

Daily Flash

Asia

Asian stocks rebounded today led by the Shanghai composite (+2.6%) on unfounded rumors of government support measures for the ailing stock market, which hit a 4-year low yesterday. Otherwise, concerns about Europe and slowing growth in China continue to weigh on regional market sentiment. Markets may be influenced in the coming days by the release of the final September HSBC/Markit PMI outturn in China, and by August industrial production figures for South Korea and Japan.

Indonesia OECD report highlights strong growth, but calls for more change

Fresh on the heels of yesterday's annual IMF report on Indonesia, the Organization for Economic Cooperation and Development (OECD) released its own report today, highlighting Indonesia's improved macroeconomic and structural policy frameworks. The report emphasizes structural reforms needed to unlock Indonesia's growth potential over the coming decade, including, "to boost productivity, reduce energy subsidies and raise tax collection to finance key infrastructure, social, and environmental programmes." Specific reform recommendations include measures to boost productivity of SMEs and encourage innovation.

Vietnam's 3Q GDP accelerates, but remains below the official target

Vietnam's GDP growth edged up by 5.4% y/y in the third quarter from 4.7% y/y in Q2. The outturn is below the government's target of 6% for the full year, partly due to slow credit growth amid a troubled banking system. To support the economy, authorities have applied monetary and fiscal easing measures over the past few months, with 500 bps in rate cuts and various tax cuts and spending projects. We project full-year growth to reach around 5½%, down from 5.9% last year. Separately, Vietnam reported export growth of 22.1% y/y in September mainly due to a recovery in crude oil exports, although strong imports caused Vietnam's trade balance to swing to a USD 150mn deficit.

Korea's business confidence drops as case for rate cut continues to grow

Business confidence for October fell to 72 from 75 in September (a score below 100 indicates that pessimists outnumber optimists), near its lowest level since 2009 (July's reading of 70 is the lowest since the financial crisis). Korea's economy is expected to remain under pressure in the coming months as weak exports are spilling over to domestic demand. We expect another 25bp cut in interest rates by the Bank of Korea in the coming month or two, and possible fiscal policy support after the Presidential election in December.

Jeffrey Cantwell
Economist
jeffrey.cantwell@bbva.com.hk
+852 2582 3173

William Fitchett
Economist
william.fitchett@bbva.com.hk
+852 2582 3246

With contributions from the BBVA Research Asia Team

Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
Industrial Profits YTD YoY	27-Sep	Aug	-2.70%	--	-3.10%
HSBC Manufacturing PMI	29-Sep	Sep	47.6	--	--
Hong Kong	Date	Period	Prior	Cons.	Actual
Exports YoY%	25-Sep	Aug	-3.50%	-4.80%	0.60%
Imports YoY%	25-Sep	Aug	-1.80%	-3.50%	0.90%
Japan	Date	Period	Prior	Cons.	Actual
Industrial Production (MoM)	28-Sep	Aug P	-1.00%	-0.50%	--
Industrial Production YOY%	28-Sep	Aug P	-0.80%	-3.40%	--
Jobless Rate	28-Sep	Aug	4.30%	4.30%	--
Natl CPI YoY	28-Sep	Aug	-0.40%	-0.50%	--
Tokyo CPI YoY	28-Sep	Sep	-0.70%	-0.60%	--
Retail Trade YoY	28-Sep	Aug	-0.80%	-0.30%	--
Singapore	Date	Period	Prior	Cons.	Actual
CPI (MOM) - NSA	24-Sep	Aug	0.20%	0.50%	0.60%
CPI (YoY)	24-Sep	Aug	4.00%	3.80%	3.90%
Industrial Production YoY	26-Sep	Aug	1.90%	1.00%	-2.20%
Industrial Production MoM SA	26-Sep	Aug	-9.10%	0.00%	-2.30%
South Korea	Date	Period	Prior	Cons.	Actual
Industrial Production (YoY)	28-Sep	Aug	0.30%	0.70%	--
Industrial Production (MoM)	28-Sep	Aug	-1.60%	-0.40%	--
Current Account in US\$ Million	28-Sep	Aug	\$6103.8M	--	--
Taiwan	Date	Period	Prior	Cons.	Actual
Industrial Production (YoY)	24-Sep	Aug	-0.02%	-0.60%	1.89%
Unemployment Rate - sa	24-Sep	Aug	4.25%	4.28%	4.29%
Thailand	Date	Period	Prior	Cons.	Actual
Customs Exports (YoY)	25-Sep	Aug	-4.46%	-5.80%	6.95%
Customs Imports (YoY)	25-Sep	Aug	13.73%	-5.60%	-8.78%
Vietnam	Date	Period	Prior	Cons.	Actual
Exports YTD (YoY)	27-Sep	Sep	17.80%	--	18.90%
CPI (YoY)	24-Sep	Sep	5.04%	5.15%	6.48%

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.	2056.3	2.6	1.6	-6.5	-14.9
	Hong Kong - Hang Seng	20762.3	1.1	0.8	12.6	14.5
	Taiwan - Weighted	7683.8	0.2	-0.6	8.6	8.4
	Japan - Nikkei 225	8949.9	0.5	-1.5	5.8	3.9
	Korea - Kospi	1988.7	0.4	-0.1	8.9	14.6
	India - Sensex 30	18622.5	-0.1	1.5	20.5	12.7
	Australia - SPX/ASX 200	4384.2	0.5	-0.3	8.1	9.5
	Singapore - Strait Times	3061.1	0.5	-0.1	15.7	12.3
	Indonesia - Jakarta Comp	4225.0	1.1	0.2	10.5	21.6
Thailand - SET	1288.8	1.1	0.5	25.7	36.1	
Malaysia - KLCI	1627.8	0.5	0.1	6.3	19.3	
Philippines - Manila Comp.	5301.5	0.2	0.1	21.3	42.5	

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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)	6.30	-0.01	0.01	6.36	6.42
	Hong Kong (HKD/USD)	7.75	0.01	0.00	7.75	7.75
	Taiwan (TWD/USD)	29.4	0.13	0.02	29.32	29.06
	Japan (JPY/USD)	77.70	0.06	0.70	77.62	77.32
	Korea (KRW/USD)	1116	0.42	0.61	1121	1133
	India (INR/USD)	53.3	0.50	2.12	53.89	56.11
	Australia (USD/AUD)	1.04	0.27	-0.35	0.97	0.99
	Singapore (SGD/USD)	1.23	0.27	-0.37	1.23	1.23
	Indonesia (IDR/USD)	9599	0.26	-0.26	9705	10089
Thailand (THB/USD)	31.0	0.13	-0.39	31.13	31.56	
Malaysia (MYR/USD)	3.07	0.24	-0.17	3.09	3.13	
Philippines (PHP/USD)	41.9	0.16	-0.35	41.94	42.06	

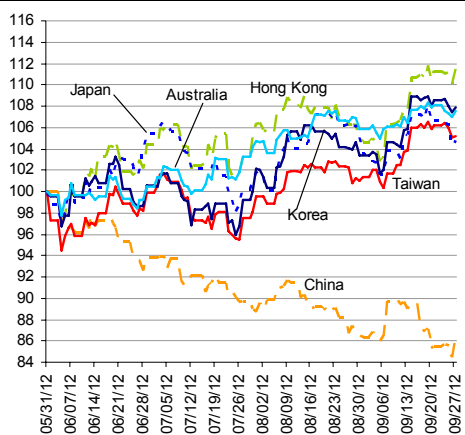
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.72	0.02	-0.68	0.24
	Hong Kong (HIBOR/1W)	0.20	0.03	0.03	0.07
	Taiwan (TAIBOR/1W)	0.62	0.00	0.00	-0.01
	Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01
	Korea (KORIBOR/1M)	3.02	0.00	0.00	-0.02
	India (MIBOR/7D)	3.88	0.03	-0.03	0.33
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	4.24	0.01	0.02	-0.09
	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)	1.81	-0.06	0.31	0.31	

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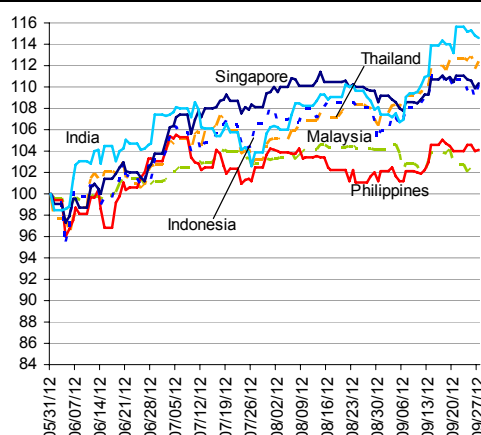
Charts

Chart 1
Stock Markets



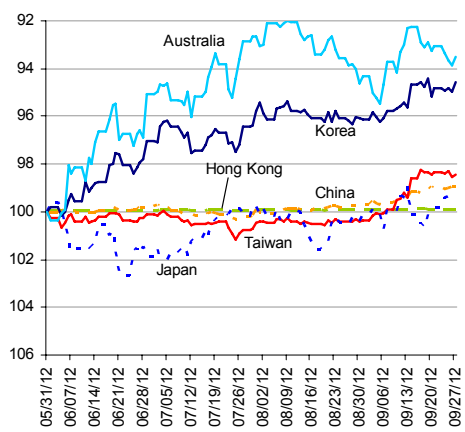
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



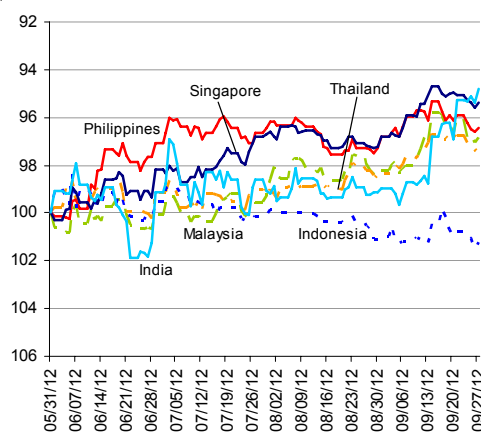
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Stephen Schwartz
Chief Economist for Asia
stephen.schwartz@bbva.com.hk

Fielding Chen
Senior Economist
fielding.chen@bbva.com.hk

Le Xia
Senior Economist (China)
xia.le@bbva.com.hk

Zhigang Li
Senior Economist (China)
zhigang.li@bbva.com.hk

Sumedh Deorukhkar
Senior Economist (India, Mumbai)
sumedh.deorukhkar@grupobbva.com

Jeffrey Cantwell
Economist
jeffrey.cantwell@bbva.com.hk

George Xu
Economist
george.xu@bbva.com.hk

Richard Li
Asian FX Chief Strategist
richard.li@bbva.com.hk

William Fitchett
Economist
william.fitchett@bbva.com.hk



RESEARCH



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

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