

## Headlines

- [Xi: China economic growth to be sustainable, balanced - Xinhua](#). *Reuters.com*, 15 November 2014
- [Spotlight falls on Europe's stuttering economy](#). *Reuters.com*, 16 November 2014
- [Obama vows US Pacific focus will foster growth](#). *Bloomberg.com*, 15 November 2014
- [G-20 says growth plans to boost GDP by 2.1% if implemented](#). *Bloomberg.com*, 16 November 2014

## Weekly Review (for week ending 14 November 2014)

### ■ China October inflation hovers near 5-year low, deflation risks seen growing

China's annual consumer inflation remained near a 5-year low in October at 1.6%, further evidence that its economy is cooling and reinforcing expectations that authorities will roll out more measures to support growth. Analysts had expected annual consumer inflation to be 1.6% in October, the same as September. On a monthly basis, consumer inflation was flat in October, compared with 0.1% expected by economists. The producer price index fell 2.2% from a year ago, its 32nd consecutive decline, as sluggish demand curbed the pricing power of companies. The market had expected a 2.0% fall in producer prices after a drop of 1.8% in September.

### ■ NZ central bank says it won't relax mortgage lending restrictions yet

RBNZ will not relax mortgage lending restrictions for now as surging immigration and low borrowing costs could re-ignite the housing market. RBNZ Governor Wheeler previously said he would consider removing the limits on low-deposit home lending toward the end of this year. RBNZ introduced them on October 1 last year to curb house-price inflation and delay raising interest rates, which it feared would drive up the NZ dollar. Without commenting directly on monetary policy in its Financial Stability report, Wheeler said that "further increases in short-term interest rates may be required in coming years. We still believe the exchange rate is unjustified and unsustainable."

### ■ BoE sees inflation below 1% in 6 months, slower rate rises, cuts growth forecasts

British inflation is likely to fall below 1% in the next 6 months, the BoE said, giving endorsement to markets' view that it will not raise rates until late next year. Inflation has fallen unexpectedly fast to a 5-year low of 1.2%. The BoE said the outlook for inflation had also weakened due to a sharp fall in commodity prices. "When Bank Rate does begin to rise, the pace of rate increases is expected to be gradual, with rates probably remaining below average historical levels for some time", the BoE said, repeating its guidance on rates. The BoE forecasts 3.5% growth (unchanged) for 2014, but trimmed growth forecasts to 2.9% in 2015 and 2.6% in 2016, down from 3.1% and 2.8% in August.

### ■ Hiring in US picks up as workers gain confidence to quit jobs

In a paradoxically good development for the US economy, Americans quit their jobs in September at the fastest rate in over six years. Some 5.03 million employees were added to staff, boosting the hiring rate to 3.6% and matching July's reading as the strongest since December 2007, the Labour Department reported Thursday. Some 2.75 million people resigned in September, pushing the **quits rate** up to 2%, the highest since April 2008. That's important for two reasons. One, the quits rate fell during the 2007-09 recession and has been slower to recover than other labour market indicators because workers lacked confidence to leave their jobs for greener pastures. Some analysts believe this has helped keep wage gains stagnant even as the jobless rate has fallen because employers don't have to raise wages as much to retain talent when there is less employee turnover. Second, Federal Reserve Chair Janet Yellen has signalled the quits rate as an indicator she is following on her "dashboard" for assessing progress in the labour market's recovery. Separately, initial jobless claims unexpectedly rose 12,000 to 290,000 for the week ended November 8, but claims have been below 300,000 for 9 straight weeks.

### ■ Eurozone inflation stays muted at 0.4% in October

Eurozone (EU18) annual inflation was 0.4% in October 2014, in line with the earlier flash estimate, and up from 0.3% in September. A year earlier the rate was 0.7%. European Union (EU28) annual inflation was 0.5% in October 2014, up from 0.4% in September. A year earlier the rate was 0.9%, reported Eurostat. In October 2014, negative annual rates were observed in Greece (-1.8%), Bulgaria (-1.5%), Hungary and Poland (both -0.3%) and Spain (-0.2%). The highest annual rates were recorded in Romania (1.8%), Austria (1.4%) and Finland (1.2%). Compared with September 2014, annual inflation fell in eight Member States, remained stable in three and rose in sixteen.

### ■ Eurozone economy grew 0.2% in Q3, better than forecast of 0.1%

The eurozone economy grew faster than analysts forecast in Q3 as Germany and France rebounded and Greece showed some signs of revival. GDP increased 0.2% from Q2, when it rose 0.1%, Eurostat said. That's more than economists' estimates for 0.1%. Germany and France, the eurozone's two largest economies returned to growth in Q3, with expansions of 0.1% and 0.3%, respectively. Italy and Cyprus were the only countries to register a quarterly contraction of -0.1% and -0.4% respectively. Greece, where a six-year recession wiped 25% off GDP and protests against austerity measures jeopardized the country's membership of the currency bloc, recorded Q3 growth of 0.7%, the third consecutive increase in output. This data may help Greece to follow Ireland, Portugal and Spain out of its rescue program.

### ■ US retail sales in October rebound ahead of holiday shopping

US retail sales rebounded in October, evidence that recent job gains and lower gas prices are lifting consumer spending as the holiday shopping season begins. Retail sales rose 0.3% last month after falling by 0.3% in September. Excluding gas stations, where falling prices lowered spending by 1.5%, sales rose a solid 0.5%. Sales at electronics stores plunged after a big gain the previous month, when the newest iPhone went on sale. The National Retail Federation, a trade group, has forecast that holiday sales - defined as retail sales in November and December - will rise 4.1% this year, compared with 2013. That would be the biggest gain in three years.

## Market Snapshot

Selected Equity Indices	Last (Nov 14)	1-week return	Year-to-date return
Dow Jones Industrial Average	17,634.74	0.35%	6.38%
S&P 500 Index	2,039.82	0.39%	10.36%
FTSE 100 Index	6,654.37	1.33%	-1.40%
Euro Stoxx 50	3,059.99	-0.16%	-1.58%
Nikkei 225	17,490.83	3.62%	7.36%
Hang Seng Index	24,087.38	2.28%	3.35%
Shanghai SE Composite	2,478.82	2.51%	17.15%
BSE Sensex Index	28,046.66	0.64%	32.48%
Straits Times Index	3,315.67	0.89%	4.68%

Source: Bloomberg

## Week Ahead

Economic Calendar (Selected Events)				
Mon, Nov 17	Tue, Nov 18	Wed, Nov 19	Thu, Nov 20	Fri, Nov 21
Empire State Mfg Survey	<i>PPI-FD</i>	<i>Housing Starts</i>	<i>Consumer Price Index</i>	
<i>Industrial Production</i>	Housing Market Index	EIA Petroleum Status Report	<i>Jobless Claims</i>	
	Treasury International Capital	<i>FOMC Minutes</i>	PMI Manufacturing Index Flash	
			<i>Philadelphia Fed Survey</i>	
			<i>Existing Home Sales</i>	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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