

Daily Flash

Asia

Asian markets rose today ahead of monetary policy meetings being held tomorrow in Japan, Indonesia, and Malaysia. We do not expect major announcements from these central banks, with all of them expected to remain on hold. The main focus is on the Bank of Japan as presumptive Governor Kuroda awaits Parliamentary approval to become the next head of the central bank. In trading today, Japan's Nikkei rose by 2.1%, followed by the Philippines (+1.8%) and Indonesia (+1.5%).

Australia's Q4 GDP rises in line with expectations

A day after the Reserve Bank of Australia stayed on hold, Q4 GDP growth was released, falling in line with the consensus at 0.6% q/q s.a. (or 3.1% y/y) and leading to full year growth of 3.6% (BBVA: 3.5%). The Q4 outturn was led by exports (3.3% q/q s.a.), while domestic demand remained soft (private consumption: 0.2% q/q s.a; business investment 1.2% q/q s.a). The outturn confirms the economic assessment of the RBA, which kept its policy rate unchanged at 3.0% yesterday on an improving economic outlook. Looking ahead, we expect Australia to expand by 3.0% in 2013, supported by recovering exports and a possible pickup in domestic demand.

Offshore RMB in Taiwan gets off to roaring start

It was reported today by a number of media outlets in Taiwan that offshore RMB (CNT) deposits among domestic banking units (DBU) of qualified Taiwanese banks have surpassed RMB 10bn, only one month since the commencement of CNT business, which kicked off on February 6. The size of the CNT market is much smaller compared to the CNH market (which was RMB 624bn by the end of January). Nevertheless, the market's growth momentum is impressive given that it took about ten months for offshore RMB deposits in Hong Kong to surpass RMB 10bn when the CNH market was launched in February 2004. Relatively higher RMB deposit rates in the CNT market along with the transfer of offshore RMB from other offshore RMB centers to Taiwan are likely the drivers. Looking ahead, a gradual increase in the use of RMB for cross-strait trade settlements, and the eventual utilization of a RMB 100bn RQFII quota for Taiwanese investors (which is under consideration by the CSRC), would further boost offshore RMB deposits in Taiwan.

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With contributions from the BBVA Research Asia Team

Calendar Indicators

Australia	Date	Period	Prior	Cons.	Actual
Retail Sales s.a. (MoM)	05 Mar	Jan	-0.40%	0.40%	0.90%
Gross Domestic Product (YoY)	06 Mar	4Q	3.10%	3.00%	3.10%
China	Date	Period	Prior	Cons.	Actual
Non-manufacturing PMI	03 Mar	Feb	56.2	--	54.5
Exports YoY%	08 Mar	Feb	25.00%	7.60%	--
Hong Kong	Date	Period	Prior	Cons.	Actual
Retail Sales - Value (YoY)	04 Mar	Jan	9.10%	9.80%	10.50%
Purchasing Managers Index	05 Mar	Feb	52.5	--	51.2
Japan	Date	Period	Prior	Cons.	Actual
GDP Annualized	08 Mar	4Q F	-0.40%	0.20%	--
Current Account Total	08 Mar	Jan	-¥264.1B	-¥626.0B	--
Philippines	Date	Period	Prior	Cons.	Actual
Consumer Price Index (YoY)	05 Mar	Feb	3.00%	3.30%	3.40%
Singapore	Date	Period	Prior	Cons.	Actual
Purchasing Managers Index	04 Mar	Feb	50.2	50.3	49.4
Korea	Date	Period	Prior	Cons.	Actual
Consumer Price Index (YoY)	04 Mar	Feb	1.50%	1.60%	1.40%
HSBC Manufacturing PMI	04 Mar	Feb	49.9	49.4	50.9
Taiwan	Date	Period	Prior	Cons.	Actual
CPI YoY%	05 Mar	Feb	1.13%	2.80%	2.97%
Total Exports (YoY)	07 Mar	Feb	21.80%	-8.10%	--

Calendar Events

Australia - RBA Cash Target, Mar 5 We expect the benchmark rate to remain unchanged	Current 3.00%	Cons. 3.00%	New 3.00%
Indonesia - Bank Indonesia Reference Rate, Mar 7 We expect the benchmark rate to remain unchanged	Current 5.75%	Cons. 5.75%	New --
Japan - BOJ Target Rate, Mar 7 We expect the benchmark rate to remain unchanged	Current 0.10%	Cons. 0.10%	New --
Malaysia - Overnight Rate, Mar 7 We expect the benchmark rate to remain unchanged	Current 3.00%	Cons. 3.00%	New --

Indicator of the Week

China: February Exports (March 8th)

Forecast: 14.5% y/y

Consensus: 7.10% y/y

Prior: 25.0% y/y

Year-over-year export growth is expected to fall sharply in February due to distortions from the timing of the Chinese New Year, which resulted in fewer working days for the month of February compared to last year (and vice versa for January). Given the distortions, a more meaningful gauge of export growth will be the average for January and February combined, which we expect to reach 20.0% y/y, on improving external demand from the US and other Asian economies (especially ASEAN), and also favorable base effects. An outturn in line with our forecast would point to an improving external environment and could boost confidence in the outlook for China's continued growth momentum. Nevertheless, Europe and Japan are likely to remain drags on the export environment in the coming months, and we remain cautious about the overall growth outlook for 2013, with a forecast of 8%. We expect total export growth of 10% (in US dollar terms), up from 8% in 2012.

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.	2347.2	0.9	1.5	3.4	-2.6
Hong Kong - Hang Seng	22777.8	1.0	0.9	0.5	9.5	
Taiwan - Weighted	7950.3	0.2	0.9	3.3	0.2	
Japan - Nikkei 225	11932.3	2.1	6.0	14.8	23.8	
Korea - Kospi	2020.7	0.2	1.0	1.2	1.0	
India - Sensex 30	19229.3	0.5	0.4	-1.0	12.0	
Australia - SPX/ASX 200	5116.8	0.8	1.6	10.1	21.7	
Singapore - Strait Times	3284.7	1.1	0.7	3.7	12.0	
Indonesia - Jakarta Comp	4824.7	1.5	2.3	11.8	21.6	
Thailand - SET	1558.9	0.6	2.7	12.0	35.2	
Malaysia - KLCI	1651.4	0.6	1.7	-2.2	3.9	
Philippines - Manila Comp.	6835.2	1.8	3.3	17.6	37.6	

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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	0.05	0.14	6.29	6.32
Hong Kong (HKD/USD)	7.76	-0.01	0.01	7.75	7.75	
Taiwan (TWD/USD)	29.6	0.22	0.11	29.54	29.22	
Japan (JPY/USD)	93.41	-0.13	-1.25	93.35	93.03	
Korea (KRW/USD)	1083	0.41	0.17	1089	1102	
India (INR/USD)	54.8	0.26	-1.66	55.84	58.33	
Australia (USD/AUD)	1.03	0.13	0.36	0.98	1.00	
Singapore (SGD/USD)	1.25	0.06	-0.68	1.24	1.24	
Indonesia (IDR/USD)	9693	0.03	-0.13	9776	10133	
Thailand (THB/USD)	29.7	0.13	0.37	29.86	30.19	
Malaysia (MYR/USD)	3.10	-0.13	-0.14	3.12	3.16	
Philippines (PHP/USD)	40.7	-0.01	0.04	40.70	40.61	

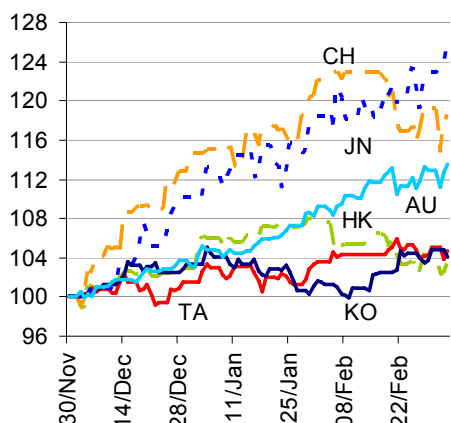
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.00	-0.20	-1.50	-0.65
Hong Kong (HIBOR/1W)	0.10	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.56	0.00	0.00	0.00	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.76	0.00	0.00	-0.02	
India (MIBOR/7D)	3.05	-0.10	-1.17	-0.67	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.28	0.00	0.00	-0.01	
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)	0.88	-0.44	-0.81	-0.06	

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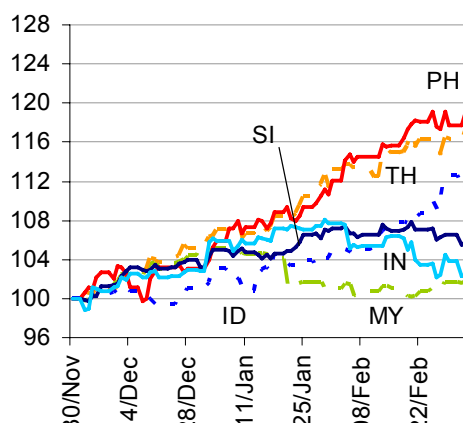
Charts

Chart 1
Stock Markets



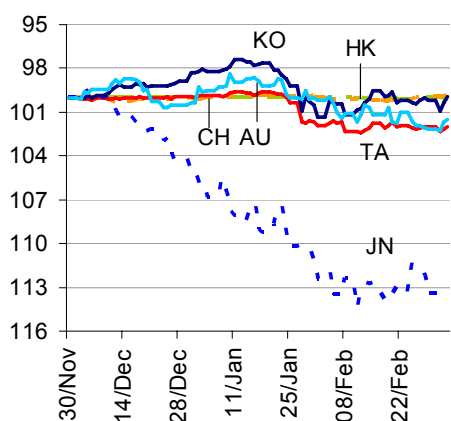
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



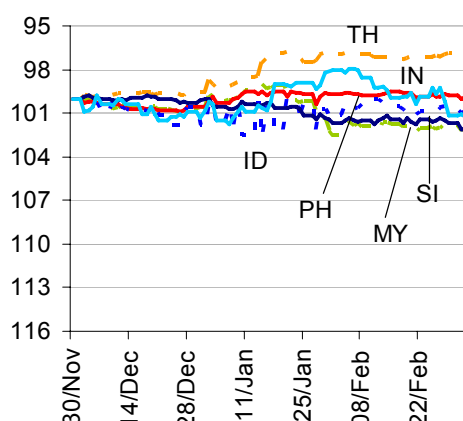
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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