

Emerging Markets Weekly



Overview

- **Emerging equities rose in tandem with global stockmarkets last week, as improving economic data from the US and Europe offset concerns over the Continent's sovereign 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 property.**
- **Turkey's central bank left its benchmark interest rate unchanged as inflation slowed and the country's economic recovery may be hurt by debt problems in the broader region.**
- **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.**
- **South Africa's retail sales rose more than expected in April, but the central bank may cut interest rates further, given the weak domestic outlook.**
- **An increase in domestic consumption and investment underpinned Argentina's GDP growth in the first quarter.**
- **Hungary's 50 billion-forint bond issue attracted significantly higher bids than anticipated.**
- **Poland's presidential election will be decided in a run-off in July, after acting president Bronislaw Komorowski failed to win an absolute majority.**

Corporate News

Brazil: Vale is selling its holding in an aluminium production joint venture to Norsk Hydro in return for a 22% stake in the Norwegian company. **Petrobras** is expected to benefit from lower costs of production, as rents fall in response to the moratorium on drilling in the US.

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.

Israel: Teva's Plan B contraceptive pill is likely to face more competition, after Watson Pharmaceutical's alternative Ulipristal received the US Food and Drug Administration's approval. Separately, Teva raised US\$2.5 billion via a bond issue to partially finance its acquisition of Germany's Ratiopharm.

Malaysia: SP Setia's second-quarter performance was helped by better residential sales in the Klang Valley and Johor Bahru.

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.

Turkey: Akbank is expanding its corporate and investment banking operations in the Gulf.

We hold all the above companies highlighted.

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Indices Performance Table

REGION/COUNTRY	INDEX/FUND	US DOLLARS		LOCAL CURRENCY	
		WOW	YTD	WOW	YTD
REGIONAL/FUNDS/DEVELOPED MARKETS					
Emerging Markets	MSCI Emerging Markets	3.96%	-3.64%	2.34%	-2.68%
	MSCI Emerging Markets Small Cap	3.73%	-1.55%	2.21%	-0.64%
US	Dow Jones	2.35%	0.22%	2.35%	0.22%
US	NASDAQ Composite	2.95%	1.79%	2.95%	1.79%
UK	FTSE Allshare	3.84%	-9.96%	1.83%	-1.78%
Europe	FT Europe ex UK	5.62%	-14.52%	2.90%	-2.72%
World	MSCI AC World Free	3.30%	-4.43%	2.28%	-1.75%
World	Citigroup World Government Bond**	0.97%	-2.17%	0.97%	-2.17%
EMERGING MARKETS ASIA					
EM Asia	MSCI Emerging Markets Asia	3.98%	-3.45%	2.62%	-3.01%
	MSCI Emerging Markets Asia Small Cap	3.52%	-2.90%	2.26%	-2.59%
China	MSCI China	2.86%	-6.74%	2.71%	-6.40%
Hong Kong	MSCI Hong Kong	2.18%	-4.89%	2.03%	-4.55%
India	MSCI India	4.32%	1.41%	2.80%	0.56%
Indonesia	MSCI Indonesia	6.70%	13.66%	5.48%	10.03%
Korea	MSCI Korea	5.83%	-1.86%	2.13%	1.35%
Malaysia	MSCI Malaysia	3.00%	7.79%	1.98%	2.35%
Pakistan	MSCI Pakistan	0.95%	-2.23%	1.20%	-0.88%
Philippines	MSCI Philippines	2.71%	4.83%	1.10%	4.08%
Sri Lanka	MSCI Sri Lanka	1.79%	19.99%	1.80%	19.07%
Taiwan	MSCI Taiwan	3.37%	-10.44%	2.66%	-9.98%
Thailand	MSCI Thailand	2.21%	9.22%	2.15%	6.15%
EMERGING MARKETS EUROPE MIDDLE EAST AFRICA					
EMEA	MSCI EMEA	5.24%	-3.13%	2.87%	0.03%
	MSCI EMEA Small Cap	4.46%	1.87%	1.92%	5.47%
Czech Republic	MSCI Czech Republic	4.55%	-10.69%	2.19%	0.94%
Egypt	MSCI Egypt	2.73%	0.78%	2.80%	4.12%
Hungary	MSCI Hungary	4.23%	-18.04%	0.85%	-1.83%
Morocco	MSCI Morocco	1.49%	3.67%	-0.70%	16.83%
Poland	MSCI Poland	3.11%	-13.63%	-0.74%	-1.27%
Russia	MSCI Russia	4.06%	-5.46%	2.35%	-3.57%
South Africa	MSCI South Africa	7.08%	0.30%	4.12%	2.26%
Turkey	MSCI Turkey	5.24%	3.25%	3.61%	7.13%
MIDDLE EAST					
Bahrain	Bahrain All Share Index	-0.44%	-4.51%	-0.45%	-4.51%
Kuwait	Kuwait Stock Exchange Index	0.86%	-6.18%	-0.02%	-5.21%
	MSCI Kuwait	0.60%	3.40%	0.08%	4.49%
Oman	Muscat Securities Market Index	-0.12%	-3.71%	-0.12%	-3.70%
	MSCI Oman	0.19%	0.22%	0.19%	0.24%
Qatar	Doha Securities Market Index	1.94%	1.38%	1.86%	1.30%
	MSCI Qatar	2.05%	2.92%	2.02%	2.89%
Saudi	Tadawul All Share Index	2.41%	4.77%	2.40%	4.76%
UAE - Abu Dhabi	Abu Dhabi Securities Market	0.08%	-7.57%	0.08%	-7.57%
UAE - Dubai	Dubai Financial Market General Index	1.23%	-14.22%	1.23%	-14.22%
	MSCI UAE	2.46%	-11.58%	2.46%	-11.59%
Israel	MSCI Israel	2.76%	-8.21%	1.92%	-7.53%
Jordan	MSCI Jordan	-1.50%	-13.30%	-1.44%	-13.24%
MSCI GCC	MSCI GCC	2.25%	3.53%	2.14%	3.75%
MSCI GCC ex SA	MSCI GCC ex Saudi Arabia	1.17%	-0.58%	0.89%	-0.04%
LATIN AMERICA					
Latin America	MSCI Latin America	2.93%	-4.84%	1.25%	-4.28%
	MSCI Latin America Small Cap	4.01%	0.34%	2.35%	0.98%
Argentina	MSCI Argentina	4.62%	2.74%	4.62%	2.74%
Brazil	MSCI Brazil	2.75%	-9.66%	0.78%	-8.11%
Chile	MSCI Chile	5.45%	6.66%	4.23%	11.75%
Colombia	MSCI Colombia	3.07%	14.31%	1.77%	6.39%
Mexico	MSCI Mexico	2.97%	5.48%	1.85%	1.31%
Peru	MSCI Peru	1.12%	9.54%	1.12%	9.54%
FRONTIER MARKETS					

Emerging Markets Weekly

	MSCI Frontier Markets	0.37%	-1.42%	0.04%	0.53%
Botswana	MSCI Botswana	-0.98%	-5.42%	-3.03%	-0.55%
Bulgaria	MSCI Bulgaria	2.88%	-22.59%	0.47%	-10.32%
Croatia	MSCI Croatia	3.33%	-14.47%	0.67%	-2.06%
Estonia	MSCI Estonia	3.65%	20.63%	1.23%	39.76%
Ghana	MSCI Ghana	0.55%	32.86%	0.84%	33.23%
Jamaica	MSCI Jamaica	-0.36%	20.64%	-1.57%	15.56%
Kazakhstan	MSCI Kazakhstan	-6.24%	-21.70%	-6.24%	-21.70%
Kenya	MSCI Kenya	1.36%	19.15%	1.30%	26.61%
Lebanon	MSCI Lebanon	-0.23%	-2.47%	-0.23%	-2.47%
Lithuania	MSCI Lithuania	4.93%	-4.15%	2.48%	11.06%
Mauritius	MSCI Mauritius	3.91%	-13.89%	2.34%	-7.08%
Nigeria	MSCI Nigeria	2.16%	19.92%	2.26%	21.52%
Romania	MSCI Romania	10.62%	-7.76%	8.34%	7.08%
Serbia	MSCI Serbia	1.48%	-14.23%	-0.55%	7.52%
Slovenia	MSCI Slovenia	2.69%	-17.86%	0.29%	-4.83%
Tunisia	MSCI Tunisia	-0.13%	-1.89%	-1.60%	11.55%
Ukraine	MSCI Ukraine	7.31%	35.35%	7.28%	33.70%

**Local Currency of Citigroup WGB Index in USD
Source: Bloomberg, 20 June 2010

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