

# Asian Markets

Tuesday, 15 January 2013

## Line-Up For The Day

- China's Dec FDI data is scheduled at 10am SG time while **Nov retail sales for Singapore** is due out at 1 pm (mkt: -0.8% y/y vs Oct: -1.0% y/y).

## Forex

- USD/Asians mostly consolidated on Mon.** KRW broke its 4-day winning streak to end lower at 1,056.20/USD compared to 1,054.75/USD on Fri. Sentiment towards KRW is likely to turn more cautious following recent sharp appreciation and Bank of Korea governor's comments that suggest more interventions could be expected if the JPY continued to head south. TWD ended lower at 29.058/USD on Mon compared to 29.039/USD on Fri. MYR firmed to 3.0150/USD after breaking several resistances over recent weeks while IDR rose to 9,635/USD ahead of its bond auction today. In parliament on Mon, Indonesia's Fin Min said that the USD/IDR is expected to average 9,300-9,700 this year. THB remained firm in a range of 30.200-30.360/USD during the Asian session. BoT said it has not intervened to stem the THB appreciation as it is still in line with the economic fundamentals and movements in the other Asian currencies.

- With EUR/USD supported, USD/Asians are likely to remain biased slightly lower even though some consolidation could be setting in following recent moves.**

## SGD

- USD/SGD traded firmer to 1.2243-1.2273 on Mon compared to high of 1.2264 on Fri.** SGD NEER has weakened over the past week to around 0.15% above the mid-point this morning. For SGD NEER within +/- 0.5%, we expect USD/SGD range of 1.2200-1.2330 based on current levels.

## SGS

- Grinding overnight action, with an underlying tone for collecting risk exposures. Sentiments are kept in check by regular headlines/pundits over the debt ceiling.** SGS steepening bias showed its colour once again with long end bids sold into at the opening with the belly untouched. Buyers soon grew impatient and drove the mid curve richer (the belly is back to where

Foreign Exchange Rates (as of 14 Jan 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2266	1.2273	1.2258	1.2271	1.2243
MYR	3.0150	3.0220	3.0130	-	-
IDR	9630	9670	9630	-	-
THB	30.24	30.36	30.20	-	-
PHP	40.68	40.68	40.58	-	-
TWD	29.058	29.060	28.928	-	-
KRW	1056.20	1056.50	1055.60	-	-
HKD	7.7526	7.7527	7.7521	-	-
CNY	6.2190	6.2203	6.2124	-	-

UOB's Estimation of SGD NEER (as of 15 Jan 2013) Assuming 2.0% on each side of the pivot point	
Lower-End .....	1.2516
Upper-End .....	1.2025
Mid-Point .....	1.2266

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 14 Jan 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3206.59	-0.31	+1.25
FTSE Bursa Malaysia KLCI Index	1684.63	+0.11	-0.26
Jakarta SE Composite Index	4382.50	+1.78	+1.52
Thailand SET Index	1425.07	+0.92	+2.38
Philippines SE PSEi Index	6093.90	+0.70	+4.84
Taiwan SE Weighted Index	7823.97	+0.06	+1.62
Korea SE KOSPI Index	2007.04	+0.52	+9.93
Hong Kong Hang Seng Index	23413.26	+0.64	+3.34
Shanghai SE Composite Index	2311.74	+3.06	+1.88
India Sensex 30 Index	19906.41	+1.23	+2.47

we were before the 15bp selloff). It was only towards the end of day that some corrective buys in the long-end faded the day's steepening move. Short-end SGS remains well bid with leftover flows still to clear. Mea culpa on the 3mths TBills as we cut a very aggressive 0.19%, strange though when the secondary market was 0.23% offered and untouched.

## **RMB**

- **Spurred on by a fixing near to its record-high, RMB traded to a fresh record against USD for the second straight session on Mon. However, the momentum failed to sustain as RMB ended down 31 pips at 6.2192/USD on Mon from Fri's close of 6.2126/USD.** In the NDF market, 1Y RMB was weaker at 6.2790/USD, pricing in 0.95% depreciation from the spot close yesterday. Market continues to focus on the Chinese data releases this coming Fri. A stronger set of data and higher inflationary pressure will likely support more RMB appreciation in the short-term. **This morning, the central bank set the RMB central parity marginally firmer at 6.2691/USD compared to 6.2695/USD on Mon.**

## **Equities**

- Asian stock indexes were higher on Mon with the exception of the STI which ended down 0.3% following the announcement of the property cooling measures last Fri. **Chinese stock indexes rebounded sharply by more than 3% on Mon, more than covering back the losses after the inflation data last Fri.** Guo

Shuqing, chairman of the China Securities Regulatory Commission on Mon said the Chinese government could substantially increase the amount of money foreign institutional investors can invest in its capital markets. Current investment quota for foreign investors accounts for around 1.6% of the total market size of China's A-share market and this can be raised nine times. Hang Seng Index rose 0.6% while Jakarta CI outperformed its regional peers with 1.8% gains on Mon.

- **Overnight actions in the US market provided little direction for Asian markets today** with DJIA ended up a marginal 0.1%. Corporate earnings continue to drive trading directions.

## **Economic News**

- **Bank of Korea governor** said the central bank should respond actively to minimize any negative impact on exports and investor confidence due to increasing FX volatility arising from the sharp drop in JPY.
- **According to a local report, China's taxation ministry is still working on the expansion of the property tax to more cities in the country despite the difficulties.** The measures will help curb property speculation while increasing revenue for the local governments.
- **State-run China Securities Journal** reported on Mon that the government is planning tax and credit measures to boost the domestic ship builders and aircraft engines makers.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
15 Jan	1300	SG Retail Sales y/y	Nov		-0.3	-1.0%
	1300	SG Retail Sales Ex Auto y/y	Nov		2.9	1.3%
17 Jan	0830	SG Non-oil Domestic Exports sa m/m	Dec		4.8	-0.3%
	0830	SG Non-oil Domestic Exports y/y	Dec		-8.1	-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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