

Asian Markets

Wednesday, 09 January 2013

Line-Up For The Day Ahead

- At noon today, Malaysia will be releasing their trade numbers, while India will release their local car sales numbers. More importantly, Bank of Thailand (BoT) will be having their monetary policy meeting today. Although Thai inflation registered a 13-month high in December last year at 3.63%, we do not think that the benchmark interest rates, at 2.75% currently, will be changed today as core inflation remained at a healthy 1.78%, within BoT's target of 0.5% to 3.0%. Do note that the BoT had already cut rates twice last year, the latest being a 25bps cut in October 2012.
- From Singapore, the COE open bidding prices will be released. Prior COE prices were: Category A: S\$81,889; Category B: S\$93,501; Category C: S\$95,990.

Forex

- The US Dollar Index (DXY) closed higher at 80.35 yesterday, rising 1.37% 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 30.41/USD, while TWD remained flat at 29.127/USD. The SGD also strengthened slightly to close at 1.2296/USD.

SGD

- The USD/SGD traded at a narrower range of 1.2283 – 1.2308 yesterday. The near-term uptrend in the USD/SGD that started on 20th Dec last year remains intact.** On a trade-weighted basis, the SGD NEER is trading at a around 0.30% above the midpoint this morning, similar as yesterday morning. We expect it to trade between the 0% to 0.5% range implying the USD/SGD range of 1.2321 – 1.2260 based on current FX levels.

SGS

- Markets looked for the next catalyst as we continue to hold water. SGS has taken back 5bp from the yield highs on low volume. Some signs that sidelined accounts are dipping their toes for 2013. Belly 5y to 10y has been the driver of moves this week indicating that carry and roll trades are back in favour, while the longer end looks to be lacking patronage at the mo-

Foreign Exchange Rates (as of 08 Jan 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2296	1.2309	1.2281	1.2305	1.2275
MYR	3.0426	3.0436	3.0345	-	-
IDR	9660	9730	9659	-	-
THB	30.41	30.48	30.38	-	-
PHP	40.85	40.88	40.81	-	-
TWD	29.127	29.127	29.000	-	-
KRW	1062.90	1064.00	1062.80	-	-
HKD	7.7515	7.7523	7.7510	-	-
CNY	6.2239	6.2292	6.2224	-	-

UOB's Estimation of SGD NEER (as of 09 Jan 2013) Assuming 2.0% on each side of the pivot point	
Lower-End	1.2571
Upper-End	1.2078
Mid-Point	1.2320

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 08 Jan 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3205.52	-0.40	+1.21
FTSE Bursa Malaysia KLCI Index	1688.91	-0.31	+0.00
Jakarta SE Composite Index	4397.54	+0.12	+1.87
Thailand SET Index	1417.33	+0.14	+1.82
Philippines SE PSEi Index	6048.90	+0.07	+4.06
Taiwan SE Weighted Index	7721.66	-0.43	+0.29
Korea SE KOSPI Index	1997.94	-0.66	+0.04
Hong Kong Hang Seng Index	23111.19	-0.94	+2.00
Shanghai SE Composite Index	2276.07	-0.41	+0.31
India Sensex 30 Index	19742.52	+0.26	+1.63

ment and furthering the case for a grinding steeper curve. Opening levels: 2y 101.86/94 0.29/0.25 ; 5y 108.55/75 0.33/0.29 ; 10y 115.60/80 1.39/1.37; 15y 118.00/30 2.03/2.01; 20y 109.80/20 2.20/2.18; 30y 103.80/40 2.56/2.54.

RMB

- This morning, the PBoC fixed the RMB mid-point at 6.2814/USD, higher than previous mid-point of 6.2804. Previous RMB close was 6.2241.

Equities

- **Again, we had another day of mixed performances in Asian equities on Tuesday as profit-taking continued.** Overall, the MSCI Asia ex Japan fell for the third consecutive days to reach 472.72. Even so, the cyclical uptrend that started on 16th Nov 2012 remains intact. Among the losers, the Straits Times index closed 0.38% lower as consumer goods, telco, and healthcare stocks dragged down the index. Malaysia's KLCI also fell slightly by 0.31%. Taiwan and South Korea markets declined 0.43% and 0.66% respectively, with the latter hit by weaknesses in the Oil & Gas, Consumer Services, Financials, and Telco stocks. The Shanghai Composite index also fell 0.41%.

- Foreign institutional investors had purchased \$1.6 billion of Asian equities in the first week of this year, even after a net \$51.4 billion purchase in 2012. Top inflows were to India, South Korea and Indonesia, while Taiwan saw a decline. In terms of valuations, the MSCI Philippines Index, which rallied 36% last year, is currently having a 17.1 times forward PE ratio. Meanwhile, South Korea and China's MSCI Indices are trading at 8.5 and 10 times respectively, making them one of the cheapest in a list of 40 MSCI countries now.

Economic News

- **South Korea's unemployment rate was released this morning and registered 3.0%**, on par with what consensus was expecting. The unemployment rate had been trending downwards since a recent high of 3.7% in February last year. The 3% currently is one of the lowest that South Korea has seen since 1999, two other episodes being early 2008 and the second half of 2002.
- **Taiwan's Ministry of Economic Affairs said that they seek to lure NT\$150 billion in investment** this year from Taiwanese companies with overseas operations through the provision of lower tariffs on imports and giving them higher quotas on foreign workers.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
09 Jan	0700	SK Unemployment Rate s/a	Dec	3.0	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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