BBVA | RESEARCH

Economic Analysis
22 August 2012

Daily Flash

Asia

After a strong rally over the past month, stocks were broadly lower today across Asian markets; the Hang Seng retreated by (-1.1%) while Shanghai was down (-0.5%) ahead of tomorrow's release of China's Flash PMI (note that Jakarta remained closed today for a public holiday). Despite today's losses, as elsewhere in the world, markets are generally up this month, led by the Kospi (up 8.2% over the past 20 trading days), while the Nikkei has also advanced by 7.4%, on improving global sentiment, better US data, and positive signs out of Europe.

Japan's exports in July slump amidst global downturn

Japan's exports in July fell by a more-than-expected -8.1% y/y (consensus: -2.9% y/y), as shipments to Europe plunged 25.1% y/y, and exports to China declined 12% y/y. On the other hand, imports rose by 2.1% y/y, slightly lower than market expectation (consensus: 3.1% y/y). A widening trade deficit (517 billion yen) and an improving US economy are causing downward pressure on the yen, which has depreciated by 1.3% over the past month to stand at 79.25/USD. Today's data make further policy easing by the Bank of Japan more likely through increases in its asset purchase program, most likely in October.

Briefly noted:

- According to media reports, Korea's financial regulator, the FSC, announced plans to introduce a new short-term reference rate for bank loans in order to better reflect banks' funding costs. Announced every Wednesday, the index will be based on 3-month funding costs gathered from 9 major domestic banks.

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Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
HSBC Flash Manufacturing PMI	23-Aug	Aug	49.3	--	--
Hong Kong	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
CPI - Composite Index (YoY)	21-Aug	Jul	3.70%	3.40%	1.60%
India	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
CPI (YoY)	21-Aug	Jul	10.02%	--	9.86%
Japan	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
All Industry Activity Index (MoM)	21-Aug	Jun	-0.30%	0.20%	0.20%
Merchnds Trade Balance Total	22-Aug	Jul	¥61.7B	-¥270.0B	-¥517.4B
Merchnds Trade Exports YoY	22-Aug	Jul	-2.3	-2.9	-8.1
Merchnds Trade Imports YoY	22-Aug	Jul	-2.2	3	2.1
Philippines	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Balance of Payments	22-Aug	Jul	$14M	--	$3182M
Singapore	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
CPI (MOM) - NSA	23-Aug	Jul	0.00%	0.70%	--
CPI (YoY)	23-Aug	Jul	5.30%	4.50%	--
Industrial Production MoM SA	24-Aug	Jul	3.90%	-4.00%	--
Industrial Production YoY	24-Aug	Jul	7.60%	6.40%	--
Taiwan	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Export Orders (YoY)	20-Aug	Jul	-2.62%	-2.98%	-4.39%
Unemployment Rate - sa	22-Aug	Jul	4.24%	4.30%	4.25%
Industrial Production (YoY)	23-Aug	Jul	-2.44%	-1.70%	--
Thailand	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
Gross Domestic Product SA (QoQ)	20-Aug	2Q	11.00%	2.00%	3.30%
Gross Domestic Product (YoY)	20-Aug	2Q	0.30%	3.10%	4.20%
Vietnam	**Date**	**Period**	**Prior**	**Cons.**	**Actual**
CPI (YoY)	24-Aug	Aug	5.35%	--	--
Exports YTD (YoY)	24-31 AUG	Aug	19.00%	--	--
Retail Sales YTD (YoY)	26-31 AUG	Aug	18.70%	--	--

Calendar Events

There are 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.	2107.7	-0.5	-0.5	-4.2	-16.2
Hong Kong – Hang Seng	19887.8	-1.1	-0.8	7.9	2.1
Taiwan – Weighted	7496.6	-0.1	0.4	6.0	2.5
Japan – Nikkei 225	9131.7	-0.3	2.3	8.0	5.8
Korea – Kospi	1935.2	-0.4	-1.1	6.0	13.1
India – Sensex 30	17846.9	-0.2	1.2	15.5	9.2
Australia – SPX/ASX 200	4376.0	-0.2	2.2	7.9	7.2
Singapore – Strait Times	3049.5	-0.5	-1.2	15.2	11.6
Indonesia – Jakarta Comp	4160.5	0.4	0.7	8.9	5.2
Thailand – SET	1234.1	0.2	0.6	20.4	15.6
Malaysia – KLCI	1652.3	0.1	-0.1	7.9	12.2
Philippines – Manila Comp.	5152.2	-1.0	-2.3	17.8	18.7

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)	6.35	0.07	0.17	6.37	6.45
Hong Kong (HKD/USD)	7.76	0.00	0.01	7.75	7.75
Taiwan (TWD/USD)	30.0	-0.12	0.00	29.96	29.68
Japan (JPY/USD)	79.26	0.04	-0.34	79.19	78.83
Korea (KRW/USD)	1136	-0.42	-0.30	1142	1153
India (INR/USD)	55.5	0.21	0.37	56.45	58.97
Australia (USD/AUD)	1.04	-0.44	-0.61	0.97	0.99
Singapore (SGD/USD)	1.25	-0.04	-0.10	1.25	1.25
Indonesia (IDR/USD)	9505	-0.02	0.08	9646	10078
Thailand (THB/USD)	31.4	0.03	0.45	31.56	31.97
Malaysia (MYR/USD)	3.12	-0.07	0.21	3.13	3.17
Philippines (PHP/USD)	42.3	0.00	-0.13	42.37	42.65

Last update: today, 17.45 Hong Kong time.

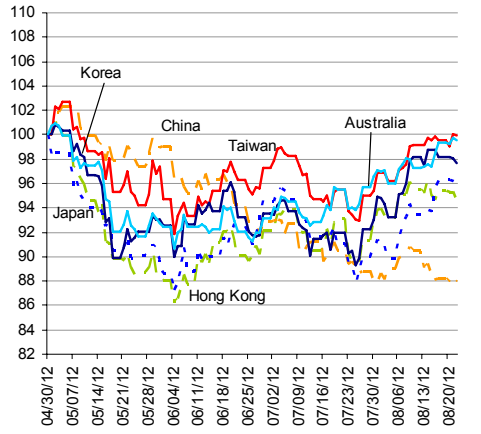
INTERBANK RATES

INDEX	Rate	net change over a day	net change over a week	net change over a month
China (SHIBOR/7D)	3.75	0.00	-0.20	0.20
Hong Kong (HIBOR/1W)	0.13	0.00	0.00	0.00
Taiwan (TAIBOR/1W)	0.63	0.00	0.00	-0.01
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01
Korea (KORIBOR/1M)	3.04	0.00	0.00	-0.03
India (MIBOR/7D)	3.80	0.02	0.20	0.23
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
Indonesia (JIBOR/1W)	4.49	0.03	0.29	0.32
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)	1.94	1.13	-0.25	-0.44

Last update: today, 17.45 Hong Kong time

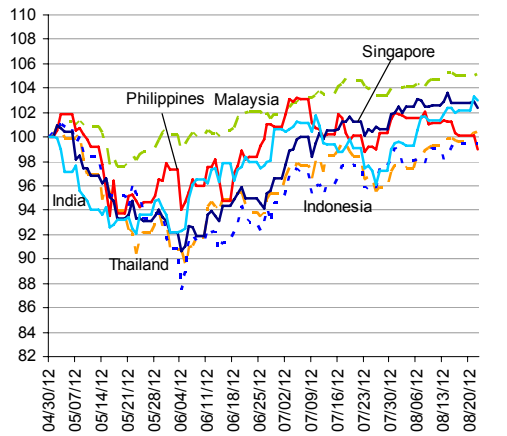
Charts

Chart 9
Stock Markets



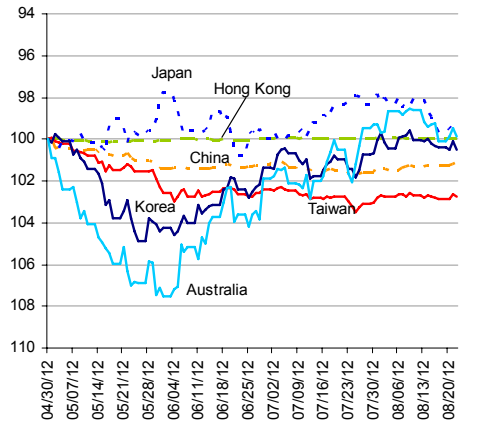
Source: BBVA Research and Bloomberg

Chart 10
Stock Markets



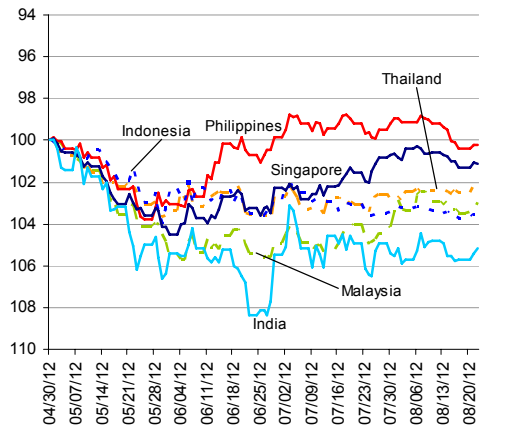
Source: BBVA Research and Bloomberg

Chart 11
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 12
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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