

## Headlines

- [Angry Greeks vote in cliffhanger election](#). *Reuters.com, 06 May 2012*
- [France's Sarkozy headed for election defeat](#). *Reuters.com, 06 May 2012*
- [Budget surplus best defense for Australian economy, Swan says](#). *Bloomberg.com, 06 May 2012*
- [Trade gap probably grew as imports rose: US economy preview](#). *Bloomberg.com, 06 May 2012*

## Weekly Review (for week ending 04 May 2012)

### ■ Singapore preliminary Q1 jobless rate edges up to 2.1%

Singapore's Ministry of Manpower released preliminary unemployment data for the first quarter of 2012 on Monday, showing that the seasonally adjusted overall unemployment rate increased slightly from 2.0% in December 2011 to 2.1% in March 2012. Similarly, the unemployment rate rose over the same period for residents from 2.9% to 3.0% and Singapore citizens from 3.0% to 3.2%.

### ■ Singapore March bank lending up 1.5% from February

Total bank lending in Singapore rose 1.5% to S\$432.6 billion, up from S\$426.4 billion in February. Bank lending rose 26% in March from a year earlier. Housing loans rose to S\$134.8 billion from S\$133.8 billion in February. Singapore banks have seen strong loan growth in recent months, helped by market share gains in areas such as trade finance as European banks reduce their emerging markets exposure.

### ■ S&P downgrades 16 Spanish Banks; country in recession

S&P announced on Monday that it had lowered the credit rating of 16 Spanish banks. The downgrades follow a report in the Financial Times that Spain's government and its banks are discussing a new "bad bank" scheme to segregate problematic property loans into one or more asset management companies to relieve the burden on struggling lenders. Santander and a number of its subsidiaries was rated one notch above the sovereign debt. Official figures released showed the Spanish economy contracted by 0.3% in the first three months of the year, taking the country back into recession. The figure beat economists' expectations which had forecast a contraction of 0.4%.

### ■ Reserve Bank of Australia cuts interest rates by 0.5% to boost economy

The RBA cut interest rates by a larger than expected 0.5% because economic conditions were "somewhat weaker" than forecast. It cut its key rate to 3.75% from 4.25%. Most analysts were expecting a 0.25% cut. There have been increasing signs that Australia's economy is being hit by a slowdown in global growth and demand for its resources. The RBA added that inflation had also moderated in recent months; consumer prices grew by an annual rate of 1.6% in Q1, compared with a rate of 3.1% in the previous quarter.

### ■ China HSBC April PMI rises but signals contraction

The monthly manufacturing China PMI rose to 49.3, up from a preliminary "flash" reading of 49.1; a sign growth may be starting to rebound from the first quarter. HSBC said the data confirmed that the pace of China's slowdown has stabilized, and that the economy's 8.1% expansion in the first quarter was "likely to be the cyclical trough". The HSBC data also contrasted with an official manufacturing survey by the China Federation of Logistics & Purchasing, released Tuesday, which put the April PMI at 53.3, compared with 53.1 in March.

### ■ Eurozone jobless rate at its highest in March

Unemployment across the 17-member eurozone rose to 10.9% in March, its highest level since the euro was launched in 1999. The rate was up from 10.8% in February and 9.9% a year ago, reflecting the downturn in the eurozone economy as governments pursue tough austerity measures to deal with their debts. Nearly half the countries in the eurozone are now officially in recession. Spain has the highest proportion of its people unemployed in the eurozone at 24.1%. The rate for the under-25s is 51.1%.

### ■ RBA cuts 2012-13 Australian growth and inflation forecasts

The RBA cut its growth and inflation forecasts for the next 18 months as weaker global conditions hit exports and restricted wage growth keeps prices in check. It expects inflation to be about 2.0% for the year to the end of June, 0.25% lower than it forecast three months ago. It slashed forecasts for GDP growth in the year to June to 2.75% from 3.5%. The weaker outlook for the manufacturing sector and infrastructure problems would continue to weigh on exports through 2012/13 but the strength of mining investment would ensure the overall growth rate remained "around trend". For 2013 the economy is expected to grow at a rate of between 2.5%-3.5%, compared to its previous forecast of 3.0%-4.0%. Inflation for the same period is expected to be between 2.0%-3.0%, lower than the previous forecast of 2.5%-3.0%.

### ■ US job growth slows for second straight month with just 115,000 added

US job growth slowed in April, spooking markets and giving President Barack Obama a tougher sell as he tries to convince voters that the economy is on the mend. Employers added a seasonally adjusted 115,000 jobs in April, the smallest increase since October, the Labour Department said. Private employers added 130,000 jobs while governments cut their payrolls by 15,000. Some of the slowdown in April may have been the result of an unusually warm winter, which caused companies to hire workers earlier in the year than they otherwise would have. The Labour Department had revised upward its estimates for job growth in February and March by a combined 53,000 jobs. The US has added an average of just over 200,000 jobs a month in the past four months, a marked improvement from last summer, when job growth nearly stalled. The unemployment rate, derived from a separate survey, ticked down to 8.1%, the lowest rate since January 2009. But the drop wasn't good news; the rate fell mostly because 342,000 people left the labour force. So the unemployment rate fell, too, even though the survey counted 169,000 fewer people with jobs. As of April, only 58.4% of the US population was gainfully employed.

## Market Snapshot

Selected Equity Indices	Last (May 4)	1-week return	Year-to-date return
Dow Jones Industrial Average	13,038.27	-1.44%	6.72%
S&P 500 Index	1,369.10	-2.44%	8.87%
FTSE 100 Index	5,655.06	-2.11%	1.49%
Euro Stoxx 50	2,248.34	-4.08%	-2.94%
Nikkei 225	9,380.25	-1.48%	10.94%
Hang Seng Index	21,086.00	1.66%	14.38%
Shanghai SE Composite	2,452.01	2.32%	11.48%
BSE Sensex Index	16,831.08	-1.91%	8.90%
Straits Times Index	2,990.59	0.30%	13.01%

Source: Bloomberg

## Week Ahead

Economic Calendar (Selected Events)				
Mon, May 7	Tue, May 8	Wed, May 9	Thu, May 10	Fri, May 11
		EIA Petroleum Status Report	<i>International Trade</i>	<i>Producer Price Index</i>
			<i>Jobless Claims</i>	Consumer Sentiment
			Import and Export Prices	
			Treasury Budget	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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