

# Daily Flash

## Asia

*The majority of Asian markets lost ground on Wednesday as jitters about Europe continue, and following the overnight lead from Wall Street. The Nikkei (-1.5%) was among the day's biggest decliners, with Shanghai (-1.6%) and Shenzhen (-1.7%) also falling, one day before China releases important April trade data. In our quarterly Asia Outlook, released today, we discussed the reasons behind the recent increase in global risk aversion, though we believe Asia remains on track for a gradual rebound over the course of the year ([click here for further details](#)).*

### China to cut gasoline and diesel prices

After international oil prices fell below a government threshold, today China announced a cut in gasoline prices by 330 yuan per ton and diesel prices by 310 yuan per ton. The price cut is the first since October of last year, and follows an increase in the gasoline price (by 600 yuan per ton) in March. These moves are expected to help reduce inflationary pressures, and come two days before China announces its April inflation outturn (BBVA forecast: 3.7% y/y).

### Thailand to cancel planned fuel increases and freeze transportation fares

China was not alone today in taking measures to prevent high oil prices from increasing inflation pressures. Thailand's Energy Minister announced that planned increases in compressed natural gas and liquefied petroleum gas prices will be put on hold for the next three months. Prices were due to increase on May 16<sup>th</sup>. The government is also recommending that Bangkok's subway operator delay planned fare hikes, and that state agencies operating transport systems freeze fares as well. Although inflation has receded (to 2.5% y/y in April), the government is still concerned with high oil and food prices causing upward pressure in coming months.

### Exports in Malaysia fall unexpectedly

Malaysia's exports fell in March by -0.1% y/y (consensus: +3.0% y/y), due to a decrease in electronic products, along with crude and palm oil exports. In terms of export markets, the biggest drop was in shipments to China (-11% y/y). Despite the unexpected drop in exports, Malaysia's Minister of International Trade said today that Q1 exports remain in line with estimates and that the country should meet its 5-6% export growth target for this year. Malaysia will hold its regular policy meeting this Friday, where we expect the rates to stay on hold at 3.0%.

### Briefly noted:

- **Korea and Indonesia hold policy meetings tomorrow** - both are expected to keep interest rates on hold. The possibility of a rate cut has been rising in Korea, however, due to slowing inflation (2.5% y/y in April) and ongoing sluggishness in exports due to the weak external environment. In addition, the Philippines and Malaysia will report their March exports, and Japan reports its current account data from March.
- **Vietnam's central bank's 15% cap on lending rates to borrowers in four key sectors** (exporters, agriculture, supporting industries and SMEs) came into force yesterday, Vietnam's newspaper Tuoi Tre reports. The four sectors are estimated to have around 60-70% of domestic banks' outstanding loans.

## Calendar Indicators

<b>Australia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Retail Sales s.a. (MoM)	07-May	MAR	0.20%	0.20%	0.90%
Building Approvals (MoM)	07-May	MAR	-7.80%	3.00%	7.40%
Unemployment Rate	10-May	APR	5.20%	5.30%	--
<b>China</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Trade Balance (USD)	10-May	APR	\$5.35B	\$9.90B	--
Exports YoY%	10-May	APR	8.90%	8.50%	--
Imports YoY%	10-May	APR	5.30%	10.90%	--
Consumer Price Index (YoY)	11-May	APR	3.60%	3.40%	--
Industrial Production YTD YoY	11-May	APR	11.60%	11.70%	--
Industrial Production (YoY)	11-May	APR	11.90%	12.20%	--
Retail Sales YTD YoY	11-May	APR	14.80%	14.90%	--
Retail Sales (YoY)	11-May	APR	15.20%	15.10%	--
New Yuan Loans	11-15 MAY	APR	1010.0B	780.0B	--
Money Supply - M2 (YoY)	11-15 MAY	APR	13.40%	13.30%	--
<b>Hong Kong</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
GDP sa (QoQ)	11-May	1Q	0.30%	1.30%	--
GDP (YoY)	11-May	1Q	3.00%	1.00%	--
<b>Indonesia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
GDP Constant Price (YoY)	07-May	1Q	6.49%	6.31%	6.30%
GDP Constant Price (QoQ)	07-May	1Q	-1.30%	1.47%	1.80%
<b>India</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Industrial Production YoY	11-May	MAR	4.10%	--	--
<b>Japan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Current Account Total	10-May	MAR	¥1177.8B	¥1431.3B	--
Trade Balance - BOP Basis	10-May	MAR	¥102.1B	-¥42.8B	--
Japan Money Stock M2 YoY	11-May	APR	3.00%	2.90%	--
<b>Malaysia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Exports YoY%	09-May	MAR	14.50%	3.00%	-0.10%
Industrial Production YoY	10-May	MAR	7.50%	3.20%	--
<b>Philippines</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Total Exports (YoY)	10-May	MAR	14.60%	11.00%	--
<b>Taiwan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI YoY%	07-May	APR	1.21%	1.41%	1.44%
Total Exports (YoY)	07-May	APR	-3.20%	-3.10%	-6.40%
Total Imports (YoY)	07-May	APR	-5.80%	-2.00%	2.10%

## Indicator of the Week

### China: Industrial output for April (May 11)

Forecast: 10.0%

Consensus: 12.2%

Prior: 11.9%

Following a string of positive PMI readings, markets have grown more confident in China's near-term growth outlook. Nevertheless, the next monthly batch of activity indicators will be closely watched for indications of the pace and sustainability of the pickup in momentum. In the coming week key indicators include inflation, retail sales, investment, and credit aggregates. We focus here on industrial output, where we expect a slight decline in year-on-year growth terms due to largely to base effects. We continue to expect further policy easing in the months ahead to support domestic demand, with room for provided by contained inflation, although we expect a small uptick in headline inflation to 3.7%y/y in April (from 3.6% in March) due to the lingering effect of recent oil price increases (CPI inflation will be released on May 11).

## Calendar Events

### South Korea - South Korea 7-Day Repo Rate, May 10

We expect the benchmark rate to remain unchanged

**Current**

3.25%

**Consensus**

3.25%

**New**

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### Indonesia - Bank Indonesia Reference Rate, May 10

We expect the benchmark rate to remain unchanged

**Current**

5.75%

**Consensus**

5.75%

**New**

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### Malaysia - Overnight Rate, May 11

We expect the benchmark rate to remain unchanged

**Current**

3.00%

**Consensus**

3.00%

**New**

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## 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.	2408.6	-1.6	-1.2	9.5	-16.1
	Hong Kong - Hang Seng	20330.6	-0.8	-4.6	10.3	-12.9
	Taiwan - Weighted	7475.7	-0.9	-2.6	5.7	-17.3
	Japan - Nikkei 225	9045.1	-1.5	-5.0	7.0	-7.7
	Korea - Kospi	1950.3	-0.9	-2.4	6.8	-8.8
	India - Sensex 30	16479.6	-0.4	-4.8	6.6	-11.1
	Australia - SPX/ASX 200	4275.1	-0.9	-3.6	5.4	-10.1
	Singapore - Strait Times	2900.9	-1.1	-3.5	9.6	-7.5
	Indonesia - Jakarta Comp	4129.1	-1.2	-2.1	8.0	9.1
	Thailand - SET	1207.3	-1.9	-1.7	17.7	12.6
	Malaysia - KLCI	1584.9	-0.4	0.2	3.5	4.3
	Philippines - Manila Comp.	5214.8	-0.5	-0.3	19.3	22.5

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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)	6.31	-0.03	-0.04	6.33	6.35
	Hong Kong (HKD/USD)	7.76	-0.01	-0.05	7.76	7.76
	Taiwan (TWD/USD)	29.4	-0.10	-0.54	29.24	28.96
	Japan (JPY/USD)	79.58	0.36	0.70	79.51	79.06
	Korea (KRW/USD)	1140	-0.41	-1.13	1150	1164
	India (INR/USD)	53.7	-1.05	-1.40	54.82	57.03
	Australia (USD/AUD)	1.01	-0.58	-2.62	1.00	1.02
	Singapore (SGD/USD)	1.25	-0.38	-1.05	1.25	1.25
	Indonesia (IDR/USD)	9259	-0.23	-0.59	9460	9780
	Thailand (THB/USD)	31.1	-0.23	-0.74	31.24	31.66
	Malaysia (MYR/USD)	3.07	-0.47	-1.42	3.09	3.13
	Philippines (PHP/USD)	42.5	-0.63	-0.74	42.87	43.31

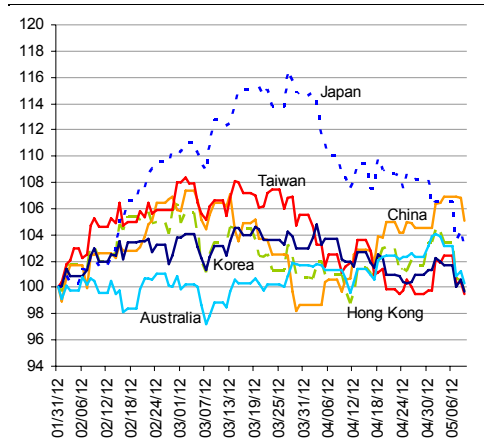
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.32	-0.38	-0.53	-0.43
	Hong Kong (HIBOR/1W)	0.15	0.00	0.04	0.04
	Taiwan (TAIBOR/1W)	0.66	0.00	0.00	0.02
	Japan (TIBOR/1Y)	0.76	0.00	0	0
	Korea (KORIBOR/1M)	3.37	0.00	0.00	-0.01
	India (MIBOR/7D)	3.31	-0.40	-0.49	-0.73
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	3.81	0.00	0	0
	Thailand (BIBOR/1W)	3.02	0.00	0.00	0.00
	Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00
	Philippines (PHIBOR/1W)	3.44	-0.06	0.19	-0.38

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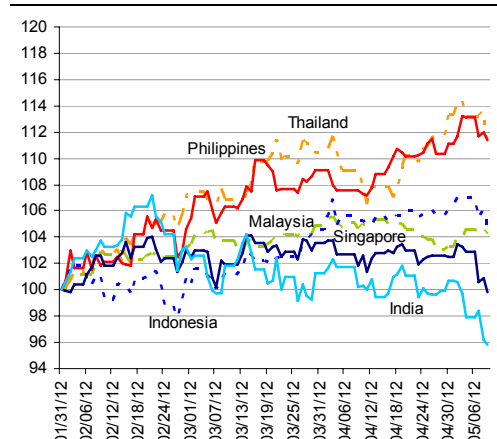
# Charts

Chart 9  
Stock Markets



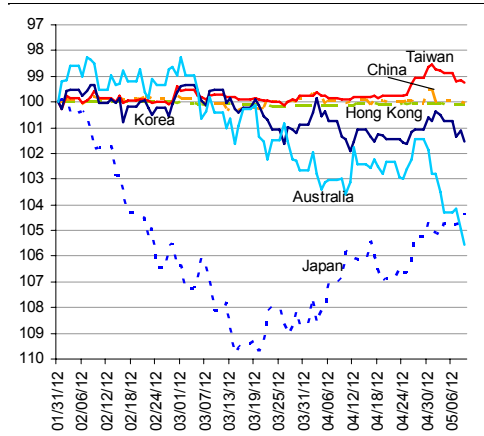
Source: BBVA Research and Bloomberg

Chart 10  
Stock Markets



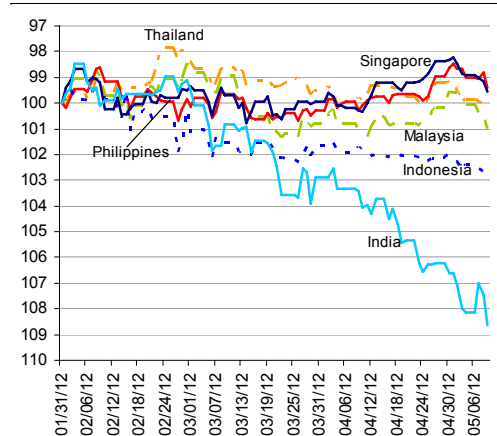
Source: BBVA Research and Bloomberg

Chart 11  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 12  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Stephen Schwartz  
Chief Economist for Asia  
[stephen.schwartz@bbva.com.hk](mailto:stephen.schwartz@bbva.com.hk)

Fielding Chen  
Senior Economist  
[fielding.chen@bbva.com.hk](mailto:fielding.chen@bbva.com.hk)

Le Xia  
Senior Economist (China)  
[xia.le@bbva.com.hk](mailto:xia.le@bbva.com.hk)

Zhigang Li  
Senior Economist (China)  
[zhigang.li@bbva.com.hk](mailto:zhigang.li@bbva.com.hk)

Sumedh Deorukhkar  
Senior Economist (India, Mumbai)  
[sumedh.deorukhkar@grupobbva.com](mailto:sumedh.deorukhkar@grupobbva.com)

Jeffrey Cantwell  
Economist  
[jeffrey.cantwell@bbva.com.hk](mailto:jeffrey.cantwell@bbva.com.hk)

George Xu  
Economist  
[george.xu@bbva.com.hk](mailto:george.xu@bbva.com.hk)

Richard Li  
Asian FX Chief Strategist  
[richard.li@bbva.com.hk](mailto:richard.li@bbva.com.hk)

William Fitchett  
Economist  
[william.fitchett@bbva.com.hk](mailto:william.fitchett@bbva.com.hk)

**BBVA**

RESEARCH



43/F., Two IFC, 8 Finance Street, Central, Hong Kong | Tel.: +852 2582 3111 | [www.bbva.com.hk](http://www.bbva.com.hk)

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