

Headlines

- [Osborne denies report that independent Scotland would keep pound](#). *Reuters.com, 29 Mar 2014*
- [Cyprus central bank governor: Ukraine crisis threatens return to growth](#). *Reuters.com, 30 Mar 2014*
- [Russia says no plan to invade Ukraine after Putin calls Obama](#). *Bloomberg.com, 30 Mar 2014*
- [China Construction Bank profit beats estimate on margins](#). *Bloomberg.com, 30 Mar 2014*

Weekly Review (for week ending 28 March 2014)

■ Singapore February's 0.4% CPI inflation is the slowest in 4 years

Singapore's consumer price index rose by 0.4% in February from a year ago, down from the 1.4% year-on-year inflation seen in January. The slow pace was largely attributed to private road transport costs, plunging 7.1% on-year in February, after decreasing by 3.5% in January. Economists said the deceleration is due to the high base for private road transport costs and food prices in 2013, and they expect inflation to pick up in the following months as rising wage pressures set in. The 0.4% rise in February's CPI was the slowest since January 2010 when price levels increased by 0.2% year-on-year. Core inflation, which excludes housing and private road transport, moderated to 1.6% y/y from 2.2% y/y in the previous month as costs of food and services rose at a slower pace. For instance, food inflation rose 2.3% y/y, compared to 3.0% y/y a month ago; while services inflation increased at a slower pace of 2.1% y/y, compared to 2.9% y/y in January.

■ US new-home sales fell 3.3% in February

US new-home sales fell in February, the latest sign of severe weather and rising mortgage rates slowing the housing recovery. Sales of newly built homes fell 3.3% to a seasonally adjusted annual rate of 440,000 from a month earlier, the Commerce Department said Tuesday. January's strong gain was revised down, to an annual rate of 455,000. February's sales were below the 445,000 rate forecast by economists. The average rate for the first two months of the year is roughly unchanged from that for Q4 of last year. New-home sales have been rebounding since 2011, but have been rocky over the past 12 months as buyers grappled with rising mortgage rates and soaring housing prices. More recently, cold and stormy weather has discouraged some prospective buyers from going house-hunting.

■ Bullish consumers, rising home prices brighten US growth picture

US consumer confidence surged to a six-year high in March and house prices increased solidly in January, positioning the economy for stronger growth after a weather-induced soft spot. The upbeat outlook was dimmed by other data showing new home sales at a five-month low in February, partly because of cold temperatures. The Conference Board said its index of consumer attitudes rose to 82.3 from 78.3 in February. That is the highest level since January 2008, just as recession started to take hold, and it beat expectations for a reading of 78.6. The jump in confidence bodes well for the economy's prospects, even though consumers were less upbeat about the labour market.

■ Singapore's manufacturing output up 12.8% on-year in February

Singapore's manufacturing output grew 12.8% in February from a year ago, the fastest pace of expansion since December 2011, better than the 4.4% growth in January. The growth was boosted by strong expansion in the production of pharmaceuticals and petrochemicals. On a month-on-month basis, manufacturing output rose by 6.2%. February's growth was largely in line with market expectations.

■ Banks fail stress test; Fed rejects five banks' capital plans, including Citigroup

The Fed approved the capital plans of 25 major US banks after stress tests on Wednesday, but turned down those of five others, including Citigroup's. Four of the five -- Citi, HSBC North America, RBS Citizens Financial and Santander Holdings USA -- had "qualitative" shortfalls in their capital foundations, while the fifth, Zions Bancorp, had failed the stress test with its basic capital ratio falling under the minimum. The five banks cannot proceed with any increase in capital distributions -- dividend payments, share buybacks and other moves.

■ US GDP revised up to 2.6% pace in Q4

US economic growth was higher than previously estimated in Q4 of 2013, displaying underlying strength that could bolster views that the slowdown in activity early in the year would be temporary. GDP in Q4 expanded at a 2.6% (q/q *saar*) annual rate, up from the 2.4% pace reported last month. Consumer spending, which accounts for more than two-thirds of US economic activity, was raised sharply higher (growth of 3.3% from previous estimate of 2.6%), but the pace of restocking by businesses was not as robust as previously estimated.

■ US jobless claims fall to 4-month low; pending home sales dropped

The number of individuals filing for initial jobless benefits in the US last week dropped by 10,000 to 311,000 from the prior week's upwardly revised 321,000. Analysts were expecting claims to rise by 4,000. The 4-week moving average fell 9,500 to 317,750, the lowest since September. Investors shrugged off news that the NAR pending home sales index dropped 0.8% last month, disappointing expectations for a 0.3% gain. Pending home sales for January were revised down to a 0.2% decline from a previously reported gain of 0.1%.

■ US consumers lift spending, but sentiment slips

Consumer spending climbed in February by the most in three months as a pickup in incomes encouraged Americans to return to stores after a harsh winter held the economy back. Household purchases, which account for 70% of the economy, rose 0.3% after a 0.2% gain in January that was weaker than previously estimated. Separately, the Thomson Reuters/University of Michigan's consumer sentiment index dipped to 80.0 in March from 81.6 in February. A combination of bad weather, an effort by business to work off bloated inventories, the expiration of long-term unemployment benefits and cuts to food stamps is expected to hold back growth to a 1.5% annual pace in Q1.

Market Snapshot

Selected Equity Indices	Last (Mar 28)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,323.06	0.12%	-1.53%
S&P 500 Index	1,857.62	-0.48%	0.50%
FTSE 100 Index	6,615.58	0.89%	-1.98%
Euro Stoxx 50	3,172.43	2.45%	2.04%
Nikkei 225	14,696.03	3.32%	-9.79%
Hang Seng Index	22,065.53	2.93%	-5.32%
Shanghai SE Composite	2,041.71	-0.29%	-3.51%
BSE Sensex Index	22,339.97	2.69%	5.52%
Straits Times Index	3,172.17	3.21%	0.15%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Mar 31	Tue, Apr 1	Wed, Apr 2	Thu, Apr 3	Fri, Apr 4
Chicago PMI	PMI Manufacturing Index	ADP Employment Report	<i>International Trade</i>	<i>Employment Situation</i>
Dallas Fed Mfg Survey	<i>ISM Mfg Index</i>	Factory Orders	<i>Jobless Claims</i>	
	Construction Spending	EIA Petroleum Status Report	ISM Non-Mfg Index	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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