



## In the News

### Malaysia's latest corporate results disappoint analysts

**Mar 04.** Malaysian companies posted mediocre operating results across most sectors for Q4 2012, as the latest earnings season came to an end. Analysts attributed the underperformance to the plantations and telecommunications sectors during the quarter. On the other hand, the construction, media, oil and gas, property and transport sectors benefitted from increased government expenditure and recorded higher earnings in Q4 both sequentially and relative to the corresponding reporting period last year. ([The Edge](#))

### Euro Leaders demand austerity as Italy nears new vote

**Mar 03.** Political instability in Italy threatens to reignite European debt crisis concerns as Italian voters protest against German-inspired austerity measures. More than 25% of the vote went to the Five Star Movement, a party with an anti-spending cuts message and a call for referendum on euro membership. German Chancellor Merkel meanwhile counseled Italy against rejecting austerity reforms as they were meant to pull the eurozone out of its current fiscal situation. ([Bloomberg](#))

### Sequester in US begins

**Mar 01.** The sequester, or a series of automatic federal spending cuts amounting to USD 1.2tr over the next 10 years, officially went into effect on Friday after US President Barack Obama and the Republicans failed to reach an agreement to avert this outcome. The Democrats and Republicans have been debating over the sequester since August 2011 as both sides could not come to terms about how to reduce the deficit. Another fiscal deadline to cut discretionary government spending approaches in three week's time on March 27. ([The Economist](#))

### Singapore avoids stimulus as Minister acts on bubble risk

**Mar 01.** Singapore Finance Minister Tharman Shanmugaratnam has indicated that there will be no further monetary easing in the city-state. A search for higher-yielding assets amid monetary easing in developed economies has fueled record property prices in Singapore, sparking inflationary pressures and social tensions. In response, the finance minister is exploring unorthodox methods to prevent asset bubbles. Mr Shanmugaratnam has also asserted the limited effectiveness from an easy monetary policy in a tight labor market context. The central bank tightened monetary policy in 2012 by allowing faster currency gains even as the economy grew the least in three years. ([Bloomberg](#))

### Consumer debt rises in fourth quarter for first time in 4 years

**Feb 28.** Total US consumer debt rose for the first time in four years. Household debt rose 0.3%, to USD 11.34tr in the final 3 months of 2012. This ended 4 years of deleveraging as Americans borrowed more for education and car purchases. Since its peak in Q3 2008, US households have cut about 10%, or USD 1.3tr of their debt load, mainly due to modified or defaulted housing loans. Economic activity is expected to increase as a higher appetite for debt might lead to more consumer spending. ([Reuters](#))

### Vietnam says bad debt trimmed, interest rate cut ahead

**Feb 28.** Vietnam has cut the level of bad debts in its banking system from 8.82% to 6.00%. Besides proposing to cut interest rates, the government will also set up an asset management company to purchase bad debt from distressed financial institutions by the end of Q1 2013, as part of measures to rescue its troubled lenders. The increasing bad debts have taken a toll on the economy, pushing up the borrowing costs for companies and reducing domestic spending. ([Reuters](#))

**Egypt approves law allowing Islamic bond issues**

**Feb 28.** The Egyptian government drafted a law that will allow the state to issue Islamic bonds, or Sukuk, a move that could help narrow the budget deficit and boost foreign currency reserves that have fallen to critically low levels. Outlined by Egypt's first Islamist-led administration, the law will also allow private borrowers to issue Sukuk. Egypt has never issued bonds that adhere to Islamic principles, under which the payment of interest is not allowed. ([Arab News](#))

**South Africa sees lower growth, wider budget gap**

**Feb 27.** South Africa reduced its 2013 economic growth forecast due to low demand from export markets and projected a wider budget deficit than previously forecasted because of falling fiscal revenues. Growth expectations for 2014 and 2015 have been lowered to 3.5% and 3.8% respectively; far below the 7% growth the government says is needed to generate a substantial number of jobs. This means that the country is likely to lag other leading emerging market economies in terms of economic growth. ([Arab News](#))

**PBOC continues to drain liquidity from banks**

**Feb 26.** China's central bank continued its repurchase (repo) operations and suspended its reverse repo agreements. The central bank sold 28-day repurchase contracts worth CNY 5bn for the second consecutive week through the open market. In the first week after the Spring Festival, the People's Bank of China effectively removed CNY 910bn of funds from the banking system. According to analysts, the operations were executed to tighten money market conditions and address the potential increase in foreign exchange trades among financial institutions. ([Xinhua](#))

**Sovereign credit ratings should be scrutinized, OECD says ([Bloomberg](#))**

**Bond cliff looms with slowest sales since 2008 ([Bloomberg](#))**

**Japan lending surge meets deflation bottleneck ([Bloomberg](#))**

**Tata Steel convertibles fall from 1-year high ([Bloomberg](#))**

**Credit rating agencies rules revamped ([Lexology](#))**

**Argentine bond litigation sparks default fears ([Financial Times](#))**

**Fitch lifts Jamaica's credit rating off restricted default after debt exchange ([WSJ](#))**

**China bank securitizing US loans ([WSJ](#))**

**Spanish, Italian banks big debt buyers in January ([WSJ](#))**

**Egypt central bank offers USD 40mn at forex auction ([Brecorder](#))**

**Turkish central bank injects TRY 1.5bn in 1-month repo auction ([Brecorder](#))**

**Experts express apprehensions about impact of mortgage law ([Arab News](#))**

**RBI to infuse INR 100bn liquidity via open market operations ([Business Standard](#))**

**Cash rich Swedish banks ready for Baltic boom ([Business Times](#))**

**Neediest Spaniards stranded after banks sell loans ([Bloomberg](#))**

**Credit Suisse's mortgage bond deal shows rating firm splits ([Bloomberg](#))**

**Disappearing dollars compound default threat for Argentina ([Bloomberg](#))**

**Treasuries beating Tax Exempts longest since May ([Bloomberg](#))**

**Telefonica eating into giant debt ([WSJ](#))**

**Belvedere shareholders approve debt restructuring ([Reuters](#))**