

## Headlines

- [Inside OPEC room, Saudi Arabia declares price war on US shale oil](#). *Reuters.com*, 28 November 2014
- [QE or not QE? Spotlight on the ECB as inflation dips](#). *Reuters.com*, 30 November 2014
- [Black Friday online sales jump 22% as jobs spur shopping](#). *Bloomberg.com*, 30 November 2014
- [China drafts deposit insurance in move to free interest rates](#). *Bloomberg.com*, 30 November 2014

## Weekly Review (for week ending 28 November 2014)

### ■ Singapore October headline inflation eased to 58-month low

Singapore's October consumer price inflation eased to a 58-month low of 0.1% y/y, well below consensus forecast as well as previous month's 0.6% y/y rate. On a non-seasonally adjusted sequential basis, October consumer prices contracted by 0.4% m/m following the 0.1% decline in September. Core inflation (which excludes housing and private road transport) edged slightly lower to register 1.7% y/y in October, compared to September's 1.9%. Sharper declines in the costs of accommodation, oil-related items, and private road transport contributed to the lower-than-expected inflation rate. Accommodation costs in October registered -1.0% y/y, from -0.6% y/y in September. Private road transport cost tumbled -5.6% y/y, from -2.8% y/y in September, due to higher base last year and lower petrol prices.

### ■ Upside surprise in Singapore Q3 GDP growth; government confident 2014 growth at 3%

Singapore's Q3 GDP surprised on the upside and grew 2.8% y/y (+3.1% q/q *saar*), better than consensus estimates of 2.5% y/y. Q2 GDP growth was revised slightly lower to 2.3% y/y (-0.3% q/q *saar*), from 2.4% y/y previously. The uptick in q/q *saar* growth was seen across most sectors, except for the construction sector that experienced another contraction. Stronger growth came from the business services (+8.5%), accommodation & food services (+3.9%), and other services industries (+3.5%). The government had narrowed their 2014 GDP growth forecast to 3.0%, from 2.5%-3.5% previously, while 2015 GDP growth is forecast to grow between 2% and 4%.

### ■ ECB's Coeure says no rush on stimulus as all assets to be debated

The ECB won't make a hasty decision to add more stimulus and will hinge any measures on incoming economic data, Executive Board member Benoit Coeure said. "We'll have to understand how what we've already decided works -- we're not going to rush to a new decision without knowing. We have to look at the data around us and we have to discuss thoroughly all possible options in particular when it comes to buying new assets. We're not committing to any particular time line", said Coeure, who is responsible for market operations at the ECB.

### ■ US Q3 GDP expands at upwardly revised 3.9% pace

The US economy clocked a 3.9% annual growth rate in Q3, the Commerce Department said, revising its initial estimate of 3.5% last month. The number was well above expectations. Economists had predicted a downward revision to 3.2%. The momentum came on the heels of a 4.6% expansion in GDP in Q2 as the economy rebounded from a 2.1% contraction in Q1 largely reflecting severe winter weather. The back-to-back quarterly growth means the US has undergone its strongest growth phase for 11 years. Contributing to the improved Q3 GDP number was an upward revision to business inventory investment, up 7.1%, especially in the wholesale trade and retail trade sectors. Consumer spending, which accounts for about two-thirds of US GDP, increased 2.2% instead of the 1.8% prior estimate.

### ■ UK Q3 GDP rose an annualised 3%, but recovery remains unbalanced

The second estimate for UK Q3 GDP data was unchanged at 0.7%q/q and 3.0%y/y, in line with expectations, confirming that the UK has now grown for the last seven quarters. Strong consumer and government spending drove Q3 growth as business investment and exports contracted against an increasingly uncertain global backdrop. Economists fear that the UK economy remains dangerously unbalanced. Business investment fell by 0.8% during the quarter, signalling that firms cut back on spending. And exports declined by 0.4%, which means the trade gap widened again. It was consumer spending (+0.8%) and government expenditure (+1.1%) that drove growth.

### ■ US jobless claims rise, but non-defence capital goods orders fell

Initial jobless claims increased by 21,000 to 313,000 in the week ending November 22. The prior week's level was revised up by 1,000 to 292,000. The 4-week moving average of claims rose by 6,250 to 294,000, compared with 334,750 a year ago. Separately, new orders for capital goods unexpectedly fell 1.3% for a second straight month in October, a sign that the economy lost some momentum early in Q4.

### ■ US new home sales rise modestly in October

US new home sales rose modestly in October, with inventories on the market continuing to creep higher as the housing market recovery lags. Sales of new single-family homes rose 0.7% from September to an annual rate of 458,000, the highest pace of the year, but below analysts' consensus forecast for an increase to 470,000. The Commerce Department revised down the September pace to 455,000 from 467,000. The readings for July and August were also lowered, taking the three months' gains down by a combined 30,000.

### ■ Eurozone inflation falls to 0.3%, unemployment steady

Inflation in the eurozone slowed to 0.3% in November from 0.4% in October, entirely due to an increased year-on-year drop in energy prices, Eurostat said. Core inflation for November, which strips out volatile items such as energy, food, tobacco and alcohol, stayed at 0.7%. Unemployment remained steady at 11.5% in October, unchanged from September despite a stagnating economy. However, it was still lower than the 11.9% registered in October last year. Germany registered among the lowest unemployment rates at 4.9% in October, with Spain among the highest at 24%. In the EU28, unemployment stood at 10% in October this year, unchanged from September.

## Market Snapshot

Selected Equity Indices	Last (Nov 28)	1-week return	Year-to-date return
Dow Jones Industrial Average	17,828.24	0.10%	7.55%
S&P 500 Index	2,067.56	0.20%	11.86%
FTSE 100 Index	6,722.62	-0.42%	-0.39%
Euro Stoxx 50	3,250.93	1.78%	4.57%
Nikkei 225	17,459.85	0.59%	7.17%
Hang Seng Index	23,987.45	2.35%	2.92%
Shanghai SE Composite	2,682.83	7.88%	26.79%
BSE Sensex Index	28,693.99	1.27%	35.54%
Straits Times Index	3,350.50	0.15%	5.78%

Source: Bloomberg

## Week Ahead

Economic Calendar (Selected Events)				
Mon, Dec 1	Tue, Dec 2	Wed, Dec 3	Thu, Dec 4	Fri, Dec 5
PMI Manufacturing Index  <i>ISM Mfg Index</i>	Construction Spending	ADP Employment Report  Productivity and Costs  ISM Non-Mfg Index  EIA Petroleum Status Report  Beige Book	<i>Jobless Claims</i>	<i>Employment Situation</i>  <i>International Trade</i>  Factory Orders

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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