



Economic Monitoring



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India's stocks rally for 8th day to record high...U.S.'s Markit flash Manufacturing PMI falls in July...China's flash Manufacturing PMI rises strongly

Financial Markets

U.S.'s Treasuries dropped on Thursday as reports showed that U.S. jobless claims unexpectedly fell to an 8-year low in July. The 10-year yield rose by 4.0 basis points to 2.51% in afternoon trading in New York. The 30-year yield also rose by 4.0 basis points to 3.30% after falling to 3.24% on July 21, its lowest level since June 7, 2013. Year-to-date, Treasuries have gained 3.6%, compared to a loss of 3.4% last year.

India's stocks climbed for an eighth day, with gains by metal makers and consumer goods companies propelling the benchmark index Sensex to a record high. After erasing an intraday loss of 0.3%, The Sensex advanced 0.5% to 26,271.85, recording its longest winning streak since September 2012, amid speculation that the new Prime Minister's government will spur economic growth.

High Income Economies

U.S.'s seasonally adjusted Markit flash Manufacturing PMI fell to 56.3 in July, down from 57.3 in June, and below economists' forecast for a reading of 57.5. A score above 50.0 denotes expansion. The output sub-index fell slightly to 60.4 from 61.0 in June, its highest level since April 2010; while the employment sub-index fell to 51.2, its lowest level since September, down from 54.0 in June.

The Euro zone's Markit flash Manufacturing PMI rose slightly to 51.9 in July from 51.8 in June. Meanwhile, Markit flash composite index which measures the service and manufacturing sectors, strengthened to 54.0 in July, its highest reading since April, from 52.8 in June with the services PMI climbing to 54.4, its highest score since May 2011.

South Korea's GDP grew by a seasonally adjusted 0.6% (q/q) in the second quarter of 2014, slowing from a 0.9 % (q/q) growth in the first quarter. Year-on-year, GDP grew 3.6% in the second quarter, down from 3.9% in Q1 as production slowed in all sectors except electricity, water and gas supply.

Developing Economies

East Asia and Pacific

China's HSBC/Markit flash Manufacturing Purchasing Managers' Index rose to an 18-month high 52.0 in July, up from 50.7 in June, beating economists' forecast, and continuing to rise above the 50-mark, which denotes expansion.

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