



Review for week ending 30 May 2014

Equities

- **US equities** was mixed on Friday amid a mixed bag of data, as positive income rose in line with forecast while personal consumption came in softer than expected. The Dow Jones Industrial Average and S&P 500 closed marginally higher at 16,717.17 and 1,923.57 respectively while Nasdaq eased slightly to 4,242.62.
- **Europe equities** slipped on Friday, dragged by french banking giant BNP Paribas as the US Justice Department sought US\$10bil from the bank to solve a criminal probe and mining stocks as iron ore prices slumped. **However, Europe equities managed to post a weekly gain, with the Euro Stoxx 50 up 1.29% for the week.**
- **Asian equities** were mostly lower on Friday, with the Nikkei slipping 0.3% as the yen strengthened and Japan's household spending for April dipped. On a weekly basis, the Nikkei 225 was up 1.18%, the second consecutive weekly gain.

Fixed Income

- **US Treasury yields** were marginally higher on Friday, after mixed round of US data. The 10-year US Treasury yield rose 1.2bps on Friday, closing at 2.476%.

Commodities

- **Gold prices** slumped to its lowest level in nearly four months on Friday at 1,245.60, and posted a 3.57% decline for the week, as optimism on stock markets closing at record levels weighed on the safe haven metal.
- **WTI futures** weakened 0.84% on Friday to USD 102.71 per barrel to post their biggest weekly loss in five weeks as US inventory data showed bigger than expected weekly inventories and worries of weaker demand for oil.

Foreign Exchange Rates	Close	1W Change (%)	YTD Change (%)
AUD	0.9310	0.86%	4.77%
CAD	1.0846	-0.14%	1.90%
CHF	0.8952	-0.07%	0.40%
EUR	1.3635	0.04%	0.04%
GBP	1.6755	-0.46%	1.14%
JPY	101.7700	-0.20%	-3.31%
NZD	0.8499	-0.60%	-0.60%
SGD	1.2542	0.06%	-0.70%

Key Global Indices	Close	1W Change (%)	YTD Change (%)
Dow Jones Ind Avg	16,717.17	0.67%	0.85%
S&P 500	1,923.57	1.21%	4.07%
NASDAQ Composite	4,242.62	1.36%	1.58%
Euro Stoxx 50	3,244.60	1.29%	4.36%
FTSE 100	6,844.51	0.42%	1.41%
DAX	9,943.27	1.79%	4.09%
Hang Seng Index	23,081.65	0.50%	-0.96%
Straits Times Index	3,295.85	0.54%	4.05%
Nikkei 225	14,632.38	1.18%	-10.18%
All Ordinaries	5,492.55	0.00%	2.62%

Commodities	Close	1W Change (%)	YTD Change (%)
WTI Crude Futures	102.71	-1.57%	4.36%
Brent Crude Futures	109.41	-1.02%	-1.25%
Gold Futures	1,245.60	-3.57%	3.60%
Reuters CRB Index	305.48	-0.90%	9.03%

Bond Yields	Close	1W Change (bps)	YTD Change (bps)
2Y US Treasury	0.373	8.94%	-1.82%
10Y US Treasury	2.476	-2.22%	-18.24%
10Y JGB	0.587	N/A	N/A
10Y Bund	1.358	N/A	N/A
10Y Gilt	2.57	N/A	N/A

Rates based on last trading day.
Source: Bloomberg

US

- **US April durable goods increased by 0.8% m/m, way ahead of analyst expectations of 0.7% contraction after an upwardly revised 3.6% m/m rise in March.** Demand across the defense capital goods, fabricated metal products, transportation gear and electrical equipment, appliances and components all rose. Non-defense capital goods excluding aircraft, a proxy for business planning, dipped 1.2% m/m in March. However, this was on the back of sharply revised upwards March reading of 4.7% gain.
- **US housing data release were mostly positive.** The FHFA March house price index climbed 0.7% m/m, in line with analyst expectations and above February's reading of 0.6% pace. The S&P/Case-Shiller composite 20-home price index rose 1.24% m/m (12.37% y/y), following February's reading of 0.78% m/m (12.86% y/y) and above market expectations of 0.7% m/m (11.80% y/y) increase.
- **US consumer spending, which accounts for 70% of the country's GDP, fell 0.1% m/m in April,** the first drop in 12 months and worse than market expectations. However, this was following a 1% surge in March, the biggest increase in more than 4 years. Comparing on a y/y basis, consumer spending was up 2.7% in April.
- **Chicago PMI in May rose 2.5 points to 65.5,** marking the highest reading since October 2013. Order backlogs climbed to a three-year high in May while new orders were also slightly higher.
- **Revised US gross domestic product showed the economy contracted by 1.0% in 1Q2014,** the first decline since first-quarter 2011. The decline was largely weather-related with most economists expecting economic activity to pick up in 2Q2014.

Europe

- **German unemployment unexpectedly rose in May by almost 24,000, after falling close to 25,000 in April.** Economists polled by The Wall Street Journal were expecting a decline of 15,000 in number of unemployed. Unemployment rate remained unchanged at 6.7%, in line with market expectations.
- **Softer euro area money supply growth fuelled expectations for monetary stimulus from ECB in June.** The Euro area M3 money supply growth for April was 0.8% y/y, from 1.1% y/y pace in March and below analyst expectations of 1.1% rate. April's growth was also the lowest since September 2010.
- **Spain's final 1Q2014 GDP was up 0.4% q/q, in line with market expectations.** Compared to the previous year, 1Q2014 GDP was up 0.5%. Looking at the GDP components, consumption expenditure rose 1.4% q/q while gross fixed capital formation slipped 0.6% q/q.

Elsewhere

- **Singapore industrial production ("IP") moderated to 4.6% y/y pace in April, after posting double-digit growth in the preceding two months.** Compared to the previous month, industrial production was down 4.7% and excluding the typically volatile biomedical engineering sector, output slipped 7.3%. Looking at the 3-month average, industrial production was up by almost 10% y/y, signaling a positive trend.
- **Australia Q12014 construction work done came in slightly stronger than expected, rising 0.3% q/q, above analyst expectations.** Residential construction rose 3.3% to US\$21.8bil while engineering construction, which was largely driven by mining works in the last few years, fell 1.6% to US\$31.9bil.

- **China official purchasing managers index (“PMI”) rose to 50.8** in May, ahead of consensus of 50.6, in an optimistic sign amid slowdown in China’s economic growth. The better than expected reading also came following the surprise jump in preliminary HSBC China PMI index to a preliminary 49.7 in May, from April’s 48.1 reading.
- **Japan’s core consumer prices, which exclude volatile food prices, climbed 3.2% y/y in April** (market estimate: 3.1%), marking the biggest increase in 23 years as consumption tax hike that took effect in April boosted prices.
- **Japan household spending in April slipped 13.3% m/m and 4.6% y/y** (market estimates: -13.0% m/m, -3.2% y/y), marking the fastest decline since the tsunami disaster in March 2011.
- **Japan’s unemployment rate held steady at 3.6% in April** and the jobs-to-applicants ratio rose to 1.08 from 1.07 in the previous month, matching level in March 2006 in a sign of strong labor demand.

Week Ahead (2nd June-6th June)

This week is filled with major economic data and policy meeting as US May jobs data will be released on 6 June (Fri) and the 4 major central bank meets of which the most keenly watched will be the ECB policy decision on 5 June (Thur). Other highlights of the week include the March non-farm payrolls data on 6 June (Fri), following mid-week's ADP employment data on 4 June (Wed) and US manufacturing outlook with May ISM manufacturing survey and final May Markit US PMI today. For the other developed economies, focus will be on Euro zone May CPI inflation estimate on 3 June (Tue) ahead of the ECB policy decision.

Economic Indicators						
Date	Time	Indicator	Month	Actual	Market Forecast	Previous
30 May	0705	UK GfK Consumer Confidence	May	0	-2	-3
	0730	JP Jobless Rate	Apr	3.6	3.6	3.6%
	0730	JP Overall Household Spending y/y	Apr	-4.6	-3.4	7.2%
	0730	JP Natl CPI y/y	Apr	3.4	3.4	1.6%
	0730	JP Natl CPI Ex Fresh Food y/y	Apr	3.2	3.1	1.3%
	0730	JP Natl CPI Ex Food, Energy y/y	Apr	2.3	2.3	0.7%
	1530	TH Exports USD	Apr	17092	-	19766mn
	1530	TH Imports USD	Apr	16533	-	16286mn
	1530	TH Trade Balance USD	Apr	559	-	3480mn
	1530	TH BoP Current Account Balance USD	Apr	-643	200	2898mn
	1530	TH Business Sentiment Index	Apr	44.3	-	49.4
	1530	TH Foreign Reserves	May 23	167.5	-	168.3bn
	2000	IN GDP y/y	1Q	4.6	4.7	4.6%
	2030	CA GDP m/m	Mar	0.1	0.1	0.2%
	2030	CA GDP y/y	Mar	2.1	2.3	2.3%
	2030	US Personal Income	Apr	0.3	0.3	0.5%
	2030	US Personal Spending	Apr	-0.1	0.2	1.0%
	2030	US PCE Deflator y/y	Apr	1.6	1.6	1.1%
	2030	US PCE Core y/y	Apr	1.4	1.4	1.2%
	2145	US Chicago Purchasing Manager	May	65.5	61.0	63.0
	2155	US Univ. of Michigan Confidence	May F	81.9	82.5	81.8
02 Jun	1200	ID Exports y/y	Apr		3.35	1.24%
	1200	ID CPI y/y	May		7.30	7.25%
	1200	ID CPI Core y/y	May		4.80	4.66%
	1630	UK Nat Consumer Credit	Apr		-	1.1bn
	2145	US Markit US Manufacturing PMI	May F		-	56.2
	2200	US ISM Manufacturing	May		55.5	54.9
	2200	US ISM Prices Paid	May		-	56.5
	2200	US Construction Spending m/m	Apr		0.5	0.2%
03 Jun	0700	SK CPI y/y	May		1.6	1.5%
	0700	SK CPI Core y/y	May		-	2.3%
	0900	CN Non-manufacturing PMI	May		-	54.8
	0945	CN HSBC China Manufacturing PMI	May F		46.9	49.7
	1000	TW HSBC Taiwan Manufacturing PMI	May		-	52.3
	1230	AUD Official Cash Rate	Jun		-	2.50%
	1330	INR Repo Rate	Jun		-	7.00%
	1630	HK Retail Sales Value y/y	Apr		-4.9	-1.3%
	1630	HK Retail Sales Volume y/y	Apr		-1.9	-2.3%
	1700	EZ CPI Estimate y/y	May		0.7	-
	2130	SG PMI	May		-	51.1
	2145	ISM New York	May		-	50.6
	2200	US Factory Orders	Apr		0.1	0.9%
	2200	US IBD/TIPP Economic Optimism	Jun		-	45.8

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