

Asian Markets

Thursday, 28 February 2013

Line-Up For The Day Ahead

- Today, Singapore, Malaysia and Hong Kong will release its January money supply numbers. Malaysia will also release 4Q 2012 unemployment rate.
- Then, India will release the 4Q 2012 GDP and consensus estimates it to reach 4.9%.
- Thailand will release the current account balance for January. After yesterday's large trade deficit, it will be of wonder if consensus expectations of a US\$477m surplus can even be reached. Also for Thailand, January's manufacturing production index will be out.

Forex

- At closing yesterday, the SGD closed flat against the USD at 1.2389/USD while the THB remained flattish at 29.80/USD. The TWD edged higher to reach 29.705/USD from strong industrial production numbers released yesterday.

SGD

- The USD/SGD traded at a wider range of 1.2375 – 1.2401 yesterday.** On a trade-weighted basis, the SGD NEER is trading at 0.37% above the midpoint this morning. We expect it to trade tightly between the midpoint and 0.5% above midpoint today, implying the USD/SGD range of 1.2414 – 1.2353 based on current FX levels.

SGS

- Headwinds in the form of the still unresolved Italian situation and the US sequester will mean that risk assets will struggle to rally much near term. SGS was directionless yesterday. 30y seeing lack of interest, similar to when it was first issued. We suspect that most flatteners have been set with the belly now seeing a little more 2 way action. IRS again saw better sellers as 30y auction hedges (steepeners and bond swaps wideners) got unwound.
- Opening levels: 2y 100.15/23 0.17/0.13; 5y 108.15/35 0.36/0.32; 10y 114.25/45 1.51/1.49; 15y 116.25/55 2.15/2.13; 20y 107.25/65 2.37/2.34; 30y 99.75/35 2.76/2.73.

Foreign Exchange Rates (as of 27 Feb 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2389	1.2391	1.2375	1.2403	1.2365
MYR	3.1000	3.1010	3.0960	-	-
IDR	9685	9698	9678	-	-
THB	29.80	29.85	29.77	-	-
PHP	40.70	40.76	40.70	-	-
TWD	29.705	29.740	29.620	-	-
KRW	-	-	-	-	-
HKD	7.7575	7.7587	7.7575	-	-
CNY	6.2271	6.2279	6.2256	-	-

UOB's Estimation of SGD NEER (as of 28 Feb 2013) Assuming 2.0% on each side of the pivot point	
Lower-End	1.2658
Upper-End	1.2162
Mid-Point	1.2405

Market Holiday	Date	Event
TW	28 Feb	Peace Day
SK	01 Mar	Independence Movement Day
ID	12 Mar	Saka New Year

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 27 Feb 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3261.12	+0.21	+2.79
FTSE Bursa Malaysia KLCI Index	1624.14	-	-3.84
Jakarta SE Composite Index	4716.42	+1.14	+9.26
Thailand SET Index	1518.05	-0.80	+9.06
Philippines SE PSEi Index	6616.27	-0.22	+13.82
Taiwan SE Weighted Index	7897.98	+0.22	+2.58
Korea SE KOSPI Index	2004.04	+0.20	+0.35
Hong Kong Hang Seng Index	22577.01	+0.25	-0.35
Shanghai SE Composite Index	2313.22	+0.87	+1.94
India Sensex 30 Index	19152.41	+0.72	-1.41

RMB

- This morning, the PBoC fixed the RMB mid-point at 6.2779/USD, lower than previous mid-point of 6.2842. Previous RMB close was 6.2273/USD.

Equities

- Most Asian markets closed higher yesterday to pare back losses seen a day ago from the political deadlock seen in the Italian elections. However, we caution that investors could still be in a risk-off mode.
- **Although closing slightly higher yesterday, the MSCI Asia ex Japan index is on a weakening trend in the days ahead.**
- The Nikkei 225 continued another day of loss at closed 1.27% lower yesterday while other major Asian markets edged higher. The Nikkei was dragged lower by telcos (-2.40%), oil & gas (-1.76%), financials (-1.64%), and consumer services (-1.63%).
- The Straits Times index closed higher yesterday by a marginal 0.27%, as oil & gas (+1.52%), and telcos (+0.66%) pulled up overall performance. However, the overall index looks weak and near-term downside risks have started.
- Looking at market breath of the STI, the percentage of its constituents trading above their respective 200-day moving average dropped to 79% yesterday, back

to levels last seen in December. The weakness in the STI is expected to pick up some momentum in the near term.

Economic News

- Thailand's January trade deficit of US\$5.49b way surpassed expectations of a smaller deficit of US\$2.06b, as imports rose by a large 40.9%, compared to expectations of 18.7% in January. Imports growth significantly exceeded exports growth of 16.1%. This reflected the low base due to the severe floods that swamped the country in 4Q 2011. More importantly, it reflects the purchasing power that the stronger THB brought to tilt the trade balance. Going forward, the on-going strength of the THB will start to weaken.
- A day after the release of Taiwan's January exports growing strongly by 18% y/y, yesterday saw Taiwan's industrial production achieving a strong 19% growth, better than expectations of 16.8%. Together with South Korea's strong January industrial production numbers (7.3%) that were released this morning, it seems that our North Asian neighbours' manufacturing activities had been recovering pretty strongly. Singapore's Jan IP that contracted 0.4% has some way to catch up.
- Hong Kong's 4Q 2012 GDP showed a growth of 2.5% y/y, slightly better than expectations of 2.4%. Full year 2012 GDP came in at 1.4%, in line with estimates.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
27 Feb	0500	SK Consumer Confidence	Feb	102	-	102
	0700	SK Current Account USD	Jan	2253.6	-	2140.2mn
	0700	SK Goods Balance USD	Jan	2597	-	1917mn
	1100	HK Annual GDP	2012	1.4	1.4	4.9%
	1120	HK GDP sa q/q	4Q	1.2	1.4	0.8%
	1120	HK GDP y/y	4Q	2.5	2.4	1.4%
	1600	TW Industrial Production y/y	Jan	19.17	16.80	2.05%
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		477	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%
01 Mar	0800	SK Ext Trade - Export y/y	Feb		-9.2	10.9%
	0800	SK Ext Trade - Imports y/y	Feb		-9.1	4.0%
	0800	SK Ext Trade - Balance USD	Feb		-970	476
	0900	CN Manufacturing PMI	Feb		50.5	50.4
	0945	CN HSBC Manufacturing PMI	Feb		50.6	52.3
	1000	TW HSBC Manufacturing PMI	Feb		-	51.5
	1200	ID Inflation y/y	Feb		-	4.57%
	1200	ID Exports y/y	Jan		-	-9.8%
	1200	ID Total Imports y/y	Jan		-	-5.6%
	1200	ID Core Inflation y/y	Feb		-	4.32%
	1200	ID Total Trade Balance USD	Jan		-	-155mn

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