

THE WEEK IN VIEW

Unemployment figures rise sharply

The news was dominated by worsening unemployment figures in both the UK and US. In the US, unemployment rose to 6.5% in October, to its highest level since 1994. Meanwhile, the number of people claiming unemployment in the UK rose by 36,500 in October, the highest monthly rise since 1992, while the headline unemployment rate rose to 5.8%.

Elsewhere, Hank Paulson, the US Treasury Secretary, caused widespread surprise as he announced that the remaining funds in the US\$700bn Troubled Asset Relief Program (TARP) would be best used for capital injections into struggling companies and tackling consumer debt, rather than buying 'toxic assets'. Hank Paulson explained that the TARP plan would "take time to implement and would not be sufficient given the severity of the problem". This speedy reverse called into question the credibility of the Treasury following the painful struggle to get the bill passed by the House of Representatives in early October.

Elsewhere, US retail sales dropped by 2.8% in October, recording their largest monthly fall since the index began, and pointing to a large reduction in consumer spending over the fourth quarter. In other news, Germany fell into recession as it recorded a quarterly GDP fall of 0.5%, its second successive quarter of negative economic growth.

"...the number of people claiming unemployment in the UK rose by 36,500 in October, the highest monthly rise since 1992, while the headline unemployment rate rose to 5.8%."

World markets endured another tough week as the S&P 500, the FTSE All Share and the FTSE Eurofirst 300 indices all lost around 6% in local currency terms. Japan also lost ground; however China was one of the exceptions, as the market rallied on news of the government's economic stimulus package worth around US\$600bn.

Meanwhile, the oil price continued to fall towards to US\$50/barrel mark – the cost of a barrel of West Texas Intermediate Crude fell by nearly 10% over the week – while the gold price increased slightly by around 1%.

In the currency markets, both the yen and US dollar benefited from increased risk aversion and rose against most other major currencies. One of these was sterling, which continued its sharp decline, falling below the US\$1.50 mark for the first time in six years, and trading at record lows against the euro.

Important information

This publication is not a financial promotion and is not intended as investment advice.

BNY Mellon Asset Management International Limited ("BNYMAMI") and its affiliates are not responsible for any subsequent investment advice given based on the information supplied. This document should not be published in hard copy, electronic form, via the web or in any other medium accessible to the public, unless authorised by BNYMAMI to do so.

Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements.

This document is issued in the UK and in mainland Europe (excluding Germany) by BNY Mellon Asset Management International Limited. BNY Mellon Asset Management International Limited, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No. 1118580. Authorised and regulated by the Financial Services Authority.

In Germany, this document is issued by WestLB Mellon Asset Management Kapitalanlagegesellschaft mbH, which is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht. WestLB Mellon Asset Management was formed as a 50:50 joint venture between The Bank of New York Mellon Corporation and WestLB AG.

In Dubai, United Arab Emirates, this document is issued by the Dubai branch of The Bank of New York Mellon, which is regulated by the Dubai Financial Services Authority.

If this document is used or distributed in Hong Kong, it is issued by BNY Mellon Asset Management Hong Kong Limited, whose business address is Unit 1501-1503, 15/F Vicwood Plaza, 199 Des Voex Road, Central, Hong Kong. BNY Mellon Asset Management Hong Kong Limited is regulated by the Hong Kong Securities and Futures Commission and its registered office is at 6th floor, Alexandra House, 18 Chater Road, Central, Hong Kong.

If this document is used or distributed in the United States of America, it is issued by Dreyfus Investments, a division of MBSC Securities Corporation, located at 200 Park Avenue, New York NY 10166, USA. MBSC Securities Corporation is a member of FINRA.

If this document is issued or distributed in Australia, it is issued by BNY Mellon Asset Management Australia Limited (ABN 56 102 482 815, AFS License No. 227865) located at Level 6, 7 Macquarie Place, Sydney, NSW 2000.

BNY Mellon Asset Management International Limited and any other BNY Mellon entity mentioned are all ultimately owned by The Bank of New York Mellon Corporation.

CP2723-17-11-2008