

Daily Flash

Asia

The first of three Asian monetary policy meetings for the week was held today, with Bank Indonesia keeping rates on hold as expected at 5.75% (see below). Meetings in Korea and the Philippines will follow on Thursday, with both expected to stay on hold. Otherwise, markets will be watching for India's October industrial production due tomorrow, and wholesale price inflation on Friday, ahead of the RBI's next monetary meeting on December 18. This Sunday's general elections in Japan will be a major focus, followed by the Bank of Japan's meeting on December 20.

China November credit aggregates slow, but economic rebound still intact

New bank loans for November were lower than expected, at RMB 522.9bn (consensus: RMB 550 billion; previous 505.2bn) and M2 growth slowed to 13.9% y/y (consensus: 14.1% y/y; prior 14.1%). While these data raise questions about the durability of the ongoing economic rebound, especially after yesterday's November exports, the broader gauge of credit growth, "total social financing" grew by a reasonably strong RMB 1.14trn in November reflecting the recent growth of non-bank sources of financing (especially bonds). On balance, while risks remain, the pickup in Q4 growth appears intact, as underscored by the strong set of monthly activity indicators released on December 9.

Indonesia leaves rates on hold, as expected

Indonesia's central bank kept its policy rate on hold at 5.75% today, the tenth straight month it has remain unchanged. Growth momentum in ASEAN has remained strong despite the global slowdown, and Indonesia - ASEAN's largest economy - has kept growth above 6.0% for the past three years. That said, a weak rupiah also is likely keeping the central bank from cutting interest rates - the rupiah has fallen by 6.5% versus the US dollar in the past year on a sharply increasing trade deficit brought on by slowing exports.

India's trade deficit sees little respite in November

India's exports declined by -4.2% y/y in November to USD 22.2bn, for a seventh consecutive month of contraction in year-on-year terms, amid weak external demand. Meanwhile, imports gained 6.4% y/y to USD 41.5bn, driven by a 17% jump in petroleum imports (35% of total imports). The outturns brought India's November trade deficit to USD 19.3bn, marginally down from USD 21bn in October. With the trade deficit continuing to weigh on the current account balance and undermining sentiment toward the rupee, the Indian authorities are expected to announce measures this week to support export growth.

Malaysia's industrial production shows resilience

Malaysia's industrial production index in October grew by 5.8% y/y (consensus: 2.0% y/y) from a revised 5.0% y/y increase in September, as electricity and manufacturing production both held up well (growing by 4.4% y/y and 5.8% y/y), and mining, which has been the weakest of the three throughout the year, grew by 6.1% y/y. The outturn was welcome news after the report of a -3.2% y/y contraction in October exports last week, and is further evidence of the resilience of growth in ASEAN economies.

Philippines exports fall short of expectations

The Philippines' October exports grew by less than expected (6.1% y/y, consensus: 10.5% y/y) as demand from Japan, the US and China remained weak. The central bank recently cut interest rates by 25bps to a record-low 3.5% late October, resulting in a combined 100bps in cuts in 2012. Despite this, the peso is trading near a four-year high on surging capital inflows due to the country's robust growth prospects - growth recently rose to 7.1% y/y in the third quarter from 5.9% y/y the previous quarter.

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Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
Consumer Price Index (YoY)	09-Dec	Nov	1.70%	2.10%	2.00%
Producer Price Index (YoY)	09-Dec	Nov	-2.80%	-2.00%	-2.20%
Industrial Production (YoY)	09-Dec	Nov	9.60%	9.80%	10.10%
Industrial Production YTD YoY	09-Dec	Nov	10.00%	10.00%	10.00%
Fixed Assets Inv Excl. Rural YTD YoY	09-Dec	Nov	20.70%	20.90%	20.70%
Retail Sales (YoY)	09-Dec	Nov	14.50%	14.60%	14.90%
Trade Balance (USD)	10-Dec	Nov	\$31.99B	\$26.85B	\$19.63B
Exports YoY%	10-Dec	Nov	11.60%	9.00%	2.90%
Imports YoY%	10-Dec	Nov	2.40%	2.00%	0.00%
New Yuan Loans	11-Dec	Nov	505.2B	550.0B	552.9B
Money Supply - M2 (YoY)	11-Dec	Nov	14.10%	14.10%	13.90%
HSBC Flash Manufacturing PMI	14-Dec	Dec	50.5	--	--
Hong Kong	Date	Period	Prior	Cons.	Actual
Industrial Production (YoY)	13-Dec	3Q	-2.90%	--	--
India	Date	Period	Prior	Cons.	Actual
Exports YoY%	11-Dec	Nov	-1.60%	--	-4.20%
Industrial Production YoY	12-Dec	Oct	-0.40%	4.20%	--
CPI (YoY)	12-Dec	Nov	9.75%	--	--
Monthly Wholesale Prices YoY%	14-Dec	Nov	7.45%	7.62%	--
Japan	Date	Period	Prior	Cons.	Actual
Gross Domestic Product (QoQ)	10-Dec	3Q F	-0.90%	-0.80%	-0.90%
GDP Annualized	10-Dec	3Q F	-3.50%	-3.30%	-3.50%
Current Account Total	10-Dec	Oct	¥503.6B	¥230.9B	¥376.9B
Trade Balance - BOP Basis	10-Dec	Oct	¥471.3B	¥450.0B	¥450.3B
Machine Orders (MoM)	12-Dec	Oct	-4.30%	2.50%	--
Machine Orders YOY%	12-Dec	Oct	-7.80%	-5.10%	--
Tertiary Industry Index (MoM)	12-Dec	Oct	0.30%	-0.40%	--
Tankan Lge Manufacturers Index	14-Dec	4Q	-3	--	--
Tankan Large All Indust Capex	14-Dec	4Q	6.40%	--	--
Malaysia	Date	Period	Prior	Cons.	Actual
Industrial Production YoY	11-Dec	Oct	4.90%	2.60%	5.80%
Philippines	Date	Period	Prior	Cons.	Actual
Total Exports (YoY)	11-Dec	Oct	22.80%	10.50%	6.10%
Overseas Remittances (YoY)	13-Dec	Oct	5.90%	--	--
Singapore	Date	Period	Prior	Cons.	Actual
Unemployment Rate (sa)	14-Dec	3Q F	1.90%	--	--
Retail Sales (YoY)	14-Dec	Oct	2.50%	--	--
South Korea	Date	Period	Prior	Cons.	Actual
Unemployment Rate (SA)	12-Dec	Nov	3.00%	3.10%	--

Calendar Events

Indonesia - BI Reference Rate, December 11

We expected the benchmark rate to remain unchanged

Current	Consensus	New
5.75%	5.75%	5.75%

South Korea - 7-Day Repo Rate, December 13

We expect the benchmark rate to remain unchanged

Current	Consensus	New
2.75%	2.75%	--

Philippines - Overnight Borrowing Rate, December 13

We expect the benchmark rate to remain unchanged

Current	Consensus	New
3.50%	3.50%	--

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.	2074.7	-0.4	5.0	-5.7	-10.4
Hong Kong - Hang Seng	22323.9	0.2	2.4	21.1	20.1	
Taiwan - Weighted	7613.7	0.1	0.2	7.7	10.5	
Japan - Nikkei 225	9525.3	-0.1	1.0	12.7	11.6	
Korea - Kospi	1964.6	0.4	1.5	7.6	4.8	
India - Sensex 30	19391.8	-0.1	0.2	25.5	19.6	
Australia - SPX/ASX 200	4576.0	0.4	1.6	12.8	8.9	
Singapore - Strait Times	3118.3	0.1	1.8	17.8	15.7	
Indonesia - Jakarta Comp	4317.9	0.4	1.1	13.0	14.9	
Thailand - SET	1341.9	0.5	1.3	30.9	29.8	
Malaysia - KLCI	1641.6	0.6	2.1	7.2	12.4	
Philippines - Manila Comp.	5831.5	1.3	2.2	33.4	35.9	

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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)	6.25	-0.08	-0.31	6.29	6.32
Hong Kong (HKD/USD)	7.75	0.00	0.00	7.75	7.75	
Taiwan (TWD/USD)	29.1	-0.02	-0.05	28.94	28.64	
Japan (JPY/USD)	82.46	-0.12	-0.68	82.39	82.10	
Korea (KRW/USD)	1077	0.23	0.63	1080	1091	
India (INR/USD)	54.3	0.29	0.63	55.17	57.51	
Australia (USD/AUD)	1.05	-0.04	0.11	0.96	0.98	
Singapore (SGD/USD)	1.22	0.04	-0.27	1.22	1.22	
Indonesia (IDR/USD)	9695	-0.64	-0.73	9776	10113	
Thailand (THB/USD)	30.6	0.07	0.16	30.78	31.20	
Malaysia (MYR/USD)	3.06	0.12	-0.44	3.07	3.11	
Philippines (PHP/USD)	40.9	0.02	-0.15	40.88	40.89	

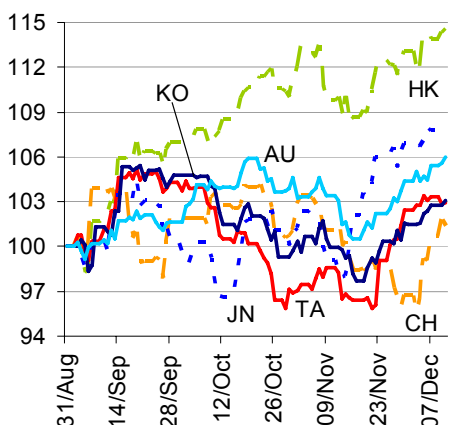
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.01	-0.01	0.11	-0.09
Hong Kong (HIBOR/1W)	0.13	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.56	-0.02	-0.02	-0.04	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.78	0.00	0.00	0.00	
India (MIBOR/7D)	3.41	0.18	0.33	0.30	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.28	0.00	-0.01	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	-1.38	-1.56	-2.13	

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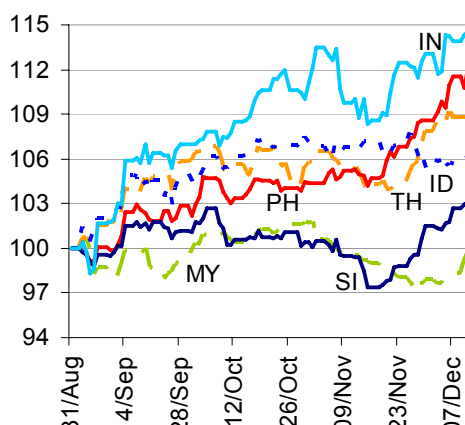
Charts

Chart 1
Stock Markets



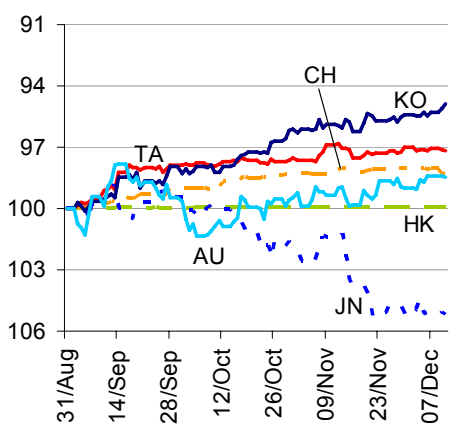
Source: BBVA Research and Bloomberg

Chart 2
Stock Markets



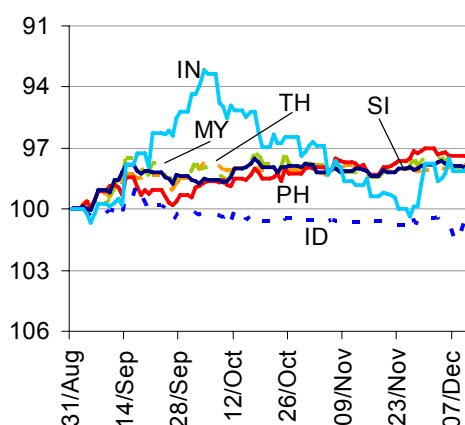
Source: BBVA Research and Bloomberg

Chart 3
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4
Foreign Exchange Markets



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