

# Emerging Markets Weekly



## Overview

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- **Emerging markets continued to fall last week on concerns over potential tightening measures by central banks, weak US jobs data and worries that Greece may fail to repay debt. Investors largely ignored solid US fourth-quarter growth figures.**
- **China's banking regulators told lenders to scrutinise property loans more strictly and ordered banks to call back some of their January loans.**
- **South Africa's consumer prices climbed in December. India and Sri Lanka also saw inflation accelerate in January. Most central banks kept benchmark interest rates unchanged, but Hungary pared rates. India raised the reserve requirement ratio, while the Philippines began to unwind stimulus measures.**
- **Brazil's budget deficit continued to widen in December on lower tax revenue and increased spending. The Czech and Polish governments will cut expenditure to reduce public debt.**
- **Fourth-quarter GDP growth accelerated in the Philippines, while Poland's economy expanded in 2009 on increased consumer and government spending. Hungary's government raised its 2010 economic forecast as the outlook in key export markets improves. In contrast, South Korea's pace of growth eased in the fourth quarter.**
- **In politics, Sri Lankan president Mahindra Rajapakse won the nation's first peacetime presidential election in three decades. Argentina's central bank president quit amid a dispute with the government over the use of the country's reserves.**

## Corporate News

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**Brazil: Vale** will buy Bunge's Brazilian fertiliser business for US\$3.8 billion. Separately, the mining company entered into an option contract to acquire Yara Brasil Fertilizantes' additional 15.5% stake in Fosfertil for US\$785 million. **Bradesco's** fourth-quarter results were slightly weaker than expected; the lender will boost investments by 21.5% in 2010.

**China/Hong Kong: Hang Lung Properties'** first-half profits almost quadrupled from a year earlier, thanks to well-timed property sales and solid rental income from investment properties in Hong Kong and China. **PetroChina's** subsidiary CNPC HK will invest about HK\$10 billion this year to develop its natural gas business.

**India:** Earnings for the quarter-ended December were resilient: **Housing Development Finance Corporation's** net interest margin expanded despite softer interest rates; **Hindustan Unilever** was boosted by increased consumption; cement holding **Grasim** was helped by steady demand and healthy prices; **Bharti Airtel's** total subscriber growth reached 42% year-on-year and the telco maintained its profit levels from the previous quarter, despite the ongoing price war.

**Israel: Checkpoint** posted record fourth-quarter results, with revenue rising by 25% year-on-year.

**Korea:** Fourth-quarter results were mixed: **Daegu Bank** was hurt by its exposure to Kumho Group's losses, albeit its core operating performance was encouraging. Conversely, **Samsung Electronics** benefited from stronger earnings from its semiconductor and LCD divisions.

**Taiwan:** Fourth-quarter earnings were robust: **TSMC** reported its highest net profit in two years, rising 162% from a year earlier to NT\$32.7 billion, underpinned by a recovery in global chip demand. Meanwhile, the bulk of its US\$4.8 billion capital expenditure budget for 2010 will be earmarked for leading edge technology. **Taiwan Mobile's** results met expectations, with cable revenue growth offsetting the contraction in its mobile business.

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**Thailand:** Moody's upgraded the credit outlook for the nation's banking system to stable from negative. Corporate results were largely solid: **Siam Cement's** full-year earnings rebounded on the back of a recovery in volumes and margins, while **PTT Exploration and Production's** profits fell by less than expected, despite lower product prices and expenses related to the Montara oil spill.

We hold all the above companies highlighted.

## Indices Performance Table

REGION/COUNTRY	INDEX/FUND	US DOLLARS		LOCAL CURRENCY	
		WOW	YTD	WOW	YTD
<b>REGIONAL/FUNDS/DEVELOPED MARKETS</b>					
Emerging Markets	MSCI Emerging Markets	-3.14%	-5.65%	-2.43%	-4.47%
	MSCI Emerging Markets Small Cap	-4.31%	-3.74%	-3.95%	-3.23%
US	Dow Jones	-1.04%	-3.46%	-1.04%	-3.46%
US	NASDAQ Composite	-2.63%	-5.37%	-2.63%	-5.37%
UK	FTSE Allshare	-2.71%	-4.44%	-1.97%	-3.63%
Europe	FT Europe ex UK	-2.91%	-6.49%	-1.38%	-3.71%
World	MSCI AC World Free	-2.70%	-4.38%	-2.12%	-3.78%
World	Citigroup World Government Bond*	-0.78%	0.13%	-0.78%	0.13%
<b>EMERGING MARKETS ASIA</b>					
EM Asia	MSCI Emerging Markets Asia	-3.95%	-6.07%	-3.71%	-6.21%
	MSCI Emerging Markets Asia Small Cap	-5.54%	-5.15%	-5.34%	-5.36%
China	MSCI China	-4.16%	-8.64%	-4.23%	-8.50%
Hong Kong	MSCI Hong Kong	-2.40%	-6.59%	-2.47%	-6.44%
India	MSCI India	-3.58%	-5.31%	-3.43%	-6.05%
Indonesia	MSCI Indonesia	-0.50%	2.02%	-0.13%	1.53%
Korea	MSCI Korea	-5.54%	-4.86%	-4.67%	-5.08%
Malaysia	MSCI Malaysia	-3.47%	-0.94%	-3.10%	-1.31%
Pakistan	MSCI Pakistan	-2.40%	1.41%	-2.01%	2.07%
Philippines	MSCI Philippines	-2.95%	-5.91%	-2.30%	-5.36%
Sri Lanka	MSCI Sri Lanka	0.72%	0.28%	0.98%	0.50%
Taiwan	MSCI Taiwan	-2.89%	-6.48%	-2.96%	-6.60%
Thailand	MSCI Thailand	-2.97%	-5.31%	-2.36%	-5.72%
<b>EMERGING MARKETS EUROPE MIDDLE EAST AFRICA</b>					
EMEA	MSCI EMEA	-0.55%	-0.68%	-0.30%	0.11%
	MSCI EMEA Small Cap	-0.02%	1.90%	-0.19%	2.93%
Czech Republic	MSCI Czech Republic	-1.51%	2.03%	0.27%	4.32%
Egypt	MSCI Egypt	-2.96%	7.32%	-2.63%	6.96%
Hungary	MSCI Hungary	-0.87%	0.71%	0.77%	4.27%
Morocco	MSCI Morocco	-1.67%	4.30%	-0.37%	6.98%
Poland	MSCI Poland	-1.06%	-1.12%	-0.95%	0.19%
Russia	MSCI Russia	-0.70%	2.39%	0.58%	2.44%
South Africa	MSCI South Africa	0.55%	-5.39%	-0.20%	-3.06%
Turkey	MSCI Turkey	0.85%	2.26%	0.50%	1.63%
<b>MIDDLE EAST</b>					
Bahrain	Bahrain All Share Index	0.46%	1.37%	0.46%	1.37%
Kuwait	Kuwait Stock Exchange Index	-0.28%	0.10%	0.01%	0.29%
	MSCI Kuwait	-2.91%	-6.18%	-2.49%	-5.84%
Oman	Muscat Securities Market Index	2.73%	2.69%	2.58%	2.57%
	MSCI Oman	3.43%	3.96%	3.39%	3.94%
Qatar	Doha Securities Market Index	-1.57%	-5.63%	-1.61%	-5.76%
	MSCI Qatar	-1.48%	-4.87%	-1.48%	-4.89%
Saudi	Tadawul All Share Index	-0.78%	2.16%	-0.78%	2.14%
UAE - Abu Dhabi	Abu Dhabi Securities Market	1.28%	-4.02%	1.28%	-4.02%
UAE - Dubai	Dubai Financial Market General Index	1.26%	-11.85%	1.27%	-11.84%
	MSCI UAE	1.34%	-9.94%	1.35%	-9.94%
Israel	MSCI Israel	-2.52%	0.29%	-2.50%	-1.38%
Jordan	MSCI Jordan	-1.10%	-1.14%	-1.02%	-1.07%
MSCI GCC	MSCI GCC	-1.14%	-1.01%	-1.06%	-0.95%
MSCI GCC ex SA	MSCI GCC ex Saudi Arabia	-1.36%	-6.04%	-1.14%	-5.86%

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LATIN AMERICA					
Latin America	MSCI Latin America	-3.51%	-8.92%	-1.24%	-4.24%
	MSCI Latin America Small Cap	-3.56%	-4.03%	-1.27%	0.54%
Argentina	MSCI Argentina	-2.22%	-3.19%	-2.22%	-3.19%
Brazil	MSCI Brazil	-4.27%	-10.98%	-1.40%	-4.44%
Chile	MSCI Chile	-2.56%	3.07%	0.97%	6.62%
Colombia	MSCI Colombia	-0.22%	2.22%	-0.17%	-0.74%
Mexico	MSCI Mexico	-1.38%	-6.23%	-1.17%	-6.81%
Peru	MSCI Peru	-4.27%	-10.09%	-4.27%	-10.09%
FRONTIER MARKETS					
	MSCI Frontier Markets	-2.18%	-2.15%	-1.87%	-1.71%
Botswana	MSCI Botswana	0.03%	2.42%	0.00%	4.65%
Bulgaria	MSCI Bulgaria	-1.13%	0.30%	0.50%	3.53%
Croatia	MSCI Croatia	0.62%	5.50%	2.05%	9.17%
Estonia	MSCI Estonia	18.83%	49.25%	20.79%	54.06%
Ghana	MSCI Ghana	0.41%	1.15%	1.12%	1.12%
Jamaica	MSCI Jamaica	0.29%	-17.23%	0.58%	-16.96%
Kazakhstan	MSCI Kazakhstan	-3.48%	1.15%	-3.48%	1.15%
Kenya	MSCI Kenya	-3.45%	8.89%	-3.39%	8.96%
Lebanon	MSCI Lebanon	-3.67%	-4.08%	-3.67%	-4.08%
Lithuania	MSCI Lithuania	7.24%	18.95%	9.01%	22.78%
Mauritius	MSCI Mauritius	-0.22%	2.60%	0.96%	1.41%
Nigeria	MSCI Nigeria	2.26%	8.03%	2.69%	9.06%
Romania	MSCI Romania	1.43%	8.39%	1.85%	8.39%
Serbia	MSCI Serbia	-3.99%	0.47%	-1.43%	6.34%
Slovenia	MSCI Slovenia	-2.12%	-0.57%	-0.51%	2.63%
Tunisia	MSCI Tunisia	-0.67%	4.59%	0.85%	7.40%
Ukraine	MSCI Ukraine	3.63%	8.38%	2.79%	8.38%

Source: Aberdeen Asset Managers Limited, Bloomberg, Reuters, IRESS. \*Local currency of Citigroup WGB Index in US dollar. As at 29 Jan '10.

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