

Daily Flash

Asia

Broader credit aggregate picks up in China

New bank loans declined in October to RMB 505.2 billion from 623.2 billion in September, falling short of market expectations (consensus: RMB 590 billion; BBVA: 600 billion), while M2 growth slowed to 14.1% y/y in October from 14.8% y/y in September, below both the market consensus and our projection (14.5% y/y for both). Meanwhile, total social financing increased 63% y/y (TSF, an aggregate index of total credit flows including bank loans, corporate bond issuance and other non-bank lending) as many firms and local governments appear to have shifted to non-banking institutions like trust companies and the bond market to meet their recent funding needs. This is consistent with the recent pickup in China's economic activity. Although the increased use of TSF provides a short-term boost to the economy, prior similar lending surges from the 'shadow banking' system have fueled concerns over the added risks such lending places on the stability of China's financial system.

China October trade data adds to signs of a rebound

China's October trade data was released over the weekend and surprised to the upside, pointing towards further positive momentum in China's economy. Exports increased by 11.6% y/y (consensus: 10.0%) from 9.9% in September. This, combined with flat import growth, led to a trade surplus of US\$32.9bn, the highest in four years. Exports were boosted by intraregional demand, especially from the ASEAN countries. Despite the encouraging outturn, however, uncertainties remain on whether the external recovery is sustainable, given the volatility in monthly trade data. Furthermore, the semi-annual Canton Trade Fair, which just closed earlier this month, showed a sluggish outlook for new orders, especially from developed markets including Europe, the US and Japan.

India: Contraction in September IP reflects weak economy

India's September industrial production contracted by -0.4% y/y from +2.3% the prior month, an outturn that was significantly lower than consensus expectations (+3.2% y/y). The IP index, which is notably volatile, was down due to weak capital (-12% y/y) and consumer goods (-0.3% y/y) production. Meanwhile, despite slowing production growth, inflationary pressures remain stubbornly high in India as reflected by the 9.8% y/y October CPI print (from 9.7% in September) released earlier today. Mirroring the rise in CPI, we expect the closely-watched October WPI outturn, scheduled to be released on Wednesday, to edge higher to 7.9% y/y (from 7.8% previously) on recent fuel price hikes and the impact of a weakening rupee. Today, the rupee weakened further to 55.05 against the US dollar amid rising concerns over India's current account deficit. Trade figures showed the October trade deficit at a record high of USD 20.9bn from USD 18bn in September, driven by a contraction in exports and a jump in oil imports.

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With contributions from the BBVA Research Asia Team

Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
Trade Balance (USD)	10-Nov	Oct	\$27.67B	\$27.30B	\$31.99B
Exports YoY%	10-Nov	Oct	9.90%	10.00%	11.60%
Imports YoY%	10-Nov	Oct	2.40%	3.40%	2.40%
New Yuan Loans	12-Nov	Oct	623.2B	590.0B	505.2B
Money Supply - M2 (YoY)	10-15 NOV	Oct	14.80%	14.50%	--
Hong Kong	Date	Period	Prior	Cons.	Actual
GDP (YoY)	16-Nov	3Q	1.10%	1.70%	--
GDP sa (QoQ)	16-Nov	3Q	-0.10%	0.60%	--
India	Date	Period	Prior	Cons.	Actual
Exports YoY%	12-Nov	Oct	-10.80%	--	-1.60%
CPI (YoY)	12-Nov	Oct	9.73%	--	9.75%
Industrial Production YoY	12-Nov	Sep	2.70%	2.80%	-0.40%
Monthly Wholesale Prices YoY%	14-Nov	Oct	7.81%	7.90%	--
Japan	Date	Period	Prior	Cons.	Actual
Tertiary Industry Index (MoM)	12-Nov	Sep	0.40%	-0.10%	0.30%
Gross Domestic Product (QoQ)	12-Nov	3Q P	0.20%	-0.90%	-0.90%
GDP Annualized	12-Nov	3Q P	0.70%	-3.40%	-3.50%
Machine Tool Orders (YoY)	12-Nov	Oct P	-2.80%	--	-6.70%
Malaysia	Date	Period	Prior	Cons.	Actual
GDP YoY%	16-Nov	3Q	5.40%	4.80%	--
Philippines	Date	Period	Prior	Cons.	Actual
Overseas Remittances (YoY)	15-Nov	Sep	7.60%	7.00%	--
Singapore	Date	Period	Prior	Cons.	Actual
GDP (annualized) (QoQ)	11-18 NOV	3Q F	-1.50%	--	--
GDP (YoY)	11-18 NOV	3Q F	1.30%	--	--
Retail Sales (YoY)	15-Nov	Sep	3.20%	3.90%	--
Non-oil Domestic Exports (YoY)	16-Nov	Oct	-3.40%	2.40%	--
South Korea	Date	Period	Prior	Cons.	Actual
Unemployment Rate (SA)	14-Nov	Oct	3.10%	3.10%	--

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.	2079.3	0.5	-1.6	-5.5	-16.2
	Hong Kong - Hang Seng	21430.3	0.2	-2.6	16.3	12.0
	Taiwan - Weighted	7267.8	-0.3	1.1	2.8	-1.4
	Japan - Nikkei 225	8676.4	-0.9	-3.7	2.6	1.9
	Korea - Kospi	1900.9	-0.2	-0.4	4.1	2.0
	India - Sensex 30	18631.9	-0.3	-0.7	20.6	8.4
	Australia - SPX/ASX 200	4448.0	-0.3	-0.6	9.7	3.5
	Singapore - Strait Times	3004.4	-0.2	-0.9	13.5	7.6
	Indonesia - Jakarta Comp	4318.6	-0.3	0.4	13.0	14.3
	Thailand - SET	1294.0	0.2	-1.0	26.2	33.3
	Malaysia - KLCI	1637.6	-0.2	-1.0	7.0	11.5
Philippines - Manila Comp.	5470.7	0.0	0.2	25.1	26.8	

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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)	6.23	0.22	0.25	6.29	6.34
	Hong Kong (HKD/USD)	7.75	0.01	-0.01	7.75	7.75
	Taiwan (TWD/USD)	29.0	0.06	0.87	28.80	28.55
	Japan (JPY/USD)	79.48	0.01	1.02	79.41	79.13
	Korea (KRW/USD)	1089	-0.07	0.23	1095	1106
	India (INR/USD)	55.0	-0.43	-0.70	55.89	58.14
	Australia (USD/AUD)	1.04	0.28	0.49	0.97	0.99
	Singapore (SGD/USD)	1.22	0.05	0.07	1.22	1.22
	Indonesia (IDR/USD)	9638	-0.04	-0.05	9716	10093
	Thailand (THB/USD)	30.6	0.00	0.55	30.80	31.21
	Malaysia (MYR/USD)	3.06	-0.02	-0.01	3.08	3.12
Philippines (PHP/USD)	41.1	-0.08	0.37	41.08	41.08	

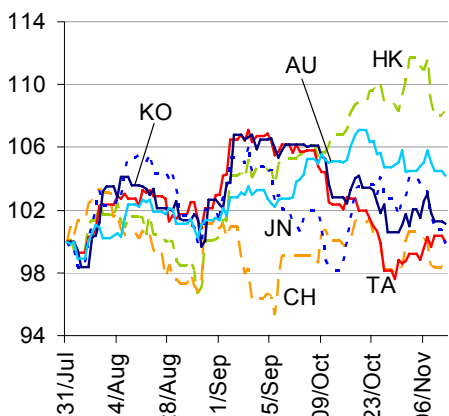
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.07	-0.03	-0.06	-0.09
	Hong Kong (HIBOR/1W)	0.13	0.00	0.00	-0.02
	Taiwan (TAIBOR/1W)	0.59	0.00	-0.01	-0.03
	Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01
	Korea (KORIBOR/1M)	2.78	0.00	0.00	-0.23
	India (MIBOR/7D)	3.48	0.37	0.16	0.01
	Singapore (SIBOR/1W)	0.25	0.00	0.00	-0.06
	Indonesia (JIBOR/1W)	4.28	0.00	-0.01	0.02
	Thailand (BIBOR/1W)	2.78	0.00	0.00	-0.24
	Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00
	Philippines (PHIBOR/1W)	1.50	0.06	-0.44	-0.56

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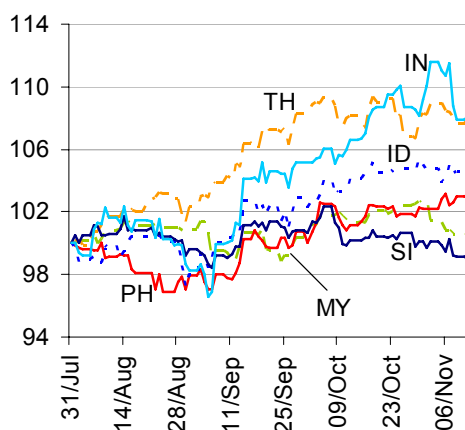
Charts

Chart 1
Stock Markets



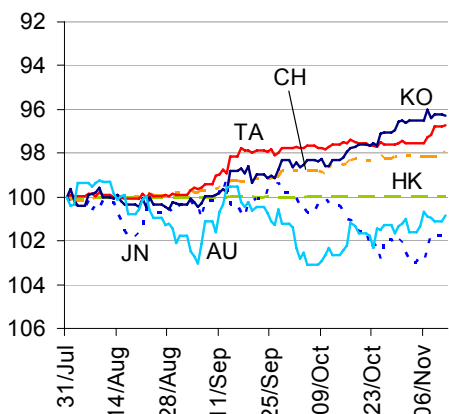
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



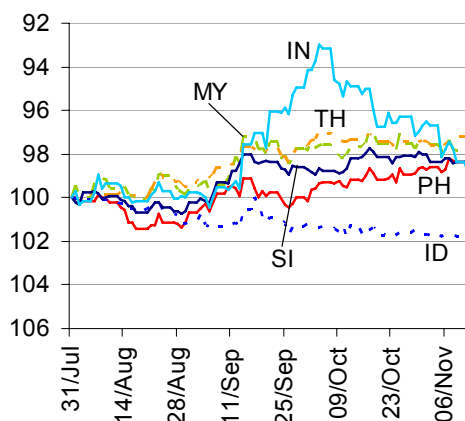
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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