



Daily Flash

Asia

Markets were down across Asia today (Hang Seng: -1.3%, Kospi: -1.2%), in line with an emerging global shift towards a risk-off pattern. As recent regional data outturns have generally disappointed (including today's IP outturn in Singapore, below), prospects continue to increase for eventual policy easing. Current market sentiment appears rather muted after a month of gains, especially as signs of a gradual rebound in regional growth momentum have yet to surface. Next week, attention will turn to India's second quarter GDP outturn, which is expected to show ongoing sluggishness (see Weekly Indicator below).

Singapore posts weak industrial production, building case for easing

Singapore's industrial production in July came in below expectations today (1.9% y/y, consensus: 6.8% y/y) due to slowdowns in electronics and chemical production. Today's outturn, along with yesterday's sharply lower-than-expected July inflation number (4.0%, consensus: 4.5%), build an early case for the Monetary Authority of Singapore to ease policy at its semi-annual meeting in October in order to support its economy.

Vietnam's inflation continues to moderate

Vietnam's inflation eased to 5.0% y/y (consensus: 4.7% y/y) in August from 5.4% y/y in July. Slowing inflation has provided space to the central bank to cut rates in order to prop up faltering growth, with rates having been lowered by 500 bps thus far this year. The transmission of monetary easing to the economy, however, is being hindered by banks' reluctance to loan due to high NPLs, resulting in slowing credit growth.

Briefly noted:

- **Next week a number of important economic indicators will be released.** India will report its 2Q GDP on Friday and the Philippines will also report its 2Q GDP on Thursday, while China will release its official Manufacturing PMI on Saturday. For more information regarding other data releases, please see the Weekly Calendar below.

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Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
HSBC Flash Manufacturing PMI	23-Aug	Aug	49.3	--	47.8
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%	0.60%	0.20%
CPI (YoY)	23-Aug	Jul	5.30%	4.50%	4.00%
Industrial Production MoM SA	24-Aug	Jul	3.90%	-4.40%	-9.10%
Industrial Production YoY	24-Aug	Jul	7.60%	6.80%	1.90%
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%	-1.90%	-0.02%
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%	4.70%	5.04%

Indicator of the Week

India: Q2 GDP Growth 2012 (August 31st)

Forecast: 5.1% y/y

Consensus: 5.3% y/y

Prior: 5.3% y/y

India's economy continues to be plagued by slowing growth and elevated inflation. The outturn for Q2 GDP growth will be a key input for the Reserve Bank of India's next monetary policy decision in September, and another weak outturn, dragged down by waning fiscal support and slowing industrial and services activity, could raise the likelihood of an imminent interest rate cut, in line with our expectations of an additional 50bps in cuts by end-year.

Wholesale price inflation (6.9% in July), however, remains a constraint, exacerbated by a sub-par monsoon and supply bottlenecks. Overall, we expect India's GDP growth to decline to 5.6% for full year 2012, down from 7.5% in 2011.

Calendar Events

There are no calendar events scheduled for this week.

Upcoming Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
Industrial Profits YTD YoY	27-Aug	Jul	-2.20%	--	--
Manufacturing PMI	01-Sep	Aug	50.1	49.8	--
Hong Kong	Date	Period	Prior	Cons.	Actual
Exports YoY%	28-Aug	Jul	-4.80%	-3.30%	--
Imports YoY%	28-Aug	Jul	-2.90%	-1.10%	--
Retail Sales - Value (YoY)	30-Aug	Jul	11.00%	9.00%	--
India	Date	Period	Prior	Cons.	Actual
Qtrly GDP YoY%	31-Aug	2Q	5.30%	5.30%	--
Fiscal Deficit INR Crore	31-Aug	Jul	48873	--	--
Japan	Date	Period	Prior	Cons.	Actual
Machine Tool Orders (YoY)	27-Aug	Jul	-6.80%	--	--
Retail Trade YoY	30-Aug	Jul	0.20%	-0.10%	--
Jobless Rate	31-Aug	Jul	4.30%	4.30%	--
Natl CPI YoY	31-Aug	Jul	-0.20%	-0.30%	--
Natl CPI Ex-Fresh Food YoY	31-Aug	Jul	-0.20%	-0.30%	--
Industrial Production (MoM)	31-Aug	Jul P	0.40%	1.70%	--
Industrial Production YOY%	31-Aug	Jul P	-1.50%	1.80%	--
Malaysia	Date	Period	Prior	Cons.	Actual
Unemployment Rate	30-Aug	2Q	3.00%	--	--
Philippines	Date	Period	Prior	Cons.	Actual
Trade Balance	28-Aug	Jun	-\$454M	--	--
GDP sa (QoQ)	30-Aug	2Q	2.50%	1.10%	--
GDP (YoY)	30-Aug	2Q	6.40%	5.50%	--
South Korea	Date	Period	Prior	Cons.	Actual
Current Account in US\$ Million	29-Aug	Jul	\$5835.8M	--	--
Industrial Production (MoM)	31-Aug	Jul	-0.40%	--	--
Industrial Production (YoY)	31-Aug	Jul	1.60%	0.40%	--
Ext Trade - Export (YoY)	01-Sep	Aug	-8.80%	--	--
Ext Trade - Imports (YoY)	01-Sep	Aug	-5.50%	--	--
Thailand	Date	Period	Prior	Cons.	Actual
Mfg. Production Index ISIC NSA (YoY)	28-Aug	Jul	-9.6	-4.25	--
Customs Exports (YoY)	29-Aug	Jul	-2.50%	-3.75%	--
Vietnam	Date	Period	Prior	Cons.	Actual
Exports YTD (YoY)	24-31 AUG	Aug	19.00%	--	--
Retail Sales YTD (YoY)	26-31 AUG	Aug	18.70%	--	--

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.	2092.1	-1.0	-1.1	-4.9	-17.7
	Hong Kong - Hang Seng	19880.0	-1.3	-1.2	7.8	2.1
	Taiwan - Weighted	7477.5	-0.4	0.1	5.7	-0.3
	Japan - Nikkei 225	9070.8	-1.2	-1.0	7.3	5.0
	Korea - Kospi	1919.8	-1.2	-1.4	5.2	9.4
	India - Sensex 30	17792.5	-0.3	0.8	15.1	9.3
	Australia - SPX/ASX 200	4349.0	-0.8	-0.5	7.2	4.4
	Singapore - Strait Times	3050.5	-0.2	-0.4	15.3	12.2
	Indonesia - Jakarta Comp	4145.4	-0.4	1.0	8.5	7.8
	Thailand - SET	1235.9	-0.1	1.0	20.5	18.1
	Malaysia - KLCI	1648.2	-0.2	-0.1	7.7	12.2
	Philippines - Manila Comp.	5143.4	-1.1	-2.3	17.6	17.8

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	-0.02	0.06	6.37	6.44
	Hong Kong (HKD/USD)	7.76	0.01	0.01	7.75	7.75
	Taiwan (TWD/USD)	30.0	-0.08	0.12	29.92	29.66
	Japan (JPY/USD)	78.56	-0.09	1.27	78.50	78.17
	Korea (KRW/USD)	1134	-0.31	0.01	1141	1153
	India (INR/USD)	55.4	-0.32	0.56	56.36	58.86
	Australia (USD/AUD)	1.04	-0.39	-0.19	0.97	0.99
	Singapore (SGD/USD)	1.25	-0.22	0.26	1.25	1.25
	Indonesia (IDR/USD)	9519	-0.26	0.00	9649	10085
	Thailand (THB/USD)	31.2	-0.16	0.93	31.38	31.79
	Malaysia (MYR/USD)	3.10	-0.09	1.09	3.12	3.15
	Philippines (PHP/USD)	42.2	-0.38	0.31	42.30	42.58

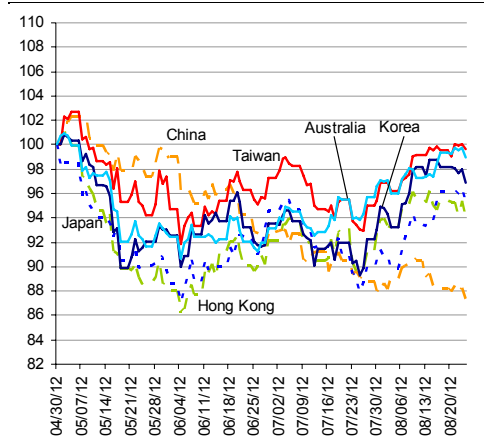
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.65	-0.15	-0.30	0.30
	Hong Kong (HIBOR/1W)	0.13	0.00	0.00	0.00
	Taiwan (TAIBOR/1W)	0.63	0.00	0.00	-0.01
	Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01
	Korea (KORIBOR/1M)	3.04	0.00	0.00	-0.03
	India (MIBOR/7D)	3.66	-0.44	-0.74	0.28
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	4.34	-0.03	-0.15	0.17
	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)	1.50	-0.19	0.69	-0.25

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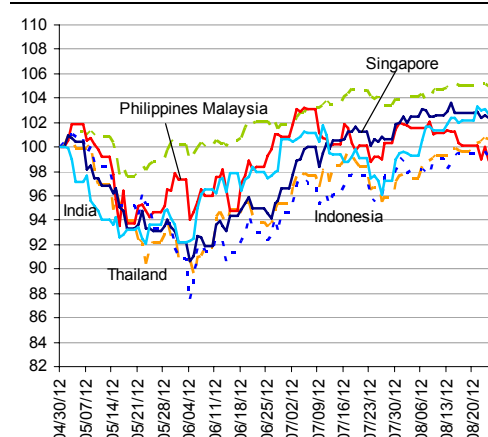
Charts

Chart 9
Stock Markets



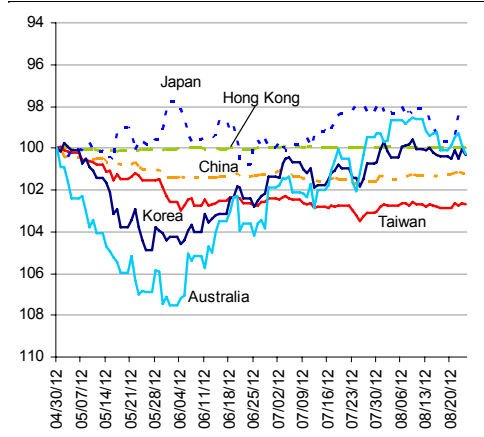
Source: BBVA Research and Bloomberg

Chart 10
Stock Markets



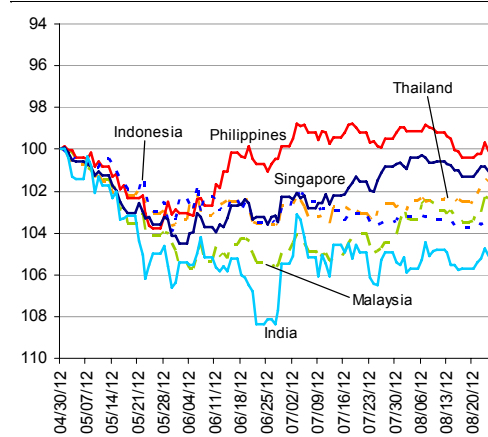
Source: BBVA Research and Bloomberg

Chart 11
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 12
Foreign Exchange Markets



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