



## USA and Canada

### Figures out today:

|     |   |       |       |      |      |
|-----|---|-------|-------|------|------|
| CAD | Consumer Price Index (YoY) (JUN)                  | 11:00 | 07:00 | 0.9% | 1.4% |
| CAD | Bank Canada Consumer Price Index Core (MoM) (JUN) | 11:00 | 07:00 | 0.1% | 0.3% |
| CAD | Bank Canada Consumer Price Index Core (YoY) (JUN) | 11:00 | 07:00 | 1.9% | 1.8% |

- BNP Lowers Dollar Forecast Versus Euro as Economy 'Abruptly Reversed Gear': BNP Paribas SA lowered forecasts for the dollar against the euro, dropping a prediction it would reach parity, on prospects the Federal Reserve will increase stimulus and Europe's bank stress tests will prove successful. Federal Reserve Chairman Ben S. Bernanke said July 21 that the outlook for U.S. economy is "unusually uncertain." Housing starts in the U.S. fell in June to the lowest level since October and consumer confidence in July tumbled, reports this week showed. BNP Paribas, France's largest lender, said the euro will trade at \$1.20 in the third quarter, after earlier saying it would be at \$1.16. The greenback will rise to \$1.12 per euro by March 31, 2011, rather than to \$1, BNP said.

## UK

### Figures out today:

|     |                                     |       |       |      |       |
|-----|-------------------------------------|-------|-------|------|-------|
| GBP | Gross Domestic Product (YoY) (2Q A) | 08:30 | 04:30 | 1.1% | -0.2% |
| GBP | Gross Domestic Product (QoQ) (2Q A) | 08:30 | 04:30 | 0.6% | 0.3%  |

- (Reuters) - Britain, the first G7 country to report Q2 GDP, likely recorded its fastest quarterly growth in three years between April and June, boosted by firms rebuilding their stocks as confidence slowly returns after an 18-month recession. Much of the acceleration is likely to come from a rebound in industrial output, which accounts for around 17 percent of economic output, and which analysts estimate expanded by around 1.2 percent in the second quarter after 1 percent growth in Q1. "The economy is currently benefiting from a turn in the inventory cycle, which while typical of this stage of the recovery, should be temporary," said Philip Shaw, economist at Investec. The services sector, which makes up around three-quarters of economic output, is also likely to have turned in a robust performance in the second quarter, despite a setback in April due to disruption caused by Iceland's volcanic ash cloud.

## Europe

### Figures out today:

|     |                                       |       |       |       |       |
|-----|---------------------------------------|-------|-------|-------|-------|
| EUR | German IFO - Business Climate (JUL)   | 08:00 | 04:00 | 101.5 | 101.8 |
| EUR | German IFO - Expectations (JUL)       | 08:00 | 04:00 | 101.5 | 102.4 |
| EUR | German IFO - Current Assessment (JUL) | 08:00 | 04:00 | 101.8 | 101.1 |

- July 23 (Bloomberg) -- The euro headed for a weekly decline against the dollar on speculation stress-test results today will reveal loan losses at European banks, reducing demand for the region's assets. The euro fell against the dollar on concern stress-test results today will reveal loan losses at European banks, reducing demand for the region's assets. Europe's currency dropped against 10 of its 16 major counterparts on concern the findings will force the region's banks to raise funds to bolster their balance sheets. The British pound strengthened before a report today that is forecast to show the nation's economic growth doubled in the second quarter. "The stress tests won't deliver a perfect score," said Daisuke Karakama, a market economist in Tokyo at Mizuho Corporate Bank Ltd., Japan's second-largest publicly traded lender. "I'm betting the results will revive negative sentiment about the euro." European regulators are scrutinizing banks to assess if they have enough funds, defined as a Tier 1 capital ratio of at least 6 percent, to withstand a recession and sovereign debt crisis, according to a document from the Committee of European Banking Supervisors. Lenders that fail will be made to raise additional capital. The results will be published by CEBS and national regulators from 6 p.m. Brussels time today.
- (Reuters) - Several of Spain's 18 savings banks, including some that have been involved in recent mergers, have failed tests to see how they would cope with worsened economic conditions, a newspaper reported on Friday. Separately, Manfred Weber, the head of the Association of German Banks, told local radio that he was confident that German banks "all in all" would perform well at the tests.

## Commodities

- Bullion for immediate delivery traded at \$1,194.80 an ounce at 1:41 p.m. in Singapore, after climbing 0.8 percent yesterday, the most since July 13, as the dollar fell for the first time in four days against a basket of six currencies. Gold tends to move inversely to the dollar.

### Compiled daily by Peter Cheek