

Headlines

- [China's central bank to focus on deposit rate reform, ease grip on yuan](#). *Reuters.com*, 22 Mar 2014
- [ECB's Liikanen says Ukraine crisis impact on financial markets muted](#). *Reuters.com*, 22 Mar 2014
- [Stein says Fed should weigh financial risks in stoking job gains](#). *Bloomberg.com*, 22 Mar 2014
- [US consumer spending probably increased; Chinese manufacturing probably contracted](#). *Bloomberg.com*, 22 Mar 2014

Weekly Review (for week ending 21 March 2014)

■ US, EU impose sanctions as Putin recognises Crimea sovereignty

The US and Europe hit Vladimir Putin's inner circle with sanctions but failed to dissuade the Russian leader from pursuing his apparent goal of annexing Crimea. There was no sign of Putin backing down, and Crimea's pro-Moscow authorities made plans to swiftly honour Sunday's 96% referendum vote to return to the Russian fold. Putin took a step closer to formally annexing the territory by recognising "the Republic of Crimea as a sovereign and independent state", paving the way for Russian lawmakers to later endorse its accession.

■ Singapore February NODX rebound 9.1% y/y on strong pharmaceuticals & petrochemicals exports

NODX expanded a better-than-expected 9.1% in February over the same month last year, following January's 3.3% contraction. February's strong growth was partly due to a low base last year, as well as stronger shipments of non-electronic goods that outweighed the decline in electronic goods. On a seasonally-adjusted basis m/m basis, NODX grew 7.2%, compared to the 5.0% decline in January. Domestic exports of non-electronic goods expanded 15.4% y/y, following the 3.5% y/y expansion in January, led by the strong performance from petrochemicals (+49.3%), printed matter (+57.1%), and pharmaceutical (+21.8%) exports.

■ China new home prices rise 8.7% y/y in February

China's home price inflation slowed for the second straight month in February as new home prices rose in 69 out of 70 major cities, with average prices rising 8.7% in February from a year earlier, easing from the previous month's 9.6% rise, according to Reuters calculations based on official data published on Tuesday. In month-on-month terms, prices rose 0.3% in February, slowing from January's rise of 0.4%.

■ US consumer prices tick up just 0.1% in February

US consumer prices rose slightly for the second month in a row in February, led by gains in food prices, the Labour Department said on Tuesday. The consumer price index rose 0.1%, matching the January gain. Food prices, rising 0.4%, accounted for more than half of the increase. Energy prices fell 0.5% as a drop in gasoline prices outweighed sharp rises in fuel oil and natural gas prices. Excluding food and energy prices, which tend to be volatile month-over-month, core CPI rose 0.1% for the third consecutive month. The Fed's preferred inflation indicator, the personal consumption expenditures price index, was up 1.2% year-on-year in January, well below the 2.0% target.

■ Fed's Yellen outlines stimulus exit; impending rate rise as early as first half of 2015

The US Federal Reserve has announced it will maintain its bond purchase tapering programme, albeit reducing it by US\$10 billion per month, and keeping interest rates at historically low levels. "Starting next month we will be purchasing US\$55 billion of securities per month, down US\$10 billion per month from our current rate", Fed Chairwoman Janet Yellen announced at her maiden news conference on Wednesday. In her first press conference as Fed chair, Yellen emphasized that dropping a 6.5% unemployment threshold for considering an interest-rate increase "does not indicate any change in the committee's policy intentions". Yellen's comment that that borrowing costs could start rising "around six months" after it stops buying bonds sent the USD spiking higher and equities markets lower.

■ Japan passes record US\$937 billion budget

Japan on Thursday passed its biggest-ever budget, a US\$937.4 billion spending package aimed at propping up growth as consumers brace for the country's first sales tax hike in over 15 years. The passage came after the lower house last month approved the ¥95.88 trillion budget for the fiscal year starting in April. The new budget comes as Tokyo pushes for speedy implementation of a US\$50 billion stimulus package specially designed to protect Japan's fragile economic recovery, as sales taxes rise to 8.0% from 5.0% on April 1. The budget package, up from ¥92.61 trillion for the current fiscal year, is seen as key to paying for Japan's snowballing health and social welfare costs. Japan's projected primary balance deficit is expected to shrink by ¥5.2 trillion to ¥18.0 trillion.

■ US jobless claims tick up but stay near recent low; existing home sales dip in February

The number of people filing for first-time jobless benefits rose slightly last week but remained near a three-month low, suggesting a steady labour market. Initial jobless claims increased by 5,000 to a seasonally adjusted 320,000 in the week ended March 15. The four-week moving average of claims, fell by 3,500 to 327,000. That was the lowest figure since the end of November. Separately, sales of used homes fell 0.4% to an annual pace of 4.60 million in February, matching analyst expectations and down from a rate of 4.62 million in January. The February sales pace was the lowest since July 2012, NAR said, driven by rising home prices and severe winter weather.

■ Eurozone March consumer confidence increases more than forecast

Eurozone consumer confidence increased more than economists forecast in March, adding to signs that the currency bloc's recovery is gaining traction. An index of household confidence in the eurozone rose to minus 9.3 from minus 12.7 in February, the European Commission in Brussels said in a preliminary report Friday. That exceeds the median forecast of minus 12.3 in a Bloomberg News survey. ECB President Mario Draghi is trying to sustain the recovery from a debt crisis by guaranteeing monetary policy will stay accommodative.

Market Snapshot

Selected Equity Indices	Last (Mar 21)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,302.77	1.48%	-1.65%
S&P 500 Index	1,866.52	1.38%	0.98%
FTSE 100 Index	6,557.17	0.45%	-2.84%
Euro Stoxx 50	3,096.49	3.06%	-0.40%
Nikkei 225	14,224.23	-0.72%	-12.69%
Hang Seng Index	21,436.70	-0.48%	-8.02%
Shanghai SE Composite	2,047.62	2.16%	-3.23%
BSE Sensex Index	21,753.75	-0.26%	2.75%
Straits Times Index	3,073.39	-0.01%	-2.97%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Mar 24	Tue, Mar 25	Wed, Mar 26	Thu, Mar 27	Fri, Mar 28
PMI Manufacturing Index Flash	S&P Case- Shiller HPI <i>New Home Sales</i> Consumer Confidence	<i>Durable Goods Orders</i> EIA Petroleum Status Report	<i>GDP</i> <i>Jobless Claims</i> Pending Home Sales Index	<i>Personal Income and Outlays</i> Consumer Sentiment

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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