

# Daily Flash

## Asia

### China: December CEWC meeting will offer fresh details on policy targets

Reports by local media state that China's Central Economic Work Conference (CEWC) will be held in Beijing in mid-December (the exact date has not been reported). Authorities are expected to set a series of growth targets for 2013, including the official GDP, CPI, and M2 growth rates. As this will be the first year after the completion of China's once-a-decade leadership transition, the conference is also expected to provide details about any policy reform agenda. China's local media also reported an anonymous source suggesting that the "official" GDP growth target for 2013 will likely be set at 7.5% (BBVA: 7.9% y/y), in line with the latest goal of doubling real GDP by 2020 unveiled in the 18th National Party Congress (equivalent to at least 7.2% GDP growth for 2011-20).

### India: Divestment process begins; winter parliament session in focus

Last Friday the Indian government kick-started its divestment process by selling its 5.6% stake in a state-owned copper producer, in turn raising Rs. 8.1bn (about US\$150mn). Looking ahead, six more public sector companies, mainly in the metals and energy industries, have been lined up for potential stake sales during the course of this fiscal year, with the Government expecting to raise Rs. 300bn. Faced with uncertain financial markets, meeting the divestment target presents a challenge to India meeting its FY13 fiscal deficit target of 5.3% of GDP (BBVA est: 5.7% of GDP). Meanwhile, the week ahead promises to be eventful for India as investors eye the ongoing winter session of parliament to see whether there will be passage of key legislative measures, including those on banking, insurance and pension (the session ends on December 20th). Furthermore, India reports its Q3 GDP outturn (see Weekly Indicator) on November 30th, which will provide information regarding possible policy easing by the RBI.

### Singapore's industrial production remains weak

Industrial production for October fell by -2.1% y/y (consensus: -0.7% y/y) after a -2.8% y/y decline in September, as demand for electronics declined by -6.0% y/y. The outturn shows that challenges remain for Asia's growth momentum due to lingering uncertainties about the global environment, which is leaving the more open economies such as Singapore, Korea, and Hong Kong particularly vulnerable. That said, we think growth is bottoming out in Singapore and expect to see a slight rebound in growth momentum in the first quarter of 2013 on improving external demand (BBVA GDP forecast for 2013: 2.6% y/y).

### Thailand's exports rebound in October due to base effects

Thailand's exports climbed by 15.6% y/y in October (consensus: 20.0%) from 0.2% y/y the prior month on a strong base effect, as October last year was the first month in which exports were dragged down by enormous flooding in the country. For Thailand, the focus will now turn to the Bank of Thailand's (BoT) policy meeting on Wednesday, where we expect a 25 bps cut given weak exports and low inflation, though it will be a very close call - the BoT may hold off for now in order to see whether the external environment improves.

### Briefly noted:

- **Vietnam's inflation edged higher**, to 7.1% y/y in November from 7.0% y/y in September. Looking ahead, inflation is expected to rise on lag effects from government policies - the government has already enacted five interest rate cuts so far in 2012, while also implementing expansionary fiscal policies.

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## Calendar Indicators

<b>China</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Industrial Profits YTD YoY	27-Nov	Oct	-1.80%	--	--
<b>Hong Kong</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Exports YoY%	27-Nov	Oct	15.20%	6.00%	--
Imports YoY%	27-Nov	Oct	14.90%	9.50%	--
Retail Sales - Value (YoY)	29-Nov	Oct	9.40%	6.70%	--
<b>India</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Qtrly GDP YoY%	30-Nov	3Q	5.50%	5.20%	--
<b>Japan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Retail Trade YoY	29-Nov	Oct	0.40%	-0.80%	--
Jobless Rate	30-Nov	Oct	4.20%	4.20%	--
Natl CPI YoY	30-Nov	Oct	-0.30%	-0.40%	--
Natl CPI Ex-Fresh Food YoY	30-Nov	Oct	-0.10%	-0.10%	--
Tokyo CPI Ex-Fresh Food YoY	30-Nov	Nov	-0.40%	-0.40%	--
Industrial Production (MoM)	30-Nov	Oct P	-4.10%	-2.00%	--
Industrial Production YOY%	30-Nov	Oct P	-8.10%	-8.00%	--
<b>Malaysia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Unemployment Rate	30-Nov	3Q	3.00%	--	--
<b>Philippines</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
GDP (YoY)	28-Nov	3Q	5.90%	5.40%	--
<b>Singapore</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Industrial Production MoM SA	26-Nov	Oct	-1.80%	5.40%	3.30%
Industrial Production YoY	26-Nov	Oct	-2.50%	-0.70%	-2.10%
<b>South Korea</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Current Account in US\$ Million	28-Nov	Oct	\$6066.2M	--	--
Industrial Production (MoM)	30-Nov	Oct	0.80%	1.00%	--
Industrial Production (YoY)	30-Nov	Oct	0.70%	1.00%	--
<b>Thailand</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Customs Exports (YoY)	26-Nov	Oct	0.20%	20.00%	15.57%
Mfg. Production Index ISIC NSA (YoY)	27-Nov	Oct	-13.68	29.5	--
<b>Vietnam</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI (YoY)	24-Nov	Nov	7.00%	--	7.08%
Exports YTD (YoY)	26-30 NOV	Nov	18.40%	--	--

## Indicator of the Week

### India: Q3 2012 GDP Growth (November 30th)

Forecast: 5.7% y/y

Consensus: 5.2%

Prior: 5.5% y/y

Recent macro developments paint a mixed picture for India's economy given the revival in policy reforms, weak factory activity, high and sticky retail inflation, and unexpected easing in WPI inflation. Furthermore, a widening trade deficit and fiscal woes, amid slippages in non-tax revenues, have dragged on the rupee. Against this backdrop, the outturn for Q3 GDP growth will be a key input for the Reserve Bank of India in timing its rate-cut cycle. While RBI's cautious stance over inflation suggests reasonable likelihood of further policy easing in 1Q13, a negative surprise in Q3 GDP growth would add to the case for a December policy action. That said, inflation prints in the run up to the next policy meeting will also warrant close attention. We expect a shallow recovery for India, starting in Q3, with overall GDP growth slowing to 5.6% for full year 2012, down from 7.5% in 2011.

## Calendar Events

### Thailand - Benchmark Interest Rate, November 28

We expect a 25 bps cut in the benchmark rate

**Current**

2.75%

**Consensus**

2.75%

**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.	2017.5	-0.5	0.0	-8.3	-15.2
Hong Kong - Hang Seng	21861.8	-0.2	2.8	18.6	23.6	
Taiwan - Weighted	7407.4	1.1	3.9	4.7	9.2	
Japan - Nikkei 225	9388.9	0.2	4.0	11.0	12.9	
Korea - Kospi	1908.5	-0.1	1.6	4.5	7.4	
India - Sensex 30	18542.5	0.2	1.1	20.0	18.1	
Australia - SPX/ASX 200	4424.2	0.3	1.4	9.1	11.0	
Singapore - Strait Times	3004.5	0.5	1.8	13.5	13.6	
Indonesia - Jakarta Comp	4375.2	0.6	1.4	14.5	20.3	
Thailand - SET	1290.3	0.7	0.5	25.8	33.4	
Malaysia - KLCI	1607.9	-0.4	-1.0	5.0	12.3	
Philippines - Manila Comp.	5579.4	0.5	2.4	27.6	30.9	

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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	0.05	0.15	6.28	6.33
Hong Kong (HKD/USD)	7.75	0.00	0.03	7.75	7.75	
Taiwan (TWD/USD)	29.1	0.10	0.21	28.89	28.61	
Japan (JPY/USD)	82.06	0.41	-0.79	81.98	81.68	
Korea (KRW/USD)	1085	0.06	0.14	1090	1101	
India (INR/USD)	55.8	-0.48	-1.29	56.68	58.98	
Australia (USD/AUD)	1.04	-0.17	0.30	0.96	0.99	
Singapore (SGD/USD)	1.22	0.00	0.06	1.22	1.22	
Indonesia (IDR/USD)	9600	0.51	0.33	9673	10025	
Thailand (THB/USD)	30.7	0.03	0.00	30.86	31.27	
Malaysia (MYR/USD)	3.05	0.20	0.31	3.07	3.11	
Philippines (PHP/USD)	41.0	0.11	0.42	40.97	40.95	

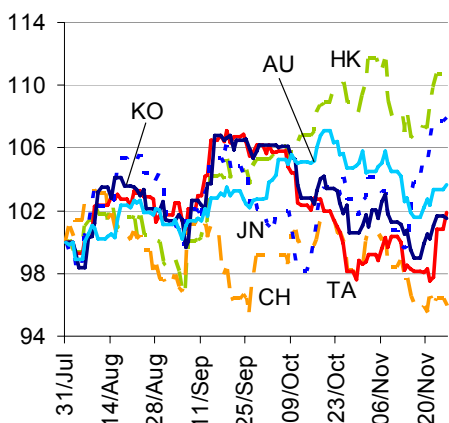
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	2.84	0.00	-0.36	-0.69
Hong Kong (HIBOR/1W)	0.13	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.58	0.00	0.00	-0.02	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.78	0.00	0.00	0.00	
India (MIBOR/7D)	2.89	0.06	-0.36	-3.11	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.29	0.00	0.00	0.00	
Thailand (BIBOR/1W)	2.78	0.00	0.00	0.00	
Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00	
Philippines (PHIBOR/1W)	1.06	-0.44	-1.38	-0.81	

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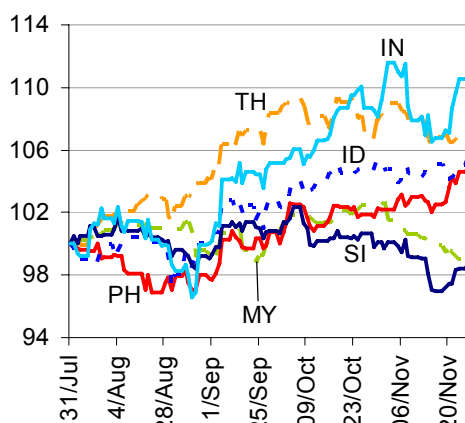
# Charts

Chart 1  
Stock Markets



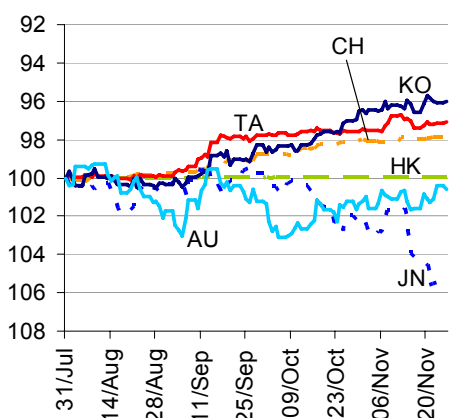
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



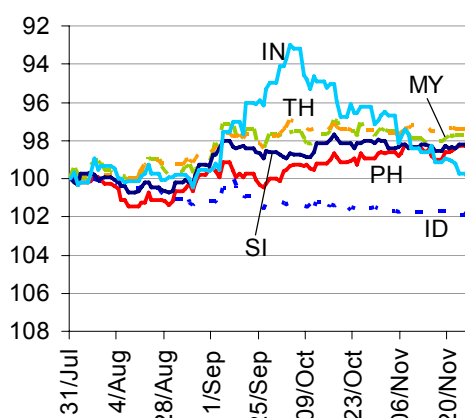
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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