

# Daily Flash

## Asia

*Japan remained the focus of attention today, reporting a record monthly trade deficit (see below), although better-than-expected exports lifted the Nikkei (+0.8%), which soared to a four-year high (and has gained 10.3% since the beginning of the year). China released weaker-than-expected January FDI data, (see below), although the outlook is brighter on improving growth momentum – for more details, see our just-released quarterly *China Outlook*.*

### Record trade deficit in Japan underscores the quandary of yen weakness

Japan announced a record trade deficit of -1.63bn yen (US\$17.4 bn) today (consensus: -1.38bn yen), as imports rose by 7.3% y/y (consensus: 2.1%) due to a rise in energy prices – possibly due to a J-curve effect of the weakening yen. On the positive side, exports rose by a better-than-expected 6.4% y/y (consensus: 5.6%; prior: -5.8%), the first year-over-year rise in eight months, a sign that the weaker yen may be benefiting exporters. Shipments to the U.S. rose by 10.9% y/y and those to China gained 3.0% y/y (the first increase since May), while those to the EU remained weak, falling by -4.5% y/y.

### China's FDI inflows stay weak in January

FDI inflows contracted by -7.3% y/y in January (consensus: -4.2%), after shrinking by a total of -3.7% in 2012 (the first annual decline since 2010). However, the decline has been somewhat expected given that the performance of world FDI inflows in 2012 was weak amid the global downturn, declining by 18% according to the UNCTAD investment trend monitor (though China remained the second largest FDI recipient in the world after the US). As detailed in our latest *China Outlook*, the economy is gaining speed, and we expect growth to reach 8.0% in 2013, which should attract more inflows.

### Bank of Thailand keeps interest rates unchanged on strong growth

The BOT kept its policy rate steady at 2.75% for the third consecutive month today, emphasizing that its “accommodative monetary stance contributed to sustained growth of the economy, while inflation has been kept within the target range.” Thailand experienced a robust economic expansion in 2012, with growth of 6.4% on the back of stronger-than-expected domestic demand. Growth in 2013 will likely be further supported by a first-car tax rebate program, income tax cuts and an increase in the minimum wage.

### Another strong growth outturn from ASEAN: Malaysia's 4Q GDP

Malaysia's 4Q GDP rose by 6.4% y/y (consensus 5.5%), up from 5.2% in the third quarter, on strong domestic demand. Ahead of the country's general election which must be held no later than 27 June, Prime Minister Najib Razak has increased government expenditures to boost spending by extending cash handouts to low-income families and raising civil servant pensions. For the whole year of 2012, Malaysian economy expanded by 5.6%, another robust outturn from ASEAN along with Indonesia (6.2%), the Philippines (6.6%) and Thailand (6.4%). Also today, January inflation came in at 1.3% (consensus: 1.2%), up slightly from 1.2% in December.

**Correction:** some of our readers pointed out an error in yesterday's *Daily*, when we referred to rumors of further tightening measures in China's property market. We mistakenly said that banks are currently not allowed to issue mortgage loans “more than 110% below the benchmark lending rate,” (which would be a good deal for borrowers, indeed!) when we meant to say “at not less than 110% of the benchmark lending rate”. Apologies for any confusion.

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With contributions from the BBVA Research Asia Team

## Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
Actual FDI (YoY)	20 FEB	Jan	-4.50%	-4.20%	-7.30%
Hong Kong	Date	Period	Prior	Cons.	Actual
Composite Interest Rate	19 Feb	Jan	0.32%	--	0.28%
Unemployment Rate SA	21 Feb	Jan	3.30%	3.30%	--
CPI - Composite Index (YoY)	22 Feb	Jan	3.70%	3.20%	--
Japan	Date	Period	Prior	Cons.	Actual
Merchnds Trade Balance Total	20 Feb	Jan	-¥643.3B	-¥1379.6B	-¥1629.4B
Merchnds Trade Exports YoY	20 Feb	Jan	-5.8	5.6	6.4
Merchnds Trade Imports YoY	20 Feb	Jan	1.9	2.1	7.3
Malaysia	Date	Period	Prior	Cons.	Actual
CPI YoY	20 Feb	Jan	1.20%	1.20%	1.30%
GDP YoY%	20 Feb	4Q	5.20%	5.50%	6.40%
Singapore	Date	Period	Prior	Cons.	Actual
Non-oil Domestic Exports (YoY)	18 Feb	Jan	-16.30%	3.00%	0.50%
GDP (YoY)	22 Feb	4Q F	1.10%	1.20%	--
Taiwan	Date	Period	Prior	Cons.	Actual
GDP - Constant Prices (YoY)	22 Feb	4Q F	3.42%	--	--
Thailand	Date	Period	Prior	Cons.	Actual
Gross Domestic Product (YoY)	18 Feb	4Q	3.10%	15.30%	18.90%
Foreign Reserves	22 Feb	15-Feb	\$180.9B	--	--

## Calendar Events

### Thailand - Benchmark Interest Rate, Feb 20

We expect the benchmark rate to remain unchanged

**Current**

2.75%

**Cons.**

2.75%

**New**

2.75%

# 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.	2397.2	0.6	-1.5	5.6	1.4
	Hong Kong - Hang Seng	23307.4	0.7	0.4	2.9	8.8
	Taiwan - Weighted	8029.1	0.9	1.3	4.3	0.9
	Japan - Nikkei 225	11468.3	0.8	1.9	10.3	20.9
	Korea - Kospi	2024.6	2.0	2.5	1.4	0.0
	India - Sensex 30	19642.8	0.0	0.2	1.1	7.4
	Australia - SPX/ASX 200	5098.7	0.3	1.9	9.7	19.8
	Singapore - Strait Times	3308.9	0.4	0.2	4.5	9.5
	Indonesia - Jakarta Comp	4634.5	0.7	1.4	7.4	16.4
	Thailand - SET	1546.6	1.0	2.1	11.1	36.2
	Malaysia - KLCI	1613.3	-0.1	-1.1	-4.5	3.4
	Philippines - Manila Comp.	6648.6	0.4	1.8	14.4	34.5

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)	6.24	0.11	-0.09	6.29	6.32
	Hong Kong (HKD/USD)	7.75	0.00	0.02	7.75	7.74
	Taiwan (TWD/USD)	29.5	0.22	0.55	29.48	29.18
	Japan (JPY/USD)	93.37	0.21	0.02	93.31	92.99
	Korea (KRW/USD)	1078	0.26	0.80	1084	1097
	India (INR/USD)	54.1	0.24	-0.47	55.00	57.50
	Australia (USD/AUD)	1.03	-0.11	-0.25	0.97	0.99
	Singapore (SGD/USD)	1.24	0.00	0.06	1.24	1.24
	Indonesia (IDR/USD)	9684	0.26	-0.51	9746	10078
	Thailand (THB/USD)	29.8	0.13	0.07	29.97	30.31
	Malaysia (MYR/USD)	3.10	0.10	-0.20	3.11	3.16
	Philippines (PHP/USD)	40.6	0.02	0.13	40.54	40.44

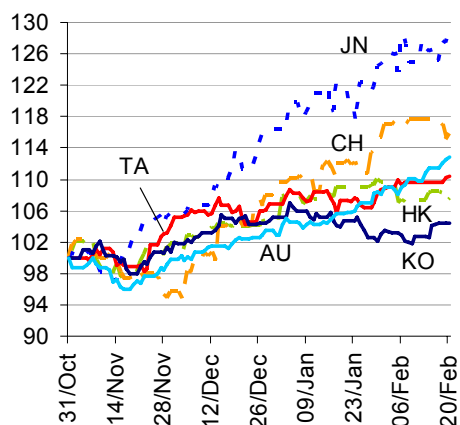
Last update: today, 17:00 Hong Kong time.

INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	2.95	0.00	-0.70	0.05
	Hong Kong (HIBOR/1W)	0.10	0.00	0.00	0.00
	Taiwan (TAIBOR/1W)	0.56	0.00	0.00	0.00
	Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01
	Korea (KORIBOR/1M)	2.77	0.00	0.00	-0.01
	India (MIBOR/7D)	3.45	0.48	-0.27	0.50
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	4.28	0.00	0.00	-0.02
	Thailand (BIBOR/1W)	2.77	0.00	0.00	-0.01
	Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00
	Philippines (PHIBOR/1W)	1.31	0.19	-0.13	-0.06

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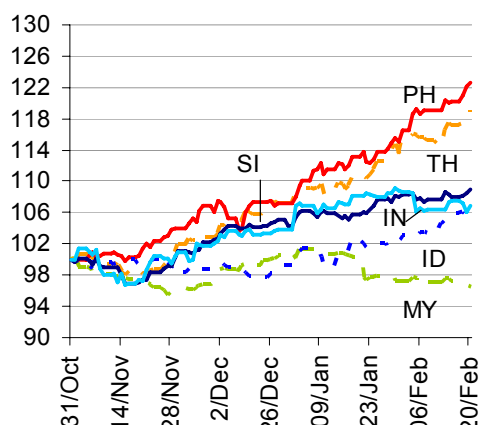
# Charts

Chart 1  
Stock Markets



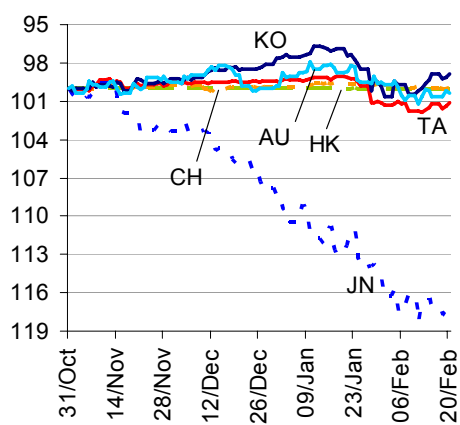
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



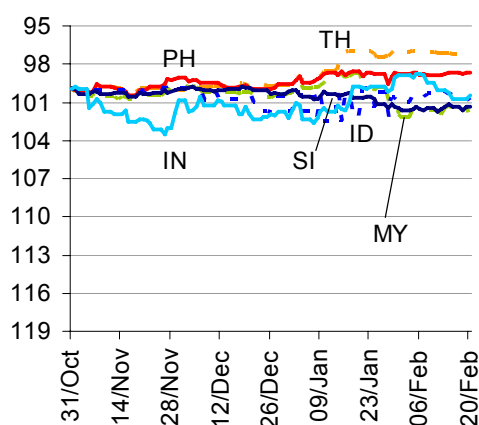
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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