

# Emerging Markets Weekly



## Overview

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- **Emerging markets fell last week on concerns that monetary tightening in China and proposed US banking reforms will stall economic recovery.**
- **Chinese regulators ordered several banks to halt lending temporarily, with new loans expected to fall to about 7.5 trillion yuan this year. Meanwhile, China's economy grew by 10.7% year-on-year in the fourth quarter, the fastest pace since 2007, bringing full-year growth to 8.7%.**
- **South Africa's manufacturing activity expanded further in December amid the rebound in global demand, but retail sales fell again in November as job losses hindered domestic spending. Elsewhere, unemployment eased in Hong Kong, Taiwan, Israel and Poland, though job cuts in Brazil were worse than expected.**
- **Exports continued to rebound in December: Taiwan's orders climbed for a third consecutive month, while Thailand's shipments rose 26% year-on-year.**
- **Fitch raised Russia's credit rating outlook to stable from negative. In Eastern Europe, investor confidence improved in January, helped by a recovery in Western European demand.**
- **In other news, Sebastian Pinera became Chile's new president, ending the Concertacion coalition's two-decade rule. Venezuela will take over six foreign-owned hypermarkets, after accusing them of raising prices. In Argentina, the government plans to issue peso-denominated bonds to meet various debt obligations.**

## Corporate News

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**Brazil:** **Banco Bradesco** agreed to buy credit card administrator IBI Mexico. **Multiplan** will issue 1.5 million shares to raise capital, while **Lojas Renner's** proposal to distribute 75% of its 2009 net income as dividends will seek shareholders' approval in April. **Petrobras'** petrochemical joint venture Braskem will take over rival Quattor; the government plans to purchase bonds to inject more capital into the oil company, pending Congress' approval.

**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.

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

**Malaysia:** **CIMB Group Holdings'** 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.

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

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
<b>REGIONAL/FUNDS/DEVELOPED MARKETS</b>					
Emerging Markets	MSCI Emerging Markets	-4.64%	-2.59%	-3.19%	-2.09%
	MSCI Emerging Markets Small Cap	-4.36%	0.59%	-3.08%	0.75%
US	Dow Jones	-4.12%	-2.45%	-4.12%	-2.45%
US	NASDAQ Composite	-3.61%	-2.81%	-3.61%	-2.81%
UK	FTSE Allshare	-3.39%	-1.79%	-2.71%	-1.69%
Europe	FT Europe ex UK	-4.55%	-3.68%	-2.92%	-2.36%
World	MSCI AC World Free	-3.93%	-1.72%	-3.29%	-1.69%
World	Citigroup World Government Bond*	-0.39%	0.91%	-0.39%	0.91%
<b>EMERGING MARKETS ASIA</b>					
EM Asia	MSCI Emerging Markets Asia	-4.52%	-2.20%	-3.58%	-2.60%
	MSCI Emerging Markets Asia Small Cap	-4.82%	0.41%	-3.94%	-0.03%
China	MSCI China	-4.48%	-4.67%	-4.32%	-4.45%
Hong Kong	MSCI Hong Kong	-4.22%	-4.29%	-4.05%	-4.07%
India	MSCI India	-4.85%	-1.79%	-4.20%	-2.71%
Indonesia	MSCI Indonesia	-3.81%	2.53%	-2.50%	1.66%
Korea	MSCI Korea	-3.42%	0.73%	-1.01%	-0.43%
Malaysia	MSCI Malaysia	-1.98%	2.63%	-0.27%	1.85%
Pakistan	MSCI Pakistan	-3.18%	3.91%	-2.79%	4.17%
Philippines	MSCI Philippines	-5.36%	-3.05%	-4.59%	-3.12%
Sri Lanka	MSCI Sri Lanka	-2.42%	-0.43%	-2.33%	-0.48%
Taiwan	MSCI Taiwan	-6.22%	-3.70%	-5.70%	-3.75%
Thailand	MSCI Thailand	-5.17%	-2.41%	-4.82%	-3.45%
<b>EMERGING MARKETS EUROPE MIDDLE EAST AFRICA</b>					
EMEA	MSCI EMEA	-3.69%	-0.12%	-1.91%	0.40%
	MSCI EMEA Small Cap	-2.64%	1.93%	-0.48%	3.13%
Czech Republic	MSCI Czech Republic	-1.27%	3.59%	1.09%	4.04%
Egypt	MSCI Egypt	2.47%	10.59%	2.82%	9.85%
Hungary	MSCI Hungary	-6.63%	1.59%	-3.82%	3.48%
Morocco	MSCI Morocco	0.17%	6.08%	1.51%	7.37%
Poland	MSCI Poland	-3.82%	-0.06%	-0.91%	1.15%
Russia	MSCI Russia	-4.36%	3.11%	-3.55%	1.85%
South Africa	MSCI South Africa	-4.96%	-5.91%	-2.27%	-2.86%
Turkey	MSCI Turkey	-2.11%	1.39%	0.35%	1.12%
<b>MIDDLE EAST</b>					
Bahrain	Bahrain All Share Index	-0.08%	0.91%	-0.08%	0.91%
Kuwait	Kuwait Stock Exchange Index	0.04%	0.39%	0.14%	0.27%
	MSCI Kuwait	-2.55%	-3.37%	-2.42%	-3.44%
Oman	Muscat Securities Market Index	-2.74%	-0.04%	-2.50%	-0.02%
	MSCI Oman	-2.32%	0.50%	-2.08%	0.53%
Qatar	Doha Securities Market Index	-0.31%	-4.13%	-0.38%	-4.21%
	MSCI Qatar	-0.09%	-3.44%	-0.10%	-3.46%
Saudi	Tadawul All Share Index	-1.44%	2.96%	-1.43%	2.94%
UAE - Abu Dhabi	Abu Dhabi Securities Market	-2.77%	-5.23%	-2.77%	-5.23%
UAE - Dubai	Dubai Financial Market General Index	-6.18%	-12.95%	-6.18%	-12.95%
	MSCI UAE	-6.08%	-11.13%	-6.08%	-11.14%
Israel	MSCI Israel	-0.96%	2.89%	-0.01%	1.15%
Jordan	MSCI Jordan	-1.41%	-0.04%	-1.49%	-0.04%
MSCI GCC	MSCI GCC	-1.61%	0.14%	-1.57%	0.11%
MSCI GCC ex SA	MSCI GCC ex Saudi Arabia	-2.82%	-4.75%	-2.74%	-4.78%
<b>LATIN AMERICA</b>					
Latin America	MSCI Latin America	-5.78%	-5.60%	-3.40%	-3.04%
	MSCI Latin America Small Cap	-4.22%	-0.49%	-1.71%	1.83%
Argentina	MSCI Argentina	-4.31%	-0.99%	-4.31%	-0.99%
Brazil	MSCI Brazil	-6.10%	-7.01%	-3.52%	-3.08%
Chile	MSCI Chile	-2.66%	5.77%	0.63%	5.60%
Colombia	MSCI Colombia	-1.93%	2.45%	-1.17%	-0.57%
Mexico	MSCI Mexico	-6.08%	-4.92%	-4.19%	-5.70%
Peru	MSCI Peru	-7.24%	-6.08%	-7.24%	-6.08%

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FRONTIER MARKETS					
	MSCI Frontier Markets	-1.34%	0.03%	-1.14%	0.17%
<b>Botswana</b>	MSCI Botswana	-0.77%	2.39%	1.12%	4.65%
<b>Bulgaria</b>	MSCI Bulgaria	-0.90%	1.45%	0.78%	3.02%
<b>Croatia</b>	MSCI Croatia	-1.99%	4.85%	0.22%	6.98%
<b>Estonia</b>	MSCI Estonia	6.35%	25.60%	8.15%	27.54%
<b>Ghana</b>	MSCI Ghana	-0.28%	0.74%	0.29%	0.00%
<b>Jamaica</b>	MSCI Jamaica	-7.09%	-17.48%	-7.30%	-17.43%
<b>Kazakhstan</b>	MSCI Kazakhstan	-1.26%	4.79%	-1.26%	4.79%
<b>Kenya</b>	MSCI Kenya	2.42%	12.78%	2.37%	12.78%
<b>Lebanon</b>	MSCI Lebanon	-1.29%	-0.43%	-1.29%	-0.43%
<b>Lithuania</b>	MSCI Lithuania	-1.04%	10.91%	0.64%	12.63%
<b>Mauritius</b>	MSCI Mauritius	-1.14%	2.82%	-1.31%	0.45%
<b>Nigeria</b>	MSCI Nigeria	0.52%	5.64%	-0.04%	6.21%
<b>Romania</b>	MSCI Romania	-8.02%	6.86%	-5.49%	6.43%
<b>Serbia</b>	MSCI Serbia	-3.60%	4.65%	-1.39%	7.88%
<b>Slovenia</b>	MSCI Slovenia	-1.71%	1.58%	-0.04%	3.16%
<b>Tunisia</b>	MSCI Tunisia	-1.38%	5.29%	0.19%	6.50%
<b>Ukraine</b>	MSCI Ukraine	-0.74%	4.59%	-0.87%	5.44%

Source: Aberdeen Asset Managers Limited, Bloomberg, Reuters, IRESS. As at 22 Jan '10. \*Local currency of Citigroup WGB Index in US dollar.

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