

Asian Markets

Tuesday, 22 January 2013

Line-Up For The Day

- Asia's data calendar is fairly light today with the attention squarely on the BoJ monetary policy decision late morning. Among the measures expected from the BoJ today includes more quantitative easing and the setting of a 2% inflation target. Today's unemployment rate (s/adj) for Taiwan is expected to remain largely steady at 4.25% in Dec (Nov: 4.27%).

Forex

- USD/Asians firmed on Mon ahead of the BoJ's monetary policy decision amid a light data schedule and a US market holiday.** While KRW and MYR led the decline, THB continued to appreciate against USD on Mon. KRW dropped sharply late-Mon to 1,062.90/USD from 1,057.20/USD on Fri while MYR traded lower to 3.0232/USD from 3.0097/USD on Fri. TWD eased marginally to 29.070/USD from 29.060/USD on Fri. IDR firmed to 9,700/USD from 9,750/USD last Fri following recent measure to stop the state energy companies from buying USD on the open market. THB touched a high of 29.665/USD during the Asian session on Mon compared to Fri's high of 29.720/USD.

- As market priced in further monetary easing in Japan, any disappointment could lead to further upside on the USD/AXJs today.**

SGD

- USD/SGD surged to a high of 1.2309 during the Asian session on Mon compared to last Fri's high of 1.2279.** The trade-weighted SGD NEER dipped into the weaker territory to trade at below the mid-point on Mon. This morning, the index continues to trade slightly below the mid-point with +/-0.5% implying USD/SGD range of 1.2235-1.2355 based on current FX levels.
- In Singapore this week,** Wed's headline inflation is forecast to edge higher to 3.8% y/y in Dec from 3.6% in Nov. Singapore's COE bidding on Wed will continue to be closely watched as lower vehicle quota will continue to put upward pressure on private transport cost. On Fri, Singapore's industrial production for Dec is expected to slip into 5.1% y/y contraction from +3.1% y/y in Nov.

| Foreign Exchange Rates (as of 21 Jan 2013) | | | | | |
|--|-------------|------------|-----------|---------|--------|
| FX | Asian Close | Asian High | Asian Low | NY High | NY Low |
| SGD | 1.2297 | 1.2309 | 1.2263 | 1.2303 | 1.2281 |
| MYR | 3.0330 | 3.0360 | 3.0100 | - | - |
| IDR | 9610 | 9720 | 9610 | - | - |
| THB | 29.73 | 29.74 | 29.66 | - | - |
| PHP | 40.70 | 40.74 | 40.62 | - | - |
| TWD | 29.070 | 29.080 | 28.950 | - | - |
| KRW | 1062.90 | 1063.90 | 1057.50 | - | - |
| HKD | 7.7531 | 7.7534 | 7.7525 | - | - |
| CNY | 6.2211 | 6.2220 | 6.2180 | - | - |

| UOB's Estimation of SGD NEER (as of 22 Jan 2013) Assuming 2.0% on each side of the pivot point | |
|---|--------|
| Lower-End | 1.2542 |
| Upper-End | 1.2050 |
| Mid-Point | 1.2291 |

| 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 21 Jan 2013) | Closing | % chg | ytd % chg |
|-----------------------------------|----------|-------|-----------|
| FTSE Straits Times Index | 3221.32 | +0.31 | +1.71 |
| FTSE Bursa Malaysia KLCI Index | 1635.63 | -2.43 | -3.16 |
| Jakarta SE Composite Index | 4439.97 | -0.57 | +2.86 |
| Thailand SET Index | 1440.48 | +0.42 | +3.49 |
| Philippines SE PSEi Index | 6171.70 | +0.53 | +6.18 |
| Taiwan SE Weighted Index | 7724.92 | -0.10 | +0.33 |
| Korea SE KOSPI Index | 1986.86 | -0.05 | -0.51 |
| Hong Kong Hang Seng Index | 23590.91 | -0.05 | +4.12 |
| Shanghai SE Composite Index | 2328.22 | +0.48 | +2.60 |
| India Sensex 30 Index | 20101.82 | +0.31 | +3.48 |

SGS

- **SGS only managed to muster interest to set up for the upcoming 2y bond.** Nearby yields under 0.28% makes for decent offload zone in anticipation for replacement between 0.28% and 0.30%. The rest of the curve preferred to observe the Martin Luther Day holiday.

RMB

- **RMB ended down 59 pips at 6.2213/USD in the spot market on Mon compared to Fri's close of 6.2154/USD in line with a weaker fixing in the morning.** In the NDF market, 1Y RMB at 6.2790/USD on Mon was pricing in depreciation of 0.9% against USD. **The PBoC has set the RMB central parity marginally weaker at 6.2796 this morning vs 6.2790/USD on Mon.**

Equities

- **Asian equity indexes ended mixed on Mon.** Shanghai CI continued to rise 0.5% while Hang Seng Index ended near-flat. The KLCI plummeted by 2.4% on Mon due to rising concerns over the upcoming elections and STI managed a gain of 0.3%. Gains in the Euro-

pean stock indexes following an optimistic outlook on Germany by the central bank would be positive on the Asian markets this morning but the focus is still largely on the BoJ decision later today.

Economic News

- **Taiwan's export orders growth** moderated to 8.5% y/y in Dec (mkt: 9.1% y/y) from 11.1% y/y in Nov. Nonetheless, growth was held up by global demand in electronic mobile gadgets. The government expects export orders to moderate in Jan but still manage positive y/y growth as a result of the low base effect.
- **Hong Kong's CPI** came in slightly below market's expectation at 3.7% y/y in Dec (mkt: 3.8%), unchanged from Nov. For 2012, inflation has eased to 4.1% from 5.3% in 2011 although this was still above the government's 3.9% forecast.
- **Data from the BoK** showed that foreigners turned net sellers of USD/KRW NDF contracts worth US\$2.94 bn in 2012 from being net buyers of US\$14.55 bn in the prior year as the risk appetite improved.

| Economic Indicators | | | | | | |
|---------------------|------|---------------------------------|-------|--------|-----------------|----------|
| Date | Time | Indicators | Month | Actual | Market Forecast | Previous |
| 21 Jan | 1600 | TW Export Orders y/y | Dec | 8.5 | 9.11 | 11.10% |
| | 1630 | HK CPI - Composite Index y/y | Dec | 3.7 | 3.7 | 3.7% |
| 22 Jan | 0830 | TW Unemployment Rate - sa | Dec | | 4.25 | 4.27% |
| | 1700 | MY Foreign Reserves USD | Jan | | - | 139.7bn |
| 23 Jan | 1300 | SG CPI m/m nsa | Dec | | 0.4 | 0.1% |
| | 1300 | SG CPI y/y | Dec | | 3.8 | 3.6% |
| | 1600 | TW Industrial Production y/y | Dec | | 6.35 | 5.85% |
| | 1700 | MY CPI y/y | Dec | | 1.4 | 1.3% |
| 24 Jan | 0700 | SK GDP q/q | 4Q P | | 0.5 | 0.1% |
| | 0700 | SK GDP y/y | 4Q P | | 1.9 | 1.5% |
| | 0945 | CN HSBC Flash Manufacturing PMI | Jan | | - | 51.5 |
| | 1600 | PHP O/N Reverse Repo | Jan | | 3.50 | 3.50% |
| | 1630 | HK Exports y/y | Dec | | 10.5 | 10.5% |
| | 1630 | HK Imports y/y | Dec | | 9.3 | 9.0% |
| | 1630 | HK Trade Balance | Dec | | -50.4 | -44.1bn |
| 25 Jan | 0900 | PH Total Monthly Imports | Nov | | - | 5239.9mn |
| | 0900 | PH Trade Balance | Nov | | - | -832mn |
| | 1300 | SG Industrial Production m/m sa | Dec | | -0.7 | 1.9% |
| | 1300 | SG Industrial Production y/y | Dec | | -5.1 | 3.1% |

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