



Review for week ending 2 May 2014

### Equities

- US equities closed lower on Friday, as markets were more concerned on the growing violence in Ukraine and overlooked the fastest job growth in two years. The Dow Jones Industrial Average slipped 45.98 points to 16,512.89 while the S&P 500 shed 2.54 points to 1,881.14 on Friday.
- European stocks moved lower on Friday, due to the escalating crisis in Ukraine, which kept investors away. The Euro Stoxx 50 was up 0.97% for the week.
- Asian equities were mixed, with the Hang Seng up 0.17%, STI down 0.46% and Nikkei 225 up 0.20% for the week.

### Fixed Income

- US Treasury prices were higher on Friday, with the benchmark 10-year note's yield shedding 4.1bps to 2.584%, the second-lowest level of 2014 as Ukraine's escalating tensions overshadowed the stronger than expected US jobs growth. The two-year note yield gained 1.6bps to 0.422%.

### Commodities

- Gold futures were up 0.17% for the week as the unrest in Ukraine boosted the demand for safe-haven.
- WTI futures edged 0.3% higher overnight on Friday to USD 99.76 per barrel after the stronger than expected US payrolls data.

Foreign Exchange Rates	Close	1W Change (%)	YTD Change (%)
AUD	0.9277	-0.04%	4.40%
CAD	1.0972	-0.61%	3.08%
CHF	0.8780	-0.43%	-1.53%
EUR	1.3869	0.25%	0.25%
GBP	1.6870	0.40%	1.84%
JPY	102.2000	0.04%	-2.90%
NZD	0.8662	0.99%	0.99%
SGD	1.2531	-0.29%	-0.78%

Key Global Indices	Close	1W Change (%)	YTD Change (%)
Dow Jones Ind Avg	16,512.89	0.93%	-0.38%
S&P 500	1,881.14	0.95%	1.77%
NASDAQ Composite	4,123.90	1.19%	-1.26%
Euro Stoxx 50	3,177.89	0.97%	2.22%
FTSE 100	6,822.42	2.05%	1.09%
DAX	9,556.02	1.64%	0.04%
Hang Seng Index	22,260.67	0.17%	-4.49%
Straits Times Index	3,252.55	-0.46%	2.69%
Nikkei 225	14,457.51	0.20%	-11.26%
All Ordinaries	5,458.06	-1.32%	1.98%

Commodities	Close	1W Change (%)	YTD Change (%)
WTI Crude Futures	99.76	-0.83%	1.36%
Brent Crude Futures	108.59	-0.90%	-1.99%
Gold Futures	1,302.90	0.17%	8.37%
Reuters CRB Index	307.14	-1.14%	9.63%

Bond Yields	Close	1W Change (%)	YTD Change (%)
2Y US Treasury	0.422	-1.77%	11.19%
10Y US Treasury	2.584	-2.93%	-14.66%
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

- US non-farm payrolls employment for April came in much better than the market had anticipated at +288k (Mkt est: 218K). There were also upward revisions of +36k for the past few months. The unemployment rate dropped sharply from 6.7% to 6.3%.
- The National Association of Realtors said that its seasonally adjusted index of pending home sales came in stronger than expected, rising 3.4% m/m, from an upwardly revised 94.2 in February to 97.4 for March. This rise was the first time in nine months, and it suggests that previous declines likely reflected both a softening of demand and the impact of weather disruptions. The gains were broad-based with sales rising in the South, West and Northeast, while they fell slightly in the Midwest.
- The Standard & Poor's/Case-Shiller home price index which covers 10 major US cities jumped 13.1% y/y, while the 20-city price index rose 12.86% y/y (Mkt est: 13%), down from 13.4% for the year 2013.
- The Conference Board's index of consumer confidence fell from a revised 83.9 in March to 82.3 in April. The survey showed that US consumer are less optimistic about the current state of the economy, and are more vigilant, especially about the labor markets.
- US weekly jobless claims unexpectedly rose 14,000, from 330k to 344k, the highest level in nine weeks.
- Consumer spending rose at the fastest pace in nearly five years during March, with personal consumption jumping from an upwardly revised +0.5% in February to 0.9% m/m, which is the largest gain since August 2009.
- The Institute for Supply Management's manufacturing purchasing managers index improved from 53.7 in March to 54.9 (Mkt est: 54.3), which is the highest reading since December 2013.
- Output and new business volumes both rose sharply during the month of April, indicating a strong start to Q2 for US manufacturers. The final Markit US Manufacturing PMI hardly changed from 55.5 in March to 55.4, indicating an improvement in overall business conditions that matched the average for the first quarter of 2014.

## Europe

- The European Commission's headline Economic Sentiment Indicator fell from 102.5 in March to 102.0 for April, its first decline since April 2013, which suggests escalating and growing tensions between the European Union and Russia over the latter's annexation of Ukraine's Crimea peninsula.
- The Euro zone's manufacturing sector grew at a faster pace than expected in April, with the purchasing managers index for manufacturing rising from 53.0 in March to 53.4 (Mkt est: 53.3).
- The unemployment rate for the Euro Zone came in unchanged at 11.8% in March (Mkt est: 11.9%).
- UK's economic growth accelerated in the first quarter of 2014, with the UK GDP coming in slightly below expectations, expanding 0.8% q/q in Q1, quicker than the 0.7% expansion recorded in Q4. The annual growth rate rose 3.1% y/y, the highest rate of growth since late 2007. Growth was experienced in all sectors, confirming a broadening in the UK recovery story and supporting GBP strength.
- The Purchasing Managers Index in April rose from 55.8 in March to 57.3 (Mkt est: 55.0), supported by an increase in domestic and overseas orders.
- German April inflation data disappointed markets by undershooting expectations, recording a 0.3% m/m decline in the monthly harmonized price index.

**Elsewhere**

- In its 2<sup>nd</sup> monetary policy decision on 30<sup>th</sup> April, the Bank of Japan was in line with market expectations, as the central bank refrained from new easing measures and reiterated in a very short policy statement that the BOJ will “conduct money market operations so that the monetary base will increase at an annual pace of about 60-70 trillion yen.”
- China’s official manufacturing PMI picked up from March’s reading of 50.3 to 50.4 for April, which was in line with market expectations. The improvement of both the official and HSBC PMIs suggests that the growth momentum in China is stabilizing, supported by the recent pro-growth targeted policies.
- China’s services sectors expanded slightly faster in April, with the NBS’ purchasing manufacturing index for the services industry improving from 54.5 to 54.8.
- Indonesia’s trade balance remained in surplus, supported by the non-oil and gas balance. The trade balance came in at USD673m, from an upwardly revised USD843m in February.

## Week Ahead (5<sup>th</sup> May – 9<sup>th</sup> May)

This will be a week filled with major economic events as central banks hold their monetary policy. Attention is likely to be diverted to the monetary policy decision of the Reserve Bank of Australia (6 May), the European Central Bank and the Bank of England (8 May). In the United States things will likely be quieter after an eventful week last week. In other parts of the developed markets, there are some substantial data like the Australia March trade balance on 6 May, the final Markit April PMI readings for Eurozone and its constituent economies and UK on the same day (6 May). There will also be Germany's March factory orders on 7 May, Australia's April labor market report and German March industrial production on 8 May, and UK March trade balance and IP on 9 May. The Japan markets will be closed on Monday and Tuesday (5-6 May) for 2 public holidays.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
02 May	0730	JP Jobless Rate	Mar	3.6	3.6	3.6%
	0730	JP Overall Household Spending y/y	Mar	7.2	2.0	-2.5%
	1000	TW HSBC TW Manufacturing PMI	Apr	52.3	-	52.7
	1200	ID Exports y/y	Mar	1.24	-1.05	-2.54%
	1200	ID Imports y/y	Mar	-2.34	-4.00	-9.94%
	1200	ID Trade Balance	Mar	673	520	843mn
	1200	ID CPI y/y	Apr	7.25	7.25	7.32%
	1200	ID Core CPI y/y	Apr	4.66	4.65	4.61%
	1530	TH Foreign Reserves	Apr	168.8	-	168.6bn
	2030	US Change in Nonfarm Payrolls	Apr	288	218	203k
	2030	US Change in Private Payrolls	Apr	273	215	202k
	2030	US Change in Manufacturing Payrolls	Apr	12	8	7k
	2030	US Labor Force Participation Rate	Apr	62.8	-	63.2%
	2145	US ISM New York	Apr	50.6	54.0	52.0
	2200	US Factory Orders	Mar	1.1	1.5	1.5%
05 May	0830	TW CPI y/y	Apr		1.50	1.61%
	0945	CN HSBC China Manufacturing PMI	Apr		48.3	48.3
	1620	TW Foreign Reserves	Apr		-	419.20bn
	2130	SG PMI	Apr		-	50.8
	2145	US Markit US Services PMI	Apr		-	54.2
	2200	US ISM Non-Manufacturing Composite	Apr		54.1	53.1
06 May	0900	PH CPI y/y	Apr		-	3.9%
	0900	PH Core CPI y/y	Apr		-	2.8%
	1230	AUD Official Cash Rate	May		2.50	2.50%
	2030	US Trade Balance	Mar		-40.5	-42.3bn
	2200	US IBD/TIPP Economic Optimism	May		-	48.0
07 May	0945	CN HSBC China Services PMI	Apr		-	51.9
	1030	HK HSBC HK PMI	Apr		-	49.9
	1201	MY Exports y/y	Mar		-	12.3%
	1201	MY Imports y/y	Mar		-	9.5%
	1201	MY Trade Balance	Mar		-	10.44bn
	1430	AU Foreign Reserves AUD	Apr		-	62.2bn
	1600	TW Trade Balance	Apr		-	1.95bn
	1600	TW Exports y/y	Apr		3.9	2.0%
	1600	TW Imports y/y	Apr		7.4	7.5%
	1700	SG Foreign Reserves	Apr		-	272.91bn
	2030	US Unit Labor Costs	1Q		2.0	-0.1%
	2030	US Nonfarm Productivity	1Q		2.0	-0.1%

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