

Daily Flash

Asia

Hopes that yesterday's surge in the Shanghai and Hong Kong stock markets might signal a reversal of recent weakness went unmet today, with most Asian stock markets little changed (the Shanghai Composite and Hang Seng both declined by -0.1%, after yesterday's 2.9% and 2.2% increases, respectively). The Nikkei was an outlier today, rising by +0.8% - to a 7-month high - as shares in exporters continue to benefit from a weaker yen, which closed traded today at around 82.5/USD.

Improvement in Australia unemployment rate beats expectations

The unemployment rate for November fell to 5.2% from 5.4% in October (consensus 5.5%). The improvement was due to better-than-expected job creation of 13.9k (consensus: Ok), and also a decline in the labor participation rate. The stronger job data pushed the AUD slightly higher against the USD, as it may reduce prospects of another rate cut by the RBA at its next policy meeting in February. This past Tuesday, the RBA cut rates by 25bps to 3.00%, the sixth rate cut since November 2011.

Indian Parliament votes 'yes' to foreign investment in retail sector

Despite strong political opposition, the Indian government yesterday managed to win a crucial vote in the lower house of parliament to allow foreign capital in multi-brand retail. - a reform that had been postponed from last December. The win raises hopes of further traction in investment reforms in other sectors of the economy. Looking ahead, investors will be eyeing final details on the country's new National Investment Board (NIB), an independent body that will be authorized to approve and expedite large-scale investment projects in the country.

Briefly noted:

- **Korea's 'final' third quarter GDP was announced at 1.5% y/y, below the initial estimate of 1.6% y/y.** Though exports have picked up in recent months, Korea's economy remains sluggish, and we wouldn't rule out rate cuts in the early part of 2013 after the country's Presidential election is held on December 19th.

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Calendar Indicators

| Australia | Date | Period | Prior | Cons. | Actual |
|------------------------------|-------------|---------------|--------------|--------------|---------------|
| Retail Sales s.a. (MoM) | 03-Dec | Oct | 0.50% | 0.40% | 0.00% |
| Current Account Balance | 04-Dec | 3Q | -11801M | -14550M | -14900M |
| Australia Net Exports of GDP | 04-Dec | 3Q | 0.30% | 0.00% | 0.10% |
| Gross Domestic Product (QoQ) | 05-Dec | 3Q | 0.60% | 0.60% | 0.50% |
| Gross Domestic Product (YoY) | 05-Dec | 3Q | 3.70% | 3.10% | 3.10% |
| Unemployment Rate | 06-Dec | Nov | 5.40% | 5.50% | 5.20% |
| Trade Balance | 07-Dec | Oct | -1456M | -2200M | -- |
| China | Date | Period | Prior | Cons. | Actual |
| Manufacturing PMI | 01-Dec | Nov | 50.2 | 50.8 | 50.6 |
| Non-manufacturing PMI | 03-Dec | Nov | 55.5 | -- | 55.6 |
| HSBC Manufacturing PMI | 03-Dec | Nov | 49.5 | 50.4 | 50.5 |
| HSBC Services PMI | 05-Dec | Nov | 53.5 | -- | 52.1 |
| Hong Kong | Date | Period | Prior | Cons. | Actual |
| Purchasing Managers Index | 05-Dec | Nov | 50.5 | -- | 52.2 |
| Indonesia | Date | Period | Prior | Cons. | Actual |
| Inflation (YoY) | 03-Dec | Nov | 4.61% | 4.57% | 4.32% |
| Inflation NSA (MoM) | 03-Dec | Nov | 0.16% | 0.30% | 0.07% |
| Core Inflation (YoY) | 03-Dec | Nov | 4.59% | 4.60% | 4.40% |
| Exports (YoY) | 03-Dec | Oct | -9.40% | -4.60% | -7.60% |
| Malaysia | Date | Period | Prior | Cons. | Actual |
| Exports YoY% | 07-Dec | Oct | 2.60% | -1.70% | -- |
| Philippines | Date | Period | Prior | Cons. | Actual |
| Consumer Price Index (YoY) | 05-Dec | Nov | 3.10% | 3.00% | 2.80% |
| Singapore | Date | Period | Prior | Cons. | Actual |
| Purchasing Managers Index | 04-Dec | Nov | 48.3 | 49.0 | 48.8 |
| South Korea | Date | Period | Prior | Cons. | Actual |
| Ext Trade - Export (YoY) | 01-Dec | Nov | 1.20% | 1.60% | 3.90% |
| Consumer Price Index (MoM) | 03-Dec | Nov | -0.10% | 0.00% | -0.40% |
| Consumer Price Index (YoY) | 03-Dec | Nov | 2.10% | 2.00% | 1.60% |
| GDP (QoQ) | 06-Dec | 3Q F | 0.20% | -- | 0.10% |
| GDP (YoY) | 06-Dec | 3Q F | 1.60% | -- | 1.50% |
| Taiwan | Date | Period | Prior | Cons. | Actual |
| CPI YoY% | 05-Dec | Nov | 2.36% | 2.04% | 1.59% |
| Total Exports (YoY) | 07-Dec | Nov | -1.90% | 7.60% | -- |
| Thailand | Date | Period | Prior | Cons. | Actual |
| Consumer Price Index (YoY) | 03-Dec | Nov | 3.32% | 3.20% | 2.74% |
| Core CPI (YoY) | 03-Dec | Nov | 1.83% | 1.90% | 1.85% |

Calendar Events

Australia - RBA Cash Target, December 4

We expected the benchmark rate to remain unchanged

Current
3.25%

Consensus
3.00%

New
3.00%

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. | 2029.2 | -0.1 | 3.3 | -7.7 | -12.8 |
| Hong Kong - Hang Seng | 22249.8 | -0.1 | 1.5 | 20.7 | 17.5 | |
| Taiwan - Weighted | 7623.3 | -0.3 | 1.6 | 7.8 | 9.6 | |
| Japan - Nikkei 225 | 9545.2 | 0.8 | 1.5 | 12.9 | 11.3 | |
| Korea - Kospi | 1949.6 | 0.1 | 0.8 | 6.8 | 2.5 | |
| India - Sensex 30 | 19418.2 | 0.1 | 1.3 | 25.6 | 15.5 | |
| Australia - SPX/ASX 200 | 4509.3 | -0.2 | 0.7 | 11.2 | 5.8 | |
| Singapore - Strait Times | 3078.2 | 0.1 | 1.1 | 16.3 | 12.0 | |
| Indonesia - Jakarta Comp | 4292.6 | 0.1 | -0.6 | 12.3 | 14.4 | |
| Thailand - SET | 1340.7 | 0.8 | 3.1 | 30.8 | 30.2 | |
| Malaysia - KLCI | 1616.2 | 0.2 | 0.6 | 5.6 | 9.1 | |
| Philippines - Manila Comp. | 5763.6 | 1.3 | 2.3 | 31.8 | 34.6 | |

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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 | -0.08 | 6.28 | 6.31 |
| Hong Kong (HKD/USD) | 7.75 | 0.00 | 0.00 | 7.75 | 7.75 | |
| Taiwan (TWD/USD) | 29.1 | -0.08 | 0.02 | 28.98 | 28.69 | |
| Japan (JPY/USD) | 82.46 | 0.01 | -0.41 | 82.39 | 82.09 | |
| Korea (KRW/USD) | 1083 | -0.15 | 0.10 | 1088 | 1100 | |
| India (INR/USD) | 54.3 | 0.45 | 0.95 | 55.12 | 57.42 | |
| Australia (USD/AUD) | 1.05 | 0.19 | 0.39 | 0.96 | 0.98 | |
| Singapore (SGD/USD) | 1.22 | -0.01 | 0.10 | 1.22 | 1.22 | |
| Indonesia (IDR/USD) | 9649 | -0.05 | -0.16 | 9717 | 10059 | |
| Thailand (THB/USD) | 30.7 | 0.10 | 0.13 | 30.82 | 31.23 | |
| Malaysia (MYR/USD) | 3.05 | -0.22 | -0.10 | 3.06 | 3.10 | |
| Philippines (PHP/USD) | 40.9 | -0.16 | -0.26 | 40.88 | 40.89 | |

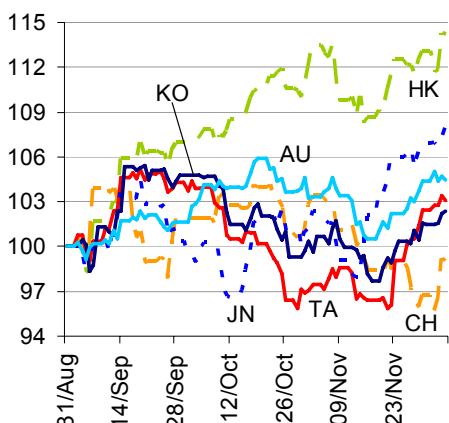
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| INTERBANK RATES | INDEX | Rate | net change over a day | net change over a week | net change over a month |
|-------------------------|-------------------|------|-----------------------|------------------------|-------------------------|
| | China (SHIBOR/7D) | 2.90 | 0.10 | -0.50 | -0.30 |
| Hong Kong (HIBOR/1W) | 0.13 | 0.00 | 0.00 | 0.00 | |
| Taiwan (TAIBOR/1W) | 0.58 | 0.00 | 0.00 | -0.02 | |
| 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) | 2.88 | 0.06 | -0.46 | -0.36 | |
| Singapore (SIBOR/1W) | 0.25 | 0.00 | 0.00 | 0.00 | |
| Indonesia (JIBOR/1W) | 4.29 | 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) | 0.69 | 0.00 | 0.50 | -1.38 | |

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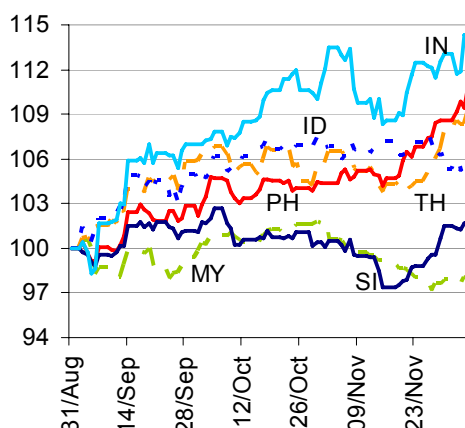
Charts

Chart 1
Stock Markets



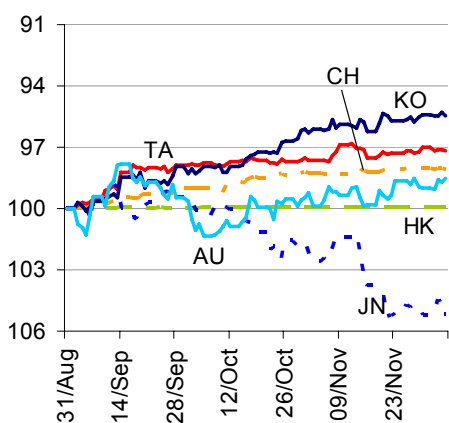
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



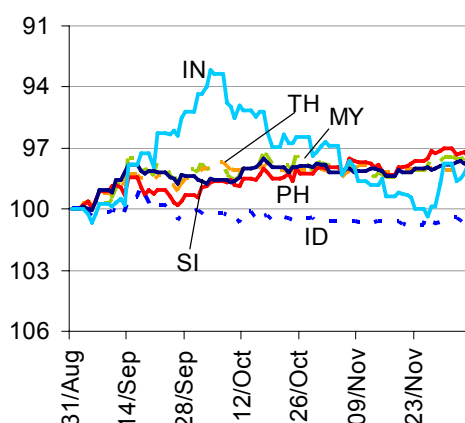
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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