

Asian Markets

Monday, 01 April 2013

Line-Up For The Week Ahead

- Today, we expect March inflation numbers for Indonesia and Thailand. Also, Indonesia will release February trade figures.
- Thailand will hold their monetary policy meeting this Wednesday and its benchmark interest rate is expected to remain unchanged at 2.75%. Singapore's PMI numbers will also come out on the same day.
- On Friday, March inflation numbers for the Philippines and trade figures for Malaysia are expected.

Forex

- At closing last Friday, the SGD closed stronger lower against the USD at 1.2394/USD while the THB closed flat at 29.30/USD. The TWD closed stronger at 29.875/USD.

SGD

- Amongst Asian currencies, the SGD was the strongest performer against the USD last week and gained 0.27%. The USD/SGD traded at a lower range of 1.2391 – 1.2414 last Friday.** On a trade-weighted basis, the SGD NEER is trading at 0.30% above the mid-point this morning. We expect it to trade tightly between the midpoint and 0.5% above midpoint today, implying the USD/SGD range of 1.2451 – 1.2389 based on current FX levels.

SGS

Weekend contagion risk was underwhelming. Fears of a Cypriot-led Eurowide bank run was not to be; at least not in the bricks and mortar sense. SGS was still about positioning cleansing in the belly post 5y auction. Some long end interest preventing the backend from underperforming. With payrolls this week, activity could remain subdued unless we get some flows to trade off. Opening levels: 2y 100.03/11 0.23/0.19; 5y 99.75/95 0.55/0.51; 10y 113.70/90 1.56/1.53; 15y 115.45/75 2.20/2.18; 20y 106.45/75 2.42/2.39; 30y 99.15/75 2.79/2.76.

RMB

- The RMB weakened slightly and closed at 6.2108/USD since hitting beyond 6.21/USD for the first time in 19

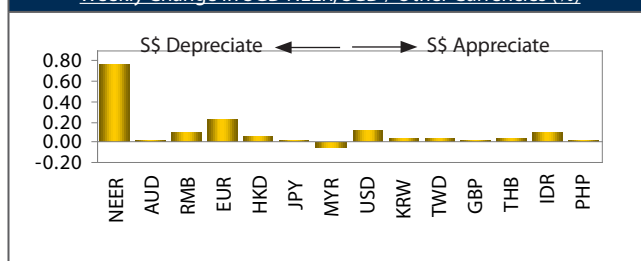
Foreign Exchange Rates (as of 29 Mar 2013)

FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2394	1.2414	1.2391	1.2416	1.2393
MYR	3.0920	3.0925	3.0855	-	-
IDR	9715	-	-	-	-
THB	29.30	29.36	29.24	-	-
PHP	40.80	41.05	40.80	-	-
TWD	29.875	29.940	29.813	-	-
KRW	-	-	-	-	-
HKD	7.7625	7.7638	7.7624	-	-
CNY	6.2106	6.2143	6.2077	-	-

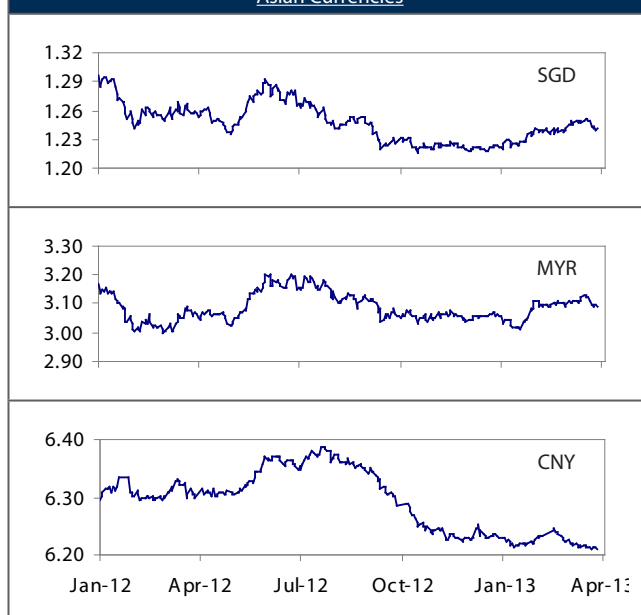
UOB's Estimation of SGD NEER (as of 01 Apr 2013)
Assuming 2.0% on each side of the pivot point

Lower-End	1.2700
Upper-End	1.2202
Mid-Point	1.2446

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



Asian Currencies



years last week. This morning, the PBoC fixed the RMB mid-point lower at 6.2674/USD, compared to previous mid-point of 6.2689.

Equities

- Amid the on-going problems in Cyprus, it was a mixed picture in Asian markets last week. Most Southeast Asian markets ended the week in positive territory while North Asian markets mostly showed a loss or were flat.
- The gain of around 2% in the MSCI Asia ex Japan index last week came mainly from market strength in South East Asia. The bearish short term trend had reversed last Thursday and we are likely to see near term gains in the index.
- Of note is the Thailand market where it gained 5.6% and tried to recoup the loss a week ago. The index is into its 4th day above its 50dma.
- Elsewhere, the stock markets of Philippine (+6.7%), Indonesia (+2.9%), and Malaysia (+2.8%) posted good gains.

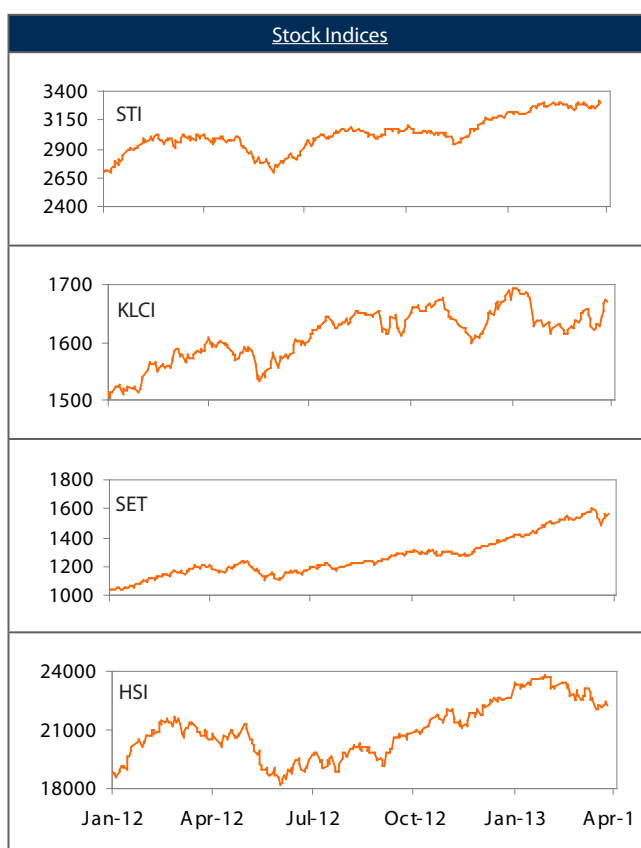
Economic News

- Thailand's total exports surprised consensus estimates (+0.35%) by posting an on-year contraction of 5.8% in the month of Feb. Meanwhile, imports grew 5.3% in the same month. With that, Thailand's Feb customs trade deficit reached US\$1.6bn. Also, Thailand's industrial production registered a 1.2% decline.
- Also, Thailand cabinet approved a US\$3.59bn budget to buy 7mn tonnes of rice as part of its rice intervention scheme. This adds on to the already large stock-pile since the scheme started in Oct 2011. Thailand is likely to sell 1/2mn tonnes of rice on world markets at a loss.
- Taiwan kept its benchmark interest rate unchanged at 1.875% during last Thursday's meeting as the central bank upped its forecast for 1Q GDP to 3.3% and said that Taiwan is having a mild economic recovery along with muted inflationary pressures.
- South Korea industrial production declined 9.3% in Feb as trade volume slowed in the month of February due to the celebrations of the Chinese New Year in various Asian countries.
- Released this morning, South Korea's Mar inflation rate grew 1.3%. Consensus was expecting 1.8%. In addi-

Market Holiday	Date	Event
HK	01 Apr	Easter Monday
HK/CN	04 Apr	Ching Ming Festival
CN	05-06 Apr	Tomb Sweeping Day

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%	20 Jun	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 29 Mar 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	-	-	-
FTSE Bursa Malaysia KLCI Index	1671.63	-0.14	-1.03
Jakarta SE Composite Index	-	-	-
Thailand SET Index	1561.06	+1.07	+12.15
Philippines SE PSEi Index	-	-	-
Taiwan SE Weighted Index	7918.61	+0.66	+2.85
Korea SE KOSPI Index	2004.89	+0.57	++0.39
Hong Kong Hang Seng Index	-	-	-
Shanghai SE Composite Index	2236.62	+0.01	-1.43
India Sensex 30 Index	-	-	-



tion, exports for March grew by a small 0.4%, against 1.8% expected by consensus.

- China's Mar manufacturing PMI improved slightly

to 50.9, from 50.1 a month ago. However, consensus expected 51.2. Nevertheless, the improvement could be viewed positively, suggesting that the overall economic recovery trend remains intact.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
29 Mar	1530	TH Total Exports y/y	Feb	-4.6	-	15.6%
	1530	TH Foreign Reserves USD	Mar 22	178.7	-	178.3bn
	1530	TH Total Imports y/y	Feb	3.7	-	38.4%
	1530	TH Total Trade Balance USD	Feb	575	-	-2821mn
	1530	TH Current Account Balance USD	Feb	1568	-470	-2237mn
	1530	TH Overall Balance USD	Feb	1638	-	1030mn
	1530	TH Business Sentiment Index	Feb	51.2	-	51.1
01 Apr	0800	SK Ext Trade - Export y/y	Mar		1.8	-8.6%
	0800	SK Ext Trade - Imports y/y	Mar		1.0	-10.6%
	0800	SK Ext Trade - Balance USD	Mar		3050	2024mn
	0900	CN Manufacturing PMI	Mar		51.2	50.1
	0945	CN HSBC Manufacturing PMI	Mar		51.6	50.4
	1000	TW HSBC Manufacturing PMI	Mar		-	50.2
	1200	ID Inflation y/y	Mar		5.56	5.31%
	1200	ID Core Inflation y/y	Mar		4.30	4.29%
	1200	ID Exports y/y	Feb		-1.7	-1.2%
	1200	ID Total Imports y/y	Feb		4.6	6.8%
	1200	ID Total Trade Balance USD	Feb		-206	-171mn
	-	TH CPI y/y	Mar		3.00	3.23%
	-	TH Core CPI y/y	Mar		1.44	1.57%
	-	PH Budget Deficit/Surplus	Feb		-	-19.5bn
	-	CN Leading Index	Feb		-	100.50
02 Apr	1630	HK Retail Sales - Value y/y	Feb		17.7	10.5%
	1630	HK Retail Sales - Volume y/y	Feb		14.7	10.4%

Jimmy Koh
(65) 6539 3545
Jimmy.KohCT@UOBgroup.com

Suan Teck Kin, CFA
(65) 6539 3922
Suan.TeckKin@UOBgroup.com

Ho Woei Chen
(65) 6539 3948
Ho.WoeiChen@UOBgroup.com

Francis Tan
(65) 6539 3923
Francis.TanTT@UOBgroup.com

Disclaimer: This analysis is based on information available to the public. Although the information contained herein is believed to be reliable, UOB Group makes no representation as to the accuracy or completeness. Also, opinions and predictions contained herein reflect our opinion as of date of the analysis and are subject to change without notice. UOB Group may have positions in, and may effect transactions in, currencies and financial products mentioned herein. Prior to entering into any proposed transaction, without reliance upon UOB Group or its affiliates, the reader should determine, the economic risks and merits, as well as the legal, tax and accounting characterizations and consequences, of the transaction and that able to assume these risks. This document and its contents are proprietary information and products of UOB Group and may not be reproduced or otherwise.