

# Emerging Markets Weekly



## Overview

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- **Emerging market stocks rebounded last week.** The IMF's brighter growth outlook, China's loose monetary policy and Korea's unexpected rate hike lifted hopes of a sustained global recovery.
- **The IMF raised the 2010 growth forecast for developing nations;** it said India, China and Brazil are supporting the world economy. Chile's GDP, meanwhile, accelerated in May.
- **China's trade surplus widened to its highest level in the calendar year in June** as exports rose to a record. Conversely, Taiwan's export growth cooled.
- **South Africa's business confidence improved in June,** though manufacturing activity grew at a slower pace in May. Elsewhere, Hungary's industrial output expanded, while Russian consumer confidence rose in the second quarter.
- **Consumer prices in Brazil, Mexico and Chile were little changed in June,** but eased in Turkey, India and the Philippines. Central banks in Korea and Malaysia hiked interest rates, whereas Sri Lanka cut rates.
- **Chinese policymakers tentatively suspended approving bond issues of local government financing vehicles and changed the resource tax to a levy based on price instead of volume.** Trust companies were also ordered to stop issuing property-based wealth management products. In Hungary, lawmakers approved a bill to relax budget rules, though this raised fears the country's credibility will be hurt.
- **In politics, India's opposition protested against the government's liberalisation of fuel prices.** Mexico's largest opposition party won the most states in governor races. Turkey, Israel's strongest ally in the Middle East, threatened to cut diplomatic ties if the Jewish state did not apologise for a ship raid that killed nine Turks.

## Corporate News

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**Brazil: Vale** sold minority stakes in the Bayovar phosphate rock project in Peru for US\$660 million, while retaining control of the project; separately, the miner was ordered to pay fines totalling US\$38.2 million in an Ontario lawsuit relating to contamination from its nickel refinery. Mall owner **Multiplan** will invest 1.3 billion reais in two existing units and six new projects by 2012; it also has 980 million reais in cash for potential acquisitions.

**Israel: Teva Pharmaceutical** split its corporate structure into four geographic divisions for strategic reasons.

**Korea: Samsung Electronics'** second-quarter operating profits rose by a stronger-than-expected 87% from a year earlier, driven by solid demand.

**Malaysia: CIMB Group Holdings** aims to increase its private banking assets by 43% to M\$10 billion by 2013.

**Mexico: Asur's** total passenger numbers grew 25.5% in June from a year ago as international traffic improved in Cancun.

**Philippines: Ayala Land's** REIT plan may be delayed because the new government may introduce regulatory changes.

**South Africa: Massmart's** sales rose 10% year-on-year in the 52 weeks to June.

**Taiwan: TSMC** continued to report robust growth, with sales rising 37% year-on-year in June.

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**Thailand: PTT Exploration and Production's** parent PTT is to sign a 30-year contract with Myanmar, ensuring the supply of one-fifth of the production capacity of Myanmar's petroleum field run by PTTEP and should be operational by 2013.

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	4.19%	-3.80%	3.23%	-2.94%
	MSCI Emerging Markets Small Cap	3.61%	-0.24%	2.66%	0.66%
US	Dow Jones	5.28%	-2.21%	5.28%	-2.21%
US	NASDAQ Composite	5.00%	-3.20%	5.00%	-3.20%
UK	FTSE Allshare	4.99%	-10.39%	5.89%	-3.92%
Europe	FT Europe ex UK	5.80%	-14.67%	5.31%	-5.27%
World	MSCI AC World Free	5.15%	-6.23%	4.80%	-4.39%
World	Citigroup World Government Bond*	-0.29%	0.01%	-0.29%	0.01%
<b>EMERGING MARKETS ASIA</b>					
EM Asia	MSCI Emerging Markets Asia	4.19%	-2.59%	3.24%	-2.32%
	MSCI Emerging Markets Asia Small Cap	3.79%	-0.98%	2.93%	-0.76%
China	MSCI China	3.36%	-6.31%	3.12%	-6.06%
Hong Kong	MSCI Hong Kong	2.70%	-3.14%	2.46%	-2.88%
India	MSCI India	2.04%	1.56%	1.82%	1.85%
Indonesia	MSCI Indonesia	2.42%	14.31%	2.30%	10.05%
Korea	MSCI Korea	6.54%	-1.29%	3.65%	1.37%
Malaysia	MSCI Malaysia	2.27%	10.25%	1.38%	2.90%
Pakistan	MSCI Pakistan	2.91%	1.57%	3.29%	3.29%
Philippines	MSCI Philippines	3.93%	6.81%	3.14%	6.68%
Sri Lanka	MSCI Sri Lanka	-1.12%	16.54%	-1.07%	15.57%
Taiwan	MSCI Taiwan	5.62%	-8.56%	4.96%	-8.38%
Thailand	MSCI Thailand	2.05%	11.02%	1.79%	7.66%
<b>EMERGING MARKETS EUROPE MIDDLE EAST AFRICA</b>					
EMEA	MSCI EMEA	4.19%	-5.12%	3.02%	-1.96%
	MSCI EMEA Small Cap	3.56%	0.64%	2.18%	4.46%
Czech Republic	MSCI Czech Republic	2.92%	-10.41%	1.28%	-2.36%
Egypt	MSCI Egypt	0.27%	-4.87%	0.30%	-1.46%
Hungary	MSCI Hungary	9.60%	-12.27%	7.09%	3.09%
Morocco	MSCI Morocco	0.89%	1.97%	0.69%	13.21%
Poland	MSCI Poland	3.82%	-13.26%	1.56%	-2.32%
Russia	MSCI Russia	3.62%	-8.35%	3.21%	-6.73%
South Africa	MSCI South Africa	5.06%	-2.30%	3.37%	0.68%
Turkey	MSCI Turkey	3.35%	3.61%	2.48%	7.29%
<b>MIDDLE EAST</b>					
Bahrain	Bahrain All Share Index	0.54%	-6.15%	0.54%	-6.15%
Kuwait	Kuwait Stock Exchange Index	2.01%	-9.00%	1.75%	-8.20%
	MSCI Kuwait	6.82%	1.17%	6.38%	2.05%
Oman	Muscat Securities Market Index	2.92%	-1.79%	2.92%	-1.79%
	MSCI Oman	3.43%	3.10%	3.47%	3.15%
Qatar	Doha Securities Market Index	3.39%	0.53%	3.32%	0.47%
	MSCI Qatar	2.96%	2.53%	3.04%	2.52%
Saudi	Tadawul All Share Index	3.97%	1.96%	3.97%	1.95%
UAE - Abu Dhabi	Abu Dhabi Securities Market	0.46%	-7.89%	0.46%	-7.89%
	Dubai Financial Market General Index	2.57%	-16.48%	2.58%	-16.48%
	MSCI UAE	3.06%	-14.51%	3.05%	-14.52%
Israel	MSCI Israel	3.56%	-9.36%	2.92%	-7.59%
Jordan	MSCI Jordan	-0.16%	-11.57%	-0.17%	-11.51%
MSCI GCC	MSCI GCC	4.51%	0.95%	4.43%	1.14%
MSCI GCC ex SA	MSCI GCC ex Saudi Arabia	4.98%	-2.22%	4.78%	-1.76%

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LATIN AMERICA					
Latin America	MSCI Latin America	4.20%	-6.07%	3.34%	-5.57%
	MSCI Latin America Small Cap	2.50%	1.14%	1.59%	1.93%
Argentina	MSCI Argentina	8.26%	3.97%	8.26%	3.97%
Brazil	MSCI Brazil	4.32%	-10.36%	3.68%	-9.46%
Chile	MSCI Chile	3.31%	6.60%	3.08%	12.97%
Colombia	MSCI Colombia	2.30%	17.10%	1.96%	7.59%
Mexico	MSCI Mexico	3.91%	0.90%	1.80%	-1.15%
Peru	MSCI Peru	8.02%	9.62%	8.02%	9.62%
FRONTIER MARKETS					
	MSCI Frontier Markets	1.61%	-2.06%	1.51%	-0.35%
Botswana	MSCI Botswana	1.29%	-3.93%	0.23%	0.95%
Bulgaria	MSCI Bulgaria	-1.43%	-23.91%	-1.69%	-13.59%
Croatia	MSCI Croatia	0.01%	-14.17%	-0.44%	-4.06%
Estonia	MSCI Estonia	5.85%	20.77%	5.58%	37.15%
Ghana	MSCI Ghana	-0.48%	31.02%	0.00%	32.91%
Jamaica	MSCI Jamaica	-7.00%	11.33%	-6.87%	7.10%
Kazakhstan	MSCI Kazakhstan	0.82%	-26.84%	0.82%	-26.84%
Kenya	MSCI Kenya	-1.46%	16.53%	-1.37%	25.05%
Lebanon	MSCI Lebanon	0.27%	-4.30%	0.28%	-4.30%
Lithuania	MSCI Lithuania	0.75%	-4.10%	0.50%	8.91%
Mauritius	MSCI Mauritius	1.58%	-9.78%	-0.02%	-7.55%
Nigeria	MSCI Nigeria	-3.99%	12.77%	-3.45%	13.71%
Romania	MSCI Romania	0.96%	-11.38%	-0.62%	0.68%
Serbia	MSCI Serbia	0.77%	-12.68%	0.18%	7.28%
Slovenia	MSCI Slovenia	-0.34%	-17.55%	-0.60%	-6.36%
Tunisia	MSCI Tunisia	1.67%	0.21%	1.78%	12.74%
Ukraine	MSCI Ukraine	4.99%	32.36%	4.84%	30.60%

\* Local Currency of Citigroup WGB Index in USD  
Source: Bloomberg, 9 Jul 10

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