

Daily Flash

Asia

A mixed set of Chinese economic indicators released over the weekend (see below) weighed on regional sentiment, but was partially offset by the strong US jobs data. The Shanghai Composite slid by -0.3%, while other markets finished mixed, marked by the Nikkei's +0.5% rise amid a further depreciation of the yen, to above 96/USD.

China: a mixed batch of indicators points to modest growth trajectory

The first significant batch of economic indicators in 2013 was released over the weekend for the January/February period, presenting a mixed picture of current growth momentum (for details, see our *China Flash*). The highlights were much stronger-than-expected exports released last Friday (21.8% y/y vs. consensus 8.1%), weaker-than-expected industrial production (9.9% y/y vs. consensus: 10.6%), and retail sales (12.3% y/y vs. consensus: 15.0%), and slightly higher-than-expected inflation (3.2% vs. consensus: 3.0%). All told, the data are consistent with our cautious growth outlook for 2013 of 8.0% (8.2% in H1, 7.8% in H2), underpinned by supportive fiscal policy, with the monetary stance likely to stay on hold given the ambitious 3.5% average inflation target.

Japan's disappointing machine orders reveal weak business investment

Machine orders fell in January by more than expected (-9.7% y/y; consensus: -3.4%), pointing to weak corporate investment. Although growth momentum turned positive in Q4 2012, weak business investment is a headwind to the new government's efforts to stimulate growth in 2013. Meanwhile, in testimony today before Parliament, BoJ nominee Haruhiko Kuroda reiterated he will pursue bold monetary easing to achieve the 2% inflation target.

Briefly noted:

Last Friday, Thailand's credit rating was upgraded by Fitch by one notch to BBB+, bringing it in line with S&P and Moody's. Fitch emphasized improved policy predictability and social stability. We expect the Thai economy to expand by 4.6% in 2013 following robust growth of 6.4% last year.

Malaysia's exports rebounded in January to USD\$18.3bn, up 3.5% y/y (consensus: 1.6%) on stronger demand from Asia following a contraction of -5.8% y/y in December. Imports jumped by 16.0% y/y to US\$17.3bn (consensus: 2.6%). Industrial production in January also climbed by 4.6% y/y, from 3.5% the previous month.

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Calendar Indicators

Australia	Date	Period	Prior	Cons.	Actual
Unemployment Rate	14 Mar	Feb	5.40%	5.50%	--
China	Date	Period	Prior	Cons.	Actual
Retail Sales (YoY)	09 Mar	Feb	14.30%	15.00%	12.30%
Industrial Production YTD	09 Mar	Feb	10.00%	10.60%	9.90%
Consumer Price Index (YoY)	09 Mar	Feb	2.00%	3.00%	3.20%
Money Supply-M2	10 Mar	Feb	15.90%	14.90%	15.20%
Hong Kong	Date	Period	Prior	Cons.	Actual
Industrial Production (YoY)	14 Mar	4Q	-0.10%	--	--
Composite Interest Rate	15-19 MAR	Feb	0.28%	--	--
India	Date	Period	Prior	Cons.	Actual
Industrial Production YoY	12 Mar	Jan	-0.60%	1.00%	--
Wholesale Prices YoY%	14 Mar	Feb	6.62%	6.60%	--
Exports YoY%	11-15 MAR	Feb	0.80%	--	--
Japan	Date	Period	Prior	Cons.	Actual
Tertiary Industry Index (MoM)	12 Mar	Jan	1.40%	-0.20%	--
Industrial Production YOY%	14 Mar	Jan F	-5.10%	--	--
Malaysia	Date	Period	Prior	Cons.	Actual
Exports YoY%	11 Mar	Jan	-5.80%	1.60%	3.50%
Industrial Production YoY	11 Mar	Jan	3.50%	5.60%	4.60%
Philippines	Date	Period	Prior	Cons.	Actual
Total Exports (YoY)	12 Mar	Jan	16.50%	6.10%	--
Unemployment Rate	13 Mar	Jan	6.80%	--	--
Overseas Remittances (YoY)	15 Mar	Jan	9.70%	10.10%	--
Singapore	Date	Period	Prior	Cons.	Actual
Retail Sales (YoY)	15 Mar	Jan	-1.50%	0.50%	--
Unemployment Rate (sa)	15 Mar	4Q F	1.80%	--	--
Korea	Date	Period	Prior	Cons.	Actual
Unemployment Rate (SA)	13 Mar	Feb	3.20%	3.20%	--

Calendar Events

Philippines - Overnight Borrowing Rate, Mar 14	Current	Cons.	New
We expect the benchmark rate to remain unchanged	3.50%	3.50%	--
South Korea - 7-day Repo Rate, Mar 14	Current	Cons.	New
We expect the benchmark rate to remain unchanged	2.75%	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.	2310.6	-0.3	1.6	1.8	-5.3
Hong Kong - Hang Seng	23090.8	0.0	2.5	1.9	9.5	
Taiwan - Weighted	8038.7	0.3	2.2	4.4	0.3	
Japan - Nikkei 225	12349.1	0.5	6.0	18.8	24.4	
Korea - Kospi	2003.4	-0.1	-0.5	0.3	-0.7	
India - Sensex 30	19680.7	0.0	4.3	1.3	12.4	
Australia - SPX/ASX 200	5146.9	0.5	2.7	10.7	22.2	
Singapore - Strait Times	3293.0	0.1	1.6	4.0	11.1	
Indonesia - Jakarta Comp	4854.3	-0.4	2.0	12.5	21.6	
Thailand - SET	1576.1	0.6	2.3	13.2	36.0	
Malaysia - KLCI	1658.0	0.2	1.3	-1.8	5.0	
Philippines - Manila Comp.	6814.0	-0.3	2.7	17.2	36.8	

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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	-0.04	0.11	6.28	6.31
Hong Kong (HKD/USD)	7.76	0.00	-0.02	7.75	7.75	
Taiwan (TWD/USD)	29.7	-0.07	0.14	29.62	29.42	
Japan (JPY/USD)	96.11	-0.11	-2.74	96.04	95.74	
Korea (KRW/USD)	1095	-0.41	-0.16	1103	1115	
India (INR/USD)	54.4	-0.13	0.92	55.37	57.82	
Australia (USD/AUD)	1.02	-0.03	0.36	0.98	1.00	
Singapore (SGD/USD)	1.25	-0.10	-0.26	1.25	1.25	
Indonesia (IDR/USD)	9700	-0.15	0.14	9777	10139	
Thailand (THB/USD)	29.7	0.00	0.30	29.88	30.24	
Malaysia (MYR/USD)	3.11	-0.14	-0.11	3.13	3.17	
Philippines (PHP/USD)	40.7	0.01	0.32	40.62	40.55	

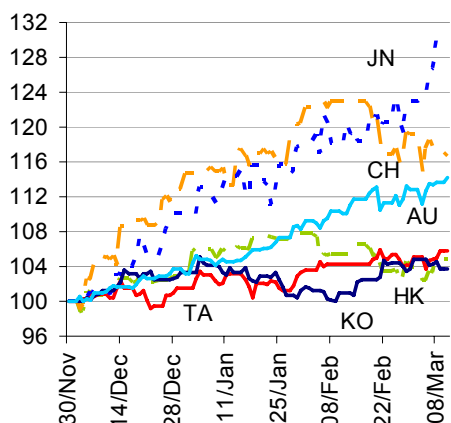
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.00	0.50	0.00	-0.65
Hong Kong (HIBOR/1W)	0.10	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.55	0.00	-0.01	-0.01	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.76	0.00	0.00	-0.01	
India (MIBOR/7D)	3.20	0.72	-1.41	-0.80	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.28	0.00	0.00	0.00	
Thailand (BIBOR/1W)	2.77	0.00	0.00	0.00	
Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00	
Philippines (PHIBOR/1W)	1.06	-0.06	-0.25	-0.50	

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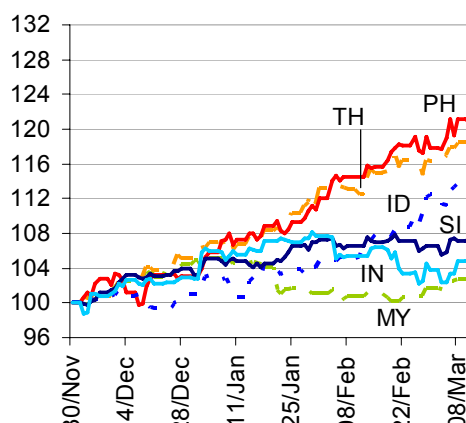
Charts

Chart 1
Stock Markets



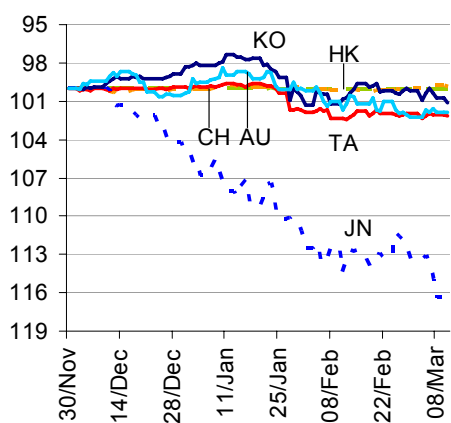
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



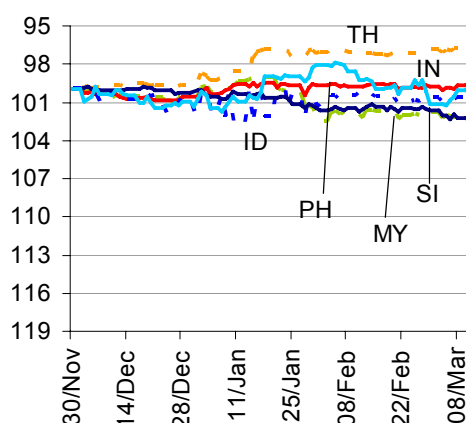
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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