

Asian Markets

Friday, 18 January 2013

Line-Up For The Day

- **China's data scheduled at 10am SG time this morning will be the highlight as investors look out for further signs of growth improvement in the country.** Bloomberg consensus is expecting GDP growth to rise to 7.8% y/y in 4Q12 from 7.4% y/y in 3Q12, bringing the full-year growth to around 7.7%. Other data includes Dec industrial production (mkt:10.2% y/y, Nov:10.1% y/y), fixed asset investment (mkt:20.7 % YTD) and retail sales (mkt: 15.1% y/y, Nov: 14.9% y/y).
- **Bank of Thailand is due to release its Monetary Policy Report today. Note US is on long weekend with Monday closed for Martin L. King Day.**

Forex

- **USD/Asians mostly traded in ranges on Thur ahead of the Chinese data today while THB retreated from its 18-month high following warnings from BoT which indicated signs of short-term investment and speculative money flowing into Thailand and said it has tools to deal with the currency. Thai Fin Min also said that USD/THB breaching 30 will hit exporters and the government will minimize volatility.** THB pulled back from its session high of 29.710/USD to ended at 29.780/USD at the close of the Asian session on Thur. KRW edged marginally higher to 1,058.15/USD from 1,058.75/USD on Wed while TWD ended up at 29.085/USD after a rangebound session within 28.950-29.100/USD. MYR firmed to 3.0165/USD on Thur from 3.0185/USD on Wed. IDR eased to 9,800/USD from 9,730 late-Wed in thin volume affected by severe floods in Jakarta.
- **Stronger Chinese data could support more USD/Asians downside today given firmer US stocks and the rebound in EUR/USD overnight.**

SGD

- **USD/SGD was in a familiar range of 1.2228-1.2251.** The pair was seen holding steady, even after the unexpectedly large drop in the Dec NODX yesterday morning. It moved marginally lower in the Ldn/NY session in line with the improvement in risk appetite after the US data. SGD NEER continues to trade at around 0.25% above the mid-point this morning, with +/-0.5% implying USD/SGD range of 1.2200-1.2320 based on current levels.

Foreign Exchange Rates (as of 17 Jan 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2247	1.2251	1.2235	1.2247	1.2228
MYR	3.0135	3.0200	3.0110	-	-
IDR	9642	9705	9642	-	-
THB	29.78	29.88	29.71	-	-
PHP	40.63	40.63	40.60	-	-
TWD	29.085	29.100	28.950	-	-
KRW	1058.15	1059.90	1056.60	-	-
HKD	7.7528	7.7530	7.7524	-	-
CNY	6.2158	6.2191	6.2148	-	-

UOB's Estimation of SGD NEER (as of 18 Jan 2013) Assuming 2.0% on each side of the pivot point	
Lower-End	1.2511
Upper-End	1.2020
Mid-Point	1.2261

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 17 Jan 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3195.10	-0.42	+0.88
FTSE Bursa Malaysia KLCI Index	1681.09	-0.11	-0.47
Jakarta SE Composite Index	4398.38	-0.29	+1.89
Thailand SET Index	1420.95	+0.34	+2.08
Philippines SE PSEi Index	6072.18	+0.41	+4.46
Taiwan SE Weighted Index	7616.64	-1.09	-1.08
Korea SE KOSPI Index	1974.27	-0.16	-1.14
Hong Kong Hang Seng Index	23339.76	-0.07	+3.01
Shanghai SE Composite Index	2284.91	-1.06	+0.70
India Sensex 30 Index	19964.03	+0.74	+2.77

SGS

- **After a week of treading water, markets decided that better housing and employment data was enough to trigger a bullish push.** No one is sounding the all clear until the debt ceiling uncertainty is resolved/postponed. This leaves us to trade the established ranges and a preference to fade highs and lows. SGS is looking at some consolidation at these levels. Reluctance to reach across the bid-offer is apparent (apart from some flow based hedges in the 10y zone). Overnight UST moves should see the long end sellers come out of the woodworks today.

RMB

- **RMB ended near-flat at 6.2160/USD on Thur compared to 6.2165/USD on Wed** after a session of narrow trading as the PBoC continued to set a weaker RMB fixing in the morning. Since the beginning of the year, the RMB has appreciated 0.2% against USD. The 1Y RMB NDF was firmer at 6.2760/USD on Thur compared to 6.2840/USD on Wed, pricing in 1.0% RMB depreciation from the spot close yesterday. **In line with weaker USD, the central bank set a firmer RMB central parity at 6.2752/USD this morning compared to 6.2767/USD on Thur.**

Equities

- **Asian equity indexes mostly dropped on Thur with Hang Seng Index down 0.1% and Shanghai CI retreating 1.1%.** The STI was 0.4% lower yesterday. Stronger US data and gains in the US stock indexes should be positive for the Asian markets today, barring any negative surprises from the Chinese data. Inves-

tors are expecting further strengthening in the China data today to indicate the recovery in growth outlook ahead.

Economic News

- **State-run China Securities Journal** reported RMB270 bn of new loans issued by the four largest Chinese state-owned banks in the first two weeks of Jan, almost double of the amount in the same period last year. It forecast the new RMB loans in the month could exceed RMB1 tn. The Journal has earlier reported China's new RMB loan target of RMB8.5 tn in 2013, up from RMB8.2 tn extended last year.
- **Severe floods in the Indonesian capital of Jakarta** on Thur has led to the evacuation of more than 20,000 people.
- **Hong Kong's seasonally-adj unemployment rate** dropped to 3.3% in the 3-month ended Dec from 3.4% in Sep-Nov.
- **Singapore's December non-oil domestic exports (NODX)** contracted sharply by 16.3% y/y, the worst since October 2011. It was also below the -7.6% consensus estimates and our forecast of -6.2%. December's contraction dragged the 3-mma down to -4.2% y/y compared to the +0.4% y/y in the previous month. The worse-than-expected NODX numbers would weigh on Dec industrial production (to be released on 25th Jan 2013) and with that, a key risk would be a downward revision on 4Q 2012 GDP, which would rekindle the risk of a technical recession.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
17 Jan	0830	SG Non-oil Domestic Exports sa m/m	Dec	1.8	4.5	-0.4%
	0830	SG Non-oil Domestic Exports y/y	Dec	-16.3	-7.6	-2.6%
	1630	HK Composite Interest Rate	Dec	0.32	-	0.34%
	1630	HK Unemployment Rate sa	Dec	3.3	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 USD	Jan		-	180.9bn

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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