

## Headlines

- [Portugal government condemns court 'no' to 2013 budget](#). *AFP.com*, 06 Apr 2013
- [BOJ's policy welcome for world growth - IMF's Lagarde](#). *Reuters.com*, 07 Apr 2013
- [UK credit rating affirmed by S&P as outlook remains negative](#). *Bloomberg.com*, 06 Apr 2013
- [China President Xi says global economic recovery remains elusive](#). *Bloomberg.com*, 07 Apr 2013

## Weekly Review (for week ending 05 April 2013)

### ■ China PMI picks up but misses estimates

China's official PMI picked up steam in March but missed analysts' estimates for a reading well above 51, indicating that the rebound in the world's second largest economy may be more subdued than expected. The official PMI came in at 50.9 last month, an 11-month high, compared with 50.1 in February. Meanwhile, as expected, the PMI compiled by Markit and HSBC stood at 51.6, in line with a preview published last week. Historically, PMI rebounds in March after sluggish performance in the first two months due to many factories shutting down for the Lunar New Year. The current data shows the economy generally remained stable.

### ■ US manufacturing grows less than expected in March

The US economic outlook took a hit on Monday as the disappointing *US March ISM manufacturing survey* lower market optimism on the US recovery and raised concerns about the detrimental impact of the federal budget cuts on US growth. The ISM factory index fell to 51.3, significantly lower from February's 54.2 (a two-year high) and a Bloomberg forecast of 54.0. Analysts, however, believe that recovery in the housing sector and resilient consumer demand will help to cushion the hit, keeping American factories running. Manufacturing, which accounts for about 12% of the economy, has rebounded following a mid-2012 slowdown.

### ■ Unemployment across euro area hits record 12%

Unemployment across the 17-country EU has struck 12% for the first time since the currency was launched in 1999. Eurostat said the rate in February was unchanged at the record high after January's figure was revised up to 12% from 11.9%. Spain and Greece have mass unemployment and many other countries are seeing their numbers swell to uncomfortably high levels. A total of 19.07 million people were officially out of work in the eurozone in February, nearly two million more than the same month the year before. For the 27-country EU, of which the eurozone is a large part, the unemployment rate was 10.9%.

### ■ ICBC opens renminbi clearing bank in Singapore

With the inauguration of ICBC Singapore's renminbi clearing bank, banks here and in the region will be able to capitalise on the rapidly increasing trade flows between Asean and China, said Ravi Menon, MAS managing director. ICBC Singapore, a branch of ICBC, the world's largest bank by market capitalisation and profit, will soon be tripling its network here by upgrading its two remittance centres to full branches to provide comprehensive banking services. Last month, MAS and the PBoC doubled the size of their bilateral currency swap facility from 150 billion renminbi to 300 billion renminbi, allowing MAS to provide renminbi liquidity to banks in Singapore.

### ■ Singapore's March PMI hits 22-month high of 50.6 but GDP growth likely to be feeble

Singapore's manufacturing economy returned to growth in March but economists still expect Q1 GDP to be weak. The SIPMM gauge of industrial activity for March rose to 50.6 to signal an expansion of the manufacturing sector, after falling to 49.4 in February. The key electronics sector eased slightly to 51.9, after surging to 52.1 in February. But this still marked a second straight month of growth for electronics. The better overall PMI was largely due to higher new orders from both local and foreign markets, as well as production growth.

### ■ Eurozone private sector slump drags on in March

The eurozone's economic decline dragged on unabated in March, marked by a huge drop in French business activity that outstripped even the downturns in Spain and Italy. Markit's Eurozone Services PMI, which surveys thousands of companies including banks, hotels and restaurants, showed their order books shrank at the fastest pace in six months in March, falling to 46.4 in March from 47.9 in February and down a tick from a preliminary reading of 46.5 reported two weeks ago. The PMI has spent all but one of the last 20 months below 50.

### ■ Aggressive BOJ easing surprises markets

The BOJ surprised the markets at its first meeting under new governor Haruhiko Kuroda, announcing sweeping new monetary easing measures that drew strong praise from PM Shinzo Abe's government. By continuing and expanding "quantitative and qualitative" easing, the BOJ is going all out to achieve Mr Abe's aim of converting two decades of deflation in Japan into 2% annual inflation within 2 years, earning high praise from market analysts. Particularly important was the BOJ's decision to purchase JGB of all maturities including 40-year bonds, taking the average remaining maturity of its purchases up from slightly less than 3 years to around 7 years and on a par with the US Fed. It sent a signal that longer-term interest rates in Japan will stay low, encouraging capital investment and private consumption.

### ■ Grim US jobs report; unemployment rate improved due to shrinking work force

Payrolls grew by 88,000 non-farm workers in March, the smallest in nine months, after an upwardly revised 268,000 gain in February, Labour Department figures showed Friday. It was way below estimates for an advance of 190,000. The jobless rate fell to 7.6% from 7.7% due to people dropping out of the workforce. The number of working-age Americans counted as part of the labour force tumbled by 496,000 in March, the biggest fall since December 2009, pushing the so-called workforce participation rate to a 34-year low of 63.3%.

## Market Snapshot

Selected Equity Indices	Last (Apr 5)	1-week return	Year-to-date return
Dow Jones Industrial Average	14,565.25	-0.09%	11.15%
S&P 500 Index	1,553.28	-1.01%	8.91%
FTSE 100 Index	6,249.78	-2.53%	5.97%
Euro Stoxx 50	2,585.28	-1.48%	-1.92%
Nikkei 225	12,833.64	3.51%	23.46%
Hang Seng Index	21,726.90	-2.57%	-4.10%
Shanghai SE Composite	2,225.29	-0.51%	-1.93%
BSE Sensex Index	18,450.23	-2.05%	-5.03%
Straits Times Index	3,299.78	-0.25%	4.19%

Source: Bloomberg

## Week Ahead

Economic Calendar (Selected Events)				
Mon, Apr 8	Tue, Apr 9	Wed, Apr 10	Thu, Apr 11	Fri, Apr 12
		EIA Petroleum Status Report	<i>Jobless Claims</i>	<i>Producer Price Index</i>
		<i>FOMC Minutes</i>	Import and Export Prices	<i>Retail Sales</i>
		Treasury Budget		Consumer Sentiment
				Business Inventories

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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