

The Week Ahead

Asia Edition

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See Disclosure Appendix A1 for the Analyst Certification and Other Disclosures.

Highlights

- **Hong Kong.** We expect higher inflation to reflect retailers' stronger pricing power, while export growth likely fell due to less robust re-exports (p. 3).
- **India.** We expect export growth to remain a single digit in March and the next few months due to the base effect (p. 4).
- **Korea.** High-tech weakness will weigh on GDP growth, while industrial production will remain sluggish (p. 4).
- **Philippines.** We think improving demand and inventory replenishment will comprise expected broad-based import gains (p. 5).
- **Singapore.** CPI probably rose slightly due primarily to higher fuel and food prices, while industrial production edged higher on the back of a modest tech recovery and continued strength in transport engineering (p. 6).
- **Taiwan.** Data likely suggest that economic growth recovered modest steam in early 2007 (p. 7).
- **Thailand.** We expect export volume to drive export growth as external demand has neutralized the strong currency effect (p. 9).

FX and IR Updates

- **China.** Following recent economic data, we have accelerated our forecast for 27 basis point hike of the base lending rate to around the May Day holidays
- **India.** Possible measures to stem capital flows in the RBI's monetary policy due on April 24 may pose near-term risks to the INR/USD outlook
- **Malaysia.** We have pushed back a modest rate hike expected in 4Q07 to 2008 given the benign March CPI outcome and prospects for CPI to hover within the lower end of the 1.5-2.0% range over the next few months.
- **Thailand.** We are changing our policy rate expectations to accommodate a narrow window of opportunity open to policymakers to further trim policy rates by another 50bps and lower the overnight repo rate to 3.5% to a neutral range.

Data Calendar

Date	Day	Local Time	Country	Indicator	For	Citi Fcst	Mkt Fcst	Prev.
23-Apr	Mon	4:15 PM	Hong Kong	CPI (Composite Index; % YoY)	Mar	2.9	2.2	0.8
23-Apr	Mon	1:00 PM	Singapore	CPI (% YoY)	Mar	1.0	1.0	0.6
23-Apr	Mon	4:00 PM	Taiwan	Unemployment Rate (% SA)	Mar	3.95	3.9	3.91
24-Apr	Tue	4:00 PM	Taiwan	Export Orders (% YoY)	Mar	4.3	8.6	8.2
24-Apr	Tue	4:00 PM	Taiwan	Industrial Output (% YoY)	Mar	0.8	1.0	-2.77
25-Apr	Wed	9:00 AM	Philippines	Imports (US\$, % YoY)	Feb	10.0	—	1.0
25-Apr	Wed	9:00 AM	Philippines	Trade balance (US\$ mn)	Feb	-4.0	—	272.0
25-Apr	Wed	4:20 PM	Taiwan	M2 (% YoY)	Mar	5.3	—	5.64
26-Apr	Thu	4:15 PM	Hong Kong	Exports (HK\$, % YoY)	Mar	5.7	—	11.6
26-Apr	Thu	4:15 PM	Hong Kong	Imports (HK\$, % YoY)	Mar	4.0	—	1.3
26-Apr	Thu	4:15 PM	Hong Kong	Trade balance (HK\$ bn)	Mar	-15.6	—	-7.5
26-Apr	Thu	1:00 PM	Singapore	Industrial production (% YoY)	Mar	3.1	3.4	0.1
27-Apr	Fri	12:30 PM	Korea	Industrial Production (% YoY)	Mar	3.5	—	-0.4
27-Apr	Fri	12:30 PM	Korea	Consumer Goods Sales (% YoY)	Mar	6.8	—	12.4
27-Apr	Fri	4:00 PM	Taiwan	Leading Indicators (% MoM)	Mar	0.0	—	-0.1
23-27 Apr			India	Exports (% YoY)	Mar	3.8	—	7.9
23-27 Apr			India	Imports (% YoY)	Mar	11.8	—	25.1
23-27 Apr			India	Trade balance (US\$ bn)	Mar	-4.0	—	-4.7
23-27 Apr			Korea	Real GDP (% YoY)	1Q P	3.8	—	4.0
23-27 Apr			Korea	Real GDP (% QoQ, sa)	1Q P	0.8	—	0.9
23-30 Apr			Thailand	Exports (US\$ BOP; % YoY)	Feb	18.0	—	17.8
23-30 Apr			Thailand	Imports (US\$ BOP; % YoY)	Feb	3.6	—	4.0
23-30 Apr			Thailand	Trade balance (BOP; US\$ bn)	Feb	1333.0	—	808.0

Other Events

24-Apr	India	RBI Annual Policy Statement
26-Apr	Malaysia	King's Installation (Holiday)
27-Apr	Malaysia	BNM Monetary Policy Meeting

Source: CEIC Data Company Limited, Bloomberg, Citigroup estimates.

What We Expect

Joe Lo
 Patricia Pong
 Hong Kong

Hong Kong: Higher inflation reflects retailers' stronger pricing power, while export growth likely fell due to less robust re-exports

CPI Inflation (Monday, 4:15 PM, Mar, Fcst.: 2.9% year over year)

The headline year-over-year inflation rate likely jumped to 2.9% in March from 0.8% in February after an end of the waiver of public housing rents for one month. Meanwhile, the underlying inflation trend likely remained stable, with the seasonally adjusted three-month moving average growth at around 0.2%. A continued rise in private house rent, higher transport prices and higher service prices remained major contributors to the rise in the CPI. A reduction in the government duty likely began to be reflected in prices of alcoholic beverages, but the impact was probably small for the month. A steady rise in the underlying inflation rate reflects retailers' stronger pricing power.

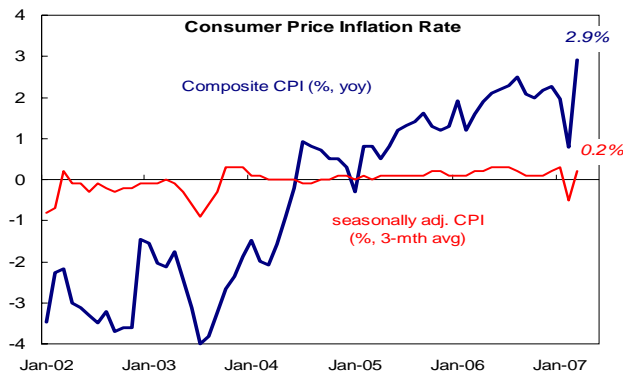
Mar 2007	Citigroup Forecast	Previous Data 1	Previous Data 2
Composite CPI (yoy % change)	2.9	0.8	2.0
(s.a. 3-month avg. mom % change)	0.2	-0.5	0.3

Source: CEIC, Bloomberg, Reuters, Citigroup estimates.

External Trade (Thursday, 4:15 PM, Mar, Fcst.: Exports: 5.7% year over year, Imports: 4.0% year over year, Trade Balance: -HK\$15.6bn)

Hong Kong's export growth likely fell in March, due to the effect of weaker Chinese export growth. China's export growth fell to a five-year low of 6.9% yoy in March from a record high of 51.7% yoy in February. This may dampen Hong Kong's re-exports. The easing in Hong Kong's exports growth is reflected in March's 2.8% yoy growth in loaded cargo throughput handled by the Hong Kong International Airport, compared to 8% yoy growth in February. Overseas protectionism against Chinese exports and faster RMB appreciation remain near-term risks for Hong Kong's re-exports. Meanwhile, positive domestic sentiment should continue to support the growth of retained imports for local use.

Hong Kong – Higher Inflation Rate after an End of the Waiver of Public Housing Rent



Source: HKSAR Government, Citigroup estimate.

Hong Kong – We Expect Further Weakening in Exports



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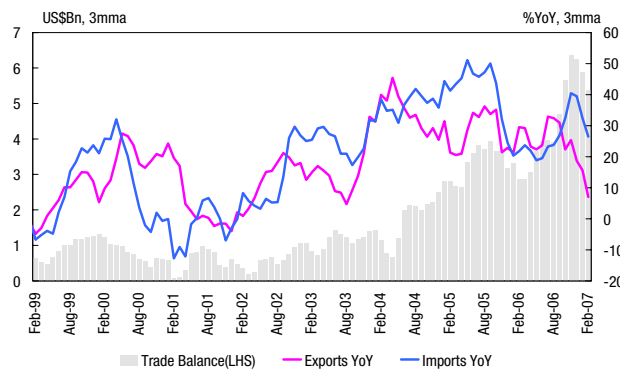
India: Single-digit export growth to continue

Rohini Malkani,
Anushka Shah
Mumbai

External Trade (23-27 Apr, Mar, Fcst.: Exports: 3.8% year over year, Imports: 11.8% year over year, Trade Balance: -US\$4bn)

Similar to trends seen since December, we expect export growth to remain a single digit in March. We expect this trend to continue for the next few months given that export growth during the January-August period averaged closed to 30% yoy. Going forward for FY08, export growth, which has been averaging 20%+ for the last five years, is likely to decelerate to sub-15% yoy levels on the back of economic moderation in the US, a high base effect and a lack of new export initiatives. However, imports are also likely to slow to 13.5% levels. This assumes stable oil prices (Dubai crude at US\$65/bbl), but continuation of 20%+ non-oil imports. While this will result in an increase in the trade deficit, due to the continued buoyancy in invisibles – remittances and software exports – we expect the current account deficit to remain around 1.5% of GDP. With capital flows likely to remain strong, we maintain our rupee appreciation view and comfortable stance on the external sector.

India – Exports, Imports and the Trade Balance



Source: DGC&S, Citigroup estimates.

Korea: High-tech weakness will weigh on GDP growth, while industrial production will likely remain sluggish

Suktae Oh
Seoul

Industrial Activity (Friday, 12:30 PM, Mar, Fcst.: Industrial Production: 3.5% year over year, Consumer Goods Sales: 6.8% year over year)

Industrial production is likely to remain sluggish in March, with flat month-on-month growth. Two major sectors - high-tech and auto – will likely report a decent decline from the previous month in terms of the seasonally adjusted series, considering the sluggish performance in currently available data such as high-tech exports and car units produced. The likely decline in these two sectors would be compensated by sustained strength in non-tech, non-auto sectors such as shipbuilding and machinery. We continue to think that the bottoming or rebound in industrial production should be driven by a high-tech recovery.

Consumer goods sales are likely to show a due correction in March after a pickup in February. The correction would be concentrated on auto sales and small store retail sales, while large store sales may be relatively strong considering data from the MOCIE. In conclusion, we expect the recent strength in consumption to persist in March.

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Mar 07	Citigroup Forecast	Previous Data 1	Previous Data 2
Industrial Production (% YoY)	3.5	-0.4	7.5
(% mom, sa)	0.0	0.5	1.3
Consumer Goods Sales (% YoY)	6.8	12.4	2.7
(% mom, sa)	-0.8	2.4	0.4

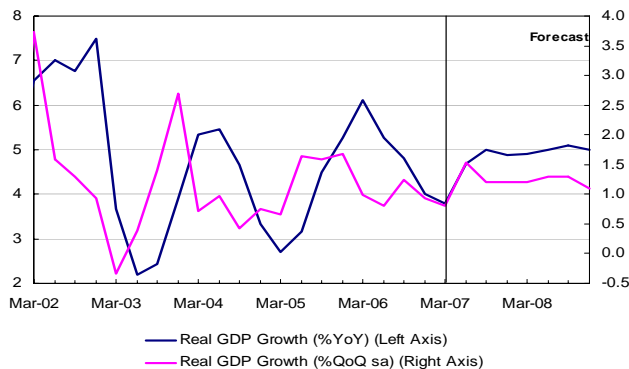
Source: NSO, Citigroup estimates.

Advance GDP (23-27 Apr, 1Q07, Fcst.: 3.8% year over year, 0.8% quarter over quarter SA)

We expect GDP growth to be sluggish or “sub-par” in 1Q07, mainly due to weakness in high-tech exports and production. Recent industrial production and exports data showed a clear contrast between the weak high-tech sector and the resilient non-tech sector, while the overall manufacturing production and export volume will likely slow from 4Q06 given the dominance of the high-tech sector. Consumption will likely be relatively strong, which may also boost service industry production. Facility investment may show a significant pickup while construction sector performance may be sluggish, considering the recent monthly data series.

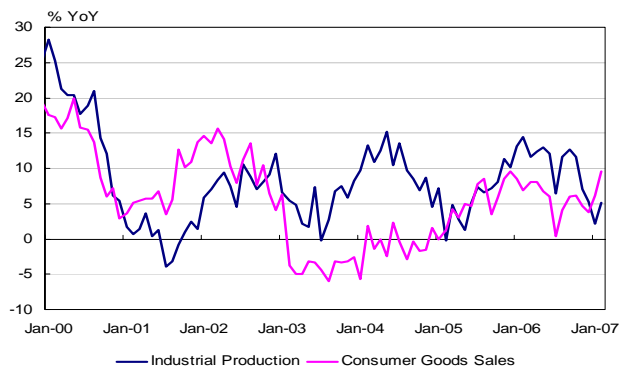
Our forecast assumes that the pace of GDP growth in 1Q07 may be a bit slower than the “cruising speed” that we had originally anticipated for the whole year 2007. We expect the pace of GDP growth to accelerate to potential or “cruising speed” in the 2H07. The most likely driver for this pickup in growth would be the recovery in the high-tech sector, as we think that the recovery in domestic demand (consumption, investment) is already mature.

Korea – Real GDP Growth



Source: CEIC Data Company Limited.

Korea – Industrial Production and Consumer Goods Sales, SA



Philippines: Expecting seasonally adjusted monthly import growth of 6.4% MoM in February

Jun Trinidad
Manila

External Trade (Wednesday, 9:00 AM, Feb, Fcst.: Imports: 10.0% year over year, Trade Balance: -US\$4mn)

We expect seasonally adjusted import growth of 6.4% mom in February to partially make up for the 10.3% mom drop in January. The sizeable monthly import gain corresponds to a 10% yoy rise in February. In line with favorable electronic exports in February, we expect electronic imports to rise by about 15% yoy during the month. This would leave the non-electronic import segment with 5.3% yoy growth during the month. With another modest

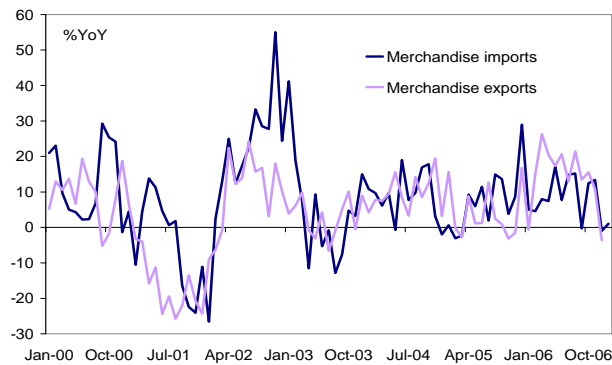
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contraction in the oil import bill, the non-oil, ex-electronic imports are expected to show faster growth of 9.5% yoy. While a cheaper dollar is conducive to imports, we think improving demand and inventory replenishment will comprise expected broad-based import gains. We estimate a near trade balance in February for a year-to-date trade surplus of US\$268mn. A trade surplus would reinforce the effect of strong remittance flows (up by more than 22.6% yoy over January-February) in backing up the peso against the USD.

Customs Data	Forecast	Previous 1	Previous 2
Feb merchandise imports (US\$, % YoY)	10.0	1.0	-1.0
YTD merchandise imports (US\$, % YoY)	5.3	1.0	8.7
Feb Balance of Trade (US\$ mn) surplus(+)/deficit(-)	-4	272	-478
YTD Balance of Trade (US\$ mn) surplus(+)/deficit(-)	268	272	-4,546

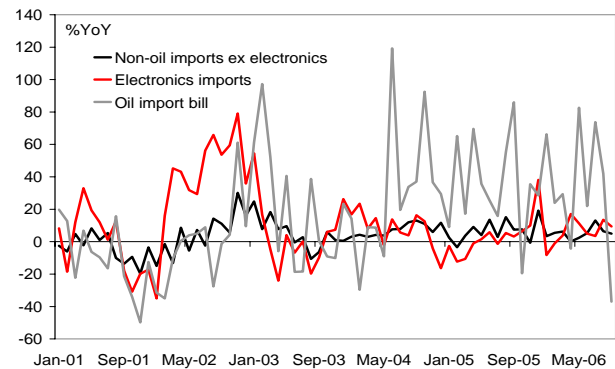
Source: CEIC Data Company Limited, Citigroup estimates, National Statistics Office.

Philippines – Merchandise Export Growth vs Import Growth



Source: CEIC Data Company Limited.

Philippines – Electronic Exports Moving in Line with Electronic Imports



Singapore: Industrial production and CPI probably edged higher in March

Hak Bin Chua
Singapore

CPI Inflation (Monday, 1:00 PM, Mar, Fcst.: 1.0% year over year)

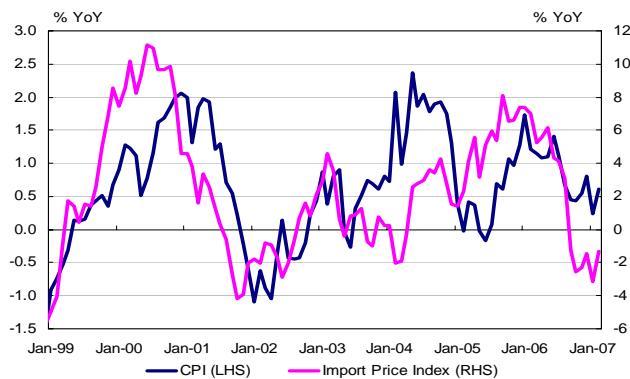
The CPI probably rose by 1% in March due primarily to higher fuel and food prices. Oil prices spiked in mid-March due to the detainment of British officers in Iran. Housing rent has also been rising and may show up in the housing component. Car prices have also climbed on lower COE supply. Rising wages, flush liquidity and improving domestic demand may be starting to have a more noticeable impact on price pressure.

Industrial Production (Thursday, 1:00 PM, Mar, Fcst.: 3.1% year over year, -3.8% mom sa)

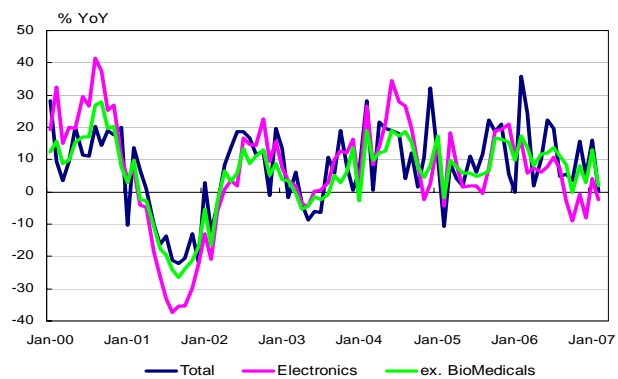
Industrial production is expected to gain 3.1% in March on the back of a modest tech recovery and continued strength in transport engineering. Pharmaceuticals may jump given a surge in pharmaceutical exports in March. Electronics may rebound with the recent March Electronics PMI pointing to stronger orders. A significantly better figure than the implied manufacturing growth estimate of 2.1% in March may warrant a first quarter growth upgrade from the flash of 6%. We think a small upgrade is likely, despite recent weak export readings. Services and construction may have also come in at higher growth rates.

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Singapore - CPI Inflation



Singapore - Industrial Production



Source: CEIC Data Company Limited.

Taiwan: Flow of data likely suggests that economic growth recovered modest steam in early 2007 from a sluggish 4Q06 but remained moderate

Cheng Mount Cheng
Renee Chen
Taipei

Unemployment Rate (Monday, 4:00 PM, Mar, Fcst.: 3.8% nsa, 3.95% sa)

A moderating economic expansion likely slowed job market improvement into late 1Q07. The unemployment rate likely remained stable at 3.8% for a fourth straight month in March, but edged slightly higher after adjusting for seasonal factors as a rise in labor force participation (rate) probably outpaced employment gains. The slowdown in export expansion and sluggishness of domestic production at the end of 2006 and the start of 2007 coupled with increased uncertainties over external demand likely led to more conservative hiring plans. While the pace of reduction in the labor market slack probably slowed, employment gains likely remained solid and employment conditions stayed stable amid a sustained cyclical uptrend.

Industrial Activity (Tuesday, 4:00 PM, Mar, Fcst.: Industrial Output: 0.8% year over year, Export Orders: 4.3% year over year)

Industrial output and export orders likely rebounded from a stagnant February in March, but maintained modest momentum. We estimate that the level of industrial production rebounded in March from its level in February mainly due to more working days. In terms of the year-on-year growth, industrial output likely recovered some of the February loss, but posted only sub-par growth, with a higher base-year effect partly responsible. Output in the electronic and information industries probably continued to cool off, in tandem with slowing high-tech exports, while consumption-related and machinery production likely remained subdued. On the other hand, output of chemicals and basic metal industries could have benefited from higher prices and resilient demand. Based on our estimates, industrial production picked up only very modest steam to expand by 1.3% yoy in 1Q07 after a stagnant pace of 0.7% yoy in 4Q06. We reversed our forecast for industrial production in 2007E to 3.3% from 5.0% previously to reflect the weaker-than-expected 1Q07 output growth.

Growth of export orders likely decelerated to a five-year low in March, mainly due to the higher base-year effect and lack of visibility of global high-tech demand, but rose to a

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three-month high in terms of value. Higher prices could underpin the value of chemical and base metal products, while resilient demand from China and intra-Asia trade probably helped to offset slower demand from the US. Overall, we think the trend of a bottoming-out of industrial production and moderate yet resilient external demand into early 2007 should remain intact.

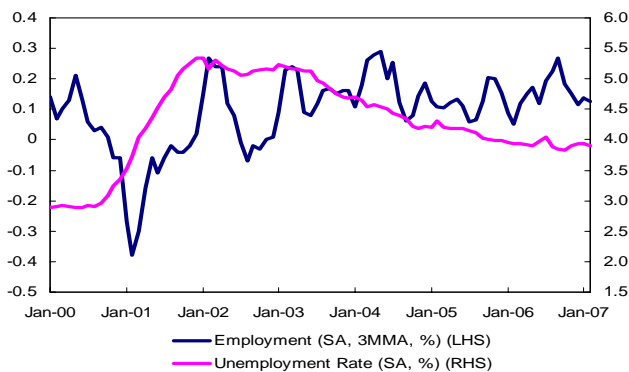
Money Supply, M2 (Wednesday, 4:20 PM, Mar, Fcst.: 5.3% year over year)

M2 growth probably pulled back on foreign capital outflows and slightly slower loan growth in March. M2 growth probably slowed to a pace slightly below the central bank’s target zone of 3.5-7.5% in March, mainly due to an outflow in foreign equity capital and a modest retreat in loan growth. If our forecast were on the mark, M2 growth would average 5.4% yoy in 1Q07, which is right at the median of the target and thus does not compel an aggressive path in monetary tightening.

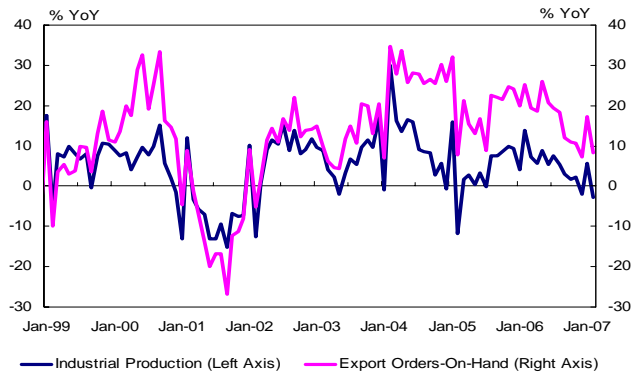
Index of Leading Indicators (Friday, 4:00 PM, Mar, Fcst.: 0.0% month over month)

The index of leading indicators likely remained flat at the previous month’s level amid slightly firmer export momentum but a weaker financial market in March. We estimate that the index of leading indicators consolidated in March at its previous month’s level, which would result in an overall stabilizing trend, following a small 0.1% mom decline in February. Among the seven component indexes¹, we assess that a slightly faster export expansion, more average working hours in the manufacturing sector and bigger rise in the wholesale price index (WPI) from six months earlier likely contributed positively to the composite index. On the other hand, a somewhat smaller year-on-year gain in local equity prices, modest deceleration in M1b growth, smaller increase in manufacturing new orders, and smaller floor area of building construction permits probably became drags. Overall, we think the index probably suggested that growth momentum could have bottomed out in 1Q07, but we see no clear sign yet of an immediate growth rebound.

Taiwan – Unemployment Rate



Taiwan – Export Orders and Industrial Production

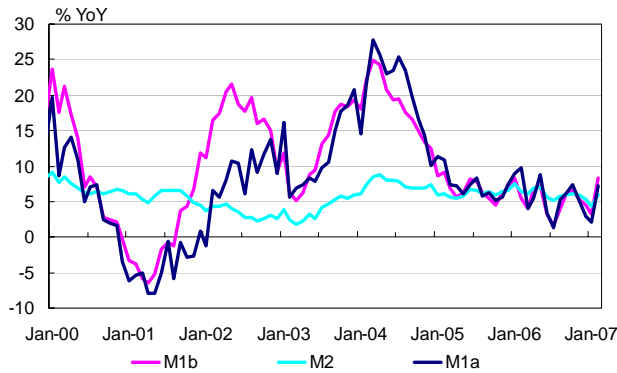


Source: CEIC Data Company Limited.

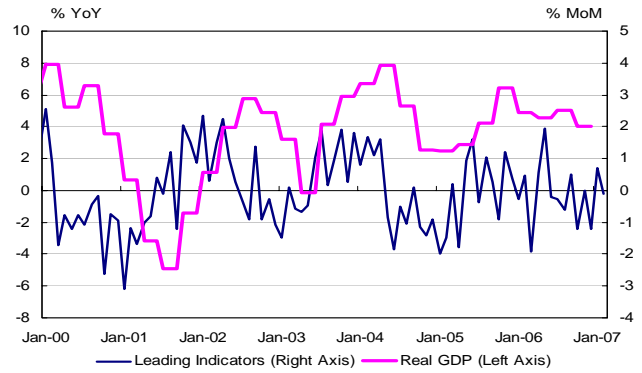
¹ All sub-indexes are seasonally adjusted figures.

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Taiwan – Money Supply



Taiwan – Index of Leading Indicators



Source: CEIC Data Company Limited.

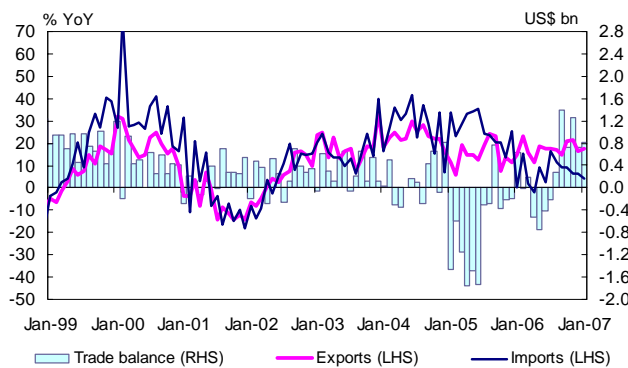
Thailand: We expect export volume to drive export growth as external demand has neutralized the strong currency effect

Jun Trinidad
Manila

External Trade (23-30 Apr, Feb, Fcst.: Exports: 18.0% year over year, Imports: 3.6% year over year, Trade Balance: US\$1,333mn)

We expect export volume to drive export growth in February of 18% yoy. Our forecast is in line with reported Customs trade data in February as external demand has neutralized the strong currency effect. Import growth will remain in a low single-digit zone. A collapse of the oil import bill as oil prices declined became in tandem with muted domestic demand that probably underpinned modest import growth. Buoyant exports net of feeble imports lead us to estimate a larger trade surplus of US\$1.3bn in February.

Thailand – External Trade



Source: CEIC Data Company Limited.

FX and IR Update

Moh Siong Sim
(65) 6328-5721

China

Following recent economic data, especially the above-consensus GDP for the third quarter and CPI for March, we have accelerated our forecast for 27 basis point hike of the base lending rate to around the May Day holidays. Although we think the market interest rates are likely move upward, with continuation of tightening policy bias, the latest moves in the markets may be overdone. There could be some corrections in the markets in the near term once the economic news settles in and policy actions become clear. We have maintained our forecast for the currency, despite recent slowdown in appreciation. A combination of strong economic data, include faster GDP growth and rising inflation, recent changes in the U.S. trade policy toward China, persistence of the abundant liquidity problem should propel steady appreciation of renminbi in the coming year.

Yiping Huang

India

We expect the rupee/dollar exchange rate to trade in a range of around 41.50 to 42.50 in the next three months. Near-term risks to the outlook include possible measures to stem capital flows in the RBI's monetary policy due on April 24. These include tightening overseas borrowing norms and reducing interest rates on NRI deposits. Possible factors that might potentially disrupt the long-term appreciation trend include sharp deterioration of the current account, prolonged burst of asset bubbles and collapse of the economy. These are the risk factors that we should monitor closely, but they are not in our base case scenario.

Rohini Malkani and Anushka Shah

Korea

We maintain our view of range-bound trade in the USD/KRW this year. We lowered our 1- and 6-month forecasts for the USD/KRW to 930. Our 1-month forecast suggests that the current won strength is not the beginning of a fresh trend, while the change in the six-month forecast is attributed to a time decay factor.

Suktae Oh

Malaysia

We have pushed back a modest rate hike expected in 4Q07 to 2008 given the benign March CPI outcome and prospects for CPI to hover within the lower end of the 1.5-2.0% range over the next few months. Despite renewed stock market jitters, the MYR appreciation trend appears intact. The authorities' apparent heightened tolerance for MYR strength, which could help rebalance economic growth in favor of stronger domestic demand, could pave the way for greater MYR appreciation that we initially expected.

Moh Siong Sim

Thailand

On sustained export flows and conversion, we upgraded our one-month view of the onshore USD/THB to 34.60. A hefty policy rate cut in May that will likely be priced in before the next MPC meeting should not derail the baht's uptrend, in our view. Over the next three to six months, we expect the currency pair to test a low range of 34. The

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familiar BoT presence in the onshore spot market will likely restrain faster nominal appreciation. As export flows likely wane later in the year, political risk heightens as we approach elections and the USD may start to improve in line with a less downbeat macro cycle, we expect the baht's gain against the USD to stall at around 34. Our view assumes that exchange curbs will be maintained throughout the forecast horizon.

We are changing our policy rate expectations to accommodate a narrow window of opportunity open to policymakers to further trim policy rates by another 50bps and lower the overnight repo rate to 3.5%. Whether the rate reduction is accelerated at the next MPC meeting or spread out over the next two meetings, the repo rate will probably settle in a neutral range. With our estimate of a real interest rate of about 2.5% using a simple Taylor rule specification, a 3.5% nominal policy rate implies core inflation risk capped to within 1%. While we derived this neutral rate of 3.5% from a model subscribing to inflation targeting, the downside risk to growth, if it is unrelenting, may compel the monetary authority to cut rates further (for a fuller discussion, please see Thai Market Weekly (April 18): Sighting a Neutral Range). Expectations for at least a 50bp cut at an MPC meeting scheduled for May 23 on the back of BoT Gov. Watanagase's comments recently will underpinned another bond market rally. We expect market sentiment and liquidity to drive the 10-year bond yield closer to the overnight repo rate in the near term.

Jun Trinidad, Manila

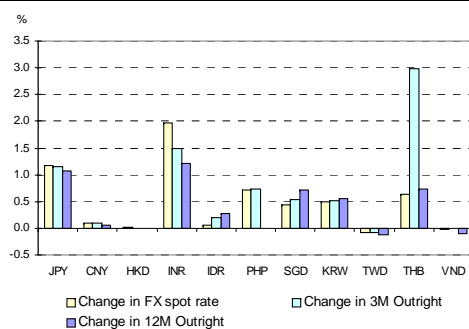
Vietnam

Liquidity remained ample in the banking system, partly as many enterprises have actively raised funds via issues of shares and bonds that increase corporate deposits. However, some retail investors withdrew their deposits to invest in stocks while the inflow of foreign portfolio capital appeared to have slowed after surging at the start of the year. We still see room for short-term interest rates to edge lower on abundant liquidity, in particular with our expectation for a token cut in US interest rates in 2H07, but we now look for a more moderate decline in VND interest rates.

The bond market saw some correction after yields dropped significantly in 1Q07. Investors, particularly foreign institutional investors, became somewhat cautious about bidding yields lower after yields hit a record low of 6.725% on 28 March and 7% appears to be solid support in the near term. The recent trend of modest depreciation of the VND against the USD probably also made VND assets less attractive now than they appeared at the start of the year. However, we think that investors may be waiting for a good time to buy in again and demand for VND bonds should remain intact. While we see the chance for bond yields to test lower levels, we think the anticipated increase in supply and strong domestic investment will likely add upward pressure on bond yields over the medium term. The upward revision of our inflation forecast is also behind our view of more limited downside for long-term interest rates.

Renee Chen

Change in FX Spot Rates and Outright Forwards (%)



Note: Negative number denotes currency loss versus USD.

Change in Onshore Cash Rates

	(bps)	19-Apr	12-Apr
Hong Kong	4	4.28	4.24
Indonesia	0	9.0	9.0
Malaysia	-2	3.61	3.63
Philippines	0	7.50	7.50
Singapore	-25	2.56	2.81
South Korea	0	4.50	4.50
Taiwan	0	1.78	1.78
Thailand	-8	4.19	4.27
Vietnam	1	7.15	7.14

Implied Profit/Loss from Our Forecasts vs. Outrights

Currency	1M	3M	6M	12M
JPY	-0.4	-2.0	-3.1	-4.3
CNY	0.0	2.3	2.9	2.5
HKD	-0.2	-0.3	-0.4	-0.6
IND	-2.1	-1.6	0.2	2.4
IDR	0.7	0.6	0.0	0.2
MYR	0.0	0.0	1.2	0.9
PHP	0.2	-0.7	-0.2	3.9
SGD	-1.2	-1.0	-0.7	0.1
KRW	-0.4	-1.1	-0.8	0.0
TWD	-0.2	-0.2	0.2	0.8
THB	1.2	1.2	1.6	0.1
VND	0.0	0.5	1.3	2.9

Note: Assumes short USD, long local currency outright position.

Our Interest Rates Forecasts vs. Market Forward Forecasts

Interest Rate	3M		6M		9M	
	Forward	Citigroup Forecast	Forward	Citigroup Forecast	Forward	Citigroup Forecast
US: Fed Funds	5.1	5.3	4.9	5.0	4.5	5.0
HK: 3M HIBOR	4.3	4.5	4.4	4.3	4.4	4.3
KR: 91D CD	5.0	5.0	5.1	4.9	5.1	4.9
MY: 3M KLIBOR	3.7	3.6	3.7	3.6	3.8	3.6
PH: 3M T-Bill	4.2	4.8	4.0	4.5	4.2	4.0
SG: 3M SIBOR	2.7	2.8	2.8	2.8	2.7	2.7
TW: 90D CP	1.8	1.8	1.9	1.8	2.0	1.8
TH: 3M BIBOR	5.4	4.3	5.4	4.5	5.4	4.4

Currency Forecasts and Forwards

	Range in March	Spot 19-Apr	1 Month		3 Months		6 Months		12 Months		2Q07	3Q07	4Q07	1Q08
			Forecast	Forward	Forecast	Forward	Forecast	Forward	Forecast	Forward				
Versus USD														
Japan YEN	115.98-118.12	117.96	118.00	117.50	119.00	116.59	119.00	115.27	118.00	112.93	119.00	119.00	118.00	118.00
Euro EUR	1.3099-1.3368	1.3590	1.3600	1.3606	1.3400	1.3635	1.2900	1.3672	1.2600	1.3720	1.3500	1.3300	1.2700	1.2600
China RMB	7.7273-7.7542	7.7185	7.6900	7.6920	7.4500	7.6225	7.3000	7.5145	7.1000	7.2755	7.4500	7.3000	7.2000	7.1000
Hong Kong HK\$	7.8089-7.8168	7.8128	7.8150	7.8032	7.8100	7.7881	7.8000	7.7673	7.7850	7.7400	7.8050	7.8000	7.7900	7.7850
India INR	42.78-44.39	41.77	42.50	42.09	41.70	42.55	43.00	43.10	42.75	43.79	42.00	43.50	43.25	43.00
Indonesia IDR	9105-9251	9088	9050	9113	9100	9155	9200	9200	9300	9323	9100	9200	9250	9300
Malaysia MYR	3.4518-3.517	3.4263	3.4200	3.4213	3.4000	3.4113	3.3700	3.3963	3.3400	3.3690	3.4000	3.3700	3.3600	3.3400
Philippines P	47.99-48.78	47.625	47.500	47.595	47.850	47.515	47.500	47.390	46.850	48.700	47.850	47.500	47.200	46.850
Singapore SGD	1.5162-1.5342	1.5107	1.5250	1.5069	1.5150	1.4998	1.5000	1.4896	1.4700	1.4712	1.5150	1.5000	1.4850	1.4700
South Korea KRW	937.6-952.5	927.0	930.0	926.3	935.0	924.8	930.0	922.8	920.0	920.0	930.0	935.0	928.0	920.0
Taiwan TWD	32.9-33.13	33.140	33.100	33.043	32.900	32.848	32.500	32.562	31.800	32.043	32.900	32.500	32.200	31.800
Thailand THB	35.31-35.83	34.755	34.600	35.010	34.250	34.658	34.000	34.533	34.250	34.295	34.400	34.000	34.100	34.250
Vietnam VND*	15998-16025	16040	16050	16046	16050	16129	16030	16232	16000	16467	16050	16030	16050	16000

Source: Reuters, Citigroup estimates.

Interest Rate Forecasts

		Range in March	19-Apr	In 1M	In 3M	In 6M	In 12M	2007	3Q07	4Q07	1Q08
US	Fed Fund Rate	5.25 - 5.25	5.25	5.25	5.25	5.00	5.00	5.25	5.00	5.00	5.00
	10-Year Treasuries	4.48 - 4.64	4.64	NA	NA	NA	NA	4.65	4.70	4.75	4.80
EU	Repo Rate	3.5 - 3.75	3.75	3.75	3.75	4.00	4.00	3.75	4.00	4.00	4.00
	10-Year Bunds	3.88 - 4.05	4.15	NA	NA	NA	NA	4.00	4.00	4.05	4.10
JP	Call Money	0.4 - 0.75	0.52	0.50	0.50	0.50	0.75	0.50	0.50	0.75	0.75
	10-Year JGBs	1.55 - 1.68	1.70	NA	NA	NA	NA	1.75	1.85	1.90	1.90
CN	1-year lending rate	6.12 - 6.39	6.39	6.66	6.66	6.66	6.66	6.66	6.66	6.66	6.66
	7-Day Shibor	1.36 - 2.2	3.45	2.50	2.70	2.90	3.00	3.00	2.60	2.80	3.00
	Government bond yield (5 -Year)	2.68 - 2.81	2.93	3.00	3.20	3.30	3.50	3.00	3.10	3.25	3.40
HK	3-Month Interbank Rate	4.13 - 4.27	4.28	4.40	4.50	4.30	4.35	4.50	4.30	4.30	4.35
	5-Year Exchange Fund Note	3.96 - 4.13	4.09	4.20	4.33	4.35	4.48	4.27	4.35	4.40	4.45
IN	Overnight Repo Rate	7.5 - 7.5	7.75	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
	Overnight Reverse Repo Rate	6 - 6	6.00	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
	91-Day T Bill	7.47 - 7.97	7.48	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
	10-Year Gilt	7.94 - 8.07	8.08	8.10	8.00	8.00	8.00	8.00	8.00	8.00	8.00
ID	BI Rate	4.27 - 4.27	9.00	9.00	8.75	7.00	6.50	8.75	7.00	6.50	6.50
	FR0026 11% 10/15/2014	9.51 - 9.90	9.43	9.50	9.25	9.00	8.75	9.25	9.00	8.75	8.75
MY	Overnight Policy Rate	3.5 - 3.5	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
	3-Month Interbank Rate	3.64 - 3.67	3.61	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
	5-year MGS	3.47 - 3.64	3.41	3.40	3.40	3.45	3.60	3.40	3.45	3.50	3.60
PH	O/N Rate	7.50 - 7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
	91-Day T Bill	3.51 - 4.32	3.73	4.00	4.75	4.50	4.00	4.70	4.50	4.00	4.00
	5-Year T Bond	5.67 - 6.37	6.38	6.50	5.85	6.00	6.50	5.85	6.00	6.25	6.50
SG	3-Month Interbank Rate	2.93 - 3.33	2.56	2.70	2.75	2.80	2.65	2.75	2.80	2.65	2.65
	10-Year SGS	2.88 - 3.09	2.67	2.70	2.75	2.80	2.65	2.75	2.80	2.65	2.65
KR	Overnight Rate	4.5 - 4.5	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
	91-Day CD	4.94 - 4.94	4.95	4.95	4.95	4.90	4.90	4.95	4.90	4.90	4.90
	5-Year Treasury	4.78 - 4.88	4.96	4.90	5.00	5.00	5.00	5.00	5.00	5.00	5.00
TW	Overnight Rate	1.68 - 1.76	1.72	1.77	1.80	1.82	1.85	1.80	1.82	1.84	1.85
	Re-discount Rate	2.88 - 2.88	2.88	2.88	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	91-Day CP Rate	1.75 - 1.76	1.78	1.79	1.82	1.84	1.87	1.82	1.84	1.86	1.87
	10-Year Government Bond	1.94 - 1.96	2.04	2.10	2.15	2.20	2.30	2.15	2.20	2.25	2.30
TH	14-Day Repo Rate	4.5 - 4.53	4.00	3.50	3.50	3.50	3.50	3.50	3.50	3.5	3.50
	3-Month Interbank Rate	4.41 - 4.67	4.19	4.50	4.30	4.50	4.25	4.30	4.50	4.37	4.25
	10-Year Government Bond	4.24 - 4.49	3.98	3.75	3.50	3.75	3.75	3.75	3.50	3.75	3.75
VN	3-Month Interbank Rate	6.98 - 7.85	7.15	7.10	7.00	6.75	6.75	7.05	6.80	6.75	6.75
	5-Year Treasury	6.73 - 7.65	7.10	7.00	6.90	6.75	7.00	6.95	6.80	6.80	7.00

Source: Datastream, CEIC Data Company Limited, Bloomberg, Reuters, Citigroup estimates.

Note: Quarterly forecasts are for period ends

Our forecasts on Indonesia policy rate from July 07 onwards are based on overnight BI rate rather than the current 1-month BI rate, following the expected change by Bank Indonesia

Data Review

Announcement	Release Date	HK/SG- Time	For	Actual	Citi Fcst	Mkt Fcst	Prev	Comments
China								
Real GDP (% YoY)	19-Apr	10:00 AM	1Q07	11.1	10.7	10.3	10.4	1Q data suggested that the government's effort to reorient its growth model was not successful. Overly strong data could have concerned the market and policymakers about growth sustainability. We continue to expect gradual and modest tightening, with probably another hike of 27bps before the May holiday and a 100bp increase in the reserve requirement through the end of the year. Faster currency appreciation is likely a necessity to rein in the excess liquidity problem and is likely to happen in the second and third quarters of this year.
CPI Inflation (% YoY)	19-Apr	10:00 AM	Mar	3.3	3.1	2.8	2.7	
Retail Sales (% YoY, nominal)	19-Apr	10:00 AM	Mar	15.3	14.3	14.5	16.9	
Value Added Industry (% YoY, real)	19-Apr	10:00 AM	Mar	17.6	17.2	15.8	12.6	
Fixed Asset Investment (% yoy, YTD)	19-Apr	10:00 AM	Mar	23.7	24.0	23.0	23.4	
Hong Kong								
Unemployment Rate (%SA)	19-Apr	4:15 PM	Mar	4.3	4.2	4.3	4.3	Despite a surprising decline in employed workers by 11,000 in January-March, we remain upbeat about the Hong Kong economy.
Malaysia								
CPI (% YoY)	18-Apr	5:00 PM	Mar	1.5	1.8	1.9	3.1	Benign headline inflation should buy time for policymakers to remain on hold.
Singapore								
Non-Oil Domestic Exports (% YoY)	17-Apr	1:00 PM	Mar	1.6	4.1	2.0	-6.6	A surge in pharmaceuticals led the rebound, while electronics remained sluggish.

Source: Bloomberg, CEIC Data Company Limited, Citigroup estimates.

Macro Forecasts

Key Macroeconomic Forecasts: Asia-Pacific (Change in Percent Unless Noted Otherwise)

		BG	CN	HK	IN	ID	KR	MY	PH	SG	TW	TH	VN	ASIA	NIEs	SEA-4
Real GDP Growth	2006E	6.0	10.7	6.8	9.2	5.5	5.0	5.9	5.4	7.9	4.6	5.0	8.2	8.3	5.4	5.4
	2007E	6.1	10.3	6.0	9.3	6.0	4.7	6.0	5.7	6.2	4.3	4.7	8.0	8.1	4.9	5.6
	2008E	6.1	10.7	5.8	9.4	6.5	5.0	6.0	5.8	5.6	4.8	5.0	8.0	8.4	5.1	5.9
Real Domestic Demand	2006E	n.a.	13.8	5.4	n.a.	3.7	4.1	7.4	4.6	6.4	1.0	3.4	8.7	8.9	3.6	4.4
	2007E	n.a.	14.3	5.0	n.a.	6.7	4.5	6.6	5.5	5.8	3.0	3.5	9.2	10.0	4.3	5.7
	2008E	n.a.	14.1	4.5	n.a.	8.4	4.2	7.5	6.4	5.1	3.3	4.6	9.9	10.4	0.0	0.0
Real Private Consumption	2006E	5.2	10.0	5.1	8.0	3.2	4.2	7.0	5.5	2.5	1.5	3.1	7.2	2.6	3.4	4.2
	2007E	5.2	10.3	4.8	8.2	4.5	3.4	6.2	5.4	3.8	3.0	4.3	7.5	2.8	3.5	4.9
	2008E	5.2	11.9	4.3	8.5	5.4	3.7	6.2	5.5	4.1	3.1	4.5	7.7	2.9	0.0	0.0
Inflation	2006E	6.8	1.5	2.0	5.3	13.1	2.2	3.6	6.3	1.0	0.6	4.7	7.5	3.2	1.7	8.2
	2007E	6.5	3.0	1.8	4.5	6.8	2.4	2.5	3.0	1.5	1.5	2.7	6.0	3.2	2.0	4.4
	2008E	6.5	4.5	3.6	4.5	6.4	2.6	2.5	3.8	1.7	1.7	2.6	6.0	4.0	2.4	4.3
Fiscal Balance (% of GDP)	2006E	-3.7	-1.0	3.7	-3.8	-1.0	0.4	-2.6	-1.0	10.0	-1.2	-0.3	-2.3	-1.2	0.9	-0.9
	2007E	-3.8	-1.8	2.0	-3.5	-1.3	2.0	-3.5	-0.7	7.0	-2.5	-2.0	-2.5	-1.6	1.3	-1.8
	2008E	-3.9	-2.0	1.5	-3.2	-0.9	2.0	-3.2	-0.3	6.0	-2.3	-1.0	-2.7	-1.7	0.0	0.0
Exports	2006E	17.0	27.2	9.5	20.0	17.5	14.8	14.0	14.6	18.4	12.9	17.4	22.1	18.9	13.7	15.9
	2007E	17.0	28.0	7.1	22.0	7.0	14.0	13.0	10.0	12.1	6.4	10.3	17.0	17.0	10.2	10.5
	2008E	17.0	25.0	7.7	22.0	10.0	16.0	14.0	8.0	15.4	9.5	9.5	20.3	17.4	0.0	0.0
Imports	2006E	13.0	20.0	11.6	25.2	5.9	18.5	14.4	10.6	19.3	11.0	7.0	20.1	15.8	15.0	9.8
	2007E	15.5	20.0	9.3	15.5	15.3	12.5	15.0	8.5	14.7	8.2	8.5	16.3	14.4	11.2	11.9
	2008E	15.5	23.5	9.4	13.9	20.0	16.0	17.0	9.5	18.1	9.7	9.8	19.5	17.2	0.0	0.0
Current Account (% of GDP)	2006E	1.4	6.8	10.7	-1.8	2.7	0.7	14.3	4.3	27.5	7.1	1.6	0.3	4.8	5.6	4.7
	2007E	1.4	6.5	8.8	1.6	1.5	0.9	12.5	4.2	24.6	5.2	1.7	-0.5	4.9	4.9	6.2
	2008E	1.3	5.3	6.1	0.9	0.9	0.8	10.4	3.0	22.5	5.0	0.3	-1.1	4.0	4.3	3.3
Avg. Exchange-Rate (per USD)	2006E	72.8	7.97	7.77	44.9	9203	956	3.67	51.6	1.59	32.5	37.9	15985	—	—	—
	2007E	75.4	7.40	7.80	43.2	9262	935	3.45	48.3	1.51	32.4	34.9	16035	—	—	—
	2008E	79.2	7.00	7.78	42.0	9366	900	3.35	47.0	1.44	31.2	35.0	15995	—	—	—
Nominal GDP (US\$ Bils.)	2006E	64	2626	190	913	363	887	149	116	132	356	206	61	5842	1565	834
	2007E	69	3510	199	1048	406	957	172	141	150	373	241	69	7196	1678	623
	2008E	74	4432	211	1223	454	1059	192	158	169	408	258	79	8461	1846	1062

Source: CEIC Data Company Limited, Citigroup estimates.

Policy Rates				
	Spot	Change (ppt)		
		1 Day	1 Mo	1 Yr
China - 1-year lending rate	6.39	-	-	0.81
Hong Kong - 3-Month Interbank Rate	4.28	(0.02)	0.07	(0.37)
India - Overnight Reverse Repo Rate	6.00	-	-	0.50
Indonesia - BI Rate	9.00	-	-	(3.75)
Malaysia - Overnight Policy Rate	3.50	-	-	0.25
Philippines - O/N Rate	7.50	-	-	-
Singapore - 3-Month Interbank Rate	2.56	-	(0.44)	(0.81)
South Korea - Overnight Rate	4.50	-	-	0.50
Taiwan - Overnight Rate	1.72	0.00	0.03	0.21
Thailand - 14-Day Repo Rate	4.03	-	(0.50)	(0.72)

Long Term Bond Yield				
	Spot	Change (ppt)		
		1 Day	1 Mo	1 Yr
China - Government bond yield (5-Year)	2.93	-	0.13	0.43
Hong Kong - 5-Year Exchange Fund Note	4.05	(0.04)	(0.06)	(0.50)
India - 10-Year Gilt	8.08	-	0.03	0.75
Indonesia - FR26	9.43	(0.00)	(0.17)	(2.41)
Malaysia - MGS 1/05	3.41	-	(0.20)	(0.72)
Philippines - 5-Year T Bond	6.38	-	-	(0.36)
Singapore - 10-Year SGS	2.67	-	(0.24)	(0.84)
South Korea - 5-Year Treasury	4.96	0.00	0.16	(0.25)
Taiwan - 10-Year Government Bond	2.04	-	0.09	0.15
Thailand - 10 Year Government Bond	3.98	(0.06)	(0.49)	(1.75)
Vietnam - 5-Year Government Bond	7.10	-	0.13	-

Other Indicators				
	Last Index Level	Change		
		1 Day	1 Mo	1 Yr
Fed Funds	5.19	-	(0.06)	0.44
6 month LIBOR	5.36	-	0.02	0.18
10 Yr UST	4.63	(0.02)	0.08	(0.40)
10 Yr Bund	4.138	(0.02)	0.23	0.18
Eurostoxx	3785	-0.95%	4.44%	6.92%
10 Yr JGB	1.680	(0.03)	0.11	(0.21)
10 Yr Swap	5.15	(0.03)	0.06	(0.41)
HY BB Index	459	0.00%	0.57%	9.12%
HY B Index	504	0.00%	1.02%	10.82%
VIX	12.42	-	(0.85)	1.10
DJIA	12804	0.00%	4.03%	11.91%
SPX	1473	0.00%	4.18%	11.04%
TPX	1707	-1.39%	-0.08%	-2.37%
NASDAQ	1832	0.00%	3.55%	5.37%
	63	-0.72%	9.49%	-
Oil, WTI				15.14%
Copper Index	361.50	0.00%	16.15%	15.39%
JPY/USD	118	-0.73%	0.45%	0.46%
USD/EUR	1.3590	-0.14%	2.01%	8.89%
ECB Marginal Lending	4.75	-	-	1.25
BOJ	0.54	0.04	(0.51)	(0.51)
Palm Oil Future	2,214	2.44%	10.70%	-
Gold	685	-0.70%	3.86%	6.57%
DRAM Benchmark Value Weighted Index	3,264	-0.31%	-8.95%	3.04%

Currency				
	Spot	Change (%)		
		1 Day	1 Mo	1 Yr
Bangladesh Taka	68.98	0.00%	-0.08%	1.30%
China Renminbi	7.71715	0.09%	0.26%	3.84%
Hong Kong Dollar	7.81375	-0.04%	-0.02%	-0.76%
Indian Rupee	42.13	-0.29%	3.84%	7.05%
Indonesian Rupiah	9102.5	-0.31%	0.58%	-2.41%
Malaysian Ringgit	3.4270	0.03%	2.03%	6.90%
Philippine Peso	47.685	-0.25%	1.54%	7.63%
Singaporean Dollar	1.5114	0.04%	1.03%	5.75%
South Korean Won	928.8	-0.02%	1.35%	1.80%
Taiwan Dollar	33.136	0.06%	0.00%	-2.20%
Thai Baht (onshore)	34.765	0.01%	0.19%	8.79%
Thai Baht (offshore)	32.475	-0.54%	0.69%	16.46%
Vietnam Dong	16047	-0.02%	-0.19%	-0.73%

Equities				
	Last Index Level	Change (%)		
		1 Day	1 Mo	1 Yr
Bangladesh DHAKA	1691	0.00%	-5.25%	18.75%
China (H Shares)	10029	-3.31%	7.78%	28.98%
China (Shanghai SE Composite)	3449	-4.74%	12.09%	59.50%
Hong Kong Hang Seng	20300	-2.35%	4.64%	17.09%
India NIFTY	3977	-0.87%	7.02%	11.09%
Indonesia Jakarta	1918	-2.15%	7.45%	24.25%
Korea KOSPI	1514	-1.38%	4.59%	5.01%
Malaysia Kuala Lumpur	1306	-1.70%	7.74%	27.59%
Philippines Composite	3238	-1.77%	6.14%	31.33%
Singapore Straits Times	3308	-2.78%	5.79%	21.84%
Taiwan Taiex	7889	-1.45%	1.93%	10.77%
Thailand SET	688	-0.65%	2.33%	-11.10%
Vietnam Ho Chi Minh	998	-0.30%	-11.94%	42.77%

EM CDS (5Yr)						
Spread (in bp)	Prev Close	Change			5s-2s	10s-5s
		1 Day	1 Mo	1 Yr		
China	10	0	-2	-11	5	7
India	47	0	-7	-12	-	-
Indonesia	110	0	-17	-61	57	76
Korea	16	0	-2	-7	6	7
Malaysia	16	0	-2	-13	7	9
Philippines	110	0	-17	-74	62	80
Thailand	39	0	-2	1	14	22

Volatility						
	Last ATMf	Change				
		1 Day	1 Mo	1 Yr		
China	1M Vol		1.10	-0.20	-0.20	-1.00
	3M Vol		1.53	0.03	0.08	-0.97
Hong Kong	1M Vol		0.70	0.00	-0.05	0.38
	3M Vol		0.70	0.00	-0.10	0.30
India	1M Vol		6.02	0.10	2.32	0.97
	3M Vol		5.92	0.17	1.82	0.82
Korea	1M Vol		3.90	0.00	-0.15	-3.30
	3M Vol		4.00	0.00	-0.10	-2.95
Singapore	1M Vol		3.25	-0.10	-0.23	-1.40
	3M Vol		3.30	-0.15	-0.20	-1.25
Taiwan	1M Vol		2.83	0.00	-0.48	-1.78
	3M Vol		3.25	0.00	-0.10	-1.80
Thailand	1M Vol		12.23	-0.52	-1.03	5.33
	3M Vol		10.06	-0.44	-0.69	3.36

Source: Bloomberg (as of 4/19/2007 5:03 PM).

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