UOB 大華銀行

UOB Economic-Treasury Research
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Asian Markets

Foreign Exchange Rates (as at 14 Dec 2011)

	As at 15 Dec	Asian High	Asian Low	NY High	NY Low
SGD	1.3087	1.3074	1.3038	1.3115	1.3029
MYR	3.1945	3.1895	3.1810	-	-
IDR	9,080	9,100	9,080	-	-
THB	31.29	31.26	31.22	31.40	31.24
PHP	44.15	44.16	43.99	-	-
TWD	30.26	30.33	30.16	-	-
KRW	1,159.90	1,160.70	1,155.00	-	-
HKD	7.7833	7.7810	7.7785	7.7850	7.7808
CNY	6.3712	6.3712	6.3645	-	-

UOB's Estimation of SGD NEER (as at 15 December 2011 at 9am)

Assuming 3.0% on each side of the pivot point:

Lower-End 1.3153
Upper-End 1.2387
Mid-Point 1.2770

Interest Rates

	Current	Next CB Meet	UOB's Forecast
SGD 3-Mth SIBOR	0.39%	-	-
MYR O/N Policy Rate	3.00%	31 Jan	3.00%
IDR O/N Rate	6.00%	12 Jan	6.00%
THB 1-Day Repo	3.25%	12 Jan	3.50%
PHP O/N Reverse Repo	4.50%	19 Jan	4.50%
TWD Discount Rate	1.88%	30 Dec	2.00%
KRW Base Rate	3.25%	-	3.25%
HKD Base Rate	0.50%	-	0.50%
CNY 1-Yr Wking Capital	6.56%	-	6.81%

Stock Indices (as at 14 Dec 2011)

	Closing	% chg
Singapore Straits Times	2672.39	-0.50
Kuala Lumpur Composite	1463.12	-0.15
Jakarta Composite	3751.60	-0.32
Bangkok SET	1023.48	-0.69
Philippines Composite	4285.93	+0.08
Taiwan TAIEX	6922.57	+0.38
Seoul Composite	1857.75	-0.34
Hong Kong Hang Seng	18354.43	-0.50
Shanghai SE Composite IX	2228.53	-0.89
Mumbai Sensex 30	15881.14	-0.76

Key Events

Date	Event

News Highlights

- **We witnessed more risk aversion from the uncertainties in Europe and downgrade concerns of the European sovereigns on Wed.** KRW and TWD ended down at 1,156.25/USD and 30.290/USD from 1,154.00 and 30.260 close on Tue respectively. MYR edged lower to 3.1820/USD Wed from 3.1800 on Tue and IDR hit intraday low of 9,120/USD from 9,090 late-Tue. THB dropped to 31.250/USD at the Asian session compared with 31.200 on Tue. USD/Asians still see upside risk today following the sinking of EUR/USD below 1.30 last night. The pair was still struggling at around 1.2990 this morning and thinning liquidity could exacerbate the downward pressure on the EUR/USD ahead.

- **USD/SGD rose to a high of 1.3115 during the Ldn/NY session on Wed vs high of 1.3063 on Tue.** SGD NEER remains at 2.4% below the mid-point this morning with 3.0% below mid-point implying USD/SGD upside capped at 1.3180 based on current currency levels. Today, Singapore's Oct retail sales is expected to revert to positive y/y growth from 0.1% contraction in Sep. The attention is on Nov NODX this Fri. Market is expecting the NODX to decline by 3.0% y/y compared with sharp -16.2% drop in Oct. This is largely due to a favourable base effect but weakness in the electronics sector will continue to weigh on NODX.

- **Asian stock indexes mostly ended lower on Wed.** The Shanghai CI ended down 0.9% at its 33-month low on Wed although the delay in the implementation of new bank capital adequacy rules in China provided some support to the banking counters. Hang Seng Index and the STI both dropped by 0.5% on Wed. **The Asian bourses will remain under pressure today following more than 1% drop in the US stock indexes overnight. Two large IPO debuts in Hong Kong today and the third by New China Life in both Hong Kong and Shanghai on Fri will be of interest.**

- **The MAS Survey of Professional Forecasters showed a downgrade in Singapore's growth forecasts in the Dec survey compared with the Sep survey while inflation expectation has risen.** Analysts expect GDP growth of 5.2% in 2011 with 4Q11 at an estimated 4.4% y/y. The median growth forecast for 2012 has been revised down to 3.0% from 4.9% in the Sep survey but this is at the higher end of the govt's 1%-3% forecast. Inflation is expected to ease to 3.1% in 2012 from 5.1% this year.

- **RMB ended down at 6.3706/USD on Wed compared with 6.3652 close on Tue after hitting lower limit on the trading band at 6.3713/USD.** The PBoC is expected to continue setting stable USD/RMB in the near-term as a result of the global uncertainties. This morning, the central bank set the RMB central parity at 6.3421/USD, weaker from 6.3396 on Wed.

- **At the end of the annual meeting of the central economic work conference in China on Wed that set the economic policy for the coming year, the Chinese leaders pledged to step up social spending and increase domestic consumption to mitigate the global risks.** Monetary policy will be kept "prudent" while fiscal policy will be "pro-active" and inflation will be kept stable. Leaders said that credit growth will be at a reasonable level in 2012 and it will push ahead with structural tax cuts, experimental property tax reform and business tax reform next year.

- **China's Nov New RMB loans was above expectation at RMB562.2 bn (mkt: RMB555 bn) but eased from RMB586.8 bn in Oct.** Lending in the past two months were above the monthly average of around RMB500 bn in 3Q11 and there is expectation that the govt would allow more credit growth next year as economic growth slows. M2 was in line with forecast at 12.7% y/y end-Nov vs 12.9% in Oct.

- **India's wholesale price index (WPI) rose 9.11% y/y in Nov** compared with 9.73% in Oct and the elevated inflation is expected to keep the RBI on hold at the monetary policy meeting this Fri. Meanwhile, senior advisers to the PM have urged the RBI to intervene as the INR dropped to a fresh record low against USD for the third straight session.

- **Thailand** has designated Jan 3 as a special bank holiday.

Economic Indicators

Local Time	Indicators	Mth	Actual	UOB Forecast	Mkt Forecast	Previous
14/12						
0700	SK Unemployment rate sa	Nov	3.1	-	3.2	3.1%
15/12						
1030	**CH HSBC Flash China Manaufacuting**	**Dec**		**-**	**-**	**48.0**
1300	**SG Retail Sales ex auto y/y**	**Oct**		**-**	**2.1**	**3.1%**
1300	**SG Retail Sales y/y**	**Oct**		**-**	**1.2**	**-0.1%**
1300	**SG Retail Sales m/m sa**	**Oct**		**-**	**-1.2**	**0.3%**
16/12						
0830	SG Electronic Exports y/y	Nov		-	-12.3	-31.2%
0830	SG NODX y/y	Nov		-	-1.2	-16.2%
0830	SG NODX m/m	Nov		-	2.7	-5.9%
1530	TH Foreign Reserves	Dec 9		-	-	177.8b

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