

Asian Weekly



Overview

- Asian stocks rose last week, as positive economic data outweighed concerns over monetary tightening in China, while Intel's upbeat results boosted technology stocks.
- China's central bank increased the amount that banks must set aside as reserves, after new loans grew faster than expected. The economic recovery gathered pace: exports rose in December after falling for the past 13 months; foreign direct investments more than doubled; and foreign exchange reserves hit a new record.
- India's industrial production rose sharply in November, led by manufacturing and mining output. The federal government moved to tame rising food prices and boost local supplies, following the rise in wholesale prices, which posted its largest increase in more than a year in December.
- Australia's unemployment rate fell to an eight-month low, helped mainly by the rise in part-time jobs. The pace of decline in Singapore's retail sales slowed in November. Philippine exports rose for the first time in 14 months, as demand for electronics goods rebounded.
- The Thai finance minister expects the economy to grow between 3% and 3.5% this year. Consumer confidence improved for the second straight month in December, while the central bank kept benchmark rates unchanged.

Corporate News

Australia: **Rio Tinto** reported solid annual production with a sharp fourth-quarter rise in output, buoyed by Chinese demand. **Ramsay Health Care** will buy 57% of Groupe Proclif, a leading French private hospital operator, for A\$142 million.

China/Hong Kong: **Yanlord** acquired two pieces of land in China's Hainan province.

India: In corporate results, **Infosys** announced better-than-expected profits for the quarter ended December; **HDFC Bank's** robust third-quarter earnings were driven by net interest income growth and lower bad-loan provisions; and **CMC** delivered solid nine-month gains, as it focused on higher-margin activities. In other news, **Bharti Airtel** bought 70% of Bangladesh-based Warid Telecom for US\$300 million, which will supplement its operations in India and Sri Lanka.

Indonesia: **Astra International's** subsidiary Astra Agro reported higher palm oil production last year. **Ramayana** will grow its supermarket business by 10 new stores this year.

Japan: **Toyota Motor** expects US vehicle sales to accelerate in the next two years. **Honda Motor** will offer hybrid models for its Acura line; separately, it plans to expand into the digital broadcasting business by delivering content for use in car electronics systems and portable devices.

Malaysia: **Alliance Financial Group** chief executive Bridget Lai is being investigated by the board over the award of certain renovation contracts; we are monitoring developments. **Hong Leong Bank** appointed Mr Kwek Leng San, chairman Quek Leng Chan's brother, as a non-executive director.

Singapore: **SPH's** first-quarter profits nearly doubled owing to lower newsprint costs, along with higher contributions from property and investments. **WBL** shareholders voted against a performance share plan.

Thailand: **Central Pattana** will spend 2.1 billion baht to spruce up a mall. Loans growth, fees and investment gains underpinned **Tisco Financial Group's** full-year earnings.

We hold all the above companies highlighted.

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Asian Fixed Income

Bond yields fell last week on the back of firmer economic sentiment and rising interest rate expectations. US Treasury yields pared some of the December losses, while index rebalancing led to strong flows into the Thai market. In contrast, the Philippine market underperformed because of inflation and supply risks.

Asian currencies appreciated against the US dollar, led by the ringgit, which continued to be used as a proxy for a possible yuan revaluation by investors.

Indices Performance Table

	WOW	YTD	WOW (US\$)	YTD (US\$)	15/01/2010
Australia All Ords	-0.26%	0.96%	-0.28%	3.77%	4,929.50
Hang Seng	-2.88%	-1.00%	-2.94%	-1.09%	21,654.16
MSCI China (US\$)	-2.55%	-0.19%	-2.55%	-0.19%	64.68
MSCI Zhong Hua (US\$)	-2.53%	-0.16%	-2.53%	-0.16%	331.34
India NSE50	0.14%	0.98%	0.57%	3.11%	5,252.20
Indonesia JCI	1.25%	4.45%	1.28%	6.87%	2,647.09
Japan Topix	2.67%	6.48%	4.70%	8.33%	966.40
Korea KOSPI	0.39%	1.13%	0.23%	4.48%	1,701.80
FTSE Bursa Malaysia KLSE	0.43%	2.03%	1.58%	5.07%	1,298.58
New Zealand 50	-1.58%	0.86%	-1.32%	2.52%	3,257.95
Pakistan KSE100	1.50%	5.71%	2.26%	5.91%	9,923.14
Philippines PCOMP	1.34%	2.16%	1.14%	2.91%	3,118.47
Straits Times Index	-0.49%	0.37%	-0.26%	1.34%	2,908.42
Taiwan TWSE	0.92%	2.06%	1.17%	2.67%	8,356.89
Thailand SET	1.02%	1.63%	1.95%	3.22%	746.52
Sri Lanka	1.38%	5.25%	1.49%	5.34%	3,563.14
US DJ	-0.08%	1.74%	-0.08%	1.74%	10,609.65
UK FTSE 100	-1.43%	0.78%	0.06%	1.40%	5,455.37
Nasdaq Composite	-1.26%	0.83%	-1.26%	0.83%	2,287.99
MSCI AC AP Free X Japan (US\$)	-0.17%	2.44%	-0.17%	2.44%	426.71
MSCI AC Asia Pac X Japan Small Cap (US\$)	1.20%	5.08%	1.20%	5.08%	928.52
Merrill Lynch Asian US Dollar Bond	-0.68%	0.36%	0.68%	1.04%	269.93
JPM Singapore Govt Bonds	0.61%	0.41%	0.84%	1.38%	150.93

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

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