Daily Flash

Asia

On a day of further downward equity pressures in the region, the Fourth BRICS Summit meeting wrapped up today in New Delhi. The Declaration expressed "concern over the current global economic situation." In particular, leaders from Brazil, Russia, India, China, and South Africa lamented the uncertainty to the global outlook from ongoing sovereign debt problems and volatility in capital flows from the "aggressive policy actions taken by central banks to stabilize their domestic economies." The latter is a reminder of the challenges posed to Asian and other emerging market central banks, and asset price pressures that may reemerge from quantitative easing and the low global interest rate environment.

Hong Kong's Chief Executive elect on property prices and the currency peg

The local press in Hong Kong today reported on an interview with CY Leung, the new Chief Executive elect. According to the reports, Leung emphasized his plans to pursue measures to contain property prices, and ensure housing affordability. In addition to increasing land supply, Leung stressed the construction of affordable housing. These policies are in line with statements Leung made during the campaign. On the issue of Hong Kong's currency peg, Leung stressed that he has no intention of changing the existing linked exchange rate regime, Leung will take office on July 1, and in the meantime he faces the challenge of building ties with the local business community, who tended to favor his main rival during the campaign period.

Vietnam's first quarter GDP slows down noticeably

Vietnam's first quarter 2012 GDP slowed to 4.0% y/y from 6.1% y/y the previous quarter and 5.9% y/y for the whole of 2011. The outturn marked the slowest quarterly growth rate since early 2009. The slowdown will pose challenges for Vietnam in meeting the government's 6% growth target for this year. Earlier this month the central bank began easing monetary policy by cutting interest rates, and today's outturn makes further easing more likely.

Briefly noted:

- Korea posted a smaller-than-expected current account surplus of US$640 million in February after a deficit of US$970 million in January. While we expect the surplus to rebound during the course of the year, in the near term the weaker outturn could weigh on the Korean won.

- South Korean February industrial production will be released tomorrow, along with Japan's March inflation and unemployment data.

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Calendar Indicators

Australia	Date	Period	Prior	Cons.	Actual
Private Sector Credit MoM%	30-Mar	FEB	0.20%	0.30%	- -
Private Sector Credit YoY%	30-Mar	FEB	3.50%	3.30%	- -
China	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
PMI Manufacturing	01-Apr	MAR	51	50.6	- -
HSBC Manufacturing PMI	01-Apr	MAR	49.6	- -	- -
Hong Kong	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Exports YoY%	27-Mar	FEB	-8.60%	4.90%	14.0%
Imports YoY%	27-Mar	FEB	-10.50%	9.80%	20.80%
Retail Sales - Volume (YoY)	29-Mar	FEB	9.10%	16.60%	10.10%
India	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Current Account Balance	31-Mar	4Q	- -	- -	- -
Japan	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Retail Trade MoM SA	29-Mar	FEB	4.10%	0.00%	2.00%
Retail Trade YoY	29-Mar	FEB	1.90%	1.40%	3.50%
Jobless Rate	30-Mar	FEB	4.60%	4.60%	- -
Natl CPI YoY	30-Mar	FEB	0.10%	0.00%	- -
Natl CPI Ex Food, Energy YoY	30-Mar	FEB	-0.90%	-0.90%	- -
Industrial Production YOY%	30-Mar	FEB P	-1.30%	3.70%	- -
Singapore	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Industrial Production MoM SA	26-Mar	FEB	3.30%	5.00%	-1.10%
Industrial Production YoY	26-Mar	FEB	-8.80%	16.20%	12.10%
M2 Money Supply (YoY)	30-Mar	FEB	9.90%	- -	- -
South Korea	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
GDP (QoQ)	30-Mar	4Q F	0.40%	- -	- -
GDP (YoY)	30-Mar	4Q F	3.40%	- -	- -
Industrial Production (MoM)	30-Mar	FEB	3.30%	-0.30%	- -
Industrial Production (YoY)	30-Mar	FEB	-2.00%	10.00%	- -
Ext Trade - Export (YoY)	01-Apr	MAR	22.70%	2.90%	- -
Thailand	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Mfg. Production Index ISIC NSA (YoY)	28-Mar	FEB	-15.15	-6.00	-3.40
Customs Exports YoY	28-Mar	FEB	-6.00%	-5.00%	0.90%
Vietnam	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Exports YTD (YoY)	28-Mar	MAR	24.80%	- -	23.60%
Imports YTD (YoY)	28-Mar	MAR	11.80%	- -	6.90%
GDP Constant Prices YTD (YoY)	29-Mar	1Q	5.90%	- -	4.00%
Industrial Production Index YoY	29-Mar	MAR	22.10%	- -	6.50%

Indicator of the Week

China: PMI for March (April 1)

Forecast: 51.0	Consensus: 50.6	Prior: 51.0

The official PMI outturn will be closely watched following recent indications of a further slowing in growth momentum. The private sector flash PMI estimate came in weaker than expected on March 22, raising expectations of a decline in the forthcoming PMI outturn after 3 consecutive months of a pick-up. Although underlying growth momentum is weakening, we expect the official PMI to remain unchanged from the previous month due to a seasonal rebound from the Chinese New Year in January. A more significant set of indicators will be released in mid-April, including Q1 GDP, industrial production, retail sales, and investment.

Calendar Events

No calendar events scheduled for this week.

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.	2252.2	-1.4	-5.2	2.4	-23.9
Hong Kong – Hang Seng	20609.4	-1.3	-1.4	11.8	-10.6
Taiwan – Weighted	7872.7	-2.1	-2.3	11.3	-8.4
Japan – Nikkei 225	10114.8	-0.7	-0.1	19.6	6.9
Korea – Kospi	2014.4	-0.9	-0.6	10.3	-2.8
India – Sensex 30	17047.0	-0.4	-0.9	10.3	-10.8
Australia – SPX/ASX 200	4337.9	-0.1	1.5	6.9	-8.8
Singapore – Strait Times	2994.1	-0.7	0.5	13.1	-2.1
Indonesia – Jakarta Comp	4105.2	0.4	1.7	7.4	14.3
Thailand – SET	1205.3	0.1	1.2	17.6	16.3
Malaysia – KLCI	1585.4	0.1	0.1	3.6	4.3
Philippines – Manila Comp.	5085.2	0.3	0.8	16.3	30.1

Last update: today, 17.45 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)	6.31	-0.01	-0.11	6.32	6.34
Hong Kong (HKD/USD)	7.76	0.00	0.01	7.76	7.75
Taiwan (TWD/USD)	29.6	-0.03	0.00	29.51	29.28
Japan (JPY/USD)	82.36	0.66	0.22	82.29	81.94
Korea (KRW/USD)	1137	-0.13	-0.52	1145	1158
India (INR/USD)	51.2	-0.81	0.04	52.29	54.28
Australia (USD/AUD)	1.03	-0.39	-0.39	0.98	1.00
Singapore (SGD/USD)	1.26	-0.10	0.59	1.26	1.26
Indonesia (IDR/USD)	9183	-0.37	0.07	9265	9603
Thailand (THB/USD)	30.9	-0.26	-0.29	31.05	31.47
Malaysia (MYR/USD)	3.07	-0.14	0.47	3.08	3.12
Philippines (PHP/USD)	43.0	-0.20	0.13	43.22	43.61

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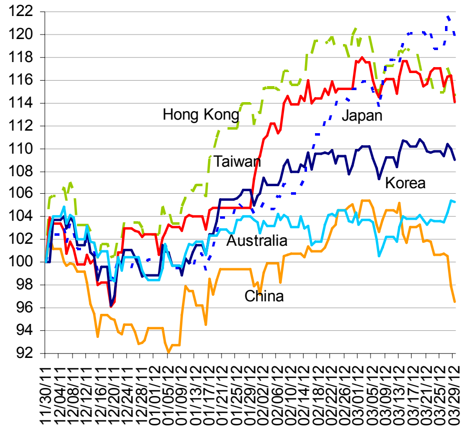
INTERBANK RATES — INDEX	Rate	net change over a day	net change over a week	net change over a month
China (SHIBOR/7D)	3.50	-0.02	0.33	0.03
Hong Kong (HIBOR/1W)	0.11	0.00	0.00	-0.01
Taiwan (TAIBOR/1W)	0.65	0.00	0.00	0.00
Japan (TIBOR/1Y)	0.76	0.00	0	0
Korea (KORIBOR/1M)	3.38	0.00	0.00	0.00
India (MIBOR/7D)	3.85	-1.35	0.68	0.17
Singapore (SIBOR/1W)	0.25	0.00	-0.06	-0.06
Indonesia (JIBOR/1W)	3.80	0.00	0	0
Thailand (BIBOR/1W)	3.02	0.00	0.00	0.01
Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00
Philippines (PHIBOR/1W)	3.44	0.25	-0.19	0.00

Last update: today, 17.45 Hong Kong time

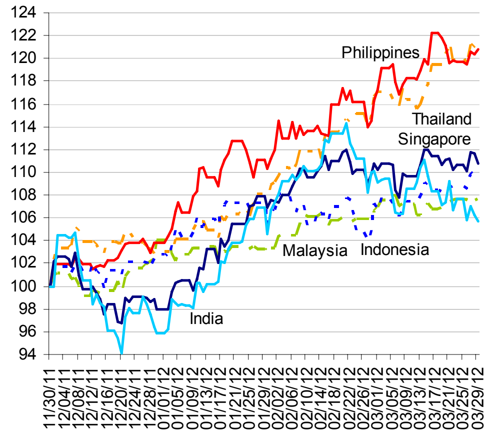
Charts

Chart 9
Stock Markets



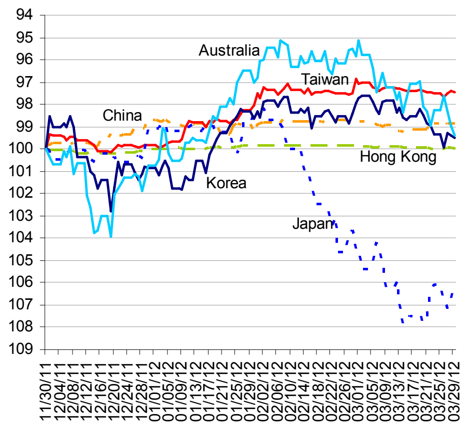
Source: BBVA Research and Bloomberg

Chart 10
Stock Markets



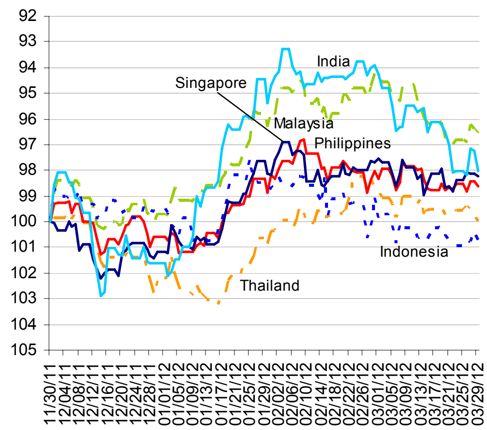
Source: BBVA Research and Bloomberg

Chart 11
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 12
Foreign Exchange Markets



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