

Tuesday, 30 August 2005

asian markets

- Position squaring ahead of a slew of data releases this week in part helped to support the **USD** amid uncertainties surrounding the oil prices. USD/EUR and USD/GBP weakened to 1.2234 and 1.7963 on Mon from 1.2289 and 1.8002 respectively last Fri. While USD/JPY was firmly above 110-level in Ldn/NY session, it remained largely within familiar ranges despite the climbing oil prices.
- Most **Asian currencies** weakened against USD on Mon as oil prices continued to test higher levels. USD/THB traded 41.08-41.27 Mon vs high of 41.19 last Fri while USD/TWD ended at its 9-mth high 32.487 as foreigners continued to sell local stocks. USD/KRW closed down at 1,031.25 from 1,028.75 last Fri.
- USD/IDR** closed at its 45-mth high of 10,840 Mon from 10,400 last Fri as corporates continued to hedge their USD demand and JKSE lost 5.2% to near 4-yr lows. BI was suspected to have supported IDR at 10,850 and 10,890 levels.
- BI governor Burhanuddin Abdullah** said late Mon that the IDR is not facing a repeat of the 1997/98 currency crisis and any IDR support measures will be "market friendly". The CB also announced that it was seeking to expand bilateral currency-swap arrangements with Japan, China and S Korea to a combined total of US\$10bn. Further, the govt will review planned projects by state-owned companies which require expensive imports in order to avoid further pressure on IDR.
- USD/MYR** rose in tandem with other Asian currencies. At 0830 GMT, the pair was at 3.7690, up from 3.7645 Fri after trading in the 3.7660-3.7690 range.
- Malaysia Trade Min Rafidah Aziz** said Mon that exporters are more concerned about the high oil prices than the marginal 1% appreciation of the MYR since the de-peg. The MYR de-peg has worked well so far and impact on businesses is expected to be marginal.
- Malaysia** may cut oil subsidies again in light of high oil prices according to a local news report on Mon.
- USD/RMB** closed near post-revaluation low of 8.0954 Mon from 8.0965 Fri after trading between 8.0950-8.0965. PBOC governor Zhou Xiaochuan said reforms to the RMB regime were more than a one-off change and hinted that progress would be faster-than-expected. The NDF market was relatively stable on Mon.
- China's FX regulator** approved 5 Chinese and 9 foreign banks as members of the inter-bank FX market from 24-Aug in line with its move towards more FX flexibility. However, local newspaper reported that the country has delayed the launch of a USD/RMB market-maker system as China needs to improve risk hedging.
- PBoC** will hold a news briefing at 0700 GMT on the issuance of the Chinese notes. It said the briefing will not be related to FX.
- Asian stocks market** took a beating on Mon as oil prices continued to rise due to Hurricane Katrina. JKSE was the worst-hit as it plunged 5.2%, Kospi -2.2%, Nikkei 225 -1.04%, Hang Seng -0.97% and STI -0.64%.
- Philippine 2Q05 GDP growth** +4.8%/y in line with market expectations. Govt warned high oil prices will continue to weigh on the economy in particular the agriculture and services sectors.

Foreign Exchange Rates

as at 29 August 2005

	MYR	SGD	THB	HKD	TWD	PHP	KRW
<u>Europe & NY</u>							
High	- 1.6835	41.27	7.7698	-	-	-	-
Low	- 1.6758	41.14	7.7682	-	-	-	-
<u>Asian</u>							
High	3.7695	1.6785	41.20	7.7702	32.49	-	1031.70
Low	3.7650	1.6735	41.08	7.7675	32.34	-	1028.80

as at 30 August 2005 08:54 (local time)

Last	3.7685	1.6781	41.25	7.7692	32.43	56.00	1028.60
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Stock Indices (as at 29 August 2005)

Singapore Straits Times	2272.00	-0.64
Kuala Lumpur Composite	911.85	-0.71
Bangkok SET	691.33	-0.66
Philippines Composite	-	-
Jakarta JSX	994.77	-5.16
Hong Kong Hang Seng	14836.97	-0.97
Taiwan Industrial Index	6049.44	-1.42
Seoul Composite	1063.16	-2.15
Shanghai 'B'	63.62	-2.39
Bombay BSESN	7634.43	-0.60
Sydney All Ordinaries	4368.60	-1.14

3-Month Interest Rates

Malaysia KLIBOR	2.89	-
Singapore SGD (SIBOR)	2.00	-
Hong Kong	3.80	+1
* Thailand	-	-

(*): implied interest yields of offshore swaps pts

Economic Indicators

GMT	Indicators	Mth	Actual	Mkt	Last
<u>Today</u>					
<u>Next Week</u>					
31/08	TH Total Exports yy	Jul			9.7%
31/08	TH Total Imports yy	Jul			34.6%
31/08	TH Total Trade Bal	Jul			-1.85bn
31/08	TH Business Sentiment	Jul			45.2%
01/09	SK CPI yy	Aug			2.5%
01/09	SK CPI mm	Aug			0.4%
01/09	ID Inflation yy	Aug	8.17	7.84%	
01/09	ID Exports yy	Jul	14.9	13.4%	
01/09	ID Imports yy	Jul	19.6	24.7%	
01/09	ID Trade Bal	Jul	1.85	2.01bn	
01/09	TH CPI (1998=100) yy	Aug			5.3%
01/09	TH CPI (1998=100) mm	Aug			1.6%
01/09	SG PMI	Aug			52.1

<u>Previous</u>					
0200	PH GDP yy	Q2	4.8	4.5	4.6%

Key Events

Date	Ctry	Event
31/08	MA	Market Holiday
02/09	ID	Market Holiday

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Daily Technical Strategy: Short-Term Trade Plan

USD/SGD: 1.6805 - 15

- Buy 1.6800 with stop below 1.6770 for a move to 1.6870.

Singapore Focus

USD/SGD tracked USD/JPY higher on Mon with the key resistance at 1.6770 taken out much faster than expected. The pair moved higher to 1.6735-1.6835 from a high of 1.6761 last Fri. However, SGD NEER improved slightly to around -0.2% from the policy mid-point this morning from around -0.35% yesterday morning. While the high oil prices will continue to weigh on SGD in the near-term, our techies suggest that further USD/SGD up-move will be limited. The pair is expected to trade 1.6670-1.6840 today.

UOB Treasury's Estimation of SGD NEER band (30 Aug 2005)

Assuming 2.0% on each side of the pivot point:

<u>Lower end</u>	<u>Upper end</u>	<u>Mid-point</u>
1.7024	1.6356	1.6690