

Headlines

- [G20 aspires to faster economic growth, roadmap sketchy](#). *Reuters.com, 23 Feb 2014*
- [Italy's Renzi sworn in as prime minister](#). *Reuters.com, 22 Feb 2014*
- [Bullard says he may push back forecast for rate increase](#). *Bloomberg.com, 22 Feb 2014*
- [Recent Yuan declines 'within normal range', China's Lou says](#). *Bloomberg.com, 23 Feb 2014*

Weekly Review (for week ending 21 February 2014)

■ Japan's Q4 GDP growth much lower than expected

Japan's economy grew at a much slower pace than expected at the end of 2013, stoking fears that Abenomics' momentum has stalled, but some economists say the dip will prove fleeting. Japan's economy grew 0.3% in Q4 of last year from the previous quarter, below analysts' expectations for a 0.7% gain, data on Monday showed. On an annualized basis the economy grew 1%, below expectations of 2.8%. Weak Q4 GDP figures show that the surge in spending ahead of the consumption tax hike has yet to come. Looking ahead, last-minute spending to avoid the higher sales tax will likely lead to a further acceleration in economic growth in Q1, followed by a slump in Q2.

■ Singapore's NODX falls 3.3% in January due to CNY factors

After surging a surprise 6% in December, Singapore's NODX declined 3.3% year-on-year in January, due to lacklustre electronics shipments. But economists aren't too fazed by the larger-than-expected contraction, since some of the weakness was likely due to Chinese New Year seasonal factors. They believe exports could pick up in the coming months to put on a better showing this year, compared to the bleak performance last year. The pull-back in January's NODX, while expected, came in sharper than thought. The forecast was for a 1.2% decline. The main drag was a 17% contraction in electronics NODX in January, after a 3.1% decline in the previous month. This, too, was well below the market's consensus forecast for a 4.3% decline in electronics NODX.

■ UK unemployment rate unexpectedly rises in Q4 to 7.2%

Britain's unemployment rate unexpectedly rose in Q4, suggesting the recent improvement in the labour market has lost some momentum. The jobless rate measured by ILO methods rose to 7.2%, the first increase since February last year, from 7.1% in the three months through November, the Office for National Statistics said. Unemployment fell by 125,000 to 2.34 million people in Q4 compared with Q3. Britain's jobless rate compares with 6.6% in the US and 12% in the euro region. The ONS said the number of people claiming jobless benefits fell by 27,600 in January. In December, jobless claims fell 27,700 instead of the 24,000 drop initially estimated.

■ US FOMC minutes show more certainty on tapering

Minutes of the Fed's January 28-29 policy meeting, which was former chairman Ben Bernanke's last, showed several policy-makers wanted to emphasize that their asset-purchase program would be trimmed in predictable, US\$10-billion steps unless the economy's performance surprises them. The next FOMC meeting will be held on 18-19 March 2014 which will be accompanied by a Summary of Economic Projections and a press conference by Yellen – her first as the FOMC Chairperson.

■ HSBC China flash manufacturing PMI hits 7-month low in February

The preliminary China PMI from HSBC/Markit fell to a 7-month low of 48.3 in February from January's final reading of 49.5, as employment fell at the fastest pace in five years. While the Lunar New Year holiday likely affected the results, and recent rises in China's exports and bank lending assuaged some anxieties, the latest report followed a series of PMIs in January that showed growth in China's manufacturing and services sectors at multi-month or multi-year lows. Sustained weakness would put the onus on Chinese policymakers to act.

■ Singapore's Q4 GDP up 5.5%, 2013 growth raised to 4.1%

Singapore's Q4 GDP expanded 5.5% y/y (6.1% q/q *saar*), better than advance estimates of 4.4% y/y (-2.7% q/q *saar*), due to a surge in manufacturing output in Q4. For 2013, the economy grew 4.1%, better than the advance estimate of 3.7% and the revised 1.9% growth registered in 2012. The pickup in the manufacturing sector, on the back of strong growth in the electronics and transport engineering clusters, was the reason for the upside surprise while services producing industries provided the anchor support that came from growth in the finance & insurance and wholesale & retail trade sectors. The MTI said the growth forecast will remain at 2%-4% in 2014.

■ US February manufacturing PMI at 56.7, highest since 2010

US manufacturing growth accelerated to the highest level in February since May 2010, suggesting that the slowdown seen earlier this year from winter weather may be temporary. The flash Markit manufacturing PMI gauge rose to 56.7 from 53.7 in January, which was a three-month low. Markit said production has rebounded from a weather-related slowdown seen in January. The largest rise in backlogs of work seen since prior to the financial crisis, as well as a steep fall in inventories both point to ongoing growth of production and hiring in March.

■ US existing home sales slump to 18-month low

US home resales fell more than expected in January and hit an 18 month-low as the combination of cold weather and a lack of housing stock sidelined potential buyers. The National Association of Realtors said on Friday home sales dropped 5.1% to an annual rate of 4.62 million units, the lowest level since July 2012. December's sales pace was unrevised at 4.87 million. Existing home sales are counted at the closing of contracts. January's sales mostly reflected contracts signed in December. With temperatures remaining chilly in January, February sales will probably be weak. Home sales were down 5.1% in January from a year-ago.

Market Snapshot

Selected Equity Indices	Last (Feb 21)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,103.30	-0.32%	-2.86%
S&P 500 Index	1,836.25	-0.13%	-0.66%
FTSE 100 Index	6,838.06	2.62%	1.32%
Euro Stoxx 50	3,131.67	0.40%	0.73%
Nikkei 225	14,865.67	3.86%	-8.75%
Hang Seng Index	22,568.24	1.21%	-3.17%
Shanghai SE Composite	2,113.69	-0.10%	-0.11%
BSE Sensex Index	20,700.75	1.64%	-2.22%
Straits Times Index	3,099.93	2.01%	-2.13%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Feb 24	Tue, Feb 25	Wed, Feb 26	Thu, Feb 27	Fri, Feb 28
Dallas Fed Mfg Survey	S&P Case-Shiller HPI	<i>New Home Sales</i>	<i>Durable Goods Orders</i>	<i>GDP</i>
	Consumer Confidence	EIA Petroleum Status Report	<i>Jobless Claims</i>	Chicago PMI
				Consumer Sentiment
				Pending Home Sales Index

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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