Spain’s successful bond sale shrugs off contagion fears for the moment. Spain’s treasury sold €3.65 billion ($4.94 billion) of long-term bonds successfully on Thursday, easing contagion fears from the Irish fiscal crisis on the country, at least for now, ahead of talks of the European Union and International Monetary Fund on a possible aid package for Ireland. The government sold €2.59 billion of 10-year bonds at an average yield 4.615%, €1.07 billion of 30-year bonds at an average 5.488%. The auction was well received, with the total sold at the higher end of the planned volume of €3-€4 billion, but yields were slightly higher (about half a percentage point) than in a previous auction two months ago, reflecting contagion from the Irish debt crisis taking its toll. Nevertheless, Spain’s borrowing costs have risen less than those of Ireland, Portugal, and Greece as the country progresses more quickly than those countries with its deficit-cutting.

Initial unemployment claims trend downwards to lowest level in 2 years. The U.S labor Department reported today that initial unemployment claims rose by 2,000 to 439,000. This is only the second time this year that initial unemployment claims has stayed below the 450,000 mark for longer than a week. The four-week moving average, which gives a better idea of trends, fell by 4,000 to 443,000, its lowest level in two years [see Chart at http://gem or http://www.worldbank.org/gem]. The falling initial claim figures are consistent with the recent pick-up in non-farm payrolls. Last month's employment report showed that even though unemployment persists at an elevated level (9.6%), the private sector added some 159,000 jobs.

Among emerging markets… In Latin America and the Caribbean, Chile’s real GDP expanded 7% (y/y) in Q3 2010, the fastest annual pace of growth since 2005. According to the central bank growth rates for the first and second quarters were 1.6% and 6.6% (y/y) respectively. In Sub-Saharan Africa, the Democratic Republic of Congo’s received a debt write-off from the Paris Club today, which wiped off $7.35 billion of debt the nation owed to the 19-creditor country club, and almost halved DR Congo’s international debt from an unsustainable level of $13.9 billion estimated by the IMF at the end of 2009.

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