



Review for week ending 11 Apr 2014

Equities

- **US equities were lower for the week, with JPMorgan leading the decline in Friday's session after the bank posted first-quarter earnings below expectations.** The Dow Jones Industrial Average and S&P 500 were down 2.35% and 2.65% for the week but the biggest loser was Nasdaq which shed 3.10% on concerns of overvaluation of technology and biotechnology stocks.
- **Europe markets ended lower for the week, following the risk-off sentiment after the sell-off on Wall Street and Asia bourses.** The Euro Stoxx 50 was down 3.52% for the week.
- **Asian stocks were mixed for the week with most Asian indices taking a big hit on Friday, following the sell off in US momentum stocks.** Nikkei 225 posted its biggest weekly decline since the March 2011 tsunami disaster, plunging 7.33% for the week. The Shanghai Composite was up 3.51% for the week, after closing at their highest level since in nearly two months on Thursday (2,134) following the announcement that Beijing's securities regulator will allow cross-border equity investment between Hong Kong and Shanghai.

Fixed Income

- **US Treasury prices were higher for the week as minutes from the FOMC meeting played down forecast that interest rates may rise sooner than expected.** The yield on 10-year US Treasury dropped 9.6bps for the week to end at 2.625% on Friday.

Commodities

- **Gold futures were up 1.19% for the week** as investors sought the safe haven precious metal following the sharp sell off on Wall Street.
- **WTI crude oil futures settled 2.57% higher for the week,** buoyed by rise in U.S. consumer sentiment to a nine-month high and outlook for energy supply after the International Energy Agency reported much lower OPEC production in March.

Foreign Exchange Rates	Close	1W Change (%)	YTD Change (%)
AUD	0.9397	1.13%	5.75%
CAD	1.0980	-0.01%	3.16%
CHF	0.8761	-1.79%	-1.74%
EUR	1.3885	1.31%	1.31%
GBP	1.6733	0.95%	1.01%
JPY	101.6200	-1.62%	-3.45%
NZD	0.8688	1.04%	1.04%
SGD	1.2486	-0.81%	-1.14%

Key Global Indices	Close	1W Change (%)	YTD Change (%)
Dow Jones Ind Avg	16,026.75	-2.35%	-3.32%
S&P 500	1,815.69	-2.65%	-1.77%
NASDAQ Composite	3,999.73	-3.10%	-4.23%
Euro Stoxx 50	3,116.54	-3.52%	0.24%
FTSE 100	6,561.70	-2.00%	-2.78%
DAX	9,315.29	-3.92%	-2.48%
Hang Seng Index	23,003.64	2.19%	-1.30%
Straits Times Index	3,198.22	-0.45%	0.97%
Nikkei 225	13,960.05	-7.33%	-14.31%
All Ordinaries	5,428.65	0.11%	1.43%

Commodities	Close	1W Change (%)	YTD Change (%)
WTI Crude Futures	103.74	2.57%	5.41%
Brent Crude Futures	107.33	0.57%	-3.13%
Gold Futures	1,318.70	1.19%	9.68%
Reuters CRB Index	309.39	1.49%	10.43%

Bond Yields	Close	1W Change (%)	YTD Change (%)
2Y US Treasury	0.355	-13.56%	-6.55%
10Y US Treasury	2.625	-3.53%	-13.32%
10Y JGB	0.606	N/A	N/A
10Y Bund	1.504	N/A	N/A
10Y Gilt	2.611	N/A	N/A

Rates based on last trading day.
Source: Bloomberg

US

- Applications for US home mortgage slipped 1.6% in the week ended 4 April as measured by the Mortgage Bankers Association's ("MBA") mortgage application activity, which includes both refinancing and home purchase demand. The MBA's seasonally adjusted index of refinancing applications slipped 4.9% while the gauge of loan requests for home purchase was up 2.7%.
- US wholesale inventories bumped up their stockpiles for an eighth consecutive month in February, increasing 0.5% after an increase of 0.8% in January, as sales rose at the fastest pace since November, a positive sign for future economic growth. Sales rebounded in February, rising 0.7% from a 1.8% plunge in January.
- Minutes from the FOMC meeting held on 18-19 March showed that "almost all" Fed officials agreed that the improvement of the unemployment rate is a poor indicator of the economy's recovery. The officials also expressed concern that markets could misinterpret the Fed's interest rate projections as a "less accommodative" move to bring forward the schedule for interest rate hikes.
- US consumer credit rose by US\$16.49bil to US\$3.13tril in February while January's figure was revised to US\$13.8bil (previous estimate: US\$13.7bil). The increase was more than analyst estimate of US\$14.09bil and likely due to surge in demand for student and automobile loan as non-revolving credit advanced US\$18.91bil in February.
- Initial jobless claims decreased 32k to 300k in the week ended 4 April, the lowest level since May 2007 and also the largest weekly drop in more than 10 years. The four-week moving average, which smoothens some of the volatility, came up to 316,250 in the week ended 4 Apr. This level is consistent with the number of jobless claims in 2007, before the financial crisis.
- US consumer sentiment as measured by Thomson Reuters/University of Michigan rose to a nine-month high in April, coming in at 82.6 versus 80.0 in March

Europe

- German industrial production rose 0.4% m/m in February – the fourth consecutive month of increase - in a sign that growth in Europe's largest economy continues to pick up. The main driver was higher production of intermediate goods which advanced 1.3%.
- Inflation in Germany rose 0.3% m/m and 1.0% y/y in March, confirming the preliminary estimate made two weeks ago. Excluding energy, core inflation was up 1.4% y/y. Falling energy prices continued to weigh on the index as energy prices were 1.6% lower on the year.
- Spain's industrial output climbed 2.8% y/y in February, higher than analyst forecast of 1.7% rise. This also represented the fourth consecutive month of increase in industrial activity.
- Italy's public deficit to GDP edged down to 2.8% in 2013, 0.1% lower than 2012 and below the EU threshold of 3.0%.
- The Bank of England ("BOE") left interest rates at record low of 0.5% at the 10 April policy meeting. The central bank also kept the size of its asset purchasing program unchanged at £375bil.
- UK trade deficit narrowed in February more than expected, helped by a drop in imports. The trade deficit contracted to £9.1bn from £9.4bn in January as imports dropped 2.2% in February.

Elsewhere

- The Australian NAB business survey showed that business conditions improved modestly in March but remains at subdued levels, dragging business confidence to its lowest point since the September election. Mining remains the least confident industry, while bright spots are emerging in services, construction and retail.
- Australia's March labour force report came in stronger than expected as employment rose 18.1k (consensus estimate: 2.5k) and unemployment rate declined to 5.8% (consensus estimate: 6.1%). Full time employment slipped 22.1k while part-time employment rose 40.2k.
- The Bank of Japan ("BOJ") kept its monetary policy unchanged at the 8 April meeting, as the central bank maintained the JPY 60-70 tril yen increase of the monetary base and the positive view on Japan's economic outlook.
- Outstanding bank loans in Japan increased 2.3% y/y to JPY413.74tril in March. The pace of increase decelerated marginally from 2.4% in February. Outstanding loans by major banks increase 1.3% y/y, maintaining its 16th consecutive month of increase though the pace of growth decelerated compared to 1.6% in February.
- China's exports fell 6.6% y/y in March (Feb: -18.1%, consensus estimate: 4%), the second consecutive month of decline, while imports unexpectedly slipped 11.3% y/y (Feb: 10.1%, consensus estimate: 2.4%). This brought the trade balance to approximately surplus of US\$7.7bil and raised concerns about the health of the world's second biggest economy.
- China's consumer price index rose to 2.4% y/y and 2.0% m/m in March, driven mainly by higher foods, which account for nearly one-third of the weighting in the calculation of China's CPI. Following the release of inflation figure, the Chinese central bank governor said that keeping inflation low is the top monetary policy priority.
- The MAS kept its policy of a "modest and gradual appreciation of the SGD NEER" unchanged. No changes were made to the midpoint, slope and bandwidth of the policy band. Due to the low base, the MAS expects inflation to rise in the coming months but it should ease in 2H2014. It has lowered its inflation forecast for 2014 from 2–3% to 1.5–2.5%, mainly reflecting this weaker outlook for imputed rentals over the rest of the year.
- The IMF released its April 2014 World Economic Outlook with its global growth forecasts revised slightly lower. World GDP is forecasted to grow by 3.6% in 2014 and 3.9% in 2015 (Forecast in January: 3.7% in 2014 and 3.8% in 2015). In their view, the US economy is expected to lead the economic growth while China's GDP is expected to be 7.5% and 7/3% in 2014 and 2015 respectively.

Week Ahead (14th-17th April)

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
11 Apr	0200	US Monthly Budget Statement USD	Mar	-36.9	-36.0	-106.5bn
	0930	CN PPI y/y	Mar	-2.3	-2.2	-2.0%
	0930	CN CPI y/y	Mar	2.4	2.4	2.0%
	1530	TH Foreign Reserves USD	Apr 4	168.0	-	167.7bn
	2030	US PPI Final Demand m/m	Mar	0.5	0.1	-0.1
	2030	US PPI Ex Food and Energy m/m	Mar	0.6	0.2	-0.2%
	2155	US Univ of Michigan Confidence	Apr P	85.6	81.0	80.0
14 Apr	0800	SG GDP SAAR q/q	1Q A	0.1	0.4	6.1%
	0800	SG GDP y/y	1Q A	5.1	5.4	5.5%
	0900	PH Budget Balance PHP	Feb	-	-	-34.2bn
	2200	US Business Inventories	Feb	-	0.5	0.4%
15 Apr	1630	UK RPI m/m	Mar	-	0.3	0.6%
	1630	UK RPI y/y	Mar	-	2.5	2.7%
	1700	EZ Trade Balance sa	Feb	-	15.0	14.1bn
	2030	US Empire Manufacturing	Apr	-	8.00	5.61
	2030	US CPI m/m	Mar	-	0.1	0.1%
	2030	US CPI Ex Food and Energy m/m	Mar	-	0.1	0.1%
	2030	US CPI y/y	Mar	-	1.4	1.1%
	2030	US CPI Ex Food and Energy y/y	Mar	-	1.6	1.6%
	2030	US CPI Core Index sa	Mar	-	236.45	236.12
	2030	US CPI Index nsa	Mar	-	235.99	234.78
	2100	US Total Net TIC Flows USD	Feb	-	-	83.0bn
	2200	US NAHB Housing Market Index	Apr	-	50	47
16 Apr	0930	CN Business Climate Index	1Q	-	-	119.5
	1000	CN Retail Sales y/y	Mar	-	12.2	-
	1000	CN Industrial Production y/y	Mar	-	9.0	-
	1000	CN GDP q/q sa	1Q	-	1.5	1.8%
	1000	CN GDP y/y	1Q	-	7.3	7.7%
	1630	UK ILO Unemployment Rate 3Mths	Feb	-	-	7.2%
	1900	US MBA Mortgage Applications	Apr 11	-	-	-1.6%
	2030	US Housing Starts	Mar	-	968	907k
	2030	US Building Permits	Mar	-	1008	1014k
	2115	US Industrial Production m/m	Mar	-	0.5	0.6%
	2115	US Capacity Utilization	Mar	-	78.8	78.4%
	2200	CAD Overnight Rate	Apr	-	-	1.00%
17 Apr	0830	SG NODX y/y	Mar	-	-	9.1%
	0830	SG NODX m/m sa	Mar	-	-	7.2%
	1600	EZ ECB Current Account sa	Feb	-	-	25.3bn
	2030	US Initial Jobless Claims	Apr 12	-	-	-
	2030	US Continuing Claims	Apr 5	-	-	-
	2200	US Philadelphia Fed Business Outlook	Apr	-	9.5	9.0
18 Apr	0750	JP Tertiary Industry Index m/m	Feb	-	-	0.9%
	1530	TH Foreign Reserves	Apr 11	-	-	-

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