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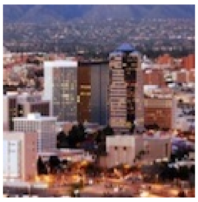
IN THE THIRD QUARTER EUROPEAN GROWTH FAILS TO ACCELERATE AS DEBT SLOWS DEMAND



In the third quarter, Europe's economic expansion failed to accelerate as Germany and France struggle to shore up a region bracing for a recession sparked by an escalating debt crisis, causing demand to slow this quarter. The European Union's statistics office in Luxembourg said in a statement today that the gross domestic product increased 0.2 percent from the previous three months, when it rose at the same place. These statistics matched the median forecast of the 39 economists surveyed by Bloomberg News. A year earlier, GDP increased 1.4 percent. Also, a separate report shows that the German investor confidence fell to a three-year low in November. As leaders continue to battle the sovereign-debt crisis, European growth may slow in the fourth quarter. Today, Italian and Spanish yields climbed on concern governments will struggle to implement promised austerity measures. Last week, EU Economic and Monetary Affairs Commissioner Olli Rehn said that the recovery ''has come to a standstill'' and the European Central Bank President Mario Draghi warned about the risk of a ''mild recession'' when the ECB cut rates unexpectedly this month. ''An economic contraction in the current fourth quarter seems hard to avoid,'' says Martin van Vliet, who is an economist at ING Groep NV in Amsterdam. ''The risk of a new recession threatens to compound the euro zone's debt crisis, which, judging from today's surge in Italian and Spanish bond yields, is very much alive and kicking.'' Today, the yield on Italy's 10-year bond jumped above 7 percent, the level that prompted Greece, Ireland and Portugal to seek EU bailouts. Also today, the Spanish bonds yielded 6.3 percent after an auction of 12-month debt, approaching the euro-era record of 6.46 percent. As of 12:57 p.m. in London, the euro declined against the dollar for a second day and traded at $1.3539, down 0.7 percent on the day. Yesterday, the 17-naiton currencies fell 0.9 percent. The former EU Competition Commissioner Mario Monti will be the head for a new government in Italy after the Prime Minister Silvio Berlusconi resigned, thus becoming the fourth leader of a southern EU country to be brought down by fallout from the debt crisis. Today, the ZEW center in Mannheim Germany said that its index of investor and analyst expectations, which aims to predict developments six months in advance, declined to minus 55.2 from minus 48.3 in October. That the lowest it's been since October of 2008. Expansion in Germany and in France, which are the euro region's two biggest economies, gained strength in the third quarter on stronger consumer spending. The German GDP growth accelerated to 0.5 percent, while France's economy expanded 0.4 percent after shrinking 0.1 percent in the period prior to that. In the last three months from the year-earlier period, Greek GDP contracted 5.2 percent; a quarter-on-quarter figure wasn't released for Greece.