

Daily Flash

Asia

The majority of Asian markets closed higher today, after positive US labor market data improved regional sentiment. China selected its Premier Minister - Li Keqing - today and next will announce the PBOC governor at tomorrow's meeting. In Japan, the upper house approved the nominees for the top 3 jobs in the Bank of Japan (see below), pushing the Nikkei up by 1.5% its highest level since September 2008. Looking ahead, the market focus next week will turn to Taiwan's February export orders (see Weekly Indicator below), Japan's trade data, and India's monetary policy meeting - where we expect a 25bps cut in both the Cash Reserve Ratio and the repo rate to 3.75% and 7.50%, respectively.

New Bank of Japan governor approved as gov't upgrades economic view

Japan's parliament today approved Haruhiko Kuroda as the new head of the Bank of Japan, along with his two deputies-Kikuo Iwata and Hiroshi Nakaso. Expectations are rising of additional easing measures by the BoJ, including bringing forward the open-end asset purchasing program set to start in January 2014, as well as buying longer term bonds and other risk assets. Separately, the Japanese government upgraded its assessment of the domestic economy, stating the recovery is "expected to resume gradually, supported by the improvement of confidence, the improvement of export conditions and the effects of the policy package and monetary policy."

Singapore's January retail sales fall by more than expected

Singapore's retail sales fell by 2.0% y/y in January (consensus: -0.1% y/y) as demand for food and telecommunications weakened. With the economy remaining weak, the focus is gradually turning to the Monetary Authority of Singapore, which holds its semi-annual policy meeting in mid-April, and whether the MAS will loosen monetary policy in order to support the economy.

Briefly noted:

The Philippines' unemployment rate rose to a seasonally adjusted 7.1% in January from 6.8% in October. Despite the disappointing reading, growth momentum is expected to remain intact in the short term, as domestic demand remains buoyant.

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Calendar Indicators

Australia	Date	Period	Prior	Cons.	Actual
Unemployment Rate	14 Mar	Feb	5.40%	5.50%	5.40%
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%	--	1.30%
India	Date	Period	Prior	Cons.	Actual
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%	6.84%
Japan	Date	Period	Prior	Cons.	Actual
Tertiary Industry Index (MoM)	12 Mar	Jan	1.10%	-0.20%	-1.10%
Industrial Production YOY%	14 Mar	Jan F	-5.10%	--	-5.80%
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%	6.00%	-2.70%
Unemployment Rate	15 Mar	Jan	6.80%	--	7.10%
Overseas Remittances (YoY)	15 Mar	Jan	9.70%	10.10%	8.00%
Singapore	Date	Period	Prior	Cons.	Actual
Retail Sales (YoY)	15 Mar	Jan	-1.50%	-0.10%	-2.00%
Unemployment Rate (sa)	15 Mar	4Q F	1.80%	--	1.80%
Korea	Date	Period	Prior	Cons.	Actual
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

Current	Cons.	New
3.50%	3.50%	3.50%

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

Current	Cons.	New
2.75%	2.50%	2.75%

Indicator of the Week

Taiwan: February Export Orders (March 20th)

Forecast: -3.40% y/y

Consensus: N/A

Prior: 18.0% y/y

Taiwan's export orders are closely watched as a leading indicator of regional export trends given the economy's position in the global supply chain. Recent exports outturns in Asia have been mixed, with China's exports for the first two month of the year surprising to the upside, against disappointing readings from Korea and Taiwan. Against t this backdrop, the export orders data will be watched to gauge the strength of external demand, which appears to be improving. Export orders have risen on a year-over-year basis for five consecutive months; however, we expect a small decline in February due to the Chinese New Year timing distortion, which resulted in fewer working days in February. If our forecast proves correct, it would still bring the combined outturn for January/February to around 7% y/y compared to 3.1% y/y in the H2 2012, underscoring a modest recovery of external demand in 2013.

Upcoming Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
China February Property Prices	18 Mar	Feb	--	--	--
HSBC Flash Manufacturing PMI	21 Mar	Mar	50.4	50.9	--
Hong Kong	Date	Period	Prior	Cons.	Actual
Unemployment Rate SA	18 Mar	Feb	3.40%	3.40%	--
Composite Interest Rate	19 MAR	Feb	0.28%	--	--
CPI - Composite Index (YoY)	21 Mar	Feb	3.00%	4.00%	--
Japan	Date	Period	Prior	Cons.	Actual
Merchnds Trade Exports YoY	21 Mar	Feb	6.40%	-1.20%	--
Malaysia	Date	Period	Prior	Cons.	Actual
CPI YoY	20 Mar	Feb	1.30%	1.50%	--
Singapore	Date	Period	Prior	Cons.	Actual
Non-oil Domestic Exports (YoY)	18 Mar	Feb	0.50%	--	--
Taiwan	Date	Period	Prior	Cons.	Actual
Export Orders (YoY)	20 Mar	Feb	18.00%	--	--
Unemployment Rate - sa	22 Mar	Feb	4.20%	--	--

Upcoming Calendar Events

India - REPO Cutoff Yield, Mar 19

We expect a 25 bps cut in the benchmark rate

Current
7.75%

Cons.
7.50%

New
--

India - Cash Reserve Ratio, Mar 19

We expect a 25 bps cut in the benchmark rate

Current
4.00%

Cons.
4.00%

New
--

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.	2278.4	0.4	-1.7	0.4	-4.0
Hong Kong - Hang Seng	22533.1	-0.4	-2.4	-0.5	5.5	
Taiwan - Weighted	7927.5	-0.3	-1.1	3.0	-2.4	
Japan - Nikkei 225	12561.0	1.5	2.3	20.8	24.1	
Korea - Kospi	1986.5	-0.8	-1.0	-0.5	-2.8	
India - Sensex 30	19461.2	-0.6	-1.1	0.2	10.1	
Australia - SPX/ASX 200	5120.2	1.7	-0.1	10.1	19.7	
Singapore - Strait Times	3284.8	0.2	-0.1	3.7	8.6	
Indonesia - Jakarta Comp	4819.3	0.7	-0.6	11.6	19.3	
Thailand - SET	1597.9	0.7	2.0	14.8	36.4	
Malaysia - KLCI	1627.6	-0.8	-1.6	-3.6	3.1	
Philippines - Manila Comp.	6654.6	-0.6	-2.6	14.5	32.3	

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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	-0.02	-0.01	6.28	6.31
Hong Kong (HKD/USD)	7.76	0.01	-0.01	7.75	7.75	
Taiwan (TWD/USD)	29.7	0.00	-0.15	29.63	29.35	
Japan (JPY/USD)	96.02	0.09	-0.02	95.96	95.64	
Korea (KRW/USD)	1111	-0.17	-1.84	1116	1129	
India (INR/USD)	54.1	0.42	0.28	55.13	57.60	
Australia (USD/AUD)	1.04	-0.09	1.36	0.97	0.99	
Singapore (SGD/USD)	1.25	0.03	-0.12	1.25	1.25	
Indonesia (IDR/USD)	9706	-0.06	-0.22	9793	10156	
Thailand (THB/USD)	29.6	0.24	0.58	29.69	30.04	
Malaysia (MYR/USD)	3.12	-0.40	-0.56	3.14	3.19	
Philippines (PHP/USD)	40.6	-0.04	0.14	40.55	40.50	

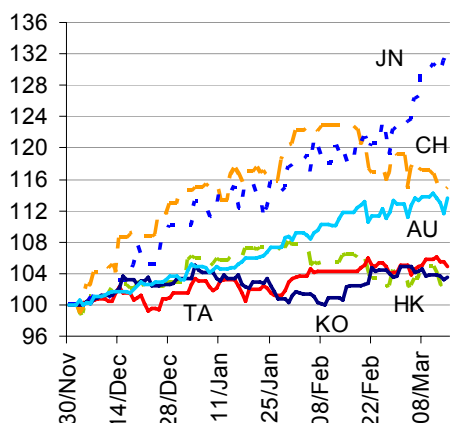
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.40	0.31	0.90	-0.25
Hong Kong (HIBOR/1W)	0.10	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.55	0.00	0.00	-0.01	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.76	0.00	0.00	-0.01	
India (MIBOR/7D)	3.37	-0.21	0.89	-0.63	
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)	0.56	-0.31	-0.56	-0.38	

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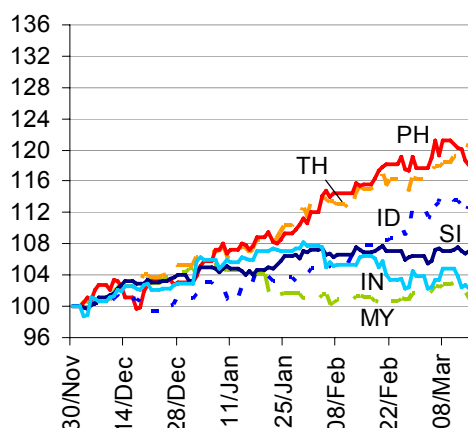
Charts

Chart 1
Stock Markets



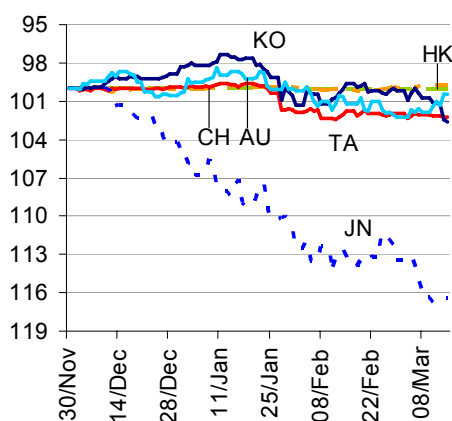
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



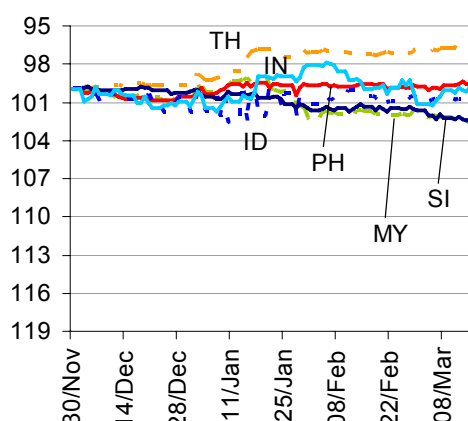
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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