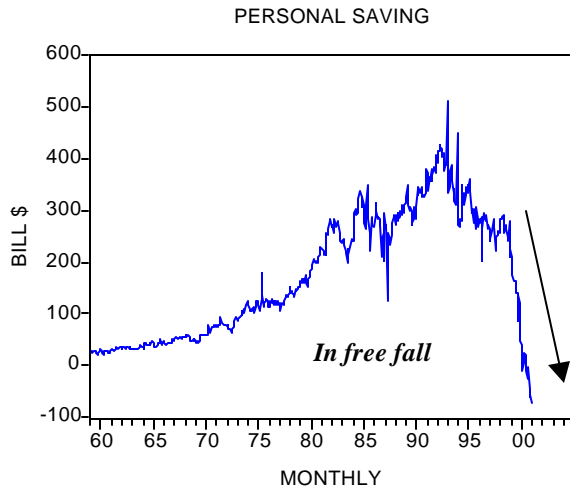
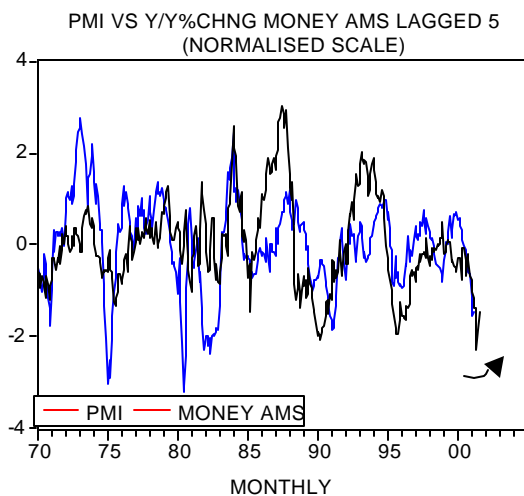


US personal saving falls sharply

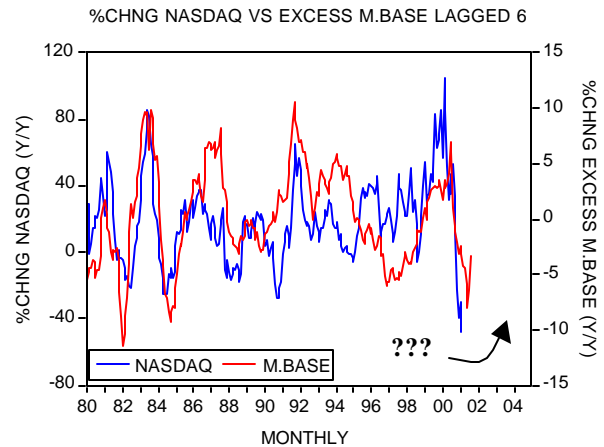
In January the pool of personal savings fell by \$72 billion after a fall of \$59 bln in the previous month (see chart). The personal saving rate fell to -1% from -0.8% in December. A fall in personal saving raises the possibility that the pool of real funding could be in trouble. This in turn precludes any meaningful economic recovery.



In the week ending February 19 year-on-year the rate of growth of AMS money supply stood at **1.5%** against **0.2%** in January. This rebound in the yearly rate of increase of money is likely to moderate the rate of decline of the manufacturing sector (see chart). The purchasing managers index rose to **41.9** in February from **41.2** in January.



The latest data points to strong monetary pumping by the Fed. Year-on-year the money base increased by **2.8%** in February after a fall of **0.3%** in January. A visible rebound in the rate of growth of excess money base points to a rebound in the yearly rate of growth of the Nasdaq Composite share price index, all other things being equal (see chart).



Financial News

- Australian business investment fell **5.2%** in Q4 after rising by **0.3%** in Q3.
- Japan's small business conditions index fell to **45.4** in Feb from **45.6** in Jan.
- Japan's unemployment rate at **4.9%** in Jan after a similar rate in Dec.
- Japan's CPI unchanged in Jan from Feb. In Tokyo the CPI fell **0.5%** y/y in Feb.
- Nikkei fell **3.3%** to **12,261**, lowest level since July 85
- Y/Y German real GDP up **1.9%** in Q4 vs **2.8%** in Q3 and **3.5%** in Q2.
- US construction spending up **1.5%** in Jan after rising by 1% in Dec.
- The futures market predicts a **4.91%** fed funds rate in April, implying traders expect at least a **50bp** cut to **5%** by the end of March.

Thought for today

If you want your dreams to come true, don't sleep.

Anonymous