

Headlines

- [Fed unlikely to redraw markers for rate hike](#). *Reuters.com, 01 Dec 2013*
- [China's November factory growth clings to 18-month high](#). *Reuters.com, 01 Dec 2013*
- [Holiday sales on Thanksgiving & Black Friday, rose 2.3%, ShopperTrak says](#). *Bloomberg.com, 30 Nov 2013*
- [Thai anti-government protestors seek PM ouster](#). *Bloomberg.com, 01 Dec 2013*

Weekly Review (for week ending 29 November 2013)

■ Rise in Singapore inflation seen continuing into 2014

Singapore's inflation is on a zig-zag path, creeping back to 2% in October due to higher food and car prices, even though rebates for households contained the price increase. But economists believe the upward trajectory of prices will continue into 2014, as higher wages from employment pass workers (Jan 2014) and foreign worker levies (Jul 2014) are passed on to consumers. The bounce back in October inflation data, up from September's surprise easing to 1.6%, was partly due to a pick-up in vehicle COE premiums, which the government expects to remain volatile in the short term as the market adjusts to the re-categorisation of COEs. Core inflation (which excludes housing and private road transport) also picked up pace and reached 1.8% y/y in October, compared to 1.7% a month ago, as food prices rose slightly. MAS expect core inflation to trend higher, to 1.5%-2% in 2013 and 2%-3% in 2014. Our forecast for core inflation in 2014 is 2.4%.

■ Singapore manufacturing output rises 8% in October

Singapore's manufacturing output grew at a slower-than-expected pace of 8% on-year in October. This is down from the 9.2% growth recorded in September. Some economists had expected October's industrial production to come in at 9.3%. Electronics output rose 22.8% in the month, driven by improved demand for computer peripherals and semiconductors. This is in contrast to the decline in biomedical and chemicals output which contracted 2.3% on-year last month, due to a fall in pharmaceuticals output. Economists believe Singapore's manufacturing and exports will continue to be boosted by a recovery in global demand.

■ US consumer confidence hits 7-month low

Confidence among US consumers unexpectedly declined in November to a seven-month low as Americans grew more pessimistic about the labour-market outlook. The Conference Board's index fell to 70.4 from a revised 72.4 a month earlier that was stronger than initially estimated. Economists had expected a November reading of 72.6. Its barometer of consumer expectations for the next six months declined to 69.3, the lowest since March, from 72.2 a month earlier. A gauge of present conditions dropped to 72 from 72.6 in October.

■ ECB considers new liquidity operation to help fragile recovery

The ECB is considering a new long-term liquidity operation (LTRO) available only to banks that agree to use the funding to lend to businesses, a German newspaper reported Wednesday, citing sources. ECB president Mario Draghi and other governing council members have repeatedly mentioned the option of conducting more liquidity operations, or LTROs, to help the fragile eurozone economy and ensure the flow of credit to the private sector. The ECB extended more than €1 trillion of cheap three-year loans to banks through two LTROs in late 2011 and early 2012. But this time, an option under consideration is that the banks would have access to funding via the 9-months or 12-months LTRO only if they agree to pass on the money in loans to industrial, retail and services businesses.

■ German consumer sentiment jumps to 6-year high

German consumer sentiment rose to its highest in six years going into December, supporting the view that strong consumption will make up for weaker exports and help Europe's largest economy post moderate growth this year. The GfK market research group said its forward-looking consumer sentiment indicator, rose to 7.4 going into December from an upwardly revised 7.1 the previous month. It was the highest reading since August 2007. "The consumer climate is posting a little year-end final spurt," said GfK's Rolf Buerkl.

■ Eurozone economic confidence rises more than forecast

An index of executive and consumer sentiment increased to 98.5 from 97.7 in October, the EC in Brussels said Thursday. That's above the median estimate of 98 in a Bloomberg survey. Economists see eurozone economic growth accelerating to 0.4% in Q4 after a 0.1% expansion in Q3, according to a Bloomberg survey on November 18. They project a full-year contraction of 0.4%. With the eurozone recovery remaining uneven, some companies are continuing to cut jobs. German unemployment rose for a fourth month in November.

■ Japan inflation rises most since 1998 in boost to Abenomics

Japan's CPI excluding energy and fresh food rose the most in 15 years as higher electricity costs fuelled broader inflation pressures, in a sign Prime Minister Shinzo Abe is making progress in stamping out deflation. The CPI rose 0.3% in October on year, boosted by a weaker yen and electricity costs that have risen 22% since March 2011. Consumer prices excluding fresh food, the BoJ's gauge for its 2% inflation target, rose 0.9% from a year ago, a fifth straight gain. The BoJ inflation forecast is 1.3% in the year starting April and 1.9% after that.

■ Eurozone October unemployment unexpectedly drops amid recovery

The jobless rate fell to 12.1% in the 17-nation eurozone from a record 12.2% in September, said Eurostat. Unemployment in Spain rose to 26.7% in October, even after the economy resumed growth in Q3. Spain's rating outlook was raised by S&P, though it said the economy faces "strong headwinds" including high unemployment. Italy's and Germany's unemployment rate held steady at 12.5% and 5.2% last month respectively. The number of unemployed people in the eurozone totalled 19.3 million in October, down 61,000 from the prior month.

Market Snapshot

Selected Equity Indices	Last (Nov 29)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,086.41	0.13%	22.76%
S&P 500 Index	1,805.81	0.06%	26.62%
FTSE 100 Index	6,650.57	-0.36%	12.76%
Euro Stoxx 50	3,086.64	1.00%	17.10%
Nikkei 225	15,661.87	1.82%	50.66%
Hang Seng Index	23,881.29	0.78%	5.40%
Shanghai SE Composite	2,220.50	1.10%	-2.14%
BSE Sensex Index	20,791.93	2.84%	7.03%
Straits Times Index	3,176.35	0.11%	0.29%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Dec 2	Tue, Dec 3	Wed, Dec 4	Thu, Dec 5	Fri, Dec 6
PMI Manufacturing Index <i>ISM Mfg Index</i> Construction Spending		ADP Employment Report <i>International Trade</i> <i>New Home Sales</i> ISM Non-Mfg Index EIA Petroleum Status Report Beige Book	<i>GDP</i> <i>Jobless Claims</i> Factory Orders	<i>Employment Situation</i> <i>Personal Income and Outlays</i> Consumer Sentiment

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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