

Asian Markets

Tuesday, 02 April 2013

Line-Up For The Day Ahead

- A very light day for Asian data today. We expect retail sales from Hong Kong for February. Due to the strong Chinese New Year effect, consensus estimates a 17.7% surge in the year-on-year growth, compared to previous month's 10.5%.

Forex

- At closing last Friday, the SGD closed lower against the USD at 1.2413/USD while the THB closed flat at 29.32/USD. The TWD closed lower at 29.928/USD.

SGD

- The USD/SGD traded at a higher range of 1.2406 – 1.2425 yesterday.** On a trade-weighted basis, the SGD NEER is trading at 0.30% 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 1.2432 – 1.2370 based on current FX levels.

SGS

- US data disappointed last night, and make everyone wonder if the springtime gloom is upon us once more. Euromarkets were still out yesterday so let's see how they react to these levels. SGS moves were limited. Some better bid interest was seen in the relatively cheaper off-runs but there was still a general reluctance for spread crossings. Expect this behaviour to continue, especially this being a payrolls week. Opening levels: 2y 100.05/13 0.22/0.18; 5y 99.85/05 0.53/0.49; 10y 113.95/15 1.53/1.51; 15y 115.85/15 2.17/2.15; 20y 106.90/30 2.39/2.36; 30y 99.80/40 2.76/2.73.

RMB

- This morning, the PBoC fixed the RMB mid-point at 6.2586/USD, compared to previous mid-point of 6.2674. This is the highest fixing since the landmark revaluation in 2005. The RMB closed yesterday at 6.2080/USD.

Equities

- Asian markets generally closed slightly lower yesterday after coming back from the long weekend holiday. The Nikkei 225 was the worst performer and fell 2%,

Foreign Exchange Rates (as of 01 Apr 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2413	1.2426	1.2411	1.2420	1.2400
MYR	3.0920	3.0980	3.0910	-	-
IDR	9737	9737	9715	-	-
THB	29.32	29.33	29.27	-	-
PHP	40.84	40.84	40.75	-	-
TWD	29.928	29.930	29.832	-	-
KRW	-	-	-	-	-
HKD	7.7637	7.7640	7.7630	-	-
CNY	6.2078	6.2106	6.2068	-	-

UOB's Estimation of SGD NEER (as of 02 Apr 2013) Assuming 2.0% on each side of the pivot point	
Lower-End	1.2681
Upper-End	1.2184
Mid-Point	1.2428

Market Holiday	Date	Event
TW	04 Apr	Children's Day
HK/CN	04 Apr	Ching Ming Festival
CN/TW	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 01 Apr 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3307.58	-0.02	+4.44
FTSE Bursa Malaysia KLCI Index	1667.61	-0.24	-1.26
Jakarta SE Composite Index	4937.58	-0.07	+14.38
Thailand SET Index	1549.55	-0.74	+11.32
Philippines SE PSEi Index	6839.59	-0.12	+17.67
Taiwan SE Weighted Index	7899.24	-0.24	+2.59
Korea SE KOSPI Index	1995.99	-0.44	-0.05
Hong Kong Hang Seng Index	-	-	-
Shanghai SE Composite Index	2234.40	-0.10	-1.53
India Sensex 30 Index	18864.75	+0.15	-2.89

especially after the Tankan survey showed pessimism amongst Japan's largest manufacturers. Elsewhere, the impact of the slight improvement in China's manufacturing PMI did not really provide optimism to boost markets in Asia. This is probably because although improved, China's PMI was below consensus estimates.

Economic News

- China's Mar manufacturing PMI improved slightly to 50.9, from 50.1 a month ago. However, consensus expected 51.2.
- Indonesia's Mar inflation came in at 5.90%, nearly a 2-year high. Price pressures came mainly from higher staple food prices. This was higher than expectations of 5.56%, and broke BI's target of 3.5 – 5.5% for 2013. With that, the pressure now is higher for BI to raise interest rates in the upcoming monetary policy meeting to be held on the 11th of this month. A rate raise would also possibly provide a boost to the IDR, which was the weakest currency amongst emerging Asian economies in 2012.
- Separately, Indonesia also announced Feb trade deficit of US\$327mn. This was due to a contraction of exports by 4.5% y/y in Feb and a 3% increase in imports. Both trade and current account deficits in Indonesia had been weighing down the IDR, which had lost about 6% to the USD in 2012. Year to date, the IDR lost 1.1%.
- Thailand's Mar inflation was 2.7%, lower than expectations of 3.0%. Core CPI edged lower to 1.2%, lower than consensus estimates of 1.4%. The inflationary environment in Thailand is the opposite of what we observe in Indonesia.
- Singapore's private residential property index rose 0.5% y/y in 1Q 2013, a slower rate compared to the 1.8% y/y seen in the last quarter. To a certain extent, the 7th property cooling measure announced in January this year helped to cool the property market, it seems.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
01 Apr	0800	SK Ext Trade - Export y/y	Mar	0.4	1.8	-8.6%
	0800	SK Ext Trade - Imports y/y	Mar	-2.0	1.0	-10.6%
	0800	SK Ext Trade - Balance USD	Mar	3357	3050	2024mn
	0900	CN Manufacturing PMI	Mar	50.9	51.2	50.1
	0945	CN HSBC Manufacturing PMI	Mar	51.6	51.6	50.4
	1000	TW HSBC Manufacturing PMI	Mar	51.2	-	50.2
	1200	ID Inflation y/y	Mar	5.90	5.56	5.31%
	1200	ID Core Inflation y/y	Mar	4.21	4.30	4.29%
	1200	ID Exports y/y	Feb	-4.5	-1.7	-1.3%
	1200	ID Total Imports y/y	Feb	3.0	4.6	6.2%
	1200	ID Total Trade Balance USD	Feb	-327	-206	-75mn
	1213	TH CPI y/y	Mar	2.69	3.00	3.23%
	1213	TH Core CPI y/y	Mar	1.23	1.44	1.57%
	1239	CN Leading Index	Feb	100.23	-	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%
03 Apr	0900	CN Non-manufacturing PMI	Mar		-	54.5
	0945	CN HSBC Services PMI	Mar		-	52.1
	1030	HK PMI	Mar		-	51.2
	1530	THB 1-Day Repo	Apr		2.75	2.75%
	1620	TW Foreign Exchange Reserves USD	Mar		-	404.08bn
	2130	SG PMI	Mar		49.9	49.4
	-	PH Budget Deficit/Surplus	Feb		-	-19.5bn
	-	ID Foreign Reserves USD	Mar		-	105.18bn
04 Apr	1130	TH Consumer Confidence Economic	Mar		-	74.3

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