

Asian Weekly



Overview

- Asian markets rose for last week, aided by buoyant economic news and encouraging US jobless claims data. Receding concerns over Greece's debt woes also bolstered sentiment.
- Australia raised interest rates for the fourth time since October to 4% and Malaysia hiked rates for the first time in almost four years, from 2% to 2.25%. In contrast, Indonesia kept monetary policy unchanged. Meanwhile, February's inflation was benign in Thailand and Korea.
- Regional economic reports were upbeat: in Japan, the unemployment rate fell below 5% for the first time in a year in January. Australia's economy grew in the fourth quarter at the fastest pace in two years. India's exports rose for a third month, while South Korea posted its fourth increase in shipments for February.
- Taiwan was struck by an earthquake of 6.4 magnitude. Supporters of former premier Thaksin are planning to protest next week after the Supreme Court ordered the confiscation of US\$1.4 billion-worth of his assets. Indonesia's parliament ruled that the government bail-out of Bank Century in 2008 was illegal.

Corporate News

Australia: **Rio Tinto** completed the sale of its Alcan Packaging Food Americas division to Bemis. **Tatts Group** purchased the state lottery business from New South Wales for A\$850 million.

China/Hong Kong: Full-year corporate results were positive: **Standard Chartered's** solid profits were bolstered by its wholesale division and the bank remains well capitalised. **Dairy Farm** benefited from robust sales in south-east Asia. **Jardine Strategic** did well and intends to return cash to its shareholders through a share buyback. **Hong Kong Land** returned to profitability because of higher real estate values and rental income. In contrast, **Pacific Basin** was hurt by lower trading activities worldwide.

India: **Tata Consultancy Services** won a bid to set up and run the UK's new national pension scheme that will be launched in 2012. **Infosys** will raise salaries for its staff in April, its second hike since October. **HDFC Bank**, **ICICI Bank** and **Kotak Mahindra Bank** raised rates on home and auto loans by as much as 100 basis points to maintain profitability. In the December quarter, both **Bosch** and **Gujarat Gas** reported an increase in sales and earnings.

Indonesia: **Astra International** will increase capital expenditure by 50% this year. **Telkom** agreed to buy a 75% stake in online health-service application company Administrasi Medika for US\$13.8 million. **United Tractor** will acquire two coal mines in central Kalimantan.

Japan: **Toyota Motor** is offering interest-free loans for as long as five years on eight of its most popular models in the US and China. **Chugai Pharmaceutical** plans to develop new types of diabetes medications to meet rising domestic demand. **Astellas Pharma** took legal action to prevent US biotech firm OSI Pharmaceuticals from blocking its US\$3.5 billion hostile takeover. **Canon's** tender offer for Dutch printer maker Océ left it with a smaller-than-expected stake, as several major shareholders refused to accept its bid.

Korea: **Samsung Electronics** and **LG Display**, are likely to benefit from Taiwan's earthquake, which disrupted some LCD supply chains there.

Malaysia: The central bank's interest rate hike is likely to benefit **Alliance Financial Group** and **CIMB Group Holdings** because they hold a large portion of variable rate loans in their portfolios. **DiGi.com** will distribute the iPhone soon, ending **Maxis'** one-year monopoly. **Hong Leong Bank** received Chinese regulatory approval for a joint venture with the Bank of Chengdu to offer consumer finance services. **CIMB Group's** subsidiary CIMB Investment Bank will acquire 10% of Vietnam's Vinashin Shipbuilding Finance Company Securities. **Star Publications** teamed up with JAKS Island Circle to

Asian Weekly

build a residential and commercial property in Petaling Jaya. **SP Setia** raised its 2010 sales target to M\$2 billion from M\$1.65 billion.

Singapore: Venture Corp's cost-cutting measures boosted its bottom line in the three months to December.

Sri Lanka: Commercial Bank of Ceylon's fourth-quarter earnings benefited from the sale of government securities and foreign exchange gains. **Chevron Lubricants Lanka** continued to be well supported by firm oil prices.

Taiwan: TSMC managed to resume production one day after the earthquake.

Thailand: The Thai Supreme Court ruled that laws enacted during former premier Thaksin's term favoured telcos - including **Advanced Info Service** - at the expense of the state. In earnings news, **Bangkok Insurance, Big C Supercenter, Haad Thip** and **Minor International** all posted robust annual results. **Central Pattana's** earnings more than doubled, helped by a one-off gain from the sale of Central Plaza Pinklao; **Goodyear (Thailand)** was lifted by fire insurance reimbursement; while both **Sermsuk** and **MFC Asset Management** benefited from tight cost controls. Against this, **Regional Container Lines** was weighed down by impairment losses.

We hold all the above companies highlighted.

Asian Fixed Income

Asian local government bond yields last week, on lower-than-expected inflation data. Market reaction was relatively muted to Malaysia's interest rate hike, but long-end bonds rose in response to Indonesia's decision to keep monetary policy unchanged.

The improvement in risk sentiment, spurred by Greece's successful issue of its 10-year sovereign bonds, helped local currencies appreciate against the US dollar. Asian credit also tightened, as was the case for Kexim's US\$1 billion bond issue.

Indices Performance Table

	WOW	YTD	WOW (US\$)	YTD (US\$)	05/03/2010
Australia All Ords	2.63%	-2.24%	4.17%	-1.21%	4,773.40
Hang Seng	0.87%	-4.96%	0.85%	-5.08%	20,787.97
MSCI China (US\$)	2.16%	-4.61%	2.16%	-4.61%	61.82
MSCI Zhong Hua (US\$)	2.05%	-3.64%	2.05%	-3.64%	319.79
India NSE50	3.38%	-2.16%	4.51%	-0.18%	5,088.70
Indonesia JCI	1.17%	1.75%	2.65%	4.11%	2,578.77
Japan Topix	1.87%	0.35%	0.12%	2.55%	910.81
Korea KOSPI	2.51%	-2.86%	4.44%	-0.22%	1,634.57
FTSE Bursa Malaysia KLSE	2.28%	2.12%	3.71%	4.57%	1,299.78
New Zealand 50	1.85%	-0.48%	1.50%	-4.54%	3,214.64
Pakistan KSE100	-0.33%	2.55%	0.07%	2.16%	9,626.29
Philippines PCOMP	0.85%	0.56%	1.30%	1.12%	3,069.63
Straits Times Index	1.43%	-3.70%	1.89%	-3.31%	2,790.29
Taiwan TWSE	3.10%	-6.37%	3.60%	-6.18%	7,666.26
Thailand SET	0.36%	-1.44%	1.56%	0.79%	723.96
Sri Lanka	0.43%	12.96%	0.82%	13.10%	3,824.17
US DJ	2.33%	1.32%	2.33%	1.32%	10,566.20
UK FTSE 100	4.58%	3.45%	3.76%	-3.16%	5,599.76
Nasdaq Composite	3.94%	2.52%	3.94%	2.52%	2,326.35
MSCI AC AP Free X Japan (US\$)	3.38%	-2.19%	3.38%	-2.19%	407.40
MSCI AC Asia Pac X Japan Small Cap (US\$)	3.98%	-1.45%	3.98%	-1.45%	870.79
Merrill Lynch Asian US Dollar Bond	0.31%	2.46%	0.31%	2.46%	275.57
JPM Singapore Govt Bonds	0.07%	0.32%	0.52%	0.73%	150.80

Source: Aberdeen Asset Management Asia Limited, Bloomberg, Reuters, IRESS. Figures as of 04/03/10

Asian Weekly

For more information

Client Services Team

Tel: +65 6395 2701

Fax: +65 6438 0743

Aberdeen Asset Management Asia Limited

21 Church Street

#01-01 Capital Square Two

Singapore 049480

Tel: +65 6395 2700

Fax: +65 6535 7159

www.aberdeen-asia.com

Important information

The above is strictly for information purposes only and should not be considered an offer, or solicitation, to deal in any of the mentioned funds. Any research or analysis used to derive, or in relation to, the above information has been procured by Aberdeen Asset Management Asia Limited ("Aberdeen Asia") for its own use, without taking into account the investment objectives, financial situation or particular needs of any specific investor, and may have been acted on for Aberdeen Asia's own purpose.

Aberdeen Asia does not warrant the accuracy, adequacy or completeness of the information herein and expressly disclaims liability for any errors or omissions. The information is given on a general basis without obligation and on the understanding that any person acting upon or in reliance on it, does so entirely at his or her own risk. Any projections or other forward-looking statements regarding future events or performance of countries, markets or companies are not necessarily indicative of, and may differ from, actual events or results. Aberdeen Asia reserves the right to make changes and corrections to the information, including any opinions or forecasts expressed herein at any time, without notice.

Aberdeen Asset Management Asia Limited, Registration Number 199105448E