



Review for week ending 28 Mar 2014

Equities

- **US equities were modestly higher on Friday, buoyed by better than expected US consumer spending data.** Friday's session lifted weekly performance of most of the US equity indices as the Dow Jones Industrial Average edged up 0.1%, S&P 500 trimmed its weekly loss to 0.5% and NASDAQ fell 2.8% (+0.1% on Friday).
- **Europe markets were higher for the week** after a gauge of economic confidence in the euro area rose for an 11th straight month in March, reaching its highest level since July 2011.
- **Asian stocks were mostly higher for the week.** The HSCEI posted its best weekly gain of 6.1% since November, on speculation that the Chinese government will act to stabilize growth following weak economic data released.

Fixed Income

- **US Treasury prices were lower on Friday,** weighed by positive economic data including upward revision to GDP, lesser jobless claims and consumer spending rising moderately in February. The yield on 10-year US Treasury rose 4bps to end at 2.72% on Friday.

Commodities

- **Gold futures were down 3% for the week** as recent data showing pick up in the US economy drew investors away from the safe haven precious metal.
- **WTI crude oil futures settled 2.2% higher for the week** on global supply concerns arising from Ukraine-Russia tensions and ongoing Libyan protests while positive US economic data also buoyed prospects of oil demand.

Foreign Exchange Rates	Close	1W Change (%)	YTD Change (%)
AUD	0.9247	1.83%	4.06%
CAD	1.1061	-1.43%	3.92%
CHF	0.8868	0.44%	-0.54%
EUR	1.3752	-0.30%	-0.30%
GBP	1.6638	0.92%	0.43%
JPY	102.8300	0.57%	-2.30%
NZD	0.8661	1.46%	1.46%
SGD	1.2585	-1.23%	-0.36%

Key Global Indices	Close	1W Change (%)	YTD Change (%)
Dow Jones Ind			
Avg	16,323.06	0.12%	-1.53%
S&P 500	1,857.62	-0.48%	0.50%
NASDAQ			
Composite	4,155.76	-2.83%	-0.50%
Euro Stoxx 50	3,172.43	2.45%	2.04%
FTSE 100	6,615.58	0.89%	-1.98%
DAX	9,587.19	2.61%	0.37%
Hang Seng Index	22,065.53	2.93%	-5.32%
Straits Times			
Index	3,172.17	3.21%	0.15%
Nikkei 225	14,696.03	3.32%	-9.79%
All Ordinaries	5,366.94	0.54%	0.28%

Commodities	Close	1W Change (%)	YTD Change (%)
WTI Crude			
Futures	101.67	2.22%	3.30%
Brent Crude			
Futures	108.07	1.08%	-2.46%
Gold Futures	1,293.80	-3.16%	7.61%
Reuters CRB			
Index	305.21	1.94%	8.94%

Bond Yields	Close	1W Change (%)	YTD Change (%)
2Y US Treasury	0.450	5.91%	18.35%
10Y US Treasury	2.721	-0.79%	-10.15%
10Y JGB	0.637	N/A	N/A
10Y Bund	1.548	N/A	N/A
10Y Gilt	2.724	N/A	N/A

Rates based on last trading day.
Source: Bloomberg

US

- **The Conference Board's measure of US consumer confidence climbed to 82.3 in March**, from an upwardly revised 78.3 reading in February and above market expectations of 78.5. March's reading was also the highest level in six years. The marked improvement in consumer sentiment reflects an optimistic outlook and suggests that the dip in confidence reading in recent months may be temporary.
- **New home sales declined 3.3% in February to 440,000, from January's downward revised figure of 455,000, underscoring the likely impact of the unusually cold winter weather and rise in mortgage rates on potential buyers.** The lower sales brought supply of new houses up to a 5.2 months' supply, from 4.7 months in January.
- **US durable goods rebounded 2.2% m/m in February, ending two consecutive months of decline.** The main driver was transport equipment which was up 6.9%. However, non-defense capital goods orders excluding aircraft, a closely watched proxy for business spending plans, were down 1.3%, posing challenge to the optimism for higher capex expenditure.
- **In the final leg of annual required bank stress test, the Federal Reserve ("Fed") approved capital plans of 25 out of 30 largest banks in US.** Among the banks which had their capital plans rejected was Citigroup, where the Fed said it has concerns about the inability of Citigroup to predict the amount of losses in a severe economic downturn. The other three banks were US subsidiaries of foreign banks while Zions Bancorp had also failed the first leg of the stress test in the previous. These banks will be restricted from increasing their dividends or share repurchases for the next year.
- **The third estimate of US 4Q2013 GDP was revised higher to 2.6% (from second estimate of 2.4%), adding optimism to the US market.** The higher GDP estimate was mainly due to upward revision of consumer spending from 2.2% to 3.5%, partially offset by downward revision to private investment in inventories and intellectual property.
- **Consumer spending rose 0.3% m/m in February, following weak January performance.** Personal spending and personal income both rose 0.3% m/m in February.

Europe

- **The Eurozone PMI for March was 53.2 (Feb: 53.3), marking its ninth consecutive month above 50-level.** Acceleration of new orders in March to the fastest pace since May 2011 looks likely to support continued healthy PMI reading in April. Flash estimates for Germany and France PMI also registered expansion at 55.0 (Feb: 56.4) and 51.6 (Feb: 47.9).
- **UK inflation rate dipped to a new four-year low of 1.7% in February, which was also the second consecutive month below the Bank of England's target of 2%, as inflation stood at 1.9% in January.** The main driver for the falling inflation was petrol prices which fell by 0.8p/litre between January and February, versus a rise of 4p/litre in the same period a year ago.
- **UK retail sales volume rose by more than expected in February, up 3.7%y/y compared to 2% drop in January due to post-Christmas slump, suggesting that the strong economic recovery extended to 1Q2014.** The rise was mainly driven up by food sales which were up by 2.1% from January to February.
- **Euro-zone's various confidence and business climate indicators for March generally improved from February.** Economic confidence came in at 102.4 (Feb: 101.2, Forecast: 101.4) while services confidence exceeded expectations coming in at 4.2 (Feb: 3.3, Forecast: 3.7)

Elsewhere

- **China's flash HSBC manufacturing PMI came in at an eight-month low of 48.1 in March (February: 48.5), below consensus estimates**, raising expectations that the Chinese government will launch a series of policy measures to stabilize growth. New export orders increased for the first time in four months while output and new orders both weakened, suggesting that the slowdown was primarily driven by weak domestic demand.
- **Japan's consumer prices rose 1.3% y/y for February, the ninth consecutive month of higher inflation.** The inflation figure is seen as a key factor in Bank of Japan's ("BOJ") decision for additional monetary stimulus, with the upbeat inflation reading reducing the likelihood of more easing measures.
- **RBA released its semi-annual Financial Stability Review with the following main takeaways:** (1) Indicators of distress in the business sector have generally eased in 2013, with conditions appearing to have improved, (2) Importance for banks not to loosen lending standards, particularly on mortgage loans, (3) though the central bank does not see financial stability risks from rising home prices, it is actively monitoring the industry due to the record-low cash rate
- **Singapore industrial production was up 6.2% m/m and 12.8% y/y in February, faster than 7.8% m/m and 4.4% y/y pace in January.** Main driver of the higher industrial production was electronics cluster and transport engineering, which were up 14.8% and 11.1% respectively.
- **Consumer prices in Singapore climbed 0.4% y/y in February, much lower than 1.4% y/y inflation in January and consensus estimates of 0.9% y/y.** The lower inflation was mainly due to the higher base in February last year and the decline was seen mainly in private road transport costs (-7.1% y/y). Accommodation costs also rose at a slower pace of 2.2% y/y in February, versus 2.4% in January. Our Economic-Treasury Research team thinks that accommodation costs increases would be less of an issue for inflation as there are more housing supply in the pipeline and various housing measures taking effect.

Week Ahead (31st March-4 April)

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
28 Mar	0700	JP Overall Household Spending y/y	Feb	-2.5	0.1	1.1%
	0730	JP Natl CPI y/y	Feb	1.5	1.5	1.4%
	0730	JP Natl CPI Ex Fresh Food y/y	Feb	1.3	1.3	1.3%
	0730	JP Natl CPI Ex Food, Energy y/y	Feb	0.8	0.8	0.7%
	0805	UK GfK Consumer Confidence	Mar	-5	-6	-7
	1530	TH Foreign Reserves USD	Mar 21	167.7	-	168.8bn
	1800	EZ Economic Confidence	Mar	102.4	101.4	101.2
	1800	EZ Consumer Confidence	Mar F	-9.3	-	-9.3
	2030	US Personal Income	Feb	0.3	0.3	0.3%
	2030	US Personal Spending	Feb	0.3	0.3	0.2%
	2030	US PCE Deflator m/m	Feb	0.1	0.1	0.1%
	2030	US PCE Deflator y/y	Feb	0.9	0.9	1.2%
	2030	US PCE Core m/m	Feb	0.1	0.1	0.1%
	2030	US PCE Core y/y	Feb	1.1	1.1	1.1%
	2155	Univ of Michigan Confidence	Mar F	80.0	80.5	79.9
31 Mar	0700	SK BoP Current Account Balance USD	Feb	4524.9	-	3285.3mn
	1530	TH Exports USD	Feb	-	-	17656mn
	1530	TH Imports USD	Feb	-	-	18405mn
	1530	TH Trade Balance USD	Feb	-	-	-749mn
	1530	TH BoP Current Account Balance USD	Feb	-	2680	219mn
	1530	TH Business Sentiment Index	Feb	-	-	45.4
	1630	HK Budget Balance HKD	Feb	-	-	38.4bn
	1630	UK Net Consumer Credit	Feb	-	0.7	0.7bn
01 Apr	2145	US Chicago Purchasing Manager	Mar	-	59.5	59.8
	0800	SK Exports y/y	Mar	-	4.3	1.5
	0800	SK Imports y/y	Mar	-	3.5	3.9%
	0800	SK Trade Balance USD	Mar	-	3790	934mn
	0900	CN Manufacturing PMI	Mar	-	50.1	50.2
	0945	CN HSBC China Manufacturing PMI	Mar F	-	48.1	48.1
	1000	TW HSBC Taiwan Manufacturing PMI	Mar	-	-	54.7
	1130	AUD Official Cash Rate	Apr	-	-	2.50%
	1200	ID Exports y/y	Feb	-	-	-5.8%
	1200	ID CPI y/y	Mar	-	-	7.75%
	1200	ID Core y/y	Mar	-	-	4.57%
	1330	INR Repo Rate	Apr	-	-	8.00
	2145	US Markit US Manufacturing PMI	Mar F	-	56.3	55.5
	2200	US ISM Manufacturing	Mar	-	54.0	53.2
	2200	US ISM Prices Paid	Mar	-	59.0	60.0
	2200	US Construction Spending m/m	Feb	-	0.1	0.1%
	2200	US IBD/TIPP Economic Optimism	Apr	-	-	45.1

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