

## Headlines

- [IMF nations point to exchange rate, geopolitical risks](#). *Reuters.com, 18 April 2015*
- [Risk of sharp reversal remains - Carney](#). *Reuters.com, 18 April 2015*
- [Draghi says urgent need for Greece to strike bailout deal](#). *Bloomberg.com, 19 April 2015*
- [China follows on stimulus pledge with Bank Reserve Ratio cut](#). *Bloomberg.com, 19 April 2015*

## Weekly Review (for week ending 17 April 2015)

### ■ China March exports in shock 15% fall

China's export sales contracted 15% in March, a shock outcome that deepens concern about sputtering Chinese economic growth. The tumble in exports - the worst in about a year - compared with expectations for a 12% rise and could heighten worries about how a rising yuan has hurt demand for Chinese goods and services abroad, analysts said. The yuan's strength was one factor in March's 19.1% on-year decline in exports to the EU and 24.8% drop to Japan. In a sign that domestic demand was also tepid, imports shrank 12.7% last month from a year ago. This left China with a surplus of US\$3.1 billion, much smaller than the poll forecast for a US\$45.4 billion surplus.

### ■ MAS catches market off-guard, sends Singapore dollar soaring

The Singapore dollar shot up on Tuesday, as the Monetary Authority of Singapore caught the market off-guard for the second time in three months, this time by keeping the currency on the same "modest and gradual" appreciating path. Explaining its decision to keep the S\$NEER band as is, the MAS said neither its growth nor inflation forecasts have changed since its off-cycle slope-reduction on January 28. GDP is on track to grow at 2% to 4% in 2015; it reiterated its full-year headline and core inflation forecasts of -0.5% to 0.5%, and 0.5% to 1.5% respectively. With speculators shorting the SGD as a one-way bet, the currency firmed more than 1% against the USD.

### ■ Lackluster rebound in US March retail sales shows consumers hesitant

The March rebound in US retail sales was less impressive than economists forecast, signalling consumers are in no rush to spend the windfall from cheaper fuel prices. Purchases increased 0.9%, the first gain in four months. Economists had forecasted retail sales would advance 1.1%. February's reading was revised to a 0.5% drop from an initially reported 0.6% decrease. Retail sales excluding autos rose 0.4% after being unchanged in February and lower than forecasts for a 0.7% rise. Core sales, which are used to calculate GDP and exclude autos, gasoline stations and building materials, climbed 0.3% in March after a revised 0.2% decrease in February.

### ■ China's Q1 GDP slows to 7%, six-year low; more easing expected

China's economy grew 7.0% in Q1 from a year ago, as expected but still its slowest rate in six years, reinforcing bets that policymakers will take more steps to bolster growth. The growth slowed from the 7.3% in Q4 of 2014. On a quarterly basis, economic growth slowed to 1.3% in Q1 after seasonal adjustments, from 1.5% in Q4 of 2014. Activity indicators for March were all weaker than expected. Factory output climbed 5.6% in March from a year ago, below forecasts for a 6.9% gain. Fixed-asset investment, a vital driver of the economy, rose 13.5% from a year ago, below forecasts for a 13.8% gain. Retail sales expanded 10.2% compared with expectations for a 10.9% gain.

### ■ Oil sector sinks US industrial production, first quarterly decline since 2009

US industrial output fell in March and posted the first quarterly decline since the recession ended; signs that a retrenching domestic oil industry and stronger dollar are limiting production. Industrial production decreased a seasonally adjusted 0.6% from February. For Q1 of 2015, industrial production declined at an annual rate of 1%. That marks the first quarterly decrease since Q2 of 2009. Capacity utilisation, a measure of slack, fell 0.6% to 78.4%. At its current level, the measure is 1.7% below the long run average recorded since 1972.

### ■ US housing starts sluggish; jobless claims rise

US housing starts rose far less than expected in March. Work began on 926,000 homes at an annualised rate, up 2% from a 908,000 pace in February. Economists had forecast a 1.04 million rate. That left the bulk of February's decline, which had been blamed on bad weather, intact. Separately, initial claims for unemployment benefits rose 12,000 to a seasonally adjusted 294,000 for the week ended April 11. The 4-week moving average of claims rose slightly to 282,750 compared with an almost 15-year low of 282,500 in the prior week. The number of people still receiving jobless benefits dropped by 40,000 to 2.27 million in the week ended April 4, the fewest since December 2000.

### ■ Singapore March NODX expanded at the fastest pace in more than 3 years

Singapore's NODX expanded 18.5% y/y in March, the fastest pace in more than three years, and reversing the 9.7% y/y decline in February. The March expansion surprised consensus expectations of a 1.1% y/y decline. Electronic exports gained 10.4% y/y, mainly due to the 24.4% y/y expansion in the exports of ICs, while non-electronic exports gained 21.6% y/y in March as the key contribution came from the exports of pharmaceuticals (+65.9% y/y). However, the two main export segments (electronics and pharmaceuticals, comprising 23% of overall NODX in 2014) only saw strong on-year growth due to a very weak base in the same month a year ago.

### ■ US consumer prices edge up, on rising gasoline and housing costs

US consumer prices increased for a second straight month in March on rising gasoline and housing costs, a sign that should keep the Fed on course to start raising interest rates this year. The CPI rose 0.2% in March after a same gain in February. In the year through March, CPI slipped 0.1% after being unchanged in February. Core CPI, which strips out food and energy costs, increased 0.2% in March after a similar rise in February. In the year through March, core CPI rose 1.8%, the largest increase since October, after rising 1.7% in February.

## Market Snapshot

Selected Equity Indices	Last (Apr 17)	1-week return	Year-to-date return
Dow Jones Industrial Average	17,826.30	-1.28%	0.02%
S&P 500 Index	2,081.18	-0.99%	1.08%
FTSE 100 Index	6,994.63	-1.34%	6.53%
Euro Stoxx 50	3,674.05	-3.74%	16.77%
Nikkei 225	19,652.88	-1.28%	12.62%
Hang Seng Index	27,653.12	1.40%	17.15%
Shanghai SE Composite	4,287.30	6.27%	32.54%
BSE Sensex Index	28,442.10	-1.51%	3.43%
Straits Times Index	3,525.19	1.52%	4.76%

Source: Bloomberg

## Week Ahead

Economic Calendar (Selected Events)				
Mon, Apr 20	Tue, Apr 21	Wed, Apr 22	Thu, Apr 23	Fri, Apr 24
		<i>Existing Home Sales</i>	<i>Jobless Claims</i>	<i>Durable Goods Orders</i>
		EIA Petroleum Status Report	PMI Manufacturing Index Flash	
			<i>New Home Sales</i>	

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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