

Headlines

- [No sign of major central banks tightening the reins](#). *Reuters.com, 18 May 2014*
- [China says faster economic reforms needed](#). *Reuters.com, 18 May 2014*
- [Ireland's rating raised by Moody's as debt burden eases](#). *Bloomberg.com, 17 May 2014*
- [China home-price growth slowdown spreads, prompting easings](#). *Bloomberg.com, 18 May 2014*

Weekly Review (for week ending 16 May 2014)

■ Japan current account surplus for 2013 at record low

Japan's annual current account surplus is the lowest on record, government figures showed Monday, as fossil fuel bills and a sliding yen overshadow rising exports. For fiscal 2013, the value of the goods, services and investments that left Japan exceeded those coming in by ¥789.9 billion, (US\$7.75 billion), plunging 81.3% from ¥4.2 trillion the previous year. The figure was the lowest since the finance ministry started keeping data in 1985. Japan has significant amounts of money tied up in overseas investments, and it is the repatriation of income from these that means it still runs a current account surplus. The country saw a trade deficit of ¥10.86 trillion for the year, nearly doubling a deficit of ¥5.62 trillion seen in the previous year. Exports rose 12.2% to ¥69.80 trillion, while imports jumped 19.6% to ¥80.67 trillion.

■ US retail sales up 0.1% in April, far below expectations

The Commerce Department said on Tuesday that retail sales edged up 0.1% in April to US\$434.6 billion, held back by declines in receipts at furniture, electronic and appliance stores, as well as restaurants and bars, and online retailers. Retail sales, which account for a third of consumer spending, rose by a revised 1.5% in March. That was the largest increase since March 2010 and reflected pent-up demand after a brutally cold winter. Economists had forecast sales' advancing 0.4% in April after a previously reported 1.2% surge in March.

■ Eurozone industrial output unexpectedly falls in March as energy production slumps

Eurozone industrial output unexpectedly fell in March on the year for the first time since August as energy production slumped, data showed Wednesday, in what could point to slower economic growth going into the second quarter. Output in the 18 countries sharing the euro dipped 0.1% on the year due to the steepest drop in energy production in nearly five years, according to Eurostat. Weak energy output was partly due to a mild winter. Analysts had expected a 1% rise in industrial production, with none of them predicting an annual drop. Production also fell 0.3% from February. The figures added to some recent softer eurozone data including a sharp drop in the ZEW German investor morale index in April, which could suggest growth in the currency bloc continues to struggle to gain stronger momentum.

■ Japan Q1 GDP rises 1.5% q/q, fastest in nearly three years

Japan's economy grew 1.5% in January-March from the previous quarter, posting its biggest expansion since July-September 2011, as consumer spending jumped ahead of an April 1 sales tax increase, government data showed on Thursday. Capital spending also grew far faster than expected. The preliminary figure for GDP compared with 1.0% growth forecast by economists. It followed a revised 0.1% rise in Q4 of 2013. The Q1 GDP figure translated into annualised growth of 5.9% versus 4.2% growth expected by economists. Capital spending, seen as key for sustained growth, grew 4.9%, far exceeding a projection for a 2.1% rise and marking its biggest gain since Q4 of 2011.

■ Industrial production in the US unexpectedly fell in April

Industrial production in the US unexpectedly declined in April, held back by a plunge in utilities as temperatures warmed and a broad-based decrease in manufacturing. Output at factories, mines and utilities decreased 0.6% after a 0.9% gain in March that was larger than previously reported. The median forecast was for 0% change. Manufacturing, which makes up 75% of total production, decreased 0.4%. The Fed report showed capacity utilisation, which measures the amount of plant usage, fell to 78.6% from 79.3% in March.

■ US jobless claims hit 7-year low, inflation ticks up

New applications for US unemployment benefits hit a seven-year low last week while consumer prices recorded their largest increase in 10 months in April, pointing to a firming economy. Initial claims for state unemployment benefits declined 24,000 to a seasonally adjusted 297,000 last week, the Labour Department said. It was the lowest reading since May 2007 and suggested a recent pick-up in job growth could be sustained. In a second report, the department said the CPI increased 0.3% last month as food prices rose for a fourth consecutive month and the cost of gasoline surged. It was the biggest rise since June last year and added to March's 0.2% rise.

■ Singapore's NODX expand 0.9% on-year in April

Singapore's NODX beat market expectations of a fall of 3.4% and expanded 0.9% on-year in April, compared to a 6.6% decline in March. International Enterprise Singapore said the expansion was due to an increase in non-electronic NODX, which outweighed the contraction in electronic exports. Electronic NODX contracted 8.7% on-year in April, largely due to PCs, ICs and disk drives. Non-electronic NODX increased 5.5% on-year. The expansion was led by petrochemicals, specialised machinery and printed matter.

■ Housing starts in US rise 13.2% in April

Home building surged in April as warmer weather helped builders break ground on new homes at the fastest pace this year, rising to a seasonally adjusted annual rate of 1.07 million, up from 947,000 in March and higher than expectations for 980,000. Housing starts improved from March in every region. Building permits issued for home construction, a gauge of future activity, rose 8% to a seasonally adjusted annual rate of 1.08 million. April was the third month in a row for permits to have topped a 1 million annual rate.

Market Snapshot

Selected Equity Indices	Last (May 16)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,491.31	-0.55%	-0.51%
S&P 500 Index	1,877.86	-0.03%	1.60%
FTSE 100 Index	6,855.81	0.61%	1.58%
Euro Stoxx 50	3,172.72	-0.36%	2.05%
Nikkei 225	14,096.59	-0.73%	-13.47%
Hang Seng Index	22,712.91	3.89%	-2.55%
Shanghai SE Composite	2,026.50	0.76%	-4.23%
BSE Sensex Index	24,121.74	4.90%	13.94%
Straits Times Index	3,262.59	0.32%	3.00%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, May 19	Tue, May 20	Wed, May 21	Thu, May 22	Fri, May 23
		EIA Petroleum Status Report	<i>Jobless Claims</i>	<i>New Home Sales</i>
		<i>FOMC Minutes</i>	PMI Manufacturing Index Flash	
			<i>Existing Home Sales</i>	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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