

A look at economic developments around the globe

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A look at economic developments and stock market activity around the world Friday:

LONDON - The British economy contracted by twice as much as economists had forecast in the second quarter, leaving it mired in recession and dashing recent hopes of an imminent recovery as premature.

Official figures released on Friday showed that the economy shrank by 0.8 percent between April and June amid a record fall in manufacturing output and declines in financial services.

While the contraction was much smaller than the 2.4 percent recorded in the first quarter of the year, it was more than double the 0.3 percent average expected by economists.

The British economy has now shrunk by 5.6 percent since the second quarter of last year, the biggest drop since quarterly records began in 1955.

BRUSSELS - A third of European workers are "very concerned" that they could lose their jobs as the economy experiences the worst recession since the Second [World War](#), according to a European Commission survey.

Some 32 percent of people with jobs said they feared losing work. More were worried about their partner and nearly half feared that their children would lose their jobs.

European unemployment rates are running at record levels and economists believe many more jobs will yet disappear as companies cut costs to adjust to lower demand and weaker exports. The EU executive forecasts that some 8.5 million jobs will go this year and next year.

FRANKFURT - A leading indicator of German business sentiment improved in July, suggesting the economy is stabilizing, the Ifo Business Climate Index said.

The Ifo said its reading of the German business climate improved to 87.3 points in July from 85.9 points in June.

The reading for the current situation rose to 84.3 points from 82.4 points, while the reading for expectations rose about one point to 90.4 in July.

In markets, Germany's DAX index fell 0.3 percent to 5,229.36 while France's CAC-40 closed down 0.2 percent at 3,366.45.

The FTSE 100 index of leading British shares bucked the trend to end up higher for the tenth day running, up 0.4 percent at 4,576.61.

BEIJING - The company that built the "Water Cube" swimming center for the [Beijing Olympics](#) said it raised \$7.3 billion in the world's biggest initial public offering this year, highlighting a revival in China's financial markets.

China State Construction Engineering Corp. sold 12 billion shares Thursday at 4.18 yuan (61 U.S. cents) each, the company said.

Regulators clearing State Construction to go ahead with such a huge offering suggested they believe China's markets have regained their strength after a plunge last year prompted a ban on new offerings.

China's benchmark Shanghai index gained 1.3 percent. In other Asian markets, Japan's Nikkei 225 stock average rose 151.61 points, or 1.6 percent, to 9,944.55 and Hong Kong's Hang Seng advanced 0.8 percent at 19,982.79. [South Korea](#)'s Kospi was 0.4 percent higher, while Australia's market gained 0.6 percent. Singapore was 1.7 percent higher, but Taiwan's benchmark edged lower by 0.1 percent.

SEOUL, South Korea - Government pump-priming and easy credit jolted South Korea's economy to its fastest growth in nearly six years in the second quarter, adding to evidence Asia is rebounding from the global slump.

The region's fourth-largest economy expanded 2.3 percent in the three months ended June 30, the Bank of Korea said, as record low interest rates and government stimulus spending insulated it from the global downturn. Exports also contributed to the growth, which was the fastest in 5 1/2 years.

South Korea joins Singapore and China among the Asian nations that have released stronger growth figures in recent weeks.

MADRID - The Spanish government approved a euro1 billion (\$1.42 billion) aid plan to boost the country's key tourism sector through the economic recession. Prime Minister Jose Luis Rodriguez Zapatero said the measure included a euro500 million credit package to help companies renovate and modernize installations along environmentally sustainable lines.

Separately, the country's unemployment rate rose to 17.9 percent during the second quarter to 4.13 million, the government said. The April-June increase was the lowest for a three month period since the third quarter of 2007, however.

MAGNITOGORSK, Russia - Prime Minister [Vladimir Putin](#) told Russian steel executives gathered at a giant Stalin-era plant that he would help their struggling industry cope with the economic downturn.

"We will try our best to stimulate demand for metals," he told the executives. "We will place orders with construction companies, auto makers and other traditional (steel) consumers."

Putin said the government also will take steps to fight protectionism that is hurting Russian exports.

<http://www.forbes.com/feeds/ap/2009/07/24/ap6698170.html>