

Headlines

- [China will not ease grip on property market](#). *Reuters.com, 23 Sep 2012*
- [ECB may not supervise all banks: Merkel ally](#). *Reuters.com, 22 Sep 2012*
- [Australia can't rely on resources, Minister Emerson says](#). *Bloomberg.com, 23 Sep 2012*
- [Spending probably stagnated as prices rose: US economy preview](#). *Bloomberg.com, 23 Sep 2012*

Weekly Review (for week ending 21 September 2012)

■ Singapore recession risk looms after August exports shrink more than expected

Singapore's NODX in August fell more than expected, raising the prospect of it entering into a recession as exports to the European Union plunged. Non-oil domestic exports fell 10.6% (electronics fell 11%, non-electronics fell 10.4%) from a year earlier, reversing the 5.7% year-on-year growth in July. Exports to Europe, its largest market, tumbled 28.7%, while shipments to China fell 4.4%. Shipments to the United States edged up 0.7%. On a seasonally adjusted month-on-month basis, NODX shrank 9.1% after contracting 3.6% in July. Electronics exports contracted 14.8% in August from July after seasonal adjustments, while non-electronics NODX shrank 7.1%.

■ Eurozone trade surplus at €15.6 billion in July

The eurozone trade surplus stood at €15.6 billion in July, Eurostat said on Monday. The surplus figure was €2.1 billion in July 2011 and €13.6 billion in June. Seasonally adjusted exports and imports fell by 2.0% and by 1.2% respectively in July compared with June. For the 27-nation EU, the trade balance for July 2012 recorded a surplus of €3.1 billion, compared with a €10.9 billion deficit a year earlier.

■ China's home prices edge up in August

Home prices in China rose 0.1% in August from July, to show a modest increase for a second consecutive month and signal a gentle recovery in the property market as the government seeks to spur economic growth. The 1.4% year-on-year price fall was the sixth successive easing, according to Reuters, based on NBS data, but the trend of month-on-month falls from October to May has halted since June. Real estate, which directly impacts about 40 other business sectors in China, is a key driver in its economy, which is currently going through its worst slowdown in three years as growth in exports and factory output falls. Home prices rose month-on-month in 35 of 70 major cities monitored by the NBS in August, down from 49 in July, but that was likely due to recent moves to re-tighten property policies.

■ NAHB: US home builders confidence grows in September to near 6-year high

US home builders confidence in the new home market grew for the fifth consecutive month in September and is the highest in almost six years. The NAHB/Wells Fargo housing market index which measures builders confidence found builders not only are more optimistic about the current building environment, but are hopeful sales conditions will actually be "good" six months down the road. The index hit 40 in September from 37 in August. The six month outlook index rose to 51 from 43, breaking the 50 threshold since February 2007.

■ US Q2 current account deficit narrows to US\$117 billion

The US current account deficit shrank more than expected in Q2 as it boosted exports and cut back on imports, while income earned on US assets abroad increased. The current account deficit which measures the flow of goods, services and investments into and out of the US, narrowed to US\$117.4 billion (expectations of US\$125 billion). The deficit was equivalent to 3% of GDP and was the narrowest since Q3 of 2011. The recent rise in oil prices could hamper any further narrowing in the deficit as America imports much of the oil it consumes.

■ Bank of Japan easing total hits US\$1 trillion

The BoJ followed suit on its US and European counterparts, announcing Wednesday extra bond buying to take its total monetary easing effort past US\$1 trillion as it seeks to revitalise the economy. It will extend its asset-purchasing scheme by 10 trillion yen (US\$128 billion), injecting more cash into a system where interest rates are already at or near zero. The move will see the asset-buying programme rise to 80 trillion yen, and help combat Japan's chronic deflation problem and in the process help mitigate some of the yen's strengthening bias which is exacerbated by both the Fed's QE3 and the ECB's "unlimited" debt buying programmes.

■ Brighter outlook for US housing market

The US housing market outlook got a bit brighter as existing home sales for August climbed to a two-year high (since May 2010) at 7.8% m/m (faster than the 2.3% in July as well as the forecast of just 2.0%). This translated into 4.82 million units (from 4.47 million in July). August housing starts grew 2.3% m/m (to 750,000 units) after contracting 2.8% in July.

■ UK posts record August deficit as tax revenue falls

Britain posted its biggest August budget deficit on record, heaping pressure on Chancellor of the Exchequer George Osborne as the recession hits tax revenue and pushes up spending on welfare. The shortfall excluding government support for banks was £14.4 billion, the Office for National Statistics said Friday. Tax revenue rose 1.8% in August from a year earlier and government spending climbed 2.5%.

■ WTO cuts global trade growth forecast

The World Trade Organisation said world trade will be dragged down by Europe to less than half of the previous 20-year average. It lowered estimate for this year from 3.7% to 2.5% and for 2013 from 5.6% to 4.5%. The previous estimate was in April. The WTO figures are based on world economic growth of 2.1% in 2012 and 2.4% in 2013, which it said was a consensus estimate of economic forecasts.

Market Snapshot

Selected Equity Indices	Last (Sep 21)	1-week return	Year-to-date return
Dow Jones Industrial Average	13,579.47	-0.10%	11.15%
S&P 500 Index	1,460.15	-0.38%	16.11%
FTSE 100 Index	5,852.62	-1.06%	5.03%
Euro Stoxx 50	2,577.08	-0.67%	11.25%
Nikkei 225	9,110.00	-0.54%	7.74%
Hang Seng Index	20,734.94	0.51%	12.48%
Shanghai SE Composite	2,026.69	-4.57%	-7.85%
BSE Sensex Index	18,752.83	1.56%	21.34%
Straits Times Index	3,078.23	0.25%	16.32%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Sep 24	Tue, Sep 25	Wed, Sep 26	Thu, Sep 27	Fri, Sep 28
Dallas Fed Mfg Survey	S&P Case-Shiller HPI	<i>New Home Sales</i>	<i>Durable Goods Orders</i>	<i>Personal Income and Outlays</i>
	Consumer Confidence	EIA Petroleum Status Report	<i>GDP</i>	Chicago PMI
			<i>Jobless Claims</i>	Consumer Sentiment
			Pending Home Sales Index	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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