



Review for week ending 12 Sep 2014

Equities

- **U.S. equities retreated from record high levels throughout the week amid speculation that the Federal Reserve may signal rising interest rates sooner than expected.** The Dow Jones Industrial Average, S&P 500 and Nasdaq lost 0.87%, 1.10% and 0.33% for the week respectively.
- **European equities ended lower for the week, reflecting concerns that Scotland could vote to leave the United Kingdom next week.** The Euro Stoxx 50 was down 1.23% for the week.
- **Asia equities were mixed for the week.** Japan's Nikkei 225 posted another record weekly gain of 1.78% as the yen weakens.

Fixed Income

- **US Treasury prices declined for the week,** on concerns that the Fed could adopt more hawkish language in its policy statement at the upcoming FOMC meeting. The US 10-year Treasury yield rose 0.152% for the week.

Commodities

- **Gold futures tumbled 2.84% for the week,** amid expectations the Federal Reserve will take a more hawkish tone on interest rates.
- **WTI crude oil futures settled 1.09% lower for the week,** as the strengthening dollar and IEA's forecast of weaker global demand for crude weighed on oil prices.

Foreign Exchange Rates	Close	1W Change (%)	YTD Change (%)
AUD	0.9038	-3.63%	1.71%
CAD	1.1093	1.96%	4.22%
CHF	0.9332	0.23%	4.67%
EUR	1.2963	0.09%	0.09%
GBP	1.6268	-0.36%	-1.80%
JPY	107.3400	2.14%	1.99%
NZD	0.8152	-2.10%	-2.10%
SGD	1.2630	0.72%	0.00%

Key Global Indices	Close	1W Change (%)	YTD Change (%)
Dow Jones Ind Avg	16,987.51	-0.87%	2.48%
S&P 500	1,985.54	-1.10%	7.42%
NASDAQ Composite	4,567.60	-0.33%	9.36%
Euro Stoxx 50	3,235.07	-1.23%	4.06%
FTSE 100	6,806.96	-0.70%	0.86%
DAX	9,651.13	-0.98%	1.04%
Hang Seng Index	24,595.32	-2.55%	5.53%
Straits Times Index	3,345.55	0.11%	5.62%
Nikkei 225	15,948.29	1.78%	-2.11%
All Ordinaries	5,531.14	-1.21%	3.34%

Commodities	Close	1W Change (%)	YTD Change (%)
WTI Crude Futures	92.27	-1.09%	-6.25%
Brent Crude Futures	97.11	-3.68%	-12.36%
Gold Futures	1,230.40	-2.84%	2.34%
Reuters CRB Index	281.90	-2.12%	0.62%

Bond Yields	Close	1W Change	YTD Change
2Y US Treasury	0.560	+0.052	N/A
10Y US Treasury	2.611	+0.152	N/A
10Y JGB	0.578	+0.042	N/A
10Y Bund	1.082	+0.154	N/A
10Y Gilt	2.529	+0.066	N/A

Rates based on last trading day.

Source: Bloomberg

US

- Retail sales rose 0.6% m/m and 5.0% y/y in August, while prior readings were revised, as consumer demand shows signs of strengthening. Strength in autos continued to drive strong results. Excluding transportation sales, retail sales rose 0.3%.
- Consumer credit grew more than expected in July, up \$26.0 billion from June. This was the strongest 12-month growth ever. Consumers have been increasing their borrowing since the beginning of 2012, supporting economic growth.
- The National Federation of Independent Business (NFIB) small-business optimism index inched higher in August to 96.1, from 95.7 in July - the second-highest level since 2007. Small-business optimism continues to generally trend higher but overall the index points to economic growth slightly slower than that expected by many forecasters and Federal Reserve officials.
- Consumer confidence continued to strengthen, according to the University of Michigan's consumer sentiment index as the index rose to 84.6 in September, the highest level since mid-2013.

Europe

- Industrial production in the eurozone rebounded in July, up 1% m/m, better than consensus estimate of 0.5% and up from a 0.3% m/m decline in June, which raised concerns about the fragility of the recovery of the Eurozone. The rise in July was fuelled by a 2.6% m/m rise in investment goods, which includes infrastructure and machinery, and a 1.2% rise in non-durable consumer goods, which includes food and clothes. Among the countries in the Eurozone, Ireland posted the highest rise in industrial output, up 11.3% m/m due to a sharp rise in pharmaceutical goods output while Denmark saw the biggest decline, down 4.7% m/m.
- German trade surplus widens to EUR23.4bil in July, well above consensus estimate of EUR16.8bil. Exports rose 4.7% m/m and 8.7% y/y whilst imports fell 1.8% m/m and 1.1% y/y. The ongoing Ukraine-Russia crisis will probably continue to weigh on German exports in coming months but the expected acceleration of global trade and weaker EUR should provide some tailwinds.

Elsewhere

Japan

- Japan's 2Q2014 GDP shrank an annualized 7.1% from the previous quarter, worse than a preliminary estimate and the biggest contraction since January-March 2009. The weak performance following the sales tax hike that took effect in April 2014 adds pressure on the Bank of Japan to expand fiscal and monetary stimulus.
- Japan's machinery orders rose for the second consecutive month in July, suggesting that business investment could be starting to pick up after companies reined in spending following implementation of the sales tax hike in April. The Japanese core machinery orders rose 3.5% m/m in July, following an 8.8% rise in June and 19.5% slump in May.

Australia

- Employment in Australia rose by an extraordinary 121k in August while unemployment rate declined to 6.1%. The participation rate rose 0.4ppts to 65.2%. The rise in employment was driven by a 106.7k gain in part-time employment, the largest m/m gain ever recorded.

China

- China's trade surplus hit a record high in August for the second consecutive month as imports fell on weak domestic demand while exports grew on strong US and foreign demand. China's trade surplus widened to US\$49.8bil in August, up from US\$47.3bil in July.
- China's consumer price index (CPI) moderated to a four-month low of 1.5% y/y in August, leaving room for the government to adjust policies to boost economic growth. However, the central bank seemed to be less willing to ease policies further as it viewed the current growth of money supply M2 was sufficient to deliver reasonable growth.

Week Ahead (15th -19th September)

Market focus will be on two key risk events this week: the September FOMC meeting (16/17 Sep with decision due on 18 Sep, 2am Singapore time) and the Scotland Independence Referendum (18 Sep). In terms of data, which is likely to garner secondary attention, key release for the week are US August CPI Inflation (17 Sep) and the US housing market including September NAHB housing market index (17 Sep), weekly MBA mortgage applications (17 Sep), August housing starts (18 Sep) and August Buildings permits (18 Sep).

15-Sep-14	Event	Period	Survey	Prior
SI	Retail Sales YoY	Jul	3.70%	0.40%
US	Empire Manufacturing	Sep	16	14.69
US	Industrial Production MoM	Aug	0.30%	0.40%
16-Sep-14	Event	Period	Survey	Prior
GE	ZEW Survey Current Situation	Sep	40	44.3
GE	ZEW Survey Expectations	Sep	5	8.6
US	PPI Final Demand MoM	Aug	0.00%	0.10%
17-Sep-14	Event	Period	Survey	Prior
SI	Non-oil Domestic Exports YoY	Aug	2.50%	-3.30%
EC	CPI MoM	Aug	0.10%	-0.70%
EC	CPI YoY	Aug F	0.30%	0.30%
US	MBA Mortgage Applications	12-Sep	--	-7.20%
US	CPI MoM	Aug	0.00%	0.10%
US	CPI Ex Food and Energy MoM	Aug	0.20%	0.10%
18-Sep-14	Event	Period	Survey	Prior
US	Fed QE3 Pace	Sep	\$15B	\$25B
US	Fed Pace of Treasury Pur	Sep	\$10B	\$15B
US	Fed Pace of MBS Purchases	Sep	\$5B	\$10B
US	FOMC Rate Decision	17-Sep	0.25%	0.25%
NZ	GDP SA QoQ	2Q	0.60%	1.00%
NZ	GDP YoY	2Q	3.80%	3.80%
US	Initial Jobless Claims	13-Sep	305K	315K
US	Housing Starts	Aug	1040K	1093K
US	Philadelphia Fed Business Outlook	Sep	23	28
19-Sep-14	Event	Period	Survey	Prior
JN	All Industry Activity Index MoM	Jul	0.10%	-0.40%
US	Leading Index	Aug	0.40%	0.90%

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