

## Headlines

- [China official PMI hits eight-month low, adds to slowdown signs](#). *Reuters.com, 01 Mar 2014*
- [Obama's dilemma: boosting domestic initiatives without adding to deficit](#). *Reuters.com, 02 Mar 2014*
- [Shirai suggests widening BoJ target once inflation advances](#). *Bloomberg.com, 01 Mar 2014*
- [Australian gold output climbs to 10-year high on higher grades](#). *Bloomberg.com, 02 Mar 2014*

## Weekly Review (for week ending 28 February 2014)

### ■ China's home price gains slow in big cities on lending curbs

New home price growth in China's first-tier cities slowed in January after local governments implemented property measures to rein in escalating values and banks tightened lending. Home prices in the capital city of Beijing and the southern business hub of Shenzhen both rose 0.4% from a month earlier, the slowest pace since October 2012. Prices in Shanghai added 0.5%, the smallest increase since November 2012. At least 10 Chinese cities, many of them provincial capitals, have tightened local property policies since November, with major cities Shenzhen, Shanghai and Guangzhou raising minimum down payments for second homes to 70% from 60%.

### ■ Singapore January inflation at 4-year low

Headline CPI inflation came in at 1.4% y/y in January, lower than 1.5% in December, the lowest since February 2010. On a seasonally adjusted basis, inflation edged higher by 0.1% m/m. The lower inflationary pressure was again due to the decline in private road transport costs and benign accommodation costs, masking the higher services (2.9% y/y) and food (3.0% y/y) inflation. Core inflation which excludes housing and private road transport increased at a faster 2.2% y/y in January from 2.0% in December. With a tight labour market and elevated industrial rental prices, UOB forecasts that 2014 inflation may average 3.3%, higher than the 2.4% average recorded in 2013.

### ■ Singapore manufacturing growth eased to 3.9% in January

Singapore's Industrial Production (IP) expanded at a slower 3.9% y/y in January from a revised 6.4% in December. While this continues the positive growth trend since July 2013, the latest y/y growth was disappointing, coming in well below Bloomberg consensus estimate for a 6.5% increase. Excluding biomedical manufacturing, IP grew by a slightly weaker 3.7% y/y. Economists have attributed January's tepid showing to seasonal factors and maintain that there is "no need to be alarmed" since output performance is expected to bounce back.

### ■ Britain's economy expands 0.7% in Q4

Britain's economic recovery broadened with GDP rising by 0.7% in Q4, unrevised from an earlier estimate and in line with forecasts. It was driven by a pick-up in business investment and trade that will hearten the Bank of England and the government. Consumer spending and a turnaround in the housing market have been the main drivers behind Britain's surprisingly rapid upturn, which started last year.

### ■ US new-home sales in January climb to 5-year high

Purchases of new US homes unexpectedly climbed in January to the highest level in more than five years, showing underlying strength in the industry even in the midst of unusually harsh weather. Sales increased 9.6% to a 468,000 annualised pace and the most since July 2008, figures from the Commerce Department showed. Demand improved in three of four regions. For all of 2013, demand jumped 16.3% to 428,000, the most in 5 years. Home remodelling companies such as Mohawk Industries remain upbeat about the market's prospects for 2014 as property values climb and the economy improves. The median sales price in January rose 3.4% from a year ago to US\$260,100.

### ■ US durable goods orders signal factories springing back

Orders for US durable goods excluding the volatile transportation category unexpectedly climbed in January by the most in eight months, a sign manufacturing is emerging from a slump induced by harsh weather. The 1.1% increase was the biggest gain since May and followed a 1.9% drop in December that was larger than previously estimated. The report showed **total** orders declined a smaller-than-estimated 1%, held back by a 20.2% drop in demand for commercial aircraft that can be volatile month to month. Bookings for non-military capital goods excluding aircraft, a proxy for future business investment, rose 1.7% last month after decreasing 1.8% in December.

### ■ Japanese economy resilient as inflation picks up, industrial production soars, retail sales increased

Japan's core CPI, which excludes fresh food prices but includes oil products, rose 1.3% y/y in January, ahead of the median estimate for a 1.2% annual increase, in a sign the economy is shaking off 15 years of mild deflation. That matched a 1.3% annual increase in December - the fastest in more than five years. January unemployment rate remains at a 6-year low, unchanged at 3.7% while the job-to-applicant ratio improved further to 1.04 (from 1.03). January industrial production accelerated to 4% m/m (10.6% y/y) from 0.9% m/m (7.1% y/y). Retail sales also increased at a faster pace of 1.4% m/m (4.4% y/y) after a 1.2% (+2.5% y/y) contraction in December.

### ■ US economic growth revised down to 2.4% in Q4

The US economy grew at a slower pace late last year than previously thought, largely due to weaker consumer spending during the holiday shopping season. The Commerce Department cut its estimate of GDP growth in Q4 to an annual rate of 2.4%, from an initial reading of 3.2%. Analysts had expected a somewhat smaller GDP revision to a 2.6% pace in Q4, which began with the negative effects of the government shutdown in October and ended with disappointing holiday retail sales in December amid extreme winter weather. The economy grew at a robust rate of 4.1% in Q3 but significantly lost momentum as it entered 2014. Despite the lowered Q4 number, the US economy still grew a solid 3.25% in the second half of 2013. For all of 2013, GDP increased by 1.9%, down from a 2.8% rise in 2012.

## Market Snapshot

Selected Equity Indices	Last (Feb 28)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,321.71	1.36%	-1.54%
S&P 500 Index	1,859.45	1.26%	0.60%
FTSE 100 Index	6,809.70	-0.41%	0.90%
Euro Stoxx 50	3,149.23	0.56%	1.29%
Nikkei 225	14,841.07	-0.17%	-8.90%
Hang Seng Index	22,836.96	1.19%	-2.01%
Shanghai SE Composite	2,056.30	-2.72%	-2.82%
BSE Sensex Index	21,120.12	2.03%	-0.24%
Straits Times Index	3,110.78	0.35%	-1.79%

Source: Bloomberg

## Week Ahead

Economic Calendar (Selected Events)				
Mon, Mar 3	Tue, Mar 4	Wed, Mar 5	Thu, Mar 6	Fri, Mar 7
<i>Personal Income and Outlays</i>		ADP Employment Report	<i>Jobless Claims</i>	<i>Employment Situation</i>
PMI Manufacturing Index		ISM Non-Mfg Index	Productivity and Costs	<i>International Trade</i>
<i>ISM Mfg Index</i>		EIA Petroleum Status Report	Factory Orders	
Construction Spending		Beige Book		

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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