

This Week in Finance: Greece is the way we are feeling...

It's been the week of deflation—looming deflation in Europe, as well as continuously deflating oil prices.

The ECB is adamant that they played their role, now it's up to finance ministers and local European governments.

"There's nothing more that the ECB can lift the growth rate of Europe in a lasting way," said ECB board member, Benoit Coeure. "That's about productivity, about having the the right business environment. We can make it cheaper to invest but people have to want to invest."

Greece has voted and it's chosen to enter unknown territory. Triumphant leader Alexis Tsipras told Greeks that his party's win meant an end to austerity and humiliation and that the country's regular and often fraught debt inspections were a thing of the past. Syriza has promised to renegotiate Greece's huge international bailout and end austerity.

"We are going to see some choppiness in Hong Kong and pullback because of Greece," said Alex Wong, Director of Asset Management at Ample Capital. "Overall it will be fine as China is still easing but some impact of the strong dollar means a sale in local enterprises."

The euro skidded to near an 11-year low and U.S. stock futures fell Monday morning as Syriza's promises put Athens on a collision course with international lenders.

The euro fell to as low as \$1.1135 on the vote outcome, not far off an 11-year low of \$1.1115 touched on Friday when the common currency took a battering after the European Central Bank unveiled a bond-buying stimulus program last week.

U.S. stock futures fell 0.6 percent while the Nikkei futures also dropped about 0.5 percent from the local close on Friday on heightened concerns the Greek election results could lead to renewed instability in Europe.

"The Europeans want to keep Greece in the Eurozone and I don't think that the IMF, the EU or the ECB are not going to waver, but Greece has to make sure that they are going to put the policies in place that allow them to stay," said Barry Wood, RTHK's international economics correspondent.

The finance ministers of the Eurozone will meet shortly to discuss the situation.

So what does the rest of this week have in store?

The FOMC meets on January 27th and the 28th. The Swiss Central Bank, the Bank of Canada and ECB all made sweeping moves in the past weeks, so can we expect the same from the Federal Reserve?

"The FOMC would not be a very big event this time because the market is uncertain already and probably not too many people are holding positions," said Alex Wong.

Let's see how the week unfolds.

----- Reenita Malhotra Hora, Anchor - Money For Nothing on RTHK Radio
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