

Economy and Fed Watch

Consumer Sentiment in U.S. Falls More Than Forecast on Rising Joblessness Confidence among U.S. consumers fell more than forecast this month, reflecting unemployment approaching 10 percent and higher gasoline prices.

Trade Deficit in U.S. Narrows Unexpectedly to 10-Year Low as Exports Rise The U.S. trade deficit unexpectedly narrowed in May to the lowest level in almost a decade as exports jumped while imports of crude oil and auto parts declined.

U.K. Producer Prices Drop Most Since 2001 as Recession Defeats Inflation U.K. producer prices dropped in June from a year earlier by the most since 2001 as the recession sapped inflation pressures from the economy.

U.S. Economy on 'Cusp of Stabilization' as Growth Forecasts Are Increased The U.S. economy will expand faster than previously forecast in the second half of this year and in 2010 as a revival in consumer spending signals an end to the recession, a Bloomberg News survey showed.

G-8's Economic Dominance Faces Challenge From China, India, South Africa Leaders of developing countries confronted advanced nations with a demand for a greater role in the management of the global economy, signaling the drift in power away from the financially distressed West.

China's World-Record Currency Reserves May Top \$2 Trillion for First Time China's foreign-exchange reserves probably topped \$2 trillion for the first time, drawing attention to the difficulty the government faces in finding places to invest the world's largest holdings.

French Industrial Output Rises Unexpectedly For First Time in Nine Months French industrial production unexpectedly increased for the first time in nine months in May, adding to signs that Europe is starting to pull out of its worst recession since World War II.

Congressional Panel, Treasury Clash Over Valuation of U.S. Bank Warrants The U.S. Treasury has sold warrants it obtained from rescued banks for about two-thirds of what they are worth, a group overseeing the federal bailout said.

China's Exports Tumble for Eighth Month as Global Recession Cuts Demand China's exports fell for an eighth

month as the global recession cut demand, highlighting the economy's dependence on stimulus spending to revive growth.

Loss Of 'Animal Spirits' May Prolong U.S. Recession, Roubini, Shiller Say The worst recession in half a century may be prolonged because consumers see few signs job losses and declines in home prices are ending, economists Nouriel Roubini and Robert Shiller said.

World Bank Says Indonesia Likely to Emerge as 'Winner' From Global Slump Indonesia's economy is set to emerge a "winner" after avoiding the worst of the global financial crisis, the World Bank's country director said.

Fed Watch

EI-Erian Says Geithner Shares 'A' With Bernanke for Effort, 'B' for Result Mohamed El-Erian, chief executive officer of Pacific Investment Management Co., gives Timothy Geithner and Ben S. Bernanke an "A" for their efforts to revive credit markets.

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Kohn Warns 'Erosion' of Fed Independence May Lead to Higher Interest Rates Federal Reserve Board Vice Chairman Donald Kohn said any "substantial erosion" of the central bank's independence in setting interest rates may fuel investor fears of inflation and provoke higher long-term borrowing costs.