

Headlines

- [Analysis: Resistance to austerity stirs in southern Europe](#). *Reuters.com, 01 Apr 2012*
- [China factory output falls for fifth month: HSBC PMI](#). *Reuters.com, 01 Apr 2012*
- [South Korean exports fall 1.4% on weakness in global demand](#). *Bloomberg.com, 01 Apr 2012*
- [Employment probably kept growing in March: US economy preview](#). *Bloomberg.com, 01 Apr 2012*

Weekly Review (for week ending 30 March 2012)

■ Singapore Feb manufacturing below expectations

Singapore's industrial production rose a smaller-than-expected 12.1% in February from a year earlier, hurt by a surprise contraction of 6.0% in electronics. On a m/m *s/adj* basis, industrial production shrank 1.1%, the EDB said on Monday. Consensus estimates had pegged growth higher at 16.2% y/y, 5.0% m/m *s/adj*. The manufacturing data comes a surprise as Singapore's NODX surged 30.5% in February from a year earlier, helped by a recovery in electronics shipments and a continued strong performance in pharmaceuticals.

■ Germany's Ifo business confidence index rises in March

The Munich-based Ifo think tank said its business climate index, based on monthly feedback from 7,000 companies rose to 109.8 in March from a revised 109.7 in February. The business confidence rose for the fifth month in a row although it was the smallest rise. Recent data on the German economy has been mixed. Last week, a report showed that German manufacturing activity contracted in March. While exports are faring relatively well, cautious German consumers are still not really spending, despite the resilience of the labour market.

■ US consumer confidence stays near year's high

The Conference Board's confidence index dropped to 70.2 in March from a revised 71.6 reading in February that was higher than initially reported at 70.8. Confidence among US consumers in March held close to the highest level in a year, underpinned by an improving labour market. The best six months of job growth since 2006, unemployment at a three-year low, and stock market gains are giving Americans the means to withstand almost US\$4-a-gallon petrol. A sustained improvement in moods may keep driving consumer spending, which accounts for about 70% of the economy.

■ UK economy worse than estimated

The UK economy shrank by 0.3% in the final quarter of 2011, more than an interim estimate of -0.2%. The Office for National Statistics (ONS) said the worse than previously forecast data was driven by a weak services sector. The 0.3% contraction of GDP for Q4 last year takes the annual rate of growth for 2011 to 0.5%. Economists had expected growth of -0.2% q/q and 0.7% y/y. Transport, communication, business services and the financial sectors all contributed to the figure being revised downwards from the original January estimate.

■ Greece not 'out of woods' yet: top EU official

Greece is making progress but is not out of the woods yet and this year will be decisive as to whether Athens can stay in the euro, a top EU official said on Thursday. The second bailout package agreed by European leaders was no automatic guarantee of success, said the head of the so-called "troika" Matthias Mors. "There are still many measures to be taken, painful ones too. I believe we'll be able to see in the second half of the year in which direction we're going, whether we're on the right path or not," Mors said.

■ Jobless claims in US decline to lowest since April 2008

Initial jobless claims fell 5,000 in the week ended March 24 to 359,000, the lowest since April 2008. The median forecast called for 350,000 claims. Companies are retaining workers and hiring as sales pick up along with confidence in the expansion. Employment has gained momentum in the past three months, helping drive income growth that may ease the strain of higher gasoline prices.

■ US final Q4 GDP unrevised at 3.0% annualised rate

The US Commerce Department confirmed that the economy grew at an annualised rate of 3% in Q4 of 2011. It was the third estimate of GDP. The first estimate was 2.8%, which was later revised up to 3%. On a non-annualised basis, the economy grew by 0.7% from Q3. Personal consumption remained at 2.1%, in line with expectations. Consumer spending accounts for nearly 70% of US economic growth.

■ Spain cuts 27 billion euros from budget

Spain is cutting 27 billion euros from its budget this year as part of one of the toughest austerity drives in its history. Changes will include freezing public sector workers' salaries and reducing departmental budgets by 16.9%. The government says it will raise 12.3 billion euros this year, aided by an increase in tax for large companies. But economists are questioning whether the cuts will be enough to satisfy Spain's European partners. Last month Prime Minister Mariano Rajoy agreed with the EC to reduce Spain's deficit from 8.5% to 5.3% of GDP in 2012. This could mean further cuts are needed before long because the cuts are insufficient given the growth forecast.

■ Eurozone ministers boost firewall to 800 billion euros

Finance ministers in Copenhagen have agreed to increase the size of the eurozone's rescue funds. Eurozone countries agreed to boost the joint lending power of the "firewall" from 500 billion to 800 billion euros (US\$1.1 trillion). As Spain and Italy's finances have looked more precarious, investors have been worried about whether the eurozone's firewall could cope with more bailouts. The new enlarged fund, combined with what the IMF has agreed to lend to the eurozone, should be enough to cope with a new crisis, some suggest.

Market Snapshot

Selected Equity Indices	Last (Mar 30)	1-week return	Year-to-date return
Dow Jones Industrial Average	13,212.04	1.00%	8.14%
S&P 500 Index	1,408.47	0.81%	12.00%
FTSE 100 Index	5,768.45	-1.48%	3.52%
Euro Stoxx 50	2,477.28	-1.91%	6.94%
Nikkei 225	10,083.56	0.72%	19.26%
Hang Seng Index	20,555.58	-0.55%	11.51%
Shanghai SE Composite	2,262.79	-3.69%	2.88%
BSE Sensex Index	17,404.20	0.24%	12.61%
Straits Times Index	3,010.46	0.68%	13.76%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Apr 2	Tue, Apr 3	Wed, Apr 4	Thu, Apr 5	Fri, Apr 6
<i>ISM Mfg Index</i>	Factory Orders	ADP Employment Report	<i>Jobless Claims</i>	Good Friday
Construction Spending	<i>FOMC Minutes</i>	ISM Non-Mfg Index		<i>Employment Situation</i>
		EIA Petroleum Status Report		

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg

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