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Markets fall, Roubini warns of looming global gloom

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SHAREMARKETS declined across Asia yesterday as worse than expected economic data came out of Japan and a respected economist warned of a "perfect storm" of global events dragging on global growth in coming years.

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While Australian markets were closed for the Queen's Birthday holiday, the futures market fell 43 points and Asian markets were weak following declines in the US and Europe on Friday.

The number of machines ordered by Japanese companies declined in April - when economists were expecting a gain - and Toyota announced it was expecting a decline in operating income over the six months to September because of low employment in the US and Europe and a possible increase in oil prices.

Downward pressure in the region comes as Australia enters the third-last week of the financial year, when fund managers traditionally tidy up equity portfolios and individual investors consider cutting their losses.

"There are people who want to get their portfolio into order before the end of the financial year, and anything they don't really want to own they will sell out of," said Wilson Asset Management portfolio manager Matthew Kidman.

"From previous experience, that tends to happen not right at the end of the month, it happens during June and then the market tends to rally towards the end of it."

Individuals might also choose to sell loss-making equities to keep the capital loss in the 2010-11 financial year.

Meanwhile, US economist and university professor Nouriel Roubini has warned that a "perfect storm" is brewing to slow global growth in coming years.

"There are already elements of fragility," he said in Singapore at the weekend, according to Bloomberg.

He said there was a one-in-three chance that a combination of fiscal problems in the US economy, a slowdown in China's growth, a stagnant Japanese economy and debt restructuring problems in Europe would all come together in 2013 and constrain global growth.

Professor Roubini is credited with predicting the 2008 global financial crisis in mid-2006.

This story was found at: <http://www.businessday.com.au/business/markets-fall-roubini-warns-of-looming-global-gloom-20110613-1g0eu.html>