

Headlines

- [Deflation, emerging market fears set scene for tough EU bank tests](#). *Reuters.com, 27 Apr 2014*
- [Fed may offer clues on rate timing conundrum](#). *Reuters.com, 27 Apr 2014*
- [G-7 readies sanctions as US seeks release of observers](#). *Bloomberg.com, 27 Apr 2014*
- [Payroll gains show US emerging from slowdown: Global Economy](#). *Bloomberg.com, 27 Apr 2014*

Weekly Review (for week ending 25 April 2014)

■ Japan's trade deficit widens as export growth weakens

Japan's weakest export growth in a year spurred a wider-than-forecast trade deficit in March, adding to challenges for Prime Minister Shinzo Abe in steering the economy through the aftermath of an April 1 sales-tax rise. The 1.8% rise in the value of shipments overseas from a year earlier, reported by the Ministry of Finance, compared with a 6.5% median estimate in a Bloomberg News survey. An 18.1% jump in imports helped widen the deficit to the biggest ever for the month. A survey of economists conducted ahead of the BoJ's April 8 meeting showed 72% forecasting the central bank would add stimulus before or during July.

■ US existing home sales flat in March

US existing home sales were flat in March and price growth slowed, the National Association of Realtors said on Tuesday. Previously owned homes sold at an annual rate of 4.59 million units in March, down a bare 0.2% from February and 7.5% lower than a year ago, NAR said. Analysts on average had forecast a slightly stronger sales rate of 4.60 million. The median existing home price in March was US\$198,500, up 7.9% from March 2013, NAR said. Sales in the important single-family home sector were unchanged from February at a rate of 4.04 million. Sales of existing condominiums and co-operatives fell 1.8% to a rate of 550,00 units.

■ China manufacturing improves, although still a fourth month of contraction

A Chinese manufacturing gauge signalled a fourth month of contraction, indicating that government efforts to counter an economic slowdown have had only a limited impact. The flash PMI from HSBC and Markit was 48.3 in April, matching the median estimate of analysts surveyed by Bloomberg News. While that was higher than the final March figure of 48, the reading remains below the level of 50 that is the dividing line between expansion and contraction. Sustained weakness in manufacturing would pressure Premier Li Keqiang to expand efforts to support growth beyond what some analysts have dubbed a "mini stimulus" package of railway spending and tax relief.

■ Singapore inflation edged higher in March due to higher food and services cost

Singapore's inflation rose to 1.2% y/y in March, in line with expectations (1.1% y/y), and markedly higher than the surprise 0.4% y/y rate seen just a month ago. Although the cost of private road transport (-2.8% y/y) and accommodation (+1.7% y/y) continued to moderate considerably, inflationary pressures from services-related segments (+2.4% y/y) such as food (+2.9% y/y) and healthcare (3.4% y/y) remained high. Core inflation (which excludes housing and private road transport) rebounded back to 2.0% y/y from 1.6% y/y a month ago on higher contributions from food and services costs. In January, core inflation was 2.1%.

■ RBNZ hikes rates for 2nd month to 3% as economy gains momentum

RBNZ governor Graeme Wheeler lifted interest rates by 0.25% for the second time in two months, to 3%, saying non-tradable inflationary pressures were "becoming apparent" in an economy that's picking up pace and he's watching the impact of a strong kiwi dollar on import prices; interest rates need to be at a level where they don't add to demand so as to keep inflation expectations contained. "Spare capacity is being absorbed and inflationary pressures are becoming apparent, especially in construction and other non-tradable sectors", he said.

■ US durable goods orders rise 2.6% in March, core orders up 2%

New orders for US manufactured durable goods such as cars, airplanes and computers rose in March, the second straight gain of the year. Durable goods orders rose by 2.6% to US\$234.8 billion, after a downwardly revised 2.1% rise in February. Core durable goods orders, excluding volatile transportation items, rose by a seasonally adjusted 2% in March, beating forecasts for a 0.6% gain. Core durable goods orders rose by 0.1% in February. Year-over-year, durable goods orders in March were up 3.5% and core orders were up 2.3%.

■ Singapore's manufacturing output up 12.1% in March

Singapore's manufacturing output jumped by a better-than-expected 12.1% in March compared to a year ago, almost double expectations of a 6.4% increase. The headline number was boosted by a surge in the production of oil rigs, pharmaceuticals and petrochemicals. When compared to February, output rose by 6.1%. An improving growth outlook for developed economies will continue to boost manufacturers' business volumes in the coming months. The stronger-than-expected output data for March will likely prompt an upward revision in the Q1 GDP numbers. UOB forecasts a 5% expansion, versus 1.7% growth in 2013, in Singapore's manufacturing activity this year.

■ Consumer sentiment in US rose in April to 9-month high

Consumer confidence rose in April to a 9-month high, showing Americans are growing more upbeat about the economy as the labour market gains traction. The University of Michigan final index of sentiment increased to 84.1 from a 4-month low of 80 in March. Economists called for 83 after a preliminary April reading of 82.6. The sentiment survey's index of current conditions, which measures Americans' views of their personal finances, advanced to 98.7 in April from 95.7 a month earlier. The initial April figure was 97.1. The gauge of expectations six months from now increased to 74.7, the highest since July, from 70 last month. The preliminary April reading was 73.3.

Market Snapshot

Selected Equity Indices	Last (Apr 25)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,361.46	-0.29%	-1.30%
S&P 500 Index	1,863.40	-0.08%	0.81%
FTSE 100 Index	6,685.69	0.91%	-0.94%
Euro Stoxx 50	3,147.40	-0.27%	1.24%
Nikkei 225	14,429.26	-0.60%	-11.43%
Hang Seng Index	22,223.53	-2.36%	-4.65%
Shanghai SE Composite	2,036.52	-2.92%	-3.76%
BSE Sensex Index	22,688.07	0.26%	7.17%
Straits Times Index	3,267.57	0.42%	3.16%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Apr 28	Tue, Apr 29	Wed, Apr 30	Thu, May 1	Fri, May 2
Pending Home Sales Index	S&P Case-Shiller HPI	ADP Employment Report	Motor Vehicle Sales	<i>Employment Situation</i>
Dallas Fed Mfg Survey	Consumer Confidence	<i>GDP</i>	<i>Jobless Claims</i>	Factory Orders
		Employment Cost Index	<i>Personal Income and Outlays</i>	
		Chicago PMI	PMI Manufacturing Index	
			<i>ISM Mfg Index</i>	
			Construction Spending	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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