

Daily Flash

Asia

Upon the conclusion yesterday of China's 18th National Party Congress, the full leadership line-up was announced today (see below), marking a significant step in the once-in-a-decade transition, which will conclude in March 2013. Analysts were generally positive – there were few surprises, and economic policy and reforms are expected to stay on track – although those who hoped for a significant shift toward “reformers” are likely to have been disappointed. Separately, most Asian equity indices fell today on spillovers of negative sentiment on Wall Street, with the exception of Japan (+1.9%) which rose on expectations that exporters will benefit from a sudden decline in the yen, to 81.0 per USD, its weakest level since April. In the meantime, we will be watching for the release tomorrow of the next batch of 3Q GDP numbers in the region (Hong Kong and Malaysia).

China's new leadership team settled

As expected, the composition of China's new leadership team was finalized today. In addition to yesterday's confirmation that Xi Jinping (current Vice President) and Li Keqiang will take over as President and Premier, respectively, the rest of the Politburo's Standing Committee members were announced. The notable outcomes: (i) on balance, a team of relative “conservatives”; (ii) a reduction in the size of the new Standing Committee to 7 members from 9 previously, as had been rumored; and (iii) President Hu to step down from his position as Chairman of the Military. Taken together, these elements mean that the direction of political and economic reforms should remain intact, although an acceleration is unlikely. The downsizing of the Committee bodes well for the implementation of policies, and Hu's relinquishment of the Military role is seen to have ushered in a clean transition, with diminished prospects of interference by the old leadership. The President-in-waiting, Xi Jinping, delivered a speech today that was well-received by the broader public for its emphasis on improving social well-being, in contrast to previous the transition speeches of previous decades which were heavy on Communist Party propaganda.

Singapore's retail sales decline by more than expected in September

Singapore's retail sales contracted in September by -0.5% m/m (consensus: 1.5% m/m) after a 1.0% m/m expansion in August, as motor vehicle sales and food & beverage sales weakened. Taken in a broader context, Singapore's economy has been slowing (third quarter growth was a seasonally adjusted annualized -1.5%), but domestic demand had previously proved to be resilient due to a tight labor market, providing a partial offset to weak exports. However, today's outturn shows the domestic economy is still under downward pressure, despite increasingly positive data outturns around the region that suggest a bottoming out of the slowdown.

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With contributions from the BBVA Research Asia Team

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%	7.45%
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%	2.50%
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%	3.00%

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.	2030.3	-1.2	-2.0	-7.7	-19.7
	Hong Kong - Hang Seng	21108.9	-1.6	-2.1	14.5	9.1
	Taiwan - Weighted	7143.8	-0.2	-1.4	1.0	-4.6
	Japan - Nikkei 225	8829.7	1.9	-0.1	4.4	3.4
	Korea - Kospi	1870.7	-1.2	-2.3	2.5	-0.8
	India - Sensex 30	18454.7	-0.9	-1.9	19.4	7.3
	Australia - SPX/ASX 200	4349.3	-0.9	-3.0	7.2	1.5
	Singapore - Strait Times	2945.9	-1.1	-3.2	11.3	4.8
	Indonesia - Jakarta Comp	4351.3	0.4	0.0	13.8	14.1
	Thailand - SET	1274.0	-0.4	-1.5	24.3	29.3
	Malaysia - KLCI	1631.7	-0.4	-0.8	6.6	10.5
	Philippines - Manila Comp.	5414.8	-0.7	-0.6	23.9	24.1

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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	-0.14	0.14	6.29	6.33
	Hong Kong (HKD/USD)	7.75	-0.01	0.00	7.75	7.75
	Taiwan (TWD/USD)	29.1	-0.08	0.14	28.88	28.62
	Japan (JPY/USD)	80.96	-0.88	-1.84	80.88	80.58
	Korea (KRW/USD)	1087	-0.15	0.27	1091	1102
	India (INR/USD)	54.8	0.14	-0.78	55.66	57.91
	Australia (USD/AUD)	1.03	-0.33	-0.61	0.97	0.99
	Singapore (SGD/USD)	1.22	-0.13	0.01	1.22	1.22
	Indonesia (IDR/USD)	9629	0.01	0.03	9671	10008
	Thailand (THB/USD)	30.7	-0.03	-0.07	30.86	31.28
	Malaysia (MYR/USD)	3.07	-0.10	-0.16	3.08	3.12
	Philippines (PHP/USD)	41.3	-0.29	-0.47	41.21	41.21

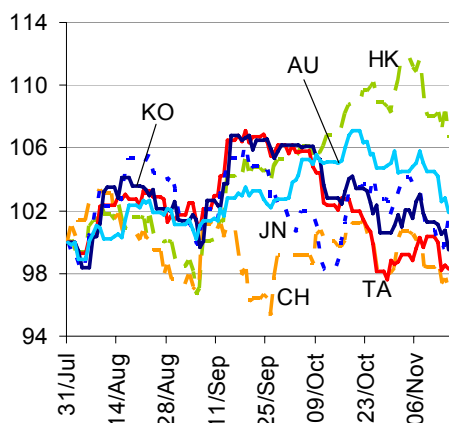
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.35	-0.01	0.25	0.57
	Hong Kong (HIBOR/1W)	0.13	0.00	0.00	-0.02
	Taiwan (TAIBOR/1W)	0.59	0.00	0.00	-0.03
	Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01
	Korea (KORIBOR/1M)	2.78	0.00	0.00	0.00
	India (MIBOR/7D)	3.40	0.05	0.05	-0.20
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	4.28	0.00	0.00	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)	1.94	0.00	0.63	0.06

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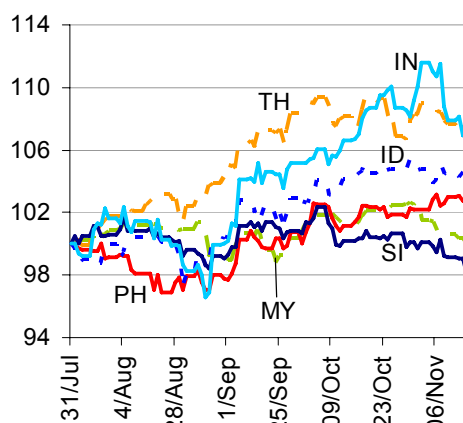
Charts

Chart 1
Stock Markets



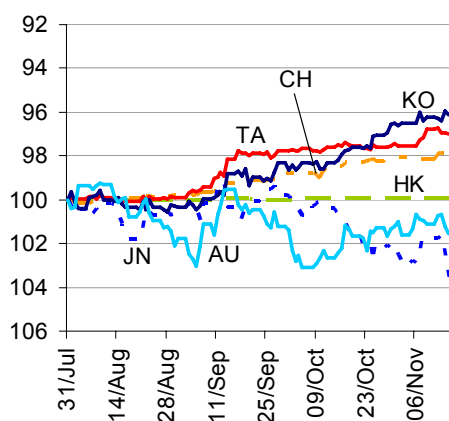
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



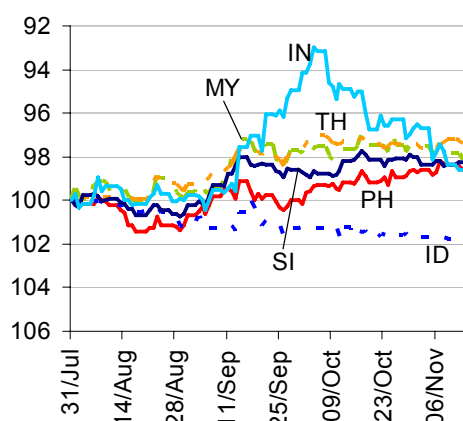
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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