

Headlines

- [Tsipras plays down fears of fractured result in Greek election](#). *Reuters.com*, 06 Sep 2015
- [IMF's Lagarde says Fed should not rush its rate rise decision](#). *Reuters.com*, 06 Sep 2015
- [China market volatility nearing end, says central bank official](#). *Bloomberg.com*, 06 Sep 2015
- [G-20 seals currency peace pact as China sets out bubble cleanup](#). *Bloomberg.com*, 06 Sep 2015

Weekly Review (for week ending 04 September 2015)

■ Japan July industrial output unexpectedly falls 0.6% month-on-month

Japan's factory output contracted a worse-than-expected 0.6% on-month in July, owing to lacklustre demand at home and as a slowdown in China weighs on export. The data was weaker than forecast for a modest 0.1% rise. In June, industrial production rose 1.1% from May. Exports to China were off 1.3% in July from 12 months earlier in volume terms, outstripping a 0.4% fall to the rest of Asia. Manufacturers surveyed by the Ministry of Economy, Trade and Industry expect output to rise 2.8% in August and decrease 1.7% in September.

■ Growth in Singapore bank lending eases to 0.6% in July

Singapore's total bank lending rose in July on stronger demand for property loans and from the general commerce sector, but the rate of monthly growth eased. Loans and advances by domestic banks amounted to \$610.4 billion in July, up 0.59% from the \$606.8 billion in June. The rise was smaller than the 1.6% month-on-month growth in June, which saw a big jump in construction loans. July bank lending grew 2.2% from \$597.4 billion a year earlier. Housing and bridging loans in July increased to \$181.6 billion from \$180.3 billion in June. These loans totalled \$172.6 billion in July 2014. Loans and advances in ACU were \$561.4 billion in July, up from \$554.5 billion in June.

■ China twin PMI manufacturing readings slip in August

Activity in China's manufacturing sector slowed markedly in August, twin surveys showed. China's official PMI slipped to 49.7 in August - the weakest level since August 2012 - down from 50 in July and in line with expectations. Separately, the final Caixin/Markit manufacturing PMI slipped to 47.3 in August, the lowest reading since March 2009 and down from 47.8 in July, but higher than the flash reading of 47.1.

■ US manufacturing sector growth slows in August, but construction spending at 7-year high

The pace of growth in the US manufacturing sector slowed in August to its weakest in over two years while construction spending in July climbed to its highest level in more than seven years. The ISM said its index of national factory activity fell to 51.1 in August from 52.7 in July, marking the lowest reading since May 2013, and shy of the expected 52.6. The new orders sub-index fell to 51.7 from 56.5 to also mark the lowest level since May 2013. Separately, the Commerce Department says construction spending in July rose 0.7% to a seasonally adjusted annual rate of US\$1.08 trillion, the highest level since May 2008. The report also revised up the June increase in construction spending to 0.7% from 0.1% previously. Total construction spending has risen 13.7% over the past 12 months.

■ Dovish Draghi unveils revamped QE program as ECB downgrades outlook

Mario Draghi unveiled a revamp of QE and signalled officials might expand stimulus if the rout in financial markets continues to weigh on growth and inflation. Draghi said that the Governing Council raised the share of bonds the ECB can buy to 33% of each issue from 25%, and that policy makers are ready to make more adjustments to ensure the full implementation of the €1.1 trillion program. A weaker global outlook prompted a wholesale reduction of ECB's growth and inflation forecasts through 2017. The euro slid to a two-week low as Draghi was also seen giving a nod to potentially extend & expand QE as "ECB has the will and capacity to act further if it deems it necessary".

■ Shrinking US trade gap shows economy's underlying strength

The US trade deficit fell in July to its lowest level in five months as exports rose broadly, signalling underlying strength in the economy amid concerns about a global growth slowdown. The trade gap narrowed 7.4% to US\$41.9 billion from US\$45.2 billion in June, the smallest since February. When adjusted for inflation, the deficit fell to US\$56.2 billion from US\$59.0 billion in June. Exports increased 0.4% to US\$188.5 billion in July, the first rise since April. There were increases in exports of food, industrial supplies and materials, and capital goods in July. Automobile exports also rose. Imports fell 1.1% to US\$230.4 billion, led by consumer goods such as pharmaceuticals and cell phones. However, automobile imports were the highest on record and the value of crude oil imports was the highest since January.

■ Jobless claims in US rose 12,000, higher than expected

Filings for US unemployment benefits rose more than expected last week, but the underlying trend remained consistent with a strengthening labour market. Jobless claims increased 12,000 to 282,000 for the week ended August 29 from a downwardly revised 270,000, and slightly higher than forecasts for 275,000. The four-week moving average of claims rose 3,250 to 275,500 last week. It was the 23rd straight week that it remained below the 300,000 threshold, which is usually associated with a strengthening labour market.

■ US unemployment rate falls to 5.1%, lowest since April 2008, but job growth slows

US job growth rose less than expected in August, which could dim prospects of a Federal Reserve interest rate hike later this month, even as the unemployment rate dropped to a near 7½-year low of 5.1% and wages accelerated. Nonfarm payrolls increased 173,000 last month as the manufacturing sector lost the most jobs since July 2013, after an upwardly revised 245,000 rise in July. It was the smallest gain in employment in five months and lower than forecasts for 220,000. Payrolls data for June and July were revised to show 44,000 more jobs created than previously reported. In addition, average hourly earnings increased 8 cents and the workweek rose to 34.6 hours.

Market Snapshot

Selected Equity Indices	Last (Sep 4)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,102.38	-3.25%	-9.65%
S&P 500 Index	1,921.22	-3.40%	-6.69%
FTSE 100 Index	6,042.92	-3.28%	-7.97%
Euro Stoxx 50	3,180.25	-3.24%	1.07%
Nikkei 225	17,792.16	-7.02%	1.96%
Hang Seng Index	20,840.61	-3.57%	-11.71%
Shanghai SE Composite	3,160.17	-2.23%	-2.30%
BSE Sensex Index	25,201.90	-4.51%	-8.35%
Straits Times Index	2,863.81	-3.12%	-14.90%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Sep 7	Tue, Sep 8	Wed, Sep 9	Thu, Sep 10	Fri, Sep 11
US Holiday: Labour Day		JOLTS	<i>Jobless Claims</i>	<i>PPI-FD</i>
			Import and Export Prices	Consumer Sentiment
			EIA Petroleum Status Report	Treasury Budget

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



For more reports, use
your smartphone to scan
the QR code

Disclaimers

The information herein is given on a general basis without obligation and is strictly for information purposes only. It is not intended as an offer or solicitation with respect to the purchase or sale of any investment or insurance product mentioned herein. Nothing herein should be construed as a recommendation or advice to transact in any investment or insurance product mentioned herein.

Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this publication, United Overseas Bank Limited ("the Company") and its employees cannot be held liable for any errors, inaccuracies or omissions, howsoever caused, or for any decision or action taken based on the information or views expressed in this publication. The Company does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any errors, inaccuracies or omissions. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results.

The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. Investors may wish to seek advice from an independent financial advisor before investing in any investment or insurance product. Should you choose not to seek such advice, you should consider whether the investment or insurance product in question is suitable for you.