

Headlines

- [Obama asks Congress to approve military strike against Syria](#). *Reuters.com, 01 Sep 2013*
- [France will not attack Syria alone, PM to meet parliament leaders](#). *Reuters.com, 01 Sep 2013*
- [China August manufacturing PMI beats estimates with 51.0 reading](#). *Bloomberg.com, 01 Sep 2013*
- [Employment probably picked up in August: US Economy Preview](#). *Bloomberg.com, 01 Sep 2013*

Weekly Review (for week ending 30 August 2013)

■ Singapore's manufacturing output expanded 2.7% y/y in July as electronics output improved

Singapore's July manufacturing output expanded 2.7% y/y, better than consensus estimates of a 1.8% y/y expansion and the revised 4.2% y/y decline in June. Excluding biomedical manufacturing, industrial production grew 3.6% y/y. Growth was attributed to the continued growth from the electronics manufacturing sector, which experienced a 4th consecutive month of on-year expansion. The 1.3% y/y contraction in the biomedical manufacturing sector put a drag on overall manufacturing activity.

■ US durable goods orders fall sharply in July; largest drop since August 2012

New orders for US manufactured goods fell 7.3% in July after three straight months of gains, the Commerce Department said on Monday. Total orders for the month stood at US\$226.6 billion last month, US\$17.8 billion below June's figure which was revised to a 3.9% gain. The main source of the decline was a drop in orders for transportation equipment -- notably often volatile civilian aircraft orders -- which fell 19.4% to US\$69.7 billion. Excluding transportation, new orders for durable goods were down 0.6% following a revised 0.1% gain in June.

■ German business confidence rises to highest in 16 months

German business confidence rose to the highest level in 16 months in August, beating forecasts and indicating that the recovery in Europe's largest economy is gathering pace. The IFO business climate index climbed to 107.5 from 106.2 in July. That's the highest since April 2012. Economists predicted an increase to 107. Businesses' evaluation of the current situation climbed to 112 in August from 110.1, while an assessment of expectations rose to 103.3 from 102.4. German companies' assessment of construction activity dropped to -4.2 in August from -1.5 the prior month. A gauge of manufacturing rose to 11.1 from 7.9 and a wholesale index increased to 7.7 from -0.2.

■ US consumer confidence unexpectedly climbs in August

Consumer confidence unexpectedly improved in August as Americans grew more optimistic about employment opportunities and the outlook for the economy. The Conference Board's index of sentiment advanced to 81.5 from a revised 81 the prior month that was stronger than initially estimated. The median forecast in a Bloomberg survey of economists was 79.

■ BoE ready for more stimulus if needed: Carney

The Bank of England is ready to launch more stimulus measures if the economic recovery is hurt by market expectations of higher interest rates, new chief Mark Carney said Wednesday. He said that this move in so-called forward rates -- market predictions of the future path of interest rates -- could damage the fragile recovery. "The MPC will be watching those conditions closely. If they tighten, and the recovery seems to be falling short of the strong growth we need, we will consider carefully whether, and how best, to stimulate the recovery further."

■ US Q2 GDP revised up to 2.5% from 1.7% on smaller trade deficit

The US economy grew at a 2.5% rate in Q2, the Commerce Department said Thursday, revising up its first estimate of a 1.7% increase in economic growth. The result, boosted by a narrowing trade deficit, was better than expectation of a 2.2% gain and raises the possibility that the Fed will cut the stimulus it provides to the economy. The data showed that exports climbed at their fastest pace in more than two years. US export growth was revised up to 8.6%, from 5.4% in Q1, while import growth was revised down to 7.0%, from 9.5%.

■ US jobless claims fall as jobs market improves

New claims for US unemployment benefits fell last week as the jobs market slowly improves, government data released on Thursday showed. Initial jobless claims, an indicator of the pace of layoffs, fell by 6,000 to 331,000 in the week ending August 24, the Labour Department reported. The prior week's number was revised upward by 1,000 to 337,000. The four-week moving average, which helps to smooth out week-on-week volatility, edged up by 750 last week to 331,250. The US unemployment rate fell to a four-year low of 7.4% in July, from 7.6% in June, despite weak jobs growth of 162,000. The government is slated to report August jobs data on September 6.

■ US consumer sentiment falls from 6-year high

The Thomson Reuters/University of Michigan's consumer sentiment index slipped to 82.1 in August from 85.1 in July. The drop reflected concerns about higher borrowing costs. Long-term interest rates have risen more than 1% over the last three months in anticipation of the Fed's QE taper. Americans said they were less confident that the job market will improve but more confident that their income will rise.

■ Weak spending, inflation data point to soft US economy

US consumer spending barely rose and inflation was tame in July, offering a cautionary note on the economy. Consumer spending ticked up 0.1%, restrained by weak outlays on utilities and automobiles. Adjusted for inflation, spending was flat. With demand tepid, inflation pressures were subdued last month. A price index for consumer spending edged up 0.1%, slowing from a 0.4% rise in June. Over the past 12 months, prices have risen only 1.4%. While that is the biggest increase since February, it is well below the Fed's 2% target.

Market Snapshot

Selected Equity Indices	Last (Aug 30)	1-week return	Year-to-date return
Dow Jones Industrial Average	14,810.31	-1.33%	13.02%
S&P 500 Index	1,632.97	-1.84%	14.50%
FTSE 100 Index	6,412.93	-1.22%	8.73%
Euro Stoxx 50	2,721.37	-3.70%	3.24%
Nikkei 225	13,388.86	-1.99%	28.80%
Hang Seng Index	21,731.37	-0.60%	-4.09%
Shanghai SE Composite	2,098.38	1.99%	-7.52%
BSE Sensex Index	18,619.72	0.54%	-4.15%
Straits Times Index	3,028.94	-1.94%	-4.36%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Sep 2	Tue, Sep 3	Wed, Sep 4	Thu, Sep 5	Fri, Sep 6
US Holiday: Labour Day	PMI Manufacturing Index	Motor Vehicle Sales	ADP Employment Report	<i>Employment Situation</i>
	<i>ISM Mfg Index</i>	<i>International Trade</i>	<i>Jobless Claims</i>	
	Construction Spending	Beige Book	Productivity and Costs	
			Factory Orders	
			ISM Non-Mfg Index	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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