

Daily Flash

Asia

A strong flash PMI estimate is lifting confidence once again in China's growth rebound, after disappointing activity outturns in January/February (see below). Meanwhile, in Japan analysts were awaiting statements from newly appointed Bank of Japan Governor Haruhiko Kuroda at his first press conference, scheduled after the market's close. Expectations of further easing at the next policy meeting on April 3-4 are running high, and the Nikkei continued its upward trend today (+1.3%), for a cumulative rise of 21.5% since the beginning of the year, although the yen held steady at around 95.4 per USD.

China's Flash PMI rebounds, lifting confidence in the growth pickup

The HSBC Flash PMI estimate for March rebounded to 51.7 (consensus: 50.8) after last month's drop to 50.4. The jump was driven by improved output and new orders, and appears to have partially eased market concerns about a loss of growth momentum after the release of mixed activity indicators in January/February. Caution is in order in interpreting the flash estimate, given lingering seasonal effects from the timing of Chinese New Year and the usual volatility in monthly data. In the meantime, we believe that recent indicators are consistent with our 8.0% growth projection for 2013. The focus now turns to the official NBS PMI on April 1.

Japan exports remain weak in February

Japan recorded its eighth consecutive monthly trade deficit in February, at 777.5bn yen, as exports dropped by a more-than-expected -2.9% y/y (Prior: 6.4%, Consensus: -1.7%). Exports to China declined by -15.8% y/y due to the Chinese New Year holiday; those to Europe fell by 9.6%, while shipments to U.S. rose 5.7%. Meanwhile, imports rose by 11.9% y/y on higher energy imports, as a result of both the weaker yen and the shutdown of Japan's nuclear plants. We expect exports and the trade balance to improve in the coming months on the lagged effect from yen depreciation.

Briefly noted:

Hong Kong's headline inflation accelerated to 4.4% y/y in February (consensus: 4.0 y/y), up from 3.0% y/y in January. The stronger-than-expected outturn was driven by higher food and housing prices, and could have been due in part to seasonal effects from the Chinese New Year timing. Looking ahead, we expect inflation to remain at a relatively high level for the rest of this year, for a full year average of 4.2% (compared to last year's outturn of 4.1%).

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Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
Actual FDI (YoY)	19 Mar	Mar	-7.30%	-4.80%	6.30%
HSBC Flash Manufacturing PMI	21 Mar	Mar	50.4	50.8	51.7
Hong Kong	Date	Period	Prior	Cons.	Actual
Unemployment Rate SA	18 Mar	Feb	3.40%	3.40%	3.40%
Composite Interest Rate	19 Mar	Feb	0.28%	--	0.25%
CPI - Composite Index (YoY)	21 Mar	Feb	3.00%	4.00%	4.40%
Japan	Date	Period	Prior	Cons.	Actual
Merchnds Trade Exports YoY	21 Mar	Feb	6.40%	-1.70%	-2.90%
Malaysia	Date	Period	Prior	Cons.	Actual
CPI YoY	20 Mar	Feb	1.30%	1.50%	1.50%
Singapore	Date	Period	Prior	Cons.	Actual
Non-oil Domestic Exports (YoY)	18 Mar	Feb	0.40%	-16.00%	-30.60%
Taiwan	Date	Period	Prior	Cons.	Actual
Export Orders (YoY)	20 Mar	Feb	18.00%	-3.00%	-14.50%
Unemployment Rate - sa	22 Mar	Feb	4.20%	4.20%	--

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

7.50%

India - Cash Reserve Ratio, Mar 19

We expect a 25 bps cut in the benchmark rate

Current

4.00%

Cons.

4.00%

New

4.00%

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.	2324.2	0.3	2.4	2.4	-2.3
Hong Kong - Hang Seng	22225.9	-0.1	-1.7	-1.9	6.6	
Taiwan - Weighted	7811.8	0.2	-1.8	1.5	-2.1	
Japan - Nikkei 225	12635.7	1.3	3.2	21.6	24.6	
Korea - Kospi	1950.8	-0.4	-2.6	-2.3	-3.8	
India - Sensex 30	18895.4	0.1	-3.4	-2.7	7.3	
Australia - SPX/ASX 200	4959.4	-0.2	-1.4	6.7	16.6	
Singapore - Strait Times	3267.1	0.6	-0.4	3.2	8.7	
Indonesia - Jakarta Comp	4802.7	-0.6	0.3	11.3	19.0	
Thailand - SET	1530.6	-0.8	-3.5	10.0	26.7	
Malaysia - KLCI	1630.8	0.0	-0.6	-3.4	3.0	
Philippines - Manila Comp.	6473.0	0.8	-3.3	11.4	28.5	

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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	-0.04	0.03	6.28	6.31
Hong Kong (HKD/USD)	7.76	0.00	-0.05	7.76	7.75	
Taiwan (TWD/USD)	29.8	-0.06	-0.33	29.72	29.41	
Japan (JPY/USD)	95.72	0.30	0.41	95.66	95.34	
Korea (KRW/USD)	1116	0.03	-0.61	1123	1136	
India (INR/USD)	54.3	0.21	0.21	55.30	57.83	
Australia (USD/AUD)	1.04	0.06	0.01	0.97	0.99	
Singapore (SGD/USD)	1.25	0.01	-0.13	1.25	1.25	
Indonesia (IDR/USD)	9755	-0.32	-0.56	9873	10270	
Thailand (THB/USD)	29.2	-0.31	1.40	29.35	29.70	
Malaysia (MYR/USD)	3.12	0.03	-0.32	3.14	3.18	
Philippines (PHP/USD)	40.7	0.02	-0.29	40.71	40.63	

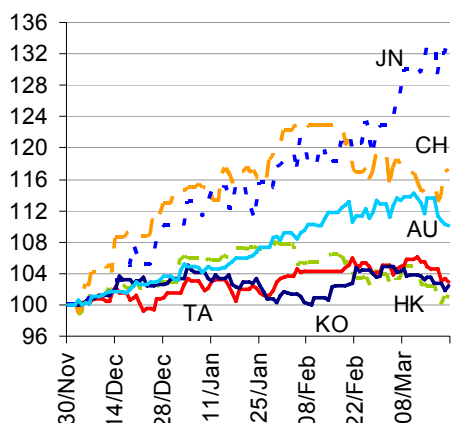
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.00	-0.25	-0.40	0.00
Hong Kong (HIBOR/1W)	0.10	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.55	0.00	0.00	-0.01	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.75	0.00	-0.01	-0.02	
India (MIBOR/7D)	3.06	-0.52	-0.52	0.06	
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)	0.69	0.13	-0.19	-0.56	

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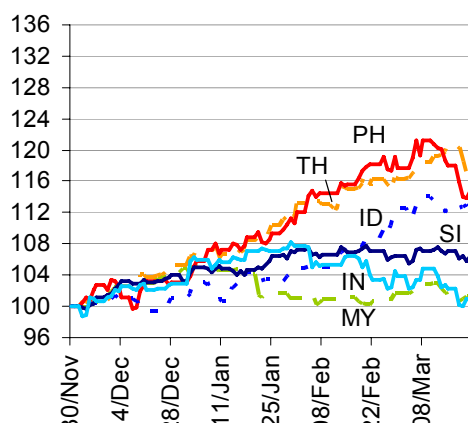
Charts

Chart 1
Stock Markets



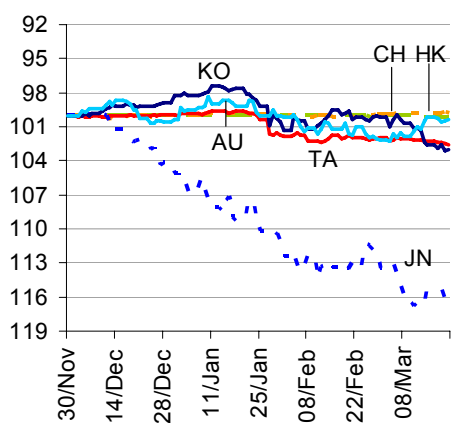
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



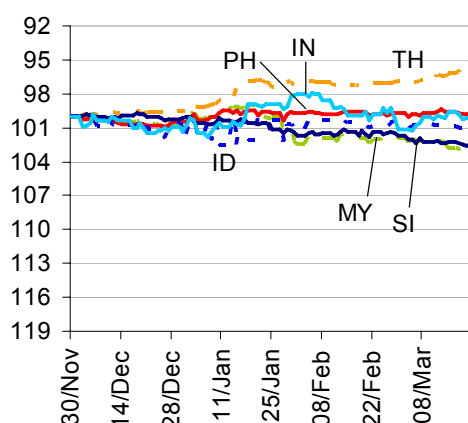
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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