

Daily Flash

Asia

Asian shares closed mostly down, ahead of tomorrow's release of key economic indicators in China, including Q4 GDP, and December industrial production, retail sales, and investment. Shares in Shanghai and Taiwan were each down by -1.1%, followed by Singapore (-0.4%), and Korea (-0.2%). The declines most likely reflect a retracement after the strong run-up so far this year on positive sentiment toward Europe and the US. We expect tomorrow's China indicators to show a further upturn in growth momentum, with Q4 GDP likely to rebound to 7.8% y/y, after bottoming out at 7.4% in Q3.

Weaker employment data in Australia adds to easing pressures on the RBA

Australia's unemployment rate ticked up to 5.4% in December from 5.2% in November, in line with expectations. But the month saw -5.5k in job losses (consensus: +4.0k). The weak data underscore continued softness in the domestic economy. While the outturn may increase pressure on the RBA to implement further rate cuts (following rate cuts of 125bps during the course of 2012) nonetheless, we believe the RBA will stay on hold at 3.0% at its next meeting in February, in light of an improving external outlook, especially for China, on which it depends for commodity demand.

Singapore's non-oil exports decline sharply in December

Bucking the overall improving trend in Asian exports, Singapore's non-oil domestic exports fell by -16.3% y/y in December (consensus: -7.6% y/y), on weakness in both the electronics (-19.1% y/y) and non-electronics (-14.8% y/y) sectors. Despite signs of a pickup elsewhere, especially in China, Singapore's export-oriented economy remains under pressure, which may keep growth muted in 2013 (BBVA forecast: 2.3% y/y).

Briefly noted:

- **Hong Kong's unemployment rate for the fourth quarter edged down** to 3.3% from 3.4% in Q3. The outturn mainly reflects resilience despite ongoing external uncertainties; however, as a regional trade center, Hong Kong's labor market remains vulnerable given the still weak global environment.
- **In its bid to address its fiscal woes**, the Indian government today announced partial decontrol of diesel prices by authorizing Indian oil companies to periodically revise prices by a small margin. Selling subsidized diesel has accentuated the losses of oil companies (Rs 527 bn during the first six months of FY13) while adding to India's problematic fiscal deficits.

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Calendar Indicators

Australia	Date	Period	Prior	Cons.	Actual
Unemployment Rate	17 Jan	Dec	5.20%	5.40%	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%	3.30%
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%	0.30%
Tertiary Industry Index (MoM)	17 Jan	Nov	-0.10%	0.10%	-0.30%
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%	-16.30%

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.	2284.9	-1.1	0.1	0.7	-0.6
Hong Kong - Hang Seng	23339.8	-0.1	-0.1	3.0	18.9	
Taiwan - Weighted	7616.6	-1.1	-2.5	-1.1	5.5	
Japan - Nikkei 225	10609.6	0.1	0.3	2.1	25.3	
Korea - Kospi	1974.3	-0.2	-1.6	-1.1	4.3	
India - Sensex 30	20006.0	1.0	1.7	3.0	21.5	
Australia - SPX/ASX 200	4756.6	0.4	0.7	2.3	12.8	
Singapore - Strait Times	3194.1	-0.4	-1.0	0.9	13.4	
Indonesia - Jakarta Comp	4398.4	-0.3	1.9	1.9	11.2	
Thailand - SET	1421.0	0.3	1.1	2.1	34.5	
Malaysia - KLCI	1680.8	-0.1	-0.2	-0.5	10.6	
Philippines - Manila Comp.	6072.2	0.4	0.9	4.5	30.8	

Last update: today, 17:00 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)	6.22	0.05	0.15	6.27	6.28
Hong Kong (HKD/USD)	7.75	-0.01	-0.02	7.75	7.75	
Taiwan (TWD/USD)	29.0	0.14	0.02	28.85	28.53	
Japan (JPY/USD)	88.84	-0.52	-0.07	88.77	88.46	
Korea (KRW/USD)	1058	0.06	0.21	1062	1075	
India (INR/USD)	54.3	0.81	0.59	55.05	57.47	
Australia (USD/AUD)	1.05	-0.45	-0.70	0.96	0.97	
Singapore (SGD/USD)	1.22	0.07	-0.06	1.22	1.22	
Indonesia (IDR/USD)	9650	0.19	2.25	9738	10085	
Thailand (THB/USD)	29.8	0.10	1.61	29.90	30.30	
Malaysia (MYR/USD)	3.02	0.12	0.48	3.03	3.07	
Philippines (PHP/USD)	40.6	0.19	0.13	40.45	40.32	

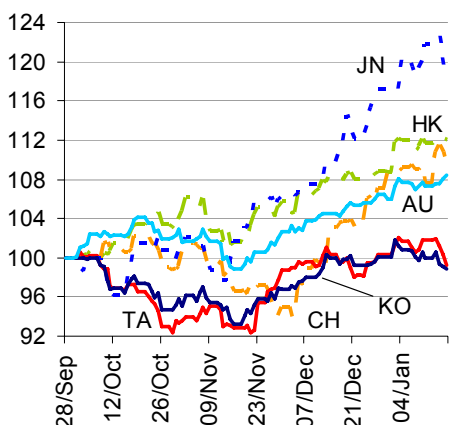
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	2.30	-0.52	-0.45	-0.76
Hong Kong (HIBOR/1W)	0.10	0.00	-0.03	-0.03	
Taiwan (TAIBOR/1W)	0.57	0.00	0.00	-0.01	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.78	0.00	0.00	-0.01	
India (MIBOR/7D)	3.70	0.91	0.64	0.34	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.29	0.00	0.00	-0.02	
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)	1.25	0.63	0.88	0.69	

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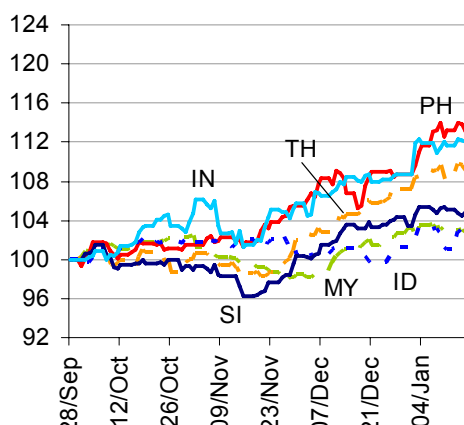
Charts

Chart 1
Stock Markets



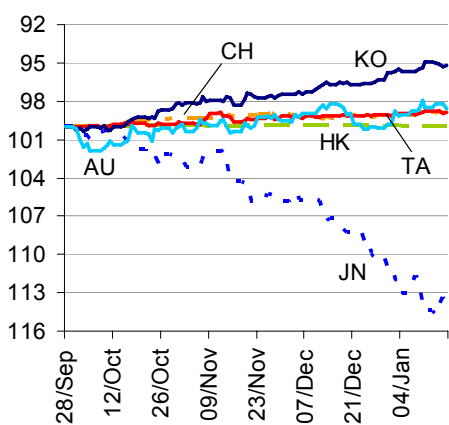
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



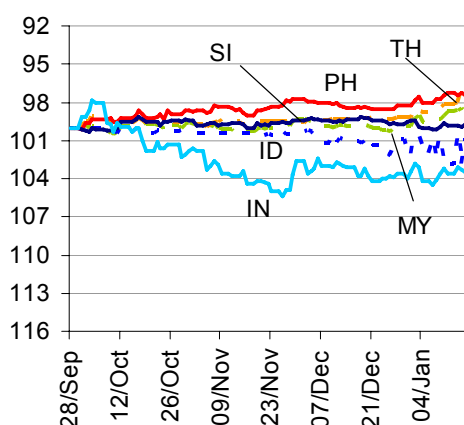
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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