

Headlines

- [Greek reform list to comprise mainly structural actions: government source](#). *Reuters.com, 21 February 2015*
- [Fed rate rise timing back in the spotlight](#). *Reuters.com, 22 February 2015*
- [Russia gets second junk rating from Moody's on Ukraine, oil](#). *Bloomberg.com, 20 February 2015*
- [The real battle over Greece still lies ahead](#). *Bloomberg.com, 21 February 2015*

Weekly Review (for week ending 20 February 2015)

■ Japan Q4 GDP expands annualised 2.2%, emerges from recession but growth weaker than forecast

Japan's economy expanded by an annualised 2.2% in Q4 after contracting for two straight quarters, supported by a pick-up in exports, the Cabinet Office said. But the expansion was smaller than a 3.7% increase forecast in a Reuters poll, suggesting a fragile recovery for the world's third-largest economy as consumer mood remained soft and uneven global growth weighed on exports. It followed a revised 2.3% contraction in Q3 of last year, when the economy was hit by a sales tax hike. On a quarter-on-quarter basis, GDP increased 0.6% in Q4. External demand added 0.2% to growth in the quarter, a sign the weak yen was finally driving up exports. Private consumption, which makes up about 60% of the economy, rose 0.3% in the final quarter, less than a median market forecast for a 0.7% increase.

■ Singapore 2014 growth stronger-than-expected; outlook subdued

A stronger-than-expected finish for the Singapore economy in 2014 is just that; growth still slowed from the year before, and the subdued outlook for 2015 remains unchanged. The economy grew 2.1% in Q4, exceeding both the government's January estimate of 1.5% growth, and the market's expectation of 1.7%. Full-year growth for 2014 was 2.9% - slightly above the 2.8% PM Lee announced in his new year message. The MTI maintained its 2015 growth forecast at a "modest pace" of 2%-4%, noting that "the global economic outlook has softened in recent months, with growth in 2015 expected to come in only marginally better than in 2014. Year-on-year, quarterly and annual growth still slowed - to 2.1% in Q4 from 2.8% in Q3 and to 2.9% in 2014 from 2013's revised growth rate of 4.4% (previously 3.9%).

■ UK inflation slows more than forecast to record low 0.3%

Britain's inflation rate fell more than economists forecast in January, dropping to a record low as food and fuel prices plunged. Consumer price growth slowed to 0.3% in January (compared to a year ago) from 0.5% in December, the lowest since the data series began in 1989. Based on the ONS model, it is the weakest since March 1960, when prices fell 0.6%. Economists had forecast a 0.4% rate in January. Inflation as measured by the RPI fell to 1.1% from 1.6% the previous month. Core inflation, which strips out food, energy, alcohol and tobacco prices, rose to 1.4% in January from 1.3% the month before, highlighting that the UK is far from suffering generalised deflation.

■ Confidence among US homebuilders declines in February to 4-month low

Confidence among US homebuilders decreased in February to the lowest level in four months as winter weather prevented some prospective buyers from touring new developments. The NAHB/Wells Fargo sentiment gauge fell to 55 this month from 57 in January. The reading on prospective buyer traffic dropped to 39, the lowest since July, from 44, while the 6-month sales outlook was unchanged at 60. "Builder sentiment remains fairly solid, with this slight downturn due to the unusually high snow levels across much of the nation".

■ FOMC minutes show Fed officials worried about hiking rates too soon

Federal Reserve policymakers expressed concern last month that raising interest rates too soon could pour cold water on the US economic recovery, and fretted over the impact of dropping "patient" from its rate guidance. The minutes from the Fed's January 27-28 policy-setting meeting show officials grappling to square solid US economic growth with the weakness in international markets as well as worrying about falling inflation expectations in the US. Fed officials debated the impact that stubbornly low inflation measures were having on the central bank's confidence in moving ahead with the rate hike plan. It is targeting June as the month to begin raising rates.

■ US housing starts slip 2%; permits down, too

US housing starts fell 2% in January from a month earlier to a seasonally adjusted annual rate of 1.065 million. That reflected a big drop in ground-breakings on single-family units, which exclude apartments and reflect the bulk of the market. New applications for building permits, a bellwether for construction in coming months, slipped 0.7%. Home construction is choppy, but starts were up almost 19% from a year ago in January, reflecting gradual progress. Economists believe the market is primed for a pickup as the labour market improves.

■ US jobless claims fall as labour market gains momentum

New claims for US unemployment insurance benefits dropped 21,000 from the prior week's unrevised level of 304,000 to 283,000, pointing to an overall decline in the pace of layoffs. Analysts had expected 293,000 claims. The four-week moving average of initial jobless claims fell by 6,500 to 283,250. The average has fallen fairly steadily over the past 12 months. A year ago, the average was 336,500.

■ EU agrees on 4-month extension for Greece

Eurozone finance ministers agreed in principle on Friday to extend Greece's financial rescue by four months, averting a potential cash crunch in March that could have forced the country out of the currency area. The deal, to be ratified once Greece's creditors are satisfied with a list of reforms it will submit next week, ends weeks of uncertainty since the election of a leftist-led government in Athens which pledged to reverse austerity. The accord requires Greece to submit by Monday a letter to the Eurogroup listing all the policy measures it plans to take during the remainder of the bailout period. If the troika are satisfied, eurozone member states will ratify the extension.

Market Snapshot

Selected Equity Indices	Last (Feb 20)	1-week return	Year-to-date return
Dow Jones Industrial Average	18,140.44	0.67%	1.78%
S&P 500 Index	2,110.30	0.63%	2.50%
FTSE 100 Index	6,915.20	0.61%	5.32%
Euro Stoxx 50	3,490.53	1.25%	10.94%
Nikkei 225	18,332.30	2.34%	5.05%
Hang Seng Index	24,832.08	0.61%	5.20%
Shanghai SE Composite	3,246.91	1.34%	0.38%
BSE Sensex Index	29,231.41	0.47%	6.30%
Straits Times Index	3,435.66	0.28%	2.10%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Feb 23	Tue, Feb 24	Wed, Feb 25	Thu, Feb 26	Fri, Feb 27
<i>Existing Home Sales</i>	S&P Case-Shiller HPI	<i>New Home Sales</i>	<i>Consumer Price Index</i>	<i>GDP</i>
Dallas Fed Mfg Survey	Consumer Confidence	EIA Petroleum Status Report	<i>Durable Goods Orders</i>	Chicago PMI
			<i>Jobless Claims</i>	Consumer Sentiment
				Pending Home Sales Index

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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