

# Daily Flash

## Asia

*Is Asia in the process of bottoming out? It would be wise not to rush to answer in the affirmative just yet. Korea's first quarter GDP growth picked up sequentially (below), though going forward the outlook remains challenging due to the uncertain external environment, not to mention rising tensions with North Korea. Singapore's industrial output in March also showed increasing sequential momentum. However, Thailand reported slowing exports in March – proving that Asia's recovery will be uneven.*

### **Korea's GDP growth picks up sequentially; concerns remain over outlook**

Korea announced first quarter GDP of 2.8% y/y (consensus: 3.0%), showing a further slowdown in over-year terms from the previous quarter (3.3% y/y). However, on a seasonally adjusted quarterly basis, growth increased by 0.9% q/q compared with 0.3% q/q in last year's fourth quarter, driven by increased government spending and facilities investment. The outlook remains challenging (note Bank of Korea recently revised downwards their GDP forecast for this year, to 3.5% y/y from 3.7% y/y), however several leading indicators are pointing towards a gradual rebound in Korea's economy over the second half of the year, and in our view growth may currently be in the process of bottoming out.

### **China: more signs of tightening in the property sector**

The PBoC released its latest quarterly loans statistics report, which showed that total outstanding property loans moderated to 10.1% yoy in Q1 compared with 13.9% yoy in Q4 last year. The slowdown is another sign of policy tightening in the real estate market, and implies the near term growth outlook of investment in the property sector could remain muted.

### **Singapore's industrial output in March shows sequential improvement**

Industrial production fell in March by -3.4% y/y (consensus: -5.8% y/y), as biomedical and electronics production both declined. However, the sequential trend showed a welcome increase in momentum, with growth of +2.7% m/m (consensus: -1.4% m/m), reversing a decline of -1.6% m/m in February. The over-year outturn is largely due to base effects, and the positive sequential trend bodes well for Singapore, where new export orders have also edged higher.

### **Thailand posts record trade deficit on weaker-than-expected exports**

Thailand's exports in March decreased by -6.5% y/y (consensus: +0.5% y/y) on weak external demand and strong base effects. Meanwhile, imports surged by +25.6% y/y, pushing the trade deficit to a record monthly high of USD \$4.6 billion. Despite the negative outturn, we believe that Thailand's recovery remains relatively on track given exports' strong recovery since bottoming out in November, and the surge in imports may signal an increase in intermediate inputs, with a rise in exports likely to follow.

### **Briefly noted:**

- **Japan will be in the spotlight tomorrow** when the Bank of Japan holds its monthly monetary policy meeting. Several economic indicators will be released, including unemployment, inflation and industrial production. With the risk of deflation growing, the Bank of Japan is expected to ease monetary policy tomorrow, likely by expanding its asset purchasing program by 5-10 trillion JPY.

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## Calendar Indicators

<b>Australia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Producer Price Index (QoQ)	23-Apr	1Q	0.30%	0.40%	-0.30%
Producer Price Index (YoY)	23-Apr	1Q	2.90%	2.20%	1.40%
Consumer Prices (QoQ)	24-Apr	1Q	0.00%	0.60%	0.10%
Consumer Prices (YoY)	24-Apr	1Q	3.10%	2.20%	1.60%
<b>China</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
HSBC Flash China Manufacturing PMI	23-Apr	APR	48.3	--	49.1
<b>Hong Kong</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI - Composite Index (YoY)	23-Apr	MAR	4.70%	4.90%	4.90%
Exports YoY%	24-Apr	MAR	14.00%	4.00%	-6.80%
Imports YoY%	24-Apr	MAR	20.80%	5.00%	-4.70%
<b>Japan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Machine Tool Orders (YoY)	25-Apr	MAR F	2.40%	--	1.60%
All Industry Activity Index (MoM)	26-Apr	FEB	-1.00%	-0.20%	-0.10%
Jobless Rate	27-Apr	MAR	4.50%	4.50%	--
Natl CPI YoY	27-Apr	MAR	0.30%	0.40%	--
Natl CPI Ex-Fresh Food YoY	27-Apr	MAR	0.10%	0.10%	--
Natl CPI Ex Food, Energy YoY	27-Apr	MAR	-0.60%	-0.50%	--
Industrial Production (MoM)	27-Apr	MAR P	-1.60%	2.30%	--
Industrial Production YOY%	27-Apr	MAR P	1.50%	15.60%	--
<b>Singapore</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI (MOM) - NSA	23-Apr	MAR	-0.30%	0.30%	0.80%
CPI (YoY)	23-Apr	MAR	4.60%	4.70%	5.20%
Industrial Production MoM SA	26-Apr	MAR	-1.10%	-1.40%	2.70%
Industrial Production YoY	26-Apr	MAR	12.10%	-5.80%	-3.40%
<b>South Korea</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
GDP (QoQ)	26-Apr	1Q P	0.30%	0.90%	0.90%
GDP (YoY)	26-Apr	1Q P	3.30%	3.00%	2.80%
<b>Taiwan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Industrial Production (YoY)	23-Apr	MAR	8.40%	-6.05%	-3.42%
Unemployment Rate - sa	23-Apr	MAR	4.15%	4.18%	4.14%
<b>Thailand</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Customs Exports (YoY)	26-Apr	MAR	0.90%	0.50%	-6.50%
Customs Imports (YoY)	26-Apr	MAR	8.30%	5.80%	25.60%
Foreign Reserves	27-Apr	20-Apr	\$178.6B	--	--
<b>Vietnam</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI (YoY)	23-Apr	APR	14.20%	11.90%	10.50%
Exports YTD (YoY)	24-30 APR	APR	23.60%	--	--

## Indicator of the Week

### China: PMI for April (May 1)

Forecast: 53.9

Consensus: n/a

Prior: 53.1

The official manufacturing PMI prints continue to be closely watched for signs of the pace of China's economic slowdown. The reading for April will be no exception, following the weaker-than-expected Q1 GDP outturn of 8.1% y/y. This past week, a flash estimate for the private sector PMI (Markit) registered an upturn (to 49.1% from a 48.3 outturn in March), but still remains below the 50-threshold. In contrast, recent official PMI outturns have been rising, and remain above 50. We expect a slight pickup in the official PMI for April, partly due to seasonal effects, as well as a pickup in domestic demand from fiscal and monetary stimulus. A strong April outturn, if confirmed, would be evidence that growth momentum has bottomed out in Q1, adding to other positive indicators, such as strong credit growth in March.

## Calendar Events

### Japan - Bank of Japan target rate, April 27

We expect the target rate to remain unchanged

**Current**

0.10%

**Consensus**

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**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.	2404.7	-0.1	1.1	9.3	-18.2
	Hong Kong - Hang Seng	20809.7	0.8	-0.9	12.9	-13.3
	Taiwan - Weighted	7521.4	-0.6	-1.3	6.4	-15.9
	Japan - Nikkei 225	9561.8	0.0	-0.3	13.1	0.0
	Korea - Kospi	1964.0	0.1	-1.8	7.6	-11.0
	India - Sensex 30	17118.9	-0.2	-2.2	10.8	-12.4
	Australia - SPX/ASX 200	4375.2	0.3	0.6	7.9	-11.0
	Singapore - Strait Times	2981.5	0.1	-0.9	12.7	-6.0
	Indonesia - Jakarta Comp	4180.3	0.4	0.4	9.4	10.7
	Thailand - SET	1209.3	0.7	2.0	17.9	10.2
	Malaysia - KLCI	1579.7	0.0	-1.1	3.2	3.4
Philippines - Manila Comp.	5219.0	0.3	0.9	19.4	21.2	

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	-0.03	6.32	6.35
	Hong Kong (HKD/USD)	7.76	0.02	0.05	7.76	7.75
	Taiwan (TWD/USD)	29.4	0.40	0.44	29.20	28.93
	Japan (JPY/USD)	80.93	0.51	0.84	80.86	80.44
	Korea (KRW/USD)	1136	0.44	0.15	1143	1156
	India (INR/USD)	52.6	-0.08	-0.84	53.69	55.93
	Australia (USD/AUD)	1.04	0.21	0.43	0.97	1.00
	Singapore (SGD/USD)	1.24	0.21	0.87	1.24	1.24
	Indonesia (IDR/USD)	9192	0.08	-0.12	9274	9604
	Thailand (THB/USD)	30.9	0.26	0.03	31.04	31.48
	Malaysia (MYR/USD)	3.05	0.30	0.48	3.07	3.11
Philippines (PHP/USD)	42.5	0.41	0.33	42.74	43.12	

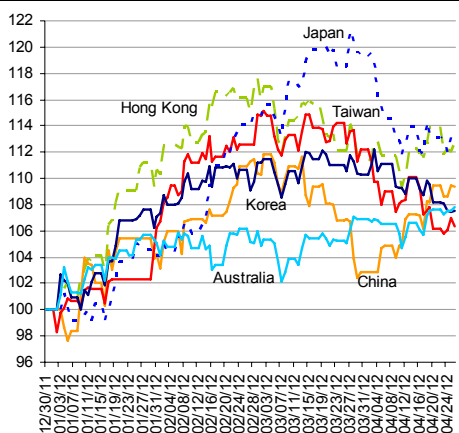
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.98	0.08	-0.02	0.63
	Hong Kong (HIBOR/1W)	0.11	0.00	0.00	0.00
	Taiwan (TAIBOR/1W)	0.66	0.00	0.00	0.01
	Japan (TIBOR/1Y)	0.76	0.00	0	0
	Korea (KORIBOR/1M)	3.38	0.00	0.00	0.00
	India (MIBOR/7D)	3.97	-0.01	-0.18	0.62
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	3.80	0.00	0	0
	Thailand (BIBOR/1W)	3.02	0.00	0.00	0.00
	Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00
	Philippines (PHIBOR/1W)	3.63	-0.06	-0.13	0.13

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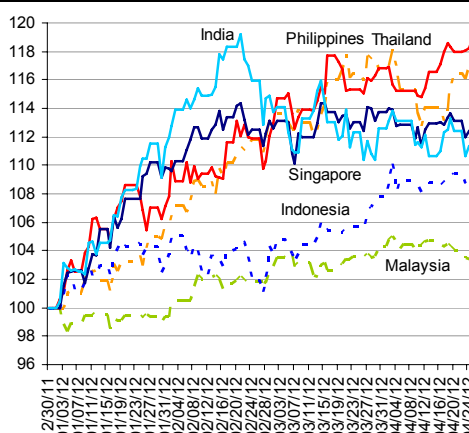
# Charts

Chart 9  
Stock Markets



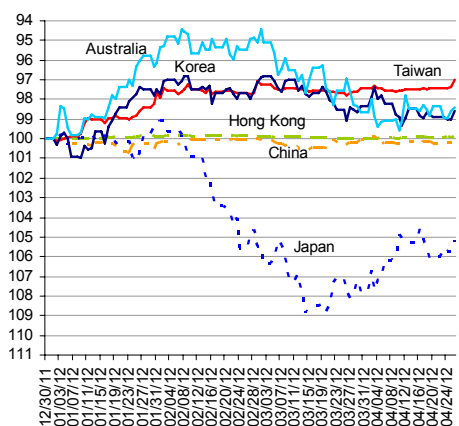
Source: BBVA Research and Bloomberg

Chart 10  
Stock Markets



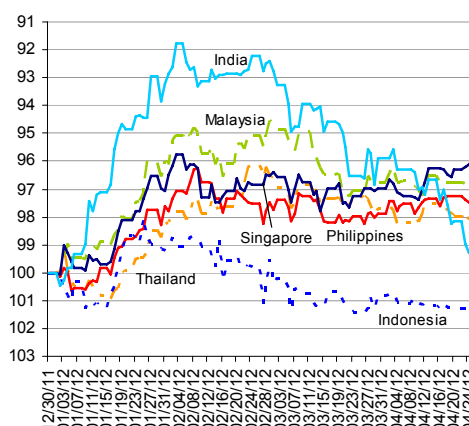
Source: BBVA Research and Bloomberg

Chart 11  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 12  
Foreign Exchange Markets



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