

Indonesia Update

Monthly Commentary

January 2012

Market Overview

- Equities in the benchmark Jakarta Composite Index rebounded in December, while the economy grew 6.5% year-on-year in the third quarter.
- Domestic inflation eased more than expected to 3.79%, giving the central bank room to cut rates again.
- The rupiah weakened the most in a month against the US dollar on the back of concern that Europe's debt crisis will sap demand for emerging market assets.
- After 14 years, Indonesia recovered its investment grade status of BBB-, reflecting the country's strong and resilient economic growth.
- In politics, arrests have followed a gathering corruption scandal, which has undermined president Susilo's election pledge to tackle graft, sending his popularity to a record low.

Model Portfolio News

There were no major changes to the portfolio in December.

Note:

Any changes refer to those of our model portfolio, which is the basis for actual portfolios we manage that have similar investment objectives. However, there might be minor variations, so the comments may not apply to all portfolios.

Corporate News

In corporate news, **Holcim Indonesia** allocated US\$200 million for the construction of a new cement plant in East Java. The project will add 1.7 million tonnes of capacity, reduce distribution costs and improve development.

We hold the companies highlighted above.

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