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Thursday, November 18, 2010 - 14:47

FinSys Update: IMF To Begin Technical Talks W/Ireland Friday

WASHINGTON (MNI) - The following are top events and news reported Thursday ET in the global financial system by Market News International:

* Although there has as yet been no formal request for aid, an IMF Mission will begin "technical" talks with Ireland government authorities within 24 hours and it is premature to discuss the Fund's view of specifics, like the preservation of Ireland's relatively low corporate tax rate, a Fund spokeswoman said Thursday. She said the Fund cannot lend directly to Irish banks and "we only lend money when governments make a request." So far, there has been no formal request for Fund aid, she said. She said the IMF is prepared to react quickly and flexibly to any Ireland request for help. [10:30 ET]

* UK Prime Minister David Cameron is not ruling out that the UK might provide bilateral aid to Ireland but conceded that such help would add to the UK's budget deficit. Cameron raised the possibility that any aid plan would be debated in the House of Commons first before the government went ahead with any such plan. The PM insisted that the UK was not trying to coerce Ireland into accepting aid. [Updated 09:48 ET]

* Fitch said Wednesday that it will review Ireland's sovereign ratings in the light of any package agreed with the IMF and EU, according to a statement by the ratings agency. [11:32 ET]

* While additional quantitative easing was a "move in the right direction," its effects will likely be "relatively modest," Minneapolis Federal Reserve Bank President Narayana Kocherlakota said Thursday. And given that the fed funds target is already "essentially at zero," lowering it -- which Kocherlakota would have greatly preferred if it was possible -- is not an option, leading the central banker to turn to fiscal policy decision makers to boost growth. [13:30 ET]

* Cleveland Federal Reserve President Sandra Pianalto Thursday declared that the policy actions implemented by the Fed to support a battered economy have been effective, but there are still enough risks to growth and price stability to merit the central bank's additional quantitative easing measures. Pianalto concluded that by promoting price stability, the Federal Reserve is following the best course for supporting the economic recovery. [13:35 ET]

* The European Central Bank's price stability definition of close to but less than 2% has neither constrained growth nor hindered employment, and it "could hardly be more closely aligned" with the inflation goal of the U.S. Federal Reserve, ECB President Jean-Claude Trichet said on Thursday. Trichet also touched on the central bank's exit strategy, saying that an eventual tightening of interest rates could happen independently of the ECB's exit from non-standard liquidity measures and not necessarily after it. [08:45 ET]

* Central banks cannot reliably identify asset bubbles early enough to be able to tackle them, Bank of England Monetary Policy Committee member Adam Posen said Thursday in a speech at the Cato Institute in Washington DC. Posen points out a necessary condition for central banks to tackle asset bubbles is that they can reliably identify them in time to act, but he says research looking at a large number of bubbles suggest this is simply not true. [09:45 ET]

* Initial claims for U.S. state unemployment benefits rose by only 2,000 to 439,000 in the November 13 employment survey and holiday week, below the 445,000 level expected, the U.S. Labor Department reported Thursday. A Labor Department analyst said that for the holiday-shortened week, seasonal factors expected unadjusted claims to fall by 10.2%, or about 46,000 claims. Instead, they down about 10.0%, or 45,189 claims, to 407,468. Unadjusted claims were at a level of 475,701 in the comparable week a year ago. [08:30 ET]

* The Philadelphia Fed manufacturing index jumped to 22.5 in November from 1.0 in October, the highest since December 2009. The new orders index jumped to 10.4 from -5.0, shipments rose to 16.8 from 1.4, and inventories increased to -5.9 from -18.6. The index of supplier deliveries rose to 2.1 from -0.3, and unfilled orders hit a four-year high of 3.7, up from -8.9. The employment index jumped to 13.3 from 2.4, the highest since August 2007. On the inflation front, prices paid increased to 34.0 from 31.5, while prices received rose to -2.1 from -9.0.

* The index of U.S. leading indicators rose 0.5% in October. The index was pushed higher by the wide interest rate spread, an increase in the real money supply, and gains in the stock market. Improvement in the average manufacturing workweek, consumer expectations, and building permits also contributed positively. [10:00 ET]

* Delinquency rates in the United States will only see "modest improvement," due to the expectation that the unemployment rate will remain at a high level well into 2011, an official from the Mortgage Bankers Association said Thursday. According to the National Delinquency Survey, the delinquency rate for mortgage loans on one-to-four unit residential properties decreased to a seasonally adjusted rate of 9.13% of all loans outstanding as of the end of the third quarter of 2010. This is a decrease from 9.85% in the second quarter of 2010, and a decrease from 9.64% at the end of the third quarter of 2009. [10:14 ET]

* House Majority Leader Steny Hoyer said Thursday that "all sorts of options" will be under review as Congress and the White House decide how to deal with the expiring Bush era tax cuts. At a briefing, Hoyer said that he continues to believe that only tax cuts for individuals making up to \$200,000 and couples earning up to \$250,000 should be extended. [11:24 ET]

* Working gas in storage was 3,843 Bcf as of Friday, November 12, 2010, according to estimates by the Energy Information Administration Thursday. This represents a net increase of 3 Bcf from the previous week. Stocks were 13 Bcf higher than last year at this time and 327 Bcf above the 5-year average of 3,516 Bcf. [10:30 ET]

* Freddie Mac Thursday released the results of its Primary Mortgage Market Survey, which found that the 30-year fixed-rate mortgage averaged 4.39% with an average 0.9 point for the week ending November 18, up from last week when it averaged 4.17%. Last year at this time, the 30-year FRM averaged 4.83%. 15-year FRM this week averaged 3.76%. [10:00 ET]

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