

Headlines

- [Savers forced to bear costs in €10 billion Cyprus bailout](#). *Reuters.com*, 16 Mar 2013
- [Factory data underscores US economic momentum](#). *Reuters.com*, 15 Mar 2013
- [Dow Average snaps rally as consumer confidence declines](#). *Bloomberg.com*, 16 Mar 2013
- [Euro finance ministers grant Ireland, Portugal eased debt terms](#). *Bloomberg.com*, 16 Mar 2013

Weekly Review (for week ending 15 March 2013)

■ Greek economy shrinks 5.7% in Q4 2012

Greece's ailing economy contracted by 5.7% in Q4 of 2012 compared to a year earlier, provisional data from the state statistics agency showed on Monday. The agency said the contraction was slightly lower than the previous estimate of 6.0% announced a month ago.

■ German trade surplus narrows in January

The German trade surplus narrowed in January as imports grew faster than exports. Europe's biggest economy exported €91.9 billion worth of goods in calendar and seasonally-adjusted terms in January, an increase of 1.4% from December, the national statistics office Destatis said. Imports rose by a much stronger 3.3% to €76.2 billion. That meant the seasonally-adjusted trade surplus declined to €15.7 billion in January from €16.9 billion in December. By contrast, on a 12-month basis, the unadjusted trade surplus expanded slightly to €13.7 billion in January compared with €13.2 billion a year earlier, as exports grew by 3.1% year-on-year while imports advanced by 2.9%.

■ China home sales surge, tighter property rules seen

China's home price inflation may be steeper than official data suggest, with a near quadrupling of home sales in the capital last week after the government unveiled tax plans to curb speculation, a sign that investors have giant gains to lock in. Pre-owned home sales in Beijing soared 280% year-on-year in the week of March 2-8, according to local government data, and were up 141% on the previous week. The government announced on March 1 plans to introduce a 20% capital gains tax and higher down-payments for second-time home buyers to dampen expectations of more price rises. Analysts say the strong transaction data reinforces an emerging view that the government believes demand is running hotter than official measures of headline price rises imply and decided to rein them in. China's new home prices rose an average of 0.8% in January from a year ago, snapping 10 months of decline, with prices rising in 53 of the 70 major cities.

■ US retail sales surge 1.1% in February

US retail sales picked up sharply in February, driven by a surge in gasoline prices. Retail and food services sales rose 1.1% from January, itself upwardly revised to 0.2%, much stronger than the 0.5% increase expected. Year-over-year, retail sales grew 4.6%. Retail sales excluding autos rose 1.0%, double the gain expected. The February numbers came despite consumers' reduced pay after the January 1 expiration of a payroll tax cut. The report suggested resiliency in consumer spending, which accounts for 70% of US economic activity.

■ Spain January retail sales fall for 31st straight month

Spanish retail sales fell by 10.2% year-on-year on a calendar-adjusted basis in January, official data showed on Thursday after a revised fall of 11.4% in December. Retail sales last grew in June, 2010, according to data from the National Statistics Institute.

■ Greek unemployment hits 26% in Q4

Greek unemployment climbed to 26% of the workforce in Q4 of 2012 compared with 20.7% in the corresponding period a year earlier, the state statistics agency Ase said Thursday. The jobless rate was 24.8% in Q3. The number of unemployed in Q4 amounted to 1,295,535 while 3,681,926 were registered as employed. The highest rate was registered for youths aged 15-24, at 57.8%, a level that climbed to 65% for young women. The heavily-indebted country has been in recession since 2008, with unemployment continuously on the rise.

■ Leaders wrestle with austerity as EU jobless fears rise

EU leaders on Thursday wrestled with German demands for strict austerity and a French-Italian push for growth-friendly spending at a summit coloured by fears that rampant unemployment is destroying the bloc. As thousands protested over European jobless lines stretching to 26 million, outgoing Italian premier Mario Monti urged his peers at an EU summit to let Italy, and other countries facing public finance pressures, spend to create more jobs. The 17 eurozone leaders stayed on for their own talks to meet later on Friday to try and fix a multi-billion-euro bailout for Cyprus -- the fifth for an EU state since Greece first needed rescuing three years ago.

■ US jobless claims unexpectedly fall for third straight week

The number of Americans filing new claims for unemployment benefits unexpectedly dropped for a third straight week last week, the latest indication the labour market recovery was gaining traction. Initial claims for state unemployment benefits dropped 10,000 to a seasonally adjusted 332,000 last week following the revised 342,000 reading in the previous week, well below market expectations for a rise to a 350,000 reading. The 4-week average was reported at 346,800, down from the revised 349,500 reading before.

■ US consumer sentiment sinks

US consumer sentiment sank in March after a surge in February, possibly pointing to a slowing of household spending. The University of Michigan confidence index for early March fell to 71.8 from 77.6 in February, against analyst forecasts that it would rise. The dip likely reflected a temporary reaction to the spate of news reports highlighting potential sequester effects and higher personal tax deductions.

Market Snapshot

Selected Equity Indices	Last (Mar 15)	1-week return	Year-to-date return
Dow Jones Industrial Average	14,514.11	0.81%	10.76%
S&P 500 Index	1,560.70	0.61%	9.43%
FTSE 100 Index	6,489.65	0.09%	10.03%
Euro Stoxx 50	2,725.72	-0.11%	3.41%
Nikkei 225	12,560.95	2.26%	20.83%
Hang Seng Index	22,533.11	-2.42%	-0.55%
Shanghai SE Composite	2,278.40	-1.73%	0.41%
BSE Sensex Index	19,427.56	-1.30%	0.00%
Straits Times Index	3,286.05	-0.11%	3.76%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Mar 18	Tue, Mar 19	Wed, Mar 20	Thu, Mar 21	Fri, Mar 22
Housing Market Index	<i>Housing Starts</i>	EIA Petroleum Status Report	<i>Jobless Claims</i>	
		<i>FOMC Meeting Announcement</i>	PMI Manufacturing Index Flash	
		<i>FOMC Forecasts</i>	<i>Existing Home Sales</i>	
		<i>Chairman Press Conference</i>	<i>Philadelphia Fed Survey</i>	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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