



Review for week ending 28 February 2014

Equities

- **US equities initially rose on Friday but pared back its gains after acting Ukrainian President Oleksandr Turchynov stated that Russia had invaded the southern part of Ukraine.** Dow Jones Industrial Average and S&P 500 both edged up 0.3% on Friday, closing the week higher by 1.36% and 1.26% respectively.
- **European stocks posted a fourth week of gains, as companies from Scania AB to Dixons Retail Plc rallied amid a resurgence in mergers and acquisitions activity.** Euro Stoxx 50 climbed 0.50% on Friday, closing the week 0.56% higher.
- **Most of the Asian stocks closed higher on Friday** as profit forecasts and takeover speculation overshadowed concern that the Chinese economy will slow.

Fixed Income

- **Treasuries initially sold off on stronger dataflow, but pared losses later amid political tension in Ukraine as traders sought a refuge in the world's largest securities market with trading drawing to a close this month.** The two-year note yield shed 0.3bps to 0.317% and the 10-year bond yield firmed 0.9bps to 2.648%.

Commodities

- **Gold futures dropped to USD 1,321.60 as gains in equities curbed demand for the precious metal as an alternative investment.**
- **WTI crude oil was up 0.6% on Friday to USD 102.59 per barrel and Brent Futures gained 0.3% on Friday to USD 109.07 per barrel.**

Foreign Exchange Rates	CLOSE	% CHANGE (1W)	% CHANGE (YTD)
AUD	0.8924	-0.59%	0.43%
CAD	1.1064	-0.40%	3.95%
CHF	0.8803	-0.83%	-1.27%
EUR	1.3802	0.41%	0.41%
GBP	1.6745	0.78%	1.08%
JPY	101.8000	-0.69%	-3.28%
NZD	0.8389	1.29%	1.29%
SGD	1.2678	0.00%	0.38%

Key Global Indices	CLOSE	% CHANGE (1W)	% CHANGE (YTD)
Dow Jones Ind Avg	16,321.71	1.36%	-1.54%
S&P 500	1,859.45	1.26%	0.60%
NASDAQ Composite	4,308.12	1.05%	3.15%
Euro Stoxx 50	3,149.23	0.56%	1.29%
FTSE 100	6,809.70	-0.41%	0.90%
DAX	9,692.08	0.36%	1.46%
Hang Seng Index	22,836.96	1.19%	-2.01%
Straits Times Index	3,110.78	0.35%	-1.79%
Nikkei 225	14,841.07	-0.17%	-8.90%
All Ordinaries	5,404.82	-0.62%	0.98%

Commodities	CLOSE	% CHANGE (1W)	% CHANGE (YTD)
WTI Crude Futures	102.59	0.38%	4.24%
Brent Crude Futures	109.07	-0.71%	-1.56%
Gold Futures	1,321.60	-0.17%	9.92%
Reuters CRB Index	302.43	0.28%	7.95%

Bond Yields	CLOSE	% CHANGE (1W)	% CHANGE (YTD)
2Y US Treasury	0.317	0.86%	-16.58%
10Y US Treasury	2.648	-3.05%	-12.57%
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

- **Federal Reserve Chair Person Janet Yellen said that the Fed was taking a close look at the recent slew of disappointing economic data.** She also said in a testimony on monetary policy before the Senate that the Fed “will likely reduce the pace of asset purchases in further measured steps at future meetings.” Her comments were generally seen as more dovish than the comments she made 2 weeks ago.
- **The Dallas Fed manufacturing activity series fell from 3.8 in January to 0.3 in February.** The January Chicago Fed National Activity Index also came in below expectations of -0.20 at -0.39 from -0.03.
- **US consumer confidence waned for February**, with the Conference Board's measure of consumer confidence weakening from a downwardly revised print of 79.4 in January to 78.1 in February.
- **US new home sales surprised on the upside, breaking the recent trend of weak data**, and increased 9.6% m/m in January to an annualized pace of 468k, the highest level in more than 5 years after it flat-lined through 2013.
- **Initial jobless claims came in slightly better than expected at 348k last week from 334k.** January durable goods orders dropped 1.0% (mkt: -1.7% m/m) and core capital goods orders rose 1.7% m/m which was better than expected.
- **The second estimate of Q4 GDP came in line with expectations of 2.4% q/q in annualized terms.**

Europe

- **European Union economists forecast that the growth for most of the region for 2015 will be mild and rather lukewarm.** They also warned that the recovery could be sabotaged by the lingering debt burdens and the spectre of deflation. The Euro area growth forecast is at 1.2% in 2014 and 1.8% in 2015.
- **Euro zone consumer prices fell at the fastest rate since 2001, dropping 1.1% m/m in January, which was a record fall due to sharp decline in underlying inflation in a year.** The annual rate of inflation was unchanged at 0.8%, which is less than half of the ECB's target of a little under 2% and close to a four-year low.
- **The Euro zone flash CPI inflation for February came in slightly better at 0.8% y/y, which was surprising as CPI inflation reports for Germany, Belgium, Spain and Slovenia were lower than expected by at least 0.2ppts.** February's core CPI inflation rose 0.2ppts to 1.0% y/y.
- **Economic confidence for the Eurozone improved for the tenth consecutive month, hitting a 31-month high**, with the economic sentiment index rising to 101.2 from 101 in January.
- **The final reading for Germany's Q4 2013 GDP growth was unchanged from the preliminary estimate in January, at 0.4% q/q and 1.4% y/y.** This was mainly due to exports which came in at 2.6% q/q.
- **German business sentiment was stronger than expected, coming in positive for a fourth straight month in February**, with the Ifo business climate survey climbing from 110.6 in January to 111.3, its highest level since July 2011.

- **German consumer confidence touched a seven-year high in March**, with the Gfk consumer climate increasing from February's upwardly revised reading of 8.3 to 8.5 points, the highest level since January 2007.
- **German unemployment declined 14,000 to 2.914mln**, its lowest level in near 1-1/2 years this month.
- **UK's final print for its 4Q 2013 GDP revealed that the economy grew at 0.7% q/q, and 2.7% y/y versus the prelim estimate of 2.8% y/y.**
- **The French unemployment was at a record high for January**, with the number of jobseekers increasing 0.3%.

Elsewhere

- **Ukraine is looking to IMF for a bailout as the new government started work on obtaining international financing to avert a default as tensions flare and gunmen storm the Crimea Assembly.**
- **Australia's ANZ-Roy Morgan consumer confidence fell 1.4% to 110.4**, with confidence dropping below the long-run average, to levels last seen 18 months ago.
- **Construction work done in Australia came in weaker than expected for Q4, falling 1.0% q/q.**
- **Singapore's January CPI inflation came in lower than December, from 1.5% to 1.4% y/y**, which is the lowest since February 2010.
- **Singapore's January industrial production was disappointing, growing by just 3.9% y/y after 2 months of above 6% expansion.** This was mainly due to the slower electronics and transport engineering expansion and the contraction in engineering and general manufacturing activity.
- **Imports for Philippines rose from 0.5% in November to 2.0% y/y in December.**
- **China's State Administration of Foreign Exchange made a statement, saying that the country's economic fundamentals are overall healthy and that concerns of large-scale outflows in the future are uncalled for.**
- **The Communist Part of China met on 24th February 2014 to talk about the government report that is to be put up for deliberation at its annual session in Beijing on March 5th.**
- **The Purchasing Managers' Index for China was at 50.2 for February, an eight month low, adding to headwinds for growth.**

Week Ahead (3rd March – 7th March 2014)

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
28 Feb	0730	JP Jobless Rate	Jan	3.7	3.7	3.7%
	0730	JP National CPI y/y	Jan	1.4	1.3	1.6%
	0730	JP National Ex Fresh Food y/y	Jan	1.3	1.3	1.3%
	0750	JP Retail Trade y/y	Feb	4.4	3.8	2.5%
	0805	UK Gfk Consumer Confidence	Feb	-7	-7	-7
	1300	JP Housing Starts y/y	Jan	12.3	15.0	18.0%
	1530	TH Exports USD	Jan	17656	-	18277mn
	1530	TH Imports USD	Jan	18405	-	16280mn
	1530	TH Trade Balance USD	Jan	749	-	1997mn
	1530	TH BOP Current Account Balance USD	Jan	218	1650	2527mn
	1530	TH Overall Business Sentiment	Jan	45.4	-	45.0
	1630	HK Budget Balance HKD	Jan	38.4	-	55.1bn
	1800	EZ Unemployment Rate	Jan	12.0	12.0	12.0%
	2130	CA GDP m/m	Dec	-0.5	-0.3	0.2%
	2130	CA GDP y/y	Dec	2.3	2.5	2.7%
	2130	US Personal Consumption	4Q S	2.6	2.9	3.3%
	2245	US Chicago Purchasing Manager	Feb	59.8	56.4	59.6
	2255	US Univ of Michigan Confidence	Feb F	81.6	81.2	81.2
03 Mar	0800	SK HSBC/Markit Manufacturing PMI	Feb		-	50.9
	0945	CN HSBC/Markit Manufacturing PMI	Feb		48.5	49.5
	1000	TW HBC/Markit Manufacturing PMI	Feb		-	55.5
	1200	ID Exports y/y	Jan		2.8	10.3%
	1200	ID CPI core y/y	Feb		4.60	4.53%
	1200	ID CPI y/y	Feb		7.94	8.22%
	1200	TH CPI y/y	Feb		1.95	1.93%
	1200	TH CPI Core y/y	Feb		1.10	1.04%
	1700	EZ PMI Manufacturing	Feb F		53.0	53.0
	1730	UK PMI Manufacturing	Feb		56.8	56.7
	2130	US Personal Income	Jan		0.2	0.0%
	2130	US Personal Spending	Jan		0.1	0.4%
	2130	US PCE Deflator m/m	Jan		0.1	0.2%
	2130	US PCE Core m/m	Jan		0.1	0.1%
	2130	US PCE Core y/y	Jan		1.1	1.2%
	2130	SG PMI	Feb		50.3	50.5
	2158	US Markit US PMI Final	Feb		56.7	-
	2300	US ISM Manufacturing	Feb		52.0	51.3
	2300	US ISM Prices Paid	Feb		57.4	60.5
	2300	US Construction Spending m/m	Jan		-0.5	0.1%
04 Mar	0700	SK CPI y/y	Feb		1.1	1.1%
	0700	SK CPI Core y/y	Feb		-	1.7%
	0800	AU BoP Current Account Balance	4Q		-10.0	-12.7bn
	1130	AUD Official Cash Rate	Mar		2.50	2.50%
	2245	US ISM New York	Feb		-	64.4
	2300	US IBD/TIPP Economic Optimism	Mar		45.0	44.9

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