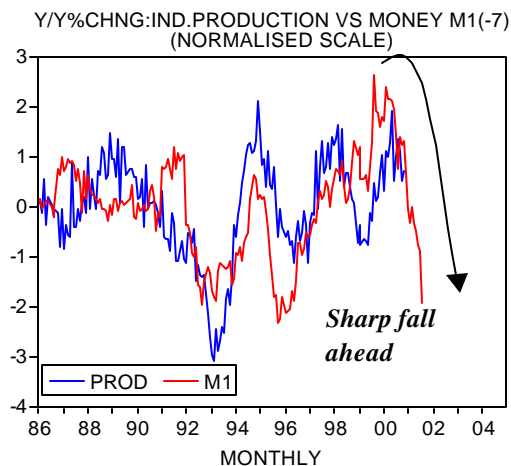
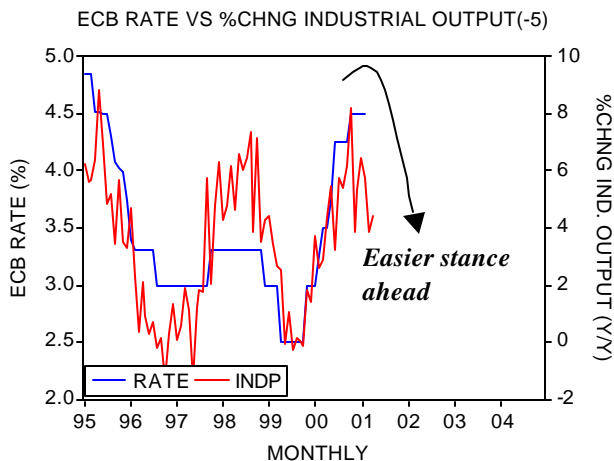


## Euro-land money growth falls sharply

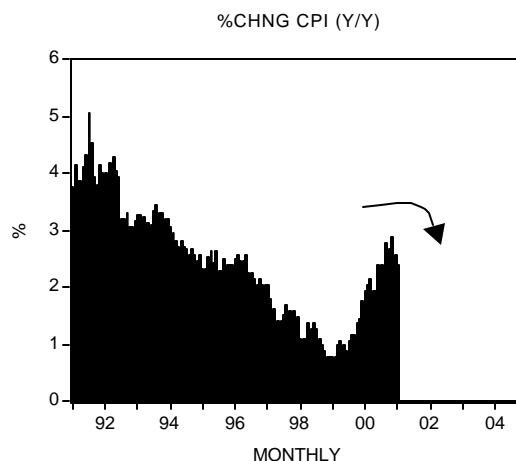
Year-on-year the rate of growth of money M1 fell to **2.8%** in January from **5.4%** in December. This large fall in the momentum of growth points to a sharp decline in economic activity in the months ahead (see chart).



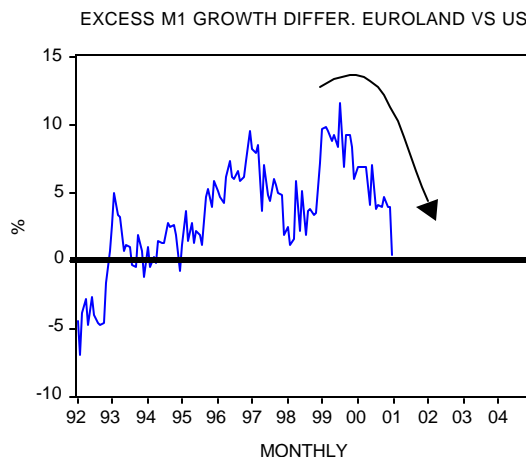
The likely fall in economic activity raises the possibility that the European Central Bank (ECB) will ease its interest rate stance (see chart).



The Euro-land consumer price index fell by **0.1%** in January against most analysts expectations for a **0.2%** rise. Year-on-year the rate of increase in the CPI eased to **2.4%** in January from **2.6%** in the previous month (see chart).



Meanwhile, the excess M1 money growth differential between Euro-land and the US narrowed further (see chart). This should give more support to Euro against the US\$.



## Financial News

- Australia's average weekly wages up **0.5%** in Q4.
- Australia's trade deficit at A\$37mln in Jan vs a deficit of A\$500mln in Dec.
- Canada's real GDP up **0.2%** in Dec after a fall of **0.2%** in Nov.
- Japan's housing starts fell **4.6%** in Jan vs Dec s/adj.

## Thought for today

When anger rises, think of the consequences.

**Confucius**