

# Daily Flash

## Asia

*Worries of monetary policy tightening in China weighed on regional sentiment today, as China's central bank Governor held a press conference with hawkish overtones (see below). Asian equity markets fell for a second straight day, led by the Hang Seng (-1.4%) and the Shanghai Composite (-1.0%), while the Kospi bucked the trend (+0.3%) on hopes of more policy stimulus ahead of tomorrow's Bank of Korea policy meeting. While the consensus favors no change by the BoK, we expect a 25bp cut, if not tomorrow then at the BoK's April meeting in view of sluggish growth indicators and low inflation. Also on tap for tomorrow is the Philippines' monetary policy meeting (no change expected), and India's WPI inflation (BBVA: 6.6%; consensus: 6.6%).*

### China's PBoC Governor emphasizes vigilance in containing inflation

In a press conference today on the sidelines of the National People's Conference (NPC), PBoC Governor Zhou Xiaochuan, emphasized that prudence would be needed to prevent inflationary expectations from rising following February's above-consensus 3.2% y/y outturn, and also to meet the government's relatively tight M2 and inflation objectives for 2013, of 13.0% and 3.5% respectively. Overall, he characterized the current stance of policy as "neutral," and said the PBoC would not gear its policy toward housing prices alone (which could be addressed through more targeted measures). On balance, we view the remarks as consistent with our view of no monetary policy changes during the course of 2013, although a tightening bias may take hold in the second half of the year to contain inflationary pressures. Mr. Zhou is now widely expected to retain his post for another two years, which would be positive for investor sentiment given his pro-reform reputation and strong record in maintaining macro stability.

### Korea's February unemployment rate edged up

Korea's seasonally adjusted unemployment rate rose to 3.5% (consensus: 3.2%) from 3.2% the previous month. Together with recent weak growth outturns, we believe the data raises the likelihood of a rate cut by the Bank of Korea at tomorrow's policy meeting. The policy rate currently stands at 2.75%.

Stephen Schwartz  
Chief Economist for Asia  
stephen.schwartz@bbva.com.hk  
+852 2582 3218

Jeffrey Cantwell, CFA  
Economist  
jeffrey.cantwell@bbva.com.hk  
+852 2582 3173

Weiwei Liu  
Economist  
carrie.liu@bbva.com.hk  
+852 2582 3243

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>
Unemployment Rate	14 Mar	Feb	5.40%	5.50%	--
<b>China</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
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%
<b>Hong Kong</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Industrial Production (YoY)	14 Mar	4Q	-0.10%	--	--
Composite Interest Rate	15-19 MAR	Feb	0.28%	--	--
<b>India</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Exports YoY%	11 Mar	Feb	-2.10%	--	4.20%
Industrial Production YoY	12 Mar	Jan	-0.50%	1.30%	2.40%
Wholesale Prices YoY%	14 Mar	Feb	6.62%	6.60%	--
<b>Japan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Tertiary Industry Index (MoM)	12 Mar	Jan	1.10%	-0.20%	-1.10%
Industrial Production YOY%	14 Mar	Jan F	-5.10%	--	--
<b>Malaysia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Exports YoY%	11 Mar	Jan	-5.80%	1.60%	3.50%
Industrial Production YoY	11 Mar	Jan	3.50%	5.60%	4.60%
<b>Philippines</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Total Exports (YoY)	12 Mar	Jan	16.50%	6.00%	-2.70%
Unemployment Rate	15 Mar	Jan	6.80%	--	--
Overseas Remittances (YoY)	15 Mar	Jan	9.70%	10.10%	--
<b>Singapore</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Retail Sales (YoY)	15 Mar	Jan	-1.50%	0.50%	--
Unemployment Rate (sa)	15 Mar	4Q F	1.80%	--	--
<b>Korea</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Unemployment Rate (SA)	13 Mar	Feb	3.20%	3.20%	3.50%

## Calendar Events

**Philippines - Overnight Borrowing Rate, Mar 14**  
We expect the benchmark rate to remain unchanged

<b>Current</b>	<b>Cons.</b>	<b>New</b>
3.50%	3.50%	--

**South Korea - 7-day Repo Rate, Mar 14**  
We expect the benchmark rate to be cut by 25bps

<b>Current</b>	<b>Cons.</b>	<b>New</b>
2.75%	2.50%	--

## 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.	2264.0	-1.0	-3.5	-0.2	-7.8
Hong Kong - Hang Seng	22556.7	-1.5	-1.0	-0.4	5.7	
Taiwan - Weighted	7995.5	0.0	0.6	3.8	-0.4	
Japan - Nikkei 225	12239.7	-0.6	2.6	17.7	23.6	
Korea - Kospi	1999.7	0.3	-1.0	0.1	-1.2	
India - Sensex 30	19366.9	-1.0	0.6	-0.3	8.7	
Australia - SPX/ASX 200	5092.4	-0.5	-0.5	9.5	19.9	
Singapore - Strait Times	3288.5	-0.4	-0.1	3.8	10.0	
Indonesia - Jakarta Comp	4835.4	-0.4	1.8	12.0	21.3	
Thailand - SET	1578.0	0.1	1.2	13.4	36.8	
Malaysia - KLCI	1646.2	-0.6	-0.3	-2.5	5.3	
Philippines - Manila Comp.	6776.6	-0.1	-0.9	16.6	35.4	

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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)	6.21	0.03	0.06	6.28	6.30
Hong Kong (HKD/USD)	7.76	-0.01	-0.02	7.75	7.75	
Taiwan (TWD/USD)	29.7	-0.02	-0.19	29.61	29.31	
Japan (JPY/USD)	95.79	0.30	-1.80	95.73	95.42	
Korea (KRW/USD)	1097	-0.20	-1.35	1107	1120	
India (INR/USD)	54.2	-0.09	0.88	55.30	57.77	
Australia (USD/AUD)	1.03	-0.14	0.75	0.98	1.00	
Singapore (SGD/USD)	1.25	-0.12	0.05	1.25	1.25	
Indonesia (IDR/USD)	9689	0.04	0.04	9768	10130	
Thailand (THB/USD)	29.6	-0.10	0.61	29.75	30.12	
Malaysia (MYR/USD)	3.11	0.03	-0.10	3.13	3.17	
Philippines (PHP/USD)	40.6	0.17	0.42	40.48	40.43	

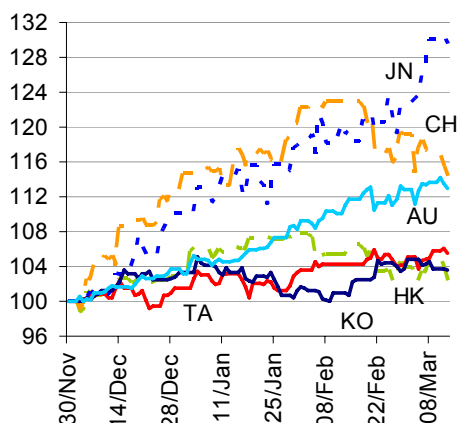
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.04	-0.04	0.54	-0.61
Hong Kong (HIBOR/1W)	0.10	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.55	0.00	0.00	-0.01	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.76	0.00	0.00	-0.01	
India (MIBOR/7D)	3.04	-0.13	-0.01	-0.96	
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)	0.94	0.00	0.06	-0.50	

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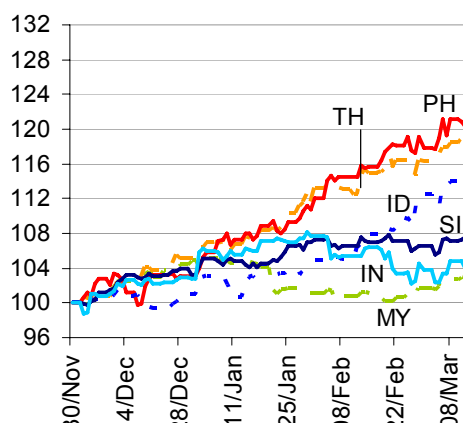
# Charts

Chart 1  
Stock Markets



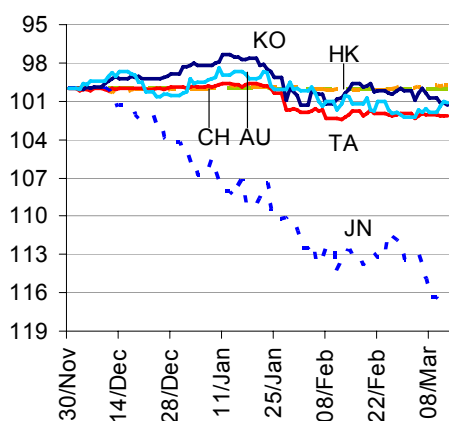
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



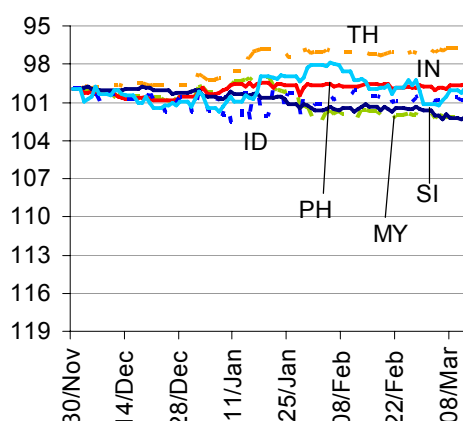
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Stephen Schwartz  
Chief Economist for Asia  
[stephen.schwartz@bbva.com.hk](mailto:stephen.schwartz@bbva.com.hk)

Fielding Chen  
Senior Economist  
[fielding.chen@bbva.com.hk](mailto:fielding.chen@bbva.com.hk)

Le Xia  
Senior Economist (China)  
[xia.le@bbva.com.hk](mailto:xia.le@bbva.com.hk)

Sumedh Deorukhkar  
Senior Economist (India, Mumbai)  
[sumedh.deorukhkar@grupobbva.com](mailto:sumedh.deorukhkar@grupobbva.com)

Jeffrey Cantwell, CFA  
Economist  
[jeffrey.cantwell@bbva.com.hk](mailto:jeffrey.cantwell@bbva.com.hk)

George Xu  
Economist  
[george.xu@bbva.com.hk](mailto:george.xu@bbva.com.hk)

Weiwei Liu  
Economist  
[carrie.liu@bbva.com](mailto:carrie.liu@bbva.com)

Edward Wu  
Economist  
[edward.wu@bbva.com](mailto:edward.wu@bbva.com)

**BBVA** | RESEARCH  | 10/F., Two IFC, 8 Finance Street, Central, Hong Kong | Tel.: +852 2582 3111 | [www.bbva.com.hk](http://www.bbva.com.hk)

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