

Headlines

- [Draghi says a stronger euro would trigger looser ECB policy](#). *Reuters.com*, 12 Apr 2014
- [Reforms to IMF hit serious deadlock: G20 official](#). *Reuters.com*, 13 Apr 2014
- [PBOC's Yi says China's growth rate is within 'reasonable range'](#). *Bloomberg.com*, 12 Apr 2014
- [Germany warns European markets not to celebrate prematurely](#). *Bloomberg.com*, 13 Apr 2014

Weekly Review (for week ending 11 April 2014)

■ World Bank cuts China growth forecast

The World Bank has trimmed its growth forecast slightly for China, citing a "bumpy start to the year". It now expects the Chinese economy to grow by 7.6% in 2014, down from its earlier projection of 7.7%. A slew of disappointing figures has triggered concerns of a slowdown in the world's second-largest economy. However, the World Bank said recent reforms unveiled by China were likely to help it achieve "more sustainable and inclusive" growth in the long term. Some reforms, including efforts to reduce regulatory and administrative burdens, reform taxation, and make more land available for commercial activities, are also likely to support growth in the short term.

■ BoJ refrains from further easing monetary policy

The BoJ refrained from expanding its ultra-loose monetary policy despite a sales tax hike, saying the economy is recovering moderately. The BoJ's policy statement on Tuesday was the first since an April 1 increase in the sales tax, to 8% from 5%, that is expected to stall economic growth in coming months as consumers adjust to higher costs. The BoJ said inflation is likely to remain at about 1.25% for some time, below its target of 2%. "Business sentiment has continued to improve, although some cautiousness about the outlook has been observed", it said, adding that there has been an uptick in corporate investment. The bank's decision to stand pat was expected.

■ IMF says US to lead global growth as Russia, Brazil soften; lowers global growth forecast

Stronger US growth this year and next will help the world economy withstand weaker recoveries in emerging markets including Brazil and Russia, the IMF said. The US is providing a "major impulse" to global growth that's still lumbering amid weakness in Japan and parts of Europe. While the UK and Germany are adding to momentum, developing nations face new risks and Russia's takeover of Crimea last month injects geopolitical tension that's "casting a pall" on the region, the fund said. The IMF predicted global growth of 3.6% this year, compared with a January estimate of 3.7%. Next year, the expansion will accelerate to 3.9%, unchanged from the prior forecast.

■ US stocks rally on dovish FOMC signals in Fed minutes

Federal Reserve officials had a secret video conference call in early March and reached a general consensus that the 6.5% unemployment rate threshold for the first rate hike was outdated, the central bank said Wednesday. A summary of the video conference was included in the minutes of the Fed's March 18-19 meeting. On the conference call, the central bankers were clearly worried that changing the forward guidance would impact markets. Fed officials have publicly encouraged a view that the first interest-rate increase won't happen until the second half of 2015 at the earliest, and most economists hadn't expected the minutes to sway from that. Even when rate hikes begin (probably) in 2015, the increases are likely to be modest and limited. The US dollar weakened against most currencies.

■ China exports fall for second straight month in March

China's trade volumes fell dramatically in March, despite the country returning to a trade surplus after recording a rare deficit the month before. Imports slumped 11.3% year-on-year to US\$162.4 billion while exports fell 6.6% to US\$170.1 billion, the General Administration of Customs announced, resulting in a surplus of US\$7.7 billion. The figures confounded market expectations, which had been for growth of 4.0% in exports and 2.4% in imports (from Reuters). China recorded an unexpected trade deficit of US\$22.98 billion in February, plunging 18.1%, which authorities blamed on the Lunar New Year holiday season. That result was China's first monthly deficit in 11 months.

■ Australia's unemployment unexpectedly falls; Aussie dollar strengthens

Australia's unemployment rate unexpectedly fell in March, sending the Aussie to a 4½ month high as traders added to bets on an interest-rate increase. The jobless rate declined to 5.8% from a revised 6.1%. That's the biggest drop since August 2010 and defied economists' estimates for unemployment of 6.1%. The number of people employed rose by 18,100 after climbing a revised 48,200 a month earlier. The number of full-time jobs declined by 22,100 in March, and part-time employment rose by 40,200. Australia's participation rate, a measure of the labour force in proportion to the population, dropped to 64.7% in March from a revised 64.9% a month earlier.

■ Greek bond yields rise as market comeback euphoria fades

Greece ended a four-year exile from international markets with a bond sale of €3 billion on Thursday, more than the government estimated, and at a yield of only 4.95% with orders exceeding €20 billion. The coupon on the five-year bond, which will be settled next week, is 4.75%, with almost 90% of the issue going to long-term investors outside of Greece. Investors took profit on Friday when the yields dipped lower and the highly sought after bond succumbed to selling pressure, trading above 5% on Friday.

■ US jobless claims at lowest level in 7 years

The number of Americans filing new claims for unemployment benefits dropped to a seasonally adjusted 300,000 last week, down 32,000 from the previous week. The last time the number dipped below 300,000 was in May 2007. The previous week's level was revised up by 6,000 from 326,000 to 332,000. The four-week moving average fell 4,750 to 316,250. That's the lowest since late September.

Market Snapshot

Selected Equity Indices	Last (Apr 11)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,026.75	-2.35%	-3.32%
S&P 500 Index	1,815.69	-2.65%	-1.77%
FTSE 100 Index	6,561.70	-2.00%	-2.78%
Euro Stoxx 50	3,116.54	-3.52%	0.24%
Nikkei 225	13,960.05	-7.33%	-14.31%
Hang Seng Index	23,003.64	2.19%	-1.30%
Shanghai SE Composite	2,130.54	3.48%	0.69%
BSE Sensex Index	22,628.96	1.21%	6.89%
Straits Times Index	3,196.38	-0.51%	0.91%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Apr 14	Tue, Apr 15	Wed, Apr 16	Thu, Apr 17	Fri, Apr 18
<i>Retail Sales</i>	<i>Consumer Price Index</i>	<i>Housing Starts</i>	<i>Jobless Claims</i>	Good Friday
Business Inventories	Empire State Mfg Survey	<i>Industrial Production</i>	<i>Philadelphia Fed Survey</i>	
	Treasury International Capital	EIA Petroleum Status Report		
	Housing Market Index	Beige Book		

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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