Asian stocks (MXAP) fell for a third day and copper retreated after India’s Prime Minister cut his economic growth forecast and Australian retail sales missed estimates. The euro touched an 11-year low against the yen before European leaders meet to discuss rescue plans for the region.

The MSCI Asia Pacific Index (MXAP) lost 0.3 percent as of 3:01 p.m. in Hong Kong. Euro Stoxx 50 Index futures slid 0.1 percent and Standard & Poor's 500 Index futures declined 0.3 percent. The euro was little changed after earlier weakening to 97.28 yen, the least since December 2000. The Australian dollar dropped against all 16 of its major peers. Copper fell 0.8 percent as gold slumped. The Shanghai Composite Index rallied the most in almost three months on signs the government is taking steps to ease a cash crunch.

"Europe remains a risk," said Lee King Fuei, a Singapore-based fund manager at Schroders Plc, which oversees about $326 billion. “We’ll probably see more pain before we see a resolution.”

India’s economy will expand about 7 percent in the year ending March 31, Prime Minister Manmohan Singh said, less than the December prediction of 7.5 percent. People’s Bank of China Governor Zhou Xiaochuan said yesterday that the nation must be ready to combat possible shocks from Europe’s debt crisis and an uncertain U.S. economic outlook, echoing comments by Premier Wen Jiabao.

**Merkel, Sarkozy**

The meeting of German Chancellor Angela Merkel and French President Nicolas Sarkozy in Berlin today will be followed by a round of talks among euro-area leaders before the next summit in Brussels on Jan. 30. Italian Prime Minister Mario Monti also will visit Berlin this week, and Sarkozy and Merkel will both travel to Rome on Jan. 20 for negotiations with the Italian government.

The euro bought $1.2721. The currency earlier fell to $1.2666, its lowest level since September 2010. Germany will sell 4 billion euros ($5.1 billion) of six-month bills, while France will auction a total of 7.7 billion euros of debt maturing in 364 days or less. German industrial production (GRIPIMOM) probably dropped 0.5 percent in November after a 0.8 percent increase the previous month, based on the median estimate of economists surveyed by Bloomberg News before the figures are released today.

“As long as European growth underwhelms, the euro will continue to underperform the U.S. dollar, yen and probably also the rest of the major currencies,” said Mike Jones, a currency strategist at Bank of New Zealand Ltd. in Wellington.

**HTC, Samsung**

S&P 500 futures expiring in March fell to 1,271.40. About 1.5 stocks declined for each that gained in the MSCI Asia Pacific Index. Hong Kong’s Hang Seng Index (HSI) retreated 0.4 percent and South Korea’s Kospi Index slumped 0.9 percent. Japanese stock markets were closed for a holiday.

The BSE India Sensitive Index, or Sensex, fell 0.5 percent. The nation faces a “difficult” three months before the
fiscal year ends, Finance Minister Pranab Mukherjee said on Jan. 7.

HTC Corp. (2498), Asia’s second-largest smartphone maker, slid 5.2 percent in Taiwan after posting its first quarterly profit decline in two years. Samsung Electronics Co. lost 2.3 percent.

David Jones Ltd., a department store operator, tumbled 2.9 percent in Australia. The nation’s retail sales were little changed in November from a month earlier, when they rose 0.2 percent, the Bureau of Statistics said today. The median forecast in a Bloomberg News survey of economists was for a 0.4 percent gain. The so-called Aussie lost 0.4 percent to $1.0184.

New Loans

The Shanghai Composite Index (SHCOMP) jumped 2.9 percent, poised for the biggest advance since Oct. 12. China’s December lending and money supply growth exceeded economists’ estimates, signaling monetary conditions may be easing. New loans totaled 640.5 billion yuan ($101 billion) for the month, exceeding the estimates of all 18 economists surveyed by Bloomberg.

Copper for delivery in three months declined as much as 1.8 percent to $7,445 per metric ton. Inventories of the metal in the Shanghai Futures Exchange-monitored warehouses climbed to 105,258 tons last week, the highest since the week ending Sept. 16. Spot gold slid 0.3 percent to $1,613.27 an ounce.

The cost of protecting corporate and sovereign bonds in Asia from default rose from last week’s closing prices, according to traders of credit-default swaps. The Markit iTraxx Asia index of 40 investment-grade borrowers outside Japan increased two basis points to 208.5 basis points, Royal Bank of Scotland Group Plc prices show. The gauge is set for its highest close since Dec. 21, according to data provider CMA.

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