



Review for week ending 8 Aug 2014

Equities

- **U.S. equities rebounded on Friday to reclaim weekly gains on signs of reduced tensions in Russia-Ukraine and as investors judged that US participation in Iraq will be limited.** The Dow Jones Industrial Average, S&P 500 and Nasdaq rose 0.37%, 0.33% and 0.42% for the week respectively.
- **European equities remained under pressure on tensions between Russia and the west.** The Euro Stoxx 50 was down 2.14% for the week.
- **Asia equities were mostly lower for the week, weighed by concerns over geopolitical events.** Nikkei 225 was the biggest loser, slumping 4.8% for the week.

Fixed Income

- **US Treasury prices rose for the week as investors sought safety in government bonds from the market volatility.** The 10Y and 2Y US Treasury yields slipped 7.3bps and 2.8bps respectively for the week.

Commodities

- **Gold futures gained 1.18% for the week** as investors turned to the safe haven metal amid geopolitical tensions heightening.
- **WTI crude oil futures dipped 0.23% for the week, settling at 97.65.**

Foreign Exchange Rates	Close	1W Change (%)	YTD Change (%)
AUD	0.9275	-0.40%	4.38%
CAD	1.0973	0.52%	3.09%
CHF	0.9054	-0.06%	1.55%
EUR	1.3410	-0.13%	-0.13%
GBP	1.6773	-0.29%	1.25%
JPY	102.0400	-0.56%	-3.05%
NZD	0.8462	-0.62%	-0.62%
SGD	1.2522	0.43%	-0.86%

Key Global Indices	Close	1W Change (%)	YTD Change (%)
Dow Jones			
Ind Avg	16,553.93	0.37%	-0.14%
S&P 500	1,931.59	0.33%	4.50%
NASDAQ			
Composite	4,370.90	0.42%	4.65%
Euro Stoxx 50	3,006.83	-2.14%	-3.29%
FTSE 100	6,567.36	-1.67%	-2.69%
DAX	9,009.32	-2.18%	-5.68%
Hang Seng			
Index	24,331.41	-0.82%	4.40%
Straits Times			
Index	3,288.89	-1.66%	3.83%
Nikkei 225	14,778.37	-4.80%	-9.29%
All Ordinaries	5,435.31	-2.18%	1.55%

Commodities	Close	1W Change (%)	YTD Change (%)
WTI Crude			
Futures	97.65	-0.23%	-0.78%
Brent Crude			
Futures	105.02	0.17%	-5.22%
Gold Futures	1,308.90	1.18%	8.87%
Reuters CRB			
Index	292.43	-0.02%	4.38%

Bond Yields	Close	1W Change	YTD Change
2Y US			
Treasury	0.472	-0.028	N/A
10Y US			
Treasury	2.493	-0.073	N/A
10Y JGB	0.532	-0.013	N/A
10Y Bund	1.131	-0.078	N/A
10Y Gilt	2.548	-0.088	N/A

Rates based on last trading day.

Source: Bloomberg

US

- The Institute for Supply Management ("ISM") non-manufacturing purchasing managers index ("PMI") improved to 58.7 in July (market estimate: 56.5), from 56.0 in June. July's reading was the highest since January 2008 and pointed to acceleration in growth.
- US trade deficit narrowed more than expected in June, contracting 7% m/m to US\$41.54bil (market estimate: US\$44.8bil). This was the sharpest contraction in trade balance since November 2013, as imports dropped 1.2% while exports rose 0.1%.
- Factory orders increased 1.1% m/m in June, the largest increase in three months and well above the market estimates of 0.6% m/m. Orders for non-defense capital goods, a proxy for the capital expenditures component of GDP was revised up to 3.3% m/m, from 1.4% m/m in the initial estimate.
- Vehicle sales slowed in July to 16.4 million unit annual rate, the first monthly decline after the strong spring rebound. Despite the 2.7% monthly decline, vehicle sales are up 4.5% from a year ago.
- The productivity of US workers improved in 2Q2014 as nonfarm labour productivity rose 2.5% q/q annualised (market estimate: 1.6%). However, this was more than offset by the downward revision to productivity in 1Q2014 from -3.2% to -4.5%. Unit labour costs rose 0.6% q/q annualized in 2Q2014 (market estimate: 1.0% y/y), significantly lower than 11.8% pace in 1Q2014.

Europe

- The European Central Bank ("ECB") kept interest rates unchanged at the August policy meeting. ECB President Mario Draghi said the central bank had "intensified" preparation for an asset-purchasing program and was willing to launch one if the inflation picture changed.
- The Bank of England ("BOE") left interest rates and bond-buying program unchanged though the improving UK economy continued to add to expectations that a rate hike could be near.
- Italy's economy unexpectedly slipped back into recession in 2Q2014 as the country's GDP contracted 0.2% from 1Q2014. ISTAT did not provide numerical breakdown of GDP components with its preliminary estimate, saying only that activity in services and agriculture contracted.
- The Euro zone final services PMI was downwardly revised by 0.2pt to 54.2pt in July, below market estimates but higher than June's reading of 52.8. The German final service PMI was upwardly revised by 0.1pt to 56.7, which was 2.1pt higher than June's reading. The French final services PMI was unchanged from flash estimate of 50.4, confirming the 2.3pt improvement from June. The Italian final services PMI slipped 1.1pts to 52.8, versus an expected 54.0 reading.

Elsewhere

- The Reserve Bank of Australia ("RBA") has now kept the official cash rate at a record low 2.5% for an entire year, after holding the rate steady at its August board meeting. The central bank reaffirmed its view that the most prudent course was likely a period of stability in rates as it waits for the effects of easing to flow through the economy
- HSBC/Markit China services Purchasing Managers' Index ("PMI") weakened to 50.0 in July, from a 15-month high of 53.1 in June. This was also the lowest reading since November 2005. The weakness was likely due to slowdown in the property-related activity, such as agencies and residential services.
- China's trade surplus surged to a record high of US\$47.3bil in July (market estimate: US\$27bil), from US\$31.5bil in June. The country's exports jumped 14.5% y/y in July, much better than a Reuters forecast

for 7.5% y/y and after climbing 7.2 y/y in June. Imports fell an annual 1.6 y/y, compared with expectations of a 35 y/y and following the 5.5 y/y in June.

- China's CPI inflation remained modest, rising 2.3% y/y in July. This was in line with market estimates and unchanged from June. PPI however continued to deflate, declining 0.9% y/y in July (June: 1.1% y/y).
- Singapore's Purchasing Managers' Index (PMI) surpassed expectations, rising 1.0 m/m to 51.5 in July, representing a one-year high. The electronics sector continued to expand in July, with its PMI rising 1.7 to 52.4 - significantly above the market's forecast of 50.9.

Week Ahead (11th-15th August)

With few key US economic data to focus on this week including July advanced retail sales (13 Aug) and August preliminary University of Michigan consumer confidence survey (15 Aug), focus will shift to other key developed economies which will release 2Q2014 GDP, starting from Japan (13 Aug), Eurozone and its major constituent economies (14 Aug) and the UK (15 Aug).

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
08 Aug	1058	CN Trade Balance	Jul	47.30	27.40	31.56bn
	1058	CN Exports y/y	Jul	14.5	7.0	7.2%
	1058	CN Imports y/y	Jul	-1.6	2.6	5.5%
	1530	TH Foreign Reserves	Aug	169.0	-	170.1bn
	1708	ID Foreign Reserves	Jul	110.5	-	107.7bn
	2030	US Nonfarm Productivity	2Q	2.5	1.6	-4.5%
	2030	US Unit Labor Costs	2Q	0.6	1.0	11.8%
	2200	US Wholesale Inventories m/m	Jun	0.3	0.7	0.3%
11 Aug	1201	MY Industrial Production y/y	Jun	-	4.6	6.0%
12 Aug	0800	SG GDP saar q/q	2Q	-	-0.1	-0.8
	0800	SG GDP y/y	2Q	-	2.3	2.1%
13 Aug	0200	US Monthly Budget Statement	Jul	-	-100.0	-
	0750	JP GDP sa q/q	2Q	-	-1.8	1.6%
	0750	JP GDP Annualized sa q/q	2Q	-	-7.1	6.7%
	0750	JP GDP Deflator y/y	2Q	-	1.6	-0.1%
	1330	CN Retail Sales y/y	Jul	-	12.5	12.4%
	1330	CN Industrial Production y/y	Jul	-	9.1	9.2%
	1630	UK Claimant Count Rate	Jul	-	-	3.1%
	1630	UK Jobless Claims Change	Jul	-	-	-36.3k
	1630	UK ILO Unemployment Rate 3mths	Jun	-	-	6.5%
	1900	US MBA Mortgage Applications	Aug	-	-	1.6%
	2030	US Retail Sales Advance m/m	Jul	-	0.3	0.2%
	2030	US Retail Sales Ex Auto m/m	Jul	-	0.4	0.4%
14 Aug	0900	KRW Base Rate	Aug	-	2.25	2.50%
	1130	TH Consumer Confidence Economic	Jul	-	-	65.3
	1700	EZ GDP q/q sa	2Q	-	-	0.2%
	1700	EZ GDP y/y sa	2Q	-	-	0.9%
	2030	US Initial Jobless Claims	Aug	-	-	-
	2030	US Import Price Index m/m	Jul	-	-0.4	0.1%
	2030	US Continuing Claims	Aug	-	-	-
	2030	US Import Price Index y/y	Jul	-	-	-
15 Aug	1300	SG Retail Sales y/y	Jun	-	2.3	-6.0%
	1300	SG Retail Sales m/m sa	Jun	-	-	5.2%
	1530	TH Foreign Reserves	Aug	-	-	-
	1630	HK GDP q/q sa	2Q	-	0.3	0.2%
	1630	HK GDP y/y	2Q	-	2.3	2.5%
	1630	UK GDP q/q	2Q	-	0.8	0.8%
	1630	UK GDP y/y	2Q	-	3.1	3.1%
	1700	TW GDP y/y	2Q	-	-	3.84%
	1800	MY BoP Current Account Balance MYR	2Q	-	-	19.8bn
	1800	MY GDP y/y	2Q	-	5.5	6.2%
	2030	US Empire Manufacturing	Aug	-	20.00	25.60
	2030	US PPI Final Demand m/m	Jul	-	0.1	0.4%
	2030	US PPI Ex Food and Energy m/m	Jul	-	0.2	0.2%
	2030	US PPI Final Demand y/y	Jul	-	1.8	1.9%

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