Daily Flash

Asia

Hong Kong issues measures to support liquidity in the offshore RMB market

The Hong Kong Monetary Authority (HKMA) unveiled two new measures today to support liquidity in the offshore RMB (CNH) market: (i) to establish a facility to provide banks with RMB liquidity through the HKMA's existing RMB 400 billion swap line with the PBoC; (ii) to permit banks to include additional forms of liquid RMB assets in the calculation of the statutory liquidity ratio. The move is in reaction to tighter RMB liquidity conditions due to recent deposit withdrawals. Over the longer term, these steps should facilitate Hong Kong's role as a dominant offshore RMB center.

India's headline inflation rises, but core inflation remains benign

As discussed in today's *India Flash*, India's wholesale price inflation moved higher in May, up to 7.55% y/y (consensus: 7.5%) from 7.23% the previous month, driven mainly by higher food and fuel prices. However, benign core inflation (4.8% y/y) and lower oil prices provide room for further monetary policy easing to support growth. We expect the RBI to ease the repo rate and cash reserve ratio by 25 bps each on June 18.

Philippines holds rates, as expected; exports beat estimates

The central bank kept interest rates unchanged at 4.0% today, as widely expected. We expect accommodative monetary and fiscal policies to help the Philippines sustain its growth momentum in the coming months, despite external headwinds. Also today, the Philippines reported April exports at 7.6% y/y, which came in well above consensus (0.5% y/y). The outturn continued a recent round of positive news for the Philippines, including first quarter GDP that also was well above estimates (4.3% y/y, consensus: 3.3% y/y), and Moody's upgrade in late May of the Philippines' sovereign outlook to positive from stable.

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Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
New Yuan Loans	11-Jun	MAY	681.8B	700.0B	793.2B
Money Supply - M2 (YoY)	11-Jun	MAY	12.80%	12.90%	13.20%
Actual FDI (YoY)	14-18 JUN	MAY	-0.70%	-1.60%	--
Hong Kong	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Industrial Production (YoY)	14-Jun	1Q	-2.20%	--	-1.60%
India	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Industrial Production YoY	12-Jun	APR	-3.50%	1.70%	0.10%
Monthly Wholesale Prices YoY%	14-Jun	MAY	7.23%	7.50%	7.55%
Japan	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Japan Money Stock M2 YoY	11-Jun	MAY	2.60%	2.50%	2.10%
Japan Money Stock M3 YoY	11-Jun	MAY	2.30%	2.20%	1.90%
Machine Tool Orders (YoY)	11-Jun	MAY P	0.40%	--	-2.90%
Tertiary Industry Index (MoM)	12-Jun	APR	-0.60%	0.30%	-0.30%
Machine Orders (MoM)	13-Jun	APR	-2.80%	1.60%	5.70%
Machine Orders YOY%	13-Jun	APR	-1.10%	4.90%	6.60%
Capacity Utilization (MoM)	14-Jun	APR F	1.30%	--	-0.60%
Industrial Production (MoM)	14-Jun	APR F	0.20%	--	-0.20%
Industrial Production YOY%	14-Jun	APR F	13.40%	--	12.90%
Malaysia	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Industrial Production YoY	11-Jun	APR	0.60%	2.00%	3.20%
Philippines	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Total Exports (YoY)	14-Jun	APR	-1.20%	0.50%	7.60%
Unemployment Rate	15-Jun	APR	7.20%	--	--
Overseas Remittances (YoY)	15-Jun	APR	5.00%	--	--
Singapore	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Non-oil Domestic Exports (YoY)	11-Jun	MAY	8.30%	3.00%	3.20%
Retail Sales (YoY)	15-Jun	APR	9.10%	6.10%	--
South Korea	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Unemployment Rate (SA)	13-Jun	MAY	3.40%	3.40%	3.20%

Calendar Events

	Current	Consensus	New
Indonesia – Bank Indonesia Reference Rate, June 12			
We expected the benchmark rate to remain unchanged	5.75%	5.75%	5.75%
Thailand – Benchmark Interest Rate, June 13			
We expected the benchmark rate to remain unchanged	3.00%	3.00%	3.00%
Philippines – Overnight Borrowing Rate, June 14			
We expected the benchmark rate to remain unchanged	4.00%	4.00%	4.00%
Japan – Bank of Japan Target Rate, June 15			
We expect the benchmark rate to remain unchanged	0.10%	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.	2295.9	-1.0	0.1	4.4	-15.9
Hong Kong – Hang Seng	18808.4	-1.1	0.7	2.0	-16.4
Taiwan – Weighted	7075.1	-0.2	-0.1	0.0	-19.9
Japan – Nikkei 225	8568.9	-0.2	-0.8	1.3	-10.3
Korea – Kospi	1871.5	0.7	1.3	2.5	-9.9
India – Sensex 30	16718.5	-1.0	0.4	8.2	-8.7
Australia – SPX/ASX 200	4042.2	-0.5	-0.3	-0.4	-11.8
Singapore – Strait Times	2773.8	-0.5	0.5	4.8	-9.3
Indonesia – Jakarta Comp	3791.6	-1.8	-1.3	-0.8	0.5
Thailand – SET	1154.3	-0.3	3.2	12.6	11.5
Malaysia – KLCI	1570.9	-0.3	-0.3	2.6	1.4
Philippines – Manila Comp.	5020.9	-1.7	1.1	14.8	21.3

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)	6.37	-0.03	-0.11	6.37	6.42
Hong Kong (HKD/USD)	7.76	0.01	0.00	7.76	7.75
Taiwan (TWD/USD)	29.9	0.04	-0.22	29.87	29.57
Japan (JPY/USD)	79.34	0.18	0.37	79.24	78.76
Korea (KRW/USD)	1166	0.17	0.44	1174	1184
India (INR/USD)	55.8	-0.25	-1.58	56.91	59.06
Australia (USD/AUD)	0.99	0.01	0.41	1.01	1.03
Singapore (SGD/USD)	1.28	0.02	-0.45	1.28	1.28
Indonesia (IDR/USD)	9449	-0.20	0.11	9624	10049
Thailand (THB/USD)	31.6	-0.16	0.29	31.73	32.16
Malaysia (MYR/USD)	3.19	-0.22	-0.72	3.20	3.23
Philippines (PHP/USD)	42.6	0.01	1.25	42.77	43.19

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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)	2.70	0.00	0.00	-0.46
Hong Kong (HIBOR/1W)	0.13	0.00	0.00	0.00
Taiwan (TAIBOR/1W)	0.67	0.00	0.00	0.01
Japan (TIBOR/1Y)	0.76	0.00	0	0
Korea (KORIBOR/1M)	3.36	0.00	0.00	-0.01
India (MIBOR/7D)	2.70	-0.50	-0.18	-0.75
Singapore (SIBOR/1W)	0.31	0.00	0.00	0.06
Indonesia (JIBOR/1W)	4.11	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)	3.44	0.00	0.06	-0.25

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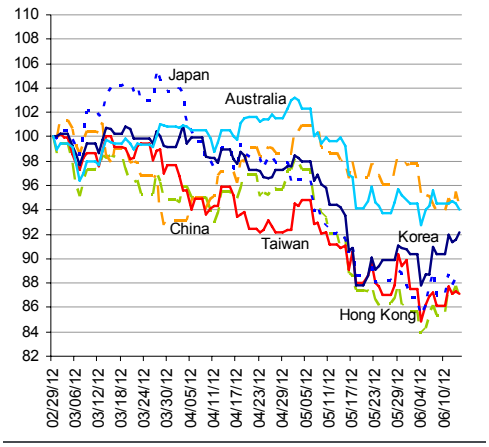
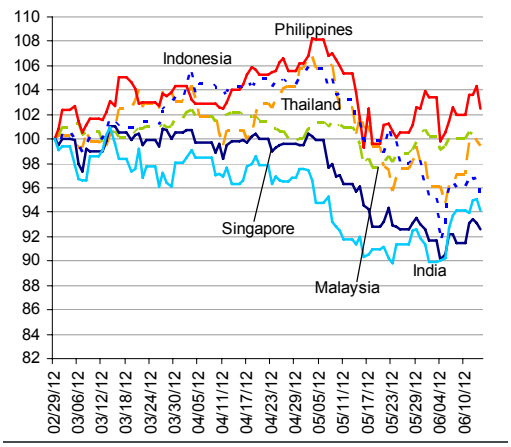
Charts

Chart 9
Stock Markets



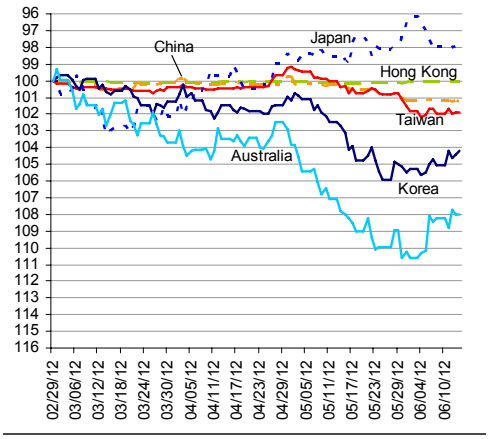
Source: BBVA Research and Bloomberg

Chart 10
Stock Markets



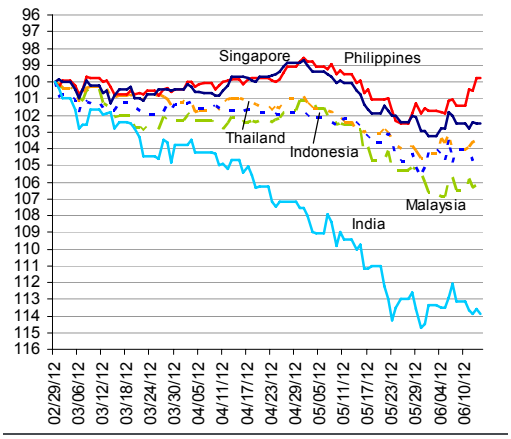
Source: BBVA Research and Bloomberg

Chart 11
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 12
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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