

Headlines

- [Britain's CBI ups 2014 GDP growth forecast to 2.4%](#). *Reuters.com, 03 Nov 2013*
- [ECB under growing pressure to cut rates](#). *ChannelNewsAsia.com, 03 Nov 2013*
- [China services index rises to year's high in rebound sign](#). *Bloomberg.com, 03 Nov 2013*
- [Growth probably slowed prior to US government shutdown](#). *Bloomberg.com, 03 Nov 2013*

Weekly Review (for week ending 01 November 2013)

■ US September factory output rises less than forecast

Factory production in the US rose less than forecast in September, indicating a pause in manufacturing leading into the budget battle that partially closed the federal government. Output at factories rose 0.1% after a revised 0.5% gain in August that was smaller than initially estimated, figures from the Federal Reserve showed Monday. The median forecast of economists called for a 0.3% September gain. Total industrial production, which also includes output by mines and utilities, advanced 0.6% as higher temperatures drove up electricity use.

■ US consumer spending gauge rises, but confidence weakens

A gauge of US consumer spending rose in September as Americans likely snapped up Apple's new iPhone and bought leisure goods, but falling car sales pointed to sluggish economic growth. The signs of strength could be short-lived as data showed consumer confidence tumbled in October as a partial government shutdown rattled households. Purchases excluding auto dealers rose 0.4% following a 0.1% gain the prior month. The Conference Board's consumer confidence index slumped to 71.2 in October from September's revised 80.2 and was the biggest slump since August 2011, when a prior political standoff over the budget prompted S&P to cut the US debt rating.

■ Consumer confidence in Singapore rises for first time in 12 months

Singaporeans are more upbeat about their job prospects and personal finances, Nielsen said on Wednesday in its Global Survey of Consumer Confidence and Spending Intentions report. Singapore's consumer confidence levels showed signs of strengthening in the third quarter of this year, after three consecutive quarters of flat performance. This meant that consumer confidence increased in Q3 for the first time in 12 months, a result of the higher-than-expected GDP growth in Q2, Nielsen said.

■ Fed sees less risk from higher rates while maintaining QE

Federal Reserve policy makers signalled diminishing concern over higher borrowing costs as they maintained the pace of bond purchases and seek more evidence of sustained growth. The Federal Open Market Committee repeated it will keep buying US\$85 billion of bonds each month until "the outlook for the labour market has improved substantially." The panel, meeting after a government closing this month delayed release of data needed to gauge the health of the economy, said it will "await more evidence that progress will be sustained before adjusting" bond purchases. At the same time, the FOMC dropped its warning from last month's meeting that "tightening" financial conditions could impair the four-year expansion. If you were looking for dovish signals, you didn't get it from the FOMC decision.

■ Eurozone inflation cools to 4-year low as unemployment rises

Eurozone inflation cooled to the slowest in almost four years in October, moving further away from the ECB's target. The annual rate fell to 0.7%, the lowest since November 2009, from 1.1% in September, the EU's statistics office said in a preliminary estimate. Economists were forecasting the rate to stay at 1.1%. The ECB has said there is a "subdued outlook" for price growth in the 17-nation euro region, and the October data mark the ninth straight month that the rate has been less than its 2% ceiling. While the economy has exited a recession and surveys have improved, unemployment is continuing to increase and the central bank predicts only a "gradual" recovery. The core inflation rate dropped to 0.8% in October from 1%, also surprising economists, who had forecast that it would remain unchanged. Separate data showed unemployment hit a record 12.2% in September, unchanged from an upwardly revised rate in August previously reported at 12%.

■ Singapore September unemployment rate falls to 1.8%

Singapore's job market continues to boom amid strong manpower demand and fewer layoffs. According to the Ministry of Manpower on Thursday, the seasonally-adjusted overall unemployment rate fell to 1.8% in September this year from 2.1% in June. A total of 28,100 jobs were added in Q3, with the number laid off falling to 2,600. The rate for both residents and Singapore citizens dropped three percentage points over the period to 2.6% and 2.8%, respectively. Total employment rose to 3.45 million in September, 4.1% higher than a year ago.

■ China October official manufacturing PMI rises to 51.4

China's manufacturing sector grew at the fastest in 18 months in October, adding to signs of a stabilisation in the world's No.2 economy as the government readies a series of key economic reforms. The official PMI stood at 51.4, up from September's 51.1 and above a forecast for 51.2. A separate manufacturing gauge from HSBC and Markit rose to 50.9 from 50.2. A sustained Chinese recovery may give the government more room to implement reforms the World Bank has said are critical for the nation to become a high-income economy.

■ US manufacturing grows for fifth straight month, fastest pace in 2½ years

US manufacturing output grew for the fifth straight month in October, suggesting stronger economic growth in Q4. The ISM manufacturing PMI rose to 56.4 last month from 56.2 in September. Analysts had called for a fall to 55. The ISM's gauge of US new orders was little changed in October, exceeding 60 for three straight months; the longest such stretch since the start of 2011. Supplier delivery times also lengthened, showing factories had some difficulty keeping pace with demand, and reached the highest level since June 2011.

Market Snapshot

Selected Equity Indices	Last (Nov 1)	1-week return	Year-to-date return
Dow Jones Industrial Average	15,615.55	0.29%	19.17%
S&P 500 Index	1,761.64	0.11%	23.52%
FTSE 100 Index	6,734.74	0.20%	14.19%
Euro Stoxx 50	3,052.14	0.58%	15.79%
Nikkei 225	14,201.57	0.80%	36.62%
Hang Seng Index	23,249.79	2.43%	2.62%
Shanghai SE Composite	2,149.56	0.78%	-5.27%
BSE Sensex Index	21,196.81	2.48%	9.11%
Straits Times Index	3,201.20	-0.13%	1.08%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Nov 4	Tue, Nov 5	Wed, Nov 6	Thu, Nov 7	Fri, Nov 8
Factory Orders	ISM Non-Mfg Index	EIA Petroleum Status Report	<i>GDP</i>	<i>Employment Situation</i>
Factory Orders			<i>Jobless Claims</i>	<i>Personal Income and Outlays</i> Consumer Sentiment

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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