

Headlines

- [Inflation China's key long-term risk: central bank chief](#). *Reuters.com*, 17 Nov 2012
- [Lagarde says Greek program should be "rooted in reality"](#). *Reuters.com*, 18 Nov 2012
- [Monti says he would prefer other country to trigger EU bond buying](#). *Bloomberg.com*, 18 Nov 2012
- [China home prices up in half of cities tracked, in steady market](#). *Bloomberg.com*, 18 Nov 2012

Weekly Review (for week ending 16 November 2012)

■ Japan's economy shrinks 0.9% in Q3

Japan's economy contracted 0.9% in Q3 from Q2, official data showed Monday, the first dip into negative territory in three quarters. The data underscores fears about a stuttering post-disaster recovery for the world's third-largest economy which has suffered from the global slowdown and a Tokyo-Beijing diplomatic spat that dragged on exports. The figures from the Cabinet Office on Monday, largely in line with market expectations, come after Japan's economy remained in positive territory for the past two quarters, after shrinking 0.3% in Q4 of 2011. Last month, The Bank of Japan unveiled US\$138 billion in fresh monetary easing to counter a strong yen and to stoke growth.

■ China's October new loans below estimates, damping signs of recovery

China's new yuan loans fell 14% in October from a year earlier, damping signs the world's second-biggest economy is recovering after a seven-quarter slowdown. Banks extended 505.2 billion yuan (US\$81.1 billion) of local-currency loans in October, the People's Bank of China said, down from 586.8 billion yuan a year earlier. The median estimate was 590 billion yuan in a Bloomberg survey. Weaker lending suggests banks' caution in providing financing amid uncertain circumstances outside China and lower corporate profitability.

■ Eurozone, IMF clash over Greek debt target date

Eurozone finance ministers suggested that Greece should be given two more years until 2022 to lower its debt/GDP ratio to 120% but IMF chief Christine Lagarde insisted the existing target of 2020 should remain. With Greece's overall debt set to hit 190% of GDP next year, the IMF has set 120% as the target saying that anything much above that is not sustainable given Greece's low growth prospects and high external borrowing requirements. If Greece cannot get the €31.2 billion disbursement expected, it could be forced to default on its debt.

■ US budget deficit jumps 22% in October as fiscal cliff looms

The US federal government's deficit rose sharply in October, casting a cloud over the start of the fiscal year as President Barack Obama and Congress tackle the coming "fiscal cliff" and ballooning debt. The Treasury Department reported the US budget deficit rose 22% in October from a year ago, to US\$120 billion, as spending far outpaced revenues. October, the first month of the federal government's fiscal year, typically runs a deficit. But the budget gap was much wider than the analysts' estimate of US\$113 billion. In fiscal 2012 that ended on September 30, the Obama administration trimmed the budget deficit by some US\$200 billion to US\$1.1 trillion, or 7.0% of GDP. For the current fiscal year, it aims to reduce the deficit to below US\$1.0 trillion for the first time in five years, following massive government outlays aimed at pulling the economy out of a severe 2008-2009 recession. The White House's target is a US\$991 billion deficit, or 6.1% of GDP.

■ China October fiscal spending growth eases to 6.7%

China's fiscal spending rose 6.7% in October from a year earlier, the Ministry of Finance said Wednesday, pulling back from September's 16.6% growth, but still led by strong growth in education expenditure. Buoyant government spending is seen by analysts to be among key factors driving China from its worst economic slowdown in three years, as data showed China's economy moving on the road to recovery. Meanwhile, growth in fiscal revenue accelerated. Consumption and corporate income taxes swelled government coffers. Fiscal revenue rose 13.7% in October from a year earlier to 1.04 trillion yuan, the ministry said, up from September's 11.9% rise and August's 4.2% gain.

■ Eurozone slips into recession, Q3 GDP down 0.1%

GDP in the 17-nation single-currency bloc slipped 0.1% in Q3 after a 0.2% decline in the previous quarter, the EU's statistics office said Thursday. From the year-earlier period, GDP dropped 0.6%. The eurozone economy slipped into a recession for the second time in four years as governments imposed tougher budget cuts and leaders struggled to contain the debt crisis that broke out in October 2009. In Germany, GDP rose 0.2% in Q3 after a 0.3% gain in Q2. The French economy unexpectedly expanded 0.2%, rebounding from a 0.1% contraction in Q2. Italy and Spain contracted 0.2% and 0.3% respectively. In the broader 27-country EU, GDP rose 0.1%.

■ US consumer prices rise at a slower pace in October

The cost of living rose in October at the slowest pace in three months, a sign US inflation is in check. The 0.1% increase in the CPI followed a 0.6% gain in September, the Labour Department reported Thursday. Core inflation, which excludes more volatile food and energy costs, climbed 0.2%, more than projected, reflected rising rents and clothing costs. On a 12-month basis, consumer prices were up 2.2% from October 2011, their highest level since April, compared with 2.0% in September, and core CPI was unchanged at 2.0%.

■ Singapore growth forecast cut to 1.5% for this year; growth of 1%-3% next year

Singapore will probably grow just 1.5% this year, or less, after the economy did far worse than earlier thought in Q3. The MTI said that the growth, sliding to the bottom of its previous 1.5%-2.5% forecast range, may even slip under 1.5% if weakness in the externally oriented sectors persists in the current quarter. Q3 growth shrank 5.9% *q/q* *saar*, more than three times the advance estimate of a 1.5% *q/q* *saar* contraction. Compared to Q3 a year ago, GDP grew 0.3%, falling short of the 1.3% advance estimate.

Market Snapshot

Selected Equity Indices	Last (Nov 16)	1-week return	Year-to-date return
Dow Jones Industrial Average	12,588.31	-1.77%	3.03%
S&P 500 Index	1,359.88	-1.45%	8.13%
FTSE 100 Index	5,605.59	-2.84%	0.60%
Euro Stoxx 50	2,427.32	-2.12%	4.78%
Nikkei 225	9,024.16	3.04%	6.73%
Hang Seng Index	21,159.01	-1.05%	14.78%
Shanghai SE Composite	2,014.72	-2.63%	-8.40%
BSE Sensex Index	18,309.37	-2.00%	18.47%
Straits Times Index	2,945.63	-2.12%	11.31%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Nov 19	Tue, Nov 20	Wed, Nov 21	Thu, Nov 22	Fri, Nov 23
<i>Existing Home Sales</i>	<i>Housing Starts</i>	<i>Jobless Claims</i>	US Holiday: Thanksgiving Day	
Housing Market Index		Consumer Sentiment		
		EIA Petroleum Status Report		

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



For more reports, use
your smartphone to scan
the QR code

Disclaimers

The information herein is given on a general basis without obligation and is strictly for information purposes only. It is not intended as an offer or solicitation with respect to the purchase or sale of any investment or insurance product mentioned herein. Nothing herein should be construed as a recommendation or advice to transact in any investment or insurance product mentioned herein.

Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this publication, United Overseas Bank Limited ("the Company") and its employees cannot be held liable for any errors, inaccuracies or omissions, howsoever caused, or for any decision or action taken based on the information or views expressed in this publication. The Company does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any errors, inaccuracies or omissions. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results.

The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. Investors may wish to seek advice from an independent financial advisor before investing in any investment or insurance product. Should you choose not to seek such advice, you should consider whether the investment or insurance product in question is suitable for you.