

# Economic & Financial News

Research & International Division

1/7/2014

*... Egypt announced deep cuts in energy subsidies for 2014/15 budget...  
... Tourists in France could be hit by price increases on holidays ...*

## South East Asia

**The Indonesia's government is committed to managing the price of commodities** during the fasting month of Ramadhan in a bid to help lessen the burden for citizens. The government also would closely monitor the rate of the rupiah against the US dollar, as well as assess global economic impacts on the nation's economy.

**Electricity tariffs in Singapore will drop by an average of 0.05 cent per kWh**, or 0.2%, from today to Sept 30, said Singapore Power subsidiary SP Services. For households, the electricity tariff will decrease from 25.73 to 25.68 cents per kWh.

**Philippines loans extended by banks' foreign currency deposit units (FCDU) climbed to US\$11.379 billion in Q1.** The rising trend in outstanding FCDU loans observed since 2013 may be attributed to the low interest rate, broadly stable exchange rate, and high liquidity position of banks. The current level is 8.9% higher than the US\$10.452 billion recorded in end-2013.

**The Philippines government's infrastructure spending expanded by 24.5%** on year to US\$2.14 billion in January to April. The government stepped up its spending for reconstruction efforts in areas devastated by typhoon Yolanda. Infrastructure spending during the period brought the overall disbursements to US\$14.3 billion in the first four months of the year.

**Vietnam achieved GDP growth of 5.25%** in Q2 of this year, bringing the six-month rate to 5.18%. The consumer price index (CPI) edged up 0.3% in June over May. The government earned US\$70.9 billion from exports in the six-month period, representing a y-o-y increase of 14.9%.

**Myanmar will improve tax collection on income earned** from rent rates across the country and warned property owners to submit their earnings from rent soon. The announcement comes at a time of skyrocketing rent rates in the country's commercial capital Rangoon, which has seen companies and UN aid agencies pay up to \$1 million per year to the owners of offices and villas.

## North East Asia

**Japan's vehicle output in May gained 6.1%** from a year earlier to 774,039 units for the ninth straight monthly increase. Vehicle exports fell 9.6% to 321,711 units for the

sixth straight monthly drop, reflecting moves by Japanese automakers to shift their production overseas.

**Japan's housing starts in May dropped 15%** from the year before to 67,791 units, the lowest for the month in three years. The figure fell for the third straight month with a sharp drop-off in construction starts for custom-built houses, which met a rush of demand before the consumption tax hike on April 1.

**South Korea's consumer price growth remained in the 1% range** for the eighth straight month in June. The country's consumer price index rose 1.7% last month from a year earlier, the same growth rate tallied in May.

**South Korea's exports grew 2.5%** in June from a year earlier to US\$47.84 billion in June. Imports expanded 4.5% on year to US\$42.55 billion in June, sending the trade surplus to US\$5.29 billion. For the first six months of this year, exports reached US\$283.57 billion dollars, up 2.6% from the same period of last year. Imports rose 2.7% to US\$263.29 billion in the same period.

## Indian Sub-Continent

**India's external debt grew at a much slower pace of 7.6% FY14 than in FY13**, thanks to a sharp rise in deposits from non-resident Indians and overseas borrowings. External debt stood at US\$440.6 billion as of end March. It had increased 13.5% in the previous year.

**Petrol prices were hiked by Rs 1.69 per litre while the price of diesel was increased 50 paise per litre.** Revised rates will come into effect on 1st July in India. This is mainly due to the ongoing crisis in Iraq and forex market fluctuations.

## Middle East and North Africa

**Qatar's economic growth rebounded to 6.2%** on an annual basis in January-March after a slowdown in the Q4 of 2013. Overall GDP growth slowed to a downwardly revised 5.5% in the previous quarter due to a sharp fall in the hydrocarbon sector, which accounts for more than half the US\$202 billion economy.

**Turkey's foreign trade deficit hit US\$31.6 billion** between January and May of 2014. During the January-May period, exports rose 7.4%, totalling US\$67.39 billion on a y-o-y basis, while imports rose 5.6%, totalling US\$99 billion in the same period.

**Turkey's gross external debt was US\$386.8 billion** while country's net external debt was US\$232 billion. The gross external debt to GDP ratio, which was 39.2% in 2011, gradually increased to 47.3% in 2013 and came to 48% in Q1 of 2014.

**Egypt announced deep cuts in energy subsidies in its budget for the 2014/15** fiscal year. Some EGP40 billion worth of savings were made by curbing planned spending on energy subsidies to EGP100.3 billion in the next fiscal year.

## Eastern Europe

**Russia's federal budget revenues in 2014-2016** will rely more heavily on oil exports. Oil revenues' contribution to the surplus has increased to 10.5% of the GDP, while non-oil revenues have fallen to 9.6%. Non-oil-based budget deficit is to grow to 10.1% and government spending will remain unchanged at 19.5% of the GDP.

## Western Europe

**France's public-sector debt rose in Q1 standing at 93.6%** of economic output from 91.8% in the previous three months. The government expects the nation's debt burden to peak at 95.6% of GDP this year and remain at that level in 2015 before gradually falling.

**Tourists in France could be hit by price increases on holidays** as lawmakers draft proposals to increase the maximum limit on hotel taxes to €8 from the current €1.50 per guest per night, aiming to be more in line with other European cities including Berlin, Rome and Brussels.

**Bank of England approved 61,707** mortgage applications during the month, a drop of more than 1,000 from April and down from the 75,901 in January. The total amount of outstanding mortgage debt rose to £1.284 trillion. Lending growth of £2 billion during the month rose in May, up from April's £1.7 billion increase.

**Italy's CPI inched up 0.1% in June** from May and 0.3% from the corresponding month last year, slower than the 0.5% y-o-y rise in May, driven mainly by prices in the

transport sector, and also rose on an annual basis but at a slower pace than in the previous month.

## North America

**The Canadian economy remained in low gear** in April as the key resource and construction sectors were stuck in the spring mud. Statistics Canada said the economy grew by 0.1% in April, the same pace as in March.

## South America

**The Brazilian government will maintain a consumer tax-break on new-car purchases** through the end of this year as part of its effort to boost economic growth, Finance Minister Guido Mantega said. The extension of the break will cost the government 800 million reais (US\$361.5 million) through the end of the year.

**Brazil posted in May its second-widest monthly primary budget deficit ever**, that puts at risk the country's key fiscal and debt servicing goal for the year. The country's public sector ran a primary budget deficit of 11.046 billion reais (US\$5 billion).

## Oil & Gas News

**Brent for August settlement declined 94 cents**, or 0.8%, to end at \$112.36 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Gold futures for August delivery rose 0.2%** to settle at \$1,322 an ounce at 1:43 p.m. on the Comex in New York.

## Currency News

**The U.S dollar traded at 101.44 yen** at 10:29 a.m. in Tokyo from 101.33 yesterday, when it touched 101.24, the least since May 21.

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
28-Jun-14	1,316.17	4.41	113.3	25.69	1.70	2.13	1.25	0.85	9690.86	81.18	2.57	35.06	26.00	3,271.05
01-Jul-14	1,326.67	4.44	112.36	25.31	1.70	2.13	1.25	0.85	9555.66	81.13	2.57	34.93	25.98	3,243.40
% Change	0.80	0.68	-0.83		0.14	-0.07	0.03	0.14	-1.40	-0.06	0.10	-0.37	-0.06	-0.85

# Economic & Financial News

Research & International Division

2/7/2014

*... Iran's crude oil exports dropped in June ...  
... US manufacturing grew in June ...*

## South East Asia

**Indonesia CPI accelerated at a slower pace** in June with annual inflation reaching 6.7%, from 7.32% in May. Inflation accelerated to 0.43% m-o-m in June, from 0.16% in May, but the rise remained below the average seasonal figure of 0.56% in June.

**Thailand's inflation dropped slightly** in June, which resulted from the military's measures to maintain prices of cooking gas, diesel and other commodity products. The CPI decelerated 0.1% m-o-m.

**Philippines government's debt declined** 0.1% m-o-m in May and outstanding debt amounted to P5.6 trillion at the end of May, partly due to the stronger peso which brought down the value of the state's foreign exchange-denominated obligations, data released by the Bureau of the Treasury showed.

**Vietnam's credit growth in foreign currencies increased** 10% in the first half of 2014 stirring both confidence and doubts about the foreign liquidity of the banking system. The 10% growth of dollar loans is likely to be significant, especially when the overall credit growth in six months was an estimated 2.3%.

## North East Asia

**China's manufacturing sector growth accelerated** to a six-month high in June, registering a strong end to Q2 2014 and an encouraging sign that the economy is further stabilizing. The PMI rose to 51 in June, from 50.8 in May.

**Land prices as of January 1 in Japan declined** an average 0.7% y-o-y but the margin of decline narrowed from last year's 1.8%, the National Tax Agency said in its annual report.

**South Korean conglomerates' dependence on overseas market deepened last year**, relying on exports for nearly half of their sales. Out of the ₩1,445.6 trillion (US\$1.43 trillion) in total sales, 48% came from exports, up 2.2% y-o-y.

## Australasia

**Australia's central bank kept interest rates on hold** at a record low 2.5%, as a resilient currency and softening commodity prices hobbled the economy's shift away from mining, the Reserve Bank of Australia said.

## Indian Sub-Continent

**Pakistan's inflation soared** to 8.62% in FY14, the Pakistan Bureau of Statistics (PBS) said. The PBS data showed that CPI was 8.22% in June 2014, against 5.85% in the same month last year. Prices of food and non-alcoholic beverages went up by 6.13% and utilities (housing, water, electricity, gas and fuel) charges also increased by 9.62%.

## Middle East and North Africa

**Iran's crude oil exports dropped** in June, after a spike in May. Under the agreement signed in November between Iran and six world powers, effective January, Iran's exports should average one million barrels per day (bpd) through to July 20. Iran's oil exports slipped to 1.21 million bpd in June, from 1.33 million bpd in May.

**Gulf sovereigns' high and increasing dependence on hydrocarbon revenues** is a key vulnerability of their economies and their ratings. Bahrain and Oman are the GCC countries that are most vulnerable to a sharp and sustained decline in the hydrocarbon market, while Qatar and the UAE are the least vulnerable, Standard and Poor's Ratings Services said.

**Qatar's nominal GDP at current price estimated for Q1 2014 reached QR192.38 billion** (US\$52.83 billion), witnessing a 2.6% growth compared to QR187.46 billion (US\$51.48 billion) in the corresponding period in 2013. However, the real GDP for Q1 2014 stood at QR94.74 billion, registering a growth of 6.2% compared to QR89.24 billion for the same period last year.

**Bahrain's real economic growth increased** to 3.1% in fixed prices and 1.4% at current prices in Q1 2014, compared with the same period in 2013. The oil sector grew by 4.1% at constant prices but dropped 0.7% at current prices, while non-oil sector increased by approximately 2.9% and 2.1% at constant and current prices respectively.

**Tunisia's government cut fuel subsidies**, raising petrol prices by 6.3% in an effort to trim its budget deficit, using politically sensitive austerity measures. Authorities lifted the price of lead-free petrol to 1.670 dinars (US\$0.99) a litre from 1.570 dinars. The last increase in fuel prices was in March 2013.

## Eastern Europe

**The Russian government to invest 620 billion rubles (US\$18.2 billion) on Crimea up to 2020**, an amount larger than that of the loans given to Ukraine by the West, Russia's Regional Development Minister said. Crimea's budget deficit at US\$1.5 billion earlier in March this year, and the country needs to spend more money on water and energy. Its tourism income declined after tensions in the region.

## Western Europe

**The euro zone seasonally-adjusted unemployment rate was 11.6%** in May 2014, stable compared with April, but lower than the 12% in May 2013, according to figures published by Eurostat. Meanwhile, the EU unemployment rate was 10.3% in May 2014, lower than the 10.4% in April, and the 10.9% in May 2013.

**Euro zone manufacturing growth eased slightly** more than previously thought last month and factories fulfilled existing orders to keep busy. Markit's final Manufacturing PMI for the euro zone fell to 51.8 in June from May's 52.2, its lowest since November.

**Germany's adjusted for seasonal fluctuations, the number of jobless Germans increased by 9,000** to 2.92 million people in June. The adjusted unemployment rate remained unchanged at 6.7%, said German Federal Labor Agency in a statement.

**Italy's unemployment rate rose** to 12.6% in May, nearing record highs reached earlier this year, as the country's economy struggles to return to growth. The unemployment rate rose from a revised 12.5% in April, the national statistics office Istat said.

**Activity in Spain's manufacturing sector expanded more rapidly** than at any time since April 2010 during June, while factories hired new workers at the fastest pace since before the global financial crisis. The Markit's PMI rose to 54.6 in June, from 52.9 in May.

## North America

**US construction spending edged up 0.1%** in May, after a much stronger 0.8% April increase. The construction industry has struggled with an unusually severe winter which curtailed building activity in many regions. Construction activity totalled US\$958.1 billion at a seasonally adjusted annual rate in May, up 6.6% y-o-y.

**US manufacturing grew** in June for the 13th straight month. US manufacturing index dipped to 55.3 in June, from 55.4 in May. The trade group of purchasing managers said that orders rose at a faster pace last month compared with May. But growth in production and exports slowed.

## South America

**Brazil's inflation will remain high**, but within the target range this year, central bank said. The bank has raised its benchmark Selic interest rate to 11%, from 7.25% in a tightening cycle that started in April 2013 and lasted about 12 months. Inflation has remained close to 6.5%.

**An inefficient transportation network is one of the key challenges facing further economic growth in Colombia**, according to a report from ratings agency Standard and Poor's. It currently takes ten hours to travel 445 kilometres between Bogotá and Medellín, the country's two largest cities. According to the 2013 World Economic Forum, Colombia's overall infrastructure is better than Argentina, Paraguay and Venezuela.

## Oil & Gas News

**Brent for August settlement rose 3 cents** to US\$112.32 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Bullion for immediate delivery rose** to US\$1,325.39 an ounce at 11:06 a.m. in Singapore from US\$1,326.46 yesterday.

## Currency News

**The Hong Kong dollar was little changed** at 7.7509 per dollar as of 8:53 a.m. local time today.

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
01-Jul-14	1,326.67	4.44	112.36	25.31	1.70	2.13	1.25	0.85	9555.66	81.13	2.57	34.93	25.98	3,243.40
02-Jul-14	1,325.47	4.45	112.31	25.24	1.71	2.13	1.25	0.85	9473.29	81.41	2.57	34.99	25.99	3,257.54
% Change	-0.09	0.23	-0.04		0.13	0.26	-0.18	0.20	-0.86	0.34	0.08	0.16	0.02	0.44

# Economic & Financial News

Research & International Division

3/7/2014

*... Singapore to stop issuing S\$10,000 notes ...  
... Germany to adopt minimum wage to help working poor ...*

## South East Asia

**Singapore's central bank will stop issuing S\$10,000 notes from Oct. 1** in a move to lower the risk of money laundering, the Monetary Authority of Singapore said. Bank notes of S\$10,000 are not often seen or used on the market. The development of more advanced and secured electronic payment systems has reduced the need for large value cash-based transactions.

**The wholesale and retail sector is expected to contribute RM156 billion** to the Malaysia's GDP and create half million jobs by 2020. The sector has contributed 13% to the country's GDP and it was the second biggest contributor to gross national income. Last year, out of the total receipts of RM65.4 billion, tourist expenditure on shopping registered RM19.8 billion, an increase of 6.3% against the previous year.

**Vietnam's labour export posted a sharp increase of 138.5%** in the first half of 2014 y-o-y, said the Ministry of Labour, Invalids and Social Affairs. During the six-month period, the country sent 55,205 labours to overseas markets, fulfilling over 60% of the target of 90,000 labours export in 2014.

## North East Asia

**China has announced a new step toward easing its tight currency controls**, allowing banks to set their own exchange rates in dealings with customers. Other countries have criticised Beijing's tight controls on its yuan by keeping it undervalued. Beijing has issued a flurry of modest financial reforms in recent months. In March, it widened the band in which the yuan is allowed to fluctuate against the dollar, though to only 2%.

**China's economy is expected to grow 7.5% in the Q2** this year due to obvious signs indicating a pick-up in the economy since May. In order to ease the downward pressure, the government has rolled out a raft of measures to ensure stable growth since April, including plans to boost investment in railways and affordable housing projects, tax reductions for SMEs, and cuts to reserve requirement ratios for certain banks.

**Japan's monetary base increased to a record ¥233.25 trillion in June**, up 42.6% from a year earlier, the Bank of Japan said, as the central bank attempts to boost the economy by providing huge amounts of money.

**South Korea plans to announce measures aimed at bolstering its exports to China** in the near future amid worries that its shipments to one of the world's largest markets might be losing momentum, a government official said.

## Australasia

**Australian retail sales fell** as a tough budget made consumers more cautious about spending in the high street. Retail sales fell 0.5% in May from a month earlier. Retail sales in April were revised to a 0.1% fall from a 0.2% rise previously reported.

**Australia's building approvals jumped** in May, the Australian Bureau of Statistics said. The number of buildings approved rose a seasonally adjusted 9.9% to 16,425 in May compared to 14,931 approvals in April.

**Measures by the Reserve Bank of New Zealand (RBNZ) to contain the country's overheated housing market are failing** to tackle potentially destabilising household debt. The RBNZ introduced tighter loan-to-value (LVR) restrictions on mortgage lending in October last year, saying soaring house prices could derail the country's financial stability and economic recovery, but they neglected soaring household debt, according to the New Zealand Institute for Economic Research (NZIER).

## Indian Sub-Continent

**India's government hiked the minimum export price of onions by 67% to \$500 per tonne** in a bid to discourage exports and improve local supplies as its prices surged in domestic markets. After the increase, the minimum export price of onions translates to Rs30 per kg. Onion prices have soared in the domestic markets in the recent weeks and it is now sold for Rs20-30 per kg in retail markets.

## Middle East and North Africa

**Egypt is targeting economic growth of between 4 and 5.8%**. That would be a marked acceleration from 2.1% in the fiscal year ending June 2013 and the rate above 3% targeted this fiscal year. It is expected that budget deficit to stay at around 10% of GDP in the next three years.

**The total value of Oman's exports stood at OMR3.4 billion** from January to the end of February, showing a decline of 10.5% compared to the corresponding period last year, while non-oil exports grew by 23.9% during the same period. The decline is attributed to the fall in oil and gas exports, generating export revenue of OMR2.2 billion till the end of February 2014, compared to OMR2.4 billion by the end of February 2013.

**Upward pressure on Kuwait's overall inflation rate will lead it to average 3% y-o-y in 2014.** Inflation in the CPI rose from 2.7% y-o-y in April, to 2.9% y-o-y in May, the National Bank of Kuwait said. The slight rise in inflation was mostly driven by core inflation (excluding food), which also climbed from 2.7% y-o-y in April to 2.9% y-o-y in May.

**In the first six months of the current year, Turkey's steel exports totalled 9.2 million mt,** down 7.3% y-o-y, while the value of these exports decreased by 5.3% y-o-y to US\$7.02 billion. Meanwhile, in June this year Turkey's steel exports amounted to 1.3 million mt, down 8.8% y-o-y, and the value of these exports decreased by 3.7% y-o-y to US\$1.07 billion.

## Western Europe

**Germany is set to introduce a national minimum wage today,** long resisted by conservatives who say it will make industries uncompetitive, but which is hoped will help the poor and stimulate demand. The minimum wage of €8.50 (US\$11.60) an hour will eventually benefit more than five million workers in the low-wage sector when it is phased in between January 1, 2015 and 2017.

**Helped by hiring for the holiday season, the number of Spaniards registered as unemployed fell in June.** It was down by 122,684 from the previous month. However corrected for seasonal factors, the jobless total decline was a more modest 16,113. The total of people who are in work rose to nearly 16.7 million, with the registered unemployed falling to 4.45 million.

**The average Spaniard, who earns an annual salary of €24,400 euros (US\$33,300) needs to dedicate 184 days of work in order to cover their fiscal obligations according to a study by the think tank, Civismo.**

**Unemployment figures in Portugal recorded the second biggest y-o-y drop** in the European Union, falling to 14.6% in May from a high of 16.9% a year ago. Nonetheless, Portugal still has the fifth highest level of unemployment in the Union after Greece, Spain, Croatia and Cyprus. The EU average currently stands at just over 10%.

## North America

**Mexico's foreign reserves rose by US\$1.87 billion last week to US\$190.27 billion,** the Bank of Mexico said. Gold and foreign currency reserves increased in the week ending June 27 mainly due to the sale of US\$1.5 billion by state-owned oil giant Petroleos Mexicanos to the central bank. Reserves have grown by US\$13.75 billion since Jan. 1, the Bank of Mexico said in a statement.

## South America

**Argentina posted a primary budget deficit of 671.7 million pesos (US\$82.5 million)** for April, the economy ministry said. The primary budget balance was likely boosted by revenue from this year's harvest of soy, which is subject to high export taxes. Argentina has been virtually shut out of global credit markets since a 2001/02 default and uses the central bank's international reserves to repay creditors.

**Peru's had its credit rating raised to the highest ever yesterday,** Moody's Investors Service said. The country's rating was increased two steps to A3, the fourth-lowest investment grade and in line with Mexico and Malaysia. The main reason for the upgrade was the improvement in the government's balance sheet.

## Oil & Gas News

**Brent for August settlement dropped** as much as 52 cents, or 0.5%, to \$110.72 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Gold for August delivery fell 0.3%** to \$1,326.80 an ounce on the Comex.

**Spot silver** traded at \$21.1445 an ounce from \$21.161 yesterday, when it rose to \$21.291.

## Currency News

**The Aussie weakened 0.7%** to 93.79 U.S. cents as of 12:14 p.m. in Tokyo from yesterday, when it dropped 0.6%.

**The pound appreciated 0.3%** to 79.54 pence per euro at 4:33 p.m. London time and reached 79.51 pence, the strongest level since October 2012.

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-Jul-14	1,325.47	4.45	112.31	25.24	1.71	2.13	1.25	0.85	9473.29	81.41	2.57	34.99	25.99	3,257.54
03-Jul-14	1,323.69	4.36	110.89	25.43	1.70	2.14	1.25	0.85	9575.79	81.53	2.57	35.00	25.99	3,279.75
% Change	-0.13	-2.02	-1.26		-0.09	0.23	-0.02	-0.41	1.08	0.15	-0.05	0.03	-0.01	0.68

# Economic & Financial News

Research & International Division

5/7/2014

*... Imported car sales in South Korea surged in June ...  
... US trade deficit fell in May ...*

## South East Asia

**Philippines inflation decelerated** to 4.4% in June, from 4.5% in May as lower prices of alcoholic beverages, housing and utilities tempered the continued rise in prices of rice, sugar and garlic.

**Economy in Vietnam's southern economic hub Ho Chi Minh City has rebounded** with high growth rates in the first half of this year. Specifically, the city saw its GDP rising 8.2% y-o-y to US\$17.83 billion; budget collection up 14.9%; industrial production index rising 5.6% and total retail goods and services turnover expanding 12.8%.

**The average annual export volume of Lao coffee rose** 10% to 30,000 tonnes. This is behind neighbouring Vietnam, which exports at least 1.5 million tonnes per year, the President of the Lao Coffee Association said.

**Cambodian milled rice exports reached 178,000 tonnes** at end-June 2014, barely above the 176,000 tonnes exported for the first six months of 2013. External factors such as the release of Thailand's rice stockpiles caused lower prices on the international market.

## North East Asia

**China's outstanding foreign debt hit 5.44 trillion yuan (US\$891.41 billion)** by end-March. The figure is 3.3% (US\$175.1 billion) more than that at the end of last year. Of the total outstanding external debt, registered external debt reached 3.48 trillion yuan, while the balance of trade credit between businesses amounted to 1.96 trillion yuan.

**The Japanese Government Pension Investment Fund (GPIF) said its investment gain totaled ¥10.22 trillion** in fiscal 2013, the second highest level on record. The GPIF said the investment yield during the fiscal year through March 2014 came to 8.64%. The record investment gain was ¥11.2 trillion logged in fiscal 2012.

**Imported car sales in South Korea surged** 39.2% y-o-y in June on strong demand for overseas brands by consumers. The monthly sales figure of 17,803 vehicles represented a 16.3% jump from 15,314 units sold the month before, the Korea Automobile Importers and Distributors Association said.

**Taiwan's foreign exchange reserves increased** US\$1.8 billion to a new high of US\$423.45 billion by end-June. The bank attributed the growth to returns from foreign exchange reserves management and the appreciation of the euro and other currencies against the US dollar.

**Hong Kong Land Registry recorded higher sale and purchase agreements for all building units in the first half of the year**, up 8.8% on the second half of 2013 but down 12.5% y-o-y. The total consideration for these agreements was US\$27.42 billion, up 1.8% on the second half of 2013 but down 14.1% y-o-y.

## Indian Sub-Continent

**Indian cotton yarn export has started to decline this financial year** due to weak demand from China, the largest importer of India's cotton yarn. Cotton yarn export fell to 99.92 million kilograms in April, compared to 115.96 million kilograms during the same time last year.

**Foreign exchange reserves held by the State Bank of Pakistan (SBP) increased** 50% in 2013/14. Although foreign exchange reserves held by the SBP recorded a week-on-week nominal decrease of 1.7% on June 27, their y-o-y increase clocked up at 50.3%, with the reserves reaching US\$9,033.2 million on the second-last day of 2013/14.

## Middle East and North Africa

**Egypt's budget deficit reached 9.3% of its GDP** in the first eleven months of the current fiscal year, compared to 11.7% in the same period in FY2012/13. The deficit totalled LE189 billion (US\$26.4 billion) for the period of July 2013 to May 2014, compared to LE205 billion (US\$28.6 billion) in the same months of the preceding fiscal year.

**The World Bank has announced US\$400 million of additional financing for the first gas storage facility in Turkey's underground salt formation.** The US\$400 million will be given to Turkey and will be paid back over 16 years. After an eight-year grace period, the loan will finance the running of a gas storage facility at Tuz Gölü (Salt Lake), one of the largest hyper-saline lakes in the world, and the second largest lake in Turkey.

## Eastern Europe

**Russian inflation accelerated the fastest level since August 2011** as the ruble weakened. Consumer prices rose 7.8% y-o-y in June after gaining 7.6% y-o-y in May, the Federal Statistics Service in Moscow said.

## Western Europe

**German industrial orders were weighed down** in May by declining domestic orders. Industrial orders were down 1.7% m-o-m in May, the statistics office Destatis said.

**British new car registered in the first six months of 2014 rose** 10.6% from the same period in 2013, and registered the best half-year total sales since 2005.

**Italy's deficit-to-GDP ratio fell** 0.7% to 6.6% in the first three months of 2014 over the same period in 2013, national statistics institute Istat said. The Italian economy is struggling to emerge from its worst recession in 40 years, though it has begun to show slight signs of recovery.

**The Portuguese state paid out unemployment benefits to around 341,000 citizens** in May whilst some 412,000 registered unemployed received no such support, according to data released by the Minister of Labour and Welfare this week.

## North America

**The US trade deficit fell** in May as US exports hit an all-time high, helped by a jump in exports of petroleum products. Imports dipped slightly. The trade deficit narrowed 5.6% to US\$44.4 billion in May after hitting a two-year high of US\$47 billion in April.

**US non-farm payrolls increased** by 288,000 jobs in June, and the unemployment rate fell to 6.1%, from 6.3% in May. Data for April and May were revised to show a total of 29,000 more jobs created than previously reported.

**US exports to Russia rose** 21% and reached a record high of US\$1.25 billion in May. During the same month, American exports to the EU and China increased by 2.5% and 2.2%, respectively. US imports from Russia decreased by 8.5% in May, totalling US\$2.15 billion.

**Canada's merchandise trade deficit narrowed** to C\$152 million in May as gains in automobile and energy shipments brought exports toward the record set before the last recession. Canada recorded three trade surpluses since the start of 2012. Output expanded by 0.1% in April.

## Oil & Gas News

**Brent for August settlement fell 38 cents** to US\$110.62 a barrel on the London-based ICE Futures Europe exchange at 4:32 p.m. local time.

## Commodity News

**Bullion for immediate delivery rose** less than 0.1% to US\$1,319.94 an ounce by 9:07 p.m. in London, from US\$1,319.53 yesterday.

## Currency News

**The ringgit strengthened** 0.3% to 3.1860 per dollar in Kuala Lumpur and was up 0.9% for the week.

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-Jul-14	1,323.69	4.36	110.89	25.43	1.70	2.14	1.25	0.85	9575.79	81.53	2.57	35.00	25.99	3,279.75
05-Jul-14	1,320.55	4.37	110.64	25.32	1.70	2.14	1.25	0.86	9528.35	81.93	2.56	34.94	25.98	3,272.25
% Change	-0.24	0.23	-0.23		-0.49	0.09	0.01	1.05	-0.50	0.48	-0.61	-0.17	-0.04	-0.23

# Economic & Financial News

Research & International Division

8/7/2014

*... Germany is set to endure a severe labour shortage by 2030 ...*  
*... Egypt's government raised the prices of fuel by up to 78% ...*

## South East Asia

**Bank Indonesia is seen keeping rates steady after presidential vote.** Bank Indonesia officials have said they will continue to adopt a tight monetary policy to seek to keep the current account deficit at 3% of GDP. In 2013, during which the rupiah weakened more than 20% against the dollar, the deficit was 3.3% of GDP.

**The Philippines foreign exchange reserves rose** for the fourth consecutive month in June to US\$80.7 billion as foreign money in various forms continued to flow into the country, the Bangko Sentral ng Pilipinas (BSP) said. The increase in reserves was due mainly to the revaluation adjustments on the BSP's gold holdings, net foreign currency deposits by the Bureau of the Treasury, and income from the BSP's investments abroad.

**Vietnam's exports record y-o-y increase of 14.9% from the same period in 2013.** The sum gathered the monthly average figure of US\$11.8 billion, US\$1.5 billion higher than the same period in 2013. Thirteen items have joined the US\$1 billion export club.

**The number of garment factories registered in Cambodia reached 1,200** at the end of June, an 8% increase over six months ago, according to Ministry of Industry and Handicraft. The garment sector employed 733,300 workers at the end of last month, up from 677,600 at the end of 2013.

**The Lao government has proposed that the National Assembly consider approving its plan to cut spending and revenue collection targets** for 2013/2014 fiscal year. The proposal is to cut the domestic revenue collection target from the original plan of 20,186 billion kip to 19,229 billion kip. The government plans to cut state spending of 659 billion kip.

## North East Asia

**China's new companies surge on business registration reform.** About 1.27 million new companies have been registered since China streamlined business registration in March, 66.85% more than March-June last year. Registered capital of these new companies totaled 6.54 trillion yuan (US\$1.06 trillion), up 56.9% y-o-y.

**China's central bank is seeking to support economic growth with unconventional tools** that Credit Suisse Group AG and Everbright Securities Co. say look more like fiscal policy. The People's Bank of China this year started a 100 billion yuan (US\$16 billion) quota for relending earmarked for agriculture and small businesses. It offered another 300 billion yuan for low-income housing.

**China's foreign exchange reserves totalled US\$1.28 trillion** at the end of June, up US\$1 million from last month, rising for the third consecutive month. The growth mainly reflected an increase in interest revenue from foreign securities.

**Japan's current account surplus in May stood at ¥522.8 billion.** The figure fell 7.7% from a year earlier. Among key components of the current account balance, goods trade balance registered a deficit of ¥675.9 billion, with exports increasing 2% from a year earlier to ¥5,718.8 billion and imports growing 0.4% to ¥6,394.7 billion.

**South Korea's exports of industrial parts and materials reached a record high in the first half** on growing shipments to advanced countries, including the United States. In the first six months of the year, outbound shipments of industrial parts and materials amounted to US\$133.9 billion, up 3.1% from the same period last year.

## Australasia

**The New Zealand government posted an operating deficit of NZ\$1.1 billion** in the 11 months ended May 31, smaller than the NZ\$3.27 billion shortfall a year earlier. Core tax revenue was up 4.6% from a year earlier, though NZ\$459 million short of expectations at NZ\$56.5 billion, with goods and services tax was lower than forecast on more subdued domestic consumption.

## Indian Sub-Continent

**The Indian government has proposed dropping a crucial rider for increasing the foreign direct investment (FDI) limit** in the insurance sector to 49% from the current 26%. The earlier proposal was that the higher FDI limit would be allowed only for health insurers.

## Middle East and North Africa

**Egypt is to adopt international taxation policy to avoid double taxation** in order to increase revenue and reform an exhausted economy. The government has imposed income taxes on both resident and non-resident Egyptians on their commercial, industrial and professional activities abroad, to encourage them to make Egypt the centre of their activities.

**Egypt's government raised the prices of fuel by up to 78%**, following on a promise to cut subsidies that eat up nearly a quarter of the state budget. The price hikes follow an increase in electricity prices that were put in effect at the start of July. The Cabinet this week amended the government's budget to reduce a staggering deficit.

**Iran announced a remarkable growth in the value of direct foreign investment** in the country in the last Iranian year, ended March 20, 2014, by attracting over US\$3.317 billion during the same period. The attraction of investment could raise Iran's oil revenues from US\$100 to US\$800 per barrel.

**Yemen's income from oil exports tumbled by over 64% to US\$73.4 million** in May from a year ago, due to attacks on an export pipeline, and the central bank's foreign asset reserves shrank to their lowest since end-2011. Yemen suffered from power cuts, petrol shortages and is struggling to pay public sector salaries, and finance food and energy imports. It relies on crude oil exports to finance up to 70% of its budget.

## Eastern Europe

**Russian real estate investment decreased by 60% in the first half of this year.** Investors remain cautious, which is driving down investment volumes relative to 2013. Investment plummeted at the start of the year but has recovered slightly, rising from US\$545 million in the Q1 — a 73% decrease from 2013 — to US\$842 million in the second, a drop of 36%.

## Western Europe

**Germany is set to endure a severe labour shortage of up to 10 million workers by 2030**, unless it takes swift action to boost immigration and increase working hours for older generations.

**France stands by its plan to cut public spending by €21 billion in 2015.** The French government presented a plan at the end of April through which it aims to cut the budget deficit while improving the competitiveness of French companies. It included €50 billion of public spending cuts over three years. Next year's plan includes €8 billion of savings by the French state, €4 billion by local governments and €9 billion from the social security system.

**Spanish industry ramped up production in the year to May for the seventh straight month.** Output by Spain's factories and utilities climbed 2.5% in May from a year earlier. Demand for goods is likely to be capped by high unemployment, which remains at 26%. Factories boosted output of consumer goods by 3.2% in the year to May.

## South America

**Chile's economy grew 2.3%** in May from a year earlier, fuelling expectations of a steep drop in interest rates. The slowdown will eventually force the central bank to resume its cycle of rate cuts to a low of 3% or 3.25% in the first half of next year. The central bank left its key rate unchanged at 4% for the third consecutive month in June in its first split decision since April 2008.

## Oil & Gas News

**Brent for August settlement decreased as much as 29 cents, or 0.3%**, to \$109.95 a barrel on the London-based ICE Futures Europe exchange

## Commodity News

**Bullion for immediate delivery fell as much as 0.2%** to \$1,317.36 an ounce and was at \$1,317.91 at 11:07 a.m. in Singapore.

## Currency News

**The yen added 0.1%** to 101.78 per dollar as of 11:47 a.m. in Tokyo after it gained 0.2% yesterday.

**The US dollar fell 0.2%** to 101.86 yen as of 5 p.m. New York time after weakening as much as 0.3%.

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
05-Jul-14	1,320.55	4.37	110.64	25.32	1.70	2.14	1.25	0.86	9528.35	81.93	2.56	34.94	25.98	3,272.25
08-Jul-14	1,319.59	4.21	108.86	25.86	1.69	2.14	1.25	0.86	9432.18	81.95	2.56	34.88	25.99	3,280.55
% Change	-0.07	-3.66	-1.61	-0.20	-0.14	-0.02	0.08	-1.01	0.03	0.08	-0.17	0.06	0.25	

# Economic & Financial News

Research & International Division

9/7/2014

*... US employers advertised more jobs in May ...  
... Brazil received boost from staging the World Cup this summer ...*

## South East Asia

**Indonesia's central bank likely to keep interest rates unchanged** at a policy meeting on Thursday, the day after Indonesians vote for their next president. Bank Indonesia held its policy rate at 7.5% since November, after raising the policy rate by 175 points to support the falling rupiah, battle inflation and help contain Indonesia's current-account deficit.

**Thai economy expected to reverse negative trend** in Q1 to register growth of 1.5% to 2.5% this year. GDP, which contracted 0.6% in Q1, was set to register growth in Q2 as well as the second half of the year.

**Vietnam saw a credit growth** of 3.52% in the first half of 2014. The central bank attributed low credit growth so far this year to the rule that credit usually rises slightly in the first few months of the year.

## North East Asia

**China's annual inflation slowed** to 2.3% in June, 2.5% in May. CPI also rose by 2.3% in the first six months of the year, from the same period in 2013. Food was the main driver of inflation with fruit prices up 19.8% y-o-y in June.

**The daily average outstanding bank lending in Japan grew** 2.3% y-o-y to total ¥476.15 trillion in June. The June growth slightly outpaced the previous month's revised 2.2% rise. Of the total, lending by major and regional banks rose 2.5%.

**South Korea's exports of ICT products climbed** in the first six months of the year on growing shipments to China and Southeast Asian countries. In the first half of the year, outbound shipments of ICT products rose 3.2% from the same period last year, totaling US\$83.83 billion.

**Sales at local Korean department stores and discount chains shrank** 3.4% y-o-y in June, following a 0.8% gain in May, raising worries over a protracted consumption slump.

**Taiwan's exports rose** 1.2% y-o-y in June, totaling US\$26.8 billion. In Q2, exports exceeded US\$80 billion. The electronics industry, which comprises roughly 30% of Taiwan's exports, saw the best performance in June. The amount totaled US\$8.32 billion, growing 9.9% y-o-y.

## Australasia

**Fitch Ratings affirmed New Zealand's sovereign credit rating at AA+** on Tuesday, revising the country's outlook to positive from stable, due to the positive effects of fiscal consolidation efforts. Nonetheless, vulnerabilities remain, primarily related to high net external debt and strong commodity dependence.

## Indian Sub-Continent

**India's economic growth rate, which has dropped to sub 5% level, is expected to gain momentum** on the back of reforms. India's economy slowed to below 5% in 2012-13 and 2013-14 due to global factors and slowdown in domestic economic activities.

## Middle East and North Africa

**The Lebanese government is no longer capable of borrowing in foreign currency** but will be able to meet its short-term debt obligations, the Finance Minister said. Ali Hasan Khalil said Parliament needs to pass a law authorizing the Cabinet to issue foreign-currency denominated debt and approve extra-budgetary spending to pay the salaries of civil servants over the coming months.

## Western Europe

**Bilateral trade between Germany and China hit US\$161.6 billion** in 2013. Germany accounts for nearly half of all EU exports to China while nearly a quarter of China's exports to the EU end up in Germany. And China is the top foreign investment destination for German companies, more than 8,000 German enterprises have invested US\$20 billion in China so far. Chinese investment in Germany is lagging but growing fast.

**Germany's trade surplus widened** in May, as imports fell faster than exports. German exports fell 1.1% (sa) m-o-m to €92.8 billion in May, while imports fell 3.4% to €74.1 billion. This meant the seasonally adjusted trade surplus increased to €18.8 billion in May, from €17.2 billion in April.

**French economy grew** 0.2% in Q2 after stalling in Q1, while the trade deficit widened in May from the previous month. France's recovery is falling behind other euro zone countries as data shows the euro zone's second biggest economy failing to pick up speed.

**British industrial output increased** 2.3% y-o-y in May, with production expanding in two of the three main sectors, said Office of National Statistics. Britain saw a 3.7% y-o-y output growth in manufacturing in May, and 2.3% y-o-y increase in water supply, sewerage and waste management sector.

**Turkey's industrial production grew** 3.3% in May, marking its smallest increase since October 2013. Seasonally and calendar-adjusted industrial production grew 3.3% y-o-y in May but at a slower rate than April, which recorded 4.6% growth.

## North America

**US overall credit rose** by US\$19.6 billion in May, down from a gain of US\$26.1 billion in April. The relatively modest increase should help feed slow but steady economic growth, because consumers rely on debt to pay tuition, buy cars and shop. Total outstanding consumer debt is now approaching US\$3.2 trillion.

**US employers advertised more jobs** in May than in any month in the past seven years. More Americans also quit their jobs, a good sign because it usually occurs when workers find new and higher-paying jobs. Employers posted 4.64 million jobs, a 3.8% increase from April's total of 4.46 million, the Labour Department said.

## South America

**Mexico's annual inflation rate climbed** in June. The 12-months inflation is likely to have come in at 3.78% in June, up from a 3.51% annual rate in May.

**Brazil has received a US\$13.5 billion boost from staging the World Cup this summer**, according to the Ministry of Tourism. Despite the host nation making an ignominious exit from the competition after a 7-1 defeat to Germany in the semi-final, the survey conducted by the Economic Research Institute Foundation based its findings on income from last year's Confederations Cup.

**Brazil's 12-month IPCA inflation index rose** to 6.52% last month, up from 6.37% in May, Brazil's statistics agency IBGE said.

## Oil & Gas News

**Brent for August settlement was lower** by 11 cents to US\$108.83 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Bullion for immediate delivery fell** to trade at US\$1,319.17 an ounce at 9:33 a.m. in Singapore, from US\$1,319.24 yesterday.

## Currency News

**The won declined** 0.1% to 1,012.61 per dollar as of 9:49 a.m. in Seoul.

**Sterling was little changed** from yesterday, at 79.47 pence per euro.

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
08-Jul-14	1,319.59	4.21	108.86	25.86	1.69	2.14	1.25	0.86	9432.18	81.95	2.56	34.88	25.99	3,280.55
09-Jul-14	1,320.84	4.21	108.84	25.85	1.70	2.13	1.25	0.86	9389.67	81.72	2.55	34.90	26.01	3,281.56
% Change	0.09	0.00	-0.02		0.12	-0.10	-0.02	-0.27	-0.45	-0.29	-0.28	0.05	0.07	0.03

# Economic & Financial News

Research & International Division

10/7/2014

*... Turkey's average per capita income exceeds US\$19K ...  
... Italian household spending hits 10-year low ...*

## South East Asia

**Thai treasury reserves are expected to rise to Bt403 billion** by the end of the fiscal year from Bt345 billion this week even as the junta speeds up budget disbursement, said the head of the Comptroller-General's Department.

**The implementation of the Goods and Services Tax (GST) on April 1 next year is expected to contribute 0.3% to Malaysia's economic growth** with exports expanding 0.5% from the Q2. Deputy Finance Minister said the country's export products will also be more competitive, as the Sales and Services Tax (SST) at present on average at about 10%, will be abolished.

**Philippines merchandise exports jumped** in May as the country shipped out more non-electronics goods. Export earnings climbed to US\$5.483 billion, higher by 6.9% from the year before, an improvement from the 4.1% growth notched in May last year and the revised 1.3% rise recorded in April.

**Close to 3 billion pesos has been released** to construct and acquire various post-harvest facilities and equipment for the agriculture sector in the Philippines. Among the facilities and equipment that would be financed by the budget release are those for drying, milling, and processing, such as tractors, trans-planters, plows, dryers, and seed cleaners.

**The Lao government has an ambitious plan to increase the GDP per capita income to US\$1,860**, from US\$1,700 in the last final fiscal year of the 7th five years socio-economic development plan (2014-2015). This is also to increase the GDP growth to 7.5% in the forthcoming fiscal year and the national revenue collection to 25.8 trillion kip.

**Hanoi has attracted US\$560 million of FDI** in the first half of the year, representing a 14% y-o-y increase. The FDI disbursement in the period rose by 6.5% to US\$405 million over the same period last year.

## North East Asia

**China's exports rose 7.2%** in June from a year earlier, while imports rose 5.5%, leaving the country with a trade surplus of US\$31.6 billion for the month. China's exports have been sluggish for much of this year but recently began showing signs of life thanks to firmer global

demand. Imports also have been weak, highlighting sluggish domestic demand.

**Japan's machinery orders posted their worst monthly fall on record** in May. The 19.5% m-o-m fall in core orders in May from the previous months, a highly volatile data series regarded as an indicator of capital spending in the coming six to nine months. That followed a 9.1% fall in April, the Cabinet Office said.

**South Korea's central bank on Thursday froze its benchmark interest rate at 2.5%**, keeping its wait-and-see mode for 14 months in a row. Economic outlook became dimmer after downbeat data, but rising money supply indicated the current policy rate was accommodative.

**South Korea's import prices dropped at the fastest clip in 13 months** in June as the local currency continued to gain ground against the U.S. dollar. In local currency terms, import prices dipped 8.8% on-year last month, the steepest decline since May 2013, when the figure fell 9.7%, according to the Bank of Korea.

## Australasia

**New Zealand's creative industries contribute more than NZ\$3.5 billion** to the local economy each year. Commissioned by WeCreate - a newly formed alliance of 20 creative sector groups - the PwC report has found that the book, music, film and television industries together are similar in size to New Zealand's forestry sector.

## Indian Sub-Continent

**India's economy is expected to grow from 5.4 to 5.9% in the 2014-15 fiscal year.** The Economic Survey 2013-14, tabled on Lower House of Parliament, said a poor monsoon, external environment and poor investment are dampening the economic growth of India.

## Middle East and North Africa

**Turkey's per capita income now exceeds US\$19,000** (TL 40,350) based on purchasing power parity, meaning the country has reached 60% of the EU and Japanese average levels of prosperity, the Deputy Prime Minister Ali Babacan said.

**The Omani general budget by the end of May 2014 registered a surplus** figure of OMR 551.2 million, against a deficit figure of OMR -71.6 million of the same period in 2013. The total surplus figure in the end of May was OMR 582.9 million against a deficit of OMR 110.4 million recorded over the same period last year.

**Oman's total crude oil exports volume dropped by 5.1%** during the first five months of 2014, despite 1.3% growth in total oil production. The statistics showed that total oil production rose to 142 million barrels during the January-May period of 2014, compared with 140.3 million barrels in the same period of 2013.

**Saudi Arabia produced 9.780 million barrels per day** (bpd) of crude oil in June, up from 9.705 million bpd in May. The world's largest oil exporter supplied 9.745 million bpd to the market. Demand for power generation oil in Saudi Arabia is usually higher in June than in May.

**Saudi Arabia's imports fell an annual 5%** in May, the seventh drop in a row, while non-oil exports dropped 5.1%, their first fall since March 2013. Non-oil exports account for around 12% of overall exports of Saudi Arabia.

## Eastern Europe

**Russia saw US\$12.3 billion in net capital outflow in the Q2** of the year, bringing total capital flight to around US\$75 billion for the first half of 2014, according to central bank. Official estimates have forecast that net capital flight could reach US\$100 billion by the end of the year.

## Western Europe

**The deficit gap in the French budget was at €64.3 billion** by the end of May, down from €72.6 billion euros a year ago. Central budget revenues reached €124 billion, up 5.5% from the same month last year. Meanwhile, public expenditures in May fell to €166.6 billion compared to €169.4 billion last year. Looking to 2014, the government expects the budget gap at 3.8% of the GDP.

**The Spanish government has announced it will freeze airport tariffs until 2025** in an effort to boost air traffic. Spain has been affected by years of high charges and the continued economic crisis and the move comes only weeks after 49% of the heavily indebted airport operator AENA was put up for sale.

**Average monthly expense of Italian households fell to the lowest level since 2004 last year**, showing the country was still struggling with its longest post-war recession. In 2013 Italian families spent €2,359 a month, down 2.5% over the previous year and fell from €2,381 in 2004.

**UK retailers reported biggest price drop since 2006** with cheaper furniture, electrical and clothes as well as a supermarket price war all contributing, an industry group said. The British Retail Consortium reported that prices in shops fell 1.8% last month compared with a year earlier.

## North America

**Canadian housing starts rose in June**, bucking expectations for a modest slowdown in the month and suggesting the building sector added to economic growth in the Q2 after a brutal winter. The Canada Mortgage and Housing Corp reported that the seasonally-adjusted annualised rate of housing starts rose to 198,185 last month from a downwardly revised 196,993 units in May.

## Oil & Gas News

**Brent for August settlement decreased** as much as 25 cents, or 0.2%, to US\$108.03 on the London-based ICE Futures Europe exchange.

## Commodity News

**Bullion for immediate delivery** traded at \$1,329.84 an ounce at 9:13 a.m. in Singapore from \$1,327.83 yesterday.

**Corn futures for December delivery fell 1.5%** to close at \$3.98 a bushel at 1:15 p.m on the Chicago Board of Trade.

## Currency News

**The Aussie fell 0.2%** at 93.98 U.S. cents as of 11:06 a.m. in Tokyo after climbing as much as 0.5% to 94.57, the strongest since July 2.

**The ringgit was little changed** at 3.1720 per dollar as of 9:53 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
09-Jul-14	1,320.84	4.21	108.84	25.85	1.70	2.13	1.25	0.86	9389.67	81.72	2.55	34.90	26.01	3,281.56
10-Jul-14	1,329.71	4.17	108.15	25.94	1.69	2.13	1.24	0.86	9352.79	81.77	2.55	34.89	26.00	3,285.10
% Change	0.67	-0.95	-0.63		-0.19	-0.23	-0.25	0.12	-0.39	0.07	0.05	-0.03	-0.03	0.11

# Economic & Financial News

Research & International Division

12/7/2014

*... Laos to still import electricity from Thailand, China and Vietnam until 2015 ...*  
*... The White House lowered expectation for 2014 fiscal year US federal deficit ...*

## South East Asia

**Bank Indonesia has kept its benchmark interest rate, known as the BI rate at 7.5%** for the eighth straight month despite slowing inflation as Indonesia braces for declining exports to its main trading partners, which may impact the country's current-account balance.

**Thai exporters are negotiating with European buyers on increasing retail prices by 3-5% next year**, after Thailand loses its tariff privileges under the European Union's Generalised System of Preferences.

**Malaysia's central bank has raised a key interest rate to curb inflation** in the first adjustment in more than three years, amid public protests over price hikes. Bank Negara said it decided to raise the overnight policy rate by 25 basis points to 3.25% on the back of continued strength in exports and private sector activity.

**Laos still needs to import electricity from Thailand, China and Vietnam until 2015.** Nationwide power output is expected to be 15 billion kwh next year and the amount would include 3 billion kwh for domestic consumption. Presently, there are 20 hydropower plants under construction across the country. The power provision fails to meet domestic consumption because most hydropower plants are export-oriented.

## North East Asia

**Bank of Korea governor warns of downturn** as there is a strong chance that the economy will get worse. The comment came after the BOK froze the interest rates at 2.5% once again, and analysts forecast they will be slashed soon. The BOK cut its growth forecast for Korea this year from 4% to 3.8% and for next year from 4.2% to 4%.

## Indian Sub-Continent

**India's industrial production jumped** for the second month in a row in a boost for the new Narendra Modi-led government which faces a huge challenge to revive the ailing economy. Output grew a better-than-expected 4.7% in May y-o-y after recording a 3.4% increase in the previous month, the government said in a statement.

**Pakistan's foreign exchange reserves increased to US\$14.637 billion** during the week ended July 4 following US\$556 million receipts from the IMF under the Extended Fund Facility (EFF), the central bank reported. The country's reserves stood at US\$13.990 billion in the previous week.

## Middle East and North Africa

**Egypt's annual urban consumer inflation remained steady at 8.2%** in June but is expected to rise after last week's jump in fuel prices. The government hiked energy prices by up to 78% in an effort to ease its budget deficit. Gas subsidies were also cut last week, lifting prices by 30-75%.

## Eastern Europe

**Russia's Finance Ministry said harsher sanctions would cost Russia 0.3% of GDP.** The value of syndicated loans granted to Russian commodities producers plummeted by 82% to US\$3.5 billion in the first half of this year, Bloomberg reported this week.

## Western Europe

**Inflation rate in Germany picked up** slightly in June from a four-year low level in previous month, but still failed to uplift the overall euro zone inflation to European Central Bank (ECB)'s target. Compared with the same month of last year, German consumer prices rose by 1%.

**Industry output in France lost ground in May by 1.7%** from a month earlier. The country's overall production was dragged down as coke and refined petroleum products and manufacturing of transport equipment, adding that manufacturing activities declined by 2.3% over the period.

**The British deficit on trade in goods and services was estimated to have been £2.4 billion** in May, significantly larger than the £2.1 billion a month earlier, the Office for National Statistics said. Britain registered a £9.2 billion deficit on goods trade and an estimated surplus of £6.8 billion on services in May.

**Bank of England voted to keep its main interest rate unchanged at 0.5%**, and quantitative easing (QE)

policy at £375 billion. It is the 64th successive months that interest rates stay at historical low level.

**Spain's inflation rate fell to zero** in June, as the Eurozone battled to fend off the threat of a damaging deflationary spiral. Consumer prices in the Eurozone's fourth largest economy were unchanged from a year ago in June, capped by declining food, soft drink and electricity prices, the National Statistics Institute said.

**Greek unemployment rate was 27.3% in April** this year, unchanged from March, but slightly down from 27.5% in April 2013, with the number of unemployed totalling 1,303,454 and the unemployment rate among young people -aged up to 24 years old- at 56.3%.

**Eurozone house prices fell by 0.3% in the Q1** of this year both on a quarterly basis and on an annual basis. In the wider 28-nation EU, the Q1 house prices rose 0.2% compared with the previous quarter and up 1% compared with the Q1 of 2013.

## North America

**The US federal government posted a budget surplus of US\$70.5 billion** in June, and the budget deficit for the first nine months of the current fiscal year declined significantly. The federal government revenue was US\$323.6 billion in June, up 13% from the same period a year ago, while spending totalled US\$253.1 billion, US\$83 billion more than a year earlier.

**The White House lowered its expectation for the 2014 fiscal year US federal deficit** as the economy kept recovering. The federal deficit for 2014 fiscal year was expected to fall to US\$583 billion, US\$66 billion less than the deficit projected in March, said the White House.

**Fewer people sought US unemployment benefits last week**, driving down the level of applications to nearly the lowest in seven years. Weekly applications for unemployment aid dropped 11,000 to a seasonally adjusted 304,000.

**Canada's economy shed 9,400 jobs** in June, enough to inch the unemployment rate up slightly to 7.1%. Statistics Canada said there were actually more than 33,000 new full-time jobs created during the month. But that was offset by a larger drop of 43,000 part-time positions.

**Mexico's central bank kept interest rates on hold**, highlighting signs of stronger economic growth while still pointing to slack in the economy that bodes for steady borrowing costs ahead. The Banco de Mexico maintained its benchmark interest rate at a record low of 3%.

## Oil & Gas News

**Brent for August settlement slid \$2.01**, or 1.8%, to \$106.66 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Gold futures for August delivery fell 0.1%** to settle at \$1,337.40 an ounce at 1:38 p.m. on the Comex in New York.

**Soybean futures for November delivery fell 1.6%** to close at \$10.75 a bushel at 1:15 p.m. on the Chicago Board of Trade.

## Currency News

**The yen was little changed** at 101.30 against the dollar at 5 p.m. in New York, having gained 0.7% this week.

**The rupiah gained 2.5% this week** to 11,590 per dollar yesterday in Jakarta, the most since the five days ended Feb. 14, prices from local banks show.

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-Jul-14	1,329.71	4.17	108.15	25.94	1.69	2.13	1.24	0.86	9352.79	81.77	2.55	34.89	26.00	3,285.10
12-Jul-14	1,338.70	4.15	106.66	25.70	1.69	2.13	1.24	0.86	9352.79	81.53	2.57	35.01	25.93	3,293.73
% Change	0.68	-0.48	-1.38		-0.12	-0.05	-0.04	0.06	0.00	-0.29	0.51	0.35	-0.29	0.26

# Economic & Financial News

Research & International Division

17/7/2014

*... Turkey's average per capita income exceeds US\$19K ...  
... Italian household spending hits 10-year low ...*

## South East Asia

**Thai treasury reserves are expected to rise to Bt403 billion** by the end of the fiscal year from Bt345 billion this week even as the junta speeds up budget disbursement, said the head of the Comptroller-General's Department.

**The implementation of the Goods and Services Tax (GST) on April 1 next year is expected to contribute 0.3% to Malaysia's economic growth** with exports expanding 0.5% from the Q2. Deputy Finance Minister said the country's export products will also be more competitive, as the Sales and Services Tax (SST) at present on average at about 10%, will be abolished.

**Philippines merchandise exports jumped** in May as the country shipped out more non-electronics goods. Export earnings climbed to US\$5.483 billion, higher by 6.9% from the year before, an improvement from the 4.1% growth notched in May last year and the revised 1.3% rise recorded in April.

**Close to 3 billion pesos has been released** to construct and acquire various post-harvest facilities and equipment for the agriculture sector in the Philippines. Among the facilities and equipment that would be financed by the budget release are those for drying, milling, and processing, such as tractors, trans-planters, plows, dryers, and seed cleaners.

**The Lao government has an ambitious plan to increase the GDP per capita income to US\$1,860**, from US\$1,700 in the last final fiscal year of the 7th five years socio-economic development plan (2014-2015). This is also to increase the GDP growth to 7.5% in the forthcoming fiscal year and the national revenue collection to 25.8 trillion kip.

**Hanoi has attracted US\$560 million of FDI** in the first half of the year, representing a 14% y-o-y increase. The FDI disbursement in the period rose by 6.5% to US\$405 million over the same period last year.

## North East Asia

**China's exports rose 7.2%** in June from a year earlier, while imports rose 5.5%, leaving the country with a trade surplus of US\$31.6 billion for the month. China's exports have been sluggish for much of this year but recently began showing signs of life thanks to firmer global

demand. Imports also have been weak, highlighting sluggish domestic demand.

**Japan's machinery orders posted their worst monthly fall on record** in May. The 19.5% m-o-m fall in core orders in May from the previous months, a highly volatile data series regarded as an indicator of capital spending in the coming six to nine months. That followed a 9.1% fall in April, the Cabinet Office said.

**South Korea's central bank on Thursday froze its benchmark interest rate at 2.5%**, keeping its wait-and-see mode for 14 months in a row. Economic outlook became dimmer after downbeat data, but rising money supply indicated the current policy rate was accommodative.

**South Korea's import prices dropped at the fastest clip in 13 months** in June as the local currency continued to gain ground against the U.S. dollar. In local currency terms, import prices dipped 8.8% on-year last month, the steepest decline since May 2013, when the figure fell 9.7%, according to the Bank of Korea.

## Australasia

**New Zealand's creative industries contribute more than NZ\$3.5 billion** to the local economy each year. Commissioned by WeCreate - a newly formed alliance of 20 creative sector groups - the PwC report has found that the book, music, film and television industries together are similar in size to New Zealand's forestry sector.

## Indian Sub-Continent

**India's economy is expected to grow from 5.4 to 5.9% in the 2014-15 fiscal year.** The Economic Survey 2013-14, tabled on Lower House of Parliament, said a poor monsoon, external environment and poor investment are dampening the economic growth of India.

## Middle East and North Africa

**Turkey's per capita income now exceeds US\$19,000** (TL 40,350) based on purchasing power parity, meaning the country has reached 60% of the EU and Japanese average levels of prosperity, the Deputy Prime Minister Ali Babacan said.

**The Omani general budget by the end of May 2014 registered a surplus** figure of OMR 551.2 million, against a deficit figure of OMR -71.6 million of the same period in 2013. The total surplus figure in the end of May was OMR 582.9 million against a deficit of OMR 110.4 million recorded over the same period last year.

**Oman's total crude oil exports volume dropped by 5.1%** during the first five months of 2014, despite 1.3% growth in total oil production. The statistics showed that total oil production rose to 142 million barrels during the January-May period of 2014, compared with 140.3 million barrels in the same period of 2013.

**Saudi Arabia produced 9.780 million barrels per day (bpd)** of crude oil in June, up from 9.705 million bpd in May. The world's largest oil exporter supplied 9.745 million bpd to the market. Demand for power generation oil in Saudi Arabia is usually higher in June than in May.

**Saudi Arabia's imports fell an annual 5%** in May, the seventh drop in a row, while non-oil exports dropped 5.1%, their first fall since March 2013. Non-oil exports account for around 12% of overall exports of Saudi Arabia.

## Eastern Europe

**Russia saw US\$12.3 billion in net capital outflow in the Q2** of the year, bringing total capital flight to around US\$75 billion for the first half of 2014, according to central bank. Official estimates have forecast that net capital flight could reach US\$100 billion by the end of the year.

## Western Europe

**The deficit gap in the French budget was at €64.3 billion** by the end of May, down from €72.6 billion euros a year ago. Central budget revenues reached €124 billion, up 5.5% from the same month last year. Meanwhile, public expenditures in May fell to €166.6 billion compared to €169.4 billion last year. Looking to 2014, the government expects the budget gap at 3.8% of the GDP.

**The Spanish government has announced it will freeze airport tariffs until 2025** in an effort to boost air traffic. Spain has been affected by years of high charges and the continued economic crisis and the move comes only weeks after 49% of the heavily indebted airport operator AENA was put up for sale.

**Average monthly expense of Italian households fell to the lowest level since 2004 last year**, showing the country was still struggling with its longest post-war recession. In 2013 Italian families spent €2,359 a month, down 2.5% over the previous year and fell from €2,381 in 2004.

**UK retailers reported biggest price drop since 2006** with cheaper furniture, electrical and clothes as well as a supermarket price war all contributing, an industry group said. The British Retail Consortium reported that prices in shops fell 1.8% last month compared with a year earlier.

## North America

**Canadian housing starts rose in June**, bucking expectations for a modest slowdown in the month and suggesting the building sector added to economic growth in the Q2 after a brutal winter. The Canada Mortgage and Housing Corp reported that the seasonally-adjusted annualised rate of housing starts rose to 198,185 last month from a downwardly revised 196,993 units in May.

## Oil & Gas News

**Brent for August settlement decreased** as much as 25 cents, or 0.2%, to US\$108.03 on the London-based ICE Futures Europe exchange.

## Commodity News

**Bullion for immediate delivery** traded at \$1,329.84 an ounce at 9:13 a.m. in Singapore from \$1,327.83 yesterday.

**Corn futures for December delivery fell 1.5%** to close at \$3.98 a bushel at 1:15 p.m on the Chicago Board of Trade.

## Currency News

**The Aussie fell 0.2%** at 93.98 U.S. cents as of 11:06 a.m. in Tokyo after climbing as much as 0.5% to 94.57, the strongest since July 2.

**The ringgit was little changed** at 3.1720 per dollar as of 9:53 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
12-Jul-14	1,338.70	4.15	106.66	25.70	1.69	2.13	1.24	0.86	9352.79	81.53	2.57	35.01	25.93	3,293.73
17-Jul-14	1,301.47	4.10	107.26	26.16	1.69	2.13	1.24	0.86	9475.98	81.80	2.57	35.12	25.86	3,304.43
% Change	0.72	-3.66	-0.02		-0.43	-0.43	-0.17	-0.03	-0.67	-0.25	-0.05	-0.04	0.25	0.18

# Economic & Financial News

Research & International Division

19/7/2014

*... Thailand VAT remains 7%...  
... Bank of Italy forecasts growth of 0.2% for 2014%...*

## South East Asia

**Developing Asia remains on track toward steady growth in 2014** despite slower-than-expected growth in the United States (US) in the first quarter, according to the latest ADB report. ADB's April forecast of 6.2% growth in 2014 and 6.4% in 2015 for the region's 45 developing economies were maintained.

**The second fatal incident involving Malaysia Airlines (MAS) in four months** will deepen the slump in ticket sales and force the government to speed up any plan to rescue the stricken flagship carrier, bankers say. A MAS jet, en route to Kuala Lumpur from Amsterdam, was shot down over rebel-held territory near Ukraine's border with Russia on Thursday, killing all 298 people on board.

**Philippines growth forecast trimmed to 5.8%** lower than previous projection of a 6.1% growth, and remains below the government's 6.5% to 7.5% target for the year. Philippine economic growth settled at a weaker-than-expected 5.7% in Q1, but government officials stood by their goal as prospects for the economy remained promising.

**The Philippines' balance of payments (BOP) slipped back into a deficit in June from a surplus in May.** Official central bank data shows a US\$24 million payments deficit for June, reversing the US\$373 million surplus posted in May, as well as the surplus of US\$692 million recorded a year earlier.

**Thailand's value-added tax (VAT) remains at 7% for another year.** For the first nine months of fiscal 2014, the government earned 1.52 trillion baht in revenue, 110 billion short of the target.

## North East Asia

**China's biggest cities recorded slower economic expansion in the first half**, but many municipal officials are sounding a confident note, saying that structural changes are laying a solid foundation for future growth. GDP growth in Shanghai, slowed 0.6 percentage point y-o-y to 7.1%, the city's statistics bureau said yesterday.

**China's home prices continued a downward trend in more cities in June**, pointing to a sluggish property market that is complicating the broader economy as growth falters. New home prices in 55 of a sample of 70

major cities showed m-o-m drops in June, compared with 35 in May, the National Bureau of Statistics (NBS) said.

**Japan's public pension fund has hired a London-based private equity executive for its investment committee**, as Prime Minister Shinzo Abe aims to make the fund more capable of riskier investments and less concentrated in government bonds.

**Japan's child poverty rate has hit a record high**, according to a government survey, prompting criticism that Tokyo wasn't doing enough to fix the problem. The health and welfare ministry report showed the child poverty rate rose to 16.3% in 2012, the worst result since the survey started nearly three decades ago and one of the highest levels among the 34 countries in the OECD.

## Australasia

**Business leaders in Australia yesterday called on G20 leading economies** to implement recommendations on structural reforms and free trade that could boost global growth by US\$3.4 trillion and create millions of jobs.

## Indian Sub-Continent

**Finance Minister Arun Jaitley hoped that interest rates would be reduced should inflation ease.** Latest data showed consumer prices easing to their lowest since figures were first published in January 2012. Consumer prices led inflation eased to 7.31% in June, helped by a slowdown in food inflation and a favourable statistical base.

**Indian Indirect tax collections comprising excise, customs and service tax stood at about Rs 1.13 lakh crore in Q1 of 2014-15 fiscal**, as against Rs 1.08 lakh crore in the corresponding period a year ago, a finance ministry official said.

**Pakistan's trade deficit has recorded at US\$19.98 billion during previous financial year 2013-14**, compared to US\$20.49 billion of a year ago, showing a decline of 2.48%.

## Middle East and North Africa

**Egypt's central bank raised benchmark interest rates late to 9.25% from 8.25%** on Thursday in an unexpected move seen as an attempt to hold down inflation less than two weeks after the government slashed subsidies on fuel and electricity.

**Saudi Arabia loses billions every year in revenue because of the underground economy**, which includes food produced illegally. It refers to illegal activities that generate income not accounted for in a country's gross domestic product (GDP), said Saad Al-Buainian, an expert quoted recently in a Middle East publication.

## Western Europe

**The Bank of Italy on Friday forecast that the Italian economy will grow just 0.2% this year** and expressed concerns about the effects of international "geopolitical tensions" on the recovery amid conflict in Ukraine.

## North America

**Consumer confidence in the US unexpectedly declined in July to a four-month low** as Americans' outlook for the economy dimmed and slow pace of wage gains. Households surveyed this month showed that earnings would probably not keep up with inflation over the next year.

**Canadian consumer prices rose 2.4% in June**, inching up from the 2.3% annual rate in May, Statistics Canada said yesterday.

**The unemployment rate in Ohio remained unchanged at 5.5% in June**, staying at the lowest level since before the Great Recession, the state reported Friday.

## South America

**Brazil's industrial production dropped last June**, remaining at 39.6 points from a previous 48.4 points in May and 46 points in May 2013.

## Oil & Gas News

**WTI for August delivery dropped 6 cents** to settle at \$103.13 a barrel on the New York Mercantile Exchange. Brent for September settlement slipped 65 cents, or 0.6%, to end the session at \$107.24 a barrel on the London-based ICE Futures Europe exchange.

**U.K. gas for delivery in August** fell to 38.1 pence a therm (\$6.50 a million British thermal units) paring a weekly gain to 7%.

## Commodity News

**Gold futures for August delivery fell 0.6%** to settle at \$1,309.40 an ounce on the Comex in New York.

**Wheat futures for September delivery fell 3.4%** to \$5.3225 a bushel on the Chicago Board of Trade.

## Currency News

**Asian currencies fell** for a second week as the prospect of higher U.S. interest rates and worsening conflicts in the Middle East and Ukraine boosted demand for the relative safety of the dollar. South Korea's won led losses, dropping 1% to 1,029.32 per dollar, India's rupee weakened 0.6% to 60.2913, Yen fell 0.2% to 101.34 per dollar, Indonesia's rupiah declined 0.2% to 11,618 and the Malaysian ringgit dropped 0.2% to 3.1832 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
17-Jul-14	1,301.47	4.10	107.26	26.16	1.69	2.13	1.24	0.86	9475.98	81.80	2.57	35.12	25.86	3,304.43
19-Jul-14	1,310.88	3.95	107.24	27.15	1.68	2.12	1.24	0.86	9412.65	81.59	2.57	35.10	25.92	3,310.53
% Change	0.72	-3.66	-0.02	-0.43	-0.43	-0.17	-0.03	-0.67	-0.25	-0.05	-0.04	0.25	0.18	

# Economic & Financial News

Research & International Division

22/7/2014

*... Tourists in Singapore spent S\$6b Q1 of 2014...  
... IMF raised its forecast for Germany's growth to 1.9% this year...*

## South East Asia

**Singapore Tourism receipts for the first three months of 2014 grew 5%** on-year to S\$6 billion, according to the latest Tourism Sector Performance report by the Singapore Tourism Board (STB).

**Malaysia's economy is expected to expand up to 5.2% in the second half of 2014**, says the Malaysian Institute for Economic Research (MIER). In Q1 2014, its GDP expanded at a faster-than-expected pace of 6.2%.

**Malaysia's total vehicle sales grew 6.3% to 333,142 units in the first half of 2014**, compared with 313,488 units in the previous corresponding period. The growth was driven by favourable economic conditions, said Malaysian Automotive Association (MAA).

**Philippines oil firms implemented price cuts for gasoline and a slight hike for kerosene** Tuesday as global fuel supplies remained stable. In separate advisories, Petron, the country's top oil firm, and independent player, PTT Philippines, lowered gasoline prices by 35 centavos per liter and raised kerosene prices by 10 centavos per liter.

**Vietnamese cut local oil prices following global drop** as the Ministries of Industry and Trade and Finance released a joint statement yesterday asking fuel wholesalers to reduce retail prices of oil by VND136-174 (6-8 US cents) a liter.

**Vietnam expects to earn US\$146 billion from exports in 2014**, up 10.6% compared with previous year. The country's import value would reach 145.5 billion USD, up 10.2% so that Vietnam would have a trade surplus of about 500 million USD this year.

## North East Asia

**China's y-o-y GDP growth forecast has been upgraded to 7.5% from 7.4%**, saying recovery has been stronger than expected. The Chinese economy expanded 7.5% year on year and 2% q-to-q (seasonally adjusted) in the Q2.

**China recorded a deficit of 55.2 billion yuan** in its foreign trade in services in June, from a deficit of 50.9 billion yuan in May, official data showed on Monday.

**Japan is unlikely to achieve its government budget surplus by fiscal 2020** even if it proceeds with another consumption tax increase. There is likely to be a ¥11 trillion deficit in the primary balance in fiscal 2020 even if the consumption tax rate, raised this past April from 5% to 8%, is increased to 10% in October 2015 as planned.

**Japan will offer at least 2 million yen in subsidies for fuel-cell vehicles**, Prime Minister Shinzo Abe said, as the government and Japanese carmakers including Toyota Motor Corp join forces to speed up introduction of the vehicles.

**New FDI pledged to South Korea surged significantly from a year earlier** in the first half on a large increase in fresh investment pledges from China, the government said Tuesday. In the first six months of the year, the amount of new FDI pledged to the country came to US\$10.33 billion, up 29.2% from the same period last year, according to the Ministry of Trade, Industry and Energy.

**South Korea's domestic credit card spending by individuals dropped 1.6% to 30.5 trillion won in May** for the second consecutive month due to April's deadly ferry sinking that hurt consumer sentiment, central bank data showed Tuesday.

## Australasia

**Revised Australian Treasury forecasts show the budget faces a \$17 billion setback over the next four years** after the Senate opted not to repeal spending measures related to the mining tax, The Australian Financial Review reports.

## Indian Sub-Continent

**A higher weight of food items in the consumer price index has kept retail inflation at elevated levels in India**, according to official data. The high inflation in India owes to higher weight for the food basket (about 50%) as against 14% and 32% weights for Korea and China, respectively.

## Middle East and North Africa

**Prices jumped by 1% on returns on treasury bills for two different periods** following the Central Bank of Egypt's (CBE) decision to raise interest rates by 1% on Thursday. CBE raised interest rates to combat inflation, which threatens inflation of the cost of government debt, given that the state is the largest borrower from the bank.

**The volume of real estate loans provided by the Saudi banks to individuals and corporate amounted to SR123.4 billion in Q1** this year, based on data released by the Saudi Arabian Monetary Agency (SAMA).

## Western Europe

**The IMF raised its forecast for Germany's growth to 1.9% this year**, from its previous forecast of 1.7%, shrugging off concerns of a slowdown in the Eurozone's largest economy.

**Italian industrial orders dropped in May**, as both foreign and domestic demand slipped, underscoring the fragility of the economic recovery in the euro zone's third-largest economy. It declined 1.1% from April, reversing much of their 3.6% increase in the previous month, national statistics institute Istat said.

**Portuguese Economy Minister admitted that a crisis engulfing the giant Banco Espirito Santo group could affect the country's recovery.** The turmoil at Portugal's largest lender comes at a delicate time for the country, which has just come out of a joint EU-IMF rescue

programme despite a surprise drop of 0.6% in its GDP in the first three months of the year.

## South America

**The Brazilian economy is predicted to grow by less than 1% in the coming year**, the Central Bank has reported.

## Oil & Gas News

**WTI for August delivery was at \$104.65 a barrel** in electronic trading on the New York Mercantile Exchange, up 6 cents. Brent for September settlement gained 44 cents, or 0.4%, to \$107.68 a barrel.

**Natural gas for August delivery fell 10.2 cents, or 2.6%, to \$3.849 per million Btu** on the New York Mercantile Exchange.

## Commodity News

**Gold futures for December delivery rose 0.3%** to settle at \$1,315.50 on the Comex in New York.

## Currency News

**The New Zealand kiwi edged lower to 86.89 US cents** in Wellington, from 87.12 cents yesterday.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP
17-Jul-14	1,301.47	4.10	107.26	26.16	1.69	2.13
22-Jul-14	1,307.58	3.84	107.96	28.11	1.68	2.12
% Change	-0.25	-2.78	0.67		-0.01	-0.05



# Economic & Financial News

Research & International Division

23/7/2014

*...The Japanese government cut its FY2014 forecast for economic growth ...  
... High gasoline prices push up US consumer prices...*

## South East Asia

**Indonesian palm oil exports tumbled in H1 of this year** as demand from key destinations weakened. Exports of palm oil, including palm kernel, plunged by 7.7% to 9.8 million tons in January to June from the same period last year, according to the Indonesian Palm Oil Producers Association (Gapki).

**A total of 4.65 million passengers passed through Changi Airport, Singapore, in June**, the highest number this year but a drop of 0.3% when compared with a year ago, Changi Airport Group (CAG) said on Wednesday.

**Philippines' economic growth forecast for 2014 has been cut** despite the positive outlook for the country's credit conditions. The Philippines' GDP may grow 6% this year, said Moody's.

**Philippines consumer loans by universal commercial and thrift banks were up at P735 billion** as of the end of Q1 2014, on the back of a rise in auto loans during the period, central bank data shows. Consumer loans as of end-March stood 13.6% higher than the P647 billion posted a year earlier, said Bangko Sentral ng Pilipinas (BSP).

**BSP is confident that the country's balance of payments (BOP) position, which slipped back into a deficit in June**, will return to a surplus in the remaining months of the year on the back of strong growth in exports and remittances.

**Ministry of Finance, Viet Nam has proposed to erase tax dues, associated interests and overdue charges** worth VND6.53 trillion from struggling enterprises. In H1 2014, about 50,263 enterprises shut shop and 18,271 others were dissolved, which saw tax debts rising nationwide.

## North East Asia

**China's crude imports from Iran in H1 of the year were up nearly 50%**, although shipments in June dropped nearly a third from May to the lowest level in four months.

**A downturn in China's property market is hurting New Zealand's economy** but the situation should improve in a few months. Recent figures from China's

National Bureau of Statistics show new house prices fell 0.5 % m-o-m in June, the second straight monthly decline following a 0.2% fall in May.

**The Japanese government cut its forecast for economic growth in FY2014 from 1.4% to 1.2%** in real terms, amid lingering fears that the April 1 consumption tax hike may continue to weigh on domestic demand. But the Cabinet Office said nominal GDP is predicted to grow 3.3% in the current FY through next March, with the Bank of Japan's drastic monetary easing helping push prices up.

## Australasia

**The Reserve Bank of Australia (RBA) is likely to remain in wait-and-see mode on interest rates** following solid inflation figures. Headline inflation figures from the Australian Bureau of Statistics were largely in line with expectations, with the consumer price index rising 0.5% in the June quarter and 3.0% in the year to June.

**Australia's core consumer prices gained more than economists forecast last quarter**, sending the Australian dollar to its highest in two weeks and creating a hurdle to further monetary policy easing. The trimmed mean gauge rose 0.8% from the previous quarter, the Bureau of Statistics said.

**New Zealand's central bank would begin a review of the country's banking regulations this month** to assess their effectiveness in the aftermath of the global financial crisis. The review will evaluate the regulatory framework for banks and non-bank deposit takers and look for ways to simplify rules around issues including capital adequacy, and the removal of redundant regulations.

**New Zealand Government tax on diesel vehicles has now reached a level where it is no longer viable to own a diesel car** for its economy, claims the boss of New Zealand's most popular diesel passenger brand.

## Indian Sub-Continent

**Consumer confidence level in India jumped by seven points during Q2 of this year** bringing India at the top position globally with the change in government at the Centre, Nielsen, global information and insights provider, has said.

**Loans in India for non-agricultural purposes backed by pledges of gold ornaments and jewelries had to have a loan-to-value ratio of 75%** against the pledged items, Reserve Bank of India said.

## Western Europe

**Scottish manufacturers have enjoyed strong rises in total new orders and output volumes in the last three months**, and increased their workforces significantly. The latest quarterly Scottish industrial trends survey also highlights a sharp increase in optimism among manufacturers north of the Border.

**House prices in United Kingdom rose by 10.5%** y-o-y for the 12 months to May 2014, outstripping the 9.9% rise registered for the same period last year, according to the Office for National Statistics (ONS). The ONS said homes in London now stand 33.7% higher than their pre-crisis peak.

**Bank lending to Italian households and businesses shrank 1.4% y-o-y in June**, after a 2.4% drop the previous month, pointing to an easing in a credit crunch that has stifled the country's economic recovery.

**The recovery of Spain's already fragile economy could be teetering on the brink** as the EU decides whether to impose sanctions against Russia. A crackdown on Russian investment and assets in Europe would badly hit Spain, which has seen a large influx of Russian capital over the last few years.

## North America

**US home resale hit an eight month-high in June**, suggesting the housing market was gradually regaining

momentum and would help the US to stay on a higher growth path this year. The third straight month of home sales gains added to employment and retail sales data that have indicated economic growth ended the June quarter on a firmer note, reported by the National Association of Realtors.

**US consumer prices rose in June as the cost of gasoline surged**, but the overall trend continued to point to a gradual build-up of inflationary pressures. The Labour Department said its Consumer Price Index increased 0.3% last month after May's 0.4% gain.

## Oil & Gas News

**WTI for September delivery declined 60 cents** to \$101.79 a barrel in electronic trading on the New York Mercantile Exchange and was at \$102.07.

## Commodity News

**Gold for immediate delivery traded at \$1,306.96 an ounce** in Singapore from \$1,306.42 yesterday.

## Currency News

**The rupiah traded among banks in Jakarta on Tuesday afternoon depreciated by 58 points** to 11,630 per US dollar, down from the previous 11,572 per dollar.

**Baht rose 0.3%** to 31.828 per dollar before trading at 31.837.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP
22-Jul-14	1,307.58	3.84	107.96	28.11	1.68	2.12
23-Jul-14	1,308.69	3.77	107.25	28.45	1.68	2.12
% Change	0.08	-1.82	-0.66		-0.11	-0.12

# Economic & Financial News

Research & International Division

24/7/2014

*... Japan trade deficit at record \$75 billion in first half...  
...Reserve Bank of New Zealand raises interest rate to 3.5%...*

## South East Asia

**Philippines National Food Authority (NFA) Council has approved the importation of 300,000 metric tons (MT) of rice** on top of the 200,000 MT in additional imports announced in June, a decision that has drawn sharp criticism from the recently resigned head of the National Rice Program and local rice traders.

**Singapore's economy is on track to grow 2-4% this year.** The economy has already averaged 3.4% growth in H1 on a y-o-y basis, Monetary Authority Singapore (MAS) Managing Director.

**Singapore's inflation dips to 1.8% in June** from 2.7% in May on smaller rise in car costs. This was largely due to a sharp correction in certificate of entitlement premiums, according to a statement from the Trade and Industry Ministry and the Monetary Authority of Singapore.

**Singapore's fund industry last year grew** assets under management (AUM) 11.8% to S\$1.82 trillion from S\$1.63 trillion in 2012, the Monetary Authority of Singapore (MAS) said on Thursday.

**Prices and rentals of industrial space in Singapore continued to moderate in Q2 2014** as more land and space were released. Compared to the preceding quarter, rentals dipped by 0.1% y-o-y, they rose 5%, albeit still significantly slower than the average increase of 10.2% annually over the past four years.

**The Monetary Authority of Singapore (MAS) has posted net profit of S\$15.8 billion**, aided by foreign exchange gains, for the year ended March 31. For the previous year, the MAS had run up a net loss of S\$10.61 billion on translation effects from the stronger local unit.

## North East Asia

**Worst economic slowdown has ended in China** as China's y-o-y economic growth rebounded to 7.5% in April-June period. An array of other economic indicators from exports to investment also saw gradual recovery, indicating China is gaining strength.

**China's factory activity expanded at its fastest pace in 18 months in July as new orders surged**, a preliminary HSBC showed, the latest indication that the economy is picking up as government stimulus measures kick in.

**Japan's exports unexpectedly fell 2.0% in June from a year earlier**, weighed down by a drop in shipments to Asia and the United States, signalling that weak external demand may require bolder domestic policies to sustain the recovery.

**Japan's trade deficit stood at 822.2 billion yen (\$8.1 billion) in June** as the country logged another dip in exports, extending monthly shortfalls to two years. The Finance Ministry reported that imports jumped 8.4% y-o-y to 6.76 trillion yen (\$66.6 billion), while exports fell 2% to 5.94 trillion yen (\$58.5 billion).

**Japanese manufacturing activity expanded at a slower pace in July than in the previous month**, as companies continued to adjust to fluctuations in demand after a sales tax increase in April. The Markit/JMMA flash Japan Manufacturing Purchasing Managers Index (PMI) fell to a seasonally adjusted 50.8 in July from a final reading of 51.5 in June.

**South Korea unveiled a US\$40 billion stimulus package today** as the finance minister warned of a risk of recession after the economy grew at its slowest rate for more than a year in Q2. Citing sluggish domestic demand in the wake of a devastating ferry disaster in April, the finance ministry cut its forecast for economic expansion in 2014 to 3.7% from 4.1%.

## Australasia

**Property prices continue to soar in Australia** with Sydney's median price over US\$800,000 as banks slash fixed rates below 5% in a war to attract buyers.

**New Zealand has posted a trade surplus of \$247 million in June from a revised \$270m in May**, led by overseas demand for the nation's primary products such as milk powder, frozen beef and kiwifruit. The annual trade balance turned to a surplus of \$1.2 billion from a deficit of \$819m a year earlier.

## Indian Sub-Continent

**The Indian economy is likely to grow at 6% in 2014-15** and if the new government delivers on its promise of good governance, reversion to a growth rate of around 7-8% can occur in coming years, Harvard University professor Gita Gopinath said.

## Eastern Europe

**The Kremlin would prefer to restructure the debt of struggling Russian miner Mechel through state development bank Vneshekonombank, or VEB,** rather than let the company go bust, President Vladimir Putin's top economic aide said Wednesday. The coal-to-steel group has debts of \$8.6 billion and employs 70,000 people.

## Western Europe

**The Bank of England's governor declared yesterday that household debt is a 'major risk' to the economy** and could tip Britain back into recession when interest rates rise. Mark Carney said that many families are in 'a vulnerable position' having overstretched themselves to get onto, or move up, the housing ladder.

**Bank of England policymakers are growing increasingly uneasy about the UK's record low interest rates** but signalled that the first rise will not come until real wages start to recover. Governor Mark Carney said rates will need to start to rise as the UK economy gets back to normal. The GDP is already back at pre-crisis levels but stressed the Bank's monetary policy committee was not yet satisfied with wage growth.

**UK car production boosted by new models in first half of 2014.** Car production in June was up 3.7% in the year to just over 136,000. This took the total number of cars built so far in 2014 to more than 790,000, or 3.5% more than in the same period in 2013.

**France's parliament backed a supplementary budget for 2014 by a comfortable majority on Wednesday,** in a relief for President Francois Hollande following opposition from within his own party ranks. The updated budget pares back public spending by an extra 4 billion euros (\$5.4 billion) while granting tax relief to nearly 4 million households, as the unpopular government tries to meet deficit targets but also assuage the concerns of angry voters.

**The Spanish economy has grown at its strongest rate for six years in Q2,** expanding by 0.5% from the previous three months, the central bank says. The bank also raised its forecasts for output for this year and next, saying the economy would grow by 1.3% this year and by 2.0% in 2015.

## North America

**U.S. economic growth this year will likely be at the weakest pace since the Great Recession ended,** the International Monetary Fund said, mostly because of a sharp, weather-related contraction in Q1. The global lending organization said it still expects growth resumed in Q2 and will remain healthy in the second half of this year and next.

**The International Monetary Fund on Wednesday lowered its US economic growth forecast for 2014** after severe winter weather in Q1 delivered a sharp downturn. The IMF projected the world's largest economy would grow a "disappointing" 1.7% this year, after a 1.9% expansion in 2013.

**Canadian Retail sales rose 0.7% to 41.98 billion Canadian dollars (\$39.10 billion),** Statistics Canada said Wednesday, hitting a fresh high in dollar terms.

**Mexican annual inflation likely rose to just below the central bank's 4% limit in early July,** but sluggish growth and tame underlying prices bode for steady borrowing costs ahead. Inflation for the 12 months through the first half of July was seen rising to 3.9%, up from 3.71% in early June.

## Oil & Gas News

**WTI for September delivery was at \$103.10 a barrel on the New York Mercantile Exchange,** down 2 cents. Brent for September settlement was 17 cents higher at \$108.20 a barrel on the London-based ICE Futures Europe exchange.

## Commodity News

**Gold for immediate delivery lost 0.6% to \$1,296.36** an ounce, before trading at \$1,297.86 in Singapore.

## Currency News

**The rupiah traded among banks in Jakarta on Wednesday afternoon strengthened by 99 basis points** to 11,507 per US dollar, up from the previous 11,606 per dollar.

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-Jul-14	1,308.69	3.77	107.25	28.45	1.68	2.12	1.24	0.86	9296.27	81.80	2.56	34.95	25.67	3,334.84
24-Jul-14	1,297.64	3.76	108.09	28.75	1.67	2.12	1.24	0.86	9284.19	81.85	2.56	34.94	25.64	3,347.65
% Change	-0.84	-0.27	0.78		-0.58	-0.17	-0.14	-0.39	-0.13	0.06	0.00	-0.02	-0.10	0.38

# Economic & Financial News

Research & International Division

26/7/2014

*... China unemployment rate steady at 4.08% at end of Q2...*

*... Brazil announces \$13bn credit stimulus...*

## South East Asia

**Philippines Imports fell 9.6% in May from a year ago**, reversing the gains posted in the previous months. Imports were valued at \$4.765 billion in May, down from \$5.272 billion posted in the same month last year.

**Corporate debt issuances in Singapore rise 38% in 2013** driven mainly by an 82% increase in short-term debt issuances. The outstanding volume of Singapore corporate debt expanded 18% to reach \$272.4 billion at the end of last year.

**Singapore manufacturing output inches up 0.4% in June** dragged down by weak performance in the electronics and transport engineering clusters. Electronics production fell 4.8% in June over the same month last year. Output from the transport engineering cluster dipped 0.4% over last year, owing to a decline in the aerospace segment as a result of fewer repair jobs from commercial airlines.

**Office rents in Singapore continued to rise**, climbing 2.8% in Q2 following the 2.4% increase in Q1 2014. According to data released by the Urban Redevelopment Authority (URA), prices of office space remained unchanged in Q2 compared to the preceding quarter, which saw a 0.5% rise.

**Resale prices of public housing in Singapore fell 1.4% in Q2 compared to the preceding quarter**, final resale price index released by the HDB showed. The index went from 198.5 in Q1 to 195.7 in Q2.

**Thailand June exports rose 7.2% the first y-o-y increase** since February and more than double a Reuters poll forecast of 3.1%. Exports are pivotal for Thailand as they make up more than 60% of GDP. Thailand exports jumped by much more than expected in June, making it more likely the country has avoided recession.

## North East Asia

**The number of people employed in China's urban areas grew by 7.37 million in the first half of 2014**, with the unemployment rate remaining low at 4.08%, the Ministry of Human Resources and Social Security said yesterday.

**Japanese inflation eased in June** due to the slowing impact on prices from a sales tax hike and surging imports, official data showed on Friday, figures that are likely to stoke renewed questions about Tokyo's war on deflation.

## Australasia

**The Australian economy gained 97,000 workers in the year to May 2014**. Despite this reasonable growth, it is still well below rates before the global financial crisis and 2010/11, when more than 200,000 jobs were being added a year.

**New Zealand's central bank lifted its official cash rate by 25 basis points to 3.5% yesterday**, but then suspended its rapid-fire run of interest rate rises to study their impact on the economy.

**New Zealand consumer confidence decreased one index point to 99 in Q2 2014**, six points higher than the same time period a year ago (Q2 2013) according to consumer confidence findings from Nielsen.

## Middle East and North Africa

**Turkey's foreign trade deficit fell to \$7.8 billion** (TL 16.3 billion) in June of this year from \$8.6 billion in the same month last year, a fall of 8.8%, the Turkish Statistical Institute reported.

## Eastern Europe

**Russia's Central Bank on Friday unexpectedly raised its key borrowing rate for a third time this year** in expectation of heightened international economic sanctions against Russia over the unrelenting crisis in Ukraine. It increased the key rate from 7.5 to 8%, saying that even in the present situation of slowing economic growth, quelling inflation is its main priority.

**The outflow of capital from Russia dedicated funds reached a six-month high** in the wake of the downing of Malaysia Airlines flight MH17 in rebel-held eastern Ukraine last week, a report by UralSib Capital said. As investor sentiment plummeted, Russia dedicated funds lost \$172 million in the week ending July 23, the investment bank reported Friday, citing data from Emerging Portfolio Fund Research.

## Western Europe

**Britain's GDP expanded 0.8% in Q2**, the same strong pace in Q1 2014 and in line with forecasts in a Reuters poll of economists. Compared with Q2 2013, growth was 3.1%, the fastest pace since the end of 2007, the Office for National Statistics said.

**Prime Minister Matteo Renzi's €10bn of tax cuts to low-income earners** will allow Italy to narrowly avoid a contraction this year, his chief economic adviser has said.

**The number of unemployed people actively seeking work in France rose 9,400 or 0.3% during the month of June**, the Finance Ministry said Friday as the job market continues to drag on the euro zone's second largest economy. The total number of jobless reached 3.4 million, the Finance Ministry said.

**German business confidence dropped more than economists predicted to the lowest level since October** as weaker growth and escalating tensions in Ukraine weigh on the outlook for Europe's largest economy. The Ifo institute's business climate index, based on a survey of 7,000 executives, fell to 108 from 109.7 in June, marking the third straight monthly decline.

## North America

**US Orders for long-lasting manufactured goods rebounded in June after a May decline**, helped by a recovery in demand in a key category that signals business investment plans. Orders for durable goods increased 0.7% in June on a seasonally adjusted basis following a 1% decline in May, the Commerce Department reported Friday.

**U.S. business spending data gives mixed signals on growth.** Non-defense capital goods orders excluding aircraft, a closely watched proxy for business spending plans, rebounded 1.4% after declining by a downwardly revised 1.2% the prior month, the Commerce Department said.

**U.S. fixed mortgage rates kept unchanged from last week staying at 4.13%**, much lower than the 4.31% of the same period last year.

**The US Department of Agriculture yesterday maintained its forecast for 2014 US food price inflation at 2.5% to 3.5%.** In its first estimate for 2015, the USDA said food price increases would subside slightly, to an annual rate of 2% to 3%.

## South America

**Brazil central bank said on Friday it would ease banks' reserve requirements, freeing up \$13 billion to stimulate lending** and boost an economy facing its fourth year of sluggish growth.

**Brazil posted a current account deficit of \$3.3 billion in June** half the size of the \$6.6 billion deficit registered in May. The current account deficit for the 12 months through June totaled \$81.2 billion, equal to 3.6% of Brazil's GDP.

## Oil & Gas News

**Brent for September settlement increased \$1.32, or 1.2%**, to end the session at \$108.39 a barrel on the London-based ICE Futures Europe exchange. WTI for September delivery rose 2 cents to settle at \$102.09 a barrel on the New York Mercantile Exchange.

## Commodity News

**Gold futures for December delivery rose 1%** to settle at \$1,305.30 an ounce on the Comex in New York.

## Currency News

**The rupiah traded among banks in Jakarta on Friday afternoon appreciated slightly by five basis points to 11,563 per US dollar**, up from the previous 11,568 per dollar.

**Thai Baht strengthened 0.9%** from a week ago to 31.858 per dollar in Bangkok.

**Indian Rupee rose 0.3%** this week to 60.1050 per dollar at the close in Mumbai.

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-Jul-14	1,297.64	3.76	108.09	28.75	1.67	2.12	1.24	0.86	9284.19	81.85	2.56	34.94	25.64	3,347.65
26-Jul-14	1,307.22	3.78	108.39	28.67	1.67	2.11	1.24	0.86	9341.43	81.99	2.56	34.93	25.67	3,350.17
% Change	0.74	0.53	0.28		0.21	-0.30	0.19	0.04	0.62	0.18	0.10	-0.03	0.10	0.08