

Asian Markets

Thursday, 21 February 2013

Line-Up For The Day Ahead

- A relatively light day for Asian data today. Hong Kong will release the unemployment rate for January and consensus estimates it to reach 3.3%, similar to previous month. Also, the January conference board leading economic index for China will be out at 10am.
- Tomorrow morning, Singapore's final numbers for 4Q GDP and full year 2012 GDP will be released at 8am. Consensus estimates 4Q GDP to come in at 1.2% y/y, slightly higher than the advance estimates of 1.1% y/y released by the government on the 2nd of January this year. Our projections show a more pessimistic 0.9% y/y increase due mainly to risks coming from a slower than expected Wholesale/Retail trade sector.

Forex

- At closing yesterday, the SGD closed higher against the USD at 1.2354/USD while the THB also strengthened to reach 29.80/USD. The TWD edged higher to reach 29.60/USD.

SGD

- The USD/SGD traded at a range of 1.2354 – 1.2373 yesterday.** On a trade-weighted basis, the SGD NEER is trading at the midpoint this morning. We expect it to trade tightly between the midpoint and 0.5% above midpoint today, implying the USD/SGD range of 1.2409 – 1.2347 based on current FX levels.

SGS

- Overnight Fed minutes showed once more that markets are tuned into the flow effect of QE rather than the stock effect. Ranges continue to hold. Near term risk events such as the Italian election and US Sequester, may prompt further corrective action in stocks. SGS reaction post size announcement has been orderly. Market opened up with intention to take back some of the previous day richer day prices. 30y confirmed our suspicion that demand may start to dwindle under 2.80%. Yesterday's late day trade recorded at 2.836% will probably anchor people's expectations for next week. Our expectations remain at 2.84/2.79, with risk for a longer tail. Opening levels: 2y 99.97/05 0.27/0.22; 5y 107.72/92 0.47/0.43; 10y 113.35/55 1.61/1.59; 15y 114.85/15 2.26/2.24; 20y 105.90/30 2.46/2.43; 30y 98.40/00 2.83/2.80.

| Foreign Exchange Rates (as of 20 Feb 2013) | | | | | |
|--|-------------|------------|-----------|---------|--------|
| FX | Asian Close | Asian High | Asian Low | NY High | NY Low |
| SGD | 1.2354 | 1.2374 | 1.2353 | 1.2402 | 1.2353 |
| MYR | 3.0950 | 3.0980 | 3.0905 | - | - |
| IDR | 9680 | 9703 | 9680 | - | - |
| THB | 29.80 | 29.87 | 29.77 | - | - |
| PHP | 40.65 | 40.67 | 40.60 | - | - |
| TWD | 29.600 | 29.699 | 29.506 | - | - |
| KRW | - | - | - | - | - |
| HKD | 7.7544 | 7.7546 | 7.7542 | - | - |
| CNY | 6.2374 | 6.2425 | 6.2367 | - | - |

| UOB's Estimation of SGD NEER (as of 21 Feb 2013) Assuming 2.0% on each side of the pivot point | |
|---|--------|
| Lower-End | 1.2667 |
| Upper-End | 1.2170 |
| Mid-Point | 1.2414 |

| Market Holiday | Date | Event |
|----------------|--------|---------------------------|
| TH | 25 Feb | Makha Bucha Day |
| TW | 28 Feb | Peace Day |
| SK | 01 Mar | Independence Movement Day |

| Interest Rates | Current | Next CB Meet | UOB's Forecast |
|------------------------|---------|--------------|----------------|
| SGD 3-Mth SIBOR | 0.38% | - | - |
| MYR O/N Policy Rate | 3.00% | 07 Mar | 3.00% |
| IDR O/N Rate | 5.75% | 07 Mar | 5.75% |
| THB 1-Day Repo | 2.75% | 03 Apr | 2.75% |
| PHP O/N Reverse Repo | 3.50% | 14 Mar | 3.50% |
| TWD Discount Rate | 1.88% | 21 Mar | 1.88% |
| KRW Base Rate | 2.75% | 14 Mar | 2.75% |
| HKD Base Rate | 0.50% | - | 0.50% |
| CNY 1-Yr Wking Capital | 6.00% | - | 6.00% |

| Stock Indices (as of 20 Feb 2013) | Closing | % chg | ytd % chg |
|-----------------------------------|----------|-------|-----------|
| FTSE Straits Times Index | 3308.89 | +0.40 | +4.48 |
| FTSE Bursa Malaysia KLCI Index | 1613.33 | -0.11 | -4.48 |
| Jakarta SE Composite Index | 4634.45 | +0.70 | +7.36 |
| Thailand SET Index | 1546.64 | +0.95 | +11.11 |
| Philippines SE PSEi Index | 6648.57 | +0.42 | +14.38 |
| Taiwan SE Weighted Index | 8029.10 | +0.86 | +4.28 |
| Korea SE KOSPI Index | 2024.64 | +1.95 | +1.38 |
| Hong Kong Hang Seng Index | 23307.41 | +0.71 | +2.87 |
| Shanghai SE Composite Index | 2397.18 | +0.60 | +5.64 |
| India Sensex 30 Index | 19642.75 | +0.04 | +1.11 |

RMB

- This morning, the PBoC fixed the RMB mid-point at 6.2846/USD, higher than previous mid-point of 6.2804. Previous RMB close was 6.2376/USD.

Equities

- **The MSCI Asia ex Japan index gathered strength yesterday and looks set to continue doing so over the next couple of days, as Asian economic news released this week had been generally positive.**
- Most Asian markets closed higher yesterday, with the exception of Malaysia with a small 0.11% decline. With the consensus-beating GDP release after market hours yesterday, a booster could possibly be seen in the KLCI today.
- The best performer yesterday was the KOSPI, closing with a nearly 2% gain as technology (+3.26%), consumer goods (+2.60%), and utilities (+1.99%) stocks helped boost the overall index.
- In Singapore, the Straits Times Index gained 0.44% as healthcare (+1.13%), consumer goods (+1.10%), and telecommunications (+0.96%) edged higher.

Economic News

- **China's FDI fell by 7.3% y/y in January for the 8th consecutive month**, indicating that global investor's confidence in China has not really recovered.
- Separately in China, Chinese Premier Wen Jiabao ordered for more cities to limit home purchases and to

publish annual price-control targets as part of a plan to decisively curb real estate speculation.

- **Bank of Thailand (BoT) kept its policy rate unchanged at 2.75%** for the third straight meeting yesterday in a decision that was expected by us and consensus. In its policy statement, the BoT noted that the Thai economy is growing faster than expected and judged the global economy to show signs of improvement with domestic demand remaining supportive of the Thai economy while inflationary pressure has picked up slightly from the previous meeting. The BoT was also concerned about risks from higher asset prices and credit growth while also remaining vigilant against excessive capital inflows.
- **Malaysia's 4Q12 GDP came in significantly above market's forecast at 6.4% y/y** (consensus expectation: 5.5% y/y) and accelerated from a revised 5.3% y/y in 3Q12. This was the fastest growth pace since 9.0% y/y in 2Q10. While exports remained weak in 4Q12 as a result of the lackluster global demand, strong investment activities continued to drive the country's economic growth. Gross Fixed Capital Formation (GFCF) has continued its double-digit expansion, notably driven by the private sector investment during the quarter. Private consumption remained firm despite slowing to 6.1% y/y from 8.5% y/y in 3Q12. This might have contributed to the slowing import growth which in turn helped to narrow the contraction in net exports in 4Q12. Separately, Malaysia's January CPI came in at 1.3% y/y, slightly higher consensus estimates of 1.2%.

| Economic Indicators | | | | | | |
|---------------------|------|---------------------------------|-------|--------|-----------------|----------|
| Date | Time | Indicators | Month | Actual | Market Forecast | Previous |
| 18 Feb | 0830 | SG NODX m/m | Jan | -1.8 | 9.7 | -4.2% |
| | 0830 | SG NODX y/y | Jan | 0.5 | 3.0 | -16.3% |
| | 1030 | TH GDP q/q sa | 4Q | 3.6 | 0.5 | 1.5% |
| | 1030 | TH GDP y/y | 4Q | 18.9 | 15.3 | 3.1% |
| | 1030 | TH Annual GDP | 2012 | 6.4 | 5.5 | 0.1% |
| 19 Feb | 1630 | HK Composite Interest Rate | Jan | 0.28 | - | 0.32% |
| | 1404 | PH Balance of Payments USD | Jan | 2043 | - | 640mn |
| 20 Feb | 1100 | SK External Short-Term Debt USD | 4Q | 126.7 | - | 132.6bn |
| | 1530 | THB 1-Day Repo | Feb | 2.75 | 2.75 | 2.75% |
| | 1700 | MY CPI y/y | Jan | 1.3 | 1.2 | 1.2% |
| | 1800 | MY GDP y/y | 4Q | 6.4 | 5.5 | 5.3% |
| 21 Feb | 1630 | HK Unemployment Rate sa | Jan | | 3.3 | 3.3% |
| 22 Feb | 1630 | HK CPI - Composite Index y/y | Jan | | 3.2 | 3.7% |
| | 1700 | TW GDP y/y | 4Q F | | 3.40 | 3.42% |
| | 1700 | MY Foreign Reserves | Feb | | - | 140.2bn |

Jimmy Koh
(65) 6539 3545
Jimmy.KohCT@UOBgroup.com

Suan Teck Kin, CFA
(65) 6539 3922
Suan.TeckKin@UOBgroup.com

Ho Woei Chen
(65) 6539 3948
Ho.WoeiChen@UOBgroup.com

Francis Tan
(65) 6539 3923
Francis.TanTT@UOBgroup.com

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