



East Meets West in the Lab

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Saudi Action Drives Oil to A 3-Year Low

BY NICOLE FRIEDMAN

U.S. crude oil plunged to a three-year low Tuesday as Saudi Arabia's surprise price cut reverberated through the market for a second day and producers showed no signs of moving to reduce a global supply glut.

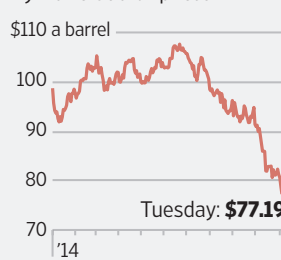
U.S. oil futures have dropped about 4% since Saudi Arabia cut prices for U.S. buyers on Monday. Investors took that as proof that the **Organization of the Petroleum Exporting Countries** is unlikely to curtail production to reverse the market's slide.

Prices are down about 28% from mid-June highs, as growing supplies, particularly in the U.S., and weak demand have weighed on the market.

Cheaper crude is a boon for the U.S. economy. Drivers are saving about \$250 million

Backing Down

Nymex crude-oil prices



Source: WSJ Market Data Group

a day on gasoline compared with mid-June, according to AAA.

This leaves consumers with money to spend on other items, especially as the holiday-shopping season starts. The national average retail gasoline price is \$2.97 a gallon.

The price fell below \$3 a gallon over the weekend for the first time since 2010.

However, if prices fall low enough to undercut the cost of U.S. oil output, that could harm U.S. energy-producing companies and the states that have benefited from shale-oil drilling.

That concern can be seen in U.S. stocks, where declines among energy companies such as **Chevron Corp.** and **Exxon Mobil Corp.** have dragged the market lower the past two days. Chevron was down 0.8% in late trading Tuesday on the New York Stock Exchange and Exxon was off 0.6%.

The drop in oil prices has been felt in other commodity

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Shiites Gather in Lebanon to Celebrate Ashura Day



European Pressphoto Agency

Hezbollah supporters celebrated Ashura Day in southern Beirut on Tuesday. During the Islamic month of Muharram, Shiites commemorate the seventh-century martyrdom of Imam Hussein, a grandson of the Prophet Muhammad, who was killed in the Iraqi city of Karbala. **Related articles on pages 2, 3**

Big Car Makers Trim Views on China Gains

BY WILLIAM BOSTON
AND YOKO KUBOTA

Global car makers sounded new warnings that demand in China, the auto market's strongest growth engine in recent years, is cooling further and clouding prospects after several reported disappointing October sales in the country.

On Tuesday, **Honda Motor Co.** and **Nissan Motor Co.** cut their sales projections in the country for this year, and the chief executive of luxury-car maker **BMW AG** said flatly the nation's "high double-digit growth rates are over."

Lower expectations for the world's largest automobile market come when car makers are confronting economic and currency weakness in

South America and Russia, increased regulatory costs in the U.S. and weakening economic data in Europe that could threaten sales momentum heading into 2015.

Overall, China's automobile sales—including passenger cars and commercial vehicles—grew 7% in the first nine months of this year, down from 13% growth in the year-earlier period, according to the government-backed industry group **China Association of Automobile Manufacturers**.

BMW Chief Executive Norbert Reithofer said on Tuesday China's booming car market is becoming more like

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Ultralow Inflation Hits Europe in Different Ways

The ultralow inflation becoming entrenched in Europe is playing out in strikingly different ways across the eurozone's 18 economies, complicating attempts to combat it.

By **Brian Blackstone,**
Marcus Walker
and **Christopher Bjork**

In crisis-hit countries such as Greece and Spain, the detrimental effects of falling prices, known as deflation, are showing up clearly in strained profits and lower wages as companies try to adjust. But in healthier economies such as Germany and Austria, where unemployment is low and incomes are up, the most obvious impact is a boost to

consumers' purchasing power.

At 0.4% in annual terms, eurozone inflation is far below the European Central Bank's target of close to 2%. A survey of purchasing managers released this week showed manufacturers cutting prices for a second-straight month. The European Commission on Tuesday forecast inflation in the eurozone will remain below-target until at least 2016.

The ECB meets Thursday and is expected by analysts to refrain from new stimulus, but to keep the door open to dramatic measures such as government bond purchases if needed. Officials have signaled that they prefer to wait for recent measures including

interest-rate cuts, bank loans and private-debt purchases to take hold before weighing additional steps.

The damage is clear in Spain, where industries are seeking to cut costs to restore their competitiveness and boost exports, and consumer prices have fallen in annual terms for four months straight. Wages for many workers have been flat or even shrinking recently. That puts an extra burden on financially stressed households.

Maria José Odriozola, a 51-
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