

Asia Flash

Asia

Mixed December trade data for China should not be too much of a concern

China's export growth in December fell by-more-than-expected to 4.3% y/y (consensus: 5.0%; BBVA: 6.8%) from 12.7% in November. Exports to major markets decelerated across the board, to 3.0% y/y in the US from 17.7% y/y in November, to 3.9% y/y to the EU from 18.4% y/y previously, and to 13.5% y/y to ASEAN economies from 16.7% y/y previously. While the outturn was weaker than we expected, the data are distorted due to a high base in December 2012 when over-invoicing of exports was significant as a way for market participants to disguise capital inflows. By removing the base effect distortion, we estimate the "true" level of export growth to be 5 pts higher (i.e, 9.3% y/y in December rather than the reported outturn of 4.3%). Meanwhile, import growth rose by more expected to 8.3% y/y in December (consensus: 5.0%), suggesting continued domestic growth momentum even as the authorities seek to address financial fragilities from rising local government debt and shadow banking lending. As a result, the trade surplus shrank to 25.6 billion USD in December from 33.1 billion USD in November. Despite weaker PMI outturns in December, we expect near-term growth momentum to carry over in H1 2014, consistent with our full-year growth outlook of 7.6%. Over the following days, we will also watch closely for a set of other economic indicators for December (including credit data, due January 10-15, investment, retail sales, industrial production, due January 20), as well as the Q4 GDP outturn (projection: 7.6-7.7% y/y vs 7.8% y/y in Q3, due January 20).

Briefly noted:

India December trade deficit stays within expectations

In data released today, India's trade deficit remained benign in December at USD 10.14 bn, down sharply from year ago (USD 17.8 bn) although slightly higher from the previous month (USD 9.2 bn in November). The latest trade print suggests that India's current account deficit saw a substantial improvement in 2013 (BBVA est: -2.7% of GDP in 2013 vs -5.0% in 2012). Encouraging external trends bode well for market sentiment and the rupee (currently 61.9 per USD), while fiscal deficit concerns remain.

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Calendar Indicators

Australia	Date	Period	Prior	Cons.	Actual
Retail Sales MoM	09 Jan	Nov	0.50%	0.40%	0.70%
China	Date	Period	Prior	Cons.	Actual
CPI YoY	09 Jan	Dec	3.00%	2.70%	2.50%
PPI YoY	09 Jan	Dec	-1.40%	-1.30%	-1.40%
Imports YoY	10 Jan	Dec	5.30%	5.00%	4.30%
Exports YoY	10 Jan	Dec	12.70%	5.00%	8.30%
Aggregate Financing RMB	10-15 Jan	Dec	1227.8B	1137.5B	--
New Yuan Loans	10-15 Jan	Dec	624.6B	570.0B	--
Money Supply M2 YoY	10-15 Jan	Dec	14.20%	13.90%	--
India	Date	Period	Prior	Cons.	Actual
Exports YoY	10 Jan	Dec	5.90%	6.80%	3.50%
Industrial Production YoY	10 Jan	Nov	0.80%	-1.80%	--
Malaysia	Date	Period	Prior	Cons.	Actual
Exports YoY	08 Jan	Nov	9.60%	10.30%	6.70%
Industrial Production YoY	09 Jan	Nov	1.80%	2.90%	4.40%
Philippines	Date	Period	Prior	Cons.	Actual
CPI YoY	07 Jan	Dec	3.30%	3.90%	4.10%
Exports YoY	10 Jan	Nov	14.00%	11.50%	18.90%
Taiwan	Date	Period	Prior	Cons.	Actual
CPI YoY	06 Jan	Dec	0.67%	0.80%	0.33%
Exports YoY	07 Jan	Dec	0.0%	0.5%	-1.9%

Calendar Events

Indonesia – Bank Indonesia Reference Rate, Jan 09	Current	Cons.	New
We expect the benchmark rate to remain unchanged	7.50%	7.50%	7.50%
Korea – BoK 7-Day Repo Rate, Jan 09	Current	Cons.	New
We expect the benchmark rate to remain unchanged	2.50%	2.50%	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.	2013.3		-0.7	-3.4	-4.9
Hong Kong – Hang Seng	22846.3		0.3	0.1	-2.0	-2.2
Taiwan – TAIEX	8529.4		0.2	-0.2	-1.0	9.2
Japan – Nikkei 225	15912.1		0.2	-2.3	-2.3	49.4
Korea – Kospi	1938.5		-0.4	-0.4	-3.6	-3.4
India – Sensex 30 *	20758.5		0.2	-0.4	-1.9	5.6
Australia – SPX/ASX 200	5312.4		-0.2	-0.7	-0.7	12.5
Singapore – Strait Times	3143.9		0.0	0.4	-0.7	-2.6
Indonesia – Jakarta Comp	4255.0		1.3	-0.1	-0.4	-1.4
Thailand – SET	1255.5		-0.2	2.5	-3.3	-10.7
Malaysia – KLCI	1826.6		-0.1	-0.4	-2.2	8.4
Philippines – Manila Comp.	5842.9		-1.6	-1.8	-0.8	-2.9

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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)	6.05		0.05	-0.01	6.10
Hong Kong (HKD/USD)	7.75		-0.01	-0.01	7.75	7.75
Taiwan (TWD/USD)	30.1		0.28	-0.40	30.00	29.82
Japan (JPY/USD)	104.99		-0.16	-0.12	104.94	104.68
Korea (KRW/USD)	1061		0.12	-0.58	1068	1078
India (INR/USD)	61.9		0.23	0.35	63.14	66.78
Australia (USD/AUD)	0.89		-0.09	-0.59	1.13	1.15
Singapore (SGD/USD)	1.27		0.02	-0.27	1.27	1.27
Indonesia (IDR/USD)	12162		0.25	0.15	12462	13197
Thailand (THB/USD)	33.1		-0.11	-0.14	33.34	33.90
Malaysia (MYR/USD)	3.27		0.20	0.59	3.29	3.34
Philippines (PHP/USD)	44.7		-0.09	-0.16	44.76	44.81

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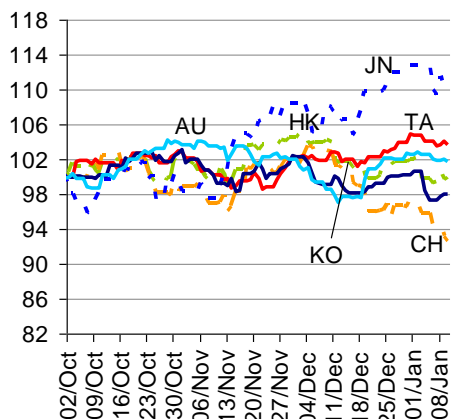
INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	4.04		0.02	-0.67
Hong Kong (HIBOR/1W)	0.13		0.00	0.00	-0.01
Taiwan (TAIBOR/1W)	0.50		0.00	0.00	-0.01
Japan (TIBOR/1Y)	0.76		0.00	0.01	0.01
Korea (KORIBOR/1M)	2.55		0.00	-0.01	-0.01
India (MIBOR/7D)	4.07		-0.64	-0.66	0.17
Singapore (SIBOR/1W)	0.25		0.00	0.00	0.00
Indonesia (JIBOR/1W)	6.40		0.00	-0.02	-0.06
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

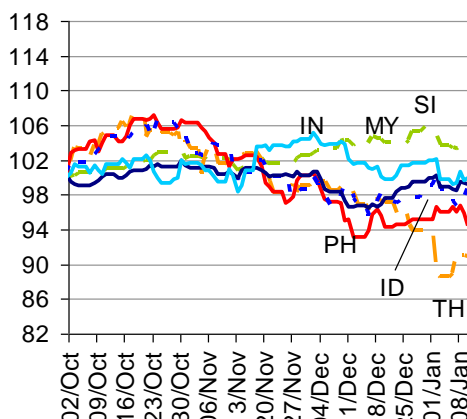
Stock Markets



Source: BBVA Research and Bloomberg

Chart 2

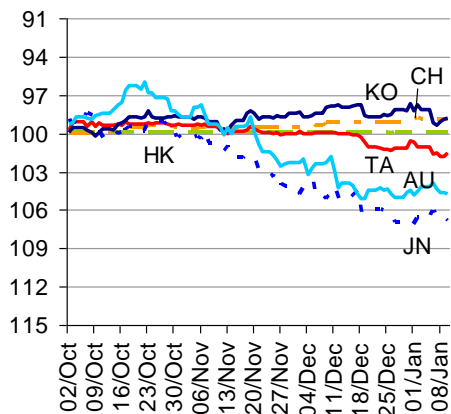
Stock Markets



Source: BBVA Research and Bloomberg

Chart 3

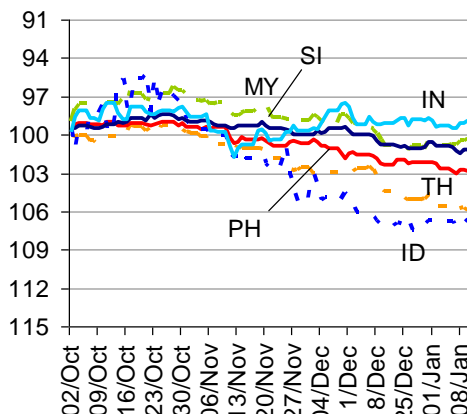
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4

Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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