

**Asian Markets Tepid Amid Euro Crisis Fears**  
**Time.com**  
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**By AP Sunday**

(BANGKOK) — Asian markets were mixed in early trading Monday, as investors evaluated a pledge by Germany and France to ensure European banks have the capital to weather any shock that may occur from the region's debt crisis.

On Sunday, German Chancellor Angela Merkel and French President Nicolas Sarkozy said that a comprehensive response to the debt crisis would be finalized by the end of the month, including a detailed plan on recapitalizing the banks. Few other details were provided. ([See more on unemployment in the current economic crisis.](#))

The market reaction was lukewarm. Hong Kong's Hang Seng fell 1.1 percent to 17,502.69. But South Korea's Kospi rose 0.6 percent to 1,769.91 and Australia's S&P ASX 200 gained 0.6 percent to 4,186.40.

Benchmarks in mainland China, New Zealand and the Philippines were lower. Singapore's FTSE Straits Times Index rose. Markets in Japan were closed for a national holiday.

"Discussions over the weekend between German Chancellor Merkel and French President Sarkozy delivered little in substance," Credit Agricole CIB said in a research note.

"In the meantime, markets may give eurozone officials the benefit of the doubt, but patience will run thin if no progress is made on these fronts," it said. ([See more on Germany's role in the European debt crisis.](#))

Analysts have urged the eurozone to identify all the banks in the region that need to replenish their capital reserves, then decide whether to compel them to raise that money on the open markets and to provide government financing to the ones that can't.

Many experts say the capital cushions of many European banks must be strengthened in order to withstand a possible government bond default by Greece. Some analysts fear that a Greek default could cause a severe credit squeeze that would even threaten banks not exposed directly to Greece's debt because banks could be afraid to lend to each other.

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