

Friday, 03 September 2010

Asian Markets

Foreign Exchange Rates (as at 02 Sep 2010)

	As at 02 Sep	Asian High	Asian Low	NY High	NY Low
SGD	1.3462	1.3495	1.3477	1.3480	1.3443
MYR	3.1230	3.1325	3.1198	-	-
IDR	9,008	9,010	8,988	-	-
THB	31.13	31.21	31.15	-	-
PHP	44.90	45.07	44.88	-	-
TWD	32.03	32.07	31.97	-	-
KRW	1,179.80	1,183.50	1,177.00	-	-
HKD	7.7730	-	-	7.7749	7.7700
CNY	6.8055	6.8175	6.7985	-	-

UOB's Estimation of SGD NEER (as at 03 Sep 2010)

Assuming 2.5% on each side of the pivot point:

Lower-End	1.4129
Upper-End	1.3440
Mid-Point	1.3785

Interest Rates

	Current	Next CB Meet	UOB's Forecast
SGD 3-Mth SIBOR	0.54%	-	-
MYR O/N Policy Rate	2.75%	12 Nov	2.75%
IDR O/N Rate	6.50%	03 Sep	6.50%
THB 1-Day Repo	1.75%	20 Oct	2.00%
PHP O/N Reverse Repo	4.00%	07 Oct	4.00%
TWD Discount Rate	1.375%	26 Sep	1.50%
KRW Base Rate	2.25%	09 Sep	2.50%
HKD Base Rate	0.50%	-	0.50%
CNY 1-Yr Wking Capital	5.31%	-	5.58%

Stock Indices (as at 02 Sep 2010)

	Closing	% chg
Singapore Straits Times	2986.66	+0.13
Kuala Lumpur Composite	1441.07	+0.64
Jakarta Composite	3122.15	-0.42
Bangkok SET	920.54	+0.13
Philippines Composite	3666.54	+2.04
Taiwan TAIEX	7720.82	+0.69
Seoul Composite	1775.73	+0.63
Hong Kong Hang Seng	20868.92	+1.19
Shanghai SE Composite IX	2655.78	+1.25
Mumbai Sensex 30	18238.31	+0.18

Key Events

Date Event

News Highlights

- Asian currencies were mostly stronger against the USD on optimism on the better-than-expected rebound in US ISM manufacturing data the day before, but this will be mitigated by caution ahead of the key non-farm payrolls data on Fri.

In the Asian session yesterday, KRW and PHP strengthened 0.3% each to 1180.65/USD and 44.95, while the TWD was 0.1% higher at 32.04, the central bank suspected of buying around US\$30 mn. THB stayed steady at 31.16 while the IDR was 0.02% higher to 9008, and the MYR edged up 0.0% to 3.128.

- SGD climbed 0.3% against the USD to 1.3478 yesterday in Asian trade, and reached its highest level on record overnight at 1.3425. Dow Jones quoted a source saying that the MAS would intervene in the currency market if the local currency climbs back to around its record high. This morning, SGD NEER was still hovering at above the 2.0% above the midpoint level, which corresponds to 1.3494-1.3560 for the USD/SGD pair. The SGD should continue hovering around 1.5-2.0% above the midpoint for now.

- RMB ended 0.1% higher to 6.8084/USD, on a stronger central parity rate and more optimistic data. One-year NDF prices yesterday were pricing in a slightly weaker appreciation trend for RMB, at 1.3% over the next 12 months, compared to Wed's 1.6%. This morning the RMB central parity was fixed at 6.7973, stronger than the 6.8003/USD yesterday.

- Asian stock markets were mostly higher on as Japanese exporters were buoyed by the better than expected US manufacturing data. Nikkei 225 was 1.5% higher, but the yen's strength was still a dampener for some investors. Shanghai Composite added 1.3%, and the Hang Seng gained 1.2%. The Kospi was up 0.6% and at home, STI ended just 0.1% higher.

- South Korea's GDP grew at a slower pace in the 2Q on weaker construction investment, at 1.4% q/q s/adj, from 2.1% in the previous quarter. On year, the economy grew 7.2% y/y compared to 8.1% in the 1Q. BoK expects GDP to expand 5.9% this year and 4.5% in 2011.

- Singapore PMI for Aug contracted for the first time in 15 months, down to 49.4% from 52.2 in Jul. Electronics PMI was down 5.1 points to 50.6, still in marginal expansion territory.

- **Malaysia's exports grew for the 8th consecutive month in Jul, at 13.5% y/y to MYR55.43 bn, lower than in June.** Exports rose 17.2% y/y in June.
- **The Thai government continues to be concerned about the strength of the baht and said they will monitor its movement.** BoT governor Tarisa said inflows were short-term flows into the debt and stock markets.
- **According to Dow Jones, MAS is poised to intervene if the SGD surges to its record high, said a source.** But the MAS is prepared to let SGD rise against the greenback in the short to medium term if the move is orderly and in line with the other Asian currencies. The SGD has gone up 4% this year.
- **Moody's said it plans to review the outlooks for the sovereign credit ratings on Thailand and Vietnam by the end of this year.** Thailand's Baa1 Rating outlooks was downgraded to negative from stable in early 2008.
- **Bank Negara kept its policy interest rate unchanged at 2.75% following 3 consecutive increases this year.**

Economic Indicators

Local Time	Indicators	Mth	Actual	UOB Forecast	Mkt Forecast	Previous
02/09						
0500	SK Foreign Exchange Reserve USD	Aug	285.3	-	-	285.9b
1800	MYR O/N Policy Rate	Sep 2	2.75	2.75	2.75	2.75%
1801	MA Export y/y	Jul	13.5	-	11.5	17.2%
1801	MA Import y/y	Jul	18.1	-	18.6	30.1%
1801	MA Trade Bal	Jul	7.0	-	6.1	6.0b
2130	SG Purchasing Managers Ind	Aug	49.4	-	51.3	52.2
2130	SG Electronics Sector Ind	Aug	50.6	-	52.8	55.7
03/09						
0900	CH China Non-Manufacturing PMI	Aug	60.1	-	-	60.1
1030	HK Purchasing Managers Ind	Aug	-	-	-	51.3
1400	IDR O/N Rate	Sep 3	-	6.50	6.50	6.50%
1530	TH Foreign Reserves	Aug 27	-	-	-	154.0b
1620	TW Foreign Exchange Reserves - US\$b	Aug	-	-	-	370.1

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