

Weekly Market Recap

Asia Pacific | 14 January 2019

Week in review

			Survey	Actual	Prior
EU	Economic confidence	Dec	108.4	107.3	109.5
EU	Unemployment	Nov	8.1%	7.9%	8.0%
CN	PPI nsa y/y	Dec	1.6%	0.9%	2.7%
CN	CPI nsa y/y	Dec	2.1%	1.9%	2.2%

Week ahead

- 14/01 - **CN** - FDI
- 14/01 - **EU** - Industrial production
- 16/01 - **US** - Retail sales
- 18/01 - **CN** - GDP

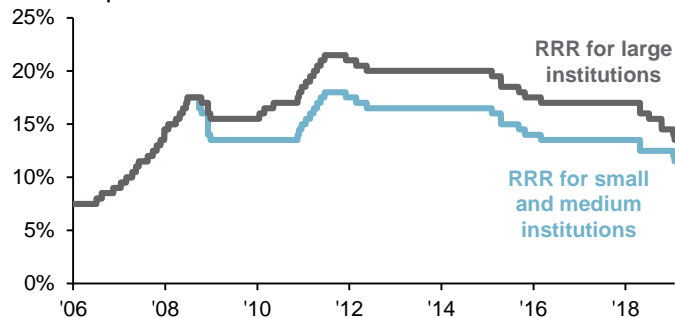
Thought of the week

The People's Bank of China (PBoC) announced on January 4 a 100 basis point cut to its reserve requirement ratio (RRR) for deposits of financial institutions. As estimated by the PBoC, the net impact of these RRR cuts will be to inject RMB 800 billion into the banking system. These RRR cuts are largely aimed to support banks' lending for real economic activity, especially for small and micro enterprises as well as private corporates. This announcement is a part of China's latest efforts to stabilize economic growth, especially as recent data from China seem to point at a broad softening in near-term economic outlook. Other than monetary stimulus, we expect further fiscal stimulus in the coming months. Expansive fiscal policy, especially infrastructure spending, should continue to provide quick relief to the Chinese economy. In addition, tax cuts could boost business earnings and prompt private sector investment.

Chart of the week

China's reserve requirement ratios

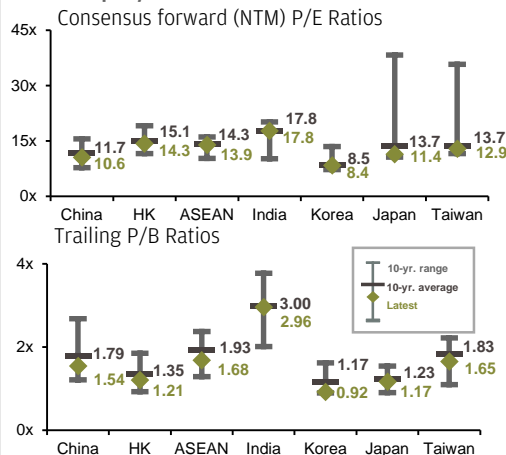
Percent per annum



EQUITIES (Indices: 4 to 11 January)

	% w/w	% m/m	% YTD
MSCI AC Asia Pac ex JP U\$	4.0	2.8	2.9
MSCI AC Asia Pac ex JP	3.7	2.2	2.5
MSCI US	2.6	-1.4	3.7
MSCI Europe U\$	2.1	2.6	3.7
MSCI EM U\$	3.7	3.8	3.7
MSCI World U\$	2.8	0.1	3.9
Countries			
Hong Kong Hang Seng	4.1	3.5	3.2
Taiwan SE Weighted	4.0	0.5	0.3
Korea SE Composite	3.2	1.1	1.7
Japan Topix	4.0	-2.9	2.4
MSCI Japan U\$	4.1	2.0	4.0
Shanghai SE A Share	1.6	-1.6	2.4
MSCI China U\$	5.1	1.2	4.2
Singapore Straits Times	4.6	4.6	4.2
KLCI Composite	0.8	1.9	-0.4
Bangkok SET	1.4	-2.2	2.1
Philippine SE Composite	1.8	6.1	5.9
Jakarta SE Composite	1.4	4.7	2.7
MSCI ASEAN U\$	3.6	5.6	4.6
India BSE100	0.6	2.6	-0.7
ASX All Ordinaries	2.8	3.2	2.2

Asian equity markets valuations



GOVT 10-YEAR YIELDS	11/1/2019	w/w	m/m	YTD
Singapore	2.18	6	-8	15
India	7.48	1	-10	12
Thailand	2.53	14	-15	5
Indonesia	8.18	1	-16	3
Japan	0.01	6	-3	2
Korea	2.00	2	-1	1
US	2.70	4	-18	1
UK	1.27	0	7	0
Australia	2.31	9	-14	-1
Germany	0.22	1	-2	-2
China	3.15	-5	-16	-11

CURRENCIES	11/1/2019	w/w	m/m	YTD
Canada USD/CAD	1.33	1.0	1.2	3.0
Indonesia USD/IDR	14044	1.6	4.0	2.4
Australia AUD/USD	0.7201	1.4	0.0	2.3
Thailand USD/THB	31.92	0.5	2.7	2.0
China USD/CNY	6.75	1.7	2.2	1.7
New Zealand NZD/USD	0.6818	1.2	-0.9	1.7
Japan USD/JPY	108.41	-0.3	4.6	1.2
Malaysia USD/MYR	4.10	1.0	2.2	0.9
Philippines USD/PHP	52.16	0.7	1.2	0.8
Singapore USD/SGD	1.35	0.6	1.6	0.8
UK GBP/USD	1.2823	0.8	2.4	0.7
Euro EUR/USD	1.1478	0.6	1.4	0.4
Swiss USD/CHF	0.9829	0.3	0.9	0.3
Korea USD/KRW	1116.40	0.7	1.2	-0.1
Taiwan USD/TWD	30.82	0.2	0.2	-0.3
India USD/INR	70.48	-1.0	2.0	-0.9

COMMODITIES	11/1/2019	w/w	m/m	YTD
Crude Oil (WTI, \$/bbl)	51.62	8.1	-0.1	14.3
Nat. Gas (HH, \$/mm BTU)	3.10	10.6	-31.6	5.3
Silver (\$/troy oz)	15.68	-0.2	7.1	1.4
Gold (\$/troy oz)	1,289	0.7	3.5	0.8
DJ/UBS Commodity Index	79.66	1.7	-3.6	3.8
Copper (\$/ton)	5,927	1.5	-3.8	-0.6

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Source: FactSet, People's Bank of China, J.P. Morgan Asset Management.

All returns in local currency unless stated otherwise.

* Currencies' return are based on foreign currencies per U.S. dollar. An appreciation of the foreign currency against the U.S. dollar would be positive and a depreciation of the foreign currency against the U.S. dollar would be negative.

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