

Daily Flash

Asia

*****Note to readers: due to forthcoming holidays in Hong Kong, distribution of the Asia Daily Flash will resume on Tuesday, April 10*****

The Boao Forum for Asia, an annual regional conference held in China, wrapped up today, with the spotlight on remarks by China's central bank governor Zhou Xiaochuan, in which he reportedly stressed continuing risks to the global environment and expressed concern about negative spillovers of US liquidity injections to emerging economies. His remarks echo themes raised during last week's BRICS summit in New Delhi, and underscore concerns about negative spillovers to regional economies.

Australia keeps policy rates at 4.25%, but hints at further easing

As expected, the Reserve Bank of Australia left interest rates unchanged today at its monthly meeting, but sent dovish signals about the prospects for an interest rate cut in the coming months. The RBA judged the pace of domestic growth to be "somewhat" lower than its earlier estimates. With inflation well-anchored within the RBA's 2-3% inflation target, the possibility of one more rate cut is increasing. This may have been a factor for a continued decline in the AUD today, to 1.036 per USD.

Thailand's inflation ticks up on rising energy prices

Thailand's headline inflation jumped to 3.5% y/y in March (consensus: 3.2%), up from 3.4% y/y in February, after five consecutive months of declines. Energy prices have been accelerating over the past three months, up to 4.7% y/y in March (previous: 4.0% y/y). As core inflation (2.8% y/y) remains within the BOT's target range of 0.5 – 3.0%, the upturn in headline inflation is less of a concern. We expect interest rates to stay on hold at 3.00%, with the scope for rate cuts limited not only by rising fuel prices, but by a minimum wage hike that took place last Sunday. Growth appears to be picking up strongly as the economy recovers from last year's floods.

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Calendar Indicators

Australia	Date	Period	Prior	Cons.	Actual
TD Securities Inflation MoM%	02-Apr	MAR	0.10%	--	0.50%
China	Date	Period	Prior	Cons.	Actual
China HSBC Services PMI	05-Apr	MAR	53.9	--	--
Hong Kong	Date	Period	Prior	Cons.	Actual
Purchasing Managers Index	05-Apr	MAR	52.8	--	--
Indonesia	Date	Period	Prior	Cons.	Actual
Inflation (YoY)	02-Apr	MAR	3.56%	4.00%	3.97%
Inflation NSA (MoM)	02-Apr	MAR	0.05%	0.13%	0.07%
Exports (YoY)	02-Apr	FEB	6.10%	6.40%	8.50%
Total Imports (YoY)	02-Apr	FEB	16.00%	22.90%	27.30%
India	Date	Period	Prior	Cons.	Actual
Exports YoY%	02-Apr	FEB	10.10%	--	4.30%
Imports YoY%	02-Apr	FEB	20.30%	--	20.70%
Philippines	Date	Period	Prior	Cons.	Actual
Consumer Price Index (YoY)	04-Apr	MAR	2.70%	2.80%	--
Singapore	Date	Period	Prior	Cons.	Actual
Purchasing Managers Index	03-Apr	MAR	50.4	--	--
South Korea	Date	Period	Prior	Cons.	Actual
Consumer Price Index (MoM)	02-Apr	MAR	0.40%	0.40%	-0.10%
Consumer Price Index (YoY)	02-Apr	MAR	3.10%	3.20%	2.60%
Taiwan	Date	Period	Prior	Cons.	Actual
CPI YoY%	05-Apr	MAR	0.25%	1.32%	--
Thailand	Date	Period	Prior	Cons.	Actual
Consumer Price Index (YoY)	03-Apr	MAR	3.35%	3.20%	3.45

Calendar Events

Australia - RBA cash target, April 3

The cash target remained unchanged

Current	Consensus	New
4.25%	4.25%	4.25%

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.	2262.8	0.5	-3.7	2.9	-23.7
	Hong Kong - Hang Seng	20791.0	1.3	-1.2	12.8	-12.6
	Taiwan - Weighted	7760.9	-1.3	-3.3	9.7	-10.8
	Japan - Nikkei 225	10050.4	-0.6	-2.0	18.9	3.5
	Korea - Kospi	2049.3	1.0	0.5	12.2	-3.4
	India - Sensex 30	17597.4	0.7	2.0	13.9	-9.4
	Australia - SPX/ASX 200	4337.0	0.2	0.8	6.9	-10.8
	Singapore - Strait Times	3015.0	0.0	-0.1	13.9	-3.4
	Indonesia - Jakarta Comp	4215.4	1.2	3.3	10.3	13.7
	Thailand - SET	1211.1	1.0	0.3	18.1	13.8
	Malaysia - KLCI	1606.6	0.2	1.2	5.0	3.3
Philippines - Manila Comp.	5056.5	-1.1	-0.4	15.7	22.4	

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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)	6.29	0.04	0.33	6.31	6.32
	Hong Kong (HKD/USD)	7.76	0.01	0.00	7.76	7.75
	Taiwan (TWD/USD)	29.5	0.11	0.37	29.38	29.11
	Japan (JPY/USD)	82.02	0.07	1.40	81.95	81.58
	Korea (KRW/USD)	1122	0.54	1.10	1130	1144
	India (INR/USD)	50.8	0.23	-0.09	51.77	53.77
	Australia (USD/AUD)	1.04	-0.45	-0.84	0.97	1.00
	Singapore (SGD/USD)	1.25	0.15	0.50	1.25	1.25
	Indonesia (IDR/USD)	9133	0.08	0.56	9206	9524
	Thailand (THB/USD)	30.8	-0.06	-0.26	30.98	31.43
	Malaysia (MYR/USD)	3.05	0.23	0.33	3.06	3.10
Philippines (PHP/USD)	42.7	0.00	0.45	42.93	43.30	

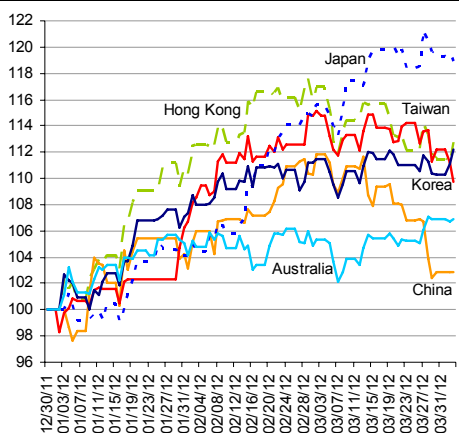
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.45	-0.15	0.25	0.18
	Hong Kong (HIBOR/1W)	0.11	0.00	0.00	-0.01
	Taiwan (TAIBOR/1W)	0.65	0.00	0.00	0.00
	Japan (TIBOR/1Y)	0.76	0.00	0	0
	Korea (KORIBOR/1M)	3.38	0.00	0.00	0.00
	India (MIBOR/7D)	3.65	0.21	0.30	1.11
	Singapore (SIBOR/1W)	0.25	0.00	0.00	-0.06
	Indonesia (JIBOR/1W)	3.81	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)	3.56	0.06	0.25	-0.06

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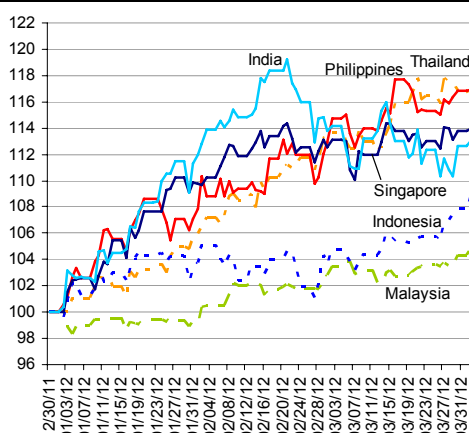
Charts

Chart 9
Stock Markets



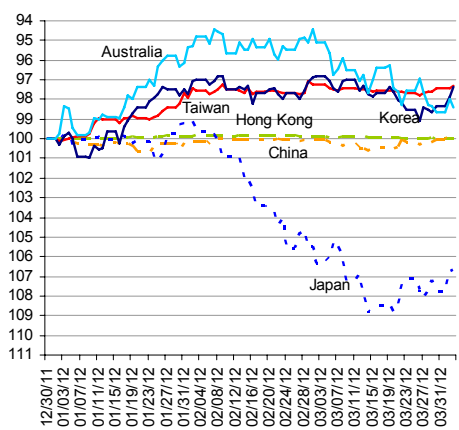
Source: BBVA Research and Bloomberg

Chart 10
Stock Markets



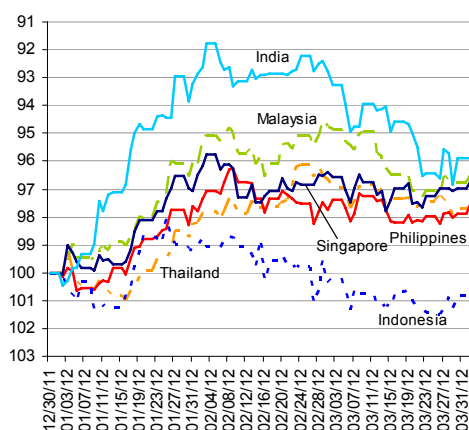
Source: BBVA Research and Bloomberg

Chart 11
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 12
Foreign Exchange Markets



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