

Daily Flash

Asia

Bank of Japan Governor says extension of bond maturities possible

Newly installed BoJ Governor Haruhiko Kuroda said today that an extension of the maturity of bond purchases is under consideration. He made the comments in a Parliamentary session of the BoJ's six-monthly policy report. An extension of maturities, currently limited to 3-year government bonds, is one policy tool expected by the markets to enhance the scope of monetary easing. Such expectations have caused yields on longer term government bonds to fall in recent days. Nevertheless, the JPY failed to resume its appreciation trend as risk aversion dominated market sentiment in the wake of the Cyprus bailout agreement. The JPY/USD was trading around 94.3 late in the day.

Singapore industrial production weakens, ahead of MAS policy meeting

February industrial production fell by a more-than-expected -16.6% y/y (consensus: -7.9% y/y) on weak electronics and biomedical output. The data add to other recent disappointing outturns including February exports, putting pressure on the Monetary Authority of Singapore to ease monetary policy at its next policy meeting in mid-April. However, with inflation remaining high (4.9% y/y in February), we expect the MAS to stay on hold by maintaining the present appreciation path for the SGP.

Hong Kong posts weak trade data for February

Exports posted an unexpected decline (-16.9% y/y vs. consensus: +4.4% y/y), and imports fell by more than expected (-18.3% y/y vs. consensus: -2.5% y/y), after a surprising surge in January (+17.6% y/y +23.9% respectively). As a result, the February trade deficit increased to HKD -34.5 billion (consensus: HKD -36.2 billion) from January's -27.5 billion, continuing a trend of widening trade and current account deficits as domestic consumption stays strong. The data were likely distorted by the shift in the Chinese New Year timing (exports to China and Japan were especially soft, although even after combining the January and February outturns, exports were still weak, at only +0.3% y/y). The trade outturns are a reminder of the still weak, albeit improving, external demand environment, which will weigh on Hong Kong's growth outlook in 2013. We expect growth to pick up to around 3 ½ percent this year, from last year's 1.4% outturn.

Briefly noted:

Vietnam year-to-date exports rose by 19.7% y/y, driven by an increase in the FDI sector.

Imports accelerated from last quarter's 10.2%, climbing by 17.0% y/y, resulting in a trade surplus of USD 481mn.

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Calendar Indicators

Hong Kong	Date	Period	Prior	Cons.	Actual
Exports YoY%	26 Mar	Feb	17.60%	4.40%	-16.90%
India	Date	Period	Prior	Cons.	Actual
Current Account Balance	28 Mar	4Q	-\$22.31B	--	--
Japan	Date	Period	Prior	Cons.	Actual
Retail Trade YoY	28 Mar	Feb	-1.10%	-1.30%	--
Markit/JMMA Manufacturing PMI	29 Mar	Mar	48.5	--	--
Jobless Rate	29 Mar	Feb	4.20%	4.20%	--
Natl CPI YoY	29 Mar	Feb	-0.30%	-0.70%	--
Tokyo CPI YoY	29 Mar	Mar	-0.90%	-0.90%	--
Industrial Production YOY%	29 Mar	Feb P	-5.80%	-8.40%	--
Singapore	Date	Period	Prior	Cons.	Actual
CPI (YoY)	25 Mar	Feb	3.60%	4.10%	4.90%
Industrial Production YoY	26 Mar	Feb	-0.10%	-7.90%	-16.60%
South Korea	Date	Period	Prior	Cons.	Actual
GDP (YoY)	26 Mar	4Q F	1.50%	--	1.50%
Industrial Production (YoY)	29 Mar	Feb	7.30%	-5.90%	--
Taiwan	Date	Period	Prior	Cons.	Actual
Industrial Production (YoY)	25 Mar	Feb	19.05%	-9.30%	-11.45%
Commercial Sales	25 Mar	Feb	7.80%	-2.33%	-6.00%
Thailand	Date	Period	Prior	Cons.	Actual
Customs Exports (YoY)	28 Mar	Feb	16.09%	--	--
Vietnam	Date	Period	Prior	Cons.	Actual
Exports YTD (YoY)	26 Mar	Mar	23.90%	--	19.70%
Retail Sales YTD (YoY)	26-31 MAR	Mar	10.90%	--	--
Industrial Production Index YoY	26-31 MAR	Mar	-10.10%	--	--
GDP Constant Prices YTD (YoY)	26-31 MAR	1Q	5.00%	5.20%	--

Calendar Events

Taiwan - Benchmark Interest Rate, Mar 28

We expect the benchmark rate to remain unchanged

Current

1.875%

Cons.

1.875%

New

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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.	2297.7	-1.2	1.8	1.3	-2.3
	Hong Kong - Hang Seng	22311.1	0.3	1.2	-1.5	7.9
	Taiwan - Weighted	7856.4	0.0	0.2	2.0	-1.4
	Japan - Nikkei 225	12471.6	-0.6	2.1	20.0	24.5
	Korea - Kospi	1983.7	0.3	0.3	-0.7	-1.8
	India - Sensex 30	18693.8	0.1	-1.7	-3.8	9.6
	Australia - SPX/ASX 200	4950.2	-0.8	-0.7	6.5	16.1
	Singapore - Strait Times	3283.5	0.5	0.4	3.7	10.4
	Indonesia - Jakarta Comp	4842.5	0.9	0.4	12.2	20.1
	Thailand - SET	1541.8	1.2	-1.7	10.8	29.7
	Malaysia - KLCI	1652.8	0.5	1.7	-2.1	4.4
	Philippines - Manila Comp.	6665.1	1.0	3.7	14.7	32.5

Last update: today, 17:00 Hong Kong time

FOREIGN EXCHANGE MARKETS	CURRENCY	Spot	% change over a day	% change over a week	Forward 3-month	Forward 12-month
	China (CNY/USD)	6.21	-0.02	0.06	6.28	6.30
	Hong Kong (HKD/USD)	7.76	0.04	0.05	7.76	7.75
	Taiwan (TWD/USD)	29.9	0.01	-0.33	29.74	29.45
	Japan (JPY/USD)	94.06	0.12	1.17	94.00	93.67
	Korea (KRW/USD)	1106	0.48	0.51	1113	1125
	India (INR/USD)	54.4	-0.32	0.04	55.32	57.86
	Australia (USD/AUD)	1.05	0.11	1.03	0.96	0.98
	Singapore (SGD/USD)	1.24	0.26	0.85	1.24	1.24
	Indonesia (IDR/USD)	9738	-0.02	-0.18	9857	10253
	Thailand (THB/USD)	29.4	-0.20	-0.31	29.48	29.84
	Malaysia (MYR/USD)	3.09	0.17	0.91	3.11	3.15
	Philippines (PHP/USD)	40.9	-0.27	-0.53	40.83	40.76

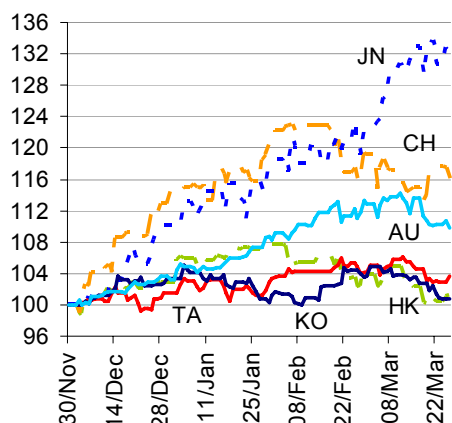
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.10	0.10	0.10	-0.90
	Hong Kong (HIBOR/1W)	0.10	0.00	0.00	0.00
	Taiwan (TAIBOR/1W)	0.55	0.00	0.00	-0.01
	Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01
	Korea (KORIBOR/1M)	2.75	0.00	-0.01	-0.01
	India (MIBOR/7D)	3.54	-0.36	0.57	-0.29
	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)	-0.81	-1.63	-1.69	-2.44

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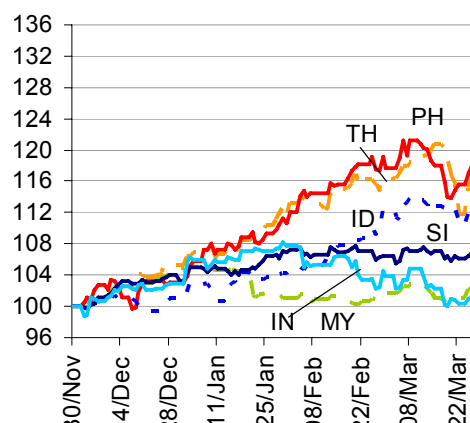
Charts

Chart 1
Stock Markets



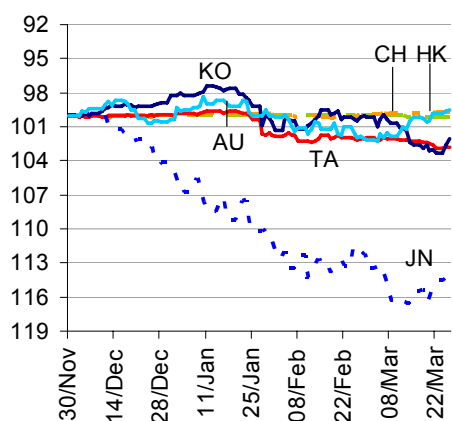
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



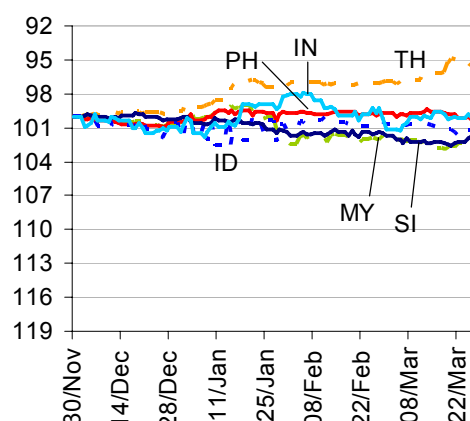
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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