

Economic & Financial News

Research & International Division

2/9/2014

*... Japan's fiscal 2015 general-account budget requests reached a record 101.7 trillion yen ...
... India's current account deficit narrowed sharply ...*

South East Asia

Indonesia's inflation accelerated at slower pace at 3.99% in August from 4.53% in July, giving more rooms to the central bank to keep its benchmark interest rate steady, the National Statistic Bureau announced.

Indonesia's trade balance recorded surplus in July due to a sharp fall in imports as economic activity slowed during the Muslim fasting month in Southeast Asia's largest economy. Data from the statistics bureau showed Indonesia ran a small trade surplus of US\$123.7 million in July, compared to a revised deficit of US\$288 million the previous month. The surplus stands in stark contrast to the record US\$2.33 billion trade deficit Indonesia posted in July last year.

Lower fuel prices is expected to keep Thai's inflation lower in the remaining months of the year, but Thai economy has not yet grown significantly this year. The Commerce Ministry yesterday reported that the CPI in August marked three consecutive months of slow growth, at 2.09% y-o-y, and dropped by 0.08% compared with July this year.

Thai's rice shipments in July surged to almost one million tonnes - its highest amount in almost three years - thanks to lower rice prices, a weakening baht, and a high amount of exports to Africa. The Thai Rice Exporters Association revealed that rice exports in July reached 941,691 tonnes, the highest figure since the 1.01 million tonnes in August 2011.

North East Asia

Japan's fiscal 2015 general-account budget requests reached a record 101.7 trillion yen, as PM Abe is eager to take steps to prevent a sharp decline in the country's population, government officials said Friday. It is the first time that the budget requests topped ¥100 trillion, underscoring the difficulty in restoring the nation's fiscal health.

Capital spending by Japanese companies rose 3% from a year earlier in the April-June period, despite a bearish economic outlook following the first consumption tax hike in 17 years. Business investment by all non-financial sectors for purposes such as building plants and introducing new equipment gained for the fifth straight quarter in the three months through June to ¥8.56 trillion yen, the Finance Ministry said.

Exports by trade powerhouse South Korea fell slightly on weaker demand from China in August, underscoring a tentative recovery for Asia's fourth-largest economy and leaving the door open for another rate cut before year-end. South Korean exports fell 0.1% y-o-y to US\$46.3 billion in August while imports rose 3.1% to US\$42.9 billion, the Trade Ministry data showed.

South Korea's inflation rate slowed to 1.4% in August, helped by stable prices of farming goods. The increase in the consumer price index was compared to a 1.6% gain in July. It was the slowest growth pace since April when consumer prices rose 1.5%.

South Korea will likely set its tariffs on rice imports at more than 500%. The government plans to set the import tariff rate at the highest possible level to protect the country's rice industry, the official from the Ministry of Agriculture, Food and Rural Affairs said.

Car sales by South Korean automakers fell sharply last month from a year earlier amid labour-management wage disputes and people taking time off for summer vacation. The combined sales of five local car manufacturers reached 638,372 vehicles in August, down 7.3% from 688,708 vehicles sold a year ago. The total excludes complete knockdown (CKD) kits shipped abroad for assembly.

Indian Sub-Continent

India's current account deficit (CAD) narrowed sharply to 1.7% of the GDP in Q1 of this financial year compared to 4.8% of the GDP in Q1 of the previous fiscal. The lower CAD was primarily on account of a contraction in the trade deficit contributed by both a rise in exports and a decline in imports, the Reserve Bank of India said. It said CAD declined to US\$7.8 billion in Q1 of fiscal 2014-15 from US\$21.8 billion in Q1 of fiscal 2013-14.

Growth in eight core Indian industries slowed down to 2.7% in July due to decline in production of crude oil, natural gas, refinery products, fertilisers and steel. Growth in the infrastructure sector, which has a combined weight of about 38% in the Index of Industrial Production (IIP), stood at 5.3% in July 2013. Crude oil, natural gas, refinery products, fertilisers and steel recorded a negative growth of 1%, 9%, 5.5%, 4.2% and 3.4%, respectively in July.

Middle East and North Africa

Kuwait's CPI eased from 2.9% y-o-y in June, to 2.7% y-o-y in July, amid a slowdown across most sectors. Core inflation has outstripped the headline inflation rate for three months now on housing price pressures. Higher international food prices are expected to apply some upward pressure on the overall inflation rate later this year.

Saudi Arabia's central bank has published new consumer lending regulations which give it the power to cap retail lending at individual banks and limit the fees that banks can charge. Saudi banks' combined consumer loan book stood at SR333.8 billion at the end of March, up 8.6% y-o-y. That was 28.7% of all their lending.

Egypt's central bank kept its overnight deposit and lending rates at 9.25% and 10.25% respectively, as widely expected given competing pressures from high inflation and economic stagnation.

Western Europe

Germany posted its biggest budget surplus since reunification in H1 of 2014, underscoring the strength of its finances at a time it faces growing pressure to loosen the fiscal reins and spend more to bolster growth in Europe. The budget figures came as a detailed breakdown of German GDP data showed that a sharp decline in capital investments contributed to a 0.2% contraction in Q2.

Italy posted a state sector budget deficit of €7.5 billion in August compared with a deficit of €9.4 billion in August last year. For the first eight months of the year, the deficit stood at €50.4 billion, around €10.6 billion less than in the same period of 2013.

Greece's economy shrank 0.3% in Q2 this year. In addition, Q1 contraction was revised up to 1.1% up from the initial 0.9%, pushing the GDP decline in the first half of 2014 to 0.7%.

Oil & Gas News

Brent for October settlement was up 3 cents at \$102.82 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery lost as much as 0.2% to \$1,282.96 an ounce and was at \$1,283.66 at 9:50 a.m. in Singapore

Currency News

The dollar rose 0.3% to 104.68 yen at 11:14 a.m. in Tokyo after advancing to 104.71, the strongest since Jan. 23.

The ringgit weakened 0.5% from its closing level on Aug. 29, to 3.1670 per dollar as of 9:53 a.m. in Kuala Lumpur.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
30-Aug-14	1,287.32	4.07	103.19	25.35	1.65	2.07	1.25	0.86	9371.19	83.10	2.53	34.96	25.58	3,327.09
02-Sep-14	1,282.46	4.01	102.81	25.64	1.64	2.07	1.25	0.86	9367.68	83.39	2.52	34.88	25.58	3,315.38
% Change	-0.38	-1.47	-0.37		-0.46	0.08	0.01	0.08	-0.04	0.34	-0.18	-0.23	-0.01	-0.35

Economic & Financial News

Research & International Division

3/9/2014

*... Australia top country with the most overpriced housing market in the world ...
... US construction spending rose in July ...*

South East Asia

Singapore's manufacturing economy contracted in August. The latest Purchasing Managers' Index came in at 49.7, falling by 1.8 points from the previous month. The decline was attributed to lower levels in new orders, inventory and stockholdings of finished goods.

Indonesia's investment authority wants to attract more foreign direct investment (FDI) into manufacturing and other value-added industries to wean the economy off the volatile resources sector. A series of rules introduced this year are aimed at giving the government more revenues from Indonesia's key resource sector have deterred FDI.

Thailand is aiming for a high disbursement of its investment budget to boost economic growth in fiscal year 2015, which starts from Oct 1. The National Council for Peace and Order has approved the budget plan that forecasts a total spending of THB2.575 trillion, including about a THB450 billion investment budget.

Thai economy has to rely on domestic demand to achieve the growth target of 1.5% this year as the export sector is too weak to play its traditional driving role, the Bank of Thailand said. Private consumption, investment and fiscal spending will have to pick up the slack.

Vietnam continued to log a trade deficit with China in the year to August, with imports expected to hit a record high by the end of this year. Vietnam shipped an estimated US\$9.79 billion worth of exports to its northern neighbor in the eight-month period, while imports rose 15.77% y-o-y to US\$27.06 billion. The trade deficit with China thus widened to more than US\$17 billion since the beginning of the year.

North East Asia

More than 4,000 factories using heavy metals have closed in China in the past three years, cutting production of millions of tonnes of batteries. Central and local governments spent CNY41.6 billion (US\$6.7 billion) to prevent and treat heavy metal pollution.

Japanese average monthly pay, including bonuses, rose 2.6% y-o-y in July to ¥369,846 marking a rise of 2% or more for the first time in a decade, the labour ministry said. Bonuses and other non-regular payments surged 7.1% to ¥107,517, contributing to the rise in the average monthly pay at firms with at least five employees.

Japan's new automobile sales sank 9.1% y-o-y in August, as the negative impact of the April 1 consumption tax hike lingered, industry data showed. New auto sales totalled 333,471 units in August, down for the second consecutive month.

Tax revenues for the Japanese government jumped 17.9% y-o-y to ¥5,498 billion in July as receipts from individual income tax rose due in part to growth in summer bonuses. Individual income tax revenue increased 15.8% to ¥3,342 billion, while that from consumption tax rose 17.5% to ¥1,184 billion.

South Korea's foreign reserves fell for the first time in 14 months, ending the 13th straight month of record-breaking trend, on lower conversion value of non-dollar assets such as the British pound and the European single currency, central bank data showed. Foreign reserves were US\$367.53 billion as of end- August, down US\$0.49 billion from a month earlier.

Australasia

Australia has emerged as the top country with the most overpriced housing market in the world, with properties overvalued by 33%. The nation's property prices are measured against average incomes and topples Canada, New Zealand and France for the number spot, in the latest issue of The Economist said.

The Reserve Bank of Australia (RBA) yesterday held the cash rate at a record low 2.5% for the 12th meeting in a row. The bank last cut rates in August last year, when it lowered the cash rate by 25 basis points. RBA Governor Glen Stevens said growth in the global economy was continuing at a moderate pace.

The number of buildings approved rose in Australia by a seasonally adjusted 2.5% to 16,318 in July, from 15,659 approvals in June. Over the 12 months to July, building approvals were up 9.4%, the Australian Bureau of Statistics said.

Middle East and North Africa

The total amount of Egyptian cotton exports decreased 69.7% in Q3 of the agricultural season 2013/2014, according to a Central Agency for Public Mobilization and Statistics report issued. This is due to the decrease of cultivated area as a result of farmers opting to grow other more profitable crops.

Eastern Europe

Russian oil output rose 1% in August to 10.52 million barrels per day, supported by an increase in condensate production at Gazprom and projects with foreign companies, Russian Energy Ministry data showed. Production in Russia, which includes crude oil and gas condensate, was still the world's highest in August.

Western Europe

Industrial production in the eurozone fell 0.1% m-o-m in July, according to estimates from Eurostat. In June, industrial producer prices rose 0.2% in the euro area. On an annual basis, industrial producer prices decreased 1.1% in the euro area and 1.3% in the 28-member European Union.

German new car sales fell 0.5% to 213,100 vehicles in August, amid signs that a recovery in European demand is losing momentum and as luxury car makers rein in discounts.

Manufacturing decreased in Italy and France according to Markit's latest purchasing managers' index data. In August, both countries' readings came in below the neutral 50 level, with France recording 46.9 and Italy 49.8. Germany scored 51.4 and Spain recorded 52.8.

A total of 8,070 people joined Spain's jobless queues in August, the first rise in unemployment after six months of improvement. The rise means there were 4,427,930 Spaniards registered as looking for work at the country's unemployment offices at the end of August, the figures from Spain's employment ministry show.

Spanish property prices edged up 0.97% y-o-y in Q2 2014, according to the Association of Registrars' price index. Prices also increased 1.53% q-o-q. This is the first time that Spanish house prices have risen in six years.

North America

US construction spending rose 1.8% in July, the biggest one-month gain since May 2012, the Commerce Department reported. It followed a 0.9% decline in June, the largest setback in a year, which had been blamed partly on soggy weather which depressed construction activity in many parts of the country.

South America

Brazil's industrial production rose 0.7% in July, the first increase since January, the national statistics agency said. Output fell 3.6% y-o-y. President Dilma Rousseff has attempted to revive growth with tax cuts, billions of dollars in credit and higher social spending.

Oil & Gas News

Brent for October settlement gained as much as 50 cents, or 0.5%, to US\$100.84 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery rose as much as 0.3% to US\$1,269.26 an ounce before trading at US\$1,269.14 by 2:24 p.m. in Singapore.

Currency News

The US currency rose to trade at US\$1.3138 per euro at 7:27 a.m. in London, from US\$1.3133 yesterday.

The won weakened 0.1% to 1,019.63 per dollar, according to data compiled by Bloomberg.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
02-Sep-14	1,282.46	4.01	102.81	25.64	1.64	2.07	1.25	0.86	9367.68	83.39	2.52	34.88	25.58	3,315.38
03-Sep-14	1,262.35	3.91	100.79	25.78	1.64	2.08	1.25	0.86	9373.83	83.70	2.53	34.81	25.60	3,345.82
% Change	-1.57	-2.49	-1.96		0.21	0.13	0.22	0.17	0.07	0.38	0.30	-0.19	0.07	0.92

Economic & Financial News

Research & International Division

4/9/2014

*... Japan budget requests for financial year 2015/16 to total ¥101.68 trillion ...
... Saudi oil exports hit US\$199.17 billion in 8 months ...*

South East Asia

Indonesia improved by four notches to become the 34th most competitive country of 144 nations surveyed by the World Economic Forum for the 2014-15 period, on the back of improving infrastructure development and government accountability.

Thai government has proposed a tax deduction for travel expenses, arguing that it could boost tourism while costing the government only Bt2 billion a year in lost revenue, the Revenue Department said. Meanwhile, the Tourism Authority of Thailand (TAT) is beefing up marketing efforts to lure Japanese tourists back to Thailand during high season, but expects 200,000 fewer visitors from that country this year than projected earlier.

Viet Nam recorded a US\$1.22 billion trade surplus with Australia over the past seven months, the Viet Nam Trade Office in Australia reported. During the period, Vietnamese exports to the market jumped 38.2% y-o-y to US\$2.39 billion.

North East Asia

China is strengthening budget management as government expenditures become more transparent and efficient, according to an executive meeting of the State Council. China is aiming to build a modern fiscal system, a highlight in the country's ongoing fiscal reform. China will step up budget supervision to make sure all government income and spending will be included in the management system, with greater transparency in information disclosure.

Japan's government ministries made a record ¥101.68 trillion in budget requests for the fiscal year starting next April, a draft obtained by Reuters showed. The budget requests compare with ¥95.88 trillion earmarked for this fiscal year's budget. Although the Ministry of Finance in recent years has typically trimmed actual spending by several trillion yen from requested levels when it compiles the budget in December, massive spending requests could add to the difficulties Japan's faces in shrinking its budget deficit and government debt.

South Korea's economy expanded 0.5% in the Q2 from three months earlier but at the slowest pace in over a year. Korea's GDP slowed from a 0.9% growth logged in the previous quarter. Asia's fourth-largest economy expanded 3.5% on-year in the Q2, but the growth was the slowest clip since the Q3 of last year.

Most of the Korean public organizations under special government monitoring of their reform efforts have completed their scheduled "normalization" plans, which could reduce a combined ₩150 billion (US\$147.1 million) in perks for their employees.

South Korea's auto exports dropped sharply from a year earlier in August as output equally fell, the trade ministry said. Outbound shipments of cars fell 18.8% on-year to 182,795 units last month, according to the Ministry of Trade, Industry and Energy.

Australasia

Australia's economy lost pace in the Q2 of 2014 after a sharp fall in exports saw growth expand by just 0.5% following a strong start to the year. Annual growth was 3.1%, figures from the Australian Bureau of Statistics said, compared with a y-o-y expansion of 3.5% in the Q1. Growth came in at to 1.1% in the three months to March.

Indian Sub-Continent

India's GDP growth recovery will help in increasing tax revenues and capital inflows, but high fiscal deficit and inflation numbers presented limited chances of an upward revision in the country's sovereign ratings, global ratings agency Moody's said in a report.

Middle East and North Africa

Turkish consumer prices rose in August as food prices continued to climb, weakening the central bank's hand for further interest rate cuts. Turkish annualized inflation increased to 9.54% in August from 9.32% in July, data from the Turkish Statistics Institute (TurkStat) showed.

The volume of trade between Saudi Arabia and France reached SR454.71 billion in the last 20 years (1994-2013) with a growth rate estimated at 166.7%, according to a financial report. France came in

the 11th rank among countries to which the Kingdom sent exports by the end of 2013 at SR 32.2 billion, or 2.3% of Saudi Arabia's total exports to foreign countries.

Saudi Arabia's oil exports reached 1.84 billion barrels in the first eight months of the year with revenues amounting to SR747 billion (US\$199.17 billion). Domestic consumption during the same period reached nearly 553 million barrels, accounting for 23% of the total output.

Western Europe

Eurozone retail sales slowed as expected in July, data showed on Wednesday, adding to worries about euro zone economic growth, which ground to a halt in the Q2. The Eurostat said that the volume of retail sales in the 18 countries sharing the euro fell 0.4% m-o-m in July and rose 0.8% y-o-y.

The fall in Spanish salaries during the country's crisis, one of the largest in the OECD, could actually hamper the country's recovery by bringing on deflation and killing off consumer demand. While wage growth across the OECD has been relatively flat in the last two years, Spain's salaries have continued to fall an average of 2% a year since the country's economic crisis began, according to the organization's newly published Employment Outlook 2014.

The Swiss economy unexpectedly stalled in the Q2 as stagnating growth in the euro area hurts exports. Swiss GDP was unchanged in the three months through June from the previous quarter, when it expanded 0.5%, the State Secretariat for Economic Affairs in Bern said.

A sharp increase in the government's tax take so far this year will cut Ireland's budget deficit to around 4% of GDP by the end of 2014, Finance Minister Michael Noonan said. Ireland had targeted a deficit of 4.8% this year that significantly fewer spending cuts and tax hikes would be needed in next month's budget to reach the EU target of 3% by the end of 2015.

North America

New orders for US factory goods jumped in July and automobile sales in August were strong, offering further signs of strength in the manufacturing sector. The new orders for manufactured goods increased a record 10.5% on robust demand for transportation equipment. June's orders were revised to show a 1.5% increase instead of the previously reported 1.1% rise.

The Bank of Canada maintained its key lending rate at 1%, arguing that a recent jump in inflation was probably just a blip. In July, inflation rose slightly past the central bank's target of 2% -- which is used to set rates -- while the economy surged following a weak winter. But increased exports have yet to lead to higher business investment and more jobs.

South America

The Central Bank of Argentina has decreed a reduction in foreign currency possession to banks, lowering holdings from 30 to 20% of total holdings, forcing financial entities to sell the assets with the purpose of increasing market supply and relieving pressure on the black market.

Argentina's minimum wage will increase by 23%, up to US\$4,400, in September, and by 8%, up to \$4,716, in January. The measure was agreed by the Minimum Wage Council, formed by government, business, and union representatives.

The Brazilian central bank held interest rates steady at 11%, ignoring pressure to ease monetary policy to help boost an economy that entered recession just weeks before a closely-contested presidential election.

Oil & Gas News

Brent for October settlement fell as much as 53 cents, or 0.5%, to \$102.24 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery rose as much as 0.3% to \$1,273.51 an ounce, and traded at \$1,272.95 by 11:22 a.m. in Singapore.

Wheat for December delivery declined as much as 0.4% to \$5.335 a bushel, the lowest level since Aug. 1, before trading at \$5.345.

Currency News

The yen has gained 0.5% against the dollar this year and advanced 2.6% against a basket of 10 developed-nation currencies.

The U.S. dollar was unchanged at 104.79 yen at 12:33 p.m. in Tokyo after touching 105.31 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
03-Sep-14	1,262.35	3.91	100.79	25.78	1.64	2.08	1.25	0.86	9373.83	83.70	2.53	34.81	25.60	3,345.82
04-Sep-14	1,272.95	3.85	102.21	26.55	1.65	2.06	1.25	0.86	9395.85	83.88	2.54	34.83	25.63	3,340.93
% Change	0.84	-1.53	1.41		0.27	-0.53	0.22	0.15	0.23	0.21	0.38	0.05	0.13	-0.15

Economic & Financial News

Research & International Division

6/9/2014

*... Russia capital outflow may amount to up to US\$100 billion this year ...
... ECB decided to cut all the interest rates by 10 basis points and start buying non-financial private sector assets ...*

South East Asia

Bank Indonesia (BI) recorded Indonesia's foreign exchange (forex) reserves topping US\$111.2 billion in August, an increase from \$110.5 billion in the previous month. BI said the increase in forex reserves was primarily derived from proceeds from the government's oil and gas exports, which exceeded its spending for overseas debt.

Malaysia's total trade in July 2014 increased to RM118.6 billion from RM118.59 billion recorded in the same month last year while trade surplus was recorded at RM3.64 billion, said the Ministry of International Trade and Industry (MITI). MITI said exports in July expanded 0.6%, y-o-y to RM61.12 billion while imports decreased by 0.7% to RM57.48 billion.

Philippines' dollar reserves rose to their highest level since December as financial markets continued to stabilise, giving the economy a more comfortable cushion from external shocks.

The Bangko Sentral ng Pilipinas (BSP) showed the country's gross international reserves (GIR) at the end of August rose to US\$80.78 billion, higher by US\$141 million m-o-m. The country's reserves were at their highest since December last year when it stood at US\$83.19 billion.

North East Asia

The growth of China's logistics activities slowed in August amid downward pressure in the economic recovery, according to the China Federation of Logistics and Purchasing. The logistics performance index (LPI) for August came in at 54.1%, down 2.7 percentage points from a month earlier.

Taiwan's consumer price index (CPI) rose 2.07% annually in August to hit an 18-month high. The wholesale price index (WPI) rose 0.12% from a year ago, the Directorate General of Budget, Accounting and Statistics (DGBAS) said. The DGBAS said the y-o-y rise largely reflected more expensive food products, which rose 5.6%.

The Korean government will provide more support for Korean companies trying to make inroads into the Chinese consumer market to help prop up South Korea's

slowing exports to the world's most populous country, the Finance Minister said.

Australasia

Sales of new vehicles in New Zealand surged in August, suggesting annual sales may reach a new record this year, as the lower prices offered by a strong New Zealand dollar and a buoyant economy drive demand. Registrations for new commercial vehicles rose to 3,106 in August.

Middle East and North Africa

Tunisia's annual inflation rate fell to 5.8% in August from 6% in July - its highest rate this year - thanks to a slight decline in the food and drink price index. Tunisia's central bank in June raised its key interest rate to 4.75% from 4.5% to counter inflation, in its second rate hike in six months.

Eastern Europe

Capital outflow from Russia has been speeding up and may amount to up to US\$100 billion this year, a senior central bank official said. The net capital outflow in the first half of the year amounted to US\$74.6 billion, a sharp rise from the US\$33.7 billion of the corresponding period in 2013. The total outflow in 2013 stood at US\$63 billion.

Ukraine's inflation rate rose to 14.2% in August, from 12.6% in July, according to figures released by the State Statistics Service. In August, food prices were up 14%, utility costs increased by 22.4%, and transport prices rose by 31.2%, compared with the same month of the previous year, the agency said in a report.

Western Europe

Seasonally-adjusted GDP remained stable in the 18-member euro area in Q2 2014, compared with the previous quarter. Meanwhile, the GDP rose by 0.2% in the wider 28-member European Union (EU) during the same period, compared with the previous quarter, according to by Eurostat.

The European Central Bank (ECB) decided to cut all the interest rates by 10 basis points and start buying non-financial private sector assets. The interest rates on the main refinancing operations, the marginal lending facility and the deposit facility of the Eurosystem will be decreased by 10 basis points to 0.05%, 0.3% and minus 0.2% respectively, starting from the operation to be settled on Sept. 10, 2014, said an ECB announcement.

France's jobless rate in Q2 2014 was stable at 9.7% compared to the previous quarter, national statistics agency Insee said. A total of 2.784 million people were without work over the period, marking an annual decrease of 0.2 percentage points.

North America

U.S. employers added just 142,000 jobs in August, snapping a six-month streak of hiring above 200,000 and posting the smallest gain in eight months. The unemployment rate fell to 6.1% from 6.2%, the Labor Department said. But the rate dropped because more people without jobs stopped looking for one and were no longer counted as unemployed.

The U.S. trade deficit fell to lowest level since January in July, as exports of autos, telecom equipment, industrial machines and semiconductors rose. The trade deficit fell 0.6% in July to a seasonally adjusted US\$40.5 billion, from US\$40.8 billion in June, the Commerce Department said.

The Canadian economy shed 11,000 jobs in August but the unemployment rate stayed the same at 7%, Statistics Canada reported. The data agency said fewer youths and women in their core working years had jobs,

but employment increased among men in their core working years — 25 to 54.

Mexico's central bank kept interest rates on hold, highlighting a welcome pickup in economic growth, but pointed to greater risks to inflation in the short-term. The Banco de Mexico maintained its benchmark interest rate at a record low of 3%.

Oil & Gas News

Brent for October settlement dropped \$1.01, or 1%, to end the session at \$100.82 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold futures for December delivery rose 0.1% to close at \$1,267.30 an ounce at 1:37 p.m. on the Comex in New York.

Silver futures for December delivery advanced 0.1% to \$19.156 an ounce on the Comex.

Currency News

The ringgit fell 1% this week to 3.1825 per dollar as of 5:18 p.m. in Kuala Lumpur.

The pound dropped 1.7% this week to \$1.6313 as of 5 p.m. London time yesterday, when it touched \$1.6283, the lowest level since Feb. 6.

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% Change	-0.33	-1.56	-1.36		-1.40	-0.82	0.06	-0.80	-0.25	0.03	-0.10	-0.09	-0.22	0.02

Economic & Financial News

Research & International Division

9/9/2014

*... The employment rate of older Singaporeans aged 55 to 64 has gone up ...
... Spain's housing prices rose since its housing bubble burst in 2008...*

South East Asia

Thailand's prices of liquefied petroleum gas (LPG) and compressed natural gas (CNG) are likely to increase, according to Energy Permanent Secretary. He said officials have prepared a proposal that awaits approval from new Energy Minister. The National Council for Peace and Order has backed a plan to change energy prices to reflect production costs. LPG has been capped at Bt22.63/kg for the household sector and at Bt21.38/kg for the transport sector.

The employment rate of older Singaporeans aged 55 to 64 has gone up in the past nine years, from 47% in June 2004 to 65% in June 2013, said Senior Minister of State for Manpower. Some 99% of local private sector employees who turned 62 in the year ending June 2013 were offered re-employment.

The resale prices for Singapore's non-landed homes developed by private developers in August rose by 0.4% from that in the previous month. On a y-o-y basis, the resale prices for the non-landed private homes dropped by 5%. Compared with the recent peak in January this year, the decline was 5.3%.

Vietnam's petrol price has fallen fourfold by a total of VND1,900 per litres but consumer goods remain unchanged, partly caused by higher transportation fees. Transport fees can account for 10-15% of the price of goods. Though petrol prices fell last month several times, transport prices were not adjusted.

North East Asia

China's trade surplus climbed to a record level in August as exports rose on the back of increased shipments to the United States and Europe, while imports fell for a second month as a slump in property sales hurt domestic demand. China's exports in August rose 9.4% y-o-y to US\$208.5 billion, with monthly trade surplus reaching an all-time high of US\$49.8 billion.

Japan posted a current account surplus of ¥416.7 billion in July, the Ministry of Finance said, citing a rise in foreign investments as sending the index back into the black for the first time in two months. The ministry's figures showed that the trade deficit in the recording period stood at ¥828.1 billion, with the figure following a deficit of ¥537.1 billion logged a month earlier.

Japan's economy shrank an annualised 7.1% in inflation-adjusted terms in the Q2 of 2014, the biggest drop in over five years. The read was downgraded from the preliminary reported released last month which said the country's economy fell an annualised real 6.8% in the reporting quarter.

The average daily outstanding balance of bank lending in Japan grew 2.2% from a year earlier to ¥477.4 trillion in August, up for the 34th consecutive month, the Bank of Japan said. The growth rate was the same as in July. Excluding credit associations, bank lending rose 2.3% for the 35th straight month of increase.

Australasia

New Zealand manufacturing sales dropped by 0.7% in the June quarter, led by a 1.4% fall in meat and dairy product manufacturing. Another major drop was seen in chemical, polymer and rubber product manufacturing, which fell 3%, while petroleum and coal product manufacturing was up 2.4%.

Middle East and North Africa

Egypt's FDI doubled to register US\$6 billion in fiscal year (FY) 2013/2014, head of General Authority for Investment and Free Zones (GAFI). In May that the FDI was US\$2.8 billion in the first half of FY 2013/2014, rising up to US\$4 billion after the first nine months of the same fiscal year.

Eastern Europe

Car sales in Russia dropped by 25% in August as the fallout from the Ukraine crisis exacted a heavy toll on the country's flagging economy. Sales dropped by 25.8% compared to the figure for the same month last year to just 172,000 vehicles on the back of a fall of almost 23% in July. The fresh drop in sales comes after the government announced a cash-for-clunkers programme late in August aimed at jump-starting the stalled sector.

Western Europe

German exports increased 8.5% to €101 billion in July, marking the highest monthly export value ever reported, according to the German Federal Statistical Office.

Germany's imports stood at €77.6 billion in July, causing trade surplus to reach a new high of €23.4 billion.

Y-o-y growth in UK retail sales value accelerated in August, as the online channel posted a record rate of expansion. The value of sales in August was up 2.7% on the same month of last year. This is more than double the y-o-y pace of increase of 1.3% in July, with clothing and footwear retailers boosted by demand for autumn ranges but the food category remaining weak amid continuing supermarket price wars.

Spain's housing prices rose by 0.8% in Q2 2014 compared with the same period a year earlier, according to the Spanish National Institute of Statistics (INE). This was the first time housing prices rose in Spain as they started falling in Q1 2008 when the housing bubble burst in the country and the financial crisis caused a big fall in housing prices.

Portugal, which exited a multi-billion euro bailout scheme in May, returned to growth in Q2, avoiding recession in spite of a banking crisis. Portugal's GDP grew by 0.3% between April and July, the National Institute of Statistics (INE) said. The rebound is mainly down to the progression of exports of goods and services.

Switzerland's unemployment rate rose for the first time in nine months in August. The jobless rate increased to 3% from 2.9% in July. The number of people registered for unemployment benefits rose to 128,434 in August, an increase of 1,380 from the previous month. The rate of unemployed remained unchanged from August last year.

North America

U.S. consumer credit increased at an annual rate of 9.7% in July, slower than a revised gain of 7.1% in the previous month, data released by the Federal Reserve. Revolving debt, which includes credit cards, rose 7.4% to US\$845.2 billion in July, while the borrowing in the non-

revolving category that includes auto and student loans went up at an annual rate of 10.6% to US\$2.3472 trillion.

South America

Argentina will receive the first tranche of yuan worth up to US\$1 billion in a massive currency swap with China before the end of this year. The deal will boost the troubled economy's foreign reserves.

Chilean consumer prices rose 0.3% in August, led by cigarette costs, as the peso fell to the lowest level since 2008 and wage growth accelerated to the fastest pace in five years. The annual inflation rate was unchanged at 4.5%.

Oil & Gas News

Brent for October settlement fell 33 cents to \$99.87 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery was at \$1,255.55 an ounce at 1:49 p.m. in Singapore from \$1,255.45 yesterday.

Nickel for delivery in three months on the London Metal Exchange was down 1.4% at \$19,645 a metric ton at 11:11 a.m. in Tokyo.

Currency News

The U.S. dollar rose 0.2% to 106.23 yen at 6:56 a.m. in London after appreciating to 106.34, the highest since October 2008.

The ringgit depreciated 0.5%, the biggest drop since Sept. 2, to 3.1895 per dollar as of 10:24 a.m. in Kuala Lumpur.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
06-Sep-14	1,268.81	3.79	100.82	26.60	1.62	2.05	1.26	0.85	9372.07	83.90	2.54	34.80	25.58	3,341.73
09-Sep-14	1,255.38	3.86	99.84	25.87	1.62	2.03	1.25	0.85	9348.42	83.81	2.53	34.74	25.53	3,347.14
% Change	-1.06	1.85	-0.97		-0.09	-0.74	-0.14	-0.18	-0.25	-0.11	-0.30	-0.17	-0.20	0.16

Economic & Financial News

Research & International Division

10/9/2014

*... Egypt to complete LNG import terminal by December ...
... Number of US job openings remained near the highest level in 13 years ...*

South East Asia

The Bangko Sentral ng Pilipinas stock of dollar reserves was boosted by a significant US\$500 million revaluation gain on its gold holdings as of the end of August. This was a reversal of the gold revaluation losses incurred by the central bank in the same period last year. The gold reserves of the BSP amounted to US\$8 billion as of August 2014.

North East Asia

China will continue prudent monetary policy and "targeted control measures", Premier Li Keqiang said. China resorted to strong reform, instead of strong stimulus, last year to stimulate the economy. This can be illustrated by the 13.6% growth of the broad money supply (M2) last year.

Annual outbound direct investment by Chinese companies last year exceeded US\$100 billion for the first time. The country's ODI in 2013 reached US\$108 billion, up 22.8% y-o-y, according to the Ministry of Commerce, National Bureau of Statistics and State Administration of Foreign Exchange.

Japan's core private-sector machinery orders rose a seasonally adjusted 3.5% from a month earlier in July to ¥771.7 billion, on the back of a one-off increase in big orders from the chemical industry. The orders climbed further following an 8.8% rise in the previous month, but the pace of recovery slowed given that they plunged a record 19.5% in May and 9.1% in April.

Japan's consumer confidence in August fell 0.3% from the previous month, reversing a three-month climb as wage growth failed to offset the negative effects of the consumption tax hike since April 1. The government downgraded its basic assessment of the index, saying consumer sentiment is "picking up at a slower pace."

Japan's M3 money stock in August increased 2.4% from a year before, posting a smaller rise than 2.5% in July, the Bank of Japan said. The balance of M3 averaged ¥1.19 quadrillion in August. The growth of money stock narrowed, because the government sector absorbed more money from the private sector.

Taiwan's exports last month rose 9.6% from a year earlier to US\$28.1 billion, hitting its second-highest level in history, driven mainly by strong global demand for Taiwanese electronics products. The level recorded last month was an increase of 5% from August.

Indian Sub-Continent

India has swung into action to reap economic benefits from the soured relationship between Russia and Western countries. The Commerce Ministry is in talks with the Russian Government for export of agricultural products, including fruits, vegetables, beef and dairy items, as that country has stopped sourcing these from the European Union and the US.

There has been a 16.9% rise in foreign tourist arrivals (FTAs) in August 2014 over the corresponding period last year in India, the tourism ministry said. In August 2013, FTA growth was logged at 9.1% over August 2012. The ministry computed the figure on the basis of data received from major ports and Foreign Exchange Earnings (FEEs) from tourism available from the Reserve Bank of India.

Middle East and North Africa

Algiers new incentives to boost investment notably the industry are introduced in the draft Finance Bill 2015, as a continuity of state policy of support to the productive investment and the diversification of the national economy. According to draft, State will grant further tax benefits to investors operating in industrial sectors.

Egypt will complete a liquefied natural gas (LNG) import terminal by December, oil minister said, pushing back by another month the long-delayed project that is meant to help the country combat an energy crisis. Egypt can export LNG but cannot import it without installing the terminal, which has been repeatedly delayed for two years, worsening an energy shortage that has caused regular blackouts throughout the country.

Egypt's government aims to reduce the country's total public debt, which currently accounts for some 95% of GDP, to 80-85% by the 2016/2017 fiscal year. Egypt's budget deficit, which ballooned in recent years to reach 14% of GDP at the end of the 2013/2014 fiscal year ending in June, will be reduced to under 10% of GDP by the 2016/2017 fiscal year.

Western Europe

France reported wider budget deficit at €84.1 billion at the end of July from the same month in the previous year as the government garnered less receipt in a morose economic climate, the Budget Ministry said. Spending of Europe's main powerhouse stood at €233.5 billion in July, down by €2 billion compared to July 2013 that was in line with government's financial saving plan this year to help lower the budget deficit, expected at 3.8% from the GDP.

UK retail sales rebounded in August, led by the clothing and footwear sectors, according to data from the British Retail Consortium and KPMG. Sales grew 1.3% on a like-for-like basis from a year earlier after falling 0.3% in July and beating the market consensus of a marginal 0.5% growth.

Italy's economic growth would be about "zero" this year, a sign the euro zone's third-biggest economy is struggling to climb out of its third recession in six years, Italian Prime Minister Matteo Renzi said. Renzi's forecast is far lower than the government's previous prediction for a 0.8% increase.

Italy was the only country in the eurozone to report an increase in unemployment in July when the rate rose to 12.6%, the Organization for Economic Cooperation and Development (OECD) said. The OECD in a report noted that the jobless rate rose by 0.3 percentage points in July compared to June, and that "exceptionally high" youth unemployment remains a serious problem for the country.

Portugal is confident it will meet the fiscal targets it has set for this year and will stay on course of reforms to make its economy stronger, Prime Minister Pedro Passos Coelho said. The government will propose a budget for next year consistent with the objective to attain a 2.5% of GDP deficit.

Despite high rates of educational achievement, Ireland still faces higher unemployment rates, according to a new OECD report. In Ireland, as of 2012, 93% of young people were expected to obtain an upper secondary diploma in their lifetimes, while 46% are expected to graduate from university.

North America

The number of US job openings remained near the highest level in 13 years in July. The tally of available jobs ticked down 2,000 to 4.673 million in July, from 4.675 million in June, the Labor Department said. June's figure was the highest since February 2001. The drop was led by a decline in government job postings. Businesses actually advertised slightly more jobs.

South America

Venezuela's inflation rate is continuing its upward march. After withholding monthly inflation data through the summer, Banco Central de Venezuela said inflation over the past 12 months has reached 63.4%, the worst inflation recorded in the socialist country since the bank began tracking prices nationwide in 2008, though not the fastest inflation the country.

Oil & Gas News

Brent for October settlement rose 23 cents, or 0.2%, to US\$99.39 on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery rose 0.1% before trading at US\$1,256.69 an ounce by 11:51 a.m. in Singapore, from \$1,255.47 yesterday.

Zinc for delivery in three months on the London Metal Exchange rose 1% to US\$2,327 a metric ton at 11:01 a.m. in Tokyo.

Currency News

The US dollar was little changed at US\$1.2942 per euro as of 10:39 a.m. in Tokyo from yesterday, when it reached the strongest since July 2013 at US\$1.2860.

The Aussie dollar fell to 98.47 yen per Aussie dollar yesterday, having touched 98.68 yen on Sept. 5, the most since May 2013.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
09-Sep-14	1,255.38	3.86	99.84	25.87	1.62	2.03	1.25	0.85	9348.42	83.81	2.53	34.74	25.53	3,347.14
10-Sep-14	1,257.17	3.97	99.37	25.03	1.62	2.03	1.26	0.86	9330.10	84.20	2.53	34.67	25.47	3,335.93
% Change	0.14	2.85	-0.47		0.10	-0.23	0.61	0.52	-0.20	0.46	0.00	-0.19	-0.24	-0.33

Economic & Financial News

Research & International Division

13/9/2014

*... Thailand to broaden tax base ...
... Malaysia is planning to push wages-GDP ratio to 40% ...*

South East Asia

Thai government is aimed to broaden the tax base in the new fiscal year from October, bringing in an inheritance tax among other changes. The new Thai prime minister said only 20 million people out of Thailand's population of about 68 million pay taxes. The tax issue is aimed at promoting fairness, with a limited impact on low-income earners. Those taxes (benefits) that favour the rich will be terminated.

Bank Indonesia (BI) held its borrowing costs unchanged at 7.5% for the 10th straight month; a move that indicates that the central bank is feeling confident, despite the recent weakening trend of the rupiah and renewed pressures in the global economy.

Indonesia and the Philippines are looking at raising the level of existing bilateral trade to as much as US\$12 billion, given the prospective opportunities in seaweed, agriculture and palm oil plantation, mining, and even in retail and franchising.

The Philippine central bank raised key interest rates for overnight borrowing to 6% and the rate it pays lenders for overnight deposits to 4%. The bank's Monetary Board raised the rate it charges commercial banks. Possible increases in food prices due to tight domestic supply.

Malaysian government is planning to increase the ratio of wages to GDP from 33.6% last year to 40% in the long term. Minister in the Prime Minister's Department Datuk Seri Abdul Wahid Omar said this would be done gradually. This is because any wage increase must be supported by increase in productivity.

Vietnam aims to increase the price of land to a maximum of VND162 million per square metre. This will be 2.4 times higher than the current price of VND67.5 million per square metre, according to a draft of the State's amended Decree on Land Price Framework.

North East Asia

China's bank lending nearly doubled in August from the previous month, rebounding towards what analysts described as a normal level. Chinese banks granted CN¥702.5 billion (US\$114.5 billion) in new loans last month, nearly twice July's CN¥385.2 billion.

The amount of electricity generated and purchased by 10 major regional power suppliers in August fell 7.9% from a year before to 79.03 billion kilowatt-hours. The fifth straight month of drops reflects a fall in air conditioning demand due to lower temperatures than in the previous year, mainly in western Japan.

Japan's ratio of job offers to job seekers for high school students set to graduate next March topped one for the first time in six years. The ratio rose 0.35 point from a year before to 1.28 as of the end of July on national average, improving for the fourth straight year, on the back of labor shortages.

South Korea's central bank on froze its benchmark interest rate at 2.25% to wait and see the effect of the prior month's rate cut on the economy ahead of major events such as the announcement of the bank's quarterly growth outlook and the Q3 GDP data next month.

South Korea's jobless rate inched down in August from a month earlier and job creation accelerated thanks to more employment in the manufacturing, retail and service sectors. The jobless rate stood at 3.3% last month, down from 3.4% a month earlier. The number of those employed increased 594,000 from a year earlier to reach 25,885,000 in August.

Sales at local department stores and discount chains in South Korea rose in August, according to the data by the finance ministry, department store sales increased 11.7% on-year in August, following a 2% gain tallied in July.

South Korea's housing loans jumped more than US\$4.5 billion in August to US\$518 billion. Household debt also increased by US\$5.2 billion last month, inching up again after it surpassed its all-time high of US\$1 trillion in June. The mounting debt is the result of government measures that ease limits on the amount of money people can borrow from banks when buying a home.

Indian Sub-Continent

India's retail inflation grew 7.8% in August, marginally lower than the previous month's 7.96%, but concerns remained over high food inflation. Retail prices of almost all everyday products and services from food to footwear and movie tickets to medicines - remained high in August, signalling India's inability to control household inflation, partly stoked by a sharp rise in food prices.

India's industrial output growth hit a four-month low in July while inflation remained high, underscoring the challenge for Asia's third-largest economy to make a sustained recovery from its longest stretch of sub-par growth in decades. Output from mines, utilities and factories grew by a much slower-than-expected 0.5% y-o-y, down from June's revised 3.9% rise.

Pakistan's trade deficit has shoot up by 28% in first couple of the months (July-August) of the ongoing fiscal year 2014-15 due to the massive increase in imports and continuous decline in exports of the country. The country's trade imbalance has recorded at US\$4.243 billion during July-August period of the financial year 2014-15 as against US\$3.308 billion of the corresponding period of the previous year showing a decline of 28.26%.

Middle East and North Africa

Egypt's GDP grew 3.5% in the Q4 of the 2013/14 fiscal year, signalling that the economy was finally recovering from recent turmoil. Egypt's GDP grew 2.1% in the 2012/13 fiscal year.

Eastern Europe

The Russian central bank left its key interest rate on hold at 8% in a regular meeting yesterday, signalling a dovish shift in policy which may mean that a recent cycle of rate hikes is over.

Western Europe

Germany's inflation rate remains unchanged in August at its lowest level since February 2010. According to the results of Destatis, consumer prices in Germany rose 0.8% y-o-y in August 2014.

France's annual inflation rate slowed in August, adding to concerns about the weak outlook for its economy. Annual inflation stood at 0.4% in last month, down from 0.5% in July, dragged down by lower energy and food prices, France's statistics agency INSEE said.

Italy's CPI fell an annual 0.1% in August, confirming that deflation had hit the Italian economy for the first time since September 1959 when, in stark contrast to today, the country was roaring into a long boom. The price index had risen 0.1% in July. Fuel prices, 1.2% lower than August 2013, led the downward price spiral.

Italy's industrial production fell in July, as output of all products contracted, led by the consumer goods sector. Industrial output fell 1% on the month in seasonally adjusted terms.

Spanish banks borrowed €162.6 billion from the European Central Bank in August, according to Bank of Spain data released, up from €160.7 billion in July. Spain's banks took an all-time high of €411 billion from the ECB in August 2012, the year the country was granted €41 billion in financial aid for its troubled lenders.

North America

US retail sales rose broadly in August, which should ease some concerns about consumer spending and support expectations for sturdy growth in the Q3. The retail sales increased 0.6% last month as Americans bought automobiles and a range of other goods after an upwardly revised 0.3% gain in July.

The ratio of Canadian household credit market debt to personal disposable income rose to 163.60% in the Q2 from 163.13% in the Q1. In other words, Canadians owe roughly CA\$1.64 on every dollar of disposable income.

South America

Brazil reported an increase in economic activity in July, reversing two consecutive months of decline, due to a slight recovery in industrial production. The Brazilian central bank's economic activity index picked up 1.5% in July from the previous month on a seasonally adjusted basis.

Chile and Peru reduced borrowing costs to the lowest levels in three years as policy makers seek to stimulate growth in economies expanding at the slowest pace in at least four years. Chilean policy makers cut the benchmark rate by a quarter point to 3.25%, while Peru's policy makers also cut by a quarter point to 3.5%.

Currency News

Asian currencies, the Philippine peso fell 0.6% to 43.915 per dollar and Indonesia's rupiah declined 0.5% to 11,818. The Malaysian ringgit retreated 0.5% to 3.1972, Taiwan's dollar depreciated 0.2% to NT\$30.068 and the Vietnamese dong was little changed at 21,200.

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-Sep-14	1,257.17	3.97	99.37	25.03	1.62	2.03	1.26	0.86	9330.10	84.20	2.53	34.67	25.47	3,335.93
13-Sep-14	1,229.65	3.86	97.11	25.16	1.63	2.05	1.26	0.87	9349.29	84.88	2.53	34.77	25.47	3,345.55
% Change	-2.19	-2.77	-2.27		0.63	1.27	0.26	1.94	0.21	0.81	0.00	0.27	0.03	0.29

Economic & Financial News

Research & International Division

18/9/2014

*... Small business in China will enjoy tax breaks ...
... Thailand central bank kept its benchmark interest rate unchanged ...*

South East Asia

Indonesia's domestic car and motorcycle sales were back on track in August after a temporary drop in July, giving optimism to both industries to meet or surpass their annual targets. The country's car sales surged by 5.8% to 96,728 units in August from 91,395 units in July.

Loan growth in the Indonesia's banking industry has continued to decelerate this year, standing at 15.7% y-o-y by the end of July. The growth rate declined from the 17.2% posted in June. The amount of loans channelled by the banking industry reached Rp3.49 quadrillion (US\$293.62 billion) in July.

Thailand's central bank kept its benchmark interest rate unchanged at its latest monetary policy meeting, citing the need to support the nation's economic recovery. The Bank of Thailand voted unanimously to maintain its policy rate at 2%. It last cut the rate in March, by 0.25 percentage point.

Vehicle importers and distributors chalked up a 26% increase in sales to 3,032 units in August, driven by the stellar performances of the passenger car (PC) and light commercial vehicle (LCV) segments. As a result, total vehicle sales for the first eight months of the year reached 23,970 units, 17% higher than the 20,558 units sold in the same period last year.

Impressive performance of the foreign-invested businesses in August helped Vietnam maintain a trade surplus of US\$3.07 billion in the first eight months of the year. Vietnam's eight-month exports grossed over US\$97.23 billion in value while its imports fetched US\$94.16 billion.

Myanmar imported US\$7.1 billion worth of goods in the first six months (April-September) of the present fiscal year 2014-15, rising sharply by US\$2.3 billion, or 48%, from US\$4.8 billion in the same period of the previous fiscal year. The high import value may further the country's trade deficit which it suffered in recent years.

North East Asia

China's central bank is believed to have injected more liquidity into the country's banks yesterday in an effort to support lending. The People's Bank of China's hopes to stop GDP growth falling below 7% with the CNY500 billion (£49.8 billion) move.

FDI into China is continuing to shrink on the back of rising labour costs. The country drew US\$7.2 billion in direct investment from foreign businesses in August. That is down 14% from a year earlier. FDI in the first eight months of this year amounted to about US\$78.3 billion. It dropped 1.8% from the same period last year.

China will ban the sale and import of "dirty" coal in less than four months, in an anti-pollution move that could have repercussions for key exporters including Australia. Coal with sulphur content of more than 3% and ash content of more than 40% will no longer be permitted as of January 1. The Chinese government made the move in an effort to improve air quality in its major cities.

More small businesses in China will enjoy tax breaks as part of the government's efforts to promote their growth and counter pressure on economic growth. From Oct. 1 till the end of 2015, any company with monthly revenue under CNY30,000 (US\$4,886) will be exempted from value-added tax and business tax.

Japan has logged a JP¥948.5 billion (US\$8.8 million) trade deficit in August, the 26th straight month of red ink, as weak demand at home hit imports while exports also fell. It is reported that exports fell 1.3% from a year earlier to JP¥5.71 trillion (US\$53.3 billion) while imports dropped 1.5% to JP¥6.65 trillion (US\$62.1 billion).

The South Korean government seeks to expand its spending for next year by 5.7% from this year to give the country's economy a much-needed jumpstart out of the prolonged slow recovery. The government will ask the National Assembly to approve ₩376 trillion (US\$361 billion) in spending for 2015, larger than ₩355.8 trillion assigned for this year.

Australasia

Australia's economy is likely to remain "weak" for the balance of this year and into the next, as sliding commodity prices offset better news among consumers and in the housing market. The Westpac-Melbourne Institute Leading Index contracted to -0.9% from in August, from the prior month's reading of -0.75%.

New Zealand's trade balance widened in the June quarter as falling dairy exports started to weigh on the trade balance. The current account balance was NZ\$1.1 billion, following a bumper NZ\$1.5 billion surplus in the March quarter when goods exports hit a record high.

Indian Sub-Continent

Sugar output in India, the world's second-largest producer and the biggest consumer, will likely rise up to 5% y-o-y in the next marketing year starting October despite a slight drop in cane area and poor showers in parts of Uttar Pradesh. Production is expected to hit 25-25.50 million tonne in 2014-15, compared with 24.30 million tonne this year.

Middle East and North Africa

Egypt will buy 65% of its oil product imports for the next year from the United Arab Emirates, in the latest Gulf lifeline to an economy rocked by three years of turmoil. The deal covers gasoline, diesel, heavy fuel and liquefied petroleum gas (LPG) that is used in homes.

Egypt has raised the US\$8.5 billion it needs to fund a project to expand the Suez Canal in just eight days, the central bank governor said. Fund-raising has closed and Egyptians will no longer be able to buy the investment certificates now that the initial goal of EGP60 billion has been exceeded.

Eastern Europe

Russian capital investment declined for the second straight month in August. Massive capital flight on the back of Western sanctions this year poses additional headwinds for the commodity-dependent economy. The data showed that capital investment, which was a drag on Russia's economic growth last year, fell 2.7% on the year in August after shrinking 2% in July.

Western Europe

The eurozone's production in the construction sector in July remained stable compared to June, as building construction rose and civil engineering fell. The product in construction fell by 0.4% in the eurozone. While y-o-y, production in construction in July increased by 0.4% in the eurozone.

Eurozone annual inflation was revised up to 0.4% in August from the flash estimate of 0.3%. The largest stimulus to the bloc's annual inflation came from restaurants, cafes, rents and maintenance of vehicles, while fuels for transport, fruit and telecommunications had the biggest counteractive impact.

The British unemployment rate dropped to 6.2% in the three months to July 2014, down from 6.4% in the three months to June, recording the lowest level since late 2008. There were 2.08 million unemployed people in the three months to July, down 146,000 from the three months to April 2014.

Summer tourism revenues in Italy have dropped significantly. The long economic downturn has taken a toll also on domestic tourism. FIPE has recorded a 2.1% annual drop in domestic tourism this summer with Italian tourists spending an average of €90 per day, down from €92 in the summer of last year. The sharp drop in the number of domestic tourists this summer.

North America

U.S. consumer prices dropped in August, the first decline since April 2013. The CPI fell 0.2% on a seasonally adjusted basis in August. Over the past 12 months, the index increased 1.7% before seasonal adjustment. The indexes for food and shelter rose, but the increases were more than offset by declines in energy indexes.

The poverty rate in the U.S. has dropped for the first time since 2006. The U.S. Census Bureau, in its annual look at poverty in the U.S., said that the poverty rate in 2013 was 14.5%, down from 15% in 2012. The decrease in the poverty rate was attributed to the growth in year-round employment by 2.8 million jobs in the U.S.

Oil & Gas News

Brent for November settlement declined as much as 47 cents, or 0.5%, to \$98.50 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold for immediate delivery lost as much as 0.6% to \$1,216.30 an ounce, the lowest since Jan. 2, and traded at \$1,221.94 at 8:53 a.m. in Singapore

Currency News

The U.S. currency reached 108.68 yen, the strongest since Sept. 8, 2008, before trading 0.1% higher at 108.46.

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-Sep-14	1,229.65	3.86	97.11	25.16	1.63	2.05	1.26	0.87	9349.29	84.88	2.53	34.77	25.47	3,345.55
18-Sep-14	1,223.04	3.99	98.52	24.69	1.63	2.05	1.26	0.87	9463.42	84.97	2.55	34.98	25.54	3,299.83
% Change	-0.54	3.37	1.45	-0.03	-0.04	-0.25	0.17	1.22	0.11	0.84	0.62	0.25	-1.37	

Economic & Financial News

Research & International Division

20/9/2014

... Brunei CPI for August up 0.8% ...
... U.S. 'AAA' Credit Rating affirmed by Fitch with stable outlook ...

South East Asia

Brunei's Consumer Price Index (CPI) has increased by 0.8% in August compared to the previous month, said the Department of Economic Planning and Development (JPKE). The increase in the CPI was due to a recorded rise of 8% in clothing and footwear, and also to higher prices of selected clothing materials, several garments, and other articles of clothing and clothing accessories.

The Malaysian government will continue to implement fiscally-responsible policies as Malaysia's economy continues to grow at a rapid pace. Prime Minister Datuk Seri Najib Razak said this was evident based on the country's GDP average growth, which is second only to China in the Asia-Pacific region. Malaysia's GDP average growth of 6.3% for the first half of the year is second only to China in the Asia-Pacific.

Vietnamese footwear exports will enjoy zero tariff once the ASEAN Economic Community (AEC) is established in late 2015, allowing producers to expand their markets and access new materials. ASEAN represents a substantial footwear market for Viet Nam, as the region spent more than US\$1.8 billion on footwear imports last year.

Vietnamese businesses have invested in 68 projects in 21 countries with total capital of US\$849 million for the first seven months of this year. It has raised total overseas investment capital to US\$19 billion, with 890 licensed projects at 63 countries and territories. Most projects concentrate on oil and gas exploration and exploitation, telecommunications, rubber planting and banking.

North East Asia

Land prices in Japan's three largest metropolitan areas rose in the 12 months to July 1, driven by investments in office properties and housing demand, but prices in most smaller cities kept falling, a government survey shows. Commercial land prices for metropolitan areas surrounding Tokyo, Osaka and Nagoya rose 1.7% in the year to July 1, a much faster pace than the previous year's 0.6% gain.

Japan's electricity sales by 10 major power suppliers in August dropped 4.8% from a year before to 74.77 billion kilowatt-hours, down for the fourth consecutive month. The drop reflects sluggish demand for

air conditioning due to lower temperatures in August than a year before.

Standard & Poor's (S&P) has upgraded its long-term rating outlook on South Korea from "stable" to "positive," citing its "steady" economic performance. Korea's economic performance of recent years has been stronger than that of economies at similar income levels, which has augmented sovereign credit support.

The annual growth rate of Taiwan's outstanding home-purchase loans dropped to 4.82% in July. Outstanding home-purchase loans and construction loans both experienced shrinkage in annual growth in July, with the former increasing by NT\$21.6 billion from a month earlier while its annual growth rate dropped to 4.82%, and the latter rising by NT\$2.8 billion while its annual rate of growth shrank to 5.99%.

Eastern Europe

The Russian government plans to look within Russia as well as Asia to help sustain the blow of Western sanctions, Russia's economy minister said. Internal sources will provide a substitute for Western capital markets. A new scheme of internal funding will include tapping into Russia's US\$87.97 billion National Welfare Fund as well as pension funds.

Western Europe

Italy is struggling to emerge from recession, as tight credit conditions shackle investment, high public debt weighs on future growth prospects and long-standing rigidities hamper productivity, IMF said. Exports are expected to help growth recover in 2015 but deeper structural reforms could unlock further growth potential. Around 70% of new employment contracts are now temporary.

France's Aa1 credit rating was affirmed by Moody's Investors Service, which cited the size and wealth of the nation's economy even as it experiences a gradual erosion of strength. Moody's kept the negative rating outlook, reflecting the execution risks associated with implementing the government's proposed structural reform initiatives, given the strength of political interests that might oppose them and the poor track record in implementing reforms.

Ireland's economy grew by an exceptional 7.7% in the year to June as it apparently missed the news that the recovery was stalling on the continent. Not only was it the fastest annual growth of any Eurozone member, but it had also the fastest quarterly growth at 1.5%. The impressive figures were fuelled mostly by a 13% surge in exports and 18.5% rise in investment. Consumer spending is still weak as the hangover from the property crash lingers.

The Spanish property market is bottoming out, but prices are unlikely to rebound quickly, said the Fitch ratings agency. Price declines in the Spanish residential property market are coming to an end after nearly seven years, which has produced an analysis of property repossessions.

North America

Fitch affirmed its "AAA" rating on U.S. debt. The ratings agency said its outlook on the rating is stable, meaning it does not expect a downgrade in the near future. Fitch said the U.S. can tolerate more debt than other countries because the dollar is the world's pre-eminent reserve currency and fixed-income asset.

Canadians paid 2.1% more for goods and services in August than a year earlier, with rising prices led by higher shelter costs. The inflation figure was in line with analysts' forecasts, following an identical hike in July prices. The costs of natural gas, mortgage insurance, telephone services, Internet access, fresh fruit and fresh vegetables, meat, beer, cigarettes and passenger vehicles were up in August.

South America

Brazilian exports to the UAE rose by 13% in the first eight months of this year, compared to the period from January to August 2013. Brazilian exports to the Emirates over the period were valued at to US\$1.767 billion (Dh6.5 billion), 20% of Brazil's total exports to the Arab world of US\$8.51 billion (Dh 31.2 billion)

Brazilian consumer prices picked up through mid-September, mainly due to increases in food costs, providing no room for reductions in the benchmark interest rate in the near term. Brazil's mid-month consumer-price index, the IPCA-15, rose 0.39%, more than doubled from the 0.14% increase in the month through mid-August.

The Brazilian production of grains in 2013/2014 has reached 195.46 million tons, according to the country's National Supply Company, Conab. The number is a 3.6% (6.8 million tons) increase compared to the previous season.

Oil & Gas News

Brent for November settlement gained 69 cents to \$98.39 a barrel on the London-based ICE Futures Europe exchange, for a weekly gain of 1.3%.

Commodity News

Gold futures for December delivery fell 0.8% to settle at \$1,216.60 an ounce at 1:36 p.m. on the Comex in New York.

Wheat futures for December delivery tumbled 2.9% to close at \$4.745 a bushel at 1:15 p.m. on the Chicago Board of Trade.

Currency News

The U.K. pound advanced 0.1% to 78.76 pence per euro after appreciating to 78.10 pence, the strongest since July 2012.

The U.S. dollar climbed as much as 0.7% to 109.46 yen, the highest since August 2008, before trading at 109.04 yen, up 0.3%.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
18-Sep-14	1,223.04	3.99	98.52	24.69	1.63	2.05	1.26	0.87	9463.42	84.97	2.55	34.98	25.54	3,299.83
20-Sep-14	1,215.70	3.84	98.39	25.62	1.64	2.09	1.27	0.88	9450.01	86.15	2.55	35.14	25.45	3,305.05
% Change	-0.60	-3.76	-0.13		0.29	2.01	0.52	0.81	-0.14	1.39	0.15	0.45	-0.35	0.16

Economic & Financial News

Research & International Division

23/9/2014

*... South Korea's national debt rose to 34.3% of its GDP ending 2013 ...
... FDI in Turkey reached US\$7.9 billion in first 7 months of 2014 ...*

South East Asia

The Bank of Thailand has signalled monetary policy will take a back seat now that Thailand's GDP growth rate is on course to meet the projected 1.5%. The exports, however, could fall short of 3% forecast earlier. The steady economic recovery has made it less necessary to use monetary policy to drive growth compared to last year.

Singapore's CPI all items inflation eased to 0.9% in August from 1.2% in July, mainly reflecting a sharper decline in private road transport cost and a more moderate increase in services fees. The private road transport cost fell by 2.9%, following the 1.6% correction a month earlier, largely due to lower certificate of entitlement (COE) premiums in July.

The Bangko Sentral ng Pilipinas (BSP) reported that balance of payments (BOP) deficit slipped to US\$3.53 billion after recording a monthly surplus in August. Data showed the monthly BOP sustained a surplus position for the last two months of US\$114 million in August and US\$501 million last July. The country is reporting a deficit mostly because of payments of maturing external obligations and increased imports to fuel economic growth.

Vietnam enjoyed a US\$1.7 billion trade surplus with Germany in the first eight months of this year, the highest rate ever recorded. The surplus made up 56.6% of Vietnam's trade surplus, worth over US\$3 billion, with all of its foreign partners during the period.

North East Asia

China's state-owned enterprises (SOEs) saw profit growth slow in the first eight months of 2014 amid softening momentum in the broader economy. The combined profits of China's SOEs rose 8% y-o-y to CN¥1.64 trillion during the January-August period, slowing from the 9.2% rise for the first seven months.

Supermarket sales across Japan fell in August for a fifth straight month, due to bad weather. The Japan Chain Store Association said that same-store sales totalled about JP¥1.1 trillion yen. That's down 0.1% from the same month last year. Association officials said stormy weather deterred people from going shopping.

South Korea's national debt rose to 34.3% of its GDP last year. Debts owed by central and provincial governments reached ₩489.8 trillion as of end-2013, or 34.3% of the GDP, up ₩46.6 trillion from a year earlier.

Taiwan's export orders totalled US\$38.21 billion in August, up 0.1% from the previous month and 5.2% y-o-y. For the first eight months of the year, the country's export orders totalled US\$296.85 billion, up 5.4% y-o-y. The growth in August was mainly fuelled by double-digit growth in orders for electronic devices and components and machinery and higher orders for ICT products.

Indian Sub-Continent

Pakistan's export of textile and clothing fell by over 5% in the first two months of the current fiscal year from a year ago. There are fears of major layoffs owing to deceleration in production. The decline in exports started in July 2014 despite the preferential market access to the EU.

Middle East and North Africa

FDI in Turkey reached US\$7.9 billion in the first seven months of 2014. The figures showed a 9.4% increase from the US\$7.23 billion invested in the same period last year. Turkey's electricity, gas and water sectors - which were the largest recipients of international capital last year with US\$2.55 billion - saw FDI of more than US\$1 billion between January and July of this year.

Yemen's gross foreign currency reserves rose US\$427 million in July, marking the second monthly increase in a row despite a sharp fall in oil export receipts, central bank data showed. Sanaa's currency reserves have been shrinking since September 2012 when the impoverished Arabian Peninsula nation received a US\$1 billion loan from Saudi Arabia.

Morocco's consumer price inflation eased to an annual 0.3% in August as food prices fell. Inflation came down from 0.4% in July. The food price index fell 3% in the 12 months through August. Non-food prices rose 2.2% on the year, after rising 1.8% in July. Health expenses fell 1.1% while transport costs rose 4.2% as the government cut subsidies on diesel.

Lebanon's CPI increased by 0.2% from 100.8 in July 2014 to 101.0 in August 2014. The biggest drivers were

clothing and footwear, which represents 5.4% of the index's weight. They have increased by 9.1%, followed by food and non-alcoholic beverages which increased by 0.7%.

Western Europe

French GDP was flat at 0% for the first two quarters of 2014, which will create problems for the government in getting tax revenues to reduce public deficits and also to tackle high and increasing unemployment. France's jobless rate is just over 10.2%, including foreign dominions, with more than 3.4 million people out of work, officially, and probably over 5 million actually seeking full-time employment.

Italy revised up its GDP for 2013 after a series of methodological changes and as a result the budget deficit and public debt-to-GDP ratios were lowered. Due to the upward revisions to GDP, the 2013 deficit-to-GDP ratio was cut to 2.8% from 3%, more comfortably inside the European Union's 3% ceiling. The deficit in 2012 was left unchanged at 3%.

Italian industrial orders dropped in July as both foreign and domestic demand slipped, underscoring the struggle of eurozone's third-largest economy to exit a prolonged recession. Industrial orders declined 1.5% on the month, after a similar drop in June.

Spain attracted just over nine million foreign visitors in August, the highest ever figure for a single month, setting the country up for its best-ever year for tourism and giving a boost to the economy. The number of foreign tourists rose 8.8% in August over the same time last year to an unprecedented 9.07 million, the tourism ministry said.

Greece's current account surplus shrank in July compared to a year ago. The surplus stood at €1.683 billion versus a surplus of €2.822 billion in July last year, due to lower receipts of funds from the EU. It is expected to post a surplus again this year due to shrinking imports and higher revenues from tourism. Tourism revenues rose to €2.744 billion in July from €2.4 billion in July 2013.

North America

The passage of the energy reform is unlikely to have a near-term impact on the sovereign ratings of Mexico. Future rating actions will focus on actual economic and fiscal performance as well as Mexico's ability to mitigate credit weaknesses such as moderate growth rates and limited fiscal flexibility underpinned by a narrow revenue base, high reliance on oil revenue and limited fiscal buffers, according to Fitch Ratings.

Fewer Americans bought homes in August, as investors retreated from real estate and first-time buyers remained scarce. Sales of existing homes fell 1.8% to a seasonally adjusted annual rate of 5.05 million. That snaps a four-month streak of gains. August sales are down from a July rate of 5.14 million. Overall, the pace of home sales has dropped 5.3% y-o-y.

Oil & Gas News

Brent for November settlement gained as much as 51 cents to \$97.48 a barrel on the ICE Futures Europe exchange and was at \$97.11 at 2:36 p.m. Singapore time.

Commodity News

Gold for immediate delivery rose as much as 0.4% to \$1,220.21 an ounce and traded at \$1,216.84 by 2:53 p.m. in Singapore.

Soybean's contract for November delivery advanced as much as 0.7% to \$9.445 a bushel on the Chicago Board of Trade and was at \$9.415 by 2:19 p.m. in Singapore.

Currency News

Australia's dollar rose 0.3% to 89.01 U.S. cents at 8:27 a.m. London time after sliding to 88.53 cents yesterday, the lowest level since Feb. 4.

The yen appreciated 0.2% to 108.61 per dollar. Japan's currency strengthened 0.2% at 139.64 per euro.

The Philippine peso dropped 0.2% to 44.555 per dollar as of 11:03 a.m. in Manila.

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-Sep-14	1,215.70	3.84	98.39	25.62	1.64	2.09	1.27	0.88	9450.01	86.15	2.55	35.14	25.45	3,305.05
22-Sep-14	1,218.70	3.85	97.18	25.24	1.63	2.07	1.27	0.88	9455.37	85.96	2.55	35.10	25.42	3,297.09
% Change	0.25	0.26	-1.23		-0.67	-1.17	-0.25	0.34	0.06	-0.21	-0.15	-0.09	-0.09	-0.24

Economic & Financial News

Research & International Division

24/9/2014

*... Reserve Bank of Australia concern about overheating property markets ...
... UK public deficit increased in August...*

South East Asia

Bank Indonesia (BI) has signalled that the current benchmark interest rate may already be sufficient to counter a potential spike in inflation due to the adjustment of fuel prices. President-elect Joko "Jokowi" Widodo's team has declared its commitment to increasing the price of subsidized Premium gasoline by between Rp 1,000 and Rp 3,000 per liter, from the current price of Rp 6,500 (US 54 cents) per liter, as early as November this year.

Thailand will lose about Bt87.5 billion in rice export value during the next 10 years if the country does not put serious effort into developing its farming sector and related industries. While costs of production have increased gradually, the income of farmers has declined, despite subsidy programmes by many governments.

Motor insurance continued its dominance in Malaysia's general insurance sector, growing 8.3% in gross written premium (GWP) in the industry which saw a 6.4% rise in GWP to RM8.9 billion in H1 2014.

The Philippine government's debt in proportion to the size of the economy continued to improve as a result of more efficient spending. As of March 2014, government debt stood at PHP4.49 trillion or 38.1% of GDP. The current ratio is lower than the 38.5% recorded in Q1 2013 due to government's proactive liability management and slower debt accumulation from April to December 2013.

Vietnam's CPI in the first nine month of 2014 is expected to hit a 12-year low with an increase of 2.25% over December 2013 and 4.61% y-o-y. The country's September CPI is estimated to rise 0.4% over August and 3.62% y-o-y.

North East Asia

Japan's direct investment in China from January to June dropped 48.8% y-o-y to US\$2.4 billion (JP¥260 billion). This indicates Japanese companies' efforts to make inroads into China have lost steam.

The number of permits for new South Korean homes rose more than 50% y-o-y in August. It issued 49,067 construction permits for new homes last month, up 53.4% from the same month last year.

Hong Kong's overall consumer prices was up 3.9% y-o-y in August 2014, slightly smaller than the corresponding increase of 4% in July, mainly due to the enlarged decreases in the charges for package tours.

In the first eight months of this year, business turnover in Taiwan reached TW\$9.56 trillion (US\$316.3 billion), an increase of 3.1% y-o-y. Business turnover in the wholesale, retailing and catering sectors from January to August grew by 2.6%, 4.2% and 4.6% respectively.

Australasia

The Reserve Bank of Australia's concerns about overheating property markets are growing deeper, with the central bank declaring it is in discussions with other regulators about "further steps" to tighten bank lending standards which would reduce the amount of credit made available to buy houses.

New Zealand's trade deficit for August of NZ\$472 million was the smallest for that month since 2010. The value of exports rose by 6.9% to NZ\$3.5 billion compared with August last year. Exports of live animals rose by NZ\$94 million - all going to China - followed by a NZ\$91 million increase in exports of milk powder, butter and cheese. Imports were greater than at NZ\$4 billion, although they fell 12%, but were boosted in August last year by a large one-off drilling platform.

Middle East and North Africa

The Omani sultanate posted a budget surplus of RO250 million in H1 2014, against a surplus of RO95.3 million in the corresponding period of last year. The government's total revenue increased by 1.7% to RO7.19 billion, from RO7.07 billion in the six-month period of 2013, amid a marginal decline in net oil revenue, which came in at RO5.28 billion, against RO5.29 billion a year ago.

Morocco's central bank cut its benchmark interest rate by 25 basis points to 2.75%, in an effort to boost growth after a drop in agricultural output. The central bank said the Moroccan economy is expected to grow 2.5% in 2014, with non-agricultural GDP rose around 3% and agriculture declined by 2.5%.

Western Europe

German wages increased by 1.2% in real terms in Q2, helped by moderate inflation, a pick up that should support private consumption which Berlin is relying on to prop up growth. The rise in wages was supported by weak consumer price inflation. At 1.1%, the increase in the cost of living over the quarter was weaker than the average of the last five years.

The UK public deficit increased to £11.6 billion in August 2014, from £11 billion in August 2013, showing that the strong economic rebound is not reflected in the country's public finances. A small increase in tax receipts was more than offset by higher investment, interest payments and spending.

Bankruptcies in recession-hit Italy increased 14.3% y-o-y in Q2 2014, with 4,241 going to the wall between April and June. There were 8,120 bankruptcies in H1 2014, up 10.5% on the same period in 2013.

North America

US house prices rose at a slower pace in July. House prices rose 0.1% m-o-m (sa) in July, down from an increase of 0.3% in June. Compared to the same period last year, US house prices were up 4.4%.

Canadian retail sales slipped 0.1% m-o-m in July, after six straight monthly increases, as strong auto sales failed to offset weakness elsewhere. Figures from Statistics Canada have already shown strong exports and manufacturing sales for the month but a 0.3% fall in wholesale trade.

South America

Argentina's trade surplus more than doubled to US\$899 million in August as a sharp drop in imports more than offset falling exports. Argentina depends largely on US dollars left over from trade to pay government creditors and buy imported goods it needs.

Oil & Gas News

Brent for November settlement was up 6 cents at US\$96.91 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold for immediate delivery rose to US\$1,224.50 an ounce at 2:19 p.m. in Singapore, from US\$1,223.42 yesterday.

Nickel for delivery in three months rose 0.2 percent to US\$17,150 a ton on the London Metal Exchange at 11:32 a.m. in Hong Kong.

Currency News

New Zealand's dollar rose 0.5% to 80.91 US cents at 8:24 a.m. London time, after falling to 80.42 cents 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
23-Sep-14	1,218.70	3.85	97.18	25.24	1.63	2.07	1.27	0.88	9455.37	85.96	2.55	35.10	25.42	3,297.09
24-Sep-14	1,223.52	3.84	96.91	25.24	1.63	2.08	1.27	0.89	9456.26	85.81	2.56	35.14	25.43	3,288.34
% Change	0.40	-0.26	-0.28		0.09	0.36	0.21	0.37	0.01	-0.17	0.49	0.12	0.03	-0.27

Economic & Financial News

Research & International Division

25/9/2014

*... Unemployment in France dipped fractionally ...
... Argentina economy pulled out of recession in Q2...*

South East Asia

FDI in Thailand showed a 20.9% increase to US\$13 billion last year, though an uncertain political outlook poses a challenge, said a report by Escap. The surge in FDI was driven mainly by a rise in mergers and acquisitions. In the year, Thailand was the second-largest target of M&A purchases in Southeast Asia, behind Singapore, with concluded sales worth US\$6 billion.

Bank Negara Malaysia will look at the country's economic growth rate and inflation for any revision of the overnight policy rate (OPR) and expects the country's GDP to exceed the 5%-5.5% forecast. The central bank would also look at the risk of any destabilising financial imbalances and these factors would also be taken into consideration.

The Philippines' flourishing IT and outsourcing industry is targeting revenue of up to US\$25 billion and create 1.3 million jobs by 2016. The Information Technology and Business Process Association of the Philippines said it is aiming for a 16% increase in revenue this year, from US\$15.5 billion in 2013 to US\$18 billion.

North East Asia

China's economy will likely grow faster than previously thought in 2015, the IMF said, downplaying the risks of the cooling property market in the world's second-largest economy. Economic growth in China will likely be well above 7% next year.

Japan's manufacturing activity picked up in Q3, a survey showed, but economists say they need more information on wages and consumer spending to determine whether the government should raise the sales tax again next year. From July to September, the manufacturing PMI averaged 51.5, which is higher than the April-June average of 50.3 and shows that manufacturing is recovering.

Korea's real wage growth rate has plunged to its lowest level in 2.5 years. The real wages at companies with five or more full-time workers stood at about US\$2,700 per month on average in Q2 of this year. That is only a 0.2% increase on-year.

China's investment in Taiwan dropped by 25.15% in the first eight months of this year, compared to the same period last year. The commission attributed the drop to a

stalled cross-strait trade-in-services agreement in the Legislature as well as year-end local elections. Due to the decrease in the number of big investment projects, the total amount of investments came to US\$238.996 million in the first eight months.

Middle East and North Africa

Saudi Arabia's economic growth eased to an annual 3.8% in Q2 2014, the lowest rate in a year, because of a slowdown in the oil sector. But the Q1 growth rate for inflation-adjusted GDP was revised up to 5.1%. Growth in the hydrocarbons sector, which accounts for almost half of the US\$748 billion Saudi economy, slumped to 2.5% y-o-y in Q2 from 6.1% in the Q1.

Tunisia's garment, textiles and leather sector has suffered in recent years partly due to the economic slowdown but primarily because of competition from Chinese and Indian goods, in which it currently accounts for a quarter of Tunisia's exports and 9% of employment.

The share of the informal economy in Turkey's overall GDP declined 6% over the last 12 years. The informal economy in Turkey, which constituted 32% of the country's total GDP in 2002, dropped to 26% at the end of 2013, according to ministry figures.

Western Europe

Germany's closely watched Ifo business confidence index continued its fall in September to its lowest level in nearly 18 months. The index registered its fifth consecutive fall in September to 104.7 points from 106.3 points in August.

Unemployment in France dipped fractionally in August- the first drop in 2014. The labour ministry said there were now 3.41 million people claiming jobless benefits in France, a dip of 11,100 or 0.3% compared to the previous month.

Consumer confidence in recession-hit Italy has edged up slightly this month. The consumer-confidence index reached 102 points in September, up from 101.9 in August. In the first half of the year Italy slipped into its third recession since the start of the global economic crisis in 2008. Domestic demand has been so weak that Italy registered price deflation in August, with an annual inflation rate of -0.1%.

Spanish housing sales rose 12% in Q2 2014 compared to the same period in 2013. The data means housing sales have now risen for two consecutive quarters, although not all of the increase is due to Spaniards buying homes in their own country. The period between April and June saw 91,338 sales.

Growth in private consumption and new job creation in Spain are showing signs of slowing in Q3, which are fundamental factors in the turnaround in Spain's crisis-torn economy. Spain's economy grew at its fastest pace in six years in Q2, marking three quarters of expansion following an on-off recession that began in 2008 after a decade-long property bubble burst.

North America

Mexico's consumer prices is higher in the first half of September, keeping annual inflation above the central bank's comfort zone. The CPI rose 0.32% in the first half of the month, pushing the 12-month rate up to 4.21% from 4.15% at the end of August. The increase led by rising education costs at the start of the new school year and increases in fresh produce prices.

South America

Argentina economy pulled out of recession in Q2, raising doubts over the reliability of data as the government battles to ease the impact of its sovereign debt default. The Indec statistics agency reported GDP grew 0.9% in the Q2 from the Q1.

Brazil's current account deficit decreased slightly in August, but remained unchanged as a percentage of GDP,

adding to worries about the country's economy. Brazil posted a US\$5.5 billion current-account deficit, compared with a US\$6 billion deficit in July. The current-account deficit is now equal to 3.47% of GDP, versus 3.45% of GDP in July.

Oil & Gas News

Brent for November settlement was 13 cents lower at \$96.82 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Gold for immediate delivery fell as much as 0.4% to \$1,212.66 an ounce, and traded at \$1,213.07 by 9:33 a.m. in Singapore.

Wheat contract for December delivery added 0.5% to \$4.8275 a bushel on the Chicago Board of Trade at 9:33 a.m. in Singapore.

Currency News

Canada's dollar held onto gains following Lane's speech and traded 0.2% stronger at C\$1.1059 per U.S. dollar at 4:10 p.m. in Toronto.

The New Zealand dollar tumbled 0.9% to 80.08 U.S. cents as of 12:12 p.m. in Tokyo after falling to 79.98 cents, the weakest since Sept. 9, 2013.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
24-Sep-14	1,223.52	3.84	96.91	25.24	1.63	2.08	1.27	0.89	9456.26	85.81	2.56	35.14	25.43	3,288.34
25-Sep-14	1,215.13	3.87	96.83	25.02	1.63	2.08	1.27	0.89	9445.55	85.72	2.56	35.12	25.45	3,287.29
% Change	-0.69	0.78	-0.08		0.01	0.12	-0.04	0.40	-0.11	-0.11	-0.13	-0.06	0.06	-0.03

Economic & Financial News

Research & International Division

27/9/2014

*... Iranian economy attained positive growth for first time in two years ...
... Illegal activities finally included in Spain's GDP ...*

South East Asia

Bank of Thailand said the country's pivotal exports will not grow this year, but maintained the economy can still grow 1.5% in 2014 assuming the government can jack up spending in Q4 2014. The central bank also cut its economic growth forecast for next year to 4.8%, from the 5.5% it predicted in June.

Singapore's manufacturing output rose 4.2% y-o-y in August, after rising 3% in July. The electronics cluster output increased 7.2% y-o-y in August, while the computer peripherals segment expanded 42.2% partly due to the low base last year when demand was weak.

Malaysia's exports can grow in volume and value once the country implements the Goods and Services Tax (GST) by April next year, said Deputy Finance Minister. He said the GST would bring positive impact to the industries, especially exporters as well as companies that provided support services to them

The Philippines' annual inflation rate will likely hold steady or even slow in September due to lower prices of selected food items, power and some oil products, the head of the central bank said. The central bank expected annual inflation in September to be anywhere between 4.1% - 4.9%.

North East Asia

Japan's consumer prices increased 3.1% y-o-y in August, partially pushed by April's sales tax hike. The core consumer price index, which excludes volatile fresh food prices, stood at 103.5 against the 2010 base of 100.

China's outstanding foreign debt hit CN¥5.58 trillion (US\$907.24 billion) by end-June. Most of the debt owed to foreign creditors resulted from short-term borrowing, as outstanding external debt with a term of one year or less amounted to CN¥4.40 trillion, while long and medium-term outstanding external debt came in at CN¥1.18 trillion yuan.

China's steel consumption dropped this year for the first time since at least 2000 due to slower economic growth, leading to a surplus of iron ore in the country and a more than 40% plunge in prices of the steelmaking raw material.

Indian Sub-Continent

India regained its "stable" S&P's rating, in a validation of Prime Minister Narendra Modi's ambitious agenda of economic and fiscal reforms. S&P had cut India's "BBB-minus" rating to "negative" in April 2012, leaving it on the verge of a "junk" rating. But foreign investor confidence has returned after Modi was elected in May, pledging to revive investments and boost growth.

Middle East and North Africa

Saudi Arabia plans to keep output steady until the end of the year. Output through the end of the year will not differ much from August, when the country pumped 9.597 million barrels a day. The nation reduced production by 408,500 barrels a day last month, the most since December 2012.

Egypt's current account deficit shrank to US\$2.4 billion in the 2013/14 fiscal year, from US\$6.4 billion the previous year, boosted by billions of dollars in aid from Gulf Arab donors. The improvement in the current account was driven by a rise in remittances and other payments from abroad.

Iranian economy has attained positive growth for the first time in two years. New figures released show the economy expanded 4.6% in Q1 of the current Iranian calendar year (started March 21, 2014). Iran's agriculture, oil, mine and industry sectors posted positive growth rates of up to 8.1% during the period.

Eastern Europe

The Russian economy showed no annual growth in August and contracted 0.4% m-o-m (sa). Investors are reluctant to invest in Russia as geopolitical tensions and lack of reforms slows the country's productivity. Consumer spending, for years the engine of Russian growth, is stalling due to high inflation and a weakening ruble.

Western Europe

German consumer confidence fell for the second consecutive month due to weak global growth and geopolitical tensions, market research group GfK reported.

French households' appreciation of their financial and economic situation was stable at end-September with the index standing at 86 for the third consecutive month. In its monthly economic report, Insee said consumers' sentiment about their future financial situation lost one point, while their confidence of their past situation was improved by two points to minus 31 but they "remained clearly below their long term average".

Prostitution, drug trafficking and other illegal activities have finally been included in Spain's GDP, boosting it by €9 billion, according to the National Statistics Institute. The new figures show that drug trafficking comprised 0.5% of GDP, while illegal sex trade made up 0.35% of the new total.

Foreign tourists spent €43.584 billion (US\$55 billion) in Spain in the first eight months of 2014, a 7.4% increase when compared with the same period in 2013. In August alone, foreign tourists' spending rose 8.7% y-o-y to €9.087 billion.

Portuguese bosses, government and Socialist-backed unions have agreed this week to raise the minimum wage from €485 to €505, effective October. The increase is estimated to affect around 11% of all Portuguese workers, and will benefit 375,000 workers in the private sector and 75,000 public sector employees.

North America

The Canadian government ran a budget deficit of C\$807 million (US\$725.07 million) in the first four months of the 2014/15 fiscal year, down from C\$4.54 billion a year earlier. The budget deficit in July was C\$1.23 billion, down from a shortfall of C\$1.98 billion the year before. This was from a budget surplus of C\$1.57 billion in June.

Mexico's inflation outlook has worsened after a spike in fresh food prices and a political debate on raising the country's minimum wage. The inflation would likely remain above 4% during this year and a wage increase could spur broader price pressures, the central bank said.

South America

Argentina's economic activity index held steady in July compared with the same month a year earlier. Activity rose 0.1% m-o-m in July, data from the statistics agency showed. Argentina's economy pulled out of recession in Q2, but this raised doubts over the reliability of data as the government battles to ease the impact of its sovereign debt default.

Colombia's central bank kept its benchmark interest rate unchanged and slowed its dollar purchase program after economic growth eased and the peso weakened to a six-month low. The seven-member board left the policy rate at 4.5%, after five consecutive quarter-point increases.

Oil & Gas News

Brent for November settlement was left unchanged at US\$97 on the ICE Futures Europe exchange.

Commodity News

Gold futures for December delivery fell 0.5% to settle at US\$1,215.40 an ounce at 1:39 p.m. on the Comex in New York.

Corn futures for December delivery dropped 0.9% to close at US\$3.23 a bushel at 1:15 p.m. on the Chicago Board of Trade.

Currency News

Japan's currency depreciated 0.5% to 109.29 per dollar after touching 109.46 on Sept. 19, the weakest level since August 2008.

The US dollar gained 0.5% to US\$1.2684 per euro and reached US\$1.2677, the strongest level since November 2012.

Date	Gold Spot	NYMEX Natural Gas (\$/MMBtu)	Brent Oil (\$/bbl)	oil/nat. gas ratio	EUR	GBP	USD	AUD	Indo RUP	YEN	MYS RM	Phil Peso	Thai Baht	SGX Index
25-Sep-14	1,215.13	3.87	96.83	25.02	1.63	2.08	1.27	0.89	9445.55	85.72	2.56	35.12	25.45	3,287.29
27-Sep-14	1,218.38	4.03	97	24.07	1.62	2.07	1.27	0.90	9460.74	85.74	2.57	35.33	25.43	3,292.21
% Change	0.27	4.13	0.18	-0.60	-0.34		0.24	0.65	0.16	0.03	0.28	0.57	-0.05	0.15

Economic & Financial News

Research & International Division

30/9/2014

*... Spending among Japanese households fell since a hike in sales tax...
... Egypt plans to invest in and develop its refining and petrochemicals sectors ...*

South East Asia

Thailand ran a trade surplus of US\$1.14 billion in August, reversing from a US\$1.1 billion deficit in July. Exports fell 7.4% from a year earlier to US\$18.94 billion, while imports plunged about 14.2% to US\$17.79 billion. The Commerce Ministry blamed a contraction in gold and oil-product shipments, in addition to a high base effect from August 2013, for the second consecutive month of export declines. Exports of farm products have also fallen.

Viet Nam's index of industrial production experienced a y-o-y increase of 6.7% from January to September 2014, the highest growth rate since the beginning of this year. During the nine-month period, the processing and manufacturing sector, which accounted for 70% of total industrial output, achieved an encouraging 8.3% growth.

North East Asia

China's international balance of payments showed a surplus in the first half of the year, with surplus under the current account reaching US\$80.5 billion. During the period, the country also registered a surplus under the capital and financial accounts totalling US\$77.8 billion. Specifically, the goods trade surplus reached US\$149.3 billion in contrast to deficits totalling US\$62.5 billion and US\$11.8 billion registered in service trade and current transfers, respectively.

The Chinese economy comprised about 12.3% of the world total in 2013, according to the National Bureau of Statistics. China's GDP was CN¥56.9 trillion in 2013. GDP per capita was CN¥41,908. These indicate remarkable progresses from 1952, when GDP was CN¥67.9 billion and GDP per capita was CN¥119 yuan. From 1953 to 2013, China's GDP increased 122 times at comparable prices, with annual average growth of 8.2%.

The Chinese government vowed to reform tax on coal. From Dec. 1, China will levy a resource tax on coal based not on quantity, but on price, and the tax rate will be decided by the provincial governments within a given range. The coal tax reform will benefit resource regions and achieve balanced development between regions.

China announced cuts in the retail price of gasoline by CN¥100 yuan per tonne and that of diesel by CN¥95. The adjustment, taking effect today, means

benchmark retail prices will drop by CN¥0.07 per litre for gas and CN¥0.08 per litre for diesel. The cut has marked the fifth consecutive drop in oil prices, which declined by CN¥0.6 since the beginning of July.

Spending among Japanese households fell a steeper-than-expected 4.7% in August, logging a y-o-y drop for the fifth straight month since a hike in sales tax. Retail sales had got a boost ahead of the Apr 1 sales tax rise - Japan's first in 17 years - as shoppers made a last-minute dash to buy staples and big-ticket items such as cars and refrigerators.

South Korea's industrial output shrank at the sharpest pace in nearly six years in August, raising worries that the economic recovery might be losing its momentum. Production in the mining, manufacturing, gas and electricity industries fell 3.8% last month compared with July. This marked the largest on-month drop since December 2008 when it contracted 10.5%

South Korea's current account surplus fell last month due to seasonal factors such as a deficit in the travel account, but the balance stayed in black for 30 months in a row. The current account surplus declined to US\$7.27 billion in August from US\$7.84 billion in July. For the first eight months of this year, the surplus was US\$54.31 billion, higher than a surplus of US\$46.45 billion dollars tallied in the same period of 2013.

Australasia

New Zealand's central bank ramped up efforts to curb the exchange rate, putting NZ\$521 million into the foreign exchange markets last month. It was the Reserve Bank of New Zealand's biggest sale of New Zealand dollars since it sold NZ\$525 million in March 2011.

Indian Sub-Continent

Pakistan's export of textile and clothing fell by over 5% in the first two months of the current fiscal year from a year ago. There are fears of major layoffs owing to deceleration in production. The decline in exports started in July 2014 despite the preferential market access to the EU. In absolute terms, export proceeds fell to US\$2.169 billion in July-August 2014 from US\$2.289 billion over the corresponding months of last year.

Middle East and North Africa

The bill of Algeria's import of building materials increased by 7% hitting US\$2.25 billion during the first eight months of 2014, against nearly US\$2.11 billion in the same period of last year. The imported quantities of the main building materials (cement, concrete reinforcing bars and wood) increased by 13.7%, reaching 7.1 million tonnes between January and August 2014 against 6.3 million tonnes over the same period 2013.

Egypt plans to invest US\$14.5 billion in developing its refining and petrochemicals sectors over the next five years, as part of efforts to overcome an energy crisis that has led to near-daily power cuts and hit company profits.

Western Europe

Inflation in Germany remained stuck at its current ultra-low levels for the third month in a row in September, keeping pressure on the ECB to embark on additional measures to prevent ultra-low inflation from further weakening the eurozone's economy. German inflation this month stood at just 0.8% y-o-y, unchanged since July. The last time inflation in Germany was lower than 0.8% was in February 2010.

Italy's tax system has become increasingly costly and inefficient since the economic crisis, with the burden falling on workers and business owners. Italy's response to the economic crisis has put a heavy financial burden on workers, when the government should instead be focusing on cutting public spending, a report by research centre ImpresaLavoro has found.

Spanish retail sales rose 0.4% y-o-y on a calendar-adjusted basis in August, the biggest increase since May. That follows a 0.2% contraction in retail sales in July. Retail sales have shown signs of picking up in 2014 after a three-year period when they mostly fell, as unemployment in Spain soared.

Portugal's economic climate indicator was flat in September, remaining at its highest level since mid-2008 as the economy recovers further from a deep recession. The business confidence stood at plus 0.7 in September, unchanged from August. It has been rising since January 2013. INE said its consumer confidence indicator rose to a

negative reading of 24.6 in September, from minus 25.5 in August.

North America

American consumers spent more in August, a positive sign for the US economy which appears to have shifted into a higher gear. The Commerce Department has said consumer spending rose 0.5% last month after being unchanged in July. About half of the increase was driven by auto sales. It was the best result since spending also expanded 0.5% in June.

South America

Foreign tourists spent in Brazil 8.8% more between January and August this year, than the same period last year, totalling US\$4.935 billion in 2014 against US\$4.537 billion in August 2013. As the foreign exchange revenue for the spending of foreign tourists in Brazil was US\$499 million. The good performance is due to Brazil hosting the World Cup, when more than a million foreigners entered the country.

Oil & Gas News

Brent for November settlement slid as much as 21 cents, or 0.2%, to \$96.99 a barrel on the London-based ICE Futures Europe exchange.

Commodity News

Bullion for immediate delivery traded at \$1,217.14 an ounce by 9:22 a.m. in Singapore from \$1,215.81 yesterday.

Currency News

The U.S. dollar fetched 109.34 per yen at 9:36 a.m. in Tokyo from 109.50 yesterday, when it touched 109.75, the highest since August 2008.

The Hong Kong dollar weakened 0.1% to a six-month low, before trading at HK\$7.7673 per U.S. dollar today in New York.

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% Change	-0.10	2.98	0.34	-0.23	-0.22	0.31	0.59	0.74	0.15	0.08	-0.04	-0.16	-0.64	