

Strategy

Policy, Policy, Policy

Joshua Tan, Strategist

Phillip Securities Research Pte Ltd
FSSTI: 3011.7
S&P500: 1350.5

15 February 2012

In our morning market commentaries since 3rd Jan 2012 (see Morning Notes) we have only been positive on global equities in the *short term* as economic contractions eased and liquidity improved. This stands in contrast however to our *larger trend* outlook, where we have been maintaining a bearish stance as economies in Europe and China face significant slowdown with downside risk, while the US itself is undergoing progressively heavy fiscal tightening from now thru 2013. We have now, added to the mix, a series of strong policy statements, which makes market forecasting an interesting game to say the least, as prospects of further QE from the US and EZ, plus China's likely fiscal loosening, make stocks for the next 6 months possibly a win-win proposition.

In the medium term, if the global economy is stronger than we expect, stocks will rise. If the global economy is weak as we expect, stocks will still rise, as we will have a wave of policy induced liquidity from the west, plus a fiscal stimulus from China. The only situation where stocks will not rise is a recession, which is not our 2012 base case (slowdown not recession). Thus, on the hope of policy stimulus, in the medium term, markets are more likely to use corrections as opportunities to load up. Whether it's the last gasp of this cycle, or the beginning of a new cycle is debatable. At present, we tend to think it's the former, and still take a cautious view of the market over the larger trend: the US faces massive fiscal tightening in 2013, global policy fatigue may set in by then, and we may still have a messy Greek exit from the euro before 2012 is over.

- This is going to be a short strategy note. In our morning market commentaries since 3rd Jan 2012 (see Morning Notes) we have been generally positive on global equities in the *short term* as the following reasons mounted:
 - (1) the rate of economic contractions in the Eurozone and Asia had eased somewhat, while the US has outperformed,
 - (2) unlimited 3yr long term refinancing operations (LTROs) by the ECB has successfully resulted in backdoor Quantitative Easing (QE) of Eurozone sovereign debt thru the banks, and
 - (3) Fed considers QE3 and anchors low rate expectations till late 2014.
- This stands in contrast however to our *larger trend* outlook, where we maintained a bearish outlook for equities as economies in Europe and China face

significant slowdown and downside risk, while we recognise that the US itself will undergo progressively heavy fiscal tightening from now thru 2013. This may still prove to be the economic case as current economic stabilization may not translate into a strong rebound, leading to a new cycle of above trend growth as the market seems to expect. The 2012 recovery story remains vulnerable:

- (1) US will experience progressive fiscal tightening from now thru 2013, amounting to US\$241b in 2012, US\$501b in 2013 (Fig.1, next page), mainly from tax revenues reverting to normal.
 - (2) After March 2012 the EZ will undergo stronger fiscal austerity under the New Fiscal Compact,
 - (3) China is undergoing a dangerous twin slowdown in the rate of investment and external trade, which collectively represent 70% GDP (Fig.2).
- Asia is feeling the slowdown with growth prospects for most EM Asia countries downgraded with the exception of Indonesia. Singapore's growth is expected to moderate around 2% with downside risk. 4q11 looks like an economic bottom (Fig.3), but the rebound from here could be weak, given the external context.
 - However, policy, policy, policy, makes market forecasting an interesting game to say the least, and can leave the economics behind. Here are the 2012 policy responses in the event of economic weakness:
 - (1) the Fed will conduct QE3 if the US economy is weak, on the condition that it does not believe additional QE will unhinge inflation expectations,
 - (2) Eurozone has no fiscal bullets left but can engage in cutting the benchmark rate below the current 1%, and can further expand LTRO operations which for all intents and purposes is QE thru the backdoor in the name of bank liquidity. Mario Draghi is a much more dovish ECB president than predecessors, and will likely err on the side of growth,
 - (3) China is likely to unleash fiscal loosening (not credit loosening) as investment and exports drop like a rock (Fig.2). Premier Wen has hinted that policy will be fine-tuned this quarter 1q12.
 - The bottom line: for the medium term at least, stocks look like a win-win. If the global economy is stronger than we expect, of course stocks will rise. If the global economy is weak as we expect, we will have a wave of policy induced liquidity from the west, a fiscal stimulus from China, and stocks will still rise. The only situation

where stocks will not rise is a recession, which is not our 2012 base case (slowdown not recession).

- On the hope of policy stimulus, markets are more likely to use corrections as opportunities to load up. In the medium term of 6 months perhaps, risks are to the upside on an impending wave of policy inducement.
- Whether it's the last upswing of this cycle, or the beginning of a new cycle, is debatable. But at present, we tend to think it's the former and so for the larger trend continue to take a cautious view of the market, especially by 4q12, as:

- (1) US GDP is likely to drag in 4q12 – 2q13, as under current law, fiscal tightening is set to step up substantially into 2013. Expect this variable to see-saw throughout the year in fierce political battles as Democrats try to avoid this fate with extended stimulus, while Republicans accuse them of profligacy,
- (2) EZ's will be in the middle of austerity and structural reform,
- (3) Market enthusiasm from fiscal stimuli if enacted by China in 2q12 would be on the wane by then,
- (4) Greece, by voting in the austerity plans and giving political pledges to stick with them, will likely receive its next tranche of 14.5b euro bailout money for its 20th March bond redemption deadline. This may have only bought time for 6 months, as the Greek economy is still caught in a spiral of austerity-contraction-austerity. We may yet see a messy Greek exit from the Euro before year end.

Fig.1: 2013 is going to be especially tight for the US

Deficits or Surpluses Projected in CBO's Baseline					
(Billions of dollars)	2011	2012	2013	2014	2015
Revenues	2,302	2,523	2,988	3,313	3,568
Outlays	3,598	3,601	3,573	3,658	3,836
Total Deficit	-1,296	-1,079	-585	-345	-269
Net Interest	227	224	231	247	282
Primary Deficit (-) or Surplus ^a	-1,069	-855	-354	-98	14
Memorandum (As a percentage of GDP):					
Total Deficit	-8.7	-7.0	-3.7	-2.1	-1.5
Primary Deficit (-) or Surplus ^a	-7.1	-5.5	-2.2	-0.6	0.1
Debt Held by the Public					
at the End of the Year	67.7	72.5	75.1	74.8	72.6

Source: Congressional Budget Office.

Fig. 2: China's investment, export growth has dropped like a rock

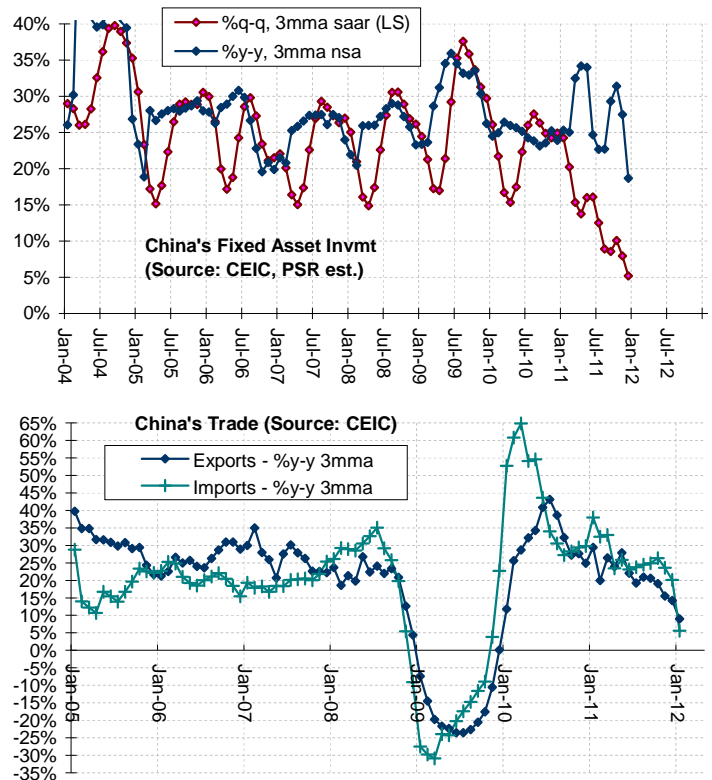
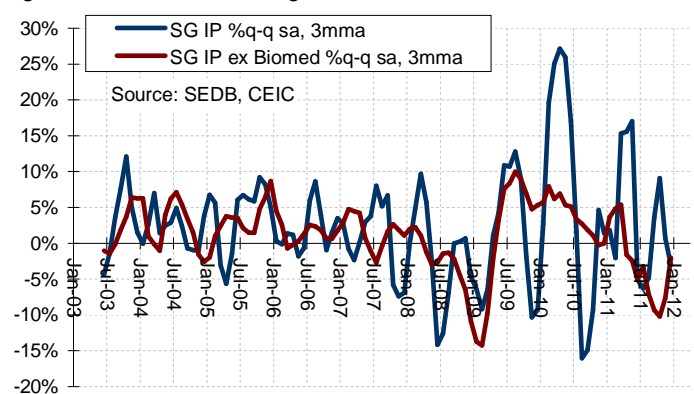


Fig.3: Will SG have a strong rebound from here?



SG Econ Indicators:	2010		2011									2012			
	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan
GDP (Real) & Employment:	4Q10		1Q11			2Q11			3Q11			4Q11			
%y-y non-seasonally adjusted	12.0%			9.4%			1.0%			6.1%			4.8		
Goods Sector	20.2%			14.2%			-4.4%			12.0%					
- Manufacturing	25.5%			16.8%			-5.6%			14.2%			6.5		
- Construction	-2.0%			2.4%			1.5%			0.3%			1.8		
Services Sector	8.8%			7.7%			4.0%			3.7%			4.6		
%q-q seasonally adjusted annual rate	3.9%			27.9%			-6.4%			1.9%			-4.9		
Goods Sector	-0.4%			80.8%			-18.9%			8.0%					
- Manufacturing	0.7%			99.5%			-23.6%			11.7%			-21.7		
- Construction	-10.2%			13.5%			13.3%			-11.8%			-6.7		
Services Sector	5.6%			10.5%			-0.2%			-0.6%			3.4		
Unemployment Rate (sa)	2.2%			1.9%			2.1%			2.0%			2.0		
Chg (q-q) in Employment Level ('000)	33.9			28.3			24.8			31.9					
- Chg in Mfg	(1.2)			0.1			0.8			3.9					
- Chg in Construction	0.9			1.5			3.6			6.7					
- Chg in Services	30.9			26.5			20.2			21.2					
1st wk of the month															
Mfg PMI	51.4	50.7	50.5	52.3	50.1	52.5	50.8	50.4	49.3	49.4	48.3	49.5	48.7	49.5	48.7
- New Orders	50.9	50.3	50.8	52.8	49.1	53.9	50.9	49.7	48.9	49.5	48.4	48.2	47.5	48.9	47.7
- New Export Orders	52.7	50.7	49.1	51.1	50.1	54.1	51.4	49.3	49.1	48.7	47.6	46.8	47.3	49.5	49.0
- Employment	51.5	51.8	49.4	52.5	50.4	52.2	50.6	50.7	49.0	49.3	48.5	49.1	48.2	49.2	48.5
Electronics Mfg PMI	53.2	52.2	50.8	52.6	51.3	53.0	51.4	50.9	49.5	48.0	47.2	52.1	50.9	49.7	50.5
- New Orders	56.0	54.2	51.8	53.7	51.9	54.3	51.9	50.8	49.6	48.4	46.9	51.7	49.2	48.3	50.4
- New Export Orders	56.9	53.4	50.9	54.6	54.2	55.0	55.8	52.5	49.3	47.6	46.1	50.8	48.4	49.1	50.9
1st or 2nd wk of the month															
Construction:															
Contracts Awarded (%q-q, 3mma)	-23.9%	3.2%	2.7%	28.6%	10.9%	-6.0%	6.5%	8.9%	14.5%	-1.8%	-3.5%	-8.6%	-3.1%	-18.9%	
Contracts Awarded (%y-y, 3mma)	9.8%	33.2%	40.8%	45.0%	36.6%	35.2%	28.5%	20.6%	23.2%	2.3%	20.3%	1.0%	30.3%	-5.5%	
Retails Sales Index (Real)															
%q-q, 3mma sa	1.9%	-0.1%	-0.9%	-3.1%	-3.2%	-0.3%	4.8%	7.8%	6.6%	2.2%	-2.3%	-4.1%	-1.2%		
%y-y, 3mma nsa	-0.9%	-1.0%	-0.2%	-4.2%	-4.9%	-3.4%	3.9%	7.6%	8.4%	6.2%	2.1%	1.1%	2.2%		
%y-y, 12mma nsa	-3.0%	-2.5%	-2.5%	-3.8%	-3.5%	-2.7%	-1.5%	-0.1%	0.8%	1.1%	0.8%	1.4%	1.8%		
2nd/3rd wk of the month	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	
Trade:															
Total Trade (m-m, sa)	-2.0%	1.3%	9.3%	-6.5%	9.1%	-4.3%	3.5%	-3.7%	-3.8%	7.3%	-3.5%	0.9%	4.1%	-3.9%	
Exports (m-m, sa)	-4.1%	3.9%	8.7%	-4.6%	2.2%	-2.3%	2.4%	-2.3%	-2.3%	1.1%	1.4%	0.1%	0.2%	5.0%	
Imports (m-m, sa)	0.5%	-1.6%	10.0%	-8.6%	17.6%	-6.4%	4.8%	-5.1%	-5.6%	14.4%	-8.7%	1.8%	8.4%	-13.0%	
Trade Surplus (q-q, 3mma, sa)	27.9%	33.4%	5.9%	37.5%	0.0%	-15.3%	-49.9%	-28.1%	-7.8%	6.1%	-5.1%	-23.3%	-2.3%	24.9%	
Trade Surplus (y-y, 3mma, nsa)	80.2%	57.8%	50.9%	97.7%	45.7%	18.2%	-21.5%	-7.1%	14.2%	-2.1%	-5.5%	-29.7%	-26.2%	-19.7%	
Trade Surplus (y-y, 12mma, nsa)	62.4%	59.8%	57.6%	60.8%	55.6%	54.4%	38.0%	36.9%	46.9%	27.9%	18.3%	5.7%	0.8%	-1.0%	
NODX: Non-Oil Domestic Exports (m-m, sa)	-12.2%	7.9%	2.0%	2.0%	-3.0%	-3.8%	6.9%	-4.1%	-2.4%	7.0%	-9.2%	-6.0%	5.8%	16.4%	
q-q, 3mma, sa	0.2%	-0.3%	-4.6%	2.6%	3.0%	2.6%	-1.3%	-2.1%	-0.5%	-0.4%	-1.6%	-4.5%	-7.9%	-1.3%	
y-y, nsa	9.9%	9.3%	20.6%	6.7%	9.8%	-2.0%	7.1%	1.0%	-2.9%	3.8%	-4.6%	-16.3%	1.4%	9.0%	
y-y, 3mma, nsa	22.1%	17.6%	13.1%	12.2%	12.2%	4.7%	4.9%	1.9%	1.6%	0.7%	-1.2%	-5.9%	-7.0%	-2.7%	
y-y, 12mma, nsa	14.4%	15.7%	17.8%	19.6%	19.8%	19.5%	20.3%	19.6%	18.5%	18.1%	16.7%	13.8%	13.6%	13.6%	
NORX: Non-Oil Re-Exports (m-m, sa)	-1.9%	2.5%	1.0%	-4.2%	-2.2%	-0.8%	4.4%	-3.4%	-3.6%	-3.2%	10.0%	7.6%	-4.0%	-3.3%	
y-y, 3mma, nsa	13.3%	12.9%	11.3%	9.6%	5.5%	2.1%	0.3%	-1.9%	-4.5%	-8.2%	-6.7%	-1.7%	3.5%	1.7%	
y-y, 12mma, nsa	17.6%	17.7%	16.0%	16.1%	14.5%	12.7%	10.8%	8.4%	6.0%	3.1%	2.0%	1.5%	0.9%	-0.6%	
3rd wk of the month	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	
Industrial Production:															
%m-m, sa	1.9%	-12.7%	15.6%	-1.8%	30.0%	-18.5%	-2.6%	2.3%	0.4%	5.0%	-2.0%	13.0%	-24.5%	7.8%	
ex-biomed (%m-m, sa)	1.2%	1.4%	7.7%	-6.1%	1.9%	-5.8%	4.1%	-3.1%	-5.3%	-3.9%	-2.8%	-0.6%	-0.5%	6.7%	
%q-q, 3mma, sa	4.6%	1.4%	1.8%	-2.1%	15.3%	15.6%	17.0%	-5.1%	-6.3%	-4.8%	3.6%	9.1%	0.7%	-3.0%	
ex-biomed (%q-q, 3mma, sa)	-0.2%	0.0%	3.6%	4.8%	5.4%	-1.6%	-2.4%	-5.1%	-3.2%	-7.1%	-9.3%	-10.2%	-7.6%	-2.0%	
%y-y, nsa	41.2%	8.8%	10.5%	4.7%	29.8%	-9.4%	-16.4%	10.8%	7.6%	22.9%	11.3%	23.4%	-8.0%	12.6%	
ex-biomed (%y-y, nsa)	17.8%	10.6%	18.3%	10.1%	7.3%	-0.4%	3.9%	0.9%	-6.8%	-10.2%	-12.8%	-12.3%	-13.5%	-9.0%	
%y-y, 3mma, nsa	31.9%	25.7%	18.9%	8.0%	15.8%	7.7%	-0.1%	-5.9%	-0.4%	13.5%	13.6%	19.1%	8.9%	9.2%	
ex-biomed (%y-y, 3mma, nsa)	16.6%	13.5%	15.3%	13.0%	11.8%	5.4%	3.6%	1.4%	-0.8%	-5.4%	-10.0%	-11.8%	-12.9%	-11.6%	
Electronics:															
%m-m, sa	9.3%	-3.0%	9.4%	-10.9%	5.6%	-10.4%	3.3%	-12.7%	-4.7%	-4.3%	-4.1%	0.9%	-2.8%	7.6%	
%q-q, 3mma, sa	-0.2%	-0.1%	6.0%	3.2%	4.1%	-6.4%	-5.4%	-12.7%	-12.0%	-18.0%	-15.8%	-13.9%	-8.7%	-2.8%	
%y-y, 3mma, nsa	20.5%	14.7%	17.4%	10.7%	9.0%	0.1%	-2.3%	-9.7%	-13.2%	-20.0%	-23.5%	-24.8%	-26.8%	-25.3%	
3rd or 4th wk of the month	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	
Inflation:															
CPI %m-m	0.3%	0.2%	1.6%	-0.1%	0.1%	0.3%	0.6%	-0.2%	1.5%	0.7%	-0.2%	0.4%	0.6%	0.0%	
CPI %y-y	3.8%	4.6%	5.5%	5.0%	5.0%	4.5%	4.5%	5.2%	5.4%	5.7%	5.5%	5.4%	5.7%	5.5%	
CPI %y-y 12mma	2.4%	2.8%	3.3%	3.6%	3.9%	4.0%	4.1%	4.3%	4.5%	4.7%	4.9%	5.0%	5.2%	5.2%	
MAS core-inflation (%m-m)*	0.3%	0.0%	-0.6%	0.4%	0.7%	0.2%	-0.2%	0.3%	0.2%	0.7%	0.1%	0.3%	0.4%	0.2%	
MAS core-inflation (%y-y)	2.2%	2.1%	2.0%	1.8%	1.8%	2.2%	2.1%	2.3%	2.2%	2.2%	2.1%	2.3%	2.4%	2.6%	
MAS core-inflation (%y-y 12mma)	1.2%	1.5%	1.7%	1.8%	2.0%	2.0%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.2%	
USD:SGD (mth avg)	1.2983	1.3072	1.2879	1.2774	1.2689	1.2480	1.2374	1.2347	1.2172	1.2088	1.2506	1.2792	1.2896	1.2957	
Loans (%q-q, 3mma)	4.8%	4.8%	4.8%	4.7%	5.4%	6.0%	7.3%	8.2%	8.8%	8.7%	8.4%	7.7%	6.8%	5.3%	
Loans (%y-y, 3mma)	13.5%	14.3%	15.1%	16.1%	17.8%	19.7%	22.0%	24.1%	26.1%	27.9%	29.6%	30.2%	30.4%	30.2%	
Loan-Deposit ratio	0.74	0.74	0.75	0.76	0.77	0.77	0.79	0.82	0.82	0.84	0.86	0.85	0.86	0.87	
Visitor Arrivals:															
%m-m	-1.5%	16.9%	-6.3%	-6.2%	8.3%	2.9%	-4.5%	2.5%	18.0%	-7.5%	-12.3%	4.9%	-5.3%	18.4%	
%q-q, 3mma	-5.0%	1.0%	7.7%	9.8%	1.6%	0.6%	1.8%	3.8%	7.7%	9.4%	7.7%	-3.3%	-10.9%	-4.5%	
%y-y, 3mma	16.8%	16.0%	16.1%	15.9%	15.7%	16.2%	14.8%	14.2%	13.9%	16.1%	14.7%	12.8%	8.9%	8.4%	
%y-y	16.2%	16.0%	16.2%	15.5%	15.4%	17.6%	11.4%	13.6%	16.4%	18.2%	9.1%	10.8%	6.6%	7.9%	

Sources: CEIC, IE Singapore, MTI, SEDB, Singstat, MAS, BCA, URA, *PSR est.

US Econ Indicators:

Sources: PSR est., CEIC, ISM, BLS, Census Bureau, BEA, Fed, Nat'l Assoc. Realtors

	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Gross Domestic Product (infl adj)	4Q10		1Q11			2Q11			3Q11			4Q11			
GDP (%q-q, saar)	2.30			0.40			1.30			1.80			2.80		
- Final Sales of Dom. Production. (less Inv)	4.20			0.00			1.60			3.20			0.80		
- Final Sales to Dom. Purchasers (-X, +M, -Inv)	2.70			0.40			1.30			2.70			0.90		
Contributions to Percentage Change (%pts):															
Personal Consumption Expenditure	2.48			1.47			0.49			1.24			1.45		
Fixed Investment: non-Res structures	0.26			(0.40)			0.54			0.37			(0.21)		
Fixed Investment: equipment & software	0.56			0.60			0.44			1.12			0.39		
Residential Investment	0.06			(0.06)			0.09			0.03			0.23		
Inventory Changes (Inv)	(1.79)			0.32			(0.28)			(1.35)			1.94		
Exports (X) } Net Exports (Imports)	0.98			1.01			0.48			0.64		0.43	0.64		
Imports (M) }	0.39	1.37		(1.35)		(0.34)	(0.24)	0.24		(0.21)			(0.75)		(0.11)
Govt Exp.	(0.58)			(1.23)			(0.18)			(0.02)			(0.93)		
PMIs															
ISM Mfg PMI (%)	58.0	57.3	59.9	59.8	59.7	59.7	54.2	55.8	51.4	52.5	52.5	51.8	52.2	53.1	54.1
- New Orders (%)	57.8	59.0	63.8	62.7	61.9	62.7	55.0	53.6	50.8	51.8	51.1	53.4	55.0	54.8	57.6
- New Export Orders (%)	57.0	54.5	62.0	62.5	56.0	62.0	55.0	53.5	54.0	50.5	53.5	50.0	52.0	53.0	55.0
ISM nonMfg Index (%)	55.9	57.2	58.3	59.0	56.3	54.4	54.5	53.3	53.4	53.8	52.6	52.6	52.6	53.0	56.8
- New Orders (%)	58.6	62.5	63.2	62.8	60.9	55.3	55.9	53.7	53.3	53.6	56.2	52.7	54.1	54.6	59.4
- New Export Orders (%)	59.5	56.0	53.5	56.5	59.0	53.5	57.0	57.0	49.0	56.5	52.0	54.0	55.5	51.0	56.5
EMPLOYMENT:															
New Claims for Unemp. ('000, 4wk-Avg)	433	420	430	393	395	432	427	428	408	411	418	405	396	374	377
Unemployment Rate (%)	9.8%	9.4%	9.1%	9.0%	8.9%	9.0%	9.0%	9.1%	9.1%	9.1%	9.0%	8.9%	8.7%	8.5%	8.3%
Chg in Employment Level ('000)	-135	283	110	221	213	-136	180	-423	65	304	353	190	317	176	847
Chg in nonFarm Payrolls ('000)	121	120	110	220	246	251	54	84	96	85	202	112	157	203	243
RETAIL SALES, CONSTRUCTION, EXTERNAL TRADE, INDUSTRIAL PROD:															
Retail Sales (%m-m, sa)	0.9%	0.7%	0.8%	1.2%	0.8%	0.2%	0.0%	0.2%	0.4%	0.3%	1.3%	0.7%	0.3%	0.0%	0.4%
- %q-q 3mma saar	10.8%	11.6%	10.5%	10.4%	10.4%	10.2%	7.8%	4.6%	2.4%	2.4%	4.7%	6.9%	8.6%	7.2%	5.2%
- %y-y 3mma nsa	7.5%	7.6%	7.7%	8.3%	8.2%	7.9%	7.5%	7.8%	8.2%	8.1%	8.0%	7.7%	7.5%	6.9%	6.3%
- %y-y 12mma nsa	7.4%	7.6%	8.0%	9.1%	7.5%	7.2%	7.9%	8.2%	8.5%	7.5%	8.1%	7.5%	6.9%	6.2%	5.8%
Non-Resi Const'n (%q-q, 3mma, saar)	1.0%	0.1%	-2.5%	-4.8%	-5.0%	-3.4%	-0.7%	1.6%	3.1%	3.9%	3.2%	2.8%	1.7%	1.8%	
Trade Deficit (%q-q, 3mma, 2005p, sa)	-3.9%	-5.3%	-1.3%	3.9%	7.7%	-2.0%	-5.6%	-6.2%	0.8%	1.3%	-2.6%	-5.3%	-3.5%	1.1%	
- Trade Balance, m-m chg (US\$b, 2005p, sa)	(0.35)	(0.47)	(4.57)	1.79	0.64	5.80	(4.30)	(2.55)	4.56	(0.47)	0.34	1.76	(3.16)	(0.73)	
Industrial Production (%q-q 3mma sa)	0.7%	0.8%	1.2%	1.5%	1.2%	0.5%	0.4%	0.2%	0.7%	1.0%	1.5%	1.4%	1.1%	0.8%	
Industrial Production (%y-y 3mma nsa)	6.1%	6.2%	6.0%	5.7%	5.3%	5.0%	4.5%	3.8%	3.6%	3.6%	3.8%	3.9%	4.1%	3.7%	
Inflation & Money Supply:															
Money Multiplier: m2 / m0 (sa)	4.45	4.38	4.33	4.03	3.74	3.61	3.53	3.45	3.47	3.57	3.60	3.62	3.69	3.69	
Excess Reserves (US\$b, nsa)	0.97	1.01	1.04	1.19	1.36	1.45	1.51	1.59	1.62	1.58	1.55	1.55	1.50	1.50	
CPI-U (All, m-m, sa)	0.1%	0.4%	0.4%	0.5%	0.5%	0.4%	0.2%	-0.2%	0.5%	0.4%	0.3%	-0.1%	0.0%	0.0%	
- %q-q 3mma saar	2.5%	2.6%	3.1%	4.2%	5.1%	5.9%	5.6%	4.0%	2.6%	1.9%	3.0%	3.2%	2.6%	0.9%	
- %y-y nsa	1.1%	1.5%	1.6%	2.1%	2.7%	3.2%	3.6%	3.6%	3.6%	3.8%	3.9%	3.5%	3.4%	3.0%	
- %y-y 12mma nsa	1.7%	1.6%	1.6%	1.6%	1.6%	1.7%	1.8%	2.0%	2.2%	2.4%	2.4%	2.8%	3.0%	3.2%	
CPI-U ex-food ex-energy (%q-q 3mma saar)	0.6%	0.6%	1.0%	1.3%	1.7%	1.9%	2.2%	2.5%	2.8%	3.0%	2.7%	2.2%	1.8%	1.7%	
HOUSING:															
Housing Permits (m-m, saar)	1.6%	11.7%	-9.8%	-6.0%	7.5%	-1.9%	8.2%	1.3%	-2.6%	4.0%	-5.8%	9.3%	5.6%	-0.1%	
- %q-q 3mma sa	-3.1%	2.2%	4.1%	3.0%	-4.2%	-5.2%	0.8%	6.7%	9.3%	5.6%	1.5%	1.7%	3.8%	10.4%	
- %y-y 3mma nsa	-7.0%	-5.2%	-5.5%	-10.5%	-15.3%	-16.3%	-8.2%	-0.4%	4.9%	6.1%	6.6%	12.0%	14.8%	14.8%	
Housing Starts (m-m, saar)	2.2%	-4.5%	20.9%	-18.6%	14.5%	-7.4%	0.7%	11.2%	0.0%	-4.9%	10.4%	-2.8%	9.1%	-4.1%	
- %q-q 3mma sa	-0.5%	-7.8%	-1.7%	-0.4%	8.1%	-3.1%	0.9%	-1.7%	7.4%	7.1%	7.5%	4.3%	7.9%	6.7%	
- %y-y 3mma nsa	-0.3%	-2.9%	-2.7%	-5.9%	-6.6%	-14.7%	-11.6%	-4.9%	6.6%	6.8%	6.3%	7.6%	17.9%	22.6%	
Existing Home Sales (m-m, saar)	5.3%	12.9%	4.3%	-9.1%	3.3%	-2.1%	-3.5%	0.5%	-3.4%	8.0%	-3.0%	1.4%	3.3%	5.0%	
- %y-y 12mma nsa	-2.5%	-3.5%	-3.6%	-4.1%	-5.9%	-9.3%	-12.0%	-13.4%	-10.1%	-7.0%	-4.4%	-1.1%	1.8%	2.0%	
- Supply in Months	9.6	8.1	7.5	8.6	8.3	9.0	9.1	9.2	9.5	8.4	8.3	7.7	7.2	6.2	
New Home Sales (m-m, saar)	1.8%	15.3%	-6.3%	-9.4%	8.5%	3.6%	-2.5%	-1.6%	-2.6%	-1.7%	4.1%	1.7%	2.3%	-2.2%	
- %y-y 12mma nsa	-14.1%	-13.9%	-14.7%	-15.6%	-18.8%	-23.6%	-21.4%	-19.5%	-16.5%	-12.8%	-11.8%	-8.5%	-6.2%	-6.5%	
- Supply in Months	8.2	6.9	7.2	7.8	7.0	6.6	6.5	6.6	6.8	6.7	6.4	6.3	6.0	6.1	
New Orders, Mfg:															
Durables %m-m sa	0.4%	-0.7%	4.0%	-1.1%	4.6%	-2.5%	2.0%	-1.1%	4.2%	0.1%	-1.4%	0.1%	4.2%	3.0%	
- %q-q 3mma sa	3.2%	-0.6%	0.8%	0.6%	4.5%	3.5%	4.1%	1.0%	2.4%	2.1%	3.6%	1.5%	1.5%	3.0%	
- %y-y 3mma nsa	15.1%	12.5%	12.1%	9.5%	11.0%	9.3%	10.4%	8.1%	9.6%	10.6%	9.2%	8.6%	8.0%	11.5%	
- %y-y 12mma nsa	13.6%	15.5%	15.2%	14.5%	14.4%	12.9%	12.5%	11.6%	11.4%	11.4%	10.1%	9.9%	9.6%	10.0%	
Non-Def. Capital Goods %m-m sa	-8.5%	-4.2%	6.6%	4.8%	5.0%	-5.3%	5.4%	-2.4%	4.2%	5.4%	-3.5%	-3.5%	9.3%	6.0%	
- %q-q 3mma sa	7.1%	-2.3%	-7.1%	-5.1%	5.5%	9.5%	8.6%	2.1%	3.1%	3.9%	6.8%	3.7%	1.9%	3.9%	
- %y-y 3mma nsa	32.7%	22.6%	17.4%	12.1%	16.3%	13.1%	15.6%	10.0%	12.8%	15.1%	13.2%	9.5%	8.5%	18.3%	
- %y-y 12mma nsa	25.8%	28.2%	27.5%	25.1%	25.2%	21.8%	21.0%	19.0%	18.7%	18.4%	15.3%	13.0%	12.7%	14.5%	
Shipments: Capital Goods %q-q 3mma	0.2%	0.0%	0.2%	0.6%	0.1%	1.0%	1.7%	1.8%	2.3%	3.3%	4.1%	3.6%	0.8%	-0.1%	
Shipments: Capital Goods %y-y 3mma	5.7%	5.7%	5.5%	4.8%	5.0%	4.2%	5.0%	4.8%	5.0%	6.2%	6.6%	8.0%	6.1%	6.1%	
Personal Income & Consumption Expenditure:															
Nom. Disposable Inc. (%m-m)	0.1%	0.5%	0.4%	0.5%	0.4%	0.2%	0.1%	0.1%	0.1%	-0.1%	0.1%	0.2%	0.0%	0.4%	
- %q-q 3mma saar	2.9%	3.4%	3.6%	4.7%	5.1%	5.2%	4.1%	2.7%	1.5%	0.7%	0.4%	0.5%	0.8%	1.5%	
- %y-y 3mma nsa	4.8%	4.9%	4.6%	4.5%	4.5%	4.4%	4.0%	3.7%	3.4%	3.2%	2.9%	2.7%	2.6%	2.4%	
- %y-y 12mma nsa	3.3%	3.6%	3.9%	4.1%	4.2%	4.3%	4.4%	4.4%	4.3%	4.1%	4.0%	3.8%	3.6%	3.4%	
Benefits - Social Ins - Taxes (Curr\$b, saar)	67	75	33	5	(4)	(2)	(8)	(7)	(26)	(31)	(41)	(78)	(89)	(93)	
Savings Rate (% nom. disposable inc.)	5.1%	5.2%	5.2%	5.0%	4.9%	4.8%	4.7%	5.0%	4.3%	4.1%	3.5%	3.6%	3.5%	4.0%	
Real Disposable Income (%m-m)	0.0%	0.2%	0.1%	0.1%	0.0%	-0.2%	-0.1%	0.2%	-0.3%	-0.4%	-0.1%	0.3%	0.0%	0.3%	
- %q-q 3mma saar	1.0%	1.5%	1.4%	1.7%	1.2%	0.7%	-0.2%	-0.5%	-0.8%	-1.1%	-1.9%	-1.8%	-0.9%	0.8%	
- %y-y 3mma nsa	3.5%	3.5%	3.2%	2.9%	2.6%	2.2%	1.6%	1.1%	0.7%	0.4%	0.1%	-0.1%	-0.1%	-0.1%	
- %y-y 12mma nsa	1.4%	1.8%	2.2%	2.4%	2.5%	2.6%	2.7%	2.6%	2.4%	2.1%	1.8%	1.5%	1.2%	0.9%	
Real Personal Cons. Exp. (%m-m)	0.3%	0.1%	0.0%	0.4%	0.2%	-0.1%	0.0%	-0.1%	0.4%	-0.1%	0.5%	0.1%	0.1%	-0.1%	
- %q-q 3mma saar	3.4%	3.5%	2.8%	2.4%	2.1%	2.1%	1.6%	0.7%	0.5%	0.5%	1.7%	2.0%	2.9%	2.0%	
- %y-y 3mma nsa	2.9%	3.0%	3.0%	2.9%	2.8%	2.7%	2.5%	2.2%	2.2%	2.0%	2.0%	1.9%	1.9%	1.6%	
- %y-y 12mma nsa	1.8%	2.0%	2.3%	2.4%	2.5%	2.6%	2.6%	2.5%	2.6%	2.6%	2.5%	2.4%	2.3%	2.2%	

China Econ Indicators:	2010		2011						2012						
	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan
China Gross Domestic Product (infl adj)	4Q10														
Constant Price (%q-q sa)	9.6%			8.4%			9.2%			9.2%			8.0%		
Constant Price (%y-y)	9.8%			9.7%			9.5%			9.1%			8.9%		
Constant Price (%ytd)	10.4%			9.7%			9.6%			9.4%			9.2%		
%pt Contribution to YTD Growth / % share of YTD Growth:															
Final Consumption	3.84	36.8%		5.87	60.3%		4.6	47.5%		4.5	47.9%		4.75	51.6%	
Gross Fixed Asset Invmt	5.64	54.0%		4.29	44.1%		5.1	53.2%		5	53.4%		4.99	54.2%	
Net Exports (Imports)	0.96	9.2%		-0.43	-4.4%		-0.1	-0.7%		-0.1	-1.3%		-0.54	-5.8%	
PURCHASING MGR'S INDEX:															
Official Mfg PMI - overall (%)	55.2	53.9	52.9	52.2	53.4	52.9	52.0	50.9	50.7	50.9	51.2	50.4	49.0	50.3	50.5
- New Orders (%)	58.3	55.4	54.9	54.3	55.2	53.8	52.1	50.8	51.1	51.1	51.3	50.5	47.8	49.8	50.4
- Supplier Deliveries (%)	48.9	49.6	49.5	48.2	50.4	50.6	49.9	49.8	50.3	49.9	49.5	50.7	50.4	50.1	49.7
- New Export Orders (%)	53.2	53.5	50.7	50.9	52.5	51.3	51.1	50.5	50.4	48.3	50.9	48.6	45.6	48.6	46.9
- Imports (%)	50.6	50.4	53.0	53.9	52.0	50.6	50.5	48.7	49.1	49.7	50.1	47.0	47.3	49.1	46.9
- Input Prices (%)	73.5	66.7	69.3	70.1	68.3	66.2	60.3	56.7	56.3	57.2	56.6	46.2	44.4	47.1	50.0
Official non-Mfg PMI (%)															
- Business Activity (%)	53.2	56.5	56.4	44.1	60.2	62.5	61.9	57.0	59.6	57.6	59.3	57.7	49.7	56.0	52.9
- New Business Activity (%)	50.1	52.3	53.1	45.1	55.5	58.3	56.5	53.5	55.6	54.1	52.8	52.5	47.2	50.5	48.5
- New Export Orders (%)	47.3	50.6	49.6	46.2	50.3	55.7	54.5	53.6	56.5	54.1	49.7	50.4	45.6	46.4	45.8
- Input Prices (%)	66.6	65.9	64.6	64.5	63.0	66.7	62.0	61.6	63.1	60.2	59.9	55.7	54.4	57.4	58.6
INFLATION & MONETARY CONDITIONS:															
Inflation & Benchmark Int. Rates:															
Reserve Ratio of Large Depository Inst. (%)	17.5	18.0	18.5	19.0	19.5	20.0	20.5	21.0	21.0	21.0	21.0	21.0	21.0	20.5	20.5
Nom. Lending Rate, 1yr (%)	5.56	5.81	5.81	6.06	6.06	6.31	6.31	6.31	6.56	6.56	6.56	6.56	6.56	6.56	6.56
1yr Deposit Rate (%)	2.50	2.75	2.75	3.00	3.00	3.25	3.25	3.25	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Real Int. Rate (%): 1yr dep. - CPI%y-y	-2.6	-1.8	-2.2	-1.9	-2.4	-2.1	-2.3	-3.2	-3.0	-2.7	-2.6	-2.0	-0.7	-0.6	-1.0
CPI (%y-y)	5.1	4.6	4.9	4.9	5.4	5.3	5.5	6.4	6.5	6.2	6.1	5.5	4.2	4.1	4.5
CPI (%m-m)	1.1	0.5	1.0	1.2	-0.2	0.1	0.1	0.3	0.5	0.3	0.5	0.1	-0.2	0.3	1.5
CPI-food (%y-y)	11.7	9.6	10.3	11.0	11.7	11.5	11.7	14.4	14.8	13.4	13.4	11.9	8.8	9.1	10.5
CPI-food (%m-m)	2.0	0.9	2.8	3.7	-1.0	-0.4	-0.3	0.9	1.2	0.6	1.1	-0.2	-0.8	1.2	4.2
CPI ex-food ex-energy (%y-y)	1.5	1.7	2.3	2.0	2.3	2.3	2.4	2.5	2.4	2.5	2.4	2.3	1.9	1.6	1.6
CPI ex-food ex-energy (%m-m)	0.4	0.2	0.2	0.1	0.1	0.3	0.2	0.0	0.1	0.2	0.1	0.2	0.1	-0.1	0.2
PPI (%y-y)	6.1	5.9	6.6	7.2	7.3	6.8	6.8	7.1	7.5	7.3	6.5	5.0	2.7	1.7	0.7
PPI (%m-m)	1.4	0.7	0.9	0.8	0.6	0.5	0.3	0.0	0.0	0.1	0.0	-0.7	-0.7	-0.3	-0.1
Monetary Indicators:															
Total Loans (Rmb Tn)	47.4	47.9	48.3	48.9	49.5	50.2	50.8	51.4	51.9	52.4	52.9	53.5	54.1	54.8	55.5
- %y-y	19.8	19.9	18.5	17.7	17.9	17.5	17.1	16.9	16.6	16.4	15.9	15.8	15.6	15.8	15.0
m2 (Rmb Tn)	71.0	72.6	73.4	73.6	75.8	75.7	76.3	78.1	77.3	78.1	78.7	81.7	82.5	85.2	85.6
- %y-y	19.5	19.7	17.2	15.7	16.6	15.3	15.1	15.9	14.7	13.6	13.0	12.9	12.7	13.6	12.4
TRADE:															
Exports (US\$b, nsa)	153.3	154.1	150.7	96.7	152.2	155.7	157.2	162.0	175.1	173.3	169.7	157.5	174.5	174.7	149.9
- %m-m, sa	5.0%	-4.4%	0.1%	-23.0%	27.4%	12.3%	-4.4%	4.2%	5.4%	-3.3%	1.6%	-1.4%	2.8%	-2.3%	-3.3%
- %y-y	34.9%	17.9%	37.6%	2.3%	35.8%	29.8%	19.3%	17.9%	20.4%	24.4%	17.0%	15.8%	13.8%	13.4%	-0.5%
- %y-y 3mma	27.6%	24.9%	29.4%	19.9%	26.4%	23.9%	27.8%	22.0%	19.2%	20.9%	20.6%	19.1%	15.5%	14.3%	9.0%
- %y-y 12mma	31.5%	31.3%	32.6%	29.7%	30.6%	30.5%	28.3%	26.1%	24.7%	24.0%	23.2%	22.6%	20.8%	20.3%	17.2%
Imports (US\$b, nsa)	130.4	141.1	144.3	104.0	152.1	144.3	144.1	139.7	143.6	155.6	155.2	140.5	159.9	158.2	122.7
- %m-m, sa	-3.5%	3.0%	10.8%	-7.0%	4.9%	7.4%	-4.5%	-2.6%	1.5%	0.0%	8.0%	3.2%	-3.9%	0.0%	-2.9%
- %y-y	38.3%	25.9%	51.6%	19.9%	27.5%	21.9%	28.4%	19.2%	23.9%	30.1%	20.8%	28.6%	22.0%	11.8%	-15.3%
- %y-y 3mma	29.4%	29.8%	37.9%	32.5%	32.9%	23.4%	25.9%	23.1%	23.8%	24.5%	24.8%	26.3%	23.6%	20.1%	5.6%
- %y-y 12mma	41.6%	38.8%	37.7%	35.8%	33.0%	30.7%	29.4%	28.1%	28.1%	27.8%	27.4%	27.6%	26.3%	24.9%	19.1%
Trade Balance (US\$b, 12mma nsa)	15.8	15.4	14.7	13.5	14.1	14.9	14.4	14.6	14.8	14.6	14.4	13.6	12.9	13.2	14.9
- % GDP	3.1%	3.1%	2.8%	2.6%	2.7%	2.7%	2.6%	2.6%	2.5%	2.5%	2.5%	2.2%	2.1%	2.1%	
- %y-y	19.9%	-29.0%	-54.4%	-196%	-102%	579.3%	-33.2%	11.2%	9.6%	-11.4%	-14.0%	-37.3%	-36.5%	26.3%	322.2%
- %y-y 3mma	19.5%	2.6%	-17.9%	-69.6%	-104.9%	106.8%	76.1%	13.4%	-2.2%	4.0%	-2.9%	-23.0%	-31.1%	-23.8%	37.5%
- %y-y 12mma	-13.2%	-6.9%	2.1%	-8.0%	12.7%	29.0%	19.1%	11.6%	1.7%	-2.1%	-5.5%	-12.5%	-18.7%	-14.4%	1.1%
Industrial Production (Val. Add. of Industry):															
- %m-m sa	-	-	-	1.0%	1.1%	0.9%	1.0%	1.4%	0.8%	0.9%	1.1%	0.9%	0.9%	1.1%	
- %q-q saar	12.4%	12.4%	12.4%	12.3%	12.5%	12.4%	12.4%	12.5%	12.7%	12.9%	12.4%	12.2%	12.0%	12.0%	
- %y-y	13.3%	13.5%	14.2%	14.9%	14.8%	13.4%	13.3%	15.1%	14.0%	13.5%	13.8%	13.2%	12.4%	12.8%	
- %y-y 3mma	13.2%	13.3%	13.7%	14.2%	14.6%	14.4%	13.9%	14.0%	14.2%	14.2%	13.8%	13.5%	13.1%	12.8%	
- %y-y 12mma	15.0%	14.6%	14.5%	14.6%	14.4%	14.0%	13.7%	13.9%	13.9%	13.9%	13.9%	13.9%	13.8%	13.8%	
Total Urban Fixed Asset Invmt:															
- %m-m sa	-	-	-	0.2%	1.7%	2.3%	0.9%	-0.4%	1.0%	1.6%	0.0%	1.1%	-0.4%	-0.1%	
- %q-q saar	24.3%	24.9%	24.3%	20.2%	15.4%	13.8%	16.0%	16.1%	12.5%	8.9%	8.6%	10.1%	7.9%	5.2%	
- %y-y 3mma	25.2%	23.9%	25.3%	25.0%	32.5%	34.2%	34.0%	24.7%	22.7%	22.7%	29.3%	31.4%	27.5%	18.7%	
- %y-y 12mma	24.9%	24.4%	24.6%	24.9%	25.3%	26.3%	27.1%	25.2%	25.6%	26.5%	26.9%	27.8%	27.1%	25.1%	
Retail Sales, Total:															
- %m-m sa	-	-	-	1.30	1.35	1.33	1.31	1.40	1.30	1.29	1.35	1.30	1.28	1.41	
- %q-q saar	21.5%	21.5%	21.3%	20.5%	19.2%	17.6%	16.6%	16.2%	16.3%	16.3%	16.1%	16.0%	16.0%	16.0%	
- %y-y	18.7%	19.1%	19.9%	11.6%	17.4%	17.1%	16.9%	17.7%	17.2%	17.0%	17.7%	17.2%	17.3%	18.1%	
- %y-y 3mma	22.9%	22.0%	21.3%	17.8%	17.1%	16.6%	18.8%	18.2%	17.9%	17.6%	17.3%	16.7%	16.3%	15.8%	
- %y-y 12mma	23.0%	23.3%	23.4%	21.6%	21.5%	21.1%	20.6%	20.2%	19.7%	19.2%	18.6%	18.1%	17.6%	17.1%	
Real Estate Prices:															
- %m-m (Beijing, New)	0.4%	0.3%	0.8%	0.4%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	-0.1%	
- %y-y (Beijing, New)	9.3%	7.6%	6.8%	6.8%	4.9%	2.8%	2.1%	2.2%	1.9%	1.9%	1.8%	1.7%	1.3%	1.0%	
- %m-m (Chongqing, New)	0.4%	0.3%	-0.1%	0.4%	0.6%	0.3%	0.2%	0.0%	-0.2%	-0.4%	-0.4%	-0.2%	-0.1%	-0.3%	
- %y-y (Chongqing, New)	9.3%	7.6%	7.9%	6.2%	5.6%	5.3%	5.3%	5.8%	5.6%	4.2%	2.2%	1.2%	0.1%	-0.6%	

Sources: CEIC, Phillip Securities Research estimates

Important Information

This publication is prepared by Phillip Securities Research Pte Ltd., 250 North Bridge Road, #06-00, Raffles City Tower, Singapore 179101 (Registration Number: 198803136N), which is regulated by the Monetary Authority of Singapore ("Phillip Securities Research"). By receiving or reading this publication, you agree to be bound by the terms and limitations set out below.

This publication has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this document by mistake, please delete or destroy it, and notify the sender immediately. Phillip Securities Research shall not be liable for any direct or consequential loss arising from any use of material contained in this publication.

The information contained in this publication has been obtained from public sources, which Phillip Securities Research has no reason to believe are unreliable and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this publication are based on such information and are expressions of belief of the individual author or the indicated source (as applicable) only. Phillip Securities Research has not verified this information and no representation or warranty, express or implied, is made that such information or Research is accurate, complete, appropriate or verified or should be relied upon as such. Any such information or Research contained in this publication is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith. In no event will Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, (i) be liable in any manner whatsoever for any consequences (including but not limited to any special, direct, indirect, incidental or consequential losses, loss of profits and damages) of any reliance or usage of this publication or (ii) accept any legal responsibility from any person who receives this publication, even if it has been advised of the possibility of such damages. You must make the final investment decision and accept all responsibility for your investment decision, including, but not limited to your reliance on the information, data and/or other materials presented in this publication.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this material are as of the date indicated and are subject to change at any time without prior notice.

Past performance of any product referred to in this publication is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This publication should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this publication has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this material is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this publication involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this research should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this publication, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the

preparation or issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this publication.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this publication. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, which is not reflected in this material, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this material.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

Section 27 of the Financial Advisers Act (Cap. 110) of Singapore and the MAS Notice on Recommendations on Investment Products (FAA-N01) do not apply in respect of this publication.

This material is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this material may not be suitable for all investors and a person receiving or reading this material should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

Please contact Phillip Securities Research at [65 65311240] in respect of any matters arising from, or in connection with, this document.

This report is only for the purpose of distribution in Singapore.

Contact Information (Singapore Research Team)

Chan Wai Chee
CEO, Research
Special Opportunities
+65 6531 1231
yebo@phillip.com.sg

Lee Kok Joo, CFA
Head of Research
S-Chips, Strategy
+65 6531 1685
leekj@phillip.com.sg

Joshua Tan
Strategist
+65 6531 1249
joshuatan@phillip.com.sg

Magdalene Choong
Investment Analyst
SG & US Financials, Gaming
+65 6531 1791
magdalenechoongss@phillip.com.sg

Go Choon Koay, Bryan
Investment Analyst
Property
+65 6531 1792
gock@phillip.com.sg

Derrick Heng
Investment Analyst
Transportation, Telecom.
+65 6531 1221
derrickhengch@phillip.com.sg

Nicholas Low, CFA
Investment Analyst
Commodities, Offshore & Marine
+65 6531 1535
nicholaslowkc@phillip.com.sg

Travis Seah
Investment Analyst
REITS
+65 6531 1229
travisseahhk@phillip.com.sg

Ken Ang
Investment Analyst
Financials
+65 6531 1793
kenangwy@phillip.com.sg

Peter Lee
Research Assistant
General Enquiries
+65 6531 1240 (Phone)
+65 6336 7607 (Fax)
research@phillip.com.sg

Contact Information (Regional Member Companies)

SINGAPORE

Phillip Securities Pte Ltd
Raffles City Tower
250, North Bridge Road #06-00
Singapore 179101
Tel : (65) 6533 6001
Fax : (65) 6535 6631
Website: www.poems.com.sg

HONG KONG

Phillip Securities (HK) Ltd
Exchange Participant of the Stock Exchange of Hong Kong
11/F United Centre 95 Queensway
Hong Kong
Tel (852) 22776600
Fax (852) 28685307
Websites: www.phillip.com.hk

INDONESIA

PT Phillip Securities Indonesia
ANZ Tower Level 23B,
Jl Jend Sudirman Kav 33A
Jakarta 10220 – Indonesia
Tel (62-21) 57900800
Fax (62-21) 57900809
Website: www.phillip.co.id

THAILAND

Phillip Securities (Thailand) Public Co. Ltd
15th Floor, Vorawat Building,
849 Silom Road, Silom, Bangrak,
Bangkok 10500 Thailand
Tel (66-2) 6351700 / 22680999
Fax (66-2) 22680921
Website www.phillip.co.th

UNITED KINGDOM

King & Shaxson Capital Limited
6th Floor, Candlewick House,
120 Cannon Street,
London, EC4N 6AS
Tel (44-20) 7426 5950
Fax (44-20) 7626 1757
Website: www.kingandshaxson.com

AUSTRALIA

PhillipCapital Australia
Level 37, 530 Collins Street,
Melbourne, Victoria 3000, Australia
Tel (613) 96298380
Fax (613) 96148309
Website: www.phillipcapital.com.au

MALAYSIA

Phillip Capital Management Sdn Bhd
B-3-6 Block B Level 3 Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450
Kuala Lumpur
Tel (603) 21628841
Fax (603) 21665099
Website: www.poems.com.my

JAPAN

PhillipCapital Japan K.K.
Nagata-cho Bldg.,
8F, 2-4-3 Nagata-cho,
Chiyoda-ku, Tokyo 100-0014
Tel (81-3) 35953631
Fax (81-3) 35953630
Website: www.phillip.co.jp

CHINA

Phillip Financial Advisory (Shanghai) Co. Ltd
No 550 Yan An East Road,
Ocean Tower Unit 2318,
Postal code 200001
Tel (86-21) 51699200
Fax (86-21) 63512940
Website: www.phillip.com.cn

FRANCE

King & Shaxson Capital Limited
3rd Floor, 35 Rue de la Bienfaisance 75008
Paris France
Tel (33-1) 45633100
Fax (33-1) 45636017
Website: www.kingandshaxson.com

UNITED STATES

Phillip Futures Inc
141 W Jackson Blvd Ste 3050
The Chicago Board of Trade Building
Chicago, IL 60604 USA
Tel +1.312.356.9000
Fax +1.312.356.9005