

# Daily Flash

## Asia

*Strong December export data from China (below) boosted regional sentiment, and sent Asian shares higher, led by Taiwan (+0.9%) and the Korea (0.8%). Looking ahead, markets will be watching for tomorrow's announcement in Japan of new stimulus measures, as well as the Bank of Korea's monthly policy meeting, where we expect rates to stay on hold at 2.75%.*

### China's upbeat trade and credit data for December lift sentiment

December exports surprised to the upside, jumping by 14.1% y/y in December (consensus: 5.0%) from a sluggish 2.9% y/y in November, adding to evidence of an economic rebound in Q4. Exports to ASEAN remained robust (30.0% y/y), and exports to the US also picked up, while demand from both Europe and Japan remained weak. Meanwhile, imports accelerated to 6.0% y/y (consensus: 3.5%) from 0.0% in November. As a result, the trade surplus widened to USD 31.6bn for the month. Separately, new RMB bank loans slowed to a disappointing RMB 454bn in December (consensus: RMB 550 bn) from 523bn in November; however, a broader measure of credit, "total social financing" surged to 1.63trn RMB from 1.14trn, as China's corporate sector and local governments turn to nonbank sources of funding.

### Bank Indonesia keeps rates on hold at 5.75%, as expected

The central bank kept rates on hold for an 11th straight month, citing that the 'policy stance is consistent with the inflation target for 2013 and 2014 of 4.5%  $\pm$  1%' - a viewpoint that dovetails with our assessment that monetary policy will likely remain unchanged for the foreseeable future (BBVA forecast: no rate cuts in 2013). Growth momentum remains strong on the back of robust domestic consumption and investment, and we expect growth to register above 6% in 2012 and 2013. While Indonesia continues to be a star performer among Asian economies, attracting record levels of FDI, investors remain on edge due to weakening reform momentum, a widening trade deficit, and currency weakness.

### Briefly noted:

- **Malaysia's IP rose** by 7.5% y/y in November (consensus: 5.9% y/y) after a revised 6.4% in October, led by an increase in manufacturing output (7.6%) and mining (7.5%).

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## Calendar Indicators

<b>Australia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Retail Sales s.a. (MoM)	09-Jan	Nov	0.00%	0.30%	0.00%
<b>China</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
New Yuan Loans	10-Jan	Dec	522.9B	550.0B	454.3B
Money Supply - M2 (YoY)	10-Jan	Dec	13.90%	14.00%	13.80%
Imports YoY%	10-Jan	Dec	0.00%	3.50%	6.00%
Exports YoY%	10-Jan	Dec	2.90%	5.00%	14.10%
Trade Balance (USD)	10-Jan	Dec	\$19.63B	\$20.00B	\$31.62B
Consumer Price Index (YoY)	11-Jan	Dec	2.00%	2.40%	--
Producer Price Index (YoY)	11-Jan	Dec	-2.20%	-1.80%	--
<b>India</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Imports YoY%	10-15 JAN	Dec	6.40%	--	--
Exports YoY%	10-15 JAN	Dec	-4.20%	--	--
<b>Japan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Current Account Total	11-Jan	Nov	¥376.9B	--	--
Trade Balance - BOP Basis	11-Jan	Nov	¥450.3B	--	--
<b>Malaysia</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Exports YoY%	09-Jan	Nov	-3.20%	2.30%	3.30%
Industrial Production YoY	10-Jan	Nov	5.80%	5.90%	7.50%
<b>Philippines</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Total Exports (YoY)	10-Jan	Nov	6.10%	20.10%	5.50%
<b>South Korea</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
Unemployment Rate (SA)	09-Jan	Dec	3.00%	3.00%	3.00%
<b>Taiwan</b>	<b>Date</b>	<b>Period</b>	<b>Prior</b>	<b>Cons.</b>	<b>Actual</b>
CPI YoY%	07-Jan	Dec	1.59%	1.38%	1.61%
Total Exports (YoY)	07-Jan	Dec	0.90%	4.50%	9.0%

## Indicator of the Week

### China: Q4 GDP growth (January 18)

Forecast: 7.8% y/y

Consensus: 7.8% y/y

Prior: 7.4% y/y

Activity indicators since September have been trending up, confirming an economic rebound. As such we believe the economy bottomed out in Q3, and that Q4 should register an upturn. The rebound is due to stronger domestic demand, facilitated by monetary and fiscal easing measures over the past year, with more recent support from firming exports. The anticipated Q4 outturn would bring full-year GDP growth to 7.7% for 2012 from 9.3% in 2011. Looking ahead, we expect growth in 2013 to increase marginally on continued momentum in domestic demand. We will also be monitoring a set of activity indicators for December to be released along with the Q4 growth outturn, including industrial production, investment, and retail sales.

## Calendar Events

### Thailand - Benchmark Rate, January 9

We expected the benchmark rate to remain unchanged

Current	Consensus	New
2.75%	2.75%	2.75%

### Indonesia - BI Reference Rate, January 10

We expected the benchmark rate to remain unchanged

Current	Consensus	New
5.75%	5.75%	5.75%

### South Korea - 7-Day Repo Rate, January 11

We expect the benchmark rate to remain unchanged

Current	Consensus	New
2.75%	2.75%	--

## 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.	2283.7	0.4	0.6	0.6	-0.1
Hong Kong - Hang Seng	23354.3	0.6	-0.2	3.1	22.9	
Taiwan - Weighted	7811.6	0.9	-0.3	1.5	8.8	
Japan - Nikkei 225	10652.6	0.7	2.5	2.5	26.5	
Korea - Kospi	2006.8	0.8	-0.6	0.5	8.3	
India - Sensex 30	19673.8	0.0	-0.5	1.3	21.7	
Australia - SPX/ASX 200	4723.0	0.3	-0.4	1.6	13.7	
Singapore - Strait Times	3226.3	0.2	0.0	1.9	18.6	
Indonesia - Jakarta Comp	4317.4	-1.0	-1.9	0.0	9.6	
Thailand - SET	1408.2	-1.1	0.0	1.2	33.7	
Malaysia - KLCI	1684.6	-0.3	-0.5	-0.3	10.7	
Philippines - Manila Comp.	6018.6	-1.2	1.4	3.5	32.0	

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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)	6.22	0.03	0.13	6.27	6.27
Hong Kong (HKD/USD)	7.75	0.01	-0.01	7.75	7.75	
Taiwan (TWD/USD)	29.0	0.10	0.09	28.80	28.46	
Japan (JPY/USD)	88.15	-0.31	-1.03	88.09	87.81	
Korea (KRW/USD)	1060	0.12	0.13	1065	1077	
India (INR/USD)	54.7	0.10	-0.39	55.60	57.99	
Australia (USD/AUD)	1.06	0.49	0.95	0.95	0.97	
Singapore (SGD/USD)	1.23	0.09	0.01	1.23	1.23	
Indonesia (IDR/USD)	9867	-2.07	-2.17	10010	10364	
Thailand (THB/USD)	30.3	0.13	0.20	30.47	30.89	
Malaysia (MYR/USD)	3.03	0.26	0.03	3.05	3.09	
Philippines (PHP/USD)	40.7	0.28	0.15	40.46	40.37	

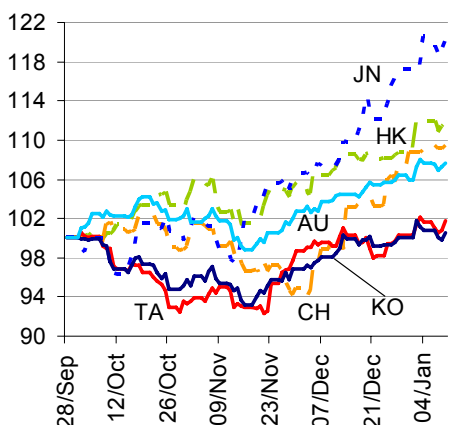
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INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	3.06	0.02	-0.94	0.04
Hong Kong (HIBOR/1W)	0.13	0.00	0.00	0.00	
Taiwan (TAIBOR/1W)	0.57	0.00	0.00	-0.01	
Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01	
Korea (KORIBOR/1M)	2.78	-0.01	-0.02	0.00	
India (MIBOR/7D)	3.06	0.21	-0.94	-0.17	
Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00	
Indonesia (JIBOR/1W)	4.29	0.00	-0.03	0.01	
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)	0.38	0.00	0.63	-0.31	

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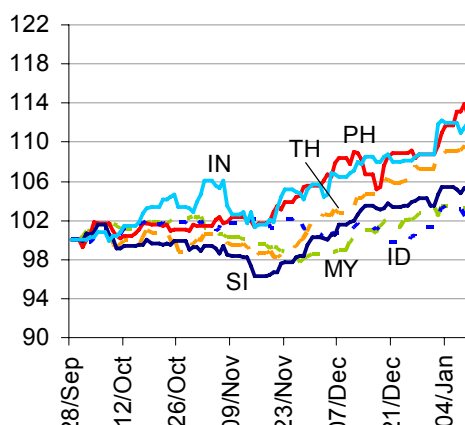
# Charts

Chart 1  
Stock Markets



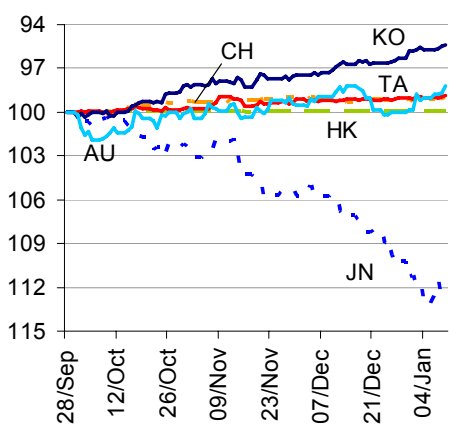
Source: BBVA Research and Bloomberg

Chart 2  
Stock Markets



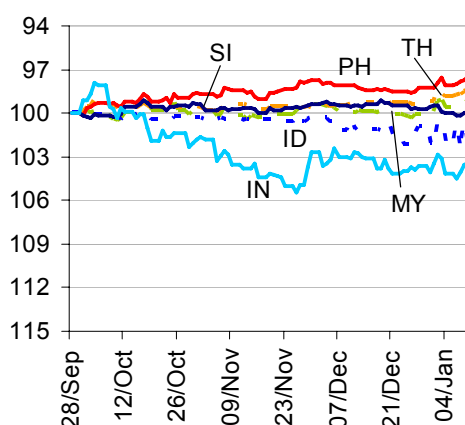
Source: BBVA Research and Bloomberg

Chart 3  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4  
Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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