

Daily Flash

Asia

With little in the way of data releases or significant events today in Asia, stock market moves were the biggest focus of attention. Markets were generally down, as they gave back some of their gains from the preceding day, with China extending recent losses (Shanghai, -2.7% and Shenzhen, -4.1% on continuing concerns of a slowdown and weakening earnings outlook (as reported in yesterday's Flash). Since its high on March 2, China's stock market has lost -6.6%.

Australia's Financial Stability Report gives favorable review

The Reserve Bank of Australia issued its half-yearly Financial Stability Review today, saying that global financial market conditions have grown more stable and that domestic banks remain in good shape. According to the RBA, "the larger banks are in better position than a few years ago to cope with tighter funding conditions, given the improvements they have made to their funding, liquidity and capital positions in recent years." The strength of Australia's banks is reflected in low NPL ratios and strong profitability, with the sector further supported by high household saving rate and recent solid performance in the business sector. The findings are consistent with the assessment in our recent [Australia Economic Watch](#).

Indonesia gears up for April 1 fuel price increase

The government is expected to spend Rp 17 trillion (0.2% of GDP) in direct compensation to low-income families over the next six months to soften the blow of higher fuel prices scheduled to take effect on April 1. The amount is somewhat lower than previously expected. Indonesia successfully implemented a similar cash transfer scheme in 20xx, as it seeks to remove poorly targeted subsidies and replace them with more focused programs directed at alleviating poverty. In response to the upcoming planned increase in fuel prices, scheduled to take effect on April 1st. A parliamentary vote will be held tomorrow to approve the measure, which may result in a 33% increase in subsidized fuel prices.

Briefly noted:

- **Thailand's exports recovered in February**, rising 0.9% y/y after three consecutive months of declines. Consensus expectations were for a -5.0% y/y decrease, similar to the -6.0% y/y drop in January. The recovery was driven mainly by agricultural exports (+4.8%), as industrial exports are still lagging (-6.1% y/y), especially in the electronics sector (-10.7%). The exports outturn is a positive sign, which suggests that the recovery is taking place faster than anticipated; however, a rebound in the electronics sector must occur before confirming that international supply chains are fully functioning once again.

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Calendar Indicators

| Australia | Date | Period | Prior | Cons. | Actual |
|--------------------------------------|-------------|---------------|--------------|--------------|---------------|
| Private Sector Credit MoM% | 30-Mar | FEB | 0.20% | 0.30% | -- |
| Private Sector Credit YoY% | 30-Mar | FEB | 3.50% | 3.30% | -- |
| China | Date | Period | Prior | Cons. | Actual |
| PMI Manufacturing | 01-Apr | MAR | 51 | 51 | -- |
| HSBC Manufacturing PMI | 01-Apr | MAR | 49.6 | -- | -- |
| Hong Kong | Date | Period | Prior | Cons. | Actual |
| Exports YoY% | 27-Mar | FEB | -8.60% | 4.90% | 14.0% |
| Imports YoY% | 27-Mar | FEB | -10.50% | 9.80% | 20.80% |
| Retail Sales - Volume (YoY) | 29-Mar | FEB | 9.10% | 16.60% | -- |
| India | Date | Period | Prior | Cons. | Actual |
| Current Account Balance | 31-Mar | 4Q | -- | -- | -- |
| Japan | Date | Period | Prior | Cons. | Actual |
| Retail Trade MoM SA | 29-Mar | FEB | 4.10% | 0.00% | -- |
| Retail Trade YoY | 29-Mar | FEB | 1.90% | 1.40% | -- |
| Jobless Rate | 30-Mar | FEB | 4.60% | 4.60% | -- |
| Natl CPI YoY | 30-Mar | FEB | 0.10% | 0.00% | -- |
| Natl CPI Ex Food, Energy YoY | 30-Mar | FEB | -0.90% | -0.90% | -- |
| Industrial Production YOY% | 30-Mar | FEB P | -1.30% | 3.70% | -- |
| Singapore | Date | Period | Prior | Cons. | Actual |
| Industrial Production MoM SA | 26-Mar | FEB | 3.30% | 5.00% | -1.10% |
| Industrial Production YoY | 26-Mar | FEB | -8.80% | 16.20% | 12.10% |
| M2 Money Supply (YoY) | 30-Mar | FEB | 9.90% | -- | -- |
| South Korea | Date | Period | Prior | Cons. | Actual |
| GDP (QoQ) | 30-Mar | 4Q F | 0.40% | -- | -- |
| GDP (YoY) | 30-Mar | 4Q F | 3.40% | -- | -- |
| Industrial Production (MoM) | 30-Mar | FEB | 3.30% | 1.10% | -- |
| Industrial Production (YoY) | 30-Mar | FEB | -2.00% | 11.40% | -- |
| Ext Trade - Export (YoY) | 01-Apr | MAR | 22.70% | 2.90% | -- |
| Thailand | Date | Period | Prior | Cons. | Actual |
| Mfg. Production Index ISIC NSA (YoY) | 28-Mar | FEB | -15.15 | -6.00 | -3.40 |
| Customs Exports YoY | 28-Mar | FEB | -6.00% | -5.00% | 0.90% |
| Vietnam | Date | Period | Prior | Cons. | Actual |
| Exports YTD (YoY) | 28-Mar | MAR | 24.80% | -- | 23.60% |
| Imports YTD (YoY) | 28-Mar | MAR | 11.80% | -- | 6.90% |
| GDP Constant Prices YTD (YoY) | 27-31 MAR | 1Q | 5.90% | -- | -- |
| Industrial Production Index YoY | 27-30 MAR | MAR | 22.10% | -- | -- |

Indicator of the Week

China: PMI for March (April 1)

Forecast: 51.0

Consensus: 50.8

Prior: 51.0

The official PMI outturn will be closely watched following recent indications of a further slowing in growth momentum. The private sector flash PMI estimate came in weaker than expected on March 22, raising expectations of a decline in the forthcoming PMI outturn after 3 consecutive months of a pick-up. Although underlying growth momentum is weakening, we expect the official PMI to remain unchanged from the previous month due to a seasonal rebound from the Chinese New Year in January. A more significant set of indicators will be released in mid-April, including Q1 GDP, industrial production, retail sales, and investment.

Calendar Events

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. | 2284.9 | -2.7 | -3.9 | 3.9 | -23.4 |
| | Hong Kong - Hang Seng | 20885.4 | -0.8 | 0.1 | 13.3 | -9.5 |
| | Taiwan - Weighted | 8038.1 | 0.1 | 0.7 | 13.7 | -6.0 |
| | Japan - Nikkei 225 | 10182.6 | -0.7 | 1.0 | 20.4 | 7.4 |
| | Korea - Kospi | 2031.7 | -0.4 | 0.2 | 11.3 | -1.2 |
| | India - Sensex 30 | 17137.6 | -0.7 | -2.6 | 10.9 | -9.5 |
| | Australia - SPX/ASX 200 | 4343.5 | 1.0 | 2.1 | 7.1 | -8.2 |
| | Singapore - Strait Times | 3016.0 | -0.1 | 0.3 | 14.0 | -1.4 |
| | Indonesia - Jakarta Comp | 4090.6 | 0.3 | 1.7 | 7.0 | 13.5 |
| | Thailand - SET | 1204.0 | -0.3 | -0.3 | 17.4 | 16.6 |
| | Malaysia - KLCI | 1583.8 | -0.3 | 0.1 | 3.5 | 4.6 |
| Philippines - Manila Comp. | 5067.7 | -0.2 | 0.6 | 15.9 | 29.5 | |

Last update: today, 17.45 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) | 6.31 | 0.02 | 0.27 | 6.32 | 6.34 |
| | Hong Kong (HKD/USD) | 7.76 | 0.02 | 0.00 | 7.76 | 7.75 |
| | Taiwan (TWD/USD) | 29.6 | 0.08 | 0.04 | 29.48 | 29.24 |
| | Japan (JPY/USD) | 82.97 | 0.24 | 0.53 | 82.90 | 82.56 |
| | Korea (KRW/USD) | 1135 | -0.11 | -0.52 | 1143 | 1156 |
| | India (INR/USD) | 50.9 | -0.29 | -0.41 | 52.03 | 54.03 |
| | Australia (USD/AUD) | 1.04 | -0.60 | -0.59 | 0.97 | 1.00 |
| | Singapore (SGD/USD) | 1.26 | 0.06 | 0.55 | 1.26 | 1.25 |
| | Indonesia (IDR/USD) | 9149 | 0.38 | 0.36 | 9297 | 9639 |
| | Thailand (THB/USD) | 30.8 | -0.10 | 0.10 | 30.93 | 31.37 |
| | Malaysia (MYR/USD) | 3.06 | -0.21 | 0.35 | 3.08 | 3.11 |
| Philippines (PHP/USD) | 42.9 | 0.02 | 0.26 | 43.19 | 43.58 | |

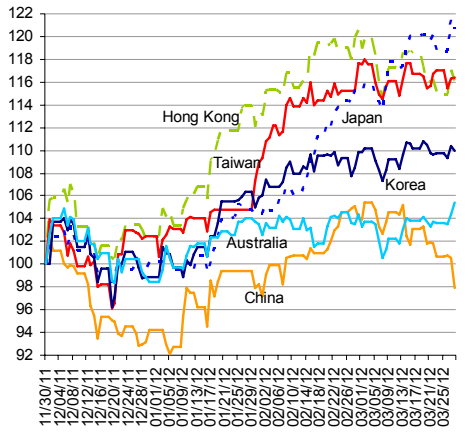
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| INTERBANK RATES | INDEX | Rate | net change over a day | net change over a week | net change over a month |
|-----------------|-------------------------|------|-----------------------|------------------------|-------------------------|
| | China (SHIBOR/7D) | 3.52 | 0.32 | 0.35 | -0.13 |
| | Hong Kong (HIBOR/1W) | 0.11 | 0.00 | 0.00 | -0.01 |
| | Taiwan (TAIBOR/1W) | 0.65 | 0.00 | 0.00 | 0.00 |
| | Japan (TIBOR/1Y) | 0.76 | 0.00 | 0 | 0 |
| | Korea (KORIBOR/1M) | 3.38 | 0.00 | 0.00 | 0.00 |
| | India (MIBOR/7D) | 5.20 | 1.15 | 2.07 | 1.50 |
| | Singapore (SIBOR/1W) | 0.25 | 0.00 | -0.06 | -0.06 |
| | Indonesia (JIBOR/1W) | 3.81 | 0.00 | 0 | 0 |
| | Thailand (BIBOR/1W) | 3.02 | 0.00 | 0.00 | 0.01 |
| | Malaysia (KLIBOR/1W) | 2.90 | 0.00 | 0.00 | 0.00 |
| | Philippines (PHIBOR/1W) | 3.19 | -0.13 | -0.69 | -0.25 |

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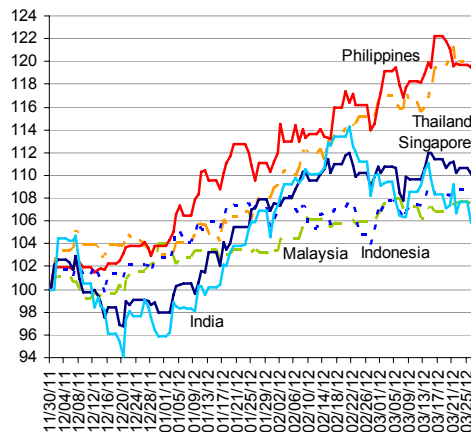
Charts

Chart 9
Stock Markets



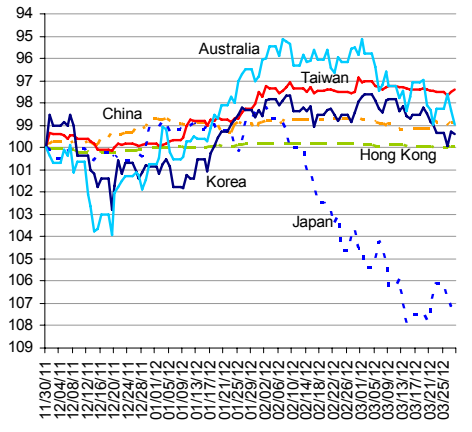
Source: BBVA Research and Bloomberg

Chart 10
Stock Markets



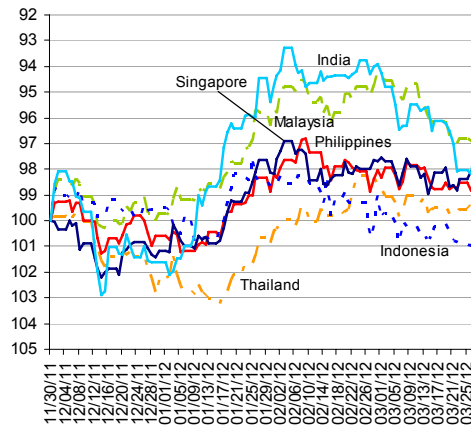
Source: BBVA Research and Bloomberg

Chart 11
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 12
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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