

## Headlines

- [G20 flags US fiscal cliff, Europe's debt woes](#). *Reuters.com*, 04 Nov 2012
- [Reform votes to end talk of Greek euro exit - Samaras](#). *Reuters.com*, 04 Nov 2012
- [China's non-manufacturing industries rebound from 19-month low](#). *Bloomberg.com*, 04 Nov 2012
- [BoE seen halting stimulus as officials assess rebound strength](#). *Bloomberg.com*, 03 Nov 2012

## Weekly Review (for week ending 02 November 2012)

### ■ BOJ expands asset purchases by 11 trillion yen amid recession signals

Bowing to fast-rising political pressure and in the face of fresh evidence that the Japanese economy is sliding towards recession, the Bank of Japan on Tuesday again stepped up its financial asset purchase programme, marking the first time since 2003 that the central bank has eased monetary policy for two months in a row. But in raising its asset purchase programme by 11 trillion yen to a total of 91 trillion yen (S\$1.4 trillion), the BOJ stopped short of the kind of open-ended quantitative easing commitment given by the US Federal Reserve or the pledge by the European Central Bank to do "whatever it takes" to end the eurozone financial crisis.

### ■ MAS warns of sluggish growth in 2013, with inflation likely to stay at 3.5%-4.5%

MAS warned of sluggish growth again next year even as Singapore grapples with high inflation, saying that the economy could grow below its 3%-5% potential rate. The good news is that the domestic economy representing about one-third of economic output in Singapore will stay resilient and help create jobs and lift wages. The domestic sector, covering construction, healthcare and education, accounted for 70% of growth in the first half of 2012. In its bi-annual macro economic review, the MAS said that inflation will likely come from domestic sources rather than from abroad, with the two biggest components being higher housing costs and car prices. Inflation expectations remain unchanged in 2013, at 3.5%-4.5%, with core inflation between 2%-3% but 0.5% higher than its long-term average.

### ■ Eurozone jobless rate hits record 11.6%

Unemployment in the 17-country eurozone hit a record high of 11.6% in September, up from an upwardly-revised 11.5% in August, a sign that the economy is deteriorating as governments struggle to get a grip on their three-year debt crisis. Eurostat reported that 18.49 million people were out of work in the eurozone in September, up 146,000 on August, the biggest increase in three months. Once again, Spain held the ignominious position of having the highest unemployment rate in the eurozone, at 25.8%. Greece may yet surpass that - its unemployment rate mushroomed to 25.1% in July, and expects its economy to contract 4.5% next year - its sixth year of recession.

### ■ Hurricane Sandy estimated to cost US\$60 billion

The NYSE reopened for regular trading Wednesday after being shut down for two days due to Hurricane Sandy. New York City was all but closed off by car, train and air. The superstorm overflowed the city's waterfront, flooded the financial district and subway tunnels and cut power to hundreds of thousands. The storm cut power to more than 8 million homes, shut down 70% of East Coast oil refineries and inflicted worse-than-expected damage in the New York metro area. That area produces about 10% of US economic output. It will end up causing about US\$20 billion in property damages and US\$10-US\$30 billion more in lost business, according to IHS Global Insight. Sandy will likely be among the 10 costliest hurricanes in US history, though still be far below the worst — Hurricane Katrina, which cost US\$108 billion in 2005. The short-term blow to the economy, though, could subtract about 0.6% from US economic growth in the fourth quarter.

### ■ China manufacturing picks up as PMI rises to 50.2 in October

China's official manufacturing PMI rose to 50.2 in October from 49.8 in September, the National Bureau of Statistics, said Thursday. The positive readings follow a slate of economic data for the month of September, from exports to industrial production, which were better than economists had expected and have bolstered confidence the economy is rebounding after months of slowing growth. A competing manufacturing PMI released by HSBC rose to a final 49.5 in October from 47.9 in September, better than a preliminary reading of 49.1 released last week. The rise in both the PMIs is likely to boost market confidence in the economic outlook for the rest of the year.

### ■ US consumer confidence at 4-year high

Confidence among American consumers climbed in October to a more than four-year high, which may help drive bigger gains in the largest part of the economy. The positive sentiment also tied in with a pick-up in manufacturing and construction spending. The Conference Board's sentiment index increased to 72.2, the highest since February 2008, from a revised 68.4 in September.

### ■ Regulators say four global banks must hold most extra capital

Citigroup, Deutsche Bank, HSBC and JPMorgan Chase will need to hold the most extra capital of 28 banks considered so large and complex they need an extra buffer to absorb potential losses, global regulators said on Thursday. The four global banks will be required to hold an extra 2.5% of common equity as a percentage of risk-weighted assets on top of a 7% minimum being phased in from January under the new "Basel III" requirements, according to the Financial Stability Board, a regulatory task force for the G20 top economies.

### ■ Obama gets a boost from good US jobs data

Payrolls expanded by 171,000 workers following an upwardly revised 148,000 gain in September. Despite more jobs being created, the unemployment rate inched up to 7.9% from 7.8% in September as more workers resumed job hunts. Even with the better jobs numbers, Mr Obama will face voters in Tuesday's election with the highest unemployment rate of any incumbent since president Franklin Roosevelt.

## Market Snapshot

Selected Equity Indices	Last (Nov 2)	1-week return	Year-to-date return
Dow Jones Industrial Average	13,093.16	-0.11%	7.17%
S&P 500 Index	1,414.20	0.16%	12.45%
FTSE 100 Index	5,868.55	1.06%	5.32%
Euro Stoxx 50	2,547.15	2.05%	9.95%
Nikkei 225	9,051.22	1.32%	7.05%
Hang Seng Index	22,111.33	2.63%	19.95%
Shanghai SE Composite	2,117.05	2.46%	-3.75%
BSE Sensex Index	18,755.45	0.70%	21.36%
Straits Times Index	3,040.75	-0.55%	14.90%

Source: Bloomberg

## Week Ahead

Economic Calendar (Selected Events)				
Mon, Nov 5	Tue, Nov 6	Wed, Nov 7	Thu, Nov 8	Fri, Nov 9
ISM Non-Mfg Index		EIA Petroleum Status Report	<i>International Trade</i>	Import and Export Prices
			<i>Jobless Claims</i>	Consumer Sentiment

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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