

Pacific Basin ex-Japan Markets
Weekly Review and Outlook
Week ending 17th April 2015

AUSTRALIA

Review

The market closed 1.5% lower for the week.

[Macro](#)

Figures from the Australia Bureau of Statistics (ABS) showed that the total value of owner occupied housing commitments in Australia increased in February. The value of owner occupied housing commitments, excluding alterations and additions, rose a seasonally adjusted 0.5% m/m in February. On an unadjusted basis, it rose 1.0%. At the same time, the value of total personal finance commitments dropped 0.2% in February and fixed lending commitments fell by 0.9%. Meanwhile, revolving credit commitments gained 0.8%. The value of total commercial finance commitments added 2.9% and revolving credit commitments grew by 4.8%. The value of total lease finance rose 4.1% in February, following a 12.4% hike in the previous month.

The ABS said the unemployment rate in Australia came in at a seasonally adjusted 6.1% in March. That beat forecasts for 6.3%, which would have been unchanged from the February reading. The Australia economy added 37,700 jobs in March to 11,720,300 - also beating expectations for adding 15,000 following the gain of 15,600 jobs in the previous month. Full-time employment increased 31,500 to 8,131,400 and part-time employment increased 6,100 to 3,588,900. The increase in employment was driven by increases in full-time employment for both males (up 24,800) and females (up 6,700). The ABS also said that the total number of new motor vehicle sales in Australia was up a seasonally adjusted 0.5% on month in March, standing at 96,158. That follows the 2.9% increase in February. On a yearly basis, new motor vehicle sales climbed 4.4%, up from 4.1% in the previous month.

New Zealand

Review

The market closed 0.2% higher for the week.

[Macro](#)

Statistics New Zealand reported that the value of retail credit card spending in New Zealand added a

seasonally adjusted 0.8% on month in March, standing at NZ\$4.7bn. The headline figure was in line with expectations following the upwardly revised 1.1% increase in February (originally up 1.0%). In actual terms, card spending rose in all retail industries except for fuel. Core retail spending (which excludes the vehicle-related industries) added 0.8% in March following a 1.2% rise in February. Overall credit card spending gained 1.3% on month, following the 0.4% hike in the previous month. Retail credit card spending was up 3.7% on year or NZ\$167m in March.

Statistics New Zealand also reported that food prices in New Zealand were up 0.1% on month in March, beating forecasts for a decline of 0.7%, which would have been unchanged from the February reading. Among the individual components, grocery food prices gained 1.2%, with higher prices across most of the subgroup. This was the highest monthly rise for grocery food prices since January 2013. On a yearly basis, food prices rose 1.9%, roughly in line with forecasts and up from 1.5% in the previous month.

HONG KONG

Review

The HS Index gained 1.4% for the week.

[Macro](#)

No major news for the week.

CHINA

Review

The HSCEI Index gained 3.9% for the week.

[Macro](#)

The Customs Office said that China had a merchandise trade surplus of USD3.10bn in March. That was far below forecasts for a surplus of USD40.20bn and down sharply from the USD62.62bn surplus in February. Exports plunged 14.6% on year, a far cry from forecasts for an increase of 10.0% following the 48.3% surge in the previous month. Imports declined an annual 12.3% versus forecasts for a decline of 10.0% following the 20.5% plunge a month earlier.

China's exports logged an unexpected double-digit decline in March and imports fell more than expected, weighing on the outlook for economic growth in the first quarter. Data from the General Administration of Customs showed that exports decreased 14.6% in March from last year. Shipments were expected to grow 9%. Suggesting weak domestic demand, imports fell 12.3%, faster than an expected fall of 10%. The trade surplus fell sharply to USD3.1bn, below February's surplus of USD60.6bn and a USD40.1bn forecast by economists. Foreign trade slid 13.5% on a yearly basis. In February, the Customs Office reported that exports surged 48.3%, while imports plunged 20.5%. Notwithstanding March's dull performance, exports gained 4.9% in the first quarter, while imports contracted 17.3%.

Data from People's Bank of China showed that China's bank lending increased in March and money supply grew at a slower pace from last year. Banks extended RMB1.18tn of new loans in March. Economists had forecast lending to rise slightly to RMB1.04tn from RMB1.02tn seen in February. Total social financing, a broad measure of liquidity in the economy, also came in at RMB1.18tn in March versus RMB1.35tn in February. M2 money supply expanded 11.6% in March from last year, weaker than February's 12.5% growth and slower than economists' forecast of 12.4%.

The National Bureau of Statistics reported China's gross domestic product grew 7.0% on year in the first quarter of 2015, coming in at RMB14,066.7bn. The headline figure was in line with expectations while slowing from 7.3% in the previous three months. On an annualized quarterly basis, GDP gained 1.3%, below expectations for 1.4% and down from 1.5% in the fourth quarter. The Bureau added that industrial production rose just 5.6% on year in March, shy of forecasts for an increase of 7.0% and down from 7.9% in February. Output was up 0.25% on month. For the first quarter, industrial production increased 6.4% on year.

Retail sales rose an annual 10.2%, also below expectations for 10.9% and down from 11.9% in the previous month. Sales were up 0.71% on month. In the first quarter of 2015, the total retail sales of consumer goods reached RMB7,071.5bn, an increase of 10.6%. Fixed asset investment climbed 13.5% on year to RMB7,751.1bn for the period of January to March. That missed forecasts for 13.9%, which would have been unchanged.

The Commerce Ministry said that foreign direct investment in China increased in March from a year ago. In March, foreign direct investment gained 2.2%/y/y to USD12.4bn, which was much higher than February's 0.9% rise. Total FDI for the March quarter marked an increase of 11.3% to USD34.88bn.

KOREA

Review

The KOSPI Index gained 2.7% during the week.

Macro

Statistics Korea said that South Korea's unemployment rate came in at 3.7% in March. That was in line with expectations, and it was down from the 12-month high of 3.9% in February. The participation rate was 62.0%, up from 61.6% in the previous month.

TAIWAN

Review

The Taiex lost 0.5% during the week.

Macro

No major news for the week.

INDIA

Review

Sensex closed at 1.5% lower at 28,442.10points for the week.

Macro

Data from the Ministry of Statistics and Programme Implementation revealed that India's consumer price inflation slowed unexpectedly in March. Inflation, based on the consumer price index, eased to 5.17% from 5.37% in February. Economists had forecast inflation to rise to 5.41%. Likewise, food inflation came in at 6.14% in March, down from 6.88% in February. Data showed that clothing and footwear prices rose 6.27% and costs of fuel and light advanced 5.07%. At the same time, housing cost climbed 4.77%. The central bank kept its key rate unchanged at 7.50% early this month after cutting it by 25bp each in January and March.

Data from the Ministry of Commerce and Industry showed that India's wholesale prices declined for the fifth consecutive month in March. The wholesale price index fell 2.33% in March from last year, faster than February's 2.06% fall and a 2.05% decrease forecast by economists. In March, fuel and power prices tumbled

12.56%, while food article prices gained 6.3%. Manufactured product prices logged an annual fall of 0.19%. On a monthly basis, wholesale prices gained only 0.17% in March. The build up inflation rate in the financial year so far was -2.33% compared to a build up rate of 6% in the corresponding period of the previous year. Data released earlier this week showed that consumer price inflation eased to 5.17% in March from 5.37% in February.

Trade deficit widened to a four-month high in March, mainly due to a sequential rise in gold imports and, to a lesser extent, oil imports. However, weakness in export growth continued with both commodity and exports excluding commodities suffering. A key positive is that capital import growth remained positive for second consecutive month

Exports (in dollar terms) declined 21.1%/y/y in Mar-15 vs. a decline of 15%/y/y in Feb-15 – marking the fourth consecutive month of declines. On a seasonally adjusted sequential basis, exports declined 4.9%/m/m in March vs. a decline of 7.1% in February. Oil exports declined for the eighth consecutive month in February, and non-oil exports fell on a y/y basis for the third consecutive month. On a full-year basis, exports declined 1.2%/y/y in FY2015 vs. a rise of 4.6%/y/y in FY2014.

The declining trend in overall exports over the last four months is partly due to weak global demand and steep decline in commodity prices. If the weakness in export growth persists for two to three months more, then it will weigh adversely on the outlook for IP growth recovery

Total imports continued to decline in March on a y/y basis, led by the contraction in oil imports: Imports declined 13.4%/y/y in Mar-15 vs. a decline of 15.7%/y/y in Feb-15 – the fourth consecutive month of decline. On a seasonally adjusted sequential basis, imports increased by 10.5%/m/m in March vs. a drop of 4%/m/m in February. On a full-year basis, total imports contracted by a lesser extent, declining 0.8%/y/y in F2015 vs. -8% y/y in Mar-14.

SINGAPORE

Review

The market closed 1.5% higher for the week.

Macro

Singapore central bank left its monetary policy unchanged as the current stance is assessed to be consistent

with benign inflation outlook and moderate growth prospects. The Monetary Authority of Singapore will maintain the policy of a modest and gradual appreciation of the S\$NEER policy band. There will be no change to the slope and width of the policy band, and the level at which it is centred. At an unscheduled meeting in January, the bank loosened its monetary policy, citing lower inflation outlook. It reduced the slope of the policy band. Since January, the Singapore dollar fluctuated within the lower half of the policy band. It weakened over February to mid-March before strengthening more recently. The bank commented that the current stance is also appropriate to ensure medium-term price stability. Instead of interest rates, the MAS applies the exchange rate against a basket of currencies within an undisclosed band as its monetary policy tool.

Data from the Department of Statistics revealed that Singapore's retail sales recovered at a stronger than expected pace in February. Retail sales logged a double-digit annual growth of 15.8% in February, reversing a 5% fall in January. Economists had forecast a 3% growth. Excluding auto sales, retail sales gained 14.8%, in contrast to prior month's 8.7% drop. However, on a monthly basis, retail sales fell 3.3% largely due to a 24.8% fall in auto sales. In January, retail sales rose 4.8%. Excluding motor vehicles, sales remained unchanged in February.

International Enterprise Singapore said non-oil domestic exports in Singapore climbed 18.5% on year in March. That follows the 9.7% contraction in February thanks to an expansion in both electronic and non-electronic NODX. On a seasonally adjusted monthly basis, NODX surged 23.0% in March following the 9.4% decline in February. NODX came in at a seasonally adjusted S\$15.8bn in March, up from S\$12.9bn in the previous month. On a yearly basis, NODX to all of the top 10 NODX markets, except Indonesia and Japan, increased in March. The top three contributors to the NODX growth in March were the EU 28, the U.S. and Malaysia. NODX grew 1.7% in March, following the 0.9% increase in the previous month, due to an expansion in non-electronic NODX which outweighed the decrease in electronic NODX.

On a yearly basis, total trade contracted 6.8% in March, following the 18.2% decline in the previous month. Total exports rose 0.7% in March, compared to the 16.1% contraction in the previous month. Total imports declined 14.7% in March, following the 20.5% decrease in the preceding month. On a monthly basis, total trade expanded 11.4% in March, in contrast to the 6.7% decrease in the previous month. The level of total trade reached S\$79.2bn in March, higher than the previous month's S\$71.1bn. Total exports climbed 14.5% in March, in contrast to the 9.0% decline in the previous month. Total imports added 7.9%, compared to the 3.9% contraction in February.

MALAYSIA

Review

The KLCI gained 0.1% for the week.

Macro

No major news for the week.

EMERGING SOUTH EAST ASIA (Indonesia, Philippines, Thailand)

Review

In the week, Indonesia's JCI lost 1.5%, Thailand's SET gained 1.2% and Philippines's PSEi lost 2.2%.

Macro

Indonesia's central bank left its key interest rates unchanged for the second straight meeting. The Board of Governors of Bank Indonesia decided to hold the benchmark rate at 7.50%. The outcome of the meeting came in line with economists' expectations. The last rate action was in February, when it lowered the rate by 25bp. This was the first rate cut since February 2012. The deposit facility rate was kept at 5.50% and the lending facility at 8.00%. Inflation rose to 6.38% in March from 6.29% in February largely due to higher energy prices

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