

Headlines

- [Obama appeals for backing to hit Syria, Europeans urge delay](#). *Reuters.com, 08 Sep 2013*
- [China August exports beat forecasts, point to stabilisation](#). *Reuters.com, 08 Sep 2013*
- [Fed seen set to taper QE even as payroll gains trail forecasts](#). *Bloomberg.com, 07 Sep 2013*
- [Abbott's coalition wins Australia poll as Labour's Rudd exits](#). *Bloomberg.com, 08 Sep 2013*

Weekly Review (for week ending 06 September 2013)

■ Eurozone output grows at fastest pace in 2 years

Strong orders for manufactured goods helped eurozone factory activity rise at the fastest pace in over two years in August and led to backlogs of work for the first time since mid-2011, a Markit survey showed Monday. The eurozone's nascent recovery may be taking hold as Markit said conditions improved across all major economies in the 17-nation bloc except France. New orders came in at their quickest rate since May 2011, suggesting the momentum will continue. The PMI for manufacturing rose to 51.4 in August from 50.3 in July.

■ UK factory output data raise recovery hopes

British manufacturing accelerated again in August and new orders and output rose at their fastest pace in nearly 20 years driven by the fastest rise in both new orders and output since 1994, boosting hopes that the country's recovery is broadening. The Markit/CIPS Manufacturing PMI jumped to 57.2 last month from 54.8 in July, its fifth straight month of expansion. The sub-index for new orders leapt to 61.8 in August from 58.6 in July, boosted mostly by domestic demand. Growth in export orders hit its highest level in more than two years.

■ US manufacturing, construction data suggest growth pickup

Stronger-than-expected data on US manufacturing and construction spending on Tuesday hinted the world's biggest economy was gaining traction, potentially supporting views the Federal Reserve will soon taper its massive bond-buying program. The US manufacturing sector grew last month at its fastest pace in more than two years, with the ISM index of national factory activity rising to 55.7 in August from 55.4 in July. New orders also marked their best level in more than two years, with that sub-index jumping to 63.2 in August from 58.3.

■ Singapore's recovery on track despite mild PMI blip

After several months of outperforming its Asian peers, Singapore's PMI fell to 50.5 in August from 51.8 in July, disappointing market economists, who were expecting a slight rise. China, Taiwan and South Korea all posted higher manufacturing PMIs. The sub-indices show that PMI fell because of a slowdown in production, as manufacturers drew down inventories that have been building up over the last few months. The overall new export orders sub-index rose to 53.4, its highest since April 2011. Demand for electronic exports was very strong, with its sub-index rising to 54, its highest since May 2011, pushing the electronics sector PMI to a three-month high of 51.3.

■ OECD sees sluggish growth in short term

The slowing of emerging markets in Asia and elsewhere triggered partly by expectations of a "tapering" of monetary easing in the US points to sluggish short-term growth prospects for the world economy as a whole, the OECD warned on Tuesday. Activity is expanding at encouraging rates in USA, Japan and the United Kingdom, while the euro area as a whole is no longer in recession. In several major emerging economies, however, growth has slowed. The pick-up in advanced economies can't make up for the slump in emerging markets.

■ Singapore economy expected to grow by 2.9%: MAS survey

The MAS latest survey of private sector economists showed they expect the Singapore economy to grow by 2.9% this year, up from their median estimate of 2.3% when the survey was previously conducted in June. Last month, the MTI upgraded its official growth forecast for this year to 2.5% - 3.5%, citing an improving growth outlook in the second half of the year. Since then, more positive external data has emerged, with the US jobless rate dropping to its lowest since December 2008 and the PMI in the eurozone hitting a 26-month high.

■ ECB holds rates steady, "cautious" on recovery

The ECB held its key rates steady on Thursday but was cautious about the eurozone's recovery and stood ready to cut rates again if the situation deteriorated, to nurture a "very, very green" recovery. Draghi cited higher confidence indicators as a key positive factor in the eurozone, but mentioned EU growth risks are still on the downside. The ECB raised 2013 GDP forecasts from -0.6% to -0.4% but lowered those for 2014 from 1.1% to 1.0%. Inflation forecasts for 2013 were raised to 1.5% from 1.4% due to risks of higher commodity prices.

■ US jobless claims fall more than expected

Initial jobless claims totalled 323,000 in the week ending August 31, a decline of 9,000 from the prior week's revised reading of 332,000. The four-week moving average fell by 3,000 from the prior week to 328,500. ADP reported that private-sector job growth continued in August, but at a slower pace than in July. Businesses added a net 176,000 jobs last month, compared with a revised 198,000 in July.

■ US unemployment rate slips to 7.3% in August, but job growth was tepid

US job growth was tepid in August but the unemployment rate ticked down to 7.3% as the participation rate in the labour force fell to 63.2% from 63.4% in July. The US added 169,000 jobs last month, well below analysts' estimate of 177,000 and the prior two months' job numbers were revised sharply lower. The August jobs report revealed the economy gained 74,000 fewer jobs in the prior two months than previously estimated. The July number was slashed to 104,000 from 162,000, and the June total was lowered to 172,000 from 188,000.

Market Snapshot

Selected Equity Indices	Last (Sep 6)	1-week return	Year-to-date return
Dow Jones Industrial Average	14,922.50	0.76%	13.88%
S&P 500 Index	1,655.17	1.36%	16.06%
FTSE 100 Index	6,547.33	2.10%	11.01%
Euro Stoxx 50	2,803.42	3.02%	6.35%
Nikkei 225	13,860.81	3.52%	33.34%
Hang Seng Index	22,621.22	4.09%	-0.16%
Shanghai SE Composite	2,139.99	1.98%	-5.69%
BSE Sensex Index	19,270.06	3.49%	-0.81%
Straits Times Index	3,048.35	0.64%	-3.75%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Sep 9	Tue, Sep 10	Wed, Sep 11	Thu, Sep 12	Fri, Sep 13
		EIA Petroleum Status Report	<i>Jobless Claims</i>	<i>Producer Price Index</i>
			Import and Export Prices	<i>Retail Sales</i>
				Consumer Sentiment
				Business Inventories

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



For more reports, use
your smartphone to scan
the QR code

Disclaimers

The information herein is given on a general basis without obligation and is strictly for information purposes only. It is not intended as an offer or solicitation with respect to the purchase or sale of any investment or insurance product mentioned herein. Nothing herein should be construed as a recommendation or advice to transact in any investment or insurance product mentioned herein.

Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this publication, United Overseas Bank Limited ("the Company") and its employees cannot be held liable for any errors, inaccuracies or omissions, howsoever caused, or for any decision or action taken based on the information or views expressed in this publication. The Company does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any errors, inaccuracies or omissions. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results.

The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. Investors may wish to seek advice from an independent financial advisor before investing in any investment or insurance product. Should you choose not to seek such advice, you should consider whether the investment or insurance product in question is suitable for you.