

Asian Markets

Tuesday, 08 January 2013

Line-Up For The Day Ahead

- Data is relatively light in Asia today as the market readies itself for tomorrow's Thailand monetary policy meeting, Malaysia's Nov trade data and South Korea's Dec unemployment figures.

Forex

- The US Dollar Index (DXY) closed at 80.16 yesterday, rising 1.2% since coming up from a recent low of 79.26 on 20th Dec last year. On a technical basis, the short term outlook of a rising DXY is still positive.
- At closing yesterday, THB strengthen slightly to 30.45/USD, while TWD remained flat at 29.125/USD. The SGD weakened further to 1.2315/USD.

SGD

- Since touching a recent closing low of 1.2183 on 20th Dec last year, the uptrend in the USD/SGD is still intact. Yesterday, it inched higher to trade at a narrow 1.2266-1.2330 range during the Asian session. On a trade-weighted basis, the SGD NEER is trading at a around 0.30% above the midpoint this morning. We expect it to trade between the 0% to 0.5% range implying the USD/SGD range of 1.2320 – 1.2260 based on current FX levels.

SGS

- Further overnight consolidation was seen as markets took back more of the excesses since the start of this year. Much hinges on earning seasons to see S&P pierce through 2012 highs. The SGS was better bid yesterday as Primary Dealers look to pick up some duration at these lowest prices since Oct 2012. Strong paying interest in the IRS tempered buying enthusiasm but SGS still managed to close some 3bp lower, with bond swaps widening by the same amount. SGS curve looks to keep its steepness near term as Primary Dealers continue to adjust their duration lower into the belly. Opening levels: 2y 101.85/93 0.30/0.25; 5y 108.53/73 0.34/0.29; 10y 115.30/50 1.42/1.40; 15y 117.65/95 2.06/2.03; 20y 109.35/75 2.23/2.21; 30y 103.30/90 2.59/2.56.

RMB

- This morning, the PBoC fixed the RMB mid-point at

Foreign Exchange Rates (as of 07 Jan 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2315	1.2315	1.2267	1.2331	1.2289
MYR	3.0415	3.0505	3.0385	-	-
IDR	9660	9700	9655	-	-
THB	30.45	30.49	30.38	-	-
PHP	40.91	40.94	40.82	-	-
TWD	29.125	29.125	28.992	-	-
KRW	1063.80	1065.00	1060.50	-	-
HKD	7.7509	7.7514	7.7502	-	-
CNY	6.2294	6.2309	6.2268	-	-

UOB's Estimation of SGD NEER (as of 08 Jan 2013) Assuming 2.0% on each side of the pivot point	
Lower-End	1.2572
Upper-End	1.2079
Mid-Point	1.2321

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 07 Jan 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3218.26	-0.22	+1.62
FTSE Bursa Malaysia KLCI Index	1694.16	+0.09	+0.31
Jakarta SE Composite Index	4392.38	-0.40	+1.75
Thailand SET Index	1415.32	-0.09	+1.68
Philippines SE PSEi Index	6044.91	+1.23	+3.99
Taiwan SE Weighted Index	7755.09	-0.65	+0.72
Korea SE KOSPI Index	2011.25	-0.03	+0.71
Hong Kong Hang Seng Index	23329.75	-0.01	+2.97
Shanghai SE Composite Index	2285.36	+0.37	+0.72
India Sensex 30 Index	19691.42	-0.47	+1.36

6.2804/USD, lower than previous mid-point of 6.2872. Previous RMB close was 6.2296.

Equities

- **It was a mixed bag of performances in asian equity markets on Monday as several indices closed lower due to profit-taking actions.**
- Japan's Nikkei 225 fell 0.83% and closed lower at 10,599.01, reversing a 5-session winning streak as the weaker yen saw profit-taking on exporters. South Korea's KOSPI ended flat, and the Hang Seng traded just below the 19-month high set last week as Chinese property and resources sectors outweighed weakness seen in defensive counters. The China Enterprises Index was up 0.3% at 11,973.1. Do note that both indices were near their most overbought levels since late 2010.
- In Southeast Asia, the Straits Times index ended flat, while the KLCI gained a slight 0.09%.
- **The MSCI Asia Pacific ex Japan index had slid for two consecutive days to 475.50 after touching a recent high of 478.47.** Since cutting above its 50-day moving average on 26th Nov 2012, its relative strength has been rising and is now at the same overbought level we saw in early Feb last year. If history was any guide, the index was trading sideways after that for the next

3 months before correcting in early May. However, as for now, the cyclical uptrend is still intact.

Economic News

- **Taiwan's Dec inflation registered an unexpected gain of 1.61% y/y**, compared to the 1.59% a month ago and surprising consensus estimates of 1.38%. A little rise in the inflation is ok so long as you are having good growth prospects. In addition to CPI numbers, Taiwan's Dec exports grew 9.0% y/y, well above consensus expectations of a 4.5% growth. The strong exports number came amid Taiwan's economic recovery with the stronger consumption demand from China. Shipments to China rose 12.6% y/y. Total trade balance were US\$4.13 bil, up from the US\$3.4 bil previously. The Taiwanese government aims to maintain 2013 inflation rate at below 2% while achieving a 3.8% GDP growth.
- Hong Kong's foreign reserves in Dec registered US\$317.3 bil, higher than the \$305.2 bil earlier; while Singapore's foreign reserves also grew to US\$259.31 bil compared to \$255.77 bil a month ago.
- Separately, India has imposed a 20% tax on steel imports from China. India is the world's 3rd largest consumer of steel and this move to protect local producers had caused the shares of Tata Steel Ltd and other domestic producers to surge higher.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
07 Jan	0830	TW CPI y/y	Dec	1.61	1.38	1.59%
	1600	TW Total Trade Balance USD	Dec	4.13	2.85	3.40bn
	1600	TW Exports y/y	Dec	9.0	4.5	0.9%
	1600	TW Imports y/y	Dec	1.6	3.0	0.1%
	1636	HK Foreign Currency Reserves USD	Dec	317.3	-	305.2bn
	1700	SG Foreign Reserves	Dec	259.31	-	255.77bn
09 Jan	0700	SK Unemployment Rate s/a	Dec		3.0	3.0%
	1201	MY Exports y/y	Nov		2.3	-3.2%
	1201	MY Imports y/y	Nov		4.4	5.7%
	1200	MY Trade Balance	Nov		8.80	9.58bn
	1530	THB 1-Day Repo	Jan		2.75	2.75%
10 Jan	0900	PH Total Exports y/y	Nov		20.1	6.1%
	1130	TH Consumer Economic Confidence	Dec		-	69.4
	1200	MY Industrial Production y/y	Nov		5.9	5.8%
	-	IDR O/N Rate	Jan		5.75	5.75%
11 Jan	0900	KRW Base Rate	Jan		2.75	2.75%
	0930	CN CPI y/y	Dec		2.3	2.0%
	0930	CN PPI y/y	Dec		-1.8	-2.2%

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