

Daily Flash

Asia

Risk aversion is taking a toll once again on the region's equity markets, with ongoing concerns about the timing of the next round of financial support for Greece and prospects of a fiscal cliff in the US. Markets in and around China were down sharply as Chinese property shares fell on new renewed signs that the authorities will not lift property tightening measures anytime soon. The Shanghai composite was down (by -1.5%), followed by Taiwan (-1.8%), Australia (-1.5%), and the Hang Seng (-1.1%). Otherwise, the recent data flow out of China has been positive, pointing to a pickup in growth. For more, see our latest [China Outlook](#), released today and summarized below.

The Philippines' exports surge in September on intraregional demand

Exports rose by a much better-than-expected 22.8% y/y (consensus: 4.6% y/y) in September on strong Asian demand – particularly from Japan, Singapore, and Hong Kong – in the latest sign that regional momentum may be stabilizing (despite yesterday's disappointing Q3 growth outturn in Japan). The Philippines' economy, which grew by 5.9% y/y in the second quarter, was thought to be under some pressure recently after two weak months of exports data in June and July, and after policymakers decided to support the economy by cutting interest rates to a record-low 3.5% at the end of last month. However, today's outturn provides a positive boost to sentiment, and makes it more likely that the Philippines will reach our growth forecast of 5.5% for this year.

Thailand to enter talks to join the US-led Trans Pacific Partnership

Thailand has expressed interest to enter talks to join the Trans-Pacific Partnership (TPP), a U.S.-led trade negotiation, when the US President visits the country next week, according to words by a Thai government official. The TPP involves multilateral talks between 11 countries on both sides of the Pacific, including Singapore, Malaysia and Australia. Japan's PM also pledged recently to include plans to enter the TPP in the party platform for the next general election. The TPP covers not only trade in goods but also services, labor, the environment, intellectual property protection and internet regulation, making it an ambitious and worthwhile undertaking for all parties involved. The TPP holds periodic rounds of negotiations, with the next one being scheduled for December this year in New Zealand.

BBVA's latest China Outlook sees gradual pickup in growth momentum

Our latest quarterly [China Outlook](#), released today, highlights an expected pickup in growth, following a bottoming out in Q3. Recent data on investment, production, and credit growth show signs of improvement following the authorities' stepped up policy easing. Consumption and exports are also improving, but the sustainability of the pickup is not yet assured. With inflation remaining soft, we see scope for further policy easing as a safeguard against downside risks to the outlook. We expect China's growth momentum to rise gradually on policy support, bringing full-year growth to 7.6% and 7.9% in 2012-13, albeit slightly lower than our projections from last quarter.

Briefly noted:

- **According to the chairman (Guo Shuqing) of China Securities Regulatory Commission (CSRC)**, the regulator is considering expanding the quota for the RMB qualified foreign institutional investors (RQFII) by RMB 200bn, from its current 70bn. He also mentioned the quota for the QFII program (raised to current USD 80bn from USD 30bn in Apr 2012) will also be expanded at a later time, once the USD 80bn limit is reached. These moves are considered as further steps in the gradual process of China's drive towards capital account liberalization.

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Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
Trade Balance (USD)	10-Nov	Oct	\$27.67B	\$27.30B	\$31.99B
Exports YoY%	10-Nov	Oct	9.90%	10.00%	11.60%
Imports YoY%	10-Nov	Oct	2.40%	3.40%	2.40%
New Yuan Loans	12-Nov	Oct	623.2B	590.0B	505.2B
Money Supply - M2 (YoY)	12-Nov	Oct	14.80%	14.50%	14.10%
Hong Kong	Date	Period	Prior	Cons.	Actual
GDP (YoY)	16-Nov	3Q	1.10%	1.70%	--
GDP sa (QoQ)	16-Nov	3Q	-0.10%	0.60%	--
India	Date	Period	Prior	Cons.	Actual
Exports YoY%	12-Nov	Oct	-10.80%	--	-1.60%
CPI (YoY)	12-Nov	Oct	9.73%	--	9.75%
Industrial Production YoY	12-Nov	Sep	2.70%	2.80%	-0.40%
Monthly Wholesale Prices YoY%	14-Nov	Oct	7.81%	7.90%	--
Japan	Date	Period	Prior	Cons.	Actual
Tertiary Industry Index (MoM)	12-Nov	Sep	0.40%	-0.10%	0.30%
Gross Domestic Product (QoQ)	12-Nov	3Q P	0.20%	-0.90%	-0.90%
GDP Annualized	12-Nov	3Q P	0.70%	-3.40%	-3.50%
Machine Tool Orders (YoY)	12-Nov	Oct P	-2.80%	--	-6.70%
Malaysia	Date	Period	Prior	Cons.	Actual
GDP YoY%	16-Nov	3Q	5.40%	4.80%	--
Philippines	Date	Period	Prior	Cons.	Actual
Total Exports (YoY)	13-Nov	Sep	-9.00%	4.60%	22.80%
Overseas Remittances (YoY)	15-Nov	Sep	7.60%	7.00%	--
Singapore	Date	Period	Prior	Cons.	Actual
GDP (annualized) (QoQ)	11-18 NOV	3Q F	-1.50%	--	--
GDP (YoY)	11-18 NOV	3Q F	1.30%	--	--
Retail Sales (YoY)	15-Nov	Sep	3.20%	3.90%	--
Non-oil Domestic Exports (YoY)	16-Nov	Oct	-3.40%	2.40%	--
South Korea	Date	Period	Prior	Cons.	Actual
Unemployment Rate (SA)	14-Nov	Oct	3.10%	3.10%	--

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.	2047.9	-1.5	-2.8	-6.9	-17.5
	Hong Kong - Hang Seng	21188.7	-1.1	-3.4	14.9	10.7
	Taiwan - Weighted	7136.1	-1.8	-1.4	0.9	-3.1
	Japan - Nikkei 225	8661.1	-0.2	-3.5	2.4	1.7
	Korea - Kospi	1889.7	-0.6	-2.0	3.5	1.4
	India - Sensex 30	18670.3	-0.1	-0.5	20.8	8.6
	Australia - SPX/ASX 200	4379.8	-1.5	-2.3	8.0	1.9
	Singapore - Strait Times	3007.6	-0.1	-0.8	13.6	7.8
	Indonesia - Jakarta Comp	4332.1	0.3	0.4	13.3	14.6
	Thailand - SET	1289.0	-0.4	-0.9	25.7	32.8
	Malaysia - KLCI	1637.6	-0.2	-1.0	7.0	11.5
	Philippines - Manila Comp.	5455.9	-0.3	-0.3	24.8	26.5

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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)	6.23	0.04	0.29	6.28	6.33
	Hong Kong (HKD/USD)	7.75	0.01	0.00	7.75	7.75
	Taiwan (TWD/USD)	29.1	-0.23	0.66	28.89	28.64
	Japan (JPY/USD)	79.28	0.28	1.35	79.20	78.91
	Korea (KRW/USD)	1090	-0.11	0.07	1095	1107
	India (INR/USD)	54.9	-0.22	-0.49	55.84	58.12
	Australia (USD/AUD)	1.04	-0.07	-0.13	0.97	0.99
	Singapore (SGD/USD)	1.22	-0.02	-0.05	1.22	1.22
	Indonesia (IDR/USD)	9634	0.04	-0.08	9688	10058
	Thailand (THB/USD)	30.7	-0.20	0.13	30.87	31.28
	Malaysia (MYR/USD)	3.07	-0.24	-0.23	3.09	3.12
	Philippines (PHP/USD)	41.2	-0.15	0.12	41.13	41.12

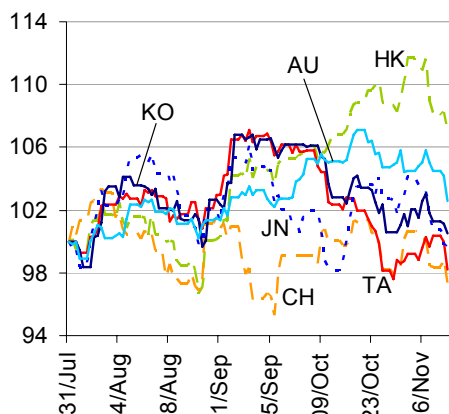
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.14	0.07	-0.20	-0.02
	Hong Kong (HIBOR/1W)	0.13	0.00	0.00	-0.02
	Taiwan (TAIBOR/1W)	0.59	0.00	0.00	-0.03
	Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01
	Korea (KORIBOR/1M)	2.78	0.00	0.00	0.00
	India (MIBOR/7D)	3.25	-0.23	0.01	-0.22
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	4.28	0.00	-0.01	0.02
	Thailand (BIBOR/1W)	2.78	0.00	0.00	-0.24
	Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00
	Philippines (PHIBOR/1W)	1.50	0.00	-0.56	-0.56

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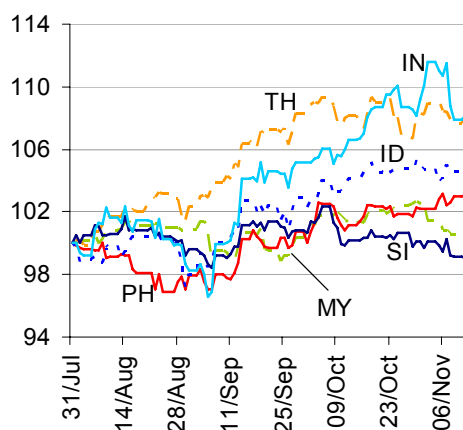
Charts

Chart 1
Stock Markets



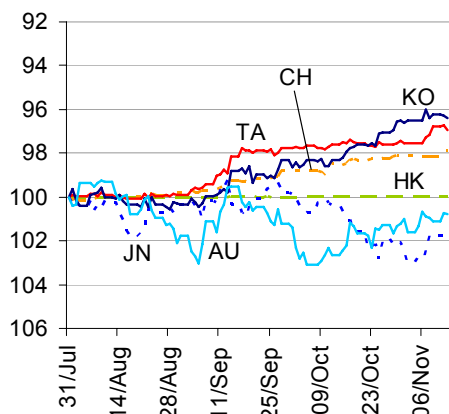
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



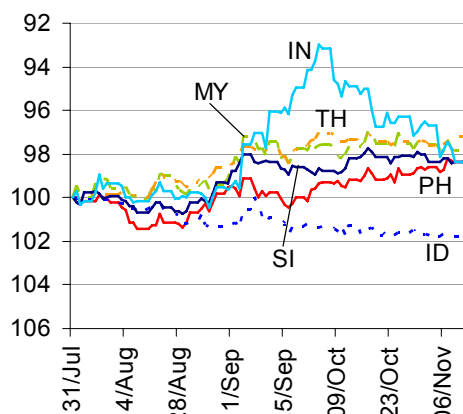
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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