

*... Bahrain's state budget deficit nearly doubled in 2013...
... Spain is set to introduce a new stimulus package ...*

South East Asia

Indonesia posted a surprise trade deficit of US\$2 billion in April. The national statistics agency said April exports fell 5.9% to US\$14.3 billion from the prior month, as proceeds from palm oil, which typically comprises up to 15% of the resource-rich country's exports, slumped to about half that level.

Signs of economic recovery in Vietnam maintain stronger in the first five months of 2014 with increasing index of industrial production (IIP) as well as export revenue, said Vietnam's ministry of industry and trade (MoIT). The IIP increased by 2% over April and 5.9% y-o-y. Among those in May, mining industry went down 0.8% while manufacturing, processing up 7.5% y-o-y. In January-May period, IIP rose 5.6% year-on-year, higher than that of the same period in 2013

North East Asia

Japanese companies are putting more money into equipment and machinery. Capital investments rose for the 4th straight quarter in the January-March period. The Finance Ministry reported that corporate capital investment topped US\$121 billion in the first 3 months of this year. That's up 7.4% from the same period last year.

Japan's job availability improved in April to its best level in over seven years while the unemployment rate stayed at a low level. The ratio of employment offers to seekers climbed for the 17th straight month to 1.08 in the reporting month from 1.07 in March, which means 108 positions were available for every 100 job seekers, according to the Ministry of Health, Labour and Welfare.

New car sales in Japan fell for a second straight month in May, due to the effects of the consumption tax hike in April. But the rate of decline narrowed from the previous month. Industry group officials say more than 363,000 new vehicles were sold last month. That's down 1.2% from a year earlier.

South Korea's consumer prices grew at the fastest pace in 19 months in May, maintaining their upward trend after a protracted slow price gain that prompted concerns over deflation. The country's consumer price index rose 1.7% last month from a year earlier, the fastest on-year rise since October 2012, when it advanced 2.1%, according to the report by Statistics Korea.

South Korea seeks to boost its shipments of end-products, such as consumer goods, to China as a way of reducing the dependence of its exports on China's finished

goods. The move comes as the country's exports to China plunged 9.4% from the same month last year to US\$11.31 billion in May, marking the first on-year monthly drop since February 2013, according to the Ministry of Trade, Industry and Energy.

Indian Sub-Continent

India has overtaken Germany and Italy to emerge as the world's second largest textile exporter. But it lags China, whose exports are nearly seven times higher. Data released by the Apparel Export Promotion Council, showed that India's textiles exports were estimated at \$40 billion in 2013, compared with China's \$274 billion.

Middle East and North Africa

Loans to the public sector in Saudi Arabia accelerated in April as the government opted to fund spending by bank borrowing rather than dipping into its foreign reserves. Annual growth in government borrowing jumped to 35.9% in April from the year earlier, up from 21.2% the previous month, data from the Saudi Arabian Monetary Agency (Sama) showed.

Bahrain's state budget deficit nearly doubled to 410 million dinars (US\$1.1 billion) in 2013 but was only a fraction of the original projection as spending rose at its slowest rate since 2009, finance ministry data showed. The small oil exporter faces tough choices between boosting state expenditure to sooth simmering political unrest and keeping its fragile public finances sustainable.

Western Europe

German inflation has slowed to its lowest rate since 2010 as prices for energy and car fuels fell in May. The German annual inflation rate fell to 0.9% in May, down from 1.3% recorded in the previous month of April, according to Destatis.

France is expecting more investment flows from the Gulf Cooperation Council (GCC) countries this year. Direct investments from the GCC in France, topped €1 billion five years ago, reached €3.4 billion at the end of 2012. A huge chunk of the investments are concentrated in manufacturing business sectors, such as aerospace materials, agri-food, transport and logistics, chemicals, cosmetics and perfumes, hotels, retail.

The European Commission asked Italy to tighten its budget this year to rein in an excessive public debt, removes any room for fiscal easing for Prime Minister Matteo Renzi, who has already cut income tax on low earners over the second half of this year. Italy's public debt has risen by 29 percentage points since 2007 and stood at 132.6% of GDP at the end of last year, compared with the EU's reference ceiling of 60%.

Spain is set to introduce a new stimulus package totalling €3.6 billion in a bid to bolster the country's nascent economic recovery. Spanish Prime Minister Mariano Rajoy has announced that the new measures will be brought in next week in an attempt to create jobs and encourage the competitiveness in the economy.

North America

U.S. construction spending posted modest gains in April, driven by an uptick in home building and government construction that lifted total activity to the highest level in five years. Construction spending rose 0.2% in April to a seasonally adjusted annual rate of \$953.5 billion, the strongest performance since March 2009, the Commerce Department said. But the government revised March activity higher to a 0.6% gain.

South America

Brazil posted a \$712 million trade surplus in May, wider than \$506 million in April. May's surplus is the result of \$20.8 billion in exports and \$20.04 billion in imports, in 21 working days, the trade ministry said. In the first five months of 2014, Brazil ran a \$4.9 billion trade deficit,

narrower than a \$5.4 billion deficit in the same period a year earlier.

The e-commerce sector in Peru reach record breaking revenue of around US\$ 800 million in 2013, recording 20% rise in online trends over the regular shopping than last year, according to PayU Latam Peru.

Oil & Gas News

Brent for July settlement was 12 cents higher at \$108.95 a barrel on the London-based ICE Futures Europe exchange.

Natural gas fell 4.7 cents, or 1%, to \$4.505 per million British thermal units on the New York Mercantile Exchange in the week ended May 27.

Commodity News

Bullion for immediate delivery traded at \$1,243.09 an ounce by 9:14 a.m. in Singapore from \$1,243.93 yesterday.

Currency News

The US dollar was little changed at \$1.3602 per euro as of 10:59 a.m. in Tokyo after appreciating to \$1.3586 on May 29.

The Chinese yuan will end this year at 6.12 per dollar, implying a 1.1% drop from the end of December.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
29-May-14	1,257.87	4.62	109.88	23.78	1.71	2.11	1.26	0.86	9249.84	81.22	2.57	34.99	26.00	3,301.38
03-Jun-14	1,244.56	4.61	108.9	23.62	1.71	2.10	1.26	0.86	9344.05	81.23	2.57	34.93	26.18	3,298.82
% Change	-1.06	-0.22	-0.89		-0.01	-0.34	0.06	-0.15	1.02	0.02	0.08	-0.16	0.69	-0.08

Economic & Financial News

Research & International Division

4/6/2014

*... China's non-manufacturing activity expanded further in May...
... Australia's economy once again among the fastest growing in the world...*

South East Asia

Singapore's PMI dropped to 50.8 in May, from 51.1 in April, reflecting the manufacturing sector slower expansion in May. The slowdown in pace came as employment contracted for a second month and the stockholding of finished goods declined.

Philippines' public sector debt rose 6.2% in April. Outstanding debt amounted to P5.64 trillion in April, from P5.63 trillion in March and P5.31 trillion in April 2013. Domestic borrowings continued to make up the bulk of the National Government's outstanding debt at 65%.

Local banks in the Philippines may extend their banking hours to provide more services to their clients after the Bangko Sentral ng Pilipinas issued new regulations that liberalized operating hours for banks. The central bank currently requires banks to open for business for a minimum of six hours a day and five days a week, except for holidays.

More Thai households were likely to default as non-performing consumer loans in Q1 2014. Although new household debts slowed in accordance with the economic situation, non-performing loans among consumer loans rose by as much as 31.3% in Q1 2014.

Overall business conditions in Vietnam's manufacturing sector strengthened in May as output increased for the eighth consecutive month amid another solid expansion in new business, according to the HSBC Vietnam Manufacturing PMI report. Headline PMI posted 52.5 in May, from 53.1 in the previous month.

Myanmar has been making progress to launch the country's first stock exchange by October 2015 with technical aid from Japan, according to Deputy Minister of Finance Dr. Maung Maung Thein.

Cambodian rice exports inched up 1% y-o-y in the first five months, while rice imports from Thailand also increased following offloading of the country's stocks. Milled rice exports reached 148,262 tons this year compared with 146,845 the year before.

North East Asia

China's non-manufacturing activity expanded further in May, with the sector's PMI rising to 55.5, from 54.8 in April. The non-manufacturing PMI tracks activity in sectors including construction, software, aviation, railway transport and real estate.

The average real wages for employees in Japan decreased 3.1% y-o-y in April, marking the largest year-on-year fall in more than four years, the Labour Ministry reported.

Monetary base of Japan hit a new record at ¥224.37 trillion (US\$2.19 trillion) in May, up 45.6% from a year earlier, due to ultra-loose monetary policy by the Bank of Japan.

Australasia

Australia's economy is once again among the fastest growing in the world, roaring back to life in Q1 2014 on the back of soaring resource exports and a surge in building construction. Australia's GDP grew 1.1% in Q1 to bring Australia's annual growth rate to 3.5% over the 12 months to March, according to the Australian Bureau of Statistics.

The Reserve Bank of Australia has kept its cash rate unchanged at 2.5%. The Reserve Bank continued to flag a period of unchanged rates in a statement that balanced a more positive outlook for the labour market and for firms' spending plans with a warning that a sharp fall-off in mining investment was still to come.

Indian Sub-Continent

The Reserve Bank of India (RBI) announced to keep its key interest rate unchanged at 8%. The RBI, in its second bi-monthly monetary policy statement, left the short-term lending rate, or repo rate, and the cash reserve ratio unchanged at 8% and 4%, respectively.

Pakistan will earmark US\$40 billion for its next fiscal year's budget, promising to revive sluggish growth by improving tax revenues and cutting subsidies, Finance Minister Ishaq Dar said in his annual budget speech in parliament.

Middle East and North Africa

The male staff of over 13,000 women's accessory shops in Saudi Arabia has been replaced by 65,000 women as part of a job feminization plan at those places. Dr Fahad Sulaiman Al-Tekhaifi, assistant undersecretary for private programmes, said Saudi women have proved they can be successful in the private sector, especially in the women's accessory sector.

Turkey's inflation rate stood at 9.66% in May, hitting a record high in the past two years. The consumer price index moved up 0.4% m-o-m, mainly driven by the price rise in food and beverage, which showed the highest annual increase with 14% in May, according to Turkish Statistics Institute.

Abu Dhabi's economy expanded by an inflation-adjusted 5.2% in 2013, its official statistics centre said. Abu Dhabi accounts for about two-thirds of the United Arab Emirates US\$400 billion economy and almost all of its crude oil exports.

Egypt business activity shrank in May. Egypt's economy is set to grow only 2% this fiscal year through to end-June, with a budget deficit of around 11-12% of GDP forecast for this and the next fiscal year. New export orders fell at a slower rate, with the subindex at 47 points compared with April's 46.5 points.

Western Europe

Italy's unemployment rate remained at 12.6% in April, after rising to a record high earlier this year. The unemployment rate was revised down to 12.6% in March, after it reached a record 12.7% in January and February, the national statistics office Istat said.

UK consumers' annual spending on cards topped £500 billion for the first time across 2013. In 2013, there were 30.1 million credit and charge card holders, around 60% of all UK adults. The total value of purchases on debit and credit cards in 2013 was £534 billion, meaning that spending on cards now constitutes 33% of the UK's total GDP, from 22% of GDP in 2003.

British house prices saw a record-high annual increase, 0.7% m-o-m in May, down from 1.2% in April. This reflects the recent dip in mortgage approvals, though housing demand is still outpacing the supply of homes on the market.

Spain's jobless queue shrank dramatically in May. The number of people registered as unemployed fell by 111,916 to 4.57 million, the steepest decline for the month of May since 1998, the Labour Ministry said.

Portugal's government is considering raising taxes after the country's highest court rejected austerity measures included in its 2014 budget. The Constitutional Court ruled that cuts to public sector wages, pensions and health allowances are unconstitutional. The decision leaves a budgetary shortfall and PM Passos Coelho said he cannot commit to not raising taxes as the cuts were worth some €750 million (US\$1 billion).

Oil & Gas News

Brent for July settlement was higher by 6 cents at US\$108.88 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold for immediate delivery fell to trade at US\$1,244.03 an ounce at 9:09 a.m. in Singapore, from US\$1,244.95 yesterday.

Currency News

The US currency rose 0.1% to 102.62 yen as of 10:58 a.m. in Tokyo from yesterday, after reaching 102.67 yen, the strongest level since May 2.

The euro gained as much as 0.4% to US\$1.3648, before trading at US\$1.3628 at 5 p.m. New York time.

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-Jun-14	1,244.56	4.61	108.9	23.62	1.71	2.10	1.26	0.86	9344.05	81.23	2.57	34.93	26.18	3,298.82
04-Jun-14	1,245.76	4.62	108.89	23.57	1.71	2.10	1.26	0.86	9398.50	81.52	2.57	34.88	26.04	3,283.44
% Change	0.10	0.22	-0.01		-0.19	0.01	0.01	0.18	0.58	0.35	0.13	-0.14	-0.54	-0.47

Economic & Financial News

Research & International Division

5/6/2014

*... US trade deficit widened to US\$47.2 billion in April ...
... Pakistan's debt servicing to consume 42.1% budget expenditure ...*

South East Asia

Indonesia's consumer confidence index rose to 116.9 in May from 113.9 in April, according to the result of a survey conducted by Bank Indonesia last month. The index hike was fuelled by consumers rising optimism about the economy currently and in the next six months, the central bank said.

Singapore firms' indebtedness has swelled to the most in Asia after China and India as the city state's economic growth slows, according to GMT Research. Debt rose to six times the amount of operating cash flow in 2013 for non-financial Singaporean firms, from 5.1 times in 2012.

The Philippines continues to have the fastest growing corporate bond market in the emerging East Asia region, expanding by 27.9% y-o-y in Q1 2014, Asian Development Bank (ADB) said. Total outstanding local currency corporate bond market of the Philippines during the quarter reached \$15 billion from the \$13 billion recorded a year ago.

The government posted a high P80.9 billion (US\$1.4 billion) budget surplus for April 2014, more than twice the country has spared in the national coffer for the same period last year, according to Department of Finance. The said surplus was the Philippines' biggest excess since at least June 1994 as it brings the government's year-to-date budget balance at a deficit of P3.3 billion, well within the program and an improvement from the P29.7 billion deficit in 2013.

North East Asia

Japanese public pensions worth over 50% of the after-tax income of the working population would be ensured if the government's efforts for economic revitalisation bear fruit, Japan's Ministry of Health, Labour and Welfare estimated.

South Korea's economy grew a seasonally adjusted 0.9% in the January-March period from the previous three months, revised data from the central bank showed. From a year earlier, Asia's fourth-largest economy grew by a revised 3.9% in the Q1 of 2014, also unchanged from earlier Bank of Korea estimates.

Taiwan's consumer price index (CPI) in May rose 1.61% annually, after a 14-month high of 1.65% recorded in April, the Directorate General of Budget, Accounting and Statistics (DGBAS) said. The May CPI, at 103.89, was 0.14 higher than in April.

Australasia

New wage data from Australian Bureau of statistics shows the median weekly earning for Australians was \$950 in August 2013, with incomes dropping 2% from 2012 when inflation is taken into account. Between 2011 and 2012, median weekly earnings for Australians in their main job jumped 6% - one of the largest recorded wage increases since 1990.

Auckland house sales dropped 14% in May from a year earlier as the market cooled ahead of winter, according to Barfoot & Thompson, the city's biggest realtor. Sales dropped to 1,109 in May from 1,284 a year earlier, and were up 37% from April when the Easter public holidays fell.

Indian Sub-Continent

Activity in India's huge services industry expanded for the first time in nearly a year in May, driven by a surge in new business. The HSBC Services Purchasing Managers' Index (PMI), compiled by Markit, rose to 50.2 in May from 48.5 in April.

Pakistan will spend Rs1.658 trillion during the fiscal year 2014-15 on public debt retirement and payment of interest on the huge borrowing piled up on the nation where more than half of the population lives below the poverty line. As debt servicing is the top category in Pakistan's budget expenditure in the FY 2014-15, the government will spend two-fifths (42.1%) of the budget's outlay of Rs3.936 trillion in this head.

Middle East and North Africa

Oman's budget surplus stood lower at OMR615.4 million in the Q1 of this year down from OMR931 million for the same period last year. Net oil revenue declined by 4.7% to OMR2,586.8 million from OMR2,714.1 million, mainly due to a fall in international oil prices.

Electric consumption in Saudi Arabia grew by 6.8% to 256.7 million megawatt (MMW) in 2013 compared to 240.3 MMW in 2012. The housing sector captured the biggest portion of electric consumption at 49% in 2013, followed by the industrial sector at 20%, the commercial sector (13%), the government sector (11%), the agro sector (2%), and others (3%).

Eastern Europe

Russia's economy shrank by 0.5% in the Q1 of 2014 from output in the Q4 of 2013, highlighting the risk of a recession due to the standoff in Ukraine. Economy Minister Alexei Ulyukayev said that the economy grew just 0.8% in the Q1 of 2014 from activity in the same period last year. But it contracted 0.5% from activity in the Q4 after seasonal adjustment.

Western Europe

The Eurozone's gross domestic product (GDP) rose 0.2% in the Q1 of 2014, according to seasonally adjusted data released by Eurostat. Meanwhile, the economy in the 28-nation European Union (EU) expanded 0.3% from the previous quarter, the statistics office said.

French service sector activity fell back into contraction last month. Data compiler Markit said its PMI for services fell in May to 49.1 from 50.4 in April, just below a preliminary reading for last month of 49.2.

Italy posted a state sector deficit of €6.4 billion (US\$8.7 billion) in May compared with a deficit of €8.5 billion in the same month last year, the Economy Ministry said. In the first five months of the year, the deficit was €48.254 billion, a narrowing of about €8.2 billion from the same period in 2013.

Italian youth unemployment has hit a new record high of 43.3% in April, the National Institute for Statistics. The research body explained that the unemployment rate for 15 to 24 year olds climbed by 0.4% to 43.3% in April. The data means 22.2 million people were employed in Italy over the same period.

North America

U.S. trade deficit hits 2-year high in April, as exports declined and imports surged to a record high. The deficit rose to US\$47.2 billion in April, up 6.9% from an upwardly revised March deficit of US\$44.2 billion, the Commerce Department said. In 2013, the trade deficit declined by 11.4% to US\$476.4 billion.

Car trouble could be ahead for the US economy. U.S. auto sales rose to an annualised rate of 16.77 million vehicles in May, which is the strongest pace since 2007. That's a substantial improvement from the 15.14 million annualised sales reported in January.

U.S. soon to recover all jobs lost in crisis. A report released by payroll processor ADP, shows the private sector added 179,000 jobs in May. Back in 2006 and 2007, the unemployment rate hovered between 4% and 5%, but that work level was associated with an overheating housing market.

The Bank of Canada announced to keep its target for the key lending rate at 1% despite of a recent rise in inflation. The central bank admitted that inflation has moved up to around the 2% target "sooner than anticipated," but blamed it on "temporary effects" of higher energy prices and "exchange rate pass-through."

South America

Brazil removed a 6% tax on some short-term foreign loans in a move that could help the central bank stem a recent depreciation of the local currency that has threatened to stoke inflation.

Brazil's industrial production in April contracted for the second month in a row, as output of capital goods and consumer durables fell. Production dropped 0.3% from the previous month after contracting 0.5% in March, the national statistics agency.

Oil & Gas News

Brent for July settlement dropped as much as 40 cents, or 0.4%, to \$108 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold futures for August delivery fell less than 0.1% to settle at \$1,244.30 an ounce yesterday on the Comex in New York.

Currency News

The Canadian dollar fell 0.3% to C\$1.0940 per U.S. dollar at 5:05 p.m. in Toronto.

The euro fetched \$1.3598 as of 11:01 a.m. in Tokyo after falling 0.2% to \$1.3599 yesterday.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
04-Jun-14	1,244.56	4.61	108.9	23.62	1.71	2.10	1.26	0.86	9398.50	81.52	2.57	34.88	26.04	3,298.82
05-Jun-14	1,243.62	4.66	108.27	23.23	1.71	2.10	1.26	0.86	9404.68	81.67	2.57	34.89	25.97	3,277.02
% Change	-0.08	1.08	-0.58		0.23	0.04	0.17	-0.33	0.07	0.19	-0.03	0.02	-0.29	-0.66

Economic & Financial News

Research & International Division

7/6/2014

*... US unemployment rate remains unchanged at 6.3% ...
... EU's current account surplus narrowed ...*

South East Asia

Malaysia's trade surplus in April narrowed to RM 8.9 billion from RM 9.5 billion in March. Exports were up much more than expected, driven by energy.

Indonesia's foreign exchange reserves rose in May to US\$107 billion from US\$105.6 billion in the previous month. The increase in the foreign exchange reserves was primarily due to foreign exchange earnings from oil and gas exports and foreign portfolio capital inflows, said Bank Indonesia.

Philippine's inflation rose to its highest level in 30 months due to higher food, electricity and fuel prices. Inflation accelerated to 4.5% in May, faster than the 4.1% in April and 2.6% in May last year.

Philippine's gross international reserves increased slightly to \$79.96 billion in May from a month ago. The increase in reserves was due mainly to the foreign exchange operations of the BSP and the net foreign currency deposits by the Treasurer of the Philippines, the central bank said.

North East Asia

The World Bank and the IMF are urging China to focus on controlling risks from rapidly rising debt due to its reliance on credit-fuelled growth. The World Bank said Beijing should pay close attention to rising credit, especially in its largely unregulated informal lending market, and reduce debts owed by local governments.

Of the 18.24 million workers in Korea, 4.5 million, or 25%, are low-income earners. Non-permanent workers make up 46% of the work force, or 38.6 million people, against permanent workers who total 640,000, or 6.5%. One out of 16 employees on the permanent payroll and one out of two working on an irregular basis are underpaid.

Taiwan's foreign exchange reserves continued to climb in May to reach a record US\$421.7 billion by the end of the month, an increase of US\$156 million from the previous record set at the end of April, according to the Central Bank of the Republic of China (Taiwan).

Australasia

The New Zealand government's operating deficit dipped slightly below the forecast in the annual Budget last month for the 10 months ending April, according to New Zealand's Treasury. The operating balance before gains and losses was in deficit by NZ\$1.4 billion, which was NZ\$148 million. Revenue of NZ\$55.5 billion was NZ\$12 million lower than forecast, and expenses of NZ\$57.9 billion were NZ\$90 million less than expected.

Indian Sub-Continent

India's steel consumption grew marginally by 0.5% during the first two months of the current fiscal to 12.6 million tonnes (MT) over the same period last year.

Pakistan's foreign exchange reserves remained firm at US\$13.439 billion during the week ended 30 May, the central bank reported. However, the foreign currency holdings of the State Bank of Pakistan showed an increase of US\$33 million to stand at US\$8.683 billion as compared to US\$8.650 billion in previous week.

Middle East and North Africa

Egypt announced \$1 billion fund for troubled tourism sector, Tourism Minister said. Over 14.7 million tourists visited Egypt in 2010, dropping to 9.8 million after the revolution that toppled Mubarak. Its foreign reserves dipped to a critical low last year and its tourism revenue dropped by 43% to US\$1.3 billion in the Q1 of this fiscal year.

Western Europe

The European Union seasonally adjusted external current account recorded a surplus of €32.2 billion (about US\$43.8 billion) in Q1 2014, lower than the previous quarter, Eurostat said. The surplus decreased compared with €34.9 billion of Q1 2013. The strong euro was criticized as source to subdue consumption, trade and economy in Europe.

The European Central Bank decided to introduce a negative interest rate on bank deposits, bringing down the rate from zero to minus 0.1% to boost lending by commercial banks and bolster the economy. The central bank also decided to cut its key interest rate to a record-low 0.15% from 0.25%.

Germany posted a trade surplus of €17.4 billion in April. In April 2013, the surplus amounted to €18.0 billion. In calendar and seasonally adjusted terms, the foreign trade balance recorded a surplus of €17.7 billion in April 2014. Exports grew by 3.0% and imports by 0.1% compared with March 2014.

France's trade deficit fell in April to €3.9 billion. Exports fell 0.7% in the month to €36 billion while imports fell 3% to €39.9 billion. Total trade deficit over the 12 months through to the end of April stood at €60 billion. That marks a fall from €61.1 billion in 2013 and €67.7 billion in 2012.

9.7% of the active population was unemployed in France, unchanged from the last quarter of 2013. Y-o-y, the jobless rate inched down by 0.2%. The employment rate for the population aged from 15 to 24 was slightly up by 0.2% in Q1 to 22.9%. Meanwhile, aged jobseekers numbered 529,000, up by three-percentage point over the period and 0.2% y-o-y.

UK's trade deficit with the rest of the world widened by more than expected in April, because of weaker manufacturing exports, official data showed. Goods trade deficit grew to an estimated £9.6bn, from £8.3bn in March.

Spanish industry boosted production by 4.3% over the year to April, the sharpest increase since March 2010. The economy emerged in mid-2013 from five years of stop-start recession, posting a gentle increase in activity since then but not enough to significantly dent the unemployment rate, which stands at 25.93%.

Spain has extended its subsidy scheme for new car purchases with a further €175 million, Deputy Prime Minister said, as part of larger economic stimulus plan. New car sales in Spain rose for a ninth straight month in May, largely due to state credits from the PIVW scheme.

North America

Canada's jobless rate edged higher to 7% last month, up to 0.1%, even as the economy created about 25,800

net new jobs. Most of the jobs were part-time and more people were looking for work in May. The results follow a surprise loss of 29,000 jobs in April while over the past year 86,000 new jobs were created, a 0.5% increase, but largely in part-time positions.

For the first time since 1999, American employers have added more than 200,000 jobs in May, while the unemployment rate stayed unchanged at 6.3%, the Labor Department reported.

South America

Brazil's annual inflation rate edged up slightly in May, but food and transportation prices showed further signs of relief, supporting the central bank's strategy to hold interest rates for now. Brazil's CPI rose 6.37% in the 12 months through May, accelerating from 6.28% in April.

Chilean CPI rose 0.3% in May, as pressure on costs from a weaker peso began to ease. The annual inflation rate rose to 4.7% from 4.3% in April.

Oil & Gas News

Brent for July settlement fell 18 cents to end the session at \$108.61 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold futures for August delivery fell 0.1% to settle at \$1,252.50 an ounce at 1:41 p.m. on the Comex in New York.

Copper futures for July delivery fell 1.3% to settle at \$3.051 a pound at 1:13 p.m. on the Comex in New York.

Currency News

The baht appreciated 0.9% this week, the most since February, to 32.558 per dollar in Bangkok yesterday.

The dollar added 0.1% to \$1.3643 per euro at 5 p.m. in New York, after touching the highest level since Feb. 6 yesterday.

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07-Jun-14	1,253.23	4.71	108.61	23.06	1.71	2.11	1.25	0.86	9461.63	81.68	2.57	34.88	26.00	3,299.43
% Change	0.77	1.07	0.31	-0.06	0.11	-0.41	-0.32	0.61	0.01	0.13	-0.03	0.14		0.68

Economic & Financial News

Research & International Division

10/6/2014

*... Bank of France Governor highlighted low and falling inflation as a key problem ...
... Bad loans at Italian banks increased in April ...*

South East Asia

The Singapore's foreign exchange reserves stood at US\$276.14 billion in May, up from US\$275.24 billion in April, the Dow Jones news agency said, citing the Monetary Authority of Singapore (MAS).

The increase in consumer spending in Indonesia is paving the way for banks issuing credit cards with new product variants. There are more than 15 million credit cards in circulation in Indonesia as of March this year, with 656,682 average daily purchases totalling Rp630.4 billion, representing an increase compared to 400,000 in 2013 worth Rp600 billion and 275,000 in 2012 worth Rp553 billion.

North East Asia

China's consumer prices increased at a four-month-high pace in May as the cost of food, especially fresh fruits, jumped. The Consumer Price Index (CPI) increased 2.5% y-o-y in May, up from 1.8% in the previous month, according to the National Bureau of Statistics (NBS).

China said its export growth accelerated in May but imports dipped in a mixed sign for the world's second-biggest economy. Data released by the General Administration of Customs showed exports rose 7% in dollar terms, up from a 0.9% increase in April and rather large slump in February and March. Imports declined 1.6% in May after inching up 0.8% in April.

Japan's current account surplus in April plunged 76.1% on year to ¥187.4 billion (US\$1.83 billion), weighed by the yen's depreciation and a surge in fossil fuel imports, the Japanese government said. The value of goods exports climbed 6.2% to ¥5,979.6 billion (US\$58.27 billion), but imports grew wider, rising 6.6% to ¥6,760.0 billion (US\$65.87 billion).

South Korea's exports of ICT products dropped significantly from a year earlier in May, mostly due to a fewer number of working days. Outbound shipments of ICT products came to US\$14 billion last month, down 7.5% from the same month in 2013, according to the Ministry of Trade, Industry and Energy.

Indian Sub-Continent

India's new government will use public and private investment to create jobs for the millions who enter the workforce every year and will make containing inflation its top priority, President Pranab Mukherjee said.

Indian domestic vehicle sales registered a growth of 13.22% to 1,698,138 units in May this year against 14,99,893 units in the same month a year ago, the Society of Indian Automobile Manufacturers (SIAM) said. While domestic passenger car sales grew 3.08% to 1,48,577 units last month compared with 1,44,132 units in May 2013.

Middle East and North Africa

Industrial production in Turkey increased over expectations in April thanks to strong performance in the manufacturing of capital and intermediate goods. Production rose 4.6% over the same month in the previous year, according to Turkish Statistical Institute.

Egypt's annual urban consumer inflation rate slowed in May to 8.2% from 8.9% in April, official statistics agency CAPMAS said. Annual inflation reached its highest rate in nearly four years in November but has been falling back since then.

Oman's expat workforce has grown to 167% over since 2003, according to the Ministry of Manpower. The number of expat workers in private sector was 579,643 in 2003 and 1,053,055 in 2010, reaching 1,549,410 by March 2014.

Western Europe

Bank of France Governor highlighted low and falling inflation as a key problem, heightening the risk of actual deflation. "The main challenge, of course, is low and declining inflation, with inflation expectations in the euro area drifting downward at short to medium-term horizons," Noyer, who is also a policymaker at the European Central Bank.

Bad loans at Italian banks increased to €166.4 billion (US\$227 billion) in April, up nearly €2 billion from a month earlier, in a sign of the still-rising toll from a two-year economic recession on bank balance sheets. Central bank data showed that bad loans were up 22.3% y-o-y in April after a 23% rise in March. Italian banks cut

lending to companies by 4.4% in April, broadly in line with the previous month, the Bank of Italy said.

Portugal's global trade deficit rose 3.8% in the months between February and April as exports slowed more than imports. The National Statistics Institute said overall exports fell 0.8% in the period while imports dropped 0.1%.

North America

Mexican inflation held steady in May as a seasonal drop in electricity rates and lower fresh fruit and vegetable prices were partially offset by higher gasoline and other food costs. The CPI fell 0.32% last month, leaving the annual rate practically unchanged from April at 3.51%, the National Statistics Institute said.

Oil & Gas News

Brent for July settlement was 2 cents lower at \$109.97 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold for immediate delivery advanced 0.2% to \$1,254.94 an ounce by 2:17 p.m. in Singapore.

Currency News

The US dollar slipped 0.2% to 102.38 yen at 11:23 a.m. in Tokyo.

The euro slipped 0.4% to \$1.3594 as of 5 p.m. New York time, after dropping to \$1.3503 on June 5, the lowest since Feb. 6.

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
07-Jun-14	1,253.23	4.71	108.61	23.06	1.71	2.11	1.25	0.86	9461.63	81.68	2.57	34.88	26.00	3,299.43
10-Jun-14	1,255.21	4.62	110	23.81	1.71	2.10	1.25	0.85	9425.07	81.97	2.56	34.84	25.95	3,294.79
% Change	0.16	-1.91	1.28		-0.27	-0.18	-0.16	-0.03	-0.39	0.36	-0.66	-0.12	-0.21	-0.14

Economic & Financial News

Research & International Division

11/6/2014

... China launches fund to boost underdeveloped regions ...
... The pace of Portugal's economic recovery has slowed ...

South East Asia

Car sales in Brunei continued to grow in May, the Brunei Automobile Traders Association reported. A total of 1,520 passenger cars were sold last month, compared to 1,515 units in April. Car sales in the first five months of the year reached 7,511 units.

The supply of new homes in Singapore was pared down under the Government Land Sales Programme for H2 2014, from the 4,600 new private homes in H1 2014. A total of six residential sites, two mixed-use plots and one commercial parcel were put on the confirmed list. Together, they can accommodate up to 3,900 private homes.

Lasting foreign investments in the Philippines rose in March. The increase in FDIs was in contrast to the earlier reported net outflow of short-term portfolio investments in the same month, the Bangko Sentral ng Pilipinas said. Year-to-date, FDIs stood at US\$1.85 billion, down 11.6% from Q1 2013.

The value of products exported by the Philippines was flat in April as growth in petroleum and agricultural goods were offset by declines in electronics and garments shipments. Exports rose 0.8% to US\$4.54 billion in April, from 12.4% in March. For the four months ending April, total exports rose 5.4% to US\$18.9 billion.

The Vietnamese cement market has seen positive results after a long, quiet period, with both domestic cement consumption and exports having increased. According to the Viet Nam National Cement Association, domestic cement consumption in the first five months of the year rose 9.3% y-o-y to 20.42 million tonnes.

North East Asia

China plans to remove 6 million high-emission vehicles off the road this year to reduce pollution, the Ministry of Environmental Protection said. China has been the world's largest auto market and producer for five consecutive years, with production and sales both exceeding 20 million units for the first time in 2013. Official statistics showed car ownership increased to 137 million last year.

China launches fund to boost underdeveloped regions and the Ministry of Finance announced that a fund of 2.8 billion yuan (US\$455.65 million) has been set up to boost economic development in the country's impoverished regions. The fund will mainly invest in crop farming, livestock rising, tourism and fishery.

China is the world's second largest carbon trading market following the EU. Chinese enterprises traded over 3.85 million tonnes of carbon emission quotas as of May 23. These quotas were sold for US\$20.2 million, making China a major carbon trader, only second to the EU.

Prime Minister Shinzo Abe is determined to lower Japan's effective corporate tax rate to less than 30% over several years, beginning in fiscal 2015. The tax cuts will be included in the government's basic policies for economic and fiscal reform, to be approved by his Cabinet in late June.

The number of Japanese corporate bankruptcies fell 20.2% y-o-y to 834 in May. Total liabilities left by bankrupt companies in May declined 0.4% to ¥172.64 billion as the failures were mostly small in scale with debts of less than ¥100 million.

The jobless rate fell to 3.6% in May, from 3.9% in April according to Statistics Korea. The seasonally adjusted jobless rate, however, remained unchanged at 3.7%.

Indian Sub-Continent

The Reserve Bank of India bought a net of US\$5.8 billion from the market in April, taking total net purchases to more than US\$25 billion since Rajan took charge in September 2013. The central bank is buying US dollars aggressively to prevent an appreciation of the rupee, and to build foreign exchange reserves which contracted last year.

Middle East and North Africa

The Turkish economy grew 4.3% y-o-y in Q1 2014 despite political turmoil and a sharp rise in the interest rates. Output grew 1.7% q-o-q in Q1 2014, according to the Turkish Statistics Institute.

The Kuwaiti government has decided to end subsidies on diesel fuel but will deal with any negative impacts on consumers before implementing the decision. Oil Minister Ali Al Omair told parliament that ending subsidies on diesel would save US\$1 billion a year out of the amount spent on total subsidies (US\$18 billion). Diesel is currently sold at US\$0.20 a litre.

Eastern Europe

The Central Bank of Russia to establish the operator of Russia's national card payment system on June 16. It was initiated in response to Ukraine-related sanctions that saw several Russian banks denied service by global powerhouses Visa and MasterCard, troubling the general public and raising concern over the security of the country's financial system.

Western Europe

The number of German enterprises that filed for bankruptcy fell 6.8% y-o-y to 6,156 in Q1 2014 after Germany's economy recorded a robust recovery following mild growth in 2013, data from the German Federal Statistical Office showed. The total debt of the bankrupted corporations was nearly €6 billion, from €5.6 billion the previous year.

Germany's working volume hit a record high in Q1 2014 with labour force working 15 billion hours in total, rising 1.4% q-o-q, the Institute for Labour Market and Employment Research reported. The number is the highest in 22 years, as the last higher volume of work was in Q3 1992 with 15.3 billion hours.

French industrial production rebounded in April on an increase in manufacturing, energy and output, national statistics bureau Insee said. Industrial output rose 0.3% m-o-m in April, from a revised 0.4% contraction in March.

British industrial output rose in April, the Office of National Statistic said. Industrial output rose 3% y-o-y in April, while total production increased 0.4% m-o-m, following a 0.1% rise in March. Manufacturing output also increased 0.4% m-o-m in April.

The Italian economy shrank 0.1% in Q1 2014 before industrial production returned to growth in April, the national statistics agency said. The industrial output rose 0.7% m-o-m in April, from a fall of 0.4% in March.

The pace of Portugal's economic recovery has slowed due to a fall in export orders and investment, the National Statistics Institute (INE) revealed. Portugal's GDP fell 0.6% between January and March this year, partly due to the temporary closure of a Galp refinery.

North America

US wholesale stockpiles expanded 1.1% in April, from a 1.1% gain in March, the US Commerce Department said. The result marks 10 straight months of rising inventories. Sales at the wholesale level climbed 1.3%, led by autos, furniture and pharmaceutical drugs.

South America

Brazil's consumer prices index (IPCA) decelerated month-on-month in May, as the impact of one of the worst droughts in decades on food prices receded partially. The IPCA rose 0.46%, from a 0.67% climb in April, the Brazilian Geographic and Statistics Institute said.

Oil & Gas News

Brent for July settlement rose by 9 cents to US\$109.61 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold for immediate delivery fell to US\$1,261.29 an ounce by 9:37 a.m. in Singapore, from US\$1,259.90 yesterday.

Currency News

Japan's currency rose 0.2% to 138.45 per euro as of 10:42 a.m. in Tokyo, after advancing 0.9% over the past three sessions.

The pound gained for a fifth day, climbing 0.1% to 80.85 pence per euro at 4:58 p.m. London time after reaching 80.64 pence.

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
07-Jun-14	1,253.23	4.71	108.61	23.06	1.71	2.11	1.25	0.86	9461.63	81.68	2.57	34.88	26.00	3,299.43
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% Change	0.16	-1.91	1.28	-0.27	-0.18	-0.16	-0.03	-0.39	0.36	-0.66	-0.12	-0.21	-0.14	

Economic & Financial News

Research & International Division

12/6/2014

*... EU sanctions on Russia could push gas prices up ...
... Libya cabinet starts spending \$50 billion budget despite falling oil revenues ...*

South East Asia

The Indonesian government's proposal to increase electricity prices has been approved in a move to cut the mounting subsidy. The new policy, expected to take effect on 1 July, will affect companies, government offices as well as household customers. The increase will be made every two months until the end of the year. From the total increases, which will range from 5% to 11%, the country will save a total of Rp 8.51 trillion (US\$720 million) in subsidies this year.

A higher state investment budget will be set for fiscal 2015 to prop up Thai economy, according to the Budget Bureau. The government's investment ratio for fiscal 2015 is on a par with this fiscal year at 17.5% of total expenditure, but the amount is higher at Bt9.45 billion. The National Council for Peace and Order has approved a state budget plan for the next fiscal year starting on October 1, with a deficit of Bt250 billion, similar to the current year.

Manufacturing output in the Philippines rose nearly 13% in volume and value terms in April from a year earlier, boosted largely by the doubling of production of petroleum products due to higher demand. Results showed that the Volume of Production index (VoPi) climbed to 12.8% in April from 9% a year earlier.

Philippines' foreign portfolio investments or hot money registered a net inflow of \$545.08 million in May, the central bank reported. The net inflow recorded last month was a turnaround from a net outflow of \$640.84 million recorded in the same period last year.

The sales value of Malaysia's manufacturing sector in April rose 7.7% on year, due to the higher transaction value from refined petroleum products, as well as electric and electronic components. The sales value increased to MYR53.2 billion (about US\$17 billion) from MYR49.4 billion (about US\$16.4 billion) a year ago.

North East Asia

The Chinese government steps on fiscal pump in May as they moved to stimulate the economy through more government spending. According to data from MOF, fiscal spending jumped 24.6% y-o-y in May to 1.3 trillion yuan (US\$208 billion). In the first five months, fiscal revenue climbed 8.8% while fiscal expenditures rose 12.9%. Central government spending rose 15.8% in May, while local government expenditure soared 26.9%.

Japan's parliament enacted legislation that will allow the country to liberalise the household electricity market that has been dominated by regional monopolies over the past 60 years. The move will enable Japan to free up the ¥7.5 trillion market for households and other small-lot consumers around 2016 as part of a shake-up of the country's power industry in the wake of the 2011 Fukushima nuclear crisis.

Japan's wholesale prices rose 4.4% in May from a year earlier, affected by higher electricity rates as well as increasing costs for petroleum and coal products, the Bank of Japan said. The pace of growth compared with an upwardly revised 4.2% increase in April.

The Bank of Korea kept the benchmark seven-day repo rate at 2.5%. South Korea saw its GDP jump 3.9% on-year in the Q1, quickening from 3.7% growth three months earlier as demand for tech and petrochemical products rose in Europe and the U.S.

Import prices in South Korea slumped in May as the won continued to strengthen against the U.S. dollar. In local currency terms, import prices fell 6.8% on-year last month, compared with a 6.9% dip in April.

Australasia

The International Monetary Fund (IMF) has found Australia has the third highest house price-to-income ratio in the world. The IMF's Global Housing Watch says global house prices have risen consistently for nearly the past two years.

Reserve Bank of New Zealand (RBNZ) lifts interest rates again for the third time in four months, saying the hike is needed to contain inflation. The RBNZ increased the official cash rate (OCR) 0.25 points to 3.25% - the highest level in five years.

Indian Sub-Continent

India's exports increased at the fastest pace in six months in May due to a pick-up in demand from Europe and the U.S. and a weaker rupee currency, while strict controls on gold imports have helped prevent a brewing balance of payments crisis last year. The trade deficit stood at US\$11.23 billion in May, up from US\$10.09 billion in April.

Middle East and North Africa

Egypt's current account deficit narrowed to US\$232.7 million in the nine months ending in March from a deficit of US\$5.7 billion in the same period a year earlier. In the period from January to March, the Q3 of Egypt's fiscal year, the current account recorded a surplus of US\$523.1 million dollars.

Libya's government, suffering from dwindling oil revenues, will allow its ministries to begin spending the US\$50 billion budget it submitted to parliament at the start of the year. The move might force the central bank to use more of its reserves as the budget is not backed up by oil revenues which have fallen to US\$1 billion a month, a quarter of what Libya used to make in the past.

Iran is increasing oil production and can boost output by 700,000 barrels a day within two months if international sanctions on its economy are lifted. Iran's exports have dropped by about half since penalties over its nuclear programme were tightened in 2012.

Qatar's consumer price index (CPI) rose 3.4% y-o-y in May mainly on rising rents and costlier furniture, garments, transport and entertainment. The CPI inflation was up 0.5% compared to the previous month.

Eastern Europe

Russia and the EU would both suffer if sanctions escalate, energy markets the most, the World Bank said. The loss of the European market would cut Russian government revenue by 10% of GDP, and European gas prices would jump 50%. Countries from Central and South East Europe like Germany, Italy, Hungary, and Poland are up to 80% dependent on Russian gas imports.

Western Europe

The French government published a draft mini-budget with an extra €4 billion in public spending cuts and tax relief for nearly 4 million households. The aim is to keep France on track with its plan to bring its public deficit down to 3.8% of GDP this year and 3% next year. Some 3.7 million households will benefit from tax relief measures at a total cost of €1.1 billion for the budget.

British unemployment rate dropped to 6.6% in the three months to April 2014, down from 6.8% in the Q1,

Office for National Statistics said. There were 2.16 million unemployed people in the three months to April, down 161,000 from the previous quarter.

North America

The U.S. posted a US\$130 billion budget deficit in May and the smallest shortfall for the first eight months of a fiscal year since 2008, as a stronger economy and rising employment bolster revenue. The deficit last month was about US\$9 billion less than the US\$139 billion shortfall in May 2013, the Treasury Department said.

Mexico's industrial production rose in April from March on gains in manufacturing and construction, but output was below that of a year earlier. Output increased 0.64% from March, as construction continued to pull out in the 2013 and manufacturing raised output by 1.1%.

South America

President Dilma Rousseff said that preparations for the World Cup will improve Brazil's infrastructure and stimulate the economy. Works designed to accommodate tourists for the matches will result in an almost doubling of airport capacity and a more modern system of public transportation.

Oil & Gas News

OPEC kept its production target unchanged at 30 MMbpd. The group forecasts demand for its crude of 30.4 MMbpd in the coming six months, while its 12 members produced 29.6 MMbpd in April.

Commodity News

Gold for immediate delivery traded at \$1,260.35 an ounce by 9:26 a.m. in Singapore today.

Currency News

The euro fell to as low as 137.88 yen yesterday, the weakest level since Feb. 6.

The pound gained 0.3% to 80.59 pence per euro at 4:16 p.m. London time after reaching 80.54 pence.

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-Jun-14	1,255.21	4.62	110	23.81	1.71	2.10	1.25	0.85	9425.07	81.97	2.56	34.84	25.95	3,294.79
12-Jun-14	1,260.78	4.52	110.31	24.40	1.69	2.09	1.25	0.85	9439.31	81.77	2.56	34.96	25.96	3,295.09
% Change	0.44	-2.16	0.28	-0.88	-0.37	-0.04	-0.34	0.15	-0.25	0.23	0.34	0.06	0.01	

Economic & Financial News

Research & International Division

14/6/2014

*... Japan to lower corporate tax rate ...
... Spain's public debt hits new record high ...*

South East Asia

The bilateral trade between Brunei and Taiwan increased by about 30% to over US\$92 million in 2013 from US\$71 million in 2012. The trade amount of both sides from January to March in 2013 was over US\$16 million and the corresponding period from January to March this year jumped to US\$128 million, the Taipei Economic and Cultural Office said.

Consumer confidence in the Philippines continued to improve in the second quarter. Consumer confidence index stood at -17.3%, an improvement from -18.8% in the previous quarter. The index has always been negative, which means that while optimists increase, they remain less in number versus pessimists.

The Indonesian government is optimistic that it will meet its subsidized fuel quota of 46 million kiloliters as set in the revised 2014 stage budget. So far, subsidized fuel consumption between 1 January and 30 April 2014 was 15 million kiloliters.

The Bank of the Lao PDR is drafting laws on the management of foreign currencies and valuable items with a main focus on boosting the usage of the Lao kip and ensuring good management of foreign currencies. Deputy Governor of BOL said the government directives have been implemented for more than a decade and it was initially adjusted in 2008.

North East Asia

China's retail sales and industrial production edged up although investment slowed slightly in May. Retail sales rose 12.5% y-o-y to 2.12 trillion yuan (US\$341 billion) last month. Industrial production added 8.8%, slightly faster than April's 8.7%. Fixed-asset investment growth, however, slowed to 17.2% in the first five months from the 17.3% rise in the January-April period.

China's property market has shown more signs of cooling with the property development climate index dropping 0.77 points from April to 95.02 points in May. In nominal terms, the country's investment in property development rose 14.7% y-o-y to 3.07 trillion yuan (about US\$500 billion) in the first five months, slowing by 1.7 percentage points from the Jan-April period.

The Japanese government and the ruling coalition reached a basic agreement to lower the effective corporate tax rate in the country to below 30% from the current 34.62% in stages from fiscal 2015, in efforts to attract foreign businesses and boost economic growth.

South Korea saw its current account with the European Union shift to the red despite logging an overall record current account surplus last year. Korea's current account shortfall with the EU reached US\$2.57 billion in 2013, reversing from a revised US\$1.63 billion surplus the previous year.

South Korea logged a trade surplus for the 28th consecutive month in May, despite sluggish exports growth. Exports fell 1% y-o-y to US\$47.8 billion last month, while imports rose 0.3% y-o-y to US\$42.5 billion, according to the data from the Korea Customs Service.

Australasia

Australia's unemployment rate remained steady at 5.8% for the third straight month in May, with the total number of jobs falling in a mixed outlook for the economy. A total of 4,800 positions were lost last month. Full-time jobs jumped by 22,200, but part-time positions fell by 27,000 to take the number of people employed in the country to 11.564 million.

Indian Sub-Continent

India's industrial production grew 3.4% y-o-y in April after contracting for the past two months, driven mainly by increases in the manufacturing, mining and power sectors. Manufacturing grew 2.6%, while output of capital goods such as plant equipment, an indication of future investment, increased 15.7%.

Middle East and North Africa

Standard & Poor's Ratings Services affirmed its long- and short-term foreign and local currency sovereign credit ratings on Bahrain at BBB/A-2. The outlook is stable. At the same time, the agency affirmed the "BBB/A-2" ratings on the Central Bank of Bahrain.

Western Europe

The Eurozone was estimated to have a trade surplus of €15.7 billion (US\$21.3 billion) in April, Eurostat stated. It was up from a surplus of €14.0 billion in the same period last year. Compared with March, the Eurozone's seasonally adjusted exports fell by 0.2% and imports fell by 0.5%.

The Eurozone employment rate increased by 0.1% in Q1 2014 compared to the previous quarter. Meanwhile, the number of persons employed also increased by 0.2% in the EU. Eurostat estimated that 224.2 million men and women were employed in the EU, of which 146.1 million were in the euro area.

The German annual inflation rate fell to 0.9% in May, down from 1.3% the month before. The decline was caused by falling prices for energy and car fuels, which had been 0.8% lower than in May 2013.

Fitch Ratings affirmed France's Long-term foreign and local currency Issuer Default Ratings (IDR) at 'AA+'. Outlooks are stable. The issue ratings on France's unsecured foreign and local currency bonds have also been affirmed at 'AA+'.

Italy's inflation rate fell from 0.6% in April to 0.5% in May. Food prices posted their biggest drop since 2010 in a sign that the economy is continuing to struggle. The monthly drop in overall inflation was 0.1%.

Spanish public debt increased by 7.12% to €989.925 billion (US\$1.339 trillion) in Q1 2014 representing 96.8% of the country's GDP.

Spanish annual inflation rate stood at 0.2% in May. The rate was 0.2 percentage point lower than 0.4% in April. Prices of food and non-alcoholic drinks fell by 0.8% y-o-y because of lower prices of vegetables, potatoes and oils.

North America

US producer prices fell in May after two months of solid gains. Its producer price index (PPI) for final demand slipped 0.2% after advancing in April by 0.6%, which was the largest gain in one-and-a-half years. The decline was driven lower by cheaper food and petrol.

South America

Brazil reported a slight increase in economic growth in April from March that fell short of expectations, as retail sales and industrial production posted poor performances. The central bank's economic activity index (IBC-Br) was up 0.12% in April from the previous month on a seasonally adjusted basis. Growth was 2.19% in the latest 12-month reporting period.

Argentine inflation eased to 1.4% in May from 1.8% in April, due to a battery of measures taken to tamp down consumer and wholesale prices following January's devaluation, marking the fourth consecutive month of deceleration, Economy Minister said.

Chile and Peru kept interest rates unchanged both at 4% as the central banks in both countries contend with above-target inflation and slowing economic growth. Inflation in Chile accelerated to 4.7% in May. Falling export revenue in Peru has led the central bank to lower down the reserve requirement ratio next month for the fifth time this year.

Oil & Gas News

Brent for July settlement increased 39 cents to \$113.41 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold futures for August delivery gained less than 0.1% to settle at \$1,274.10 an ounce at 1:41 p.m. on the Comex in New York.

Copper futures for July delivery increased 0.5% to \$3.0295 a pound at 1:13 p.m. on the Comex in New York.

Currency News

The yen strengthened 1.2% to 138.17 per euro this week in New York, the biggest gain since March 14.

The baht rose 0.2% to 32.395 per dollar as of 3:52 p.m. in Bangkok yesterday.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
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14-Jun-14	1,276.96	4.74	112.46	23.73	1.69	2.11	1.25	0.85	9443.76	81.59	2.57	35.09	25.96	3,293.25
% Change	1.28	4.87	1.95	-0.02	0.95	-0.20	-0.09	0.05	-0.22	0.41	0.39	-0.02	-0.06	

Economic & Financial News

Research & International Division

17/6/2014

... Service outsourcing has become a major growth industry in China ...

... India recorded largest volumetric decline in natural gas production and consumption in 2013 ...

South East Asia

Singapore's non-oil domestic exports (NODX) fell 6.6% y-o-y in May, after a 0.9% increase in April. M-o-m, the NODX tumbled 7.5% last month, against a 9% jump in April. Electronic NODX plunged 15.3% from a year ago, extending the 8.7% decline in the previous month.

Remittances from Filipinos abroad grew by 5.2% in April—the slowest pace so far this year—even as the demand for skilled Filipino workers in overseas job markets remained robust, the Bangko Sentral ng Pilipinas said. Personal remittances increased to US\$2.124 billion in April from US\$2.019 billion in the same month last year, the slowest growth thus far compared with January's 6.8% growth, February's 6% and March's 6.9%.

North East Asia

China's central bank and financial institutions spent 38.7 billion yuan on foreign exchange purchases in May, a sharp retreat from the 116.9 billion yuan in April. As of the end of May, Chinese financial institutions' total yuan funds outstanding for foreign exchange amounted to 29.54 trillion yuan, according to the People's Bank of China.

Service outsourcing has become a major growth industry in China, with its value reaching 1.7 trillion yuan in 2013. The figure represented about 2.97% of the country's GDP last year and contributed 0.8% of China's economic growth, said the 2014 Development Report of China's Outsourcing Brand Development.

Korea establishes task force to reduce gender inequality along with major local corporations, NGOs and the World Economic Forum (WEF). South Korea's wage gap between men and women is 38.9%, which is the highest among OECD countries. South Korea ranked 111th out of 136 nations, the WEF report said. The Gender Ministry hopes to increase women's employment rate to 61.9% from 53.9% last year and close the gender gap by more than 10% by 2017.

Australasia

New Zealand consumer confidence fell in Q2 as lower dairy prices and higher interest rates weighed on sentiment. The Westpac McDermott Miller Consumer Confidence Index slid to 121.2 in the June quarter, from a nine-year high of 121.7 in the March survey.

Australia's unemployment rate is likely to remain relatively high well into 2015, helping keep a lid on wages and inflation. Reserve Bank of Australia (RBA) Assistant Governor said sluggish wages and rising productivity was also helping regain some of the international competitiveness Australia lost during the peak of its mining boom.

Indian Sub-Continent

India's wholesale prices in May rose 6.01%, driven mainly by higher food and fuel costs, adding to worries that disappointing rains could lead to higher food prices and turmoil in Iraq could cause a spike in global oil prices. In April, wholesale prices rose 5.2%.

India recorded the largest volumetric decline in natural gas production and consumption last year, BP Statistical Review of World Energy 2014 said. Natural gas production in the country fell a massive 16.3% to 33.7 billion cubic meters (bcm) from 40.3 bcm in the previous year. India saw consumption fall by 12.2% to 51.4 bcm in 2013 from 58.8 bcm in the previous year. While coal production was up 0.1% at 228.8 million tons of oil equivalent, consumption soared 7.6% to 324.3 million tonnes.

Middle East and North Africa

Qatar's ICT market to reach US\$6.8 billion by 2016. Driven by Qatar's National ICT Plan 2015 and Qatar National Vision 2030, today Qatar ranks 23rd among 148 countries in the 2014 World Economic Forum's Networked Readiness Index and fourth in the world in government usage of ICT in that same report.

Dubai's inflation grew to 2.76% in May, compared to 0.9% during the same period in 2013, the Dubai Statistics Centre said. The Consumer Price Index (CPI) rose 0.18% in May compared to April. The increase in inflation y-o-y in May shows that consumer prices of education and for food and non-alcoholic beverages were up 4.87% and 2.98%, respectively, accounting for 11% of the basket.

Egypt's tourism sector braces for subsidy cuts as tourist facilities in Egypt have been informed of subsidy reductions in the new budget since January. The number of tourists in 2013 was 10.6 million, a reduction of 16.7% on 2012. Revenues fell by 37%, falling to US\$ 5.6 billion in 2013. The tourism industry contributes 11.3% of total GDP.

Eastern Europe

Ukraine said that Russia had reduced its gas shipments and was only sending its neighbour enough to cover Europe's fuel needs after the two sides failed to reach a compromise price deal. Gas deliveries to Ukraine have been reduced to zero, with only the volumes sent for transit to European states, Ukrainian Energy Minister Yuriy Prodan said.

The Bank of Russia left interest rates unchanged at 7.5%, one notch below annual consumer price inflation that stood at 7.6% as of June 9, but said it may tighten monetary policy despite a slowdown in growth.

Western Europe

Euro area annual inflation was 0.5% in May 2014, down from 0.7% in April, figures from Eurostat showed. The largest upward impacts to euro area annual inflation came from tobacco, restaurants and cafes, and electricity, while vegetables, telecommunications and fruit had the biggest downward impacts.

Growth in the German economy has slowed after a strong run in the Q1 of the year, according to the country's central bank. The Bundesbank's latest update suggests GDP will rise at a less rapid pace in the Q2 after a 0.8% boost in the Q1 of the year. For this year and the two ahead, growth is expected to hover between 1.8 and 2%. The institution also expects inflation to remain relatively low this year, at just 1.1%.

The cruise industry's contribution to the British economy grew substantially in 2013, as did the number of UK jobs it supports, according to a report by the Cruise Lines International Association. The cruise industry's direct contribution to the UK economy, including items such as goods and services purchased by the cruise lines, and the salaries of their employees, grew by 6.5% to £2.54 billion in 2013 from £2.38 billion the year before.

North America

U.S. manufacturing output rose in May at a solid pace. Americans, buoyed by steady job gains, are buying more cars, while businesses are ordering more machinery

and other equipment. Factory output rose 0.6% in May after dipping 0.1% the previous month, the Federal Reserve said. Overall industrial production also rose 0.6% in May. It had fallen 0.3% in April.

Canadian consumer confidence fell to the lowest in 10 weeks amid rising gasoline prices tied to escalating violence in Iraq. The Bloomberg Nanos Confidence Index measured 58.7 for the week ended June 13, falling from 59.5 the week before to the lowest since the first week of April.

South America

Brazil finance minister said that the government will take tax incentive measures to encourage initial public offerings (IPOs) by small and medium-sized businesses. The measures included a tax exemption on capital gains for people who invest in the IPOs of companies with market value of 700 million reais through at least 2023. Currently, the tax rate on capital gains from small and medium-size firms is 15%.

Oil & Gas News

Brent for August settlement rose 48 cents, or 0.4%, to \$112.94 a barrel on the London-based ICE Futures Europe exchange yesterday.

Commodity News

Gold for immediate delivery traded at \$1,272.69 an ounce by 9:05 a.m. in Singapore from \$1,272 yesterday.

Currency News

The Aussie dropped 0.4% to 93.66 U.S. cents as of 11:12 a.m. in Tokyo. It rose to 94.38 on June 12, approaching this year's high of 94.61 reached on April 10.

The yen rose 0.2% to 101.83 per dollar at 5 p.m. It was little changed against the euro at 138.22, after reaching 137.71, the strongest level since Feb.

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
14-Jun-14	1,276.96	4.74	112.46	23.73	1.69	2.11	1.25	0.85	9443.76	81.59	2.57	35.09	25.96	3,293.25
17-Jun-14	1,271.03	4.72	112.65	23.87	1.69	2.12	1.25	0.85	9449.12	81.38	2.58	35.07	25.89	3,275.60
% Change	-0.46	-0.42	0.17		0.12	0.43	0.22	-0.08	0.06	-0.26	0.18	-0.06	-0.28	-0.54

*... New Zealand recorded a record current account surplus in Q1...
... Britain's CPI decelerated ...*

South East Asia

Malaysia is on track to trim its fiscal deficit to 3.5% this year, Treasury Secretary-General Tan Sri Mohd Irwan Serigar Abdullah said. Malaysia trimmed its fiscal deficit to 3.9% of GDP last year. Private investments were showing a record double-digit growth, with sectors such as construction demonstrating robust momentum.

Vietnam mainly imports goods from Asia in the first five months of this year accounted for 81.3% of the country's total. Vietnamese imports from Asia increased by 19.5%, the Americas 24.8%, Africa 9.9% and Oceania 45.7%. However, its imports from Europe declined by 11.6%.

The Lao government is set to report the gross national income rather than the gross domestic product in order to find a more accurate economic status of poverty reduction in the country. GDP cannot make the residents' incomes clear, adding that the investment such as businesses spending on capital is money belonging to the richer people in society, Deputy Minister of Planning and Investment said.

Thai officials said that the mass departure of Cambodian labourers would dent the economy as thousands more migrant workers, fearing reprisals from the new military government, poured across the border. Around 170,000 Cambodian workers have headed home in the past week, according to the International Organization for Migration, although the exodus is now slowing.

The Cambodian government has budgeted US\$3.5 million for tourism-related advertising and promotions in 2014, Minister of Tourism Thong Khon said. The Tourism Ministry's annual spending has increased 10% every year since the advertising began.

North East Asia

China's new-home prices rose in the fewest number of cities in two years in May as buyers remained reluctant to purchase in a slowing economy. Prices climbed in 15 of the 70 cities tracked by the government last month from April. Prices advanced in 44 cities in April m-o-m.

FDI in China totalled US\$8.6 billion (€6.34 billion) last month, down 6.7% from the level of May 2013, the Ministry of Commerce said. The sharpest annualised decline in FDI so far this year followed a 3.4% increase in April. At US\$48.9 billion, FDI is up 2.8% through May 31 compared with the same period in 2013.

Japan's trade deficit expanded to ¥909.0 billion (US\$8.90 billion) in May, remaining in red for the 23rd straight month. Imports shed 3.6% on year while exports fell 2.7%, Japanese Finance Ministry said in a preliminary report. The country logged a trade deficit of ¥808.9 billion yen (about US\$7.90 billion) in April.

Thermal power generation accounted for 88% of Japan's electricity supply in fiscal 2013 due to the suspension of nuclear reactors. All nuclear reactors went offline by the start of the second half of fiscal 2011. The paper said that increased fuel imports for thermal power generation led to trade deficits and rising electricity rates. In 2013, imports of fossil fuels, including liquefied natural gas, as a percentage of GDP at 5.7%, higher than 5.5% in 2008 when the prices of resources soared.

The Japanese government plans to create a new subsidy system in fiscal 2015 for large-scale repairs of road bridges and tunnels by municipal and prefectural governments. The Land, Infrastructure, Transport and Tourism Ministry, which is considering subsidising half of the costs for such repairs, wants to include related expenses into its budget request for the fiscal year from next April.

The Korean government will unveil "tailored" measures to increase jobs in service businesses related to arts, sports and leisure activities and other professional and technology service sectors, where employment has been affected by sluggish demand following the April ferry disaster, the finance minister said.

Direct investment by South Korean firms into China jumped 87.9% in the first five months of this year, compared with the same period a year ago, China's commerce ministry said. For the January-May period, however, direct investment by Japanese firms into China plunged 42.2% on-year.

Australasia

New Zealand recorded a record current account surplus in Q1, as exports such as meat and dairy drove the goods balance to an all-time high and the country enjoyed spending by an inflow of overseas visitors. The current account surplus was NZ\$1.41 billion in the three months ended March 31, from a revised deficit of NZ\$1.5 billion in the Q4 of 2013. The annual deficit was NZ\$6.3 billion, or 2.8% of GDP.

Indian Sub-Continent

India's new government imposed export restrictions on 22 commodities and ordered a crackdown on hoarding to control rising food prices. A jump in prices of potatoes and onions last month drove inflation to 6.01% from 5.2% in April, contributing to a sell-off in financial markets. The government also imposed a minimum export price on onions of US\$300 per tonne, from US\$150 per tonne to discourage overseas shipments.

Pakistan drew US\$1.361 billion in FDI between July 2013 and May 2014, up by 2.5% in the same period a year ago. However, FDI inflows rose from US\$465.8 million in May 2013 to US\$610.9 million in May 2014.

Middle East and North Africa

Saudi Arabia's central bank will keep its current strategy for managing the country's foreign reserves, central bank governor Fahad Al Mubarak said. The country's net foreign assets, swelled by high oil prices, are currently worth about US\$730 billion, and have been growing at an annual rate of about 9%.

Morocco's central bank held its benchmark interest rate at 3%. Citing persistent internal and external uncertainties, the bank lowered its estimate for 2014 GDP growth to 2.5% - 3%, from an earlier estimate of 2.5% - 3.5%. Growth has also been trimmed by bad weather that hit the agricultural sector.

The long-term foreign debt owed by Turkey's private sector totalled US\$162.6 billion in April, US\$6.3 billion higher than on end-2013, according to the Central Bank of Turkey. Between end-2013 and April 2014, banks' debt liabilities increased by US\$2 billion, while bond issues increased by US\$1.4 billion.

Western Europe

The French government's efforts to lower budget gap may fail unless it delivers on its pledge to quicken growth by 1%, French audit office la Cour des Comptes said. The national accounting office estimated the budget gap of French economy at 4% of GDP this year, above the target of 3.8%.

British house prices increased 9.9% y-o-y in April, the highest annual rise since May 2010. The price surge was driven by rises in London, where the annual increase was 18.7%, said the Office for National Statistics.

Britain's CPI decelerated to 1.5% in the year to May 2014, from 1.8% in April. This was mainly due to decreases in prices of transport services, food and non-alcoholic drinks, and clothing sectors.

Spain is set to maintain economic growth of at least 0.4% in Q2, extending its gradual recovery after a double-dip recession, the economy minister said. The Q1 figure was double the average for the euro zone and Spain's fastest economic growth since 2008. Unemployment remains extremely high at nearly 26%.

South America

Brazil's benchmark IPCA consumer price index jumped 0.92% m-o-m in March. It was the steepest monthly increase since 2003, statistics agency IBGE said. In the 12 months through March, consumer prices rose 6.15%, inching closer to the central bank's target ceiling of 6.5%.

FDI in Chile rose 82% to US\$7.13 billion in January to April, from US\$3.91 billion the same period last year, according to the Chilean central bank.

Oil & Gas News

Brent for August settlement fell 14 cents to US\$113.31 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold for immediate delivery fell to US\$1,269.25 an ounce by 11:11 a.m. in Singapore, from US\$1,270.58 yesterday.

Currency News

The ringgit weakened 0.4% to 3.2350 per dollar as of 10:50 a.m. in Kuala Lumpur.

The rupiah declined 0.8% to 11,991 per dollar as of 9:26 a.m. in Jakarta.

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-Jun-14	1,271.03	4.72	112.65	23.87	1.69	2.12	1.25	0.85	9449.12	81.38	2.58	35.07	25.89	3,275.60
18-Jun-14	1,267.99	4.71	113.3	24.06	1.70	2.12	1.25	0.85	9481.37	81.42	2.58	35.10	25.90	3,277.50
% Change	-0.24	-0.21	0.58		0.31	0.04	0.15	0.30	0.34	0.05	0.03	0.08	0.06	0.06

Economic & Financial News

Research & International Division

18/6/2014

... France to freeze welfare benefits as part of savings drive ...
... Indian government moves proposal to allow 100% FDI in railways ...

South East Asia

The Indonesia's government expects to see the contribution of the country's creative economy to the nation's GDP increase from its current 7% level to 7.5% by 2019. The creative economy's contribution to GDP reached 7% last year, while that of foreign exchange reached Rp 119 trillion (US\$10 billion) or 5.72% from total exports. Ministry data shows that the number of employees in the creative economy reached 11.8 million in 2013, or 10% of the country's total workforce.

Thailand's central bank held its key interest rate at 2%, a level set in March in an effort to boost a flagging economy which shrank 2.1% q-o-q in the first three months of 2014. The move comes as Thailand tries to stave off recession after months of economic gloom caused by a political crisis which cooled government spending, weakened business confidence and frightened off tourists.

The Lao government has gained approval to collect revenues amounting to a total of 25,261 billion kip (US\$3.1 billion) in 2013-14 with plans to spend 29,745 billion kip (US\$3.7 billion) this fiscal year. The finance minister said revenue collection over the past eight months of 2013-14 reached only 13,338 billion kip, which was equal to only 52.9% of the yearly plan.

North East Asia

China's central bank is poised to inject a net 15 billion yuan (US\$2.4 billion) into the money market this week through its open-market operations, pumping liquidity into the financial system for the sixth week. The central bank injected a net 104 billion yuan into the market last week.

China's central bank is planning to create a new monetary tool to help adjust supply to the country's monetary base and consequently help guide medium-term interest rates. The new tool is a type of supplementary lending instrument backed by collateral, called "Pledged Supplementary Lending" (PSL).

Japan's exports in May suffered their first annual decline in 15 months as external demand remained soft despite a recovery in advance economies. Exports to Asia and the United States fell during the month, which is likely to heighten concerns about Japan's growth outlook at a time when consumption is being cramped by a national

sales tax increase. Exports fell 2.7% in the year to May, the data showed.

Financial assets held by Japanese households as of March 31 rose 3.3% from a year earlier to ¥1.63 quadrillion, hitting a record high for the end of a fiscal year, Bank of Japan data showed. The balance grew for the fifth consecutive year, rising this year from the previous record of ¥1.58 quadrillion at the end of fiscal 2012.

South Korea's fiscal deficit reached nearly ₩4 trillion (US\$3.91 billion) during the first four months of this year, the finance ministry said. The consolidated fiscal account came to a cumulative shortfall of ₩3.9 trillion during the January-April period, compared with a deficit of ₩10.2 trillion tallied a year earlier.

Australasia

New Zealand's economy grew at a 3.3% annual rate in the first three months of 2014, the fastest Q1 pace in eight years. The economy grew 1% pace in the first three months of the year, from an upwardly revised 1% gain in the Q4, marking three quarters of growth at 1% or above, Statistics New Zealand said.

Indian Sub-Continent

The Indian government is moving swiftly to allow foreign direct investment in railways to upgrade infrastructure for freight and high-speed trains. The commerce and industry ministry has initiated the exercise to allow 100% FDI in several segments of railways, moving beyond its earlier plan to open select sectors such as high-speed train systems.

Middle East and North Africa

Egypt's natural gas exports dropped 80.94% in April from a year earlier, according to the latest official statistics. Gas production also fell 14.66% in April compared with a year earlier. The report put the value of exports at just US\$30.5 million in April compared with US\$160 million a year earlier. Steadily declining gas production and foreign firms' wariness about any increase in investment have combined with price subsidies and rising consumption to create Egypt's worst energy crisis in decades.

Lebanon is considering increasing an US\$800 million economic stimulus package allocated for this year because most of the funds have already been used up, the central bank governor said. The war in neighbouring Syria, a huge influx of refugees and a domestic political stalemate have hit Lebanon's economy hard, prompting the central bank to introduce a US\$1.4 billion stimulus package in 2013 and the additional aid for this year.

Annual retail sales in the UAE rose 5% to hit an all-time high of Dh240.5 billion in 2013, to catapult the vibrant domestic market to the fourth position on a global developing market index. A booming construction and infrastructure sector, growing young population and strong economic growth, coupled with mounting consumer confidence, and increased spending helped the retail sector to claim its highest position ever on the Global Retail Development Index (GRDI).

Turkey's total short-term external debt stood at US\$127.9 billion at the end of April, falling 1.1% since end-2013, Central Bank of Turkey data showed. Banks debts alone were responsible for roughly 70% of the total, rising 0.3% to US\$91.1 billion in the same period. Non-bank sectors saw short-term debt held by foreign lenders fall 4.1%.

Eastern Europe

Russia's Central Bank began circulating its newly designed one-ruble coin. In total, 100 million of the coins will be put into circulation, the Central Bank said. The decision to seek an internationally recognisable symbol for the ruble comes as Russia strives to extend its global economic reach, with Prime Minister Dmitry Medvedev among those backing calls for the ruble to become one of the world's reserve currencies.

Western Europe

France is refusing to comply with a European Union demand to include proceeds from the drug trade and prostitution in its gross domestic product (GDP) figures. The national statistical institute said that neither can be counted a voluntary transaction. Britain, Belgium, Italy and Spain have all said they will abide by new norms set by the European System of Accounts, based on a recommendation from the Eurostat statistics authority.

France will freeze pensions and housing subsidies this year instead of increasing them in line with inflation, a draft government bill on social security showed. The freeze is part of an extra €4 billion in savings the government had previously announced for this year together with tax relief for lower income households.

Portugal is to forego the final €2.6 billion loan payment under its international bailout program. The country was left with a fiscal gap of roughly €700 million after the court ruled that wage cuts of between 2 and 12% for public employees would violate the constitution. The court also ruled against plans for a 5% levy on unemployment benefits and a 6% levy on health payouts, as well as cuts in pensions for widows and widowers.

South America

Argentina has been given the lowest credit rating by Standard and Poor's. The US credit rating agency downgraded the country's sovereign debt, citing a higher risk of default on its foreign currency bonds. S&P cut Argentina's long-term credit rating by 2 notches, from triple-C plus to triple-C minus.

Uruguay's economy expanded 2.4% in the Q1 compared with the same 2013 period, but contracted 0.4% compared with the Q4 of last year, the central bank said. However deceleration is a fact since growth of the Q1 in 2013 has gone up 4.6% over 2012.

Oil & Gas News

Brent for August settlement was 3 cents higher at \$114.29 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold for August delivery increased 0.5% to \$1,279.30 an ounce on the Comex in New York.

Currency News

The U.S. dollar bought 101.95 yen after falling 0.2% to 101.93 yesterday. It was little changed at \$1.3585 per euro after sliding 0.4% in New York.

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-Jun-14	1,271.03	4.72	112.65	23.87	1.69	2.12	1.25	0.85	9449.12	81.38	2.58	35.07	25.89	3,275.60
18-Jun-14	1,267.99	4.71	113.3	24.06	1.70	2.12	1.25	0.85	9481.37	81.42	2.58	35.10	25.90	3,277.50
% Change	-0.24	-0.21	0.58	0.31	0.04	0.15	0.30	0.34	0.05	0.03	0.08	0.06	0.06	0.06

Economic & Financial News

Research & International Division

21/6/2014

*... World Cup to generate one million jobs in Brazil ...
... Number of Americans applying for unemployment aid fell slightly ...*

South East Asia

Philippines' monetary officials remain confident that the country's balance of payment (BOP) position will reverse to a surplus in the latter part of 2014 barring any surprises from overseas, Bangko Sentral ng Pilipinas' said. In the first five months of the year, the country's BOP position stood at a deficit of US\$4.12 billion, from the US\$1.89 billion surplus in the same period last year.

Viet Nam's real estate inventory had an estimated value of VND83.5 trillion (US\$3.9 billion) by the end of Q2 2014, the Ministry of Construction announced. This estimated value shows a reduction of VND526 billion, or 35%, compared with the previous quarter.

Cambodia's Ministry of Commerce said that it has granted operating licenses to 1,676 new firms in the first five months of 2014, up 55% as compared with the 1,084 companies for the same period last year. Foreign businesses accounted for 749, up 46%, while local firm registrations saw a 62% rise to 927.

North East Asia

China's enormous foreign exchange reserves are directly related to the fact that the yuan is not yet used as an international currency. China faces challenges because of its expanding foreign reserves, the State Administration of Foreign Exchange said. The rapid increase in China's foreign reserves, US\$3.95 trillion by the end-Q1, has added to the woes of macroeconomic regulation.

Japan's consumer inflation is expected to ease slightly in May, excluding a sales tax hike, as gains in gasoline moderated. Demand for new workers in May is expected to remain at the strongest level in more than seven years, supporting the Bank of Japan's argument that upward pressure on wages will keep the domestic-demand driven economy on track.

Hong Kong's overall GDP climbed 2.5% y-o-y in real terms in Q1 2014, from 2.9% in Q4 2013. The net output in respect of all the services activities taken together increased by 2.1% y-o-y in real terms in Q1 2014, compared with the 2.8% growth in Q4 2013.

Taiwan's export orders grew to 4.7% y-o-y for the fourth straight month to US\$38.02 billion last month as robust demand for handsets continued driving orders for

electronic components and also contract manufacturing services, Ministry of Economic Affairs said.

Australasia

New Zealand consumer confidence has rebounded from a six-month low, supported by a strong economy. The ANZ-Roy Morgan consumer confidence index rose to 131.9 in June, from 127.6 in May.

Indian Sub-Continent

India raised railway passenger and freight fares to boost revenue a week after Prime Minister Narendra Modi said he's ready to take unpopular steps to improve fiscal health in Asia's third-largest economy. Passenger fares will rise by 14.2% and freight by 6.5% effective June 25, the Railway Ministry said.

Pakistan's current account deficit jumped to US\$2.577 billion, or equivalent to 1.1% of GDP, in the eleven months of the current fiscal year, the State Bank of Pakistan said. The current account deficit stood at US\$2.157 billion in the same period last year.

Middle East and North Africa

Saudi Arabia heading for real GDP growth of 4.3% in 2014 due mainly to the non-oil sector maintaining last year's pace of 5.4% driven by the private sector, mainly manufacturing and construction.

Fitch Ratings has affirmed Kuwait's Long-term foreign and local currency Issuer Default Ratings at 'AA'. The outlooks are stable. Kuwait's exceptionally strong sovereign balance sheet is the key support for the ratings due to very high per capita oil exports.

Eastern Europe

Russia's unemployment fell to 4.9% in May, from 5.3% a month earlier, the Federal Statistics Service in Moscow said. Wages adjusted for inflation grew 5%, after a revised 3.2% gain in April. While the tight labour market is fanning wage pressure, the pinch is exacerbated by slowing gains in labour productivity.

Western Europe

British public sector net borrowing was £13.3 billion (US\$22.61 billion) in May 2014, £4.6 billion higher than in May 2013, said the Office for National Statistics (ONS). The public deficit is also higher than market expectation consensus of £12.2 billion.

Britain's retail sales quantity including auto fuel decreased by 0.5% m-o-m in May 2014, said ONS. Compared with the same month of last year, however, the quantity bought increased by 3.9% in May.

Spain will decrease income tax to an average of 12.5% between 2015 and 2016 to boost the country's economic growth. Taxpayers earning less than €24,000 a year, who account for 72%, would see their income tax decrease by an average of 23.5%. The government also announced a reduction of corporate rates for large companies to 25% in 2016 from the previous 30%.

Italy's manufacturing industry will return to growth in 2014 after years of losses, Bologna-based Prometeia leading economic think tanks reported. Italy's manufacturing sectors are expected to register a 1.5% increase in turnover this year compared to 2013. Italian manufacturing industry has been estimated to recover €80 billion (US\$108.9 billion) in turnover over the five years from 2014 to 2018.

North America

US agricultural output climbed to 1.6% in 2013, from 0.9% in 2006. Overall, the economies of the 10 states that are most dependent on agriculture grew at an average annual rate of 3.4% in 2013, while the 10 states that are least dependent on the farm economy grew at an average rate of 1.3%.

The number of Americans initially applying for unemployment aid fell slightly last week and remained near a pre-recession low, the Labour Department said. In the week ending June 14, the advance figure of seasonally adjusted initial claims for jobless benefits fell by 6,000 to 312,000.

Retail sales in Canada rose for the fourth consecutive month in April, rising 1.1%, according to Statistics Canada. The largest gain came in the motor vehicle and parts dealers' subsector, where sales rose 2.4%.

Mexico saw lower growth as inflation slowed from an eight-month high of 4.48% in January to 3.51% in May as the effect of new taxes waned. Mexico raised its sales tax on 1 January along the US border and in some coastal areas from 11% to 16%, and implemented a new 1-peso-per litre duty on soft drinks.

South America

The 2014 World Cup to generate a total of one million jobs in Brazil, of which 200,000 are temporary, while the others are more permanent positions. The World Cup will also inject 30 billion reals (US\$13.4 billion) into the Brazilian economy. The figures feature in a report released by economic research institution Fipe and commissioned by Brazil's Ministry of Tourism.

Oil & Gas News

Brent for August settlement dropped 25 cents to close at US\$114.81 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold futures for August delivery rose 0.2% to settle at US\$1,316.60 an ounce at 1:39 p.m. on the Comex in New York.

Currency News

The pound advanced 0.3% this week to US\$1.7016 at 5:10 p.m. London time yesterday.

The dollar gained 0.1% to US\$1.3600 per euro at 5 p.m. in New York.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
18-Jun-14	1,267.99	4.71	113.3	24.06	1.70	2.12	1.25	0.85	9481.37	81.42	2.58	35.10	25.90	3,277.50
21-Jun-14	1,314.82	4.53	114.81	25.34	1.70	2.13	1.25	0.85	9579.46	81.52	2.58	35.03	25.99	3,258.80
% Change	3.69	-3.82	1.33		0.15	0.24	-0.26	-0.29	1.03	0.12	-0.03	-0.20	0.33	-0.57

Economic & Financial News

Research & International Division

24/6/2014

*... China raises retail oil prices ...
... India to raise sugar import duty ...*

South East Asia

Singapore's Consumer Price Index (CPI) rose 2.7% y-o-y in May, the highest since March 2013, according to figures the Department of Statistics said. The private road transport cost, which jumped by 8.1%, is the main drive that pushed up the figure. MAS and the Ministry of Trade and Industry Singapore (MTI) attributed the rise to base effects associated with the fluctuations in Certificate of Entitlement (COE) premiums.

Burma's earnings from natural gas exports fell in the last fiscal year as more of the resource was consumed domestically but shipments of greater volumes to China as a new pipeline comes up to speed are expected to boost earnings this year. Burma earned US\$3.299 billion from the export of gas during the 2013-14 (April/March) fiscal year, down from US\$3.666 billion in 2012-13 and compared to US\$3.502 billion in 2011-2012 and US\$580 million in 2003-2004.

Vietnam sustain high trade surplus in five months generating a trade surplus of US\$1.52 billion. Vietnam's export earnings hit US\$58.78 billion, a y-o-y rise of 15.9% while its import value was US\$57.26 billion, up 10.3%. In the second half of May alone, the import-export turnover gained nearly US\$14.09 billion, up 25.8% compared to the first half of the month.

Last year bilateral trade volume between Laos and Indonesia reached US\$13.3 million, of which US\$7.5 million was export from the Lao PDR. Tobacco and manufactured tobacco substitutes reached US\$6.7 million of the total export volume while the export volume of rest ranged from US\$7,000 to US\$643,000.

North East Asia

China's top economic planner announced a rise of the retail price of gasoline by 165 yuan per tonne (US\$26.80) and diesel by 160 yuan, from today. The adjustment will see the benchmark retail prices of gasoline increase by 0.12 yuan per liter and that of diesel by 0.14 yuan per liter, according to the National Development and Reform Commission.

A Chinese manufacturing gauge rose to a seven-month high in June, indicating the economy is picking up after the government rolled out measures to support growth. A preliminary Purchasing Managers' Index from HSBC Holdings PLC and Markit Economics was at 50.8.

Japan has released the total capacities of renewable energy-based power generation facilities introduced and certified by the end of fiscal 2013. The total capacity of renewable energy-based power generation facilities that were introduced in Japan after the implementation of the feed-in tariff (FIT) policy reached 8,950,000kW at the end of March 2014.

Japan saw a rise in the collection rate for "kokumin nenkin" basic pension premiums in fiscal 2013, the welfare ministry and the Japan Pension Service said. In the year ended in March, the Japan Pension Service garnered 60.9% of the premiums that it must collect from participants to the kokumin nenkin program mainly for the self-employed, hitting the target of 60% for the first time in four years.

South Korea's terms of trade worsened in May from a year earlier as prices for exports fell at a faster pace than those for imports. The country's net terms-of-trade index for goods came in at 89.33 in May, down 0.4% from a year earlier, according to the Bank of Korea (BOK).

Indian Sub-Continent

The Indian government announced cash incentives for the export of raw sugar, a move aimed at helping loss-making millers but one that may stoke India's already high food prices, especially in a poor monsoon year. Food minister Ram Vilas Paswan said import duty on sugar will be raised from 15% to 40% to curb cheap imports, which millers say hurt profitability in a year with sufficient local sugar stocks.

Foreign exchange remittances from Pakistani workers abroad have reached US\$12.895 billion during first ten months of current fiscal year against US \$ 11.57 billion in comparable period of 2012-13. The foreign exchange remittances from Pakistani workers abroad during financial year 2012-13 were US\$ 13.922 billion.

Middle East and North Africa

Tunisia is set increase the minimum wage for about 1.5 million private sector workers for the first time since 2012. The deal could help ease social tensions ahead of elections this year and reduce strikes that the chambers of commerce and government say have led about 200 local and foreign companies to quit the country since former President Zine El Abidine Ben Ali was ousted three years ago.

Qatar's GDP is projected to reach US\$220.6 billion by 2015, after jumping to US\$209 billion by the end of this year, Arab Investment and Export Credit Guarantee Corporation (AIECGC) noted in its report. Qatar ranks top among the Arab countries in terms of per capita income. Qatar's per capita income would reach US\$106,700 by 2015.

Saudi Arabia becomes major importer of hard and soft wheat. Saudi Arabia bought 780,000 tons of hard and soft wheat in a tender for shipment periods between September 10 and November 30, the Grain Silos and Flour Mills Organization (GSFMO) said. Of the total, it bought 660,000 tons of hard wheat and 120,000 tons of soft wheat.

Western Europe

German services output weakens as factories sustain strength. A Purchasing Managers Index for services slipped to 54.8 in June from 56.0 in May, while a factory gauge rose to 52.4 from 52.3, London-based Markit Economics said.

France's current account deficit narrowed slightly in 2013 as the services surplus declined and the goods deficit fell. France recorded a €30.3 billion current account deficit in 2013 after €31.8 billion in 2012, the Bank of France said. The goods deficit declined to €42.5 billion in 2013 from €54.6 billion in 2012 as imports declined. The services surplus declined to €18.3 billion from €24.7 billion as imports of services rose.

The outlook for the French economy suffered two setbacks yesterday with official data showing a high payments deficit, and a leading survey suggesting that output might be shrinking. Figures from the Bank of France showed that the balance of current payments in and out of the country stayed high in 2013, at €30.3 billion (US\$41 billion).

North America

Canadian consumer confidence fell for a third week, as optimism about personal finances dimmed to the lowest in almost a year. The Bloomberg Nanos Canadian Confidence Index fell to 58.5 through June 20 from 58.7 the week before.

South America

Argentina's economy contracted during Q1 of the year as high inflation and weak exports to top trade partner Brazil took a toll. During the first three months of the year, GDP fell by 0.2% on the year and contracted 0.8% on the quarter, the national statistics agency indec reported.

Oil & Gas News

Brent for August settlement dropped as much as 50 cents to \$113.62 a barrel on the London-based ICE Futures Europe exchange and was at \$114.06 at 2:21 p.m. Singapore time.

Commodity News

Gold for immediate delivery rose 9.5% to \$1,315.49 an ounce in London this year, according to Bloomberg generic pricing.

Currency News

The U.S. dollar was little changed at 102.01 yen, having declined 1.2% since March 31.

The ringgit gained the most among Asian currencies today, climbing 0.2% to 3.2135 per dollar as of 10:27 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
21-Jun-14	1,314.82	4.53	114.81	25.34	1.70	2.13	1.25	0.85	9579.46	81.52	2.58	35.03	25.99	3,258.80
24-Jun-14	1,319.34	4.53	113.99	25.16	1.70	2.13	1.25	0.85	9584.97	81.66	2.57	35.07	25.98	3,262.66
% Change	0.34	0.00	-0.71		-0.18	-0.14	-0.06	-0.22	0.06	0.17	-0.10	0.10	-0.06	0.12

Economic & Financial News

Research & International Division

25/6/2014

*... France aims to stabilise jobless rate at below 10% ...
... Egypt's president to give up half his salary for the sake of the country ...*

South East Asia

Brunei's economy declined by 3.3% on year in the Q1 on the back of a double digit decline in the oil and gas sector, the Department of Economic Planning and Development Board (JPKE) reported. The oil and gas sector, which accounts for roughly 70% of Brunei's GDP, slipped by 10.3% in the first three months of the year. Despite the slowdown in the oil and gas sector, the non-oil and gas sector continued to grow by 3.1% y-o-y.

Prices of goods and services in Brunei decreased by 0.5% in May owing to lower prices of clothing and footwear, food and non-alcoholic beverages, housing related products and services, according to JPKE.

Indonesia's central bank will keep a tight monetary policy for the rest of this year, Bank Indonesia's governor said. The central bank has kept the key reference rate unchanged at 7.5% since December.

Vietnam's consumer price index (CPI) inched up 0.3% in June as against May amid a petroleum and gas price hike, according to the General Statistics Office. The petroleum price increased 0.15% in June while the rising figure of gas was 1.43%.

The number of newly registered businesses in Cambodia increased 33% between January and June this year compared to the same time period last year, according to the Ministry of Commerce. The total number of new businesses increased from 1,401 to 1,868 between January 1 and June 15.

North East Asia

China may struggle to make this year's fiscal revenue target. The central treasury received 2.9 trillion yuan (US\$472 billion) from January to May, a y-o-y growth of 6.3% and 0.7 percentage points lower than the budgeted target. This year's budgeted growth of central fiscal revenue is 7%.

China's foreign trade in services saw a deficit of 50.9 billion yuan (US\$8.27 billion) in May. The figure was down from a deficit of 54.5 billion yuan in April, the State Administration of Foreign Exchange said. Income from trade in services stood at 129.1 billion yuan last month, while expenditure in service trade reached 180.1 billion yuan. In the first five months, the combined service trade deficit stood at 306.3 billion yuan.

South Korea's key measure of consumer sentiment rose in June after a modest fall the previous month, a central bank survey showed, increasing hopes that recovery in domestic consumption is back on track. The Bank of Korea said its composite consumer sentiment index rose to 107 in June from 105 in May. The decline in May was mainly blamed on the ferry sinking.

Taiwan's industrial production index hit a fresh monthly high in May, driven largely by strong growth in the output of electronic components to meet rising global demand, according to the Ministry of Economic Affairs. The industrial production index rose 5.19% in May from a year earlier to 109.56, a record high.

Indian Sub-Continent

India's macroeconomic uncertainties remain a major concern for investors even as the country saw a 17% increase in foreign direct investment (FDI) to US\$28 billion in 2013, the United Nations Conference on Trade and Development (UNCTAD) said. Finance secretary Arvind Mayaram said India would prefer the FDI route over portfolio flows if overseas resources were needed to spur economic expansion to its potential.

India's power sector faces annual losses of US\$27 billion by 2017 unless sweeping reforms are taken to tackle inefficient subsidies, theft and political meddling in utility companies, the World Bank said.

Middle East and North Africa

Unemployment among university and college graduates in Iran is on the rise, National Census Centre has announced. The unemployment rate among people with a bachelor's degree rose from 14.6% to 20.1% from 2005 to 2013. Iran has seen a change in the make-up of its unemployed, with more and more educated people joining their ranks.

Egypt's new President Abdel-Fattah al-Sisi pledged to give up half his salary and property and called on the Egyptian people to make similar sacrifices in a bid to prepare the public for a period of painful economic austerity. Egypt's economy is forecast to grow just 3.2% in the fiscal year that begins on July 1, well below the level needed to create enough jobs for its rapidly growing population of 86 million and alleviate widespread poverty.

Egypt's industrial growth rate has increased by 3.5% during the first nine months of the fiscal year (FY) 2013/2014, compare to 2.5% for the same time last year, according to Minister of Industry, Trade, and Investment Mounir Fakhry Abdel Nour.

Turkey's central bank Tuesday cut its benchmark rate to 8.75 from 9.5%, the second rate cut in the year. The bank said the Monetary Policy Committee decided to shave its benchmark rate, used by commercial banks for short-term funding, from 9.5% to 8.75%, but kept the rate corridor steady between 8 and 12%.

The head of OPEC said recent crude price increases are to blame on market fears caused by the crisis in Iraq but not on a drop in output. OPEC Secretary General Abdullah Al-Badri said that Iraq is still producing as normal, with 95% of its capacity in the country's south being unaffected by the violence.

Qatar's economy is likely to grow 6.3% this year, much faster than previously expected and well ahead of other oil exporting Gulf states, helped by robust domestic demand. GDP growth in the world's top exporter of liquefied natural gas is forecast to hit 7.8% in 2015, its fastest rate since 2011, said the report of the Ministry of Development Planning and Statistics. It was 6.5% in 2013.

Bahrain last year saw FDI of US\$989 million, an increase of 11% from the 2012 level, outpacing global FDI flows which rose by 9%. The UNCTAD World Investment Report 2014 released yesterday showed that FDI into Bahrain in 2012 was US\$891 million, a 14% increase on 2011.

Western Europe

France is aiming to stabilise the jobless rate at below 10% by the end of 2014, French Labor Minister Francois Rebsamen said. The government would start reducing millions of jobless claims by 2015 once this goal is achieved and proposed a €30 billion cut in labor charges to encourage recruitment. The government is aiming to create 45,000 additional jobs for the future" which will recruit poorly-qualified young workers from disadvantaged suburbs and rural areas.

Greek lenders drew liquidity of about €50.7 billion from the European Central Bank in May, compared with €135 billion in June 2012. This cash flow is meant to cover the gap between deposits (at €161 billion in April) and loans (€215 billion) created by the massive depletion of bank accounts due to the economic crisis.

North America

U.S. consumer confidence continued to improve in June, with the consumer confidence index rising to the highest level since January 2008, the New York-based research group Conference Board said. The index stood at 85.2 in June, up from downwardly revised 82.2 in May. Meanwhile, the Present Situation Index increased to 85.1 in June from 80.3 in May.

Sales of previously owned U.S. homes posted the best monthly gain in nearly three years in May, providing hope that housing is beginning to regain momentum lost over the past year. The National Association of Realtors reported that sales of existing homes increased 4.9 last month to a seasonally adjusted annual rate of 4.89 million homes.

South America

Brazil's formal job creation in May was the lowest for the month since 1992, as economic growth slows in the world's second-largest emerging market. Brazil registered 58,836 new formal jobs in May, about half the number of posts created the month prior, the Labor Ministry said.

Oil & Gas News

Brent for August settlement slid as much as 56 cents, or 0.5%, to \$113.90 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery was at \$1,316.33 an ounce at 9:44 a.m. in Singapore from \$1,318.29 yesterday, according to Bloomberg generic pricing.

Silver for immediate delivery retreated 0.2% to \$20.887 an ounce after climbing to \$21.1669 yesterday, the highest since March 18

Currency News

The U.S. dollar fell 0.1% to 101.89 yen as of 11:57 a.m. in Tokyo, set for a 1.3% drop this quarter.

The won dropped 0.2% to 1,020.65 per dollar as of 10 a.m. in Seoul.

Date	Gold Spot	NYMEX Natural		Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
		Gas (\$/MMBtu)													
24-Jun-14	1,319.34	4.53		113.99	25.16	1.70	2.13	1.25	0.85	9584.97	81.66	2.57	35.07	25.98	3,262.66
25-Jun-14	1,312.54	4.53		114.18	25.21	1.70	2.13	1.25	0.85	9605.23	81.59	2.57	35.11	25.99	3,266.58
% Change	-0.52	0.00		0.17		-0.01	0.00	0.05	0.08	0.21	-0.08	-0.05	0.14	0.08	0.12

Economic & Financial News

Research & International Division

26/6/2014

*... PM Shinzo Abe declares end of deflation ...
... Cambodian exodus threatens Thai economy ...*

South East Asia

The dramatic departure of nearly 190,000 Cambodian migrant workers from Thailand threatens to hit labour-intensive industries from seafood to construction, damaging the Thai economy just as it teeters on the verge of recession. Panicked labourers who help keep major Thai businesses afloat but often lack official work permits have fled in droves, fearing a crackdown by the new military junta after it warned illegal migrants face arrest and deportation.

Thailand set up Bt1 billion funds to help SMEs explore regional investment opportunities once the Asean Economic Community kicks off late next year. The fund, possibly co-financed by the government and the private sector, would be a source to support manufacturers short of money to invest overseas. Some 321,000 SMEs, representing 63.1% of the total 512,000 operators, say they may not be ready for the AEC's starting date on Dec 31, 2015.

The Philippines merchandise import growth markedly slowed in April as purchases of capital goods and electronics dropped. Preliminary Philippine Statistics Authority data released yesterday showed US\$5.309 billion worth of goods as having been shipped into the country that month, 3% higher compared to a year earlier but down from the 10.6% expansion seen in March.

Vietnam has attracted US\$6.85 billion in foreign direct investment (FDI) in the first half of this year, down 35% as compared to same period last year. According to Foreign Investment Agency, of the total US\$6.85 billion, US\$4.85 billion came from 656 newly-licensed projects.

North East Asia

China's outstanding debt for nine provinces and nine cities grew 3.79% from the end of June last year through March, 7 percentage points slower than the pace in the first half of 2013, according to National Audit Office. A slower pace of debt growth would help ease financial risks in local borrowings that surged 67% to US\$2.9 trillion as of June 2013 from the end of 2010.

Japan's services producer price index in May rose 3.6% from a year before, the Bank of Japan said. The index, formerly called the corporate services price index, stood at 102.5, against 100 for the base year of 2010. In April, the index was up 3.4%.

Many Chinese not financially ready for retirement as their preparations are still not enough to be compatible with comfortable living at an older age. According to 2014 Chinese Retirement Readiness Index, Chinese people's retirement readiness index stood at 6.30 this year, much higher than 5.37 for 2013.

Prime Minister Shinzo Abe said the deflation has ended after it wiped out much of Japan's growth the past 15 years and so stunted the economy that it slipped to No. 3 behind China, and will be thwarted by new government policies designed to encourage business expansion. Through bold monetary policy, flexible fiscal policy and the growth strategy we have reached a stage where there is no deflation, he added.

South Korea's government ministries and agencies have requested a 6% hike in their budgets for next year as they want to spend more on welfare, education, and research and development (R&D). The ministries and agencies asked for the central government to set aside a combined ₩377 trillion (US\$370.3 billion) for next year, compared with this year's budget of ₩355.8 trillion.

Indian Sub-Continent

The Indian government yesterday extended the excise duty concessions to automobiles, capital goods and consumer durables by another six months till December. Reductions were made in the duties on cars, SUVs and two-wheelers as well as consumer durables and capital goods in February's interim budget to help tackle a demand slump.

Middle East and North Africa

Egypt is expanding its use of modern technology to tackle decades-old problems of corruption and waste in its costly food subsidies system as the government pursues reforms to ease the strain on state finances. Some 25 million Egyptian families who already have electronic smart cards for bread purchases will be able to use them to buy 20 different subsidised goods at grocery stores across the country from July.

FDI flows to Lebanon dropped 23% in 2013 while those to the West Asia region declined by 9% compared to the previous year, the UNCTAD World Investment Report 2014 showed. The main reason behind the 2013 drop in FDI flows to Lebanon was less capital channelled from Gulf countries into the Lebanese real estate sector.

Eastern Europe

Sanctions aimed at key economic sectors in Russia over its stance on Ukraine might be delayed after positive signals from Russian President Vladimir Putin, according to Obama administration officials. The United States and its European allies were finalising a package of sanctions with the goal of putting them in place as early as this week. Penalising large swaths of the Russian economy, including its lucrative energy industry, they would ratchet up the West's punishments against Moscow.

Western Europe

By 2022-23 the proportion of U.K.'s women aged 65 to 69 in work could reach 37%, up from 16% in 2010-11 and 8% in 2000, the Institute for Fiscal Studies said. Meanwhile, the percentage of employed men in this age group could rise from 29% to 33% over the same period.

Italian consumer confidence fell slightly in June after rising three months in a row as families were more pessimistic about their economic situation, statistics institute Istat said. Italy's consumer confidence index fell to 105.7 in June from 106.2 in May. The May figure was revised downward to 106.2 from 106.3 previously.

The Netherlands' famous red light districts and "coffee" shops selling sex and drugs contribute €2.5 billion a year to the national economy, or slightly more than the country's consumption of cheese, Dutch authorities said. Official calculations made public on under new European guidelines showed the industry accounted for about 0.4% of GDP.

North America

The U.S. economy shrank at a steep annual rate of 2.9% in the January-March quarter as a harsh winter contributed to the biggest contraction since the depths of the recession five years ago. But the setback is widely thought to be temporary, with growth rebounding solidly since spring.

Canada's retail sales grew 1.1% m-o-m in April, to C\$41.6 billion. Total retail turnover was up 5.1% y-o-y. By contrast, US retail sales were up 4.6% over that same trailing-year period. With the March figure revised to a 0.1% increase from the previously reported decline of 0.1% that makes April the fourth consecutive month in which retail turnover has risen. US retail sales enjoyed a similar four-month streak from February through May.

South America

Brazil will extend for at least six months its daily currency interventions as policy makers support the real to fight above-target inflation. The central bank will continue to offer US\$200 million each business day in currency swaps through at least Dec. 31. Policy makers said they are prepared to provide additional dollars if needed.

Total credit in the Brazilian economy reached 2.8 trillion Brazilian reais (US\$1.26 trillion) in May, the central bank said. The figure represents a 12.7% increase over the previous 12 months, and a 1% increase over April. It now corresponds to 56.1% of GDP, up from 54.5% in May 2013. Brazil's credit-default rate was slightly higher at 3.1% in May, compared with 3% in April.

Argentina's debt servicing costs are set to more than double in 2015 as foreign reserves slide to critically low levels. Debt payments in foreign currency will rise to US\$9.4 billion next year, US\$6 billion of which is due in October to pay holders of its Boden 2015 debt. Foreign reserves, which fell 30% last year and stand at about US\$29 billion, are seen falling in the second half of 2014 after Argentina's main farm exports, soy and corn, are harvested and sold in the first half.

Oil & Gas News

Brent for August settlement was at \$113.97 a barrel on the London-based ICE Futures Europe exchange, down 3 cents.

Commodity News

Gold for immediate delivery was at \$1,316.92 an ounce at 11:10 a.m. in Singapore, up 9.6% this year.

Soybean futures for November delivery rose 0.4% to close at \$12.29 a bushel at 1:15 p.m. on the Chicago Board of Trade.

Currency News

The rupiah fell to 12,090 per dollar yesterday amid concern the nation's current-account deficit will widen. It was at 11,360 per dollar at the end of March.

The U.S. currency fell 0.3% to 87.63 cents against New Zealand's kiwi as of 12:39 p.m. in Tokyo.

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
25-Jun-14	1,312.54	4.53	114.18	25.21	1.70	2.13	1.25	0.85	9605.23	81.59	2.57	35.11	25.99	3,266.58
26-Jun-14	1,316.49	4.57	113.82	24.91	1.70	2.12	1.25	0.85	9656.24	81.46	2.58	35.11	25.96	3,276.24
% Change	0.30	0.88	-0.32	0.21	-0.14	0.15	0.51	0.53	-0.16	0.23	0.00	-0.12	0.30	

Economic & Financial News

Research & International Division

28/6/2014

*... Japan's consumer prices soared ...
... US consumer confidence rose slightly ...*

South East Asia

Bank Indonesia (BI) forecasts nationwide money circulation to rise 14.5% y-o-y during Ramadan. BI's money management department head said that the central bank would strengthen coordination with every bank in the country to supply the high demand.

Thai June inflation rate steady as the inflation rate rose slightly at 2.6% m-o-m in May. The Bank of Thailand raised its 2014 forecast for headline inflation to 2.6% from 2.5%, and for core inflation to 1.7% from 1.5%.

Malaysia's economy is set to grow at a faster rate this year, helped by a sustained improvement in exports, a report from the World Bank said. The economy is expected to grow by 5.4% this year, according to the World Bank's latest Malaysia Economic Monitor.

Bangko Sentral ng Pilipinas (BSP) recorded US\$852 million worth of gold revaluation losses as of end-May with reserves amounting to US\$7.79 billion, down 9.86% y-o-y (US\$8.64 billion). The central bank, however, still managed to post US\$292 million in gold revaluation gains counting from December 2013.

North East Asia

China industrial profits rose 9.8% in first 5 months of 2014. Total profits of industrial companies with annual business revenue of more than 20 million yuan (US\$3.2 million) reached 2.28 trillion yuan from January to May, the National Bureau of Statistics said in a statement.

Japan's consumer prices soared 3.4% y-o-y in May, the biggest increase in more than three decades, Japanese Internal Affairs Ministry said. The core consumer price index, excluding fresh food, stood at 103.4 against the 2010 base, up for the 12th straight month, according to the ministry.

South Korea posted current account surplus for 27 months in a row, the second-longest surplus trend in the country's history, due to solid exports amid recovery in advanced economies. Current account surplus was US\$9.3 billion in May, up 30.6% m-o-m, according to the Bank of Korea.

South Korea's production in the manufacturing and mining sectors fell the most in May due to lower output in the auto and chip industries caused by less business days. Output in all industries, including manufacturing, mining, service, construction and public administration sectors, slid 1% m-o-m in May, according to Statistics Korea.

Australasia

Australia is on track to be the third largest exporter of raw cotton in the world this year, with forecasts of just under 1 million tonnes. The National Australia Bank Agribusiness Rural Commodities Wrap reported that a recovery in cotton prices was likely to have acted as an incentive to production, with prices above historical average levels and more favorable than alternative crops.

New Zealand's annual trade surplus reached a 20-year high as annual two-way trade with China passed US\$20 billion for the first time. The nation recorded a US\$1.4 billion surplus in the 12 months ended May and a US\$285 million trade surplus in the month of May.

The Reserve Bank of New Zealand emphasised its commitment to supporting economic growth in New Zealand as documented in its Statement of Intent for 2014-2017, Governor Graeme Wheeler said.

Indian Sub-Continent

The Reserve Bank of India's foreign exchange reserves rose US\$1.39 billion to US\$314.92 billion in the week ending June 20. Foreign currency assets rose US\$1.37 billion to US\$287.96 billion. Gold reserves remained unchanged during the week.

Eastern Europe

Moody's cut Russia's credit rating outlook to "negative", a sign of a possible coming downgrade, citing the threat to the Russian economy from its involvement in the Ukraine conflict. Moody's held Russia's overall rating at Baa1, in the low range for investment-grade bonds.

Western Europe

German annual inflation rose in June, potentially pushing up the overall euro zone rate and relieving pressure on the European Central Bank to act again to avert the threat of deflation. The annual inflation in Germany harmonised to compare with other European Union countries rose to 1%, from 0.5% in May.

French economy stagnated in Q1 2014 and investment continued to decline but purchasing power saw an improvement, the state statistics agency said. French economy saw zero growth in Q1, with paltry 0.7% growth expected for the whole of 2014, according to Insee.

French producer prices fell for the third consecutive month in May as energy prices dropped sharply. France's producer price index fell 0.5% m-o-m and 0.2% y-o-y in May. Electricity, gas and heating prices fell 3.2% m-o-m in May, while prices of other products remained overall at the same level as in April, Insee said.

UK's business investment picked up in Q1 2014. The Office for National Statistics reported that investment by firms jumped 5% in Q1, from its previous estimate of a 2.7% expansion.

Italian manufacturing business confidence rose in June, boosted by an improved outlook for orders and output, national statistics institute Istat said. Confidence among Italy's manufacturers rose to 100.0 in June, the highest since July 2011.

The Spanish annual inflation rate stood at 0.1% in June, according to the National Institute of Statistics (INE). The INE said that the difference between May's and June's annual inflation rate was due to variations in prices of food, non-alcoholic drinks and electricity.

North America

US consumer confidence rose slightly to an index of 82.5 in June. Consumer spending rose 0.2% in May, after a flat reading in April.

Mexico posted a small trade surplus in May on solid manufacturing exports and higher volume of crude oil sales abroad, the National Statistics Institute said. The nation's trade surplus was US\$131.8 million, compared with a trade deficit of \$460 million in May 2013.

South America

Brazil's central government posted a primary budget deficit of 10.502 billion reais (US\$4.77 billion) in May, the country's Treasury said. The central government, which includes federal ministries, the central bank and social security, posted a primary surplus of 16.6 billion reais in April.

Oil & Gas News

WTI for August delivery fell 10 cents to US\$105.74 a barrel on the New York Mercantile Exchange.

Commodity News

Copper futures for September delivery fell 0.1% to settle at US\$3.168 on the Comex in New York.

Currency News

The rupiah retreated 0.2% in the past five days to 11,995 per dollar and reached a four-month low of 12,110 yesterday.

The dollar depreciated 0.3% to 101.42 yen and touched 101.32, the lowest 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
26-Jun-14	1,316.49	4.57	113.82	24.91	1.70	2.12	1.25	0.85	9656.24	81.46	2.58	35.11	25.96	3,276.24
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
% Change	-0.02	-3.50	-0.46		-0.01	0.21	-0.19	-0.59	0.36	-0.34	-0.41	-0.14	0.15	-0.16