

# Monthly Chart Book

Closing date for charts:  
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Economic data continue to point to a strong rebound across the region, with Q4 GDP surprising to the upside in most countries, led by both strengthening domestic and external demand. (Japan, Hong Kong, Indonesia, Malaysia, Taiwan, and Thailand all posted better-than-expected Q4 GDP, while in Korea and India, where underlying growth also remains strong, Q4 outturns were a little weaker than expected). With recent monthly indicators on trade and industrial production suggesting that growth momentum is carrying into 2010, official and private sector growth forecasts are being marked up.

The strengthening economic outlook with gradually rising inflation are raising prospects of monetary tightening. China and India have already started to raise required reserve ratios, and Australia has hiked interest rates four times since October (for a cumulative 100bp). Risks to the regional outlook are now balanced between fears of overheating and property price bubbles on the one hand (concerns of rising property prices are especially of concern in China, Singapore, and Hong Kong), and worries about the sustainability of the global recovery, exacerbated in recent weeks by the sovereign debt situation in advanced economies. Given the risks, exit strategies from policy stimulus are expected to be implemented in a gradual manner.

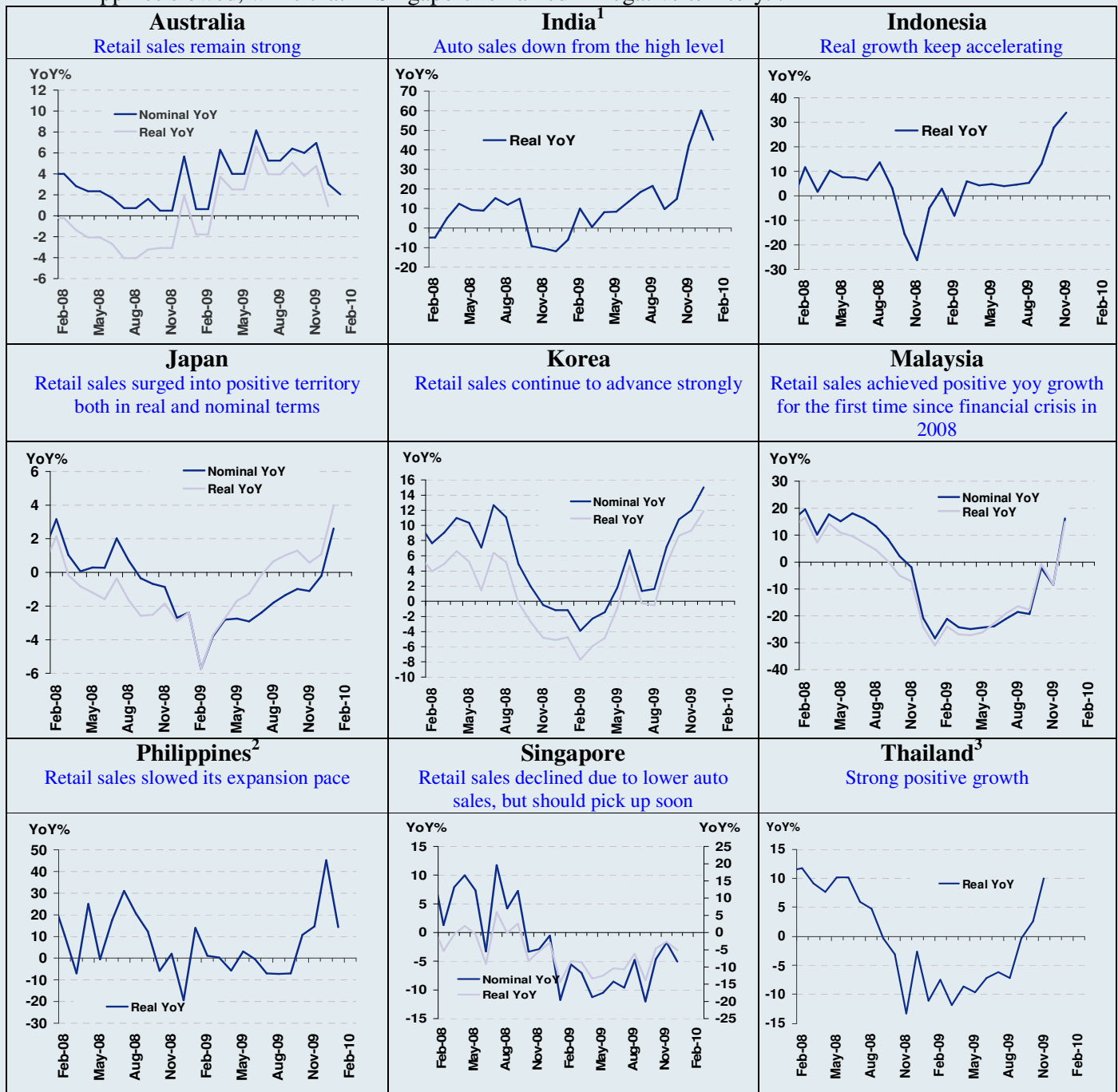
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# 1. ACTIVITY

## 1.1. Retail sales

- Economic recoveries are increasingly being led by a rebound in domestic demand, with rising retail sales showing evidence of strong consumption growth in most countries.
- Over the past month Indonesia, Korea, and Malaysia showed strong consumption momentum on improved consumer confidence. However, the pace of expansion of retail sales in India, Australia and Philippines slowed, while that in Singapore remained in negative territory.



Source: CEIC, Thomson Reuters, ERD BBVA

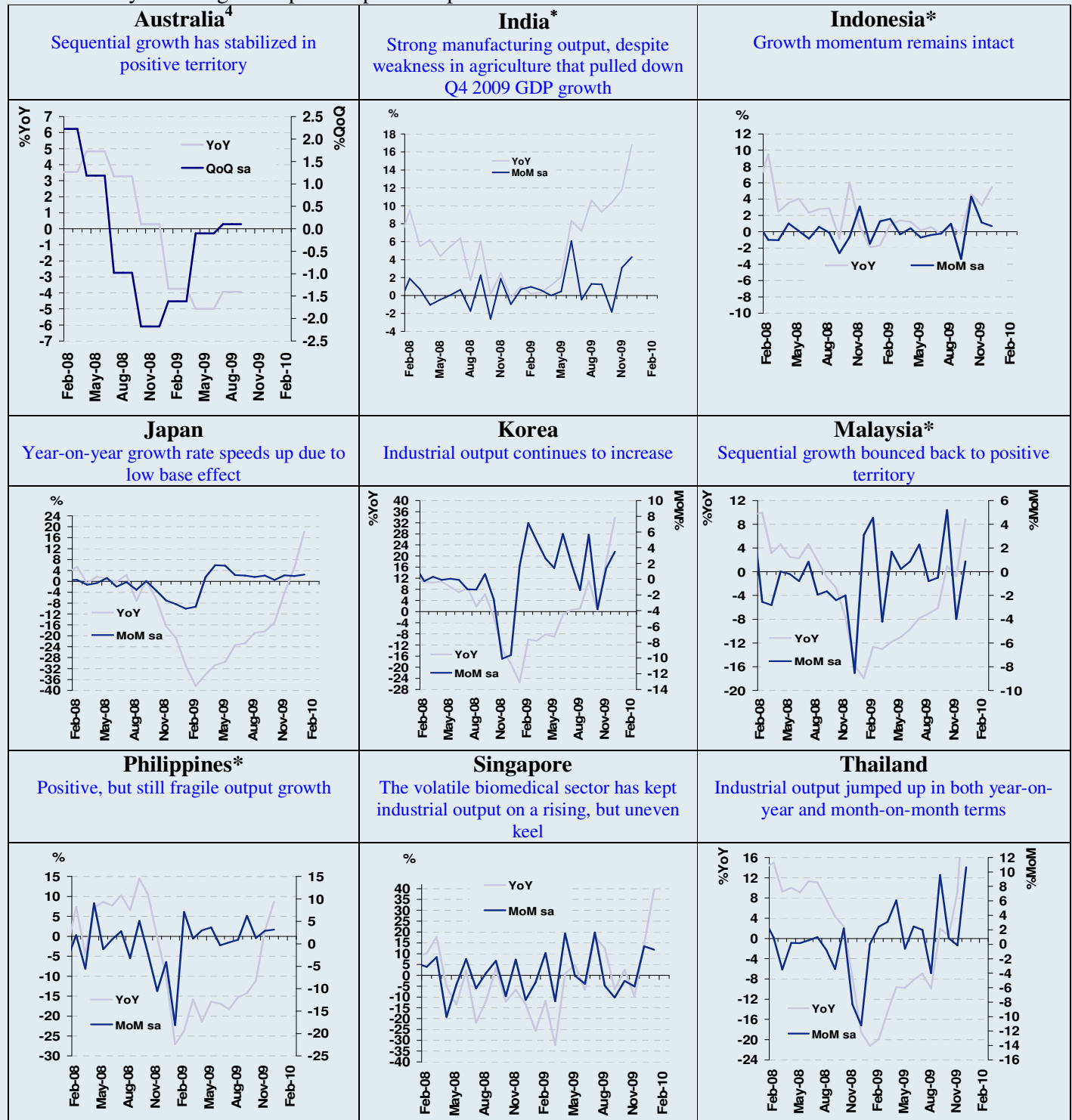
<sup>1</sup> Total Vehicle Sales

<sup>2</sup> Vehicles: Passenger Cars

<sup>3</sup> Retail Sales Index: 2002=100

### 1.2. Industrial production

- Strong recoveries are evident in an uptrend in industrial production, especially in India, Korea, Singapore and Thailand.
- Sequential growth in Japan and Philippines remains fragile, while in Malaysia output turned back to positive territory after large slump in the previous period.



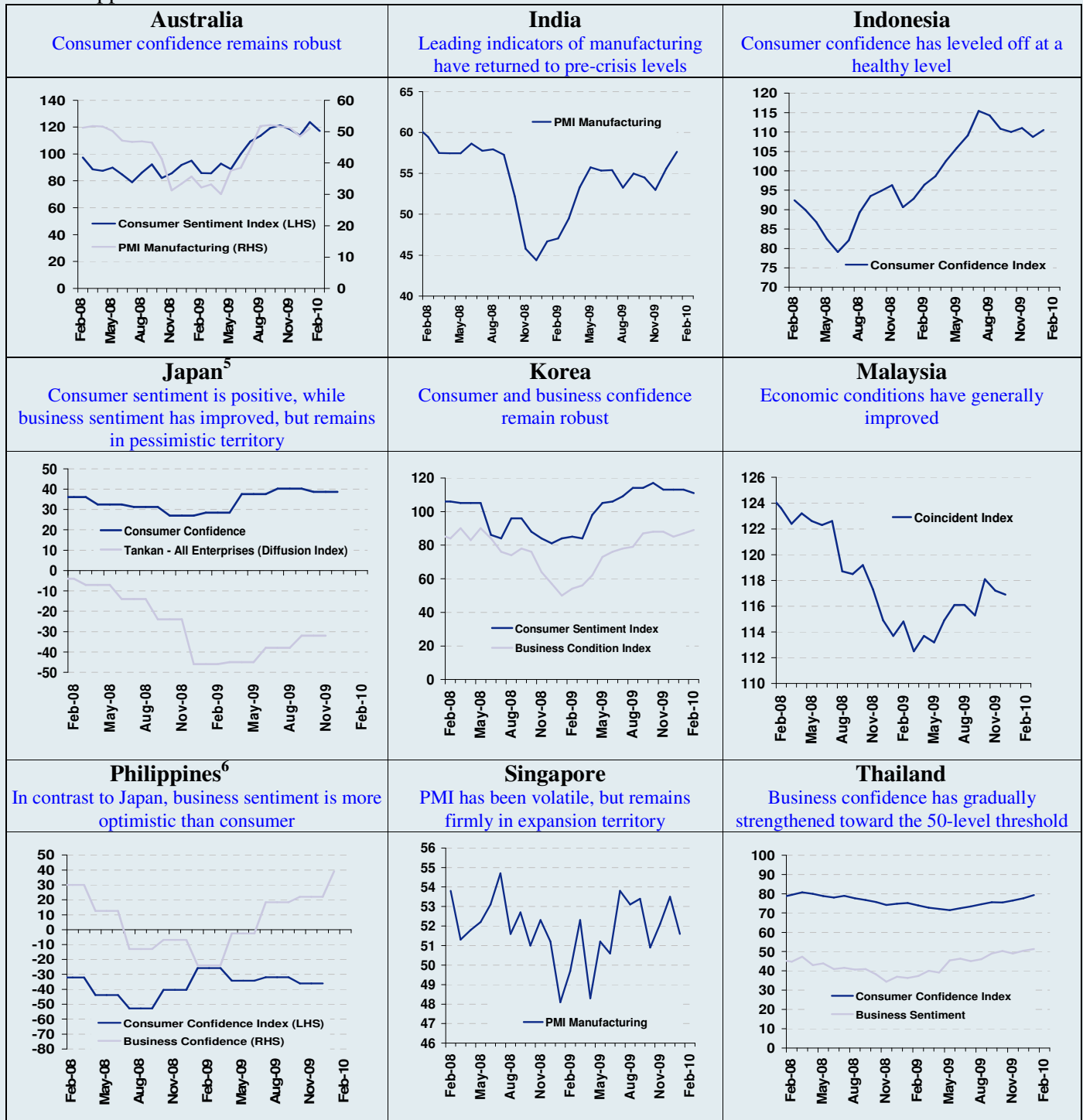
Source: CEIC, Thomson Reuters, ERD BBVA

\* Seasonal adjustment: own estimates

<sup>4</sup> Australia's industrial production index is released quarterly

### 1.3. Business and consumer surveys

- Consumer and business confidence are robust in most countries.
- The exceptions are weak business sentiment in Japan, and relatively weak consumer sentiment in the Philippines.



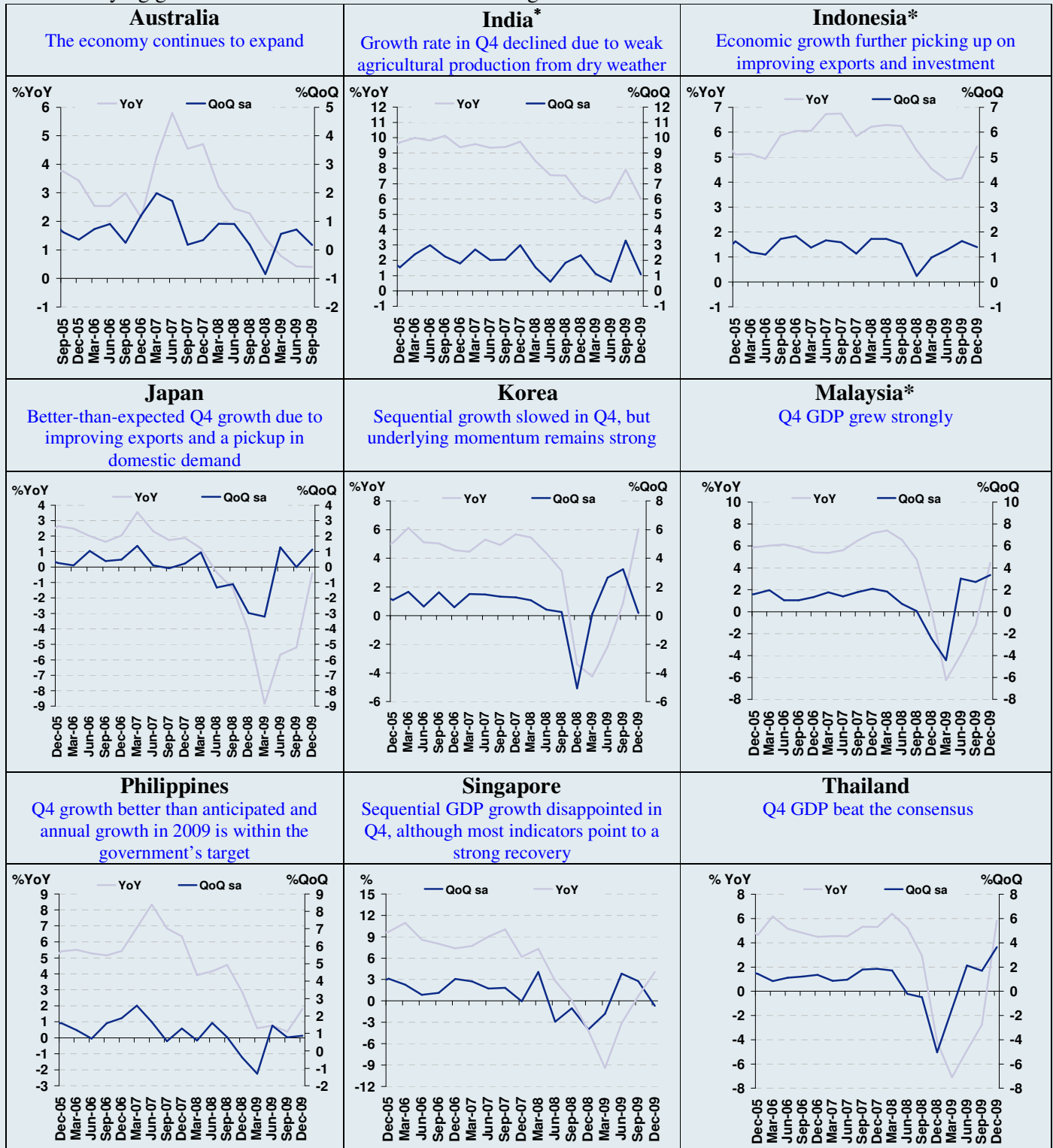
Source: CEIC, Thomson Reuters, ERD BBVA

<sup>5</sup> Japan's consumer confidence index is a diffusion index

<sup>6</sup> Philippine consumer confidence index and business confidence index are both diffusion indices.

### 1.4. Gross Domestic Product

- Most Q4 GDP growth rates have been much stronger-than-expected, led by rebounds in both external and domestic demand.
- Economies hit hardest by the global crisis are showing “V-shaped” recoveries (year-on-year)
- Exceptions are India and Korea, where Q4 GDP outturns were somewhat weaker than expected, although underlying growth in those economies remains strong.



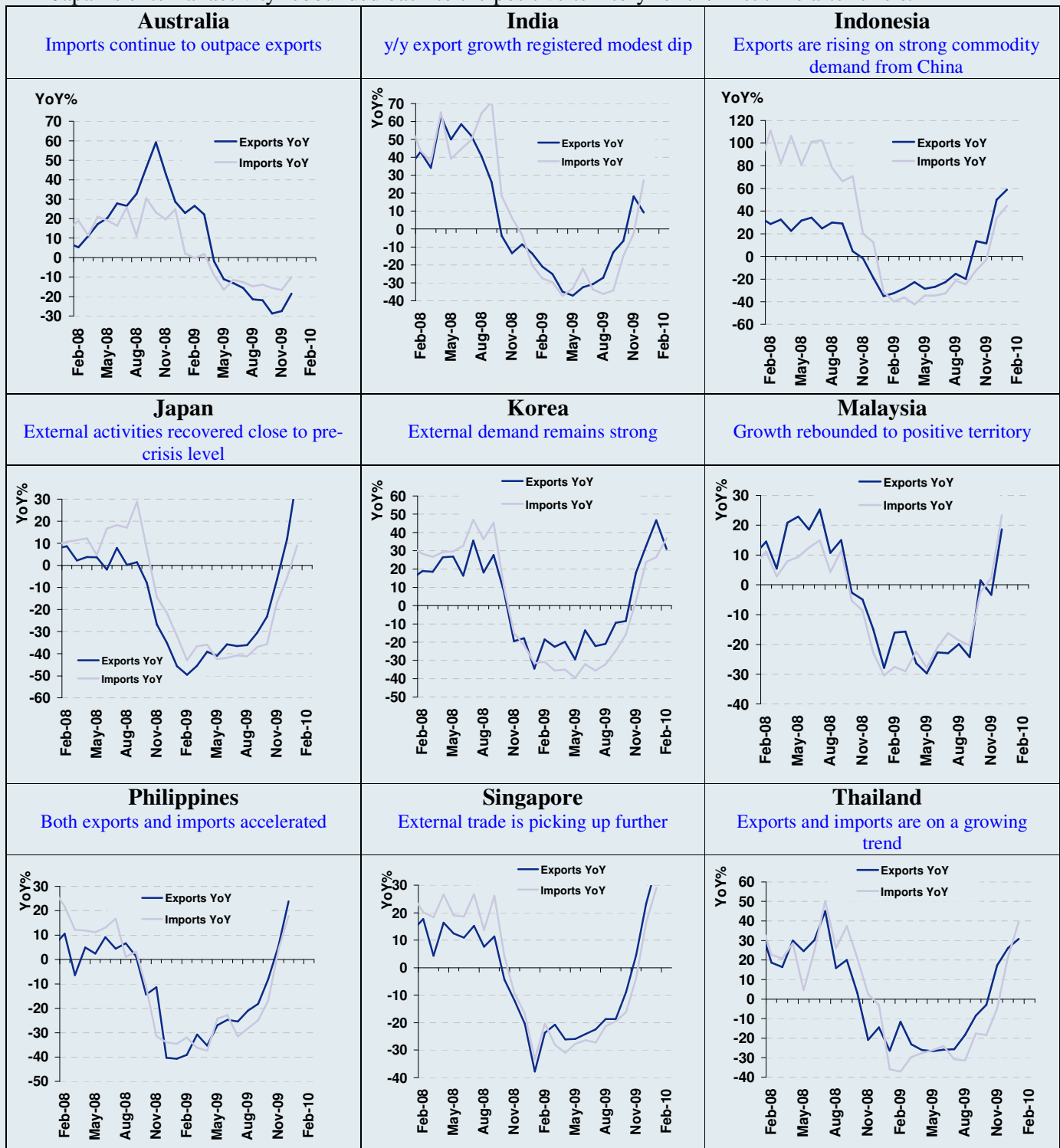
Source: CEIC, Thomson Reuters, ERD BBVA

\* Seasonal adjustment: BBVA estimates

## 2. EXTERNAL SECTOR

### 2.1. External Trade

- External trade has continued to recover, led by strong demand from China and gradual increases in demand from the U.S. and Europe.
- However, the Chinese New Year effect makes base comparisons difficult in January/February (distorting January y/y growth upward, and February downward).
- Japan's external activity rebounded back to the positive territory for the first time after crisis.

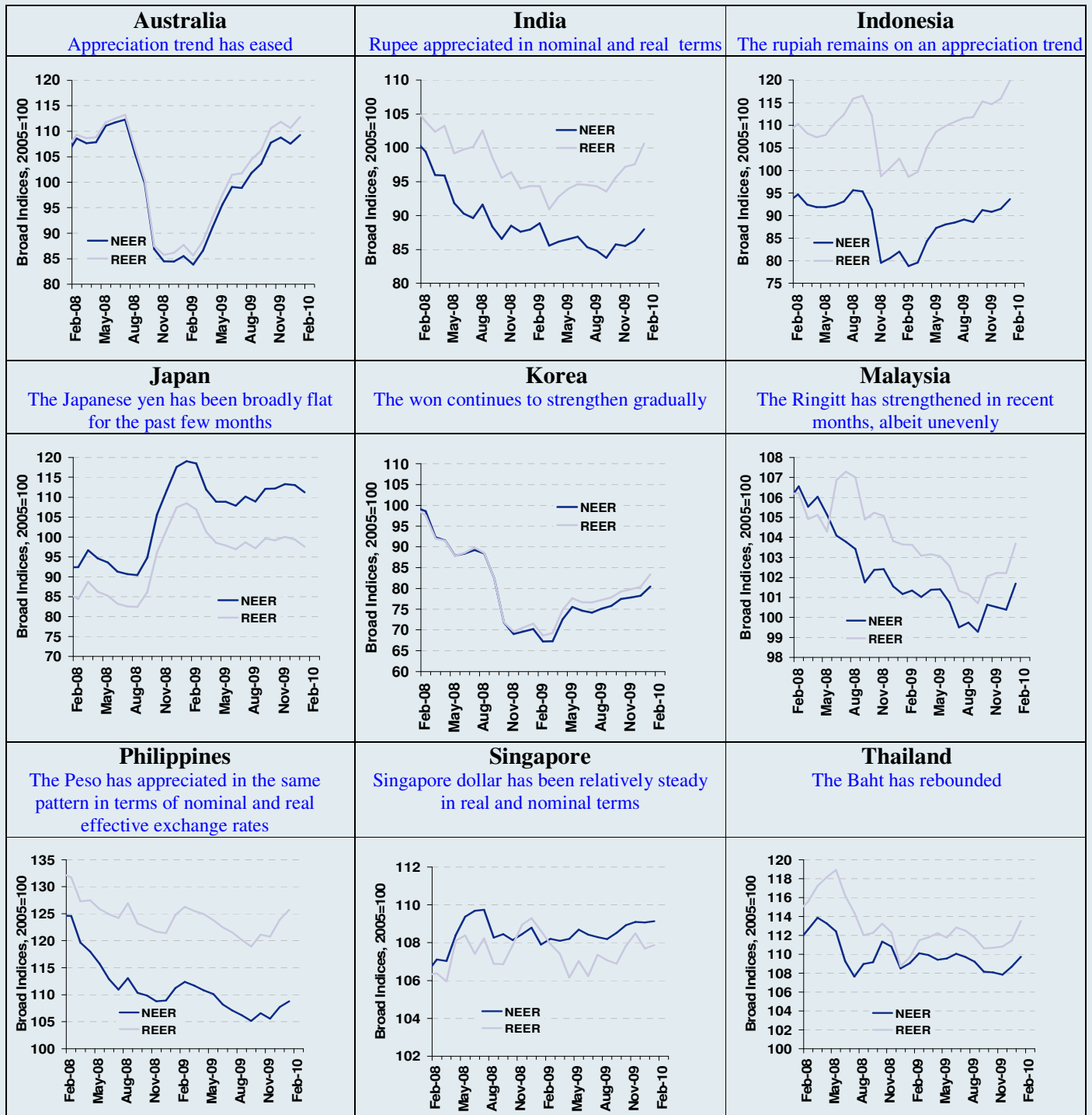


Source: CEIC, Thomson Reuters, ERD BBVA



## 2.2. Effective Exchange Rates

- Most Asian currencies remain on an appreciating trend, underpinned by strong regional growth prospects, recovering external demand, and capital inflows.
- The Japanese Yen, however, has recently depreciated both in nominal and real effective terms.

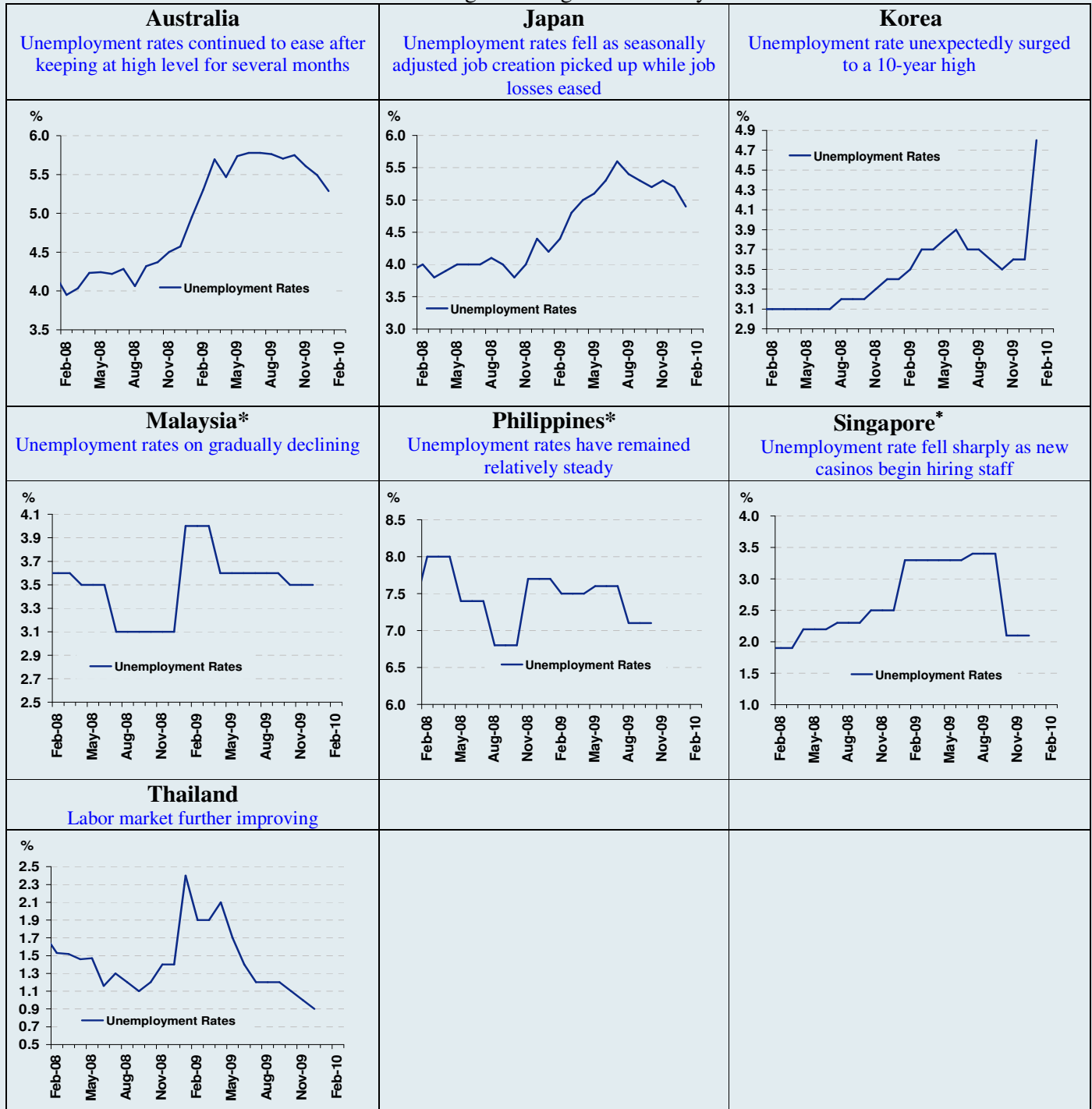


Source: BIS, ERD BBVA

### 3. UNEMPLOYMENT<sup>7</sup>

#### 3.1. Unemployment

- Continued economic recovery is gradually resulting in improving labor market conditions.
- The unemployment rate in Korea, however, unexpectedly jumped to a 10-year high as the impact of government efforts from last year to create more jobs has waned and construction companies reportedly shed workers amid concerns about the strength of the global recovery.



Source: CEIC, Thomson Reuters, ERD BBVA

<sup>7</sup> High frequency data are not available for India and Indonesia

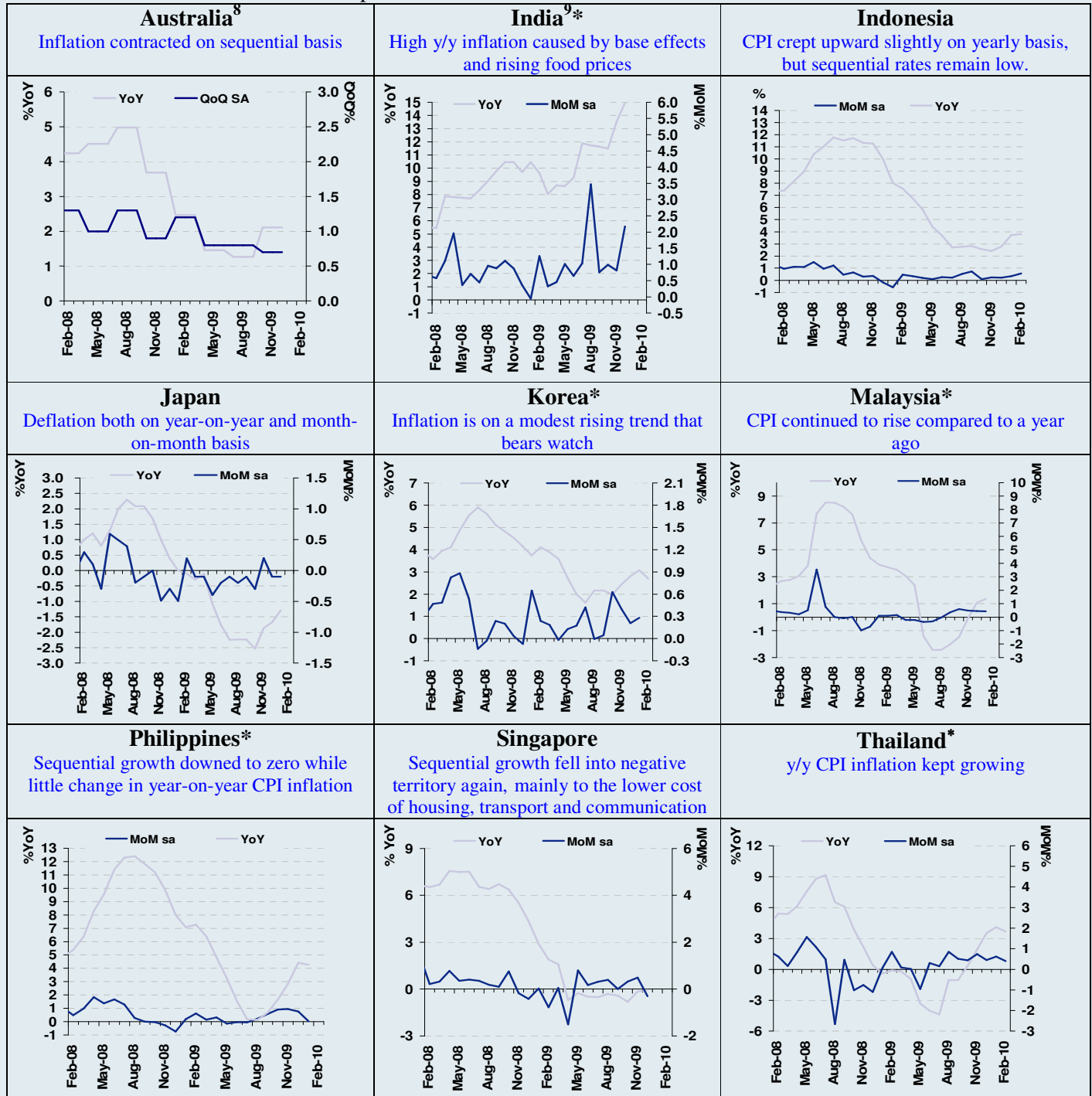
\* The unemployment rates of Malaysia, Philippines and Singapore are released quarterly.



## 4. INFLATION

### 4.1. Consumer Price Index

- CPI inflation across the region is rising due to food prices, but underlying pressures still remain subdued.
- Inflation is an issue in India, where food prices increases have been especially steep.
- Deflation remains an issue in Japan.



Source: CEIC, Thomson Reuters, ERD BBVA

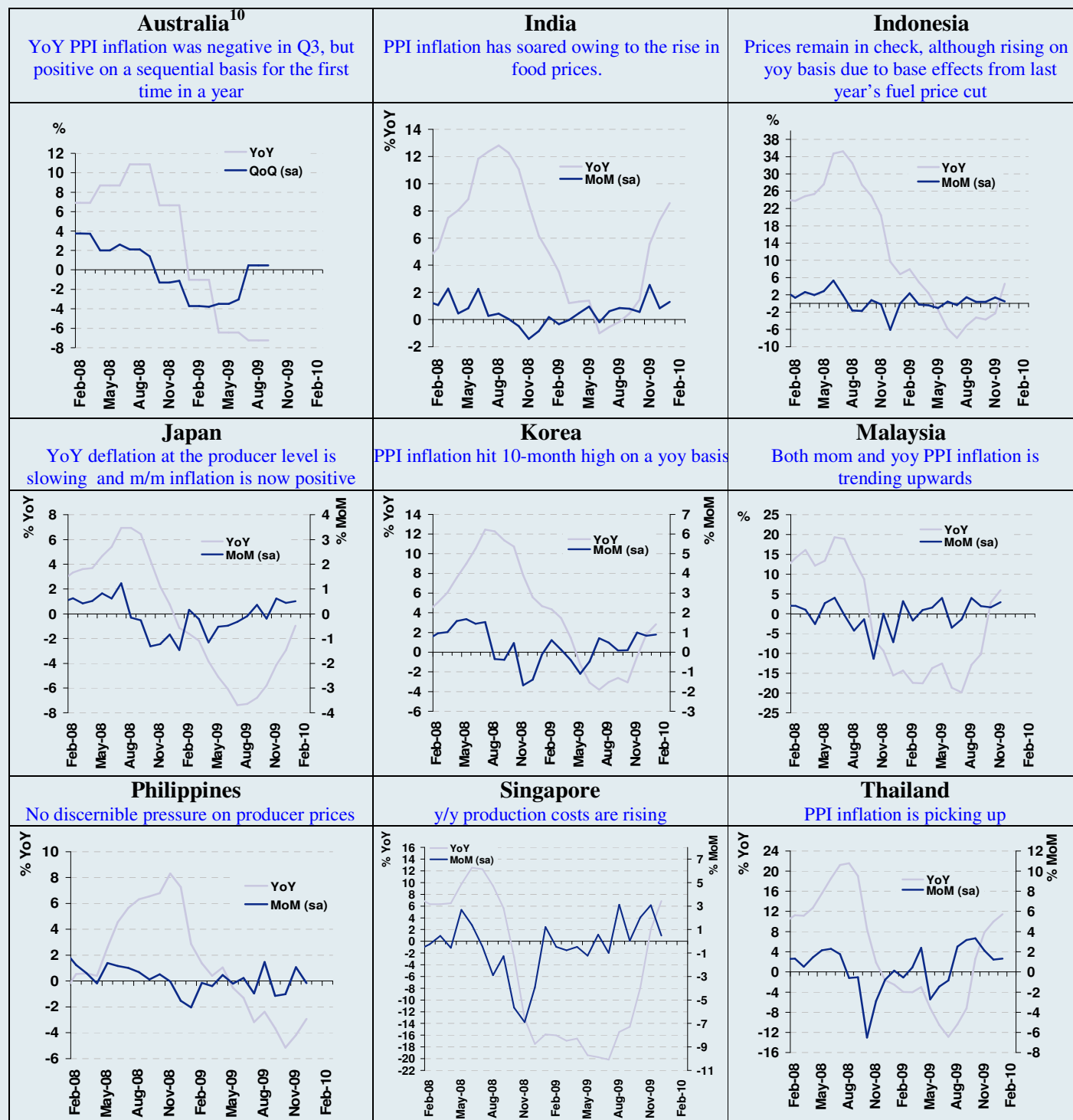
\* Seasonal adjustment: BBVA estimates

<sup>8</sup> Australia's CPI is released quarterly

<sup>9</sup> CPI Industrial laborers

### 4.2. Producer Price Index\*

- Producer prices have been rising generally with the rise in prices of commodities and primary products.
- However, sequential rates still generally remain in check.



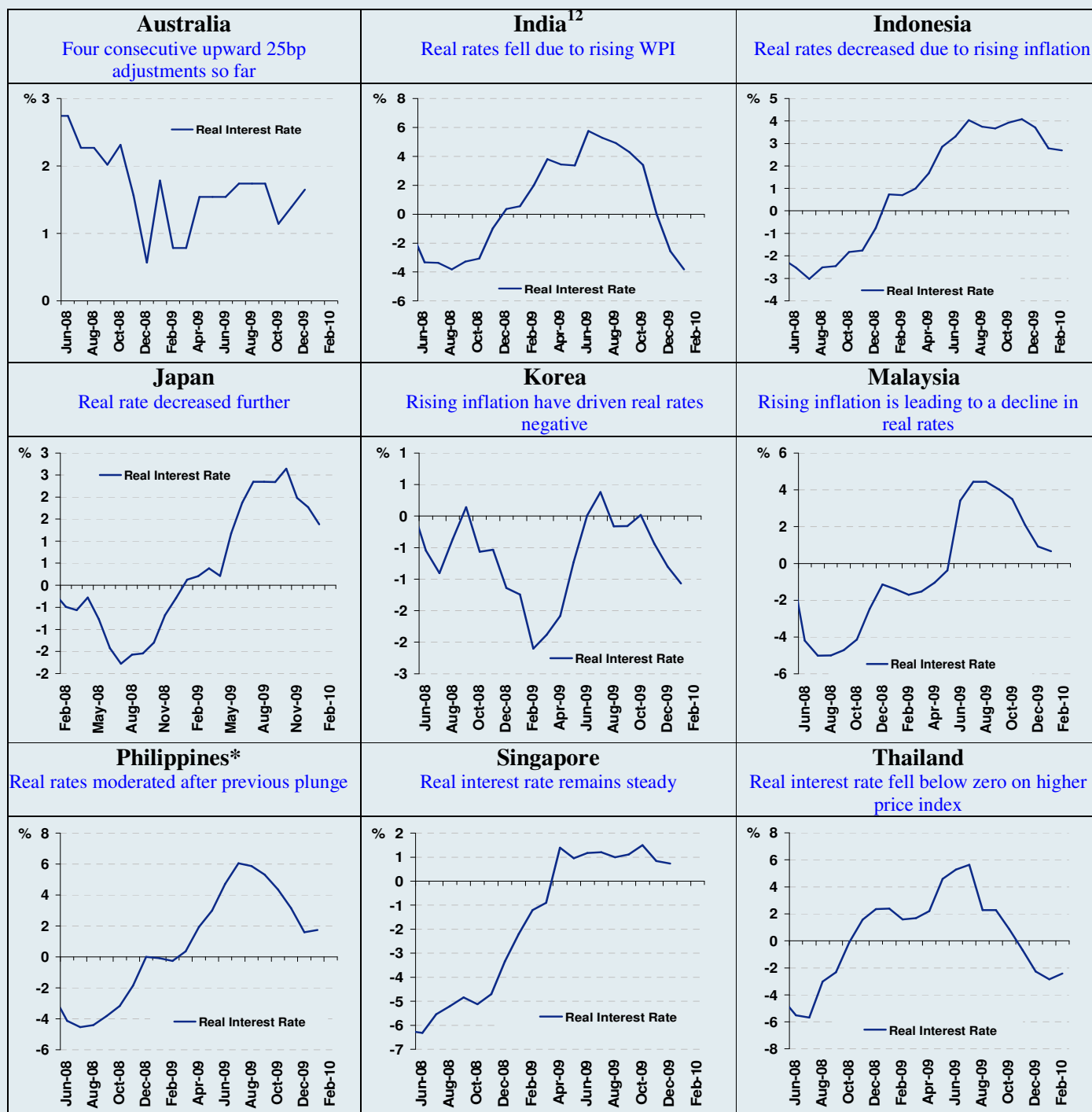
Source: CEIC, Thomson Reuters, ERD BBVA

\* Seasonal adjustment: BBVA estimates  
<sup>10</sup> Australia's PPI is released quarterly

## 5. MONEY AND FINANCE

### 5.1. Real Interest Rates<sup>11</sup>

- With most central banks still on hold and inflation gradually rising, real interest rates have been falling, with the exception of Australia, which has been hiking rates (by 100bps since last October).
- Real policy interest rates in India, Korea and Thailand are negative.



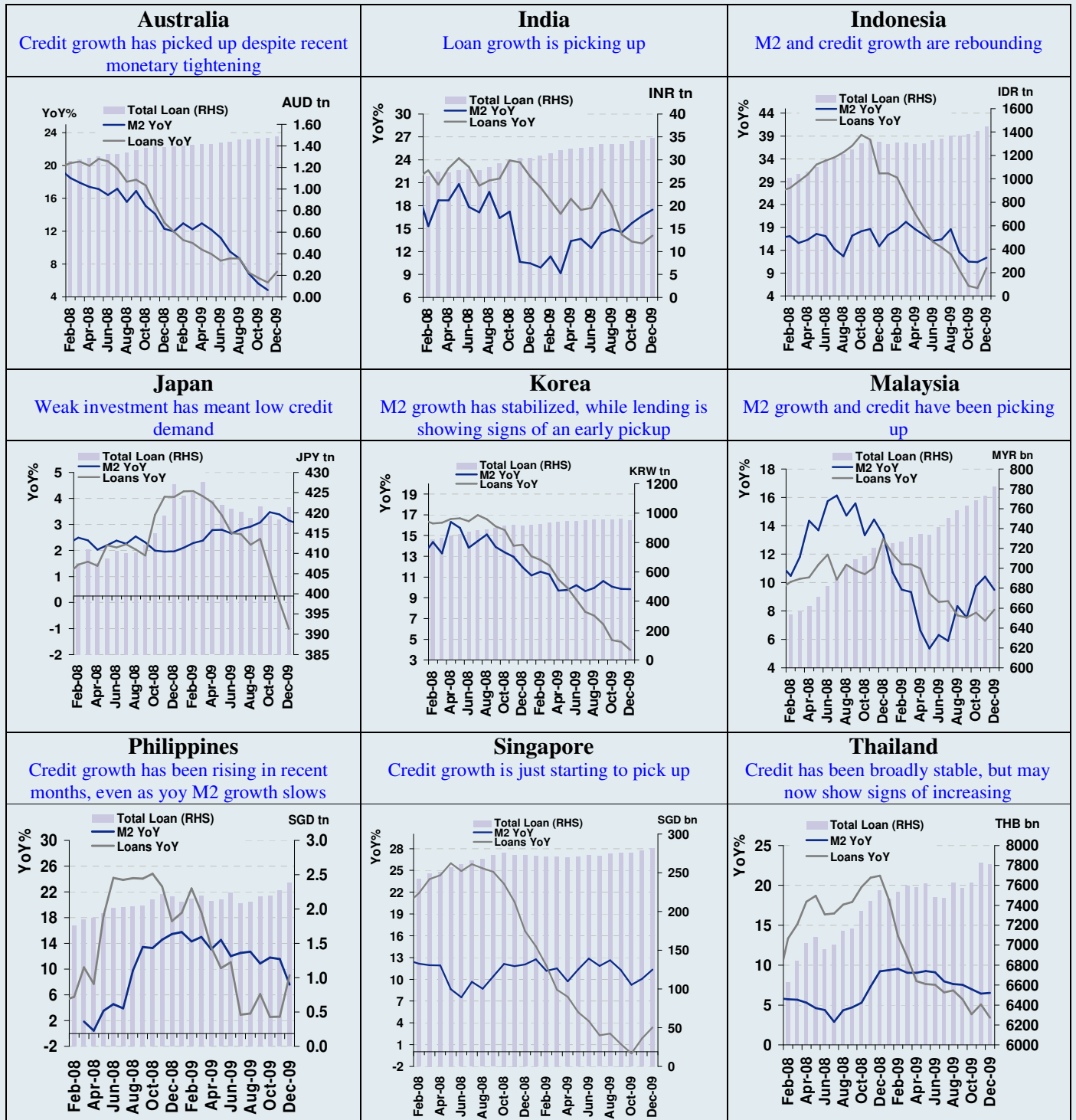
Source: CEIC, Thomson Reuters, ERD BBVA

<sup>11</sup> Policy rate minus headline CPI

<sup>12</sup> India: Repo rate minus WPI

### 5.2. M2 vs. loans

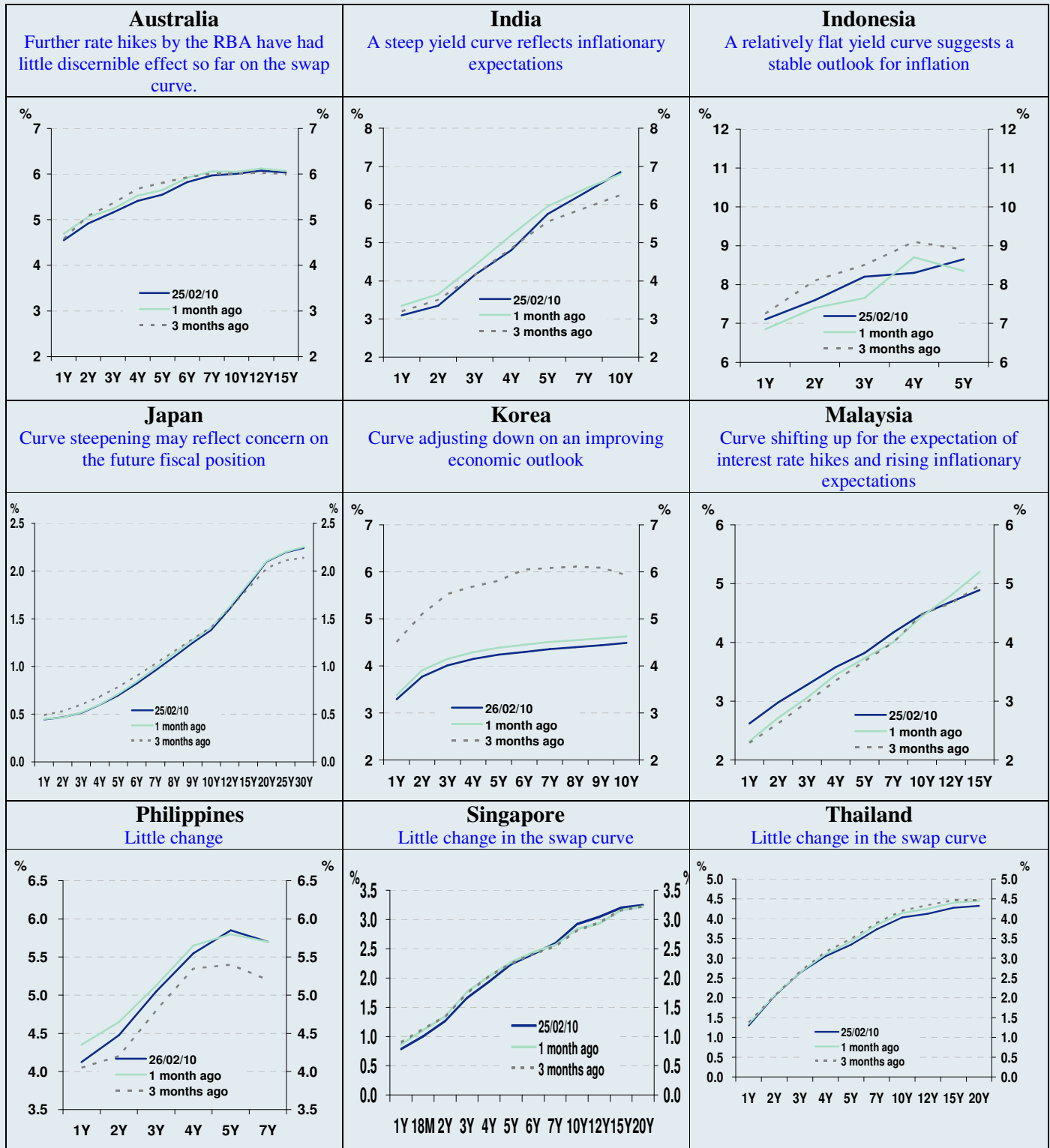
- Credit has begun to pick up in many countries.
- M2 growth rates have been picking up in Singapore, India and Malaysia.



Source: CEIC, Thomson Reuters, ERD BBVA

### 5.3. Swap curve

- Swap curves remain little changed from a month ago.
- Curve steepening in Japan and India may reflect market concern on the fiscal outlook



Source: Bloomberg, Thomson Reuters, ERD BBVA







**MONEY AND FINANCE**

**Policy Rates<sup>13</sup> (% p.a.)**

	2008					2009												2010	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Australia	7.3	7.0	6.0	5.3	4.3	4.3	3.3	3.3	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.5	3.8	3.8	3.8
India	9.0	9.0	8.0	7.5	6.5	5.5	5.5	5.0	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Indonesia	9.0	9.3	9.5	9.5	9.3	8.8	8.3	7.8	7.5	7.3	7.0	6.8	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Japan	0.5	0.5	0.4	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Korea	5.3	5.3	4.3	4.0	3.0	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Malaysia	3.5	3.5	3.5	3.3	3.3	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Philippines	8.0	8.0	8.0	8.0	8.0	7.0	7.0	6.8	6.8	6.3	6.3	6.3	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Singapore	1.2	1.9	1.3	0.8	1.0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Thailand	3.5	3.8	3.8	3.8	2.8	2.0	1.5	1.5	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3

**3-Month Deposit Rates (% p.a.)**

	2008					2009												2010	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Australia	4.9	6.0	5.8	5.4	4.3	3.9	3.5	2.5	2.5	2.3	2.1	2.6	2.6	2.6	3.0	2.7	3.7	3.7	3.7
India	6.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	6.8	6.8	6.8	6.8
Indonesia	8.4	9.4	10.2	10.8	11.2	11.3	11.1	10.6	10.1	9.7	9.3	9.0	8.7	8.3	8.0	7.7	7.5	7.5	7.5
Japan	0.6	0.6	0.7	0.6	0.6	0.4	0.5	0.5	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Korea	5.0	5.2	5.2	5.1	4.8	3.5	2.8	2.4	2.5	2.4	2.5	2.4	2.5	2.6	2.7	2.8	3.0	3.1	3.1
Malaysia	3.1	3.1	3.1	3.1	3.0	2.5	2.1	2.0	2.0	2.0	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Philippines	4.7	4.3	5.4	6.3	5.7	3.5	3.2	3.0	2.8	2.6	2.5	2.4	2.3	2.3	2.4	2.5	3.3	3.1	3.1
Singapore	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Thailand	2.4	2.4	2.4	2.4	1.4	1.0	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7

**M2 (% YoY Growth)**

	2008					2009												2010	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Australia	15.6	16.9	15.1	14.1	12.3	12.0	13.0	12.2	12.9	12.2	11.2	9.5	8.7	6.8	5.6	4.8			
India	19.8	16.4	17.2	10.6	10.5	9.9	11.3	9.2	13.4	13.7	12.5	14.4	14.9	14.5	15.7	16.7	17.5		
Indonesia	12.7	17.2	18.2	18.7	14.9	17.4	18.5	20.2	18.7	17.4	16.1	16.4	18.6	13.5	11.5	11.4	12.4		
Japan	2.4	2.2	1.8	1.8	1.8	2.0	2.1	2.2	2.7	2.7	2.5	2.7	2.8	3.0	3.4	3.3	3.1	2.9	
Korea	15.1	13.9	13.4	13.0	11.9	11.2	11.5	11.3	9.7	9.8	10.2	9.6	9.9	10.6	10.1	9.9	9.8		
Malaysia	14.7	15.6	13.3	14.4	13.4	10.7	9.5	9.3	6.6	5.3	6.3	5.9	8.3	7.5	9.7	10.4	9.5		
Philippines	9.8	13.4	13.3	14.6	15.4	15.7	14.3	15.0	13.1	14.5	12.0	12.5	12.7	10.9	11.8	11.6	7.6		
Singapore	8.7	10.4	12.1	11.8	12.0	12.8	11.2	11.5	9.7	11.3	12.9	11.9	12.6	11.3	9.2	10.1	11.3		
Thailand	4.3	4.7	5.3	7.3	9.2	9.4	9.5	9.0	9.1	9.3	9.1	8.0	7.6	7.6	7.0	6.5	6.5		

**Loans (% YoY Growth)**

	2008					2009											
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Australia	18.0	18.2	17.6	15.2	13.0	12.0	10.9	10.5	9.8	9.2	8.4	8.7	8.7	7.0	6.3	5.8	7.1
India	21.3	21.5	23.9	23.7	21.8	20.4	18.7	16.9	18.9	17.4	17.7	20.1	18.0	14.2	13.3	13.0	14.1
Indonesia	35.5	36.9	39.3	38.2	30.8	30.8	29.9	25.9	22.1	18.9	15.9	14.6	13.1	9.6	6.2	5.7	10.1
Japan	1.9	1.6	3.3	4.0	4.0	4.2	4.3	4.0	3.8	3.3	2.6	2.5	2.1	2.3	1.0	-0.2	-1.3
Korea	16.6	15.9	15.5	14.0	14.1	13.0	12.7	12.1	10.8	10.0	8.8	7.6	7.3	6.4	4.9	4.7	4.0
Malaysia	11.3	10.8	10.6	11.1	13.1	12.0	11.3	11.3	11.0	9.2	8.6	8.7	7.7	7.5	7.9	7.3	8.1
Philippines	24.1	24.1	24.8	22.9	17.5	18.8	22.5	18.9	13.4	10.2	11.1	2.9	3.1	6.1	2.6	2.6	9.1
Singapore	25.3	24.8	23.2	20.7	16.6	14.5	11.9	8.6	7.6	5.5	4.2	2.3	2.5	1.1	-0.2	1.8	3.4
Thailand	17.6	17.9	19.8	21.0	21.2	18.2	13.6	11.0	8.0	7.6	7.6	6.6	6.8	5.7	3.8	5.1	3.4

**SWAP Spreads (Basis Point)**

	3y-1y			10y-5y		
	25-Feb-10	1 month ago	3 month ago	25-Feb-10	1 month ago	3 month ago
	Australia	61.3	55.0	78.0	42.0	41.0
India	105.0	105.0	95.0	110.0	85.0	70.0
Indonesia	110.0	80.0	125.0	n.a.	n.a.	n.a.
Japan	7.0	7.1	10.8	68.3	69.8	62.5
Korea	71.0	77.0	72.0	25.0	24.0	20.0
Malaysia	66.0	74.0	69.0	66.0	72.0	80.0
Philippines	95.0	85.0	70.0	-590.0	20.0	-20.0
Singapore	87.5	94.0	87.0	68.5	57.0	61.0
Thailand	133.0	130.0	128.0	69.0	72.0	71.0

<sup>13</sup>Hong Kong and Singapore: 3-month interbank rate. India and Philippines: repo rate