed to a new set of global challenges, including higher commodity prices, rising inflation, and the possible return of destabilizing capital inflows as monetary policies tighten and interest rates rise.

Inflation in developing countries reached almost 7 percent year- over-year in March 2011, more than 3 percentage points higher than the low point in July 2009.

Inflation in high-income countries has also picked up reaching 2.8 percent in April 2011. The biggest increases in inflation have been in the East Asian and Middle East and North African regions, reflecting capacity constraints in the former and food prices in the latter.

High oil prices and production shortfalls due to bad weather have contributed to higher food prices, which has negative consequences for the poor who spend a high proportion of their income on food.

Although domestic food prices in most developing countries rose much less than international prices during the 2010/11 spike (7.9 percent since June 2010 versus 40 percent for international prices), local prices may rise further as international price changes slowly pass through into domestic markets. In addition, if the 2011/12 crop year disappoints, food prices may rise further, placing additional pressures on the incomes, nutrition, and health of poor families. "The financial crisis for most developing countries is over," said Andrew Burns, manager of Global Macroeconomics and lead author of the report. "Efforts must now focus on returning monetary policy to a more neutral stance and rebuilding the fiscal cushions that allowed developing countries to respond to the crisis with counter- cyclical policies," he said. "Increasingly, medium-term prospects will depend on the kind of slow-acting social, regulatory and infrastructural reforms that generate improved productivity and sustainable growth."

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World Bank says sub-Saharan Africa faces development challenges posed by climate change

NAIROBI -- Sub-Saharan Africa is facing a development challenge caused by climate change which could cost it 17 billion U.S. dollars a year, the World Bank's Special Envoy for Climate Change, Andrew Steer said on Wednesday.

According to a statement from the bank's offices in Nairobi, Steer warned that the figure was a conservative estimate of likely adaptation costs because it is based on the assumption of rapid action to address climate change, ensuring that average global temperature increases stay below 2-degrees centigrade. "At present we are sadly not on track to limit global temperature increase to 2 degrees. Without more urgent action, the costs to Africa for adapting to more floods, droughts, heat, rising sea level, and shifting disease patterns would be sharply higher," he said.

Releasing a series of World Bank country studies on the economics of adaptation to climate change, Steer said climate change jeopardizes Africa's hard-won development gains. "We need to use the next UN climate conference in Durban to make Africa's agenda much more central to the United Nations Framework Convention on Climate Change (UNFCCC) process."

"Climate shocks are already a major threat to some of the most vulnerable Africans. The Durban COP meeting needs to devote energies to outlining the urgent concrete solutions needed for climate adaptation and mitigation across the continent, including addressing Africa's 17 billion-a-year dollars challenge," Abiageli Ezekwesili, World Bank vice president for the Africa Region said.

In addressing the threat of climate change, Ezekwesili said not only can Africa leapfrog older technologies, "it can do so while also addressing the job creation challenge and accelerating development."

The new World Bank country studies, undertaken in partnership with the developing countries themselves, are designed to help decision-makers assess their climate change risks and design appropriate adaptation strategies.

So far, Steer said Africa has been receiving less than 2 percent of all Clean Development Mechanism money, "that's not right." "In addition to moving forward the Cancun agreements, issues central to Africa concerns like energy access, agriculture and carbon market reform should be firmly on the agenda for Durban," he said.

Ethiopia, Ghana and Mozambique, the three African countries studied, have similar vulnerabilities. All of them are dependent on agriculture and affected by cyclical droughts and floods.

According to the studies, Ethiopia's GDP could be 2 to 8 percent lower than expected if it does not invest in adaptation while it says Ghana could see 2 to 7 percent lower GDP by 2050 with its water and energy sectors expected to decline by 3 to 6 percent. In Mozambique, the report says climate change is likely to result in GDP losses of 4 to 14 percent relative to its expected growth by 2050.

Despite these vulnerabilities, the studies show there are opportunities for the three countries to make their development climate-resilient. "These countries are building infrastructure that needs to serve the next generation through unprecedented climate situations," Steer said. "Now it is the time for African countries to invest in better building codes, all-weather roads, early-warning systems, and efficient irrigation."

The studies analyzed impacts and adaptation strategies for agriculture, forestry, fisheries, infrastructure, and water resources.

Building on a World Bank 2009 global study that estimated adaptation costs to developing countries in the order of 75 to 100 billion dollars per year by 2050, they compared a future world without climate change to a future world with climate change.

The difference between the two entails a series of actions that add up to the cost of adapting to climate change.

Across Africa, the World Bank Group is engaged in strategic policy dialogues with several countries to integrate climate change into their development plans.

Already, 13 country assistance strategies, including those of Nigeria, Ethiopia, Burkina Faso and Cameroon, have climate change as a component.

In partnership with the African Development Bank, the World Bank is mobilizing dedicated resources for climate action through the Climate Investment Funds (CIFs), with investment plans being developed in 11 countries in sub-Saharan Africa.

In support of adaptation efforts, selected pilot countries, namely Mozambique, Zambia and Niger, are each receiving 40 to 60 million dollars in grant funding to enhance their climate resilience.

Meanwhile programs are underway to scale-up access to renewable energy in Ethiopia, Kenya and Mali and to support sustainable forest management projects in the Democratic Republic of the Congo and Burkina Faso.

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World oil consumption to grow by 1.7 million barrels per day in 2011: EIA report

HOUSTON -- Total world oil consumption will grow by 1.7 million barrels per day in 2011, the U.S. Energy Information Administration (EIA) said on Tuesday.

The agency also predicted in its monthly review released on Tuesday that world oil consumption will increase by 1.6 million barrels per day in 2012.

World benchmark crude oil prices reached their highest level so far this year at the end of April, but fell by about 10 percent by May 9 and have changed very little since then, according to the EIA report.

The agency expects world oil markets to tighten through 2012 given projected world oil demand growth and slowing growth in supply from non-OPEC countries.

Based on the outlook from the National Oceanic and Atmospheric Administration (NOAA) for the current Atlantic hurricane season, the EIA estimates median (mean) outcomes for total shut-in production in the Federal Gulf of Mexico during the upcoming hurricane season of about 19 million barrels of crude oil and 53 billion cubic feet (Bcf) of natural gas.

The NOAA predicted that the Atlantic basin likely will experience above-normal tropical weather activity during this year 's hurricane season, from June through November.

Regular-grade retail gasoline price averaged about 3.96 dollars per gallon during the first half of May as unexpected refinery outages and disruptions in distribution caused by the flooding of the

Mississippi River and its tributaries temporarily counterbalanced the impact of lower crude oil prices, according to the EIA report.
In recent weeks, gasoline prices have been falling as the refinery situation has begun to recover.
The EIA expects the May average price of 3.91 dollars per gallon will be the peak monthly average price this driving season.
The EIA forecast that the regular-grade motor gasoline retail price will average 3.75 dollars per gallon during this summer's driving season, from April 1 through Sept. 30, up from 2.76 dollars per gallon last summer.
Natural gas working inventories ended May 2011 at 2.2 trillion cubic feet, about 10 percent or 245 billion cubic feet below the 2010 end-of-May level.
The EIA expected that working gas inventories will build strongly during the summer and approach record-high levels in the second half of 2011.
The projected Henry Hub natural gas spot price averages 4.25 dollars per million British thermal units (MMBtu) in 2011, 0.13 per MMBtu lower than the 2010 average.
The EIA expected the natural gas market to begin tightening in 2012, with the Henry Hub spot price increasing to an average of 4. 58 dollars per MMBtu.

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OPEC leaves oil production quota unchanged
VIENNA-- An OPEC conference failed to reach an agreement on increasing oil output here Wednesday, effectively leaving its current production quota unchanged.
"Unfortunately, we are not able to reach a consensus this time to reduce or raise our production,"OPEC Secretary General Abdullah El Badri told a press conference after OPEC ministers ended their meeting.
Some member countries supported an immediate output increase while others needed more time to further assess the current situation, said Mohammad Aliabadi, head of Iran's OPEC delegation and OPEC president.
OPEC will further assess the current market situation and decide whether to raise production quota three months later, Aliabadi added.
The OPEC meeting here was the first session of the Organization of the Petroleum Exporting Countries to discuss production quota after the start of political disturbance in the Middle East.
Over the past months, crude oil price soared to above 100 U.S. dollars a barrel. Out of inflation fears, many countries have urged OPEC to raise its production quota in order to stabilize the price.

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IEA disappointed at OPEC's disagreement to boost oil supply
PARIS -- The industrialized world's energy watchdog the International Energy Agency (IEA) was disappointed that OPEC members failed to agree on an increase of oil supply and called on major oil producers to help ease tightening market, according to a statement issued Wednesday by the Paris-based agency.
"We have noted with disappointment that members of OPEC (the Organization of the Petroleum Exporting Countries) today were unable to agree on the need to make more oil available to the market," the IEA said in the statement.

An OPEC meeting in Vienna failed to reach a agreement to boost oil output, leaving the current production quota unchanged.

"Ongoing supply disruptions, as well as the fragile state of global economy, call for a prompt increase in supply on a competitive basis that will allow refiners to boost throughputs and meet rising seasonal demand," the statement added, urging "key producers to respond accordingly."

Referring to soaring oil prices around 100 U.S. dollars a barrel, the consumer countries advisory agency warned that "a further tightening in the market and potential increases in prices risk undermining economic recovery."

The IEA has repeatedly called on the leading supplier organization to boost oil production as much as possible during recent months. Meanwhile it is also preparing for the worst with the government-held oil inventories among its 28 members.

"The IEA stands ready to work with its member governments and others to help ensure that markets are well supplied," the statement concluded.

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Europe needs diversified, low-carbon energy resources: WEF

VIENNA -- Europe needs diversified energy resources, including nuclear, natural gas, clean coal and renewable energy, to ensure a green economic development mode, said government and business leaders at the World Economic Forum on Europe and Central Asia on Wednesday.

Nuclear power will remain an important part of Europe's energy mix, said Lady Barbara Judge, chairman emeritus of United Kingdom Atomic Energy Authority.

"While Fukushima has changed the game for some countries in Europe, such as Austria, Germany and Sweden, others such as France and the United Kingdom are proceeding with their nuclear programs," Judge said, arguing nuclear energy is one of the few that satisfies the conflicting needs for energy security, energy independence and climate change reduction.

In response to this, Andreas Nauen, chief executive of Germany's REpower Systems, stressed that renewable energy such as wind can also satisfy the security, independence and low-carbon criteria.

"Most countries could generate 20 to 30 percent of their power needs from wind energy," he said.

The German government had decided to close all of its 17 existing reactors by 2022, in the wake of the Fukushima nuclear disaster triggered by the March 11 massive earthquake.

Kandeh Yumkella, director-general of UN Industrial Development Organization (UNIDO), called for a level playing field for renewable energy to be more competitive. "We need to rethink pricing models and ensure that all externalities are priced in."

"Eastern Europe, in particular, has great opportunities to exploit unconventional shale gas resources," said Atul Arya, senior vice-president of IHS's Energy Research team, who outlined opportunities for Europe in shale gas, second and third generation biofuels as well as innovation in storage solutions.

Ukrainian Energy Minister Yurii Boiko stressed the importance for Europe to have a diversification of resources bases and highlighted the need to continue the technical revolutions in extracting shale gas as well as clean coal technologies.

"Old methods and technologies are no longer sustainable economically or ecologically," he said.

http://news.xinhuanet.com/english2010/business/2011-06/09/c_13918683.htm

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IMF should better represent emerging economies: Lagarde

BEIJING-- French Finance Minister Christine Lagarde said Thursday that the International Monetary Fund (IMF) should continue deepening its reform and appropriately increase the presence of emerging economies in the organization.

The ongoing IMF reform should be more inclusive and diversified, said Lagarde, France's candidate for the next IMF chief and the country's Minister of Economy, Finance and Industry, at a press conference in Beijing.

During her visit, Lagarde met with Vice Premier Wang Qishan, Foreign Minister Yang Jiechi, Minister of Finance Xie Xuren and central bank governor Zhou Xiaochuan. Lagarde said she was satisfied with her visit to China and confident of her bid to head the IMF.

The legitimacy of the IMF is based on the accurate reflection of proportion of all economies, so it will be one of the priorities to expand the presence of emerging economies in the IMF reform, Lagarde said.

The IMF does not belong to anybody or any country, but to the 187 members of the Fund, said the candidate, adding that the choice of a new IMF chief should be based on openness, transparency and merit.

http://news.xinhuanet.com/english2010/business/2011-06/09/c_13920411.htm

South Korea, OECD to co-host conference on green growth

SEOUL -- South Korea and the Organization for Economic Cooperation and Development (OECD) will jointly host an inaugural global conference on climate change and green growth later this month, the presidential office here said Thursday.

The Global Green Growth Summit 2011, to be held on June 20-21 in Seoul under the theme of "Building Planet-Responsible Civilization," will bring together 91 speakers from 25 countries, including OECD Secretary General Angel Gurria.

Noeleen Heyzer, executive secretary of the U.N. Economic and Social Commission for Asia and the Pacific, and Zhengrong Shi, chairman of Suntech Power, a solar energy company based in China, will also be among the attendees.

South Korea, which established the Global Green Growth Institute in 2010 as part of its environmental initiatives, will present its vision for green growth and global governance regarding climate change, according to the office.

Participants will also discuss cooperation among the world's 20 major economies in addressing environmental challenges.

http://news.xinhuanet.com/english2010/world/2011-06/09/c_13919536.htm

U.S. says committed to promoting Africa's economic growth

LUSAKA-- The United States said here on Thursday that it is committed to promote Africa's economic growth through trade. At the opening ceremony of the 2011 African Growth and Opportunity Act (AGOA) forum, U.S. Trade Representative Ron Kirk said AGOA is a critical pillar in growing U.S. economic relationship with sub-Saharan Africa nations.

"AGOA textiles and apparel have created new opportunities for investment and trade that benefit business and consumers in both the United States and Africa. The sector remains an important benchmark for Africa's growing industrial base," Kirk said.

"Furthermore, the Obama Administration is also committed to working with Congress toward a seamless renewal of AGOA beyond 2015 to provide the predictability needed for U.S. and African business, entrepreneurs, buyers and investors."

"But we cannot simply seek to extend AGOA. All of us, the U.S. and African governments, farmers, and business, must work closely to make AGOA better, to fulfill its yet unfulfilled promise and potential. We must get it right and aim to have the impact we have always known possible in AGOA's second decade," the trade representative said.

"Over the past eleven years, we have learned that AGOA is most effective when Africans interested in exporting are also able to receive technical assistance and other support through trade capacity building programs."

"That is why the United States is helping African countries in key areas like infrastructure development and trade capacity building, through the Millennium Challenge Corporation and federal agencies," Kirk said.

The 2011 forum also marks the 10th year that government officials, business leaders and civil society from African countries and the United States will convene to promote trade, business and investment opportunities that sustain economic development in Africa.

AGOA, the centerpiece of the U.S. government's trade policy with sub-Saharan Africa, was signed into law on May 18, 2000 which officers tangible incentives for African countries to continue their efforts to open their economies and build free market. AGOA provides trade preferences to 37 sub-Saharan African countries that are making progress in economic and political reforms.

Initially, AGOA was set to expire in 2008. In 2004, the U.S. Congress passed the AGOA Acceleration Act of 2004, extending the legislation to 2015. Every year an AGOA forum is held which brings together government officials, business leaders, and civil society from the African countries and the United States.

http://news.xinhuanet.com/english2010/business/2011-06/09/c_13920710.htm

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GLOBAL BANKING & FINANCE

Dubai prepares to return to credit markets: paper

DUBAI-- Dubai is ready to return to credit markets with a benchmark dollar bond issuance, becoming the first Gulf sovereign to approach debt markets since unrest toppled governments in the Middle East and north African region this year, a local English daily reported Friday.

The emirate's Department of Finance has appointed three banks, UBS, Royal Bank of Scotland and Emirates NBD, for the issuance, according to The National.

The size and type of the issuance are still unknown, with details expected to be released next week, the report said.

The issuance would be the first sovereign bond to come from the Gulf since the onset of the region's unrest, which has had a chilling effect on issuances of Middle Eastern debt. However, bond investors said Dubai would find ample demand from creditors, given the level of activity on its markets following the turmoil.

"This is a good time to come into the market," Sapnesh Varma, the head of bond trading at Abu Dhabi Commercial Bank, was quoted as saying.

"After the unrest, Dubai has performed the best out of Abu Dhabi, Qatar and Bahrain," he said, adding that high levels of market liquidity locally and improving credit conditions elsewhere in the world would also be in the emirate's favor.
The proposed issuance comes as some of Dubai's prize assets also successfully refinance their debts. Emirates Airline recently returned to bond markets with a 1 billion U.S. dollars bond issuance, while Investment Corporation of Dubai, the government holding unit that owns Emirates NBD and Dubai Aluminium, has also successfully refinanced an upcoming 3.75-billion-dollar term loan.
The issuance would be Dubai's second since financial worries surfaced at the emirate's government-owned corporations, following a 1.25-billion-dollar bond successfully issued last September.
According to a report released by the London-based consultancy CMA last week, the cost of insuring five-year Dubai debt against default plunged to below its pre-crisis levels, with the emirate no longer among the top 10 default probables.
With the emirate's economic engine roaring back to life in the first five months of 2011, as signalled by Emirates Airline's successful bonds program, Dubai's five-year credit default swaps (CDS) dropped to below 325 basis points on June 3, the Sovereign Risk Monitor said.

http://news.xinhuanet.com/english2010/business/2011-06/10/c_13923039.htm

Dollar fluctuates amid economic concerns
NEW YORK-- The U.S. dollar dipped to a one-month low against the euro on Tuesday as the European economy showed strength. However, as concerns over the U.S. economic recovery raised risk-aversion moods in the markets, the dollar rebounded slightly in the remaining sessions this week.
As the worries about the Greece debt crisis faded, following the expectations that the country will receive financial aid from international organizations, investors began to eye European economic situations.
Data showed Tuesday that Germany's factory orders rose 2.8 percent in April, beating previous estimates of 1.9 percent increase. A separate report showed that eurozone retail sales were up 0.9 percent in April also surprised the investors who had expected a 0.3 percent rise.
The upbeat economic data helped lift the euro as it surged to near 1.4695 against the greenback in late trading session on Tuesday, the highest level in a month.
However, the weak economic situation, especially the gloomy job markets in the U.S. still worried investors as some of them even raised the doubt of double-dip recession. The stock markets in New York lost ground for six consecutive sessions.
On Tuesday, the Federal Reserve Chairman Ben Bernake's speech even added on the economic concerns as he acknowledged the economy recovery was "slower than expected". The central bank chief also reiterated the inflation and inflation expectations will be closely watched.
With no obvious signals of pulling out further easing polices after the second round of quantitative easing policy expired at the end of this month, Bernanke's speech failed to bolster the markets but instead dragged the stocks down as they tried to avoid a five-day losing streak on Tuesday.
Meanwhile, the Federal Reserve Beige Book, which monitored the economic situations in various districts around the U.S., found that some regions in the U.S. showed deceleration in growth, while residential construction and real estate remained quite weak.

The dollar recovered Wednesday from one-month trough against the euro, bolstered by risk-aversion appetite as investors rushed to seek safe haven.
The greenback extended its gains against major currencies on Thursday amid job report and monetary policy decisions by European central banks.
The U.S. Labor Department said on Thursday that initial jobless claims increased 1,000 to 427,000 last week. The figure disappointed economists who had expected a slightly drop of 7,000.
Meanwhile, the European Central Bank concluded its monthly monetary policy meeting on Thursday, deciding to leave its key lending interest rate unchanged at 1.25 percent as expected. Jean-Claude Trichet, the president of the central bank, however, said "strong vigilance" is needed over inflation, signaling a widely-expected interest rate hike in July. Against the dollar, the euro fell 2 percent this week.
The Bank of England, the central bank of Britain, also said Thursday to keep the key interest rate unchanged at a historic low of 0.5 percent as concerns about the country's economic recovery overcame inflation worry. The British pound lost 1.2 percent against the greenback.
The dollar index, which is regarded as the best gauge of its performance against a basket of six currencies, rallied 1.4 percent this week.

http://news.xinhuanet.com/english2010/business/2011-06/11/c_13923872.htm

Norway's sovereign wealth fund takes No.1 position

OSLO-- Norway's sovereign wealth fund, the Government Pension Fund Global, reached nearly 3,100 billion Norwegian kroner (about 574 billion U.S. dollars), making it the world's biggest such fund, Norwegian-language newspaper DN reported on Friday.
It was the first time the fund had been in top spot since it started 15 years ago, the newspaper said, quoting analysis by the U.S. Monitor Group.
The Monitor Group report said the previous leader, the UAE sovereign wealth fund under the Abu Dhabi Investment Authority, was relegated to second place due to its poor investment returns and high public expenditure.
Norwegian Finance Minister Sigbjoern Johnson said it was always good to see the fund growing, although it had no goal to be the largest.
The minister said his goal was to make the pension fund the best managed one.
The Norwegian parliament, Stortinget, passed legislation in 1990 to establish a Petroleum Fund, which was renamed the Government Pension Fund Global in January 2006.

http://news.xinhuanet.com/english2010/business/2011-06/10/c_13922974.htm

INTERNATIONAL TRADE

African Civil Society Organizations want bigger voice in U.S.-Africa trade relations

LUSAKA-- Civil Society Organizations in Africa have said that they wanted to have a bigger say in any discussions related to trade relations between the United States and Africa because they represent the voices of the "voiceless".

The organizations believe that any trade preferences were meant to benefit the locals but noted that the agreements signed by African leaders such the African Growth and Opportunity Act (AGOA) were lopsided because they was no voice from the grassroots.

"AGOA is a top down. It is a given process and it was not negotiated for by our governments and that is why Civil Society Organizations are saying they need to be involved in future processes," Savior Mwamba, Executive Director of the Center for Trade Policy and Development in Zambia, said.

Speaking at a Civil Society Organizations meeting at the ongoing US-sub-Saharan Africa Trade and Economic Cooperation Forum in Lusaka, the Zambian capital, Mwambwa said Africa has not benefited much from the AGOA initiative because the people who were supposed to get the benefits such as smallholder farmers were marginalized from the start and were not able to penetrate the American market because of supply constraints and other stringent measures imposed.

"The marginalized people do not have a voice and that is why as Civil Society Organizations we need to speak for them. We need to rediscover the gap between policy makers and the marginalized," he added.

Percy Makombe, Programs Manager for the Economic Justice Network based in South Africa, said participation of Civil Society Organizations on trade agreements between African and Western governments was cardinal because they speak on behalf of the marginalized.

He said Africa has not benefited much from the AGOA initiative and other international agreements because all the stakeholders were not involved in the formulation of these agreements.

"While countries that (produce) oil such as Nigeria and Angola are among the top five beneficiaries of AGOA, poverty levels in these countries are still high. We need to interrogate conditionalities imposed under AGOA," he said.

He further said the levels of protectionism and subsidies in international markets were still high, adding that Africa will continue to suffer in the global trade as long as trade-related infrastructures such as roads were not tackled.

Jane Matunga, Director of the Southern and Eastern African Trade Information and Negotiations Institute said AGOA was a gift which was given to Africa by America which the African governments did not understand properly.

"AGOA is a gift and in Africa, you don't say no even if you don't know the gift," she said.

The AGOA initiative came into effect in the year 2000 and provides for duty free entry of products from 37 sub-Saharan African states into the American market. The eligible countries were eligible to export about 6,000 products to the American market duty free.

http://news.xinhuanet.com/english2010/business/2011-06/08/c_13917991.htm

Ecuador, Spain agree to strengthen tourism cooperation

QUITO-- Ecuador and Spain on Wednesday signed a memorandum of understanding on expanding tourism cooperation in order to increase tourist flow between the two countries.

The memorandum, providing guidelines for the next five years, was signed between Ecuador's Tourism Minister Freddy Ehlers and his visiting Spanish counterpart Joan Mesquida.

It includes provisions for the exchange of information on sustainable development, technology innovation, tourism statistics, marketing experiences, the use of social networks, personnel training and promotions to attract visitors.

"Spain is making strong efforts to be a world leader in sustainable development," Mesquida said.

Ecuador's biggest value is "its mega biodiversity in such a small territory," which makes Ecuador an attractive destination for Spanish tourists, he said.

Spain is currently Ecuador's fourth biggest source of tourists. Some 59,030 Spaniards visited Ecuador in 2010, up 4.7 percent from 2009, when 56,400 Spanish visitors arrived in the South American country, Mesquida said.

The Ecuadorian minister, meanwhile, said both countries are interested in promoting tourism initiatives such as a possible "Week of Ecuador" in Spain and a "Week of Spain" in Ecuador.

Ehlers said Ecuador has decided to make tourism a fundamental source of revenue for its national economy and "that is why we are strengthening tourism cooperation with Spain."

"Spain is a real tourism power, which generously offers Ecuador its technical support, knowledge and experience," Ehlers said.

http://news.xinhuanet.com/english2010/business/2011-06/09/c_13919423.htm

Australia suspends all live cattle exports to Indonesia

CANBERRA -- The Australian government on Tuesday night suspended all live cattle exports to Indonesia, in a move that could cost the industry hundreds of millions of dollars.

The suspension came following ABC1's Four Corners last Monday released footage, which showed Australian cattle being tortured in Indonesian slaughterhouses.

The video has earlier led to a federal government temporarily suspension on exports to 11 Indonesian facilities.

Federal Agriculture Minister Joe Ludwig intensified the government's action on Tuesday night, ordering a all live cattle exports ban to Indonesia, and said trade to Indonesia would resume when appropriate animal welfare safeguards were in place.

Prime Minister Julia Gillard said Australians were shocked at the video footage of the extreme cruelty to the cattle as they were being slaughtered.

"In light of the evidence presented to us, we have resolved to put a total suspension in place," Gillard told Fairfax on Wednesday.

Gillard, who has met with cattle industry officials in Darwin of Northern Territory on Tuesday night to explain the ban, said the suspension will remain until cattle from Australia are treated properly at every step of the supply chain.

"We will be working closely with Indonesia, and with the industry, to make sure we can bring about major change to the way cattle are handled in these slaughter houses," she said.

Indonesia is the biggest buyer of Australian live cattle, accounting for about 60 percent of the market.

http://news.xinhuanet.com/english2010/business/2011-06/08/c_13916545.htm

Indonesia to take 4 steps in face of Australia's cattle export halt: president
JAKARTA -- Indonesian President Susilo Bambang Yudhoyono said on Friday that the government has prepared four steps to handle Australia's cattle export halt for six months, the country's largest news portal detik.com reported here
Prior his departure to Bali to open an art event, Yudhoyono said that the first step is that the government is working to ensure sufficiency of meat supply and stock for the next six months.
"I have ordered Coordinating Economic Minister (Hatta Rajasa) to make sure on enough supply. I also have asked governors who lead provinces with a big number of cattle to be involved in the steps," said the president in Halim Perdanakusumah Airport.
The president has also ordered Agriculture Minister Suswono and related officials to investigate and discipline domestic slaughter houses.
"I have received reports that many slaughter houses have met standards required but maybe one, or two, or three of them have not yet met the standard. I also asked (related authority) to investigate the footage taken by Australian NGO," he said.
The third step, he said, is that he has urged the country to strongly uphold "animal welfare."
And the fourth, he said, is related to mid-to-longer term policy in increasing the supply of several commodities, starting from rice, sugar, corn, soybean and meat.
"Let's make the incident a whiplash for us to seriously mobilize our ability in accelerating meat self sufficiency," he said.
The Australian government decided to stop live cattle export for six months following a spreading video of cruelty in cattle butchering process at an Indonesian slaughter house.

http://news.xinhuanet.com/english2010/business/2011-06/10/c_13922482.htm

Trade between Israeli farms, Turkey booming amid diplomatic tensions
JERUSALEM-- Israel's kibbutz exports to Turkey during first quarter of 2011 grew by 12 percent despite political tensions between the countries.
There are more than 250 kibbutz communal farms spreading across Israel. Exports to Turkey topped 28 million U.S. dollars in products ranging from irrigation systems, to plastic ware and food products, the Yediot Aharonoth daily reported.
The trend began in 2009, according to the report, with a 25- percent rise in exports in the first quarter of 2010.
Despite the cool diplomatic relationship between the countries since an incident last year, when a confrontation between a Gaza- bound aid flotilla and the Israeli navy troops left nine members dead on a Turkish ship, officials said strained government relations would not pose a problem for exporters.
"The positive export figures in spite of the political tensions prove that both sides feel a real desire and need to tighten the trade relations," Kibbutz Industries Association Chairman Yonatan Bassi said.
Israel and Turkey signed a free trade agreement in 2000, making Turkey the first Muslim country to sign a free trade accord with Israel.

http://news.xinhuanet.com/english2010/business/2011-06/09/c_13920731.htm

Russia to lift EU vegetable import ban under guarantees

NIZHNY NOVGOROD, Russia -- Moscow will lift its ban on fresh vegetable imports from the European Union (EU) after receiving safety guarantees, said Russian President Dmitry Medvedev at the summit with the EU here on Friday.

Russia is ready to resume vegetable imports if EU agencies give safety guarantees, he told a news conference, adding that specialists from the two sides will draft an appropriate food safety certification over EU vegetable soon.

"We discussed a mechanism of restarting deliveries of European vegetables to the Russian market. We are ready to resume such deliveries if EU's services in charge of these issues offer guarantees," Medvedev said.

At the same news conference, European Commission President Jose Manuel Barroso said "we are happy that we have agreed that the ban on vegetables from the European Union will be lifted."

He added that the EU will send a form for issuing such certificates to Russia in the next few days.

Russia banned last week the import of all fresh vegetables from all EU member states because of an outbreak of the E.coli bacteria.

EU officials warned that the ban contradicts principles of the World Trade Organization, which Russia hopes to join.

http://news.xinhuanet.com/english2010/business/2011-06/10/c_13922750.htm

China's imports rise, exports growth drop in May

BEIJING -- China's imports grew faster than expected in May, indicating the country's appetite for commodities remains strong.

Imports jumped 28.4 percent year-on-year to reach 144.11 billion U.S. dollars in May, up from April's increase of 21.8 percent, the General Administration of Customs (GAC) said on Friday.

Imports of iron ore jumped 8.1 percent from a year ago to hit 280 million metric tons for the first five months of this year, while imports of crude oil increased 11.3 percent to 106.51 million metric tons.

Soybean imports soared to 4.56 million metric tons in May, the second highest amount recorded this year.

Import data showed that domestic demand remains strong, which may cushion the risk of a sharp economic slowdown this year, said Australia and New Zealand Banking Group (ANZ) economist Liu Ligang.

The Chinese government has made controlling inflation its top priority this year as it fights to cool down the country's overheated economy.

The manufacturing sector's Purchasing Managers Index (PMI)r, which gauges manufacturing activity, dropped 0.9 percentage points month-on-month to hit 52 percent in May, falling to a nine-month low amid the government's efforts to curb soaring prices.

Peng Wensheng, an economist with the China International Capital Corporation (CICC), said a sharp slowdown is not expected, as overseas demand is not likely to shrink to the levels seen during the global financial crisis.

Despite the optimism of economists, export growth slowed to 19.4 percent in May, bringing in 157.16 billion U.S. dollars. This figure is down from April's 29.9 percent increase.

Exports to the United States grew by 7.2 percent, lower than April's 25 percent increase. Exports to the EU rose 13.2 percent, down from 27 percent in April.
"Developed nations have recovered more slowly than expected, which means that China's export growth may continue to decelerate in the coming months," said Liu Ligang.
Federal Reserve Chairman Ben Bernanke admitted that U.S. economic growth has been "somewhat slower than expected." Bernanke made the comment during a banking conference in Atlanta on Tuesday.
Chinese goods, however, are still competitively priced, so the possibility of a drastic brake on exports is slim, Liu said.
The gradual appreciation of the yuan has also helped to boost imports and dampen exports.
China's trade surplus climbed in May to 13.05 billion U.S. dollars, up from 11.43 billion U.S. dollars in April.
Overall, the trade surplus decreased by 35.1 percent year-on-year to reach 22.97 billion U.S. dollars for the first five months of this year.
Although the trade surplus data was less encouraging than expected, Liu said the yuan will continue to advance, as the central bank is expected to widen the yuan's daily trading band during June and July.
The EU remains China's biggest trading partner, with 218.01 billion U.S. dollars in trade for the first five months of this year, up 22.9 percent year-on-year.
Trade with the United States climbed by 22.3 percent to 169.52 billion dollars during the same period, while trade with ASEAN (Association of Southeast Asian Nations) member states jumped 26 percent to 140.82 billion U.S. dollars.
A commerce ministry official said the data suggests that the nation's foreign trade is trending upwards, although conditions have been complicated by high unemployment in the United States and European countries and political volatility in North Africa and the Middle East.

http://news.xinhuanet.com/english2010/china/2011-06/10/c_13921988.htm

WORLD ECONOMIES

IMF to lend Egypt 3 bln USD to support economic growth
WASHINGTON-- The International Monetary Fund (IMF) announced Sunday that the IMF and Egypt have inked an agreement on a loan of 3 billion U.S. dollars to support the nation's economic growth.
An IMF staff mission headed by Ratna Sahay, deputy director of the Middle East and Central Asia Department, and the Egyptian authorities have reached a staff level agreement on a Stand-By Arrangement (SBA) in the amount of 3 billion U.S. dollars to support the government's economic program over 12 months for the fiscal year 2011-2012 starting from July, the Washington-based agency said in a statement.
"The draft budget for 2011-2012 enables additional spending for job creation and protection of the poor, while limiting the widening of the deficit. Expenditures focus on human capital and social investment, as well as labor intensive public works to encourage more job-intensive growth," Sahay said.
Egypt's SBA request is expected to be submitted to the IMF executive board for approval in July, noted the IMF.

"I welcome the commitment of the Egyptian authorities to lasting change and structural reform at this historic moment for the country. We are optimistic that the program's objectives of promoting social justice, fostering recovery, maintaining macro- economic stability and generating jobs will bring positive results for the Egyptian people," John Lipksy, IMF's acting managing director, said Sunday in another statement.
Created in 1952, SBA is a commonly-used lending instrument for IMF member economies who need financing to help them overcome their balance of payments problems.

http://news.xinhuanet.com/english2010/business/2011-06/06/c_13912540.htm

Saudi says to create 66,000 jobs within months: report
RIYADH-- Saudi Arabia, the world's largest oil exporter, is to create 66,000 fresh jobs for Saudis in the education and health sectors across the kingdom within months, local media reported on Sunday.
Al-Watan newspaper said Saudi King Abdullah bin Abdul-Aziz has ordered the creation of 66,000 jobs. Of the new jobs, 52,000 will be in the education sector.
The plans for new jobs aim to quell any grievances over unemployment rates in the kingdom, which has witnessed small scale protests by unemployed university graduates and teachers over jobs and better pay.
Earlier this year, more than 200 unemployed graduates gathered outside the education ministry in the capital Riyadh to demand employment.
In March, the Saudi king issued a host of royal decrees to ease economic and social pressures in the kingdom, including a minimal wage and a monthly unemployment allowance of 533 dollars.

http://news.xinhuanet.com/english2010/world/2011-06/05/c_13912421.htm

Russia's unemployment rate drops
MOSCOW-- The unemployment rate in Russia dropped 2.5 percent to 1.52 million within the past two weeks, the Health and Social Development Ministry said on Monday.
The number of unemployed registered at local job centers plunged 2.5 percent, or 38,267 people, to 1,522,490 during the period from May 18 through June 1, 2011, the Interfax news agency reported, quoting the ministry's number.
The unemployment rate dropped in 76 regions of Russia. Among them the Tuva republic, the Chuvashia republic, the Yamal-Nenets autonomous district, the Sakhalin and Astrakhan regions have seen the largest reductions, it said.
According to the ministry, more than 1.7 million people were fired since the beginning of the economic crisis in 2008 and less than a third of them have found new jobs.

http://news.xinhuanet.com/english2010/business/2011-06/06/c_13913725.htm

ECB raises expectation for euro area growth in 2011

BERLIN-- The European Central Bank on Thursday raised its expectation for the growth of euro area in 2011, while explaining its decision on key interest rates.

Annual real GDP growth for the euro area would be between 1.5 percent and 2.3 percent in 2011 and between 0.6 percent and 2.8 percent in 2012, ECB president Jean-Claude Trichet said.

"Compared with March 2011 ECB staff macroeconomic projections, the range for 2011 has been revised upwards, while the range for 2012 remains broadly unchanged," he said.

Trichet said both exports and domestic private consumption would contribute to the growth, considering the expanding world economy and the favourable level of business confidence in the euro area.

The accommodative monetary policy stance and the measures adopted to improve the functioning of the financial system also played a positive role, he said.

Trichet also emphasized the risks to the eurozone's economic outlook, which was currently highly uncertain.

He said inflation, mainly driven by energy and commodity prices, in euro area for May reached 2.7 percent after 2.8 percent in April and it would continue at this high level for the future months. Risks to the medium-term outlook for price developments remained on the upside, Trichet said.

In the face of what he called serious inflation pressure, Trichet said: "We will do all that is needed to prevent recent price developments." He also used the words "strong vigilance", which was widely interpreted by media as a signal for a rate increase next month.

Trichet said it remained of "paramount importance" to prevent inflation translating into second-round effects in price and wage-setting behaviour and leading to broad-based inflationary pressures.

He also called for many eurozone member states to quickly implement concrete consolidation measures in order to correct their excessive deficits by the commonly agreed deadlines.

"The implementation of credible fiscal adjustment strategies is crucial in view of ongoing financial market pressures," Trichet said.

"In particular, countries which have high fiscal and external deficits or which are suffering from a loss of competitiveness should rapidly carry out comprehensive economic reforms," he said.

The ECB kept its key rate unchanged at 1.25 percent after its Governing Council meeting in Frankfurt Thursday.

http://news.xinhuanet.com/english2010/business/2011-06/10/c_13920779.htm

Jobs data highlight resilience of Australia's labor market: minister

CANBERRA-- Australian Jobs Minister Chris Evans on Thursday said the latest employment data highlights the resilience of domestic labor market.

Australian Bureau of Statistics (ABS) on Thursday showed that Australia's unemployment rate stayed at a two-year low 4.9 percent in May for the third month in a row.

Senator Evans welcomed the latest figures, saying that it shows the resilience of Australia's labor market.

He said that Australia remained in an enviable position compared to its international counterparts in Europe and the United States continuing to battle unemployment rates in excess of nine percent.

"With the unemployment rate expected to fall to 4.5 percent by mid-2013, we're focused on building a bigger and better workforce that our economy needs," Senator Evans said in a statement released on Thursday.

"We want to ensure Australians receive the training and education they need to enable them to access the job opportunities which will arise from our economic strength."

The figures showed total employment rose by a seasonally adjusted 7,800 to 11.441 million in the month.

Full-time employment fell by 22,000 to 8.027 million in May and part-time employment was up 29,800 to 3.414 million, offsetting the fall in full-time work.

http://news.xinhuanet.com/english2010/business/2011-06/09/c_13919417.htm

U.S. economy to avert double dip, but recovery to remain slow

WASHINGTON-- While a worrisome U.S. jobless report and other data have in recent days stirred fears of a double-dip recession, a number of economists said such a scenario is unlikely, rather, the economy will continue to recover, albeit at a snail's pace.

Last week's jobless report triggered fears of a double dip when it showed a 9.1-percent unemployment rate and only 54,000 new jobs, the smallest increase in eight months.

JD Foster, senior fellow at the Heritage Foundation, said that while a double dip cannot be ruled out, it remains unlikely at this point, barring some unforeseen shock.

"This recovery is anemic and uneven, and when you have an anemic and uneven economy, you are going to have bad quarters," he told Xinhua.

Indeed, commercial real estate and the residential housing market continue to fare poorly, he noted, and those are among the elements holding back the economy.

Moreover, other underlying components such as business investment and personal consumption are simply adequate and lack strength, Foster said.

For real jobs growth, the economy needs to grow in the range of 3.5 percent to 4 percent on a sustained basis, he said.

"And we are a long way from that," he added.

Indeed, gross domestic product growth in the first quarter of 2011 was clocked at a tepid 1.8 percent, and most economists hold that unemployment numbers will not return to pre-recession levels until around 2014.

JAPANESE AUTOS IMPACT U.S. ECONOMY

Robert Johnson, associate director of economic analysis at Morningstar, an independent research provider, noted that Japanese auto production has dropped significantly on the heels of the major earthquake and tsunami that rocked the island nation on March 11. That has disrupted the global supply chain and impacted the U.S. economy, he said.

A number of elements go into auto production, and many products used in Japanese cars are produced in the United States.

"All those things are going to show up in many different places, so it comes as no surprise that (U.S.) manufacturing numbers look a bit weak, because of Japan," Johnson told Xinhua.

Indeed, Japan's auto industry uses a myriad of products, from steel to copper to leather to doorknobs. "They buy a little from a lot of different types of businesses," he said.

But in spite of that hiccup, the recovery continues to slog forward, an inch at a time."The economy is softer than I would like to see it, but I am not panicked that we are headed for the abyss," he said.
Others noted that job growth was merely mediocre prior to last week's disappointing unemployment report.
"This is just further proof that the recovery wasn't that good to begin with," according to a recent article posted on the CNNMoney website.
The article argued that the economy will only improve when companies hire more aggressively, the housing market bottoms out and Washington begins a meaningful conversation on the massive U.S. deficit.

COMPANIES RETAINING WORKERS BUT HIRING REMAINS SLUGGISH

A Gallup report released on Tuesday found that while many employers are holding on to their workers, hiring remains seven to eight points below early 2008, just before the U.S. economy took a nose dive.
While job creation so far this year is better than it was over the same five months in 2009 and 2010, new jobs are being created at an anemic pace compared with what is needed to lower the U.S. unemployment rate. Moreover, the rate of improvement this year compared with last is declining, according to Gallup.
The government's most recent jobs report has led many economists to reduce their forecasts for the remainder of 2011. The real question, however, is whether the recent slowdown in the economy is already being reflected in the unemployment numbers or whether there will be a further deterioration in the jobless rate, Gallup argued.
Foster of the Heritage Foundation contended that U.S. President Barack Obama's healthcare law is creating uncertainty for businesses, which are reluctant to hire because they are still unsure how much the new regulations will cost them.
"A lot of human resources departments say they don't know what Obama care is going to do, and unless they have to hire, they are reluctant to do so when they don't know the consequences of this massive law will be," he said.
Supporters of the law contended it will save money and ultimately benefit the economy.

GROWTH ON THE HORIZON, BUT NOT ENOUGH

Sam Bullard, senior economist at Wells Fargo Securities, told Xinhua he foresees no double dip on the horizon, noting that a number of factors bode well for the economy: Gasoline prices may have already peaked, which will be good for personal consumption; second quarter growth looks like it will improve; and the third quarter will see an unwinding of supply chain disruption due to Japan's earthquake and tsunami.
Many companies are also replacing equipment that they have delayed purchasing because of the recession, Bullard said, adding that his company sees growth picking up in the second half of this year.
"Unfortunately, we will have to see a bit stronger growth there to really bring down the unemployment rate," he said.

http://news.xinhuanet.com/english2010/business/2011-06/10/c_13920839.htm

U.S. budget deficit rises to 57.6 bln USD in May

WASHINGTON-- The U.S. federal government's budget deficit increased 42.7 percent to 57.6 billion dollars in May over the previous month, pushing the imbalance in the first eight months of this fiscal year close to 1 trillion dollars, reported the Treasury Department on Friday.

The 57.6 billion dollars fiscal red ink in May was higher than the 40.4 billion dollars in April, but was better than the 135.9 billion dollars in May 2010, said the department.

In the first eight months of fiscal year 2011, which began in October 2010, federal deficit totaled 927.4 billion dollars. That is slightly lower than last year's pace, when the deficit recorded at 1.29 trillion dollars.

Last month, the U.S. federal government received 174.9 billion dollars, but spent 232.6 billion dollars.

The Treasury Department estimated that federal deficit in full fiscal year 2011 will reach 1.65 trillion dollars, the record high level.

Soaring deficit has triggered hot debate between the two parties. Republicans insist that the White House needs to deeply cut spending, while the Obama administration and Democrats argue that a too deep cut will sacrifice the nascent recovery.

Recently, the big fiscal fight in Washington is how to increase the debt limit, the legal ceiling on borrowings which was hit on May 16.

Treasury Secretary Tim Geithner has repeatedly urged Congress to avoid the catastrophic economic and market consequences of a default crisis by raising the statutory debt limit in a timely manner to avoid first-ever federal government default on its obligations.

The U.S. public debt surged after the burst of the financial crisis and economic recession. The federal government annual deficit hit 1.41 trillion U.S. dollars in 2009 fiscal year and 1. 29 trillion dollars in 2010 fiscal year.

http://news.xinhuanet.com/english2010/business/2011-06/11/c_13923084.htm

Germany's inflation eases to 2.3% in May

BERLIN-- The German Federal Statistical office (Destatis) said Friday Germany's annual inflation rate eased to 2.3 percent in May from 2.4 percent in April.

On a monthly basis, the inflation rate in May remained unchanged.

The main contributors were energy and goods prices, which increased 9.5 percent and 3.3 percent respectively, Destatis said.

The European Central Bank (ECB) expressed its concern over high inflation in euro area on Thursday, when announcing its decision to keep its key interest rate at 1.25 percent.

ECB president Jean-Claude Trichet said the inflation rate for euro area in May reached 2.7 percent, mainly driven by energy and commodity prices.

He expected this high level to continue in future months and there were risks inflation remained on the upward trend over the medium term.

But Trichet also stressed his determination to control the inflation, saying: "We will do all that is needed to prevent recent price developments." He also hinted the ECB would raise the key interest rate next month to counter inflation.

http://news.xinhuanet.com/english2010/business/2011-06/10/c_13922887.htm

German economy to grow 3.1 percent in 2011: central bank

BERLIN-- Germany's economy will grow 3.1 percent in 2011, pulled by both exports and private consumption, said Bundesbank, the German central bank, on Friday.

"The recovery of the German economy has evolved into a broad- based upturn. Overall production capacity utilization has returned to normal levels," Bundesbank observed.

The economy is expected to expand by 3.1 percent in 2011 and 1. 8 percent in 2012, higher than the previous expectation of 2.5 percent and 1.5 percent respectively, said the central bank.

Bundesbank said that along with the economic expansion, firms are more willing to hire new staff, which will reduce the number of people without work to well below three million and bring the unemployment rate down to 6.5 percent in 2012.

Germany enjoyed a V-type rebound last year as the economy grew 3.6 percent, driven by both exports and private consumption.

These two engines continued to play positive roles this year, Bundesbank said.

The bank also noted that inflation in Germany is likely to rise fairly sharply in 2011 and 2012, mainly due to much higher energy prices, but also because of increasing overall capacity utilization.

On average, the inflation rate for 2011 will be 2.5 percent, but in 2012 it will fall back to 1.8 percent, it said.

http://news.xinhuanet.com/english2010/business/2011-06/11/c_13923101.htm