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Last One Month Business News

Fairchild 3Q Sales Lower, Predicts Even Weaker 4Q

October 13, 2011

Fairchild Semiconductor (FCS) reported flat third-quarter earnings on Thursday due to weak consumer demand in its computing and consumer end markets, and said that it expects the current period's sales to be even lower. The San Jose, Calif.-based chip maker reported net income of \$35.8 million, or 28 cents a share, which was flat to the year-earlier period.

Shanghai families say kids poisoned by lead

September 15, 2011

Families living in one of Shanghai's many industrial suburbs say their children are suffering from lead poisoning from nearby factories and recycling facilities. Officials did not respond to calls Thursday requesting comment after families in Kanghua New Village complained that recent checks showed many of their children were suffering from blood lead levels up to nearly nine times the legal limit.

Samsung to Open Homegrown Bada Platform to External Developers

Analysis: Brazil's middle-class economic miracle at risk

BY ADMIN - 23 SEPTEMBER 2011

POSTED IN: ECONOMY

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By Raymond Colitt

BRASILIA (Reuters) – They were the big winners in Brazil's economic boom: nearly 40 million people who joined the middle class since 2003 and went on a shopping spree, many of them buying televisions, cars or air conditioners for the first time.

Yet there are signs that some of these Brazilians — known here as the "new C Class" — are in danger of sliding back into poverty.

The consequences are potentially dire for President Dilma Rousseff, some of Brazil's major companies, and an economy that has in recent years been one of the world's few powerful engines of growth.

There are several causes behind the incipient reversal of fortune, including an economy slowing in tandem with the rest of the world, rising inflation and high household debt.

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- U.S. Retail Sales Increase 1.1% In September
- Import Prices Up 0.3% In September
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September 20, 2011

Reuters SEOUL – Samsung Electronics plans to open up its homegrown mobile software platform to outside developers and device makers next year, in a bid to kick-start growth in the operating system and reduce its reliance on Google's Android in the increasingly litigious smartphone and tablet computer business.

- **Italy austerity nears approval as pressure mounts**

September 14, 2011

By James Mackenzie ROME (Reuters) – Italy's lower house of parliament is expected to approve the center-right government's much revised austerity plan on Wednesday as Rome struggles to stem a financial market crisis now threatening the whole euro zone. The 54 billion euro (\$73.80 billion) mix of tax hikes and spending cuts aimed at balancing the budget by 2013 was agreed under heavy pressure from the European Central Bank which has demanded tough action from Rome to cut its massive public debt. Whether that is enough to draw a line under a crisis which has driven Italy's borrowing costs to potentially unmanageable levels and brought it to the brink of financial meltdown remains to be seen

- **Home Builders Index Dips Slightly In September**

September 19, 2011

WASHINGTON – Confidence in the market for newly built single-family homes dipped slightly in September to remain in very low territory, according to an index released Monday. The National Association of Home Builders / Wells Fargo Housing Market Index fell by a point to 14, on a seasonally adjusted index where readings above 50 are considered good

- **Greece needs decade to get competitive: German finance minister**

September 24, 2011

BERLIN (Reuters) – German Finance Minister Wolfgang Schaeuble said in a magazine interview published on Saturday that Greece would not be able to return to capital markets next year and would need a decade to make its economy competitive. Schaeuble told business weekly

While it inherited the problems, Rousseff's government has struggled to limit the fallout — and has arguably made some of them worse.

"If we don't watch out, a worsening of the international scenario can cause a setback," said Strategic Affairs Minister Wellington Moreira Franco, who is charged with coordinating long-term planning. "What we want is a type of brake to prevent these Brazilians from falling back into poverty."

That "brake" could take several forms, and Rousseff and senior economic officials have repeatedly said they have policy tools available to protect the gains of recent years.

During the last crisis in 2009, Brazil responded to a fall in consumer demand with a massive fiscal stimulus program.

Yet its options are much more limited this time, since it is still suffering side effects from that budget splurge — including inflation that now sits at about 7.3 percent on an annual basis, well above-target.

Any erosion of the gains in Brazil's fight against poverty would weaken Rousseff's political base, and her response may determine her chances for re-election in 2014.

It would also hit Brazilian and multinational companies. For example, car manufacturers such as Hyundai <005380.KS> and Fiat came to depend on Brazil — now the world's No. 5 auto market — in recent years to help fuel sales growth. At the first signs of a weakening market in Brazil, Fiat shares slumped in August [ID:nLDE77H09N].

Economic growth is expected to slow to at least half last year's 7.5 percent rate amid a menacing global scenario.

MAKING ENDS MEET

Consumer debt defaults jumped 3 percent in August and are now up 29.2 percent from a year ago [ID:nS1E78B0KR]. Credit demand is slowing from last year, in part because the central bank hiked interest rates 175 basis points through August.

At the lower end of the "C" income category, which ranges from 1,200 to 5,174 reais (\$656-\$2,827) per month, credit growth is half the national average.

Experts say most at risk are those who for the first time have disposable income to consume beyond basic needs.

"People have been dazzled by the consumption craze; they need financial education," says Alessandra Ninis, who runs the "new middle class" project at the strategic affairs ministry.

So far, neither tighter monetary nor fiscal policy have been able to tame above-target inflation of 7.3 percent per year, which hits particularly lower-income households. The lack of structural reforms to tackle price-indexed salaries and utility prices have compounded the problem.

"There are signs the emerging middle class is stagnating — that's bad news for Brazil. If it contracts, it would be a disaster," says Professor Marcelo Neri, an expert on social mobility at the FGV business school's Center for Social Policies in Rio de Janeiro.

People say they are feeling the effects.

"The budget is getting tight. Food and clothing is going up and I've got those car payments," said Edinaldo dos Santos, who works at a catering company in Brasilia. "Many of my neighbors are struggling with debt."

If, as some economists forecast, economic growth slows more sharply in the short term and unemployment begins to rise, the government may have to take aggressive measures to protect the lower middle class.

"Right now they're looking more at trampolines into the middle class but soon they may have to look at parachutes for those falling out," said Neri.

Rousseff has already launched a micro-credit program designed to lower capital costs for small entrepreneurs and a job training program designed to form future professionals who will continue to fuel consumer demand.

Another measure the government is eyeing is a monthly stipend for employees receiving on-the-job training and earning up to 1,100 reais, the strategic affairs ministry said.

Rousseff also moved to liberalize the cable TV market, expand low-cost Internet coverage, and improve private health care — all concerns to Brazil's new upwardly mobile.

ELECTION INTERESTS

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- **Shell operations jobs**
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WirtschaftsWoche that it was "clear that Greece will not be able to return to capital markets in 2012, as we thought in 2010." "Greece will need a decade rather than a year to get fully competitive," added the minister from Chancellor Angela Merkel's center-right government. With anxiety about a possible Greek sovereign debt default rising in Europe, the chief economist of German insurer Allianz said a major haircut for Greek government bondholders would only increase the risk of contagion in the euro zone.

- **Digital Domain: Sprint's Unlimited Data Plan, and the Challenges Ahead**

September 17, 2011

ALL the data you need on a smartphone, at full speed, for a single price — Sprint Nextel is the only major wireless carrier in the United States that still offers this with new cellphones. Brave little Sprint, with about a 15 percent market share, is our best hope for keeping a piece of the mobile Internet free of meters. But if data gluttons are the only ones who partake of Sprints feast, unmetered service will be unsustainable.

Roughly 55 percent of Brazil's population now belongs to the middle class, nearly the same amount that was classified as poor when former President Luiz Inacio Lula da Silva took office in 2003.

Rousseff was Lula's hand-picked successor and it was his government's achievements in attacking poverty that carried her to power in last year's election.

But Lula's high spending has forced Rousseff into austerity measures and they have hit her popularity. Her disapproval ratings doubled in August, partly because of frustration over slow progress in improving public services [ID:nN1E7791S8].

"Demands on policy-makers have shifted; people care about more than just jobs and income," said Christopher Garman, Latin America analyst with Eurasia Group consultancy in New York.

"The new public agenda is the quality of public services and that's what's going to drive the next elections."

Rousseff has recently shifted from poverty-eradication talk to a focus on middle-class issues. "When people surge into the middle class, they demand quality public services: education, health, security," she said at a recent ceremony.

But with economic and political constraints, such as a tight budget and volatile support for her policies in Congress, it will be difficult in the short term for Rousseff to significantly improve long-neglected public services or boost the living standards of the new middle class.

"It's hard to see Rousseff's approval ratings not falling more in coming months," said Garman.

(Editing by Brian Winter and Kieran Murray)



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TAGS: **Alessandra Ninis, Brasilia, Brazilian, Brian Winter, Christopher Garman, Congress, Edinaldo, FGV, Fiat, Hyundai, President Dilma Rousseff, Professor Marcelo Neri**

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