

# Asian Markets

Monday, 25 February 2013

## Line-Up For The Week

- This morning, the market will pay attention to **China's Feb Flash HSBC Manufacturing PMI (Jan: 52.3) due at 9.45 am SG time** especially after the weaker-than-expected Eurozone manufacturing index last week. **Singapore's Jan CPI** this afternoon is expected to show headline inflation rate easing slightly to 4.1% y/y in Jan from 4.3% y/y in Dec. **Hong Kong's export and import growth** are expected to improve to 18.0% y/y and 25.0% y/y in Jan from 14.4% y/y and 11.9% y/y respectively in Dec.
- For the Asian countries, data in Jan and Feb which would be announced in the coming weeks, should be interpreted with caution as they are subjected to distortions from base effects as a result of the timing of the Chinese New Year which fell in Jan last year and in Feb this year.
- Singapore's 2013 Budget will be delivered at 3.30 PM in Parliament today.** The Budget is likely to signal government's commitment to achieve the strategies laid out by the population and land use white papers. We also expect more help for lower income households as housing and healthcare costs had been rising particularly higher for this income group. Government will continue to help companies which are facing rising costs and providing incentives to increase productivity.
- In other parts of the world, South Korea's incoming President Park will take office today and the results of the Italian elections will also be of interest.
- In Asia, the data calendar remains heavy on Tue with **Singapore's Jan industrial production and Taiwan's Jan export orders.** Consensus estimate for Singapore's Jan industrial production is at 5.9% y/y vs contraction of 0.6% y/y in Dec. Taiwan's export orders growth is expected to improve to 19.4% y/y in Jan from 8.5% y/y in Dec.
- On Wed, **Taiwan's Jan industrial production** is forecast to expand at 18.6% y/y vs 2.4% y/y in Dec. **Hong Kong's GDP** is likely to register a growth of 2.5% y/y in 4Q12 compared to 1.3% y/y in 3Q12. On Thur, **South Korea's industrial production** growth could rise to

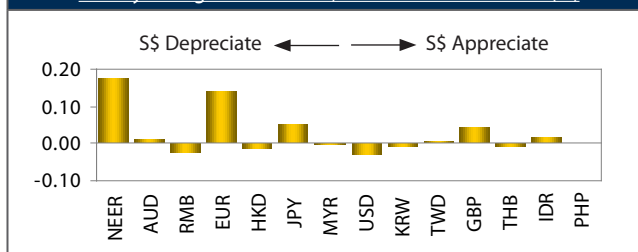
Foreign Exchange Rates (as of 22 Feb 2013)

FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2382	1.2401	1.2375	1.2387	1.2370
MYR	3.1000	3.1110	3.0980	-	-
IDR	9708	9713	9699	-	-
THB	29.84	29.87	29.78	-	-
PHP	-	-	-	-	-
TWD	29.658	29.725	29.586	-	-
KRW	-	-	-	-	-
HKD	7.7560	7.7565	7.7556	-	-
CNY	6.2346	6.2432	6.2320	-	-

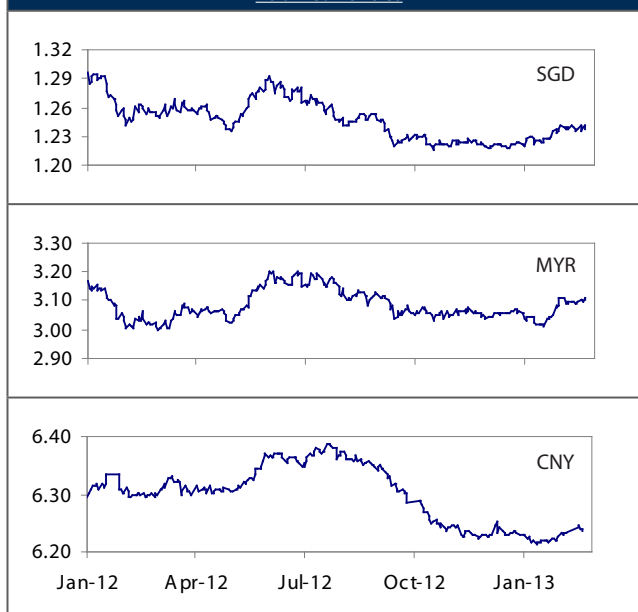
UOB's Estimation of SGD NEER (as of 25 Feb 2013)  
Assuming 2.0% on each side of the pivot point

Lower-End .....	1.2687
Upper-End .....	1.2189
Mid-Point .....	1.2433

Weekly Change In SGD NEER, SGD / Other Currencies (%)



Asian Currencies



5.8% y/y in Jan from 0.8% y/y in Dec. Singapore's Jan money supply and loans data are also due on Thur.

- Friday will be another busy day with data including **South Korea's Feb trade, China's official PMI for Feb, Indonesia's Feb CPI and Jan trade as well as Thailand's Feb CPI. Final HSBC manufacturing PMI for China, Taiwan, Indonesia, Vietnam and India will be released.**
- Thailand's markets are closed for Makha Bucha Day today. Taiwan is on holiday this Thur (28 Feb) and South Korea on Fri (1 March).**

### Forex

- Asian currencies traded mixed against USD over the past week.** Onshore THB and TWD ended the week with 0.3% and 0.2% gains against USD while currencies including KRW, IDR and MYR eased slightly.
- On Fri, Asian currencies firmed against USD with KRW up at 1,084.70/USD compared to 1,086.10/USD on Thur while TWD was at 29.627/USD vs 29.658/USD on Thur. MYR traded firmer to 3.10/USD late-Fri from 3.11/USD on Thur while IDR was steady at around 9,708/USD on Fri.
- USD/AXJs could see some volatility after the sovereign rating downgrade in the UK and ahead of the Italian election results.

### SGD

- USD/SGD eased in line with broad USD/AXJs and firmer Asian stock indexes on Fri.** On the trade-weighted basis, SGD NEER is currently trading at 0.35% above the mid-point with +/-0.5% implying USD/SGD range of 1.2370-1.2500 based on current FX levels. Today, the focus in Singapore would be on the Budget announcement this afternoon.

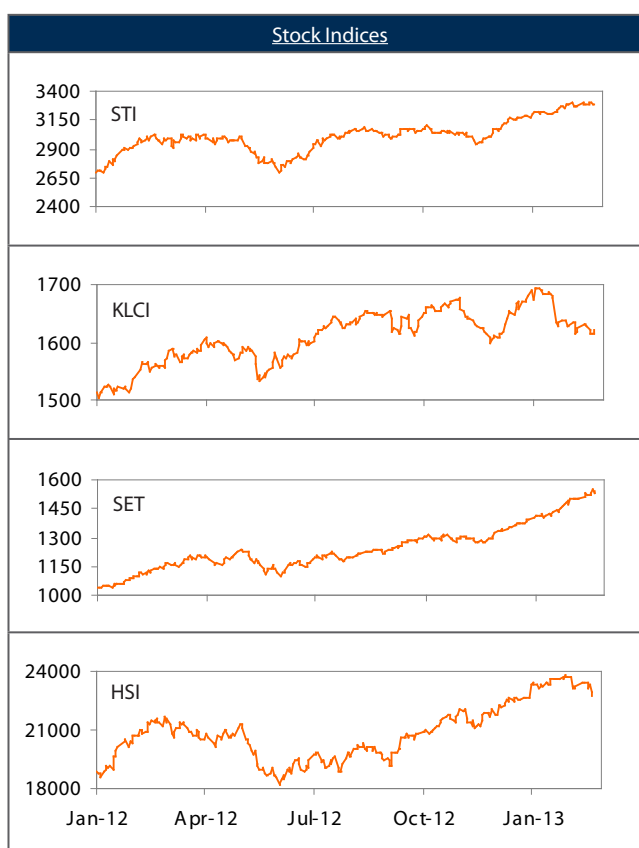
### SGS

- For a second day, SGS perked up in the afternoon session as buying resumed in the short end (<5y) curve.** The continuation now spreads negative yields to the second shortest to maturity bond (Jul 2013). To give a sense for the psychological hit 2 days of price insensitive buying has on the SGS curve; the 30y bond has richened back almost 10bp despite 1.2bio on auction tomorrow Tuesday 26th. Is short-end flow induced price a mirage? 3y-30y curve did manage to steepen 3bp, so one could make the argument that we've not had a completely illogical parallel shift in the yield curve. The recent richening increases the probability of tailing tomorrow's re-tap. Opening levels: 2y 100.19/27 0.15/0.11; 5y 108.18/38 0.36/0.31; 10y

Market Holiday	Date	Event
TH	25 Feb	Makha Bucha Day
TW	28 Feb	Peace Day
SK	01 Mar	Independence Movement 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%	03 Apr	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 Mar	2.75%
HKD Base Rate	0.50%	-	0.50%
CNY 1-Yr Wking Capital	6.00%	-	6.00%

Stock Indices (as of 22 Feb 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3288.13	+0.02	+3.82
FTSE Bursa Malaysia KLCI Index	1622.08	+0.50	-3.96
Jakarta SE Composite Index	4651.12	+0.40	+7.75
Thailand SET Index	1540.13	+0.75	+10.65
Philippines SE PSEi Index	6665.06	-0.04	+14.66
Taiwan SE Weighted Index	7986.89	+0.49	+3.73
Korea SE KOSPI Index	2018.89	+0.18	+1.09
Hong Kong Hang Seng Index	22782.44	-0.54	+0.55
Shanghai SE Composite Index	2314.16	-0.51	+1.98
India Sensex 30 Index	19317.01	-0.04	-0.56



114.25/45 1.51/1.49; 15y 116.15/45 2.16/2.14; 20y  
107.25/65 2.37/2.34; 30y 100.05/65 2.75/2.72.

### **RMB**

- **RMB ended at 6.2351/USD on Fri**, up from Thur's close of 6.2405/USD despite a weaker fixing in the morning. **The PBoC set the RMB central parity weaker at 6.2892/USD this morning compared to 6.2871/USD on Fri.**

### **Equities**

- **Asian stock indexes ended mixed on Fri with Nikkei up 0.7% while Hang Seng Index and the Shanghai CI fell 0.5%.** The SE Asian markets were supported with most registering gains on Fri. The Singapore market could find some support ahead of the budget an-

nouncement today but broad market sentiment could be cautious before the Italian election outcome. In Hong Kong, real-estate counters are expected to come under pressure after the government announced further tightening measures on Fri which included the doubling of the stamp duties.

### **Economic News**

- **China** will relax rules on its RQFII programme that requires investors to put at least 80% of the funds into the domestic fixed income market. This means that the domestic equity market could potentially see greater inflows.
- **China** announced 3.2% and 3.4% increase in the average gasoline and diesel prices effective today.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
22 Feb	1630	HK CPI - Composite Index y/y	Jan	3.0	3.2	3.7%
	1700	TW GDP y/y	4Q F	3.72	3.40	3.42%
	1700	MY Foreign Reserves	Feb	140.3	-	140.2bn
25 Feb	0945	CN HSBC Flash Manufacturing PMI	Feb		52.3	52.3
	1300	SG CPI m/m nsa	Jan		-	0.7%
	1300	SG CPI y/y	Jan		4.1	4.3%
	1630	HK Exports y/y	Jan		-	14.4%
	1630	HK Imports y/y	Jan		-	11.9%
	1630	HK Trade Balance	Jan		-	-48.0bn
26 Feb	0830	TW Unemployment Rate sa	Jan		-	4.22%
	0900	PH Trade Balance USD	Dec		-	-1586mn
	0900	PH Total Imports y/y	Dec		-	2.2%
	1300	SG Industrial Production m/m sa	Jan		6.0	5.4%
	1300	SG Industrial Production y/y	Jan		4.0	-0.6%
	1600	TW Export Orders y/y	Jan		18.4	8.5%
27 Feb	0500	SK Consumer Confidence	Feb		-	102
	0700	SK Current Account USD	Jan		-	2252.9mn
	0700	SK Goods Balance USD	Jan		-	2034mn
	1100	HK Annual GDP	2012		-	4.9%
	1100	HK GDP sa q/q	4Q		-	0.6%
	1100	HK GDP y/y	4Q		-	1.3%
	1600	TW Industrial Production y/y	Jan		19.98	2.39%
28 Feb	1530	TH Total Exports y/y	Jan		-	13.6%
	1530	TH Total Imports y/y	Jan		-	1.3%
	1530	TH Total Trade Balance USD	Jan		-	283mn
	1530	TH Current Account Balance USD	Jan		-	730mn
	1530	TH Overall Balance USD	Jan		-	799mn
	1630	HK Govt Mthly Budget Surp/Def HKD	Jan		-	51.7bn
	-	MY Unemployment Rate	4Q		-	3.0%

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