

Emerging Markets Weekly



Overview

- **Emerging market stocks rebounded last week on the back of positive economic data. Gains, however, were moderated by lingering fears that Europe's debt problems and harsh austerity measures will undermine global growth.**
- **First-quarter GDP rose in Brazil, Hungary and the Czech Republic, while Chile's monthly economic growth accelerated in April. Factory output expanded in Mexico and South Africa. Israel, however, lowered its 2010 growth forecast because of Europe's debt woes.**
- **A sharp improvement 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. In China, a surge in exports, coupled with the continuing rise in inflation and property prices last month, revived fears of economic overheating.**
- **Elsewhere, inflation slowed in Brazil, Mexico and Hungary in May, but quickened in Chile and the Czech Republic. Brazil's central bank, nevertheless, raised interest rates. South Korea left rates unchanged, while unveiling a raft of measures to control currency flows.**
- **In other news, Hungarian officials backtracked on comments that the country was facing a Greek-like debt crisis. As well, the government announced plans to cut civil service wages, overhaul its tax system and ban foreign-currency mortgages.**
- **Malaysia introduced a fresh five-year development plan to halve the budget deficit, trim subsidies and seek new sources of growth, while Indonesia lifted its foreign ownership limit in certain sectors, such as agriculture and health care.**

Corporate News

Brazil: Bradesco will buy back 15 million shares over the next six months. **Lojas Renner** plans to open 10 to 12 traditional format stores as well as 15 compact stores in 2011. **Petrobras** won congressional approval to issue new shares to buy up to five billion barrels of government-owned oil reserves off the country's coast; new regulations also paved the way for guaranteeing that the oil company will get a minimum stake in all oil joint ventures as well as to set up a fund from oil revenue for social spending.

China/Hong Kong: Swire Pacific is buying Cathay Pacific's remaining 15% stake in Hong Kong Aircraft Engineering Company for HK\$2.62 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.

Israel: Check Point Software acquired US-based Liquid Machines, which will broaden its extensive data security portfolio.

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.

We hold all the above companies highlighted.

Emerging Markets Weekly

Indices Performance Table

REGION/COUNTRY	INDEX/FUND	US DOLLARS		LOCAL CURRENCY	
		WOW	YTD	WOW	YTD
REGIONAL/FUNDS/DEVELOPED MARKETS					
Emerging Markets	MSCI Emerging Markets	0.40%	-7.31%	0.53%	-4.90%
	MSCI Emerging Markets Small Cap	-0.29%	-5.09%	0.04%	-2.79%
US	Dow Jones	2.81%	-2.08%	2.81%	-2.08%
US	NASDAQ Composite	1.10%	-1.13%	1.10%	-1.13%
UK	FTSE Allshare	0.80%	-13.29%	0.70%	-3.54%
Europe	FT Europe ex UK	3.41%	-19.07%	2.81%	-5.46%
World	MSCI AC World Free	1.73%	-7.49%	1.49%	-3.95%
World	Citigroup World Government Bond**	0.52%	-3.11%	0.52%	-3.11%
EMERGING MARKETS ASIA					
EM Asia	MSCI Emerging Markets Asia	-1.10%	-7.14%	-0.15%	-5.49%
	MSCI Emerging Markets Asia Small Cap	-1.09%	-6.21%	-0.27%	-4.73%
China	MSCI China	0.03%	-9.34%	0.06%	-8.88%
Hong Kong	MSCI Hong Kong	0.94%	-6.92%	0.96%	-6.44%
India	MSCI India	-0.32%	-2.79%	-0.37%	-2.17%
Indonesia	MSCI Indonesia	-1.64%	6.52%	-1.43%	4.31%
Korea	MSCI Korea	-3.02%	-7.26%	0.56%	-0.76%
Malaysia	MSCI Malaysia	-0.37%	4.65%	-0.08%	0.36%
Pakistan	MSCI Pakistan	-1.86%	-3.14%	-2.04%	-2.06%
Philippines	MSCI Philippines	-3.79%	2.06%	-3.03%	2.96%
Sri Lanka	MSCI Sri Lanka	5.34%	17.88%	5.26%	16.97%
Taiwan	MSCI Taiwan	-1.31%	-13.36%	-0.75%	-12.31%
Thailand	MSCI Thailand	-0.22%	6.86%	-0.76%	3.92%
EMERGING MARKETS EUROPE MIDDLE EAST AFRICA					
EMEA	MSCI EMEA	0.35%	-7.95%	-0.03%	-2.76%
	MSCI EMEA Small Cap	0.68%	-2.48%	-0.02%	3.48%
Czech Republic	MSCI Czech Republic	0.53%	-14.58%	-0.75%	-1.23%
Egypt	MSCI Egypt	-4.72%	-1.89%	-4.54%	1.28%
Hungary	MSCI Hungary	2.94%	-21.37%	0.93%	-2.66%
Morocco	MSCI Morocco	1.89%	2.14%	1.78%	17.65%
Poland	MSCI Poland	3.27%	-16.24%	0.97%	-0.53%
Russia	MSCI Russia	-0.76%	-9.15%	-0.27%	-5.79%
South Africa	MSCI South Africa	0.50%	-6.33%	-0.03%	-1.78%
Turkey	MSCI Turkey	2.66%	-1.89%	1.43%	3.40%
MIDDLE EAST					
Bahrain	Bahrain All Share Index	-1.21%	-4.09%	-1.20%	-4.08%
Kuwait	Kuwait Stock Exchange Index	-1.24%	-6.98%	-0.99%	-5.18%
	MSCI Kuwait	-5.78%	2.79%	-5.62%	4.40%
Oman	Muscat Securities Market Index	0.01%	-3.59%	0.01%	-3.58%
	MSCI Oman	1.19%	0.03%	1.19%	0.04%
Qatar	Doha Securities Market Index	2.12%	-0.55%	2.16%	-0.56%
	MSCI Qatar	1.92%	0.85%	1.97%	0.86%
Saudi	Tadawul All Share Index	5.70%	2.31%	5.70%	2.30%
UAE - Abu Dhabi	Abu Dhabi Securities Market	-0.16%	-7.64%	-0.16%	-7.64%
UAE - Dubai	Dubai Financial Market General Index	0.99%	-15.26%	0.99%	-15.26%
	MSCI UAE	1.66%	-13.71%	1.66%	-13.71%
Israel	MSCI Israel	-2.77%	-10.68%	-3.09%	-9.27%
Jordan	MSCI Jordan	-1.15%	-11.98%	-1.14%	-11.97%
MSCI GCC	MSCI GCC	2.49%	1.25%	2.55%	1.57%
MSCI GCC ex SA	MSCI GCC ex Saudi Arabia	-2.50%	-1.73%	-2.39%	-0.92%
LATIN AMERICA					
Latin America	MSCI Latin America	4.29%	-7.56%	2.70%	-5.47%
	MSCI Latin America Small Cap	3.76%	-3.53%	2.24%	-1.34%
Argentina	MSCI Argentina	2.71%	-1.80%	2.71%	-1.80%
Brazil	MSCI Brazil	4.20%	-12.08%	2.40%	-8.82%
Chile	MSCI Chile	3.50%	1.14%	2.80%	7.21%
Colombia	MSCI Colombia	2.57%	10.91%	0.50%	4.54%
Mexico	MSCI Mexico	4.64%	2.44%	3.33%	-0.53%
Peru	MSCI Peru	7.94%	8.33%	7.94%	8.33%

Emerging Markets Weekly

FRONTIER MARKETS					
	MSCI Frontier Markets	-2.57%	-1.78%	-2.58%	0.50%
Botswana	MSCI Botswana	0.51%	-4.48%	0.54%	2.56%
Bulgaria	MSCI Bulgaria	0.31%	-24.76%	-0.16%	-10.74%
Croatia	MSCI Croatia	-0.81%	-17.23%	-1.51%	-2.71%
Estonia	MSCI Estonia	-0.07%	16.38%	-0.55%	38.07%
Ghana	MSCI Ghana	0.25%	32.14%	0.75%	32.12%
Jamaica	MSCI Jamaica	1.47%	21.08%	0.36%	17.40%
Kazakhstan	MSCI Kazakhstan	-6.07%	-16.49%	-6.07%	-16.49%
Kenya	MSCI Kenya	1.83%	17.55%	0.34%	24.98%
Lebanon	MSCI Lebanon	-0.91%	-2.25%	-0.91%	-2.25%
Lithuania	MSCI Lithuania	1.48%	-8.65%	1.00%	8.38%
Mauritius	MSCI Mauritius	-1.60%	-17.13%	-1.01%	-9.21%
Nigeria	MSCI Nigeria	-2.91%	17.38%	-2.79%	18.84%
Romania	MSCI Romania	-3.64%	-16.61%	-3.64%	-1.17%
Serbia	MSCI Serbia	-5.43%	-15.48%	-5.50%	8.11%
Slovenia	MSCI Slovenia	-1.41%	-20.01%	-1.88%	-5.10%
Tunisia	MSCI Tunisia	0.40%	-1.76%	0.43%	13.37%
Ukraine	MSCI Ukraine	4.78%	26.13%	4.61%	24.62%

Source: Bloomberg, 11 June 2010

** Local Currency of Citigroup WGB Index in USD

For more information

Client Services Team

Tel: +65 6395 2701

Fax: +65 6438 0743

Aberdeen Asset Management Asia Limited

21 Church Street

#01-01 Capital Square Two

Singapore 049480

Tel: +65 6395 2700

Fax: +65 6535 7159

www.aberdeen-asia.com

Important information

The above is strictly for information purposes only and should not be considered an offer, or solicitation, to deal in any of the mentioned funds. Any research or analysis used to derive, or in relation to, the above information has been procured by Aberdeen Asset Management Asia Limited ("Aberdeen Asia") for its own use, without taking into account the investment objectives, financial situation or particular needs of any specific investor, and may have been acted on for Aberdeen Asia's own purpose.

Aberdeen Asia does not warrant the accuracy, adequacy or completeness of the information herein and expressly disclaims liability for any errors or omissions. The information is given on a general basis without obligation and on the understanding that any person acting upon or in reliance on it, does so entirely at his or her own risk. Any projections or other forward-looking statements regarding future events or performance of countries, markets or companies are not necessarily indicative of, and may differ from, actual events or results. Aberdeen Asia reserves the right to make changes and corrections to the information, including any opinions or forecasts expressed herein at any time, without notice.

Aberdeen Asset Management Asia Limited, Registration Number 199105448E