

Headlines

- [Weary Greek voters trickle to polls in knife-edge election](#). *Reuters.com, 20 Sep 2015*
- [British Chancellor Osborne upbeat on slowing China economy](#). *Reuters.com, 20 Sep 2015*
- [UK campaign to quit EU mobilizes for referendum in March 2016](#). *Bloomberg.com, 19 Sep 2015*
- [Fed officials make case for 2015 liftoff after September hold](#). *Bloomberg.com, 20 Sep 2015*

Weekly Review (for week ending 18 September 2015)

■ Singapore retail sales up 5.2 % year-on-year in July, still much on the back of auto market

Singapore's retail sales grew in July but a smaller rate from the previous month as auto sales slowed. Retail sales grew 5.2% year-on-year in July, down from the previous month's 7% increase. Retail sales in recent months have been boosted by the release of a bumper crop of COEs for the May to July period. Thus sales in July was boosted by a 40.6% year-on-year rise in motor vehicle sales. Excluding this, retail sales went up only 0.8% from the previous year. On a monthly basis, retail sales dipped a seasonally adjusted 2.2% in July as the sales of cars and other vehicles fell 23% from the previous month. Excluding vehicles, retail sales rose 2.6%.

■ US retail sales rise 0.2% in August, as consumers show more confidence

Overall retail sales rose 0.2% in August as strong gains in auto sales were offset by a 1.8% drop in the value of sales at service stations due to a decline in gasoline prices. Retail sales increased by an upwardly revised 0.7% in July. Economists had forecast retail sales increasing 0.3% in August after a previously reported 0.6% rise in July. Receipts at auto dealerships rose 0.7% after rising 1.3% in July. Core retail sales, excluding automobiles, gasoline, building materials & food services, rose 0.4% after an upwardly revised 0.6% increase in July previously reported as 0.3%. The core retail sales correspond most closely with the consumer spending component of GDP.

■ US industrial production falls 0.4% in August, matching expectations

Industrial production fell a seasonally adjusted 0.4% in August, in line with expectations. Output in July was revised up to a rise of 0.9% from the prior reading of a 0.6% gain. Beneath the headlines, manufacturing output was down 0.5% in August after a 0.9% gain in July. Output of autos and parts fell 6.4% in the month, the biggest drop since April 2011. Excluding autos, manufacturing was flat. Mining output declined 0.6% last month while utility output rose 0.6%. Capacity utilization dipped to 77.6% from 78.0% in July.

■ Fuel price plunge pulls UK inflation back to 0% in August

Sharp falls in petrol and diesel pulled UK inflation back down to zero last month as tumbling crude oil prices trickled down to households. Official figures showed inflation on the consumer prices index edged back down to 0.0% in August from 0.1% in July, continuing the trend since the start of this year of virtually no year-on-year rise in living costs. Inflation has been below the BoE's 2% target for the past 20 months. The core rate of inflation, which strips out volatile items such as food and energy, edged down to 1.0% in August from 1.2% in July. That slowdown and recent signs that the economy may be losing steam would likely keep interest rates on hold well into 2016.

■ US consumer prices fall 0.1% in August, first decline in 7 months

US consumer prices unexpectedly fell in August as gasoline prices resumed their decline and a strong dollar curbed the cost of other goods. The Consumer Price Index slipped 0.1% last month, the first decline since January, after edging up 0.1% in July. In the 12 months through August, the CPI rose 0.2% after a similar gain in July. The core CPI, which strips out food and energy costs, ticked up 0.1% last month after a similar gain in July. The muted gains in the core CPI reflect the dollar's impact on the cost of imported goods. In the 12 months through August, the core CPI increased 1.8%. It was the fifth time in six months that the 12-month change was 1.8%.

■ Singapore's non-oil domestic exports down 8.4% in August, much worse than expected

Singapore's non-oil domestic exports (NODX) continued to be in negative territory in Q3, falling 8.4% year-on-year in August after an adjusted 0.7% dip in July. Economists were expecting a fall of 3.5%. This time round both the electronic and non-electronic NODX declined by 2.7% and 10.6% respectively. The electronic NODX managed a 2.5% jump in July, while the non-electronic NODX dropped 2%. The NODX also slipped month-on-month in August, tumbling by a seasonally adjusted 4.6% after it increased 2.5% in July.

■ US housing starts fall 3% in August, but new building permits jump 3.5%

US housing starts fell 3% from a month earlier to an annual rate of 1.126 million in August from 1.16 million in July. Economists had forecasted 1.16 million. Several economists noted that higher levels of multifamily starts in June and July were due to developers rushing to begin construction in New York before the expiration of an affordable housing tax credit, and said August's drop didn't signal weakness in the housing market. Moreover, new applications for building permits, a bellwether for forthcoming construction, rose 3.5% to 1.17 million, indicating starts could edge up this month. They were projected to rise to a 1.16 million rate after a revised 1.13 million rate in July.

■ Yellen: Fed rate hike path more important than timing; lower rates for longer

Janet Yellen has stressed that the path of the Fed's first rate hike in nearly a decade is more important than its timing. It has hovered near zero since December 2008. FOMC policymakers also want to see if further improvement in the labour market "will bolster our confidence that inflation will move back" to the Fed's annual 2% target over the medium term. Fed policymakers now expect just one rate hike this year that would push the funds rate to 0.375% from the current 0.125%, according to their median forecast. They also expect a slower rise that would leave the rate at 2.625% by the end of 2017 and a longer-run normal rate of 3.5%, down from their previous estimate of 3.75%.

Market Snapshot

Selected Equity Indices	Last (Sep 18)	1-week return	Year-to-date return
Dow Jones Industrial Average	16,384.58	-0.30%	-8.07%
S&P 500 Index	1,958.03	-0.15%	-4.90%
FTSE 100 Index	6,104.11	-0.22%	-7.04%
Euro Stoxx 50	3,157.30	-0.96%	0.35%
Nikkei 225	18,070.21	-1.06%	3.55%
Hang Seng Index	21,920.83	1.94%	-7.13%
Shanghai SE Composite	3,097.92	-3.20%	-4.23%
BSE Sensex Index	26,218.91	2.38%	-4.66%
Straits Times Index	2,879.59	-0.29%	-14.43%

Source: Bloomberg

Week Ahead

Economic Calendar (Selected Events)				
Mon, Sep 21	Tue, Sep 22	Wed, Sep 23	Thu, Sep 24	Fri, Sep 25
<i>Existing Home Sales</i>		PMI Manufacturing Index Flash EIA Petroleum Status Report	<i>Durable Goods Orders</i> <i>Jobless Claims</i> <i>New Home Sales</i>	<i>GDP</i> Consumer Sentiment

Red: Market moving indicator

Black: Merits extra attention

Source: Bloomberg



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