

## Headlines

- [Germany floats Greek euro 'time-out' without more reforms](#). *Reuters.com*, 11 Jul 2015
- [Cameron to demand opt-out of EU employment laws - media](#). *Reuters.com*, 11 Jul 2015
- [Australia orders A\\$10 billion energy fund to shun wind power](#). *Bloomberg.com*, 12 Jul 2015
- [Greece deal on third bailout unlikely today, Euro Ministers say](#). *Bloomberg.com*, 12 Jul 2015

## Weekly Review (for week ending 10 July 2015)

### ■ Greece's Tsipras 'confident' of meeting debt deal deadline

The emergency eurozone finance ministers and eurozone leaders' summit in Brussels on Tuesday came to naught as Greek PM Alexis Tsipras came to the table with the same proposal in late June that was already rejected by the rest of the 19 Eurozone members. The Greek government was issued a final deadline by Friday morning to submit detailed reform proposals to reach a bailout deal by Sunday. Tsipras said on Wednesday he was confident of meeting an end-of-the-week deadline set by eurozone leaders to reach a bailout deal or risk leaving the euro. "I am confident that in the next two or three days we will be able to meet the obligations in the best interests of Greece and also the eurozone," Mr Tsipras said in a speech to the European Parliament in Strasbourg.

### ■ IMF urges Fed to delay rate hike till first half of next year

In an unusually explicit policy suggestion, the IMF urged the US Federal Reserve to delay raising interest rates "until there are greater signs of wage or price inflation" in the US - probably in the first half of 2016. The IMF said that US dollar strength in anticipation of rate rises was already "impacting growth and job creation" in the US and that further rises in the dollar could reignite global financial imbalances. The US economy is expected to grow at a rate of 2.5% this year and 3% in 2016. The IMF pointed that "housing recovery in the US is not yet on a solid footing" while at the same time the US financial system has "pockets of vulnerabilities which cannot be ignored."

### ■ Markets see US FOMC minutes as dovish

The minutes from its 16-17 June 2015 US FOMC meeting showed that policy makers "saw economic conditions as continuing to approach those consistent with warranting a start to the normalization of the stance of monetary policy" but there remains hesitation to make the decision to normalise rates as all but one FOMC member "indicated that they would need to see more evidence that economic growth was sufficiently strong". Market's key takeaway is that the Fed is positive but still cautious about the US economic & jobs recovery, domestic price developments and also on external developments, resulting in a cautious approach to raising interest rates [i.e. dovish sounding].

### ■ China consumer inflation edges up to 1.4% in June

China consumer prices edged up moderately in June, but wholesale prices remained entrenched in deflation, a sign of continued slack in the world's second largest economy. The CPI rose 1.4% in June from a year earlier, beating expectations of a 1.3% rise and following a 1.2% rise in May. The PPI slid 4.8%, worse than forecasts for a 4.5% fall and after a 4.6% decline in May. This marks its 39th consecutive month of declines. This suggests that overcapacity remains a serious problem and the process of deleveraging has a long way to go.

### ■ IMF trimmed 2015 global economic growth forecast to 3.3%

The IMF cut its forecast for global growth this year to 3.3% (from 3.5% estimated in April and slower than the 3.4% growth achieved in 2014). The lowered growth forecast was due to a weaker Q1 in the US (and the IMF now expects US to grow just 2.5% in 2015, compared with the 3.1% estimate in April). IMF also cut UK 2015 GDP growth to 2.4% (from 2.7%) while Japan 2015 GDP growth is reduced to 0.8% (from 1.0%). The IMF left its 2015 projections for China and the Eurozone unchanged from April, but singled out both economies as sources of potential risk. It expressed confidence financial-market turbulence from China to Greece will not cause widespread damage.

### ■ US initial jobless claims spike to 297,000; highest since February

The US Department of Labour said the number of individuals filing for initial jobless benefits in the week ending July 4 increased by 15,000 to a seasonally adjusted 297,000 from the previous week's total of 282,000. Analysts had expected initial jobless claims to fall by 7,000 to 275,000 last week. First-time jobless claims have held below the 300,000-level for 18 consecutive weeks, which is usually associated with a firming labour market. The four-week moving average was 279,750, an increase of 4,500 from the previous week's total of 275,000.

### ■ Greece faces showdown with creditors as lawmakers back deal

Greece has officially asked for a 3-year loan facility from the ESM and proposed to immediately implement a set of measures starting from the beginning of the next week, such as tax reform related measures and pension related measures. It also promised action to further strengthen and modernise the country's economy. The country's three creditor institutions earlier assessed the program positively as a basis for a €74 billion bailout. Alexis Tsipras won the backing of Greek lawmakers with a majority of 251 votes in the 300-seat parliament.

### ■ Yellen maintains outlook for first rate increase in 2015

Federal Reserve Chair Janet Yellen, speaking after weeks of financial-market turmoil over China and Greece, maintained her call for an interest-rate increase this year as the US economy improves. "I expect that it will be appropriate at some point later this year to take the first step to raise the federal funds rate and thus begin normalizing monetary policy", Yellen said in her remarks since the June FOMC meeting. She devoted a large section of her speech to explaining how labour markets still haven't met her criteria for full employment. The unemployment rate stood at 5.3% in June. In her overall assessment of the economy, Yellen was similarly cautious but upbeat.

## Market Snapshot

Selected Equity Indices	Last (Jul 10)	1-week return	Year-to-date return
Dow Jones Industrial Average	17,760.41	0.17%	-0.35%
S&P 500 Index	2,076.62	-0.01%	0.86%
FTSE 100 Index	6,673.38	1.33%	1.63%
Euro Stoxx 50	3,528.81	2.53%	12.15%
Nikkei 225	19,779.83	-3.70%	13.35%
Hang Seng Index	24,901.28	-4.46%	5.49%
Shanghai SE Composite	3,877.80	5.18%	19.88%
BSE Sensex Index	27,661.40	-1.54%	0.59%
Straits Times Index	3,279.88	-1.88%	-2.53%

Source: Bloomberg

## Week Ahead

Economic Calendar (Selected Events)				
Mon, Jul 13	Tue, Jul 14	Wed, Jul 15	Thu, Jul 16	Fri, Jul 17
Treasury Budget	<i>Retail Sales</i>	<i>PPI-FD</i>	<i>Jobless Claims</i>	<i>Consumer Price Index</i>
	Import and Export Prices	Empire State Mfg Survey	<i>Philadelphia Fed Business Outlook Survey</i>	<i>Housing Starts</i>
	Business Inventories	<i>Industrial Production</i>	Housing Market Index	Consumer Sentiment
		EIA Petroleum Status Report	Treasury International Capital	
		Beige Book		

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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