



Review for week ending 25 Apr 2014

Equities

- **US equities declined on Friday, with Nasdaq slumping 1.75%, as Ukraine tensions and lower than expected corporate earnings of Ford, Amazon and Visa outweighed the upward revision to April US consumer sentiment.** The Dow Jones Industrial Average, S&P 500 and Nasdaq were down 0.29%, 0.08% and 0.49% respectively for the week.
- **Europe markets likewise ended lower for the week, as tensions escalated in Ukraine with the EU leaders set to impose new sanctions against Russia.** The Euro Stoxx 50 was down 0.27% for the week.
- **Most Asian indices were similarly lower for the week.** Nikkei 225 edged up 0.17% on Friday on weaker yen but remained in the red for the week, closing 0.60% lower.

Fixed Income

- **US Treasury prices were higher for the week as investors turned to the US government debt amid escalating violence in Ukraine.** The yield on 10-year US Treasury slid 5.9bps for the week to end at 2.66% on Friday.

Commodities

- **Gold futures were up 0.56% for the week** as investors sought the safe haven precious metal amid escalating tensions between Ukraine and Russia.
- **WTI crude oil futures settled 3.55% lower for the week – its first weekly loss since mid-March –** as the “supply bears” like the high weekly stockpile level outweighed the “demand bulls” which includes geopolitical risks arising from Ukraine crisis and Libya.

Foreign Exchange Rates	Close	1W Change (%)	YTD Change (%)
AUD	0.9281	-0.56%	4.45%
CAD	1.1039	0.14%	3.71%
CHF	0.8818	-0.19%	-1.10%
EUR	1.3834	0.15%	0.15%
GBP	1.6803	0.05%	1.43%
JPY	102.1600	-0.26%	-2.94%
NZD	0.8577	-0.06%	-0.06%
SGD	1.2567	0.32%	-0.50%

Key Global Indices	Close	1W Change (%)	YTD Change (%)
Dow Jones Ind Avg	16,361.46	-0.29%	-1.30%
S&P 500	1,863.40	-0.08%	0.81%
NASDAQ Composite	4,075.56	-0.49%	-2.42%
Euro Stoxx 50	3,147.40	-0.27%	1.24%
FTSE 100	6,685.69	0.91%	-0.94%
DAX	9,401.55	-0.09%	-1.58%
Hang Seng Index	22,223.53	-2.36%	-4.65%
Straits Times Index	3,267.57	0.42%	3.16%
Nikkei 225	14,429.26	-0.60%	-11.43%
All Ordinaries	5,531.00	1.41%	3.34%

Commodities	Close	1W Change (%)	YTD Change (%)
WTI Crude Futures	100.60	-3.55%	2.21%
Brent Crude Futures	109.58	0.05%	-1.10%
Gold Futures	1,300.70	0.56%	8.18%
Reuters CRB Index	310.69	-0.25%	10.89%

Bond Yields	Close	1W Change (%)	YTD Change (%)
2Y US Treasury	0.430	8.81%	13.19%
10Y US Treasury	2.662	-2.18%	-12.08%
10Y JGB	0.622	N/A	N/A
10Y Bund	1.484	N/A	N/A
10Y Gilt	2.639	N/A	N/A

Rates based on last trading day.
Source: Bloomberg

US

- March existing home sales fell 0.2% to 4.59 mil annual rate (analyst expectations: 4.56 mil, February: 4.6 mil) – the third consecutive month of drop in sales and the lowest level since July 2012, raising concerns on the housing recovery in the world's largest economy. Higher property prices, partly due to lack of inventory amid cold winter weather in January and February, likely posed a drag on home sales. FHFA House Price Index rose 0.6% m/m in February, following a 0.4% m/m rise in January and above analyst expectations of 0.5%.
- New home sales unexpectedly dipped 14.5% m/m to 384k, against a revised 449k reading in February and below analyst expectations of 450k. MBA mortgage applications also declined 3.3% for the week ending 18 April, from the 4.3% rise in the previous week. The weaker mortgage application number was dragged by both purchase (-2.6%) and refinancing applications (-3.7%).
- The Chicago Fed National Activity index declined to 0.20 in March, following a revised reading in February and in line with analyst expectations. The March Conference Board leading economic indicator rose to 0.8% m/m in March, from a revised 0.5% m/m reading in February and above analyst expectations for a 0.7% m/m rise.
- The Richmond Fed Manufacturing Index rebounded to positive territory in April, climbing to +7 from -7 in March, another sign that the US economy is recovering from the weather-related weakness.
- US initial jobless claims rose to 329k for the week ending 19 April, up from 305k the previous week and 301k two weeks ago. This brought the four-week moving average up slightly to 316,750 but still well below the average of 354,750 a year ago.
- March durable goods came in at 2.6% m/m in March, following the revised 2.1% m/m rise in February and above analyst expectations for 2.0% m/m rate. Durable goods ex-transportation rose 2.0% m/m, following a revised 0.1% m/m rise in February and above analyst expectations of 0.6% m/m reading.
- US consumer sentiment as measured by University of Michigan was revised upwards by 1.5points to 84.1 in April. The reading was the strongest since July 2013 and above analyst expectations of 83.0.

Europe

- Credit rating agency Moody's said that Spain is "now firmly on an improving trend", as the country crawls out of recession, amid export growth and expectations of contribution from domestic demand. Moody's also noted that the high budget deficit and continuing upward trend in public debt ratio remains as Spain's main credit weakness.
- Euro zone Markit's flash Purchasing Managers' Index ("PMI") rose to 54.0 for April (March: 53.1), signaling a recovery in the region's business activity. Growth was mainly driven by Germany, where PMI rose to 56.3 in April (March: 54.3) while France slowed down to 50.5 in April (March: 51.8) as new orders stagnated following the rise in March.
- The minutes of the April Bank of England ("BOE") Monetary Policy Committee ("MPC") showed that the members voted unanimously to maintain the policy rate at 0.5% and continue with the asset purchasing program at GBP375bil. The minutes also indicated that domestic recovery was "building momentum" but the members were "uncertain" about the amount of spare capacity in the economy and outlook for inflation in the medium term.
- UK retail sales in March came in better than expected, rising 0.1% m/m against analyst expectations for a 0.4% m/m decline. The upbeat retail figure raises expectations for a decent Q1 GDP print this week. Consumer spending has been a major component in UK's economic recovery since early 2013.

- The Ifo business climate Index for industry and trade in Germany climbed to 111.2 points in April, from 110.7 points in March, despite the crisis in Ukraine. The sentiment for the branch of industry rose to the highest level since July 2011, the mood for construction slightly improved, while the mood for wholesale rebounded to the same level as it was in spring 2012.

Elsewhere

- Japan's trade deficit widened to JPY1.45tril in March, up from JPY356.9bil during the same month a year ago. Exports rose 1.8% y/y in March, following 9.8% gain in February and below analyst expectations for a rise of 6.3%. Imports rose sharply to 18.1% y/y in March, above analyst expectations of 16.2% increase. The rise in imports was likely attributed to front-loaded spending prior to the consumption tax hike that took effect at the start of April.
- Flash China Markit/HSBC Purchasing Managers' Index ("PMI") came in at 48.3 for April, an improvement from final reading of 48 in March but still below the 50-level which marks contraction.
- China's central bank said on Tuesday that it will cut the amount of deposits rural banks must hold as reserves. The magnitude of cut will be 2% for rural commercial banks and 0.5% for rural cooperatives.
- Australia's 1Q2014 CPI was up 2.9% y/y, lower than analyst expectations of 3.2%. The softer than expected inflation data lowered the prospects of a potential rate hike and gives the RBA more allowance to pursue the current accommodative monetary policy to spur the Australian economy.
- The Reserve Bank of New Zealand ("RBNZ") raised its official cash rate by 25bps to 3.00% in a widely expected move, marking the second consecutive month of rate hike. The accompanying statement sets a hawkish tone, signaling that rate hikes is likely to continue at upcoming meetings. While acknowledging the moderate headline rate of inflation, the RBNZ maintains the view that inflationary pressures are increasing and are expected to continue to rise over the next 2 years. Our Economic-Treasury Research team believes that the expectations for the RBNZ to lift rates further should keep the NZD/USD buoyant.
- Singapore's inflation rose 1.2% y/y in March versus analyst expectations of 1.1% y/y pace and higher than the surprise 0.4% y/y rate in February. Core inflation (which excludes housing and private road transport) was also higher at 2.0% y/y in March, from 1.6% y/y rate in February. Inflationary pressures from services-related segments (+2.4% y/y) like food (+2.9% y/y) and healthcare (+3.4%) remained high, though cost of private road transport (-2.8% y/y) and accommodation (+1.7% y/y) continued to ease moderately. Our Economic-Treasury Research team maintains 2014 core inflation forecast at 2.4% as domestic cost pressures from the tight labour market will continue to support inflation, in particular as firms are expected to pass on the higher business costs to consumers.
- Singapore's industrial production ("IP") expanded 12.1% y/y and 6.1% m/m in March, well ahead of analyst expectations for 6.4% y/y pace. Health recovery in global economic conditions and low base in production during the same time last year attributed to the strong IP figure in March. Activities accelerated across all production clusters. Our Economic-Treasury Research team maintains forecast of Singapore's GDP for 2014 at 5.0% (versus 1.7% growth in 2013) on the back of the March's IP data.

Week Ahead (28th April-2nd May)

This will be a week filled with major economic events as central banks hold their monetary policy meeting despite a short week with most markets closed on Labour Day (1 May). In the United States, the key events include Federal Reserve's FOMC meeting on 29-30 April (FOMC decision due on 1 May 2014, 2:00 Singapore time), the US 1Q2014 GDP advance estimate release (30 Apr) and the April US Labour market report (2 May). In other parts of the developed markets, there will be the second monetary policy decision for April from Bank of Japan during Asian trading hours on 30 April and the Eurozone preliminary April inflation figures on the same day (30 Apr) during European trading hours.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
25 Apr	0730	JP Natl CPI y/y	Mar	1.6	1.6	1.5%
	0730	JP Natl CPI Ex Fresh Food y/y	Mar	1.3	1.4	1.3%
	0730	JP Natl CPI Ex Food, Energy y/y	Mar	0.7	0.7	0.8%
	0900	PH Trade Balance USD	Feb	-66	-845	1576mn
	0900	PH Imports y/y	Feb	0.3	14.5	26.0%
	0900	PH Imports USD	Feb	4720.6	-	5954.8mn
	1230	JP All Industry Activity Index m/m	Feb	-1.1	-0.7	1.7%
	1300	SG Industrial Production m/m sa	Mar	6.1	1.5	6.5%
	1300	SG Industrial Production y/y	Mar	12.1	6.4	13.1%
	1530	TH Foreign Reserves USD	Apr 18	168.6	-	-169.0bn
	2145	US Markit US Composite PMI	Apr P	54.9	-	55.7
	2145	US Markit US Services PMI	Apr P	54.2	55.5	55.3
	2155	US Univ. of Michigan Confidence	Apr F	84.1	83.0	82.6
28 Apr	1600	TW Coincident Index m/m	Mar	-	-	0.43%
	1600	TW Leading Index m/m	Mar	-	-	0.31%
	1630	HK Exports y/y	Mar	-	-	-1.3%
	1630	HK Imports y/y	Mar	-	-	6.8%
	1630	HK Trade Balance	Mar	-	-	-53.7bn
	2200	US Pending Home Sales m/m	Mar	-	-	-0.8%
	2200	US Pending Home Sales y/y	Mar	-	-	-10.2%
29 Apr	0700	SK BoP Current Account Balance USD	Mar	-	-	4524.9bn
	1630	UK GDP q/q	1Q A	-	-	0.7%
	1630	UK GDP y/y	1Q A	-	-	2.7%
	1700	EZ Economic Confidence	Apr	-	-	102.4
	1700	EZ Consumer Confidence	Apr F	-	-	-8.7
	2100	US S&P/CaseShiller Home Price Index nsa	Feb	-	-	165.50
	2200	US Consumer Confidence Index	Apr	-	83.2	82.3
30 Apr	0700	SK Industrial Production m/m sa	Mar	-	-	-1.8%
	0700	SK Industrial Production y/y	Mar	-	-	4.3%
	0830	TW GDP y/y	1Q P	-	3.03	2.95%
	1000	SG Unemployment Rate sa	1Q P	-	-	1.8%
	1530	TH Exports USD	Mar	-	-	18150mn
	1530	TH Imports USD	Mar	-	-	14254mn
	1530	TH Trade Balance USD	Mar	-	-	3896mn
	1530	TH BoP Current Account Balance USD	Mar	-	-	5065mn
	1530	TH Business Sentiment Index	Mar	-	-	46.5
	1630	HK Budget Balance HKD	Mar	-	-	38.0bn
	1900	US MBA Mortgage Applications	Apr 25	-	-	-3.3%
	2015	US ADP Employment Change	Apr	-	215	191k
	2030	US Employment Cost Index	1Q	-	0.5	0.5%
	2030	US GDP Annualized q/q	1Q A	-	1.0	2.6%
	2030	US Personal Consumption	1Q A	-	1.9	3.3%
	2030	US GDP Price Index	1Q A	-	-	1.6%
	2030	US Core PCE q/q	1Q A	-	-	1.3%

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