

# Asian Weekly



## Overview

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- Asian equities fell last week, on concerns that monetary tightening in China will dampen recovering global trade. Bank shares fell sharply following US president Barack Obama's proposal to limit the size of financial institutions and reduce risk-taking.
- Chinese regulators ordered several banks to halt lending temporarily, with new loans expected to fall to about 7.5 trillion yuan this year.
- China's economy grew by 10.7% year-on-year in the fourth quarter, the fastest pace since 2007. This brought full-year growth to 8.7%, which surpassed the 8% target set last year. Industrial production and retail sales grew sharply in December.
- Exports continued to rebound in December: Thailand and Singapore's shipments rose 26% year-on-year, while Taiwan's export orders climbed for a third consecutive month. Hong Kong and Taiwan's unemployment rate eased.
- Consumer prices rose in China, Malaysia and Australia in December. Thailand raised its core inflation forecast on expectations of higher commodity prices.

## Corporate News

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**Australia:** BHP Billiton's iron ore production broke a new record in the quarter-ended December, but half-year copper output was depressed by strikes and repair work. Woodside Petroleum's full-year production met the company's expectations.

**China/Hong Kong:** Public Financial's 2009 profits fell because of higher provisions. China Mobile added 4.24 million new subscribers in December, amid fierce competition. Standard Chartered received regulatory approval to be a market maker for domestic interbank bonds.

**India:** In quarterly results, Tata Consultancy Services was aided by increased demand across all its business segments. The performance of our banking holdings HDFC Bank, ICICI Bank and ING Vysya Bank was also largely positive. Piramal Healthcare's robust domestic business outweighed a decline in its overseas operations. Tata Power's net profits rose sharply, helped by lower fuel costs.

**Indonesia:** Astra International's president Michael Ruslim passed away from a bout of dengue fever.

**Japan:** Toyota Motor plans to double global production of hybrid vehicles to one million units in 2011. Honda Motor's Chinese joint venture Dongfeng Honda Automobile will build a second assembly plant in 2012 to lift capacity by 16%. Mitsubishi Estate and Mitsubishi Group will construct up to 1000 charging stations for electric cars by 2012. Sekisui House intends to build residential property in Russia and China by the end of the year.

**Korea:** Samsung Electronics will pay US\$900 million to settle legal claims with Rambus and invest US\$200 million in the company.

**Malaysia:** Hong Leong Bank Berhad offered to acquire EON Capital for M\$4.9 billion, which will create the country's fourth-largest banking group. CIMB Group Holdings's subsidiary CIMB Thai posted a small profit for the full year, while Public Bank also did well, on the back of higher net interest and financing income.

**Philippines:** Ayala Land launched its high-end condominium project Park Terraces and aims to sell a record 9200 homes this year.

**Singapore:** Singapore Exchange's second-quarter net profits dipped because of lower derivatives revenue. Wheelock Properties will launch the freehold Orchard View at Angullia Park in the first quarter.

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**Taiwan:** TSMC said that its 12-inch wafer plant would be ready for mass production by the third quarter.

**Thailand:** Both **Kasikornbank** and **Siam Commercial Bank** posted better-than-expected full-year operating results, buoyed by robust fee income.

We hold all the above companies highlighted.

### Asian Fixed Income

Government bonds rose last week but Indonesian bonds underperformed as the currency sold off on fears that the finance minister may be ousted over her role in the rescue of Bank Century.

Asian currencies declined against the US dollar, led by the won, ringgit and rupiah.

Credit markets faced increased risk aversion. Spreads for both investment-grade and high-yield bonds widened. Two new issues debuted last week; prices of Evergrande Real Estate fell, but Cikarang Listrindo rose.

### Indices Performance Table

	WOW	YTD	WOW (US\$)	YTD (US\$)	22/01/2010
Australia All Ords	-3.20%	-2.27%	-5.11%	-1.53%	4,771.90
Hang Seng	-4.29%	-5.24%	-4.41%	-5.45%	20,726.18
MSCI China (US\$)	-4.48%	-4.67%	-4.48%	-4.67%	61.78
MSCI Zhong Hua (US\$)	-4.41%	-4.56%	-4.41%	-4.56%	316.74
India NSE50	-4.12%	-3.17%	-5.37%	-2.43%	5,036.00
Indonesia JCI	-1.39%	3.00%	-2.34%	4.36%	2,610.34
Japan Topix	-2.63%	3.67%	-1.77%	6.41%	940.94
Korea KOSPI	-1.03%	0.09%	-3.10%	1.25%	1,684.35
FTSE Bursa Malaysia KLSE	0.14%	2.17%	-2.06%	2.90%	1,300.45
New Zealand 50	-2.07%	-1.23%	-5.41%	-3.03%	3,190.43
Pakistan KSE100	-1.50%	4.12%	-1.89%	3.90%	9,774.07
Philippines PCOMP	-3.05%	-0.96%	-3.76%	-0.97%	3,023.47
Straits Times Index	-3.05%	-2.69%	-3.84%	-2.55%	2,819.71
Taiwan TWSE	-5.14%	-3.19%	-5.66%	-3.14%	7,927.31
Thailand SET	-4.34%	-2.78%	-4.85%	-1.78%	714.10
Sri Lanka	-0.88%	4.32%	-0.96%	4.34%	3,531.73
US DJ	-4.12%	-2.45%	-4.12%	-2.45%	10,172.98
UK FTSE 100	-2.79%	-2.03%	-3.47%	-2.12%	5,302.99
Nasdaq Composite	-3.61%	-2.81%	-3.61%	-2.81%	2,205.29
MSCI AC AP Free X Japan (US\$)	-4.56%	-2.23%	-4.56%	-2.23%	407.25
MSCI AC Asia Pac X Japan Small Cap (US\$)	-5.11%	-0.29%	-5.11%	-0.29%	881.06
Merrill Lynch Asian US Dollar Bond	0.02%	1.06%	0.02%	1.06%	271.82
JPM Singapore Govt Bonds	0.09%	0.50%	-0.73%	0.64%	151.06

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

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