

Emerging Markets Weekly



Overview

- **Emerging markets fell again last week, as fears of sovereign debt contagion across the Eurozone overshadowed favourable data in developing economies.**
- **South Africa's manufacturing activity surged in January; vehicle sales rose for the first time since March 2007. Russia and Hungary's manufacturing activity also expanded. In Brazil, industrial output grew sharply in December.**
- **Meanwhile, Russia's economy shrank the most on record in 2009 with GDP falling 7.9%, whereas Chile's economy expanded 3.9% year-on-year in December.**
- **The Czech central bank left interest rates unchanged and may start tightening in late 2010. Brazil also indicated it may raise rates; the government cut gasoline taxes for three months to rein in inflation, which accelerated in January.**
- **Price pressures are also building across Asia, with India, Indonesia and Thailand reporting a rise in inflation in January. However, Indonesia kept rates unchanged. Separately, Thailand's central bank further relaxed controls on capital outflows to help companies invest overseas and reverse the effects of the disastrous controls imposed in 2006.**
- **In other news, Ukrainian opposition chief Viktor Yanukovich leads in the presidential election vote count. Despite concerns over a growing European budget crisis, Russia plans to launch its first eurobond issue since 1998 later this year.**

Corporate News

Argentina: Tenaris' revenue declined 30% in 2009.

Brazil: Multiplan will renew its share buyback programme for another year; the company also announced a greenfield project in Rio de Janeiro that will add more rental space to its portfolio. **Petrobras** plans to raise around US\$30 billion in a share sale; the decision to make the company the sole operator of new oil fields still untapped in Brazil's pre-salt region may be postponed until after the 2010 elections.

China/Hong Kong: HAECO's deputy chairman PK Chan resigned after his brother, a former senior executive of 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.

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.

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.

Mexico: Asur saw lower traffic volumes in January from a year ago.

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.

Indices Performance Table

REGION/COUNTRY	INDEX/FUND	US DOLLARS		LOCAL CURRENCY	
		WOW	YTD	WOW	YTD
REGIONAL/FUNDS/DEVELOPED MARKETS					
Emerging Markets	MSCI Emerging Markets	-3.84%	-9.27%	-3.20%	-7.53%
	MSCI Emerging Markets Small Cap	-3.72%	-7.32%	-2.96%	-6.10%
US	Dow Jones	-0.55%	-3.99%	-0.55%	-3.99%
US	NASDAQ Composite	-0.29%	-5.64%	-0.29%	-5.64%
UK	FTSE Allshare	-4.75%	-8.98%	-2.40%	-5.94%
Europe	FT Europe ex UK	-5.87%	-11.97%	-4.25%	-7.81%
World	MSCI AC World Free	-2.37%	-6.64%	-1.81%	-5.52%
World	Citigroup World Government Bond*	-0.16%	-0.04%	-0.16%	-0.04%
EMERGING MARKETS ASIA					
EM Asia	MSCI Emerging Markets Asia	-3.53%	-9.38%	-3.06%	-9.08%
	MSCI Emerging Markets Asia Small Cap	-3.74%	-8.70%	-3.24%	-8.43%
China	MSCI China	-2.20%	-10.64%	-2.13%	-10.45%
Hong Kong	MSCI Hong Kong	-1.34%	-7.83%	-1.27%	-7.63%
India	MSCI India	-4.54%	-9.61%	-3.39%	-9.24%
Indonesia	MSCI Indonesia	-5.10%	-3.18%	-4.74%	-3.28%
Korea	MSCI Korea	-3.36%	-8.06%	-2.69%	-7.63%
Malaysia	MSCI Malaysia	-2.10%	-3.02%	-1.16%	-2.45%
Pakistan	MSCI Pakistan	1.21%	2.64%	1.28%	3.38%
Philippines	MSCI Philippines	-2.79%	-8.54%	-2.67%	-7.88%
Sri Lanka	MSCI Sri Lanka	-1.55%	-1.28%	-1.51%	-1.02%
Taiwan	MSCI Taiwan	-5.44%	-11.57%	-5.09%	-11.35%
Thailand	MSCI Thailand	-1.35%	-6.59%	-1.27%	-6.92%
EMERGING MARKETS EUROPE MIDDLE EAST AFRICA					
EMEA	MSCI EMEA	-4.80%	-5.44%	-3.60%	-3.50%
	MSCI EMEA Small Cap	-3.42%	-1.59%	-1.76%	1.12%
Czech Republic	MSCI Czech Republic	-8.08%	-6.21%	-6.66%	-2.63%
Egypt	MSCI Egypt	4.81%	12.48%	4.94%	12.25%
Hungary	MSCI Hungary	-10.81%	-10.17%	-8.60%	-4.70%
Morocco	MSCI Morocco	-1.30%	2.95%	0.09%	7.07%
Poland	MSCI Poland	-10.94%	-11.94%	-8.21%	-8.04%
Russia	MSCI Russia	-4.58%	-2.30%	-4.49%	-2.16%
South Africa	MSCI South Africa	-5.25%	-10.36%	-3.14%	-6.11%
Turkey	MSCI Turkey	-7.92%	-5.84%	-5.98%	-4.45%
MIDDLE EAST					
Bahrain	Bahrain All Share Index	1.96%	3.36%	1.96%	3.36%
Kuwait	Kuwait Stock Exchange Index	0.59%	0.69%	1.09%	1.38%
	MSCI Kuwait	4.73%	-1.75%	4.76%	-1.35%
Oman	Muscat Securities Market Index	-0.84%	1.83%	-0.91%	1.64%
	MSCI Oman	-0.69%	3.24%	-0.67%	3.25%
Qatar	Doha Securities Market Index	2.51%	-3.26%	2.60%	-3.31%
	MSCI Qatar	2.82%	-2.18%	2.74%	-2.28%
Saudi	Tadawul All Share Index	-0.58%	1.56%	-0.58%	1.54%
UAE - Abu Dhabi	Abu Dhabi Securities Market	1.84%	-2.26%	1.83%	-2.26%
UAE - Dubai	Dubai Financial Market General Index	2.57%	-9.58%	2.57%	-9.58%
	MSCI UAE	2.18%	-7.98%	2.18%	-7.98%
Israel	MSCI Israel	-0.11%	0.18%	0.37%	-1.01%
Jordan	MSCI Jordan	1.28%	0.13%	1.28%	0.20%
MSCI GCC	MSCI GCC	0.82%	-0.20%	0.82%	-0.14%

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MSCI GCC ex SA	MSCI GCC ex Saudi Arabia	3.38%	-2.87%	3.38%	-2.68%
LATIN AMERICA					
Latin America	MSCI Latin America	-3.73%	-12.32%	-3.15%	-7.25%
	MSCI Latin America Small Cap	-4.09%	-7.95%	-3.27%	-2.75%
Argentina	MSCI Argentina	-5.15%	-8.18%	-5.16%	-8.18%
Brazil	MSCI Brazil	-4.38%	-14.88%	-4.19%	-8.45%
Chile	MSCI Chile	-6.18%	-3.31%	-3.57%	2.81%
Colombia	MSCI Colombia	-3.56%	-1.41%	-3.10%	-3.81%
Mexico	MSCI Mexico	-1.03%	-7.20%	0.43%	-6.41%
Peru	MSCI Peru	0.41%	-9.73%	0.41%	-9.73%
FRONTIER MARKETS					
	MSCI Frontier Markets	1.25%	-0.93%	1.48%	-0.25%
Botswana	MSCI Botswana	-1.12%	1.28%	0.25%	4.92%
Bulgaria	MSCI Bulgaria	-3.79%	-3.50%	-2.17%	1.28%
Croatia	MSCI Croatia	-1.42%	4.01%	0.34%	9.54%
Estonia	MSCI Estonia	-8.91%	35.95%	-7.38%	42.68%
Ghana	MSCI Ghana	1.02%	2.19%	1.29%	2.42%
Jamaica	MSCI Jamaica	0.92%	-16.48%	0.80%	-16.29%
Kazakhstan	MSCI Kazakhstan	-2.03%	-0.91%	-2.03%	-0.91%
Kenya	MSCI Kenya	1.08%	10.06%	2.15%	11.30%
Lebanon	MSCI Lebanon	3.07%	-1.14%	3.07%	-1.14%
Lithuania	MSCI Lithuania	-2.50%	15.98%	-0.86%	21.72%
Mauritius	MSCI Mauritius	-2.32%	0.22%	-1.51%	-0.11%
Nigeria	MSCI Nigeria	3.51%	11.82%	3.88%	13.30%
Romania	MSCI Romania	-6.73%	1.09%	-4.30%	3.73%
Serbia	MSCI Serbia	1.96%	2.44%	3.87%	10.45%
Slovenia	MSCI Slovenia	-2.91%	-3.46%	-1.28%	1.32%
Tunisia	MSCI Tunisia	-0.99%	3.55%	0.66%	8.10%
Ukraine	MSCI Ukraine	-0.27%	8.09%	-0.05%	8.33%

Source: Aberdeen Asset Managers Limited, Bloomberg, Reuters, IRESS. *Local currency of Citigroup WGB Index in US dollar. As at 5 Feb '10.

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