



MARKETS IN CHECK

- Fed's intention to keep interest rates low through 2014 cushions global stocks
- Roche Holding AG begins its \$5.7bn hostile takeover offer for Illumina Inc.
- Treasury 5-year note yields plunge to record
- Euro strengthens on signs Greece is nearing agreement with creditors
- Oil rises on optimism that Greek debt deal to be finalised soon
- Gold surges as US QE3 a possibility

ECONOMIC RELEASES & POLITICS

	Expected	Actual
US GDP Annualised (Q4)	3.0%	2.8%
US Durable Goods Orders (Dec)	2.0%	3.0%
US Durable Goods Orders ex Transportation (Dec)	1.0%	2.1%
US Leading Indicators (MoM) (Dec)	0.7%	0.4%
US Reuters/Michigan Consumer Sentiment Index (Jan)	73.9	75.0
UK GDP (QoQ) (Q4)	-0.1%	-0.2%
EMU Consumer Confidence (Jan)	-20.0	-20.6
Germany IFO - Business Climate (Jan)	107.8	108.3
Germany Gfk Consumer Confidence Survey (Feb)	5.6	5.9

GLOBAL STOCK MARKET WEEKLY ROUNDUP

- The S&P 500 climbed for a fourth week, its longest winning streak in nearly four months, as the Fed made public its plans to keep rates low through at least late 2014. The index pared gains on Thursday and Friday, while the Dow Jones erased its advance, after reports on new home sales and US GDP trailed economists' estimates.
- European stocks slid for the first week in six after it was reported that the US economy grew slower than forecast in 4Q2011 while talks continued between Greece and its creditors for a debt-swap deal.
- Asian stocks advanced for a 6th week, with the MSCI Asia Pacific Index posting its longest streak since 2010, as the Fed pledged to maintain low rates through 2014 and as India eased curbs on lending.

		20/1/2012	27/1/2012	Weekly Change (%)	YTD Change (%)
MSCI World	▲	1235.64	1246.04	0.84%	5.37%
S&P 500	▲	1315.38	1316.33	0.07%	4.67%
Dow Jones Industrial Average	▼	12720.48	12660.46	-0.47%	3.63%
NASDAQ	▲	2786.7	2816.55	1.07%	8.11%
FTSE 100	▲	5728.55	5733.45	0.09%	2.89%
MSCI EMU	▲	77.61	78.06	0.58%	5.92%
MSCI Asia Pacific ex Japan	▲	422.89	432.82	2.35%	10.19%
NIKKEI	▲	8766.36	8841.22	0.85%	4.56%
Hang Seng	▲	20110.37	20501.67	1.95%	11.21%
Shanghai Composite Index	▲	2319.118	NA	0.00%	5.44%
Straits Times Index	▲	2849.38	2916.26	2.35%	10.20%
MSCI Emerging Markets	▲	995.08	1016.61	2.16%	10.94%
WTI Oil (US\$)	▲	519.80	524.82	0.96%	0.90%
JPM Global Aggregate Bond Index	▲	98.33	99.56	1.25%	0.74%
Spot Gold (US\$)	▲	1663.30	1732.84	4.18%	9.93%

CORPORATE NEWS

- Roche Holding AG started its \$5.7bn hostile takeover offer for Illumina Inc., even as investors signalled that they expect the Swiss drugmaker to raise its bid for the US gene-mapping company. Roche is giving shareholders of Illumina until 24 February to tender their shares at \$44.50 each, but Illumina separately advised that investors should take no action while the board reviews the proposal. Roche is going directly to Illumina shareholders because "the Illumina board of directors has been unwilling to participate in substantive discussions" with Roche, adopting instead a poison-pill defense to block the takeover.

FIXED INCOME MARKETS

- Treasury five-year note yields plunged to a record low after the Fed unexpectedly announced that it would keep interest rates low until at least late 2014. Yields on the securities set three consecutive records after Fed Chairman Ben Bernanke said that additional asset purchases to boost growth is an option. Treasuries extended their advance on Friday as the US economy grew at a slower pace in 4Q2011.
- Fitch Ratings cut the credit ratings of Belgium, Cyprus, Italy, Slovenia and Spain as it opined that they lacked financing flexibility amid the crisis. Italy and Spain were each cut two notches to A- from A+ and to A from AA- respectively.

FOREIGN EXCHANGE MARKETS

- The euro advanced against the dollar for five consecutive days, its longest streak since November, after European Union Economic and Monetary Affairs Commissioner Olli Rehn said that Greece was “close” to reaching an agreement with its creditors. The currency later extended gains after US consumer confidence in January was reported to be the highest in almost a year. The euro was supported as Italy sold bills, benefitting the ECB’s efforts to fight the spread of the debt crisis by shoring up banks.
- The Dollar Index declined for a second weekly decline as the Fed pledged low interest rates for at least another three years.

COMMODITY MARKETS

- Oil gained as gasoline surged to a five-month high and amid signs that Greece is nearing an agreement with its creditors.
- Gold traders are bullish for a fourth straight week, betting that the Fed’s pledge towards low interest rates will extend the metal’s best start to a year in more than three decades. Lower interest rates increase the appeal of bullion because it generally earns investors returns only through price gains. The value of gold held in exchange-traded products climbed \$3.9bn on Wednesday, the most since October, as the Fed spoke of a possible third round of asset purchases.
- Corn surged, making its biggest weekly gain in five, as concerns that a renewed heat wave in Argentina may damage crops boosted demand for US grain. Wheat and soybeans likewise rose.

Yields & Spreads

3M LIBOR	0.55%
3M SIBOR	0.40%
US 10Y	2.00%
UK 10Y	3.75%
10Y Bunds	2.00%
JGB 10Y	1.00%
AUS 10Y	5.75%

Currency Majors

	USD	SGD
EUR	1.3176	1.6531
GBP	1.5711	1.9701
JPY	76.740	61.233
CHF	0.9150	1.3707
CAD	1.0033	1.2498
AUD	1.0579	1.3295
NZD	0.8201	1.0304
CNY	6.3173	5.0607
SGD	1.2548	1.0000

Commodity Prices (\$)

Brent Crude	\$111.31
Natural Gas	\$2.8210
Gasoline	\$292.09
Gold	\$1736.2
Spot Silver	\$33.690
Platinum	\$1606.0
LME Cu	\$3.8462
LME Al	\$0.9946
LME Nickel	\$9.7534
LME Zn	\$0.9623
Corn	\$638.50
Wheat	\$649.00
Soybean	\$1214.8

SMARTER INVESTING— Asset Allocation

What is Asset Allocation?

Asset allocation is a strategy of dividing one’s investments into several asset classes, so that should one of the asset classes be drastically affected by market conditions, the other assets will help to provide better stability to the investments.

Why Asset Allocation?

A simple analogy of asset allocation is to put one’s eggs into different baskets, so that in the event one basket is dropped, other eggs remain intact.

Why Asset Allocation works?

Different classes of assets react differently in different situations. By diversifying one’s investments into several asset classes, the overall volatility of an investment portfolio will improve.

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Data sources: Bloomberg and FX Street