

# Asian Markets

Tuesday, 26 March 2013

## Key Event/Data Ahead

- A relatively light day for Asian data today. We will see February industrial production numbers from Singapore and a 8% contraction is in the cards due to the Chinese New Year effect. Elsewhere, the Philippines will released the January trade balance and Hong Kong will release February trade numbers.

## Forex

- At closing yesterday, the SGD closed higher against the USD at 1.2447/USD while the THB and TWD remained flattish at 29.26/USD and 29.889/USD respectively.

## SGD

- The USD/SGD traded at a lower range of 1.2432 – 1.2466 yesterday.** On a trade-weighted basis, the SGD NEER is trading slightly 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 1.2447 – 1.2385 based on current FX levels.

## SGS

- SGS prices were softer with little trades. Market here is still waiting for a break of levels before pushing the case, meanwhile we continue to flip flop between the bid offer spreads. Today we have the new 5y benchmark on tap. Expectations are for the auction to be well received, as it is the shortest maturity point with a semblance of a curve to carry and roll down. Our call for today's cut 0.58%/0.53%. Opening levels: 2y 100.09/17 0.20/0.16; 5y 108.10/30 0.34/0.29; 10y 113.80/00 1.55/1.53; 15y 115.40/70 2.21/2.19; 20y 106.25/65 2.43/2.41; 30y 99.20/80 2.79/2.76.

## RMB

- The RMB strengthened beyond 6.21/USD for the first time in 19 years after the PBoC raised the reference rate and this morning, the PBoC fixed the RMB mid-point higher at 6.2715/USD, compared to previous mid-point of 6.2692. Previous RMB close was 6.2107/USD.

## Equities

- Most Asian markets closed higher yesterday after a provisional agreement was struck that that would make Cyprus the fifth country to tap a rescue since the

Foreign Exchange Rates (as of 25 Mar 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2447	1.2469	1.2436	1.2449	1.2415
MYR	3.0970	3.1160	3.0890	-	-
IDR	9730	9735	9725	-	-
THB	29.32	29.27	29.21	-	-
PHP	40.83	40.84	40.78	-	-
TWD	29.889	29.910	29.760	-	-
KRW	-	-	-	-	-
HKD	7.7628	7.7633	7.7627	-	-
CNY	6.2105	6.2106	6.2088	-	-

UOB's Estimation of SGD NEER (as of 26 Mar 2013) Assuming 2.0% on each side of the pivot point	
Lower-End .....	1.2701
Upper-End .....	1.2203
Mid-Point .....	1.2447

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 25 Mar 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3267.48	+0.27	+3.17
FTSE Bursa Malaysia KLCI Index	1643.89	+1.04	-2.67
Jakarta SE Composite Index	4777.90	+1.16	+10.68
Thailand SET Index	1523.95	+3.04	+9.48
Philippines SE PSEi Index	6597.59	+1.21	+13.50
Taiwan SE Weighted Index	7856.12	+0.77	+2.03
Korea SE KOSPI Index	1977.67	+1.49	-0.97
Hong Kong Hang Seng Index	22251.15	+0.61	-1.79
Shanghai SE Composite Index	2326.71	-0.07	+2.54
India Sensex 30 Index	18681.42	-0.29	-3.84

debt crisis broke out in Greece in 2009. Stronger gains came particularly from stock markets in Thailand, Japan, and South Korea.

- In Singapore, the STI is right at its 50dma still and had gained slightly on improvements seen in telcos (+1.28%), financials (+0.80%), and industrials (+0.54%)
- Nevertheless, the bearish trend in the MSCI Asia ex Japan index looks to continue as market remains jittery to the on-going situation over in Cyprus.

### **Economic News**

- **Singapore's February headline inflation spiked up 4.9% y/y** (+1.0% m/m), and surprised consensus estimates of a milder 4.1%. Renewed risks of inflation caused the USDSGD to close lower in yesterday's ses-

sion. Even if we net out the Chinese New Year effect by looking at the Jan-Feb CPI numbers together, overall headline inflation still grew 4.3% y/y, supported by the elevated prices seen in private road transport (+13.9%), and imputed rentals on OOA (+6.0%). Although we expect February's inflation to be a one-off spike, the still-elevated inflation numbers compared to historic averages, will provide for a cautious monetary outlook where the MAS will likely keep to their current monetary stance in their upcoming April policy meeting.

- Taiwan's Feb industrial production contracted nearly 11.5% y/y, worse than consensus estimates of -9.3%, due to the Chinese New Year effect.
- South Korea released the 4Q 2012 GDP this morning and showed a growth of 1.5% y/y. As such, full year 2012 GDP came in at 2.0%.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
25 Mar	1300	SG CPI m/m nsa	Feb	1.0	0.3	0.2%
	1300	SG CPI y/y	Feb	4.9	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
29 Mar	1530	TH Total Exports y/y	Feb		-	15.6%
	1530	TH Foreign Reserves	Mar 22		-	-
	1530	TH Total Imports y/y	Feb		-	38.4%
	1530	TH Total Trade Balance USD	Feb		-	-2821mn
	1530	TH Current Account Balance USD	Feb		-	-2237mn
	1530	TH Overall Balance USD	Feb		-	1030mn
	1530	TH Business Sentiment Index	Feb		-	51.1

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