

# Asian Markets

Friday, 04 January 2013

## Line-Up For The Day

- Today continues to be a light day for Asian data. Hong Kong and India are expecting the PMI numbers while China will have the HSBC Services PMI. Philippines will release it's Dec CPI numbers while India, Taiwan and Thailand will report their international reserves.
- Next Monday**, Taiwan will be releasing their Dec inflation and trade numbers, while Singapore and Hong Kong will release foreign reserves for Dec. Japan will report the on-year growth for Dec monetary base.

## Forex

- Several Asian currencies weakened against the green-back on Thursday and pushed back strong gains seen just a day ago. In fact, the majors were down against the USD on Thursday as well, as the USD was supported by the signs from that the Fed bond buying may slow before the end of this year.
- At closing on Thurs, THB weakened to 30.34/USD, while TWD ended at 29.091/USD. SGD weakened slightly to 1.2226/USD.

## SGD

- USD/SGD inched higher on Thursday and traded a narrow range of 1.2210-1.2226 during the Asian session.** On a trade-weighted basis, the SGD NEER is trading lower than yesterday, at around 0.53% above the midpoint this morning. We expect it to trade between the 0.5% to 1.0% range implying the USD/SGD range of 1.2264 – 1.2204 based on current FX levels.

## SGS

- Baring a disaster NFP, it looks like we are into the 1.90/2.00 range in UST 10y for now, as the SGS is trying to re-price higher in yields. Moves are still orderly with limited second round activity. Low yield range across the curve since Oct 2012 looks to have its best chance for a break higher. But it would not be easy as people have been burnt multiple times playing the upside yield range break. Opening levels: 2y 101.88/96 0.29/0.24; 5y 108.58/78 0.33/0.29; 10y 115.85/05 1.378/1.35; 15y 118.60/90 1.99/1.96; 20y 110.60/00 2.15/2.12; 30y 105.25/85 2.50/2.4.

Foreign Exchange Rates (as of 03 Jan 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2226	1.2227	1.2210	1.2269	1.2215
MYR	3.0300	3.0355	3.0270	-	-
IDR	9645	9670	9643	-	-
THB	30.34	30.42	30.27	-	-
PHP	40.77	40.82	40.76	-	-
TWD	29.091	29.100	28.978	-	-
KRW	1061.60	1064.70	1061.50	-	-
HKD	-	-	-	-	-
CNY	-	-	-	-	-

UOB's Estimation of SGD NEER (as of 04 Jan 2013) Assuming 2.0% on each side of the pivot point	
Lower-End .....	1.2589
Upper-End .....	1.2095
Mid-Point .....	1.2337

Market Holiday	Date	Event
MY / ID	24 Jan	Birthday of Mohammed
MY	27-28 Jan	Thaipusam Day
MY	01 Feb	Federal Territory Day

Interest Rates	Current	Next CB Meet	UOB's Forecast
SGD 3-Mth SIBOR	0.38%	-	-
MYR O/N Policy Rate	3.00%	31 Jan	3.00%
IDR O/N Rate	5.75%	10 Jan	5.75%
THB 1-Day Repo	2.75%	09 Jan	2.75%
PHP O/N Reverse Repo	3.50%	24 Jan	3.50%
TWD Discount Rate	1.88%	21 Mar	1.88%
KRW Base Rate	2.75%	11 Jan	2.75%
HKD Base Rate	0.50%	-	0.50%
CNY 1-Yr Wking Capital	6.00%	-	6.00%

Stock Indices (as of 03 Jan 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3224.80	+0.72	+1.82
FTSE Bursa Malaysia KLCI Index	1692.65	+1.07	+0.22
Jakarta SE Composite Index	4399.26	+1.21	+1.91
Thailand SET Index	1408.41	+0.07	+1.18
Philippines SE PSEi Index	5934.05	+1.25	+2.09
Taiwan SE Weighted Index	7836.84	+0.74	+1.78
Korea SE KOSPI Index	2019.41	-0.58	+1.12
Hong Kong Hang Seng Index	23398.60	+0.37	+3.27
Shanghai SE Composite Index	-	-	-
India Sensex 30 Index	19764.78	+0.26	+1.74

## **RMB**

- This morning, the PBoC fixed the RMB mid-point at 6.2897/USD, higher than previous mid-point of 6.2855. Previous RMB close was 6.2303.

## **Equities**

- **Asian equity indices continued a 2nd day of gains with various markets ending higher on Thursday on the back of a China 2013 recovery story.** The region's strongest performer on Thursday was Australia's S&P/ASX 200, which was up 0.7% at 4740.70. The Hang Seng Index added another 86.62 points (+0.37%) following the 655.06 points gained on Wed to reach 23,398.60. That was the highest close since 1st June 2011. The Jakarta Composite Index also gained 1.21% and closed at 4,399.26, while the Straits Times Index closed higher (+0.72%) to reach 3,224.80. South Korea's KOSPI Composite fell 0.6% to 2019.41 as it was dragged down by carmakers stocks. Japan and China markets were closed yesterday.
- Looking forward, Asian stock markets today may be impacted by the slight drop in the Dow Jones and S&P last night as FOMC's meeting minutes signaled a divide between members on when would be the best time to stop its bond-buying programs. In fact, some of the members thought that it should slow purchases "well before" the end of this year. There could also be some profit taking in several Asian markets today. Already,

we see Australia's ASX200 opened slightly weaker this morning.

## **Economic News**

- **Singapore's PMI for December contracted for the sixth consecutive month, registering 48.6**, down from the 48.8 in the previous month. Of concern was the further contraction of electronics PMI to 46.6 from 47.4 previously. Although Singapore managed to dodge the technical recession when 4Q advance GDP came out on Wed, it's clear that growth indicators such as industrial production, NODX, PMI, etc having been trending downwards in recent months. Other than headwinds coming from a weak external demand, structural declines in several segments of the electronics cluster and several domestic problems relating to higher production costs had been plaguing, and will continue to plague the economy. Nevertheless, we believe that the on-going cyclical bear seen in global demand should continue at least until the second half of the year and a turnaround in manufacturing activity could ensue.
- **Hong Kong's November retail sales rose 9.5% y/y, surprising consensus estimates of 4.2%, and reversing the 2.9% contraction seen a month ago.** This was also the largest increase in 5 months and could be attributed to the 30% on-year increase in visitor arrivals from China in the same month.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
03 Jan	0900	CH Non-manufacturing PMI	Dec	56.1	-	55.6
	1630	HK Retail Sales - Value y/y	Nov	9.5	4.2	3.9%
	1630	HK Retail Sales - Volume y/y	Nov	8.1	3.7	3.6%
	2130	SG PMI	Dec	48.6	49.5	48.8
04 Jan	0945	CH HSBC Services PMI	Dec		-	52.1
	1030	HK PMI	Dec		-	52.2
	1620	TW Foreign Exchange Reserves USD	Dec		-	400.96bn

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