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# Asian Markets

Friday, 01 March 2013

## Line-Up For The Day Ahead

- **Asia's data calendar remains heavy today.** Following South Korea's Feb trade data this morning, the attention turns to China's official Feb manufacturing PMI which eased to 50.1 in Feb from 50.4 in Jan. The market is prepared for a lower reading following the unexpected drop in the flash HSBC manufacturing earlier this week. Final HSBC manufacturing PMI for China was at 50.4 in Feb, unchanged from the prelim number but was lower than 52.3 in Jan. HSBC PMI for Taiwan, Indonesia, Vietnam and India will also be released later. Indonesia's Feb CPI and Jan trade as well as Thailand's Feb CPI are also scheduled today.

- South Korea's markets are closed for Independence Movement Day today.

## Forex

- Risk appetite improved on Thur, leading the Asian stocks and currencies to end firmer on the last day of Feb. KRW rose to 1,083.00/USD from 1,084.40/USD on Wed while MYR traded firmer to 3.0882/USD from 3.0985/USD on Wed. Better-than-expected US economic data helped USD rebound later in the day with DXY up 0.4% on Thur. Overnight actions saw EUR/USD down at 1.3055 at the close of the NY session. This could see USD/AXJs finding some support in the Asian session this morning. China's PMI will be the focus in Asia today before attention turns to discussion in the US to beat the deadline for US$85 bn in mandatory spending cuts.

## SGD

- **USD/SGD rebounded in the Ldn/NY session but remained below Wed's high of 1.2403.** SGD NEER is currently trading relatively steady at around 0.3% above the mid-point with +/-0.5% implying USD/SGD range of 1.2350-1.2470 based on current FX levels.

## SGS

- **Given where we stand in terms of prices, it would seem that equities are pretty relaxed about the sequester whilst bonds are expecting a dimmer environment post sequester.** SGS was in holding pattern yesterday. Long-end bonds are better offered, with PDs uncomfortable sitting surplus long duration

| Foreign Exchange Rates (as of 28 Feb 2013) | | | | | |
|---|---|---|---|---|---|
| FX | Asian Close | Asian High | Asian Low | NY High | NY Low |
| SGD | 1.2357 | 1.2368 | 1.2353 | 1.2386 | 1.2348 |
| MYR | 3.0910 | 3.1005 | 3.0865 | - | - |
| IDR | 9660 | 9670 | 9655 | - | - |
| THB | 29.70 | 29.85 | 29.69 | - | - |
| PHP | 40.66 | 40.69 | 40.64 | - | - |
| TWD | 29.705 | 29.740 | 29.620 | - | - |
| KRW | - | - | - | - | - |
| HKD | 7.7565 | 7.7571 | 7.7562 | - | - |
| CNY | 6.2231 | 6.2263 | 6.2201 | - | - |

| UOB's Estimation of SGD NEER (as of 01 Mar 2013) Assuming 2.0% on each side of the pivot point | |
|---|---|
| Lower-End | 1.2668 |
| Upper-End | 1.2171 |
| Mid-Point | 1.2414 |

| Market Holiday | Date | Event |
|---|---|---|
| SK | 01 Mar | Independence Movement Day |
| ID | 12 Mar | Saka New Year |
| SG/HK/ID | 29 Mar | Good Friday |

| 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 28 Feb 2013) | Closing | % chg | ytd % chg |
|---|---|---|---|
| FTSE Straits Times Index | 3269.95 | +0.27 | +3.25 |
| FTSE Bursa Malaysia KLCI Index | 1637.63 | +0.83 | -3.04 |
| Jakarta SE Composite Index | 4795.79 | +1.68 | +11.10 |
| Thailand SET Index | 1541.58 | +1.55 | +10.75 |
| Philippines SE PSEi Index | 6721.45 | +1.59 | +15.63 |
| Taiwan SE Weighted Index | - | - | - |
| Korea SE KOSPI Index | 2026.49 | +1.12 | +1.47 |
| Hong Kong Hang Seng Index | 23020.27 | +1.96 | +1.60 |
| Shanghai SE Composite Index | 2365.59 | +2.26 | +4.25 |
| India Sensex 30 Index | 18861.54 | -1.52 | -2.91 |

without sight any significant of real demand. Despite the heaviness in SGS, IRS remained better offered. The tightening trend in bond swaps may continue in the near term as positions and flows get unwound. Longer term, given the fairly consensus opinion that yields are heading higher, we would expect to see the spreads come under renewed widening pressures.

- Opening Levels: 2y 100.08/16 0.21/0.17; 5y 108.12/32 0.37/0.32; 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.

## RMB

- **RMB ended up 0.1% at 6.2213/USD on Thur compared to 6.2273/USD on Wed after a strong fixing by the PBoC.** The central bank has set the RMB central parity slightly weaker at 6.2798/USD this morning vs 6.2779/USD yesterday. The stabilization in the USD/JPY could see more willingness by the central bank to resume its currency appreciation against USD.

## Equities

- **Concerns over the Italian election faded on Thur.** Nikkei rallied 2.7% on Thur while Hang Seng Index and Shanghai CI outperformed with gains of 2.0% and 2.3% respectively. The STI rose 0.3% on Thur. Overnight, the US stock indexes ended slightly lower and sentiment in the Asian session will be driven by the heavy data calendar, most notably the PMI readings.

## Economic News

- **South Korea's exports and imports dropped 8.6% y/y and 10.7% y/y respectively in Feb,** reflecting to some extent the base effect from the different timings of the Chinese New Year. The trade surplus was better-than-expected at US$2.06 bn in Feb.

- **Malaysia announced measures to tighten the fixing of the onshore MYR rates on Thur.** The calculation to fix the USD/MYR will be based on quotes with a bid-ask spread of not more than 10 pips and has requested for the increase in the number of banks contributing to the reference rates to 15 from 11.

| Economic Indicators | | | | | | |
|---|---|---|---|---|---|---|
| Date | Time | Indicators | Month | Actual | Market Forecast | Previous |
| 28 Feb | 1530 | TH Total Exports y/y | Jan | 15.6 | - | 13.6% |
| | 1530 | TH Total Imports y/y | Jan | 38.4 | - | 1.3% |
| | 1530 | TH Total Trade Balance USD | Jan | -2821 | - | 283mn |
| | 1530 | TH Current Account Balance USD | Jan | -2237 | 477 | 730mn |
| | 1530 | TH Overall Balance USD | Jan | 1030 | - | 799mn |
| | 1630 | HK Govt Mthly Budget Surp/Def HKD | Jan | 41.9 | - | 51.7bn |
| | 1708 | MY Unemployment Rate | 4Q | 3.1 | - | 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 Manfacturing PMI | Feb | | 50.6 | 52.3 |
| | 1000 | TW HSBC Manuacturing PMI | Feb | | - | 51.5 |
| | 1200 | ID Inflation y/y | Feb | | 4.81 | 4.57% |
| | 1200 | ID Exports y/y | Jan | | -1.2 | -9.8% |
| | 1200 | ID Total Imports y/y | Jan | | 6.7 | -5.6% |
| | 1200 | ID Core Inflation y/y | Feb | | 4.40 | 4.32% |
| | 1200 | ID Total Trade Balance USD | Jan | | -147 | -155mn |

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