

# Daily Flash

## Asia

Markets were generally up today (Nikkei: +0.7%, Kospi: +0.5%) before two more regional monetary policy meetings are held this week: Indonesia's (tomorrow) and Korea's (Friday). Also, reports that Japan's government may announce new economic measures, including public works projects, on Friday in order to spur its economy provided a further boost to sentiment.

### Australia November retail sales point to sluggish domestic economy

Australia's retail sales dipped by a disappointing -0.1% m/m in November (consensus: 0.3% m/m) from zero growth the previous month. To support growth in the midst of sluggishness in the non-mining segments of the economy, the RBA cut policy rates by 175bps from November 2011 to December 2012, to stand at 3.00% at present. Looking ahead, we expect the economy to grow by 3.0% in 2013 from 3.2 percent in 2012 on an improving global outlook, especially in China. In contrast to consensus expectations, we do not expect further rate cuts from the RBA.

### Fitch maintains negative outlook on India

Fitch Ratings announced yesterday it was maintaining India's sovereign outlook as 'negative' with a BBB- rating, and also raised concerns regarding India's deteriorating fiscal outlook and widening current account deficit. Notwithstanding policy reforms and fiscal consolidation measures by the government, India is widely expected to overshoot its FY13 fiscal deficit target of 5.3% of GDP (BBVA: 5.7%). Meanwhile, India's current account deficit rose to a record high of 4.7% of GDP during the first half of 2012-13.

### Thailand holds interest rates as expected

The Bank of Thailand (BoT) left its benchmark rate unchanged at 2.75% today, emphasizing that its accommodative policy stance "had significantly shored up private sector confidence... and helped cushion the economy from the global headwinds." That said, the BOT highlighted risks from fast credit growth (12.9 % y/y in October), rising household debt and volatile capital flows, which it said it will closely monitor.

### Briefly noted:

- **Malaysia's exports increased by 3.3% in November to MYR 58.7bn**, driven by manufactured goods. The top export destinations were the Asean region, China and the United States. Imports climbed by 4.3%, narrowing the trade surplus to MYR 9.3bn.

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With contributions from the BBVA Research Asia Team

## Calendar Indicators

Australia	Date	Period	Prior	Cons.	Actual
Retail Sales s.a. (MoM)	09-Jan	Nov	0.00%	0.30%	0.00%
China	Date	Period	Prior	Cons.	Actual
New Yuan Loans	10-15 JAN	Dec	522.9B	600.0B	--
Money Supply - M2 (YoY)	10-15 JAN	Dec	13.90%	14.00%	--
Imports YoY%	10-Jan	Dec	0.00%	3.50%	--
Exports YoY%	10-Jan	Dec	2.90%	5.60%	--
Trade Balance (USD)	10-Jan	Dec	\$19.63B	\$20.60B	--
Consumer Price Index (YoY)	11-Jan	Dec	2.00%	2.40%	--
Producer Price Index (YoY)	11-Jan	Dec	-2.20%	-1.80%	--
India	Date	Period	Prior	Cons.	Actual
Imports YoY%	10-15 JAN	Dec	6.40%	--	--
Exports YoY%	10-15 JAN	Dec	-4.20%	--	--
Japan	Date	Period	Prior	Cons.	Actual
Current Account Total	11-Jan	Nov	¥376.9B	--	--
Trade Balance - BOP Basis	11-Jan	Nov	¥450.3B	--	--
Malaysia	Date	Period	Prior	Cons.	Actual
Exports YoY%	09-Jan	Nov	-3.20%	2.30%	3.30%
Industrial Production YoY	10-Jan	Nov	5.80%	--	--
Philippines	Date	Period	Prior	Cons.	Actual
Total Exports (YoY)	10-Jan	Nov	6.10%	--	--
South Korea	Date	Period	Prior	Cons.	Actual
Unemployment Rate (SA)	09-Jan	Dec	3.00%	3.00%	3.00%
Taiwan	Date	Period	Prior	Cons.	Actual
CPI YoY%	07-Jan	Dec	1.59%	1.38%	1.61%
Total Exports (YoY)	07-Jan	Dec	0.90%	4.50%	9.0%

## Calendar Events

### Thailand - Benchmark Rate, January 9

We expected the benchmark rate to remain unchanged

Current	Consensus	New
2.75%	2.75%	2.75%

### Indonesia - BI Reference Rate, January 10

We expect the benchmark rate to remain unchanged

Current	Consensus	New
5.75%	5.75%	--

### South Korea - 7-Day Repo Rate, January 11

We expect the benchmark rate to remain unchanged

Current	Consensus	New
2.75%	2.75%	--

## Markets Data

STOCK MARKETS	INDEX	Last price	% change over a day	% change over a week	Year to date	% change over 1 Y
	China - Shanghai Comp.	2275.3	0.0	1.9	0.3	2.2
Hong Kong - Hang Seng	23218.5	0.5	-0.4	2.5	23.1	
Taiwan - Weighted	7738.6	0.2	-0.5	0.5	9.1	
Japan - Nikkei 225	10578.6	0.7	2.5	1.8	26.1	
Korea - Kospi	1991.8	-0.3	-1.9	-0.3	9.1	
India - Sensex 30	19707.7	-0.2	0.0	1.4	24.6	
Australia - SPX/ASX 200	4708.1	0.4	0.0	1.3	14.7	
Singapore - Strait Times	3220.4	0.5	0.6	1.7	19.7	
Indonesia - Jakarta Comp	4362.9	-0.8	0.4	1.1	12.2	
Thailand - SET	1425.0	0.5	1.2	2.4	36.4	
Malaysia - KLCI	1689.9	0.1	0.9	0.1	11.1	
Philippines - Manila Comp.	6091.2	0.7	3.9	4.8	34.1	

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FOREIGN EXCHANGE MARKETS	CURRENCY	Spot	% change over a day	% change over a week	Forward 3-month	Forward 12-month
	China (CNY/USD)	6.23	-0.03	0.11	6.29	6.30
Hong Kong (HKD/USD)	7.75	-0.01	-0.02	7.75	7.75	
Taiwan (TWD/USD)	29.0	0.09	0.01	28.90	28.57	
Japan (JPY/USD)	87.58	-0.61	-0.27	87.52	87.24	
Korea (KRW/USD)	1062	0.12	0.19	1067	1079	
India (INR/USD)	54.8	0.31	-0.87	55.77	58.15	
Australia (USD/AUD)	1.05	0.03	0.03	0.96	0.98	
Singapore (SGD/USD)	1.23	0.15	-0.56	1.23	1.23	
Indonesia (IDR/USD)	9663	1.70	-0.10	9945	10289	
Thailand (THB/USD)	30.4	0.13	-0.16	30.52	30.92	
Malaysia (MYR/USD)	3.04	0.14	-0.08	3.05	3.10	
Philippines (PHP/USD)	40.8	0.07	0.15	40.60	40.53	

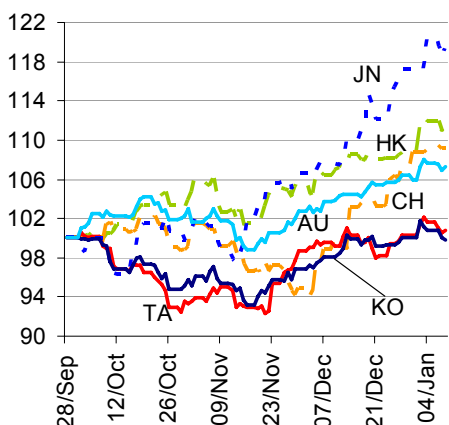
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.04	-0.11	-1.06	-0.04
Hong Kong (HIBOR/1W)	0.13	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.57	0.00	0.00	-0.01	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.79	0.00	-0.01	0.01	
India (MIBOR/7D)	2.85	-0.50	-1.35	-1.05	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.29	0.00	-0.06	0.00	
Thailand (BIBOR/1W)	2.78	0.00	0.00	0.00	
Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00	
Philippines (PHIBOR/1W)	0.38	0.56	0.13	-0.63	

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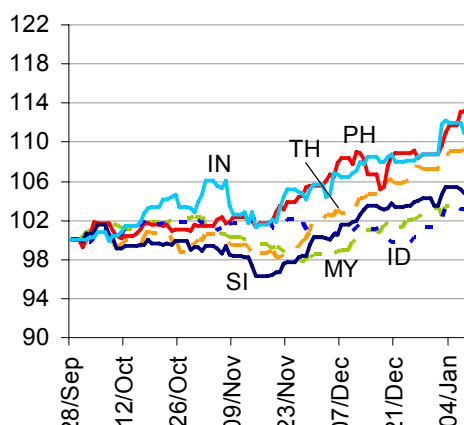
# Charts

Chart 1  
Stock Markets



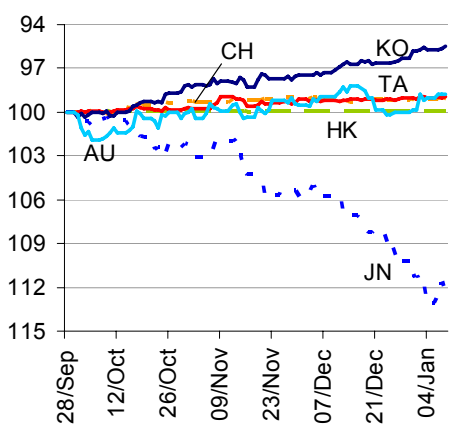
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



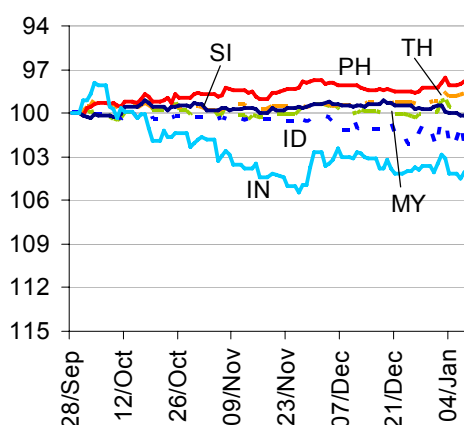
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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