

Emerging Markets Weekly



Overview

- Emerging markets rose last week, despite fresh concerns that global recovery may stall, particularly after the Federal Reserve's unexpected decision to raise its discount rate.
- Russia cut interest rates, whereas Mexico, Turkey and Sri Lanka held benchmark interest rates steady.
- Retail sales in the Czech Republic and South Africa fell in December as consumer demand remained weak.
- The South African government aims to cut income inequality and boost jobs through policy interventions and subsidies for low-wage workers in its recent budget review.
- Elsewhere, foreign direct investment in China climbed in January from a year earlier, while exports in Thailand rose strongly. India's wholesale-price inflation accelerated in January.
- Chinese authorities reminded local banks yet again to lend prudently, while Korea's financial regulator told local banks to refund up to US\$11 million in wrongly charged fees.

Corporate News

Brazil: **Petrobras** may tap a 20-billion-real credit line from state development bank BNDES if lawmakers delay the approval of its capitalisation plan. Separately, the recent ethanol shortage in Brazil prompted the oil giant to import gasoline from Venezuela. **Souza Cruz** will invest R\$1.8bn over the next five years.

Hungary: Hotel operator **Danubius'** full-year losses were compounded by its poor performance in the fourth quarter.

India: **Bharti Airtel** is in talks with Zain to buy most of the Kuwaiti telco's assets in Africa. **Tata Power** and Korea East West Power will jointly operate power generation assets in Asia and Africa. In full-year results, both **GlaxoSmithKline** and **Castrol India** posted higher sales and profits.

Indonesia: Robust net interest income and effective cost control boosted **Bank OCBC NISP's** full-year profits, while higher cement demand aided **Holcim Indonesia**.

Israel: Robust international sales underpinned **Teva Pharmaceutical's** full-year earnings.

Mexico: **Asur's** fourth-quarter results met expectations.

Korea: **Samsung Electronics** continues to grow its domestic TV market share as it rides on the success of its flat-panel products.

Malaysia: **Digi.Com** will spend at least M\$350 million to expand its mobile broadband coverage. **CIMB Group** will acquire an additional 32% stake in Touch N' Go, which owns the smart card electronic payment system used by domestic toll operators.

Philippines: **Ayala Land's** full-year net income deteriorated on the back of weaker property sales, but **Jollibee Foods'** results were positive as margins improved on lower raw material costs.

Russia: An independent audit of **Lukoil's** oil and gas reserves as at the start of 2010 confirmed the company's leading position among its peers.

South Africa: **Truworths** reported decent interim results, with net income rising 10% from a year ago.

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Thailand: In full-year results news, profits at **Electricity Generating's** joint ventures made up for lower electricity sales; and **Advanced Information Services** declared a 5-baht special dividend even though earnings fell.

We hold all the above companies highlighted.

Indices Performance Table

REGION/COUNTRY	INDEX/FUND	US DOLLARS		LOCAL CURRENCY	
		WOW	YTD	WOW	YTD
REGIONAL/FUNDS/DEVELOPED MARKETS					
Emerging Markets	MSCI Emerging Markets	1.26%	-5.67%	0.80%	-4.78%
	MSCI Emerging Markets Small Cap	0.40%	-4.39%	0.23%	-3.73%
US	Dow Jones	3.00%	-0.25%	3.00%	-0.25%
US	NASDAQ Composite	2.76%	-1.11%	2.76%	-1.11%
UK	FTSE Allshare	2.70%	-4.96%	4.13%	-0.70%
Europe	FT Europe ex UK	3.31%	-8.27%	3.99%	-3.07%
World	MSCI AC World	2.30%	-3.27%	2.60%	-1.90%
World	Citigroup World Government Bond**	-1.24%	-1.66%	-1.24%	-1.66%
EMERGING MARKETS ASIA					
EM Asia	MSCI Emerging Markets Asia	-0.69%	-7.30%	-0.57%	-7.36%
	MSCI Emerging Markets Asia Small Cap	-0.66%	-6.53%	-0.59%	-6.62%
China	MSCI China	-2.14%	-9.53%	-2.18%	-9.38%
Hong Kong	MSCI Hong Kong	-1.79%	-6.13%	-1.84%	-5.97%
India	MSCI India	0.77%	-5.98%	0.51%	-6.45%
Indonesia	MSCI Indonesia	1.35%	-0.69%	1.35%	-1.27%
Korea	MSCI Korea	-0.80%	-5.63%	-0.03%	-5.95%
Malaysia	MSCI Malaysia	0.35%	-1.37%	0.15%	-1.67%
Pakistan	MSCI Pakistan	1.79%	4.16%	1.75%	4.91%
Philippines	MSCI Philippines	0.18%	-4.47%	0.25%	-4.38%
Sri Lanka	MSCI Sri Lanka	4.12%	-2.28%	3.85%	-2.28%
Taiwan	MSCI Taiwan	0.00%	-9.24%	0.00%	-9.02%
Thailand	MSCI Thailand	0.46%	-5.89%	0.32%	-6.32%
EMERGING MARKETS EUROPE MIDDLE EAST AFRICA					
EMEA	MSCI EMEA	2.89%	-3.02%	2.73%	-1.28%
	MSCI EMEA Small Cap	2.33%	1.10%	2.21%	3.73%
Czech Republic	MSCI Czech Republic	2.43%	-2.56%	2.17%	0.86%
Egypt	MSCI Egypt	-0.98%	11.11%	-0.93%	11.25%
Hungary	MSCI Hungary	2.85%	-4.92%	3.71%	1.31%
Morocco	MSCI Morocco	-1.39%	2.57%	-0.79%	7.71%
Poland	MSCI Poland	0.75%	-9.22%	1.06%	-5.98%
Russia	MSCI Russia	4.18%	-1.19%	3.78%	-1.84%
South Africa	MSCI South Africa	3.12%	-6.05%	2.60%	-1.99%
Turkey	MSCI Turkey	4.46%	-2.70%	4.55%	-1.24%
MIDDLE EAST					
Bahrain	Bahrain All Share Index	0.41%	3.78%	0.41%	3.79%
Kuwait	Kuwait Stock Exchange Index	1.18%	5.00%	1.58%	5.90%
	MSCI Kuwait	7.03%	13.86%	7.60%	15.05%
Oman	Muscat Securities Market Index	2.08%	6.73%	2.10%	6.74%
	MSCI Oman	2.20%	8.85%	2.17%	8.84%
Qatar	Doha Securities Market Index	0.74%	-0.09%	0.71%	-0.12%
	MSCI Qatar	0.54%	0.36%	0.54%	0.30%
Saudi	Tadawul All Share Index	3.10%	5.85%	3.09%	5.84%
UAE - Abu Dhabi	Abu Dhabi Securities Market	1.03%	0.40%	1.03%	0.40%
UAE - Dubai	Dubai Financial Market General Index	0.39%	-9.96%	0.40%	-9.96%
	MSCI UAE	-1.36%	-10.43%	-1.36%	-10.44%
Israel	MSCI Israel	0.82%	0.47%	1.41%	0.34%
Jordan	MSCI Jordan	-7.05%	-8.32%	-7.05%	-8.32%
MSCI GCC	MSCI GCC	3.29%	5.79%	3.42%	6.00%
MSCI GCC ex SA	MSCI GCC ex Saudi Arabia	3.76%	5.44%	4.07%	6.02%

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LATIN AMERICA					
Latin America	MSCI Latin America	4.46%	-4.12%	2.36%	-1.54%
	MSCI Latin America Small Cap	3.85%	0.32%	2.01%	3.02%
Argentina	MSCI Argentina	3.24%	-2.46%	3.24%	-2.46%
Brazil	MSCI Brazil	5.07%	-5.72%	2.27%	-1.93%
Chile	MSCI Chile	1.39%	1.80%	2.05%	6.77%
Colombia	MSCI Colombia	1.87%	5.26%	1.49%	-0.63%
Mexico	MSCI Mexico	4.12%	-1.47%	3.10%	-2.99%
Peru	MSCI Peru	1.09%	-2.36%	1.09%	-2.36%
FRONTIER MARKETS					
	MSCI Frontier Markets	2.43%	3.85%	2.61%	4.93%
Botswana	MSCI Botswana	0.01%	6.72%	0.35%	11.12%
Bulgaria	MSCI Bulgaria	-2.24%	-4.63%	-1.53%	1.27%
Croatia	MSCI Croatia	1.28%	4.42%	1.67%	10.76%
Estonia	MSCI Estonia	-3.30%	33.53%	-2.60%	41.78%
Ghana	MSCI Ghana	0.80%	6.50%	0.35%	5.98%
Jamaica	MSCI Jamaica	4.02%	0.62%	3.90%	0.84%
Kazakhstan	MSCI Kazakhstan	1.53%	-3.36%	1.53%	-3.36%
Kenya	MSCI Kenya	-0.93%	7.26%	-1.25%	8.53%
Lebanon	MSCI Lebanon	-0.95%	-1.49%	-0.95%	-1.49%
Lithuania	MSCI Lithuania	-1.04%	13.41%	-0.32%	20.42%
Mauritius	MSCI Mauritius	-3.36%	-4.15%	-1.93%	-2.73%
Nigeria	MSCI Nigeria	1.92%	13.06%	1.40%	13.89%
Romania	MSCI Romania	1.95%	4.96%	2.87%	8.82%
Serbia	MSCI Serbia	-1.28%	5.41%	0.02%	15.32%
Slovenia	MSCI Slovenia	-2.26%	-5.00%	-1.55%	0.87%
Tunisia	MSCI Tunisia	-0.29%	2.20%	0.72%	8.35%
Ukraine	MSCI Ukraine	5.96%	15.74%	5.62%	15.55%
	**Local Currency of Citigroup WGB Index in USD				

Source: Bloomberg, 21 Feb 10

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