

# Asia Flash

## Asia

### China's property prices accelerate in March, adding to policy concerns

National housing price increases accelerated in March to 3.4% y/y from 2.4% in February, according to our estimates based on monthly price data released today by the National Bureau of Statistics (NBS). On a sequential basis, we estimate an increase of 1.5% m/m nsa in March (vs. 1.4% in February). New home prices rose in 68 of the 70 cities surveyed by the NBS. The price increases continue to be led by major tier 1 cities including Guangzhou, Beijing, Shenzhen and Shanghai, where prices increases were on the order of 6-10% y/y. The data may renew worries about policy tightening, only days after a soft Q1 GDP outturn (7.7% y/y) and benign inflation (2.1% y/y) had alleviated those concerns.

### China hints at a further widening of the daily currency band

PBoC Deputy Governor Yi Gang, said at an IMF conference yesterday that the RMB's daily trading band will be widened "in the near future". The daily trading band was last widened a year ago to +1% from +0.5% previously. In the meantime, the RMB has continued to appreciate against the USD, reaching a new high of 6.17 yesterday, before declining today to 6.18. We have been anticipating a further widening of the band as part of the ongoing gradual financial and capital account liberalization reforms to increase the flexibility of the exchange rate as well as to liberalize the interest rate and capital account.

### Briefly Noted

#### Japan posts better-than-expected exports in March

Exports growth rose to 1.1% y/y (consensus: 0.2%; prior: -2.9 %), providing evidence that the recent yen depreciation may be having a beneficial impact on exporters. Shipments to the U.S. climbed 7.0% y/y, while they fell to China (-2.5% y/y) and the EU (-4.7%). Imports rose by 5.6% y/y (consensus: 6.3%; prior: 11.9 %,) resulting in a smaller trade deficit of -¥362 bn yen (consensus: -522.2. prior: -777.5).

**Singapore non-oil domestic exports (NODX) declines by -4.8% y/y in March**, (Consensus: -5.4% y/y). Non-electronics, especially pharmaceuticals, improved compared to last month, while electronics remained weak. On a sequential basis after seasonal adjustment, NODX increased by 8.0% m/m sa after dropping for three consecutive months.

**China's FDI in March rises by 5.7% y/y, after -1.35% y/y in the first two months**, bringing the first quarter rise in inward FDI to 1.44% y/y, an improvement following last year's decline of -3.7%. By country, FDI inflows from the EU and US improved noticeably in Q1, increasing by 45% y/y and 18.5% y/y respectively. At the same time, outward FDI (non-financial sector) increased by 44% y/y in Q1.

### The Philippines announces new rules to facilitate capital outflows

The central bank announced measures to facilitate access by residents to the foreign exchange market. The measures aim to take pressure off the peso, which has gained 5.8% against the USD on strong capital inflows that have fuelled a sharp rise in the stock market (the best performer in the region, rising by 18% so far this year).

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## Calendar Indicators

| <b>China</b>                         | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
|--------------------------------------|-------------|---------------|--------------|--------------|---------------|
| Industrial Production (YoY)          | 15 Apr      | Mar           | --           | 10.10%       | 8.90%         |
| Fixed Assets Inv Excl. Rural YTD YoY | 15 Apr      | Mar           | 21.20%       | 21.30%       | 20.90%        |
| Retail Sales YTD YoY                 | 15 Apr      | Mar           | 12.50%       | 12.30%       | 12.40%        |
| Real GDP (YoY)                       | 15 Apr      | 1Q            | 7.90%        | 8.00%        | 7.70%         |
| Actual FDI (YoY)                     | 18 Apr      | Mar           | 6.30%        | 1.90%        | 5.70%         |
| <b>Hong Hong</b>                     | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| Unemployment Rate SA                 | 18 Apr      | Mar           | 3.40%        | 3.40%        | 3.50%         |
| Composite Interest Rate              | 18 Apr      | Mar           | 0.25%        | --           | 0.25%         |
| <b>India</b>                         | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| Wholesale Prices YoY%                | 15 Apr      | Mar           | 6.84%        | 6.27%        | 5.96%         |
| Exports YoY%                         | 18 Apr      | Mar           | 4.20%        | --           | 7.00%         |
| <b>Japan</b>                         | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| Industrial Production (MoM)          | 15 Apr      | Feb F         | -0.10%       | --           | 0.60%         |
| Merchnds Trade Exports YoY           | 18 Apr      | Mar           | -2.90%       | 0.20%        | 1.10%         |
| <b>Malaysia</b>                      | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| CPI YoY                              | 17 Apr      | Mar           | 1.50%        | 1.60%        | 1.60%         |
| <b>Philippines</b>                   | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| Overseas Remittances (YoY)           | 15 Apr      | Feb           | 8.00%        | 7.40%        | 6.00%         |
| <b>Singapore</b>                     | <b>Date</b> | <b>Period</b> | <b>Prior</b> | <b>Cons.</b> | <b>Actual</b> |
| Retail Sales (YoY)                   | 15 Apr      | Feb           | -2.00%       | -3.50%       | -2.70%        |
| Non-oil Domestic Exports (YoY)       | 17 Apr      | Mar           | -30.60%      | -5.20%       | -4.80%        |

## Calendar Events

There are no calendar events scheduled for this week.

## Upcoming Calendar Indicators

| Australia                       | Date      | Period | Prior   | Cons.  | Actual |
|---------------------------------|-----------|--------|---------|--------|--------|
| Consumer Prices (YoY)           | 24 Apr    | 1Q     | 2.20%   | --     | --     |
| China                           | Date      | Period | Prior   | Cons.  | Actual |
| HSBC Flash Manufacturing PMI    | 23 Apr    | Apr    | 51.6    | 51.4   | --     |
| Hong Kong                       | Date      | Period | Prior   | Cons.  | Actual |
| CPI - Composite Index (YoY)     | 22 Apr    | Mar    | 4.40%   | 3.70%  | --     |
| Exports YoY%                    | 25 Apr    | Mar    | -16.90% | 10.20% | --     |
| Japan                           | Date      | Period | Prior   | Cons.  | Actual |
| Markit/JMMA Manufacturing PMI   | 26 Apr    | Apr    | 50.4    | --     | --     |
| Natl CPI YoY                    | 26 Apr    | Mar    | -0.70%  | -0.80% | --     |
| Tokyo CPI YoY                   | 26 Apr    | Apr    | -1.00%  | -0.80% | --     |
| Singapore                       | Date      | Period | Prior   | Cons.  | Actual |
| CPI (YoY)                       | 23 Apr    | Mar    | 4.90%   | 3.70%  | --     |
| Industrial Production YoY       | 26 Apr    | Mar    | -16.60% | -3.10% | --     |
| South Korea                     | Date      | Period | Prior   | Cons.  | Actual |
| GDP (YoY)                       | 25 Apr    | 1Q P   | 1.50%   | 1.30%  | --     |
| Taiwan                          | Date      | Period | Prior   | Cons.  | Actual |
| Unemployment Rate - sa          | 22 Apr    | Mar    | 4.16%   | 4.19%  | --     |
| Export Orders (YoY)             | 22 Apr    | Mar    | -14.50% | 1.60%  | --     |
| Industrial Production (YoY)     | 23 Apr    | Mar    | -11.45% | 1.80%  | --     |
| Commercial Sales (YoY)          | 23 Apr    | Mar    | -6.00%  | 1.00%  | --     |
| Thailand                        | Date      | Period | Prior   | Cons.  | Actual |
| Customs Exports (YoY)           | 25-27 APR | Mar    | -5.83%  | --     | --     |
| Vietnam                         | Date      | Period | Prior   | Cons.  | Actual |
| CPI (YoY)                       | 24 Apr    | Apr    | 6.64%   | --     | --     |
| Exports YTD (YoY)               | 25-30 APR | Apr    | 19.70%  | --     | --     |
| Retail Sales YTD (YoY)          | 25-30 APR | Apr    | 11.70%  | --     | --     |
| Industrial Production Index YoY | 25-30 APR | Apr    | 5.60%   | --     | --     |

## Upcoming Calendar Events

### Japan - BOJ Target Rate, Apr 26

We expect the benchmark rate to remain unchanged

| Current | Cons. | New |
|---------|-------|-----|
| 0.10%   | --    | --  |

### Philippines - Overnight Borrowing Rate, Apr 25

We expect the benchmark rate to remain unchanged

| Current | Cons. | New |
|---------|-------|-----|
| 3.50%   | 3.50% | --  |

## 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. | 2197.6     | 0.2                 | -1.0                 | -3.2         | -7.7              |
| Hong Kong – Hang Seng      | 21512.5                | -0.3       | -2.7                | -5.1                 | 3.5          |                   |
| Taiwan – Weighted          | 7791.4                 | -0.2       | -0.8                | 1.2                  | 2.5          |                   |
| Japan – Nikkei 225         | 13220.1                | -1.2       | -2.4                | 27.2                 | 36.8         |                   |
| Korea – Kospi              | 1900.1                 | -1.2       | -2.6                | -4.9                 | -5.2         |                   |
| India – Sensex 30          | 19033.1                | 1.6        | 2.6                 | -2.0                 | 9.4          |                   |
| Australia – SPX/ASX 200    | 4924.4                 | -1.6       | -1.7                | 5.9                  | 13.2         |                   |
| Singapore – Strait Times   | 3296.4                 | 0.1        | -0.4                | 4.1                  | 9.9          |                   |
| Indonesia – Jakarta Comp   | 5012.6                 | 0.3        | 1.8                 | 16.1                 | 20.3         |                   |
| Thailand – SET             | 1528.6                 | 0.5        | 3.9                 | 9.8                  | 30.9         |                   |
| Malaysia – KLCI            | 1706.3                 | -0.3       | 0.0                 | 1.0                  | 6.7          |                   |
| Philippines – Manila Comp. | 6857.5                 | 0.1        | 0.4                 | 18.0                 | 32.2         |                   |

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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) | 6.18  | -0.14               | 0.24                 | 6.24            | 6.25             |
| Hong Kong (HKD/USD)      | 7.76            | 0.00  | -0.02               | 7.76                 | 7.75            |                  |
| Taiwan (TWD/USD)         | 29.9            | -0.04 | 0.19                | 29.81                | 29.53           |                  |
| Japan (JPY/USD)          | 98.32           | -0.20 | 1.38                | 98.27                | 97.95           |                  |
| Korea (KRW/USD)          | 1124            | -0.46 | 0.49                | 1123                 | 1134            |                  |
| India (INR/USD)          | 54.0            | 0.39  | 0.98                | 54.76                | 57.24           |                  |
| Australia (USD/AUD)      | 1.03            | 0.35  | -2.01               | 0.97                 | 0.99            |                  |
| Singapore (SGD/USD)      | 1.24            | 0.08  | 0.15                | 1.24                 | 1.23            |                  |
| Indonesia (IDR/USD)      | 9716            | -0.05 | -0.10               | 9798                 | 10179           |                  |
| Thailand (THB/USD)       | 28.7            | 0.35  | 1.04                | 28.89                | 29.23           |                  |
| Malaysia (MYR/USD)       | 3.03            | -0.24 | -0.02               | 3.05                 | 3.09            |                  |
| Philippines (PHP/USD)    | 41.2            | 0.00  | -0.65               | 41.15                | 41.07           |                  |

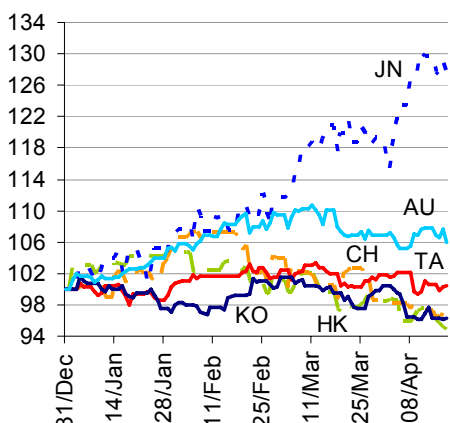
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| INTERBANK RATES         | INDEX             | Rate  | net change over a day | net change over a week | net change over a month |
|-------------------------|-------------------|-------|-----------------------|------------------------|-------------------------|
|                         | China (SHIBOR/7D) | 2.90  | -0.12                 | -0.10                  | -0.20                   |
| Hong Kong (HIBOR/1W)    | 0.10              | 0.00  | 0.00                  | 0.00                   |                         |
| Taiwan (TAIBOR/1W)      | 0.55              | 0.00  | 0.00                  | 0.00                   |                         |
| Japan (TIBOR/1Y)        | 0.76              | 0.00  | 0.01                  | 0.01                   |                         |
| Korea (KORIBOR/1M)      | 2.75              | 0.00  | 0.02                  | -0.01                  |                         |
| India (MIBOR/7D)        | 2.90              | -0.16 | -0.20                 | -0.19                  |                         |
| 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) | 1.25              | 0.00  | -0.31                 | 0.31                   |                         |

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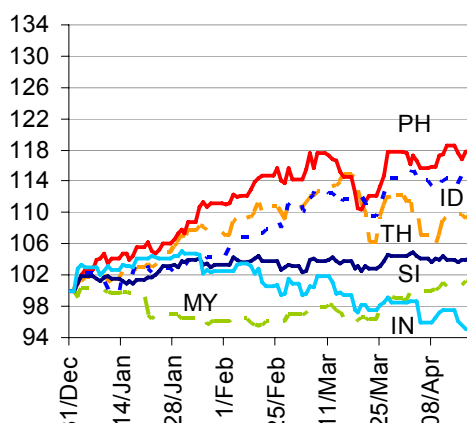
# Charts

Chart 1  
Stock Markets



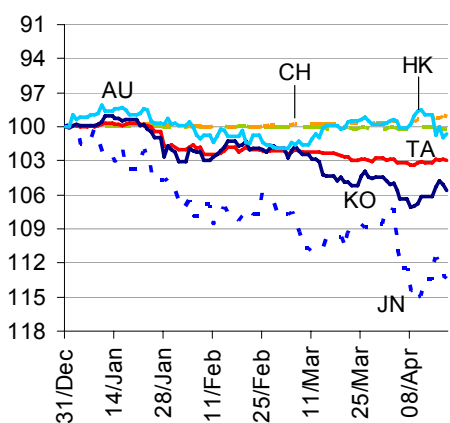
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



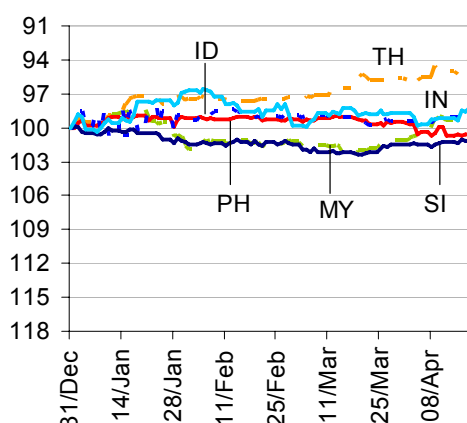
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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