



Review for week ending 14 March 2014

Equities

- **US equities moved lower on Friday, turning in their worst weekly losses since late January amid concerns about Ukraine ahead of Sunday's secession vote in Crimea.** Dow Jones Industrial Average and the S&P 500 declined 0.3% to 16,065.67 and 1,841.13 respectively.
- **European stocks lost further ground on Friday as growing tensions in Ukraine, coupled with worries about the slowing economic growth in China dampened investors' mood.**
- **Asian markets was rattled by a sharp slowdown in China's economy, with Japan falling 3.3% on Friday, and declining 6.20% on the week.**

Fixed Income

- **Treasuries held steady on Friday as concerns over the Ukraine and China's economy continued to drive the demand for safer assets.** The 2-year note yield rose 0.4bps to 0.342% and the 10-year note yield increased 1bps to 2.654%.

Commodities

- **Gold climbed higher amid ongoing fears of an economic slowdown in China and concerns about tension in Ukraine.**
- **Oil prices rose on Friday, with WTI futures up 0.7% at USD 98.89 per barrel.**

Foreign Exchange Rates	CLOSE	% CHANGE (1W)	% CHANGE (YTD)
AUD	0.9028	-0.44%	1.60%
CAD	1.1105	0.16%	4.33%
CHF	0.8724	-0.63%	-2.15%
EUR	1.3914	0.28%	0.28%
GBP	1.6647	-0.39%	0.49%
JPY	101.3600	-1.86%	-3.70%
NZD	0.8538	0.86%	0.86%
SGD	1.2654	-0.25%	0.19%

Key Global Indices	CLOSE	% CHANGE (1W)	% CHANGE (YTD)
Dow Jones Ind Avg	16,065.67	-2.35%	-3.08%
S&P 500	1,841.13	-1.97%	-0.39%
NASDAQ Composite	4,245.40	-2.09%	1.65%
Euro Stoxx 50	3,004.64	-2.93%	-3.36%
FTSE 100	6,527.89	-2.75%	-3.28%
DAX	9,056.41	-3.15%	-5.19%
Hang Seng Index	21,539.49	-4.95%	-7.58%
Straits Times Index	3,073.72	-1.99%	-2.96%
Nikkei 225	14,327.66	-6.20%	-12.05%
All Ordinaries	5,329.40	-2.43%	-0.43%

Commodities	CLOSE	% CHANGE (1W)	% CHANGE (YTD)
WTI Crude Futures	98.89	-3.60%	0.48%
Brent Crude Futures	108.57	-0.39%	-2.01%
Gold Futures	1,379.00	3.05%	14.70%
Reuters CRB Index	302.88	-1.40%	8.11%

Bond Yields	CLOSE	% CHANGE (1W)	% CHANGE (YTD)
2Y US Treasury	0.342	-7.28%	-9.87%
10Y US Treasury	2.654	-4.79%	-12.35%
10Y JGB	0.679	N.A.	N.A.
10Y Bund	1.828	N.A.	N.A.
10Y Gilt	2.897	N.A.	N.A.

Rates based on last trading day.

Source: Bloomberg

US

- The NFIB small business optimism survey declined in February, dropping from 94.1 to 91.4.
- US February retail sales were a disappointment. Sales came in better than expectations at 0.3% m/m, but there were large downward revisions to earlier months, which wiped out the gain over the last 3 months.
- US imports jumped sharply in February, with overall imports climbing 0.9% m/m, which is the largest one-month increase since August 2012. This increase was mainly due to higher costs for fuel imports, which surged amid extreme cold across much of the country.
- The US budget deficit narrowed in February, with the deficit for October through February totaling \$377.38bln, which was down 24% y/y.
- Producer price index for February moved lower 0.1% m/m, after rising 0.2% in January. The y/y index rose 0.9%, below the 1.2% y/y pace in January.
- The preliminary March print of the University of Michigan Consumer Confidence series came in lower than expected; falling from February's 81.6 to 79.9.

Europe

- Euro zone industrial production fell for the second straight month in January, falling 0.2% m/m, which was mainly due to a 2.5% m/m fall in energy production.
- Euro area employment rose 0.1% q/q in Q4, which was the first rise in 2 and a half months.
- ECB President Mario Draghi mentioned that the risks of deflation were "quite limited" but that the longer inflation remained low, then the higher the probability of deflationary risks emerging. He sounded far more dovish than he did at his monthly post-policy meeting news conference, when he said that the recent release of data has been positive and they were still on the road to recovery, hence there is no reason for the ECB to act. He also reiterated ECB guidance that it would keep interest rate at present or lower levels for an extended period.
- German exports and imports jumped at the fastest pace in nearly two years in January, with seasonally adjusted exports surging 2.2% and imports increasing 4.1%.
- In a testimony to lawmakers, BOE Governor Mark Carney said that the UK economy is nearing the end of its recovery phase and should soon start on a new expansion, which will allow the central bank to scale back on its stimulus and to let monetary policy return to a more normalized setting.
- The UK trade deficit was wider than expected, at GBP 9.8bn in January. Imports climbed 3.4% m/m and exports dropped 4% m/m.

Elsewhere

- China's total social financing came in sharply lower from CNY2580.b recorded in January to February's reading of CNY938.7b. The weakness in off-balance sheet lending was likely related to the tighter regulation of shadow banking business.

- **China's industrial production slowed from 9.7% in December to 8.6% y/y in January-February, the weakest showing since 2009.** Retail sales growth also softened to 11.8% y/y in January-February, the slowest since February 2011, because of soft consumption during the Chinese New Year.
- **China announced that it will loosen its grip on the yuan.** From today, the yuan will be able to trade as much as 2% on either side of the parity rate.
- **Australia's NAB survey of business confidence dropped in February, taking back some of the recent improvement made. The measure fell modestly in February, but remained well above the below-average levels of the past three years.**
- **ANZ-Roy Morgan Indonesian Consumer Confidence rose 1.0pt from January to 152.5 in February.** This was mainly due to greater confidence about the Indonesian economy over the next year. Although the index was lower than that of February 2013, it still remains in strong territory.
- **Australia's employment rose by 47.3k, with revision now showing that employment for January grew well and has been improving since Q3 last year. Unemployment rate remained at 6%.**
- **During the second monetary policy meeting on 12th March, the Bank of Thailand cut its policy rate by 25bps to 2.00%.** Their bias remains dovish, with expectation of GDP growth to be lower than 3% in 2014, along with increasing downside risks to economic growth amid the protracted political uncertainty.
- **The Reserve Bank of New Zealand (RBNZ) lifted its official cash rate by 25bps to 2.75%, raising rates from a record low of 2.50%.** This move signifies the first rate change since March 2011, with New Zealand being the first major developed economy to lift interest rates from record lows.
- **Bank of Korea kept its benchmark base rate unchanged at 2.50% for the 10th straight month today as expected.** Their outlook for growth had improvements, but the low inflationary environment continued to provide a significant room for the central bank to stay put in the near-term.
- **India had some mixed data, with industrial production improving, together with their inflation figures dropping to 8.1% from 8.8% in January.**
- **As expected, Bank Indonesia kept the policy rate, the overnight deposit rate and the lending facility rate on hold in March.**

Week Ahead (17th March – 21st March 2014)

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
14 Mar	0200	US Monthly Budget Statement USD	Feb	-193.5	-195.0	-203.5bn
	1000	SG Unemployment Rate sa	4Q F	1.8	-	1.8%
	1300	SG Retail Sales m/m sa	Jan	0.6	1.0	1.5%
	1530	TH Foreign Reserves USD	Mar 7	167.7	-	168.1bn
	2030	US PPI Final Demand m/m	Feb	-0.1	0.2	0.2%
	2030	US PPI Ex Food and Energy m/m	Feb	-0.2	0.1	0.2%
	2155	US Univ of Michigan Confidence	Mar P	79.9	82.0	81.6
17 Mar	0830	SG NODX y/y	Feb		-	-3.3%
	0830	SG NODX m/m sa	Feb		-	-5.0%
	1630	HK Unemployment Rate sa	Feb		-	3.1%
	2030	US Empire Manufacturing	Mar		7.00	4.48
	2100	US Net Long-term TIC Flows USD	Jan		-	45.9bn
	2115	US Industrial Production m/m	Feb		0.2	-0.3%
	2115	US Capacity Utilization	Feb		78.6	78.5%
	2200	US NAHB Housing Market Index	Mar		50	46
18 Mar	2030	US CPI m/m	Feb		0.1	0.1%
	2030	US CPI Ex Food and Energy m/m	Feb		0.1	0.1%
	2030	US Housing Starts	Feb		915	880k
	2030	US Housing Starts m/m	Feb		4.0	-16.0%
	2030	US Building Permits	Feb		963	945k
19 Mar	0750	JP Trade Balance JPY	Feb		2790.0	2791.7bn
	0750	JP Exports y/y	Feb		-	9.5
	0750	JP Imports y/y	Feb		-	25.1
	1230	JP All Industry Activity Index m/m	Jan		-	-0.1%
	1730	UK ILO Unemployment Rate 3Mths	Jan		-	7.2%
	1900	US MBA Mortgage Applications	Mar 14		-	-2.1%
	2030	US Current Account Balance USD	4Q		-88.0	94.8bn
20 Mar	0200	USD Fed Funds Rate	Mar 19		0.25	0.25%
	0545	NZ GDP q/q sa	4Q		-	1.4%
	0545	NZ GDP y/y	4Q		-	3.5%
	1600	TW Exports y/y	Feb		-	-2.8%
	1630	HK CPI Composite y/y	Feb		-	4.6%
	2030	US Initial Jobless Claims	Mar 14		-	-
	2030	US Continuing Claims	Mar 7		-	-
	2200	US Philadelphia Fed Business Outlook	Mar		4.0	-6.3
	2200	US Existing Home Sales	Feb		4.64	4.62mn
	2200	US Existing Homes Sales m/m	Feb		0.3	-5.1%
	2200	US Leading Index	Feb		0.2	0.3%
21 Mar	1530	TH Foreign Reserves	Mar 14		-	-
	1700	EZ ECB Current Account sa	Jan		-	21.3bn
	1700	MY CPI y/y	Feb		-	3.4%
	1730	UK Public Finances (PSNCR)	Feb		-	-25.4bn
	1730	UK Public Sector Net Borrowing	Feb		-	-6.4bn
	1800	MY Foreign Reserves USD	Mar 14		-	130.6bn

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