

Headlines

- [China bank regulator says liquidity ample, debt risks manageable](#). *Reuters.com, 29 Jun 2013*
- [Fitch affirms US AAA rating but outlook still negative](#). *Reuters.com, 29 Jun 2013*
- [Mired in recession, ex-Yugoslav Croatia joins troubled EU](#). *Reuters.com, 29 Jun 2013*
- [Xi says GDP not officials' sole focus in signal on growth](#). *Bloomberg.com, 30 Jun 2013*

Weekly Review (for week ending 28 June 2013)

■ Singapore inflation inches up to 1.6% in May

Singapore's May headline inflation, at 1.6% y/y, up slightly from April's 1.5%, showed that the lid on price pressures had been kept on for the second consecutive month. May's number was lower than consensus estimates of 1.7% y/y, and was the second lowest rate of inflation seen since February 2010 (the lowest being April's). Core inflation, which excludes private road transport costs and accommodation, registered 1.7% y/y, higher than April's 1.4% y/y due mainly to steeper increases in services fees and food prices. MAS is expecting core inflation to rise moderately in the second half this year and average 1.5% - 2.5% due to labour market tightness. Although imputed rentals will add significantly to headline inflation but at a slower pace, the MAS kept their headline forecast for 2013 at 3% - 4%.

■ New-home sales in US climb more than forecast in May

Sales of new US homes climbed more than forecast in May to the highest level in almost five years, a sign of continued strength in a market that's helping to fuel economic expansion. Purchases rose 2.1% from April to an annualised pace of 476,000 homes, exceeding all estimates in a Bloomberg survey and the most since July 2008. The median selling price climbed 10.3% from May 2012 to US\$263,900.

■ US consumer confidence surges to 5-year high

Consumer confidence in the US surged to a new five-year high in June, according to the Conference Board, besting analyst expectations by a wide margin. Consumer confidence stood at 81.4 in June, up from the revised 74.3 in May and well above the 75 forecast by analysts. The June figure represents the third straight monthly increase and takes the index to the highest level since January 2008. Consumers are a lot more positive about current business and labour market conditions than they were at the beginning of the year.

■ Singapore's manufacturing output up 2.1% in May

Singapore's manufacturing growth was stronger than expected in May due to pharmaceuticals strength, though it remained slightly slower than in April. Industrial production grew 2.1% year-on-year last month, after growing a revised 5% in April, and higher than the 0.3% forecast. But once a 22.8% jump in biomedical output was excluded, manufacturing shrank 2.4% year-on-year in May. The electronics sector continued to show improvement though. Electronics output rose 4.3% year-on-year as semiconductor output grew 11.8%.

■ France in recession as Q1 GDP contracts 0.2%

France's economy contracted 0.2% in Q1, a quarter marked by weak business investment and exports, the official INSEE statistics agency said, confirming an earlier estimate. The reading confirmed that the eurozone's second-largest economy entered recession at the start of the year after a 0.2% contraction in Q4 of 2012. France's public deficit would reach 3.8% to 4.1% of GDP if the economy shrank by 0.1% and 3.7% to 4.0% if GDP grew 0.1%. The government is targeting a fiscal gap of 3.7% and plans to bring it under 3% by 2015 at the latest.

■ Germany's Ifo says economy to grow 0.6% in 2013

Germany's economy will grow by 0.6% this year before regaining momentum and growing by 1.9% next year, the Ifo institute said on Wednesday. In December Ifo had forecast growth of 0.7% this year but it still remains more optimistic than the government and the Bundesbank, which respectively expect growth of 0.5% and 0.3% in 2013.

■ US Q1 GDP growth revised down to 1.8%

The 3rd reading for the US Q1 GDP surprisingly turned out to be a worse than expected downward revision, but with good consequences to the equity markets. Q1 GDP growth was unexpectedly revised lower to 1.77% q/q saar (from the second estimate of 2.4%) on the back of a significant easing of household spending growth to 2.6%, down from 3.4%, and non-residential fixed investments to 0.4% from 2.2%. Nonetheless, the increase in consumer spending was still the highest in 2 years following a reputable 1.8% in Q4.

■ Confidence in Eurozone rises to 13-month high in June

The EC's economic morale index rose to 91.3 in June - its highest since May 2012 - from 89.5 in May, against market expectations of an improvement to 90.3, a sign that Europe could be emerging from nearly three years of slump brought about by its debt and economic crisis. The eurozone's Business Climate Index rose to -0.68 points from -0.75 in May. Both indices have been improving since April.

■ US consumer sentiment ends June to near 6-year high

Consumer sentiment held close to a six-year high in June as higher home values gave Americans more reason to be optimistic about the economy. Thomson Reuters/University of Michigan said today its final confidence index for this month eased to 84.1, from 84.5 at the end of May. The group's measure of the economic outlook climbed to an eight-month high. Business activity in the US cooled more than projected in June, a regional report showed, as fiscal constraints and stagnant export markets buffeted manufacturers. The MNI Chicago Report's business barometer dropped to 51.6 this month from 58.7 in May, which was the highest in more than a year.

Market Snapshot

Selected Equity Indices	Last (Jun 28)	1-week return	Year-to-date return
Dow Jones Industrial Average	14,909.60	0.74%	13.78%
S&P 500 Index	1,606.28	0.87%	12.63%
FTSE 100 Index	6,215.47	1.62%	5.39%
Euro Stoxx 50	2,602.59	2.08%	-1.26%
Nikkei 225	13,677.32	3.38%	31.57%
Hang Seng Index	20,803.29	2.66%	-8.18%
Shanghai SE Composite	1,979.21	-4.53%	-12.78%
BSE Sensex Index	19,395.81	3.31%	-0.16%
Straits Times Index	3,150.44	0.83%	-0.53%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Jul 1	Tue, Jul 2	Wed, Jul 3	Thu, Jul 4	Fri, Jul 5
PMI Manufacturing Index <i>ISM Mfg Index</i>	Factory Orders	ADP Employment Report <i>International Trade</i>	US Holiday: Independence Day	<i>Employment Situation</i> <i>Jobless Claims</i>
Construction Spending		ISM Non-Mfg Index EIA Petroleum Status Report		

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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