

Asian Markets

Friday, 22 February 2013

Line-Up For The Day

- Singapore's 4Q12 GDP grew 1.5% y/y, higher than flash estimates of 1.1% y/y and consensus estimates of 1.2% y/y**, as manufacturing registered a slower rate of contraction (from adv est. of -1.5% y/y to latest -1.1% y/y) and services producing industries grew at a slightly faster pace (from adv est. of 1.5% y/y to latest 1.7% y/y). This brings the full-year 2012 GDP growth to 1.3% from flash estimate of 1.2%.
- On a q/q saar basis, 4Q GDP grew 3.3%, higher than advance estimate of 1.8% and consensus estimate of 2.0%.
- The MTI maintained its 2013 growth forecast at 1.0-3.0%.
- For the rest of the day**, we have Taiwan's final 4Q12 GDP due at 4.00 pm SG time and Hong Kong's Jan CPI at 4.30pm SG time (mkt: 3.2% y/y vs Dec: 3.7%). Market is expecting Taiwan's GDP at 3.40% y/y in 4Q12.

Forex

- Asian stocks and currencies were weighed down by US FOMC minutes on Thur.** TWD and KRW ended at 29.680/USD and 1,086.10/USD from 29.600/USD and 1,078.35/USD respectively on Wed. MYR eased to 3.1052/USD late-Thur from 3.0950/USD on Wed and the IDR dropped to 9,723/USD from 9,684/USD on Wed. THB ended the Asian session at 29.840/USD compared to 29.800/USD on Wed.
- USD/Asians could continue to face upward pressure today as EUR/USD dropped below 1.32 following the weaker-than-expected euro-zone manufacturing index. Looking ahead, China's February Flash HSBC Manufacturing PMI which is scheduled on Mon will be of interest, providing further cues on the health of the global economy.**

SGD

- A better-than-expected final 4Q12 GDP data this morning saw USD/SGD easing back below 1.24 from a high of 1.2428 during the Ldn/NY session on Thur.** SGD NEER also rebounded to +0.30% from +0.22% from the mid-point prior to the data. On the trade-weighted basis, a range of +/-0.5% for SGD NEER

Foreign Exchange Rates (as of 21 Feb 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2391	1.2414	1.2383	1.2428	1.2386
MYR	3.1100	3.1100	3.0930	-	-
IDR	9701	9705	9690	-	-
THB	29.84	29.94	29.81	-	-
PHP	40.72	40.78	40.68	-	-
TWD	29.680	29.705	29.500	-	-
KRW	-	-	-	-	-
HKD	7.7555	7.7560	7.7546	-	-
CNY	6.2403	6.2431	6.2373	-	-

UOB's Estimation of SGD NEER (as of 22 Feb 2013) Assuming 2.0% on each side of the pivot point	
Lower-End	1.2681
Upper-End	1.2184
Mid-Point	1.2428

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 21 Feb 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3287.60	-0.64	+3.81
FTSE Bursa Malaysia KLCI Index	1614.05	+0.04	-4.43
Jakarta SE Composite Index	4632.40	-0.04	+7.31
Thailand SET Index	1528.74	-1.16	+9.83
Philippines SE PSEi Index	6667.41	+0.28	+14.70
Taiwan SE Weighted Index	7957.46	-0.89	+3.35
Korea SE KOSPI Index	2015.22	-0.47	+0.91
Hong Kong Hang Seng Index	22906.67	-1.72	+1.10
Shanghai SE Composite Index	2325.95	-2.97	+2.50
India Sensex 30 Index	19325.36	-1.62	-0.52

implies that the USD/SGD will trade between 1.2360-1.2490 based on current FX levels.

- **We have more Singapore data coming due next week** including Jan CPI on Mon and Jan industrial production on Tue. Market consensus is for a rebound in industrial production to 5.9% y/y from a contraction of 0.6% y/y in Dec.

SGS

- **Overnight saw the expected profit-taking in stocks driving price action in the other markets. SGS was jolted to life by flows in the short end bonds.** Buying was almost indiscriminate, perhaps the mandate was anything around 2 years with positive yields. Shorts were squeezed as the limited time decay forced back to back covers, which exacerbated the yield slump. Psychological damage has been done in the short-end, expect short end richness to persist unless hold to maturity accounts decide not to hold to maturity. Opening levels: 2y: 100.10/18 0.20/0.16; 5y: 107.88/08 0.43/0.39; 10y: 113.70/90 1.57/1.55; 15y: 115.30/60 2.22/2.20; 20y: 106.40/80 2.42/2.40; 30y: 99.05/65 2.80/2.77.

RMB

- **Spot RMB ended lower at 6.2405/USD on Thur from 6.2376/USD on Wed after the PBoC set a weaker central parity.** In the NDF market, 1Y RMB was at 6.3245/USD and implying 1.3% depreciation against USD from the spot close on Thur. **The PBoC set the**

RMB central parity weaker at 6.2871/USD this morning compared to 6.2846/USD on Thur.

Equities

- **The Chinese markets led the decline in the Asian equities on Thur with Shanghai CI slumping 3.0%** after China's State Council said that the property curbs will remain. The Hang Seng Index was down 1.7% while STI managed to cap losses at 0.6%. The KLCI and JCI ended flat on Thur.
- With the weak Eurozone manufacturing index and US business activity indicator further weighing on sentiment on Thur, the major US equity indexes have extended their declines. This is expected to keep the risk appetite weak in Asia today.

Economic News

- **Bank of Thailand Gov** said that year-to-date capital inflows into the country was around US\$2 bn. The bulk of the inflows went into the bonds market while only a small portion was in the equity market.
- **Hong Kong's s/adj unemployment rate** rose to 3.4% in Nov-Jan from 3.3% in the preceding 3-month period.
- **Philippines Finance Sec** said that he is hopeful that the visiting team from Fitch Rating will raise the country's sovereign rating to investment grade. The country is currently one notch below the investment grade.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
21 Feb	1630	HK Unemployment Rate sa	Jan	3.4	3.3	3.3%
22 Feb	0800	SG GDP q/q (annualized)	4Q F	3.3	2.0	1.8%
	0800	SG GDP y/y	4Q F	1.5	1.2	1.1%
	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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