

# Daily Flash

## Asia

*After a week marked by concerns about tightening measures - with the release of US Fed minutes hinting at an early end to QE and rumors of more measures to cool the property market in China - it was fitting today that new property tightening measures were announced in Hong Kong and data revealed more evidence of rising property prices in China (see below). Elsewhere in the region, better-than-expected final Q4 GDP data in Singapore and Taiwan (see below), combined with recent positive growth outturns in other Asia economies, confirmed the broader upturn in growth momentum in the region, as highlighted in our Asia Outlook. The focus for next week will be on India's FY14 budget and Q4 GDP outturn (see Weekly Indicator below), and also on Hong Kong's Q4 GDP, China's February manufacturing PMI and Japan's January IP and inflation.*

### Hong Kong unveils new property tightening measures

After the market's close today, Hong Kong unveiled new measures to contain rising property prices, including an increase in the stamp duty on residential property transactions under HKD 2mn to 1.5% of the transaction value (from HKD 100 previously - with first-time home buyers being exempt), and to up to 8.5% on transaction values above HKD 2mn (from 1.5%-4.25% previously) and tighter mortgage restrictions by the HKMA on commercial properties. The measures follow last October's round of measures, including a new 15% buyer's stamp duty on non-residents. In today's announcement, top officials highlighted the government's concern about overheating in the property market.

### China's January housing prices show continued rise

The National Bureau of Statistics' (NBS) January housing data (covering 70 cities) showed a further increase in prices of 1.3% y/y, up from 0.4% in December. The increase was led by Tier 1 cities. On a sequential basis, housing prices increased by 0.8% m/m compared to 0.4% in December, the eighth consecutive monthly increase, amounting to a 1.9% cumulative increase since May. The latest evidence of price increases, while still modest, is raising speculation of new tightening measures, especially after the State Council's announcement on Wednesday of tighter enforcement of existing measures.

### Singapore and Taiwan 4Q GDP beat estimates on improving outlook

Singapore's revised fourth quarter GDP rose by 3.3% q/q saar (consensus: 2.0%), resulting in full year growth of 1.3%. The outturn for the quarter was higher than the 'preliminary' estimate of 1.8% q/q saar in January, and is another sign of a pickup in Asian growth. Singapore's government left its 1%-3% growth estimate for 2013 unchanged (BBVA: 2.3%). Meanwhile, Taiwan's final Q4 GDP came out at 3.7% y/y, higher than the preliminary estimate of 3.4% in January. With a stabilizing external environment and improved domestic consumption, we expect Taiwan's economy to grow by 3.5% in 2013 from 1.3% in 2012.

### All eyes on India's FY14 budget to be announced next week

The FY14 budget (fiscal year ending in March) to be announced on February 28 will test the government's ability to deliver on three counts: 1) establishing a credible fiscal consolidation path, 2) deficit reduction, and 3) balancing austerity with populism without undermining economic growth. Recent reports suggest the budget will target a deficit of 4.8% of GDP, toward a 3.0% goal by FY17. The key, however, lies in the quality of fiscal consolidation. On the expenditure front, we will be looking for a reduction in fuel subsidies and cuts in the defense budget. We will also be watching for structural measures including a firm roadmap for implementing the Goods and Services Tax (GST) and the Direct Tax Code, which aim to widen the tax base. We also expect a greater push towards privatization of state-owned firms in FY14 given the positive progress so far on divestments in FY13 (USD 4bn, or 67% of target).

Briefly noted:

Despite concern about rising property prices, Hong Kong's CPI inflation declined to 3.0% y/y in January (consensus: 3.2% y/y) from 3.7% y/y the previous month. Looking ahead, we anticipate that inflationary pressures will remain this year (BBVA forecast: 4.1% y/y average for 2013) on stronger growth, tightness in the labor market, and rising property prices.

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## 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%	3.40%
CPI - Composite Index (YoY)	22 Feb	Jan	3.70%	3.20%	3.00%
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%	1.50%
Taiwan	Date	Period	Prior	Cons.	Actual
GDP - Constant Prices (YoY)	22 Feb	4Q F	3.42%	3.40%	3.72%
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	--	\$179.7B

## 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%

## Indicator of the Week

### India: Q4 2012 GDP Growth (February 28)

**Forecast: -5.6% y/y**

**Consensus: 4.9% y/y**

**Prior: 5.3% y/y**

India's economic growth likely slowed to a decade low in 2012, amidst concerns about the slowing momentum of reforms, high and sticky inflation, and twin deficits on the current and fiscal accounts. Nevertheless, there are signs of optimism given recent trends of moderating inflation, lower interest rates and financial conditions and renewed policy efforts. Against this backdrop, the fourth quarter GDP outturn will be watched for signs of an improving growth outlook. Consumption and investment indicators suggest that the economy is gradually bottoming out although limited fiscal support and a high trade deficit would likely weigh. The latest growth outturn together with the FY14 central government budget to be released on the same day will be key inputs for the RBI at its March 19th policy meeting where we expect another rate cut, following the 25bp cut in January. We expect India's GDP growth to improve from 5.4% y/y for full year 2012 to 6.5% y/y in 2013.

## Upcoming Calendar Indicators

<b>Australia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
AiG Performance of Mfg Index	01 Mar	Feb	40.2	--	--
<b>China</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Manufacturing PMI	01 Mar	Feb	50.4	--	--
<b>Hong Kong</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Exports YoY%	25 Feb	Jan	14.40%	16.90%	--
GDP (YoY)	27 Feb	4Q	1.30%	2.50%	--
<b>Indonesia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Inflation (YoY)	01 Mar	Feb	4.57%	--	--
Exports (YoY)	01 Mar	Jan	-9.80%	--	--
<b>India</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Qtrly GDP YoY%	28 Feb	4Q	5.30%	4.90%	--
February Markit Manufacturing PMI	01 Mar	Feb	--	--	--
<b>Japan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Retail Trade YoY	27 Feb	Jan	0.30%	-1.60%	--
Industrial Production YoY	28 Feb	Jan P	-7.90%	-4.80%	--
Jobless Rate	01 Mar	Jan	4.20%	4.20%	--
Natl CPI YoY	01 Mar	Jan	-0.10%	-0.20%	--
Tokyo CPI YoY	01 Mar	Feb	-0.60%	-0.60%	--
<b>Malaysia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Unemployment Rate	28 Feb	4Q	3.00%	--	--
<b>Singapore</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI (YoY)	25 Feb	Jan	4.30%	4.10%	--
Industrial Production YoY	26 Feb	Jan	-0.60%	5.90%	--
<b>Korea</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Industrial Production (YoY)	28 Feb	Jan	0.80%	5.80%	--
Ext Trade - Export (YoY)	01 Mar	Feb	10.80%	-9.40%	--
<b>Taiwan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Unemployment Rate - sa	26 Feb	Jan	4.22%	4.20%	--
Export Orders (YoY)	26 Feb	Jan	8.50%	18.40%	--
Industrial Production (YoY)	27 Feb	Jan	2.39%	17.57%	--
Commercial Sales (YoY)	27 Feb	Jan	1.74%	7.78%	--
HSBC Manufacturing PMI	01 Mar	Feb	51.5	--	--
<b>Thailand</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Customs Exports (YoY)	27 FEB	Jan	13.45%	13.20%	--
Consumer Price Index (YoY)	01 Mar	Feb	3.39%	3.30%	--
<b>Vietnam</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI (YoY)	23 Feb	Feb	7.07%	--	--
Exports YTD (YoY)	25-28 FEB	Feb	43.20%	--	--
Retail Sales YTD (YoY)	25-28 FEB	Feb	8.10%	--	--
Industrial Production Index YoY	25-28 FEB	Feb	21.10%	--	--
HSBC Manufacturing PMI	01 Mar	Feb	50.1	--	--

## Upcoming Calendar Events

There are no calendar events scheduled for the 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.	2314.2	-0.5	-4.9	2.0	-3.7
Hong Kong - Hang Seng	22782.4	-0.5	-2.8	0.6	5.7	
Taiwan - Weighted	7947.7	-0.1	0.5	3.2	-0.7	
Japan - Nikkei 225	11385.9	0.7	1.9	9.5	19.2	
Korea - Kospi	2018.9	0.2	1.9	1.1	-0.5	
India - Sensex 30	19370.5	0.2	-0.5	-0.3	6.8	
Australia - SPX/ASX 200	5018.1	0.8	-0.3	7.9	16.9	
Singapore - Strait Times	3286.1	0.0	0.1	3.8	9.7	
Indonesia - Jakarta Comp	4651.1	0.4	0.9	7.7	16.4	
Thailand - SET	1541.3	0.8	1.3	10.7	35.5	
Malaysia - KLCI	1622.1	0.5	-0.4	-4.0	3.9	
Philippines - Manila Comp.	6665.1	0.0	2.2	14.7	35.1	

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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	0.01	-0.03	6.29	6.32
Hong Kong (HKD/USD)	7.76	-0.01	-0.02	7.75	7.75	
Taiwan (TWD/USD)	29.6	0.05	-0.18	29.56	29.25	
Japan (JPY/USD)	93.42	-0.33	0.09	93.36	93.04	
Korea (KRW/USD)	1085	0.14	-0.60	1090	1102	
India (INR/USD)	54.3	0.38	-0.09	55.26	57.74	
Australia (USD/AUD)	1.03	0.56	-0.03	0.98	1.00	
Singapore (SGD/USD)	1.24	0.33	-0.06	1.24	1.24	
Indonesia (IDR/USD)	9707	0.16	-0.38	9782	10122	
Thailand (THB/USD)	29.9	-0.13	0.03	30.00	30.34	
Malaysia (MYR/USD)	3.10	0.29	-0.28	3.12	3.16	
Philippines (PHP/USD)	40.7	0.12	-0.27	40.64	40.54	

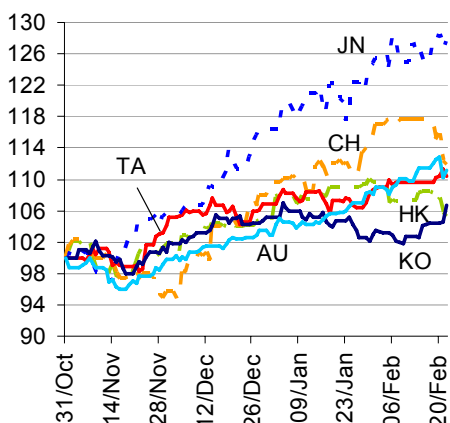
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.10	0.10	0.10	0.10
Hong Kong (HIBOR/1W)	0.10	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.56	0.00	0.00	0.00	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.77	0.00	0.00	-0.01	
India (MIBOR/7D)	3.10	0.10	-0.90	-0.05	
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)	1.25	0.00	0.31	0.50	

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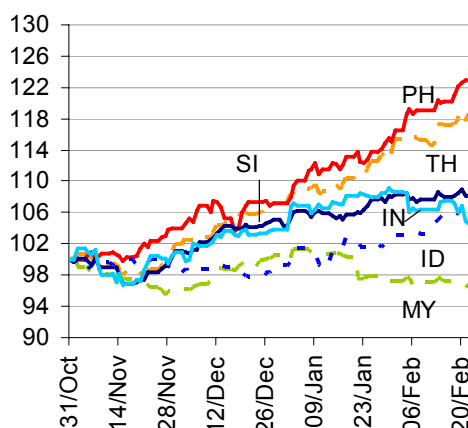
# Charts

Chart 1  
Stock Markets



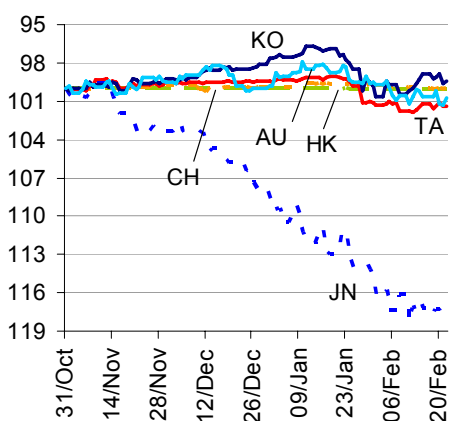
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



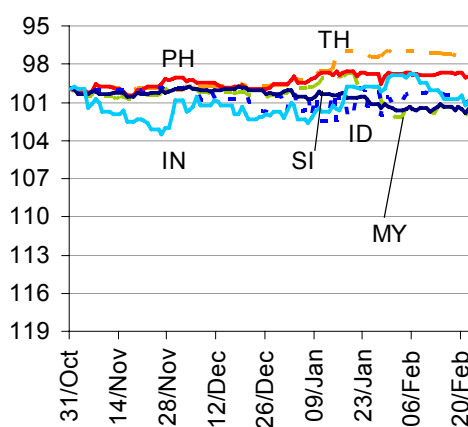
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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