

Headlines

- [Japan investment in Southeast Asia surges amid China slump](#). *Reuters.com*, 18 Apr 2014
- [Wall Street week ahead: Spring fever brings hope for US earnings](#). *Reuters.com*, 18 Apr 2014
- [China March new home price increases ease on tighter credit](#). *Bloomberg.com*, 18 Apr 2014
- [European bonds rise on ECB stimulus speculation, Ukraine crisis](#). *Bloomberg.com*, 19 Apr 2014

Weekly Review (for week ending 18 April 2014)

■ Singapore Q1 GDP advance estimates disappoint, but economy expected to pick up

Advance estimates of Q1 GDP came in at 5.1% y/y (+0.1% q/q *saar*), below estimates of a 5.4% y/y (+0.4 q/q *saar*) growth rate. Robust growth from the manufacturing sector (+8.0% y/y, +4.5% q/q *saar*) was supported by a rebound in the biomedical manufacturing output and stronger growth in chemicals output. Slower expansion in the wholesale & retail trade and finance & insurance sectors dragged the overall performance of the services sector (+4.7% y/y, -1.8% q/q *saar*). The Government maintained their 2014 GDP growth forecast at 2%-4% on the back of a better outlook for the global economy. The MAS revised the CPI-All Items inflation lower from 2%-3% to 1.5%-2.5% reflecting weaker outlook for imputed rentals. Core inflation is expected to average 2%-3% in 2014, higher than 1.7% in 2013.

■ US retail sales post biggest gain in 1½ years

US retail sales recorded their largest gain in 1½ years in March, in the latest sign the economy was emerging from its weather-induced slumber and on track to accelerate in Q2. The Commerce Department said retail sales increased 1.1% last month, the biggest rise since September 2012, as receipts rose in nearly all categories. Retail sales, which account for a third of consumer spending, had risen by a revised 0.7% in February from a previously reported 0.3% gain. Retail sales were buoyed by a 3.1% surge in receipts at automobile and parts dealers. Excluding autos, retail sales were up 0.7%, the biggest increase in a year, after rising 0.3% in February.

■ WTO forecasts global trade growing by 4.7% in 2014 and 5.3% in 2015

World trade is expected to grow by a modest 4.7% in 2014 and at a slightly faster rate of 5.3% in 2015, according to the WTO. Although the 2014 forecast of 4.7% is more than double the 2.1% increase of last year, it remains below the 20-year average of 5.3%. For the past two years, growth has averaged only 2.2%. The WTO noted that the sluggish pace of trade growth in 2013 was due to a combination of flat import demand in developed economies and moderate import growth in developing economies. On the export side, both developed and developing economies only managed to record small, positive increases of 1.5% and 3.3% respectively.

■ Rising food, housing costs push up US inflation in March

US consumer prices firmed a bit in March, as food and housing rental costs rose in a possible sign that a disinflationary trend had run its course. The increase should allay concerns among some Fed officials that inflation was running too low, although the rise was mild enough to suggest the Fed could keep interest rates near zero for quite some time. The CPI increased 0.2% in March after gaining 0.1% in February. Shelter and food accounted for most of the rise, which beat economists' expectations for a 0.1% advance. In the 12 months through March, consumer prices increased 1.5%, accelerating from a 1.1% rise in February. The core CPI advanced 1.7%, up from 1.6%.

■ US March housing-starts rise less than expected, permits fall

US housing starts rose less than expected in March and building permits fell, pointing to underlying weakness in the housing market that could persist despite better weather. While a brutally cold winter weighed on home building in December and January, activity has also been hampered by shortages of building lots and skilled labour as well as rising prices for materials. The Commerce Department said on Wednesday ground breaking increased 2.8% to a seasonally adjusted annual rate of 946,000. February's starts were revised to show a 1.9% rise rather than the previously reported 0.2% fall. Permits to build homes fell 2.4% in March to a 990,000-unit pace.

■ China Q1 GDP slows to 7.4%, but better than forecast

China's economy expanded by 7.4% in Q1, better than what many were expecting. But it is a slowdown from 7.7% growth in Q4 of last year. Other data released with the GDP figure showed industrial output rising 8.8% in March from one year ago. Retail sales for the month of March spiked by 12.2%, underscoring China's efforts to boost economic growth via domestic consumption. Last year China set its growth target for 2014 at 7.5%, part of efforts to stabilise the economy after years of fast-paced expansion.

■ Singapore's NODX fall 6.6% in March

Non-oil domestic exports (NODX) in Singapore declined 6.6% on-year in March. International Enterprise Singapore said the decline was due to a contraction in electronic (-16.1%) and non-electronic (-2.4) NODX. The fall in NODX comes after an 8.9% on-year rebound in February. On a month-on-month seasonally-adjusted basis, NODX contracted 8.9% in March due to decrease in electronic and non-electronic NODX. Some economists say the weak performance is that Singapore is a secondary location on the electronics value chain.

■ US jobless claims tick a bit higher

New claims for US unemployment insurance benefits edged higher last week but still remained close to a seven-year low. Americans filed 304,000 initial jobless claims in the week ending April 12, an increase of 2,000 from the previous week's revised level. Initial claims, an indicator of the pace of layoffs, have been slowly trending lower as the economy recovers from recession. The 4-week moving average fell last week by 4,750 to 312,000, the lowest level since early October 2007. April job creation and unemployment data will be out on May 2.

Market Snapshot

Selected Equity Indices	Last (Apr 18)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,408.54	2.38%	-1.01%
S&P 500 Index	1,864.85	2.71%	0.89%
FTSE 100 Index	6,625.25	0.97%	-1.84%
Euro Stoxx 50	3,155.81	1.26%	1.51%
Nikkei 225	14,516.27	3.98%	-10.90%
Hang Seng Index	22,760.24	-1.06%	-2.34%
Shanghai SE Composite	2,097.75	-1.54%	-0.86%
BSE Sensex Index	22,628.84	0.00%	6.89%
Straits Times Index	3,253.80	1.80%	2.73%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Apr 21	Tue, Apr 22	Wed, Apr 23	Thu, Apr 24	Fri, Apr 25
	<i>Existing Home Sales</i>	PMI Manufacturing Index Flash <i>New Home Sales</i> EIA Petroleum Status Report	<i>Durable Goods Orders</i> <i>Jobless Claims</i>	Consumer Sentiment

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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