

# Daily Flash

## Asia

*Suggestions from G8 leaders that they will take steps to facilitate Greece staying in the Euro and reassurances from China's Premier Wen Jiabao that China will introduce policies to help shore up growth (see below) were enough to reverse the recent downtrend in Asian markets today, with the Kospi among the day's biggest advancers (+0.9%).*

### China's Premier calls for more fiscal measures to support growth

Over the weekend, Premier Wen Jiabao stepped up his rhetoric on the importance of implementing policies to "maintain stable and relatively fast growth." Specific measures mentioned include tax cuts, support for consumption, and allowing private investment in infrastructure projects. Premier Wen's comments were in line with our expectation that China's growth momentum will rebound over the course of the year due to supportive government policies.

### Thailand's Q1 GDP rebounds, showing faster-than-expected recovery

Thailand's GDP growth in the first quarter expanded by a better-than-expected 0.3% y/y (consensus: -0.5% y/y) on increased consumption and investment (up by 2.0% and 5.2% y/y respectively). In sequential terms, Thailand grew by 11.0% q/q (consensus 10.0% q/q) after a -10.7% q/q contraction the previous quarter due to disastrous flooding. While weak exports weighed on growth (-3.2% y/y), they have now almost fully returned to pre-flood levels. If the current policy mix remains in place, we expect to see relatively strong growth rates in Thailand in the coming quarters, though considerable risks persist due to the external environment.

### Taiwan's export orders fall again, as external headwinds continue

Taiwan's trade outlook continues to be murky, as April's export orders outturn showed a contraction of 3.5% y/y after a -1.6% y/y decrease in March. The disappointing outturn was mainly due to declining orders in technology-related items, and was broadly in line with our expectations. For Taiwan's economy, risks remain tilted to the downside given the challenges to external trade.

### Briefly noted:

- **Vietnam's government is considering adjusting local fuel prices downwards to reflect the recent reduction in oil prices, according to Vietnam's Tuoi Tre newspaper.** The news was well received by local stock markets as the price cut, if effective, would help further ease inflation. This follows a similar move by China, which recently announced cuts in gasoline and diesel prices.

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## Calendar Indicators

<b>China</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
HSBC Flash China Manufacturing PMI	24-May	MAY	49.3	--	--
<b>Hong Kong</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI - Composite Index (YoY)	22-May	APR	4.90%	4.70%	--
Exports YoY%	24-May	APR	-6.80%	6.60%	--
Imports YoY%	24-May	APR	-4.70%	4.10%	--
<b>Japan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
All Industry Activity Index (MoM)	21-May	MAR	-0.10%	-0.10%	-0.30%
Merchnds Trade Balance Total	23-May	APR	¥82.5B	¥470.8B	--
Merchnds Trade Exports YoY	23-May	APR	5.90%	11.80%	--
Natl CPI YoY	25-May	APR	0.50%	0.40%	--
Natl CPI Ex-Fresh Food YoY	25-May	APR	--	0.10%	--
Natl CPI Ex Food, Energy YoY	25-May	APR	-0.50%	-0.40%	--
<b>Malaysia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI YoY	23-May	APR	2.10%	2.10%	--
GDP YoY%	23-May	1Q	5.20%	4.70%	--
<b>Singapore</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI (MOM) - NSA	23-May	APR	0.80%	0.30%	--
CPI (YoY)	23-May	APR	5.20%	5.20%	--
Industrial Production MoM SA	25-May	APR	2.70%	0.40%	--
Industrial Production YoY	25-May	APR	-3.40%	4.40%	--
<b>Taiwan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Export Orders (YoY)	21-May	APR	-1.58%	0.50%	-3.52%
Unemployment Rate - sa	22-May	APR	4.14%	4.13%	--
Industrial Production (YoY)	23-May	APR	-3.42%	-1.60%	--
GDP - Constant Prices (YoY)	25-May	1Q F	0.36%	0.40%	--
<b>Thailand</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Gross Domestic Product SA (QoQ)	21-May	1Q	-10.70%	10.00%	11.00%
Gross Domestic Product (YoY)	21-May	1Q	-9.00%	-0.50%	0.30%
Customs Exports (YoY)	23-May	APR	-6.50%	6.40%	--
<b>Vietnam</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI (YoY)	24-May	MAY	10.50%	--	--
Exports YTD (YoY)	24-31 MAY	MAY	22.10%	--	--

## Calendar Events

### Japan - BOJ Target Rate, May 23

We expect the benchmark rate to remain unchanged

Current	Consensus	New
0.10%	--	--

## 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.	2348.3	0.2	-1.4	6.8	-17.8
	Hong Kong - Hang Seng	18922.3	-0.2	-4.1	2.6	-18.4
	Taiwan - Weighted	7192.2	0.6	-2.5	1.7	-18.6
	Japan - Nikkei 225	8633.9	0.3	-3.8	2.1	-10.1
	Korea - Kospi	1799.1	0.9	-6.0	-1.5	-14.8
	India - Sensex 30	16183.3	0.2	-0.2	4.7	-11.7
	Australia - SPX/ASX 200	4073.6	0.7	-5.2	0.4	-13.9
	Singapore - Strait Times	2790.2	0.4	-2.6	5.4	-11.9
	Indonesia - Jakarta Comp	3940.1	-1.0	-4.7	3.1	3.7
	Thailand - SET	1135.2	-1.7	-2.6	10.7	5.8
	Malaysia - KLCI	1538.9	0.4	-2.3	0.5	-0.1
Philippines - Manila Comp.	4954.0	1.5	-2.5	13.3	15.6	

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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)	6.33	0.01	-0.09	6.35	6.39
	Hong Kong (HKD/USD)	7.76	0.05	0.03	7.76	7.76
	Taiwan (TWD/USD)	29.6	0.10	-0.24	29.50	29.23
	Japan (JPY/USD)	79.30	-0.35	0.69	79.23	78.72
	Korea (KRW/USD)	1169	0.33	-1.69	1175	1183
	India (INR/USD)	54.9	-0.86	-1.71	56.02	58.31
	Australia (USD/AUD)	0.98	0.04	-1.10	1.02	1.04
	Singapore (SGD/USD)	1.27	0.28	-1.05	1.27	1.27
	Indonesia (IDR/USD)	9309	0.44	-0.63	9584	9994
	Thailand (THB/USD)	31.4	0.19	0.06	31.51	31.93
	Malaysia (MYR/USD)	3.13	0.00	-1.64	3.15	3.19
Philippines (PHP/USD)	43.2	-0.02	-1.00	43.56	44.00	

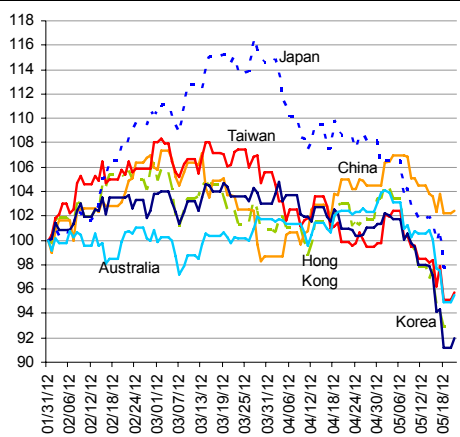
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	2.68	-0.02	-0.13	-1.32
	Hong Kong (HIBOR/1W)	0.13	0.00	0.00	0.02
	Taiwan (TAIBOR/1W)	0.66	0.00	0.00	0.01
	Japan (TIBOR/1Y)	0.76	0.00	0	0
	Korea (KORIBOR/1M)	3.37	0.00	0.00	-0.01
	India (MIBOR/7D)	3.08	0.33	-0.37	-0.98
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	3.83	0.02	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)	3.31	-0.06	-0.38	-0.44

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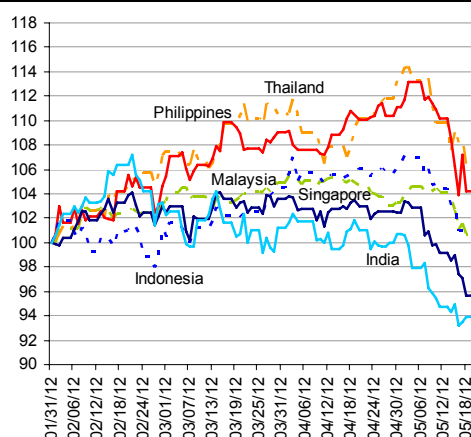
# Charts

Chart 9  
Stock Markets



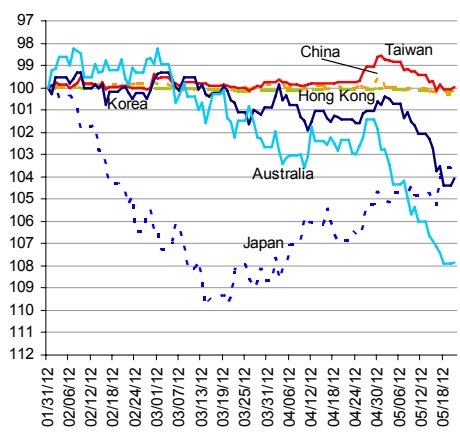
Source: BBVA Research and Bloomberg

Chart 10  
Stock Markets



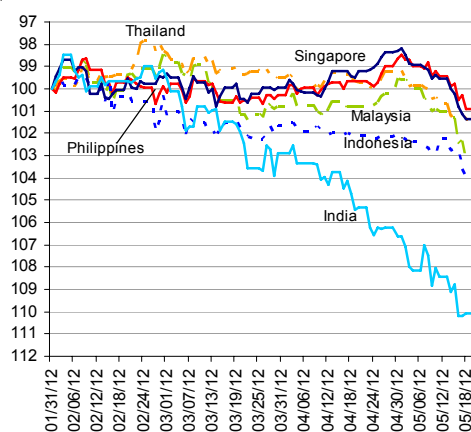
Source: BBVA Research and Bloomberg

Chart 11  
Foreign Exchange Markets



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Chart 12  
Foreign Exchange Markets



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