

Asian Markets

Thursday, 14 February 2013

Line-Up For The Day

- Today is a relatively light day for Asian data. South Korea held its monetary policy meeting and held the 7-day repo rate unchanged at 2.75%. Later, India will release the monthly wholesale prices for January.
- The markets in China, Taiwan, and Vietnam remains closed today and tomorrow, while Hong Kong will open today.

Forex

- At closing yesterday, the SGD closed higher against the USD at 1.2371/USD while the THB and TWD remained flat at 29.80/USD and 29.75/USD respectively.

SGD

- The USD/SGD traded at a lower range of 1.2371 – 1.2393 yesterday.** As mentioned yesterday, the consistent climb in the USD/SGD from 1.2236 on 17th Jan to an intra-day high of 1.2456 on 12th Feb looks set to weaken over the next few days. On a trade-weighted basis, the SGD NEER is trading at 0.14% above the mid-point this morning. We expect it to trade tightly between the midpoint and 0.5% above midpoint today, implying the USD/SGD range of 1.2374 – 1.2312 based on current FX levels.

SGS

- SGS had a quiet recovery day overall. Late day selling in the benchmark 10y bonds drove yields higher at the close. Front end bonds saw better sponsorship with USD/SGD at around 1.24 drawing in the FX punters. 30y setup looks tricky at these yield levels, market will continue to trade heavy in the 20y and 30y bonds, but will struggle to punch through yield highs without some help from UST. Opening levels: 2y 99.96/04 0.27/0.23; 5y 107.80/00 0.46/0.42; 10y 113.70/90 1.57/1.55; 15y 114.7/00 2.27/2.25; 20y 106.00/40 2.45/2.43; 30y 98.25/85 2.84/2.81.

Equities

- Other than the Nikkei 225 that posted a decline of 1.04% yesterday, other Asian stock markets ended the day positive.** The strongest gains came from the Thailand (+1.69%), South Korea (+1.56%), and the Philippines (+1.05%) stock markets.

Foreign Exchange Rates (as of 13 Feb 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2371	1.2395	1.2370	1.2397	1.2368
MYR	3.0890	3.0990	3.0890	-	-
IDR	9644	9645	9630	-	-
THB	29.80	29.85	29.75	-	-
PHP	40.67	40.69	40.63	-	-
TWD	29.750	29.750	29.512	-	-
KRW	1086.75	1089.00	1084.10	-	-
HKD	7.7555	7.7565	7.7554	-	-
CNY	-	-	-	-	-

UOB's Estimation of SGD NEER (as of 14 Feb 2013) Assuming 2.0% on each side of the pivot point	
Lower-End	1.2622
Upper-End	1.2127
Mid-Point	1.2370

Market Holiday	Date	Event
CN/TW	11-15 Feb	Chinese New Year
TH	25 Feb	Makha Bucha Day
TW	28 Feb	Peace Memorial Day

Interest Rates	Current	Next CB Meet	UOB's Forecast
SGD 3-Mth SIBOR	0.38%	-	-
MYR O/N Policy Rate	3.00%	07 Mar	3.00%
IDR O/N Rate	5.75%	07 Mar	5.75%
THB 1-Day Repo	2.75%	20 Feb	2.75%
PHP O/N Reverse Repo	3.50%	14 Mar	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 13 Feb 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3301.04	+0.94	+4.23
FTSE Bursa Malaysia KLCI Index	1631.16	+0.45	-3.42
Jakarta SE Composite Index	4571.57	+0.51	+5.90
Thailand SET Index	1514.11	+1.69	+8.78
Philippines SE PSEI Index	6527.99	+1.05	+12.31
Taiwan SE Weighted Index	-	-	-
Korea SE KOSPI Index	1976.07	+1.56	-1.05
Hong Kong Hang Seng Index	-	-	-
Shanghai SE Composite Index	-	-	-
India Sensex 30 Index	19608.08	+0.24	+0.93

- The Straits Times index closed yesterday up 0.94%, supported by gains across all sectors, led by Financials (+1.41%), Telcos (+1.03%) and Healthcare (+0.76%) stocks. Currently, around 90% of the STI components are above their 200 day MA.

Economic News

- **India posted one of its largest monthly trade deficits in January of \$20 bil.** Exports rose 0.8% y/y to \$25.6 bil while imports shot up 6.1% y/y to reach \$45.6 bil, as demand for oil and gold continued strongly. The RBI governor said that the “external sector is very vulnerable” and current account gap may widen to a record in the year through Mar 2013. The trade deficit will continue to weigh down the INR, which has already weakened 8.6% against the USD last year.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
13 Feb	0500	SK Export Price Index y/y	Jan	-0.1	-	-0.7%
	0500	SK Import Price Index y/y	Jan	-10.6	-	-9.0%
	0700	SK Unemployment Rate sa	Jan	3.2	3.0	3.0%
	1628	ID Current Account Balance	4Q	-7763	-7388	-5336mn
14 Feb	0900	KRW Base Rate	Feb		2.75	2.75%
15 Feb	1300	SG Retail Sales y/y	Dec		0.2	-1.1%
	1530	TH Foreign Reserves	Feb		-	181.6bn

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