

Headlines

- [Analysis: Stop-gap fix most likely outcome of "fiscal cliff" talks](#). *Reuters.com, 23 Dec 2012*
- [Italy's Monti says would consider standing at election](#). *Reuters.com, 23 Dec 2012*
- [Australia sees surplus in 2014 as forecast slips on revenue fall](#). *Bloomberg.com, 23 Dec 2012*
- [Home sales, values probably increased: US Economy Preview](#). *Bloomberg.com, 23 Dec 2012*

Weekly Review (for week ending 21 December 2012)

■ Technical recession back in frame as Singapore NODX contracted in November

Singapore's NODX posted an unexpected dip in November, dragged down by a big drop in electronic exports and fewer shipments to the key markets of HK, Malaysia and the US. The NODX fell 2.5% last month from a year ago, against expectations of a 1.7% rise. Compared to the previous month, November's NODX slipped by a seasonally adjusted 0.3%, against a 1.2% fall in October and expectations of a 2.9% increase. Non-electronic NODX grew 6.3% year-on-year in November, continuing the strong 12.6% growth in October. On the other hand, electronic NODX fell 16.5% year-on-year, its 4th month of contraction. Singapore's electronic exports continued to be mired by a difficult global environment evident in the US semiconductor book-to-bill ratio registering a 5th month of decline, hitting 0.75 in October.

■ Greece's lenders warn of "very large" risks to bailout

Political resistance and potential court challenges are among "very large" risks to reforms required for Greece's bailout programme, its European lenders said. The "troika" report confirmed that Greece deserved further aid under the €130 billion bailout, and Greece had received a first instalment of over €34 billion on Monday. But the lenders warned Athens still risked falling short on its commitments; by end October Greece had completed only 88 of the 300 audits of large tax payers and 467 of 1,300 audits of high-wealth individuals. The decision to unlock aid totalling over €52 billion by end of March removed the spectre of a Greek bankruptcy and eurozone exit.

■ China home price rises quicken in November, uptrend takes hold

China home prices showed fresh signs of recovery taking hold in November, the fourth month in the last five to show a rise as a two-year long government campaign to curb prices frays. Average home prices in 70 major cities across China rose 0.3% in November from the previous month, after a 0.05% rise in October, according to data released by the NBS on Tuesday. Home prices rose month-on-month in 53 of 70 major cities in November, up from 35 in October, confirming a trend of a recovering property market. China's annual policy-setting conference reported that Beijing would maintain property controls, including restrictions on how many homes individuals can buy.

■ S&P upgrades Greece rating from "Selective Default" to "B–"

Rating agency Standard & Poor's on Tuesday raised Greece's sovereign credit rating by six notches to B-minus with a stable outlook from selective default, citing the strong determination of eurozone member states to preserve Greek membership in the eurozone. The decision by the EU and IMF to release the long-delayed instalment came after Athens passed austerity measures and completed a debt buyback.

■ US home building permits climb to more than 4-year high

US permits for future home construction set their fastest pace in nearly 4½ years in November, pointing to underlying strength in the housing market, even as housing starts dropped 3% to an 861,000-unit pace after three straight months of strong gains. The Commerce Department said on Wednesday building permits increased 3.6% to a seasonally adjusted annual rate of 899,000 units, the highest since July 2008. Economists had expected permits, which lead housing starts by at least a month, to rise to an 875,000-unit pace last month from 868,000 units in October. Construction is aiding the economic expansion as the Fed continues its unprecedented asset-purchase programme and holds rates to historic lows. Homebuilding is expected to add to GDP growth this year for the first time since 2005.

■ QE10: BoJ expands stimulus again in December but markets are not impressed

After holding its hand in the November monetary policy meeting, the BoJ delivered its 10th QE programme in its last monetary policy meeting decision for 2012 on Thursday. It expanded its asset purchase program by another ¥10 trillion bringing the total to ¥101 trillion. And while the BoJ has refrained from considering more radical easing measures in December, BoJ Governor Shirakawa announced that he instructed the BoJ staff to review its understanding on medium and long term price stability in the next BoJ meeting, leading to speculation that it may be raising its inflation target from the current 1% in its next policy meeting decision on 22 January 2013.

■ US Q3 GDP revised upwards to 3.1%, jobless claims rise

The US economy grew faster than previously estimated in the third quarter as exports and government spending provided a lift, but that boost is likely to be lost amid slowing global demand and a move towards tighter fiscal policy. GDP expanded at a 3.1% annual rate, the Commerce Department said in its third estimate on Thursday, up from the 2.7% pace reported last month. Initial claims for state unemployment benefits increased 17,000 to a seasonally adjusted 361,000. The prior week's figure was revised upwards by 1,000.

■ EU to give Spain, France more time to cut deficits

The EC will give Spain and France more time to cut their public deficits below the target limit of 3% of GDP. France would be given an extra year until 2014 rather than 2013 to rein in its fiscal gap, while Spain would be given until 2015 or 2016 rather than 2014. The ECB is keen to grant Spain one extra year while the IMF is pushing for two years more, the Spanish paper *El Pais* said, and the EC has agreed for Spain on a new deficit path of 7% of GDP in 2012 and 6% in 2013, compared to current targets of 6.3% for 2012 and 4.5% for 2013.

Market Snapshot

| Selected Equity Indices | Last (Dec 21) | 1-week return | Year-to-date return |
|------------------------------|---------------|---------------|---------------------|
| Dow Jones Industrial Average | 13,190.84 | 0.43% | 7.97% |
| S&P 500 Index | 1,430.15 | 1.17% | 13.72% |
| FTSE 100 Index | 5,939.99 | 0.31% | 6.60% |
| Euro Stoxx 50 | 2,651.09 | 0.78% | 14.44% |
| Nikkei 225 | 9,940.06 | 2.08% | 17.56% |
| Hang Seng Index | 22,506.29 | -0.44% | 22.09% |
| Shanghai SE Composite | 2,153.31 | 0.13% | -2.10% |
| BSE Sensex Index | 19,242.00 | -0.39% | 24.50% |
| Straits Times Index | 3,163.56 | -0.15% | 19.54% |

Source: Bloomberg

Week Ahead

| Economic Calendar (Selected Events) | | | | |
|-------------------------------------|----------------------------------|----------------------|-----------------------------|--------------------------|
| Mon, Dec 24 | Tue, Dec 25 | Wed, Dec 26 | Thu, Dec 27 | Fri, Dec 28 |
| | US Holiday: Christmas Day | S&P Case-Shiller HPI | <i>Jobless Claims</i> | Chicago PMI |
| | | | <i>New Home Sales</i> | Pending Home Sales Index |
| | | | Consumer Confidence | |
| | | | 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.