

Tuesday, March 16, 2010

Highlights

- **EU Ministers met yesterday with little conclusion** as they discussed on Greece's looming debt problem. "There will be no reason to make decisions about financial aid," German Finance Minister Wolfgang Schaeuble said. French Finance Minister Christine Lagarde added that "there won't be any decision made or any button pressed."
- **US:** US Senate Banking Committee Chairman Chris Dodd unveiled a new bill which allowed the U.S. Federal Reserve to gain new powers over non-bank financial firms and keep much of its authority over banks.
- **Wall Street up** with the Dow rising 0.16 pct to 10,641.85, S&P was up 0.05 pct to 1,150.51 and Nasdaq shed 0.23 pct to 2,362.21.
- **Singapore:** The seasonally adjusted unemployment rate fell from 3.4% in Q3 to 2.1% in Q4 2009, while the total employment grew by 37,600 (+1.3%) for the whole of last year, driven by services (+55.6k), and construction (+25.1k), whereas manufacturing shed 43.7k jobs (albeit Q4 added 700 jobs).
- **Greece:** Sales tax increased from 19 to 21% as part of a EUR16bn austerity package, effectively raising the cost of fuel and most consumer goods and services.
- **Germany:** Despite ruling out the aid decision for Greece, investors fear that Germany may lead a bailout should one occur, resulting in a general shun from the bund with "yield staying within 6 basis points of its highest in almost 3 weeks" with a high of 3.22% as of last Friday.
- **Indonesia:** Indonesian Central Statistic Agency revealed that 1Q10 economic growth for the country could top 5% on a y-o-y basis.
- **China:** MOF announced a 32.9% growth y-o-y in fiscal revenue in the first two months of the year due to factors including rising tax revenue following continued economic recovery.

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Today

- US: FOMC statement.
- US: Feb import prices, housing starts.
- EZ: EU finance ministers meeting, Feb CPI .
- GE: Mar ZEW.
- JP: 2-day BOJ MPC begins, Feb machine tool orders, Jan tertiary industry index.
- AU: Jan Westpac leading index.
- GB: Jan DCLG house prices.
- SK: Feb department store sales.
- PH: Jan unemployment rate.
- ID: Public holiday.

Major Markets

- **US:** US Senate Banking Committee Chairman Chris Dodd unveiled a new bill which allowed the U.S. Federal Reserve to gain new powers over non-bank financial firms and keep much of its authority over banks. Dodd's bill will create a financial consumer watchdog with examination and enforcement powers, and allow the Fed to break-up large financial firms judged to pose a threat to the stability of the financial system. Under his bill, the Fed would supervise bank holding companies with assets exceeding \$US50 billion. Meanwhile, the U.S. Treasuries little changed as investors stayed on the sidelines in wait for concrete news from the FOMC meeting.
- U.S. Treasury Department data released yesterday reported that China and Japan, who are the two biggest foreign holders of Treasuries, reduced their positions of U.S. government debt in January. China's holding dropped by a net US\$5.8 bn to US\$889 bn while Japan cut its holdings in January by US\$300 mn to US\$765.4 bn.
- **Singapore:** The seasonally adjusted unemployment rate fell from 3.4% in Q3 to 2.1% in Q4 2009, while the total employment grew by 37,600 (+1.3%) for the whole of last year, driven by services (+55.6k), and construction (+25.1k), whereas manufacturing shed 43.7k jobs (albeit Q4 added 700 jobs). This proved that "the labor market was more resilient during the 2009 recession than in previous downturns" and "after peaking in the first quarter of the year, redundancies have eased to around pre-recession quarterly levels". Notably, local employment rose by 41.8k (+2.2% yoy), whereas foreign employment fell by 4.2k (-0.4% yoy), bringing the share of foreigners (excluding foreign domestic workers) to 30.7% in Dec 09. Most other job market indicators also showed signs of improvement – redundancies fell for third consecutive quarter to 2,220 in Q4 09 (pre-recession quarterly levels), re-employment rates rose to 52% (up from low of 43% in Jun 09), and job vacancies rose 30% yoy in Dec 09, and the job vacancies to unemployed persons rose from 52 in Sep 09 to 81 openings per 100 job seekers in Dec 09. Labour productivity also rose for the first time in 9 quarters by 3.0% yoy in Q4 09, with broad-based improvements led by manufacturing (11%) and financial services (9.9%). Nominal earnings also fell 1.6% yoy in Q4 09, less than the 3.0% declines in Q3 09. But the inflation-adjusted decline in real earnings was 3.2% in 2009, deeper than the 1.2% contraction in 2008.
- Retail sales rebounded 2.3% yoy (+5.8% mom sa) in Jan, up from a revised -4.9% yoy (-1.2% mom sa) in Dec 09. Excluding motor vehicles, retail sales rose 1.3% yoy and 4.6% mom sa.
- **China:** MOF revealed fiscal revenue totaling 1.36 trillion yuan for January and February combined. Fiscal revenue in January was 865.9 billion yuan, up 41.2% y-o-y and exceeding February's 494.5 billion yuan.
- **Malaysia:** USD-MYR higher late at 3.3135 vs 3.3050. Concerns over possible China policy tightening is adding uncertainty to market players.
- KLCI down 0.9% at 1299.67 dragged down primarily by plantation plays (-1.6%). Bonds continue to hold steady as investors await for the FOMC meeting release.
- **Indonesia:** Shares higher by 0.1% at 2669.608 with gains primarily from banking stocks which kept the main index in positive territory.

Foreign Exchange

	Current		Current
USD-JPY	90.65	USD-SGD	1.3962
EUR-USD	1.3736	EUR-SGD	1.9186
AUD-USD	0.9136	JPY-SGD	1.5394
USD-MYR	3.313	GBP-SGD	2.1181
USD-CNY	6.8257	AUD-SGD	1.2763
USD-IDR	9160	CHF-SGD	1.3164

Equity and Commodity

Index	Value	Net change
DJIA	10624.69	12.85
Nasdaq	2367.66	-0.80
Nikkei 225	10770.86	19.6
STI	2881.36	7.45
KLCI	1299.67	-11.53
JCI	2699.61	3.097
Crude Oil	79.80	-1.44

Interbank Offer Rates (%)

Tenor	ABS SGD Sibor	USD Libor
O/N		0.1866
1M	0.4375	0.2300
2M	0.5517	0.2414
3M	0.6667	0.2572
6M	0.7448	0.3978
9M	0.8121	0.6203
12M	0.9271	0.8684

Government Bond Yields (%)

Tenor	SGS	UST
2Y	0.467	0.9476
3Y	-	-
5Y	1.273	2.4085
7Y	1.627	-
10Y	2.678	3.7025
15Y	3.275	-
20Y	3.344	-
30Y	-	4.6258

Economic Calendar

Date	Indicator	Forecast	Previous	Period	Unit
16/03/2010	USNAHB housing market indx	17	17	Mar	
16/03/2010	FR CPI (EU norm) final mm	0.3	-0.2	Feb	%
16/03/2010	FR CPI (EU norm) final yy	1.1	1.2	Feb	%
16/03/2010	FR Inflation ex tobacco M/M	0	-0.2	Feb	%
16/03/2010	IT Consumer prices final mm	0.1	0.1	Feb	%
16/03/2010	IT Consumer prices final yy	1.2	1.3	Feb	%
16/03/2010	IT CPI (EU norm) final yy	1.1	1.3	Feb	%
16/03/2010	IT CPI (EU-norm) final mm	0	-1.5	Feb	%
16/03/2010	DE ZEW current conditions	-52	-54.8	Mar	
16/03/2010	DE ZEW economic sentiment	43.7	45.1	Mar	
16/03/2010	EZ Inflation, final yy	0.9	1	Feb	%
16/03/2010	EZ Inflation, final mm	0.3	-0.8	Feb	% EUR
16/03/2010	EZ Inflation, ex-tobacco yy	0	0.9	Feb	% EUR
16/03/2010	EZ Inflation ex-tobacco mm	0	-0.8	Feb	% EUR
16/03/2010	EZ Infl exEnerFoodAlcTob yy	0	0.9	Feb	%
16/03/2010	EZ Infl exEnerFoodAlcTob mm	0	-1.5	Feb	%
16/03/2010	EZ Infl ex food & energy yy	0.8	0.9	Feb	%
16/03/2010	EZ Infl ex food & energy mm	0.4	-1.3	Feb	%
16/03/2010	USICSC chain stores yy	0	3.4	w/e	%
16/03/2010	USICSC chain stores ww	0	2.9	w/e	%
16/03/2010	CAManufacturing sales mm	0.5	1.6	Jan	% C\$
16/03/2010	CALabor Productivity Rate	0.8	-0.2	Q4	% C\$
16/03/2010	USImport prices mm	-0.2	1.4	Feb	%
16/03/2010	USHousing starts number mm	0.57	0.591	Feb	mln
16/03/2010	USHouse starts mm: change	0	2.8	Feb	%
16/03/2010	USExport prices mm	0.3	0.8	Feb	%
16/03/2010	USBuilding permits: number	0.61	0.622	Feb	mln
16/03/2010	USBuild permits: change mm	0	-4.7	Feb	%
16/03/2010	USRedbook yy	0	3.1	w/e	%
16/03/2010	USRedbook mm	0	0.7	w/e	%

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