

Headlines

- [IMF welcomes China's currency changes](#). *Reuters.com*, 14 Apr 2012
- [Bailed-out Portugal takes lead in ratifying EU budget pact](#). *EUbusiness.com*, 13 Apr 2012
- [China doubling Yuan band signals drive for convertibility](#). *Bloomberg.com*, 15 Apr 2012
- [Retail sales probably climbed in March: US economy preview](#). *Bloomberg.com*, 15 Apr 2012

Weekly Review (for week ending 13 April 2012)

■ China March CPI rises a more-than-expected 3.6%

China's inflation edged up in March as consumer prices rose 3.6% y/y after gaining 3.2% in February, official data showed Monday, as bad weather pushed up food prices and authorities raised the price of fuel. That was higher than expectations of 3.4%. The data indicates that China may need to remain alert to the risk of inflation bouncing back even after price increases stayed below the government's 4% target for a second month. China's producer price index, a leading indicator for consumer inflation, fell 0.3% y/y in March after showing no change in February. That was the first decline since November 2009 and matched the median forecast in a Bloomberg survey.

■ Japan February current account balance swings back to surplus

Japan's current account balance swung back to a surplus of 1.1778 trillion yen, higher than a forecast of 1.1485 trillion yen in February after hitting a record deficit 437.3 billion yen in January, as improvement in exports added to steady income gains from overseas investments. While recovery in exports is likely to be slow, analysts expect Japan's current account balance to stay in surplus on steady income gains from past overseas investments, easing worries that Japan may need to rely on overseas funds to finance its huge debt pile.

■ Australia business confidence, business conditions, job ads higher in March

An NAB report showed Business Confidence rose to 3 points in March from 1 point in February amid signs the US and European economies were improving, although the index is below the long term average of 6 points. Business Conditions, which take into account firms' responses relating to trading, profitability and employment conditions, edged up 1 point to plus 4 points. An ANZ report showed job advertisements in newspapers and on the internet at a 3-year high in March, rising 1.0% to the highest since late 2008.

■ Australia reports excellent employment data; jobless rate steady at 5.2% in March

Total employment rose 44,000 to 11.491 million in the month, according to the seasonally adjusted figures released by the Australian Bureau of Statistics on Thursday. The unemployment rate was steady at 5.2% in March, with February's rate unchanged at 5.2%. The forecast was for total employment to have risen by 5,000 in March with the unemployment rate up at 5.3%.

■ US jobless claims rise to two-month high

Unemployment claims increased 13,000 in the week ended April 7 to 380,000, the highest since January 28. Forecasts were for 355,000 claims. Other reports showed consumer confidence held near a four-year high and the trade gap narrowed more than projected forecast in February as imports fell by the most in three years, reflecting the smallest amount of crude oil purchases in 15 years and a drop-off in demand for Chinese goods. The gap shrank 12% to US\$46 billion, the smallest since October, from a revised US\$52.5 billion in January.

■ China's economy grows less than forecast at 8.1% for Q1

China's GDP expanded 8.1% from a year earlier, the least in almost three years, after an 8.9% gain in the fourth quarter, the National Bureau of Statistics said Friday. China's growth slowed more than forecast last quarter as exports and domestic demand cooled, adding pressure for Premier Wen Jiabao to loosen policy further. The median estimate in a Bloomberg survey was 8.4%. Industrial production rose at a faster pace in March while retail sales growth accelerated, the data showed.

■ Singapore escapes technical recession with Q1 growth

Singapore avoided a technical recession as data released Friday showed the economy grew more-than-expected in the first quarter at 1.6% y/y, 9.9% q/q *saar*, recovering from a slump in the previous quarter when the economy contracted 2.5% q/q. This was largely on higher electronics and precision engineering output in the manufacturing sector which grew 14.7% versus a decline of 11.1% last quarter.

■ Spain's banks borrow record amount in March

Bank of Spain data showed that ECB lending to the country's financial institutions almost doubled to a record €316.3 billion in March from February when their reliance was €169.8 billion. Concern is mounting over Spain's ability to cut its national debt and lift its struggling economy out of recession when unemployment is nearing 23%. Spain is expected to enter its second recession in three years this quarter, with the country's central bank forecasting its economy will contract 1.7% this year. Ten-year Spanish bonds yielded 5.85% on Friday.

■ US inflation mild as gas prices rise more slowly

The US consumer price index rose 0.3% in March, the Labour Department said Friday. That's slower than February's 0.4% rise. Excluding food and gas, so-called core prices increased 0.2% in March. Inflation has eased since the last 6 months and is expected to stay tame. In the 12 months that ended in March, prices rose 2.7%, below last year's peak year-on-year rate of 3.9%. Core prices have risen 2.3% in the past 12 months, close to the Federal Reserve's inflation target of 2%.

Market Snapshot

| Selected Equity Indices | Last (Apr 13) | 1-week return | Year-to-date return |
|------------------------------|---------------|---------------|---------------------|
| Dow Jones Industrial Average | 12,849.59 | -1.61% | 5.17% |
| S&P 500 Index | 1,370.26 | -1.99% | 8.96% |
| FTSE 100 Index | 5,651.79 | -1.26% | 1.43% |
| Euro Stoxx 50 | 2,291.51 | -4.22% | -1.08% |
| Nikkei 225 | 9,637.99 | -0.52% | 13.99% |
| Hang Seng Index | 20,701.04 | 0.52% | 12.30% |
| Shanghai SE Composite | 2,359.16 | 2.28% | 7.26% |
| BSE Sensex Index | 17,094.51 | -2.24% | 10.61% |
| Straits Times Index | 2,987.82 | 0.05% | 12.90% |

Source: Bloomberg

Week Ahead

| Economic Calendar (Selected Events) | | | | |
|-------------------------------------|------------------------------|-----------------------------|--------------------------------|-------------|
| Mon, Apr 16 | Tue, Apr 17 | Wed, Apr 18 | Thu, Apr 19 | Fri, Apr 20 |
| <i>Retail Sales</i> | <i>Housing Starts</i> | EIA Petroleum Status Report | <i>Jobless Claims</i> | |
| Empire State Mfg Survey | <i>Industrial Production</i> | | <i>Existing Home Sales</i> | |
| Treasury International Capital | | | <i>Philadelphia Fed Survey</i> | |
| Business Inventories | | | | |
| Housing Market Index | | | | |

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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