

Headlines

- [Greek voters set to decide euro future](#). *Reuters.com*, 17 Jun 2012
- [Credit Suisse CEO: no plans for capital hike after SNB](#). *Reuters.com*, 17 Jun 2012
- [Australia says resources investment hits records on Asian demand](#). *Bloomberg.com*, 17 Jun 2012
- [Housing Starts probably rose in May: U.S. Economy Preview](#). *Bloomberg.com*, 17 Jun 2012

Weekly Review (for week ending 15 June 2012)

■ Singapore non-oil exports rise 3.2% in May

Singapore's NODX grew 3.2% year-on-year in May, following a 1.7% gain in April. Electronic exports were up 3.9% year-on-year while non electronics grew 2.8%. On a seasonally adjusted month-on-month basis, NODX fell 2.1% in May compared to a 6.4% expansion in April. Private-sector economists are forecasting growth at 3.0% and consumer inflation at 4.2% for 2012 according to an MAS poll.

■ Spanish banks Santander and BBVA downgraded

Fitch on Monday downgraded its credit rating for Spain's two largest banks, Santander (biggest in the eurozone by market value) and BBVA, by two notches to "BBB+" from "A" in a move that follows the agency's downgrade of Spain's sovereign rating last week. Santander's and BBVA's long-term issuer default ratings are one notch above Spain's sovereign rating, reflecting their geographical diversification, strong financial performance and a proven capacity to absorb credit shocks.

■ S&P warns India may lose investment grade status

S&P warned that India is in a very real danger of seeing its investment-grade rating cut to junk bond status, an ignominy that will turn it into the "first fallen angel" among BRIC nations. S&P has assigned an unsolicited credit rating of "BBB-" to India, which is its lowest investment grade rating. The rupee also came under fresh pressure from the dollar as participants tried to come to grips with the frightening consequences of a rating downgrade for India that included a virtual drying up of foreign fund inflows and significantly higher borrowing costs for firms raising money abroad. India had reported its slowest growth in nine years of 6.5% for the year ended March 31.

■ China's record May lending seen helping Wen stabilise growth

China's new loans exceeded estimates in May and more money went into longer-term lending, signalling support for investment projects that may help to prevent a deeper economic slowdown. PBoC reported that lending was 793.2 billion yuan (US\$125 billion). That was the most on record for the month of May and more than analysts' 700 billion yuan median forecast. Loans extended for a year or more accounted for 34% of the total, up from 28% in April. Premier Wen Jiabao's efforts to engineer a resurgence in the world's second-biggest economy may be aided by the jump in lending and signs of resilience in exports. At the same time, industrial-output growth was close to the lowest since 2009 for the month of May, indicating additional measures will still be needed after last week's interest-rate cut.

■ Spain downgraded 3 notches by Moody's

Spain was hit with two downgrades on Wednesday as Moody's and Egan-Jones Ratings slashed their views on the country just days after it requested aid to recapitalize its banking sector. Moody's slashed Spain's rating three steps to "Baa3" from "A3", citing the nation's increased debt burden, weakening economy and limited access to capital markets; Spain is now on the lowest investment grade rating.

■ Eurozone industrial output falls in April

Eurozone industrial production declined for a second month in April, led by a 2% drop in Germany, adding to signs of a deepening economic slump. Output in the 17-nation euro area slipped 0.8% from March, when it fell 0.1%, the EU's statistics office in Luxembourg said Wednesday. From a year ago, production fell 2.3%. Italy, Spain and Portugal reported monthly declines of 1.9%, 0.7% and 6.5% while Ireland, France and Greece had a gain in the month. European economic confidence slumped to the lowest in 2½ years in May.

■ US retail sales, wholesale prices down in May

The US Commerce Department reported that retail sales dipped 0.2% in May. That followed a revised 0.2% decline in April. The back-to-back declines were the first in two years. Wholesale prices also tumbled in May. Retail sales were dragged lower by a sharp drop in energy prices, pulled down by a sharp drop in petrol prices. Excluding volatile fuel sales (down 2.2%), retail spending rose 0.1% in May. It dropped 0.1% in April. The retail sales report is the government's first look at consumer spending, which drives 70% of economic activity.

■ US May consumer prices decline 0.3%

The cost of living in the US fell in May by the most in more than three years as fuel prices dropped, supporting Fed projections that cheaper commodities will help reduce inflation. The CPI declined 0.3%, more than forecast and the biggest drop since December 2008, after no change in the prior month. Core inflation, which excludes more volatile food and energy costs, increased 0.2% for a third month.

■ Moody's cuts 11 European banks' ratings

Moody's has cut the ratings of 11 European banks and said it would cut again if Greece ditched the euro, kicking off a long-awaited round of downgrades for major European institutions. Investors shrugged off the news after central banks from major economies had indicated they were prepared to take steps, including coordinated action, to stabilise markets in the wake of Greece's election on Sunday. It cut the ratings by 2 notches to Aa2 for Rabobank Nederland, to A2 for ING, to A2 for ABN AMRO Bank, and to Baa2 for LeasePlan Corporation.

Market Snapshot

Selected Equity Indices	Last (Jun 15)	1-week return	Year-to-date return
Dow Jones Industrial Average	12,767.17	1.70%	4.50%
S&P 500 Index	1,342.84	1.30%	6.78%
FTSE 100 Index	5,478.81	0.80%	-1.68%
Euro Stoxx 50	2,181.23	1.74%	-5.84%
Nikkei 225	8,569.32	1.30%	1.35%
Hang Seng Index	19,233.94	3.95%	4.34%
Shanghai SE Composite	2,306.85	1.11%	4.88%
BSE Sensex Index	16,949.83	1.38%	9.67%
Straits Times Index	2,811.00	2.67%	6.22%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Jun 18	Tue, Jun 19	Wed, Jun 20	Thu, Jun 21	Fri, Jun 22
Housing Market Index	<i>Housing Starts</i>	EIA Petroleum Status Report <i>FOMC Meeting Announcement</i> <i>FOMC Forecasts</i> <i>Chairman Press Conference</i>	<i>Jobless Claims</i> <i>Existing Home Sales</i> <i>Philadelphia Fed Survey</i>	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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