

# Daily Flash

## Asia

*A strong set of export and credit data today from China is bolstering confidence in the durability of the growth pickup (see below), although caution is in order in interpreting the data due to distortions from the timing of the Chinese New Year, which begins on February 10 this year, in contrast to last year's timing in January. We will take a break next week in issuing the Asia Daily due to the Chinese New Year. During that time, Japan's fourth quarter GDP (see Weekly Indicator) and India's January WPI (both on Thursday) will be in focus, while central banks in Indonesia, Japan, and Korea will hold their policy meetings. Markets will be closed for the full week in China and Taiwan, and for part of the week in Japan (Monday) and Hong Kong (Monday-Wednesday).*

Note to readers: our next Daily Flash will be published on Monday, February 18<sup>th</sup>.

### Strong China data for exports, credit, and inflation

January exports grew by a better than expected 25.0% y/y (consensus: 17.5%) from 14.1% in December, with most major markets showing an improvement. Although the data are heavily distorted by the Chinese New Year timing (January this year had 5 more working days than last year), the outturn nevertheless suggests a further stabilization in external demand. Imports also rose, by 28.8% y/y (consensus: 23.5%) compared to 6.0% the previous month, resulting in a trade surplus of USD 29.2 billion (consensus: USD 24.7 billion). Separately, new bank loans in January amounted to RMB 1.07trn, (consensus: RMB 1.00 trn) translating to over-year growth of 16.1%. More significantly, total social financing (TSF) - the broadest measure of credit, which includes non-bank financing, surged by RMB 2.54trn (consensus: 1.80trn). Finally, inflation moderated in line with expectations, to 2.0% y/y in January (again, distorted by base effects from the Chinese New Year). Notwithstanding the tame inflation outturn, the strong credit outturns, particularly in shadow banking, could raise speculation of policy tightening in the months ahead, as indicated in recent media reports.

### Japan's current account deficit widens in December

Japan recorded a current account deficit of 264.1bn yen in December (prior: -222.4bn, consensus: -141.2bn) as exports weakened and energy imports rose. This was the second straight monthly deficit, which hadn't occurred since 1981, and underscores concerns about Japan's economy given its high debt-to-GDP level. Looking ahead, while exports are expected to improve given the recent weakness in the yen, energy imports are likely to remain high due to the closure of Japan's nuclear power plants, and will continue to weigh on the current account.

### Briefly noted:

**Malaysia's exports fell by -5.8% y/y in December** (consensus: +1.4%), a disappointing outturn following November's gain of 2.3%. Exports were dragged down by weak shipments of electronics. Meanwhile, IP increased by a less-than-expected by 3.7% y/y (consensus: 6.0% y/y).

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With contributions from the BBVA Research Asia Team

## Calendar Indicators

<b>Australia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Trade Balance	05 Feb	Dec	-2788M	-800M	-427M
Retail Sales s.a. (MoM)	06 Feb	Dec	-0.20%	0.30%	-0.20%
Unemployment Rate	07 Feb	Jan	5.40%	5.50%	5.40%
AiG Perf of Construction Index	07 Feb	Jan	38.8	--	36.2
<b>China</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Consumer Price Index (YoY)	08 Feb	Jan	2.50%	2.00%	2.00%
Exports YoY%	08 Feb	Jan	14.10%	17.50%	25.00%
Trade Balance (USD)	08 Feb	Jan	\$31.62B	\$24.70B	\$29.15B
Aggregate Financing	08 Feb	Jan	1625.6B	1800.0B	2540.0B
New Yuan Loans	08 Feb	Jan	454.3B	1000.0B	1070.0B
Money Supply- M2 (YoY)	08 Feb	Jan	13.80%	14.00%	15.90%
<b>Hong Kong</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Purchasing Managers Index	05 Feb	Jan	51.7	--	52.5
<b>Indonesia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
GDP Constant Price (YoY)	05 Feb	4Q	6.17%	6.20%	6.11%
Annual GDP	05 Feb	2012	6.49%	6.29%	6.23%
<b>Japan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Current Account Total	08 Feb	Dec	-¥222.4B	-¥144.2B	-¥264.1B
<b>Malaysia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Industrial Production YoY	08 Feb	Dec	7.10%	6.00%	3.70%
Exports YoY%	08 Feb	Dec	2.30%	1.40%	-5.80%
<b>Philippines</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Consumer Price Index (YoY)	05 Feb	Jan	2.90%	3.00%	3.00%
<b>Singapore</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Purchasing Managers Index	04 Feb	Jan	48.6	48.8	50.2
<b>Taiwan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI YoY%	05 Feb	Jan	1.60%	1.40%	1.15%
Total Exports (YoY)	07 Feb	Jan	9.00%	23.20%	21.80%
Total Trade balance in US\$ Billion	07 Feb	Jan	\$4.13B	\$3.55B	\$0.47B

## Calendar Events

### **Australia - RBA Cash Rate Target, Feb 05**

We expect the benchmark rate to remain unchanged

<b>Current</b>	<b>Consensus</b>	<b>New</b>
3.00%	3.00%	3.00%

## Indicator of the Week

### Japan: Q4 GDP (February 14)

Forecast: -0.3% qoq sa

Consensus: 0.1% qoq sa

Prior: -0.9% qoq sa

We expect Japan's economy to show a third consecutive quarter of contraction in Q4 based on recent weak activity indicators of both domestic and external demand. Growth in 2012 was disappointing, as reconstruction spending from the March 2011 earthquake and tsunami failed to offset weakness in other parts of the economy. Exports fell in December by -5.8% y/y from -4.1% in November, and retail sales decelerated to 0.4% y/y from 1.1% in November; meanwhile, industrial production fell in Q4, despite a weak recovery in December. This would bring full-year growth in 2012 to 1.9%. The weak outturns and persistent deflation have prompted Japan's new government, led by Shinzo Abe, to adopt fiscal stimulus measures, and to put pressure on the Bank of Japan to engage in more aggressive monetary easing (including stepped up asset purchases and announcement of a 2% inflation target). In reaction to these policies, the yen has depreciated sharply in recent months and the stock market has risen, in anticipation of an improvement in growth momentum in the coming quarters.

## Upcoming Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
Actual FDI (YoY)	14-18 FEB	Jan	-4.50%	-4.20%	--
India	Date	Period	Prior	Cons.	Actual
Exports YoY%	11-15 FEB	Jan	-1.90%	--	--
Industrial Production YoY	12 Feb	Dec	-0.10%	--	--
Monthly Wholesale Prices YoY%	14 Feb	Jan	7.18%	--	--
Japan	Date	Period	Prior	Cons.	Actual
GDP Annualized	14 Feb	4Q P	-3.50%	0.40%	--
Industrial Production YOY%	15 Feb	Dec F	-7.80%	--	--
Philippines	Date	Period	Prior	Cons.	Actual
Total Exports (YoY)	12 Feb	Dec	5.50%	--	--
Overseas Remittances (YoY)	15 Feb	Dec	7.60%	--	--
Singapore	Date	Period	Prior	Cons.	Actual
GDP (YoY)	14-22 FEB	4Q F	1.10%	--	--
Retail Sales (YoY)	15 Feb	Dec	-1.10%	0.10%	--
Korea	Date	Period	Prior	Cons.	Actual
Unemployment Rate (SA)	13 Feb	Jan	3.00%	3.00%	--
Thailand	Date	Period	Prior	Cons.	Actual
Foreign Reserves	15 Feb	8-Feb	\$181.6B	--	--

## Upcoming Calendar Events

<b>Indonesia - Bank Indonesia Reference Rate, Feb 12</b> We expect the benchmark rate to remain unchanged	<b>Current</b> 5.75%	<b>Cons.</b> 5.75%	<b>New</b> --
<b>Japan - BOJ Target Rate, Feb 14</b> We expect the benchmark rate to remain unchanged	<b>Current</b> 0.10 %	<b>Cons.</b> --	<b>New</b> --
<b>Korea - 7-Day Repo Rate, Feb 14</b> We expect the benchmark rate to remain unchanged	<b>Current</b> 2.75%	<b>Cons.</b> 2.75%	<b>New</b> --

## 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.	2432.4	0.6	0.6	7.2	3.6
Hong Kong - Hang Seng	23233.1	0.2	-2.1	2.5	10.5	
Taiwan - Weighted	7906.7	0.2	0.9	2.7	2.6	
Japan - Nikkei 225	11153.2	-1.8	-0.3	7.3	23.7	
Korea - Kospi	1950.9	1.0	-0.4	-2.3	-2.6	
India - Sensex 30	19598.4	0.1	-0.9	0.9	10.7	
Australia - SPX/ASX 200	4971.3	0.7	1.0	6.9	15.9	
Singapore - Strait Times	3271.0	0.3	-0.6	3.3	9.7	
Indonesia - Jakarta Comp	4501.1	0.0	0.4	4.3	12.8	
Thailand - SET	1507.3	0.5	0.5	8.3	35.1	
Malaysia - KLCI	1625.3	0.4	-0.1	-3.8	4.6	
Philippines - Manila Comp.	6458.7	0.0	2.2	11.1	34.4	

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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)	6.24	-0.04	-0.13	6.29	6.32
Hong Kong (HKD/USD)	7.76	-0.01	0.02	7.75	7.75	
Taiwan (TWD/USD)	29.7	-0.62	-0.43	29.70	29.40	
Japan (JPY/USD)	92.74	0.96	0.03	92.68	92.34	
Korea (KRW/USD)	1096	-0.72	0.14	1099	1111	
India (INR/USD)	53.6	-0.75	-0.79	54.49	56.85	
Australia (USD/AUD)	1.03	0.35	-0.86	0.98	0.99	
Singapore (SGD/USD)	1.24	0.11	0.18	1.24	1.24	
Indonesia (IDR/USD)	9657	0.21	0.72	9720	10052	
Thailand (THB/USD)	29.8	-0.03	0.03	29.92	30.30	
Malaysia (MYR/USD)	3.10	-0.21	0.59	3.12	3.16	
Philippines (PHP/USD)	40.7	-0.10	-0.07	40.61	40.50	

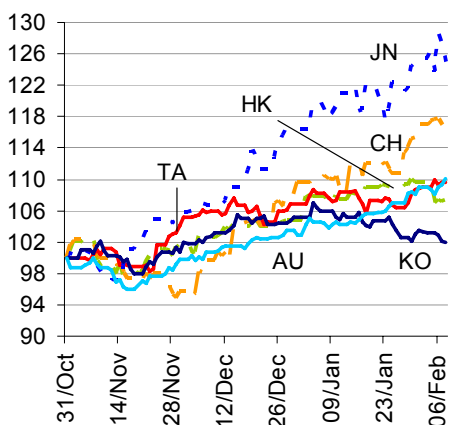
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.65	-0.45	0.25	0.50
Hong Kong (HIBOR/1W)	0.10	0.00	0.00	-0.03	
Taiwan (TAIBOR/1W)	0.56	0.00	0.00	-0.01	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.77	-0.01	-0.01	-0.02	
India (MIBOR/7D)	4.00	-0.45	0.67	0.65	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.29	0.00	0.00	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)	1.19	0.13	-0.50	1.38	

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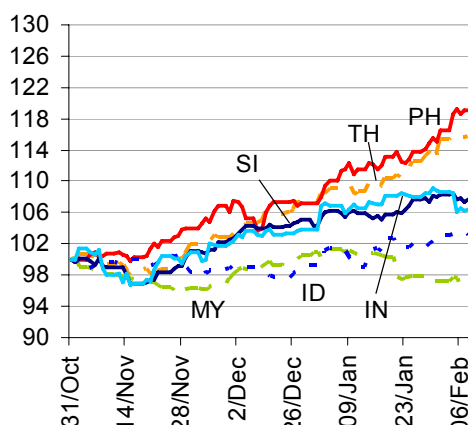
# Charts

Chart 1  
Stock Markets



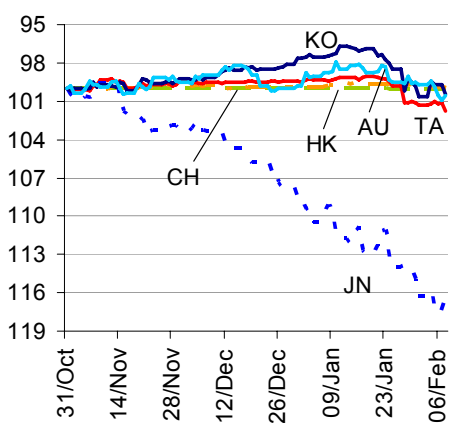
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



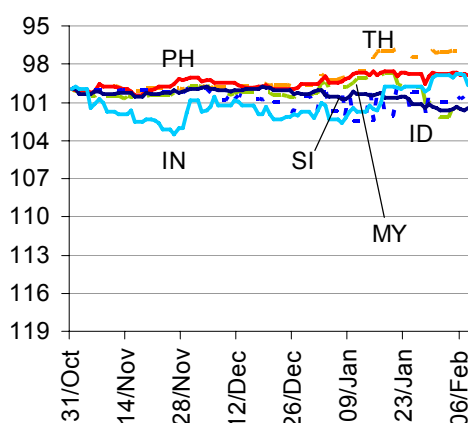
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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