

Daily Flash

Asia

Asian markets rose today on news that Cyprus had finally agreed on the terms of a bailout by international creditors. Gains by Japan's Nikkei (+1.7%) and Korea's Kospi (+1.5%) were representative of the trends around the region. Tomorrow's data calendar will feature February outturns for Hong Kong exports and Singapore industrial production, as well as Korea's final 4Q GDP.

Singapore's inflation surges - what does it mean for MAS policy?

February inflation surged to 4.9% y/y in February (consensus: 4.1%) from 3.6% y/y the previous month primarily due to a jump in transportation costs from a tax increase on cars, as well as seasonal effects from the Chinese Lunar New Year. Given the transitory nature of the Lunar New Year, going forward we expect inflation to moderate from February's level. Though inflationary pressures remain uncomfortably high, including from rising housing costs, we expect the Monetary Authority of Singapore to keep its current appreciation path unchanged at its semi-annual policy meeting in mid-April.

Taiwan IP falls sharply on seasonal effects

Taiwan's industrial production fell by more than expected in February (-11.5% y/y vs. consensus: 9.3% y/y). The drop came after a notable increase in January and is mainly due to the distortion of the CNY holidays. In the first two months, IP increased by 3.2% y/y, as building construction increased by the most of any sector (+22.6% y/y). Overall, industrial output growth eased compared to Q4 2012 (+4.4% y/y), which is consistent with the latest readings for the exports sector. On the demand side, retail sales improved in Jan-Feb (by +2.1% y/y) from last quarter (+1.8% y/y). On balance, the data would appear to show that the economy is recovering at a mild pace.

Briefly noted:

Japan was expected to begin trade talks today with the European Union, and is scheduled to conduct first round talks tomorrow on a free-trade agreement with China and Korea. Earlier this month, Prime Minister Abe announced Japan's intention to join talks on the U.S.-led Trans-Pacific Partnership. Seeking new free trade agreements is one part of the new government's strategy to revive Japan's sluggish growth.

The State Bank of Vietnam announced it will cut policy rates effective tomorrow, after March inflation fell to 6.6% y/y from 7.0% y/y the previous month. The cut would bring the refinance rate to 8% from 9%, the discount rate to 6% from 7% and the overnight rate to 9% from 10%. The move follows six 100bps cuts during 2012, as growth slowed to 5.0%, its lowest level in more than a decade.

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Calendar Indicators

Hong Kong	Date	Period	Prior	Cons.	Actual
Exports YoY%	26 Mar	Feb	17.60%	4.40%	--
India	Date	Period	Prior	Cons.	Actual
Current Account Balance	28 Mar	4Q	-\$22.31B	--	--
Japan	Date	Period	Prior	Cons.	Actual
Retail Trade YoY	28 Mar	Feb	-1.10%	-1.30%	--
Markit/JMMA Manufacturing PMI	29 Mar	Mar	48.5	--	--
Jobless Rate	29 Mar	Feb	4.20%	4.20%	--
Natl CPI YoY	29 Mar	Feb	-0.30%	-0.70%	--
Tokyo CPI YoY	29 Mar	Mar	-0.90%	-0.90%	--
Industrial Production YOY%	29 Mar	Feb P	-5.80%	-8.40%	--
Singapore	Date	Period	Prior	Cons.	Actual
CPI (YoY)	25 Mar	Feb	3.60%	4.10%	4.90%
Industrial Production YoY	26 Mar	Feb	-0.40%	-7.90%	--
South Korea	Date	Period	Prior	Cons.	Actual
GDP (YoY)	26 Mar	4Q F	1.50%	--	--
Industrial Production (YoY)	29 Mar	Feb	7.30%	-5.90%	--
Taiwan	Date	Period	Prior	Cons.	Actual
Industrial Production (YoY)	25 Mar	Feb	19.05%	-9.30%	-11.45%
Commercial Sales	25 Mar	Feb	7.80%	-2.33%	-6.00%
Thailand	Date	Period	Prior	Cons.	Actual
Customs Exports (YoY)	28 Mar	Feb	16.09%	--	--
Vietnam	Date	Period	Prior	Cons.	Actual
Exports YTD (YoY)	25-31 MAR	Mar	23.90%	--	--
Retail Sales YTD (YoY)	25-31 MAR	Mar	10.90%	--	--
Industrial Production Index YoY	25-31 MAR	Mar	-10.10%	--	--
GDP Constant Prices YTD (YoY)	25-31 MAR	1Q	5.00%	--	--

Calendar Events

Taiwan - Benchmark Interest Rate, Mar 28

We expect the benchmark rate to remain unchanged

Current

1.875%

Cons.

1.875%

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.	2326.7	-0.1	3.9	2.5	-1.0
Hong Kong - Hang Seng	22251.2	0.6	0.8	-1.8	7.7	
Taiwan - Weighted	7856.1	0.8	0.6	2.0	-2.7	
Japan - Nikkei 225	12546.5	1.7	-0.1	20.7	25.3	
Korea - Kospi	1977.7	1.5	0.5	-1.0	-2.4	
India - Sensex 30	18702.2	-0.2	-3.1	-3.7	7.7	
Australia - SPX/ASX 200	4990.2	0.5	-0.5	7.3	16.9	
Singapore - Strait Times	3267.5	0.3	0.3	3.2	9.3	
Indonesia - Jakarta Comp	4777.9	1.2	-0.5	10.7	18.2	
Thailand - SET	1523.1	3.0	-4.3	9.4	27.5	
Malaysia - KLCI	1643.9	1.0	1.4	-2.7	3.7	
Philippines - Manila Comp.	6597.6	1.2	0.9	13.5	30.8	

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)	6.21	0.02	0.06	6.28	6.30
Hong Kong (HKD/USD)	7.76	0.02	-0.01	7.76	7.75	
Taiwan (TWD/USD)	29.9	0.08	-0.41	29.81	29.50	
Japan (JPY/USD)	94.78	-0.34	0.45	94.72	94.39	
Korea (KRW/USD)	1111	0.76	0.35	1116	1128	
India (INR/USD)	54.1	0.37	0.06	55.15	57.71	
Australia (USD/AUD)	1.05	0.24	0.64	0.96	0.98	
Singapore (SGD/USD)	1.24	0.39	0.49	1.24	1.24	
Indonesia (IDR/USD)	9736	0.42	-0.22	9860	10252	
Thailand (THB/USD)	29.3	0.14	0.89	29.38	29.74	
Malaysia (MYR/USD)	3.10	0.43	1.00	3.11	3.16	
Philippines (PHP/USD)	40.8	0.12	-0.37	40.78	40.73	

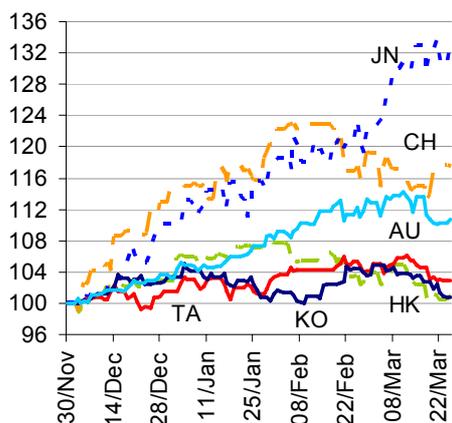
Last update: today, 17:00 Hong Kong time

INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.00	0.00	-0.25	-0.33
Hong Kong (HIBOR/1W)	0.10	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.55	0.00	0.00	-0.01	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.75	0.00	-0.01	-0.01	
India (MIBOR/7D)	3.90	0.93	0.81	-0.13	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.28	0.00	0.00	0.00	
Thailand (BIBOR/1W)	2.77	0.00	0.00	0.00	
Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00	
Philippines (PHIBOR/1W)	0.81	0.00	-0.06	-0.50	

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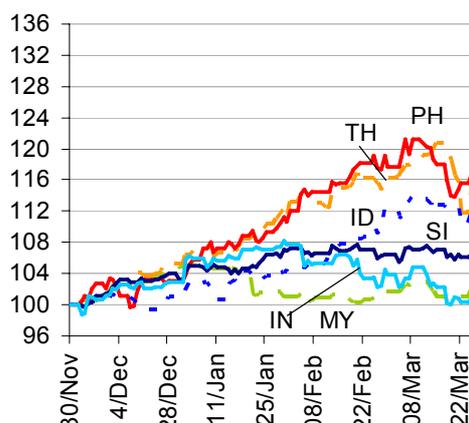
Charts

Chart 1
Stock Markets



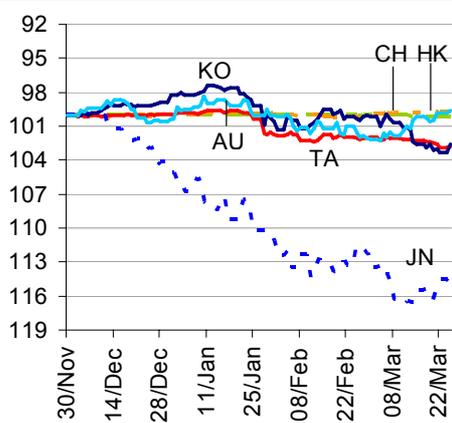
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



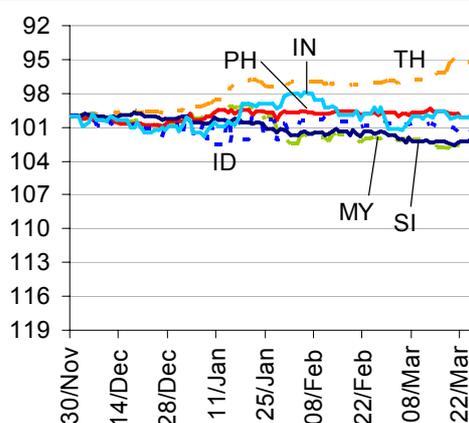
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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