

## Weekly Factsheet ended July 10: Markets end mixed

**TABLE 1: WEEKLY CLOSING IN MAJOR MARKET INDICES**

	3-Jul	10-Jul	%wow	%ytd
KL Composite	1,734.24	1,715.58	-1.1	-2.6
Dow Jones	17,730.11	17,760.41	0.2	-0.4
Nikkei 225	20,539.79	19,779.83	-3.7	13.3
DAX Index	11,058.39	11,315.63	2.3	15.4
UK FTSE100	6,585.78	6,673.38	1.3	1.6
AUS ORD 30	5,528.01	5,478.11	-0.9	1.7
STI Index	3,342.73	3,279.88	-1.9	-2.5
Hang Seng	26,064.11	24,901.28	-4.5	5.5
SSE Index	3,686.92	3,877.80	5.2	19.9

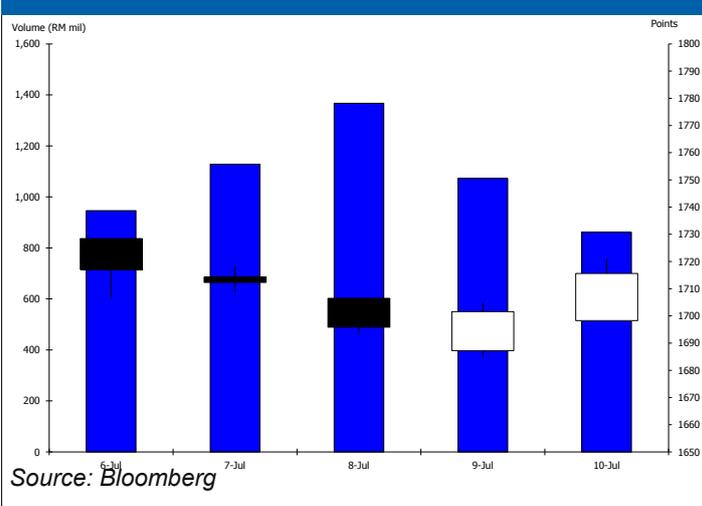
Source: Bloomberg

Western equity markets ended the week on a positive note as the Greek Prime Minister offered a package of reforms and spending cuts in exchange for a three-year bailout loan (\$59.2 bil) set to be discussed at European Union summit in Brussels on Sunday. Meanwhile, the FBMKLCI declined for the week while the ringgit continued to depreciate against the dollar for the third week to RM3.7940 from RM3.7795 previously.

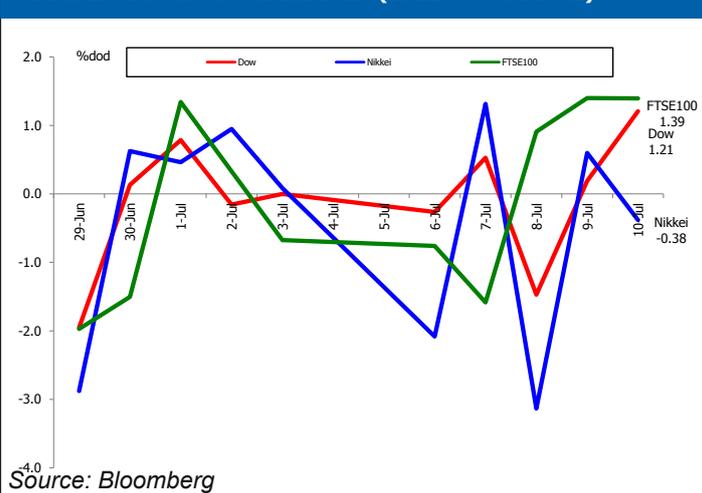
### STOCK MARKET HIGHLIGHTS

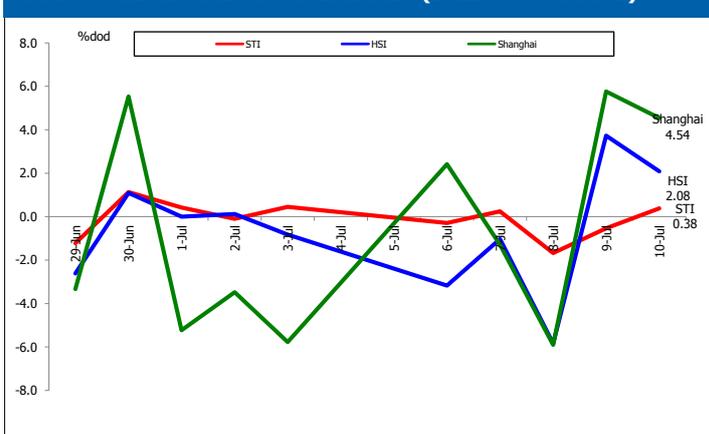
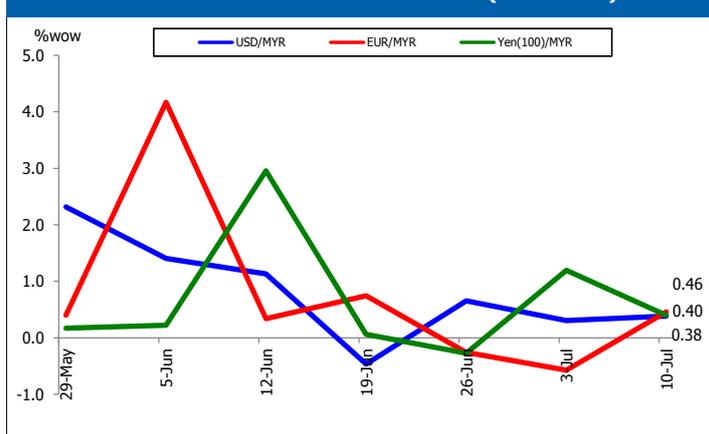
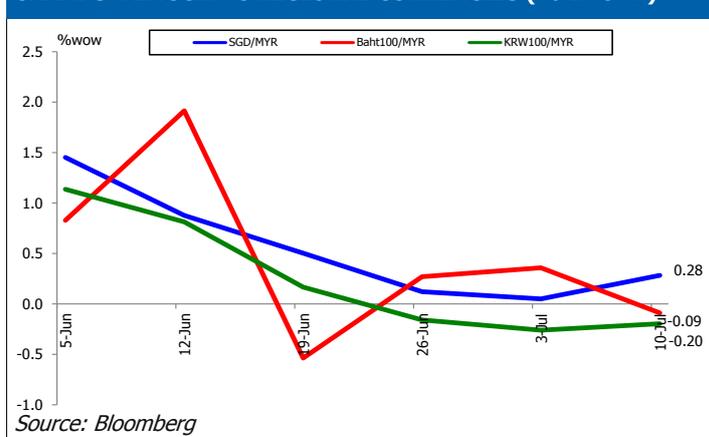
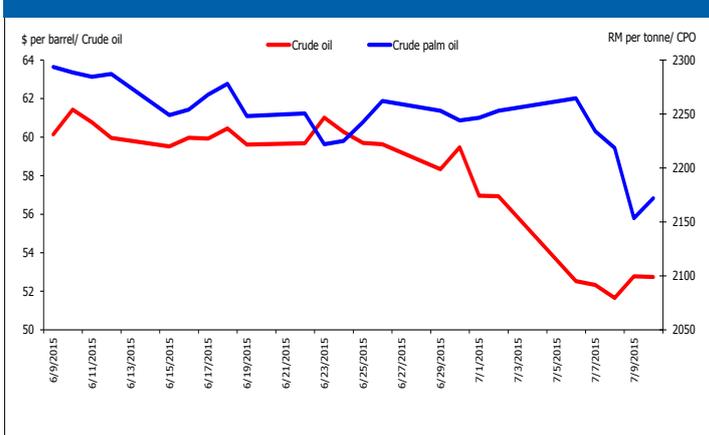
- U.S. stocks rally, end volatile week little changed.** U.S. stocks rallied on Friday on renewed hopes that debt-laden Greece will reach a deal with its creditors this weekend and stave off an exit from the eurozone. The S&P 500 posted its biggest one-day gain in two months, but ended the week virtually flat. The benchmark index advanced 25.31 points, or 1.2%, to 2,076.62. Gains were broad-based, with all 10 main sectors trading higher. The Dow Jones Industrial Average 211.79 points, or 1.2%, to 17,760.41 and eked out a 0.2% weekly gain. All 30 Dow components closed higher on Friday. The Nasdaq Composite rallied 75.30 points, or 1.5% to 4,997.70, but finished the week 0.2% lower. *(MarketWatch)*
- Markets rally on Greek deal optimism.** Markets rallied Friday after new Greek proposals for policy overhauls and budget cuts appeared to be closer to creditors' demands, fueling investor hopes that the country could strike a deal over the weekend to keep it in the eurozone. The Stoxx Europe 600 ended the session 2.0% higher, building on Thursday's gains. Germany's DAX added 2.9% and France's CAC-40 rose 3.1% on Friday. In southern Europe, Italy's FTSE MIB climbed 3.0% on the day while Spain's IBEX was 3.1% higher. The relief was also felt in debt markets. *(WSJ)*
- Asian stocks rise on Greece progress, China's recovery.** Asian stock markets ended Friday on a positive note, as the market rebound in China entered a second day and on the back of rising hopes for a deal between Greece and its creditors. The benchmark Shanghai Composite index bounced 4.6% to chalk up a two-day winning streak, reversing the meltdown which occurred earlier in the week, following a flurry of fresh regulatory support from Beijing. In Hong Kong, the Hang Seng index added 2% to Thursday's rally of 4.1%. South Korea's Kospi index finished a tad higher on Friday, as lagging blue chips capped the bourse's advances. *(CNBC)*
- Stocks on Bursa Malaysia ended higher following continued buying interest amid profit taking ahead of the weekend, dealers said.** At 5 pm, the FTSE Bursa Malaysia KLCI finished at 1,715.58, up 14.04 points, after moving between 1,698.26 and 1,720.82 throughout the day. Total vol-

**CHART 1: KLCI DAILY PERFORMANCE**



**CHART 2: MAJOR STOCK INDICES (DAILY % CHANGE)**



**CHART 3: REGIONAL STOCK INDICES (DAILY % CHANGE)****CHART 4: RINGGIT vs MAJOR CURRENCIES (% W-O-W)****CHART 5: RINGGIT vs REGIONAL CURRENCIES (% W-O-W)****CHART 6: CRUDE OIL vs CRUDE PALM OIL**

ume fell to RM1.67 billion units valued at RM1.66 billion from 1.82 billion units valued at RM1.83 billion. Of the heavy-weights, Maybank rose four sen to RM9.20 and Public Bank added 32 sen to RM18.82, but TNB fell two sen to RM12.54 and Axiata was flat at RM6.31. Among actives, Perwaja and AirAsia each added three sen to 31.5 sen and RM1.34 respectively, while Multi Sports was one sen lower at 8.5 sen and KNM inched down 1.5 sen to 59.5 sen. *(Bernama)*

## ECONOMIC HIGHLIGHTS

- Malaysia: Malaysia's exports decline on weaker global demand.** Malaysia's exports in May declined by 6.7% to RM60.45bil compared with the corresponding month last year impacted by subdued global demand, according to the International Trade and Industry Ministry (Miti). May imports fell 7.2% making Malaysia's total trade to decline 6.9% to RM115.4bil. *(The Star)*
- Malaysia: Not so rosy outlook for banking sector.** Although the banking sector loan growth inched up in May despite the implementation of the goods and services tax (GST) on April 1, analysts on the whole are not bullish of the attractiveness of the sector. CIMB Investment Bank Bhd analyst Winsong Ng said residential mortgages, which had been the key driver for the industry's loan growth in the past two to three years, continued to moderate from 13% year-on-year in April to 12.8% in May due to the weaker property market. *(The Star)*
- Malaysia: Production levels in Malaysia declined in June.** Production levels in Malaysia in June have declined at a quickest rate in two-and-a-half years according to the Manufacturing Purchasing Managers' Index (PMI). The Index, published for the first time by Nikkei and Markit, is a composite single figure indicator of manufacturing performance, and derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. *(New Straits Times)*
- Malaysia: Bank Negara Malaysia's (BNM) international reserves amounted to RM398.1 billion (equivalent to \$105.5 billion) as at June 30, 2015.** In a statement BNM said the reserves position was sufficient to finance 8.2 months of retained imports and was 1.1 times the short-term external debt. *(The Borneo Post)*
- Malaysia: Malaysia-OIC bilateral trade to rise 10%: MA-TRADE.** Bilateral trade between Malaysia and Organisation of Islamic Cooperation (OIC) countries is likely to increase by between 5% - 10% in 2015 from \$45.81 billion in 2014, says the Malaysia External Trade Development Corporation (MATRADE). Chief Executive Officer Datuk Dzulkifli Mahmud said both parties have a lot of room to improve in terms of products and services to enable them to diversify into new markets. *(Bernama)*
- Malaysia: SC liberalises rules for fund management industry.** The Securities Commission (SC) has liberalised rules governing the fund management industry, allowing the establishment of boutique fund management companies through a more facilitative structure. "Boutique fund management companies can manage assets up to RM750 million with a clientele of not more than 50 investors," SC said in a statement Wednesday. *(Bernama)*

said on Thursday. (*Bloomberg*)

- **Malaysia: Bank Negara keeps policy rate on hold, sees growth moderating.** Malaysia's central bank held its overnight policy rate at 3.25% on Thursday, keeping policy steady. "For Malaysia, the latest indicators point to continued expansion of the economy in the second quarter, albeit at a more moderate pace," Bank Negara's monetary policy committee said in a statement. (*The Star*)
- **Malaysia: Global funds boost Malaysia bond holdings.** Overseas investors boosted their holdings of Malaysia's government bonds to a record in June even as the ringgit dropped twice as much as any other currency in Asia. The holdings rose 4.5% to 176.6 billion ringgit (\$46.4 billion), a fourth monthly increase, central bank data showed. Ten-year notes in the Southeast Asian nation offer a yield of 4.08%, compared with 2.23% for Treasuries. Foreign holdings of Malaysian government and corporate debt climbed 1.7% to 211.9 billion ringgit in June from the previous month. (*Bloomberg*)
- **U.S.: Trade deficit widens; weakness abroad fuels export drop.** The U.S. trade deficit widened in May, fueled by a drop in exports that could heighten concerns over weak overseas demand and a strong U.S. dollar. The trade gap grew \$1.2 billion to \$41.9 billion. That was less than the \$42.6 billion deficit expected by analysts and suggests Wall Street economists may slightly raise their forecasts for economic growth in the second quarter. (*Reuters*)
- **U.S.: Dollar rise threatens growth and emerging markets: IMF.** In a health check on the U.S., the fund reiterated its advice that the Fed should delay raising interest rates until next year, partly because of a risk that a rate increase would trigger another rise in the dollar with destabilizing consequences globally. The Fed's plans will have huge ramifications worldwide. Central banks around the world are braced for possible capital outflows and currency gyrations as investors funnel money into higher-yielding U.S. assets after a rate rise. (*Financial Times*)
- **U.S.: More data needed before Fed can hike, as Greek worries loom: Fed minutes.** Federal Reserve officials needed to see more signs of a strengthening U.S. economy before raising interest rates, according to minutes of a June Fed policy meeting, at which Greece's debt crisis was cited as a serious concern. The minutes from the June 16-17 meeting show how the central bank continues to grapple with its plan to raise interest rates later this year, in the wake of mixed economic data domestically and market turmoil gathering steam abroad. (*Reuters*)
- **U.S.: Jobless claims rise to highest level since February.** New applications for U.S. unemployment insurance benefits rose last week to their highest level since February, suggesting some slowdown in the labor market recovery. Initial claims for state unemployment benefits rose 15,000 to a seasonally adjusted 297,000 for the week that ended July 4, the U.S. Department of Labor
- **E.U.: IMF tells Greece it cannot provide money due to missed payment.** The International Monetary Fund told Greece on Monday it could not provide funds to countries that had missed payments due to the international lender, an IMF representative said. IMF Managing Director Christine Lagarde spoke to Greek Prime Minister Alexis Tsipras about the Greek people's rejection in a referendum of the bailout terms of international lenders. (*Reuters*)
- **E.U.: Eurozone summit possible on Sunday to back plan for Greece.** Eurozone leaders could hold a further emergency summit on Sunday to approve a plan to aid Greece if creditor institutions are satisfied with a Greek loan application and reform commitments, two senior EU sources said. The leaders were meeting on Tuesday evening in Brussels with Greek banks shuttered and fast running out of cash and the Greek economy on the verge of collapse. (*Reuters*)
- **U.K.: U.K. interest rates remain at record low of 0.5%.** U.K. interest rates have been held at 0.5% again by the Bank of England's Monetary Policy Committee. Rates have now remained on hold for more than six years and the Bank is not expected to raise them until next year. Analysts say the Bank is under no pressure to raise rates yet with inflation near record lows. (*BBC*)
- **Japan: Japan policymakers pledge to temper potential market volatility after Greek upset.** "The direct economic and financial relations between Japan and Greece are limited. But government and Bank of Japan officials have held discussions early this morning to ensure Japan responds smoothly to any market response as needed, BOJ Governor Haruhiko Kuroda said in a statement. The central bank's first line of defense would be to inject massive liquidity to calm markets, sources have told Reuters. (*Reuters*)
- **Japan: Japan sees Greece as proof austerity alone doesn't help finances.** Greece's economic meltdown underscores how austerity alone can't solve a nation's fiscal problems, according to Japanese Economy Minister Akira Amari. Greece is "cutting expenditure and raising taxes, and as a result, tax revenue has fallen further," Amari said in a July 2 interview at his Tokyo office. "It's proof that you can't fix finances by just raising taxes and cutting spending without increasing tax revenues by restoring the economy," he added. (*Bloomberg*)
- **Japan: Spending by foreign visitors boosts Japanese business sentiment.** Japanese business sentiment improved in June, with spending by foreign visitors and capital investment by major companies among the bright spots seen in various sectors, according to Bank of Japan (BOJ) "tankan" survey results released July 1. (*Mainichi*)
- **Japan: May economic index down, shows economy 'pausing'.** Japan's key composite index of economic indicators fell in May following a rise in the previous month, data showed Monday, prompting the government to

downgrade its assessment of the nation's economy for the first time in nine months. The index of coincident indicators, such as industrial output, retail sales and new job offers, dropped 1.8 points from the previous month to 109.2 against the 2010 base of 100, the Cabinet Office said in a preliminary report. *(Mainichi)*

- **China: China curbs IPOs, enlists brokers in all-out bid to end market rout.** Beijing intensified efforts at the weekend to pull China's stock markets out of a nose-dive that is threatening the world's second-largest economy, with top brokerages pledging to buy massive amounts of shares and a report that the government has set up a market stabilisation fund. *(The Star)*

- **China: Zeroing in on empty homes, China throws developers a lifeline.** At the end of May, according to the National Bureau of Statistics, unsold residential floor space totalled 657 square kilometres - the most unsold space in at least two years, and covering an area nearly the size of Singapore. *(Reuters)*

- **China: World Bank removes section from China report.** The World Bank has removed a critical portion from a recently released report on China's economy, saying the section had not been adequately reviewed. On Wednesday, the Washington-based institution released its China Economic Update report in Beijing, which included a section urging the country to accelerate reform of its state-dominated financial sector. *(The Star)*

- **China: World Bank expects 7.1% GDP expansion.** Latest China snapshot says progress made in structural adjustments toward 'new normal' The World Bank's latest economic update on China has predicted a slowdown in the country's GDP growth to 7.1% in 2015, and 6.9% by 2017, but underlines Beijing is making progress with its structural adjustments. *(Xinhua)*

- **China: Economy still on the right track.** Premier Li Keqiang said that the government had the confidence and ability to deal with the risks and challenges faced by its economy, according to a statement on the central government's website. Major economic indicators have stabilized and positive signs are emerging in the world's second-largest economy, Li said, adding that China's performance during the first six months of the year had been reasonable. *(Reuters)*

- **China: Consumer inflation picks up.** China's consumer inflation remained at a low level while industrial deflation lingered in June, raising speculation that policymakers may encourage more bank lending to shore up manufacturing and prevent risks arising from the stock market turbulence. The Consumer Price Index, the main gauge of inflation, climbed to 1.4% in June from 1.2% in May, driven largely by the 1.9% year-on-year growth in food prices, the National Bureau of Statistics said on Thursday. *(Xinhua)*

## U.S.

- June Advance Retail Sales by US Census Bureau on July 14
- Weekly Mortgage Applications by Mortgage Bankers Association on July 15
- June Producer Price Index (PPI) by Processing Stage Finished Goods by Bureau of Labor Statistics on July 15
- July U.S. Empire State Manufacturing Survey General Business Conditions on July 15
- June Industrial Production by Federal Reserve on July 15
- Weekly Initial Jobless Claims by Department of Labor on July 16
- June Housing Starts by Department of Commerce on July 17
- June Consumer Price Index (CPI) by Bureau of Labor Statistics on July 17
- July Consumer Sentiment Index by University of Michigan on July 17

## Eurozone

- May Industrial Production Index by Eurostat on July 14
- June Consumer Price Index (CPI) by Eurostat on July 16
- Announcement of ECB Interest Rates by European Central Bank (ECB) on July 16

## Japan

- May Industrial Production Index (IPI) by Ministry of Economy, Trade and Industry on July 13
- May Tertiary Industry Activity Index by Ministry of Economy, Trade and Industry on July 13

## China

- June Industrial Production Index by National Bureau of Statistics on July 14
- 2Q15 China GDP by National Bureau of Statistics on July 14

## Malaysia

- June Consumer Price Index (CPI) by Department of Statistics Malaysia (DOSM) on July 15