

Monday, 23 April 2012

Weekly Update

Headlines

- [German business morale up for sixth straight month](#). *Reuters.com*, 20 Apr 2012
- [Voting begins in France, economy may sink Sarkozy](#). *Reuters.com*, 22 Apr 2012
- [PBOC's Yi says market has bigger role deciding Yuan value](#). *Bloomberg.com*, 21 Apr 2012
- [Consumer spending probably paced growth: US economy preview](#). *Bloomberg.com*, 22 Apr 2012

Weekly Review (for week ending 20 April 2012)

■ US retail sales beat expectations in March

The March advanced retail sales turned out better than expected with an expansion of 0.8% month-on-month against forecast of just 0.3%, but slightly weaker from 1.0% in February. Americans shrugged off high gasoline prices and bought a range of goods, suggesting that economic growth in the first quarter did not slow as much as many had feared.

■ German economic sentiment rises unexpectedly in April

The German April ZEW Economic sentiment survey unexpectedly rose to 23.4 from 22.3 in March, beating a consensus forecast for a fall to 20.0. The indicator has risen for the fifth consecutive time and compared to the previous month it is nearly unchanged. This indicates that economic expectations have stabilised. This assessment shows that the financial market experts surveyed by ZEW in general expect a further positive development of the German economy during the next six months.

■ Singapore's NODX unexpectedly fall 4.3% in March

Singapore's non-oil domestic exports decreased by 4.3% year-on-year in March 2012, in contrast to the 30% rise in February, said IE Singapore in a statement on Tuesday. On a month-on-month seasonally adjusted basis, NODX decreased by 16.8% compared to an expansion of 7.2% in February, as petrochemicals exports declined more sharply, and electronic shipments expanded at a smaller magnitude. Market estimates had pegged a moderate expansion of 7.1% year-on-year, and -4.3% month-on-month seasonally adjusted. With export data for March looking weak, this could point to Q1 GDP coming in lower than the advance estimates of 1.6% year-on-year.

■ IMF raises global growth forecast to 3.5% for 2012

The IMF on Tuesday hiked its global growth forecasts but warned the outlook was "very fragile" and could be shattered by Europe's debt crisis and high oil prices. It estimated global growth at an annual rate of 3.5% this year, accelerating to 4.1% in 2013. The forecasts reflected an upgrade from the January forecast of 3.3% and 4.0%, respectively. The IMF raised its growth estimate for the advanced economies to 1.4% for 2012, US at 2.1% growth, China at 8.2% growth, and the eurozone at 0.3% contraction.

■ Home prices fall in 37 of 70 China cities

China's March home prices fell in a record 37 of 70 cities tracked by the government as officials pledged to keep restrictions on property purchases that have sapped buyer demand. The eastern city of Wenzhou led declines with a 9% slump in values from a year earlier, while Beijing and Shanghai recorded drops of 0.8%, according to data released by the statistics bureau Wednesday. The drop in March home prices compares with 27 cities that registered a decrease in February.

■ New Zealand's inflation slows to 0.5% in Q1

New Zealand's annual inflation slowed a shade in the March quarter, reinforcing expectations that interest rates will be held at a record low for longer to support the patchy economic recovery. The consumer price index rose 0.5% in Q1 to be 1.6% higher than a year ago, from 1.8% in December, data showed Thursday. The RBNZ expected a 0.7% quarterly rise. The rise in March quarter inflation was driven largely by a 14.59% increase in tobacco excise duty, along with higher prices for fuel, housing rent and insurance.

■ US existing-home sales unexpectedly fell 2.6% in March

Sales of previously owned US homes in March unexpectedly fell for the third time in the last four months, showing an uneven recovery in the housing market. Sales dropped 2.6% to a 4.48 million annual rate from 4.6 million in February, against expectations for 4.61 million. In January, sales at a 4.63 million rate were the strongest since May 2010. The median price rose 2.5% to US\$163,800 from US\$160,600 in March 2011. First-time buyers represented 33% all of purchases, little changed from previous months. The "normal" level is about 40%.

■ G20 doubles IMF's war chest amid fears on Europe

IMF Managing Director Christine Lagarde said she expects more contributions after landing pledges of about US\$320 billion on Thursday in her campaign for bigger reserves to combat threats to global growth. On Bloomberg TV she said "I look at this pot of money as an umbrella. There are clouds on the horizon". By Friday, the promised funds from the G20 advanced and emerging economies rose above US\$430 billion. The US\$1 trillion war chest includes both the IMF's existing and newly won resources, as well as loans already committed. Singapore had pledged US\$4 billion in the form of contingent loans to the IMF and not directly to countries borrowing from the IMF.

■ Greek banks post US\$37 billion losses on debt restructuring

The four largest Greek banks wrote down about €25 billion in the combined value of their Greek government bond holdings. Greece's bank-recapitalisation body got €25 billion in a first tranche of funds, or half the total assigned for the purpose, as part of a second bailout by the EU and IMF. The goal is to bring core tier 1 capital to 9% of assets by the end of September with incentives for private investors.

Market Snapshot

Selected Equity Indices	Last (Apr 20)	1-week return	Year-to-date return
Dow Jones Industrial Average	13,029.26	1.40%	6.64%
S&P 500 Index	1,378.53	0.60%	9.62%
FTSE 100 Index	5,772.15	2.13%	3.59%
Euro Stoxx 50	2,311.27	0.86%	-0.23%
Nikkei 225	9,561.36	-0.80%	13.08%
Hang Seng Index	21,010.64	1.50%	13.98%
Shanghai SE Composite	2,406.86	2.02%	9.43%
BSE Sensex Index	17,373.84	1.63%	12.42%
Straits Times Index	2,994.48	0.22%	13.16%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Apr 23	Tue, Apr 24	Wed, Apr 25	Thu, Apr 26	Fri, Apr 27
	S&P Case-Shiller HPI	<i>Durable Goods Orders</i>	<i>Jobless Claims</i>	<i>GDP</i>
	<i>New Home Sales</i>	EIA Petroleum Status Report	Pending Home Sales Index	Employment Cost Index
	Consumer Confidence	<i>FOMC Meeting Announcement</i>		Consumer Sentiment
		<i>FOMC Forecasts</i>		
		<i>Chairman Press Conference</i>		

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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