

Headlines

- [Fed inadvertently publishes staff forecast for 2015 rate hike](#). *Reuters.com, 25 Jul 2015*
- [Chancellor George Osborne takes EU reform campaign to Paris](#). *Reuters.com, 26 Jul 2015*
- [Hedge funds are holding first-ever gold net-short position](#). *Bloomberg.com, 25 Jul 2015*
- [Greece awaits Troika's return as August ECB payment looms](#). *Bloomberg.com, 26 Jul 2015*

Weekly Review (for week ending 24 July 2015)

■ Greece repays crucial €4.2bn to ECB and €2bn to IMF; S&P raises credit rating to 'CCC+' with outlook stable

The €3.5 billion bond and €700 million interest payment to the ECB was crucial. Without it, the bank could have been forced to end emergency liquidity assistance to Greek banks if the government defaulted on its bond payment. It also comes after Greece repaid about €2 billion to the IMF, clearing all its arrears after missing several payments in June and July. Athens received a €7 billion bridge finance facility late last week so it could quickly repay its most urgent debts, even before its €86 billion bailout was in place. Increases in VAT agreed under the bailout terms also took effect, with VAT on food and public transport jumping to 23% from 13%. Greece also reopened its banks. S&P raised its rating for Greece by two notches to CCC+ from CCC- and revised its outlook to stable from negative.

■ BoE minutes show some rate-setters edging towards hike

The July meeting minutes from the BoE showed that it was again a 9-0 unanimous vote to keep the policy interest rates unchanged at 0.5% and that the decision for all the MPC members were "clear cut". That said, for a number of the MPC members, the rate decision (between holding rates at its current level versus a small increase) was becoming "more finely balanced" without the Greece crisis in the background. But for most members the current stance remained appropriate even without external risks.

■ US existing-home sales approach 8½-year high, prices surge

US home resales rose in June to their highest level in nearly 8-1/2 years, a sign of pent-up demand that should buoy the housing market recovery and likely keep the Fed on track to raise interest rates later this year. The NAR said existing home sales increased 3.2% to an annual rate of 5.49 million units, the highest level since February 2007. Economists had forecast sales rising to an annual rate of 5.40 million units in June. Sales were up 9.6% from a year ago. At June's sales pace, it would take 5.0 months to clear houses from the market, down from 5.1 months in May. The median price for a previously owned home increased 6.5% from a year ago to a record US\$236,400.

■ RBNZ cuts rates by 25 bps, sees more easing ahead

RBNZ cut rates by 0.25% to 3.0% to counter headwinds posed by tumbling dairy prices and stubbornly low inflation. It said more easing was coming due to a weakening economic outlook. Growth outlook had deteriorated from its last policy statement in June as earthquake rebuilding activity in the Canterbury region appeared to have peaked, while prices for dairy exports had fallen sharply. Acknowledging that the kiwi had declined "significantly" since April, RBNZ said a further fall was needed given weaker commodity export prices.

■ Japan exports strengthen in June, but still 3rd straight month of deficits

Japan's exports rose at the fastest pace in five months in June, due to a pick-up in sales of cars and electronics but there are lingering concerns that China's economic slowdown will hurt Japanese shipments in future. Exports rose an annual 9.5% in June (from 2.4% in May), but less than estimates for 10.0%. Total imports fell 2.9% in June from a year ago (from -8.7% in May), compared with estimates for a 4.0% decrease. The trade balance was a deficit of ¥69.0 billion (\$556.54 million), versus the median estimate for a ¥5.4 billion surplus.

■ Singapore inflation edges up to -0.3% in June, but still in negative territory for 8th month

Singapore's inflation rate remained in negative territory in June, although it inched up to -0.3% y/y from -0.4% y/y in May. This was due to larger increases in the costs of services, food and private road transport. The MAS core inflation (which excludes housing and private road transport) gained slightly to register 0.2% y/y in June, compared to a low of 0.1% y/y in May, as it reflected the increase in food and services inflation. The MAS tweaked its view on inflation expectations for 2015 and expect both headline and core inflation may come in at the lower half of their long-held (since Jan 2015) forecast range of -0.5% to 0.5% and 0.5% to 1.5% respectively.

■ Jobless claims in US fall to lowest level in 42 years

The fewest Americans in 43 years filed applications for unemployment benefits last week, continuing to unwind an early-July surge that was probably tied to mid-year factory shutdowns and school vacations. Jobless claims plunged by 26,000 to 255,000 in the week ended July 18, the fewest since November 1973. The result was way below the median forecast of 278,000. The four-week moving average decreased to 278,500 from 282,500. That was little changed from the 277,000 average during the June survey period.

■ Sales of US new homes unexpectedly fall to 7-month low

Purchases of new US homes unexpectedly fell 6.8% in June and prior readings were revised down, painting a picture of less robust improvement during the industry's busiest time of year. Sales fell to a 482,000 annualised pace, the weakest since November and lower than all forecasts. The reading for May was revised down to 517,000 from a previously reported 546,000, which had been a 7-year high. Figures for April and March were also revised down. New-home purchases were 17.5% higher in June from a year ago. The median price of a new home decreased 1.8% in June from a year ago to US\$281,800. The supply of homes at the current sales rate increased to 5.4 months from 4.8 months in May. There were 215,000 new houses on the market at the end of June, the most since May 2010.

Market Snapshot

Selected Equity Indices	Last (Jul 24)	1-week return	Year-to-date return
Dow Jones Industrial Average	17,568.53	-2.86%	-1.43%
S&P 500 Index	2,079.65	-2.21%	1.01%
FTSE 100 Index	6,579.81	-2.88%	0.21%
Euro Stoxx 50	3,600.00	-1.92%	14.42%
Nikkei 225	20,544.53	-0.52%	17.73%
Hang Seng Index	25,128.51	-1.13%	6.45%
Shanghai SE Composite	4,070.91	2.87%	25.85%
BSE Sensex Index	28,112.31	-1.23%	2.23%
Straits Times Index	3,352.65	-0.02%	-0.37%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Jul 27	Tue, Jul 28	Wed, Jul 29	Thu, Jul 30	Fri, Jul 31
<i>Durable Goods Orders</i>	S&P Case-Shiller HPI	Pending Home Sales Index	<i>GDP</i>	Employment Cost Index
Dallas Fed Mfg Survey	Consumer Confidence	EIA Petroleum Status Report	<i>Jobless Claims</i>	Chicago PMI
		<i>FOMC Meeting Announcement</i>		Consumer Sentiment

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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