

UNIDAD DIDÁCTICA 1 (UD 1). EL LENGUAJE ECONÓMICO-FINANCIERO

TAREA 3

FICHA DE LA TAREA.

TÍTULO: Comprensión de textos especializados del ámbito económico-financiero.

TEXTO 2: "Investors take fright at Fed warning".



Lectura y comprensión

Lee el siguiente texto y completa las preguntas.

Investors take fright at Fed warning

Japanese exporters are leading a decline in Asian stocks as anxiety over the fragile economic recovery in the US and Europe is damping investors' risk appetite

Thursday 05.00 GMT.; August 12, 2010

The Fed's move to pump up a flagging recovery by buying **Treasury bonds** with **mortgage-backed security** proceeds has led to a rush to haven assets. The yen briefly hit a 15-year high of 84.72 against the dollar on Wednesday but retreated to 85.35 on Thursday.

Investors in Tokyo do not expect direct government intervention to drive down the yen. On price-adjusted terms the real effective exchange rate is trading far lower than its highs of the early 1990s.

Japan's Nikkei 225 index is down 1.9 per cent to 9,121.10. Shares of Japanese exporters, especially technology companies, are tumbling with Sony falling 3.2 per cent, Nintendo sliding 4.6 per cent and Elpida Memory shedding 4.9 per cent. Automakers are also falling, with Toyota off 1.0 per cent and Nissan down 1.9 per cent.

"Concerns about the global economy depressed markets in Asia after the latest data from the US and China suggested that the global economy may be slowing," said Lee Seung-woo, an analyst at Daewoo Securities in Seoul.

"The bearish mood is likely to continue for a while but the markets may attempt a rebound once investors are convinced that the global economy will not slip in a **double-dip recession**."

In Hong Kong, the benchmark Hang Seng Index is down 1.5 per cent, breaching 21,000, at 20,974.3. Leading the decline are Angang Steel, down 4.8 per cent, and Cathay Pacific Airways, falling 3.7 per cent.

Share of Chinese banks are taking a hit from concerns over Beijing reining in loan growth and their exposure to off-balance sheet loans. Industrial & Commercial Bank of China is down 1.0 per cent in Shanghai and 1.4 per cent in Hong Kong, while China Merchants Bank is down 1.3 per cent and 3.2 per cent, respectively.

Elsewhere, Australia's S&P/ASX 200 has lost 1.6 per cent, South Korea's Kospi has fallen 1.2 per cent, Taiwan's Taix is down 1 per cent, and India's Sensex and S&P/CNX Nifty are each off 0.7 per cent.

Overnight, US stocks fell sharply as risky assets react to the Federal Reserve's decision to downgrade its outlook while at the same time growth in other regions looks to be at its weakest for the year.

With the Fed now a buyer of debt, some US government bonds saw record low **yields**, as did bonds in other markets as investors fled risky assets. An auction of 10-year Treasuries saw the lowest yield of any sale since January 2009.

Equity markets have been severely disappointed by the Fed's downgrade of its outlook and in its rather tepid response to that outlook (the Fed's balance sheet will not actually expand). The FTSE All-World stock index has fallen 2.7 per cent to late July levels, its strongest move since June, led by a 2.8 per cent decline in the S&P 500 index.

"The Fed delivered the minimum that had been expected," said Hans Redeker, global head of foreign exchange strategy at BNP Paribas.

A report that the US trade deficit widened again in June to 2009 levels sent its own shockwaves through markets. Combined with a slowdown in industrial production in China to two-year lows, and a drop in machine orders in Japan, it confirmed suspicions that the rest of the world would not be able to help the world's biggest economy grow.

"Without earnings season holding us up, investors are focusing on the bad news," said Jonathan Corpina, a senior partner at Meridian Equity Partners and trader on the New York floor. "We heard this language from the Fed on Tuesday. Really it was the combination with the numbers from China and the trade balance that put extreme pressure on our markets today."

Crude oil's decline also accelerated following a warning from the International Energy Agency that the Gulf of Mexico oil spill may restrict supply in 2011. It has slipped below \$80 a barrel.

The fears for global growth were especially sharp in Europe, where oddly the dollar surged against the euro in spite of **monetary loosening** in the US.

"Investors are looking at Europe and saying, 'I don't care about policy tightness'. If the US has a real risk of weakness, then that raises risks for growth everywhere in the world," said Eric Fine, manager of G-175 funds at Van Eck Global.

The euro is at its lowest level since before the bank stress tests last month. German 10-year Bunds are also at record low yield levels as "peripheral" European bonds from Greece and Spain are sold-off.

- Europe. Mervyn King, governor of the Bank of England, said in his inflation outlook that economic growth would slow to below-target levels. The UK also saw a stark drop in consumer confidence and falling employment growth. Like the Fed, the Bank announced that quantitative easing would continue, but not extended to new levels.

The FTSE 100 index dropped 2.4 per cent, falling further after Wall Street's weak opening, but already weak following the UK's dismal data and the Bank of England's unwillingness to provide new monetary relief. Germany's Dax closed down 2.1 per cent. Basic materials, closely tied to demand in China, and cyclical technology and financial shares are the laggard sectors.

- Currencies. The yen has since bounced off its low of ¥84.79, and is now up 0.1 per cent at ¥85.38. Considerations such as haven buying for the dollar, and the risk of Japanese intervention in the market, have kept the currency from rising further.

The euro is down 2.3 per cent at \$1.2870, its steepest one-day drop since January 2009. It has given up all its gains following the well-received **bank stress tests**. The yen is surging 2.4 per cent against the euro to Y109.89.



The pound was hard-hit following a jobs report in which the decline in jobless claims slowed, and the Bank of England's inflation report. Sterling is down 1.2 per cent, at \$1.5665, after falling more than 1 per cent in the previous session.

The New Zealand dollar is off 1.2 per cent against the yen and the Australian dollar is down by 1.7 per cent against the US dollar. Both currencies closely track commodities and interest rates, which rise with growth hopes.

- Debt. The German 10-year Bund was the sharpest mover, with the yield falling 11 basis points to 2.43 per cent, a new record low.

Japanese 10-year yields fell 2 basis points to 0.999 per cent.

The yield on the US 10-year Treasuries is down 7 basis points to 2.69 per cent, off its lowest point since February 2009 hit earlier in the session. Five-year bonds, 7-year, and 2-year bonds also dipped to record-low yields, though they had recovered slightly as the session wore on.

Gilt yields also fell sharply, with 10-year bonds down 11bp to yield 3.14 per cent, their lowest since April 2009 following the Bank's dovish outlook. An auction on Tuesday saw long-dated gilts pricing at below-market yields, though not strongly in demand by investors.

- Commodities. Benchmark crude oil is falling further past \$80 a barrel, now at \$77.51, down 3.4 per cent.

Gold, in one of the few signs of reassurance, is down just 0.5 per cent at \$1,199 an ounce. Bullion interests investors as the risk of monetary inflation rises and the Fed's relatively cautious move has evidently not sparked a change in fears of either inflation or deflation.

However, traders cautioned that big moves in gold may be muted by liquidations that raised cash for investors fleeing risk.

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1. ¿Cuáles son las principales ideas abordadas en el texto?

2. ¿Cómo han afectado las medidas tomadas por la Fed a los mercados de inversiones mundiales?