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Asia Economy

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HSBC
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Where we now stand

Industrial production (IP) is back to the pre-crisis level in Asia: Index[1]

Note:
(1) HSBC, IMF, CEIC

Consumption surprised on the upside

Rebound in industrial production mainly driven by consumption, % year-on-year[1]

Note:
(1) HSBC, CEIC

Adding jobs again in Asia

Employment is picking up in Asia, while remaining sluggish in G3: index[1]

Note:
(1) HSBC, CEIC; index above 50 represents expansion

US and EU still dominate world's consumption

But there is more to it

Consumption, US$bn[1]

Note:
(1) HSBC, IMF, CEIC; 2008 prices

Asia catching up fast

While US records first-time contraction

Incremental consumption spending, US$bn[1]

Note:
(1) HSBC, IMF, CEIC; 2008 prices

Exports should bounce back sharply

Restocking from developed countries to prompt Asia exports to bounce back, % YoY[1]

Note:
(1) CEIC, HSBC; net new orders refers to new orders minus inventory components

Firms are regaining pricing power: inflation risks?

Inflation to return on rising output prices and rebounding demand: Index[1]

Note:
(1) CEIC, HSBC; index above 50 represents expansion

Output gaps to close in Asia during 2010

Projected closing of output gaps[1]

Output gap (% of potential GDP)[1]

Note:
(1) HSBC

High liquidity may push up asset prices further

Loan to deposit ratio[1,2]

Residential property price index[1]

Notes:
(1) CEIC, HSBC
(2) Asia ex Japan simple average

The trouble with Asia: oil price rise may dampen Western recovery

Asia now the largest oil consumer,% share of global oil consumption[1]

Note:
(1) BP, CEIC, HSBC

HSBC forecast summary: Growth and inflation[1]

% YoY	GDP					CPI				
	2006	2007	2008	2009f	2010f	2006	2007	2008	2009f	2010f
Mainland China	11.6	13.0	9.0	8.1	9.5	1.5	4.8	5.9	-0.6	2.6
Hong Kong SAR	7.0	6.3	2.4	-4.5	2.4	2.0	2.0	4.3	0.9	1.4
India	9.7	9.0	6.7	6.2	8.0	6.3	6.4	8.3	7.0	5.8
Indonesia	5.5	6.3	6.1	3.8	5.3	13.1	6.4	10.2	5.7	8.3
Japan	2.0	2.3	-0.7	-6.3	1.2	0.1	0.0	1.5	-1.4	-1.1
Korea	5.2	5.1	2.2	-0.4	4.6	2.2	2.5	4.7	2.8	3.1
Malaysia	5.8	6.2	4.6	-3.8	6.3	3.6	2.0	5.4	0.4	3.2
Pakistan	5.7	2.0	3.7	0.8	2.6	7.9	7.6	20.3	13.4	8.1
Philippines	5.3	7.1	3.8	1.0	3.0	6.3	2.8	9.3	3.5	4.8
Singapore	8.4	7.8	1.1	-6.0	5.3	1.0	2.1	6.5	-0.3	2.3
Sri Lanka	7.4	6.8	6.0	3.7	7.0	13.7	15.8	22.8	4.4	9.4
Taiwan	4.8	5.7	0.1	-4.2	4.4	0.6	1.8	3.5	-0.7	1.2
Thailand	5.2	4.9	2.6	-4.0	4.8	4.6	2.2	5.5	-1.4	2.9
Vietnam	8.2	8.5	6.2	4.7	6.8	7.5	8.3	23.0	7.6	12.8
Asia	6.6	7.1	3.9	0.5	5.3	2.2	2.9	4.9	0.6	1.9
Asia ex China	4.3	4.4	1.5	-3.0	3.3	2.5	2.0	4.4	1.1	1.7
Asia ex Japan	9.2	9.8	6.5	4.3	7.5	3.3	4.6	6.8	1.7	3.6
Asia ex Japan and China	6.8	6.6	4.0	0.6	5.5	5.2	4.3	7.7	3.9	4.7

Note:
(1) CEIC, HSBC; Asia aggregate GDP figures are purchasing power parity (PPP) weighted while CPI figures are simple average

HSBC forecast summary: FX and policy rates[1]

	FX rate vs USD					Policy rate, %				
Year-end	**2006**	**2007**	**2008**	**2009f**	**2010f**	**2006**	**2007**	**2008**	**2009f**	**2010f**
Mainland China	7.81	7.31	6.82	6.80	6.80	6.12	7.47	5.31	5.31	5.85
Hong Kong SAR	7.77	7.80	7.80	7.80	7.80	6.75	5.75	0.50	0.50	0.50
India	44.2	39.4	48.7	52.0	52.0	7.75	7.75	6.50	4.75	6.00
Indonesia	8996	9393	11325	10500	11000	9.75	8.00	9.25	6.50	7.00
Japan	119	112	91	105	105	0.26	0.50	0.10	0.10	0.10
Korea	930	936	1260	1200	1100	4.50	5.00	3.00	2.00	3.00
Malaysia	3.53	3.31	3.45	3.55	3.60	3.50	3.50	3.25	2.00	2.50
Pakistan	60.9	61.5	79.1	90.0	92.0	9.50	10.00	15.00	11.00	9.00
Philippines	49.10	41.30	47.4	49.0	49.0	7.50	5.25	5.50	4.00	4.50
Singapore	1.53	1.44	1.44	1.45	1.40	3.44	2.38	0.96	0.70	0.80
Sri Lanka	107.5	108.7	107.8	115.8	118.0	10.00	12.00	12.00	10.50	11.00
Taiwan	32.6	32.4	32.8	32.5	31.0	2.750	3.375	2.00	1.25	1.75
Thailand	36.0	33.7	34.7	34.5	36.0	5.00	3.25	2.75	1.25	2.00
Vietnam	16050	16217	17483	18200	18200	7.75	8.25	8.50	7.00	11.00

Note:
(1) CEIC, HSBC

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