

Wednesday, 16 March 2011

Asian Markets

Foreign Exchange Rates (as at 15 Mar 2011)

	As at 16 Mar	Asian High	Asian Low	NY High	NY Low
SGD	1.2776	1.2775	1.2674	1.2866	1.2756
MYR	3.0585	3.0685	3.0330	-	-
IDR	8,772	8,785	8,745	-	-
THB	30.39	30.50	30.31	-	-
PHP	43.79	43.86	43.56	-	-
TWD	29.54	29.61	29.47	-	-
KRW	1,131.50	1,138.00	1,124.00	-	-
HKD	7.7942	7.7970	7.7917	7.7985	7.7946
CNY	6.5700	6.5735	6.5650	-	-

UOB's Estimation of SGD NEER (as at 16 Mar 2011)

Assuming 3.5% on each side of the pivot point:

Lower-End	1.3556
Upper-End	1.2639
Mid-Point	1.3097

Interest Rates

	Current	Next CB Meet	UOB's Forecast
SGD 3-Mth SIBOR	0.44%	-	-
MYR O/N Policy Rate	2.75%	05 May	2.75%
IDR O/N Rate	6.75%	12 Apr	6.75%
THB 1-Day Repo	2.50%	20 Apr	2.50%
PHP O/N Reverse Repo	4.00%	24 Mar	4.00%
TWD Discount Rate	1.625%	31 Mar	1.750%
KRW Base Rate	3.00%	12 Apr	3.00%
HKD Base Rate	0.50%	-	0.50%
CNY 1-Yr Wking Capital	6.06%	-	6.06%

Stock Indices (as at 15 Mar 2011)

	Closing	% chg
Singapore Straits Times	2946.08	-2.80
Kuala Lumpur Composite	1484.14	-0.75
Jakarta Composite	3524.48	-1.27
Bangkok SET	1003.10	-1.93
Philippines Composite	3896.31	-0.57
Taiwan TAIEX	8234.78	-3.35
Seoul Composite	1923.92	-2.40
Hong Kong Hang Seng	22678.25	-2.86
Shanghai SE Composite IX	2896.26	-1.41
Mumbai Sensex 30	18167.64	-1.47

Key Events

Date	Event

News Highlights

- Asian currencies tumbled against the USD yesterday as fears over a nuclear crisis in Japan deepened after reactors at the Fukushima nuclear power plant exploded.** Some regional central banks were also seen selling the USD to support the domestic currency. The KRW was 0.5% weaker at 1134.80/USD, with the central bank suspected of selling US\$500 mn, and THB was down 0.4% at 30.47/USD. The IDR was down 0.2% at 8785. The MYR was 0.7% weaker at 3.057, while the PHP settled 0.5% lower at around 43.82, a 4 week trough. With the situation in Japan still unstable, risk aversion and the flight to USD should give rise to continued weakness and volatility in Asian currencies.
- SGD fell 0.6% to 1.2765 in Asian close yesterday, after worsening news about radiation leaks in Japan throughout the day.** Despite opening at 1.268 at the Asian session, the SGD even hit a low of 1.2866 in the LDN-NY session. This morning, the SGD opened slightly stronger at 1.2766, with the SGD NEER at around 3.0% above the midpoint, corresponding to USD/SGD at 1.273-1.279.
- RMB fell against the USD yesterday, despite a firmer central parity rate set on the first day of trading after the end of China's NPC.** The local currency closed at 6.5727/USD, from 6.5698 on Mon. **Yesterday, 1-yr NDFs were pricing in an appreciation rate of 1.7%.** This morning, the RMB central parity was set at 6.5718/USD compared to 6.5679/USD yesterday.
- Stock indices in Asia fell, led by the 10.6% plunge in Nikkei.** Shanghai CI lost 1.4%, also on fears of more tightening, while the Hang Seng Index fell 2.9%, Taiwan's Taiex was down 3.4%, and South Korea's Kospi 2.4% lower. In local stock markets, the STI lost 2.8%.
- The BoT said that the Thai economy will not suffer any significant impact from Japan's earthquake,** and could even see some benefits, as Japanese companies diversify more of their manufacturing bases overseas.
- BoT governor Prasarn said the central bank is planning to further relax regulations to facilitate more capital outflows, even though it is not currently needed yet.**
- Singapore's Senior Minister Goh Chok Tong said that the govt is unlikely to reverse the foreign levy hike announced during the Feb Budget,** as the country is determined to reduce dependence on foreign labour.

- **Singapore's unemployment rate was 2.2% for the 4Q2010, the same as earlier preliminary estimates.** 30,900 jobs were added during the 4Q, compared with 20,500 in the 3Q. Services contributed most of the job gains, with 111,000 jobs added, while the manufacturing sector saw a loss of 1100 jobs.
- **South Korea's s/adj unemployment rate went up in Feb, to 4.0% in Feb, from 3.6% in Jan,** the highest level in a year, on fresh graduates entering the job market.
- **Singapore's Feb NODX numbers** will be released tomorrow, with a 10.8% increase expected, compared to 20.9% in Jan.

Economic Indicators

<u>Local Time</u>	<u>Indicators</u>	<u>Mth</u>	<u>Actual</u>	<u>UOB Forecast</u>	<u>Mkt Forecast</u>	<u>Previous</u>
<u>15/03</u>						
0900	PH Unemployment Rate	Jan	7.4	-	-	7.1%
1000	SG Unemployment Rate sa	4Q F	2.2	-	-	2.2%
1300	SG Retail Sales ex Auto	Jan	15.6	-	12.0	8.6%
1300	SG Retail Sales y/y	Jan	2.9	-	1.0	1.8%
<u>16/03</u>						
0700	SK Unemployment Rate (SA)	Feb	7.6	-	3.6	3.6%
<u>17/03</u>						
1300	SG NODX y/y	Feb		-	10.5	20.9%
1300	SG NODX sa m/m	Feb		-	-1.0	2.2%
1630	HK Unemployment Rate sa	Feb		-	3.7	3.8%
	HK Composite Interest Rate	Feb		-	-	0.19%
<u>18/03</u>						
1530	TH Foreign Reserves	Mar 11		-	-	\$180.8b

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