

Asian Weekly



Overview

- Asian stocks rose last week as improving economic and earnings newsflow offset concerns about Europe's debt crisis.
- In what was seen as a largely political move ahead of the G20 meeting this week, China pledged to increase the flexibility of its exchange rate, though it ruled out a dramatic one-off adjustment. Separately, its banking regulator warned of rising bad debts, especially from the industry's exposure to property.
- Japan's new government may double the consumption tax. The central bank kept interest rates steady and announced a ¥3 trillion low-interest lending scheme to spur growth. Large manufacturers, meanwhile, grew more optimistic in the April-June quarter.
- Calls for a rate hike in India rose as inflation reached double digits in May. Fitch raised the country's credit rating outlook to stable, from negative, on optimism higher-than-expected revenue from the sale of wireless airwaves will help reduce debt.
- Elsewhere, Thailand and Singapore's exports continued to climb in May. The latter's property market, however, cooled significantly as private home sales slumped.

Corporate News

Australia: Rio Tinto will invest US\$469 million in building a nickel and copper mine in the US after receiving the necessary approvals. **David Jones'** chief executive quit over sexual harassment charges.

China/Hong Kong: **XinAo's** chairman bought back close to 1 million shares following recent bribery rumours. **Yanlord's** joint purchase of six prime residential development sites in Tangshan Nanhu Eco-City with Ho Bee Investment could open up new development opportunities for the property developer. **CLP** said the leakage at the Daya Bay nuclear power plant was extremely small and has been contained.

Indonesia: **Ace Hardware** reported healthy May sales, with total revenue and same-store sales rising by 21% and 11% respectively.

Japan: In a further sign of demand recovery, **Toyota Motor** will resume construction of a plant in Mississippi and expects to begin production by 2011. **Takeda Pharmaceutical** plans to strengthen its development capabilities by deepening cooperation with universities and bio-venture firms. It will also begin selling three new drugs in the domestic market in July.

Malaysia: **SP Setia's** second-quarter performance was helped by better residential sales in the Klang Valley and Johor Bahru, while lending growth underpinned **Aeon Credit's** first-quarter net profits. Conversely, higher costs hurt **United Malacca's** full-year results. Meanwhile, **Maxis** intends to raise as much as M\$4.5 billion to upgrade its network and repay debt. **Alliance Financial Group's** appointment of a new CEO eased uncertainty about the bank's management.

Philippines: **Bank of the Philippine Islands** is planning a 10 billion peso rights issue to fund expansion. **Ayala Land** launched its first condominium in Cebu.

Taiwan: **TSMC** will acquire a 21% stake in US-based solar cell maker Stion Corp for US\$50 million as it expands into the renewable energy sector.

Thailand: The rise in television advertising expenditure bodes well for **BEC World**. In other news, the government proposed to buy Shin Corp's 41% stake in satellite operator Thaicom for national security reasons.

We hold all the above companies highlighted.

Asian Weekly

Asian Fixed Income

Despite recovering risk appetite, bond markets strengthened, with yields moving lower, particularly at the longer end. Indonesia, which has been resilient, outperformed on the back of renewed investor interest. In India, expectations of an interest rate hike drove shorter-dated yields higher.

Asian currencies appreciated against the US dollar. The won and rupiah, in particular, rallied following measures to manage capital inflows. Conversely, Asian currencies, with the exception of the won, were notably weaker against the euro.

Asian credit markets remained bullish, gathering momentum through the week. The firmer tone underpinned demand for the US\$750 million issue by Standard Chartered's Hong Kong unit.

Indices Performance Table

	WOW	YTD	WOW (US\$)	YTD (US\$)	18/06/2010
Australia All Ords	1.28%	-6.32%	3.86%	-9.30%	4,574.10
Hang Seng	2.08%	-7.25%	2.20%	-7.60%	20,286.71
MSCI China (US\$)	2.86%	-6.74%	2.86%	-6.74%	60.44
MSCI Zhong Hua (US\$)	2.66%	-6.20%	2.66%	-6.20%	311.28
India NSE50	2.80%	1.18%	4.28%	1.95%	5,262.60
Indonesia JCI	4.56%	15.60%	5.81%	19.82%	2,929.59
Japan Topix	2.10%	-2.53%	3.13%	-0.72%	884.64
Korea KOSPI	2.19%	1.73%	6.03%	-1.49%	1,711.95
FTSE Bursa Malaysia KLSE	1.78%	3.53%	2.78%	9.50%	1,317.69
New Zealand 50	0.21%	-5.65%	2.64%	-8.36%	3,047.50
Pakistan KSE100	1.84%	2.76%	1.55%	1.39%	9,645.71
Philippines PCOMP	2.14%	9.26%	3.47%	10.00%	3,335.48
Straits Times Index	1.33%	-2.22%	2.70%	-0.78%	2,833.40
Taiwan TWSE	2.65%	-8.49%	3.44%	-8.89%	7,493.11
Thailand SET	2.90%	7.80%	3.15%	11.10%	791.85
Sri Lanka	1.01%	36.09%	0.94%	37.07%	4,607.34
US DJ	2.35%	0.22%	2.35%	0.22%	10,450.64
UK FTSE 100	1.69%	-2.99%	3.70%	-11.07%	5,250.84
Nasdaq Composite	2.95%	1.79%	2.95%	1.79%	2,309.80
MSCI AC AP Free X Japan (US\$)	3.61%	-5.27%	3.61%	-5.27%	394.58
MSCI AC Asia Pac X Japan Small Cap (US\$)	4.00%	-4.27%	4.00%	-4.27%	845.93
Merrill Lynch Asian US Dollar Bond	0.65%	5.19%	0.65%	5.19%	282.93
JPM Singapore Govt Bonds	0.16%	2.69%	1.52%	4.19%	154.36

Source: Aberdeen Asset Management Asia Limited, Bloomberg, Reuters, IRESS. Figures as of 18/06/10

Asian Weekly

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