

# Daily Flash

## Asia

*Asian equities continued to rise today following the positive response in the US equity markets over the fiscal cliff. The Hang Seng today reached a 19-month high of 23,398 (+0.4%). Equity markets will reopen tomorrow in Japan and mainland China after the New Year holidays.*

### **Korea announces details on 2013 budget - will frontload to boost economy**

In a move that was widely expected, Korea's Finance Ministry announced today that the government will frontload its 2013 budget by assigning 72% of planned expenditures in the first half, with most of the money geared towards infrastructure projects and other job-creating endeavors. Economic growth has slowed in 2012 (BBVA forecast: 2.3% for the full year after 3.6% in 2011), and Korea has warned that conditions will remain 'difficult' in 2013 (authorities recently lowered their growth target to 3.0% in 2013, from 4.0% previously). Subdued inflation (1.5% y/y) and weak exports (-5.5% y/y) in December have increased the likelihood of a rate cut by the central bank when it holds its next meeting on January 11th, in order to provide a further boost to growth.

### **Hong Kong's retail sales surge**

Hong Kong's retail sales growth accelerated to 9.5% y/y in November from 3.9% y/y in October, well above market expectations (consensus: 4.2% y/y). The pickup in retail sales was mainly due to increasing visitors to Hong Kong, especially those from mainland China. The surge in Hong Kong's retail sales is consistent with other recent signs of stabilization in the manufacturing sectors of neighboring economies, including improvement in China's PMI and Taiwan's export orders. Looking ahead, we expect that improving global conditions will bolster retail sales in Hong Kong.

### **Briefly noted:**

- **China's official non-manufacturing PMI increased to 56.1 from 55.6** in November, the third consecutive monthly increase. The improved outturn is in line with the manufacturing PMI readings released yesterday, and adds to confirmation that China's economy is strengthening due to the government's growth supportive policy stance.

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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>
HSBC Manufacturing PMI	31-Dec	Dec	50.5	50.9	51.5
Manufacturing PMI	01-Jan	Dec	50.6	51	50.6
<b>Hong Kong</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Retail Sales - Value (YoY)	03-Jan	Nov	4.00%	4.20%	9.50%
Purchasing Managers Index	04-Jan	Dec	52.2	--	--
<b>Indonesia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Inflation NSA (MoM)	02-Jan	Dec	0.07%	0.54%	0.54%
Inflation (YoY)	02-Jan	Dec	4.32%	4.20%	4.30%
Exports (YoY)	02-Jan	Nov	-7.60%	-7.00%	-4.60%
Core Inflation (YoY)	02-Jan	Dec	4.40%	4.39%	4.40%
<b>Philippines</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Consumer Price Index (YoY)	04-Jan	Dec	2.80%	3.10%	--
<b>Singapore</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
GDP (annualized) (QoQ)	02-Jan	4Q A	-5.90%	1.60%	1.80%
GDP (YoY)	02-Jan	4Q A	0.30%	1.40%	1.10%
<b>South Korea</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Consumer Price Index (MoM)	31-Dec	Dec	-0.40%	0.20%	0.20%
Consumer Price Index (YoY)	31-Dec	Dec	1.60%	1.50%	1.40%
Ext Trade - Export (YoY)	01-Jan	Dec	3.90%	0.80%	-5.50%
Ext Trade - Imports (YoY)	01-Jan	Dec	0.70%	-2.20%	-5.30%
HSBC Manufacturing PMI	02-Jan	Dec	48.2	--	50.1
<b>Thailand</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Consumer Price Index (YoY)	02-Jan	Dec	2.74%	3.22%	3.63%
Core CPI (YoY)	02-Jan	Dec	1.85%	1.80%	1.78%

## 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.	2269.1	--	5.1	0.0	3.2
Hong Kong - Hang Seng	23398.6	0.4	3.8	3.3	24.0	
Taiwan - Weighted	7836.8	0.7	2.6	1.8	11.1	
Japan - Nikkei 225	10395.2	--	3.5	0.0	22.9	
Korea - Kospi	2019.4	-0.6	1.9	1.1	7.7	
India - Sensex 30	19779.8	0.3	2.4	1.8	24.1	
Australia - SPX/ASX 200	4740.7	0.7	2.3	2.0	15.6	
Singapore - Strait Times	3224.8	0.7	1.4	1.8	20.0	
Indonesia - Jakarta Comp	4399.3	1.2	3.5	1.9	14.0	
Thailand - SET	1411.5	0.3	2.4	1.4	37.7	
Malaysia - KLCI	1692.7	1.1	1.3	0.2	11.8	
Philippines - Manila Comp.	5934.1	1.2	1.9	2.1	34.2	

Last update: today, 18:00 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)	6.23	0.01	0.07	6.30	6.31
Hong Kong (HKD/USD)	7.75	-0.01	0.01	7.75	7.75	
Taiwan (TWD/USD)	29.0	0.02	0.13	28.83	28.50	
Japan (JPY/USD)	87.12	0.25	-1.17	87.06	86.81	
Korea (KRW/USD)	1062	0.18	0.99	1067	1080	
India (INR/USD)	54.4	-0.14	0.92	55.24	57.60	
Australia (USD/AUD)	1.05	0.06	1.28	0.96	0.98	
Singapore (SGD/USD)	1.22	-0.11	0.07	1.22	1.22	
Indonesia (IDR/USD)	9653	0.00	0.81	9706	10035	
Thailand (THB/USD)	30.4	-0.07	0.96	30.48	30.90	
Malaysia (MYR/USD)	3.03	0.15	0.97	3.04	3.08	
Philippines (PHP/USD)	40.7	0.29	0.96	40.48	40.42	

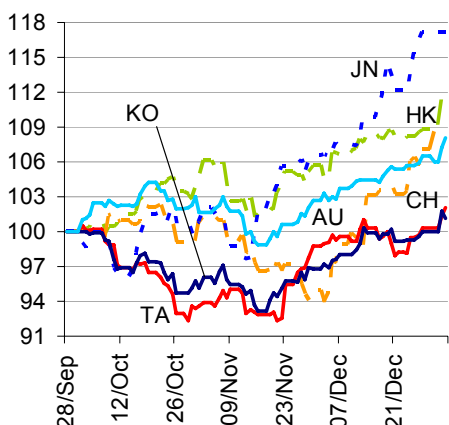
Last update: today, 18:00 Hong Kong time

INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	4.60	0.52	0.60	1.20
Hong Kong (HIBOR/1W)	0.13	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.57	0.00	-0.01	-0.01	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.80	0.00	0.00	0.02	
India (MIBOR/7D)	4.00	-0.20	0.00	0.61	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.31	-0.04	-0.10	0.02	
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)	-0.25	-0.50	-0.19	0.69	

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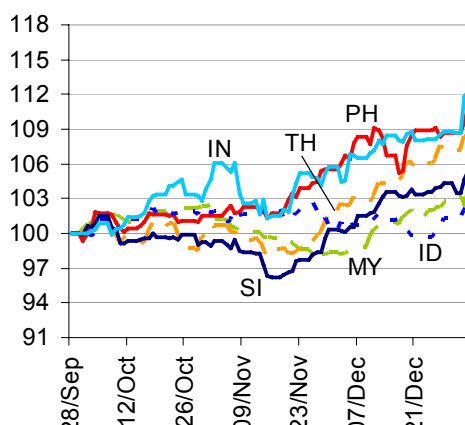
# Charts

Chart 1  
Stock Markets



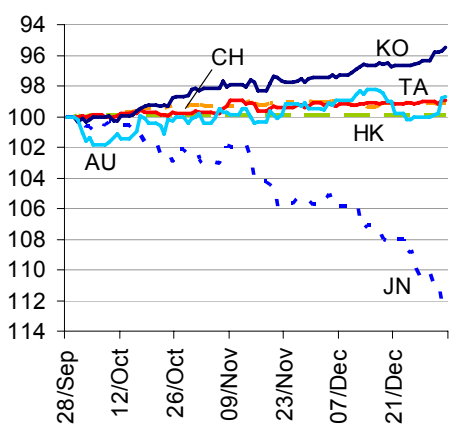
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



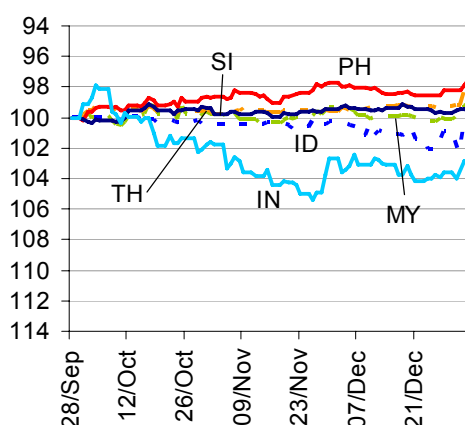
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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