

Daily Flash

Asia

Upon the conclusion yesterday of China's 18th National Party Congress, the full leadership line-up was announced today (see below), marking a significant step in the once-in-a-decade transition, which will conclude in March 2013. Analysts were generally positive – there were few surprises, and economic policy and reforms are expected to stay on track – although those who hoped for a significant shift toward “reformers” are likely to have been disappointed. Separately, most Asian equity indices fell today on spillovers of negative sentiment on Wall Street, with the exception of Japan (+1.9%) which rose on expectations that exporters will benefit from a sudden decline in the yen, to 81.0 per USD, its weakest level since April. In the meantime, we will be watching for the release tomorrow of the next batch of 3Q GDP numbers in the region (Hong Kong and Malaysia).

China's new leadership team settled

As expected, the composition of China's new leadership team was finalized today. In addition to yesterday's confirmation that Xi Jinping (current Vice President) and Li Keqiang will take over as President and Premier, respectively, the rest of the Politburo's Standing Committee members were announced. The notable outcomes: (i) on balance, a team of relative “conservatives”; (ii) a reduction in the size of the new Standing Committee to 7 members from 9 previously, as had been rumored; and (iii) President Hu to step down from his position as Chairman of the Military. Taken together, these elements mean that the direction of political and economic reforms should remain intact, although an acceleration is unlikely. The downsizing of the Committee bodes well for the implementation of policies, and Hu's relinquishment of the Military role is seen to have ushered in a clean transition, with diminished prospects of interference by the old leadership. The President-in-waiting, Xi Jinping, delivered a speech today that was well-received by the broader public for its emphasis on improving social well-being, in contrast to previous the transition speeches of previous decades which were heavy on Communist Party propoganda.

Singapore's retail sales decline by more than expected in September

Singapore's retail sales contracted in September by -0.5% m/m (consensus: 1.5% m/m) after a 1.0% m/m expansion in August, as motor vehicle sales and food & beverage sales weakened. Taken in a broader context, Singapore's economy has been slowing (third quarter growth was a seasonally adjusted annualized -1.5%), but domestic demand had previously proved to be resilient due to a tight labor market, providing a partial offset to weak exports. However, today's outturn shows the domestic economy is still under downward pressure, despite increasingly positive data outturns around the region that suggest a bottoming out of the slowdown.

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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) | 12-Nov | Oct | 14.80% | 14.50% | 14.10% |
| 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% | 7.45% |
| 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 |
| Total Exports (YoY) | 13-Nov | Sep | -9.00% | 4.60% | 22.80% |
| 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% | 2.50% |
| 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% | 3.00% |

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. | 2030.3 | -1.2 | -2.0 | -7.7 | -19.7 |
| Hong Kong - Hang Seng | 21108.9 | -1.6 | -2.1 | 14.5 | 9.1 | |
| Taiwan - Weighted | 7143.8 | -0.2 | -1.4 | 1.0 | -4.6 | |
| Japan - Nikkei 225 | 8829.7 | 1.9 | -0.1 | 4.4 | 3.4 | |
| Korea - Kospi | 1870.7 | -1.2 | -2.3 | 25 | -0.8 | |
| India - Sensex 30 | 18454.7 | -0.9 | -1.9 | 19.4 | 7.3 | |
| Australia - SPX/ASX 200 | 4349.3 | -0.9 | -3.0 | 7.2 | 1.5 | |
| Singapore - Strait Times | 2945.9 | -1.1 | -3.2 | 11.3 | 4.8 | |
| Indonesia - Jakarta Comp | 4351.3 | 0.4 | 0.0 | 13.8 | 14.1 | |
| Thailand - SET | 1274.0 | -0.4 | -1.5 | 24.3 | 29.3 | |
| Malaysia - KLCI | 1631.7 | -0.4 | -0.8 | 6.6 | 10.5 | |
| Philippines - Manila Comp. | 5414.8 | -0.7 | -0.6 | 23.9 | 24.1 | |

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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 | -0.14 | 0.14 | 6.29 | 6.33 |
| Hong Kong (HKD/USD) | 7.75 | -0.01 | 0.00 | 7.75 | 7.75 | |
| Taiwan (TWD/USD) | 29.1 | -0.08 | 0.14 | 28.88 | 28.62 | |
| Japan (JPY/USD) | 80.96 | -0.88 | -1.84 | 80.88 | 80.58 | |
| Korea (KRW/USD) | 1087 | -0.15 | 0.27 | 1091 | 1102 | |
| India (INR/USD) | 54.8 | 0.14 | -0.78 | 55.66 | 57.91 | |
| Australia (USD/AUD) | 1.03 | -0.33 | -0.61 | 0.97 | 0.99 | |
| Singapore (SGD/USD) | 1.22 | -0.13 | 0.01 | 1.22 | 1.22 | |
| Indonesia (IDR/USD) | 9629 | 0.01 | 0.03 | 9671 | 10008 | |
| Thailand (THB/USD) | 30.7 | -0.03 | -0.07 | 30.86 | 31.28 | |
| Malaysia (MYR/USD) | 3.07 | -0.10 | -0.16 | 3.08 | 3.12 | |
| Philippines (PHP/USD) | 41.3 | -0.29 | -0.47 | 41.21 | 41.21 | |

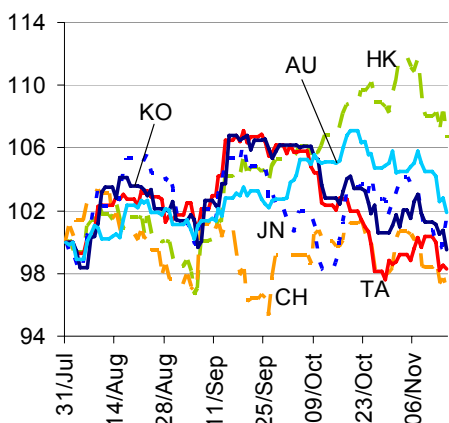
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| INTERBANK RATES | INDEX | Rate | net change over a day | net change over a week | net change over a month |
|-------------------------|-------------------|------|-----------------------|------------------------|-------------------------|
| | China (SHIBOR/7D) | 3.35 | -0.01 | 0.25 | 0.57 |
| Hong Kong (HIBOR/1W) | 0.13 | 0.00 | 0.00 | -0.02 | |
| Taiwan (TAIBOR/1W) | 0.59 | 0.00 | 0.00 | -0.03 | |
| Japan (TIBOR/1Y) | 0.76 | 0.00 | 0.01 | 0.01 | |
| Korea (KORIBOR/1M) | 2.78 | 0.00 | 0.00 | 0.00 | |
| India (MIBOR/7D) | 3.40 | 0.05 | 0.05 | -0.20 | |
| Singapore (SIBOR/1W) | 0.25 | 0.00 | 0.00 | 0.00 | |
| Indonesia (JIBOR/1W) | 4.28 | 0.00 | 0.00 | 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) | 1.94 | 0.00 | 0.63 | 0.06 | |

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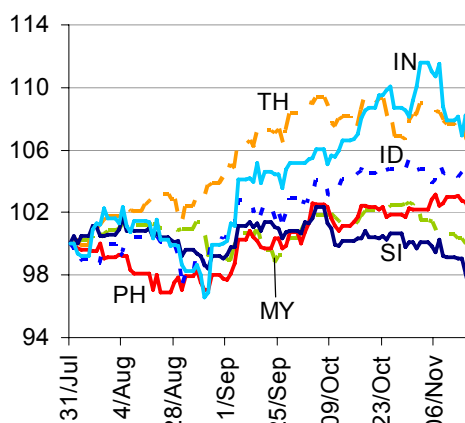
Charts

Chart 1
Stock Markets



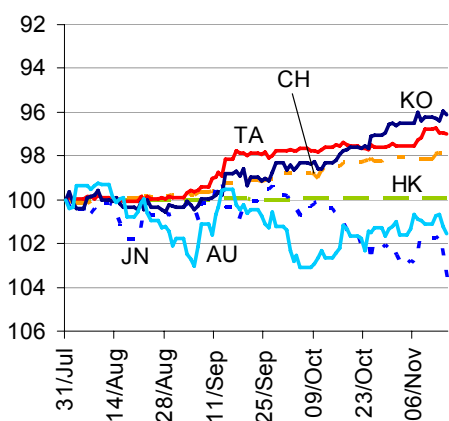
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



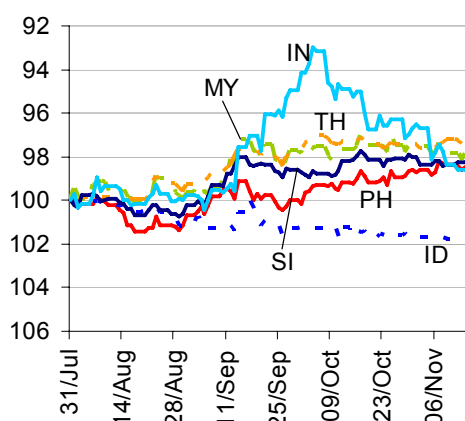
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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