

# Daily Flash

## Asia

*Equity markets in Asia finished mixed today, ahead of key upcoming events, including the Fed chairman's speech at Jackson Hole on Friday which will be closely scrutinized for prospects of further policy easing. Another round of QE, should it occur, would likely generate capital inflows and lift Asian asset values. In the meantime, ongoing concerns about China's growth slowdown are continuing to weigh on Chinese markets, with Shanghai down today (-1.0%), deepening its position as the worst performing index in Asia since the start of the year (down -6.6%). Key upcoming data releases in the region include India's Q2 GDP due out on Friday (see Weekly Indicator below), as well as China's official PMI and Korea's August exports on Saturday.*

### Thailand's July exports fall, adding to case for an eventual rate cut

Thailand's exports dropped -4.5% y/y in July (consensus: -3.8% y/y) after falling by a revised -2.3% y/y the prior month. The weaker-than-expected outturn reflects a slump in demand from China and the EU, with shipments declining by -7.5% y/y and -21.4% y/y respectively. Imports, however, continue to grow strongly (July: +13.7% y/y). Though Thailand's 2Q GDP outturn was stronger than expected, recent high-frequency activity indicators are weakening. Given the threat to the recovery after last year's flooding, the chances of a rate cut are increasing (the Bank of Thailand's next meeting is on September 5).

### Briefly noted:

- **The PBoC is reportedly considering utilizing 28-day reverse repos in the primary market** in order to help facilitate liquidity management. Currently the most common reverse repos used for open market operations by the PBoC are 7-day and 14-day. Conducting reverse repos with a longer maturity shows policymakers are attempting to reduce rollover frequency and are trying to provide additional support to interbank liquidity.

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With contributions from the BBVA Research Asia Team

## Calendar Indicators

<b>China</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Industrial Profits YTD YoY	27-Aug	Jul	-2.20%	--	-2.70%
Manufacturing PMI	01-Sep	Aug	50.1	49.8	--
<b>Hong Kong</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Exports YoY%	28-Aug	Jul	-4.80%	-3.90%	-3.50%
Imports YoY%	28-Aug	Jul	-2.90%	-1.10%	-1.80%
Retail Sales - Value (YoY)	30-Aug	Jul	11.00%	9.00%	--
<b>India</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Qtrly GDP YoY%	31-Aug	2Q	5.30%	5.30%	--
Fiscal Deficit INR Crore	31-Aug	Jul	48873	--	--
<b>Japan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
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%	--
<b>Malaysia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Unemployment Rate	30-Aug	2Q	3.00%	--	--
<b>Philippines</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Trade Balance	28-Aug	Jun	-\$454M	--	-\$787M
GDP sa (QoQ)	30-Aug	2Q	2.50%	1.10%	--
GDP (YoY)	30-Aug	2Q	6.40%	5.50%	--
<b>South Korea</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Current Account in US\$ Million	29-Aug	Jul	\$5835.8M	--	\$6103.8M
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%	--	--
<b>Thailand</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Mfg. Production Index ISIC NSA (YoY)	28-Aug	Jul	-9.60%	-4.25%	-5.82%
Customs Exports (YoY)	29-Aug	Jul	-2.50%	-3.75%	-4.46%
<b>Vietnam</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Exports YTD (YoY)	27-Aug	Aug	19.00%	--	17.80%
Retail Sales YTD (YoY)	27-Aug	Aug	18.70%	--	17.90%

## 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.

## 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.	2053.2	-1.0	-2.6	-6.6	-20.3
	Hong Kong - Hang Seng	19788.5	-0.1	-0.5	7.3	-0.4
	Taiwan - Weighted	7391.2	0.4	-1.4	4.5	-2.5
	Japan - Nikkei 225	9069.8	0.4	-0.7	7.3	2.5
	Korea - Kospi	1928.5	0.6	-0.3	5.6	5.4
	India - Sensex 30	17490.8	-0.8	-2.0	13.2	6.5
	Australia - SPX/ASX 200	4356.4	-0.1	-0.4	7.4	2.2
	Singapore - Strait Times	3041.6	0.0	-0.3	14.9	8.9
	Indonesia - Jakarta Comp	4093.2	-1.2	-1.6	7.1	6.5
	Thailand - SET	1220.2	-1.1	-1.1	19.0	15.6
	Malaysia - KLCI	1645.6	-0.1	-0.4	7.5	13.7
Philippines - Manila Comp.	5195.7	0.4	-0.2	18.8	20.7	

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	0.02	0.00	6.37	6.45
	Hong Kong (HKD/USD)	7.76	0.00	0.00	7.75	7.75
	Taiwan (TWD/USD)	29.9	0.09	0.14	29.90	29.64
	Japan (JPY/USD)	78.61	-0.13	-0.04	78.55	78.23
	Korea (KRW/USD)	1133	0.29	0.21	1140	1151
	India (INR/USD)	55.6	0.07	-0.26	56.61	59.13
	Australia (USD/AUD)	1.04	-0.12	-1.33	0.97	0.99
	Singapore (SGD/USD)	1.25	-0.03	-0.45	1.25	1.25
	Indonesia (IDR/USD)	9581	-0.33	-0.79	9753	10196
	Thailand (THB/USD)	31.3	-0.22	-0.13	31.50	31.92
	Malaysia (MYR/USD)	3.12	-0.14	-0.10	3.14	3.17
Philippines (PHP/USD)	42.3	-0.17	-0.12	42.43	42.70	

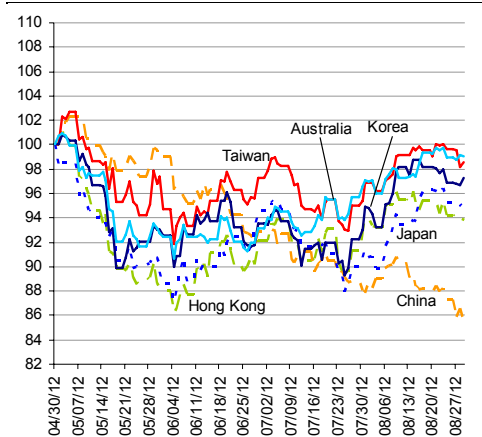
Last update: today, 17.45 Hong Kong time.

INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.53	0.03	-0.12	0.43
	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	-0.01
	India (MIBOR/7D)	3.60	0.52	-0.20	0.40
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	4.32	0.00	-0.17	0.16
	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)	2.44	0.56	0.50	1.13

Last update: today, 17.45 Hong Kong time

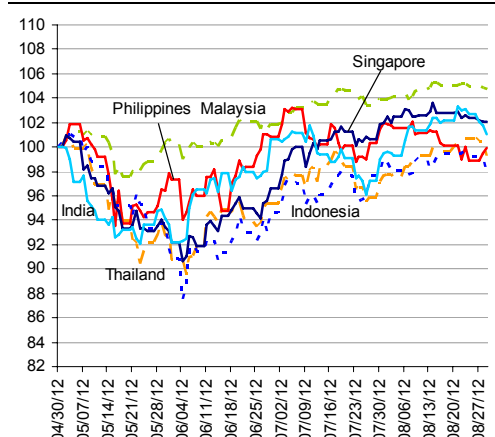
# Charts

Chart 9  
Stock Markets



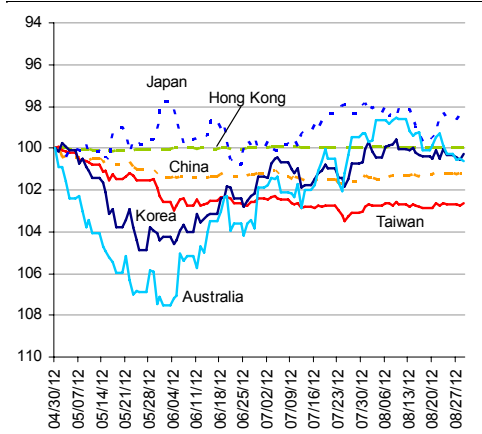
Source: BBVA Research and Bloomberg

Chart 10  
Stock Markets



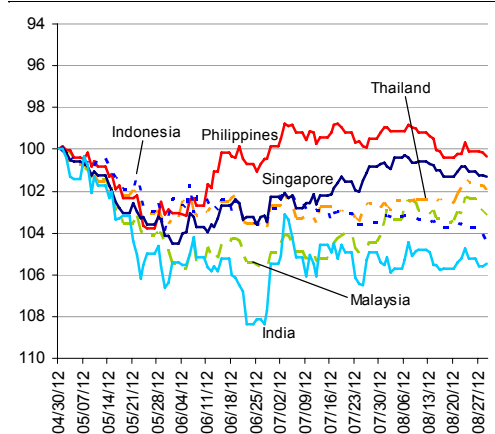
Source: BBVA Research and Bloomberg

Chart 11  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 12  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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