

# Daily Flash

## Asia

### China's Flash PMI jumps above expansion threshold

China's Markit/HSBC Flash PMI showed a notable increase to 50.4 in November, compared with a final reading of 49.5 in October, marking the first time since October 2011 that the Markit/HSBC PMI has been above the 50 threshold, which indicates that manufacturing sector activity for small-and-medium enterprises is expanding once again. The RMB responded favorably, ending the day at a record high against the USD at 6.2219. Together with other recently released macro data from China, the latest Flash PMI points to China's improving growth momentum. Looking ahead, we will be closely watching the upcoming "official" PMI (due out on Dec 1st) as well as important November activity indicators due around Dec 9th for further signs of growth stabilization. We expect China's growth will pick up in the fourth quarter and improve further in the first quarter of next year.

### Korea: rumors of won intervention in order to curb recent appreciation

The Wall Street Journal reports that Korean authorities intervened today to curb rapid appreciation of the won, which has risen by 9% against the US dollar since May. The won briefly touched 1,080/USD today before closing at 1,085/USD after the authorities' actions. Should intervention continue, it will likely help Korea's exporters, who are facing headwinds including slack global demand, a strong won, and increasing competition from Japan's exporters - who stand to benefit from the recent depreciation in the yen on speculation that Shinzo Abe will be elected Prime Minister on December 16th. Mr. Abe has hinted that Japan should pursue 'unlimited' quantitative easing in order to combat persistent deflation.

### Fitch affirms Indonesia's investment grade rating

Fitch announced today that it is maintaining Indonesia's sovereign debt rating (BBB-) due to the country's resilient economic growth, high investment rate, and sound macro policy framework. Indonesia continues to be a star performer in the region, and is expected to post growth above 6% this year and next (BBVA forecasts: 6.2% in 2012 and 6.3% in 2013) - though inflation will need to be closely watched as it may be set to rise after Jakarta's new Governor, Joko Widodo, announced a 44% increase in the minimum wage for the country's largest city. If the increase in wages is upheld (the measure is expected to be challenged in court), other jurisdictions may follow suit with similar increases (as local authorities set the minimum wages for their regions, rather than follow a national mandate), which risks raising inflationary pressures.

### Inflation in Hong Kong remains flat in October

Hong Kong's headline CPI rose by 3.8% y/y in October (consensus: 3.6% y/y), the same rate as the prior month. By category, the main drivers of inflation - food and housing prices - increased by 4.2% y/y and 5.3% y/y, respectively. Going forward, the inflation outlook remains challenging given prospects of rising rental prices due to the authorities' recent property-cooling measures (i.e. the Buyers' Stamp Duty and the Special Stamp Duty), which tends to discourage home purchases and boost demand for rent (note that rental prices are used in the calculation of Hong Kong's CPI basket).

Stephen Schwartz  
Chief Economist for Asia  
[stephen.schwartz@bbva.com.hk](mailto:stephen.schwartz@bbva.com.hk)  
+852 2582 3218

Jeffrey Cantwell, CFA  
Economist  
[jeffrey.cantwell@bbva.com.hk](mailto:jeffrey.cantwell@bbva.com.hk)  
+852 2582 3173

William Fitchett  
Economist  
[william.fitchett@bbva.com.hk](mailto:william.fitchett@bbva.com.hk)  
+852 2582 3246

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>
Actual FDI (YoY)	20-Nov	Oct	-6.80%	1.00%	-0.20%
China October Property Prices	18-Nov	Oct	--	--	--
HSBC Flash Manufacturing PMI	22-Nov	Nov	49.5	--	50.4
<b>Hong Kong</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Unemployment Rate SA	19-Nov	Oct	3.30%	3.30%	3.40%
CPI - Composite Index (YoY)	22-Nov	Oct	3.80%	3.60%	3.80%
<b>Japan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
All Industry Activity Index (MoM)	20-Nov	Sep	0.10%	-0.50%	-0.30%
Merchnds Trade Balance Total	21-Nov	Oct	-¥558.6B	-¥360.0B	-¥549.0B
Merchnds Trade Exports YoY	21-Nov	Oct	-10.30%	-4.80%	-6.50%
<b>Malaysia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI YoY	23-Nov	Oct	1.30%	1.30%	--
<b>Philippines</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Balance of Payments	19-Nov	Oct	\$751M	--	\$604M
<b>Singapore</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI (MOM) - NSA	23-Nov	Oct	0.60%	0.20%	--
CPI (YoY)	23-Nov	Oct	4.70%	4.50%	--
<b>Taiwan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Export Orders (YoY)	20-Nov	Oct	1.91%	0.20%	3.16%
Unemployment Rate - sa	22-Nov	Oct	4.30%	4.30%	4.30%
Industrial Production (YoY)	23-Nov	Oct	3.00%	3.21%	--
GDP - Constant Prices (YoY)	23-Nov	3Q F	1.02%	1.00%	--
<b>Thailand</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Gross Domestic Product SA (QoQ)	19-Nov	3Q	3.30%	-0.30%	1.20%
Gross Domestic Product (YoY)	19-Nov	3Q	4.20%	3.00%	3.00%
Customs Exports (YoY)	23-28 NOV	Oct	0.20%	--	--

## Indicator of the Week

### India: Q3 2012 GDP Growth (November 30th)

Forecast: 5.7% y/y

Consensus: n/a

Prior: 5.5% y/y

Recent macro developments paint a mixed picture for India's economy given the revival in policy reforms, weak factory activity, high and sticky retail inflation, and unexpected easing in WPI inflation. Furthermore, a widening trade deficit and fiscal woes, amid slippages in non-tax revenues, have dragged on the rupee. Against this backdrop, the outturn for Q3 GDP growth will be a key input for the Reserve Bank of India in timing its rate-cut cycle. While RBI's cautious stance over inflation suggests reasonable likelihood of further policy easing in 1Q13, a negative surprise in Q3 GDP growth would add to the case for a December policy action. That said, inflation prints in the run up to policy date will also warrant close attention. We expect a shallow recovery for India, starting Q3, with overall GDP growth slowing to 5.6% for full year 2012, down from 7.5% in 2011.

## Calendar Events

### Japan - BOJ Target Rate, November 20

We expected the policy stance to remain unchanged

**Current**

0.10%

**Consensus**

0.10%

**New**

0.10%

## 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.	2015.6	-0.7	-0.7	-8.4	-16.5
Hong Kong - Hang Seng	21743.2	1.0	3.0	17.9	19.1	
Taiwan - Weighted	7105.8	0.2	-0.5	0.5	1.5	
Japan - Nikkei 225	9366.8	1.6	6.1	10.8	12.7	
Korea - Kospi	1899.5	0.8	1.5	4.0	4.0	
India - Sensex 30	18532.6	0.4	0.3	19.9	15.4	
Australia - SPX/ASX 200	4413.1	1.0	1.5	8.8	6.8	
Singapore - Strait Times	2986.6	0.9	1.4	12.9	9.9	
Indonesia - Jakarta Comp	4335.9	0.4	0.1	13.4	16.1	
Thailand - SET	1279.7	0.3	0.4	24.8	30.9	
Malaysia - KLCI	1618.6	-0.3	-0.8	5.7	12.6	
Philippines - Manila Comp.	5513.4	-0.4	1.8	26.1	28.5	

Last update: today, 17:00 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)	6.22	0.16	0.21	6.29	6.33
Hong Kong (HKD/USD)	7.75	0.00	0.01	7.75	7.75	
Taiwan (TWD/USD)	29.1	0.04	-0.20	28.97	28.70	
Japan (JPY/USD)	82.73	-0.25	-1.89	82.65	82.34	
Korea (KRW/USD)	1086	-0.22	0.09	1090	1101	
India (INR/USD)	55.2	-0.11	-0.91	56.05	58.34	
Australia (USD/AUD)	1.04	0.01	0.37	0.97	0.99	
Singapore (SGD/USD)	1.23	-0.06	-0.14	1.23	1.23	
Indonesia (IDR/USD)	9644	0.10	-0.16	9719	10071	
Thailand (THB/USD)	30.7	-0.07	0.10	30.88	31.29	
Malaysia (MYR/USD)	3.06	0.03	0.17	3.08	3.12	
Philippines (PHP/USD)	41.1	0.12	0.40	41.06	41.07	

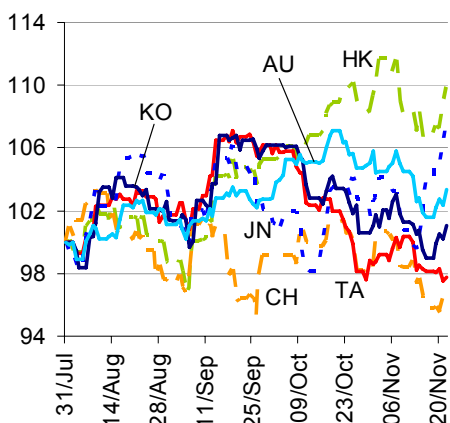
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.22	0.02	0.30	0.51
Hong Kong (HIBOR/1W)	0.13	0.00	0.00	-0.02	
Taiwan (TAIBOR/1W)	0.59	0.00	0.00	-0.03	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.78	0.00	0.00	0.00	
India (MIBOR/7D)	3.23	-0.16	-0.17	0.51	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.28	0.00	0.00	0.00	
Thailand (BIBOR/1W)	2.78	0.00	0.00	0.00	
Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00	
Philippines (PHIBOR/1W)	1.19	-0.25	-0.75	-0.06	

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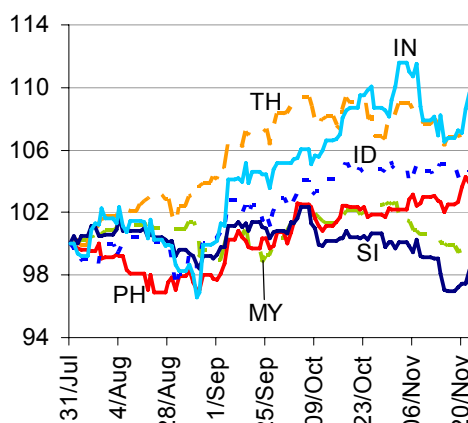
# Charts

Chart 1  
Stock Markets



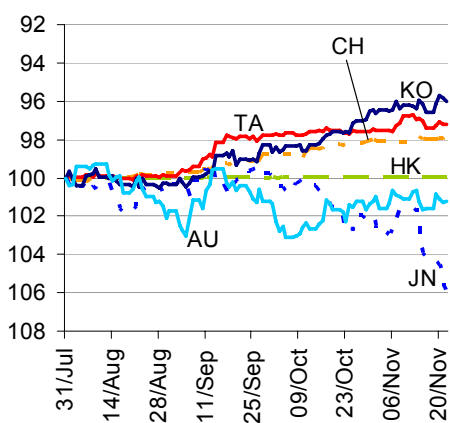
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



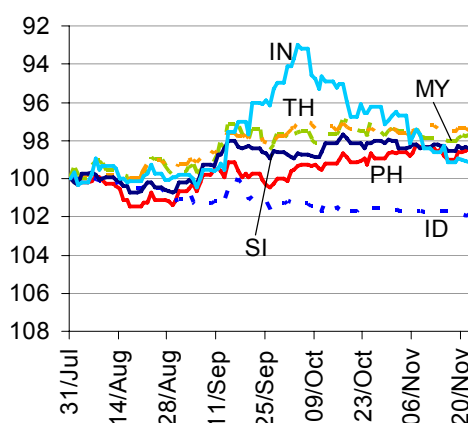
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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, CFA  
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

**BBVA** | RESEARCH  | 43/F., Two IFC, 8 Finance Street, Central, Hong Kong | Tel.: +852 2582 3111 | [www.bbva.com.hk](http://www.bbva.com.hk)

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