

## International Markets – Weekly Report

### Energy/Currencies

Energy / Precious Metals	Close		WTD %	YTD %
Oil - Light Crude	97.85	▲	1.90%	6.57%
Oil - Brent	105.93	▲	1.31%	-4.66%
Gold (USD/t oz)	1,390.20	▲	0.46%	-16.97%
Silver (USD/t oz)	22.04	▲	1.85%	-27.28%

U.S. crude futures settled up after news that the United States had authorized sending U.S. weapons to Syrian rebels sparked concerns about Middle East supplies. On the New York Mercantile Exchange, crude oil <CLC1> settled at USD97.85 a barrel, rising by USD1.82 for the week. In London, Brent crude <LCOc1>, settled at USD105.93, up by USD1.37. NYMEX RBOB gasoline <RBc1> settled at USD2.8967 a gallon, for the week, the contract rose by 0.25 cents. NYMX heating oil <Hoc1> rose by USD0.69 to settle at USD2.9622.

OPEC held its forecast for growth in world oil demand unchanged at 0.80mnbpd to average 88.6mnbpd in 2013, and predicted demand will grow more quickly in the rest of the year as it expected global economy to recover. OPEC forecasts world oil demand would expand by 0.9mnbpd in the second half, up from 0.7mnbpd in the first six months of 2013. Meanwhile, OPEC supply rose by 0.1mnbpd to 30.57mnbpd, broadly in line with the average demand for OPEC's crude in the second half of 30.47mnbpd.

The U.S. Energy Information Administration (EIA) cut its 2013 world oil demand growth forecast by 0.02mnbpd to 0.87mnbpd YoY, and by 0.02mnbpd to 1.19mnbpd YoY for 2014. Demand for non-OECD countries hit 44.5mnbpd, compared with 44.3mnbpd in the OECD countries. On the other hand, the International Energy Agency (IEA) growth forecast is little change at 0.8mnbpd to 90.6mnbpd for 2013.

Currency	Close		WTD %	YTD %
USD - EUR	1.3346	▲	0.94%	1.15%
USD - GBR	1.5703	▲	0.94%	-3.37%
JPY - USD	94.07	▼	-3.55%	8.45%

Stocks of gasoline on the U.S. East Coast rose to their highest level since February 2012 last week as the summer driving season got underway, data from the U.S. Energy Information Administration (EIA) showed. Inventories on the heavily populated East Coast jumped 2.9mn barrels to 63.8mn barrels, offsetting a slight drawdown elsewhere in the country. The 2.7mn country-wide build in the week to June 7 was much higher than expectations of analysts polled by Reuters, who saw a 600,000 barrel rise. The EIA reported crude stocks rose 2.5mn barrels to 391mn barrels, compared with a near 9mn barrel build reported by the API.

U.S. natural gas futures ended down last week pressured by forecasts for a cooler trend in U.S. weather that should allow homeowners and businesses to turn down their air conditioners. On the New York Mercantile Exchange <NGc1> settled up at USD3.733 per million British thermal units (mmbtu). Many traders viewed Thursday's report of an inventory build of 95 billion cubic feet (bcf) last week as neutral for prices, noting it was in line with the Reuters poll estimate of 96 bcf. But some saw it as bearish, coming in well above the five-year average increase for that week of 84 bcf. Early injection estimates for next week's EIA storage report range from 83 bcf to 95 bcf, versus a 63 bcf build during the same week last year and a five-year average rise for that week of 80 bcf.

Sterling climbed to its highest level in more than four months against the U.S. currency as a wider measure of unemployment declined in April. Japan's currency gained against all its most-traded peers as BOJ Governor Haruhiko Kuroda held back from extending the maturity of loans to banks as part of its unprecedented easing program. The Dollar Index fell for the longest streak since September as the International Monetary Fund said it sees the Federal Reserve maintaining monthly

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bond purchases until at least the end of this year.

## U.S.

U.S. retail sales rose more than expected in May, sign of economic resilience in the face of belt-tightening in Washington. Retail sales increased 0.6 percent after edging up 0.1 percent in April. Economists had expected sales to rise 0.4 percent.

A 1.8 percent surge in motor vehicle purchases last month helped lift retail sales, which account for about 30 percent of consumer spending. It was the largest increase in auto sales since November. A sizable 0.9 percent gain in receipts at stores selling home-building materials also helped.

Index	Close	WTD %	YTD %
US - DJ Average	15,070.18	▼ -1.17%	15.00%
US - Nasdaq Comp.	3,423.56	▼ -1.32%	13.38%
US - S&P500	1,626.73	▼ -1.01%	14.06%

The U.S. current account deficit widened in the first quarter to USD106.1bn. The Commerce Department said the current account deficit, which measures the flow of goods, services and investments into and out of the country, fell from a downwardly revised USD102.3bn in the fourth quarter. That represented 2.7 percent of gross domestic product, hovering near the 2.6 percent recorded in the prior three-month period. As a share of GDP, the current account deficit was close to the record low in the second quarter of 2009. In the first quarter, the deficit on goods increased to USD179.1bn from USD182.4bn in the prior quarter.

U.S. consumer sentiment retreated this month after reaching its highest in nearly six years in May, as household optimism about employment and housing faded slightly. The Thomson Reuters/University of Michigan's preliminary reading on the overall index on consumer sentiment fell to 82.7 in June, below a near six-year high of 84.5 in May. Economists polled by Reuters had expected it to hold at 84.5 this month. While the barometer of current economic conditions fell to 92.1 from 98.0, a gauge of consumer expectations edged up to its highest since November at 76.7 from 75.8.

The number of Americans filing new claims for jobless benefits fell last week, nearing its lowest level in five years in a sign of resilience for the U.S. labor market. Initial claims for state unemployment benefits declined 12,000 to a seasonally adjusted 334,000, the Labor Department said. The four-week moving average for new claims, which irons out week-to-week volatility, dropped 7,250 to 345,250.

U.S. business inventories rose in April, but with goods taking longer to sell businesses could slow their pace of stock accumulation to prevent an unwanted piling up of merchandise. The Commerce Department said inventories increased 0.3 percent after edging down 0.1 percent in March. The rise was in line with economists' expectations. Retail inventories, excluding autos, rebounded 0.4 percent. That followed a 0.7 percent fall in March. Business sales fell 0.1 percent in April after declining 1.2 percent the prior month. At April's weak sales pace, it would take 1.31 months for businesses to clear shelves.

## Europe

Euro-zone sentiment improved in June for a second consecutive month helped by the European Central Bank's decision in May to cut interest rates to a new record low and by a calmer political environment. Sentix research group said its monthly index tracking

Index	Close	WTD %	YTD %
England - FTSE 100	6,308.26	▼ -1.62%	6.96%
Germany - DAX	8,127.96	▼ -1.54%	6.77%
France - CAC 40	3,805.16	▼ -1.74%	4.51%

investor sentiment in the 17-nation currency bloc rose to -11.6 in June from -15.6 in May, falling short of a consensus forecast in a Reuters poll of economists for a rise to -10. A sub-index of Euro-zone expectations rose to 7.3 in June from 2.8 in May, and the index on Germany also rose to 16.2 from a previous 15.2.

Prices of electricity, fruit and vegetables lifted the Euro-zone inflation off its three-year low in May, while the single currency bloc's record high jobless rate showed in its deepening inability to create jobs in the first quarter. Consumer prices rose by 0.1 percent on the month in May, the EU statistic agency Eurostat said, putting the annual inflation rate at 1.4 percent compared to 1.2 percent in April.

Germany's consumer price inflation for May was confirmed at 0.4 percent MoM and 1.5 percent YoY, the Federal Statistics Office said. It also said that the harmonized consumer price index was confirmed at 0.3 percent MoM and revised slightly lower to 1.6 percent YoY. In April, consumer prices fell by 0.5 percent MoM and rose by 1.2 percent YoY.

The number of Britons claiming unemployment benefit fell more than expected in May to its lowest in two years. The Office for National Statistics said the number of people claiming benefit dropped by 8,600 last month, its seventh consecutive drop. Analysts in a Reuters poll had forecast a drop of 5,000. The number of people without a job, fell by 5,000 in the three months through April to 2.51mn. The jobless rate held steady at 7.8 percent, as expected. Britain's labor market has proved resilient despite the downturn of the past few years, helped by the willingness of workers to accept below inflation wage growth. Average weekly earnings grew by 1.3 percent in the three months through April, its fastest pace so far this year but still around half the rate of consumer price inflation. In April alone earnings rose 3.3 percent, helped by companies paying bonuses a month later than last year.

## Japan

Japanese gross domestic product grew 1.0 percent in January-March from the previous quarter, revised up from a preliminary estimate, Cabinet Office data showed on Monday, confirming an economic recovery on the back of sweeping government policies. The reading compared with a 0.9 percent gain forecast by economists in a Reuters poll, and the initial estimate of 0.9 percent growth. The revision was due to an upward revision to capital spending, the data showed. That translated into annualized growth of 4.1 percent in price-adjusted real terms, compared with an annualized 2.4 percent expansion in the United States and a 0.9 percent annualized contraction in the 17-country euro zone in the same quarter.

Japan's current account surplus doubled in April from a year earlier, Ministry of Finance (MOF) data showed, indicating that a moderate pickup in exports and huge income gains helped the nation's balance of payments. The rise compared with a median forecast by economists for a 14.3 percent decline in the current account surplus. The surplus stood at JPY750bn (USD7.70bn), against a median forecast for JPY320.0bn.

Japanese consumer confidence improved in May, a Cabinet Office survey showed, pointing to firm private consumption on the back of government's stimulus measures. The survey's sentiment index for general households, which includes views on incomes and jobs, stood at 45.7 in May, up from 44.5 the previous month.

Index	Close		WTD %	YTD %
Japan - Nikkei 225	12,686.52	▼	-1.48%	22.04%
Japan - Topix	1,056.45	▼	-0.05%	22.87%

## Emerging Markets

### China

China's forex purchase position reached CNY27.430tn (USD4.44tn) at the end of May, marking the sixth straight month of rises, the People's Bank of China announced. The figure resulted in a net increase of CNY66.86bn from April's CNY27.363tn, suggesting continuous capital inflows amid continued bets on Yuan appreciation, according to the bank.

Index	Close		WTD %	YTD %
Honk Kong - Hang Seng	20,969.14	▼	-2.81%	-7.45%
Korea - KOSPI	1,889.24	▼	-1.80%	-5.40%
India - BSE	19,177.93	▼	-1.29%	-1.28%
Pakistan - KSE	22,541.64	▲	0.82%	33.34%
Brazil - BVSP	49,332.34	▼	-4.43%	-19.06%
Mexico - INMX	39,269.30	▼	-2.39%	-10.15%
China - SSE180	5,241.38	▼	-2.77%	-5.56%
Russia - IRTS	1,293.88	▼	-1.56%	-15.27%

### India

India's industrial output for April was revised for the second time in a day to 2.3 percent from an earlier revision of 2.2 percent, a government statement said. India's April industrial output growth was reported at 2 percent, lower than the upwardly revised 3.4 percent growth for March. The industrial output growth data was revised up due to upward revision of electricity production growth to 4.2 percent from 0.7 percent expansion reported earlier, the statement said.



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