

Economic & Financial News

Research & International Division

1/5/2014

*... Egypt massive oil debts soar as economy slumps ...
... German and Italian unemployment remain stable ...*

South East Asia

The Autoriti Monetari Brunei Darussalam (AMBD) yesterday announced a \$200 million-sukuk (Islamic bonds) issuance in two series in March and April this year. The sultanate's central bank said the 103rd sukuk issuance, worth \$100 million, was made on March 20, 2014 at a rental rate of 0.2%.

The Indonesian government has set the economic growth target at 5.5% to 6.3% in its 2015 work plan, National Development Planning Minister clarified. The theme of the 2015 government work plan was continuing reforms to accelerate just economic development, which would be achieved through inclusive development and improved sense of justice.

The Philippines government's first quarter budget deficit widened from a year ago as expenditures outpaced revenues. In a report, the Department of Finance said the government incurred a fiscal gap of P84.1 billion in the first three months of the year, which was 27% more than the P66.5 billion in the same three months of last year.

Bank lending in the Philippines was at its fastest pace in March as loans for productive sectors of the economy continued to rise, prompting the central bank to monitor credit and liquidity conditions more closely to maintain price and financial stability. Outstanding loans of commercial banks grew by 20% in March following a 19.4% increase the preceding month.

North East Asia

China's manufacturing growth continued to rise in April. The purchasing managers' index (PMI) for the country's manufacturing sector rose to 50.4 % last month, up from 50.3% in March, according National Bureau of Statistics (NBS).

Japanese vehicle production in fiscal 2013 expanded 3.8% from a year earlier to 9,912,341 units, marking the fourth straight annual rise thanks to a last-minute buying spree ahead of the April 1 sales tax hike.

South Korea recorded a trade surplus in April when exports rose 9% from a year earlier with imports growing 5%. Outbound shipments stood at US\$50.31 billion in April, while imports came to US\$45.85 billion, leaving a surplus of US\$4.46 billion, compared with US\$2.45 billion a year earlier, according to the Ministry of Trade, Industry and Energy.

South Korea's consumer prices grew at the fastest pace in eight months in April. The country's consumer price index rose 1.5% in April from a year earlier, the fastest on-year rise since August last year when it advanced 1.5%, according to Statistics Korea.

Australasia

Australian house prices rose 0.3% in April, according to the RP Data-Rismark combined capital city index. The rise was a sharp slowdown from the 2.3% increase in the index in March. In the year to April, house prices were 11.5% higher. House prices in Sydney, Australia's most populated capital, recorded growth of 0.5% in April, pushing the median house price above A\$800,000 (US\$736,000) for the first time, the report showed.

The trend for about 20% y-o-y growth in consents for new houses is continuing, and Auckland and Canterbury are unsurprisingly, leading the way. Official figures showed the number of new homes, including apartments, rose a seasonally adjusted 8.3% last month.

Indian Sub-Continent

Gold jewellery exports from India rose for a second straight month in March as raw material supply improved after the central bank allowed more banks to import bullion. The country shipped \$992.03 million worth of gold jewellery in March, up 6.1% y-o-y, the Gems and Jewellery Export Promotion Council (GJEPC) said. It exported \$718.36 million worth of jewellery in February.

Middle East and North Africa

Egypt's spiralling debt to foreign oil companies operating in the country hit \$5.7 billion at the end of March. State oil company chief told that debts to foreign oil firms had soared \$800m since the previous government figure, despite a number of payments in recent months.

Morocco has agreed to increase the minimum wage by 10% in 2014 and 2015, as authorities seek to counter labour union protests against austerity measures such as subsidy cuts and pension system reforms.

Foreign remittances by expatriates in Saudi Arabia rose by 22% in March to SR14.3 billion compared to SR11.7 billion in same period last year. Remittances of foreigners in March are the highest since the beginning of the current year compared to Jan and Feb figures (2014) which stood at SR13.3 billion and SR12 billion, respectively.

Eastern Europe

The IMF board voted to approve a two-year \$17 billion loan package for Ukraine, contingent on the country's compliance with specific economic reforms. The IMF decision paves the way for Ukraine to receive an additional \$15 billion from the World Bank.

Western Europe

The business investment rate in the Eurozone rises slightly in Q4 2013 from the previous quarter, data from Eurostat showed. In Q4 2013, the business investment rate stood at 19.5%, slightly higher than 19.2% in Q3 2013.

Eurozone's annual inflation is expected to be 0.7% in April, up from 0.5% in March, according to a flash estimate from Eurostat.

Retail sales in Germany fell in March amid concerns that the crisis in Ukraine would hurt German consumers' willingness to shop. Sales in German retail sector decreased by 0.7% in March compared to the previous month, the German Federal Statistical Office said.

Unemployment in Germany fell in April, boosted by a strong economic performance. In April, 2.94 million people were registered as unemployed, 111,000 less than in March although the jobless rate remained unchanged at 6.7% the German Federal Labor Agency said.

French producer prices fell in March with sharp falls in energy prices, national statistics bureau Insee said. France's producer price index fell 0.4% in March from February and was 2% lower than a year ago. Apart for a slight rise in the cost of food products, prices fell across the board in March. Energy and water prices

dropped 1.2% in March from February and coking and refining prices fell 1.9%.

Italy's unemployment rate was stable in March at 12.7% after a marked downward revision to February's data which had been originally reported at 13% data showed. National statistics institute ISTAT said employment levels had increased by 0.3% in March.

The Italian consumer price index rose by 0.2% this month compared with the previous month and by 0.6% compared to a year ago, preliminary estimates released by the national statistics institute Istat said.

North America

U.S. real GDP increased at an annual rate of 0.1% in the Q1 this year, U.S. Commerce Department announced. Exports tumbled 7.6% after gaining 9.5% in the previous quarter, and private domestic investment fell 6.1% after increasing 2.5% in the proceeding period, with non-residential investment down 5.7% and residential investment down 2.1%.

Oil & Gas News

Brent for June settlement fell 11 cents to \$107.96 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery traded at \$1,291.40 an ounce at 8:25 a.m. in Singapore from \$1,291.60 yesterday.

Cotton for July delivery added 0.2% to settle at 94.29 cents a pound at 2:23 p.m. on ICE Futures U.S. in New York.

Currency News

The euro gained 0.2% to \$1.3889 as of 8:19 a.m. London time after rising to \$1.3889, the strongest since April 11. It jumped 0.4% 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
30-Apr-14	1,293.63	4.81	108.62	22.58	1.74	2.11	1.26	0.86	9221.69	81.57	2.60	35.38	25.69	3,265.04
01-May-14	1,284.50	4.82	107.95	22.40	1.73	2.11	1.26	0.86	9192.02	81.49	2.60	35.43	25.71	3,264.71
% Change	-0.71	0.21	-0.62		-0.41	0.07	0.00	-0.38	-0.32	-0.09	0.10	0.16	0.09	-0.01

Economic & Financial News

Research & International Division

3/5/2014

*... Australia to push retirement age to 70 ...
... US unemployment rate falls to 6.8% ...*

South East Asia

Indonesia's manufacturing sector improved in April at their fastest rate in almost a year as the economy continued to grow, boosting demand; however, actual output fell. The HSBC Manufacturing Purchasing Managers' Index was at 51.1, up from 50.1 in March, the highest level since May last year.

Indonesia's March trade balance remained in surplus for the second consecutive month. The trade balance registered US\$673 million, down from US\$840 million in February, due to a sharper fall in exports in sequential terms.

Thailand's Consumer Price Index in April increased 2.45% y-o-y. The Commerce Ministry attributes the rise in April to higher food and fuel prices. Food and beverage prices went up 4.6%, while non-food prices increased 1.33% y-o-y. Core inflation, which excludes volatile food and fuel prices, rose 1.66% y-o-y.

Philippines' ratio of government debt to GDP eased further to 39.2% last year from 40.6% in 2012. In a report, the Department of Finance said the government's debt to GDP declined to P4.53 billion as of end December 2013.

Viet Nam attracted US\$4.85 billion in foreign direct investment (FDI) in the first four months of the year, equivalent to 59% of what it attracted during the same period last year. Manufacturing and processing sectors took the lead in attracting FDI with 204 new projects at \$3.6 billion, accounting for 74.3% of the total.

North East Asia

Japan's unemployment rate in March was a seasonally adjusted 3.6%, unchanged from the previous month. The job-to-applicant ratio rose 0.02 percentage points from the previous month to 1.07 in the reported period, which means 107 positions were available for every 100 job seekers.

Japan's monetary base surged 48.5% in April from a year earlier to ¥222.08 trillion (US\$2.2 trillion), marking an all-time high for the 14th straight month. The monetary base is projected to rise to JPY 270 trillion (USD 2.6 trillion) at the end of this year if the central bank conducts its monetary operations as planned.

Australasia

The Australian government would seek to raise the retirement age to 70 by the year 2035 as part of reforms aimed at stemming what they warn is a looming "fiscal crisis", Australian Treasurer Joe Hockey said.

Indian Sub-Continent

India's gold bar imports slumped to an all-time low with the Indian government's restrictive measures on the import of the precious metal. Imports of gold bars dropped 51%, from \$11,127.95 million worth of gold bar imports during fiscal 2013 (April to March) to \$5,415.53 million in fiscal year 2014, data released by the Gems and Jewellery Export Promotion Council showed.

Middle East and North Africa

Oman's inflation rate recorded an increase of 0.73% y-o-y in March. However, on a monthly basis, the March rate witnessed a decline of 0.06% m-o-m.

Iranian inflation rate hit 32.5%, for the 12-month period ending the first Iranian calendar month of Farvardin (March 21- April 20) compared to the same period in the previous year.

Western Europe

Eurozone's seasonally-adjusted unemployment rate was 11.8% in March 2014, stable since December 2013, but down from 12% in March 2013, Eurostat said. In the European Union, the unemployment rate was 10.5% in March 2014, stable from the previous month, but down from 10.9% in March 2013.

Eurozone manufacturing purchasing managers' index (PMI) rose to 53.4 in April from the flash estimate of 53.3, hitting a 3-month high. The index is also higher than 53.0 in March, indicating expansion of the industry for ten successive months.

Sales of new French cars rose in April, by 5.8% from the level 12 months earlier, both after adjustment for the number of working days and on the basis of raw data, the committee of French carmakers CCFA said. In April, the French market absorbed 166,968 new cars.

British manufacturing purchasing managers' index rose to 57.3 in April from 55.8 in March. The manufacturing sector dominates the British economy, contributing around 15.2% of the GDP.

Italian companies remain financially vulnerable as risks ranging from low inflation to shifts in foreign investment could threaten economic growth, the Bank of Italy said.

North America

U.S. unemployment rate fell by 0.4 percentage points to 6.3% in April, the lowest in five and a half years. The number of newly-added jobs rose by 288,000; the highest in more than two years.

The number of Americans initially applying for unemployment aid last week increased to the highest level since the week ending 22 February. In the week ending 26 April, the advance figure of seasonally adjusted initial claims for jobless benefits increased to 344,000; 14,000 more than the revised level of the previous week, the Labor Department reported.

U.S. families continued to boost their spending in March as their take-home income continued to rise at a healthy rate, showed a report released by the Commerce Department. U.S. personal consumption expenditures rose 0.9% in March after rising by 0.5% in February.

Economic activity in the U.S. manufacturing sector continued to expand in April due to strong gain in employment. Purchasing manager's index registered 54.9%, an increase of 1.2 percentage points from March's reading, the Institute for Supply Management reported.

Mexico's manufacturing sector sentiment picked up slightly in April off a five month low, but remained weak. The HSBC Mexico Manufacturing Purchasing Managers' Index rose to 51.8 in April, after adjusting for seasonal variation, from 51.7 in March.

Remittances to Mexico from its citizens overseas, mostly in the US, rose 16% in March, the central bank said. Mexicans wired \$2 billion home in March, compared to \$1.7 billion in the same month a year earlier.

South America

Brazil posted a \$506 million trade surplus in April. The figure is higher than \$112 million surplus in March. April's surplus is the result of \$19.7 billion in exports and \$19.2 billion in imports, in 20 working days, the trade ministry said.

Peru's poverty rate fell just under two percentage points to 23.9% in 2013 from the prior year. Some 490,000 Peruvians were lifted out of poverty in 2013, the majority in rural areas, the government statistics agency said. That leaves around 7.3 million poor in the population of nearly 40 million.

Oil & Gas News

Brent for June settlement climbed 83 cents to close at \$108.59 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold futures for June delivery rose 1.5% to settle at \$1,302.90 an ounce at 1:43 p.m. on the Comex in New York.

Soybean futures for July delivery rose 0.7% to \$14.7075 a bushel. Yesterday, the price tumbled 3.4%, the most in 19 months.

Currency News

The dollar fell 0.1% to 102.20 yen after touching 103.02, the strongest since April 8. It traded at \$1.3869 per euro after weakening to \$1.3889 yesterday.

The pound fell 0.2% to \$1.6866 at 12:51 p.m. London time. It rose to \$1.6920 yesterday, the highest level since August 2009.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
01-May-14	1,284.50	4.82	107.95	22.40	1.73	2.11	1.26	0.86	9192.02	81.49	2.60	35.43	25.71	3,264.71
03-May-14	1,318.42	4.67	108.59	23.25	1.74	2.12	1.25	0.86	9204.71	81.70	2.61	35.56	25.86	3,252.55
% Change	2.64	-3.11	0.59		0.11	0.06	-0.29	0.37	0.14	0.25	0.34	0.37	0.57	-0.37

Economic & Financial News

Research & International Division

6/5/2014

*... Japanese government consider stating a cut of corporate tax rate ...
... FDI businesses main contributor to Vietnam's trade balance ...*

South East Asia

Indonesia's Q1 2014 real GDP grew 5.2% y-o-y, the slowest pace since Q3 2009, down from a 5.7% y-o-y increase in Q4 2013. Relative to the fourth quarter, the deceleration in growth reflected poor export performance and weakness in capital spending.

Strong investment growth in Indonesia in Q1 failed to translate into greater job generation, as companies sidestepped rising labour costs by investing more in capital-intensive sectors than labour-intensive ones. Only 260,000 jobs were created in Q1 2014 (Q4 2013: 430,000 jobs) on total realized investments that grew by 15% to hit Rp 107 trillion (US\$9.3 billion).

Thailand's current account surplus drove up to US\$8.23 billion (Bt266 billion) due to large trade surplus, the return of service account and foreign investment income, and net transfers in the January-to-March quarter, said Bank of Thailand spokeswoman Roong Mallikamas.

Philippines' outstanding government debt expanded by 6.6% y-o-y in March as the government continued to rely on borrowing to fund its Yolanda rehabilitation and reconstruction efforts. Outstanding debt stood at P5.63 trillion as of end-March, up P346.95 billion from the P5.28 trillion recorded a year earlier.

The Malaysian government is still looking at more items and products that can be exempted from Goods and Services Tax (GST) so as not to unduly burden the people, said Datuk Seri Najib Tun Razak. Essential items, such as rice, sugar, salt, piped water supply, public transportation (bus and train fares), health services and expressway toll, are exempted.

Foreign direct investment (FDI) businesses remain the main contributor to Vietnam's trade balance, obtaining a record high of nearly US\$4.1 billion in export surplus in the first four months of the year. While FDI businesses reached a record high surplus, domestic businesses continued a trade deficit of US\$3.4 billion in four months.

Vietnam's overall industrial production in the first four months of the year expanded by 5.4% y-o-y, concurrent with a 13.9% jump in inventory indices. The growth in the processing and manufacturing industry was 7.4%, at 9.6 % for electricity production and distribution and 5.4 % for water supply and wastewater treatment.

The export and import volume of Laos in the first six months of this fiscal year hit 24,520 billion kip, up 50% compared to the previous year. The top ranked sector was the industry and handcraft processing, at 2,474 billion kip, which compared to last year increased by 0.9%.

North East Asia

China announced 80 major public infrastructure projects to counter the effect of a slowing economy while opening up further its markets to private and overseas investors.

The Japanese government will consider stating a cut of the effective corporate tax rate to below 30% in new policy guidelines to be drawn up possibly in June. Lowering the tax rate from the current level above 35% to less than 30% would have an impact on the market.

Taiwan's exports of commercial services in 2013 amounted to US\$51.4 billion, a 5.2% growth from the previous year, the Ministry of Economic Affairs (MOEA) said. Exports of computing information and financial services registered the highest growth rates of 76.4% and 29.2%, respectively, the Ministry said.

Taiwan's foreign exchange reserves continued to climb in April to hit a record US\$421.495 billion by the end of that month, according to the Central Bank. That number was an increase of US\$2.296 billion from the previous record set at the end of March, the bank said.

Australasia

The number of Australian home building permits fell 3.5% in March, the fifth monthly fall in the past half year, raising new doubts about the contribution of housing construction to a fledgling economic recovery.

Western Australia said its trade with the UAE has soared to Dh3.4 billion (US\$925 million) in 2013. Currently 57.1% of the trade between Australia and the UAE is carried out with Western Australia, said a statement from Western Australian Trade Office in Dubai.

Indian Sub-Continent

India's current account deficit (CAD) is likely to be around 2% of GDP in the coming few years due to slackening of gold imports, among other factors, Prime Minister's Economic Advisory Council chairman C Rangarajan said.

Middle East and North Africa

Turkey's annualized consumer prices in April hit their highest level in two years to reach 9.38%. The consumer price index (CPI) in April exceeded market expectations and increased by 1.34% over the previous month due to rising food prices amid drought and the depreciating lira.

Expansionary activity in Oman's oil and gas sector will create the need for an additional workforce of between 20,000 to 30,000 people over the next ten years, according to H.E. Salim al Aufi, Undersecretary of the Ministry of Oil and Gas.

The UAE economy grew 4.7% in 2013, the highest since the 9.9% in 2006, supported by higher oil production and strong recovery in domestic demand. This growth trend is forecasted to continue into 2014 supported by strong non-hydrocarbon growth, according to Institute of International Finance (IIF).

Western Europe

Italy's economy will expand less than the government estimates this year as the recovery will be mainly driven by external demand. GDP will rise 0.6% this year, the Brussels-based commission said.

Oil & Gas News

Brent for June settlement dropped 87 cents, or 0.8%, to \$107.72 a barrel on the London-based ICE Futures Europe exchange yesterday.

Commodity News

Bullion for immediate delivery rose as much as 0.2% to \$1,312.37 an ounce before trading at \$1,311.90 by 8:56 a.m. in Singapore.

Wheat futures for July delivery rose 1.8% to close at \$7.29 a bushel at 1:15 p.m. on the Chicago Board of Trade.

Currency News

The Aussie was at 94.78 yen as of 7:35 a.m. in Singapore after losing 0.4% in the prior four sessions to 94.72. It was little changed at 92.79 U.S. cents.

The yen gained 0.1% to 102.14 per dollar at 5 p.m. New York time, after touching 101.87.

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-May-14	1,318.42	4.67	108.59	23.25	1.74	2.12	1.25	0.86	9204.71	81.70	2.61	35.56	25.86	3,252.55
06-May-14	1,309.16	4.70	107.45	22.86	1.74	2.11	1.25	0.86	9213.19	81.48	2.60	35.49	25.85	3,245.06
% Change	-0.70	0.64	-1.05		-0.05	-0.23	-0.16	0.29	0.09	-0.27	-0.18	-0.19	-0.06	-0.23

Economic & Financial News

Research & International Division

7/5/2014

*... Australia's central bank kept interest rates unchanged ...
... Brazil's petroleum sector registered a trade deficit ...*

South East Asia

Indonesia's Central Statistics Agency reported a significant decline in Indonesia's unemployment rate after it changed its methodology, but economists questioned the data's credibility as it did not match with other economic indicators. The number of unemployed fell to 7.2 million, 5.7% of total workforce as of February, compared to 7.4 million, or 6.2%, in August last year.

Philippines' annual headline inflation rate climbed to 4.1% in April, from 3.9% in March due to faster pace of price increases in food, non-alcoholic beverages, housing, water, electricity, and fuel, prompting the central bank to hint of "preemptive adjustments" in its policy levers.

Vietnam posted a trade surplus of US\$683 million in January-April 2014. In April alone, the country fetched US\$12.2 billion from overseas shipments, down 0.6% m-o-m. Of the figure, an estimated US\$7.5 billion was earned by foreign-invested firms, dropping 0.1% y-o-y.

Vietnamese manufacturing sector continued its recent run of improvement in April as the Purchasing Managers' Index (PMI) hit a new high, according to a HSBC monthly report. The seasonally adjusted PMI rose to 53.1 in April, from 51.3 in the previous month.

Cambodia's insurance sector's premium volume increased 14% y-o-y to US\$13.9 million in Q1 2014, Asia Insurance Review reported. Fire insurance premiums increased 24.7% to US\$4.3 million. But premiums for engineering insurance declined 74.7%.

Laos' rate of inflation continued to rise despite the government's mitigating measures. Average inflation over the last six months of the financial year has reached 6.27%, compared to 4.8% recorded in the same period of the previous financial year. Laos has one of the highest rates of inflation among ASEAN countries due to the rising value of imports.

North East Asia

Chinese state-owned enterprises (SOEs) will have to pay 5% more of their profits to the government, the Ministry of Finance said. The money will be used to improve social services. SOEs administered by the central government will pass on up to 25% of their profits depending on their line of business.

China's total service trade volume expanded by 15.6% y-o-y to US\$138.8 billion in Q1, the Ministry of Commerce said. Exports of services rose 14% to US\$53 billion and imports surged 16.6% to US\$85.8 billion. Trade deficit soared by 21% to US\$32.8 billion in Q1.

The yen's downward trend is having a negative effect on more than 90% of South Korean companies exporting products to Japan. Of about 216 companies exporting their products to Japan, 92.6% said that the downward trend of the yen's value is hurting their business, a survey conducted by the Korea International Trade Association.

Australasia

Australia's central bank kept interest rates at record lows for an eighth meeting yesterday. The local dollar edged higher after the Reserve Bank of Australia held rates at 2.5%, noting improvements in consumer demand, housing and employment.

New Zealand's unemployment rate is unchanged at 6% in Q1 2014, according to latest data from Statistics New Zealand. The latest labour market data shows continuing strong employment growth with 84,000 more jobs added to the New Zealand economy in the last year, the largest increase in nearly a decade.

Indian Sub-Continent

India's economy will likely make a gradual recovery this year, helped by a rebound in capital investments as well as a pick-up in private consumption, but rising bad loans at its banks threaten to choke the recovery, the OECD said.

India's alloy consumption expanded 0.6% to 73.9 million metric tons in the year ended March 31, according to Steel Ministry's Joint Plant Committee. Demand grew 0.4% in the financial year 2009, in the midst of the global recession.

Middle East and North Africa

A rebound in investor confidence and improved access to mortgages have sparked a pick-up in Oman's real-estate market. The total value of traded properties jumped by 94% to RO687.3 million in Q1 2014, against RO354.1 million in Q1 2013.

Western Europe

The volume of retail trade rose by 0.3% in March, both in the Eurozone and the 28-member EU as compared to February. In February, retail trade increased by 0.1% and 0.3% respectively in the Eurozone and the EU states.

The number of people registered as unemployed in Spain fell by 111,565 people in April, compared to 4,684,301 people in March. The number of people unemployed fell by 304,892 people in April when compared with the same month in 2013, which meant a 6.11% y-o-y fall, said the Ministry of Employment and Social Security.

North America

The US trade deficit narrowed in March as exports rebounded to the second highest level on record, led by strong gains in sales of aircraft, autos and farm goods. The deficit declined to US\$40.4 billion, down 3.6% from a revised US\$41.9 billion in February, the Commerce Department reported. US exports rose 2.1% to US\$193.9 billion with exports to Canada and South Korea hitting all-time highs.

Canada's merchandise trade surplus unexpectedly shrank in March as exports fell for the second time in three months. The C\$79 million (US\$72 million) March surplus followed a February estimate that almost tripled to C\$847 million from an initial C\$290 million, Statistics Canada said.

South America

Brazil's petroleum sector registered a trade deficit of R\$6.059 billion during the January-April 2014 period, according to Ministry of Development, Industry and Foreign Trade.

Oil & Gas News

Brent for June settlement rose 0.3%, or 27 cents, to US\$107.33 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery gained 0.4% to US\$1,312.67 an ounce, and traded at US\$1,312.59 at 9:55 a.m. in Singapore.

Currency News

The pound rose 0.7% to US\$1.6979 at 4:22 p.m. London time yesterday.

The euro rose 0.4% to US\$1.3928 after climbing to US\$1.3951, the highest since March 13.

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07-May-14	1,313.25	4.79	107.27	22.39	1.74	2.11	1.25	0.86	9211.50	81.59	2.60	35.47	25.89	3,230.65
% Change	0.31	1.91	-0.17		0.02	0.04	-0.02	-0.22	-0.02	0.13	0.03	-0.07	0.18	-0.44

Economic & Financial News

Research & International Division

8/5/2014

*... Brunei's food and beverage exports surged in first two months ...
... Egypt cabinet approves tax rise for wealthy ...*

South East Asia

Brunei's food and beverage exports significantly increased in the first two months of the year, the Department of Economic Planning and Development said. Food exports in February rose by 314.3% y-o-y. Export revenue from food exports in February were valued at B\$2.9 million, up from B\$0.7 million the previous year.

Indonesia's foreign exchange reserves stood at US\$105.6 billion at the end of April, up from US\$102.6 billion in March. The increase was supported by the country's income from oil and gas exports. With April's reserves position, the country could finance between 5.9 months and 6.1 months of imports.

Malaysia's export growth slowed in March to an annualised 8.4%, as demand from its major trading partners declined. Imports also weakened considerably to a 0.5% growth from 9.5% in February and 7.2% in January.

The Philippines' gross international reserves fell in April from a month ago, weighed down by the government's payments of its foreign exchange obligations, the Bangko Sentral ng Pilipinas reported. Foreign exchange reserves tumbled to US\$79.6 billion in April from a revised US\$79.6 billion in March.

Thailand's banking outlook remains stable, as it has been since 2010, reflecting stable liquidity and funding conditions and banks' ability to withstand the moderate increase in non-performing loans expected over the next 12-18 months, according to Moody's Investors Service.

North East Asia

China's service sector continued to expand in April, but at a milder pace, according to an industry index released by HSBC. The HSBC/Markit China Services Business Activity Index stood at 51.4 in April, down from 51.9 in March.

Japan could boost its GDP by 12.5% if it closes the gender gap and gets more women into the workforce, stated a new report by Goldman Sachs. If Japan's female employment rate as of 2013 (62.5%) rose to that of males (80.6%), this would add 7.1 million employees to the workforce.

Japan's Iron and Steel Federation is stepping up the transfer of the industry's advanced technologies to help cut carbon dioxide emissions to other Asian countries to tackle global warming. The industry group has already supplied the technologies to China and India, and is now poised to do this in Southeast Asian countries.

Loan delinquency among South Korean banks kept its downward trend as banks wrote off sour loans. The delinquency ratio in bank loans, overdue more than one month, stood 0.85% as of end March, down 0.1% from a month earlier, according to Financial Supervisory Service. The loan write-off was ₩3.1 trillion (US\$3.03 billion) in March, higher than ₩1.9 trillion in new loans.

Korea's "economic interconnectivity" with the rest of the world ranked 20th as of 2012, according to a recent by the McKinsey Global Institute. In terms of the flows of goods, services, finance and people, the country was less connected with the rest of the world than Russia, Saudi Arabia, Malaysia and Poland, the report showed.

Australasia

Global ratings agency Moody's warned the appreciation of house prices at current rates could become a "credit negative" for Australian banks within a year. Moody's said the 13% increase in Australian house prices over the past 12 months was not yet a threat to the credit profiles of Australian banks and had not been fuelled by excessive credit growth.

New Zealand's service sector ranked amongst the most open in a recent survey of 40 countries conducted by the Organisation of Economic Cooperation Development said the Trade Minister.

Indian Sub-Continent

European companies invested \$198 billion in India between 2004 and 2013 and there is huge potential to boost this investment flow, the Europe India Chamber of Commerce (EICC) said in a report. FDI from the EU has boosted India's export competitiveness, generated employment, strengthened the skills base, enhanced technological capabilities and increased financial resources for development.

Middle East and North Africa

Egypt's cabinet has officially approved an income tax hike aimed at the country's highest earning taxpayers. The 5% tax rate increase is to be applied temporarily and, according to the latest draft, for a period of three years on individuals whose annual income exceeds LE1 million. Currently, those earning above LE250,000 a year are taxed at a rate of 25%.

Oman's oil production witnessed a 1% production growth during the Q1 of 2014, over the same period of last year. However, oil prices per barrel and total oil exports declined during the same period. Additionally, natural gas production including imports and local production declined during Q1 2014, when compared with the same period in 2013, according to National Centre for Statistics and Information.

Qatari banks' profitability is likely to remain "strong" over the next 12 months, even as risks remain on "structural mismatches" in their balance sheets, credit concentration and the country's heavy reliance on hydrocarbons, according to global credit rating agency Standard & Poor's (S&P).

Western Europe

German factory orders unexpectedly fell in March. Orders, adjusted for seasonal swings and inflation, fell 2.8% from February, when they increased a revised 0.9%, the Federal Statistics Office said.

France exported 1.2 million tonnes of soft wheat outside the European Union in March, taking the volume since the start of the 2013/14 season in July to 9.4 million tonnes, up 17% on the same period in 2012-13, customs data showed.

France's trade deficit widened in March compared with February as imports jumped, eclipsing the slight rise in exports. The trade deficit rose to €4.94 billion (\$6.87 billion) in March from €3.77 billion in February. Exports rose slightly to €36.38 billion from €36.17 billion over the period.

North America

U.S. consumers increased their borrowing in March by the largest amount in more than a year, using their credit cards and taking out more auto and student loans. Consumer borrowing increased US\$17.5 billion in March, up from a gain of US\$13 billion in February. The overall increase in consumer debt pushed total borrowing to a record US\$3.14 trillion.

South America

Brazilian industry's output fell 0.5% in March from February in seasonally adjusted terms, the Brazilian Institute of Geography and Statistics said. Compared with March 2013, industrial production contracted 0.9%.

Argentine automobile production stalled in April as demand at home and abroad softened and factory suspensions affected thousands of workers. The country's car production slid 21.6% in April to 59,165 units from the same month a year ago, ADEFA Automobile Association said.

Oil & Gas News

Brent for June settlement fell 12 cents to \$108.01 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery traded at \$1,288.38 an ounce at 9:38 a.m. in Singapore from \$1,289.88 yesterday.

Currency News

The baht weakened 0.2% to 32.449 per dollar as of 8:38 a.m. in Bangkok today.

The euro was little changed at \$1.3912 as of 11:11 a.m. in Tokyo after falling 0.1% 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
07-May-14	1,313.25	4.79	107.27	22.39	1.74	2.11	1.25	0.86	9211.50	81.59	2.60	35.47	25.89	3,230.65
08-May-14	1,290.21	4.74	108.03	22.79	1.74	2.12	1.25	0.86	9263.55	81.42	2.60	35.52	25.95	3,246.80
% Change	-1.75	-1.04	0.71	0.12	0.35	-0.22	-0.40	0.57	-0.20	-0.05	0.12	0.22	0.50	

Economic & Financial News

Research & International Division

10/5/2014

*... Japan's national debt widened ...
... US wholesale inventories registered gain in March ...*

South East Asia

S&P hiked the Philippines' credit rating to BBB from BBB- with a stable outlook. The upgrade came as the debt watcher stressed structural reforms being implemented by the Aquino administration are seen continuing beyond 2016.

Philippines' merchandise exports grew 11.2% in March from a year ago amid strong demand for electronic products and six other major commodities, the Philippine Statistics Authority said. Total export earnings were valued at \$5.227 billion in March, up from the \$4.699 billion earned in the same month last year.

The Philippine Monetary Board decided to maintain policy rates even as it hiked its average inflation forecast for the year. The monetary officials kept overnight borrowing or reverse repurchase facility at 3.5% while overnight lending or repurchase remains at 5.5%. These rates have been unchanged since October 2012.

Singapore's visitor numbers from China plunged in the last three months of 2013 after a new tourism law kicked in there - but this did not stop the Chinese from spending the most money here that year. Arrivals by Chinese travellers fell 31% in Q4 2013 but their spending rose slightly - by 1% - compared with the same period in 2012.

North East Asia

China's top economic planner announced a reduction in the retail price of gasoline and diesel, both by 50 yuan (US\$8.12) per tonne as of today. The cut means that benchmark retail prices of gasoline and diesel will drop by 0.04 yuan per liter, the National Development and Reform Commission (NDRC) said. Since late April, international oil prices have fallen, partly due to high oil inventories in the United States, NDRC said.

China's CPI increased 1.8% y-o-y in April, down from 2.4% in the previous month, official data showed.

China's producer price index (PPI) contracted 2% y-o-y in April, following a 2.3% decline in March, data from the National Bureau of Statistics showed. The index edged down 0.2% in April from the previous month.

Japan's national debt hit a record-high ¥1.025 quadrillion (US\$10.08 trillion) at the end of March, up ¥33 trillion from a year earlier, the Finance Ministry said. The central government debt, which increased ¥7 trillion from the end of December last year, kept rising mainly due to ballooning social security costs in line with the aging population.

Korea's central bank left the key interest rate unchanged at 2.5% for the 12th straight month yesterday on concerns of dwindling consumer spending in the aftermath of the sinking of the ferry Sewol.

Imported car sales in South Korea jumped 25.5% y-o-y in April, helped by better supply and promotional programs. A monthly record of 16,712 new foreign-made cars were sold in the one-month period, compared with 13,320 units a year earlier, the Korea Automobile Importers and Distributors Association said.

South Korea's exports of cosmetics have surged over the past decade on the back of the growing popularity of Korean culture worldwide. According to Korea Customs Service, South Korea exported US\$1.05 billion worth of cosmetic products last year, about six times more than the \$173 million it tallied in 2004.

Sales at local department stores in South Korea inched down in April from a year earlier amid worries that last month's deadly ferry incident might put a damper on consumption. Department store sales shrank 0.1% on-year in April, following a 1.1% decline a month earlier.

Australasia

New Zealand retail spending on credit and debit cards rose in April. The value of retail spending on electronic cards, seasonally adjusted, rose 0.3% to \$4.59 billion in April, after growth stalled in March, according to Statistics New Zealand.

Indian Sub-Continent

India's trade deficit narrowed to \$10.1 billion in April compared with \$17.7 billion a year ago. Exports grew 5.26% in dollars terms in April from a year ago, reversing two months of decline. Imports declined 15% in dollar terms, clearly indicating that industrial recovery remained elusive.

Middle East and North Africa

Saudi Arabia's retail market is projected to grow at an estimated value of \$73.6 billion (SR267 billion) by the end of 2014 compared to \$66.7 billion (SR250 billion) in 2012, local media said quoting a report released by Oxford Business Group.

Egypt's annual urban consumer inflation rate slowed to 8.9% in April from 9.8% in March, official statistics agency CAPMAS said.

Western Europe

German foreign trade recorded a surplus of €14.8 billion (US\$20.4 billion) in March. In February, the trade surplus stood at €15.7 billion. Adjusted exports shrank by 1.8% m-o-m in March. Imports also declined by 0.9% last month.

German industrial production declined by 0.5% in March from the previous month, when it was up by 0.6%, the German Federal Statistical Office said. Manufacturing fell by 0.4% in March and construction production fell by 2.2% though energy production was up by 1.8%.

Italian industrial production unexpectedly fell for a second month in March, signalling that the nation's economy is struggling to sustain an exit from its longest recession on record. Production decreased 0.5% from February, when it declined a revised 0.4%, national statistics office Istat said.

British industrial output increased by 2.3% y-o-y in March, said the Office for National Statistics (ONS). Production output increased by 0.7% m-o-m, slightly lower than the 0.8% estimate given previously, said ONS.

British trade deficit in goods and services was estimated to be £1.3 billion pounds in March, compared to £1.7 billion a month before, the ONS said. Britain had an £8.5 billion deficit in goods, and an estimated surplus of £7.2 billion in services in March.

North America

US wholesale inventories rose 1.1% in March. February inventory growth was revised up two-tenths to 0.7%. Both durable and nondurable inventories gained. In particular, grocery inventories posted their largest gain in roughly two years, likely due at least in part to food price effects.

Employment in Canada fell by 28,900 in April. Overall employment growth has been stagnant since last summer. Some aspects of the report were distorted by the Good Friday holiday, which fell during the survey week this year, noted Statistics Canada.

South America

Argentina reduced economic growth estimates for the first three quarters of 2013 by more than a third after the government changed the base year used in its calculations to 2004 following last year's censure by the IMF for misreporting economic data. The economy grew by an average of 3.5% in the period, compared to a previous estimate of 5.6% using a base year of 1993.

Brazilian inflation decelerated to 0.67% from 0.92% in March, as measured by the benchmark IPCA index. Annual inflation increased to 6.28% from 6.15%, marking its fastest rate since June.

Oil & Gas News

Brent for June settlement rose as much as 98 cents, or 0.9%, to \$109.02 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold futures for June delivery fell less than 0.1% to settle at \$1,287.60 an ounce at 1:39 p.m. on the Comex, extending the week's decline to 1.2%.

Silver futures for July delivery fell 0.1% to \$19.121 an ounce in New York, capping a second straight weekly decline at 2.2%.

Currency News

The euro fell 0.6% to \$1.3758 at 5:02 p.m. in New York, extending this week's loss to 0.8%, and reached \$1.37450.

The peso strengthened yesterday to its highest level in more than five months, boosted largely by the new credit rating upgrade received by the country from Standard & Poor's. The local unit gained 54 centavos to close at 43.65:\$1 yesterday from its 44.19:\$1 finish on Thursday.

Date	Gold Spot	NYMEX Natural		oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
		Gas (\$/MMBtu)	Brent Oil (\$/bbl)											
08-May-14	1,290.21	4.74	108.03	22.79	1.74	2.12	1.25	0.86	9263.55	81.42	2.60	35.52	25.95	3,246.80
10-May-14	1,288.91	4.53	107.89	23.82	1.73	2.11	1.25	0.86	9239.58	81.51	2.59	35.08	26.11	3,252.13
% Change	-0.10	-4.43	-0.13		-0.65	-0.33	-0.02	-0.21	-0.26	0.11	-0.67	-1.24	0.61	0.16

Economic & Financial News

Research & International Division

13/5/2014

... Diesel prices have been raised in New Delhi ...
... The U.S. federal government registered a budget surplus in April ...

South East Asia

Indonesia's dwindling oil and gas production is facing further challenges as a number of exploration projects have been put on hold pending the appointment of a new administration. Financial issues also appear to be another challenge as most companies cannot afford to carry out exploration in remote areas.

Over 4.8 million households in Malaysia benefited from the Government's direct cash handout that forms the core of 1Malaysia People's Aid (BR1M) last year. Apart from these households earning RM3,000 or less each month, another two million individuals who earn RM2,000 or less a month also received the one-off cash aid.

Philippines' net FDI fell by 59% to \$350 million in February from \$854 million in the same period last year. Placements in debt instruments continued to account for the bulk of total inflows in February at \$201 million.

Poor weather in Myanmar, lack of equipment and shuttered fish farms led to a y-o-y decline in exports, well over an expected US\$100 million decline. Consumer interest remains strong, but lower production has led to the decline in exports, said Myanmar Fisheries Federation advisor U Han Tun. Fishery exports totalled \$536 million for the 2013-14 fiscal year, compared with about \$650 million shown by government data for the previous year.

Vientiane Administration has pledged to settle bad debts worth 878 billion kip for 2,123 investment projects by local companies. These are debts during the 7th Five Year Socio-economic Development Plan (2011-2015), which included 1,654 general projects, 172 special projects and 297 debt projects.

North East Asia

China's fiscal revenue climbed 9.2% y-o-y in April to reach 1.25 trillion yuan (US\$202.92 billion), the Ministry of Finance said. Central government revenue reached 581.2 billion yuan, up 8.5% y-o-y, while local government revenue stood at 666.9 billion yuan, up 9.8% from the same period last year.

South Korea's exports of ICT products rose 4.5% in April from a year earlier on growing shipments to China and the United States. Shipments of ICT products came to US\$14.76 billion last month, compared with \$14.12 billion in the same month last year, according to the Ministry of Trade, Industry and Energy.

South Korea GDP per capital was ranked 33rd in the world. South Korea's nominal GDP per capital surpassed \$24,000 last year, which was the 33rd highest in the world, according to International Monetary Fund. This is up from 34th in 2012 and 41st in 2008.

Australasia

The overall performance of the Australian construction sector slipped again in April 2014 with the latest Australian Industry Group/Housing Industry Association Australian Performance of Construction Index remaining in contractionary territory at 45.9, a decrease of 0.3 points.

New Zealand food prices rose in April as eggs and dairy products lifted grocery bills in the month. The food price index advanced 0.6% in April following a 0.3% fall in March, according to Statistics New Zealand. Food prices increased 1.5% on an annual basis, accelerating from the 1.2% pace in March.

New Zealand house sales fell 20% in April from a year earlier. The number of houses sold by real estate agents fell to 5,670 in April, from 7,104 in the same month last year, according to the Real Estate Institute of New Zealand. The number of properties sold below \$400,000 slid 32% to 2,497, accounting for 44% of all turnover compared to 51.4% a year earlier.

Indian Sub-Continent

Diesel prices have been raised by Rs 1.22 per litre in New Delhi from Tuesday, immediately after the end of elections as the government ordered the biggest increase in the fuel price since September 2012.

Retail inflation in India accelerated to a three-month high of 8.6% in April, while industrial output fell for the second consecutive month in March, highlighting the steep challenge for the new government to tame price pressures and revive growth when it assumes office later in the month.

Overseas Pakistani workers remitted an amount of \$12,894.61 million in the first ten months of the current FY 2013-14 (July-April), showing a growth of 11.45% when compared with \$11,569.82 million received over the same period in the previous fiscal year.

Middle East and North Africa

The Gulf Cooperation Council (GCC) states exported approximately 79% of its total product portfolio to 177 countries last year, amounting to 63.4 million tonnes of chemicals, according to GPCA estimates. Petrochemical exports for the year were valued at \$55.5 billion.

Western Europe

The Bank of Italy aims to improve financing conditions for small businesses through new measures that would enable domestic banks to use their current account facilities to secure European Central Bank funding, banking sources said.

Private sector labour costs in Spain are the 12th most expensive in the EU, the figures from Germany's federal statistics office Destatis showed. At €20.90, these costs are marginally below the EU average of €23.70 per hour, but well below average Eurozone costs of €28.70. The Spanish private sector figure is also a long way behind Italy where employers pay an average of €28.00.

North America

The U.S. federal government registered a budget surplus of about US\$106.9 billion in April, and the combining budget deficit in the first seven months declined significantly. The federal government raked in revenue of US\$414.2 billion dollars last month, an increase

of 1.8% y-o-y. Spending totalled US\$307.4 billion, up 4.6% from a year earlier.

Mexico's March industrial activity fell 0.13% compared with February, the national statistics agency said, below expectations for a 0.3% increase and the 0.29% expansion in February.

Oil & Gas News

Brent for June settlement was 11 cents higher at \$108.52 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery traded at \$1,296.27 an ounce at 9:17 a.m. in Singapore from \$1,295.80 yesterday, according to Bloomberg generic pricing.

World output may rise 1.1% to 12.2 million tons this year, while usage expands 1.7% to 11.5 million tons, according to a quarterly report by The Rubber Economist.

Currency News

Japan's currency fell 0.3% to 102.13 per dollar at 5 p.m. in New York, reaching the weakest level since May 6.

The dollar rose 0.1% to 102.20 yen as of 11:03 a.m. in Tokyo from yesterday, after earlier touching 102.24, the most since May 5

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-May-14	1,288.91	4.53	107.89	23.82	1.73	2.11	1.25	0.86	9239.58	81.51	2.59	35.08	26.11	3,252.13
13-May-14	1,295.70	4.41	108.53	24.61	1.72	2.11	1.25	0.85	9220.84	81.59	2.59	35.03	26.11	3,222.43
% Change	0.53	-2.65	0.59	-0.43	-0.24		0.16	-0.12	-0.20	0.10	0.10	-0.12	0.01	-0.91

Economic & Financial News

Research & International Division

14/5/2014

*... South Korea's overseas direct investment shrank ...
... At least 7 million Argentines currently find themselves under the poverty line ...*

South East Asia

Brunei's passenger car sales for the month of April hit a sales figure of 1,515 units according to the latest Brunei Automobile Trader's Association (BATA) report. Sales figures show that April sales rose by approximately 6.6% from March sales. This is attributed to the number of new car models that was released last month.

Indonesia's sluggish economic growth is expected to pick up next year, but it will take structural reforms to get growth back to the 6%-plus level, the International Monetary Fund (IMF) has said. The country's GDP was expected to grow by 5.8% next year as net exports recovered and domestic consumer spending as well as investment remained robust.

Philippines' Department of Trade and Industry expects the net FDI to grow by as much as 20% this year from the \$3.9 billion posted last year, as the Philippines continues to gain momentum with its strong economy and good governance measures.

Vietnam's FDI strongly rose to nearly US\$26.3 billion in the year to April, increasing 18.2% compared to the same period last year, and accounting for 58.3% of Vietnam's \$45.1 billion total import turnover, according to Ministry of Industry and Trade.

North East Asia

China's industrial added value expanded 8.7% y-o-y in the first four months of 2014. On a m-o-m basis, industrial added value in April also rose 8.7% from a year earlier and 0.82% from the previous month, the National Bureau of Statistics said.

China's urban fixed asset investment surged 17.3% y-o-y to 10.71 trillion yuan (US\$1.74 trillion) in the first four months, the National Bureau of Statistics said. The growth rate was 0.3 percentage points slower than that for the first quarter.

China's retail sales grew 11.9% y-o-y to 1.97 trillion yuan (US\$322.97 billion) in April, the National Bureau of Statistics (NBS) said. In the first four months, China's retail sales grew 12% y-o-y to 8.18 trillion yuan. The growth rate was the same as that in the first quarter. Retail sales in rural areas outpaced those in cities and towns.

South Korea's jobless rate remained unchanged in April from a month earlier, but job creation slowed for the second straight month amid concerns that labour market conditions are not fast improving. According to Statistics Korea, the jobless rate stood at 3.9% last month. The seasonally adjusted jobless rate, however, rose from 3.5% to 3.7%.

South Korea's overseas direct investment shrank slightly on-year during the Q1, affected by growing economic uncertainty. According to report compiled by the finance ministry, the country's overseas direct investment totalled US\$7.02 billion during the January-March period, down 0.2% from the same period a year earlier.

Australasia

Australia's conservative government says it wants to effect radical spending cuts and tax increases aimed at nearly halving the fiscal deficit by 2016. The plan for the fiscal year is to reduce Canberra's budget deficit to \$27.8 billion. The cost for visits to the doctor under Australia's partially government-funded health system will be increased, as will fees for university students, while defense will get a bump in spending and small- to medium-size businesses will enjoy a tax cut.

The volume of New Zealand's retail sales rose a seasonally adjusted 0.7% in the first three months of 2014, with electrical and electronic goods leading the gains, while supermarket and grocery sales fell, according to Statistics New Zealand. Actual sales were up 3.4% in value from the same quarter a year earlier.

House prices in New Zealand are overvalued and household debt is high compared with incomes, according to the Reserve Bank of New Zealand, but the country's financial system remains sound. The central bank is also worried about high farm debt levels, especially for a small group of dairy farmers with big loans.

Indian Sub-Continent

The overall fiscal surplus in Pakistan forwarded by the provinces to the tune of Rs216 billion as well as surge in non-tax revenue have helped the federal government to curtail its budget deficit at Rs811 billion, or 3.1% of GDP, in the first three quarters (July-March) of 2013-14.

Middle East and North Africa

Turkey's current account deficit (CAD) fell to \$3.20 billion in March after standing at \$4.83 billion in January, according to Central Bank of Turkey. March's figures marked a fall by \$11.2 billion compared with the same month in 2013. Last year, the CAD ballooned to \$65 billion. The government hopes that the 2014 current account deficit will be under \$56 billion.

Western Europe

Britain's retail sales were up 4.2% in April compared to the previous year when they had declined 2.2%, said the British Retail Consortium. Total sales also grew strongly by 5.7% over the period. Furniture and flooring in April registered its highest growth since Easter 2006.

South America

At least 7 million Argentines, or 18.8% of the population, currently find themselves under the poverty line, with 1.7 million (4.2%) classed as in extreme poverty or indigence, according to a new report from the Argentine Workers' Central (CTA) union headed by the Cristina Fernandez government ally Hugo Yasky.

Oil & Gas News

OPEC raised its forecast on the demand for its oil in 2014 to 29.8 million bpd, the Vienna-based cartel said. OPEC said its oil output in April rose by 131,000 bpd to 29.59 million bpd, largely due to higher supply by Iraq and Saudi Arabia. Owing to the decrease of the non-OPEC crude output in April, the share of OPEC oil in total global production increased slightly to 32.6% compared to the previous month.

Brent for June settlement was 17 cents higher at \$109.41 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery traded at \$1,293.17 an ounce at 9:43 a.m. in Singapore from \$1,293.63 yesterday, when prices slid 0.2% after U.S. retail sales data showed that economic growth is on track to accelerate in the second quarter.

Currency News

The euro was little changed at \$1.3701 as of 10:15 a.m. in Tokyo after falling to \$1.3689 yesterday, a level not seen since April 4.

The pound slid 0.2% to \$1.6837 at 4:49 p.m. London time 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
13-May-14	1,295.70	4.41	108.53	24.61	1.73	2.11	1.25	0.86	9239.58	81.51	2.59	35.08	26.11	3,222.43
14-May-14	1,293.25	4.36	109.35	25.08	1.72	2.11	1.25	0.85	9220.84	81.59	2.59	35.03	26.11	3,251.90
% Change	-0.19	-1.13	0.76	-0.43	-0.24	0.16	-0.12	-0.20	0.10	0.10	-0.12	0.01	0.91	

*... Egypt will speed up structural economic reforms ...
... Australian government announced plans for new infrastructure projects ...*

South East Asia

Indonesia's budget deficit touched Rp2.2 trillion or 1.2% of the targeted Rp175.4 trillion in the 2014 state budget as of March 31, according to the Finance Ministry. State revenues stood at Rp288.7 trillion or 17.3% of the target of Rp1,667.1 trillion and state expenditures reached Rp286.5 trillion or 15.6% of the ceiling of Rp1,842.5 trillion, the ministries directorate general of treasury said.

The growth of Indonesia's retail sales increased for the second consecutive month in March, supported by strong demand in the domestic consumer-reliant economy. The annual growth of the central bank's real sales index stood at 25.1% in March versus 18.8% in February.

Bank Indonesia (BI) recorded that the 7.7 million outbound travellers in 2013 had contributed to an increase in the services trade deficit of US\$12.07 billion from \$10.3 billion the previous year. BI data revealed a \$1.4 billion deficit on transportation services was in line with an increase in travel on foreign carriers.

The National Economic and Development Authority (NEDA) is optimistic the Philippine economy grew faster than expected in the Q1 of 2014. The country's GDP expanded by 6.5% y-o-y in the Q4 of 2013, and grew 7.7% in the Q1 of 2013.

Vietnamese exports to the EU currently enjoy the EU's Generalized System of Preferences (GSP), which provides developing countries preferential access to the EU market through reduced tariffs. However, local companies would need to be aware of technical barriers to trade imposed by the EU and increase investment to improve product quality.

Cambodia's tourism sector is growing at an unsustainable rate as the skilled workforce fails to keep pace with rising demands and opportunities in the hospitality industry, Ministry of Tourism and Industry said. Last year foreign tourist arrivals to Cambodia reached 4.2 million, an increase of 14.1% compared to the 3.68 million in 2012. During the first three months this year, arrivals hit 1.2 million, up 10% on the same period in 2013.

North East Asia

China will boost its business service industries to restructure its economy, stimulate domestic demand and increase job opportunities, according to a statement released after a State Council executive meeting. The announcement is part of a broader central government

effort to build up the nation's long underdeveloped service sector and wean the economy from its heavy reliance on manufacturing.

Japan's GDP in the Q1 of 2014 grew 5.9% from the same period of last year, up for the sixth straight quarter, due to increased spending ahead of a sales tax increase on 1 April, the government said. On a q-o-q basis, the data was up 1.5%.

Japan's prices of corporate goods in April rose 4.1% from a year before, the Bank of Japan said. The price index for goods at production and wholesale stages stood at 105.7 against 100 for the base year of 2010, it said in a preliminary report. M-o-m, the index was up 2.8%.

South Korea will step up its monitoring of financial market situations at home and abroad as the government remains worried about lingering external risks, the country's top economic policymaker said.

Australasia

The Australian government announced plans for new infrastructure projects costing US\$117.04 billion to keep the economy going after the mining boom ends. The new funding and existing projects are expected to boost infrastructure investment to US\$47 billion by end of the decade.

The pace of expansion in New Zealand's manufacturing sector eased in April, to dip below the 4-month average, as two consecutive long weekends weighed on production. The BNZ-Business NZ seasonally adjusted performance of manufacturing index fell to 55.2 in April, from a downwardly revised 58 in March, and 55.9 in April last year.

Middle East and North Africa

Egypt will speed up structural economic reforms this year, led by cuts in energy subsidies, regardless of whether it strikes a deal on IMF financial aid, Finance Minister Hany Kadry Dimian said. The economy has been hammered by three years of upheaval that followed the 2011 toppling of President Hosni Mubarak, and the government will give priority to crucial tax increases and politically risky cuts to generous state subsidies for fuel.

The demand for real estate in Saudi Arabia is expected to remain healthy as the rising Saudi population and evolving lifestyles are expected to keep real estate demand positive in the years to come. This is anticipated across the Kingdom, but especially in the major urban centers of Riyadh, Jeddah, Makkah, Al-Khobar and Dammam.

Western Europe

Germany's inflation rate rose in April, ending the downward trend of previous months, the Federal Statistical Office (Destatis) said. Consumer prices increased by 1.3% in April compared with the same month of previous year. The CPI stood at 1% in March, following a rate of 1.2% in February. Destatis attributed the increase in April to upsurges in package holiday prices, which rose by 10.4% on April 2013.

France's CPI was unchanged in April following a 0.4% rise recorded a month earlier, the national statistics bureau Insee said. Y-o-y, the inflation rate grew by 0.7%. The relative stability of the CPI in April masked some contrasts in price evolutions of different categories of services and manufactured products which cancelled out each other.

Italy's public debt in March rose to a new record high of €2.12 trillion euros (US\$2.9 trillion), the Italian central bank said. The country's debt, which is around 133% of its GDP, increased by €12.8 billion (US\$17.5 billion) between February and March, the central bank said.

The British unemployment rate dropped to 6.8% in the Q1 of 2014, down from 7.2% in the previous quarter, thereby marking its lowest level over the past five years, Office for National Statistics data showed. There were 2.21 million unemployed people in the Q1 of 2014, down 13,300 from the previous quarter. British employees' total pay in the same period was 1.7% higher than a year earlier, with pay excluding bonuses 1.3% higher.

The Spanish annual inflation rate stood at 0.4% in April, according to the National Institute of Statistics (INE). The rate was 0.5% higher than annual inflation rate in March when prices fell by 0.1% y-o-y in the country. The INE reported that inflation rate of housing stood at 2.6% in April, which meant an increase of more than 1.5% y-o-y.

North America

US producer prices jumped for the second month in a row in April. The producer price index rose 0.6% in April, following a 0.5% gain in March, the Labor Department said. It was the largest month-over-month increase since September 2012. Excluding food and energy prices, core PPI increased 0.5% after a 0.6% rise in March.

South America

Argentina's inflation eased further in April thanks to price accords covering consumer staples and basic materials like steel. The CPI rose 1.8% in April from March, Economy Minister Axel Kicillof said.

Oil & Gas News

Brent for June settlement was 5 cents lower at \$110.14 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

The price of crude palm oil (CPO) will likely be capped below the RM2,700-per-tonne mark this month, following uncertainties over rising palm oil inventories, the speed of the biodiesel mandate implementation in Indonesia and Malaysia, as well as the looming El Nino weather constraint.

Bullion for immediate delivery traded at \$1,306.43 an ounce at 9:07 a.m. in Singapore from \$1,305.97 yesterday, when prices climbed to \$1,309.09, the highest since May 7.

Currency News

The rupiah gained 0.8% to close at 11,446 per dollar, prices from local banks showed yesterday.

The dollar lost 0.2% to 101.74 yen as of 9:15 a.m. in Tokyo, after touching 101.66.

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-May-14	1,293.25	4.36	109.35	25.08	1.72	2.11	1.25	0.85	9220.84	81.59	2.59	35.03	26.11	3,251.90
15-May-14	1,304.41	4.36	110.14	25.26	1.72	2.11	1.25	0.85	9170.95	81.68	2.58	34.87	25.99	3,264.42
% Change	0.86	0.00	0.72		-0.22	0.06	0.09	-0.43	-0.54	0.11	-0.41	-0.47	-0.47	0.39

*... Malaysia's Economy Grew By 6.2% in Q1 ...
... Demand for OPEC's crude to be higher in the second half of the year ...*

South East Asia

Car sales in Indonesia slowed in April, as customers opted to buy cheaper cars amid concerns over inflation. Vehicle sales totalled 106,811 last month, up 4.5% from the same period last year, according to data from the Indonesian Automotive Industry Association.

Indonesia's tobacco exports fell by 66% over the past five years largely because of lower quality tobacco produced by local farmers. Tobacco exports dropped from 110,000 tons in 2008 to only 37,000 tons in 2013.

The Thai economic slowdown is affecting the ability of SMEs and households to repay their debt, while lending growth across all categories has slowed due to domestic economic uncertainty, the Bank of Thailand said.

The Malaysian economy powered strongly by 6.2% in Q1 2014. Bank Negara Governor said economic activities were driven by domestic demand and a turnaround in exports. All the sectors -services, manufacturing, construction, and agriculture registered strong growth. In Q1, the GDP totalled RM256.9 billion in current terms.

Singapore's exports logged only a small rise in April. Exports of goods made in Singapore rose 0.9% in April from a year earlier, after falling 6.6% in March. Compared with the previous month, exports rose 9.0% in seasonally adjusted terms, after contracting 8.9% on-month in March.

The combined resources of the Philippines' banking sector expanded in March, underscoring the strength of the industry to serve the demand of the growing economy. Data from Bangko Sentral ng Pilipinas showed that the combined resources of universal, commercial and rural banks rose 24% to P10.455 trillion as of March from P8.419 trillion a year ago.

Car sales in Vietnam reached over 41,300 units in the first four months of this year, a y-o-y increase of 36%, according to the information recently released by the Vietnam Automobile Manufacturers' Association.

North East Asia

Foreign direct investment (FDI) into the Chinese mainland went up 3.4% y-o-y to US\$8.7 billion in April. In the first four months of 2014, China drew US\$40.3 billion in FDI, an increase of 5% from a year earlier. About 55.8% of the FDI went into the service sector.

Chinese banks had the biggest quarterly increase in bad loans since 2005 as a slowdown in the world's second-largest economy causes defaults to rise. Non-performing loans rose by 54 billion yuan (US\$8.7 billion) in the three months through March to 646.1 billion yuan, the highest level since September 2008.

Japan's industrial production for March rose a revised 0.7% from the previous month, greater than the preliminary reading of a 0.3% increase. The seasonally adjusted production index for the manufacturing and mining sectors stood at 102.2.

Japanese workers' average monthly wages in fiscal 2013 grew 0.1% from the previous year to ¥313,995, the first rise in three years. Non-regular wages, including overtime pay, rose 3.6% to ¥19,338 in the fiscal year that ended in March. Bonuses and other special payments went up 1.7% to ¥53,593. However, base salaries dipped 0.5% to ¥241,064 on average.

As of 1 April, 94.4% of Japanese university students who graduated this spring and sought employment had secured jobs—the highest rate in five years—a survey by the education and labor ministries showed.

Hong Kong's economy grew 2.5% in Q1 2014, down from 3% on the previous quarter. It was the slowest quarterly growth since September 2012. The moderate growth was due to sluggish exports, as demand from both advanced countries and Asian markets remained lackluster.

Australasia

China drove a series of New Zealand trade records last year. New Zealand's two-way trade of goods and services for last year was valued at NZ\$125 billion, up NZ\$3 billion y-o-y. The value of goods and services exports was NZ\$64.2 billion, up 3% from 2012, with the rise driven by goods exports.

The New Zealand budget for FY15 plans to capitalise on the strengthening economy to increase the fiscal surplus and reduce net public debt, as Fitch Ratings expected. The FY15 budget marks the crown government's first fiscal surplus since 2008 as it projects a core operating balance of 0.2% of GDP in FY15, steadily increasing to 1.3% by FY18.

Indian Sub-Continent

Pakistan's Foreign direct investment (FDI) declined by 13% in the first 10 months of the current fiscal year. FDI flows to Pakistan fell to \$750.9 million during July-April FY14 as compared to \$862.3 million in the corresponding period of the last fiscal year.

Middle East and North Africa

Turkey's February unemployment rate was 10.2%, a slight increase from January's 10.1%. The unemployment rate for women was 11.6% while the rate among men was slightly lower at 9.6%, and the total number of unemployed people in Turkey stood at 2,825,000 for the month of February.

Eastern Europe

Russian energy companies begin to feel pinch as the Ukraine crisis continues and Western nations consider sanctions against Russian energy. If Ukraine's turmoil continues, the Russian economy could lose \$115 billion in revenues in 2015.

Western Europe

The Eurozone was expected to register a trade surplus of €17.1 billion in March, down from a surplus of €21.9 billion in the same period last year. Compared with February, the Eurozone's seasonally-adjusted exports fell by 0.5% and imports by 0.6% in March.

France recorded zero growth in the first three months of the year on weak consumption and wane investment. French growth stagnated for Q1 2014 as households' expenditure and investment, the economy's growth engines, fell by 0.5% and 0.9% respectively.

French government will move to help out the country's most hard-up tax payers by exempting 1.8 million households from income tax on their 2013 earnings, the French Prime Minister announced.

South America

Argentina's economy contracted for the first time since September 2012. GDP fell 0.9% in March from a year earlier. Argentina's economy is slowing as the government implements policies to stem a drain on the country's foreign reserves, which are hovering near a seven-year low.

Chile's central bank kept its monetary policy rate unchanged at 4.0% while leaving the door open for more policy rate cuts going forward. The central bank reduced its policy rate twice so far this year as economic growth weakened.

Oil & Gas News

Demand for OPEC's crude will be higher in the second half of the year than previously estimated as inventories in developed economies remain depleted, according to the International Energy Agency. The Organization of Petroleum Exporting Countries will need to provide an average of 30.7 million barrels a day in the second half, or 800,000 a day more than it pumped last month, the IEA said.

Commodity News

Wheat futures for July delivery fell 0.6% to close at \$6.7425 a bushel at 1:15 p.m. on the Chicago Board of Trade.

Currency News

The euro declined 0.1% to \$1.3694 at 5 p.m. New York time, after falling to \$1.3648 yesterday.

The rupee gained 2.3% this week and 1% yesterday to 58.685 per dollar as of 10:21 a.m. in Mumbai.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
15-May-14	1,304.41	4.36	110.14	25.26	1.72	2.11	1.25	0.85	9170.95	81.68	2.58	34.87	25.99	3,264.42
17-May-14	1,293.52	4.41	109.75	24.89	1.72	2.10	1.25	0.85	9113.28	81.03	2.58	34.94	25.95	3,262.59
% Change	-0.83	1.15	-0.35		0.10	-0.27	0.10	0.27	-0.63	-0.79	0.13	0.22	-0.15	-0.06

Economic & Financial News

Research & International Division

20/5/2014

*... The number of jobless people in South Korea exceeded 3 million ...
... Five-year plan to develop Saudi Arabia's education sector ...*

South East Asia

Thailand's economy shrank in the Q1 as exports remained weak and domestic activity was affected by months of political unrest, adding to fears the country is sliding into recession. GDP contracted 2.1% in Q1 2014 from the previous quarter and was 0.6% smaller than a year earlier.

The Philippines balance of payments (BOP) recorded a deficit in April due to payments of foreign-exchange denominated debt, the Bangko Sentral ng Pilipinas (BSP) reported yesterday. The deficit in the BOP amounted to \$19 million in April, a reversal of the \$274-million surplus recorded in the same period last year.

The Philippines vehicle importers and distributors posted a 14% growth in sales to 11,712 units in the first four months of the year, as both the passenger car and commercial vehicle segments performed well during the period.

Myanmar aims to reduce its poverty level by 10% to 16% by next year. With many earning just US\$2 a day, the government wants to change that by various means, such as providing government loans to small local businesses, which ordinarily have no access to financial assistance.

North East Asia

China's property sector showed further signs of cooling for the month of April -- average prices of new homes in 70 major cities rose 6.7% on-year, down from 7.7% a month earlier. Some economists said that the real estate downturn could be the main drag on China's growth this year.

The number of new condominiums on sale in the Tokyo Metropolitan area dropped in April by the biggest margin in more than 5 years. The number was down nearly 40% from a year earlier. The plunge is partly due to caution by condo developers. They are considering raising prices to reflect higher construction costs.

The number of jobless people in South Korea, including the underemployed and those preparing to apply for jobs, exceeded 3 million in April, more than three times the government's official figure, data showed yesterday. The figure includes people working less than 36 hours a week with intent to work longer, those preparing to apply for jobs and those who have given up searching for work due to tough market conditions.

South Korea's producer prices fell last month, posting a longest decline in the country's history, on the back of lower commodity prices and the currency's ascent to the U.S. dollar. The producer price index (PPI) slid 0.3% in April from a year earlier, according to the Bank of Korea. It was the slower decline compared with falls of 0.5 in March and 0.9% in February.

Indian Sub-Continent

Overseas direct investments by Indian corporates rose to US\$5.58 billion in April from US\$5.23 billion in the previous month. Total overseas direct investments from India in April included US\$1.15 billion in equity, US\$268.16 million in loans and US\$4.16 billion in guarantees, the Reserve Bank of India said.

Middle East and North Africa

King Abdullah has approved a five-year plan worth more than 80 billion riyals (US\$21.33 billion) to develop Saudi Arabia's education sector. The plan includes building 1,500 nurseries, providing training for about 25,000 teachers and establishing educational centers and other related projects. The SR80 billion are in addition to what is being allocated annually to the education ministry, SPA said.

Eastern Europe

Russia reduced its 2014 domestic borrowing plan by 46% as the world's largest energy exporter expects to turn a fiscal surplus, Finance Minister Anton Siluanov said. The government lowered the fundraising target to 435 billion rubles from 808 billion rubles. The ministry projects a budget surplus of 0.5% of GDP.

Russia has invested \$200 billion in Ukraine's economy over the last 20 years, including discounts on natural gas prices, Russian Minister of Economic Development Alexei Ulyukayev said.

Western Europe

The final details of a flagship pension reform to lower the retirement age agreed on by German Chancellor Angela Merkel's coalition, mainly for some people that economists have warned could hurt Europe's biggest economy.

Italy will fail in its call to relax the euro zone's rules on national debt and deficits and should focus on reforming its economy instead, a senior European Commission official said. Italy plans to propose easing the euro zone's fiscal rules in the autumn, as it tries to get its economy off the floor.

Nearly 50,000 Spanish families lost their homes in 2013, up 11% than a year earlier, as the country's economic crisis showed little sign of abating. A total of 49,694 families lost their homes, the Bank of Spain figures showed.

Bad loans held by Spanish banks fell for the second month in a row in March. The Bank of Spain showed that nonperforming loans stood at €192.77 billion, down from €195.24 billion in February. In total, 13.38% of lenders' outstanding debts were classified as nonperforming at the end of the month.

Oil & Gas News

Brent for July settlement fell 38 cents, or 0.4%, to \$109.37 a barrel on the London-based ICE Futures Europe exchange yesterday.

Commodity News

The expected onset of the El Nino weather phenomenon in June or July is expected to drive palm oil prices between 10% and 15% higher in Malaysia and Indonesia. The phenomenon persisted until the first quarter of next year, global CPO prices may increase between 10% and 15% to hover around RM2,800-RM3,000 per tonne.

Bullion for immediate delivery traded at \$1,293.75 an ounce at 9:58 a.m. in Singapore from \$1,292.97 yesterday.

Currency News

The baht weakened as much as 0.6%, the biggest intra-day loss since March 20, before trading 0.3% lower on the day at 32.56 per dollar as of 8:45 a.m. in Bangkok.

The euro was little changed at 139.18 yen as of 11:05 a.m. in Tokyo from yesterday, when it touched 138.62, the lowest since Feb. 7.

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-May-14	1,293.52	4.41	109.75	24.89	1.72	2.10	1.25	0.85	9113.28	81.03	2.58	34.94	25.95	3,262.59
20-May-14	1,294.45	4.48	109.48	24.44	1.71	2.10	1.25	0.85	9074.41	81.18	2.57	34.87	25.98	3,266.31
% Change	0.07	1.59	-0.25		-0.19	0.10	-0.10	0.05	-0.43	0.19	-0.36	-0.22	0.14	0.11

Economic & Financial News

Research & International Division

21/5/2014

*... Tunisia will raise subsidised petrol prices by 6.3% ...
... Indonesian government decided to increase the budget deficit ...*

South East Asia

The Indonesian government had decided to increase the budget deficit from Rp175.4 trillion or 1.69% to Rp251.7 trillion or 2.5% of the GDP in the revised 2014 national budget. The decision was taken because tax is down and economic growth is slower, while subsidy is increasing, Finance Minister Chatib Basri said.

The Thai revenue department plans to provide more incentives for businesses and to improve tax collection efficiency in preparation for the ASEAN Economic Community (AEC) in 2015. For taxation under the AEC blueprint, the department has achieved the reduction of duties for six ASEAN countries to zero since 2010 and now aims to achieve the same for the ASEAN CLMV countries.

Singapore's economy grew by 4.9% y-o-y in the Q1 this year, supported by a rebound in manufacturing sector, the Ministry of Trade and Industry said. On a q-o-q seasonally-adjusted annualized basis, the economy grew by 2.3% in Q1, moderating from the 6.9% growth in the preceding quarter.

Singapore's highly leveraged household and banking sector will face some difficulties when US interest rates go up, according to a study by Deutsche Bank. The US Federal Reserve is expected to tighten its monetary policy this year, and there are concerns that some Asian economies will struggle to adjust to the change.

Vietnam exported 181,000 tonnes of rice in the first half month of May worth US\$79.87 million. The association stated that the average price for export rice this month reached \$441.51 per tonnes, down roughly \$21 per tonnes against the same period last month.

The Lao government needs 247 trillion kip (more than US\$30.6 billion) over the five years from 2016-2020 to sustain economic growth of at least 8% annually. If it achieves the targeted figure, equal to 32% of total GDP over that period, Laos will be able to ensure GDP per capita of US\$3,340 by 2020.

Cambodia's exports to Japan increased sharply by 39% over the first three months of 2014 compared to the same period last year, according to data from the Japan External Trade Organization. Total exports reached more than \$178 million at the end of March, compared to \$128 million for the Q1 of 2013, Business Research Institute said.

North East Asia

Japan's trade deficit shrank in April as slower consumer spending after the first sales-tax increase in 17 years dragged on imports. Inbound shipments rose 3.4% from a year earlier, the least in 16 months, the Ministry of Finance said today in Tokyo. Exports increased 5.1%, leaving a deficit of ¥808.9 billion.

Department store sales in Japan saw a double-digit fall in April after the consumption tax increase. But industry officials say consumer spending remains relatively firm. The Japan Department Stores Association says 241 stores nationwide logged US\$4.1 billion in sales last month. That's down 12% from a year earlier. Officials say sales fell across the board, from clothing to general merchandise.

Taiwanese export orders grew for the third consecutive month to US\$38.87 billion last month, driven mainly by electronics due to robust demand for smartphones, the Ministry of Economic Affairs said. The figure was up 2.4% m-o-m and 8.9% y-o-y.

Australasia

Australia's central bank signalled record-low interest rates are set to remain in place as inflation is contained and the economy adjusts to fewer resource projects. Governor Glenn Stevens has held borrowing costs as the government prepared a fiscal tightening strategy set to drag on growth.

Indian Sub-Continent

The Reserve Bank of India (RBI) is in the process of formulating strict guidelines to discourage lenders from mis-selling and to hold them accountable for all products they are offering.

Middle East and North Africa

Saudi Arabia's central bank expects the annual inflation rate to continue easing gradually in the Q2 of this year. Because of the constant decline in inflation rates in most of the major groups, notably the group of food and beverages, the kingdom's inflation rates are expected to continue their gradual decline during the Q2 of 2014," it said in its quarterly inflation report.

The Central Bank of Oman said that Oman's GDP growth may fall to 1.9% - 2.5% and 1.6% - 2.2% in 2014 and 2015 respectively, in case of worst scenarios like a lower global growth and an adverse oil price movement.

Tunisia will raise subsidised petrol prices by 6.3% in the coming days and also decrease subsidies for bread, sugar and other basic materials to trim its worsening budget deficit. Finance Minister Hakim Ben Hamouda told that the government would raise the price of petrol to 1.670 dinars (US\$1.03) a litre from 1.570. The last increase was in March 2013.

Western Europe

The Britain's consumer prices index (CPI) rose to 1.8% in April, up from the five-year-low of 1.6% in March, said Office for National Statistics. The largest contribution to the increase in the rate come from transport costs, principally air fares, sea fares and motor fuels. An overall fall in the price of food was the largest offsetting factor.

Asking prices for homes in Britain hit a new record high in May, adding to concerns about the speed at which the housing market is growing. Asking prices rose 3.6% in the four weeks to May 10 - the biggest ever increase for this period - to an average of £272,003 (\$456,900). They were up 8.9% from a year ago, the highest annual rate since October 2007.

Italy's GDP fell by 0.1% in the Q1 and 0.5% annually, according to the Organisation for Economic Co-operation and Development (OECD). Italy is the only G7 country to register a decrease in its economic growth rate. GDP growth remained stable in the Eurozone at 0.2%, while dropping by 0.3% across the European Union.

Spain's economy is likely to grow in the second quarter at a similar or faster pace than in the first, the country's Finance Minister Luis de Guindos said. In the first three months of the year, the economy grew 0.4% compared with the previous quarter--its fastest quarterly pace in six years, driven by stronger internal demand.

South America

Chile's economy grew 2.6% in Q1 compared with a year earlier, its slowest quarterly expansion since January to March 2010, as investment contracted, the central bank said. In seasonally adjusted terms, gross domestic product expanded 0.7% in the Q1 versus the Q4 of 2013. GDP was lifted by net exports, while domestic demand posted a marginal drop, the central bank said.

Oil & Gas News

Brent for July settlement gained 7 cents to \$109.76 a barrel on the London-based ICE Futures Europe exchange.

Natural gas for June delivery gained 8.2 cents to \$4.552 per million British thermal units on the New York Mercantile Exchange.

Commodity News

Gold futures for June delivery rose 0.1% to settle at \$1,294.60 yesterday on the Comex in New York.

Currency News

The yen was little changed at 101.28 per dollar as of 9:50 a.m. in Tokyo from yesterday, when it added 0.2%.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
20-May-14	1,294.45	4.48	109.48	24.44	1.71	2.10	1.25	0.85	9074.41	81.18	2.57	34.87	25.98	3,266.31
21-May-14	1,293.89	4.54	109.73	24.17	1.72	2.10	1.25	0.86	9145.78	81.20	2.57	34.94	25.98	3,256.16
% Change	-0.04	1.34	0.23		0.05	-0.02	0.00	0.65	0.79	0.02	-0.10	0.21	-0.03	-0.31

*... Russia and China on signed a \$400 billion natural gas deal ...
... Bank of Japan decided to keep its monetary policy unchanged ...*

South East Asia

Indonesia's government will not fully hand over economic system to market mechanism because Indonesia has chosen "the third way" for its economy that neither uses market fundamentalism nor a tight economic system in controlling the market, President Susilo Bambang Yudhoyono stated. The market requires precise government control and role, particularly in controlling inflation.

Indonesia aims to be world's largest pearl producer where 50% of the world's total pearl production comes from Indonesia, with a total export value of US\$29 million a year, Maritime and Fisheries Affairs Minister Sharif Cicip Sutardjo said. He said that the ministry had committed to developing fields that would support the country's pearl industry, such as pearl cultivation areas, human resources and technology.

Bank Negara Malaysia says it has no immediate plan to introduce new lending curbs, even as the household debt level remains stubbornly high, but it is keeping its option to raise interest rates. The central bank has kept the OPR steady at 3% since May 2011, which had enabled Malaysia to sustain a steady growth of 4.7% in 2013, despite the challenges in the global economy.

Thailand's world competitiveness ranking slipped to 29th place this year from 27th amid the political uncertainty, while both Malaysia (12) and Indonesia (37) made gains among countries in Asia, said in a report in IMD World Competitiveness Yearbook 2014.

Myanmar's fuel demand rose more than 5% to over 40,700 barrels per day (bpd) in the fiscal year to March, energy ministry data showed. Myanmar relies on oil imports, with the private sector importing more than 24,990 bpd in the last fiscal year. Myanmar imported about 15,825 bpd of fuel in the last fiscal year, with diesel accounting for nearly half, gasoline just over a third and jet fuel the rest.

More than 20,000 new jobs for Lao people were created during the first half of this fiscal year including more than 10,700 jobs taken up by females, according to Ministry of Planning and Investment. However, the jobs created so far remain well short of the target set by the government to create about 53,000 jobs for Lao people nationwide every year.

North East Asia

Slowing economic growth in China is pushing up the number of jobless in urban areas in the first

quarter of this year. The country's labour ministry said about 9.4 million people were unemployed at the end of March, up around 140,000 from 3 months ago. It said the figures remain at low levels, and employment has basically been stable so far this year. However, observers expressed uncertainty about a recovery in the job situation due to a downbeat outlook for exports.

Bank of Japan decided to keep its monetary policy unchanged at its two-day Policy Board meeting that ended yesterday. The central bank will continue money market operations so the country's monetary base, the combined balance of currency in circulation and commercial financial institutions' current account deposits at the bank, will increase at an annual pace of ¥60 trillion to ¥70 trillion, the central bank said.

South Korea's central bank expressed concerns over signs of weakening domestic demand over the past month in the wake of the ferry accident on April 16. The ferry disaster is taking a toll on the service sector and self-employed and small-business owners in particular, along with the recent appreciation of the Korean won, Lee Ju-yeol, the Bank of Korea governor said. The government is now looking to spend an additional ₩7.8 trillion (US\$7.7 billion) during the first half the year as part of efforts to prop up domestic demand.

Australasia

The real wages of Australians are going backwards as resources companies finally crimp workers' salaries. Australian Bureau of Statistics figures show wages grew 2.6% in the 12 months to the end of March - the equal slowest growth in the 17 years the bureau has kept a wage price index. In the 12 months to the end of March, inflation rose 2.9%, leaving overall wages going backwards 0.3 percentage points.

Australia's exports to China were valued at A\$102 billion in 2013, an increase of A\$22 billion or 28% on 2012. In 2013, Minister for Trade and Investment Andrew Robb announced. China, Australia's biggest trading partner, accounted for almost a third of Australia's total goods and services exports. Japan was Australia's second largest export market in 2013 with A\$50 billion.

Indian Sub-Continent

The Indian economy will grow 5% in 2014 and record a slightly higher expansion of 5.5% next year on stronger consumption and investment, a UN report said. Several of the region's economies, including India, have

seen lower inflation, stronger external balances and more stable currencies in recent quarters, conditions that are expected to support business and consumer confidence.

Middle East and North Africa

The overall position of financial stability in Oman remained comfortable with scenario of GDP growth, inflation and fiscal balance quite positive. Continued prospects for this year are likely subject to oil prices remaining stable, said the Central Bank of Oman.

Real estate prices in the UAE are showing signs of stabilisation after strong growth in the past two years, particularly in Dubai, according to Standard & Poor. The rating agency believes a big drop in prices is unlikely in the short term.

There was a massive increase in the number of tourist trips made within the Saudi Arabia in 2013. According to Saudi Commission for Tourism and Antiquities, the number of domestic tourism trips rose from 19 million in 2012 to 23.8 million in 2013, an increase of 4.8 million. Domestic tourism has pushed up local tourist spending to SR28 billion.

Jordan's trade deficit narrowed by 4.6% in the Q1 of 2014 from a year earlier to 2.3 billion dinars, the government statistics said, mainly due to increased exports of pharmaceuticals and fresh produce.

Eastern Europe

After decades of negotiation, Russia and China on finally signed a \$400 billion natural gas deal, which will Russian state gas giant Gazprom provide a trillion cubic metres in gas to the world's second largest economy over 30 years.

Western Europe

Britain's retail sales soared in April, as the Bank of England appeared a step closer to raising its record-low interest rate. Retail sales surged 6.9% compared with April 2013, the Office for National Statistics (ONS) said.

Machinery remains Italy's largest export product to Qatar with a recorded total of €415.4 million, or a 38.6% jump, in 2013 followed by furniture, helicopters, and iron works, the Italian embassy said. Total trade volume between Qatar and Italy in 2013 amounted to €2.780 billion with Italy exporting €1.07 billion worth of

machinery, furniture, helicopters, and iron works, and its gas imports reaching €1.704 billion.

North America

Policymakers of the U.S. central bank broadly agreed to start weighing options in their meeting in late April for phasing out unconventional monetary easing, according to the minutes released. The policymakers reached the agreement as it would help the Federal Open Market Committee "to make decisions about approaches to policy normalization" the minutes said.

South America

Argentina's trade surplus narrowed 7% on the year to \$926 million in April, amid a steep decline in exports of farm products and manufactured goods. Unable to borrow money abroad, the government depends on U.S. dollars from trade to pay creditors and support the Argentine peso. However, double-digit inflation and a sluggish Brazilian economy have crimped Argentine exports to 13% on the year at \$6.4 billion last month.

Brazil's economy added a net 105,384 payroll jobs in April, the Labour Ministry said, as compared to 13,117 jobs in March, the lowest result for that month since 1999. The pace of job creation has slowed in Brazil, but unemployment remains around record lows as more Brazilians opt to dedicate time to education and training.

Oil & Gas News

Oil rose to \$110 a barrel, supported by an unexpected decline in US crude inventories last week and by persistent disruption to Libya's output amid renewed fighting.

Commodity News

Bullion for immediate delivery declined as much as 0.2% to \$1,290.13 an ounce and was at \$1,292.43 by 1:01 p.m. in Singapore.

Currency News

The ringgit appreciated 0.2% to 3.2083 per dollar as of 10:56 a.m. today in Kuala Lumpur.

The U.S. currency gained 0.3% to 101.67 yen as of 7:02 a.m. in London from yesterday.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
21-May-14	1,293.89	4.54	109.73	24.17	1.72	2.10	1.25	0.86	9145.78	81.20	2.57	34.94	25.98	3,256.16
22-May-14	1,293.63	4.49	110.44	24.60	1.72	2.11	1.25	0.86	9180.21	80.72	2.57	34.94	25.99	3,263.70
% Change	-0.02	-1.10	0.65	0.10	0.29	0.18	0.55	0.38	-0.58	0.05	-0.01	0.05	0.23	

Economic & Financial News

Research & International Division

24/5/2014

... Turkey's central bank cut key interest rate ...
... Canada's annual inflation rate rose to central bank's target in April ...

South East Asia

Consumer prices in Singapore rose by 2.5% last month, stronger than the 1.2% registered in March due to on-year increase of car prices, the Monetary Authority of Singapore reported.

Standard & Poor's (S&P) has affirmed its 'AAA' long-term and 'A-1+' short-term sovereign credit ratings on Singapore. S&P said this reflects Singapore's extensive fiscal and external strengths, effective policy-making, and political stability. However, S&P also warned that brisk credit growth relative in real terms and vulnerabilities in a small and open economy present some risks to Singapore's credit profile.

The Philippine economy GDP likely to grow 6.7% in Q1 2014, within the range of the government's 6.5%-7.5% growth target, Moody's Analytics said in a report.

Consumption in Indonesia would rise 40% during Ramadhan. Spending on transportation, clothes and souvenirs will also increase, not only on food, said Deputy Trade Minister Bayu Krisnamurthi. Prices of goods before Ramadhan were projected to rise between 4% and 11%.

Thailand's tourism sector has called for the urgent formation of a new government to lure back tourists so the industry can continue to grow. The military on Thursday declared a coup and curfew that rocked the inbound tourism industry.

Strong trade activities help boost economic growth in Vietnam. According to General Statistics Office, total retail sales of goods and service revenue reached almost VND940 trillion in the first four months of 2014, up 10.5% from the same period last year. Excluding prices, growth reached 5.5%.

North East Asia

The Japanese government kept its basic economic assessment unchanged from the previous month. The Japanese economy is on a moderate recovery trend, while some weak movements are seen lately due to a reaction after a last-minute rise in demand before a consumption tax increase, said the report compiled by the Cabinet Office.

South Korea's trade terms were enhanced last month on the back of lower import costs. The net terms-of-trade index for goods increased 0.7% y-o-y in April, according to the Bank of Korea. The gain came after import costs reduced faster than export prices, which fell 1.1% y-o-y last month. The import prices declined 1.8% in the same period.

Monthly household income in South Korea grew 5% on-year during Q1 2014, thanks to improving labour market conditions that led to more employment. The income of households consisting of two members or more averaged ₩4.4 million (US\$4,294) per month in Q1 2014, according to the report by Statistics Korea. When adjusted for inflation, income grew 3.9%.

Middle East and North Africa

Turkey's central bank has cut a key interest rate. It says the lira is stabilizing after a period of sustained weakening. The bank's policymakers decided to lower the one-week repo rate from 10% to 9.5%. The bank's latest move comes despite a rise in the inflation rate to 9.38% in April.

Western Europe

Driven by domestic demand, Germany's economy doubled its growth in Q1 2014, the German Federal Statistical Office (Destatis) said, confirming its preliminary estimate earlier this month. The GDP increased by 0.8% in Q1 2014, compared with Q4 2013, when the economy expanded moderately by 0.4%.

German lawmakers approved a major pensions overhaul. The new rules will allow some workers to retire at the age of 63, while the norm of 67 is being progressively phased in for workers after a 2007 change. For mothers whose children were born before 1992, the reforms are set to cost €60 billion up to 2020.

The German Ifo business confidence fell in May, as companies become less optimistic about their future business development. The Ifo economic institute's closely watched business climate index fell to 110.4 points this month, from 111.2 points in April.

Britain's public sector net borrowing or fiscal budget deficit in fiscal year (FY) 2013/14 decreased by £7.8 billion (US\$13.2 billion) to £107.4 billion from FY 2012/13, said the Office for National Statistics.

Italy's 2014 GDP will include the economic value of illegal activities in line with the calculation methodology in other European countries, national statistics institute Istat said. Drug trafficking, prostitution and smuggling (cigarettes or alcohol) will all be considered in measuring national accounts by Italy and other European countries to ensure comparability between the figures produced by the member states.

Standard & Poor's boosted Spain's credit rating, hailing signs of economic recovery despite massive unemployment in the Eurozone's fourth-biggest economy. It hailed improving economic growth and competitiveness due to looser hiring-and-firing laws and other structural money-saving measures since 2010.

Portugal's public debt rose to 132.4% of GDP in Q1 2014, compared with 129% registered in 2013. The country's public debt reached €220,684 million (US\$301,498 million) in March this year, according to Bank of Portugal. Public debt was 129% of GDP at the end of 2013.

Fitch upgraded Greece's credit rating from B- to B, referring to an "admirable fiscal adjustment", pointing to recent positive developments such as the achievement of a primary surplus for first time since the start of the crisis in 2009.

North America

The number of people seeking US unemployment benefits jumped last week, but remained at a low level that suggests hiring should remain steady. Applications rose 28,000 to a seasonally adjusted 326,000, the Labor Department said.

Sales of new US single-family homes rose more than expected in April and the stock of houses on the market hit a 3-1/2 year high, further signs the sputtering housing recovery may be close to picking up. The Commerce Department said sales increased 6.4% to a seasonally adjusted annual rate of 433,000 units, ending two straight months of declines.

Canada's annual inflation rate rose to the central bank's 2% target in April for the first time in two years, further dampening talk of a cut in interest rates, Statistics Canada said. Energy prices rose 2.4% on the month, with natural gas jumping a further 8.2%.

Mexico's GDP grew 0.3% q-o-q in Q1 2014, from 0.13% in Q4 2013, due to weak domestic demand and sluggish industrial activity, the national statistics institute said. At an annual pace, GDP expanded 1.8% y-o-y in Q1 2014, but up from a 0.7% rise in Q4 2013.

South America

Brazil's current account deficit was bigger in April due to a jump in the repatriation of profits and dividends by foreign companies, central bank data showed. Foreign companies repatriated US\$3.3 billion, up sharply from the US\$2.5 billion sent abroad in April 2013.

Oil & Gas News

Brent for July settlement gained 18 cents to end the session at US\$110.54 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold futures for August delivery fell 0.3% to settle at US\$1,291.90 an ounce at 1:44 p.m. on the Comex in New York. This week, the price dropped 0.1%.

Currency News

The euro fell 0.2% to US\$1.3629 at 5 p.m. New York time, after dropping to US\$1.3616, the weakest since February 13.

The ringgit advanced 0.7% for the week to 3.2115 per dollar at the close yesterday 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
22-May-14	1,293.63	4.49	110.44	24.60	1.72	2.11	1.25	0.86	9180.21	80.72	2.57	34.94	25.99	3,263.70
24-May-14	1,292.61	4.41	110.54	25.07	1.71	2.11	1.25	0.86	9228.50	81.27	2.56	34.83	25.97	3,278.02
% Change	-0.08	-1.78	0.09	-0.47	0.11	-0.06	-0.03	0.53	0.68	-0.33	-0.31	-0.09	0.44	

Economic & Financial News

Research & International Division

28/5/2014

*... IMF declared Spain's economic recovery here to stay ...
... US home prices rose in March ...*

South East Asia

Malaysia's unemployment rate decreased to 3% in March 2014, Datuk Seri Najib Tun Razak said. This was down 0.2% from the 3.2% in the previous month. According to the report released yesterday, the Malaysian labour force was 13,843,500, with 13,427,800 employed and 415,700 unemployed, as of March 2014.

Singapore's sales for the services sector rose 4.9% y-o-y in Q1 2014, the Department of Statistics said. All services industries saw single-digit growth for the quarter, with the health and social services sector recording the highest growth of 9.5% in turnover, mainly from higher receipts by hospitals and specialised medical centres.

Philippine's merchandise imports grew by 9.6% in March, amid higher purchases of transport equipment and mineral fuels. A total of US\$5.425 billion worth of goods was shipped into the country, up from the revised US\$4.952 billion recorded a year earlier, preliminary data from the Philippine Statistics Authority showed.

Vietnam's exports jumped 16.4% y-o-y to US\$51.59 billion for the May reporting period, while imports rose 11% y-o-y to US\$50.66 billion. Overall, total five month import-export value surpassed US\$102.25 billion, an increase of 13.7% from a year ago.

The US remained the largest market for Vietnamese garment and textiles, importing US\$2.95 billion worth of the products, followed by the EU and Japan that purchased US\$830 million and US\$784 million respectively. Vietnamese garment exports to the United Arab Emirates (UAE) rose 131% to US\$35.8 million.

North East Asia

Profits earned by Chinese industrial firms rose 9.6% y-o-y in April to 468.6 billion yuan (US\$75 billion), slower than 10.7% y-o-y in March, the National Bureau of Statistics said. For the first four months of 2014, profits rose 10% to 1.8 trillion yuan, little changed from the 10.1% for the first quarter.

Japan's net external assets rose to a record ¥325 trillion (US\$3.2 trillion) at end 2013 as a weak yen boosted the value of overseas holdings, making the country the world's biggest creditor nation for 23 years in a row, the finance ministry said. Japan's net external assets were more than 1.5 times those held by China, with ¥207 trillion in net assets at end 2013, followed by Germany whose assets hit ¥192 trillion.

Japanese domestic shipments of home electric appliances were up in April despite a consumption tax hike on April 1st. A spike in demand before the tax increase was beyond expectations, carrying over some shipments to April. The Japan Electrical Manufacturers' Association said firms shipped US\$1.5 billion worth of large appliances in April, up 5.3% y-o-y. Officials of mass retailers said their sales generally fell after the tax rose from 5% to 8%.

Foreign ownership of land in South Korea grew slightly from three months earlier in the first quarter. The amount of land owned by foreign entities came to 227.44 million square meters as of March 31, up 0.67% from three months earlier, according to the Ministry of Land, Infrastructure and Transport.

South Korea's household debts kept a record-breaking trend for four straight quarters reaching ₩1,000 trillion (US\$980 billion) last year. Household credit came in at ₩1,024.8 trillion at end March, up ₩3.4 trillion from three months earlier, according to the Bank of Korea.

Indian Sub-Continent

India's current account deficit narrowed to a new four-year low as higher tariffs reduced gold imports, falling to US\$1.2 billion in Q1 2014, compared with \$4.2 billion in Q4 2013, the Reserve Bank of India said. The deficit was equivalent to 0.2% of GDP for the quarter, while the gap for the fiscal year shrank to 1.7%, from 4.7% in the previous 12 months.

Middle East and North Africa

Inflation in the UAE rose to 2.1% y-o-y in April as housing rents and food prices pushed prices up. The CPI grew to 119.85 points in April, from 119.55 points in March as food and soft drink prices, which accounts for 14% of the basket, increased 2.4% y-o-y and 0.2% m-o-m.

Western Europe

Italian consumer confidence hit its highest level in more than four years in May after Prime Minister Matteo Renzi's government approved income-tax cuts for low earners. The national statistics bureau ISTAT's headline consumer morale index rose to 106.3 in May, from a revised 105.5 in April.

The IMF has declared that Spain's economic recovery is here to stay, hailing a return to growth and job-creation despite the nation's 26% unemployment rate. The IMF noted that Spain grew in Q1 2014 at a quarterly rate of 0.4%, while labour market trends are improving.

North America

US orders for durable manufactured goods rose 0.8% m-o-m in April, from a 3.6% gain in March, the Commerce Department said. The April strength stemmed from a big jump in demand for defence goods including airplanes. Excluding defence, orders would have fallen 0.8% in April.

US home prices rose in March, but the gains are decelerating as fewer Americans can afford to buy. The Standard & Poor's/Case-Shiller 20-city home price index rose 12.4% y-o-y in March, which has slowed from February and January. Home prices rose in 19 of the 20 cities in March compared with the previous month, with only New York registering a slight decline.

US consumers were slightly more confident in the economy in May than in April, partly because of strengthening optimism about future hiring and income gains. The Conference Board said that its confidence index rose to 83, from a revised 81.7 in April.

South America

Brazil to make payroll tax cuts permanent as it strives to fuel employment and economic growth, costing the government 21.6 billion reais (US\$9.7 billion) a year, Finance Minister Guido Mantega said. The reductions will

benefit 56 industries, including paper and pulp producers as well as pharmaceutical companies.

Falls in housing and transport costs help the consumer price index (CPI) for Sao Paulo, Brazil's biggest city, slow in the four weeks ended May 23. The CPI rose 0.36% in the period, compared to a gain of 0.42% in the four weeks ended May 15.

Oil & Gas News

Brent for July settlement climbed 38 cents to US\$110.40 a barrel on the London-based ICE Futures Europe exchange and was at US\$110.30 at 1:15 p.m. Sydney time.

Commodity News

Bullion for immediate delivery decreased 0.3% to US\$1,261.71 an ounce, the lowest price since Feb. 7, and traded at US\$1,262.41 by 8:26 a.m. in Singapore.

Corn futures for July delivery lost 0.3% to US\$4.685 a bushel on the Chicago Board of Trade at US\$4.69 by 10:53 a.m. in Singapore.

Currency News

The euro was little changed at US\$1.3633 at 10:43 a.m. in Tokyo, having weakened 1.7% this month.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
24-May-14	1,292.61	4.41	110.54	25.07	1.71	2.11	1.25	0.86	9228.50	81.27	2.56	34.83	25.97	3,278.02
28-May-14	1,264.02	4.50	110.31	24.51	1.71	2.12	1.25	0.86	9228.50	81.29	2.56	34.85	25.97	3,274.84
% Change	-2.21	2.04	-0.21		0.26	0.14	0.18	-0.34	0.00	0.02	-0.03	0.05	0.00	-0.10

Economic & Financial News

Research & International Division

29/5/2014

*... Russia's oil reserves to produce 600 million tons annually for 30 years ...
... French government faces €14 billion black hole ...*

South East Asia

The Commerce Ministry is optimistic that exports will recover soon after bottoming out last quarter. Shipments will show stronger signs of recovery in the remaining months. Export growth in the first quarter should rebound to between 2 and 3%. Year on year, exports dropped in April slightly by 0.87% to US\$17.24 billion (Bt563 billion) and in the first four months of the year by 0.97% to US\$73.46 billion.

The economy expanded at a slower pace in the first quarter as the Philippines continued to reel from the lingering effects of the natural calamities that hit the country late last year. The Philippine Statistics Authority reported the GDP grew by 5.7% in January to March, compared with 7.7% a year earlier.

The Bangko Sentral ng Pilipinas (BSP) expects inflation this month will settle between 3.9% and 4.7%, not far from the 4.1% rate recorded in April, with the impact of higher food prices offset by lower gas and electricity rates.

Vietnam drew more than US\$5.5 billion in foreign direct investment (FDI) in the first five months of 2014, down over 34% from a year earlier, the Foreign Investment Agency said.

North East Asia

Retail sales in Japan fell 4.4% in April, compared with the same period last year, as the effect of an increase in the country's sales tax began to be felt. Japan raised the tax from 5% to 8% on 1 April - the first hike in 17 years. The country faces rising social welfare costs due to an ageing population and is trying to rein in public debt.

The Japanese government adopted plans to introduce a new system to scrap work hour limits for high-income skilled professionals whose performance can be evaluated by achievements rather than work hours. The system assumes the so-called white collar exemptions to lift work hour restrictions, currently set at eight hours a day, for office workers with high incomes.

South Korea's current account surplus narrowed slightly in April, but strong car and steel exports kept it in the black for the 26th straight month. The April surplus stood at US\$7.12 billion, down 2.2% from a revised US\$7.29 billion in March, the Bank of Korea (BOK) said. Compared with a year earlier, the surplus was up 56.5% from US\$2.57 billion. Asia's fourth-largest economy posted an all-time high surplus of US\$79.88 billion in 2013.

Australasia

New home sales continue to soar, serving as a key support for Australia's economic growth. Sales were up 2.9% in April, the Housing Industry Association showed. Detached house sales rose 1.8% from the previous month while multi-unit sales were up 9.3%.

The highest-earning 15% of New Zealand households are meeting a growing proportion of the country's net income tax bill, with the government forecasting they will pay 74% of net income tax in the current fiscal year, Finance Minister Bill English said.

Indian Sub-Continent

The pace at which the Reserve Bank of India (RBI) is buying dollars to curb appreciation in the rupee may slow down as inflation continues to be sticky. Despite narrowing of the current account deficit (CAD), the rupee has failed to appreciate sharply as RBI interventions continued through state-run banks.

Middle East and North Africa

The average Kuwaiti family earns KD 3,040 monthly and excessive salary increments given to employees reflect high income rates which no other country observes. It stated the magnitude of consumer loans increased with the average Kuwaiti family owing about KD 317,000 in loans and contributing to consumer debt crisis the country is currently facing.

Syria's economy, rocked by four years of civil war, is shrinking fast as industrial and agricultural output falls, leaving almost two thirds of the population in extreme poverty, according to a UN sponsored report. It estimates a 40% contraction in the GDP since the start of the conflict in 2011.

The Egyptian government will launch a tourism development fund worth US\$1 billion in June in a bid to revive the country's ailing tourism industry, Karim Helal, a financial advisor to the Egyptian Federation of Tourist Chambers (EFTC) said. Egypt's Minister of Tourism Hisham Zaazou had earlier said Egypt would contribute around EGP30 million (US\$4.2 million) to the fund to encourage investors.

Eastern Europe

Russia's known oil reserves are enough to provide a yearly extraction of 600 million tons of oil for the next 30 years, Natural Resources Minister Sergei Donskoi said, reaffirming the country may continue to heavily rely on natural resources to sustain its economy.

Western Europe

Unemployment in Germany increased in May in adjusted terms, said German Federal Labor Agency, referring to mild winter effects. The number of people out of job climbed by 24,000 to 2.91 million when seasonally adjusted. Unemployment rate remained steady at 6.7%.

The French government faces a €14 billion black hole in its public finances after overestimating tax income for the last financial year. French President Francois Hollande has raised income tax, VAT and corporation tax since he was elected two years ago. The Court of Auditors said receipts from all three taxes amounted to an extra €16 billion in 2013. That was a little more than half the government's forecast of €30 billion of extra tax income.

The number of people without a job in France rose by 14,800 in April to a new record, undermining President Francois Hollande's campaign to bring unemployment down. Labour ministry reported that the number of people registered out of work reached 3,364,100 in mainland France, an increase 0.4% over one month and 3.5% over one year.

Spanish retail sales rose 0.7% y-o-y on a calendar-adjusted basis in April, National Statistics Institute (INE) reported. Retail sales fell 0.5% in March. Sales have mostly fallen for more than three years as consumer spending weakened in a recession.

The continuing improvement in Greece's economic climate saw bank deposits edge €275.2 million higher in April, figures released by the Bank of Greece, taking the account balance to €161.3 billion.

South America

Argentine foreign currency reserves will end the year little changed at about \$28 billion as a record harvest and a devaluation of the peso halts an outflow of funds, central bank President Juan Carlos Fabrega said. The reserves will stabilize after dropping almost \$15 billion in the past 17 months to \$28.5 billion, aided by about \$30 billion of grain exports this year. Argentina devalued the peso by 21% on Jan. 23 to boost exports, he said.

Argentina's economy ministry said the primary budget surplus jumped more than sevenfold on the year to 3.569 billion pesos (\$446 million) in March, as an increase in revenue boosted by high inflation outpaced a rise in spending. The primary budget balance rose from a surplus of 438.3 million pesos in March last year.

The Brazilian central bank ended a year-long cycle of interest rate increases Wednesday even as inflation remains close to the target ceiling. The bank's monetary-policy committee decided unanimously to keep its benchmark Selic rate unchanged at 11%.

Oil & Gas News

Brent for July settlement was 9 cents higher at \$109.90 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery was at \$1,258.77 an ounce by 9:04 a.m. in Singapore from \$1,258.14 yesterday.

Currency News

The euro was little changed at \$1.3598 as of 10:59 a.m. in Tokyo after falling to as low as \$1.3589 yesterday, a level unseen since Feb. 13.

The kiwi was little changed at 84.93 U.S. cents at 3:07 p.m. in Wellington from yesterday, when it touched 84.70, the weakest since March 12.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
28-May-14	1,264.02	4.50	110.31	24.51	1.71	2.12	1.25	0.86	9228.50	81.29	2.56	34.85	25.97	3,274.84
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
% Change	-0.49	2.67	-0.39	-0.09	-0.23		0.06	-0.07	0.23	-0.09	0.15	0.40	0.14	0.81