

# Asian Markets

Wednesday, 16 January 2013

## Line-Up For The Day

- China's Dec FDI data is due this morning. **In Asia today, the attention turns to Hong Kong Chief Executive, Leung Chun-ying's first policy address since he took office in July.** With home prices continuing to rise, the centerpiece of the 5-year blueprint for Hong Kong is expected to be on increasing residential land supply and other housing initiatives. This is particularly after Singapore's further property tightening measures last Fri.

## Forex

- USD/Asians were largely in consolidation on Tue.** KRW edged higher to 1,054.50/USD before paring gains to end down at 1,056.45/USD on Tue from 1,056.20/USD on Mon. TWD ended little-changed at 29.056/USD compared to 29.058/USD on Mon. MYR touched a 10-month high of 3.003/USD before giving up its gains. IDR traded at around 9,860/USD as weak sentiment from the country's current account deficit continued to weigh. THB strengthened to 30.030/USD at the close of the Asian session from 30.240/USD on Mon. In Thailand today, auction of the long-tenure government bonds will come into focus.
- The slight pullback in EUR/USD following Eurogroup President Jean-Claude Juncker's comments suggesting that the EUR was overvalued, could keep further downside in USD/Asians in check. USD/Asians are likely to remain in consolidation today with a light data calendar.**

## SGD

- USD/SGD traded a lower range of 1.2234-1.2264 on Tue compared to low of 1.2243 on Mon.** SGD NEER continues to trade at around 0.15% above the mid-point with +/-0.5% implying USD/SGD range of 1.2200-1.2320 based on current levels.

## SGS

- Midweek review time, markets have been bouncing within ranges.** Equity is holding up thanks to marginally better retail sales whilst UST continues to ask questions of the previous breakdown zone. Debt ceiling season is upon us, which should provide opportunities to fade extreme moves in either direction. SGS opened up with buyers and never looked back. We are

Foreign Exchange Rates (as of 15 Jan 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2254	1.2257	1.2234	1.2264	1.2242
MYR	3.0095	3.0180	3.0020	-	-
IDR	9640	9730	9640	-	-
THB	30.03	30.22	30.00	-	-
PHP	40.57	40.61	40.55	-	-
TWD	29.056	29.069	28.941	-	-
KRW	1056.45	1056.90	1054.50	-	-
HKD	7.7528	7.7530	7.7525	-	-
CNY	6.2134	6.2192	6.2134	-	-

UOB's Estimation of SGD NEER (as of 16 Jan 2013) Assuming 2.0% on each side of the pivot point	
Lower-End .....	1.2508
Upper-End .....	1.2018
Mid-Point .....	1.2258

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%	12 Feb	5.75%
THB 1-Day Repo	2.75%	20 Feb	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%	14 Feb	2.75%
HKD Base Rate	0.50%	-	0.50%
CNY 1-Yr Wking Capital	6.00%	-	6.00%

Stock Indices (as of 15 Jan 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3196.07	-0.33	+0.92
FTSE Bursa Malaysia KLCI Index	1685.89	+0.07	-0.18
Jakarta SE Composite Index	4400.82	+0.42	+1.95
Thailand SET Index	1422.86	-0.16	+2.22
Philippines SE PSEi Index	6087.67	-0.10	+4.73
Taiwan SE Weighted Index	7765.02	-0.75	+0.85
Korea SE KOSPI Index	1983.74	-1.16	-0.67
Hong Kong Hang Seng Index	23381.51	-0.14	+3.20
Shanghai SE Composite Index	2325.68	+0.60	+2.49
India Sensex 30 Index	19986.82	+0.40	+2.88

finally seeing some sponsorship for the long bonds, but it remains to be seen if it will be enough to correct the underperformance in this region. Suspicion is that it may not, given that markets are not pricing disaster in US as the base case, and the 30y bond auction retap at the end of February.

### **RMB**

- **Spot RMB ended up 56 pips at 6.2136/USD on Tue compared to 6.2192/USD on Mon as the PBoC set a stronger fixing in the morning.** Despite firmer RMB in the spot market on Tue, 1Y RMB NDF has dipped to 6.2810/USD from 6.2790/USD on Mon. The NDF market is pricing in 1.1% RMB depreciation against USD from the spot close yesterday. The market continues to eye the Chinese data releases on Fri for direction. **This morning, the PBoC pulled the RMB central parity back to 6.2745/USD, sharply weaker than 6.2691/USD on Tue.**

### **Equities**

- **Asian shares ended mixed on Tue.** Shanghai CI continued to rise, adding 0.6% gains on Tue. Hang Seng Index ended down 0.1% while Singapore STI continued to see drag from the property counters. Asian markets have positive cues from overnight 0.2% gains in the DJIA.

### **Economic News**

- **Fitch ratings** said that Singapore's recent property cooling measures "may curb the build-up of potential threats to the credit profile of Singapore banks" and sees no weakening of the banking sector as a result of the measures.
- **Data from the Singapore's URA** showed that new private –home sales rose nearly 30% m/m in Dec to 1,410 units. While this may be partly due to weaker sales in Nov and Oct, the full-year sales has hit a fresh record high. Total sales for 2012 totaled 22,693 units, up a sharp 38.6% from previous record of 16,369 units in 2011.
- **Singapore's retail sales for Nov** continued to be weighed down by vehicle sales, coming in at -1.1% y/y and similar to the contraction in Oct. Ex-vehicle sales grew 2.0% y/y in Nov vs 1.2% y/y in Oct.
- **China's Commerce Min Chen Deming** said that the country is expected to attract a similar amount of FDI in 2013 compared to 2012. Total FDI in the first 11 months of 2012 came up to US\$100 bn.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
15 Jan	1300	SG Retail Sales y/y	Nov	-1.1	-0.3	-1.1%
	1300	SG Retail Sales Ex Auto y/y	Nov	2.0	2.9	1.2%
16 Jan	1000	CN Actual FDI y/y	Dec		-2.0	-5.4%
17 Jan	0830	SG Non-oil Domestic Exports sa m/m	Dec		4.5	-0.3%
	0830	SG Non-oil Domestic Exports y/y	Dec		-7.6	-2.5%
	1630	HK Composite Interest Rate	Dec		-	0.34%
	1630	HK Unemployment Rate sa	Dec		3.4	3.4%
18 Jan	1000	CN Real GDP y/y	4Q		7.8	7.4%
	1000	CN Real GDP q/q	4Q		2.2	2.2%
	1000	CN Industrial Production y/y	Dec		10.2	10.1%
	1000	CN Retail Sales y/y	Dec		15.0	14.9%
	1430	TH Foreign Reserves	Jan		-	-

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