

Asian Markets

Tuesday, 12 March 2013

Line-Up For The Day Ahead

- **No important data is scheduled in Asia today.** That would see the focus remaining on USD/JPY amid speculation of an inter-meeting easing in Japan which sent USD/JPY to a fresh 3 ½ year high. China's NPC session will also be another key event to watch.
- **Indonesia** is on holiday today.

Forex

- **USD/AXJ remained biased higher on Monday. KRW ended lower at 1,094.80/USD on Monday compared to 1,090.30/USD on Friday.** Tensions in the Korean peninsula could weigh further on the KRW today. TWD closed flat at 29.740/USD as it pared losses from a low of 29.810/USD on Monday. THB was lower at the close of the Asian session at 29.730/USD vs 29.710/USD on Friday. MYR traded down to 3.1125/USD late-Mon from 3.1045/USD on Fri. The surprise narrowing of Malaysia's trade surplus in January could weigh on the MYR.
- USD/AXJ strength could persist but firmer EUR/USD overnight should provide some support to the Asian currencies today.

SGD

- **USD/SGD broke above 1.25 to touch a high of 1.2510 during the Asian session on Mon.** The trade-weighted SGD NEER continues to bounce around the mid-point this morning. SGD NEER at +/-0.5% from the mid-point implies USD/SGD range of 1.2420-1.2550 based on current FX levels.

SGS

Post NFP sees equities and USD supportive. Rates are hugging the lows and not far from testing recent high yields. Good retail numbers tonight will test the conviction of resistance. SGS chose to sit out Monday taking an additional day to see if post NFP levels hold. Without a break in USTs, the natural tendency will be for SGS shorts to cover their positions as we continue to trade the associated ranges of UST 2.05% to 1.90%. Correlation breaks for SGS will depend on larger flows.

Foreign Exchange Rates (as of 11 Mar 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2480	1.2510	1.2476	1.2503	1.2479
MYR	3.1105	3.1155	3.1055	-	-
IDR	9694	9694	9685	-	-
THB	29.73	29.78	29.72	-	-
PHP	40.69	40.75	40.65	-	-
TWD	29.740	29.810	29.650	-	-
KRW	-	-	-	-	-
HKD	7.7566	7.7569	7.7565	-	-
CNY	6.2179	6.2190	6.2146	-	-

UOB's Estimation of SGD NEER (as of 12 Mar 2013) Assuming 2.0% on each side of the pivot point	
Lower-End	1.2745
Upper-End	1.2246
Mid-Point	1.2490

Market Holiday	Date	Event
ID	12 Mar	Saka New Year
PH	28 Mar	Maundy Thursday
SG/HK/ID/PH	29 Mar	Good Friday

Interest Rates	Current	Next CB Meet	UOB's Forecast
SGD 3-Mth SIBOR	0.38%	-	-
MYR O/N Policy Rate	3.00%	09 May	3.00%
IDR O/N Rate	5.75%	11 Apr	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 11 Mar 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3292.97	+0.10	+3.97
FTSE Bursa Malaysia KLCI Index	1657.96	+0.24	-1.83
Jakarta SE Composite Index	4853.31	-0.41	+12.45
Thailand SET Index	1577.65	+0.68	+13.34
Philippines SE PSEi Index	6813.95	-0.29	+17.22
Taiwan SE Weighted Index	8038.72	+0.29	+4.41
Korea SE KOSPI Index	2003.35	-0.13	+0.32
Hong Kong Hang Seng Index	23090.82	-	+1.92
Shanghai SE Composite Index	2310.59	-0.34	+1.83
India Sensex 30 Index	19646.21	-0.19	+1.13

Opening levels:

2y	100.08/16	0.21/0.17
5y	108.07/27	0.37/0.32
10y	113.60/80	1.57/1.55
15y	115.15/45	2.23/2.21
20y	105.95/35	2.45/2.43
30y	98.70/30	2.82/2.79

RMB

- **RMB ended down 34 pips at 6.2181/USD on Monday compared to 6.2147/USD on Fri, in line with firmer USD in the broad market and weaker RMB fixing.** In the NDF market, 1Y RMB was at 6.3095, pricing in 1.4% depreciation against USD from the spot close yesterday. **The PBoC set the RMB central parity marginally firmer at 6.2746/USD today compared to 6.2769/USD on Mon.**
- February data from China indicates a gradual economic recovery which should prevent aggressive monetary tightening in the short-term. Nonetheless, the inflationary concerns could see the PBoC continuing to tighten liquidity via the regular open market operations today.

Equities

- **Despite a buoyant US stock market, the Asian equi-**

ties were more cautious with indexes ending mixed on Monday. Weekend data from China showed the Feb industrial output and retail sales coming in slightly lower-than-expected which pointed to a more gradual and uneven economic recovery in China. Hang Seng Index ended flat while Shanghai CI was down 0.3% on Monday and the STI managed a gain of 0.1%. **Sentiment remains positive overnight with DJIA closing at its 5th straight record high.**

Economic News

- **Malaysia's Jan export growth** came in above market consensus at 3.5% y/y (mkt: 1.6%), rebounding from a contraction in Dec. Firm imports saw its trade surplus narrowing to its smallest in more than 10 years at MYR3.27 bn. Same month industrial production grew 4.6% y/y vs expectation of 5.6% y/y.
- **PBoC Gov Zhou Xiaochuan** was appointed vice chairman of the Chinese People's Political Consultative Conference on Monday, a sign that he may continue as the central bank governor beyond his retirement age.
- **Malaysia** announced a salary raise for police and armed forces to bring it in line with the civil servants. The increase will be backdated to January.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
11 Mar	1201	MY Imports y/y	Jan	16.0	2.6	-6.5%
	1201	MY Exports y/y	Jan	3.5	1.6	-5.8%
	1201	MY Trade Balance	Jan	3.27	8.20	8.24bn
	1201	MY Industrial Production y/y	Jan	4.6	5.6	3.5%
12 Mar	0900	PH Total Exports y/y	Jan		6.0	16.5%
13 Mar	0500	SK Export Price Index y/y	Feb		-	-8.1%
	0500	SK Import Price Index y/y	Feb		-	-10.6%
	0700	SK Unemployment Rate sa	Feb		3.2	3.2%
	0900	PH Unemployment Rate	Jan		-	6.8%
14 Mar	0900	KRW Base Rate	Mar		2.75	2.75%

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