

Asian Markets

Wednesday, 13 March 2013

Line-Up For The Day Ahead

- **Data calendar remains light in Asia today.**
- This morning, **South Korea** announced its unemployment rate data which jumped to 3.5% in Feb from 3.2% in Jan. This was higher than markets' expectations of 3.2%.
- In **Singapore**, the COE auction results today (4pm) will probably generate a lot of attention from Singaporeans following the recent Budget and MAS measures.
- **In Asia, the attention remains on the tensions in the Korean peninsula and the headlines from the ongoing China NPC which ends this Sunday.** UN sanctions imposed after North Korea's atomic test last month has led to heightened tensions in the Korean peninsula. The North is threatening nuclear strikes and the destruction of a South Korean island which has about 5,000 civilians. It also said it will unilaterally end the 1953 armistice which was formed after the Korean War. The crisis is an early test for South Korea's new President.

Forex

- **USD/AXJs settled into consolidation on Tue.** KRW ended marginally lower at 1,095.20/USD on Tue compared to 1,094.80/USD on Mon and could remain under pressure as tensions with North Korea mounts. USD/TWD consolidated in a range of 29.650-29.749 on Tue compared to a low of 29.810/USD on Mon. MYR traded firmer to 3.1075/USD on Tue from 3.1105/USD on Mon. USD/AXJs are likely to remain in ranges in light data today.

SGD

- **USD/SGD was rangebound within 1.2461-1.2493 on Tue, easing from Mon's high of 1.2510.** We continue to expect a range of 1.2400-1.2520 today. The trade-weighted SGD NEER was trading slightly below the mid-point this morning.

SGS

- **Consolidative phase carried on overnight with little data to push a breakout/firmer rejection.** SGS was without direction, morning seller in the 15y

Foreign Exchange Rates (as of 12 Mar 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2492	1.2492	1.2467	1.2493	1.2461
MYR	3.1075	3.1105	3.1035	-	-
IDR	-	-	-	-	-
THB	29.66	29.73	29.58	-	-
PHP	40.61	40.67	40.60	-	-
TWD	29.730	29.749	29.650	-	-
KRW	-	-	-	-	-
HKD	7.7570	7.7570	7.7561	-	-
CNY	6.2160	6.2181	6.2144	-	-

UOB's Estimation of SGD NEER (as of 13 Mar 2013) Assuming 2.0% on each side of the pivot point	
Lower-End	1.2714
Upper-End	1.2215
Mid-Point	1.2459

Market Holiday	Date	Event
PH	28 Mar	Maundy Thursday
SG/HK/ID/PH	29 Mar	Good Friday
HK	01 Apr	Easter Monday

Interest Rates	Current	Next CB Meet	UOB's Forecast
SGD 3-Mth SIBOR	0.38%	-	-
MYR O/N Policy Rate	3.00%	09 May	3.00%
IDR O/N Rate	5.75%	11 Apr	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 12 Mar 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3303.02	+0.31	+4.29
FTSE Bursa Malaysia KLCI Index	1656.54	-0.09	-1.92
Jakarta SE Composite Index	-	-	-
Thailand SET Index	1576.68	-0.06	+13.27
Philippines SE PSEi Index	6786.42	-0.40	+16.75
Taiwan SE Weighted Index	7994.71	-0.55	+3.83
Korea SE KOSPI Index	1993.34	-0.50	-0.19
Hong Kong Hang Seng Index	22890.60	-0.87	+1.03
Shanghai SE Composite Index	2286.60	-1.04	+0.77
India Sensex 30 Index	19564.92	-0.41	+0.71

bonds drove some second round covers in nearby bonds and IRS. UST held the lows, and when it turned higher in the afternoon session, SGS was quick to take back morning price softness and more to close the day higher. Front end also saw spirited buying, the short squeeze keeps this zone rich until we get real money reinvestment flows.

- Opening levels
- 2y 100.10/18 0.20/0.15
- 5y 108.11/31 0.35/0.31
- 10y 113.80/00 1.55/1.53
- 15y 115.30/60 2.22/2.20
- 20y 106.25/65 2.43/2.41
- 30y 99.10/70 2.80/2.77

RMB

- **Spot RMB ended up 19 pips at 6.2162/USD on Tue compared to 6.2181/USD on Mon following a firmer RMB fixing.** Sentiment was cautious with the renewed weakness in JPY and ongoing NPC. **The PBoC set the RMB central parity marginally firmer at 6.2726/USD today compared to 6.2746/USD on Tue.**

Equities

- **Asian equity indexes mostly ended lower on Tue.** Hang Seng Index and Shanghai CI fell 0.9% and 1.0% respectively on Tue while Nikkei edged down 0.3%. The STI bucked the regional trend to rise 0.3% yesterday. Monetary tightening concerns in China could continue to weigh on the regional sentiment. The PBoC is expected to continue tightening liquidity via the regular open market operations. Overnight, the DJIA ended flat as its recent bull-run could be running out of steam.

Economic News

- **SGX** is planning to offer Asian FX futures in its derivatives markets in 3Q13 and this could include deliverable and non-deliverable Asian currencies cleared in USD, JPY and SGD. For a start it could include AUD/USD, AUD/JPY, INR/USD and USD/SGD.
- **Taiwan CBC** is reportedly considering to ease requirements on the RMB trade settlement which currently requires a bill of lading for settlement.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
12 Mar	0900	PH Total Exports y/y	Jan	-2.7	6.0	16.5%
13 Mar	0500	SK Export Price Index y/y	Feb		-5.6	-8.1%
	0500	SK Import Price Index y/y	Feb		-8.6	-10.6%
	0700	SK Unemployment Rate sa	Feb	3.5	3.2	3.2%
	0900	PH Unemployment Rate	Jan		-	6.8%
14 Mar	0900	KRW Base Rate	Mar		2.75	2.75%

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