

Daily Flash

Asia

A positive outturn for Japan's Q1 GDP, released today, helped lift sentiment, causing several Asian stock markets to rebound (Shanghai +1.4%, Taiwan +1.7%) after yesterday's heavy losses. The Indian rupee, meanwhile, remains near all-time lows (54.48/USD), though other Asian currencies stabilized today after yesterday's selloff.

Upbeat Japan Q1 GDP growth data points towards an ongoing rebound

Japan's 1Q GDP data release shows that the economy expanded by an annualized rate of 4.1% y/y in the first quarter (consensus: 3.5%), boosted by private consumption, public investment, and exports. Private consumption jumped on government subsidies for purchases of fuel-efficient cars, while public investment rose on post-quake reconstruction spending. Exports also picked up in the first quarter as disruptions in the supply chain due to the flooding in Thailand have faded away. Looking ahead, we expect Japan to continue its recovery in the coming quarters, and we expect GDP growth in 2012 to reach about 2%.

China: Wenzhou introduces new reporting guidelines for private lending

The PBoC's branch in Wenzhou has announced that they will start reporting local private lending interest rates, effective from May. Wenzhou has previously been the center of attention due to concerns about China's shadow banking system last year. This move follows a decision by the State Council in March of this year to launch a pilot program for financial reform in Wenzhou. All measures aim to gradually improve the transparency of the private financing market, while also improving the laws and efficiency of the local financial system.

Singapore: surprise in exports highlights resilient intraregional trade

Singapore posted better-than-expected non-oil domestic exports (NODX) in April (8.3% y/y, consensus: 5.9% y/y), as demand for non-electronics – mainly pharmaceuticals (+38.4% y/y) and petrochemicals (+14.7% y/y) – was strong. Singapore's exports continue to find willing buyers within Asia, namely from China (+5.4% y/y) as well as Hong Kong (+27.8% y/y), Indonesia (+21.1% y/y), and Korea (+42.4% y/y) – while at the same time, shipments to the EU and the US have weakened noticeably (by -12.2% y/y and -18.6% y/y respectively). The outturn suggests that intraregional trade remains resilient, helping to counter weakness in the external environment.

Hong Kong's unemployment rate in April comes in lower-than-expected

Hong Kong's seasonally adjusted unemployment rate came in lower than expected at 3.3% in April (consensus: 3.5%), compared to 3.4% in March. The outturn shows that domestic labor market conditions have remained robust despite slowing growth momentum in the economy. That said, we think Hong Kong's unemployment rate may pick up in the coming months due to the ongoing weakness in the external environment.

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Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
Actual FDI (YoY)	15-May	APR	-6.10%	2.80%	-0.70%
China April Property Prices	18-May	APR			
Hong Kong	Date	Period	Prior	Cons.	Actual
Unemployment Rate SA	17-May	APR	3.40%	3.50%	3.30%
India	Date	Period	Prior	Cons.	Actual
Monthly Wholesale Prices YoY%	14-May	APR	6.89%	6.67%	7.23%
Japan	Date	Period	Prior	Cons.	Actual
Machine Orders (MoM)	16-May	MAR	4.80%	-3.50%	-2.80%
Machine Orders YOY%	16-May	MAR	8.90%	4.40%	-1.10%
Tertiary Industry Index (MoM)	16-May	MAR	0.00%	-0.40%	-0.60%
GDP Annualized	17-May	1Q P	-0.70%	3.50%	4.10%
Gross Domestic Product (QoQ)	17-May	1Q P	-0.20%	0.90%	1.00%
Nominal GDP (QoQ)	17-May	1Q P	-0.50%	1.00%	1.00%
GDP Deflator YoY	17-May	1Q P	-1.80%	-1.40%	-1.20%
Capacity Utilization (MoM)	17-May	MAR F	-1.70%	--	1.30%
Industrial Production (MoM)	17-May	MAR F	1.00%	--	1.30%
Industrial Production YOY%	17-May	MAR F	13.90%	--	14.20%
Philippines	Date	Period	Prior	Cons.	Actual
Overseas Remittances (YoY)	15-May	MAR	5.80%	--	5.00%
Overseas Workers Remittances	15-May	MAR	\$1587.4M	--	\$1697.8M
Balance of Payments	18-May	APR	-\$209M	--	--
Singapore	Date	Period	Prior	Cons.	Actual
Retail Sales (YoY)	15-May	MAR	19.00%	7.20%	9.10%
Retail Sales (MoM) sa	15-May	MAR	-2.00%	0.40%	1.60%
GDP (QoQ)	17-May	1Q F	9.90%	10.30%	10.0%
GDP (YoY)	17-May	1Q F	1.60%	1.90%	1.60%
Non-oil Domestic Exports (YoY)	17-May	APR	-4.30%	5.90%	8.30%
Non-oil Domestic Exp SA (MoM)	17-May	APR	-16.80%	5.70%	13.10%
South Korea	Date	Period	Prior	Cons.	Actual
Unemployment Rate (SA)	16-May	APR	3.40%	3.40%	3.40%

Indicator of the Week

Taiwan: Export orders (April, May 21st)

Forecast: -1.96% y/y

Consensus: 0.02% y/y

Prior: -1.58% y/y

Taiwan's export performance is closely watched as a bellwether of regional export trends. April exports contracted by worse-than-expected -6.4% yoy, and production growth trends are declining, as seen in moderating PMI outturns. Looking ahead, we expect that April export orders to show a further decline due to weaker external demand. This is also in line with China's recent disappointing macro outturns and moderation in domestic demand, including a leveling off of processing components imports could weigh on the Taiwan's export orders.

Calendar Events

There are no 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.	2378.9	1.4	-1.3	8.2	-16.6
	Hong Kong - Hang Seng	19200.9	-0.3	-5.1	4.2	-16.2
	Taiwan - Weighted	7356.8	1.7	-1.7	4.0	-17.2
	Japan - Nikkei 225	8876.6	0.9	-1.5	5.0	-7.2
	Korea - Kospi	1845.2	0.3	-5.1	1.1	-12.2
	India - Sensex 30	16070.5	0.3	-2.1	4.0	-11.4
	Australia - SPX/ASX 200	4157.4	-0.2	-3.2	2.5	-11.2
	Singapore - Strait Times	2822.6	-0.3	-2.8	6.7	-10.0
	Indonesia - Jakarta Comp	3980.5	-1.6	-3.6	4.1	4.8
	Thailand - SET	1173.6	0.2	-1.4	14.5	8.2
	Malaysia - KLCI	1544.2	0.5	-2.8	0.9	0.5
Philippines - Manila Comp.	5017.0	3.1	-3.4	14.8	17.7	

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)	6.33	-0.05	-0.17	6.35	6.39
	Hong Kong (HKD/USD)	7.77	0.00	-0.07	7.77	7.76
	Taiwan (TWD/USD)	29.5	0.29	-0.57	29.47	29.20
	Japan (JPY/USD)	80.32	0.01	-0.49	80.25	79.73
	Korea (KRW/USD)	1163	0.22	-1.78	1171	1182
	India (INR/USD)	54.5	-0.06	-2.02	55.63	57.71
	Australia (USD/AUD)	0.99	0.07	-1.60	1.02	1.04
	Singapore (SGD/USD)	1.27	0.13	-1.29	1.27	1.26
	Indonesia (IDR/USD)	9324	-0.86	-0.71	9575	9960
	Thailand (THB/USD)	31.4	-0.10	-0.92	31.57	32.01
	Malaysia (MYR/USD)	3.11	0.17	-1.37	3.13	3.17
Philippines (PHP/USD)	42.9	0.21	-1.09	43.27	43.71	

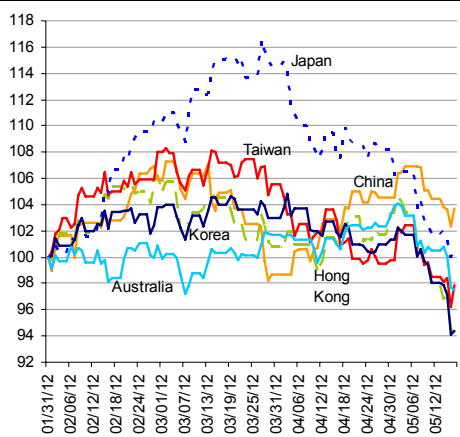
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	2.68	-0.13	-0.52	-1.09
	Hong Kong (HIBOR/1W)	0.13	0.00	-0.02	0.02
	Taiwan (TAIBOR/1W)	0.66	0.00	0.00	0.01
	Japan (TIBOR/1Y)	0.76	0.00	0	0
	Korea (KORIBOR/1M)	3.37	0.00	0.00	-0.01
	India (MIBOR/7D)	2.72	-0.79	-0.48	-1.04
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	3.80	-0.01	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	-0.13	0.13	-0.13

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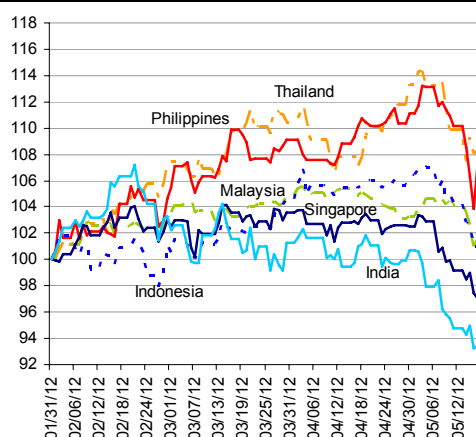
Charts

Chart 9
Stock Markets



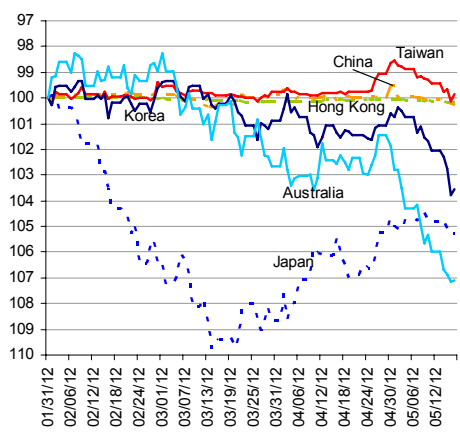
Source: BBVA Research and Bloomberg

Chart 10
Stock Markets



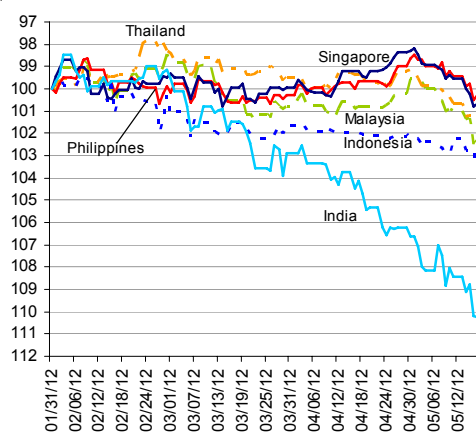
Source: BBVA Research and Bloomberg

Chart 11
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 12
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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