Fed appears to throw support behind Treasury plan for commercial paper. The market for asset-backed commercial paper in the United States, from which proceeds are used to fund day-to-day and short-term operations for many U.S. corporations, remains effectively “closed”, as banks and market participants are unable to price underlying assets in commercial paper packages, which may include sub-prime mortgage securities. The plan brokered by Treasury Secretary Henry Paulson to bolster liquidity in this market, with contributions to an $80 billion fund by major commercial and investment banks, has garnered some favor in official circles. “The Fed wants to see financial markets function normally, and this fund is a step in that direction”, notes Lyle Gramley, formerly of the Fed, and now an advisor to Stanford Group in Washington. The Fed meets next on October 31, when traders anticipate the Fed Funds rate will be reduced once more, this time by 25 basis points to 4.5%.

Surge in French consumer spending in August/September. Consumer outlays in France have stepped-up to a rapid pace over the months to September, with retail sales picking up 0.5% from August to stand a strong 5.7% above year-earlier levels. But consumption of manufactured goods, a measure representing about 15% of GDP, slipped to growth of 0.1% in September from 0.7% in August (m/m), on the back of higher oil prices. Still, the 8.7% annual pace of such outlays registered in the quarter will provide a firmer underpinning for French GDP growth than previously anticipated, with output likely accelerating moderately from below-par second-quarter results [see Daily chart at http://GEM].

Record IPO activity in emerging economies. Initial Public Offerings of equity (IPOs) in emerging markets continued to thrive, reaching record levels in the third quarter of 2007. At the same time, mature markets are experiencing a sizeable slow-down in the sector, according to the latest Ernst & Young quarterly Global IPO Report. The BRIC economies (Brazil, Russia, India and China) together raised $27 billion in 118 IPOs, accounting for seven of the ten largest offerings during the third quarter. However, the number of global IPOs declined by some 22% to 428 in the third quarter from 552 in the previous period, though new offerings still stood 25% above year-earlier levels. The amount of capital raised in
the quarter also dropped by 36% to $57 billion, contrasted with $89 billion in the second quarter. Overall, China, Brazil and the United States were market leaders by capital raised, with $14.5-, $9.3- and $8.3 billion respectively, together accounting for 56% of the global total.

**Among emerging markets...** In **East Asia**, Singapore's consumer price inflation slowed to 2.7% in September (y/y) from 2.9% the previous month, as transport and communication prices climbed 2.2%, but food prices increased a hefty 3.7% in the month. This contrasts with an overall 3.3% gain in August. Inflationary pressures are expected to accelerate in coming months, however, as transport and electricity tariffs are increased.

In **Central and Eastern Europe**, retail sales in **Poland** gained 14.2% in September (y/y) down from 17.4% the previous month, due to lower wage growth and fewer working days.

In **Sub-Saharan Africa**, consumer price inflation in **Mauritius** decelerated to an annual 10.0% in September from 10.3% the previous month. The Mauritius government hopes to double foreign investment in information technology to 7% of GDP, to create about 29,000 jobs over the next four years.