

Asian Weekly



Overview

- **Asian stockmarkets fell last week, amid lingering fear that Europe's debt woes and the harsh austerity measures will undermine global growth. But robust regional economic data pared the week's decline.**
- **Japan's economy grew by an annualised 5% in the first quarter, while machinery orders rose more than expected in April, suggesting that Japanese companies will gradually increase capital spending. The new prime minister signalled his resolve to curb the national debt by appointing fiscal conservatives to key cabinet posts.**
- **A surge in China's exports, coupled with the continuing rise in inflation and property prices last month revived fears of economic overheating.**
- **South Korea left interest rates unchanged, while unveiling a raft of measures to control currency flows. New Zealand lifted its benchmark rate for the first time in three years.**
- **A sharp rise in capital goods output drove India's industrial production higher in April. Separately, the government delayed raising fuel prices, amid worries that rising costs will stoke inflation.**
- **Malaysia announced a fresh five-year development plan to halve the budget deficit, trim subsidies and seek new sources of growth; Indonesia lifted its foreign ownership limit in certain sectors, such as agriculture and health care.**

Corporate News

Australia: **Toll Holdings** bought Qantas' Asia Pacific express air freight business, giving the transport and logistics group additional scale and coverage in the region. Tenet Healthcare withdrew its bid to acquire **Healthscope**. A favourable ruling by the Queensland Supreme Court will boost **Billabong's** defence in a long-running legal battle against a former Indonesian distributor.

China/Hong Kong: **Swire Pacific** is buying Cathay Pacific's remaining 15% stake in **Hong Kong Aircraft Engineering Company** for HK\$2.62 billion, while **Sun Hung Kai** won the bid for a prime residential site in Hong Kong for HK\$10.9 billion.

India: **Bharti Airtel** completed its US\$10.7 billion acquisition of Zain's mobile operations across 15 African countries.

Indonesia: Conglomerate **Astra International** now holds a 100% interest in Astra Sedaya Finance, after buying GE's 43% stake. **Petra Foods** raised S\$85.2 million via a new share placement to expand its cocoa ingredients and chocolate business.

Japan: **Honda Motor's** labour issues in China continued, as a fresh strike in an affiliated parts maker forced it to suspend local assembly operations. In a sign of recovering demand, however, the car maker, along with competitor **Toyota Motor**, will resume hiring contract workers in its domestic plants. Meanwhile, **Takeda Pharmaceutical** is investing in a new R&D centre to strengthen its compound development capabilities.

Korea: **Samsung Electronics** will invest US\$3.6 billion in its US plant to ride a global recovery in demand for consumer electronics.

Malaysia: **Digi.com** and Celcom, together with major shareholders, Telenor and Axiata, signed a deal to share network infrastructure, enabling Digi.com to be more efficient, provide a wider coverage and extend its reach to consumers. **CIMB Group** plans to list on the Thai stock exchange by year-end.

Singapore: **UOB** set up a euro medium-term note programme, a debt-issuing facility that allows it to borrow up to S\$5 billion in various currencies and at different maturities. **SingTel's** wholly-owned

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subsidiary, NCS, clinched an S\$850 million contract from the Ministry of Education. **ST Engineering's** marine arm, ST Marine, and its local partner were awarded a S\$66.5 million contract to design and construct a waste management facility in Brunei.

Thailand: Strategic Beverages (Thailand) backed off from its tender offer to purchase **Serm Suk** after failing to get the minimum specified in the bid.

We hold all the above companies highlighted.

Asian Fixed Income

Government yields rose, except in Indonesia, where a large bond auction underpinned the market. Asian currencies ended marginally weaker, with the won falling sharply on fears that South Korea may introduce foreign exchange controls.

The Asian credit market was volatile, but there was less short-selling. Despite a hefty pipeline of new offering, there were no issues last week.

Indices Performance Table

	WOW	YTD	WOW (US\$)	YTD (US\$)	11/06/2010
Australia All Ords	0.99%	-7.50%	3.56%	-12.66%	4,516.50
Hang Seng	0.47%	-9.14%	0.47%	-9.58%	19,872.38
MSCI China (US\$)	0.03%	-9.34%	0.03%	-9.34%	58.76
MSCI Zhong Hua (US\$)	0.29%	-8.64%	0.29%	-8.64%	303.20
India NSE50	-0.31%	-1.57%	-0.32%	-2.23%	5,119.35
Indonesia JCI	-0.76%	10.56%	-0.03%	13.24%	2,801.90
Japan Topix	-2.66%	-4.53%	-2.49%	-3.73%	866.44
Korea KOSPI	0.67%	-0.44%	-1.25%	-7.09%	1,675.34
FTSE Bursa Malaysia KLSE	0.02%	1.72%	0.36%	6.54%	1,294.67
New Zealand 50	0.37%	-5.85%	2.92%	-10.72%	3,041.26
Pakistan KSE100	-1.72%	0.90%	-1.89%	-0.16%	9,471.12
Philippines PCOMP	-2.73%	6.97%	-2.38%	6.31%	3,265.44
Straits Times Index	-0.36%	-3.50%	0.23%	-3.39%	2,796.29
Taiwan TWSE	-0.61%	-10.85%	-1.17%	-11.92%	7,299.49
Thailand SET	-0.25%	4.77%	0.21%	7.70%	769.55
Sri Lanka	4.76%	34.73%	4.91%	35.79%	4,561.33
US DJ	2.81%	-2.08%	2.81%	-2.08%	10,211.07
UK FTSE 100	0.74%	-4.60%	0.84%	-14.25%	5,163.68
Nasdaq Composite	1.10%	-1.13%	1.10%	-1.13%	2,243.60
MSCI AC AP Free X Japan (US\$)	0.35%	-8.57%	0.35%	-8.57%	380.83
MSCI AC Asia Pac X Japan Small Cap (US\$)	-0.27%	-7.95%	-0.27%	-7.95%	813.38
Merrill Lynch Asian US Dollar Bond	0.01%	4.51%	0.01%	4.51%	281.10
JPM Singapore Govt Bonds	0.66%	2.52%	1.26%	2.63%	154.11

Source: Aberdeen Asset Management Asia Limited, Bloomberg, Reuters, IRESS. Figures as of 04/06/10

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