

## Headlines

- [Analysis: G20 promises unlikely to end devaluation debate](#). *Reuters.com*, 16 Feb 2013
- [US manufacturing stumbles but seen regaining footing](#). *Reuters.com*, 16 Feb 2013
- [Currency manipulators check global growth, Australia's Swan says](#). *Bloomberg.com*, 17 Feb 2013
- [China new year retail sales growth slows on frugal drive](#). *Bloomberg.com*, 17 Feb 2013

## Weekly Review (for week ending 15 February 2013)

### ■ Singapore business conditions improved in Q4-2012

Business conditions improved in Q4 of 2012, according to the latest BT-UniSIM Business Climate Survey, which forecasts GDP growth of 2.2% to 2.5% in Q1 of this year. The number of firms reporting a contraction in sales in Q4 held around the same level as Q3 while new orders improved across the board. But more firms - especially large and foreign ones - saw lower profits, with more posting a profit decline of up to 10%, revealed the quarterly survey ahead of final GDP figures for Q4-12 due to be released later this month. The survey's forecast "implies a pick-up in growth and a stronger expansion than in the same quarter a year ago", when GDP growth worked out to 1.5%. However, UOB expects GDP growth of 1.7% in Q1-13 and 2.5% in Q2-13, before gathering pace to 3.8% in Q3-13 and 4% in Q4-13.

### ■ Sharp turnaround in EU and eurozone factory output

Industrial output in the 17-nation eurozone showed a sharp turnaround in December, gaining 0.7% compared with November when it fell a revised 0.7%, official data showed Wednesday. This was the first month-on-month growth registered since August when output rose 0.8% but analysts cautioned against reading too much into the data. For the full 27-member EU, industrial output in December was up 0.5% from November when it dropped 0.6%. For 2012 as a whole, eurozone industrial output was down 2.4% with the EU down 2.1%.

### ■ Britain faces further bout of inflation, but BoE maintains policy stimulus

BoE governor Mervyn King said Britain faces a further bout of inflation and a muted economic recovery, and pledged officials will look through the volatility in prices to keep nurturing growth where they can. "Inflation is likely to rise further in the near term and may remain above the 2% target for the next two years", Mr King said as he presented the central bank's Inflation Report. The BoE said it sees inflation at about 2.3% at the end of its two-year forecast period, and a "slow and sustained" recovery. "Attempting to bring inflation back to the target sooner by removing the current policy stimulus more quickly than currently anticipated by financial markets would risk derailing the recovery and undershooting the target in the medium term", the BOE said. The MPC said it "stood ready" to add to the stimulus if needed.

### ■ US January retail sales rise 0.1% after tax increase

Americans barely spent more last month at retail businesses and restaurants after higher taxes (expiry of 2% cut in Social Security taxes) cut their pay cheques. The small increase suggests consumer spending may be weak in the January-March quarter, which could hold back economic growth. Retail sales ticked up 0.1% in January from December, the Commerce Department said, following a 0.5% increase in December and is the smallest in three months. Core retail sales, which exclude autos, building materials, and petrol stations, ticked up 0.2%. The retail sales report is the government's first look at consumer spending, which drives 70% of economic activity.

### ■ Eurozone recession deepens as Germany falters

Official figures show the recession across the economy of the 17 nation eurozone deepened in Q4 of 2012 as Germany faltered in the face of anaemic demand across the debt-ridden region. Eurostat reported Thursday the eurozone economy shrank by 0.6% in the final quarter of 2012 from the previous quarter. The decline was bigger than the 0.4% drop expected in markets. Germany shrank by a quarterly rate of 0.6% as demand for its exports fell. As a result, the eurozone has contracted for three straight quarters.

### ■ Japan unexpectedly contracted in Q4, adds to monetary easing

Japan's economy contracted in Q4 of 2012, indicating the persistent weakness in the economy and the rising pressure on the Shinzo Abe government to adopt strong measures to boost economic growth. GDP fell 0.1% in Q4 (minus 0.4% y/y) from that in the earlier quarter, against the analysts' forecast of a 0.1% expansion. The lower house of Parliament passed Abe's US\$117 billion stimulus package Thursday while the BoJ announced it would pursue the monetary easing measures to reach its inflation target of 2% and adopt an open-ended asset-purchase program starting in 2014 (starting with monthly buying of ¥13 trillion) after the ¥101 trillion programme ends in 2013.

### ■ US jobless claims fall more than expected

The number of Americans filing new claims for unemployment benefits fell more than expected last week, pointing to a continued steady improvement in labour market conditions, showing US employers have little need to trim staff as demand improves. Initial claims for state unemployment benefits dropped 27,000 to a seasonally adjusted 341,000, the Labour Department said on Thursday, against expectations for a fall to 360,000. The prior week's claims figure was upwardly revised by 2,000 to 368,000. The four-week moving average, a less volatile measure than the weekly figures, rose to 352,500 last week from an almost five-year low of 351,000 the prior period.

### ■ Singapore December retail sales down 1.5% on motor slump

Retail sales fell 1.5% year-on-year in December, dragged down by weaker sales of motor vehicles. Excluding motor vehicles, retail sales went down 0.4% on-year. Seasonally adjusted, December retail sales slipped 0.9% month-on-month. Excluding vehicle sales, retail sales declined 0.8% from November. Sales of food and beverage services rose 2.6% year-on-year in December, and fell 0.8% month-on-month.

## Market Snapshot

Selected Equity Indices	Last (Feb 15)	1-week return	Year-to-date return
Dow Jones Industrial Average	13,981.76	-0.08%	6.70%
S&P 500 Index	1,519.79	0.12%	6.56%
FTSE 100 Index	6,328.26	1.03%	7.30%
Euro Stoxx 50	2,615.26	-0.57%	-0.78%
Nikkei 225	11,173.83	0.19%	7.49%
Hang Seng Index	23,444.56	0.99%	3.48%
Shanghai SE Composite	2,432.40	0.00%	7.20%
BSE Sensex Index	19,468.15	-0.09%	0.21%
Straits Times Index	3,283.07	0.39%	3.66%

Source: Bloomberg

## Week Ahead

Economic Calendar (Selected Events)				
Mon, Feb 18	Tue, Feb 19	Wed, Feb 20	Thu, Feb 21	Fri, Feb 22
<b>US Holiday:</b> Presidents' Day	Housing Market Index	<i>Housing Starts</i>	<i>Consumer Price Index</i>	
		<i>Producer Price Index</i>	<i>Jobless Claims</i>	
		<i>FOMC Minutes</i>	PMI Manufacturing Index Flash	
			<i>Existing Home Sales</i>	
			<i>Philadelphia Fed Survey</i>	
			EIA Petroleum Status Report	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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