

Headlines

- [Bank of England, ECB strike data sharing deal over central counterparties](#). *Reuters.com, 29 March 2015*
- [Investment banks eye potential trading boost from ECB stimulus](#). *Reuters.com, 29 March 2015*
- [Abbott says Australia is set to join China-led investment bank](#). *Bloomberg.com, 29 March 2015*
- [China's Zhou warns on growth slowdown, says PBOC has room to act](#). *Bloomberg.com, 29 March 2015*

Weekly Review (for week ending 27 March 2015)

■ Singapore experiences deflation for fourth straight month

Singapore's consumer price index came in at -0.3% last month, edging up slightly from -0.4% in January, mainly due to higher food and services inflation caused by the Chinese New Year festive period. However, it was the fourth consecutive month that consumer inflation stayed in negative territory. Food prices rose by 2.5%, compared to the 2.2% increase in January, while services inflation increased to 1.5%, from 1.2% a month ago, largely led by the higher cost of holiday travel during the festive season. Private road transport cost was 5.8% lower, following the 5% drop in January, due to the sharper correction in COE premiums. Core inflation, which excludes private road transport and accommodation, came in at 1.3% compared to 1% in January, reflecting the stronger food and services inflation.

■ US existing home sales rise marginally in February

US home resales rebounded modestly in February as a persistent shortage of properties on the market spurred the biggest price jump in a year, a trend that could undermine the spring selling season. The NAR said on Monday that existing home sales rose 1.2% to an annual rate of 4.88 million units, close to economists' forecasts for 4.90 million-unit pace. That left the bulk of January's 4.9% plunge intact. Insufficient supply appears to be hampering prospective buyers in several areas of the country and is hiking prices to near unsuitable levels. With supply remaining tight, the median price for a previously owned home was US\$202,600 in February, up 7.5% from a year ago.

■ US consumer inflation firming; new home sales at 7-year high

The US February CPI inflation rose 0.2%*m/m* (0.0%*y/y*), from -0.7%*m/m* (-0.1%*y/y*) in January, the first increase in four months and in line with consensus forecast, as gasoline prices rose for the first time since June 2014. There were also signs of an uptick in underlying inflation pressures. Core inflation rose 0.2%*m/m* beating expectations of just +0.1%*m/m* and translating into +1.7%*y/y* up from +1.6%*y/y* in January. The US housing market also gave the economy a jolt as new home sales surged 7.8%*m/m* to an annual rate of 539,000 units, a 7-year high and exceeded the forecast of 464,000 by a wide margin. January figures were also revised higher to 500,000 from 481,000.

■ China March flash HSBC manufacturing PMI contracts to 11-month low, new orders drop

Activity in China's factory sector dipped to a 11-month low in March as new orders shrank, signalling persistent weakness in the world's second-largest economy that will likely add to calls for more policy easing. The flash HSBC/Markit PMI dipped to 49.2 in March, below a forecast for 50.6, and much weaker than February's final PMI of 50.7. The new orders sub-index fell to a 11-month low of 49.3, although new export orders contracted at a slower pace. The employment sub-index hit its lowest since the height of the global financial crisis. A renewed fall in total new business contributed to a weaker expansion of output, while companies continued to trim their workforce numbers. This suggested that manufacturers faced considerable headwinds from weaker domestic demand and deflationary risks.

■ UK February inflation falls to zero

UK February CPI inflation vanished last month, hitting zero for the first time on record. The annual rate of consumer price inflation dropped to 0%, from +0.3% in January, and below analysts' forecasts for a smaller drop to +0.1%, the ONS said, keeping a rate rise by the BoE firmly off the table for now. It was the weakest inflation recorded since 1960. Economists said that inflation was likely to dip below zero next month -- though they stressed that Britain was at much less risk of entrenched deflation than the Eurozone.

■ US durable-goods orders fall, raising worries over GDP growth

Orders for durable goods -- products such as computers, lawn mowers and washing machines designed to last at least 3 years -- declined a seasonally adjusted 1.4% in February after a downwardly revised 0.1% dip in January. The so-called core capital goods orders were previously reported to have increased 0.5% in January. Excluding the volatile transportation sector, orders fell 0.4%, the fifth consecutive monthly decline. The weak performance suggests US companies remain cautious about spending amid weak global demand.

■ Japan's zero inflation a setback for Abenomics

The core gauge of Japanese consumer prices was flat from a year earlier in February, deepening worries Japan is heading back toward deflation two years after the BoJ launched a radical economic-revival program. The core CPI hit 0%, the lowest level since May 2013 and far from the 2% target that the BoJ had pledged to hit by this spring. The index excludes fresh food prices and effects of a tax increase.

■ US GDP growth slowed to 2.2% in Q4, unchanged from prior estimates

The US economy expanded at 2.2% annualised pace in Q4, led by the biggest gain in consumer spending in eight years, and unchanged from the revision released in February. Analysts were expecting to see growth for Q4 come in at 2.4%. While decent, the economy's performance was well below the 5% pace of growth in Q3 and the 4.6% rate in Q2. Personal expenditures increased 4.4% during the quarter, up from a 3.2% increase in Q3. An upward revision to consumer spending and exports was mostly offset by smaller gains in inventories. For all of 2014, the US economy grew 2.4% from the year before, the most since 2010 and following a 2.2% advance in 2013.

Market Snapshot

Selected Equity Indices	Last (Mar 27)	1-week return	Year-to-date return
Dow Jones Industrial Average	17,712.66	-2.29%	-0.62%
S&P 500 Index	2,061.02	-2.23%	0.10%
FTSE 100 Index	6,855.02	-2.39%	4.40%
Euro Stoxx 50	3,679.03	-1.26%	16.93%
Nikkei 225	19,285.63	-1.40%	10.51%
Hang Seng Index	24,486.20	0.46%	3.73%
Shanghai SE Composite	3,691.10	2.04%	14.11%
BSE Sensex Index	27,458.64	-2.84%	-0.15%
Straits Times Index	3,450.10	1.10%	2.52%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Mar 30	Tue, Mar 31	Wed, Apr 1	Thu, Apr 2	Fri, Apr 3
<i>Personal Income and Outlays</i>	S&P Case-Shiller HPI	Motor Vehicle Sales	<i>International Trade</i>	Markets Closed, Banks Open
Pending Home Sales Index	Chicago PMI	ADP Employment Report	<i>Jobless Claims</i>	<i>Employment Situation</i>
Dallas Fed Mfg Survey	Consumer Confidence	PMI Manufacturing Index	Factory Orders	ISM Non-Mfg Index
		<i>ISM Mfg Index</i>		
		Construction Spending		
		EIA Petroleum Status Report		

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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