

# Economic & Financial News

Research & International Division

2/12/2014

*... Malaysia abolished subsidies for the widely used petrol and diesel, effective December 1...  
... Myanmar has seen a five-fold increase in tourism income ...*

## South East Asia

**Indonesia's trade balance enjoyed a USD23.3 million dollar surplus** in October this year after suffering a deficit of USD270.3 million in the previous month, the largest deficit that Indonesia recorded in the past five months of 2014. Indonesia's exports reached USD15.35 billion while its imports stood at USD15.33 billion in October.

**Indonesia's CPI rose** significantly by 6.23% in November on yearly basis, compared with 4.83% in October following the government hiked subsidised-fuel prices. The hike was primarily caused by a nearly 31% fuel price increases effective on November 18.

**The number of foreign tourist arrivals In Indonesia rose** in October 2014 by 12.34% to 808,767 people from 719,903 people in the same month last year. A total of 7.75 million foreign tourists visited destinations across the archipelago during the January–October 2014 period.

**Malaysia abolished subsidies for the widely used petrol and diesel, effective December 1.** This could potentially save the government almost MYR20 billion ringgit annually. The retail price for RON97 and RON95 will go down by nine cents to MYR2.46 per litre and four cents (MYR2.26 per litre), respectively. However, the price of diesel would increase by three cents to MYR2.23 per litre.

**Myanmar has seen a five-fold increase in tourism income** over the last decade with the sector pulling in USD905 million in 2014. The number of foreign arrivals in country between January and October 2014 reached 2.4 million and is projected to climb as high as 3 million by the end of the year. The upswing began in 2011 as the country opened up under the new government of President U Thein Sein.

**Thailand's inflation continued to ease** for the sixth straight month in November, largely due to lower retail fuel prices. Thailand's CPI rose 1.26% on-year in November, compared with October's 1.48% on-year rise.

**Thailand is likely to increase the value-added tax (VAT)** by at least 1% at the end of next year, giving room to widen the budget deficit by more than THB300 billion in fiscal 2016, above the 12-13% in the current (2015) budget. Presently, the VAT rate is set at 7%.

**Vietnam's economy is expected to grow** more than 5.8% this year, accelerating from last year thanks to steady growth in exports. The macro economy is more stable, with results such as the exchange rate, state budget, exports and imports and inflation being better controlled.

## North East Asia

**China is to levy resource tax on coal** on the basis of sales instead of production from Dec. 1, in a move to shore up the dim industry and improve the deteriorating environment.

**Growth in China's manufacturing sector continued to moderate** in November, raising pressure on the central bank to further ease its monetary policy. The official manufacturing purchasing manager's index (PMI) slipped to 50.3 in November from 50.8 in October.

**Japanese nonfinancial companies' combined capital expenditures in Q3 rose** 5.5% from a year before to JPY9.44 trillion, up for the sixth straight quarter. The nonfinancial companies' recurring profits in Q2 of fiscal 2014 grew 7.6% to JPY13.97 trillion. Their sales rose 2.9% to JPY328.06 trillion.

**South Korea posted a trade surplus** for 34 straight months, but exports and imports fell last month, spurring worries about recession-type surplus. Trade surplus was USD5.61 billion in November. Exports reduced 1.9% from a year earlier to USD46.99 billion in November, and imports declined 4% to USD41.38 billion.

**South Korea's consumer prices grew** 1% at the slowest pace in nine months in November, slowing from October's 1.2% gain renewing worries the country might be entering a phase of deflation due to falling international crude oil costs.

**South Korea will spend more than KRW165 trillion (USD148 billion)** over a five-year period starting this year to help develop rural areas and create some 220,000 new jobs.

## Australasia

**Australia's current account deficit narrowed** to AUD12.5 billion in Q3 2014, seasonally adjusted. This followed a deficit of AUD13.9 billion in Q2. The surplus on goods and services rose AUD3.02 billion in real terms, which would add 0.8 percentage points to growth in Q3. Australia's net foreign debt rose to AUD882.9 billion in Q3 from AUD864.2 billion in Q2.

**The productivity of Australia's manufacturers in November has slightly improved** for the first time since July. The Australian Industry Group Australian Performance of Manufacturing Index increased by 0.7 points to 50.1 in November.

## Indian Sub-Continent

**The Reserve Bank of India (RBI) to ease curbs on overseas purchases** instead of tightening them indicates that the government is more relaxed about the trade deficit. The world's second biggest bullion buyer scrapped a rule mandating traders to export 20% of all gold imported into the country after weeks of speculation that it would tighten the rule.

## Middle East and North Africa

**Kuwaiti real estate sales in October reached KWD362 million**, up 44% y-o-y. Activity during the month was supported by strong performances in the investment and commercial sectors.

**Morocco's consumer prices grew** 0.2% in the first nine months of 2014, compared to 2.2% during the same period last year. This performance is particularly the result of a 1.5% decline of food prices compared to a 3% increase during the same period in 2013.

**Turkish exports decreased** by 6.4% last month compared to November last year as regional tensions and a slow EU economic recovery hit the country's exports. Exports totalled USD12.4 billion as economic recovery in Europe continued at a slower pace.

## Western Europe

**British manufacturing PMI edged up** to 53.5 in November from 53.3 in October 2014. The domestic market remained the main pillar supporting the upturn, while the trend in new export orders remained subdued.

**French car registrations fell** 2% in November amid a continued weakening of consumer confidence. New-car sales declined to 135,070 vehicles last month, a second successive monthly drop after registrations fell 4% in October.

**German manufacturing activity shrank** in November at the fastest rate in 17 months. The Markit's PMI for the manufacturing sector, which accounts for about a fifth of the economy, fell to 49.5 - the lowest level since June 2013 - from 51.4 in October.

**Lower fixed investment pulled Italy's economy lower** in Q3, as it confirmed the country slipped back into recession for the third time since 2008. Italian GDP slipped 0.1% in Q3 2014 from the previous three months. Italy's GDP was down 0.5% from the July-September period of 2013. Higher imports more than offset exports, although the latter contributed to limit the decline.

## South America

**Brazil's trade deficit grew sequentially** in November as exports declined more than imports. The deficit widened to USD2.35 billion in November from a deficit of USD1.18 billion in October, and compared with a surplus of USD1.74 billion in November 2013.

## Oil & Gas News

**Brent for January settlement dropped** as much as 70 cents, or 1%, to USD71.84 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Cotton futures** reached 58.53 cents a pound on ICE Futures U.S. on Nov. 24, the lowest since September 2009.

**Silver for immediate delivery lost** 0.8% to USD16.333 an ounce, after prices rebounded yesterday from a five-year low of USD4.4235 to end 6.5% higher.

## Currency News

**The Aussie rose** 0.3% to 85.16 U.S. cents as of 7:44 a.m. in London from yesterday.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
29-Nov-14	1,167.38	4.09	70.15	17.15	1.62	2.05	1.30	0.90	9371.19	90.83	2.59	34.48	25.21	3,350.50
02-Dec-14	1,206.42	3.99	71.93	18.03	1.63	2.04	1.31	0.90	9375.59	90.87	2.63	34.33	25.14	3,326.60
% Change	3.34	-2.44	2.54		0.51	-0.14	0.49	0.12	0.05	0.04	1.55	-0.45	-0.25	-0.71

# Economic & Financial News

Research & International Division

3/12/2014

*... Reserve Bank of Australia held policy rate at record-low ...  
... Newly built homes and schools boosted US construction spending in October ...*

## South East Asia

**Malaysian government said 2% subsidies will be given under the SME Investment Partner (SIP) programme** of the SME Masterplan. The subsidies are necessary because of the high costs involved and to enhance early stage financing for SMEs.

**Malaysia will maintain this year's fiscal reduction target and inflation forecast** following the removal of fuel subsidies. The government still expects the fiscal deficit to come in at the projected 3.5% of GDP this year, down from 3.9% in 2013.

**Vietnam's state budget revenue in the first eleven months of 2014 hit VND789.6 trillion** (USD37.24 billion), accounting for 100.9% of the estimated figure for the whole year. Domestic revenue contributed some VND534.3 trillion (USD25.32 billion) to the state budget, accounting for 99.1% of the estimate.

**Vietnam is likely to spend USD1.5 billion on auto imports** for the entire 2014. From January to November this year, total car imports value reached USD1.23 billion, a 100.7% y-o-y increase.

## North East Asia

**Persistent weakness in the real estate market will dent prospects for Chinese lenders** due to their large exposure to the sector, Standard & Poor's Rating Services said. Loans to property development and construction companies from all sources amounted to CNY8.2 trillion (USD1.3 trillion), or 13.8% of the total loans, at the end of last year.

**Japan's monetary base increased** to a record high at the end of November following additional monetary easing a month before. The month-end balance of the monetary base rose 1.2% m-o-m to JPY262.686 trillion.

**The inflation-adjusted wages for workers in Japan fell 2.8% y-o-y in October**, dropping for the 16th straight month. Wages stood at JPY267,935 (USD2,260) per worker, up 0.5% y-o-y if the impact of consumer price hikes is excluded.

**South Korean exports are expected to top the USD600 billion mark** for the first time ever in 2015 thanks to the faster pace of global economic growth and trade. The landmark number represents a 4.3% increase from the USD576 billion worth of goods that is expected to be exported for the whole of this year.

## Australasia

**The Reserve Bank of Australia held its policy rate at a record-low 2.5%** to cushion the economy against the end of a mining-investment boom and as China's growth slows, eroding prices for key exports such as iron ore, which has plunged 50% since January.

**Australians spend almost AUD2.4 billion buying groceries and liquor online**, as online sales reach a record high. The latest NAB online retail index shows online groceries sales surged by 17.3% in the 12 months to October.

## Indian Sub-Continent

**India's central bank kept interest rates unchanged** at 8%, despite growing calls to ease monetary policy, saying a reduction would be "premature". But it indicated that it could cut rates early next year if inflation continued to slide.

**India raised factory gate duties** on petrol by INR2.25 (USD0.04) per litre and on diesel by one rupee per litre with immediate effect yesterday. The increases, which follow similar hikes in mid-November, seek to take advantage of a slump in world oil prices to shore up government revenues without stoking inflation.

## Middle East and North Africa

**Bahrain's economy grew** by 5.1% in constant prices and 4.7% in current prices in Q3 of this year, compared with last year. The growth momentum covered all oil and non-oil economic sectors. Meanwhile, GDP grew by 1.7% in constant prices and 2% in current prices.

## Eastern Europe

**Russia's economy could contract** by 0.8% in 2015 if oil prices remain at the USD80 level. The estimation was made in consideration of the West's continuing sanctions and investor jitters. The Russian economy may enter recession in Q1 of 2015 before it bounces back into growth in the second half of next year.

**Russia scrapped a proposed EUR36 billion Black Sea pipeline** to carry gas to Europe, the latest sign economic ties with the EU are breaking down as the Ukraine crisis persists. Shelving the South Stream project ensures pipelines through Ukraine will remain vital as supply links to Europe for years to come.

## Western Europe

**Total average weekly household expenditure in Britain was GBP517.3** (around USD814.3) in 2013. It rose by 3% from GBP501 in 2012, but was well below 2006 peak when households spent an average of GBP539.8 per week.

**Car sales in Germany fell** by 2% in November, mirroring a drop in France, in a sign that the European auto-market recovery remains fragile amid weakening economic growth in the region. German car registrations declined to 250,100 vehicles, after growing 4% in October.

**The recession ravaging the Italian economy led to a loss of 3.7% of its companies** last year, led by a drop of more than 7% in construction firms. That also meant job losses for employees, with the total number of workers falling by 2.3% in 2013.

**Spain's jobless queue shrank** in November, ending three months of increases, as the economy slowly recovered after emerging in mid-2013 from a two year recession. The number of people in Spain registered as unemployed fell by 14,688 (m-o-m) in November to hit 4,512,116.

## North America

**Newly built homes and schools boosted US construction spending** in October to the highest level since May. The construction spending rose a seasonally adjusted 1.1% in October, after having slipped 0.1% in September.

## South America

**Brazilian manufacturing activity shrank** in November for the seventh time in eight months. The HSBC Purchasing Managers' Index for Brazil's manufacturing dropped to 48.7 in November, from 49.1 in October in seasonally adjusted terms.

**Output from Brazilian industry fell flat** in October after a modest recovery in Q3, as Latin America's economy struggled to regain traction. Industrial production had no variation in seasonally adjusted terms in October from September. Compared with October 2013, industrial production was down 3.6%.

## Oil & Gas News

**Brent for January settlement gained** as much as 92 cents to USD71.46 a barrel on the London-based ICE Futures Europe exchange and was at USD70.82 at 1:34 p.m. Singapore time.

## Commodity News

**Aluminum for delivery in three months advanced** 0.3% to USD1,983.25 a metric ton on the London Metal Exchange at 10:54 a.m. in Hong Kong.

**Gold for February delivery grew** to USD1,199.80 an ounce on the Comex in New York, from USD1,199.40 yesterday.

**Silver for immediate delivery lost** 0.7% to USD16.3595 an ounce, after sinking to a five-year low of USD14.4235 on December 1.

## Currency News

**The dollar was little changed** at 119.24 yen at 1:27 p.m. in Tokyo, after reaching 119.44, the highest since August 2007.

**The Mexican peso fell** 0.8% to 14.1037 per dollar in Mexico City today.

**The ringgit depreciated** 0.4% to 3.4400 per dollar as of 9:57 a.m. in Kuala Lumpur.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
02-Dec-14	1,206.42	3.99	71.93	18.03	1.63	2.04	1.31	0.90	9375.59	90.87	2.63	34.33	25.14	3,326.60
03-Dec-14	1,200.81	3.84	70.75	18.42	1.63	2.05	1.31	0.90	9402.91	90.73	2.62	34.28	25.12	3,325.40
% Change	-0.47	-3.76	-1.64	-0.13	0.50	-0.25	-0.34	0.29	-0.15	-0.10	-0.13	-0.08	-0.04	

# Economic & Financial News

Research & International Division

4/12/2014

*... Brazil Central Bank raises interest rate to 11.75% ...  
... Vietnam's economic recovery on track ...*

## South East Asia

**The real estate sector in the Philippines grew 8.9% y-o-y in the Q3** and is poised to sustain its expansion next year, on strong commercial activities. The continuous transformation of cities into business landscapes will only strengthen the position of the country as an investment destination in the coming years.

**The Bank of Thailand expects inflation to continue to be low next year** thanks to falling global oil prices and the reform of the country's energy structure, which will be positive for the balance of trade while helping businesses via lower production and logistics costs.

**The capital city of Vietnam has attracted USD961 million in FDI in the past 11 months.** During this period, the manufacturing and processing sector had the largest share of FDI with USD273 million, followed by real estate trading and hospitality with USD246 million and catering and restaurant industries with USD231 million.

**Vietnam's economic growth is expected to improve by 0.2% in 2014**, according to the World Bank. GDP growth picked up to a relatively brisk 6.2% y-o-y in the Q3 of 2014, contributing to an overall growth rate of 5.6% for the first nine months of the year. The recovery is attributed to the rapid growth of major sectors (barring services), especially manufacturing and construction.

## North East Asia

**The National Assembly passed the Korean government's 2015 budget bill on Dec. 2.** The bill calls for increasing the government budget by 5.51% to KRW375.4 trillion (USD338 billion) next year from KRW355.8 trillion won this year. The three sectors with the biggest budget increase were welfare, including health and job creation; general and local administration; and education.

**South Korean builders are struggling to meet a target of USD70 billion in overseas construction orders set for 2014**, in the face of plunging international crude oil prices. Many large construction projects in Middle Eastern countries that should have been inked this year have all been put on hold.

**The South Korean economy expanded 0.9% in the Q3** from three months earlier as consumption recovered and builders increased investments. The Q3 figure marks an improvement from the 0.5% on-quarter growth logged in the Q2.

## Australasia

**Australia's trade deficit narrowed a seasonally adjusted 41% to AUD1.323 billion.** Exports rose 2% in the month, while imports were down 2%. The result follows a downwardly revised deficit of AUD2.235 billion in September.

**Australian retail spending has risen** for the fifth consecutive month, helped by solid gains in the household goods and department stores category. Retail spending rose 0.4% in October, after a 1.3% rise in September.

**Growth in New Zealand's house prices slowed** for an 11th consecutive month in November. Quotable Value's (QV) residential property index rose 5.1% in the year to Nov 30, compared with an annual rate of 5.9% in October.

## Middle East and North Africa

**Libya's inflation (the Retail Price Index) was down to 1%** for the first nine months of 2014, the Central Bank of Libya reported.

**The total value of exports from Oman recorded a decline of 8.5% by the end of July 2014** to OMR11.7 billion compared with OMR12.8 billion recorded during the same period in 2013.

**Tunisia's growth rate reached 2.3% in the Q3 of 2014**, against 2.2% and 2.3% during the second and first quarters, respectively. The growth rate for the 9 months of this year, thus, stands at 2.3%.

**Inflation in Turkey increased to 9.15% in November**, up from 8.86% in September and 8.96% in October. Food and non-alcoholic beverages rose to its highest by 14.37% y-o-y last month. Meanwhile, producer prices increased 8.36% in November y-o-y. The stickiness and volatility of food price inflation in Turkey remains a concern; seemingly structural in nature.

## Eastern Europe

**Russia's central bank intervened in the currency market for the first time** since moving to a free float last month as a rout in oil sent the ruble tumbling to a record low for a fourth day. The Bank of Russia sold USD700 million on Dec. 1.

**Poland's central bank left interest rates at a record low of 2%** and signalled prospects for economic growth were improving, trumping concern about prolonged deflation. Poland's economic growth slowed and driven by improving consumer spending, while November manufacturing expanded at the fastest pace in eight months.

## Western Europe

**Britain's banks will pay an extra GBP4 billion in taxes over the next five years** due to changes announced by Finance Minister George Osborne. Osborne said he would change rules which enable banks to offset losses from the financial crisis of 2007 to 2009 against tax on profits for years to come, which meant some banks would not be paying tax for 15 or 20 years.

**France is to cut its public deficit to 4.1% of economic output in 2015.** That is down from a previous target of 4.3%. The figure comes after new measures to avoid EU sanctions. France was given another two years in 2013 to cut its deficit down to the EU limit of 3% of GDP but said in September it would miss that 2015 target and only fall to 4.3%.

**Greece has rejected its international lenders' demands for tax rises and income cuts next year,** Prime Minister Antonis Samaras argued such measures would be disastrous for the country which has emerged from a deep economic recession.

**Switzerland's economic growth strengthened in the Q3,** driven by higher exports of goods and services, and robust private and public spending. GDP in the Q3 rose 0.6% from the previous quarter and 1.9% on the year.

## North America

**Canada's economic positives have largely offset the negatives,** a balance that led the Bank of Canada's governor Stephen Poloz to maintain the trend-setting interest rate at 1%.

**Canadian consumers have amassed more than CAD100 billion in new debt** over the past year, with Alberta leading all provinces in average debt levels. Equifax Canada's Q3 2014 National Consumer Credit Trends reported that total debt in the country rose 7.4% from a year ago — from CAD1.409 trillion to CAD1.513 trillion.

**A gauge of growth in the US services sector rose** more than expected in November even as its employment component dipped. The Institute for Supply Management said its services index rose to 59.3 last month, just below the post-recession high of 59.6 hit in August, from 57.1 in October.

**U.S. labour productivity in the Q3 of 2014 was revised up,** and labor costs registered negative growth compared to the previous estimate. Nonfarm business sector labor productivity increased at a 2.3% annual rate during July-September, higher than the previous reports of 2%. The increase in productivity reflects increases of 4.9% in output and 2.5% in hours worked.

## South America

**Brazil's central bank raised interest rates by 50 basis points** to 11.75%, accelerating the pace of monetary tightening to battle high inflation and help President Dilma Rousseff regain the confidence of investors.

## Oil & Gas News

**Brent for January settlement rose** as much as 49 cents, or 0.7%, to USD70.41 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Bullion for immediate delivery declined** as much as 0.2% to USD1,206.87 an ounce and was at USD1,207.17 at 8:59 a.m. in Singapore.

**Copper for delivery in three months gained** as much as USD68 to USD6,448 a metric ton on the London Metal Exchange and was at USD6,432 a ton at 11 a.m. in Hong Kong.

**Silver for immediate delivery declined** 0.2% to USD16.3818 an ounce.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
03-Dec-14	1,200.81	3.84	70.75	18.42	1.63	2.05	1.31	0.90	9402.91	90.73	2.62	34.28	25.12	3,325.40
04-Dec-14	1,207.70	3.79	70.31	18.55	1.62	2.05	1.31	0.91	9377.34	91.02	2.62	34.13	25.11	3,313.58
% Change	0.57	-1.30	-0.62		-0.21	-0.11	0.44	0.76	-0.27	0.32	0.05	-0.43	-0.06	-0.36

# Economic & Financial News

Research & International Division

6/12/2014

*... US trade deficit fell slightly in October ...  
... Brent for January settlement fell ...*

## South East Asia

**Brunei's passenger vehicle sales for October declined** by 6.9% m-o-m. October vehicle sales dropped to 1,521 units or 114 units fewer than the 1,635 cars sold in September.

**Indonesia's spending on fuel subsidies may fall** below IDR140 trillion in 2015, about half as much as budgeted, as Southeast Asia's largest economy moves to divert funding to other sectors. It will be reduced by more than 50%, Finance Minister Bambang Brodjonegoro said.

**Indonesia is expected to have its slowest loan growth** since 2010 this year due to tight liquidity at banks. The central bank estimated 2014 loan growth at 11%-12%, or just over half of last year's pace of 21.4%.

**Malaysia recorded a trade surplus** of MYR62.83 billion for the first 10 months of 2014, with total trade expanding 6.6% y-o-y to MYR1.21 trillion. Malaysia's exports grew by 7.3% to MYR634.75 billion while imports rose by 5.9% to MYR571.92 billion.

**Thai consumer confidence fell** in November due mainly to farm prices plunging to a 40-year low while disbursement of the government's economic stimulus package was slow, keeping consumer spending weak. The consumer confidence index fell to 79.4 points last month, from 80.1 in October.

**Vietnam is to increase the maximum preferential import duty on oil and petrol** by 10%-15% to reach 40%. This is to compensate for the State budget's loss in the wake of a sharp drop in oil prices in the global market. Vietnam is a crude oil exporter with an export volume of 1.3 million tonnes last year.

## North East Asia

**China's economic growth is within a reasonable range.** Weighed down by unsteady exports, a cooling housing market and slowing domestic demand and investment, China's economy is experiencing its worst downturn in at least six years this year.

**Domestic construction orders in South Korea decreased** 6.1% y-o-y to 8.91 trillion won (USD8.01 billion) in October. The dip from KRW9.49 trillion worth of orders secured the year before comes despite signs that the local building sector has recovered lost ground in recent months after a dismal year in 2013.

**Taiwan's CPI rose** 0.86% y-o-y in November amid lower fuel prices, showing moderate growth from the 1.06% y-o-y increase in October. Fuel prices fell 11.43% y-o-y in November, the steepest drop since August 2009, when they plunged 14.91% y-o-y.

## Indian Sub-Continent

**India's iron ore imports rose** to a record 6.76 million tonnes in the first seven months of its fiscal year as sliding global prices and limited supply at home pushed steel producers to buy the raw material overseas.

## Eastern Europe

**Russia's foreign-exchange reserves shrank to their lowest level** since May 2009 following massive interventions aimed at easing pressure on the ruble. Forex reserves fell to USD373.66 billion by December 1, a level last seen more than five years ago after the ruble's devaluation in the wake of the global financial crisis. A year ago, forex reserves were USD474.95 billion.

**Ukraine's foreign currency reserves** tumbled 21% to a 10-year low of USD9.97 billion in November, the central bank said on Friday, citing payments for Russian gas debts as the main reason for the fall.

## Western Europe

**The Bank of England kept interest rates** at 0.5% as policymakers gave more weight to the risks from low inflation and a weak global economic outlook than to a strong recovery at home.

**France's unemployment rate rose** to 10.4% in Q3. The number of people out of work in metropolitan France climbed to 2.84 million, from 2.83 million a year ago. The youth unemployment climbed to 23.7% for Q3. The youth jobless figure totalled 635,000.

**German industrial orders rose strongly** in October, suggesting Germany's period of economic weakness could be over. Industrial orders rose by 2.5% m-o-m in October. In September, German factory orders had already risen by 1.1%.

**Standard & Poor's (S&P) has lowered Italy's credit rating** one notch. The agency cut its rating on Italy's debt to "BBB-." That was its lowest investment-grade rating and one notch above "junk" status. S&P said it expected the Italian economy will emerge from recession early next year.

**Portugal's economy expanded** 0.3% in Q3. GDP was up 1.1% on the same quarter of 2013.

## North America

**The resurgence in US hiring accelerated in November** and put 2014 on track to be the healthiest year for job growth since 1999. The robust gain of 321,000 jobs was the most in nearly three years. The unemployment rate remained at a six-year low of 5.8%.

**The US trade deficit fell slightly** in October as exports rebounded while oil imports dipped to the lowest level in five years. The deficit edged down 0.4% to USD43.4 billion, a drop from USD43.6 billion in September. Exports climbed 1.2% to USD197.5 billion, recovering after a September dip. Imports were up as well, rising 0.9% to USD241 billion but that increase was tempered by a 0.6% fall in imports of petroleum, which dropped to the lowest level since November 2009.

**Canada's surplus of CAD99 million in October** followed a September surplus that was trimmed today to CAD307 million from an earlier reading of CAD710 million. Exports rose 0.1% to CAD44.9 billion, slowing from an October gain of 0.5%. Imports climbed 0.5% to CAD44.8 billion, following a gain of 1% the month before.

## South America

**Brazilian prices rose** 0.51% in November and the 12-monthly inflation figure rose to just above a government target of 6.56%. November's figure followed a 0.42% rise in October.

**The Bank of Mexico left interest rates unchanged** at 3% in its last scheduled monetary-policy decision of the year, saying that risks for both inflation and economic growth have increased since its meeting in October.

## Oil & Gas News

**Brent for January settlement fell** 57 cents to end the session at USD69.07 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Copper futures for March delivery fell** 0.4% to settle at USD2.9025 a pound at 1:16 pm on the Comex in New York.

**Gold futures for February delivery dropped** 1.4% to settle at USD1,190.40 an ounce at 1:49 pm on the Comex in New York.

**Silver futures for March delivery declined** 1.9% to USD16.258 an ounce on the Comex, the biggest loss for a most-active contract in a week.

## Currency News

**Canada's currency depreciated** 0.5% to CAD1.1435 per US dollar at 5 pm Toronto time.

**The ringgit weakened** 2.5% from November 28, the most since June 2013, to close at 3.4713 per dollar in Kuala Lumpur.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
04-Dec-14	1,207.70	3.79	70.31	18.55	1.62	2.05	1.31	0.91	9377.34	91.02	2.62	34.13	25.11	3,313.58
06-Dec-14	1,192.35	3.80	69.07	18.18	1.63	2.06	1.31	0.91	9361.54	91.27	2.64	33.86	25.04	3,324.39
% Change	-1.27	0.26	-1.76		0.15	0.24	0.18	-0.05	-0.17	0.28	0.47	-0.80	-0.27	0.33

# Economic & Financial News

Research & International Division

9/12/2014

*... Japan posted a current account surplus in October...  
... Greece's Parliament passed the 2015 budget ...*

## South East Asia

**The World Bank cut Indonesia's economic growth projection next year to 5.2%** from the initial forecast of 5.6% as investment, export and loan expansion weaken. Weakening global commodity prices contributed to the decline on the prices of Indonesia's top export commodities.

**Malaysia recorded a total of MYR172.3 billion of investments** in the services, primary and manufacturing sectors from January to September this year, marking an increase of 9.1% from MYR158 billion a year earlier. The investments in a total of 4,103 projects had created 144,400 jobs, including high demand for skilled talent.

**Thai government will promote the country's goods and services** under the new "Thailand's brand" campaign - while aiming to support agriculture-focused value-chain production - in a bid to give exports a lift. The campaign would be launched worldwide next year in an attempt to get more people to trust the country's goods and services, including its food and wellness and hospitality services.

## North East Asia

**China's exports rose 4.7% y-o-y** to USD211.66 billion in November, after an unexpected decline in imports on lower crude oil and other commodity prices. The growth rate for November decelerated compared to 11.6% and 15.3% in October and September, respectively. Imports stood at USD157.19 billion, down 6.7%. Total exports and imports in November amounted to USD368.85 billion, down 0.5% y-o-y.

**Japan posted a current account surplus** of JPY833.4 billion (USD6.86 billion) in October, remaining in the black ink for the fourth straight month. The figures showed that Japan's exports, owing to the yen's retreat versus the US dollar, surged 11.2% y-o-y to JPY6,566.9 billion, while imports were up 7.4% to JPY7,333.5 billion, bringing the goods trade deficit to JPY766.6 billion.

**Japan's GDP in Q3 of 2014 shrank** an annualised 1.9% in inflation-adjusted terms, downgraded from 1.7% in the preliminary report. Prime Minister Shinzo Abe over the past two years has pressed ahead with a pro-spending growth bid, dubbed "Abenomics", which boosted stock prices and pushed the yen down.

**Japan's service sector sentiment index fell** to 41.5 in November, a Cabinet Office survey showed, reflecting worries over the economic outlook after the April sales tax hike hit spending.

**South Korea's exports of ICT products rose** from a year earlier last month, largely on growing shipments to the United States and China. Outbound shipments of ICT products rose 3.6% y-o-y to USD15.18 billion in November.

**South Korea plans to frontload 68% of its budget** during the first half of next year in a bid to support economic recovery. The government will put to use KRW219.6 trillion (USD197.5 billion) during the January-June period out of the total KRW322.8 trillion spending set aside for 2015.

**Taiwan's exports rose 3.7% y-o-y** to USD26.68 billion in November. Similarly, imports rose 5.1% y-o-y to USD22.46 billion, registering a trade surplus of USD4.22 billion.

## Indian Sub-Continent

**India's current account deficit (CAD) widened** to USD10.1 billion (2.1% of GDP) in Q2 of this fiscal year, from USD7.8 billion (1.7% of GDP) in the preceding quarter and USD5.2 billion (1.2% of GDP) in the same quarter of FY2013-14. The increase in CAD was primarily on account of higher trade deficit, contributed by a deceleration in export growth and increase in imports.

## Middle East and North Africa

**Egypt's foreign reserves reached USD15.8 billion** at the end of November 2014, marking a USD1.1 billion decrease from USD16.9 billion in October.

**Libya's budget income fell** to USD15 billion in the period from January to November, from USD45 billion a year before. In a statement, it blamed the 40% fall in oil prices since June and the state's inability to collect customs duties.

**Oman annual inflation rate stood at 0.95%** in November 2014, when compared with the same period of 2013. The inflation rate was 0.1% m-o-m in November.

**Turkish manufacturers' output grew less** in October for the third month in a row, paving the way for increased pressure on the central bank to lower the cost of borrowing and spur the economy. Industrial output adjusted for calendar days rose 2.4% y-o-y.

## Western Europe

**The European Union has drawn up a wish list of almost 2,000 projects worth EUR1.3 trillion** for possible inclusion in an investment plan to revive growth and jobs without adding to countries' debts. Investment has been a casualty of the financial crisis in Europe, tumbling around 20% in the euro zone since 2008.

**France's economy is on course to grow 0.1%** in Q4 2014, led by a modest gain in industrial activity. The forecast came after official data showed the euro zone's second largest economy grew 0.3% in Q3, after contracting 0.1% in Q2.

**German industrial output rose slightly** in October, offering feeble support for hopes that Europe's largest economy is returning to health after a weak Q3. Production rose by 0.2% due to a pickup in construction activity, though energy output dropped.

**Greece's Parliament passed the 2015 budget**, which projected a narrowing deficit and an economic growth rate of 2.9%. The budget projected that Greece's primary surplus, which excludes interest payments on outstanding debt, will be EUR3.3 billion, or 3% of GDP, but Greece's creditors anticipate a lower surplus.

**Italy's borrowing costs rose slightly** after its credit rating was cut nearly to junk though prospects of stimulus from Europe's central bank tempered the increase. Standard & Poor's downgraded Italy's rating to BBB- from BBB, saying weak growth and poor competitiveness undermined the sustainability of its huge public debt.

## North America

**Canadian drivers are getting extra spending power** as fuel pump prices drop near CAD1 a litre for the first time in about four years, even as lower oil threatens the fifth-largest crude-producing country's economic recovery. The average Canadian price for regular gasoline fell to CAD1.06 a litre yesterday, from around CAD1.35 a litre in June, the biggest calendar-year decline since at least 2009.

## South America

**Peru will post its biggest fiscal deficit in more than a decade next year** to increase spending and boost growth before narrowing the gap in 2016. The deficit will widen to 2% of GDP in 2015 on higher public investment and tax cuts. The government will then have three years to return to its deficit limit of 1% of GDP.

## Oil & Gas News

**Brent for January settlement declined** 86 cents to USD65.33 a barrel on the London-based ICE Futures Europe exchange and was at USD65.57 at 2:57 p.m. Singapore time.

## Commodity News

**Bullion for immediate delivery rose** to trade at USD1,203.77 an ounce at 3:07 p.m. in Singapore, from USD1,203.51 yesterday.

**Wheat for March delivery fell** 0.8% to USD5.9325 a bushel on the Chicago Board of Trade at 11:48 a.m. in Singapore.

## Currency News

**The ringgit sank** to a five-year low yesterday of 3.5073 per dollar as the cost of crude fell as much as 4.6%.

**The won strengthened** 0.9% to 1,107.75 per dollar at the close in Seoul.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
06-Dec-14	1,192.35	3.80	69.07	18.18	1.63	2.06	1.31	0.91	9361.54	91.27	2.64	33.86	25.04	3,324.39
09-Dec-14	1,206.11	3.66	65.35	17.86	1.63	2.06	1.32	0.91	9344.05	91.92	2.65	33.79	24.99	3,310.45
% Change	1.15	-3.68	-5.39		-0.07	0.08	0.66	0.45	-0.19	0.71	0.45	-0.20	-0.19	-0.42

# Economic & Financial News

Research & International Division

10/12/2014

*... Germany's trade surplus grew slightly ...  
... US wholesale inventories rose ...*

## South East Asia

**Cambodia's trade volume with foreign countries rose** by 16% y-o-y in the first eleven months of 2014. The data showed that the Southeast Asian nation's total trade volume was valued at USD16.61 billion during the January-November period this year, up 16% from USD14.32 billion over the same period last year. The country exported products in equivalent to USD7.05 billion, up 12% y-o-y as it imported goods in a total amount of USD9.56 billion, up 19% y-o-y.

**The resale prices for non-landed private homes in Singapore declined** by 1.1% m-o-m in November. Compared with last year, resale prices of non-landed private homes declined 3.4%. However, the number of resale transactions dropped dramatically by 22.4% on month in November, with an estimated 388 units resold, down from the 500 transacted units in October.

**Thai Cabinet's approved for four key measures aimed at lowering costs** and improving the competitiveness of small and medium-sized enterprises (SMEs), encouraging people to save and helping those on low incomes to gain access to finance. The measures that gained approval are a nano-finance scheme; the lowering of corporate income tax for SMEs; the reduction of import taxes for tools and machinery crucial for SMEs' production and operations; and the offer of BTHB00 billion worth of high-interest savings bonds for the general public.

## North East Asia

**China's consumer prices grew** by 1.4% y-o-y in November, the slowest increase in five years. The growth rate was down from 1.6% registered in October. On a monthly basis, November's CPI dipped 0.2% against the previous month, while data remained flat in October.

**China's producer price index (PPI) dropped** 2.7% y-o-y in November. The factory-gate prices last month declined for a record 33rd month in a row.

**Japan's government is considering an extra budget** worth as much as JPY3 trillion (USD25 billion) to help the economy recover from recession. The package would pay for shopping vouchers for consumers hurt by a sales-tax increase and relief for businesses squeezed by the weaker yen, and would also fund reconstruction work in the earthquake-hit north.

**Fitch Ratings placed Japan's sovereign credit on Rating Watch Negative**, warning that the delay in raising consumption tax would put the government's objective of reducing the national debt at risk. Fitch said it has placed Japan's A+ long-term sovereign credit rating on negative watch.

**South Korea's jobless rate inched down** in November from a month earlier and the rate of jobs added to the economy quickened for the first time in three months. The country's jobless rate stood at 3.1% last month, down from the previous month's 3.2%. The number of employed came to 25.97 million in November, up 438,000 from the same month last year.

**Household loans extended by South Korean financial institutions grew at a record pace** in October as mortgage loans sharply rose. Outstanding household lending by local lenders and non-banking institutions increased KRW7.8 trillion (USD7 billion) in October from a month earlier to KRW730.6 trillion.

**South Korea's import prices extended their fall** in November compared with a year earlier as global oil prices continued to weaken. In local currency terms, import prices dropped 7.9% on-year last month, quickening from a 7.6% fall in October. It marks 27 straight months of an on-year fall in import prices.

## Australasia

**Australia's business confidence surged ahead** by 7% in November to reach its highest level since January, according to Roy Morgan Research. At 123 points, November's confidence level now sits well above the four-year average of 118.2.

**The New Zealand government's budget deficit** at the end of October was NZD260 million. The NZD1 billion deficit highlights the difficulties the government faces in meeting its promised surplus this year. Core tax revenue was NZD97 million. However, the rate of growth is unlikely to continue over the rest of the fiscal year due to changes in economic conditions, including the flow-through from lower dairy prices and an ongoing low rate of inflation.

## Middle East and North Africa

**Expansion of non-oil businesses is expected to push Algeria's economic growth** despite the plunge of global oil prices to five-year lows. GDP is now expected to expand 4% this year compared to 2.8% last year.

**Oman has recorded an annual 3% decline in oil export volumes** for the January-October period of 2014. Total oil exports fell to 244.1 million barrels from 251.7 million barrels a year earlier.

## Western Europe

**Output at Britain's factories shrank** in October as weak export demand continued to take its toll, raising fresh fears about the recovery and underlining how unbalanced the economy has become. Manufacturing contracted by 0.7% between September and October, the largest decline since May.

**France's trade balance declined slightly** in October from September on strong exports of airplanes and arms. The trade deficit of the eurozone's second-largest economy fell to EUR4.61 billion in October from EUR4.72 billion in September. The slight rise in exports to EUR36.93 billion from EUR36.75 billion in September outpaced a smaller rise in imports.

**France reported budget gap** at EUR84.7 billion at the end of October, compared to the EUR86 billion registered in October 2013, due mainly to falling public expenditures. France's spending declined by 2.3% to EUR317.9 billion while revenue totalled EUR237.6 billion, down from EUR244.4 billion following 2.8% decrease in net tax receipts.

**Germany's trade surplus grew slightly** in October, with imports showing a sharper decline than exports due in part to a weaker euro. Exports slipped by 0.5% in October to EUR97.2 billion compared with the previous month, while imports fell 3.1% to EUR76.6 billion.

**Netherlands is emerging from a lengthy economic crisis** but that growth prospects are subdued as a result of a weakening global economy. The central bank said it expects Dutch GDP to expand by 0.8% in 2014.

## North America

**Mexico's annual inflation rate dropped** from a nine-month high in November, as lower prices for gasoline and mobile telecommunications partly offset a seasonal increase in residential electricity rates and higher fresh fruit and vegetable prices. The CPI rose 0.81% last month, bringing the annual rate down to 4.17% from 4.30% at the end of October.

**US wholesale inventories rose** in October. Wholesale inventories increased 0.4%, despite an energy price-related decline in the value of petroleum stocks. September's wholesale stocks were revised up to show a 0.4% gain.

## Oil & Gas News

**Brent for January settlement decreased** as much as USD1.06 to \$65.78 a barrel on the London-based ICE Futures Europe exchange and was at \$65.82 at 1:29 p.m. Sydney time

## Commodity News

**Bullion for immediate delivery lost** as much as 0.3% USD1,227.08 an ounce, and traded at \$1,227.69 at 9:52 a.m. in Singapore, after earlier gaining 0.3%.

**Silver for immediate delivery** traded at USD17.0264 an ounce from USD17.0755 yesterday, when prices jumped 4.3%.

## Currency News

**The Bank of Russia spent USD4.53 billion on foreign currency last week** in an effort to stop the rouble haemorrhaging value. The intervention triggered an immediate recovery – but that was short-lived. It has twice this week fallen close to record lows, after further crashes in the oil market.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
09-Dec-14	1,206.11	3.66	65.35	17.86	1.63	2.06	1.32	0.91	9344.05	91.92	2.65	33.79	24.99	3,310.45
10-Dec-14	1,229.74	3.64	65.9	18.10	1.62	2.06	1.32	0.92	9353.66	91.18	2.65	33.78	24.98	3,328.88
% Change	1.96	-0.55	0.84		-0.12	0.29	-0.14	0.83	0.10	-0.80	-0.13	-0.03	-0.04	0.56

# Economic & Financial News

Research & International Division

11/12/2014

*... Japan's consumer confidence worsened in November ...  
... Canadian home prices could be overvalued by as much as 30% ...*

## South East Asia

**Philippines unemployment eases to 6% in October**, the lowest rate in almost 10 years from 6.4% a year ago, as the Aquino administration claimed to have created more "quality" jobs.

**FDI inflow into the Philippines rose** to a fresh record high in September as the country remained attractive to investors. Net inflow of FDI rose by 116% in September to USD680 million over the same month last year. For the nine months ending in September, FDI net inflows grew to USD4.88 billion higher than any full-year total on record.

## North East Asia

**China's auto sales continued to slow** in November as both passenger and commercial car sales remained subdued. Approximately 2.09 million cars were sold in China last month, a y-o-y rise of 2.3%, slowing from the 2.8% gain seen a month earlier. Vehicle output stood at 2.16 million units in the month.

**Japanese producer price index rose** 2.7% in November from a year before, but the pace of increase slowed from the previous month's rise of 2.9% due chiefly to a drop in crude oil prices.

**Japan's seasonally adjusted core machinery orders fell** 6.4% in October from the previous month. Private-sector orders as a leading indicator of corporate capital spending came to JPY778 billion.

**Consumer confidence in Japan worsened** in November for the fourth consecutive month as the yen continued to weaken against the dollar. The Consumer Confidence Index among households of two or more people fell to 37.7, a drop of 1.2 points from the previous month.

**South Korea's central bank kept interest rates unchanged** at 2% for a second straight month, while observing the effects from its two rate cuts this year and watching external conditions.

**Home sales in South Korea expanded** in November from a year earlier, with the cumulative sales so far this year reaching an 8-year high. The number of home transactions stood at 91,050 last month, up 7.2% from a year earlier.

## Australasia

**Australia's unemployment rate has climbed to a 12-year high** of 6.3% as jobless Australians continue their struggle to get into the workforce. The total number of people with jobs rose 42,700 to 11.64 million in November. But the number of people unemployed also rose, albeit marginally, to 777,000.

**New Zealand's central bank held its benchmark rate** at a near-six year high, and signalled the need for further modest rate rises over time in a less dovish policy tone that propelled the local dollar higher. The Reserve Bank of New Zealand kept its official cash rate at 3.5%, as expected, for a third consecutive review.

## Indian Sub-Continent

**Pakistan has recorded a trade deficit of USD10.45 billion** during the first five months of the fiscal year 2014/15, up 34.78% as compared to USD7.75 billion registered in the same period of the last fiscal year.

## Middle East and North Africa

**Urban inflation has declined in Egypt to 8.5% in November**, compared to 11.5% in October. This was due to the drop to a decrease in the prices of vegetables, fruits and ready-made clothes. Meanwhile, the CPI has dropped by 1.7% in November to 10.1%, compared to 11.8% in October.

**Tourist spending in Egypt increased** during the second half of this year to USD73 per person per night. The latest figure represents a 15.8% growth rate, compared to USD63 per person per night for the same period last year.

**Saudi nonoil exports rose** by 7.5% to SAR177.2 billion in the past 10 months of the current year compared to SAR164.7 billion in the same period last year. Meanwhile, Saudi imports dropped by 3.5% to SAR511.1 billion compared to SAR529.6 billion in the comparable periods.

**High public sector spending will continue to drive a favorable macroeconomic outlook** and business opportunities for Saudi banks in 2015, Fitch Ratings said. The performance of Saudi banks remained sound in the first half 2014, driven by business growth and declining loan impairment charges.

**The value of the Tunisia's 2015 State budget is estimated at TND29,000 million**, including foreign credits, that is up by 6.1% compared with 2014.

**Growth in Turkey's economy slowed** to 1.7% y-o-y in the Q3, its lowest since the final quarter of 2012, with the government holding weak agricultural output due to bad weather conditions responsible.

## Western Europe

**France's industrial output slipped** 0.8% in October, compared with September. The market had anticipated a rise of 0.2%. Meantime, French Q3 non-farm payrolls fell 0.3%, against an expected fall of 0.2% and from a drop of 0.2% previously.

**Italy's tax-to-GDP ratio declined** by 0.1% in 2013 to 42.6%, according to the OECD. In 2012, the latest year for which tax revenue data was available for all 34 member countries, Italy ranked 5th with a tax-to-GDP ratio of 42.7%, against that year's OECD member average of 33.7%.

**Portugal's export-driven economy can expect to expand** by 1.5% in 2015, following 0.9% growth this year. The central bank said it predicted a "gradual pick-up in exports" when issuing the forecast, which is in line with that of the government.

**The UK's global goods trade deficit narrowed** from GBP10.5 billion in September to GBP9.62 billion in October, largely because of a fall in the value of oil imports amid weakness in crude prices. Exports edged up from GBP24.1 billion in September to GBP24.3 billion in October, with sales of silver to India cited as a factor in this modest rise.

## North America

**Canadian home prices could be overvalued** by as much as 30%, but it continues to believe the market is headed for a soft landing. The overall risks to Canada's economy from external factors, such as higher U.S. interest rates, slower growth in China or renewed problems in the eurozone, are lower than they were six months ago.

## Oil & Gas News

**Brent for January settlement gained** as much as 71 cents to USD64.95 a barrel on the London-based ICE Futures Europe exchange and was at USD64.78 at 1:26 p.m. Sydney time.

## Commodity News

**Bullion for immediate delivery increased** as much as 0.4% to USD1,231.41 an ounce, and traded at USD1,229.79 at 8:54 a.m. in Singapore.

**Copper in London rose** 0.2% to USD6,425 a ton. In New York, the March futures contract also climbed 0.2%, to USD2,987.5 a pound.

**Zinc for delivery in three months gained** 0.4% to USD2,187.75 a metric ton on the London Metal Exchange at 9:45 a.m. in Hong Kong.

## Currency News

**The Brazilian real decreased** 0.8% to 2.6166 per dollar at the close of trading in Sao Paulo, the weakest since April 2005.

**The ruble has weakened** 40% this year, including a 1.5% drop to 54.8500 per dollar at 8:31 p.m. in Moscow.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
10-Dec-14	1,229.74	3.64	65.9	18.10	1.62	2.06	1.32	0.92	9353.66	91.18	2.65	33.78	24.98	3,328.88
11-Dec-14	1,229.31	3.71	64.76	17.46	1.63	2.06	1.32	0.92	9383.50	90.68	2.65	33.88	24.97	3,318.90
% Change	-0.03	1.92	-1.73		0.31	-0.14	-0.41	-0.34	0.32	-0.55	0.05	0.30	-0.05	-0.30

# Economic & Financial News

Research & International Division

13/12/2014

*... China's industrial output growth slows ...  
... Russia's trade surplus widened in October ...*

## South East Asia

**Myanmar earned USD300 million through export of rice** in the first eight months (April- November) of fiscal 2014-15, up USD118 million or 64.8% from a year earlier. A total of 799,600 tons of rice was exported in the eight months, an increase of 343,800 tons or 75.4%.

**Thai economy is likely to grow by less than 1%** this year due largely to tepid exports and delays in public spending. Exports have missed the target so far, while budget disbursement has been slow.

**The total assets of the Vietnamese banking industry reached VND6,174 trillion** (USD291.22 billion) by the end of October. Banking assets rose by 6.3% over the end of last year.

**Vietnam is expected to record a trade surplus** of USD1.5 billion in 2014 based on its January-November imports and exports. Vietnam would pocket around USD150 billion from exports while spend USD148.5 billion on imports this year.

## North East Asia

**China raises taxes on oil products from starting today**, the second increase in a month. Tax on gasoline, naphtha, solvent oil and lubricating oil will rise to CNY1.4 (about USD0.23) per litre from CNY1.12 yuan. The levy on diesel, jet fuel and fuel oil will be increased from CNY0.94 per litre to CNY1.1. Retail prices of gasoline and diesel will be reduced by CNY170 and CNY400 per tonne after adding the higher tax.

**China's retail sales in November grew** 11.7% y-o-y to CNY2.35 trillion (USD384 billion), slightly up from October's growth of 11.5%. The country's retail sales rose 12% y-o-y to CNY23.66 trillion (USD3.87 trillion) in the first 11 months.

**China's fixed asset investment rose** 15.8% from one year earlier to CNY45.11 trillion (USD7.37 trillion) in the first 11 months of 2014. But the pace of growth slowed further from the 15.9% growth registered in the January-October period and 16.1% growth in the January-September period.

**China's industrial output grew** 7.2% y-o-y in November, down from a 7.7% increase in October and 8% growth in September. On a m-o-m basis, industrial output rose 0.52% from October, the same as the figure recorded in the previous month.

**The Japan government plans to maintain a gift tax exemption** intended to make home-buying easier in 2015 and onward. Funds provided by parents or grandparents for home purchases would be tax-exempt up to JPY15 million in that year. Final adjustments are being made to increase the ceiling of the tax exemption from JPY10 million to JPY15 million in gifted funds.

**Japan's exports are expected to have risen** for the third straight month in November thanks to solid demand from the U.S., an encouraging sign for shipments and the broader economy's recovery from a recession. Exports are forecast to have increased 7% in November from a year earlier, following a 9.6% gain in October and 6.9% rise in September.

## Australasia

**New Zealand manufacturing activity eased** from a 15-month high in November, while remaining in expansion for the 26th consecutive month, as production and new orders declined in the month. The BNZ-Business NZ performance of manufacturing index declined 3.7 points to a seasonally adjusted 55.2 in November.

## Indian Sub-Continent

**India's monthly industrial output contracted and inflation hit a near three-year low**, fuelling hopes of a rate cut next year. Production by India's factories, mines and utilities was down 4.2% in October from a year earlier. Meanwhile consumer inflation fell to 4.38% in November, down from October's 5.52%, after a weakening of global crude oil prices.

**Pakistan's export of services grew** by 25.84% y-o-y in the first four months (July-October) of this fiscal year to USD2.091 billion from USD1.661 billion.

## Middle East and North Africa

**The impact of the current decline in oil prices in global markets weighs heavily on Algeria's economy** and its social and political stability. Algeria still relies on oil exports as the main driver of its economy. Oil and gas exports represent 97% of the country's export revenues, and 40% of its GDP.

## Eastern Europe

**Russia's trade surplus widened** in October for the first time in three months as imports shrank the most since 2009 after a retaliatory ban on some foreign food shipments and a weaker ruble crimped demand. The surplus expanded 6.3% from a year earlier to USD13.6 billion after plunging 20% last month.

## Western Europe

**Fitch Ratings cut its ratings on France to AA** from AA+, saying the country's revised deficit-reduction target was not enough to avoid a downgrade. Fitch noted that the government's budget-saving measures were not enough to change the credit ratings agency's projections of France's "government debt dynamics."

**The German economy is expected to gain impetus in 2015** and it forecasts economic output to increase by 1.5% in the year. The recovery will be strongly boosted by consumption, which is expected to grow by 1.7% in 2015, following a 1.1% increase in 2014.

**Ireland's trade surplus narrowed** by 8% to EUR2.9 billion in October, as exports declined and imports increased. Irish goods exports amounted to EUR7.5 billion in October, down 2% (EUR192 million) on the figure for September. The value of goods imports increased by EUR50 million or 1% in the month to EUR4.5 billion.

**Consumer prices in Spain declined** in November for the fifth month running. Spain's inflation rate was negative 0.5% in November on a seasonally adjusted basis, following a 0.2% fall in October. The fall was driven largely by declines in transport and energy prices.

## North America

**Mexican industrial production rose** in October at its fastest pace in six months, boosted by a pickup in construction and manufacturing. Industrial activity rose 0.32% in October compared with an upwardly revised 0.05% contraction in September.

**U.S. retail sales perked up** in November, as cheaper gas and an improving job market fuelled a promising start to the holiday shopping season. Retail sales rose a seasonally adjusted 0.7%, the most in eight months. Falling gasoline prices dented gas stations receipts by 0.8%, but that appears to have freed up money that consumers took elsewhere.

## South America

**Argentina's primary budget deficit was ARS15.2 billion** (USD1.8 billion) versus a shortfall of ARS2.8 billion in October last year. The primary budget balance is followed closely by the markets as an indicator of Argentina's ability to meet its financial obligations.

**Brazilian retail sales gathered steam** in October, increasing 1% by volume and 1.3% by value over the previous month. Sales gained 1.8% in volume and 7.9% in revenue compared with October 2013. For the first 10 months of 2014, retail stores saw a 2.5% increase in sales volume with 8.9% growth in revenues.

**Chile and Peru kept borrowing costs unchanged** as policy makers in the Andean neighbours struggle to slow above-target inflation without hampering economic recovery. Chilean policy makers kept the benchmark interest rate at 3%. While Peru's policy makers kept borrowing costs steady, holding the key rate at 3.5%.

## Oil & Gas News

**Brent for January settlement slid** USD1.83, or 2.9%, to USD61.85 a barrel on the London-based ICE Futures Europe exchange, the lowest since July 2009.

**Natural gas futures** added 2.1 cents to USD3.655 per million British thermal units on the New York Mercantile Exchange at 11:59 a.m. Singapore time.

## Commodity News

**Gold futures for February delivery dropped** 0.3% to settle at USD1,222.50 an ounce at 1:53 p.m. on the Comex in New York.

**Silver futures for March delivery fell** 0.3% to USD17.057 an ounce, a second straight decline.

**Soybean futures for January delivery slid** 0.6% to USD10.3575 a bushel at 10:02 a.m. on the Chicago Board of Trade.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
11-Dec-14	1,229.31	3.71	64.76	17.46	1.63	2.06	1.32	0.92	9383.50	90.68	2.65	33.88	24.97	3,318.90
13-Dec-14	1,222.59	3.80	61.85	16.28	1.63	2.06	1.31	0.92	9477.77	90.55	2.66	33.97	24.98	3,324.13
% Change	-0.55	2.43	-4.49	-0.06	0.16	-0.16	0.53	1.00	-0.14	0.56	0.25	0.04	0.16	

# Economic & Financial News

Research & International Division

16/12/2014

*... Vietnam spent USD33.13 billion on clearing foreign debts in 2013 ...  
... Chilean president presented a reform bill to raise unemployment insurance benefits ...*

## South East Asia

**Cash sent home by the country's 10 million Filipino workers rose** to a record high in October. With demand for overseas Filipino workers staying strong, remittances rose to just shy of USD20 billion for the 10 months to October.

**Singaporean outstanding credit card loans** are set to top SGD10 billion for the first time by Christmas. Overall, unpaid balances were at SGD9.98 billion as at October. That is a jump of more than 70% from SGD5.8 billion for the same period in 2009, just five years ago.

**Retail sales in Singapore increased** 8.1% y-o-y in October, boosted by motor vehicle sales. The total retail sales value in October 2014 was estimated at SGD3.2 billion, compared with SGD3 billion in October 2013.

**The value of e-commerce in Thailand is expected to reach Bt1 trillion by 2016** as online trading, both business-to-business and business-to-customer expands. E-commerce would grow by about 20% a year as more people surf the internet.

**The Vietnamese government has sharply raised the tariff on petrol imports** in order to cope with plummeting crude oil prices. It was reported great success in crude oil exports for 2014, estimating an export volume of 7,549 tons and export turnover of USD6.802 billion.

**Vietnam spent USD33.13 billion on clearing foreign debts in 2013.** Foreign debt repayment was USD7.25 billion higher than in 2012. The government accounted for USD1.84 billion of the total foreign debt repayment last year. Vietnam's public debt to GDP ratio reached 54.2% in 2013, up from 50.8% a year earlier.

## North East Asia

**China's real GDP growth will decelerate slightly** to 7.1% in 2015, reflecting partly the slowdown in real estate investment. China's GDP growth for 2014 is estimated at 7.4%. Inflation will be 2.2% next year, slightly higher than this year's estimated reading of 2%.

**FDI into the Chinese mainland jumped** 22.2% in November from a year earlier, settling at USD10.36 billion. The growth followed a 1.3% rise in October and 1.9% in September.

**China's economic planner has approved the construction of CNY192 billion** of roads and an airport in the latest government effort to increase investment and support a slowing economy.

**The Japan government is considering a system that would reduce the taxable income** of a household's main breadwinner by a specific sum regardless of how much their spouse earns. The newly envisaged scheme would abolish the JPY1.03 million-or-under rule.

**South Korea's trade surplus** came to USD5.5 billion last month, down from the all-time high of USD7.2 billion registered in October. Exports declined 2.1% on-year to USD46.9 billion, while imports shrank 4% to USD41.4 billion.

## Australasia

**Australia's budget deficit in the 2014-2015 financial year will reach AUD40.4 billion**, some AUD9 billion higher than expected, due to the biggest decline in terms of trade since 1959.

## Indian Sub-Continent

**India's trade deficit widened** to one-and-a-half year high of USD16.86 billion in November due to over six-fold jump in gold imports even as merchandise exports grew by 7.27%. Trade deficit in November last year was USD9.57 billion. Gold imports stood at USD5.61 billion in November this year as against USD835.83 million in the corresponding month in 2013.

**India's wholesale price inflation came down to 0%** in November backed by a significant ease in food and fuel prices. The rise in prices in November was at its lowest level since July 2009.

## Middle East and North Africa

**The cost of living in Qatar is set to nudge up** to 3.5% next year and 3.7% in 2016 mainly on rising rents, especially in the affordable housing for the low-to-middle-income segment. The expanding population will continue to exert pressure on local non-traded services, particularly residential rents.

**Turkey's unemployment rate rose** to 10.5% in September compared with 10.1% in the previous month, the highest since February 2011, sending the lira to new lows against the US dollar.

## Eastern Europe

**The Bank of Russia has drastically raised its key interest rate** to 17% from 10.5% to try to boost its currency, which has been plunging along with oil prices. The move came after the ruble has shed roughly 50% of its value since January. A falling ruble threatens to send inflation in Russia to dangerously high levels.

## Western Europe

**Germany is on track to post nationwide budget surpluses** through to 2018 despite a slowdown in economic growth. The country's national budget will likely post a surplus of 1% of GDP this year in structural terms, which excludes cyclical factors. The nationwide budget has posted a small surplus since 2012.

**House prices in some parts of Britain fell by more than GBP30,000** between November and December, in further evidence that the UK property market is cooling down.

## North America

**U.S. industrial production advanced 1.3%** in November, after edging up 0.1% in October. In November, manufacturing output, the largest component of the overall industrial production, rose 1.1%, the largest gain since February.

**U.S. homebuilders are feeling slightly less confident in their sales prospects** heading into next year, even as their overall sales outlook remains favourable. The National Association of Home Builders/Wells Fargo builder sentiment index slipped this month to 57, down one point from 58 in November.

## South America

**Argentina's CPI rose** 1.1% in November, from the previous month. The health-care costs led the increase in November, rising by 1.5%. Food and beverage prices rose 1.4% in the month as did transportation and communications costs.

**Economic activity in Brazil posted a surprise drop** in October, after Latin America's top economy barely struggled out of recession in Q3. The central bank's IBC-Br economic activity index dropped 0.26% m-o-m in October in seasonally adjusted terms.

**Chilean president presented a reform bill to raise unemployment insurance benefits.** The reform seeks to raise the level of unemployment benefits paid out of both individual employment accounts and the so-called solidarity unemployment fund. Workers paid on a job-by-job basis with more than six monthly paychecks and who find themselves out of a job would be entitled to an additional payment.

**Colombia's economy grew** 4.2% in Q3 for a gain of 5% during the first nine months of 2014. Construction rose 12.7% in the July-September period, while retailing and the hospitality sector each advanced 4.8%.

## Commodity News

**Bullion for immediate delivery** added as much as 0.5% to USD1,199.41 an ounce and traded at USD1,198.28 at 9:14 a.m. in Singapore

## Currency News

**The ringgit is weakening against the US dollar.** Malaysia's export and tourism sectors will rise on the back of the ringgit depreciation. Even as the ringgit continues to slide, it has managed to strengthen against both the yen and the pound sterling, which signifies that the country's economy is still stable and has not been dramatically impacted.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
13-Dec-14	1,222.59	3.80	61.85	16.28	1.63	2.06	1.31	0.92	9477.77	90.55	2.66	33.97	24.98	3,324.13
16-Dec-14	1,195.84	3.74	60.72	16.24	1.63	2.06	1.31	0.93	9645.06	90.37	2.66	34.01	25.02	3,236.74
% Change	-2.19	-1.58	-1.83	0.33	-0.11	-0.02	0.56	1.77	-0.20	0.05	0.12	0.15		-2.63

# Economic & Financial News

Research & International Division

17/12/2014

*... Japanese manufacturing activity grew slightly in December ...  
... British inflation dropped to 12-year low in November ...*

## South East Asia

**Malaysia needs an estimated 2.7 million more foreign workers in labour-intensive sectors** to continue its economic development. The number was based on the estimated 5.8 million foreign workers already in the country. Malaysia has 13 million local people who can contribute to the labour force, but their population is only 30 million. This includes 7 million people who are still schooling or are pursuing their higher education.

**Around 1.4 million Filipino government employees will be receiving a one-time PHP5,000 bonus for the year**, starting December 15. Costing the government PHP7 billion, this is "in line with rewarding civil servants for their hard work and motivating them toward higher productivity," Budget Secretary Florencio Abad said.

**Non-oil domestic exports (NODX) in Singapore rose 1.6% y-o-y in November**, due to an increase in non-electronic exports, which outweighed the decline in electronic exports. The expansion comes after a 1.5% contraction in the previous month.

**The value of Thailand's food exports**, which has already passed the Bt1 trillion mark, should grow by nearly 7% next year, as lower fuel prices reduce the costs of production and logistics, the baht weakens, and higher demand is seen in new markets, particularly Russia.

**The Electricity of Vietnam (EVN) has proposed to increase the power price** by an average 9.5% from this month. This means the power price will increase from VND1,508.85 per kWh to VND1,652.19 per kWh.

## North East Asia

**China's manufacturing activity dropped to a seven-month low.** The HSBC flash manufacturing PMI for December dropped to 49.5, from November's final reading of 50. The manufacturing slowdown continues in December and points to a weak ending for 2014.

**Outbound direct investment (ODI) by Chinese enterprises could exceed inbound FDI** for the first time this year as companies diversified their activity around the world from infrastructure projects to technology and brands. China's non-financial ODI rose 11.9% to USD89.8 billion during the first 11 months, while non-financial FDI rose 0.7% to USD106.24 billion.

**China announced that it would lower import tariffs on some goods from Jan. 1** to support industrial development and to refine the trade mix. Applicable imports include advanced manufacturing machinery and components, environmental protection equipment, resources, drugs and some consumer goods.

**China had 7.85 million SMEs in the secondary and tertiary sectors** as of end-2013, accounting for 95.6% of enterprises in the two sectors. Small businesses provided 147.3 million jobs, accounting for 50.4% of the total in the two sectors. Such firms held 29.6% of total assets.

**Prime Minister Shinzo Abe called upon Japan's business leaders to raise wages next year**, in an effort to spread the wealth gained by his economic policies to the nation's workers who have yet to see an increase in their real wages.

**Japan's trade deficit in November shrank by nearly a third** from a year earlier, helped by higher exports and lower bills for oil imports. The deficit came to JPY891.9 billion yen (SGD9.9 billion), down 31.5% from the year-before shortfall.

**Japan's government is considering lowering the corporate tax rate**, one of the highest among major economies, by 2.5% next fiscal year to increase corporate competitiveness. Prime Minister Shinzo Abe had been planning to lower the corporate tax rate over several years to around 20% from more than 35% currently.

**Growth in Japanese manufacturing activity picked up slightly** in December and output grew at the fastest pace since September, suggesting the economy is recovering from a recession in Q3. The Markit/JMMA flash Japan Manufacturing PMI rose to a seasonally adjusted 52.1 in December, from a final 52.0 in November.

**South Korea's nominal gross national income (GNI) has increased about 30,000-fold in 60 years** from KRW48.3 billion won (USD44 million) to KRW1,441 trillion. The GNI per capita has gone up about 400-fold from USD67 to USD26,205.

**Producer prices in South Korea plunged to a near four-year low** in November due to a continued fall in global oil prices. The producer price index reached 104.14 in November, down 0.9% y-o-y.

## Australasia

**New Zealand's Q3 current account deficit was its widest since 2008**, when the country was in the midst of a recession, as lower dairy prices hit exports. The current account deficit totalled NZD5 billion (USD3.9 billion) in the three months ended Sep. 30, compared with a revised surplus of NZD1.1 billion in Q2.

## Indian Sub-Continent

**Indian government yesterday raised import tariff value on gold** to USD396 per 10 grams and on silver to USD561 per kg in line with volatile global price trends. The tariff value on imported gold was at USD388 per 10 grams and silver at USD540 per kg in the first fortnight of the current month.

## Middle East and North Africa

**Revenues of Algeria's investment transactions of foreign exchange reserves** reached USD3.155 billion in 2013, despite "difficult" international financial conditions. The high level of reserves is expected to absorb external shocks, he said adding that current reserves are sufficient to meet the needs of Algeria for imported goods and services for the next 35 months.

**Egyptian Banks' credit balances rose by EGP13.4 billion** to reach EGP2.4 trillion during July/September 2014/2015. The private business sector accounted for 62.8% of total non-government credit balances at the end of September 2014.

**Iran resumed diesel imports this quarter** after a gap of several months on rising consumption of heating oil during winter, but the arrivals are unlikely to continue as the demand is only seasonal.

**Morocco's central bank cut its benchmark interest rate** to 2.5% from 2.75%, the second rate cut in three months as it seeks to support economic growth while expecting inflation to remain low.

## Western Europe

**British inflation dropped to a 12-year low** in November, as fuel prices decline significantly. The Britain's CPI grew by 1% in the year to November 2014, down from 1.3% in October.

**German investors' confidence climbed** for the second consecutive month in December, adding signs to a recovery in Europe's biggest economy. Centre for European Economic Research (ZEW) said its index for German investors' confidence about economic outlook gained 23.4 points in December and stood now at 34.9 points, the highest level since May 2014.

**The net wealth of Italian families is falling under the pressure** of the ongoing economic crisis, losing 1.2% y-o-y on average in 2013, with the net wealth of Italian families amounted to EUR8.728 billion, or an average of about EUR144,000 per individual or EUR 356,000 per household by end-2013.

## North America

**Canadian manufacturing shipments fell** more than expected in October on lower sales of airplanes and primary metals, a result likely to weigh on GDP for the month. The value of total factory shipments declined 0.6% to CAD52.73 billion (USD45.24 billion) after an upwardly revised 2.2% jump in September.

## Oil & Gas News

**Brent for February settlement declined** by 91 cents, or 1.5%, to USD59.10 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Bullion for immediate delivery rose** to traded at USD1,198.77 an ounce at 9:06 a.m. in Singapore, from USD1,197.01 yesterday.

**Lead for delivery in three months fell** USD1.50 to USD1,917.50 a metric ton by 10:56 a.m. in Hong Kong on the London Metal Exchange.

## Currency News

**Australia's central bank felt a further decline in the local dollar was needed** to help cushion the economy from falling resource prices when deciding to hold rates at record lows earlier this month.

**The rupiah weaken** 0.3% at 12,723 per dollar as of 9:30 a.m. in Jakarta, set for the lowest close since August 1998.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
16-Dec-14	1,195.84	3.74	60.72	16.24	1.63	2.06	1.31	0.93	9645.06	90.37	2.66	34.01	25.02	3,236.74
17-Dec-14	1,198.11	3.65	59.25	16.23	1.63	2.05	1.31	0.93	9798.16	89.69	2.67	34.20	25.18	3,203.53
% Change	0.19	-2.41	-2.42		-0.04	-0.54	-0.18	0.08	1.59	-0.74	0.13	0.58	0.64	-1.03

# Economic & Financial News

Research & International Division

18/12/2014

*... Bank of Thailand keeps key interest rate unchanged ...  
... UK unemployment rate steady at 6% ...*

## South East Asia

**Malaysia's CPI increased by 3%** to 111.9 in November 2014 compared with 108.6 in the same month last year. The CPI for the eleven months in 2014 increased by 3.2% over the same period last year. This increase has been driven by alcoholic beverages and tobacco, transport, restaurants and hotels, food and non-alcoholic beverages and housing, as well as, water, electricity, gas and other fuels.

**The Malaysia government will unveil measures to improve the state of the economy.** The depreciation of the ringgit, which is beyond the government's control, could result in an economic downturn. The government advised people to refrain from panic-buying as this would dampen economic recovery efforts. The current economy situation was different from previous crises as it was mainly caused by lower commodity prices.

**Thailand kept its key interest rate unchanged at 2%** for a sixth straight meeting as it gauged the impact of the turmoil in global markets on a struggling economy. Thailand is heading for its slowest expansion since 2011, when thousands of factories were shuttered after the worst floods in almost 70 years.

**The Vietnam government has decided to raise the petrol import tariff** just to please petroleum importers who have reportedly incurred losses because of plummeting oil prices. Global petrol prices have tumbled as a result of the crude oil price decrease, but the price in Vietnam has dropped only to VND19,930 per litre, compared to the petrol price in the U.S., at VND14,700 per litre.

## North East Asia

**The Japanese government has revised upwards its tax-revenue estimates for the current fiscal year.** It will exceed the projection they made late last year by JPY1.7 trillion (USD 14.5 billion). They say improved company earnings will generate higher revenues from corporate taxes, while workers will contribute more due to pay raises. The total revenue for fiscal 2014, which ends in March, is now estimated at around JPY51.7 trillion (USD440 billion).

**China's game market experienced robust growth this year** with revenues for the sector surging 37.7% y-o-y. Game sales have reached CNY114.5 billion (USD18.5 billion) this year. The growth was driven in particular by strong sales of mobile games in the wake of increased smartphone penetration.

## Indian Sub-Continent

**The Union Cabinet of India approved the Constitutional Amendment Bill on Goods & Services Tax (GST),** inching closer to the rollout of an ambitious indirect tax reform expected to raise revenues and boost growth. The government aims to implement GST by April 1, 2016.

**India is less vulnerable than other emerging markets despite recent falls in the rupee** because of improved fundamentals, including lower inflation. The Reserve Bank of India will not target a level for the rupee and will allow the exchange rate to be market determined.

**FDI into Pakistan has risen 19%** in July-November. At the same time, Foreign Private Investment (FPI) jumped by 82% to USD630 million in the first five months (July-November) of this fiscal year. The main reason for the jump was a rise in the portfolio investment, while the FDI showed moderate improvement during the period.

## Middle East and North Africa

**Saudi Arabia will continue massive public spending** despite a 50% drop in the price of oil. The world's top oil exporter is believed to need an average crude price above USD90 a barrel to balance its budget this year, but benchmark Brent crude fell to USD59.27 a barrel on Tuesday so current levels of spending may not persist next year.

**The large fiscal reserves of the UAE will allow the country to continue spending** on development projects in the future despite the recent sharp fall in oil prices. The country's economy will continue to grow and inflation will remain at reasonable level.

## Eastern Europe

**The Russian economy stagnated in November**, making it even more likely that the rouble's rapid collapse so far this month will push it into recession next year. Investment by Russian companies fell sharper last month, underlining pressure from Western sanction. Retail sales rose in line with expectations, but at a 1.8% annual increase they were a fraction of what their rise had been in the post-2008 crisis. Industrial output disappointed last month, falling by 0.4%.

## Western Europe

**Austria's inflation rate edged up by 1.7%** in November as lower fuel prices continued to damp price increases. The main driver of inflation in November was the high cost of leisure and cultural activities, which rose on average 2.1% compared with a year ago.

**Britain's unemployment rate was 6%** in the three months to October, its lowest level since the 2008 financial crisis. That was down on the previous three-month period's 6.2%. About 1.96 million people were unemployed in the quarter, 63,000 less than the previous quarter.

**European carmakers have seen car sales rise for the 15th straight month**, though more slowly than recent months in a reflection of the region's fragile economic situation. Car sales in November rose 1.4% to 953,886 units with the strongest growth in Spain, up 17%.

**The number of tourists visiting Ireland has grown** for the fourth year in a row, contributing over EUR3.5 billion to the economy. The number of people visiting Ireland to holiday is now back at pre-recession levels — with the last 12 months on a par with the second best year ever.

**U.K. wages continued to beat inflation** in the year to October. Regular pay (excluding bonuses) was 1.6% higher in the three months to October than the same period a year ago.

## North America

**The U.S. current account trade deficit widened slightly in the Q3**, largely due to foreign institutions paying less in fines and penalties to the U.S. government. The deficit in the current account rose to USD100.3 billion in the Q3, up 1.9% from a revised USD98.4 billion deficit in the Q2. The increase occurred despite a drop in the trade deficit for goods and services, reflecting cheaper oil prices and a stronger dollar.

## Oil & Gas News

**Brent for February settlement** was 18 cents lower at USD61 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Bullion for immediate delivery advanced** as much as 0.4% to USD1,194.48 an ounce, and traded at USD1,193.52 at 9:45 a.m. in Singapore.

**Silver futures for March delivery advanced** 1.1% to settle at USD15.928 an ounce on the Comex.

## Currency News

**Indonesia's central bank will continue to intervene in the currency market** to bring the rupiah at a level stronger than 12,300 against the US dollar. The rupiah plunged by 2.3% against the dollar so far this week, bringing its decline to as much as 4.3% this year. The rupiah's sharp fall against the US dollar should be used as an opportunity for local industry to boost its exports.

**Russia's ruble strengthened sharply yesterday** after dramatic falls on the previous two days as the government pressured exporters not to hoard foreign-currency earnings. The ruble was around 9% firmer against the dollar in volatile trading, and Central Bank plans to ease concerns over approaching external debt repayments by Russian firms and stabilise the ruble.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
17-Dec-14	1,198.11	3.65	59.25	16.23	1.63	2.05	1.31	0.93	9798.16	89.69	2.67	34.20	25.18	3,203.53
18-Dec-14	1,196.82	3.70	61.35	16.58	1.63	2.05	1.30	0.94	9758.00	89.68	2.67	34.29	25.32	3,237.81
% Change	-0.11	1.37	3.54		-0.19	-0.01	-0.47	1.33	-0.41	-0.02	0.24	0.27	0.59	1.07

# Economic & Financial News

Research & International Division

20/12/2014

*... Banks in Russia will get a government boost to finance debt and projects ...  
... Malaysia's retail prices of RON95 petrol and diesel may go below MYR2 per litre ...*

## South East Asia

**CPI in Brunei for November decreased** by 0.2% compared to October on the back of lower cost of transport, food and non-alcoholic beverages as well as recreation and culture.

**Crude oil exports for Brunei in September 2014 increased** by 2.1% compared to the previous month, contributing to a 27.2% increase in overall exports. The crude exports increased from 94.9 kilo barrels per day in August to 103.8 kilo barrels per day in September. On the other hand, LNG exports decreased due to a decline in trade volume from 801,122 MMBtu in August to 631,232 MMBtu per day the following month.

**Indonesia's new government plans to cut its budget deficit to 1% of GDP** by 2019, partly by reforming the tax system. A shortfall in tax revenue estimated at USD6.15 billion threatened to push the 2014 budget deficit in the country to breach a legally binding limit of 3% of GDP.

**Laos has now become a major regional supplier of electricity.** The Laotian energy sector expects to continue its sharp growth at an average of about 30% annually from 2016 to 2020. The sector will achieve this large expansion because there are currently 21 power-plant projects under construction.

**The Philippines' BOP swung to a deficit** in November despite the relative calm in financial markets that kept foreign investments in positive territory. The country posted a BOP deficit of USD314 million in November, coming from a USD24 million surplus the month before.

**Malaysia's retail prices of RON95 petrol and diesel may go below MYR2 per litre** from Jan 1 if global oil prices continued its downtrend. Deputy Finance Minister said a lower retail price for fuel was possible, as in the first 18 days of this month, the average price of RON95 and diesel had fallen below MYR2 per litre.

## North East Asia

**China's capital and financial account deficits narrowed** to CNY55.6 billion in Q3 this year, down from CNY99.8 billion seen in Q2. However, China continued to see current account surplus in Q3, although edging down slightly to CNY444.4 billion.

**The Bank of Japan decided to maintain its easy monetary policy** and assessment of the economy. The central bank stood pat on policy, even as a slide in global oil prices could add more pressure on it to take further stimulus measures.

**South Korea's public sector debt rose** to KRW898.7 trillion, equivalent to 62.9% of the country's GDP, in 2013. The country's public sector debt rose KRW77.7 trillion from the year before.

**The South Korea government plans to frontload 58% of available budget**, funds, public work projects in the first half of 2015 to vitalise the national economy struggling with sluggish growth. Policymakers agreed to spend KRW176 trillion of the KRW303.5 trillion it has at its disposal before the end of June.

## Indian Sub-Continent

**India's economy is expected to grow** at 5.5% in the fiscal 2014-15, the declining trend in price rise is expected to continue but adhering to the fiscal deficit target of 4.1% of the GDP will be a major challenge.

**The Indian government had INR342.58 billion outstanding loans** with the central bank under ways and means advances in the week ended Dec. 12. The central government had INR491.44 billion of outstanding loans in the week earlier. State governments had INR19.33 billion rupees of loans from the RBI in the week ended Dec. 12, compared with INR39.19 billion rupees in the previous week.

## Middle East and North Africa

**Saudi Arabia shipped more crude oil in October** than a month earlier while volumes used by domestic refineries remained high allowing more oil products exports. Saudi Arabia exported 6.897 million bpd of crude in October, up from 6.722 million bpd in September. Production was slightly lower in October at 9.69 million bpd from 9.704 million.

## Eastern Europe

**Banks in Russia will get a government boost to finance debt and projects** as the country risks recession. The State Duma passed the last two readings of a law to allocate up to 10%, or USD6.54 billion, from a sovereign wealth fund. The law is essentially a bank bailout from the Ministry of Finance.

**Russia's gold stockpile rose** to 38.2 million ounces as of Dec. 1 from 37.6 million ounces a month earlier. Its value in dollar terms fell by USD85 million. Total reserves shrank by USD9.7 billion in November to USD418.9 billion, the lowest level since 2009.

## Western Europe

**British public sector net borrowing was GBP14.1 billion** in November 2014. It fell by 1.6 billion pounds compared to that of November 2013. At the end of November 2014, Britain's public sector net debt excluding public sector banks was GBP1,457.2 billion, equivalent to 79.5% of GDP.

**Germany collected 7.3% more in tax** in November 2014 than the same month last year thanks to the strengthening economy, while pollsters found rising consumer confidence.

**Italian annual wage inflation accelerated slightly** in November to 1.1% from October's record low of 1% and remained well above consumer price inflation. The annual CPI stood at just 0.3% in November.

## North America

**Canada's CPI slumped** 0.4% in November from October, its biggest monthly decline in nearly two years, as gasoline tumbled 7.5% amid a global oil sell-off. Gasoline prices were down 5.9% from a year earlier.

**Mexican policy makers were to keep the key interest rate unchanged** 3% at a record low this month, saying the outlook for both growth and inflation has deteriorated amid a peso selloff.

**Fewer Americans sought unemployment benefits last week**, a sign of solid job security and growing confidence among employers. Weekly unemployment benefit applications dropped 6,000 to a seasonally adjusted 289,000.

**Unemployment rates fell in 41 U.S. states** in November. The U.S. has added nearly 2.7 million jobs this year, the most since 1999. Nationwide, the unemployment rate was 5.8% in November, down from 7% a year ago. Employers added 321,000 jobs last month.

## South America

**Argentine trade surplus fell** 34% in November, compared to the same month of 2013. The trade surplus in November was USD461 million dollars. Exports went down 20% at USD5,279 million, while imports decreased 19% at USD4,818 million in November, compared to the previous year.

**Brazil's current account deficit widened** in November from October, while foreign direct investment declined. Brazil posted a current account deficit of USD9.3 billion in November, compared with USD8.1 billion in October. That left a 12-month deficit of USD88.8 billion, equal to 4.05% of GDP.

**FDI in Brazil decreased to USD4.66 billion** in November, compared with USD5 billion in October. FDI in the 12 months through November reached USD62.3 billion.

## Oil & Gas News

**Brent for February settlement increased** USD2.11 to USD61.38 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Silver futures for March delivery climbed** 0.6% to USD16.03 an ounce on the Comex.

**Wheat futures for March delivery fell** 3.5% to close at USD6.3225 a bushel at 1:15 p.m. on the Chicago Board of Trade.

## Currency News

**Russia's central bank had raised the limit on foreign exchange swap operations** to USD10 billion from USD2 billion for Dec. 19 to alleviate a shortage of roubles in the money market. Interbank overnight rouble rates climbed to around 25% yesterday, far above the bank's 17% benchmark interest rate.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
18-Dec-14	1,196.82	3.70	61.35	16.58	1.63	2.05	1.30	0.94	9758.00	89.68	2.67	34.29	25.32	3,237.81
20-Dec-14	1,195.74	3.46	61.38	17.74	1.61	2.06	1.31	0.93	9532.89	90.76	2.65	34.06	24.99	3,279.53
% Change	-0.09	-6.49	0.05		-0.96	0.32	0.74	-0.92	-2.31	1.21	-1.03	-0.68	-1.30	1.29

# Economic & Financial News

Research & International Division

23/12/2014

*... Egypt is expected to slash its energy subsidies bill by 30% in the 2014-15 fiscal year ...*  
*... Russia's central bank will bail out a mid-sized retail bank to save it from bankruptcy ...*

## South East Asia

**The Philippines government plans to borrow up to PHP135 billion from the domestic debt market** in Q1 2015, an offer size unchanged from this quarter but which involves more long-dated papers as the state seeks to take advantage of low interest rates.

**The Philippines Bureau of Customs collections expanded** by 10.5% on year to PHP31.224 billion in November. For the first 11 months to November, collections stood at PHP331.171 billion, 17.8% higher from the same period last year.

**The Philippines bought more consumer goods and fuel abroad**, leading a rebound in imports at the start of Q4 of the year. The country's import bill increased 7.5% to USD5.2 billion last October from USD4.8 billion in the same month last year.

**Singapore's headline inflation rate last month turned negative** for the first time in five years. CPI for all-items fell by 0.3% y-o-y in November mainly due to a decrease in private transport costs. In October, inflation was 0.1%.

**Vietnam's retail gasoline prices fell** to a four-year low on yesterday as fuel traders cut prices for the twelfth time in a row since July, following the global downward trend. The price of 92-RON gasoline went down by VND2,059, or 10%, at VND17,871 (USD0.84) per litre. The diesel price was slashed by 8% to VND16,990 per litre. Kerosene now retails at VND17,400 per litre, down 8% from earlier.

## North East Asia

**The Japanese government is considering setting the scale of general-account spending** at JPY97 trillion to JPY98 trillion in its fiscal 2015 initial budget draft.

**Excess cash held by South Korean households and non-profit agencies fell** to the lowest level in nine months in Q3 of the year due mainly to seasonal factors and a rise in property market transactions. Their excess funds totalled KRW19.4 trillion in Q3, compared with KRW29.6 trillion three months earlier.

**South Korea's labour productivity improved** from a year earlier in Q3 on gains in the service and manufacturing sectors. The labour productivity index rose 1.4% on-year to 101 in the three months ended Sept. 30.

**South Korea's terms of trade rose** for a third straight month in November as import prices fell more steeply than export prices due to cheaper oil prices. The country's net terms-of-trade index for goods reached 92.4 last month, rising 3% from the previous year.

**Taiwan's unemployment rate fell slightly** in November to 3.89%, the lowest for that month in seven years. In November, the number of unemployed fell 6,000 from a month earlier to 451,000.

**Regular monthly earnings in Taiwan for the year through October saw the biggest annual increase** in 13 years. Average regular earnings were TWD38,149 per month over the first 10 months of this year, a 1.76% rise from the same period in 2013.

**Taiwan received below expectations export orders of TWD43.51 billion** in November despite growing 6% y-o-y and representing the second highest single-month total in history.

## Australasia

**The New Zealand's trade deficit in November was NZD213 million**, largely because of falling dairy prices. A 27% fall in the value of dairy exports, from the record set in November, last year, led a near 10% fall in exports in the latest month, to NZD4 billion. Imports also fell 1.3% to NZD4.2 billion, led by declines in capital goods such as aircraft. On an annual basis, the deficit stood at NZD453 million.

## Middle East and North Africa

**Algeria's trade surplus decreased 39.4% at USD5.37 billion** over the first 11 months of 2014, against USD8.87 billion in the same period of 2013. Algeria's exports hit USD58.67 billion from January to late November 2014, against USD59.07 billion in the same period of 2013, slightly down 0.68%.

**Egypt is expected to slash its energy subsidies bill by 30% in the 2014-15 fiscal year** if global oil prices remain low, potentially lightening the burden on the cash-strapped country's finances.

**Overall Jordanian exports during the first 10 months of 2014 reached JOD4.9 billion** marking an increase of 6.1% compared with the same period in 2013.

**Morocco's consumer price inflation rose** to an annual 1.2% in November from 0.6% in October in part because of rising food prices.

**Saudi's foreign assets increased** by around 3.3% this year compared with 10-20% in previous three years. Saudi Arabia's foreign assets recorded a sharply growth slowdown in 2014 as a result of higher state spending and a steep decline in oil prices.

**Net FDI in Turkey increased sharply** in the first ten months of the year. FDI jumped 4.7% to USD9.79 billion during the first ten months of the year, up from USD9.35 billion invested in the same period last year.

**The value of the UAE's direct total foreign non-oil trade increased** during the first half of 2014, reaching AED524.7 billion — AED340.1 billion of which were imports, and AED63.3 billion were exports.

## Eastern Europe

**Russia's central bank will bail out a mid-sized retail bank to save it from bankruptcy.** The central bank announced that it will provide Moscow-based Trust Bank with up to RUB30 billion (USD530 million).

## Western Europe

**German real wages increased** by 1.8% in Q3 compared with the same period in 2013, their biggest rise in more than three years and a potential support for private consumption on which the government is banking to boost growth.

**Greece's current account deficit shrank** in October compared to the same month last year while tourism receipts rose. The deficit stood at EUR0.198 billion versus a deficit of EUR0.316 billion euros in October last year.

**Portugal's current account surplus more than doubled** to just over EUR1.4 billion in the first ten months of this year, even as its overall trade surplus shrank 21%.

## North America

**Fewer Americans bought homes in November** as buying slid to its slowest pace in six months. Sales of existing homes fell 6.1% to a seasonally adjusted annual rate of 4.93 million. That was down from a revised annual pace of 5.26 million in October. Over the past 12 months, sales have risen 2.1%.

## South America

**The unemployment rate in Brazil increased slightly** in November to 4.8% last month. November's results were 0.1% higher than that registered in October, when the unemployment rate was of 4.7% and 0.2% higher than in November of 2013, when the rate was of 4.6%.

## Oil & Gas News

**Brent for February settlement gained** as much as 75 cents, or 1.3%, to USD60.86 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Bullion for immediate delivery gained** as much as 0.6% to USD1,182.96 and traded at USD1,180.78 an ounce by 3:10 p.m. in Singapore .

**Aluminum for delivery in three months rose** 0.4% to USD1,887.50 a metric ton on the London Metal Exchange at 3:15 p.m. in Hong Kong.

**Silver for immediate delivery** added 0.2% to USD15.7137 an ounce, after dropping 2.5% yesterday.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
20-Dec-14	1,195.74	3.46	61.38	17.74	1.61	2.06	1.31	0.93	9532.89	90.76	2.65	34.06	24.99	3,279.53
23-Dec-14	1,182.69	3.19	60.23	18.88	1.61	2.06	1.32	0.93	9442.87	90.70	2.65	33.90	24.94	3,340.33
% Change	-1.09	-7.80	-1.87		-0.06	0.10	0.21	-0.01	-0.94	-0.06	0.11	-0.47	-0.20	1.85

# Economic & Financial News

Research & International Division

24/12/2014

*... US consumer spending increased in November ...  
... OPEC not to cut oil production even if price drops to USD20 a barrel ...*

## South East Asia

**The Philippines' merchandise imports grew** 7.5% y-o-y to USD5.207 billion last October, from USD4.844 billion a year ago, attributed to double-digit increases in importation of consumer goods as well as mineral fuels and lubricants.

**Thailand's economy is expected to record 4% growth** next year from 0.8% this year, with the medical and beauty industries being the strongest growth areas.

**Vietnam's CPI is expected to post at 4.09% y-o-y in 2014**, lower than the set target of 5% this year. The country's December CPI is estimated to fall 0.24% against the previous month and hike 1.84% against December 2013.

**Vietnam's credit growth this year is expected to quicken slightly** to 13%, in line with its annual target, after an expansion of 12.52% in 2013. The country is expected to post a surplus of USD11 billion in its balance of payments this year.

**Vietnam recorded a trade deficit** of more than USD474 million in the first half of December. The total trade hit approximately USD12.1 billion during the reviewed period. This amount represents a fall of 9.7% m-o-m but an increase of 14% y-o-y.

## North East Asia

**Hong Kong's CPI rose** 5.1% y-o-y in November, compared to the 5.2% in October, mainly due to the smaller increase in the prices of fresh fruit. The enlarged decrease in the charges for package tours was another reason for slow inflation.

**The Bank of Korea will keep a constant check on the possibility of the destabilisation** of financial and foreign exchange markets arising from the volatile capital flows and the accumulation and qualitative deterioration of household debt

**The number of construction permits for new South Korea homes surged** over 22% y-o-y last month, on an apparent recovery of the property market in the capital region. The number of new home permits issued in November came to 49,181.

**Taiwan's industrial production declined** 4.62% last month, mainly due to a seasonal slowdown in the electronics components industry. The index rose 6.86% y-o-y to 107.47 last month. The manufacturing sector, which accounted for 92.76% of industrial output, dropped 4.13% m-o-m, attributing the decline to inventory corrections in the semiconductor industry.

## Indian Sub-Continent

**Pakistan's current account deficit widened** to 2% of GDP in July-November 2014, as exports growth slowed while imports surged on slow economic growth. Current account deficit rose by 9.3% to USD2.345 billion in July-November 2014. The deficit stood at USD2.145 billion in July-November last year. In November 2014, it stood at USD475 million, over 100% higher than USD223 million in October 2014.

## Middle East and North Africa

**Iran's production of crude steel and steel products** in the eight months ending November 21 shows an increase of 6.8% and 4.8%, respectively. Iranian crude steel output reached 11.26 million tons during the period while last year's corresponding figure was 10.54 million tons.

**The Iraqi cabinet approved a IQD123 trillion (USD106 billion) budget for next year**, with a deficit of about IQD23 trillion (USD19 billion). The budget was based on an average oil price of USD60 due to the decrease of crude oil prices in the world markets.

**Omani total value of merchandise imports declined** by 15.8% at the end of September 2014. Non-oil exports registered a rise of 10.5% y-o-y, while the total value of re-exports declined by 15.5% in the same period.

## Eastern Europe

**Russian authorities are mobilising to clamp down on spiralling mortgage costs** as a looming recession erodes real wages and threatens to hammer homebuyers. Following the Central Bank's bid to strengthen the flagging ruble by hiking the interest rate 7.5% earlier this month, rates on home loans have risen between 12%-13% to an average of 15%-16%.

## Western Europe

**The British government has revised down its economic growth estimate** from 3% y-o-y to 2.6% y-o-y in Q3 2014. Total production output increased by 1.2% y-o-y in Q3, with manufacturing and electric, gas, steam and air contributed positively to this growth, increasing by 2.5% and 1.2%, respectively.

**France's national debt rose to the equivalent of 95.2% of GDP** by the end of Q3, from 95.1% at the end of the previous quarter. The total debt stood at EUR2,031.5 billion at end of Q3, compared to EUR2,024 billion at the end of Q2.

**French consumer spending rose** 0.4% m-o-m in November as households spent more on clothing and leather goods. Consumer spending was down 1.1% y-o-y in November, while confirming that the economy grew 0.3% in the third quarter.

**French producer prices fell** in November due to lower oil prices. The producer price index declined 0.1% m-o-m and 2% y-o-y in November.

**Italian retail sales were flat** in October for the second month running. The government revised up September's data from an originally reported 0.1% drop.

## North America

**The Canadian economy showed surprising strength** growing by 0.3% to CAD1.651 trillion (USD1.418 trillion) in October led by manufacturing, oil sands production and education services, after a 0.4% gain in September, partly the result of an unexpected surge in manufacturing.

**US consumer spending increased** 0.6% in November, double the 0.3% October gain and the best showing since August, while income posted the best gain in five months both encouraging signs for economic growth. Consumer spending is closely watched because it accounts for about 70% of economic activity.

**Sales of new US homes fell** in November, evidence that recent job gains have yet to boost the housing sector. New home sales slid 1.6% last month to a seasonally adjusted annual rate of 438,000, the second straight monthly decline. October sales fell 2.2% to a downwardly revised rate of 445,000.

**The US economy grew** at its quickest pace in 11 years in Q3. The government estimated GDP growth to a 5% annual pace, citing stronger consumer and business spending than previously assumed.

## South America

**The Central Bank of Argentina's foreign reserves increased** yesterday, rising USD153 million to close at USD31.072 billion, breaking the psychological barrier of USD31 billion and achieving its highest level since November 2013.

**Consumer confidence in Brazil remained weak** in December, as concerns about the economy continued to weigh. Brazil's main consumer-confidence index was at 96.2 points in December.

## Oil & Gas News

**The OPEC will not cut oil production** even if the price drops to USD20 a barrel and it is unfair to expect it to reduce output if non-members do not do so, Saudi officials said.

**Brent for February settlement slid** 50 cents to USD61.19 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Spot gold was little changed** at USD1,177.72 an ounce by 12:11 p.m. in Singapore today. Prices fell 2% this year after a 28% plunge in 2013, the most since 1981.

## Currency News

**The ruble headed for a third day of gains** after the Russian government called on some companies to sell foreign exchange received from exports. The ruble strengthened 5.5% against the dollar before paring its advance to 0.7% at 55.40 per dollar by 6:54 p.m. in Moscow.

**The pound dropped to a 15-month low against the dollar** after a report showed the current-account deficit widened in Q3. The pound fell 0.5% to USD1.5511 at 4:36 p.m. London time, after falling to USD1.5486, the lowest since August 2013.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
23-Dec-14	1,182.69	3.19	60.23	18.88	1.61	2.06	1.32	0.93	9442.87	90.70	2.65	33.90	24.94	3,340.33
24-Dec-14	1,179.85	3.16	61.53	19.47	1.62	2.06	1.32	0.93	9433.96	90.93	2.65	33.79	24.92	3,345.91
% Change	-0.24	-0.94	2.16	0.20	0.01	0.34	0.11	-0.09	0.25	-0.05	-0.33	-0.08	0.17	

# Economic & Financial News

Research & International Division

27/12/2014

*... China registered a low unemployment rate ...  
... The Lao government has decided to increase the minimum wage ...*

## South East Asia

**The Lao government has decided to increase the minimum wage** in an effort to reduce the problem of labour moving to neighbouring countries, particularly Thailand. The minimum wage will be increased from the current LAK626,000 to LAK900,000 per month.

**Indonesia has decided to implement a fixed fuel subsidy scheme** beginning next year. The government has previously considered a plan to use such a scheme beginning next year to safeguard the state budget from unwanted fluctuations in the US dollar and crude oil prices that could threaten the fiscal balance.

**Singapore's manufacturing output contracted** 2.8% in November 2014 on a y-o-y basis. Excluding biomedical manufacturing, output declined 3.1%. On a three-month moving average basis, manufacturing output fell 1.3% in November 2014 compared with a year ago.

**Thai shipments this year may see flat growth** or even a slight contraction of 0.1% due to falling rubber and oil exports, and a slowdown in growth in some markets. November exports contracted 1% y-o-y to USD18.56 billion. Total shipment in the first 11 months dropped 0.42% y-o-y to USD209.18 billion.

**The total FDI registered in Vietnam topped USD20.23 billion** in 2014. The government showed a 6.5% decline compared with the same period last year but had exceeded the annual target of USD17 billion by 19%.

**Vietnam's inflation finished 2014 at 4.09%**, the lowest rate in 10 years, partly due to cheaper petrol costs. Reflecting a slide in global oil prices that has pushed down inflation around the world and raised concerns about deflation in some countries, Vietnam's CPI fell 0.24% m-o-m in December.

## North East Asia

**China registered a low unemployment rate** of 4.1% for 2014. Almost over 13 million more people got jobs during the year. 5.4 million of them were re-employed. By the end of November, 837 million people are expected to have joined the system. That would be an increase of more than 130 million from the same time last year.

**China announced a cut on the retail price** of gasoline by CNY520 (USD85) and that of diesel by CNY500 per tonne. The adjustment, effective today, means retail prices will drop by CNY0.39 per litre for gas and CNY0.43 per litre for diesel.

**Japan's consumer prices in November were up** 2.7% in November from the previous year, marking the 18th straight monthly gain. The core consumer price index stood at 103.4. The pace of price increases was narrower than the 2.9% rise in October, posting the smallest gain since the 3% consumption tax hike in April.

**Japan's factory production suffered a surprise drop** despite pro-spending policy to stoke growth. November industrial production fell 0.6% from the previous month.

**Consumption spending by households in Japan fell** for the eighth straight month through November. The average spending by households with two or more members in November stood at JPY280,271, down 2.5% from a year before. The size of drop narrowed from 4% in October.

**Wages earned by workers in Japan averaged JPY272,726** in the country, down 1.5% from a year before, marking the first decrease in nine months. The drop reflected a large drop in winter bonuses.

**The unemployment rate of Japan stood at 3.5% in November**, unchanged from the previous month. The number of people unemployed dropped seasonally adjusted 2.1% to 2.29 million.

**Vehicle production in Japan fell** to 743,289 units in November, down 12.2% from the previous year amid declining demand. The fifth straight month of decline reflected continued weak consumer spending after the April consumption tax hike.

**South Korea's public corporations plan to hire 17,187 new employees in 2015**, up 2.9% from this year, as every effort is made to create jobs vital for sustainable growth.

**Revenue among South Korean companies fell the most in more than five years** due to strong local currency, sluggish sales of smartphones and lower oil prices. The country's corporate sales reduced 3.2% in Q3 from a year earlier.

## Indian Sub-Continent

**India's foreign trade rose over 18 times** since the launch of economic liberalisation programme in 1991 while the trade deficit widened by more than 22 times. The country's foreign trade has increased with an annual average growth rate of 13.42% from USD42 billion in 1990-91 to USD765 billion in 2013-14.

**Foreign exchange reserves held by the State Bank of Pakistan (SBP) increased 10.9%** on a weekly basis on December 19. SBP's liquid foreign exchange reserves increased by USD1,018 million to USD10,365 million compared to USD9,347 million in the previous week.

## Middle East and North Africa

**Iran's GDP grew by 4%** in the first half of the current Iranian calendar year, which began on March 21, compared to the same period in the previous year. The country's GDP amounted to IRR1.022 quadrillion in the first half of the current year.

**Saudi Arabia will lift state spending to a record in its 2015 budget** while covering a deficit with its huge fiscal reserves, the government said, providing the first detailed look at how the world's top oil exporter aims to handle an era of cheap oil.

## Eastern Europe

**Russia sees inflation at 10% by the end of next year**, as the rouble crisis persists. Russia has been forced to support banks and hike interest rates in recent weeks to try to arrest the currency's slide and avoid spiralling inflation after years of stability. A slumping oil price and Western sanctions have sent the currency down 40% against the dollar this year.

## Western Europe

**Unemployment in France reached a record high of 3.488 million people** in November. The figures marked an increase of 27,400 jobless compared to the previous month and an increase of 5.8% compared to the same period in the previous year.

**The U.K. may overtake France this year** to become the world's fifth-largest economy. The U.K.'s GDP amounted to USD2.828 trillion in 2014, brushing past France's USD2.827 trillion even as the gap is within the margin of error, the Centre for Economics and Business Research said. The report notes that while the U.K. figures have been revised to include earnings from drugs and prostitution.

## North America

**Mexico accumulated a trade deficit of USD2.69 billion** in the first 11 months of 2014, compared with a shortfall of USD1.18 billion for all of last year. Mexican exports in January-November totalled USD363.4 billion, a 4.4% increase over the same period last year. Imports were valued at USD366.1 billion, also a 4.4% increase over the figure for January-November 2013.

## Oil & Gas News

**Brent for February settlement slipped** 79 cents, or 1.3%, to USD59.45 a barrel on the London-based ICE Futures Europe exchange, down 3.1% this week.

**Natural gas for January delivery fell** 2.3 cents, or 0.8%, to settle at USD3.007 per million Btu on the NYMEX.

## Commodity News

**Gold futures for February delivery climbed** 1.9% to settle at USD1,195.30 an ounce at 1:40 p.m. on the Comex in New York.

## Currency News

**The ruble slid, eroding its biggest weekly rally in 16 years**, in a signal that forcing Russian exporters to sell foreign currency may not be enough to shore up confidence as the economy verges on a recession. The ruble weakened 2.5% to 53.90 a dollar by 7:29 p.m. in Moscow, ending a five-day rally.

**Brazil's real led global advances** on speculation the central bank will signal support for the currency. The real climbed 1% to 2.6692 per dollar at the close of trading in Sao Paulo. The currency tumbled this month to a nine-year low and has lost 0.4% since Dec. 19, its fifth straight weekly decline.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
24-Dec-14	1,179.85	3.16	61.53	19.47	1.62	2.06	1.32	0.93	9433.96	90.93	2.65	33.79	24.92	3,345.91
27-Dec-14	1,196.00	3.01	59.45	19.75	1.61	2.06	1.32	0.93	9433.96	90.94	2.64	33.79	24.87	3,353.68
% Change	1.37	-4.75	-3.38	-0.07	-0.19	0.04	-0.04	0.00	0.01	-0.34	0.01	-0.20	0.23	

# Economic & Financial News

Research & International Division

30/12/2014

*... Saudi Arabia announced its 2015 budget with a huge deficit ...  
... Brunei's exports declined ...*

## South East Asia

**Brunei's exports declined** by 23.2% in October 2014 on the back of lower shipment of crude oil, the JPKE said. The 7.3% decline in crude oil exports was due to lower average export price. Oil prices dropped from USD100.91 per barrel in September to USD 91.01 per barrel in October. Exports of LNG increased from 631,232 MMBtu per day in September to 718,771 MMBtu per day in October.

**The Federation of Trade Unions of Myanmar will submit a proposal to set a minimum daily wage** of MMK5,000 (USD5) in Myanmar excluding additional bonuses to the Ministry of Labour, Employment and Social Security in January 2015.

**The Philippines government continues to post y-o-y improvement in its revenue collections** in end-November 2014 resulting to a PHP26.8 billion budget deficit to date, far lower than the PHP266 billion ceiling for the year. Total revenues in the first 11 months of the year rose 11% to PHP1.74 trillion over PHP1.6 trillion a year ago.

**The Philippines investment pledges approved by the Board of Investments fell** by 24% to PHP354.5 billion this year, due to the lack of big-ticket energy projects as seen last year. Despite the decline, however, there were more activities approved at 294 projects, which are expected to create about 58,619 jobs over the next several years.

**Thai government is set to increase the excise for diesel** by another THB1 per litre to THB4.25 per litre, which will mark its complete restructuring of fuel excise. The move would not affect the retail price of diesel and would only bring the diesel excise up to the same level of gasoline excise.

**Vietnam's industrial production improved this year** with an estimated y-o-y rise of 7.6%, higher than last year's 5.9% increase. The industrial production index (IIP) showed a tendency to go up in the remaining months of this year.

## North East Asia

**China's external financial assets totalled USD6.29 trillion at the end of September 2014**, while its external financial liabilities stood at USD4.49 trillion. The country's reserve assets were about USD3.95 trillion at the end of September, accounting for 63% of its external financial assets.

**China remains No.1 among developing countries in terms of foreign capital use.** That's the 23rd year in a row that China has held the top position. Between January and November, foreign investment established 21,296 companies in China, up 4.2% from a year ago. China took in USD106.2 billion worth of foreign investment, up 0.7% from the same time last year.

**Growth in China's manufacturing sector likely slowed to an 18-month low in December.** The official manufacturing Purchasing Managers' Index (PMI) for December will drop to 50.1.

**The Japanese government and ruling parties plan to raise the upper limit on tax-free cash gifts from parents** or grandparents to JPY40 million, if the gifts are used to purchase housing, refurbish housing, marry, give birth or raise children, according to a draft of revisions to the tax exemptions.

**South Korea's monthly current account surplus soared** to a new high in November as weakening oil prices drove down the amount of imports compared with exports. The current account surplus reached USD11.41 billion last month, compared with a revised USD8.84 billion in October.

**The Korea government is moving to waive the levying of surtaxes on emission rights trading** starting in February to reduce the burden on companies and fuel the growth of related eco-friendly industries.

**The average price of gas in South Korea has dropped** below KRW1,600 per litre for the first time in more than five years. The exact average stood at KRW1,599.06 per litre as of 3 p.m. yesterday.

**Taiwan's consumer confidence rose** in December, indicating more positive sentiment toward local economic fundamentals. The local consumer confidence index (CCI) for December rose 2.95 points from a month earlier to 86.36.

## Indian Sub-Continent

**Inflows of FDI into India rose by 25%** to USD17.35 billion in the April-October period of the current fiscal. Improvement in the macroeconomic situation and investor sentiment on account of a series of steps taken by the new government helped attract higher FDI. In April-October 2013, the country had received USD13.82 billion foreign inflows.

## Middle East and North Africa

**Real estate activity in the Oman's sultanate surged** by 55.7% during the first nine months of 2014. Total traded value of property reached OMR2.3 billion compared with OMR1.5 billion in same period of 2013.

**Saudi Arabia announced its 2015 budget with a huge deficit**, signalling that the nation has started feeling the pains of the continued decline in oil prices. The budget announced for the next year expects spending at SAR860 billion (USD229.3 billion) and revenues at SAR715 billion (USD190.7 billion). The USD38.6 billion revenue shortfall, which is the Kingdom's first since 2011 and its largest ever.

**The UAE recorded the highest inflation rate among GCC member states**, registering an increase of 3.11%, followed by 3% in both Kuwait and Qatar, 2.6% in Saudi Arabia, 2.5% in Bahrain, while Oman registered the lowest inflation rates of 1.02%.

## Eastern Europe

**Russia's GDP has been negative in November** contracted by 0.5% y-o-y, the first time since the fall of 2009. The shrink was mainly due to negative trends in construction sector, agriculture and falling wholesale trade. In the past 11 months of 2014, the Russian economy has grown by 0.6%.

## Western Europe

**Spain has announced minimal increases to the minimum wage and government-funded pensions.** The monthly minimum wage will rise 0.5% to EUR649 (USD791) and that monthly pension payments will increase 0.25%.

## North America

**Mexican factory exports posted their biggest decline in nearly two years in November**, pushing the country into a trade deficit. Adjusted for seasonal swings, factory exports declined by 5% from October, the biggest monthly drop since January 2013.

## South America

**Argentine economy contracted** a total of 0.8% in Q3 this year, compared to the same period in 2013. On a monthly basis, October 2014 presented a slim growth of 0.1% over the same month in 2013.

**Brazil obtained BRL22.815 billion less from taxes this year**, partly due to tax exemptions and reductions on goods. Tax exemptions and reductions given by the Brazilian government to major industry sectors were greatly responsible for the significant decline in federal revenues from January to November.

## Oil & Gas News

**Brent for February settlement fell as much as 82 cents**, or 1.4%, to USD57.06 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Bullion for immediate delivery climbed** as much as 0.5% to USD1,189.76 an ounce and was at USD1,187.28 by 3:07 p.m. in Singapore.

**Rubber for June delivery rallied** 3.9% to 213.3 yen a kilogram (USD1,773 a metric ton) on the Tokyo Commodity Exchange.

**Silver for immediate delivery climbed** as much as 0.7% to USD15.91 an ounce and traded at USD15.8595.

## Currency News

**The euro declined** 0.2% to USD1.2132 at 6:57 a.m. in London after sliding to USD1.2124, the weakest level since July 2012.

**The yuan fell** 0.09% to 6.2274 per dollar as of 11:52 a.m. in Shanghai, extending its three-day drop to 0.48%.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
27-Dec-14	1,196.00	3.01	59.45	19.75	1.61	2.06	1.32	0.93	9433.96	90.94	2.64	33.79	24.87	3,353.68
30-Dec-14	1,187.82	3.14	57.35	18.26	1.61	2.06	1.32	0.93	9392.32	91.12	2.64	33.82	24.91	3,359.86
% Change	-0.68	4.32	-3.53	-0.19	0.15	0.08	-0.14	-0.44	0.19	0.24	0.09	0.14	0.18	

# Economic & Financial News

Research & International Division

31/12/2014

*... The Venezuelan economy had fallen into a deep recession this year ...  
... Oil headed for the biggest annual decline since the global financial crisis ...*

## South East Asia

**Indonesia's annual inflation in December likely accelerated** to just under 8% from 6.23% in November, due to higher fuel prices. Indonesia raised subsidised fuel prices in November to help narrow the country's twin budget and current account deficits.

**Laos has more than 1,100 domestic and foreign investment approved projects** with a combined capital of USD3.3 billion over the past twelve months. Electricity sector shared the largest portion of the investment for USD399 million.

**The Philippines government has shown a surplus on budget of PHP6.8 billion** in the month of November which caused the decline in expenditures this year. The November surplus, which is higher than the PHP1 billion surplus recorded the previous year, narrows the year-to-date deficit to PHP26.8 billion.

**Singapore's electricity tariffs will decrease** by an average of 8%, or 1.99 cents per kWh, for the period from Jan 1 to March 31, as compared with the previous quarter. The electricity tariff for households will decrease from 25.28 to 23.29 cents per kWh.

**Thailand posted a current account surplus** of USD1.66 billion in November, compared with October's USD2.63 billion surplus. The Bank of Thailand's index for private consumption in November was unchanged from the previous month, while its index for investment was up 1.4%. Exports in November fell 1.8% from a year earlier, compared with a 4.1% gain the month earlier.

**Vietnam's total value of retail sales for goods and services in 2014 increased** approximately by 10.6% when compared to last year. Currently, this value is VND2,945.2 trillion.

**The total FDI registered in Vietnam topped USD20.23 billion in 2014.** A 6.5% decline compared with the same period last year but had exceeded the annual target of USD17 billion by 19%, up to 1,558 new foreign-invested projects.

## North East Asia

**Japan's monetary base surged** 36.7% from a year earlier to JPY275.88 trillion at the end of 2014. That was up from JPY262.69 trillion held at the end of November.

**China's CPI is estimated to grow by about 1.4%** in December from a year earlier. China's CPI rose by 1.4% y-o-y in November, the slowest increase since November 2009, when it rose 0.6%. Stable food prices since the beginning of December may cause the December CPI growth to stay flat compared with last month.

**South Korea's inflation rate hit its lowest point for 14 months** in December, reflecting plunging oil prices. Consumer prices in December rose 0.8% from a year ago, slowing from 1% growth in November.

**South Korea's factory production in November rose** at the fastest pace in four months. The industrial output index rose by a seasonally adjusted 1.3% in November from October.

## Indian Sub-Continent

**Petrol and diesel may get cheaper from midnight in India** as the government is pushing the state-run oil marketing firms to pass on the benefit of falling global prices to consumers as a New Year's gift.

## Middle East and North Africa

**Egypt's current account recorded a deficit** of USD1.4 billion between July and September, compared with a surplus of USD609.6 million in the same period last year. FDI in Egypt rose to USD1.8 billion in the same period compared with USD1.246 billion a year earlier.

**Jordanian budget deficit** at the end of November 2014 amounted to around JOD696 million compared with JOD898 million at the end of the same period last year. In the first 11 months of this year, total local revenues and external grants amounted to around JOD5.6 billion, a 19.5% increase over the JOD4.7 billion during the same period of last year.

**Qatar's real economy is estimated to have grown 6% y-o-y** in Q3 this year, mainly powered by the non-hydrocarbon segment, particularly construction and trade.

**Turkish new minimum wage was set to increase** from TRY891 to TRY949 a month for workers for the first six months of 2015, and to rise again in the second half of the year to TRY1,000. The current minimum wage is TRY846 net per month.

**Turkey's consumer confidence index for the month of December fell** to 67.7 points, a four-year low. The index dropped 1.3% from 68.7 points in November, which was a decline from 70.3 in October.

## Eastern Europe

**The contraction in Russia's services sector eased slightly in December**, but companies' business expectations fell to their weakest on record, pointing to a prolonged economic downturn. The HSBC Purchasing Managers Index (PMI) for the services sector, which makes up about 60% of Russia's economy, rose to 45.8 last month from a 5-1/2-year low of 44.5 in November.

## Western Europe

**Spanish consumer prices fell** in December at their fastest rate since July 2009, largely as a result of cheaper oil, with lower prices helping to draw Spaniards back into stores and push up retail sales. Consumer prices were 1.1% lower this month than in December 2013.

**The annual pace of U.K.'s house price growth is now at its slowest for a year.** House price inflation fell to 7.2% in December on an annual basis, down from 8.5% in November. However, activity in the housing market is likely to pick up in the months ahead. Monthly house prices rose by 0.2% in December, taking the average house price up to GBP188,559.

## North America

**U.S. consumer confidence improved** in December after a decline in November. The Conference Board Consumer Confidence Index registered 92.6 in December, up from 91.0 last month.

## South America

**The slump in international oil prices and increased domestic output will reduce Argentina's energy trade deficit** by 16% next year to USD5.6 billion, helping to ease strains on the balance of payments. Argentina is grappling with pressure on its foreign currency reserves after being largely shut out from global debt markets for more than a decade and with tight trade and currency controls stifling investment and stunting exports.

**The consolidated public sector accounts in Brazil registered the worst primary deficit result** for the month of November since 2001, with a deficit of BRL8.1 billion. At the beginning of December the country's primary surplus target for this year was revised to BRL10 billion, from the original 2014 primary surplus target, which had been of a little over BRL80 billion.

**Brazil's minimum wage will increase 8.83% on January 1** to BRL788 a month. This year's increase is higher than the current inflation rate of 6.5%. The new minimum wage will increase public expenditure by BRL22 billion.

**Chile's unemployment rate unexpectedly fell** in the three months through November, while manufacturing contracted and copper production declined. The jobless rate dropped to 6.1% from 6.4% in the month-earlier period.

**The Venezuelan economy had fallen into a deep recession this year.** The GDP contracted more than 4.8% on an annual basis in the first two quarters of the year and 2.3% in the July-September period. Inflation reached 64% in November.

## Oil & Gas News

**Oil headed for the biggest annual decline since the global financial crisis** as U.S. producers and the OPEC cede no ground in their battle for market share amid a supply glut. Brent for February settlement fell as much as 72 cents, or 1.2%, to USD57.18 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Gold held near the highest level in more than a week** as a retreat in the dollar and global equities boosted demand. Bullion for immediate delivery rose as much as 0.5% to USD1,206.30 an ounce before trading at USD1,201.10 by 8:39 a.m. in Singapore.

## Currency News

**Malaysia's ringgit headed for its biggest quarterly drop** since the Asian financial crisis as plunging oil prices put strains on the country's budget and exports. The ringgit fell 6.1% since the end of September to 3.4945 per dollar as of 9:38 a.m. in Kuala Lumpur.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
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31-Dec-14	1,202.31	3.10	57.5	18.55	1.61	2.06	1.33	0.93	9403.80	90.91	2.64	33.74	24.88	3,369.44
% Change	1.22	-1.27	0.26		-0.19	-0.10	0.20	-0.19	0.12	-0.23	-0.08	-0.25	-0.11	0.29