

SE News
HD **Commodities tumble as China seems to accept slower growth**

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Global stocks fell and commodities tumbled to a five-year low amid [speculation China will accept slower growth](#) and officials from the world's biggest economies warned of rising financial risks.

The Standard & Poor's 500 Index fell 0.4 percent at 9:42 a.m. in New York, after reaching a record last week. The Stoxx Europe 600 Index lost 0.3 percent and the MSCI Emerging Markets Index slid 1.1 percent. French and Belgian government **bonds** gained the most in Europe and the Australian dollar led currencies of commodity-producing nations lower. The yield on 10-year Treasuries was little changed at 2.58 percent. Silver retreated to the lowest level since July 2010 and **copper** tumbled 1.7 percent.

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China's Finance Minister Lou Jiwei said growth in Asia's largest economy faces downward pressure and reiterated that there won't be major changes in policy in response to individual economic indicators. Group of 20 finance chiefs and central bankers said low interest rates could **lead** to a potential increase in financial-market risk, as major economies rely on monetary stimulus to bolster uneven growth.

"It looks like the **Chinese** government recognizes that the economic boom is over," said Andrea Williams, who helps oversee 50 **billion** pounds (\$82 **billion**) of investments as head of European equities at Royal London Asset Management Ltd. in London. "The country is settling down to a lower level of growth."

Chinese Economy

China's economy is growing in a stable way and operating within a reasonable range, Lou said in a statement published on the People's Bank of **China** website. Macroeconomic policy will focus on "comprehensive" targets, particularly job growth and price stability, according to the statement.

His comments quelled speculation that weaker economic data will spur further stimulus in the world's second-biggest economy. A private gauge of **Chinese** manufacturing probably dropped for a second month in September, economists in a Bloomberg survey said before a report tomorrow. Data last week showed foreign direct investments decreased to a four-year low and home prices fell in all but two cities tracked by authorities.

Lou "gave a real hint that the recent policy easing may actually be quite limited," Stuart Beavis, head of institutional **equity** derivatives at Vantage Capital Markets in **Hong Kong**, said by phone. "We're not just going to see this wall of money thrown at the **Chinese** slowdown."

Fed Commitment

The S&P 500 rose 1.3 percent last week, reaching a record on Sept. 18, as economic data improved and the Federal Reserve maintained a commitment to keep interest rates near zero for a "considerable time" after asset purchases are completed in October. Central bank officials raised their median estimate for the federal funds rate at the end of 2015 to 1.375 percent, compared with 1.125 percent in June.

"All the upward trends are intact, but it's not uncommon to see a temporary pullback coming off a new high," John Fox, director of research at Fenimore Asset Management in Cobleskill, New York, said in a phone interview. "Interest rates are low, corporate profits are good, valuations are fair and there's still **M&A**."

Yahoo! Inc. dropped 3.2 percent after Sanford C. Bernstein & Co. lowered its rating on the Web-portal **company**. Facebook Inc. and Twitter Inc. slid following Alibaba Group Holding Ltd.'s \$21.8 **billion** share

sale last week. Alibaba slumped 3 percent in New York. Sigma-Aldrich Corp. jumped 34 percent after Germany's Merck KGaA agreed to buy the specialty-chemicals **company** for \$17 **billion**.

European Shares

The Stoxx 600 declined after closing last week 0.3 percent away from a six-year high reached in June. Commodities producers fell the most among 19 industry groups.

Tesco slumped to its lowest since 2003 as it started an investigation into accounting practices after a profit overstatement. The U.K.'s biggest supermarket chain's bond risk surged, with credit-default swaps jumping as much as 20 basis points to 111 basis points, according to data compiled by Bloomberg.

Sulzer AG fell 3.6 percent after saying merger talks with Dresser-Rand Group Inc. are over. Siemens AG agreed to buy the maker of compressors and turbines for the **oil**-and-gas industry. Cermaq ASA jumped 14 percent after Mitsubishi Corp. offered to buy it.

The Bloomberg Commodity Index dropped as much as 0.7 percent to the lowest level since July 2009. **Copper** retreated 1.5 percent to \$6,736 a metric ton and Brent crude fell 0.6 percent to \$97.83 a barrel.

Silver Slumps

Silver declined as much as 2.9 percent to \$17.325 an ounce and **iron ore** slipped to \$79.48 a ton, the lowest since futures began in Singapore in April 2013. Commodities are 12 percent lower this quarter, heading for the biggest such loss since the financial crisis in 2008. **China** is the largest consumer of **energy** and buyer of industrial metals.

The MSCI Emerging Markets Index slid 1.1 percent, extending its second week of declines to a six-week low. The Hang Seng **China** Enterprises Index of mainland companies listed in **Hong Kong** fell 1.7 percent to a two-month low.

The won strengthened 0.4 percent, the steepest gain since Aug. 22, after S&P raised South Korea's outlook to positive from stable. The MSCI AC Asia Pacific Index fell 0.8 percent to its lowest close since June.

Russian Stocks

Russia's Micex fell for a fourth day, sliding 0.7 percent. Stocks are headed for the longest run of losses since July after the arrest of AFK Sistema's **billionaire** owner Vladimir Evtushenko. The case against Evtushenkov stems from a probe into OAO Bashneft, an **oil** producer that his holding **company** Sistema acquired in 2009, the Investigative Committee said on Sept. 16. Sistema dropped 2.9 percent and Bashneft retreated 5 percent.

Gains in French government **bonds** sent the 10-year yield three basis points lower to 1.36 percent, while the rate on similar-maturity Belgian debt fell three basis points to 1.30 percent. Yields on 10-year U.S. Treasuries lost one basis point to 2.57 percent after dropping four basis points last week. The rate on similar maturity Japanese notes declined two basis points to 0.54 percent.

The Fed will keep interest rates near zero for a "considerable time" after asset purchases are completed, most likely next month, it said last week as officials raised their median estimate for the federal funds rate at the end of 2015.

G-20 officials said yesterday in a communique released in Cairns, Australia, that they "are mindful of the potential for a build-up of excessive risk in financial markets, particularly in an environment of low interest rates and low asset price volatility." The ministers welcomed signs of strength some key economies while noting "growth in the global economy is uneven."

The rand dropped as much as 0.6 percent to 11.15 per dollar, the weakest level since Feb. 11. Australia's dollar lost 0.7 percent to 88.63 U.S. cents, also the weakest since February.

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