

Headlines

- [China July month-on-month home prices slow for fourth month](#). *Reuters.com, 18 Aug 2013*
- [With words failing, ECB may need to act on market rates](#). *Reuters.com, 18 Aug 2013*
- [Rudd faces election defeat as polls show marginal seat losses](#). *Bloomberg.com, 18 Aug 2013*
- [Home sales seen rising to 3-year high: US Economy Preview](#). *Bloomberg.com, 18 Aug 2013*

Weekly Review (for week ending 16 August 2013)

■ Singapore Q2 GDP grows stronger-than-expected 3.8%

Singapore's Q2 GDP grew 3.8% y/y, higher than the 0.2% y/y recorded in Q1, and higher than the advance estimate of 3.7% y/y. On a q/q *saar* basis, Q2 GDP grew 15.5%, faster than the 1.7% growth seen in Q1 as service sectors saw an upward revision in growth that more than offset the slower growth seen in manufacturing. On a q/q *saar* basis, growth support in Q2 came mainly from manufacturing (32.1%), wholesale & retail trade (22.1%), transport & storage (19.6%), construction (11.2%), and finance & insurance (9.2%) sectors.

■ Rise in US retail sales points to pickup in spending

Retail sales rose in July for a fourth consecutive month, showing American households are regaining momentum as employment climbs. The 0.2% increase in purchases followed a 0.6% June gain that was larger than previously reported by the Commerce Department. The numbers in the report that feed into GDP climbed by the most this year, prompting some economists to boost growth estimates.

■ Germany, France pull EU out of recession in Q2

The German and French economies grew faster than the US in Q2, pulling the eurozone out of its longest recession. Growth in the 17-nation eurozone was 0.3% from Q1, with its two biggest economies both revealing unexpected strength, data from statistics office Eurostat showed. Analysts had forecast 0.2% growth. Germany grew 0.7%, its largest expansion in more than a year, thanks largely to domestic private and public consumption. France's economy expanded 0.5%, pulling out of a shallow recession to post its strongest quarterly growth since early 2011. Its turnaround was driven by consumer spending and industrial output, although investment dropped again.

■ UK unemployment stays at 7.8% as BoE holds steady

Britain's unemployment rate remained at 7.8% in Q2 amid signs that the labour market is improving as the economy gains momentum. The jobless rate as measured by ILO standards was unchanged from the quarter through May, the ONS said. Unemployment claims fell twice as much as predicted in July. BoE governor Mark Carney made unemployment a focal point of monetary policy by pledging for the first time to refrain from raising interest rates until joblessness falls to 7%. The number of people looking for work fell 4,000 to 2.51 million in Q2. A narrower measure of unemployment fell for a ninth straight month in July. Jobless claims declined 29,200 to 1.44 million, taking the rate to 4.3%, the lowest since February 2009. In June, claims fell 29,400, the most since May 2010, instead of the 21,200 initially reported.

■ July US producer prices flat as car costs decline

Wholesale prices in the US unexpectedly were little changed in July, reflecting the biggest drop in auto costs in four years. The steady reading in the producer price index followed a 0.8% gain in June. Core wholesale prices, which excludes volatile food and fuel, climbed less than forecast, increased 0.1% last month, less than the 0.2% forecast. Compared with the same month a year earlier, companies paid 2.1% more for goods. The core index increased 1.2% in the year to July, the smallest year-to-year gain since November 2010.

■ US inflation moving closer to Fed's 2% target

The cost of living in the US rose in July for a third month, supporting the Fed's forecast that inflation will move closer to its target of 2%. Industrial production cooled for the same month as a slowdown at factories overshadowed an increase in mining. The CPI increased 0.2% after a 0.5% gain in June. The core measure, which excludes food and fuel, also climbed 0.2% from June for a third consecutive month, matching economists' forecast. Overall consumer prices increased 2% in the year ended in July after a 1.8% year-on-year gain in June. The core CPI rose 1.7% from July 2012, following a 1.6% advance in the prior 12-month period that was the smallest since June 2011.

■ Singapore's NODX decrease 0.7% on-year in July

Singapore's NODX continue to decline in July, due to a contraction in the electronics sector. Exports eased by 0.7% in July from a year ago, following the 8.9% drop in June. On a month-on-month basis, NODX declined 1.1% in July, compared to June's 3.3% expansion. Exports to all of the top 10 markets, except US, HK, China and Japan, declined with the biggest falls from EU, South Korea and Taiwan.

■ Jobless claims in US decline to lowest level since 2007

Employers fired the fewest workers last week since before the recession began almost six years ago, raising expectations that bigger job gains will soon give US consumers the ability to boost spending. The number of claims for jobless benefits dropped by 15,000 to 320,000 in the week ended August 10, the least since October 2007. The prior week's figure was upwardly revised to 335,000 from 333,000.

■ US consumer confidence dips; housing starts miss forecasts

The University of Michigan's preliminary reading on the overall index on consumer sentiment slipped to 80.0 from July's 6-year high of 85.1. Rising borrowing costs appear to make builders cautious about breaking ground on new projects. Housing starts rose 5.9% in July to a seasonally adjusted annual rate of 896,000 units. While that was up from June, it was below economists' forecasts for a 900,000-unit rate.

Market Snapshot

Selected Equity Indices	Last (Aug 16)	1-week return	Year-to-date return
Dow Jones Industrial Average	15,081.47	-2.23%	15.09%
S&P 500 Index	1,655.83	-2.10%	16.10%
FTSE 100 Index	6,499.99	-1.27%	10.21%
Euro Stoxx 50	2,854.27	1.01%	8.28%
Nikkei 225	13,650.11	0.26%	31.31%
Hang Seng Index	22,517.81	3.26%	-0.61%
Shanghai SE Composite	2,068.45	0.79%	-8.84%
BSE Sensex Index	18,598.18	-1.02%	-4.26%
Straits Times Index	3,197.53	-1.00%	0.96%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Aug 19	Tue, Aug 20	Wed, Aug 21	Thu, Aug 22	Fri, Aug 23
		<i>Existing Home Sales</i>	<i>Jobless Claims</i>	<i>New Home Sales</i>
		EIA Petroleum Status Report	PMI Manufacturing Index Flash	
		<i>FOMC Minutes</i>		

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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