

China Growth and Monetary Policy News

China Growth Momentum Remains Lacklustre

Despite several easing measures, further evidence emerged that China's manufacturing sector continues to struggle. The HSBC Flash Manufacturing PMI slipped to an 11-month low of 49.2 in March, surprising the market on the downside. The fall was driven by weakness in new orders and employment, while output and input prices continued to decrease, suggesting mounting deflationary pressures.

Against this backdrop, the People's Bank of China continued to lower the reverse repo rate, with the seven-day repo rate down by 30bps last week to 3.55%.

Interest Rates On Hold In Taiwan and the Philippines

Central bank meetings in Taiwan and the Philippines yielded no change in interest rates. In Taiwan, the Central Bank of China left the policy rate at 1.875%, saying that while inflation is benign and the decline in consumer prices is expected to be short term, the current policy setting can be considered loose or neutral.

In the Philippines, Bangko Sentral ng Pilipinas retained its neutral policy stance, saying inflation expectations are well anchored within the inflation target band of 3% +/- 1%.

We expect both central banks to remain on hold for the rest of 2015.

Value % wow Change

Equities

Dow Jones Ind. Avg	17,712.7	-2.3
S&P 500	2,061.0	-2.2
MSCI Asia Pac	146.6	-0.6
ASX 200 Index	5,919.9	-0.9
Hang Seng Index	24,486.2	+0.5
Ho Chi Minh Stock Index	551.4	-4.2
Jakarta Comp Index	5,396.9	-0.8
KL Comp Index	1,813.4	+0.5
KOSPI Index	2,019.8	-0.9
Karachi 100 Index	29,957.8	-5.8
Sensex 30 Index	27,458.6	-2.8
Shanghai SE Comp Index	3,691.1	+2.0
Stock Exch of Thai Index	1,495.2	-2.3
Straits Times Index	3,450.1	+1.1
Taiwan TAIEX Index	9,503.7	-2.5
TOPIX Index	1,552.8	-1.8

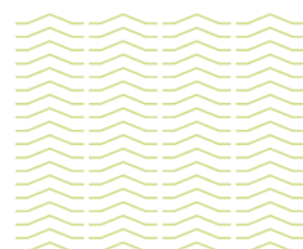
Bonds / Currencies

US 10YR Treasuries	1.9615	+3bps
EUR – USD	1.0889	+0.6
USD - JPY	119.13	-0.8
GBP - USD	1.4879	-0.5

Commodities

Gold (Spot)	1,198.8	+1.4
Crude Oil (WTI)	48.9	+6.9
RJ/CRB Commodity Index	215.2	+0.5

Source: Bloomberg (last trading price for week ended 27 March)



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