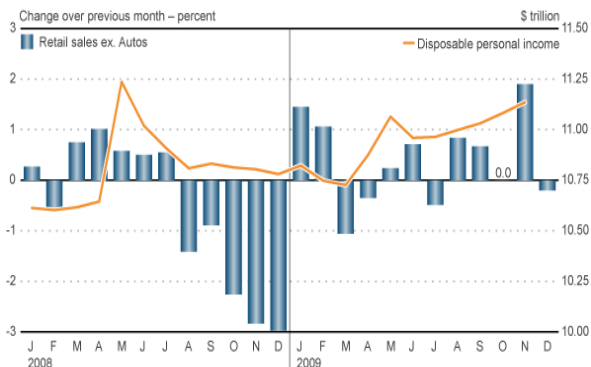


CHART OF THE DAY

U.S. retail sales



U.S. retail sales unexpectedly fell in December as consumer spent less on vehicles and an array of other goods during the holiday shopping month.

TODAY'S TOP NEWS

- Obama proposes bank fee, slams Wall Street
- U.S. retail sales fall unexpectedly, jobless claims up
- Fed supervisory job key to monetary task-Bernanke
- U.S. reopened 30-year bonds sale met with solid demand
- CFTC proposes enforcing limits on energy trades
- **For more stories please click here**

ECON WATCH

FOR FRIDAY JANUARY 15

ET	Indicators	Unit	Reuters	Prior
02:00	DE Wholesale price ind	mm	% 0.5	0.7
04:00	IT CPI final	mm	% 0.2	0.0
04:00	IT HICP final	mm	% 0.2	0.1
05:00	EZ Eurostat trade, EUR	bln	4.5	8.8
05:00	EZ Inflation final	mm	% 0.3	0.1
08:30	US CPI	mm	% 0.2	0.4
08:30	US CPI	yy	% 2.8	1.8
08:30	US Ex-food/energy	mm	% 0.1	0.0
08:30	US Ex-food/energy	yy	% 1.8	1.7
08:30	US Empire state index	ind	11.28	2.55
08:30	US Real earnings	%	0.1	0.1
09:15	US Industrial output	mm	% 0.6	0.8
09:15	US Capacity utilization	mm	% 71.8	71.3
09:55	US U.Mich sentiment	ind	73.9	72.5
09:55	US Current conditions	ind	78.5	78.0
09:55	US Expectations	ind	70.3	68.9

AMERICAS LOANS FORUM:

The Americas Loans Forum is a chat room hosted by Thomson Reuters LPC, the global leader in syndicated loan market news, data and analysis.

For more please click here

MARKETS TODAY

TODAY'S TOP STORY: U.S. President Barack Obama proposed Wall Street banks pay up to \$117 billion to reimburse taxpayers for the financial bailout, as he slammed bankers for their "massive profits and obscene bonuses." **For more please click here**

TREASURIES: U.S. Treasuries prices extended gains, sending long bonds up a point, after an auction of 30-year debt attracted solid demand.

- Overall bidding was brisk at the 30-yr sale, with demand coming in at 2.68 times the amount on offer, well above the average of 2.53 during last year's 30-yr reopenings.
- 30-yr bond prices rose more than a point yielding 4.61 pct from 4.72 pct on Wednesday.
- 10-yr Treasury prices rose 17/32 to yield 3.73 pct from 3.79 pct.
- 5-yr Treasury prices rose 9/32 to yield 2.48 pct from 2.54 pct.

FOREX: The dollar fell against the yen as a drop in December U.S. retail sales and other data reinforced the view the U.S. Fed will keep its benchmark interest rate unchanged in the foreseeable future.

- Dollar shed 0.32 pct at 91.1 yen, near the session low of 90.86 yen. It traded as high as 92.04 yen before the release of the U.S. economic data.
- The euro was little changed at \$1.4498.
- Australian dollar jumped 0.76 pct at \$0.9310, earlier hitting a two month high of \$0.9330.

CORPORATES: U.S. corporate bond spreads widened after a weak retail sales report curbed hopes for a sustained economic recovery.

- The CDX.IG-13 index widened by 1 bps to 81 bps.
- Moody's said that from 2008 to 2009, 37 pct of investment-grade companies were downgraded, while 65 pct of speculative-grade companies were downgraded.
- The cost of insuring Greece's sovereign debt against default rose to a new record high of 334,800 euros per 10 mln euros of exposure on Wednesday.

STOCKS: Technology shares lifted Wall Street as investors bet growing optimism on the economy and business spending will bolster profits in the sector.

- Dow rose 0.28 pct to 10,710.32, S&P was up 0.24 pct to 1,148.46 and Nasdaq gained 0.38 pct to 2,316.74.
- Shares of Oracle gained 2.38 pct to \$25.34.
- Intel Corp rose 2.34 pct to \$21.45.
- BofA rose 1.20 pct to \$16.82. KBW bank index jumped 1.64 pct.
- S&P financials index rose 0.63 pct, S&P technology index rose 0.69 pct.

C & E: Oil prices fell marginally, in a fourth straight session of losses, as weak U.S. economic signals and high inventories spurred fears of a sluggish rebound in demand in the world's largest energy consumer.

- U.S. crude prices fell 0.48 pct to \$79.27 per barrel. Early this month, oil prices rallied to 15-month highs near \$84 a barrel.
- Gold rose 0.47 pct to \$1,143.0 an ounce.
- Reuters-Jefferies index shed 0.25 pct to 284.43.

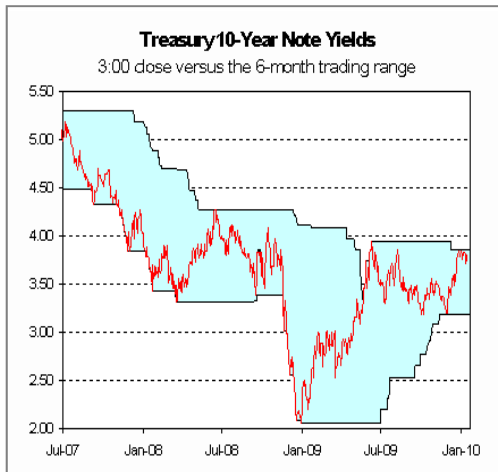
• **For MARKET SNAPSHOT click here**

• **For NEXT UP click here**

• **For DEEP DIVE click here**



MARKET SNAPSHOT as of 3:00 pm EST



TREASURIES <5> <500>

	BID	ASK	YIELD	CHANGE
1-Mo Bill	0.015	-0.015	0.015	-
3-Mo Bill	0.055	0.045	0.056	0.001
6-Mo Bill	0.140	0.130	0.142	-0.013
1-Year	0.335	0.325	0.341	-0.027
2-Year	100.141	100.172	0.928	0.090
3-Year	99.625	99.664	1.504	0.156
5-Year	100.609	100.656	2.494	0.234
7-Year	100.141	100.188	3.227	0.352
10-Year	97.031	97.094	3.738	0.469
30-Year	95.953	96.016	4.626	1.391

EQUITIES

	INDEX	CHANGE
DJIA	10719.09	38.77
NASDAQ	2321.11	13.21
S&P 500	1149.80	4.12

OIL

	PRICE	CHANGE
NYMEX	79.5	-0.2
BRENT	78.2	-0.2

EURODOLLAR FUTURES

	CLOSE	CHANGE
Jan-10	99.745	-0.003
Mar-10	99.715	0.010
Jun-10	99.565	0.040
Sep-10	99.265	0.055

REPURCHASE AGREEMENTS

G/C		MORTGAGE REPOS	
O/N	0.130	O/N	0.140
2-Week	0.170	2-Week	0.180
1-Month	0.180	1-Month	0.180
3-Month	0.200	3-Month	0.210
AGENCY REPOS		i-REPO SM INDEX	
O/N	0.140	10:00 AM	0.070
2-Week	0.170	3:00 PM	0.070
1-Month	0.170		
3-Month	0.200		

IR SWAPS <19901>

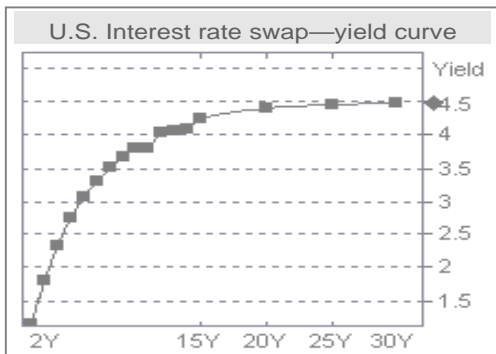
	SPREAD		RATE	
2-Year	24.00	28.00	1.16	1.19
3-Year	30.50	34.50	1.80	1.82
5-Year	26.25	30.25	2.75	2.75
7-Year	10.50	14.50	3.33	3.32
10-Year	7.75	11.75	3.81	3.80
30-Year	-14.75	-10.75	4.48	4.45

FUTURES

	PRICE	CHANGE
CBOT 5 yr	115.41	0.24
CBOT 10 yr	116.70	0.31
CBOT 30 yr	116.47	0.53

EURODOLLAR DEPOSITS & OIS STRIPS (ASKED)

	BID	ASK	BID	ASK
O/N	0.110	0.130	-	-
1-Month	0.220	0.300	0.119	0.129
3-Month	0.240	0.450	0.136	0.146
6-Month	0.300	0.650	0.171	0.181
12-Month	0.800	1.200	0.356	0.366



CURRENCIES

	BID	ASK
Euro	1.4504	1.4506
Sterling	1.6332	1.6336
JP Yen	90.96	90.98
Swiss Franc	1.0179	1.0182
Can Dollar	1.0227	1.0232
Mexico	12.6953	12.7014

FED FUNDS NYFRSM - 10AM

Open	0.1100	1m	0.2245
High	0.1300	3m	0.2550
Low	0.0700		

ACTIVE FANNIE MAE AGENCIES

TERM	COUPN	MATURITY	YIELD-SPREAD		YIELD
2-Year	0.875	12/01/2012	12.5	11.5	1.05
3-Year	1.75	10/08/2012	-4	-6.5	1.48
5-Year	2.875	09/02/2015	31	29.5	2.8
7-Year	5.125	18/10/2016	15	14.5	3.38
10-Year	-	-	-	-	-
30-Year	6.625	15/11/2030	38	0	5.08

ACTIVE FREDDIE MAC AGENCIES

TERM	COUPN	MATURITY	YIELD-SPREAD		YIELD
2-Year	1.125	15/12/2011	10	0	1.03
3-Year	1.375	09/01/2013	22	21	1.72
5-Year	2.625	20/11/2014	20.5	19.5	2.68
7-Year	5.25	15/09/2016	13.5	13	3.36
10-Year	3.75	27/03/2019	17.5	15	3.91
30-Year	6.25	15/07/2032	33.75	33.25	4.96

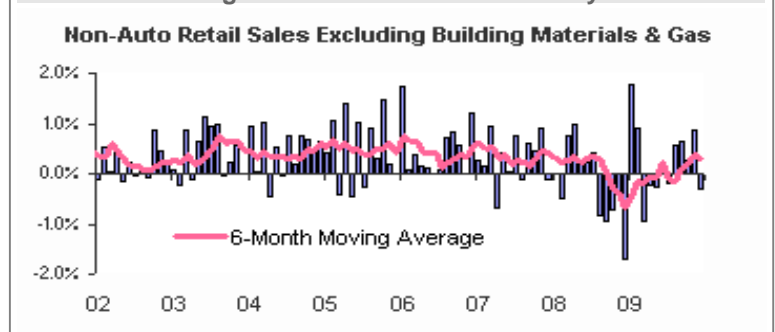
Active MBS 15YR

	CPN	BID	ASK	YIELD
FNMA	5.0	105.1300	105.1500	2.644
FHLMC	5.0	105.1300	105.1500	2.644

Active MBS 30YR

	CPN	BID	ASK	YIELD
FNMA	5.5	109.0900	109.1100	1.473
FHLMC	5.5	105.1100	105.1300	2.993
GNMA	5.5	105.1700	105.1900	3.616

Wrightson ICAPSM Chart of the Day



TODAY'S TOP NEWS

Obama proposes bank fee, slams Wall Street

U.S. President Barack Obama proposed Wall Street banks pay up to \$117 billion to reimburse taxpayers for the financial bailout, as he slammed bankers for their "massive profits and obscene bonuses."

Striking a populist tone, Obama called for a fee on the biggest U.S. banks to "recover every single dime" the government spent rescuing the financial sector from its worst crisis since the Great Depression.

The White House hopes a tougher line with Wall Street will resonate with an American public furious at multimillion dollar bonuses being handed out by banks as the middle-class struggles with double-digit unemployment.

The fee, which Obama will formally propose in his fiscal year 2011 budget to be released in February, is also aimed at helping to reduce the ballooning U.S. budget deficit.

The levy will recoup losses from the rescue of U.S. banks called the TARP.

Separately, Mortgage lenders Fannie Mae and Freddie Mac are not currently strong enough to have to pay a fee aimed at recovering taxpayer funds used in the 2008 financial bailout, the White House said.

Fed supervisory job key to monetary task-Bernanke

U.S. Federal Reserve Chairman Ben Bernanke argued the Fed must retain its regulatory powers, telling lawmakers that supervising banks helps it set monetary policy and will help guide its pullback of extraordinary support for the battered economy.

Congress is debating far-reaching overhaul of financial oversight after a devastating global crisis. Most observers agree that lax supervision of financial activities played a supporting role in bringing on the meltdown.

In a report to Banking Committee Chairman Christopher Dodd and the panel's top Republican, Richard Shelby, Bernanke said the Fed's supervisory functions will help policymakers determine when and how to withdraw the unprecedented support it put in place to protect the financial system and pull it out of a deep recession.

Separately, a top Federal Reserve official said unemployment is likely to remain persistently high in a sluggish economy, adding the Fed should see through its plan to buy \$1.25 trillion in mortgage securities by the end of March.

CFTC proposes enforcing limits on energy trades

The top U.S. futures market regulator moved to limit the role of big traders in once high-flying energy markets, unveiling proposals to put a hard cap on the size of positions that dealers can hold but offering a limited exemption for big financial hedgers.

The long-awaited proposals, part of the Obama administration's push to overhaul financial markets, will apply to the four most-traded energy contracts on the two major exchanges, the New York Mercantile Exchange and the ICE.

But it remains to be seen if the limits -- which the CFTC said would affect only the 10 biggest position holders if implemented today -- are sufficient to satisfy lawmakers who have clamored for regulatory action since oil prices surged to a record \$147 in 2008.

The CFTC's proposals, subject to a 90-day period of public comment before approval, did not appear strenuous compared to the exchange's own guidelines.

A CFTC official said that if the rules were applied today, for example, the limit for NYMEX crude oil contracts across all months would be 98,100 contracts.

U.S. retail sales fall unexpectedly, jobless claims up

U.S. consumers unexpectedly curbed their Christmas spending in December and more people filed claims for jobless benefits last week, casting fresh doubts on the durability of the economic recovery once government support fades.

The Commerce Department said retail sales fell 0.3 percent last month, the first decline since September, as consumers spent less on vehicles and an array of other goods during the holiday shopping month.

Analysts had expected an increase of 0.5 percent, but disappointment was tempered by upward revisions to prior months' data. November sales were revised to show a 1.8 percent gain from an initially reported 1.3 percent increase, and October sales were bumped up a touch as well.

A separate report from the Labor Department showed initial claims for state unemployment benefits rose 11,000 to 444,000 last week, higher than the 437,000 claims analysts surveyed by Reuters had forecast.

Discounting appeared to be a factor weighing on the government's dollar measure of sales.

Auto receipts dropped 0.8 percent, even though industry data had shown unit vehicle sales rose in December.

U.S. reopened 30-year bonds sale met with solid demand

The U.S. government's sale of \$13 billion worth of reopened 30-year Treasury notes was met with solid demand, rounding out the successful auctions of \$84 billion of debt this week.

Yields in the auction were below expectations, based on trade in the when-issued market just before the sale, indicating investors were keen to pay up for the debt.

Overall demand was strong, with investors submitting bids worth 2.68 times the amount on offer, above the average of 2.53 in the six re-opened 30-year bond auctions last year.

The level of buying by indirect bidders, including foreign and large institutional investors, was below average however, as it was in the previous three debt auctions so far this week.

Indirect bidding accounted for about 41 percent of the sale, which was below the average of about 44 percent in all 30-year bond auctions since June 2009, when the rules of who is considered an indirect bidder were changed.

ECB firmly on hold, Trichet slams euro exit talk

The ECB dismissed the prospect of any state leaving the euro zone as "absurd" as it started the new year with a signal that interest rates will remain firmly on hold.

The ECB kept interest rates unchanged at a record low of 1.0 percent for the eighth month in a row and President Jean-Claude Trichet confirmed settings were appropriate for the euro zone's expected moderate recovery.

He saw no inflation threats on the horizon, bolstering market expectations credit costs will stay on hold until the fourth quarter of 2010.

But he fired a warning shot on public finances and took a strict line on Greece. The fate of Greece is one of the potential roadblocks to a fully-fledged recovery in the euro zone.

The central bank started unwinding its crisis lending measures last month and confirmed further gradual phasing out would follow, as it increased pressure on governments to also pull back their support.

Trichet said Greece and other euro zone countries had tough decisions to make and warned that running up large deficits and debt could lead to higher market interest rates.



TODAY'S TOP NEWS

U.S. 2009 foreclosures shatter record despite aid

U.S. foreclosure actions shattered all records in 2009 and will do so again this year, with unemployment and wage cuts overcoming programs to remedy failing home loans, RealtyTrac said.

A record 2.8 million properties with a mortgage got a foreclosure notice last year, jumping 21 percent from 2008 and 120 percent from 2007, the Irvine, California-based real estate data company found. One in every 45 households got at least one filing last year, a rate almost four times that of 2006.

On a quarterly basis, foreclosure activity did slow in the fourth quarter, declining 7 percent from the third, but rose 18 percent from the fourth quarter of 2008.

Foreclosure notices were made on more than 349,000 properties in December, a 14 percent jump from November despite various moratoria, RealtyTrac said. It was the tenth straight month that notices topped 300,000, driving the year's total to a record of more than 3.9 million.

Separately, U.S. mortgage rates fell for a second consecutive week, a survey showed, a move that may help boost home loan demand and aid the housing market recovery.

Greece lays out deficit cuts, markets unconvinced

Greece launched an ambitious three-year plan to slash its huge budget deficit on Thursday but failed to convince financial markets it can deliver on the cuts and put a swift end to its fiscal crisis.

Under pressure by EU peers to shore up derailed finances which have thrown Greek markets into turmoil, the government said it would aim to cut its budget gap to 2.8 percent of GDP in 2012 from 12.7 percent last year.

Markets continued to punish Athens, as analysts said the plan lacked details they have been calling for months on how the deficit cuts will be achieved, questioning its implementation as well as its growth forecasts.

Yield spreads between Greek bonds and German bunds widened during the televised cabinet meeting and later jumped to an 11-months high after ECB President Jean-Claude Trichet took a tough line on troubled member nations.

Euro zone Nov output jumps but Q4 GDP slowdown seen

Euro zone industrial production rose twice as much as expected month-on-month in November, data showed, signalling the sector contributed to economic growth in the fourth quarter but by less than in the third.

Industrial output jumped 1.0 percent against October, the European Union's statistics office said, also revising upwards October's data to a 0.3 percent decline from the previously reported 0.6 percent fall.

Economists polled by Reuters had on average expected a 0.5 percent monthly increase in November production and an 8.5 percent year-on-year fall. Eurostat said production fell 7.1 percent annually.

But even with the November jump, economists said industrial production in the last quarter of 2009 could have been less than half the 2.3 percent increase logged in the third quarter.

Australia employment again stuns with its strength

Australian employment blew past expectations for a fourth straight month in December while the jobless rate fell to an eight-month low, a remarkable result that argues for yet higher interest rates.

The Australian dollar jumped half a cent and bill futures slid as the market priced in a 75 percent chance of another rate hike at the Reserve Bank of Australia's (RBA) next policy meeting on Feb. 2.

Report from the government showed a net 35,200 new jobs were created in December, over three times the market forecast. The jobless rate dropped to 5.5 percent, the lowest since April, from a downwardly revised 5.6 percent in November.

The central bank has already lifted its key cash rate by 75 basis points to 3.75 percent, a marked contrast to many other developed nations where rates languish at 1 percent or less.

That is because its economy is recovering far quicker than others thanks in part to aggressive stimulus, a sound banking system and insatiable Asian demand for its commodity exports.

Employment has now climbed 135,700 in the past four months to stand at 10.9 million.

NEXT UP

POLL-Analysts give 20% chance Greece will need bailout

Analysts see a one in five chance that Greece will seek a financial bailout and say Ireland, Spain and Portugal are the economies most likely to suffer a similar setback in investor confidence, a Reuters poll found.

Greece fell into its first recession in 16 years in 2009 and is set to become the euro zone's most indebted member this year, with debt estimated at more than 120 percent of GDP, despite plans to cut expenditure and hike taxes.

The country launched an ambitious three-year plan to slash its budget deficit with defense and hospital spending curbs and pay freezes, designed to boost its credibility, but markets continued to punish Athens.

The plan to shrink the soaring budget deficit to 2.8 percent of GDP in 2012 did little to convince markets of Greece's ability to resolve a fiscal crisis that has prompted some economists to question its euro zone membership.

Asked in the Jan. 11-14 poll to assess the probability of Greece seeking a bailout this year, the median response from around 30 analysts was 20 percent, with the same likelihood that it would be necessary at some point in the next five years.

POLL-British yield rise to outstrip other major debt issuers

The premium investors demand to hold British government bonds over euro zone and U.S. equivalents will increase markedly in 2010 as vast stimulus measures are unwound, a Reuters poll showed.

The start of a fragile economic recovery and huge debt issuance pushed U.S., euro zone and British benchmark bond yields off historic lows in 2009 and while this will continue to be the case in 2010, the expected unwinding of ultra-loose policies will provide extra momentum for yields.

A quarterly poll of over 50 bond strategists in the U.S. and Europe showed 10-year yields from the U.S. and Britain moving well beyond 4 percent in 12 months time, hitting 4.20 percent and 4.50 percent respectively. The 10-year euro zone bond yield is expected to reach 3.80 percent in 12 months, lower than the corresponding forecast in October's poll.

The spread between British 10-year gilts and Bunds will hit 65 basis points in three months and in six months and 70 in 12 months, the poll showed. By comparison, the U.S./euro zone spread is expected to remain around 35 to 40 basis points through 2010.



DEEP DIVE Commentary and Analysis

COLUMN-Fed's wondrous printing press profits

By Jim Saft

Now finally we see what it takes to be a profitable bank with no capital worries and secure funding: own a printing press.

Sadly, since it is the Federal Reserve showing record \$46 billion profits last year we have to conclude that, though it is a fool-proof plan, it's not really scalable.

Combine news of the Fed's biggest profit in its 95-year history with a report from the Troubled Asset Relief Program that its investments in banks are now showing a \$7 billion gain and you'd be forgiven for concluding that this whole bailout malarkey is the next best thing to striking oil.

The two notional profits are of course related and prove little more than that if you have bottomless pockets you can make the price of a given asset rise. And while the trick for the Fed will be in how it exits its currently profitable positions, the real costs are more complicated and potentially much greater.

The means by which the Fed turned this magnificent profit are eerily similar to what Wall Street has been practicing: they grew their balance sheet and took on more risk. Its profits were generated by two related moves: it bought far more bonds than it had in the past and, perhaps more importantly, it bought bonds of lower quality as part of the rescue efforts. Those risky bonds have risen in price, as anything that the Fed decided to start buying in size would, be they baseball cards, Florida time shares or limited edition commemorative plates.

Granted, the decision to channel credit into specific parts of the economy was taken under great pressure and in the face of grave dangers. Even so, there is no doubt that doing this exposed the Fed and the rest of us to major new risks. Elements within Congress were not best pleased with a Fed that seemed, in allocating credit to specific areas, to be poaching on Congress's traditional turf of controlling expenditures. There is a direct line between that profitable investment and the plan to subject the Fed to an audit and other greater oversight. This is a slippery slope and one that in other countries has ended up with a compromised central bank and inflation.

It would be a great and terrible irony, then, if the Fed ended up, even if by accident, selling its birthright of independence for the bowl of soup of getting out of one crisis.

THIS WAY TO THE GREAT EGRESS

Of more immediate concern will be how the Fed manages to exit its positions without upsetting any apple carts. Cessation of Fed buying in the mortgage market will drive effective rates higher for home buyers if in coming months the bank does not decide to continue its program. Selling would be even worse, and so I'd expect that the Fed manages its portfolio passively, allowing many bonds to mature and be retired. Actually, given the state of the U.S. economy, I think the Fed will have to figure out how to generate more profits in 2010.

As for the TARP, a report issued this week shows that its investments in banks are now worth about \$141 billion, up from the \$134 billion the Treasury paid. This is better than the alternative, but it misses some key facts. The profit of seven billion is pretty small beer for a rescue that kept at least some major banks alive. It also excludes the governments far less successful foray into insurance; the American International Group investment is worth about \$30 billion less than it cost, not even including billions in derivatives contracts which were paid out at an absurd 100 cents on the dollar.

The Obama administration is expected to announce a \$120 billion tax on TARP recipients, one with a presumably sliding scale linked to the program's ultimate costs. That may have merit, but is not likely to solve the prime problem of leverage. And, unless

it is on a very steep sliding scale tied to size, nor will it solve the problem of having some of banks which are too big to ever be allowed to fail. Even if it were, \$120 billion over five or 10 years is probably not enough to counteract the benefits of scale and an assumed government guarantee.

Efforts to reflate asset markets and then look the other way while insolvent banks earn enough to survive are working, as they've worked in the past.

Unfortunately we've seen what "working" looks like; the banks and the risks get bigger and eventually it all topples over.

If nothing is done to stop this, these profits, like those of Lehman Brothers and Bear Stearns, will look even more paltry in five years' time than they do today.

(At the time of publication James Saft did not own any direct investments in securities mentioned in this article. He may be an owner indirectly as an investor in a fund.)

Sovereign defaults head 2010 risk hitlist for WEF

The risk that deteriorating government finances could push economies into full-fledged debt crises tops a list of threats facing the world in 2010, according to a report by the World Economic Forum.

Major world economies have responded to the steep downturn created by the financial crisis with stimulus packages and by underwriting private debt obligations, causing deficits to balloon. This may have helped keep a worse recession at bay, but high debt has become a growing concern for financial markets.

The WEF think tank, in its annual Global Risks report ahead of its meeting in Davos, Switzerland, said unsustainable debt levels ranked among the top three risks for the year ahead, alongside underinvestment in infrastructure and chronic diseases driving up health costs and reducing economic growth.

Already fragile economies, particularly in the developed world, are at risk of "overextending unsustainable levels of debt", potentially leading to full-blown crises with inevitable social and political consequences, not least higher unemployment, it said in the report released on Thursday.

"Governments, in trying to stimulate their economies, in fighting the recession, are (building) unprecedented levels of debt and therefore there is a rising risk of sovereign defaults," said John Drzik, Chief Executive of management consultancy Oliver Wyman, which was one of the contributors to the WEF report.

He said higher unemployment levels could follow, with associated social and political risks.

"Debt levels have risen from 78 percent (in 2007, before the crisis) to 118 percent of GDP in the G20 ... this is something that could really create much more of a crisis than in the past, and we are already in a vulnerable situation."

Worries over Dubai, Ukraine and Greece have spilled over into global markets in the last month, and all three look set to remain under pressure, with the threat also high for the economies of "irrational exuberance" -- the United States and the United Kingdom.

The WEF report said both these major economies were faced with "tough choices" in the months ahead as they seek to time a "gradual and credible withdrawal of fiscal stimulus so that the recovery is sustained but not so late that fiscal deficits cause fear of sovereign debt deterioration".

Other major risks highlighted by the report include underinvestment in infrastructure, which could hurt food and energy security. The World Bank puts global infrastructure investment needs at \$35 trillion over the next 20 years.

Chronic disease -- from heart disease to strokes -- is another



DEEP DIVE Commentary and Analysis

threat looming, as the cost of treating patients rises, driven by demographic changes and dietary shifts.

The WEF warned the problem was key for both developed and

developing nations, particularly as governments seek to reduce the burden of healthcare and aid funding shrinks.

AMERICAS LOANS FORUM

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The Americas Loans Forum provides unique technical and fundamental analysis, plus commentary on market moving events, news and trends in the credit markets.

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HOW TO JOIN

This is an invitation-only chat room. If you or your contacts are interested in participating in the Americas Loans Forum please contact hadas.shafir@thomsonreuters.com.

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(Compiled by Anil Kumar and Rahul Karunakar in Bangalore)

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