

Daily Flash

Asia

Markets in China reopened today after the week-long Chinese New Year holiday, and the RMB depreciated to 6.24/USD on renewed speculation that the authorities may be seeking to preserve competitiveness amidst the steady decline in the yen. The latter was given renewed impetus today (back to above 94/USD) following the G20's weekend communiqué and its apparent tolerant attitude towards Japan's stimulus measures. The Nikkei rose sharply in response, finishing up by 2.1%. Also benefiting sentiment in Japan today was S&P's reaffirmation of Japan's AA- sovereign debt rating, albeit with a negative outlook. For more on these issues and other regional issues, see our just-released *Asia Outlook*.

Thailand's 4Q GDP beats expectations, underscoring ASEAN's robust growth

Thailand's Q4 GDP, heavily affected by base effects from last year's flood disruptions, came in at +18.9% y/y (consensus: 15.3%) on robust domestic demand and improving exports. Household consumption rose by 12.2% y/y from 6.0% y/y in Q3. For the full year 2012, the economy grew by 6.4%, well above last year's 0.1%, beating expectations (consensus: 5.5%) by a wide margin. The strong outturn places Thailand among the +6% GDP growth economies in ASEAN, along with the Philippines (6.6%) and Indonesia (6.2%). Also today, the central bank raised its GDP forecast in 2013 to 4.9% from 4.6%. With growth momentum seemingly entrenched, policymakers will likely keep interest rates on hold at 2.75% at the next monetary policy meeting on Wednesday.

Singapore's January exports edge up on weaker electronics demand

Singapore's non-oil domestic exports (NODX) rose by 0.5% y/y in January, falling short of expectations (consensus: 3.0%) on persistent weakness in demand for its electronics. The weak outturn will weigh as a factor in the Monetary Authority of Singapore's (MAS) next semi-annual policy meeting in April. Under its monetary framework, the MAS adjusts its policy by changing the slope, center, and width of its unannounced currency band. Despite weak economic indicators, we do not expect easing at the April policy meeting given concerns of inflation and asset price bubbles. The MAS last adjusted policy through a tightening in April 2012.

Briefly noted (from last week):

- **Last week, Japan announced the economy shrank by -0.4% q/q saar in Q4 2012 (consensus: 0.4%),** raising expectations that Japan will seek to further weaken the yen in order to support its economy. That sentiment was given further support by the G20 meeting over the weekend, where global financial chiefs decided not to criticize Japan's large-scale monetary easing.
- **Last Thursday, the Bank of Korea kept interest rates on hold for a fourth straight month at 2.75%.** However, in its statement the BoK noted that the 'negative output gap in the domestic economy will persist for a considerable time,' leaving the door open for another rate cut. We expect Korea's economy to gradually rebound during 2013 on improving trade, though Korea may confront a relatively new potential headwind in the strength of the won relative to its competitors.

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With contributions from the BBVA Research Asia Team

Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
Actual FDI (YoY)	18-20 FEB	Jan	-4.50%	-4.20%	--
Hong Kong	Date	Period	Prior	Cons.	Actual
Composite Interest Rate	19 Feb	Jan	0.32%	--	--
Unemployment Rate SA	21 Feb	Jan	3.30%	3.30%	--
CPI - Composite Index (YoY)	22 Feb	Jan	3.70%	3.20%	--
Japan	Date	Period	Prior	Cons.	Actual
Merchnds Trade Balance Total	20 Feb	Jan	-¥643.3B	-¥1384.0B	--
Merchnds Trade Exports YoY	20 Feb	Jan	-5.8	5.8	--
Merchnds Trade Imports YoY	20 Feb	Jan	1.9	2.2	--
Malaysia	Date	Period	Prior	Cons.	Actual
CPI YoY	20 Feb	Jan	1.20%	1.20%	--
GDP YoY%	20 Feb	4Q	5.20%	5.50%	--
Singapore	Date	Period	Prior	Cons.	Actual
Non-oil Domestic Exports (YoY)	18 Feb	Jan	-16.30%	3.00%	0.50%
GDP (YoY)	22 Feb	4Q F	1.10%	1.20%	--
Taiwan	Date	Period	Prior	Cons.	Actual
GDP - Constant Prices (YoY)	22 Feb	4Q F	3.42%	--	--
Thailand	Date	Period	Prior	Cons.	Actual
Gross Domestic Product (YoY)	18 Feb	4Q	3.10%	15.30%	18.90%
Foreign Reserves	22 Feb	15-Feb	\$180.9B	--	--

Calendar Events

Thailand - Benchmark Interest Rate, Feb 20

We expect the benchmark rate to remain unchanged

Current

2.75%

Cons.

2.75%

New

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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.	2421.6	-0.4	-0.3	6.7	3.0
Hong Kong - Hang Seng	23381.9	-0.3	0.5	3.2	8.8	
Taiwan - Weighted	7943.5	0.5	1.2	3.2	3.1	
Japan - Nikkei 225	11407.9	2.1	2.3	9.7	21.6	
Korea - Kospi	1981.9	0.0	1.6	-0.8	-2.1	
India - Sensex 30	19506.5	0.2	0.2	0.4	6.7	
Australia - SPX/ASX 200	5063.4	0.6	2.1	8.9	20.7	
Singapore - Strait Times	3288.1	0.2	0.8	3.8	9.6	
Indonesia - Jakarta Comp	4612.0	0.0	2.4	6.8	16.0	
Thailand - SET	1523.4	0.1	2.3	9.4	34.8	
Malaysia - KLCI	1620.9	-0.4	-0.2	-4.0	4.1	
Philippines - Manila Comp.	6565.2	0.7	1.7	12.9	34.5	

Last update: today, 17:00 Hong Kong time

FOREIGN EXCHANGE MARKETS	CURRENCY	Spot	% change over a day	% change over a week	Forward 3-month	Forward 12-month
	China (CNY/USD)	6.24	-0.08	-0.16	6.30	6.33
Hong Kong (HKD/USD)	7.75	0.00	0.01	7.75	7.74	
Taiwan (TWD/USD)	29.7	-0.35	0.21	29.62	29.32	
Japan (JPY/USD)	94.07	-0.61	0.27	94.01	93.68	
Korea (KRW/USD)	1082	-0.36	0.95	1089	1101	
India (INR/USD)	54.3	-0.07	-0.76	55.19	57.64	
Australia (USD/AUD)	1.03	-0.17	0.31	0.98	1.00	
Singapore (SGD/USD)	1.24	-0.20	0.17	1.24	1.24	
Indonesia (IDR/USD)	9685	-0.15	-0.67	9766	10088	
Thailand (THB/USD)	29.9	-0.07	-0.13	30.02	30.39	
Malaysia (MYR/USD)	3.10	-0.20	-0.05	3.12	3.16	
Philippines (PHP/USD)	40.6	-0.07	0.15	40.54	40.43	

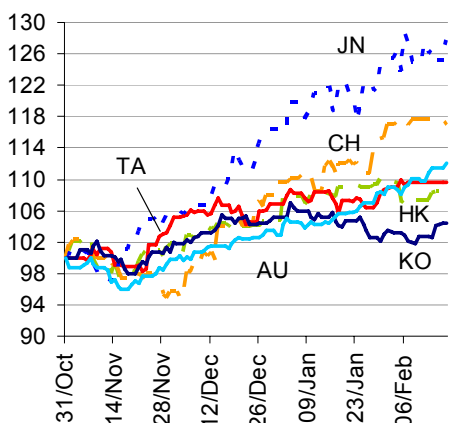
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	2.94	-0.06	-0.71	0.04
Hong Kong (HIBOR/1W)	0.10	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.56	0.00	0.00	0.00	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.77	0.00	0.00	-0.01	
India (MIBOR/7D)	2.92	-0.12	-1.08	-0.03	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.28	0.00	0.00	-0.01	
Thailand (BIBOR/1W)	2.77	0.00	0.00	-0.01	
Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00	
Philippines (PHIBOR/1W)	0.94	0.00	-0.63	-0.44	

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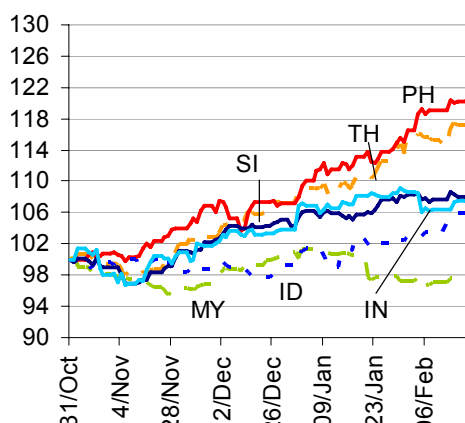
Charts

Chart 1
Stock Markets



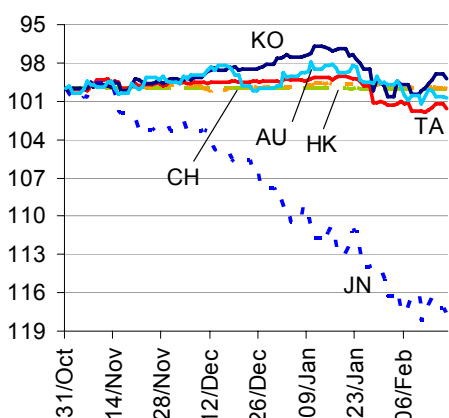
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



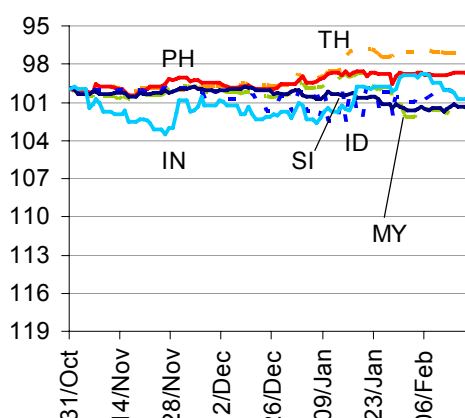
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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