



Review for week ending 15 Aug 2014

Equities

- US equities closed lower on Friday as geopolitical concerns were raised again with news that Ukrainian troops had destroyed part of a Russian armed convoy. The Dow Jones Industrial Average, S&P 500 and Nasdaq rose 0.66%, 1.22% and 2.15% for the week respectively.
- European equities pared a weekly rally after Ukraine said its troops partially destroyed a military convoy that entered the country from Russia.
- Asian stocks rose for the week, as investors weighed earnings, developments in Ukraine and economic data that fueled bets that central banks will continue the stimulus. Nikkei 225 was the biggest winner, up 3.65% for the week.

Foreign Exchange Rates	Close	1W Change (%)	YTD Change (%)
AUD	0.9322	0.51%	4.91%
CAD	1.0897	-0.69%	2.38%
CHF	0.9026	-0.31%	1.23%
EUR	1.3401	-0.07%	-0.07%
GBP	1.6693	-0.48%	0.77%
JPY	102.3600	0.31%	-2.75%
NZD	0.8485	0.27%	0.27%
SGD	1.2455	-0.54%	-1.39%

Key Global Indices	Close	1W Change (%)	YTD Change (%)
Dow Jones Ind Avg	16,662.91	0.66%	0.52%
S&P 500	1,955.06	1.22%	5.77%
NASDAQ Composite	4,464.93	2.15%	6.90%
Euro Stoxx 50	3,033.52	0.89%	-2.43%
FTSE 100	6,689.08	1.85%	-0.89%
DAX	9,092.60	0.92%	-4.81%
Hang Seng Index	24,954.94	2.56%	7.07%
Straits Times Index	3,314.77	0.79%	4.65%
Nikkei 225	15,318.34	3.65%	-5.97%
All Ordinaries	5,566.52	2.41%	4.00%

Fixed Income

- US Treasuries rallied on Friday due to rising geopolitical tensions in Ukraine. The 10Y and 2Y US Treasury yields slipped 6bps and 0.8bps respectively overnight.

Commodities	Close	1W Change (%)	YTD Change (%)
WTI Crude Futures	97.35	-0.31%	-1.09%
Brent Crude Futures	103.53	-1.42%	-6.56%
Gold Futures	1,304.50	-0.34%	8.50%
Reuters CRB Index	289.93	-0.85%	3.48%

Commodities

- Gold futures fell 0.34% for the week on signs of waning investor demand from the US to China and Asia.
- Brent and WTI crude oil prices advanced on Friday as tensions in Ukraine escalated. WTI crude oil futures rose 1.8% to USD97.35 per barrel while Brent futures rose 0.9% to USD103.53 per barrel.

Bond Yields	Close	1W Change	YTD Change
2Y US Treasury	0.407	-0.065	N/A
10Y US Treasury	2.340	-0.153	N/A
10Y JGB	0.501	-0.031	N/A
10Y Bund	0.95	-0.181	N/A
10Y Gilt	2.326	-0.222	N/A

Rates based on last trading day.
Source: Bloomberg

US

- According to the Job Openings and Labor Turnover Survey, the number of job openings reached a 13-year high in June, from a downwardly revised 4.577mln job openings at end-May, to 4.671mln job openings on the last business day of June. This marks the highest number of job openings since February 2001.
- US budget deficit continued to narrow in July, down 24% y/y, with the deficit for FY'14 through July totaling \$460.45bln, which makes the YTD deficit the smallest since 2008.
- The National Federation of Independent Business's small-business optimism index improved from 95.0 in June to 95.7 (mkt est: 96.0). Although there was improvement, the NFIB downplayed it and mentioned that the reading is still short of typical levels seen when the economy is expanding.
- According to the National Association of Realtors, home price appreciation is starting to slow down, growing at the slowest annual pace since 2012, at 4.4% y/y in the second quarter.
- July's retail sales came in slightly weaker than expected, with the headline series unchanged on the month (mkt est: +0.2%), held back by a second consecutive month of declines in receipts at auto dealers. This makes July's reading the weakest for 2014. Excluding autos, retail sales increased 0.1% m/m (mkt est: +0.4%).
- US business inventories came in line with expectations, rising 0.4% in June (mkt est: +0.4), after an increase of 0.5% in May. Retail inventories, excluding autos, grew 0.3% after it stalled in May.
- US import prices fell 0.2% m/m in July (mkt est: -0.3%), after it went up 0.1% in June. The y/y reading for import prices in June was downwardly revised to 1.1% pace (Prev: +1.2%), with July's y/y data slowing down to 0.8%.
- US producer price index for final demand edged up a seasonally adjusted 0.1% m/m (mkt est: +0.2%). Producer prices, excluding the volatile food and energy categories, rose 0.2% (mkt est: +0.2%).
- US industrial production climbed more than expectations for July, from an upwardly revised 0.4% increase in June, climbing 0.4% (mkt est: +0.3%). This was largely because of a jump in manufacturing output, up 1% after an upwardly revised 0.3% in June.
- The Thomson Reuters/ University of Michigan preliminary reading on consumer sentiment index unexpectedly fell from July's final reading of 81.8 to 79.2 (mkt est: 82.3).

Europe

- Germany's August ZEW index of economic expectations fell sharply from 27.1 in July to 8.6, the lowest level since December 2012. The assessment of current economic situation also tumbled from 61.8 in July to 44.3 (mkt est: 54). Confidence has been hit, due to rising geopolitical tensions, especially those in Ukraine.
- Eurozone Q2GDP stalled, printing at 0% q/q (mkt est: +0.1%). There was no growth in the zone's three largest economies, which accounts for two-thirds of the region's €9.6 trillion GDP. Germany's GDP shrank 0.2% q/q (mkt est: -0.1%), with Italy's output falling at a similar pace. The French economy stagnated for the second consecutive quarter.
- Eurozone industrial production fell for the second consecutive month in June, dropping 0.3% m/m and being unchanged y/y.

- The tone of the BOE Inflation Report was rather dovish, downgrading its wage growth outlook from 2.5% in May to 1.25% in 2014, suggesting that inflation will remain contained at around 2%. Governor Mark Carney said that normal rates are likely to be “lower than those of yesteryear.”
- June’s UK employment data was soft, reporting that average earnings fell by 0.2% y/y, and job growth slowed to 167k in the 3 months to June. The unemployment rate fell 0.1ppt to a fresh 5 ½ year low of 6.4%.
- The Office for National Statistics said that the UK economy expanded at a slightly faster annual rate for Q2, growing 3.2% y/y, the fastest annual pace of growth since the final quarter of 2007.
- Ireland’s credit rating has been upgraded by Fitch Rating with stable outlook, up one notch to A-minus and the country ceiling to triple-A, the highest rating, highlighting the country’s improved fiscal condition.

Elsewhere

- Australia’s wage price index for Q2 grew slightly lesser than expected, rising 0.6% q/q (mkt est: 0.7%), with annual growth of 2.6%. Annual growth wages in the private sector fell to a fresh all-time low of 2.4% y/y, even though there was slower growth in both the private and public wages.
- China’s aggregate financing declined sharply from RMB 1,974.5bn in June to RMB 273.1bn in July. New yuan loans also disappointed, at only RMB385.2bn in July versus June’s RMB1,079.3bn. Activity data came in below expectations, with industrial production increasing 9.0% y/y (mkt est: 9.2%), fixed investment increasing 17.0% ytd y/y (mkt est: 17.4%), and retail sales increasing 12.2% y/y (mkt est: 12.5%).
- Japan’s GDP came in slightly better than expected, but still fell by 6.8% q/q (mkt est: -7.0%). After the consumption tax increase on 1st April, consumer spending also came in rather weak at -5.2% q/q.
- Singapore’s 2Q GDP grew a slightly 2.4% y/y, slightly better than consensus estimate of a 2.3% y/y growth rate. 1Q GDP growth was revised slightly higher from 4.7% y/y previously to 4.8% y/y. There was slower growth across most sectors, with significant year-on-year slowdown in the manufacturing sector, from 9.9% in 1Q to 1.5%.

Week Ahead (18th-22nd August)

The highlight for the week will revolve around the Jackson Hole Symposium at Wyoming between the 21st and 24th weekend, where central bankers around the world will meet. The other key US data for the week includes the July CPI inflation (19 Aug), July housing starts (19 Aug), July building permits (19 Aug), and July existing home sales (21 Aug). The BOE MPC minutes are due on 20 August while the key economic data from developed economies include the June trade balance for Euro zone (18 Aug), the Euro zone June current account balance (19 Aug), UK July CPI RPI and PPI (19 Aug), Japan July export import and trade balance (20 Aug), German July PPI (20 Aug) and UK July retail sales (21 Aug).

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
15 Aug	1200	MY GDP y/y	2Q	6.4	5.8	6.2%
	1200	MY BoP Current Account MYR	2Q	16.0	11.4	19.8bn
	1300	SG Retail Sales y/y	Jun	0.4	1.0	-5.9%
	1300	SG Retail Sales m/m sa	Jun	-1.1	-0.2	5.2%
	1530	TH Foreign Reserves	Aug	168.9	-	169.0bn
	1630	HK GDP q/q sa	2Q	-0.1	0.4	0.3%
	1630	HK GDP y/y	2Q	1.8	2.4	2.6%
	1630	UK GDP q/q	2Q	0.8	0.8	0.8%
	1630	UK GDP y/y	2Q	3.2	3.1	3.1%
	1700	TW GDP y/y	2Q	3.74	3.80	3.84%
	2030	US Empire Manufacturing	Aug	14.69	20.00	25.60
	2030	US PPI Final Demand m/m	Jul	0.1	0.1	0.4%
	2030	US PPI Ex Food and Energy m/m	Jul	0.2	0.2	0.2%
	2030	US PPI Final Demand y/y	Jul	1.7	1.7	1.9%
	2030	US PPI Ex Food and Energy y/y	Jul	1.6	1.6	1.8%
	2100	US Net Long-term TIC Flows	Jun	-18.7	-	18.6bn
	2100	US Total Net TIC Flows	Jun	153.5	-	33.1bn
	2115	US Industrial Production m/m	Jul	0.4	0.3	0.4%
	2115	US Capacity Utilization	Jul	79.2	79.2	79.1%
	2155	US University of Michigan Confidence	Aug	79.2	82.5	81.8
18 Aug	0830	SG NODX y/y	Jul		-4.0	-4.6%
	0830	SG NODX m/m sa	Jul		0.9	1.5%
	1030	TH GDP q/q sa	2Q		0.7	-2.1%
	1030	TH GDP y/y	2Q		0.0	-0.6%
	1630	HK Unemployment Rate sa	Jul		3.2	3.2%
	2200	US NAHB Housing Market Index	Aug		53	53
19 Aug	2030	US CPI m/m	Jul		0.1	0.3%
	2030	US Core CPI m/m	Jul		0.2	0.1%
	2030	US Housing Starts	Jul		970	893k
	2030	US Building Permits	Jul		1000	973k
20 Aug	1620	TW BoP Current Account Balance	2Q		-	15490mn
	1700	MY CPI y/y	Aug		3.3	3.3%
	1900	US MBA Mortgage Applications	Aug		-	-2.7%
21 Aug	0945	CN HSBC China Manufacturing PMI	Aug		51.5	51.7
	2030	US Initial Jobless Claims	Aug		300	311k
	2030	US Continuing Claims	Aug		2520	2544k
	2145	US Markit Manufacturing PMI	Aug		55.6	55.8
	2200	US Existing Homes Sales	Jul		5.00	5.04mn
	2200	US Leading Index	Jul		0.6	0.3%

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