

Asian Weekly



Overview

- Asian stocks rose last week, as upbeat manufacturing data in Japan and hopes of a pro-growth India budget buoyed sentiment.
- Japan's industrial production grew in January, while retail sales rose for the first time in 17 months. But another fall in consumer prices indicated persistent deflation.
- Elsewhere, India's economy cooled in the fourth quarter, as a poor monsoon hurt farm output. In the Budget, the government kept stimulus measures in place but also committed to reining in its deficit. It maintained its spending focus on infrastructure, the poor and the rural sector. The central bank may issue private banking licences.
- Taiwan and Thailand posted robust fourth-quarter growth on a spike in exports to China. Stimulus measures underpinned Malaysia's expansion.
- Singapore's industrial production rose sharply in January as electronics and pharmaceuticals output was ramped up. The government earmarked S\$5.5 billion towards boosting productivity in its Budget.
- Hong Kong moved to cool the property market by increasing luxury home taxes and releasing more residential sites for auction.
- Thailand's Supreme Court ruled that former premier Thaksin Shinawatra had abused his power while in office and ordered the seizure of US\$1.4 billion-worth of his assets.

Corporate News

Australia: Corporate results were mostly positive. **QBE Insurance's** full-year earnings were boosted by resilient margins and premiums, while **Woodside Petroleum** posted higher profits despite lower revenues. For the interim, **Woolworths'** net gain increased; **Sonic Healthcare** and **Ramsay Healthcare** benefited from solid revenue growth; **AGL Energy's** performance was driven by its retail business; and **Goodman Fielder's** profits rose after it cut costs and added products. In contrast, **Tatts Group's** interim results were flat, while **Toll Holdings** was hurt by tough operating conditions.

China/Hong Kong: For the full year, **ASM Pacific's** profits exceeded expectations posting record revenues. **Yanlord** improved earnings thanks to robust sales and property revaluations. But **CLP** was hurt by government price controls in Hong Kong. Meanwhile, **China Mobile's** total subscriber base grew in January.

India: **Tata Power's** quarterly profits were dampened by lower tariffs and power outages, although its major projects in the pipeline are making good progress; **ABB** and **Aventis** delivered resilient performances; and **Mphasis** posted robust sales and earnings growth.

Indonesia: In 2009 earnings news, **Astra International's** net profits rose as low interest rates and sustained economic growth spurred spending on cars. Its subsidiary **United Tractors'** gains were driven by its mining business. **Bank Permata** benefited from higher net interest income; **Petra Foods** posted healthy earnings despite a weak European contribution; and **Indo Tambangraya Megah** profited from higher sales.

Japan: In his appearance before the US Congress, **Toyota Motor** president Akio Toyoda expressed regret for faulty accelerator pedals linked to dozens of deaths and injuries as US lawmakers questioned his handling of a safety crisis. Separately, both Toyota and **Honda Motor** posted a sharp rise in January output. **Astellas Pharma** bought rights to develop and sell an antifungal agent outside Japan. **Parco** will close its unprofitable Oita store next February amid a challenging retail environment. **Bank of Kyoto** disclosed a ¥3.9 billion loan exposure to bankrupt mobile phone company Willcom, which will require further provisions in the final quarter ended March.

Korea: **Samsung Electronics** launched its first 3D television models in the domestic market.

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Malaysia: Earnings largely met or exceeded our expectations. For the full year, **CIMB Group, United Plantations, Manulife Holdings, Oriental Holdings, Pos Malaysia, Lafarge** and **Nestle** posted higher earnings, while **Aeon Co** and **Shangri-La Hotels (M)** proved resilient. **Maxis** was dragged down by a M\$140 million charge. **Panasonic Manufacturing** posted higher nine-month profits. For the interim, **Hong Leong Bank's** results met forecasts; it kept its 15 sen dividend policy. In contrast, **YNH Berhad's** full-year earnings fell because of project work delays and a decline in demand.

Singapore: For the full year, **United Overseas Bank** and **Hong Leong Finance's** earnings were boosted by lower provisions; **SembCorp Marine** posted record profits on the back of a solid fourth quarter; and **Wheelock Properties** gained from property revaluations.

Thailand: Results for 2009 were mostly positive. **Siam Makro** and **Hana Microelectronics** reported robust earnings as sales and margins improved. **Thai Reinsurance** and **Muang Thai Insurance's** profits met expectations on steady premium growth. But **Amarin Printing** suffered a decline in advertising revenue and margins. Meanwhile, **Kasikornbank** and **Siam Commercial Bank** increased dividend payouts, supported by their solid capital bases. **Alucon** is paying stock dividends to improve trading liquidity, while **Capital Nomura Securities** announced a share buyback.

We hold all the above companies highlighted.

Asian Fixed Income

Local government bond markets were well supported in a quiet week. Korean long-dated bond yields fell in anticipation of its inclusion into the Citi World Govt Bond Index, while India's bond market weakened following the Budget announcement.

Asian credit spreads tightened on news of a possible bailout for Greece. US bond yields fell following the over-reaction to the previous week's discount rate hike. Risk appetite improved, with Asian currencies strengthening against the US dollar.

Indices Performance Table

	WOW	YTD	WOW (US\$)	YTD (US\$)	26/02/2010
Australia All Ords	-0.11%	-4.74%	-0.46%	-5.16%	4,651.10
Hang Seng	3.59%	-5.78%	3.66%	-5.87%	20,608.70
MSCI China (US\$)	3.20%	-6.63%	3.20%	-6.63%	60.51
MSCI Zhong Hua (US\$)	3.24%	-5.58%	3.24%	-5.58%	313.35
India NSE50	1.60%	-5.36%	2.04%	-4.49%	4,922.30
Indonesia JCI ^	-0.21%	0.58%	-0.37%	1.42%	2,549.03
Japan Topix	0.56%	-1.49%	3.99%	2.42%	894.10
Korea KOSPI	0.04%	-5.24%	-0.04%	-4.47%	1,594.58
FTSE Bursa Malaysia KLSE ^	1.04%	-0.16%	1.04%	0.82%	1,270.78
New Zealand 50	1.58%	-2.29%	1.80%	-5.96%	3,156.10
Pakistan KSE100	-2.32%	2.98%	-2.58%	2.19%	9,666.93
Philippines PCOMP	2.19%	-0.29%	2.44%	-0.18%	3,043.75
Straits Times Index	-0.23%	-5.06%	0.27%	-5.11%	2,750.86
Taiwan TWSE	-0.08%	-9.18%	-0.10%	-9.43%	7,436.10
Thailand SET	2.99%	-1.79%	3.56%	-0.75%	721.37
Sri Lanka	1.04%	12.47%	0.80%	12.18%	3,807.86
US DJ	-0.74%	-0.99%	-0.74%	-0.99%	10,325.26
UK FTSE 100	-0.07%	-1.08%	-1.49%	-6.67%	5,354.52
Nasdaq Composite	-0.25%	-1.36%	-0.25%	-1.36%	2,238.26
MSCI AC AP Free X Japan (US\$)	1.18%	-5.39%	1.18%	-5.39%	394.07
MSCI AC Asia Pac X Japan Small Cap (US\$)	1.07%	-5.23%	1.07%	-5.23%	837.44
Merrill Lynch Asian US Dollar Bond	1.43%	2.14%	1.43%	2.14%	274.71
JPM Singapore Govt Bonds	0.02%	0.26%	0.52%	0.21%	150.70

Source: Aberdeen Asset Management Asia Limited, Bloomberg, Reuters, IRESS. Figures as of 19/02/10

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