

# Asian Markets

Wednesday, 06 March 2013

## Line-Up For The Day Ahead

- **No important data scheduled in Asia today** with market likely to continue watching the 10-day annual National People's Congress (NPC) session in China for growth directions in the country.

## Forex

- **Sentiment recovered in the Asian markets on Tue with stocks recovering after the sell-off on Mon. In the FX market, DXY index was down 0.13% on Tue.**
- KRW and TWD ended up at 1,087.00/USD and 29.720/USD on Tue compared to 1,093.15/USD and 29.770/USD respectively on Mon. MYR held steady at 3.1000/USD compared to 3.1070/USD late-Mon while IDR firmed to 9,695/USD late-Tue from 9,714/USD on Mon. Similarly, THB was up at 29.750/USD at the close of the Asian session on Tue vs 29.800/USD on Mon.

## SGD

- **USD/SGD pulled back to a range of 1.2436-1.2477 from a high of 1.2486 on Mon.** The trade-weighted SGD NEER is currently trading at 0.1% below the mid-point with +/-0.5% implying USD/SGD range of 1.2360-1.2490.

## SGS

- **We've seen the headlines, new highs in Dow. These levels will probably need a pretty respectable non-farm payrolls data to cement it.** Nothing concrete out of the Italian backroom dealing, re-election will probably be an opportunity to take risk off the table. SGS opened with some interest to fade belly richness. Didn't get too far before we hit some resistance, coupled with IRS still somewhat better offered. Previous short end buyer was back yesterday covering their positions. Buying was not as acute as previous round, profit taking/shorts should look at the 2y to 5y region if kneejerk reaction to the buying takes us into the low teens/single digit yields.

Opening levels:

2y 100.08/16 0.21/0.17

5y 108.10/30 0.37/0.32

10y 114.20/40 1.51/1.49

15y 116.15/45 2.16/2.13

20y 107.10/50 2.38/2.35

30y 99.90/50 2.76/2.73

Foreign Exchange Rates (as of 05 Mar 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2450	1.2465	1.2436	1.2477	1.2447
MYR	3.1010	3.1080	3.0960	-	-
IDR	9690	9707	9690	-	-
THB	29.75	29.83	29.74	-	-
PHP	40.71	40.74	40.70	-	-
TWD	29.720	29.770	29.650	-	-
KRW	-	-	-	-	-
HKD	7.7563	7.7564	7.7552	-	-
CNY	6.2208	6.2245	6.2200	-	-

UOB's Estimation of SGD NEER (as of 06 Mar 2013) Assuming 2.0% on each side of the pivot point	
Lower-End .....	1.2686
Upper-End .....	1.2188
Mid-Point .....	1.2432

Market Holiday	Date	Event
ID	12 Mar	Saka New Year
PH	28 Mar	Maundy Thursday
SG/HK/ID/PH	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 05 Mar 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3248.26	+0.26	+2.56
FTSE Bursa Malaysia KLCI Index	1642.08	+0.37	-2.78
Jakarta SE Composite Index	4751.70	-0.20	+10.08
Thailand SET Index	1549.31	+0.56	+11.31
Philippines SE PSEi Index	6711.72	+1.12	+15.47
Taiwan SE Weighted Index	7932.71	+0.83	+3.03
Korea SE KOSPI Index	2016.61	-0.49	+0.98
Hong Kong Hang Seng Index	22560.50	+0.10	-0.43
Shanghai SE Composite Index	2326.31	+2.33	+2.52
India Sensex 30 Index	19143.17	+1.40	-1.46

## RMB

- **Spot RMB ended up 42 pips at 6.2209/USD on Tue compared to 6.2251/USD on Mon following a stronger RMB fixing.** 1Y RMB was marginally firmer at 6.3200/USD, pricing in 1.6% depreciation against USD from the spot close. **The central bank set the RMB central parity firmer at 6.2745/USD today compared to 6.2797/USD on Tue.**

## Equities

- **Equities rebounded on Tue.** In China, the Shanghai CI ended up 2.3%, as gains in the banking counters offset further declines in the Chinese developer counters on Tue. Chinese developers came under pressure following the announcement of a fresh round of property tightening measures on Fri with some of the details likely to be announced later this month. Elsewhere, Hang Seng Index rose 0.1% while STI gained 0.3% on Tue. **DJIA hitting a record high overnight is expected to provide some support to the regional equities in the Asian session today.**

## Economic News

- **At the opening of the NPC on Tue, China announced its GDP growth and inflation target for 2013 at 7.5% and 3.5% respectively.** The budget deficit is forecast to increase by RMB400 bn from 2012 to reach RMB1.2 tn this year (2% of GDP). China said it will add more than 9 mn urban jobs and keep its urban unemployment rate at 4.6% or lower. The budget will focus on consumer-led growth to narrow the country's income gap. China's military budget was also higher for 2013.
- **Taiwan CPI came in slightly above expectation at 2.97% y/y in Feb compared to 1.13% y/y in Jan.** Jan-Feb headline inflation was around 2.0% y/y and the persistence of high inflation ahead could put pressure on Taiwan CBC to hike interest rates.
- **Taiwan's official PMI** fell to 50.0 in Feb from 57.7 in Jan. Earlier survey showed the HSBC Taiwan PMI dropping to 50.2 in Feb from 51.5 in Jan.
- **Hong Kong's Feb PMI** was at a 4-month low of 51.2 in Feb compared to 52.5 in Jan.
- **Bank of Korea** minutes showed that 6 out of 7 board members voted to keep interest rate steady in Feb while 1 voted for a 25 bps rate cut.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
05 Mar	0830	TW CPI y/y	Feb	2.97	2.80	1.13%
	0830	TW WPI y/y	Feb	-2.20	-3.92	-3.79%
	0900	PH CPI y/y	Feb	3.4	3.3	3.0%
	0900	PH CPI nsa m/m	Feb	0.3	0.3	0.5%
	0945	CN HSBC Services PMI	Feb	52.1	-	54.0
	1030	HK PMI	Feb	51.2	-	52.5
	1355	PH Budget Deficit/Surplus	Feb	-115.7	-	-11.6bn
	1620	TW Foreign Exchange Reserves USD	Feb	404.08	-	406.56bn
06 Mar	0500	SK Foreign Exchange Reserve USD	Feb	327.40	-	328.91bn
07 Mar	1130	TH Consumer Confidence Economic	Feb		-	72.1
	1600	TW Total Trade Bal USD	Feb		0.63	0.47bn
	1600	TW Total Exports y/y	Feb		-8.5	21.8%
	1600	TW Total Imports y/y	Feb		-9.2	22.3%
	1700	MY Foreign Reserves	Feb 28		-	140.3bn
	1800	MYR O/N Policy Rate	Mar		-	3.00%
	-	HK Foreign Currency Reserves USD	Feb		-	321.0bn
	-	PH Foreign Reserves USD	Feb		-	85.3bn
	-	IDR O/N Rate	Mar		-	5.75%
	-	TH Consumer Confidence	Feb		-	81.7
08 Mar	1530	TH Foreign Reserves	Mar 1		-	-
	-	CN Trade Balance USD	Feb		-	29.15bn
	-	CN Exports y/y	Feb		-	25.0%
	-	CN Imports y/y	Feb		-	28.8%

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