

+-----+

## Asia Currencies Gain as Growth Signs Fuel Rally in Stocks, Debt 2012-02-29 03:57:31.6 GMT

By David Yong

Feb. 29 (Bloomberg) -- Asian currencies gained, capping the best two-month advance since April, after reports showed factory production in Japan and South Korea beat economists' estimates and confidence among U.S. consumers reached a one-year high.

The Bloomberg-JPMorgan Asia Dollar Index, which tracks the region's 10 most-traded currencies excluding the yen, rose 0.6 percent this month, adding to a 1.7 percent rally in January. Overseas investors bought \$6.3 billion more equities than they sold in South Korea, Taiwan and Thailand in February, helping spur a bull run in Asian stocks, identified as a 20 percent increase from the previous low.

"The market is slowly removing the risk of a hard-landing scenario as economic data are holding up well and not keeling over," said Matthew Huang, a strategist in Singapore at Macquarie Group Ltd. "You also have an easing in Europe's funding stress, which is a risk-positive event."

Thailand's baht surged 2.2 percent to 30.25 per dollar this month as of 10:39 a.m. in Bangkok and climbed 0.3 percent today, according to data compiled by Bloomberg. Malaysia's ringgit jumped 1.6 percent from Jan. 31 to 2.9993, a level last seen in September, India's rupee gained 1.1 percent to 48.905 and Taiwan's dollar appreciated 0.7 percent to NT\$29.413.

Demand for riskier assets helped lift the MSCI Asia-Pacific Index of stocks by 5.5 percent this month and is up more than 20 percent from an Oct. 5 low. Global funds purchased a net \$21 billion of equities in India, the Philippines, South Korea, Taiwan and Thailand this year, according to stock exchange data.

### Bonds Rally

Local-currency government bonds in emerging markets handed investors a 2.6 percent return this year through yesterday, according to a JPMorgan Chase & Co. index, the best start to a year since 2006. An index tracking such debt in Asia's 10 biggest markets rose 4.1 percent, according to HSBC Holdings Plc.

The Thai baht was set for its best month since July, while Malaysia's ringgit reached the strongest level in more than five months.

"With some risk appetite in the market, we still see dollar selling against regional currencies," said Paisarn Lertkowitz, a currency trader in Bangkok at Bangkok Bank Pcl.

"Investors may think Thailand will have a V-shaped recovery from last year's floods, attracting fund inflows."

### Factory, Confidence Reports

South Korea's won gained 0.3 percent in February, a second monthly advance, as oil prices traded near a one-week low after retreating from the highest level in nine months. The currency rose 0.4 percent to 1,119.50 per dollar in Seoul today and earlier touched 1,118.55, the strongest level since Feb. 10.

Industrial production in South Korea rose 3.3 percent last month from December, the government said today, versus analysts'

forecasts for a 0.5 percent drop. In Japan, factory output increased 2 percent, according to a Trade Ministry report, more than the 1.5 percent median estimate in a Bloomberg survey. Consumer confidence in the U.S. reached a one-year high of 70.8 in February, according to the Conference Board.

“A retreat in oil prices and positive U.S. data set a favorable tone for won trading,” said Lee Kun Hee, a currency dealer at Korea Exchange Bank in Seoul. “Depending on month-end export settlements, gains may widen later in the day.”

#### Yuan Fixing

China’s yuan gained 0.22 percent to 6.2948 per dollar in Shanghai this month. The People’s Bank of China fixed its daily reference rate 0.07 percent stronger at a 6.2919 today, the highest level since the nation ended a fixed exchange rate in July 2005.

“A record fixing shows the PBOC is still comfortable with yuan appreciation even amid slowing economic growth,” said Stella Lee, president of Success Futures & Foreign Exchange Ltd. in Hong Kong.

The Philippine peso rose 0.3 percent to 42.705 per dollar, headed for a 0.4 percent gain in February, after the central bank said yesterday it will tolerate appreciation because of capital inflows.

Policy makers will cut the benchmark interest rate to 4 percent from 4.25 percent at a meeting tomorrow, according to 14 of 18 economists in a Bloomberg News survey. Three expect no change and one a cut to 3.75 percent.

Elsewhere, Indonesia’s rupiah slipped 1.2 percent to 9,103 per dollar in February, ending a two-month advance. The Vietnamese dong traded at 20,875, or 0.7 percent stronger than Jan. 31.

--Editors: Simon Harvey, Ven Ram

To contact the reporters on this story:

David Yong in Singapore at +65-6212-1169 or [dyong@bloomberg.net](mailto:dyong@bloomberg.net)

To contact the editor responsible for this story:

Sandy Hendry at +852-2977-6608 or

[shendry@bloomberg.net](mailto:shendry@bloomberg.net).

%VND

%KRW

%KRW

%USD

%SGD

%THB

%PHP

%TWD

%IDR

%MYR

%HKD

%CNY