

Asian Markets

Singapore Company Reg No. 193500026Z

UOB Economic-Treasury Research
Wednesday, 13 February 2013

Line-up For The Day

- Later today, both South Korea and the Philippines will release the money supply data for December. Also, Indonesia will report 4Q 2012 current account balance. India will release January trade figures.

Forex

- Since the start of this month, the US Dollar Index (DXY) had been trending northwards. Performance of Asian currencies since then had generally been weak. Month-to-date, only the IDR (+1.24%), NZD (+0.27%), THB (+0.07%), and VND (+0.02%) climbed higher against the USD, while other Asian currencies fell. Hardest hit this month were the JPY (-1.80%), INR (-1.16%), TWD (-0.69%). The SGD fell 0.10% against the USD.
- At closing yesterday, the THB closed slightly higher against the USD at 29.86/USD while the TWD closed flat at 29.75/USD. The SGD edged lower to 1.2447/USD from 1.2390/USD in the previous day.

SGD

- **The USD/SGD traded at a range of 1.2415 – 1.2449 yesterday.** The consistent climb in the USD/SGD since hitting a close of 1.2236 on 17th Jan looks set to weaken over the next few days. On a trade-weighted basis, the SGD NEER is trading at the midpoint this morning. We expect it to continue trading around the midpoint today, implying the USD/SGD range of 1.2443 – 1.2319 based on current FX levels.

SGS

- As we gradually get back from CNY celebrations, SGS will probably be off to a slow start. US and European markets are a touch better from where we left them on Friday. We should see the back end SGS remaining unloved in the near term. Overall SGD yield levels remains finely balanced and waiting for confirmation from US yields.

Opening levels:

2y	99.95/03	0.28/0.24
5y	107.85/05	0.45/0.41
10y	114.10/30	1.53/1.51
15y	115.05/35	2.24/2.22
20y	106.55/95	2.42/2.39
30y	99.00/60	2.80/2.77

RMB

- Close today.

Equity

- **The markets in Hong Kong, China, Taiwan, Singapore and Malaysia were closed yesterday for holiday. China, Taiwan, and Vietnam remains closed for the rest of this week, while HK is closed today and will open tomorrow.**
- The NIKKEI 225 closed higher yesterday and gained 1.94% supported by gains in almost all sectors except for a decline in the Oil & Gas (-0.94%) sector. However, the KOSPI closed lower by 0.26%, as Utilities (-2.28%), Healthcare (-1.73%) dragged the overall index. The JCI edged up 1% from Bank Indonesia maintaining the key policy rate and all sectors gained. Utilities (+3.48%), Basic Materials (+1.82%), and Healthcare (+1.60%) gained the most.

News

- **South Korea released trade prices and unemployment rate earlier this morning.** Export prices for January declined 8.1% y/y while import prices dropped 10.6% y/y. Unemployment rate edged up slightly in January to 3.2% from the 3.0% during the previous month.
- **Indonesia yesterday kept its key policy rate unchanged at 5.75% for the twelfth consecutive policy meeting.** We view that both a weak currency and higher inflation will drive Bank Indonesia into a quicker pace of interest rate normalization this year, beginning with the FASBI rate hike. We are expecting a 50 bps increase in the FASBI rate to 4.50% and 25 bps hike in the benchmark interest rate to 6.00% before the end of the year.
- **India's industrial production fell for the second month and registered -0.6% y/y in December last year,** surprising consensus estimates of a 1.0% growth. Also released yesterday, India's inflation for January edged higher to reach 10.79%, up from previous month's 10.56%. As inflation had been hovering more than the 7% rate, India's central bank has limited scope to cut interest rates to boost aggregate demand. As such, the Finance Minister had pledged spending curbs to put a lid on prices even as wider government efforts to encourage more private investments.
- **The Philippines registered strong exports growth in December of 16.5% y/y, against consensus estimates of 7.7%.**

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