

## Headlines

- [US rules out major Trans-Pacific trade announcement at APEC](#). *Reuters.com, 09 November 2014*
- [Kuroda sprang easing surprise to head off damaging inflation forecast](#). *Reuters.com, 09 November 2014*
- [China exports bolster economy as external demand strengthens](#). *Bloomberg.com, 08 November 2014*
- [Xi says risks linked to China economic slowdown aren't scary](#). *Bloomberg.com, 09 November 2014*

## Weekly Review (for week ending 07 November 2014)

### ■ China HSBC final PMI at 50.4 in October, data point to cooling domestic demand

The China PMI survey by HSBC and Markit rose moderately to a final reading of 50.4 in October unchanged from the flash reading, from 50.2 in September, but could not mask the inherent weakness in demand. The jump was due to resilient employment and not a pickup in activity. Growth in new orders and new export orders - proxies for domestic and foreign demand, respectively - slowed to their lowest in four to five months. This was in line with China's official reading which showed demand slowing to a six-month low and the new orders index falling to 51.6 in October from 52.2 in September. China's official PMI fell to a 5-month low of 50.8, from September's 51.1.

### ■ Singapore PMI rises to 51.9 - highest in 3½ years

Singapore's factories were busier than expected in October, with the latest PMI survey by SIPMM rising 1.4 points to 51.9 - a level not seen since April 2011. But economists are downplaying the uptick, chalking up the expansion to year-end seasonal effects, and warning that a patchy global recovery will continue to weigh on manufacturing performance. Orders and production typically pick up just ahead of the year-end festive season, because of the increase in demand during the Christmas period. The further expansion in overall PMI was attributed to better new orders (up 1.1 to 52.9), new export orders (up 0.8 to 51.5), and production (up 2.0 to 53.1). All other sub-indices - save input prices (down 0.9 to 48.7) and order backlog (down 0.3 to 50.4) - posted higher readings in October as well.

### ■ US trade deficit widens to four-month high as exports drop

The trade deficit in the US widened in September as exports cooled from a record, highlighting how weakening global growth will affect the world's largest economy. The gap grew by 7.6% to US\$43 billion, the largest since May, from US\$40 billion in August. The median forecast called for a deficit of US\$40.2 billion. Exports decreased by the most since February, reflecting slowing demand from Europe, Latin America and Japan. For September, exports decreased 1.5% to US\$195.6 billion, the least since April, from a record US\$198.6 billion the prior month. Imports totalled US\$238.6 billion, the same as in August. Purchases of foreign-made mobile phones (including the latest Apple iPhones) climbed by US\$1.92 billion, making up for a drop in demand for capital equipment, autos and fuel.

### ■ Kuroda sticks to his monetary easing guns, says more may come

BoJ governor Kuroda went on the offensive on Wednesday in justifying the bold actions taken the previous week by the central bank, even to the point of suggesting that further monetary easing could be taken if Japan's escape from deflation should be threatened. While the BoJ's actions has provoked criticism, Mr Kuroda made it clear that he is in no mood for compromise. The yen hit a new 7-year low of 114 to the US dollar. Mr Kuroda argued that yen depreciation is positive for the economy, provided that it reflects economic fundamentals.

### ■ Eurozone business growth remains weak despite steep price cuts

Eurozone business growth picked up less than expected in October despite another, deeper round of price cuts, according to surveys that are unlikely to ease simmering tensions among the bloc's central bankers. Markit's composite PMI, measuring activity across the eurozone private sector, inched up to 52.1, up from 52.0 in September. That shows modest growth, but not enough to drag the economy out of its rut. Firms reported that they cut jobs because new work rose at a slower pace, meaning backlogs of work fell for the fifth month running.

### ■ ECB keeps rates unchanged, ready to do more if needed

The ECB is ready to use further unconventional policy tools if needed to stave off the risk of deflation and has asked staff to prepare them for use "if needed", ECB President Mario Draghi said on Thursday, at his monthly news conference after the ECB left interest rates at record lows. Eurozone inflation ticked up to 0.4% in October but remains far below the ECB's target of just under 2%.

### ■ US jobless claims drop, four-week average lowest since 2000

Initial claims for state unemployment benefits dropped 10,000 to a seasonally adjusted 278,000 for the week ended November 1, better than the 285,000 forecast by analysts. The four-week moving average of claims, considered a better measure as it irons out week-to-week volatility, fell 2,250 to 279,000, the lowest reading since April 2000. Separately, productivity at US nonfarm businesses increased more than expected in Q3, keeping a lid on wage-inflation; productivity grew at a 2.0% annual rate after an upwardly revised 2.9% pace in Q2.

### ■ US unemployment rate dropped to 5.8%, labour market tightens, but wages still anaemic

Employers added 214,000 new jobs to their payrolls in October, the US Labour Department said on Friday. The jobless rate fell to 5.8%, a 6-year low, from 5.9%, even as more people entered the labour force - a further sign of strength. The jobless rate has dropped by 0.8% since January, and employment gains have now topped 200,000 for nine straight months, the longest stretch since 1994. Last month's increase was a bit smaller than economists had expected, but that was offset by a combined 31,000 upward revision to data for August and September. In addition, the hiring was broad-based and most of the measures Fed Chair Janet Yellen tracks to gauge the amount of slack in the labour market improved. The labour force participation rate increased by 0.1% to 62.8% after two straight months of declines.

## Market Snapshot

Selected Equity Indices	Last (Nov 7)	1-week return	Year-to-date return
Dow Jones Industrial Average	17,573.93	1.05%	6.02%
S&P 500 Index	2,031.92	0.69%	9.93%
FTSE 100 Index	6,567.24	0.32%	-2.69%
Euro Stoxx 50	3,064.92	-1.55%	-1.42%
Nikkei 225	16,880.38	2.84%	3.62%
Hang Seng Index	23,550.24	-1.87%	1.05%
Shanghai SE Composite	2,418.17	-0.08%	14.28%
BSE Sensex Index	27,868.63	0.01%	31.64%
Straits Times Index	3,286.39	0.37%	3.76%

Source: Bloomberg

## Week Ahead

Economic Calendar (Selected Events)				
Mon, Nov 10	Tue, Nov 11	Wed, Nov 12	Thu, Nov 13	Fri, Nov 14
			<i>Jobless Claims</i>	<i>Retail Sales</i>
			JOLTS	Import and Export Prices
			EIA Petroleum Status Report	Consumer Sentiment
				Business Inventories

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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