

# Asian Markets

Monday, 25 March 2013

## Line-Up For The Week Ahead

- Today, we will see February inflation numbers from Singapore and estimates of a 4.1% y/y rate is in the cards. Taiwan will also release Feb industrial production and due to the CNY effect, it is expected to contract by nearly 10%.
- Tomorrow, Singapore will have the Feb industrial production numbers out as well (-7% expected).
- For this week, we are expecting Feb trade figures from Hong Kong and Thailand while 4Q 2012 GDP numbers from South Korea. Also, Thailand and South Korea will also release Feb industrial production. Taiwan's central bank will meeting on Thursday and will probably keep its discount rate at 1.875% for the 7th meeting.

## Forex

- At closing on Friday, the SGD closed marginally lower against the USD at 1.2507/USD while the THB and TWD remained flattish at 29.28/USD and 29.909/USD respectively.

## SGD

- The USD/SGD traded at a narrower range of 1.2494 – 1.2510 on Friday.** On a trade-weighted basis, the SGD NEER is trading at 0.2% below the midpoint this morning. We expect it to trade tightly between the midpoint and 0.5% below midpoint today, implying the USD/SGD range of 1.2448 – 1.2510 based on current FX levels.

## SGS

Day of reckoning is upon us. From the looks of it, the usual last minute compromise will eventuate. Injury time drama in sports makes the ticket worth its price. The same with politicians is just frustrating. SGS flowed and ebbed with every headline. We will have 5y auction tomorrow, and it should be fairly routine. Cuts above 0.60% will keep investors happy, and the nearby Sep 2018 is sitting just under 0.60%. Opening levels: 2y 100.09/17 0.20/0.16; 5y 108.08/28 0.35/0.30; 10y 113.75/95 1.55/1.53; 15y 115.15/45 2.23/2.21; 20y 106.05/45 2.45/2.42; 30y 98.95/55 2.80/2.77.

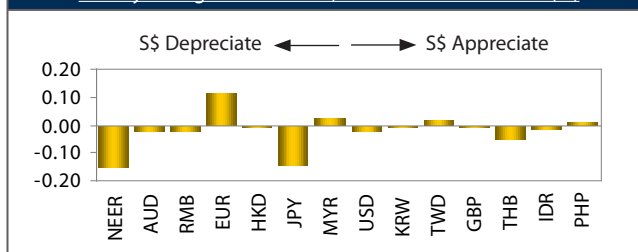
Foreign Exchange Rates (as of 22 Mar 2013)

FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2507	1.2512	1.2492	1.2507	1.2478
MYR	-	-	-	-	-
IDR	-	-	-	-	-
THB	29.28	29.33	29.17	-	-
PHP	40.84	40.89	40.76	-	-
TWD	29.909	29.909	29.770	-	-
KRW	-	-	-	-	-
HKD	7.7624	7.7630	7.7622	-	-
CNY	-	-	-	-	-

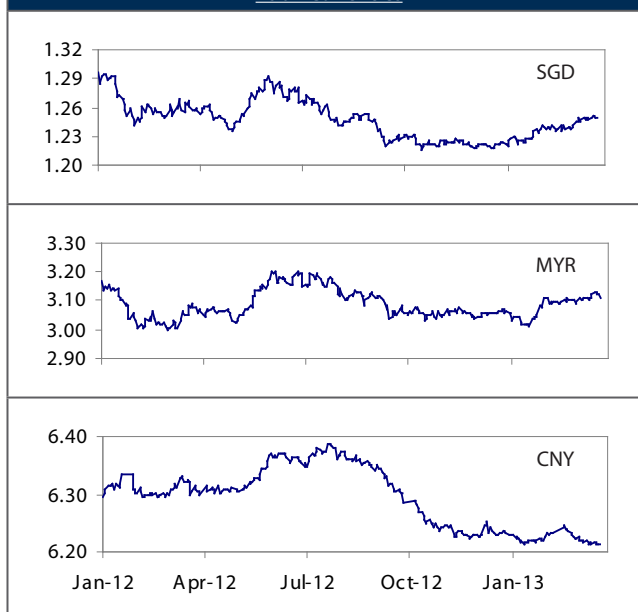
UOB's Estimation of SGD NEER (as of 25 Mar 2013)  
Assuming 2.0% on each side of the pivot point

Lower-End .....	1.2695
Upper-End .....	1.2197
Mid-Point .....	1.2441

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



Asian Currencies



## RMB

- This morning, the PBoC fixed the RMB mid-point at 6.2692/USD, lower than previous mid-point of 6.2711. Previous RMB close was 6.2122/USD.

## Equities

- Asian markets closed mixed last Friday as investors formed opposing opinions on the outcome of the Cyprus banking situation where the Cypriot President Nicos Anastasiades would have last minute talks to save his country from a banking collapse.
- The situation in Cyprus could not have come at a worse time for Thailand with an announcement that the exchange may increase the margin requirements on equity trading. Collaterals in individuals' trading account could be raised from the current 15% to 20% in the new proposal, and it was reported that there were brokers who had been asking their customers to sell ahead of the proposed change. With that, the Thai stock index was the biggest loser in Asia last Friday and fell 3.3%. After having risen to the highest level since 1994, the SET did a doji on 15th Mar and went on to contract 7.3% last week. This was the biggest weekly slump since Sep 2011. The plunge on Friday also saw the SET cut the 50dma for the first time since rising above it on 27th Nov 2012. Sectors that saw the biggest drop were industrials (-4.38%), telcos (-4.26%), basic materials (-4.06%), and oil & gas (-4.05%).
- The Nikkei 225 closed 2.35% lower last Friday. The Nikkei was dragged lower by consumer services (-3.46%), industrials (-2.48%), and basic materials (-2.22%).
- The Straits Times index closed slightly lower (-0.28%) as telcos (-0.84%), and consumer goods (-0.69%) declined. It has been testing its 50dma for the whole of last week and a clearer direction is likely to emerge this week.
- General weakness in Asian stocks could be seen from the downward trending MSCI Asia ex Japan index since the 12th of March and the trend seems to be picking up speed.

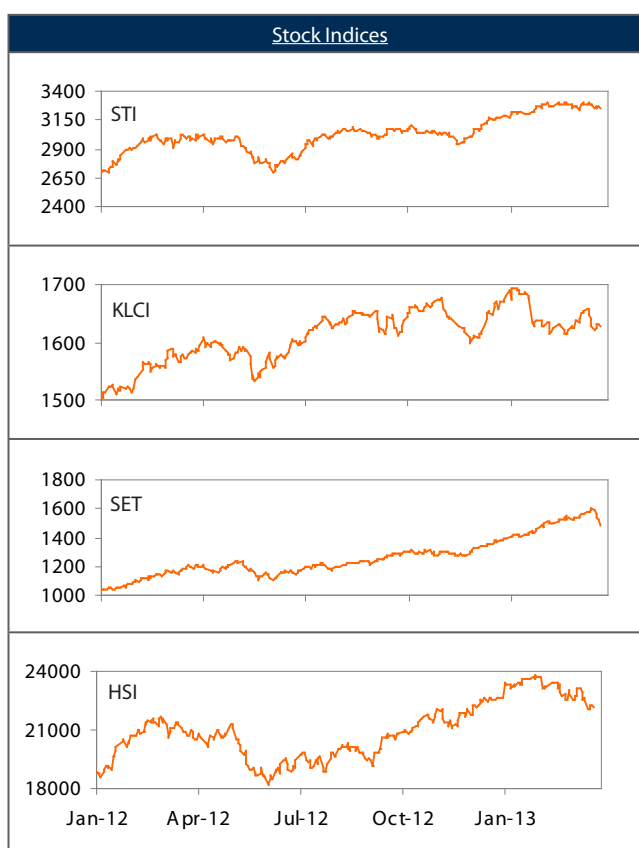
## Economic News

- Taiwan's unemployment rate for Feb inched slightly lower to 4.16% from 4.20% recorded a month ago.
- India will ease investment rules for foreign funds purchasing government and corporate bonds starting April 1.

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%	25 Apr	3.50%
TWD Discount Rate	1.88%	28 Mar	1.88%
KRW Base Rate	2.75%	11 Apr	2.75%
HKD Base Rate	0.50%	-	0.50%
CNY 1-Yr Wking Capital	6.00%	-	6.00%

Stock Indices (as of 22 Mar 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3258.57	-0.28	+2.89
FTSE Bursa Malaysia KLCI Index	1626.89	-0.24	-3.67
Jakarta SE Composite Index	4723.16	-1.66	+9.42
Thailand SET Index	1478.97	-3.30	+6.25
Philippines SE PSEi Index	6518.71	+0.71	+12.15
Taiwan SE Weighted Index	7796.22	-0.20	+1.26
Korea SE KOSPI Index	1948.71	-0.11	-2.42
Hong Kong Hang Seng Index	22115.30	-0.50	-2.39
Shanghai SE Composite Index	2328.28	+0.17	+2.61
India Sensex 30 Index	18735.60	-0.30	-3.56



- For the first time since 2011, China's swap market is signaling possible interest rate increases. This comes after inflation rose to a 10-month high and the housing market continued to gain despite government cooling efforts. The 2-year swap, which had been lower than

the 1-year PBoC rate for 16 months, rose 8 bps this month and cut above the PBoC rate. In addition, of 27 economists surveyed by Bloomberg, 13 expected higher rates this year.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
22 Mar	0830	TW Unemployment Rate sa	Feb	4.16	4.2	4.2%
	1530	TH Foreign Reserves USD	Mar 15	178.3	-	178.0bn
	1700	MY Foreign Reserves USD	Mar 15	140.6	-	140.3bn
25 Mar	1300	SG CPI m/m nsa	Feb		0.3	0.2%
	1300	SG CPI y/y	Feb		4.1	3.6%
26 Mar	0700	SK GDP q/q	4Q F		-	0.4%
	0700	SK GDP y/y	4Q F		-	1.5%
	0900	PH Total Imports y/y	Jan		-	13.2%
	0900	PH Trade Balance USD	Jan		-	-1275mn
	1300	SG Industrial Production m/m sa	Feb		0.5	-9.2%
	1300	SG Industrial Production y/y	Feb		-7.8	-0.4%
	1630	HK Exports y/y	Feb		4.7	17.6%
	1630	HK Imports y/y	Feb		0.1	23.9%
	1630	HK Trade Balance	Feb		36.2	-27.5bn
	-	TH Customs Exports y/y	Feb		-1.00	16.09%
	-	TH Customs Imports y/y	Feb		10.50	40.87%
	-	TH Customs Trade Balance USD	Feb		-2700	5487mn
27 Mar	0500	SK Consumer Confidence	Mar		-	102
	1600	TW Leading Index m/m	Feb		-	1.3%
28 Mar	0700	SK Current Account USD	Feb		-	2253.6mn
	0700	SK Goods Balance USD	Feb		-	2597mn
	1000	SG Bank Loans & Advances y/y	Feb		-	18.3%
	1630	HK Govt Mthly Budget Surp/Def HKD	Feb		-	41.9bn
	1700	TWD Discount Rate	Mar		-	1.88%
	-	CN Leading Index	Feb		-	100.50

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