

Asian Weekly



Overview

- Asian equities fell in tandem with global stockmarkets. Continued concerns over monetary tightening in China, coupled with fears of sovereign debt contagion across the Eurozone and mixed US unemployment data depressed sentiment.
- Price pressures are building across the region, with India, Indonesia and Thailand reporting a rise in inflation in January. However, Indonesia kept interest rates unchanged.
- Australia also kept its policy rate steady; separately, the government will stop underwriting large deposits and wholesale funding, a sign that banks have recovered from the financial crisis.
- Thailand's central bank further relaxed controls on capital outflows to help companies invest overseas and reverse the effects of disastrous controls imposed in 2006.

Corporate News

Australia: **Tabcorp** declared a dividend of 30 Australian cents per share after reporting marginally better interim revenue. **Sonic Healthcare** acquired Medhold Group, a Belgian pathology laboratory chain, for €232 million.

China/Hong Kong: **China Merchants Bank** received approval to raise RMB18 billion through a rights issue. **HAECO's** deputy chairman PK Chan resigned after his brother, a former senior executive at the company, was charged with accepting bribes for handing out contracts; his departure does not have material impact on the company's operations. **CNOOC** aims to start operating nine new projects and use improved field recovery techniques for mature fields to increase production output by up to 28% this year.

India: **Ambuja Cement** full-year sales rose, but higher input costs squeezed margins and net profits fell.

Indonesia: **Indosat** plans to issue US dollar-denominated bonds to refinance 4.5 trillion rupiah-worth of debts due this year. **Petra Foods** paid €9.4 million to acquire the remaining 32% stake in Petra Armajaro, the holding company of its European cocoa ingredients operations. **Perusahaan Gas** aims to raise up to 15 trillion rupiah to buy stakes in natural gas blocks and operators to meet demand. Meanwhile, the company and Pertamina will jointly build an LNG terminal in West Java.

Japan: **Toyota Motor's** results for the April-December period were aided by improved sales and cost cuts, but the massive recall of vehicles is casting a cloud over its full-year earnings and longer term outlook. The safety issues dogging several models spread to its popular Prius petrol-electric hybrid, with the car maker recalling some 270,000 units in Japan and the US. **Honda Motor** expects to reduce costs by about ¥524 billion in the current fiscal year after reporting steady third-quarter results. Separately, it is recalling its City sedans in India owing to defective power-window switches that could cause fire. In other news, robust sales of the flu drug Tamiflu boosted **Chugai Pharmaceutical's** annual profits, whereas **Takeda Pharmaceutical's** quarterly earnings were dragged down by the cost of acquiring experimental drugs to mitigate falling sales of its blockbuster drug Actos. **Mitsubishi Estate's** nine-month net profits rose sharply, thanks to an improvement in its mainstay housing operations.

Korea: **Samsung Electronics**, which has a 3% share of the global mobile handset market, aims to triple shipments of smartphones this year.

Malaysia: **Digi's** full-year results met expectations and declared a dividend of 54 sen per share. **EON Capital** rejected Hong Leong Bank's M\$4.92 billion takeover bid.

Philippines: **Bank of the Philippine Islands'** net income rose sharply in 2009.

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Sri Lanka: The recovery in the tourism industry underpinned **Aitken Spence** and **John Keell's** third-quarter results. The latter also benefited from strong growth in its port operations and financial services businesses.

We hold all the above companies highlighted.

Asian Fixed Income

The Asian credit market was volatile last week, as growing worries over the fiscal health of south European economies such as Greece, Portugal and Spain renewed risk aversion. Several new issues underperformed on their debut as their spreads widened.

Indices Performance Table

	WOW	YTD	WOW (US\$)	YTD (US\$)	05/02/2010
Australia All Ords	-1.40%	-7.17%	-4.25%	-10.78%	4,532.50
Hang Seng	-2.27%	-10.09%	-2.35%	-10.29%	19,665.08
MSCI China (US\$)	-2.20%	-10.64%	-2.20%	-10.64%	57.91
MSCI Zhong Hua (US\$)	-1.94%	-9.83%	-1.94%	-9.83%	299.25
India NSE50	-3.35%	-9.28%	-4.48%	-9.66%	4,718.65
Indonesia JCI	-3.52%	-0.61%	-4.54%	-0.83%	2,518.98
Japan Topix	-1.04%	-1.74%	0.26%	1.63%	891.78
Korea KOSPI	-2.20%	-6.87%	-4.02%	-8.20%	1,567.12
FTSE Bursa Malaysia KLSE	-0.89%	-1.95%	-1.83%	-2.11%	1,247.90
New Zealand 50	-1.89%	-3.87%	-4.76%	-9.42%	3,104.99
Pakistan KSE100 ^	1.42%	4.08%	1.05%	3.45%	9,769.73
Philippines PCOMP	-3.30%	-6.45%	-3.55%	-7.12%	2,855.64
Straits Times Index	-2.25%	-7.39%	-3.41%	-8.51%	2,683.56
Taiwan TWSE	-5.53%	-11.85%	-5.88%	-12.07%	7,217.83
Thailand SET	-0.74%	-5.87%	-0.75%	-5.33%	691.41
Sri Lanka	1.93%	9.49%	1.88%	9.14%	3,706.72
US DJ	-0.55%	-3.99%	-0.55%	-3.99%	10,012.23
UK FTSE 100	-2.46%	-6.50%	-4.81%	-9.52%	5,060.92
Nasdaq Composite	-0.29%	-5.64%	-0.29%	-5.64%	2,141.12
MSCI AC AP Free X Japan (US\$)	-3.46%	-9.60%	-3.46%	-9.60%	376.54
MSCI AC Asia Pac X Japan Small Cap (US\$)	-3.71%	-9.13%	-3.71%	-9.13%	802.97
Merrill Lynch Asian US Dollar Bond	-0.03%	1.35%	-0.03%	1.35%	272.61
JPM Singapore Govt Bonds	0.24%	0.74%	-0.95%	-0.48%	151.43
^ Price as of 04/02/2010					

Source: Aberdeen Asset Management Asia Limited, Bloomberg, Reuters, IRESS

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