



GLOBAL RECESSION WATCH

APRIL 17, 2009

VOLUME 2, ISSUE 5

A daily monitor of developments of the global economic recession prepared by the Monetary Policy Department, Central Bank of Nigeria

AFRICA:

a) Malagasy Farmers Oppose Land Deals with Foreigners

Malagasy farmers have backed a move by the country's new president to stop a \$6 billion land deal with South Korea's Daewoo Logistics, saying it would have come at the expense of local people's needs for land. Madagascar Farmers' Confederation (Fekritana) programme officer Rihariana Rasonarivo stated it was a bad idea for Daewoo Logistics to lease land for food crops in Madagascar totalling more than 1 million hectares (2.47 million acres)—an area the size of Qatar.

Daewoo Logistics' plans in Madagascar, which is slightly larger than France, played a big part in the turmoil that led to the removal of former president Marc Ravalomanana. "We don't agree with the idea of foreigners coming to buy land in Madagascar," Rasonarivo told Reuters on the sidelines of an agriculture conference. "Our concern is that first

of all the government should facilitate the access to land by local farmers before dealing with foreigners."

The day after Ravalomanana's exit, his successor, 34-year-old former disc jockey Andry Rajoelina, said the Daewoo deal was off and that Madagascar's land was not for sale. Rajoelina and others say Africans are being deprived of land in favour of crops being grown for export. Rasonarivo said many local farmers were without land. "One of the biggest problems for farmers in Madagascar is land ownership, so we think it's unfair for the government to be selling or leasing land to foreigners when local farmers do not have enough land," Rasonarivo noted. "Our own farmers have very small areas to farm and even for those (small areas) they struggle to get title deeds, yet foreigners are able to secure

land because they have the finances to do so."

Daewoo planned to grow half of South Korea's corn requirements on the Indian Ocean Island, reducing the dependence of the world's third-largest corn buyer on U.S. or South American imports. Daewoo officials denied ordinary people would lose out. Rasonarivo said Fekritana would seek to ensure such controversial land deals do not happen again in Madagascar. Rich Middle Eastern and populous Asian countries have turned to Africa in search of cheap, long-term food supplies in deals similar to the one proposed by Daewoo. This week Saudi private firm Al Rajhi for International Investment plans to spend at least \$400 million by 2011 to produce wheat and maize in Egypt and Sudan.

Source: Bloomberg.com, April 17, 2009

b) Paris Club Cancels 45 percent of Seychelles Debt

The Paris Club of creditors said they have cancelled debt worth nearly \$70 million owed by the heavily indebted Seychelles archipelago. Far from the world's financial hubs and best known as a luxury tropical retreat for tycoons and celebrities, the Indian Ocean nation of just 85,000 people has been hit hard by the global economic slowdown as

years of unsustainable borrowing cripple the economy. "The creditor countries recommended that their governments deliver an exceptional treatment providing a total amount of debt cancellation of 45 percent in nominal terms in two phases," the club said in a statement issued on Thursday.

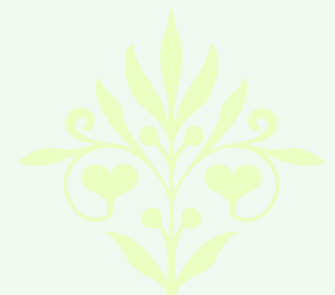
Seychelles Finance Minister Danny Faure, who

was in Paris to negotiate the deal, told local media on the archipelago that this amounted to a figure worth close to \$70 million. Faure added that he hoped other creditors would follow suit. At the start of 2009 Seychelles owed more than \$800 million split fairly evenly between commercial and official debt.

Contd. on page 2

HIGHLIGHTS

- ◆ **Africa:** Paris Club Cancels 45 percent of Seychelles Debt
- ◆ **Middle East:** Japanese Consumer Confidence Rises to Five-Month High
- ◆ **Asia:** Australia and New Zealand Dollars Decline as Recession Deepens
- ◆ **America:** Citigroup Profit Exceeds Estimates on Trading Gains
- ◆ **Europe:** Euro Weakens After Trichet Says ECB Must Do Everything Possible
- ◆ **BRIC:** China Economy to Rebound as Stimulus Spurs Investment



MIDDLE EAST:***Transparency in Saudi Capital Market***

The chairman of the Saudi Capital Market Authority, Dr Abdul Rahman Al Tuwaijri, stated that the Saudi's financial market is doing well because of the high level of transparency in its operations. Highlighting the importance of transparency, Al Tuwaijri confirmed that all companies are committed to releasing their financial results on time, noting that no company delayed its results during the last two financial quarters.

The Authority has also implemented a fine system, to encourage companies to apply the highest levels of transparency in the market to avoid leakage of potential information before any public announcement. He added that the Authority had introduced a specific form for announcing company news, in which investors can obtain important information which may have a major effect on the company's market performance.

Al Tuwaijri stated that the authority's role is to protect investors and the general public from unfair and unsound practices involving fraud, deceit, cheating, manipulation and insider trading, in addition to achieving fairness, efficiency and transparency in securities transactions.

Source: Bloomberg.com, April 17, 2009

ASIA:***a) Japanese Consumer Confidence Rises to Five-Month High***

Japan's consumer sentiment rose to five-month high in March, signifying the recession in the world's second largest economy is abating. The confidence index rose to 28.9 from 26.7 in February, the Cabinet Office announced today (Friday, April 17, 2009) in Tokyo. The index has advanced for three months since tumbling to 26.2 in December, 2008, the lowest since government began compiling figures in 1982.

Prime Minister Taro Aso last week unveiled a record 15.4 trillion yen (\$156 billion) stimulus plan that included measures to create and save jobs. The

new package is expected to boost the GDP by 2 percentage points in the current fiscal year and create up to 500,000 jobs a year. Confidence among Japanese merchants rose to an eight-month high in March after the government began handling out cash to households and started discounts on highway tolls as part of an earlier package.

Commenting on the development, Susumo Kato, Chief Economist at Calyon Securities in Tokyo observed that 'Consumer confidence may continue to recover as the new stimulus package, along with the measures already taken,

help prop up the economy. Still, employment and income remain weak, so it is too early to be optimistic about the outlook for the economy'. The Cabinet Office upgraded its assessment of the index for a second month, saying 'consumer sentiment has stopped declining, though it remains in a severe state'. The gain in the index was more of a reflection that pessimism was moderating rather than optimism taking hold observed Shigeru Sugihara, Deputy Director-General at the Cabinet Office .

Source: Bloomberg.com, April 17, 2009

CONFIDENCE
AMONG JAPANESE
MERCHANTS ROSE
TO AN EIGHT-
MONTH HIGH IN
MARCH AFTER THE
GOVERNMENT
BEGAN HANDLING
OUT CASH TO
HOUSEHOLDS AND
STARTED
DISCOUNTS ON
HIGHWAY TOLLS
AS PART OF AN
EARLIER PACKAGE.

Contd. from page 1 Paris Club Cancels 45 percent of Seychelles Debt

Commercial creditors often take their cue from Paris Club deals. The remaining debt will be rescheduled over 18 years, including a 5-year grace period.

The Paris Club underscored that a comparable response from all other bilateral and external commercial creditors of Seychelles would be necessary to ensure debt sustainability. Critics accuse the highly interventionist Seychelles state

of years of unsustainable borrowing and over-spending to fund a deeply entrenched socialist legacy.

The International Monetary Fund expects the archipelago's economy to contract by 9.5 percent in 2009, compared to zero growth last year, with vital tourist receipts expected to fall by 25 percent. Last November, the IMF unveiled a \$26 million two-year rescue package with

disbursement dependent on a raft of fiscal and monetary reforms aimed at liberalizing the economy and cutting spending. A senior government official who did not want to be named said the Paris Club's debt forgiveness was recognition that the money had been spent wisely.

Source: Bloomberg.com, April 17, 2009

ASIA contd.

b) Australia and New Zealand Dollars Decline as Recession Deepens

The Australian and New Zealand dollars weakened, heading for their biggest weekly drop against the yen in two months as slower growth in China revived concerns the global recession may deepen. The currencies declined against the greenback as U.S. housing starts fell more than economists expected and a record number of people collected U.S. jobless benefits, eroding demand for high-yield assets. They extended declines after European Central Bank President Jean-Claude Trichet said the central bank must do everything possible to restore

confidence, signaling further interest-rate cuts.

The biggest drag on the Australian and New Zealand dollars this week was China's GDP," said David Forrester, a strategist at Barclays Capital in Singapore. "There's quite a bit of yen cross unwinding in both currencies as we are running into a big week next week for U.S. earnings especially non-financial earnings. People are scaling back and taking some profit." Australia's dollar slid to 71.51 yen in Sydney, down 0.8 percent from the end of last week, the

biggest drop since the week ended February 13. It declined to 71.89 U.S. cents from 72.06 cents yesterday. New Zealand's currency dropped 2.8 percent this week to 56.83 yen, the largest slump since Jan. 23. It was trading at 57.16 U.S. cents from 57.28 cents yesterday and 58.35 cents on April 10. The Australian currency headed for its first weekly decline against the U.S. dollar since February, declining 0.1 percent.

Source: Bloomberg.com, April 17, 2009

AMERICA:

a) Citigroup Profit Exceeds Estimates on Trading Gains

Citigroup Inc., the U.S. bank rescued by \$45 billion in U.S. taxpayer funds, ended a five-quarter losing streak with a \$1.6 billion profit on trading gains and an accounting benefit for companies in distress. The first-quarter profit compared with a net loss of \$5.11 billion, or 34 cents a share, a year earlier, the New York-based bank stated. On a per-share basis, the bank reported an 18-cent loss because of costs related to preferred dividends. The average estimate of 13 analysts surveyed by Bloomberg was a loss of 32 cents.

Citigroup investors had not seen a profit since Chief Executive Officer, Vikram Pandit took over in 2007. While the bank cut compensation costs and took fewer write-downs, it could not halt rising delinquencies on home and credit-card loans. Citigroup benefited from higher fixed-income trading revenue that

also bolstered earnings at Goldman Sachs Group Inc. and JPMorgan Chase & Co. "We've seen good trading results from JPMorgan, from Goldman Sachs and now from Citi," stated Gary Townsend, chief executive officer of Hill-Townsend Capital LLC. "There is a question about sustainability, but it's clearly a good sign for the sector."

The industry's first-quarter profits aren't a "one-off" phenomenon, Barclays Plc President Robert Diamond disclosed on April 15, 2009. "It has been quite a while since we've seen analysts talk about revenue as opposed to write-downs and balance-sheet risks," he stated. Citigroup fell 11 cents, or 2.7 percent, to \$3.90. At its peak in late 2006, the stock was worth \$56.41, valuing the company at \$277 billion. At the current price, the market value stands at about \$21 billion. The bank

reported \$4.69 billion of fixed-income trading revenue in the quarter, compared with a trading loss of \$7.02 billion a year earlier. Stock-trading revenue was \$1.9 billion, a 94 percent increase.

Source: Bloomberg.com, April 17, 2009

CITIGROUP INVESTORS
HAD NOT SEEN A
PROFIT SINCE CHIEF
EXECUTIVE OFFICER,
VIKRAM PANDIT TOOK
OVER IN 2007. WHILE
THE BANK CUT
COMPENSATION
COSTS AND TOOK
FEWER WRITE-DOWNS,
IT COULD NOT HALT
RISING
DELINQUENCIES ON
HOME AND CREDIT-
CARD LOANS.

AMERICA Contd.

b) U.S. Consumer Sentiment Advances to Seven-Month High

Confidence among U.S. consumers advanced to the highest level since the bankruptcy of Lehman Brothers Holdings Inc. pushed the economy deeper into the recession. Analysts have reported that preliminary index of consumer sentiment rose to 61.9, the second straight gain, from 57.3 in March 2009. The index reached a three-decade low of 55.3 in November.

The current report reflects signs that the longest U.S. recession in the postwar era may be easing. An improvement in confidence may help temper the slide in consumer spending, which accounts for 70 percent of the economy, and boosts the odds that the economic slump will end this year. "The darkest phase of the recession is behind us, according to consumers,"

stated Jonathan Basile, an economist at Credit Suisse Holdings Inc. The April level is still "very consistent with a sluggish consumer profile" and a full economic recovery is "not under foot right now." Treasury securities dropped for a second day, sending benchmark 10-year note yields up to 2.92 percent in New York from 2.77 percent on April 16. Stocks were little changed, with the Standard & Poor's 500 Stock Index gaining 0.2 percent to 867.18.

Economists forecast the sentiment index would rise to 58.5, according to the median of 63 projections in the survey with estimates ranging from 55 to 62.9. In the report, the expectations gauge—which more closely predicts the direction of consumer spending—rose to 58.9, also the highest since

September, from 53.5 in March. A measure of current conditions, which reflects Americans' perceptions of their financial situation and whether it's a good time to buy expensive items such as cars, increased to 66.6 from 63.3. "The economy is still weak but it's not declining at quite the rapid pace it was," observed David Sloan, senior economist at 4Cast Inc. "We should probably see the report as a sign people are getting a little less pessimistic, and that's the message we're getting from a number of recent indicators." Consumers in today's report projected an inflation rate of 3 percent over the next 12 months, compared with 2 percent in the March survey.

ECONOMISTS FORECAST
THE SENTIMENT INDEX
WOULD RISE TO 58.5,
ACCORDING TO THE
MEDIAN OF 63
PROJECTIONS IN THE
SURVEY WITH ESTIMATES
RANGING FROM 55 TO
62.9.

c) American Firm Taps Chilean Bond Market in Debut Sale

A Mexican mobile telephone company is selling Chilean bonds for the first time and may tap the market again this year, stated the Treasurer. "If the transaction goes well then it's a very good possibility that we could go to market again," Rivera said in a telephone interview yesterday from the company's headquarters in Mexico City. The costs for raising money "right now historically are attractive," he said.

America Movil's plan to offer \$145 million of bonds today also marks the debut sale of

local-currency debt by a company based outside Chile, according to the Santiago Stock Exchange. The bonds, maturing in 2014, will be denominated both in Chile's inflation-adjusted accounting unit, with a 3 percent annual interest rate, and in pesos, paying 5.5 percent, according to an April 13 filing with Chile's securities regulator.

Chilean companies are selling bonds at a record pace in 2009 after the central bank lowered the benchmark lending rate 6.5 percentage points to 1.75 percent, and the gov-

ernment started spending savings from copper exports to cushion the economy from the global financial crisis.

Chile's peso is up 11 percent against the dollar this year, the biggest gain in the world, according to data compiled by Bloomberg. The nation's benchmark stock index was the best performer among measures in the world's 50 largest equity markets over the last 12 months, with a drop of 11 percent.

Source: Bloomberg.com, April 17, 2009

d) Mexico Bank May Lower Lending Rate to 6.25% to Support Economy

Mexico's central bank will probably reduce its benchmark interest rate for the fourth consecutive month in a bid to revive a contracting economy plagued by falling exports, remittances and in-

dustrial output. The bank's five-member board, led by Governor Guillermo Ortiz, will cut the lending rate a half percentage point to 6.25 percent, according to 11 of 22 economists surveyed by

Bloomberg. Other analysts expect cuts ranging from a quarter point to 1.5 percentage points.

EUROPE:

Euro Weakens After Trichet Says ECB Must Do Everything Possible

The euro fell to a one-month low against the dollar after European Central Bank President Jean- Claude Trichet said the central bank must do everything possible to boost confidence, signaling he may cut interest rates further. The Dollar Index rose for a fourth day before a U.S. report today that may show consumer confidence in the world's largest economy increased for a second month, adding to evidence its recession may be easing. South Korea's won headed for a sixth weekly advance, its longest winning streak in 18 months, on optimism record-low borrowing costs and government stimulus plans will help encourage economic growth.

"Economies around the world, particularly Europe, are still in a recession," said Yuji Saito, head of the foreign-exchange group in Tokyo at Societe Generale SA, France's third- largest bank. "ECB

officials are increasing their rhetoric that they'll cut rates. The bias for the euro is to the downside."

The euro dropped to \$1.3092 in London from \$1.3186 in New York yesterday. It fell as low as \$1.3068, the weakest since March 18, and was set for a second weekly loss. The currency slid to 130.27 yen from 130.90 yen. The dollar was at 99.51 yen from 99.27 yen, poised for a second weekly loss. The won gained 0.1 percent this week to 1,332 per dollar, according to Seoul Money Brokerage Services. It touched a three- month high of 1,298.05 on April 10 and was little changed today. Trichet also said in a speech in Tokyo today that any uncertainty about the direction of policy will postpone a recovery in the 16-nation region's economy, damping speculation there is policy disagreement within the central bank. "Any ambiguity in

our medium-term policy direction would delay the return of sustainable prosperity, because that would undermine confidence, which is the most precious ingredient in the present circumstances," Trichet said.

ECB council member Axel Weber said April 15 the bank shouldn't cut rates below 1 percent, putting him at odds with policy makers who say borrowing costs must fall close to zero. Council members George Provopoulos from Greece and Athanasios Orphanides of Cyprus have indicated they may support cutting the 1.25 percent target rate below 1 percent and purchasing debt to pump money into the economy. The ECB will lower its benchmark rate by a quarter- percentage point to 1 percent at its May 7 meeting, according to a Bloomberg News survey of economists .

THE EURO DROPPED TO \$1.3092 IN LONDON FROM \$1.3186 IN NEW YORK IT FELL AS LOW AS \$1.3068, THE WEAKEST SINCE MARCH 18, AND WAS SET FOR A SECOND WEEKLY LOSS.

Contd. from page 4. Mexico Bank May Lower Lending Rate to 6.25%...

Policy makers remain more concerned about growth than increases in consumer prices, giving them room to lower borrowing costs, said Sergio Luna Martinez, head of economic research at Citigroup Inc.'s Banamex unit. Still, persistently high inflation will force them to cut less than they did last month, when the bank reduced the rate by three quarters of a point. "They're pretty conservative," said Luna Martinez, who is based in Mexico City and forecasts a half-point cut. "Inflation doesn't give them room to justify a more aggressive policy." Consumer prices rose 0.58 percent in March from a month earlier and 6.04 percent from a year earlier, more than economists fore-

cast. The annual inflation rate reached a seven- year high of 6.53 percent in December, and hasn't been below 6 percent since October. Lower interest rates can help prompt businesses to invest and consumers to buy on credit. Cheaper loans also can spur inflation by strengthening demand. "The important thing is that they suggest that this is just another cut in an ongoing easing cycle," de la Fuente said in a telephone interview. "If they do a 50- point cut, that strikes the right balance."

The bank has more leeway to cut rates after a recent rally in the peso, which reduces the risk of more expensive imports spurring inflation, said Benito Berber an economist at RBS Greenwich Capital

Markets in Greenwich, Connecticut. The peso has gained more than 11 percent in the past month, the best performance in Latin America. It had slumped more than 26 percent in the previous six months. The bank is unlikely to announce a smaller cut than last month's because the economy has worsened since then, said Berber, who forecasts a 0.75-point reduction. Industrial production and retail sales both fell the most ever in January. The unemployment rate reached a record high of 5.3 percent in February. "The risk has gotten worse," Berber said .

Source: Bloomberg.com, April 17, 2009

BRIC:
a) Brazil's Bond Yields Increase on Reduced Budget Surplus Targets

THE DEFICIT IN INDIA'S
BALANCE OF PAYMENT
WIDENED TO A RECORD
\$17.9 BILLION IN THE
THREE MONTHS TO
DECEMBER 31, 2009
COMPARED WITH A
SHORTFALL OF \$4.7
BILLION THE PREVIOUS
QUARTER .

Brazil's local-currency bond yields rose, after reaching an 18-month low yesterday, as investors speculated lower primary budget surplus targets may limit the central bank's ability to extend interest-rate cuts. The government lowered its targets through 2012, giving more room for state-controlled oil company Petroleo Brasileiro SA to fulfill its \$174 billion investment plan through 2013. "Petrobras will be used to make the investments the government is not doing, which could increase Brazil's risk perception and force the central bank to raise its lending rate," said Claudio Fernandes, fixed-income manager at Precision Asset Management in Sao Paulo.

The yield on the nation's zero-coupon bonds due January 2010 rose by 12 basis points, or 0.12 percentage point, to 9.79 percent, according to Banco Votorantim. It touched 9.66 percent yesterday, the lowest since the security was issued in October 2007. Fabio Akira, a Sao Paulo-based economist for JP Morgan Chase & Co, believes the changes announced by the government yesterday increase the uncertainty of future fiscal actions, "which could limit the room for the monetary easing," he wrote in a note to clients.

Brazil's central bank cut on March 11 its benchmark interest rate by 1.5 percentage points to

11.25 percent. Economists forecast the Selic rate will be at 9.25 percent by year-end, according to a weekly central bank survey of 100 economists published on April 13. The yield on contracts for June 2009 rose by nine basis points to 10.40 percent. Brazil's real rose 0.6 percent to 2.1715 per U.S. dollar, from 2.1835 yesterday. The currency gained 6.6 percent so far in 2009, the second-best performer among the 16 most-actively traded currencies, after the South African rand.

Source: Bloomberg.com, April 17, 2009

b) India's Rupee May Advance to 47 a Dollar in Six Months, Barclays Says

India's rupee may strengthen almost 6 percent to reach 47 a dollar in six months on better prospects for global growth and an increase in foreign investment, according to Barclays Plc. Asia's third-biggest economy may see a recovery in the three months ending Dec. 31, after the growth rate reaches a "bottom" in the prior quarter, helping the nation post a balance of payment surplus in the second half of the year, Sailesh Jha, an economist at the world's third-largest currency trader, wrote in a research report yesterday. He had forecast last month that the rupee would drop to a record-low of 56 by end-June. "In our view, the government believes that the worst of the slowdown in growth is over," Singapore-based Jha wrote. "The risks to our growth forecast are tilted to the upside versus our previous assessment of risks to the downside."

The rupee traded at 49.77 per dollar as 17 April 17, 2009 in Mumbai, according to data compiled by Bloomberg. It has rallied 5 percent since touching a record low of 52.185 on March 3. The median estimate of 25 strategists surveyed by Bloomberg News is for the rupee to weaken to 50 by end-September and to reach 48.98 by the end of the year. Barclays maintained its growth forecast for India at 4 percent in the fiscal year that started April 1. The economy expanded 5.3 percent in the three months through December 31, 2008 the slowest pace in six years. Growth in the year that ended March 31 may have dipped below the government's target of 7 percent, Prime Minister Manmohan said March 13.

The Reserve Bank of India will keep interest rates unchanged on April 21, Jha predicted, adding that the cycle of reductions may

be approaching an end. Governor Duvvuri has slashed the benchmark overnight lending rate, or repurchase rate, five times since mid-October to 5 percent, the lowest level since it was introduced in 2000. The central bank will also leave the proportion of cash lenders must set aside to cover deposits unchanged, Jha noted. Indian equity purchases by foreign funds exceeded sales by \$766 million this month through April 15, five times their net purchases in all of March, according to data from the stock market regulator. The deficit in India's balance of payment widened to a record \$17.9 billion in the three months to December 31, 2009 compared with a shortfall of \$4.7 billion the previous quarter .

Source: Bloomberg.com, April 17, 2009

BRIC contd.

c) China Economy to Rebound as Stimulus Spurs Investment

China's economy, the world's third largest, may rebound this quarter as Premier Wen Jiabao's 4 trillion yuan (\$585 billion) stimulus package cushions the effects of the global recession. Urban fixed-asset investment surged by almost a third in March and industrial-output growth accelerated, reports accompanying China's gross domestic product figures showed yesterday. First-quarter GDP grew 6.1 percent, the slowest pace in almost a decade, as exports slumped. "The economy has gained significant momentum since February," said Sun Mingchun, an economist at Nomura Holdings Inc. in Hong Kong, who predicts the economy will expand 8 percent this year. "We still expect a V-shaped recovery."

A pickup in China will contribute "strongly" to growth in the rest of Asia by increasing demand for commodities and products from around the region, according to the World Bank. Wen has cautioned that while the economy is in better-than-expected shape, China is yet to establish a solid foundation for a recovery. "China has bounced and I think it's very important," Barclays Plc President Robert Diamond said in an interview yesterday in New York. "The impact that that can have, if we're right and we see this continuation in stronger Asian countries, is pretty phenomenal."

Barclays Capital raised its estimate for economic growth this year to 7.2 percent from 6.7 percent because of the first-quarter data. UBS AG increased its forecast to as much as 7.5

percent from 6.5 percent previously and Royal Bank of Scotland's estimate rose to 7 percent from 5 percent. Merrill Lynch expects second-quarter growth of 7.2 percent, climbing to 8 percent for 2009. "China got its stimulus plan started months ahead of the U.S. and it's really working," said Frank Newman, chairman of Shenzhen Development Bank, who served as a deputy secretary at the U.S. Treasury from 1994 to 1995. "We see a lot of it in action because we are financing it."

Economists have been increasing their forecasts since February. The median estimate of 15 surveyed by Bloomberg News before the release of yesterday's data was for 7.7 percent growth this year, up from 7.2 percent in February. Nissan Motor Co. said its sales of passenger cars in China rose 36 percent in March from a year earlier as stimulus measures boosted confidence and attracted more buyers into showrooms. Anhui Conch Cement Co., China's biggest maker of the building material, said this month that sales volume jumped 15 percent in the first quarter from a year earlier.

The government has targeted 8 percent economic growth for the year, a level deemed necessary to create enough jobs for its growing population. The closure of thousands of factories has cost the jobs of millions of migrant workers, raising the risk of social unrest as China approaches the anniversary of the anti-government protests and crackdown in Tiananmen Square in June 1989. While stimulus measures have started to produce results, China faces faltering

export demand, industrial overcapacity, unemployment and weak private investment sentiment, Wen said yesterday. A rebound in industrial-output growth lacks momentum, the premier said. "Growth may have bottomed out in the first quarter but with private sector and overseas demand still weak, China will not emerge from this downturn as rapidly as it went in," said Mark Williams, an economist with Capital Economics Ltd. in London.

China's expansion contrasts with recessions around the world. The Organization for Economic Cooperation and Development predicts 6.3 percent growth for China this year, compared with a 4 percent contraction in the U.S. and a 6.6 percent decline in Japan. Wen's stimulus, plus a decision by the central bank to remove lending caps in November, helped new loans jump more than six times to 1.89 trillion yuan in March from a year earlier. The value of new investment projects started in the first quarter increased by 87 percent. The Shanghai Composite Index of stocks has climbed about 38 percent this year, the second-best performer among 88 indexes tracked by Bloomberg. "March activity reports and bank-loan data show that the economy is gaining speed heading into the current quarter," said Frank Gong, head of China research at JPMorgan Chase & Co. in Hong Kong. "Fixed investment is accelerating as major infrastructure projects break ground."

Source: Bloomberg.com, April 17, 2009

THE ORGANIZATION
FOR ECONOMIC
COOPERATION AND
DEVELOPMENT
PREDICTS 6.3
PERCENT GROWTH
FOR CHINA THIS
YEAR, COMPARED
WITH A 4 PERCENT
CONTRACTION IN THE
U.S. AND A 6.6
PERCENT DECLINE IN
JAPAN.

Table 2: DEPRECIATION OF EXCHANGE RATES VIS A VIS US DOLLAR (END-PERIODS) - % CHANGE > 15%

COMPARATIVE EXCHANGE RATES (Currency Units Per US\$) - % Change						
CATEGORY	COUNTRY	CURRENCY	31-Dec-07	17-Aprr-09	YTD % Change	
OECD COUNTRIES	AUSTRALIA	Dollar	1.13430	1.38908	-18.34	
	CANADA	Dollar	0.98810	1.21460	-18.65	
	HUNGARY	Forint	172.91800	224.85000	-23.10	
	ICELAND	Krona	62.00000	128.55000	-51.77	
	KOREA	Won	938.20000	1,325.90000	-29.24	
	MEXICO	Peso	10.91570	13.15580	-17.03	
	NEW ZEALAND	Dollar	1.29190	1.74246	-25.86	
	NORWAY	Krone	5.41100	6.69630	-19.19	
	POLAND	Zloty	2.43500	3.27640	-25.68	
	SWEDEN	Krona	6.44150	8.36750	-23.02	
	TURKEY	Lira	1.17780	1.61602	-27.12	
	UNITED KINGDOM	Pound Sterling	0.49920	0.67577	-26.13	
	NON-OECD COUNTRIES	RUSSIA	Ruble	24.54620	33.46770	-26.66
		BRAZIL	Reals	1.77050	2.17830	-18.72
INDIA		Rupee	39.41000	49.71000	-20.72	
ARGENTINA		Peso	3.15003	3.73264	-15.61	
KAZAKHSTAN		Tenge	120.30000	150.28249	-19.95	
AFRICAN COUNTRIES	KENYA	Shilling	63.97007	79.85330	-19.89	
	ZAMBIA	Kwacha	3,900.15000	5,697.50000	-31.55	
	SOUTH AFRICA	Rand	6.81000	8.92000	-23.65	
	BOTSWANA	Pula	6.28472	7.46826	-15.85	
	GHANA	New Cedi	0.99620	1.43248	-30.46	
	MAURITIUS	Rupee	28.21620	33.65000	-16.15	
	NIGERIA	Naira	117.80000	147.35900	-20.06	

Sources: 1. IMF International Financial Statistics
2. Exchange-rates.org
3. Google Country Currency Converter
4. TED, CBN

Notes: 1. Depreciation (-). Appreciation (+)
2. *Euro Area:- Recorded less than 15% depreciation
3. **UEMOA Countries:- Recorded less than 15% depreciation