

# Asian Markets

Monday, 07 January 2013

## Line-Up For The Week Ahead

- Today, Taiwan will be releasing their Dec inflation and trade numbers, while Singapore and Hong Kong will release foreign reserves for Dec. Japan will report the on-year growth for Dec monetary base and vehicle sales numbers. Taiwan will also release their trade results for Dec today.
- In the week ahead, important Asian data releases include the monetary policy meeting in Thailand on Wed. We do not think that there will be any change in the benchmark interest rate this time. Also, on that day, Malaysia will release its Nov trade data and South Korea will release Dec unemployment figures. Come Thurs, we expect the Nov industrial production numbers from Malaysia and benchmark interest rates from Bank Indonesia. We also do not expect any change to the interest rates in Indonesia, which had been kept at 5.75% since Feb last year. Then this Friday, China will publish its Dec CPI, while India will have its Nov industrial production numbers. Also, Bank of Korea will have their first monetary policy meeting for the year. Last rate change was a 25bps cut from 3% in October 2012.

## Forex

- The US dollar ended the first week of 2013 generally higher as the Fed suggested that its bond purchase operations may end in the middle of 2013. As such, several Asian currencies weakened against the USD.
- At closing on Fri, THB weakened further to 30.48/USD, while TWD ended at 29.125/USD. SGD weakened further to 1.2296/USD.

## SGD

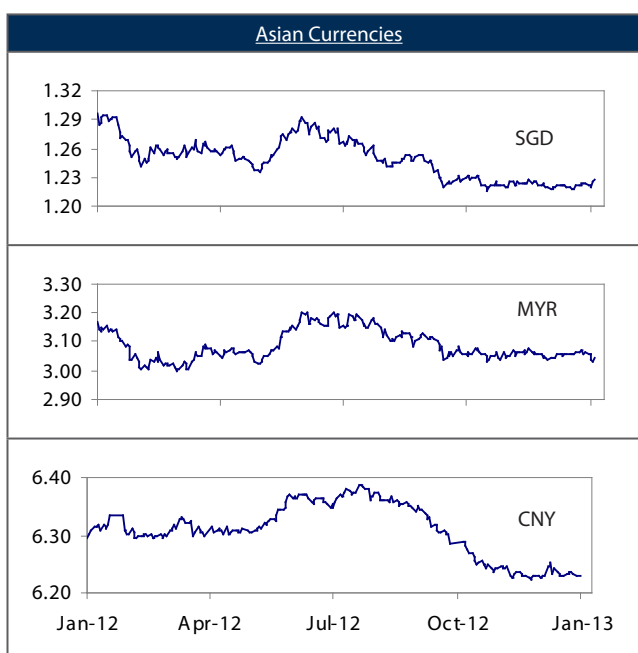
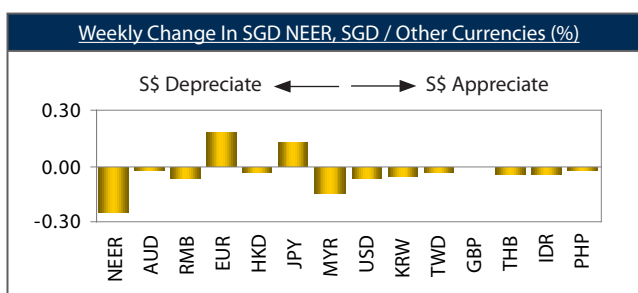
- USD/SGD continued its uptrend last Friday and inched higher to trade at a narrow 1.2263-1.2299 range during the Asian session.** On a trade-weighted basis, the SGD NEER is trading at around 0.60% above the midpoint this morning. We expect it to trade between the 0.5% to 1.0% range implying the USD/SGD range of 1.2278 – 1.2217 based on current FX levels.

## SGS

- Markets winds back the extrapolator post FED minutes

Foreign Exchange Rates (as of 04 Jan 2013)					
FX	Asian Close	Asian High	Asian Low	NY High	NY Low
SGD	1.2296	1.2300	1.2263	1.2309	1.2268
MYR	3.0471	3.0485	3.0340	-	-
IDR	9655	9671	9655	-	-
THB	30.48	30.51	30.36	-	-
PHP	40.91	40.91	40.81	-	-
TWD	29.125	28.125	28.992	-	-
KRW	1061.60	1064.70	1061.50	-	-
HKD	7.7515	7.7520	7.515	-	-
CNY	6.2303	6.2319	6.2290	-	-

UOB's Estimation of SGD NEER (as of 07 Jan 2013) Assuming 2.0% on each side of the pivot point	
Lower-End .....	1.2589
Upper-End .....	1.2095
Mid-Point .....	1.2337



release. SGS collapsed on Friday as morning sell off drove further stops and we closed some 12bp higher. Cumulative moves for the first week of the New Year is close to 20bp. Without any turbo boost by NFP, we should look to consolidate recent moves. Opening levels: 2y 101.87/95 0.29/0.245y 108.45/65 0.36/0.31 10y 115.10/30 1.44/1.42 15y 117.40/70 2.07/2.05 20y 109.10/50 2.25/2.22 30y 103.10/70 2.60/2.57

### RMB

- This morning, the PBoC fixed the RMB mid-point at 6.2872/USD, lower than previous mid-point of 6.2897. Previous RMB close was 6.2303.

### Equities

- Last Friday**, although major Asian equity indices were down slightly compared to the previous session, they had generally ended the short week higher than the start of the week. For example, although the KOSPI was down 0.4%, falling for the 2nd straight day, it was still in the 9-month highs. Japan's Nikkei 225 gained a strong 2.82% to reach a 22-month high on its first trading day of the year as it chased the gains seen in other Asian markets last week. Similarly, the ASX 200 was down 16.9 points after reaching a 20-month high in the previous session. The Hang Seng Index closed the day down 0.3%, but was still up 2.9% in the week and reached 23,331.1. The China Enterprises Index was also down 0.4% on Friday, but was up 4.9% in the week, the best performance in nearly a year.
- We also saw the Shanghai Composite Index opened its first trading day of the year with a 0.4% rise to the highest level since mid-June 2012. The Straits Times index and KLCI traded flat. Strong momentum in Asian equities can be seen currently and they are trading above their 50 and 200 day moving averages.
- The surge seen in the S&P last Friday to its highest close since Dec 2007 due to a better-than-expected ISM non-manufacturing index and jobs report may aid Asian stocks to climb higher today. Already, we see Australia's ASX200 opened slightly higher and gained around 26pts.

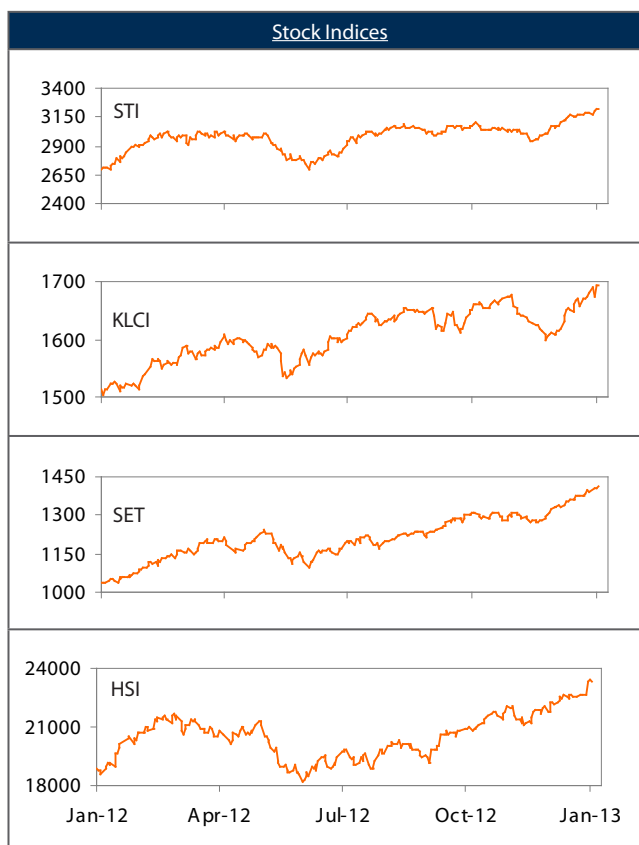
### Economic News

- Philippine's Dec inflation came in at 2.9%, lower than consensus of 3.1% last Friday**, as a stronger peso helped make imports relatively cheaper even as the central bank had been taking measures to stem capital flows and lowered borrowing costs 4 times in 2012.
- China's HSBC services PMI registered 51.7, a decline from 52.1 in November**, providing a mixed pic-

Market Holiday	Date	Event
MY / ID	24 Jan	Birthday of Mohammed
MY	27-28 Jan	Thaipusam Day
MY	01 Feb	Federal Territory Day

Interest Rates	Current	Next CB Meet	UOB's Forecast
SGD 3-Mth SIBOR	0.37%	-	-
MYR O/N Policy Rate	3.00%	31 Jan	3.00%
IDR O/N Rate	5.75%	10 Jan	5.75%
THB 1-Day Repo	2.75%	09 Jan	2.75%
PHP O/N Reverse Repo	3.50%	24 Jan	3.50%
TWD Discount Rate	1.88%	21 Mar	1.88%
KRW Base Rate	2.75%	11 Jan	2.75%
HKD Base Rate	0.50%	-	0.50%
CNY 1-Yr Wking Capital	6.00%	-	6.00%

Stock Indices (as of 04 Jan 2013)	Closing	% chg	ytd % chg
FTSE Straits Times Index	3225.22	+0.01	+1.84
FTSE Bursa Malaysia KLCI Index	1692.58	-	+0.21
Jakarta SE Composite Index	4410.02	+0.24	+2.16
Thailand SET Index	1416.66	+0.59	+1.78
Philippines SE PSEi Index	5971.45	+0.63	+2.73
Taiwan SE Weighted Index	7805.99	-0.39	+1.38
Korea SE KOSPI Index	2011.94	-0.37	+0.75
Hong Kong Hang Seng Index	23331.09	-0.29	+2.98
Shanghai SE Composite Index	2276.99	+0.35	+0.35
India Sensex 30 Index	19784.08	+0.10	+1.84



ture as the non-manufacturing PMI released earlier by the NBS showed the index rising to the highest level in four months.

Economic Indicators						
Date	Time	Indicators	Month	Actual	Market Forecast	Previous
04 Jan	0900	PH CPI y/y	Dec	4.2	4.7	4.7%
	0900	PH Core CPI y/y	Dec	3.4	-	4.5%
	0945	CH HSBC Services PMI	Dec	52.5	-	52.5
	1030	HK PMI	Dec	49.7	-	48.7
07 Jan	0830	TW CPI y/y	Dec		1.38	1.59%
	1600	TW Total Trade Balance USD	Dec		2.90	3.40bn
	1600	TW Exports y/y	Dec		4.5	0.9%
	1600	TW Imports y/y	Dec		3.3	0.1%
	1700	SG Foreign Reserves	Dec		-	255.77bn
	-	HK Foreign Currency Reserves	Dec		-	305.2bn
09 Jan	0700	SK Unemployment Rate m/m	Nov		-	-1.5%
	1200	MY Exports y/y	Nov		-	-3.2%
	1200	MY Imports y/y	Nov		-	5.7%
	1200	MY Trade Balance	Nov		-	9.58bn
	1530	THB 1-Day Repo	Jan		2.75	2.75%
10 Jan	0900	PH Total Exports y/y	Nov		-	6.1%
	1130	TH Consumer Economic Confidence	Dec		-	69.4
	1200	MY Industrial Production y/y	Nov		-	5.8%
	-	IDR O/N Rate	Jan		5.75	5.75%
11 Jan	0900	KRW Base Rate	Jan		2.75	2.75%
	0930	CN CPI y/y	Dec		2.3	2.0%
	0930	CN PPI y/y	Dec		-1.8	-2.2%

**Jimmy Koh**

(65) 6539 3545

[Jimmy.KohCT@UOBgroup.com](mailto:Jimmy.KohCT@UOBgroup.com)

**Suan Teck Kin, CFA**

(65) 6539 3922

[Suan.TeckKin@UOBgroup.com](mailto:Suan.TeckKin@UOBgroup.com)

**Ho Woei Chen**

(65) 6539 3948

[Ho.WoeiChen@UOBgroup.com](mailto:Ho.WoeiChen@UOBgroup.com)

**Francis Tan**

(65) 6539 3923

[Francis.TanTT@UOBgroup.com](mailto: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.