

Daily Flash

Asia

Hong Kong awaits tomorrow's annual policy address

Hong Kong's Chief Executive, C Y Leung, who took office last July, will deliver his first annual policy address to the Legislative Council tomorrow. The address is expected to provide general policy outlines, which analysts expect will focus on social issues including housing affordability, pension reform and income disparities. Mr. Leung is expected to propose measures to boost land supply in order to contain soaring property prices, and it is always possible that new measures could be introduced to curb speculative purchases (as happened last Friday in Singapore). We expect growth to pick up in Hong Kong to 3.5% in 2013 from 1.4% in 2012, on resilient domestic demand and a gradual pickup in exports.

RBI introduces US dollar-rupee swap facility to enhance export credit

Yesterday, the Reserve Bank of India introduced a US dollar-rupee swap facility to support export credit finance by domestic banks. The swap facility will be effective from January 21st, 2013 until June 28th, 2013 and have an overall cap for the banking system at USD 6.5bn. In light of a weak rupee and slowing exports, RBI's move to create a separate US dollar window would enhance the flow of credit to India's export sector, which should prove to be supportive of the rupee.

Briefly noted:

Singapore's retail sales in November declined by -1.1% y/y (consensus: -0.3% y/y), as the economy remains subdued despite recent promising signs elsewhere in the region. At the same time, however, Singapore's Urban Redevelopment Authority announced today that Singapore's home sales rose to a record last year (22,699 units), with prices at an all-time high, as low interest rates and Singapore's perceived 'safe haven' status continues to attract property investors.

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Calendar Indicators

Australia	Date	Period	Prior	Cons.	Actual
Unemployment Rate	17 Jan	Dec	5.20%	5.40%	--
China	Date	Period	Prior	Cons.	Actual
China December Property Prices	18 Jan	Dec	--	--	--
Real GDP (YoY)	18 Jan	4Q	7.40%	7.80%	--
Industrial Production (YoY)	18 Jan	Dec	10.10%	10.20%	--
Fixed Assets Inv Excl. Rural YTD YoY	18 Jan	Dec	20.70%	20.70%	--
Retail Sales (YoY)	18 Jan	Dec	14.90%	15.00%	--
Hong Kong	Date	Period	Prior	Cons.	Actual
Unemployment Rate SA	17 Jan	Dec	3.40%	3.40%	--
Composite Interest Rate	17 Jan	Dec	0.34%	--	--
India	Date	Period	Prior	Cons.	Actual
WPI YoY%	14 Jan	Dec	7.24%	7.37%	7.18%
Japan	Date	Period	Prior	Cons.	Actual
Japan Money Stock M2 YoY	15 Jan	Dec	2.10%	2.10%	2.60%
Machine Orders YOY%	16 Jan	Nov	1.20%	-7.30%	--
Tertiary Industry Index (MoM)	17 Jan	Nov	-0.10%	0.10%	--
Industrial Production YOY%	18 Jan	Nov F	-5.80%	--	--
Philippines	Date	Period	Prior	Cons.	Actual
Overseas Remittances (YoY)	15 Jan	Nov	8.50%	5.00%	7.60%
Balance of Payments	18 Jan	Dec	\$2161M	--	--
Singapore	Date	Period	Prior	Cons.	Actual
Retail Sales (YoY)	15 Jan	Nov	-1.00%	-0.30%	-1.10%
Non-oil Domestic Exports (YoY)	17 Jan	Dec	-2.50%	-7.60%	--

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.	2325.7	0.6	2.2	2.5	3.6
Hong Kong - Hang Seng	23381.5	-0.1	1.2	3.2	21.8	
Taiwan - Weighted	7765.0	-0.8	0.6	0.9	8.1	
Japan - Nikkei 225	10879.1	0.7	2.6	4.7	28.0	
Korea - Kospi	1983.7	-1.2	-0.7	-0.7	5.8	
India - Sensex 30	20004.5	0.5	1.3	3.0	23.8	
Australia - SPX/ASX 200	4716.6	-0.1	0.6	1.5	12.4	
Singapore - Strait Times	3188.4	-0.6	-0.5	0.7	14.2	
Indonesia - Jakarta Comp	4400.8	0.4	0.1	1.9	11.8	
Thailand - SET	1421.9	-0.2	0.3	2.1	36.1	
Malaysia - KLCI	1684.3	0.0	-0.3	-0.3	10.6	
Philippines - Manila Comp.	6087.7	-0.1	0.6	4.7	31.9	

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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)	6.22	0.07	0.14	6.28	6.28
Hong Kong (HKD/USD)	7.75	-0.01	-0.03	7.75	7.74	
Taiwan (TWD/USD)	29.0	-0.01	0.26	28.82	28.49	
Japan (JPY/USD)	88.78	0.79	-1.95	88.72	88.42	
Korea (KRW/USD)	1057	-0.04	0.60	1063	1076	
India (INR/USD)	54.5	0.01	0.94	55.34	57.69	
Australia (USD/AUD)	1.06	0.00	0.60	0.95	0.97	
Singapore (SGD/USD)	1.22	0.07	0.35	1.22	1.22	
Indonesia (IDR/USD)	9868	-2.36	-0.42	9964	10298	
Thailand (THB/USD)	30.1	0.63	1.23	30.18	30.59	
Malaysia (MYR/USD)	3.01	0.23	1.07	3.02	3.07	
Philippines (PHP/USD)	40.6	0.23	0.58	40.39	40.25	

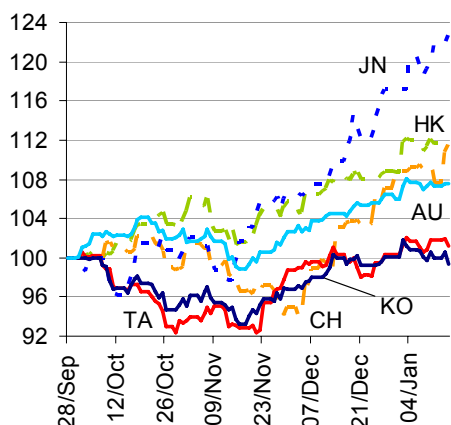
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	2.80	-0.05	-0.26	-0.20
Hong Kong (HIBOR/1W)	0.10	0.00	-0.03	-0.03	
Taiwan (TAIBOR/1W)	0.57	0.00	0.00	-0.01	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.78	0.00	-0.01	-0.01	
India (MIBOR/7D)	2.88	-0.05	-0.47	-0.12	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.29	0.00	0.01	-0.01	
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)	0.63	0.69	0.81	0.38	

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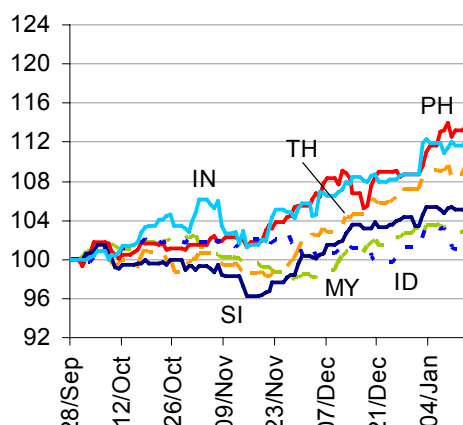
Charts

Chart 1
Stock Markets



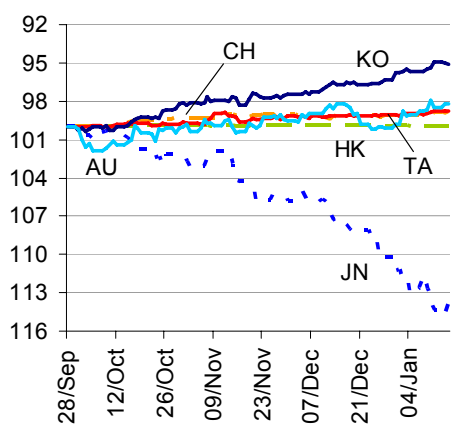
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



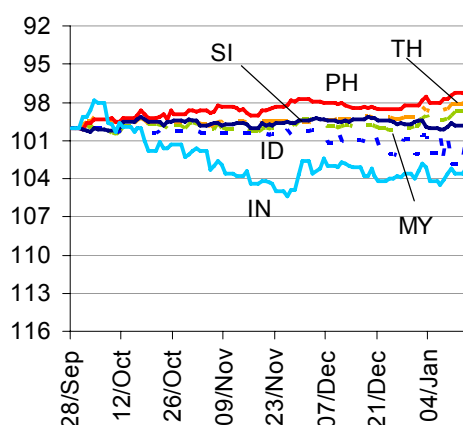
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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