

Asia Flash

Asia

Australia Q3 GDP remains sluggish on weak mining investment

GDP growth came in marginally below expectations at 0.6% q/q sa (consensus: 0.7%) on weak investment. While quarterly outturns this year have been in line with our full-year growth projection of 2.6%, given historical revisions to the growth figures announced today, we are likely to revise our projection downward slightly. Today's outturn increases the chances of another rate cut by the RBA in early 2014, as reflected in a sharp decline in the AUD today to 90.2 against the USD, its weakest level in three months. Nevertheless, the latest monthly activity indicators (retails sales and housing investment) have shown some strength, and at its policy meeting yesterday the Reserve Bank of Australia kept rates on hold at 2.50%, repeating its statement that previous "easing has supported interest-sensitive spending and asset values," and that, "private demand outside the mining sector is expected to increase at a faster pace". The RBA cut rates by a cumulative 225 bps from November 2011 to August 2013. In recent months the RBA has stepped up its statements that a weakening of the currency would be useful to support growth.

RMB internationalization advances according to latest SWIFT data

In a posting on its website yesterday, SWIFT reported that the RMB has surpassed the EUR and JPY to become the world's second most used currency in trade finance, although it ranks considerably lower as a payments currency (in 12th place). According to SWIFT, as of October 2013 the USD accounted for 81.1% of global trade finance, followed by the RMB at 8.7%. Meanwhile, the Hong Kong and Singapore Exchanges announced today the signing of an MOU to collaborate in efforts to initiate more RMB-denominated products/services, and establish a framework to strengthen market connectivity and technology development. For more on the latest trends in RMB internationalization see our recent *Economic Watch*.

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Calendar Indicators

Australia	Date	Period	Prior	Cons.	Actual
Retail Sales MoM	03 Dec	Oct	0.90%	0.40%	0.50%
GDP SA QoQ	04 Dec	3Q	0.70%	0.70%	0.60%
GDP YoY	04 Dec	3Q	2.40%	2.60%	2.30%
China	Date	Period	Prior	Cons.	Actual
HSBC/Markit Manufacturing PMI	02 Dec	Nov	50.9	50.5	50.8
Non-manufacturing PMI	03 Dec	Nov	56.3	--	56.0
HSBC/Markit Services PMI	04 Dec	Nov	52.6	--	52.5
Imports YoY	08 Dec	Nov	7.60%	6.40%	--
Exports YoY	08 Dec	Nov	5.60%	6.30%	--
Indonesia	Date	Period	Prior	Cons.	Actual
CPI YoY	02 Dec	Nov	8.32%	8.45%	8.37%
Exports YoY	02 Dec	Oct	-6.90%	-2.60%	2.60%
Japan	Date	Period	Prior	Cons.	Actual
Capital Spending YoY	02 Dec	3Q	0.00%	3.60%	1.50%
Malaysia	Date	Period	Prior	Cons.	Actual
Exports YoY	06 Dec	Oct	5.60%	6.10%	--
Philippines	Date	Period	Prior	Cons.	Actual
CPI YoY	05 Dec	Nov	2.90%	3.50%	--
South Korea	Date	Period	Prior	Cons.	Actual
CPI YoY	02 Dec	Nov	0.70%	1.00%	0.90%
GDP SA QoQ	05 Dec	3Q F	1.10%	--	--
GDP YoY	05 Dec	3Q F	3.30%	--	--
Taiwan	Date	Period	Prior	Cons.	Actual
CPI YoY	05 Dec	Nov	0.64%	1.00%	--
Thailand	Date	Period	Prior	Cons.	Actual
CPI YoY	02 Dec	Nov	1.46%	1.82%	1.92%

Calendar Events

Australia – RBA Cash Rate Target, Dec 03

We expect the benchmark rate to remain unchanged

Current

2.50%

Cons.

2.50%

New

2.50%

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.	2251.8	1.3	2.3	-0.8	14.0
	Hong Kong – Hang Seng	23728.7	-0.8	-0.3	4.7	8.8
	Taiwan – TAIEX	8418.0	0.3	1.5	9.3	10.7
	Japan – Nikkei 225	15407.9	-2.2	-0.3	48.2	63.4
	Korea – Kospi	1986.8	-1.1	-2.1	-0.5	2.7
	India – Sensex 30 *	20708.7	-0.7	1.4	6.6	7.0
	Australia – SPX/ASX 200	5273.8	0.3	-1.1	13.4	17.1
	Singapore – Strait Times	3160.7	-0.8	-0.4	-0.2	3.2
	Indonesia – Jakarta Comp	4241.3	-1.1	-0.2	-1.7	-0.7
	Thailand – SET	1376.6	-0.5	0.3	-1.1	3.5
	Malaysia – KLCI	1821.9	-0.1	1.3	7.9	13.3
	Philippines – Manila Comp.	6105.2	-1.2	0.8	5.0	7.0

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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)	6.09	0.02	0.03	6.13	6.15
	Hong Kong (HKD/USD)	7.75	-0.01	0.00	7.75	7.75
	Taiwan (TWD/USD)	29.6	-0.01	0.03	29.49	29.21
	Japan (JPY/USD)	102.57	-0.06	-0.40	102.51	102.28
	Korea (KRW/USD)	1060	0.07	0.06	1067	1079
	India (INR/USD)	62.2	0.24	-0.10	63.63	67.48
	Australia (USD/AUD)	0.90	-1.29	-0.66	1.12	1.14
	Singapore (SGD/USD)	1.26	-0.22	0.00	1.26	1.25
	Indonesia (IDR/USD)	11986	-0.82	-0.83	12455	13325
	Thailand (THB/USD)	32.3	-0.31	-0.46	32.60	33.12
	Malaysia (MYR/USD)	3.22	-0.29	0.19	3.24	3.29
	Philippines (PHP/USD)	43.9	-0.33	-0.41	43.72	43.61

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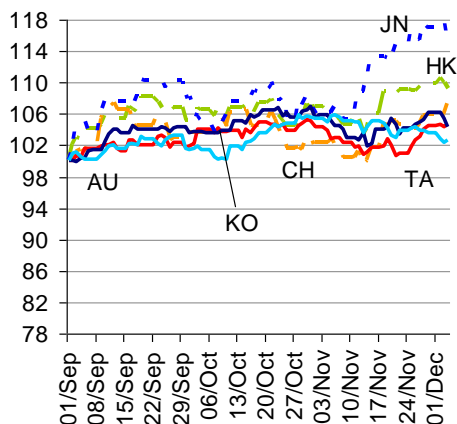
INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	4.56	-0.04	-0.10	0.14
	Hong Kong (HIBOR/1W)	0.14	0.00	0.00	0.00
	Taiwan (TAIBOR/1W)	0.51	0.00	0.00	0.00
	Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01
	Korea (KORIBOR/1M)	2.56	0.00	0.00	0.00
	India (MIBOR/7D)	4.67	0.05	-0.04	-1.33
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	6.48	0.01	0.02	0.38
	Thailand (BIBOR/1W)	2.77	0.00	0.00	0.00
	Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00
	Philippines (PHIBOR/1W)	1.25	0.00	-0.31	0.31

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Charts

Chart 1

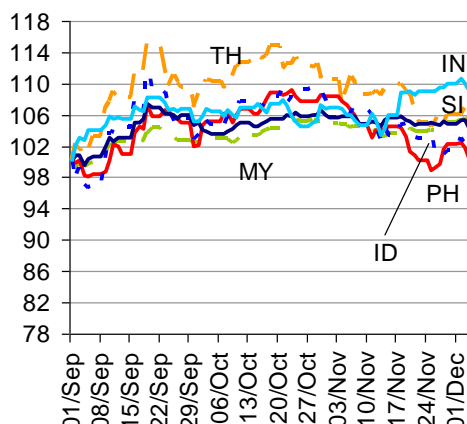
Stock Markets



Source: BBVA Research and Bloomberg

Chart 2

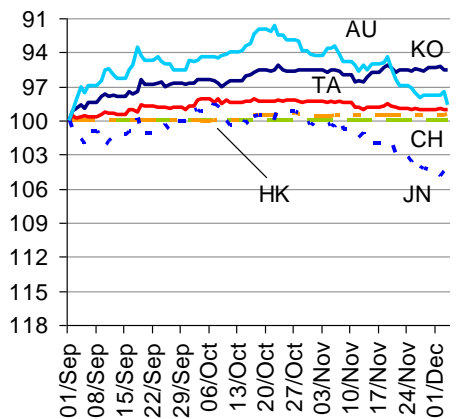
Stock Markets



Source: BBVA Research and Bloomberg

Chart 3

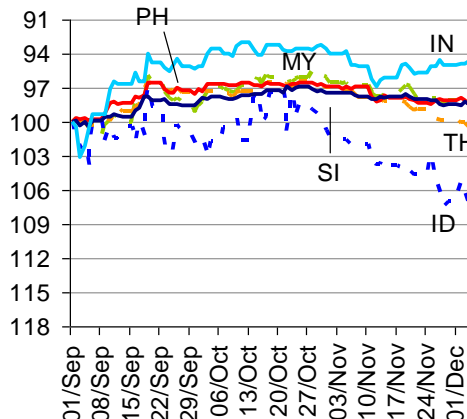
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4

Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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