

# Asia Flash

## Asia

*The news flow across Asia in recent days has been dominated by the outlook for economic reforms following the conclusion of the 3-day Third Plenum meeting that concluded on November 12. After some initial disappointment with a rather vague Communiqué issued last Tuesday, market sentiment has been lifted by a much more comprehensive follow-up “blueprint” released late last Friday (see details in today’s [China Flash](#)). The blueprint ticks all the right boxes, although implementation will be key in the months and years ahead. In the meantime, stock markets advanced on the news led by Shanghai (+2.9%) and the Hong Kong (+2.7%). Elsewhere, data in other Asian economies has been mixed, marked by disappointing Q3 GDP outturns in Hong Kong and Thailand, but upbeat data in Malaysia (see below).*

**Note to readers:** Due to our forthcoming travel schedule, we will suspend publication of the **Asia Flash** in the coming days, and resume on December 2.

### China housing prices continue to rise in October

In its monthly survey the NBS reported today that new home prices rose in 69 of the 70 cities surveyed on year-over-year basis, the same as the previous month. Price rises continue to be led by major tier 1 cities, including Beijing (21.2% y/y), Shanghai (21.4% y/y), Guangzhou (20.7% y/y) and Shenzhen (20.6% y/y). We estimate that nationwide home prices (include existing homes) rose by 9.5% y/y in October compared to 8.9% in September. On a sequential basis, however, we estimate that housing prices moderated to 0.6% m/m nsa from 0.7% in the previous month. Several local governments have recently implemented measures to slow the pace of price increases (among them, Beijing, Shanghai and Shenzhen), including higher down payment requirements for second home purchasers. Furthermore, in the follow-up “blueprint” from the Third Plenum, the central government also committed to expanding the property tax at an “appropriate time”, which could help to curb speculation over the medium term.

### Thailand’s Q3 GDP disappoints on weak domestic demand

Thailand's GDP grew at a slower than expected +2.7% y/y (Consensus: +2.9% y/y) in 3Q13 from an upwardly revised 2.9% y/y (2.8% previously) in the previous quarter, dragged mainly by a deceleration of domestic demand (+0.1% y/y vs 3.8% previously). On a seasonally adjusted qoq basis, GDP inched up 1.3%, up from 0% in Q2. Weighed by the expiration of an auto tax rebate scheme and a pullback in public capital expenditure, weak domestic demand offset a pick up in exports (+3.8% y/y vs +2.9% previously). Domestic political tensions may also have played a role in weakening domestic demand. Looking ahead, while we expect an improving US growth outlook to further aid export growth, the weak recent outturns pose downside risk to our 4.2% growth projection for 2013.

### Hong Kong Q3 GDP falls short of expectations

According to data released last Friday Q3 GDP growth slowed to 2.9% y/y (consensus: 3.2% y/y) from 3.3% y/y in Q2. On a sequential basis, Q3 GDP growth moderated to 2.0% q/q saar from 2.8% q/q saar in Q2. The moderation is primarily due to subdued domestic demand, despite a steady unemployment rate of 3.3% in October according to data released today. In the meantime, with China’s growth stabilizing, exports held well in Q3. The weaker than expected

outturn poses downside risks to our 3.3% growth projection for 2013, although we still expect growth to pick up to 3.7% in 2014 on improving external demand.

#### **Malaysia's growth remain resilient**

In contrast to developments in Thailand and Hong Kong, Malaysia's economy expanded in Q3 at a solid pace of 5.0% y/y in Q3 (consensus: 4.7%) from an upwardly revised 4.4% the previous quarter. Steady growth was mainly driven by robust domestic demand, thanks to strong private consumption (8.2% y/y) and domestic investment (8.6% y/y). Exports also improved, leading to positive contributions of net exports to overall growth. The upbeat Q3 GDP could bring upward risks to our current 4.6% full-year projection.

#### **Briefly noted:**

#### **Singapore's non-oil domestic exports (NODX) beat expectations**

NODX in October rose by 2.8% y/y (consensus: -1.1%; September: -1.2%) thanks to strong demand from China and Taiwan. The upbeat outturn ends eighth straight months of decline. On a sequential basis after seasonal adjustment, NODX continued to expand for the second consecutive month by 3.2% m/m sa following September's 5.6% m/m gain. External demand is expected to further support Singapore's growth on the back of China's stabilizing momentum and improving outlook in the G3.

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## Calendar Indicators

China	Date	Period	Prior	Cons.	Actual
China October Property Prices	18 Nov	Oct	--	--	--
Foreign Direct Investment YoY	19 Nov	Oct	4.90%	6.10%	--
HSBC/Markit Flash Mfg PMI	21 Nov	Nov	50.9	50.8	--
Hong Kong	Date	Period	Prior	Cons.	Actual
Unemployment Rate SA	18 Nov	Oct	3.30%	3.30%	3.30%
CPI Composite YoY	21 Nov	Oct	4.60%	4.50%	--
Japan	Date	Period	Prior	Cons.	Actual
All Industry Activity Index MoM	20 Nov	Sep	0.30%	0.40%	--
Exports YoY	20 Nov	Oct	11.5%	16.2%	--
Machine Tool Orders YoY	21 Nov	Oct F	8.4%	--	--
Malaysia	Date	Period	Prior	Cons.	Actual
CPI YoY	22 Nov	Oct	2.60%	2.70%	--
Singapore	Date	Period	Prior	Cons.	Actual
Non-oil Domestic Exports YoY	18 Nov	Oct	-1.20%	-1.10%	2.80%
GDP YoY	21 Nov	3Q F	5.10%	5.30%	--
GDP SAAR QoQ	21 Nov	3Q F	-1.00%	-0.30%	--
Taiwan	Date	Period	Prior	Cons.	Actual
Export Orders YoY	20 Nov	Oct	2.00%	0.80%	--
Unemployment Rate	22 Nov	Oct	4.18%	4.20%	--
Thailand	Date	Period	Prior	Cons.	Actual
GDP SA QoQ	18 Nov	3Q	0.00%	1.50%	1.30%
GDP YoY	18 Nov	3Q	2.90%	2.90%	2.70%
Vietnam	Date	Period	Prior	Cons.	Actual
CPI YoY	24 Nov	Nov	5.92%	--	--

## Calendar Events

### Japan – BOJ Target Rate, Nov 21

We expect the benchmark rate to remain unchanged

Current	Cons.	New
0.1%	--	--

## 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.	2197.2	2.9	4.2	-3.2	9.1
	Hong Kong – Hang Seng	23660.1	2.7	2.6	4.4	11.8
	Taiwan – TAIEX	8191.5	0.2	0.1	6.4	14.9
	Japan – Nikkei 225	15164.3	0.0	6.3	45.9	68.0
	Korea – Kospi	2010.8	0.3	1.7	0.7	8.1
	India – Sensex 30 *	20850.7	2.2	0.9	7.3	13.9
	Australia – SPX/ASX 200	5384.7	-0.3	0.0	15.8	24.2
	Singapore – Strait Times	3203.0	0.1	0.5	1.1	8.7
	Indonesia – Jakarta Comp	4393.6	1.3	-1.1	1.8	1.0
	Thailand – SET	1424.0	0.2	1.3	2.3	11.2
	Malaysia – KLCI	1792.4	0.1	-0.7	6.1	10.0
	Philippines – Manila Comp.	6343.3	0.0	1.2	9.1	16.6

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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)	6.09	0.01	-0.01	6.13	6.15
	Hong Kong (HKD/USD)	7.75	0.01	-0.01	7.75	7.75
	Taiwan (TWD/USD)	29.5	0.15	0.07	29.39	29.12
	Japan (JPY/USD)	100.09	0.10	-0.93	100.03	99.79
	Korea (KRW/USD)	1058	0.53	1.38	1063	1074
	India (INR/USD)	62.5	1.07	1.26	64.32	68.30
	Australia (USD/AUD)	0.94	0.35	0.45	1.07	1.09
	Singapore (SGD/USD)	1.25	0.03	0.21	1.25	1.25
	Indonesia (IDR/USD)	11635	-0.10	-0.62	11918	12633
	Thailand (THB/USD)	31.6	0.06	0.25	31.78	32.25
	Malaysia (MYR/USD)	3.19	0.45	0.40	3.20	3.25
	Philippines (PHP/USD)	43.6	0.07	-0.10	43.43	43.35

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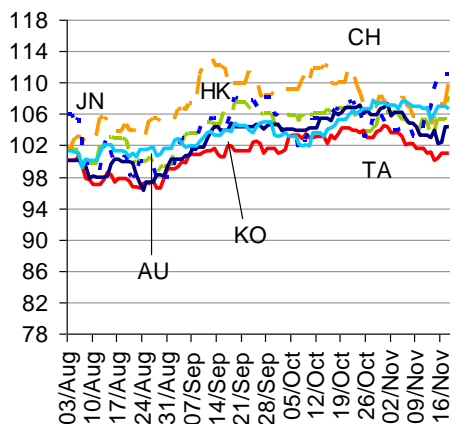
INTERBANK RATES	INDEX	Rate	net change over a day	net change over a week	net change over a month
	China (SHIBOR/7D)	5.36	0.08	1.74	1.89
	Hong Kong (HIBOR/1W)	0.12	0.00	-0.01	-0.01
	Taiwan (TAIBOR/1W)	0.51	0.00	0.00	0.00
	Japan (TIBOR/1Y)	0.76	0.00	0.01	0.01
	Korea (KORIBOR/1M)	2.56	0.00	0.00	0.00
	India (MIBOR/7D)	5.75	0.25	1.88	1.47
	Singapore (SIBOR/1W)	0.25	0.00	0.00	0.00
	Indonesia (JIBOR/1W)	6.38	0.01	0.28	0.28
	Thailand (BIBOR/1W)	2.77	0.00	0.00	0.00
	Malaysia (KLIBOR/1W)	2.90	0.00	0.00	0.00
	Philippines (PHIBOR/1W)	1.25	0.00	-0.31	0.31

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# Charts

Chart 1

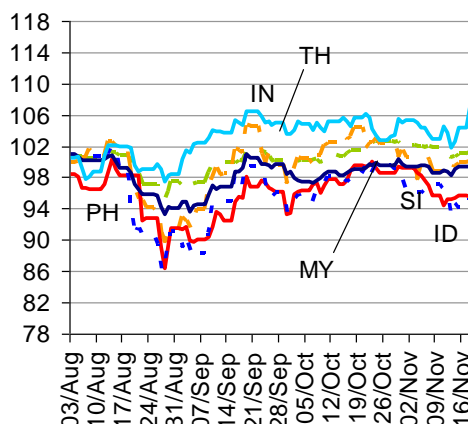
## Stock Markets



Source: BBVA Research and Bloomberg

Chart 2

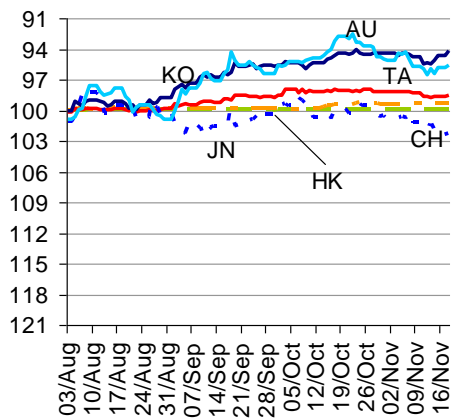
## Stock Markets



Source: BBVA Research and Bloomberg

Chart 3

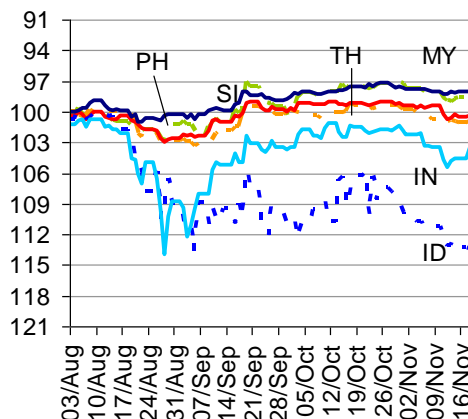
## Foreign Exchange Markets



Source: BBVA Research and Bloomberg

Chart 4

## Foreign Exchange Markets



Source: BBVA Research and Bloomberg

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