

# Asia Flash

## Asia

*The dovish tone of the US Fed Chairman's testimony before Congress yesterday was well-received in Asian stock markets, which had been battered in May and June by worries of QE tapering. Gains were led by Thailand (+2.0%) and the Philippines (+1.1%), while the Shanghai Composite suffered losses for a third straight day (-1.1%) on concerns that further rises in property prices (below) will keep tight policies in place.*

### Housing prices continue to rise at rapid, albeit decelerating, rate

China's property prices in June rose by 5.9% y/y compared to 5.3% in May, according to our estimates based on monthly price data covering 70 cities from the National Bureau of Statistics (NBS). But on a sequential basis, we estimate that the rise in monthly prices declined to 0.8% m/m nsa compared to 1.0% in each of the previous two months. For the month, new home prices rose in 63 of the 70 cities surveyed by the NBS. Major tier 1 cities including Guangzhou, Shenzhen, Beijing and Shanghai continue to lead price gains, of around 12-16% y/y. Meanwhile, the increase in new home sales (by value) slowed to 17.7% y/y in June, from 33.4% in May and 59.8% during Jan-Apr. Slower home sales could reflect tighter financing conditions following the temporary interbank squeeze in June. Nevertheless, the pace of price increases is likely to keep existing tightening measures in place.

### S&P reaffirms Australia's AAA rating, citing strong economic fundamentals

The rating agency said cited Australia's "strong ability" to absorb economic and financial shocks thanks to healthy public finances and flexible fiscal and monetary policies. Despite weakening demand for its commodities, S&P said that Australia's economic prospects should remain favorable, given a robust outlook for demand from emerging Asia and China. But S&P cautioned that Australia's strengths are tempered by the current account deficit, dependence on commodity exports, and high household debt.

### Briefly noted:

**Hong Kong unemployment for the April-June period edged down to 3.3%** (consensus: 3.4%) from the previous period, indicating that the labor market remains tight despite the slowdown in demand from China.

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With contributions from the BBVA Research Asia Team

## Calendar Indicators

| <b>China</b>                         | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
|--------------------------------------|-------------|---------------|--------------|--------------|---------------|
| Retail Sales (YoY)                   | 15 Jul      | Jun           | 12.90%       | 12.90%       | 13.30%        |
| Fixed Assets Inv Excl. Rural YTD YoY | 15 Jul      | Jun           | 20.40%       | 20.20%       | 20.10%        |
| Industrial Production (YoY)          | 15 Jul      | Jun           | 9.20%        | 9.10%        | 8.90%         |
| Real GDP (QoQ)                       | 15 Jul      | 2Q            | 1.60%        | 1.80%        | 1.70%         |
| GDP YoY                              | 15 Jul      | 2Q            | 7.70%        | 7.50%        | 7.50%         |
| Actual FDI (YoY)                     | 17 Jul      | Jun           | 0.30%        | 0.70%        | 20.10%        |
| <b>Hong Kong</b>                     | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| Unemployment Rate SA                 | 18 Jul      | Jun           | 3.40%        | 3.40%        | 3.30%         |
| Composite Interest Rate              | 18 Jul      | Jun           | 0.26%        | --           | 0.32%         |
| <b>India</b>                         | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| Monthly Wholesale Prices YoY%        | 15 Jul      | Jun           | 4.70%        | 4.94%        | 4.86%         |
| <b>Japan</b>                         | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| All Industry Activity Index (MoM)    | 19 Jul      | May           | 0.40%        | 1.20%        | --            |
| <b>Malaysia</b>                      | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| CPI YoY                              | 19 Jul      | Jun           | 1.80%        | 1.90%        | --            |
| <b>Philippines</b>                   | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| Overseas Remittances (YoY)           | 15 Jul      | May           | 6.10%        | 6.20%        | 5.30%         |
| <b>Singapore</b>                     | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| Retail Sales (YoY)                   | 15 Jul      | May           | -0.30%       | 1.80%        | 3.20%         |
| Non-oil Domestic Exports (YoY)       | 17 Jul      | Jun           | -4.60%       | -5.80%       | -8.80%        |
| <b>South Korea</b>                   | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| South Korea FDI (YoY)                | 15 Jul      | 2Q            | 44.70%       | --           | -3.30%        |

## Calendar Events

There are no calendar events scheduled for this week.

## 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. | 2023.4     | -1.1                | -2.4                 | -10.8        | -6.7              |
| Hong Kong - Hang Seng      | 21345.2                | -0.1       | -0.4                | -5.8                 | 10.9         |                   |
| Taiwan - Weighted          | 8194.9                 | -0.8       | 0.2                 | 6.4                  | 16.3         |                   |
| Japan - Nikkei 225         | 14808.5                | 1.3        | 2.7                 | 42.5                 | 69.7         |                   |
| Korea - Kospi              | 1875.5                 | -0.6       | -0.1                | -6.1                 | 4.5          |                   |
| India - Sensex 30          | 20128.4                | 0.9        | 2.3                 | 3.6                  | 17.1         |                   |
| Australia - SPX/ASX 200    | 4993.4                 | 0.2        | 0.6                 | 7.4                  | 21.1         |                   |
| Singapore - Strait Times   | 3218.2                 | 0.3        | -0.9                | 1.6                  | 6.7          |                   |
| Indonesia - Jakarta Comp   | 4720.4                 | 0.9        | 2.5                 | 9.4                  | 15.7         |                   |
| Thailand - SET             | 1487.2                 | 2.0        | 2.8                 | 6.8                  | 21.9         |                   |
| Malaysia - KLCI            | 1791.5                 | 0.2        | 0.6                 | 6.1                  | 8.9          |                   |
| Philippines - Manila Comp. | 6648.4                 | 1.1        | 3.8                 | 14.4                 | 27.3         |                   |

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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) | 6.14  | -0.10               | -0.15                | 6.21            | 6.28             |
| Hong Kong (HKD/USD)      | 7.76            | -0.01 | -0.02               | 7.76                 | 7.75            |                  |
| Taiwan (TWD/USD)         | 30.0            | -0.27 | -0.11               | 29.94                | 29.77           |                  |
| Japan (JPY/USD)          | 100.03          | -0.44 | -1.07               | 99.99                | 99.68           |                  |
| Korea (KRW/USD)          | 1126            | -0.41 | -0.33               | 1129                 | 1137            |                  |
| India (INR/USD)          | 59.5            | -0.30 | 0.26                | 60.74                | 63.85           |                  |
| Australia (USD/AUD)      | 0.92            | -0.55 | -0.02               | 1.10                 | 1.12            |                  |
| Singapore (SGD/USD)      | 1.27            | -0.36 | -0.52               | 1.27                 | 1.26            |                  |
| Indonesia (IDR/USD)      | 10060           | -0.15 | -0.86               | 10655                | 11385           |                  |
| Thailand (THB/USD)       | 31.1            | -0.32 | 0.06                | 31.22                | 31.61           |                  |
| Malaysia (MYR/USD)       | 3.19            | -0.04 | -0.80               | 3.21                 | 3.26            |                  |
| Philippines (PHP/USD)    | 43.4            | -0.09 | -0.17               | 43.36                | 43.55           |                  |

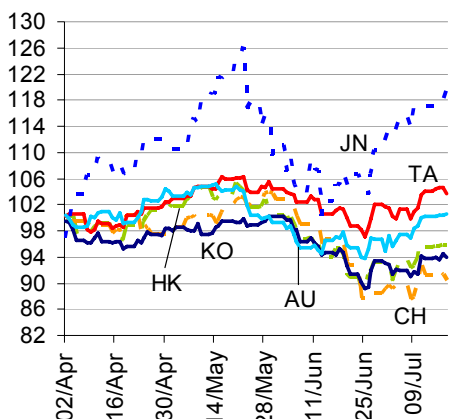
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| INTERBANK RATES         | INDEX             | Rate | net change over a day | net change over a week | net change over a month |
|-------------------------|-------------------|------|-----------------------|------------------------|-------------------------|
|                         | China (SHIBOR/7D) | 3.70 | 0.10                  | -0.10                  | -3.00                   |
| Hong Kong (HIBOR/1W)    | 0.12              | 0.00 | 0.00                  | 0.02                   |                         |
| Taiwan (TAIBOR/1W)      | 0.52              | 0.00 | 0.00                  | 0.00                   |                         |
| Japan (TIBOR/1Y)        | 0.76              | 0.00 | 0.01                  | 0.01                   |                         |
| Korea (KORIBOR/1M)      | 2.56              | 0.00 | 0.00                  | -0.02                  |                         |
| India (MIBOR/7D)        | 4.00              | 0.30 | 0.18                  | -3.30                  |                         |
| Singapore (SIBOR/1W)    | 0.25              | 0.00 | 0.00                  | 0.00                   |                         |
| Indonesia (JIBOR/1W)    | 5.15              | 0.00 | 0.60                  | 0.62                   |                         |
| 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) | 1.25              | 0.00 | -0.31                 | 0.31                   |                         |

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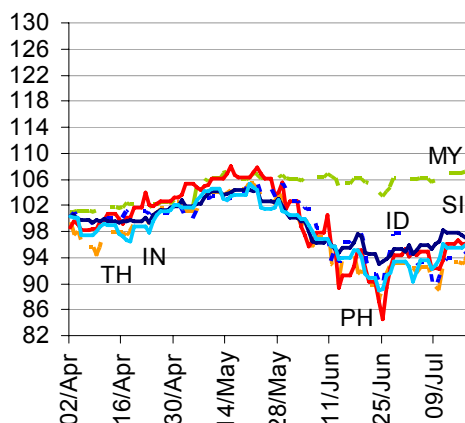
# Charts

Chart 1  
Stock Markets



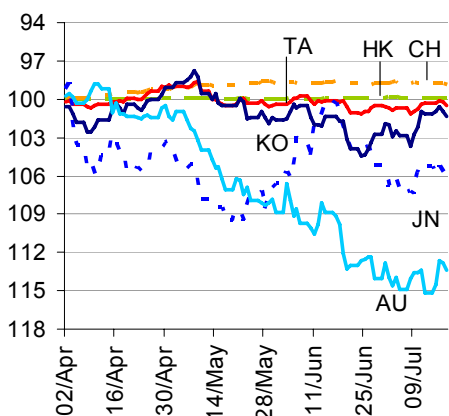
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



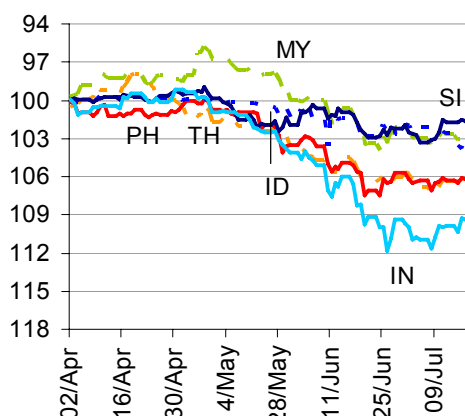
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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