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Asian Currencies Gain, Led by Ringgit, Won, on Export Recovery 2010-03-10 09:17:40.477 GMT

By Patricia Lui

March 10 (Bloomberg) -- Asian currencies strengthened, led by Malaysia's ringgit and the South Korean won, as signs economic growth is gathering pace in the region attracted global investors.

China today reported the biggest increase in exports for three years, fueling speculation the yuan will be allowed to resume appreciation. Stock markets in Taiwan, India and South Korea have each taken in more than \$1 billion from abroad since the start of last week, exchange data show.

"Asian currencies are all doing quite well today as stock markets are rising and triggering inflows," said Ho Woei Chen, a regional economist at United Overseas Bank Ltd. in Singapore. "China's February exports have very important implications for the yuan and rest of Asia."

The Malaysian ringgit appreciated 0.6 percent to 3.3220 per dollar as of 4:30 p.m. in Kuala Lumpur, earlier touching an 18-month high of 3.3135. The won climbed 0.3 percent to 1130.93, near its strongest level in seven weeks. The Indonesian rupiah gained 0.3 percent to 9,183.

China's February overseas sales rose 45.7 percent from the same month last year, beating all but two of 28 economist estimates in a Bloomberg survey. The yuan has been kept stable versus the dollar since July 2008 to support exports, drawing criticism from the U.S. and Europe who say an undervalued currency gives Chinese exporters an unfair advantage.

'Brightening' Outlook

A central bank survey of economists in Singapore projected 6.5 percent growth for the city-state's gross domestic product this year, a percentage point more than at the last poll in December. Philippine exports in January jumped 42.5 percent, the most since 1995, according to figures published today.

"The economic picture is brightening despite all the caution flagged by the central banks and finance ministry officials around the world," said David Cohen, a Singapore-based economist at Action Economics. "The data still continues to show a global economic recovery led by Asia. That should be positive for Asian currencies."

The ringgit strengthened and the Kuala Lumpur Composite Index of shares was headed for a two-year high before a government report tomorrow that's forecast to show industrial output picked up in January. Production increased 11.7 percent from a year earlier following an 8.9 percent gain in December, according to the median estimate of economists surveyed by Bloomberg. The central bank raised its key interest rate last week, saying an economic recovery is "firmly established."

"The recovery story is looking good and the market is upbeat about the prospect of further rate increases," said Tan Voon Ching, a

currency trader at OSK Investment Bank Bhd. in Kuala Lumpur. "Stocks are rising, providing support for the ringgit."

Foreign Funds

Taiwan's dollar today reached a one-month high of NT\$31.73 versus the greenback before slipping to close little changed on suspected central bank intervention. Overseas investors bought \$1.4 billion more of the island's shares than they sold this month through yesterday.

"There are foreign funds who want to invest," said Hao- Yun Juan, a foreign-exchange trader at Kingstown Bank in Taipei. "People will not push appreciation too rapidly because the central bank will give some support for the Taiwan dollar."

India's rupee strengthened 0.4 percent to 45.45 following net share purchases of \$1.6 billion in the country's first five trading days of March. Korean equities attracted \$1.4 billion from abroad this month through yesterday.

The Philippine peso climbed 0.2 percent to 45.640 per dollar and the Thai baht strengthened 0.1 percent to 32.68. The yuan was little changed at 6.8262.

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