

Global PMI indicies continue to decline

Hsbc's Chinese services PMI declined to 50.6 in August, from 53.5 in July, the lowest reading since the series began in November 2005. A Chinese bases services PMI index stated that the Index declined to 57.6 in August, from 59.6 in July. The continued credit tightening and measures to cool down property prices were to blame apparently. The Chinese market closed at the lowest level for over 1 year;

Hong Kong PMI fell to 47.8 in August from 51.4 in July. Seems to be regional. Any support for the decoupling theory. No, thought so;

Indian services PMI index fell to 53.8 in August, from 58.2 in July, the lowest level since June 2009;

Mrs Merkel did indeed lose the election in Mecklenburg-Vorpommern, the 6 regional loss this year. Her coalition partners, the FDP, lost all representation in the State Assembly. Mrs Merkel will get more anti bail out ahead of the next election - this month. However, given her record, the German's are sceptical. She should be able to get her EFSF legislation through Parliament, with help from the SPD and the Greens, but Parliament is likely to demand oversight, which will reduce (significantly), the flexibility of the EFSF to act in a crisis. That burden remains with the ECB;

Irish services PMI fell marginally - to 51.1 in August, from 51.7 in July;

Italian and Spanish 10 year yields are now at 5.30% and 5.11% respectively. The Italian Parliament is to vote on budget legislation today. Mr Trichet urged the Italians to stick to the austerity measures previously announced, over the weekend. A general strike has been called by the Unions;

The Finnish PM, ahead of the country's Finance Minister's meeting with his German and Dutch counterparts in Berlin, is seeking a compromise in respect of Finland's demand for collateral. However, they still want collateral - how does that work;

Further News Corp executives will be grilled by an UK Parliamentary Select Committee tomorrow. There are continuing reports that they will contradict evidence submitted by the Murdoch's;

Summary

Asian markets declined on the bad US NFP data and weak US markets on Friday. The Euro is weaker, not surprisingly. Brent oil is off a bit - around US\$111.50 and Gold is around US\$1880. European futures indicate that markets will open about 2.0% lower.