

Asian Markets

Wednesday, 23 January 2013

Line-Up For The Day

- Data today is expected to show Singapore's headline inflation (1 pm) edging 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. **Malaysia's Dec CPI (5 pm)** due later today will also see an uptick to 1.4% y/y from 1.3% y/y in Nov. Reflecting the firm export orders, **Taiwan's industrial production growth (4 pm SG time)** is expected to rise to 6.35% y/y in Dec from 5.85% in Nov.

Forex

- USD/Asians mostly eased following the BoJ announcement but ended mixed on Tue.** USD/JPY failed to hold onto gains and traded lower. KRW ended up at 1,062.25/USD on Tue from 1,062.90/USD on Mon. However, TWD dropped to 29.095/USD on Tue from 29.070/USD on Mon after trading in a tight range. MYR was slightly weaker at 3.040/USD late-Tue compared to 3.033/USD on Mon while IDR traded to 9,630/USD. THB consolidated lower to end at 29.740/USD at the close of the Asian session on Tue compared to 29.730/USD on Mon.

SGD

- USD/SGD traded from a high of 1.2309 during early Asian session to 1.2267 by the close on Tue.** SGD NEER has traded back to the stronger side of the band this morning with +/-0.5% implying USD/SGD range of 1.2210-1.2330 based on current FX levels. Today's domestic focus is on the inflation data this afternoon.

SGS

- BOJ came, went and was faded. But the afternoon moves in EUR were what really got things pumping.** Debt ceiling got kicked down the road, so we await the various budget proposals and signs of how far apart the two parties are. SGS opened up in a selling mood probably triggered by flows. 30ys traded down to around 4.5bp higher in yields after 3 rounds of selling. We should see the long bond continue to trade heavy until post auction. 10y benchmark remains well supported. Its nature suggests that free-float in this 5.3bio issue is probably tiny thus worth its weight in gold, at least until end accounts release them, perhaps in July on change in benchmarks.

Foreign Exchange Rates (as of 22 Jan 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2267	1.2309	1.2258	1.2283	1.2251
MYR	3.0410	3.0465	3.0290	-	-
IDR	9610	9661	9610	-	-
THB	29.74	29.85	29.71	-	-
PHP	40.61	40.71	40.58	-	-
TWD	29.095	29.095	28.971	-	-
KRW	1062.25	1067.90	1061.30	-	-
HKD	7.7535	7.7538	7.7530	-	-
CNY	6.2196	6.2217	6.2191	-	-

UOB's Estimation of SGD NEER (as of 23 Jan 2013) Assuming 2.0% on each side of the pivot point	
Lower-End	1.2525
Upper-End	1.2034
Mid-Point	1.2275

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 22 Jan 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3219.86	-0.05	+1.67
FTSE Bursa Malaysia KLCI Index	1628.66	-0.43	-3.57
Jakarta SE Composite Index	4416.55	-0.53	+2.31
Thailand SET Index	1434.09	-0.44	+3.03
Philippines SE PSEi Index	6104.90	-1.08	+5.03
Taiwan SE Weighted Index	7759.10	+0.44	+0.77
Korea SE KOSPI Index	1996.52	+0.49	-0.03
Hong Kong Hang Seng Index	23658.99	+0.29	+4.42
Shanghai SE Composite Index	2315.14	-0.56	+2.03
India Sensex 30 Index	19981.57	-0.60	+2.86

RMB

- **RMB ended up marginally at 6.2198/USD on Tue compared to Mon's close of 6.2213/USD despite slightly weaker fixing.** In the NDF market, 1Y RMB was steady at 6.2790/USD on Tue and pricing in depreciation of 0.9% against USD. **The PBoC has set the RMB central parity firmer at 6.2762/USD this morning vs 6.2796 on Tue.**

Equities

- **Asian stock indexes mostly ended lower on Tue as BoJ's monetary policy decision failed to inspire.** Initial positive sentiment quickly evaporated as Nikkei returned its post-BOJ gains on profit-taking to end down 0.4% on Tue. Hang Seng Index was up 0.3% while Shanghai CI fell 0.6% on Tue. STI ended near-flat while KLCI continued its decline (-0.4%) on election jitters. Firmer US stock indexes overnight and better-than-expected earnings from Google after the closing bell should bode well for the sentiment during the Asian session today.

Economic News

- **BOJ** kicked off 2013 by announcing in a joint statement with the government more easing measures on

22 Jan via an expected doubling of its inflation target to 2% and a surprise pledge to adopt an open-ended asset-purchase program starting in 2014 (starting with monthly buying of JPY 13trn) after the JPY 101trn programme ends in 2013.

- **South Korea's finance ministry** announced package to help small local exporters cope with the KRW volatility. This includes state financing, increased credit lines and lower interest rates for loans. The government will also help small exporters in their currency risk management through consultancy and education. Some of the measures kick in Jan.
- **Wenzhou branch** ICBC has signed agreement to sell bad assets on its books to private capital management companies. More deals could be allowed as Wenzhou banks tap into private capital to clean up bad debts in the sector.
- **Bank of Thailand Gov** said that the central bank has tools to stem THB appreciation if necessary but maintained that the currency was moving in line with its economic fundamentals and other regional currencies.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
22 Jan	0830	TW Unemployment Rate - sa	Dec	4.22	4.25	4.27%
	1700	MY Foreign Reserves USD	Jan	140.0	-	139.7bn
23 Jan	1300	SG CPI m/m nsa	Dec		0.5	0.1%
	1300	SG CPI y/y	Dec		3.8	3.6%
	1600	TW Industrial Production y/y	Dec		6.80	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		1.8	1.5%
	0945	CN HSBC Flash Manufacturing PMI	Jan		51.7	51.5
	1600	PHP O/N Reverse Repo	Jan		3.50	3.50%
	1630	HK Exports y/y	Dec		9.1	10.5%
	1630	HK Imports y/y	Dec		8.3	9.0%
	1630	HK Trade Balance	Dec		-50.4	-44.1bn
25 Jan	0900	PH Total Monthly Imports USD	Nov		-	5239.9mn
	0900	PH Trade Balance USD	Nov		-	-832mn
	1300	SG Industrial Production m/m sa	Dec		-0.7	1.9%
	1300	SG Industrial Production y/y	Dec		-4.8	3.1%

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