

# Daily Flash

## Asia

*Strong GDP data in Taiwan and the Philippines (see below) failed to lift Asian equities, which fell in reaction to the downtrend in overseas markets following the weaker-than-expected Q4 GDP reading in the US. The focus now turns to tomorrow's PMI release in China (BBVA Forecast: 50.5), and the release of January inflation outturns in Indonesia, Korea and Thailand, along with exports in Korea (for January) and Indonesia (for December).*

### Taiwan Q4 GDP adds to signs of a regional upturn

Taiwan's preliminary Q4 GDP came in higher than expected, at 3.4% y/y (BBVA: 3.1%, consensus: 3.0%) from 1.0% y/y in Q3. The positive outturn brings full-year 2012 growth to 1.3%. On a sequential basis, the economy expanded by 1.5% q/q sa, up from 0.8% q/q sa in Q3. The data suggests that, along with China, the economy is on a mild recovery path driven by improved export demand along with better private consumption. We expect Taiwan's economic growth to accelerate to 3.5% in 2013, amid a gradual recovery in the external environment and closer ties with mainland China.

### Philippines GDP beats estimates by a wide margin

As the latest sign of strong growth in ASEAN, the Philippines today posted a robust Q4 GDP outturn, surpassing expectations by a wide margin (6.8% y/y vs. consensus: 6.3%). The outturn was underpinned by strong domestic demand as private and government consumption continue to support the economy. For the full year 2012, the Philippines grew by 6.6% -- the second best performance in Asia, after China (7.8%) -- and well above the 3.7% performance in 2011. The Philippines may possibly receive an investment grade rating in 2013 (currently one notch below, with S&P raising its outlook for the Philippines to positive in December), on improved governance and a pickup in investment. We expect growth of around 6.0% for the Philippines in 2013, on sustained private and public consumption as well as rising investment.

### Is Japan headed for a 3rd straight quarter of contraction? IP misses forecast

Japan's industrial production rose 2.5% m/m sa in December, missing the market forecast of 4.1% m/m (prior: -1.4% m/m). On an over-year basis IP fell by -7.8% (prior: -5.5%, consensus: -5.6%), suggesting that the manufacturing sector has remained sluggish despite the recent weakening in the yen. Deputy Governor of the Bank of Japan Hirohide Yamaguchi signaled today the central bank could take more action if warranted by economic and price conditions (the bank has already adopted a 2% inflation target). Today's outturn adds further weight to our belief that Japan's economy will contract in the fourth quarter of 2012 -- but we expect growth to pick up next year on pro-growth policies by the government and the Bank of Japan.

### Briefly noted:

- **Singapore's unemployment rate fell to a seasonally adjusted 1.8%** (consensus: 1.9%) in Q3, a five year low, as the government tightened measures on foreign workers.
- **Hong Kong's retail sales grew by 8.8% y/y in December**, above market expectations of 7.6% y/y. Looking ahead, retail sales are expected to post solid growth in 2013 due to a tight local labor market and ongoing improvement in the external environment.

## Calendar Indicators

Australia	Date	Period	Prior	Cons.	Actual
AiG Performance of Mfg Index	01 Feb	Jan	44.3	--	--
RBA Commodity Index SDR YoY%	01 Feb	Jan	-8.00%	--	--
Producer Price Index (YoY)	01 Feb	4Q	1.1%	1.2%	
China	Date	Period	Prior	Cons.	Actual
Industrial Profits YTD YoY	27 Jan	Dec	3.0%	--	5.30%
Manufacturing PMI	01 Feb	Jan	50.6	51.0	--
Hong Kong	Date	Period	Prior	Cons.	Actual
Retail Sales - Value (YoY)	31 Jan	Dec	9.50%	7.60%	8.80%
Indonesia	Date	Period	Prior	Cons.	Actual
Inflation (YoY)	01 Feb	Jan	4.30%	4.49%	--
Exports (YoY)	01 Feb	Dec	-4.60%	--	--
Japan	Date	Period	Prior	Cons.	Actual
Retail Trade (YoY)	30 Jan	Dec	1.30%	0.30%	0.40%
Industrial Production YOY%	31 Jan	Dec P	-5.50%	-5.60%	-7.80%
Jobless Rate	01 Feb	Dec	4.10%	4.1%	--
Philippines	Date	Period	Prior	Cons.	Actual
GDP (YoY)	31 Jan	4Q	7.20%	6.30%	6.80%
Singapore	Date	Period	Prior	Cons.	Actual
Unemployment Rate (sa)	31 Jan	4Q P	1.90%	1.90%	1.80%
South Korea	Date	Period	Prior	Cons.	Actual
Industrial Production (YoY)	30 Jan	Dec	2.90%	1.20%	0.80%
Current Account in US\$ Million	30 Jan	Dec	\$6906.2M	--	\$2252.9M
Consumer Price Index (YoY)	01 Feb	Jan	1.40%	1.50%	--
Ext Trade - Export (YoY)	01 Feb	Jan	-5.70%	9.40%	--
Taiwan	Date	Period	Prior	Cons.	Actual
GDP - Constant Prices (YoY)	31 Jan	4Q P	0.98%	3.00%	3.42%
Annual GDP	31 Jan	2012	4.07%	1.10%	1.25%
Thailand	Date	Period	Prior	Cons.	Actual
Current Account Balance (USD)	31 Jan	Dec	\$392M	-\$700M	\$730M
Consumer Price Index (YoY)	01 Feb	Jan	3.63%	3.50%	--
Vietnam	Date	Period	Prior	Cons.	Actual
Exports YTD (YoY)	28 Jan	Jan	18.30%	--	43.20%
Retail Sales YTD (YoY)	28 Jan	Jan	16.00%	--	8.10%
Industrial Production Index (YoY)	28 Jan	Jan	5.90%	--	21.1%

## Calendar Events

### India - REPO Cutoff Yld, January 29

We expect a 25 bps cut in the benchmark rate

Current	Consensus	New
8.00%	7.75%	7.75%

### Malaysia -Overnight Rate, January 31

We expect the benchmark rate to remain unchanged

Current	Consensus	New
3.00%	3.00%	3.00%

## 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.	2385.4	0.1	3.6	5.1	4.0
	Hong Kong - Hang Seng	23729.5	-0.4	0.6	4.7	16.4
	Taiwan - Weighted	7850.0	0.2	2.0	2.0	4.4
	Japan - Nikkei 225	11138.7	0.2	4.9	7.2	26.5
	Korea - Kospi	1961.9	-0.1	-0.1	-1.8	0.3
	India - Sensex 30	19878.1	-0.6	-0.2	2.3	15.6
	Australia - SPX/ASX 200	4878.8	-0.4	1.9	4.9	14.5
	Singapore - Strait Times	3283.6	-0.1	1.1	3.7	13.0
	Indonesia - Jakarta Comp	4453.7	0.0	0.8	3.2	13.0
	Thailand - SET	1479.6	-0.8	2.1	6.3	36.5
	Malaysia - KLCI	1627.6	0.0	-0.5	-3.6	7.0
	Philippines - Manila Comp.	6242.7	-0.5	2.1	7.4	33.3

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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	0.02	0.02	6.29	6.31
	Hong Kong (HKD/USD)	7.76	0.01	-0.05	7.75	7.75
	Taiwan (TWD/USD)	29.6	-0.14	-1.73	29.47	29.17
	Japan (JPY/USD)	90.87	0.23	-0.59	90.81	90.49
	Korea (KRW/USD)	1089	-0.29	-1.81	1093	1105
	India (INR/USD)	53.3	0.04	0.76	54.10	56.44
	Australia (USD/AUD)	1.04	-0.03	-0.34	0.97	0.99
	Singapore (SGD/USD)	1.24	-0.13	-0.69	1.24	1.24
	Indonesia (IDR/USD)	9744	-0.57	0.16	9871	10211
	Thailand (THB/USD)	29.8	-0.23	0.00	29.95	30.35
	Malaysia (MYR/USD)	3.11	-0.77	-1.86	3.13	3.17
	Philippines (PHP/USD)	40.7	-0.10	-0.07	40.59	40.48

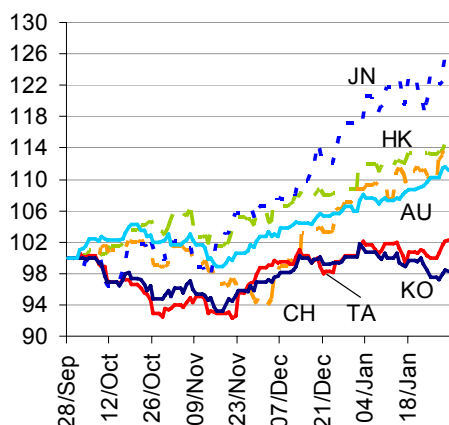
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.30	0.07	0.30	-1.30
	Hong Kong (HIBOR/1W)	0.10	0.00	0.00	-0.03
	Taiwan (TAIBOR/1W)	0.56	0.00	0.00	-0.01
	Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01
	Korea (KORIBOR/1M)	2.78	0.00	0.00	-0.02
	India (MIBOR/7D)	3.24	-1.76	0.40	-0.76
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	4.30	0.00	0.00	-0.18
	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)	0.94	-0.75	-0.25	1.25

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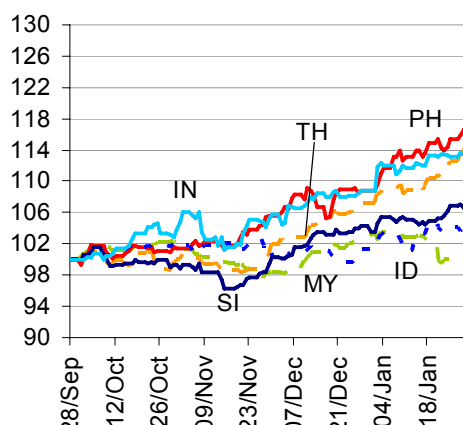
# Charts

Chart 1  
Stock Markets



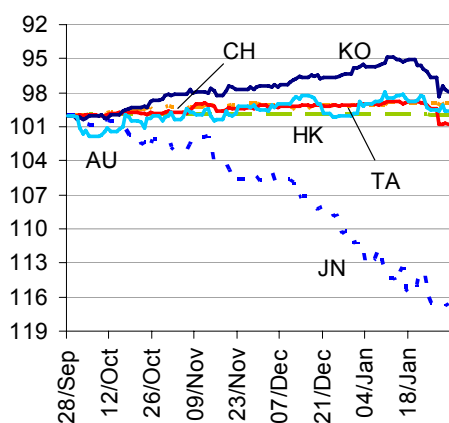
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



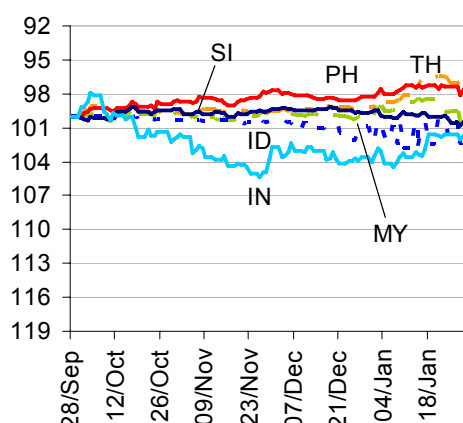
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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