

# Emerging Markets Weekly



## Overview

- An improved outlook for exports, upbeat US corporate earnings and expectations that Europe's banking sector stress tests would be positive underpinned emerging markets last week. In China, equities were buoyed by hopes that authorities would relax lending rules to boost the housing market.
- Rising inflation prompted Chile's central bank to raise its benchmark interest rate for the first time since Sept 2008. Poland and South Africa, however, continued to hold rates steady. Elsewhere, inflation accelerated in Hong Kong and Malaysia in June, as well as India in July.
- Hungary approved a controversial bank tax three times higher than levies proposed elsewhere in Europe to meet its deficit reduction target.
- Hong Kong has agreed with China to lift restrictions on using the yuan, including allowing Hong Kong banks to sell yuan-based financial products.
- Exports rose faster than expected in Thailand in June. Industrial production also grew in Taiwan, which saw unemployment fall to an 18-month low. Hong Kong's jobless rate stayed at a three-year high.
- South Korea's economy expanded by a quicker-than-expected 1.5% quarter-on-quarter in the second quarter.
- Brazil may give tax breaks to stimulate long-term lending for infrastructure investment and reduce the burden on the state.

## Corporate News

**Brazil:** Posco is buying a 20% stake in **Vale's** joint venture with Dongkuk Steel Mill. In addition, the Brazilian miner plans to invest US\$7.8 billion to expand the Carajás railway and build a new pier in Port of Ponta da Madeira. Meanwhile, talks with the labour union to resolve the strike at Vale's Voisey's Bay operations ended in stalemate. **Multiplan** paid US\$51.8 million to raise its stake in a shopping mall in Belo Horizonte, from 80.9% to 96.5%.

**China/Hong Kong:** **China Mobile** added another 5.6 million subscribers in June, bringing its total subscribers to 554 million.

**India:** Corporate results were mixed for the quarter ended June. **Godrej Consumer Products** continued to deliver positive results as it consolidates its acquisitions across emerging markets, while **Container Corporation's** revenues were hurt by changing traffic patterns and its inability to pass on higher costs in full.

**Israel:** Growth from **Checkpoint's** new and existing products drove first-half profits higher from a year ago.

**Malaysia:** Our holdings' half-year results met expectations. **Public Bank** benefited from better performances across the board; while Digi.com was helped by its growing customer base. **CIMB Group Holdings'** unit CIMB Thai rebounded, thanks to lower provisions and better cost management.

**Mexico:** Moody's cut **Femsa's** local bond rating after the Mexican brewer completed the sale of its beer business to Heineken. The Coca-Cola-bottling subsidiary, however, announced solid second-quarter results.

**South Africa:** **Truworths'** trading statement showed a rise in full-year earnings, although **City Lodge's** indicated a fall in earnings over the same period.

## Emerging Markets Weekly

**Sri Lanka: John Keells'** satisfactory full-year profits were supported by its financial services, transport and leisure businesses and it remains an excellent proxy to the recovering domestic economy.

We hold all the above companies highlighted.

## Indices Performance Table

REGION/COUNTRY	INDEX/FUND	US DOLLARS		LOCAL CURRENCY	
		WOW	YTD	WOW	YTD
<b>REGIONAL/FUNDS/DEVELOPED MARKETS</b>					
<b>Emerging Markets</b>	MSCI Emerging Markets	3.43%	-0.81%	3.02%	-0.17%
	MSCI Emerging Markets Small Cap	1.87%	1.95%	1.55%	2.69%
<b>US</b>	Dow Jones	3.24%	-0.03%	3.24%	-0.03%
<b>US</b>	NASDAQ Composite	4.15%	0.01%	4.15%	0.01%
<b>UK</b>	FTSE Allshare	3.67%	-5.21%	2.97%	-0.62%
<b>Europe</b>	FT Europe ex UK	1.48%	-12.08%	2.39%	-3.65%
<b>World</b>	MSCI AC World Free	2.65%	-3.91%	2.66%	-2.59%
<b>World</b>	Citigroup World Government Bond**	-0.66%	1.27%	-0.66%	1.27%
<b>EMERGING MARKETS ASIA</b>					
<b>EM Asia</b>	MSCI Emerging Markets Asia	2.12%	-0.75%	2.04%	-0.32%
	MSCI Emerging Markets Asia Small Cap	1.42%	0.55%	1.38%	0.95%
<b>China</b>	MSCI China	4.06%	-4.00%	3.98%	-3.83%
<b>Hong Kong</b>	MSCI Hong Kong	2.45%	-0.84%	2.37%	-0.66%
<b>India</b>	MSCI India	0.44%	2.64%	0.77%	3.52%
<b>Indonesia</b>	MSCI Indonesia	0.99%	18.14%	0.97%	13.74%
<b>Korea</b>	MSCI Korea	1.77%	0.57%	1.40%	3.55%
<b>Malaysia</b>	MSCI Malaysia	0.92%	11.87%	0.67%	4.47%
<b>Pakistan</b>	MSCI Pakistan	1.98%	5.98%	1.90%	7.49%
<b>Philippines</b>	MSCI Philippines	-1.06%	6.96%	-0.97%	7.16%
<b>Sri Lanka</b>	MSCI Sri Lanka	4.98%	28.33%	4.97%	26.46%
<b>Taiwan</b>	MSCI Taiwan	1.28%	-7.27%	1.26%	-6.93%
<b>Thailand</b>	MSCI Thailand	1.96%	13.31%	1.97%	9.58%
<b>EMERGING MARKETS EUROPE MIDDLE EAST AFRICA</b>					
<b>EMEA</b>	MSCI EMEA	3.92%	0.40%	3.17%	2.22%
	MSCI EMEA Small Cap	2.71%	4.87%	1.63%	7.09%
<b>Czech Republic</b>	MSCI Czech Republic	0.98%	-8.20%	0.73%	-2.22%
<b>Egypt</b>	MSCI Egypt	-0.30%	-4.59%	-0.21%	-1.09%
<b>Hungary</b>	MSCI Hungary	-5.60%	-16.17%	-2.59%	-0.03%
<b>Morocco</b>	MSCI Morocco	-1.14%	4.51%	-0.24%	14.82%
<b>Poland</b>	MSCI Poland	3.12%	-7.38%	3.34%	2.85%
<b>Russia</b>	MSCI Russia	4.57%	-2.38%	4.55%	-1.90%
<b>South Africa</b>	MSCI South Africa	4.63%	3.72%	2.77%	4.94%
<b>Turkey</b>	MSCI Turkey	4.09%	10.34%	3.10%	12.17%
<b>MIDDLE EAST</b>					
<b>Bahrain</b>	Bahrain All Share Index	-0.55%	-4.60%	-0.55%	-4.60%
<b>Kuwait</b>	Kuwait Stock Exchange Index	1.70%	-6.13%	1.89%	-5.56%
	MSCI Kuwait	4.56%	7.32%	3.12%	7.32%
<b>Oman</b>	Muscat Securities Market Index	-0.84%	-3.17%	-0.84%	-3.17%
	MSCI Oman	-1.37%	0.40%	-1.35%	0.42%
<b>Qatar</b>	Doha Securities Market Index	0.87%	0.25%	0.85%	0.19%
	MSCI Qatar	0.84%	2.32%	0.75%	2.18%

## Emerging Markets Weekly

<b>Saudi</b>	Tadawul All Share Index	0.95%	0.88%	0.95%	0.87%
<b>UAE - Abu Dhabi</b>	Abu Dhabi Securities Market	1.28%	-6.74%	1.27%	-6.74%
<b>UAE - Dubai</b>	Dubai Financial Market General Index	-0.04%	-16.45%	-0.04%	-16.45%
	MSCI UAE	1.62%	-13.35%	1.62%	-13.35%
<b>Israel</b>	MSCI Israel	-0.21%	-6.88%	-0.21%	-5.33%
<b>Jordan</b>	MSCI Jordan	-1.76%	-14.25%	-1.62%	-14.13%
<b>MSCI GCC</b>	MSCI GCC	1.46%	1.37%	1.15%	1.36%
<b>MSCI GCC ex SA</b>	MSCI GCC ex Saudi Arabia	2.76%	0.93%	1.99%	0.89%
<b>LATIN AMERICA</b>					
<b>Latin America</b>	MSCI Latin America	6.37%	-2.27%	5.38%	-1.99%
	MSCI Latin America Small Cap	3.66%	4.88%	2.60%	5.24%
<b>Argentina</b>	MSCI Argentina	7.43%	9.85%	7.43%	9.85%
<b>Brazil</b>	MSCI Brazil	7.41%	-6.73%	6.41%	-5.73%
<b>Chile</b>	MSCI Chile	4.35%	13.37%	2.32%	16.16%
<b>Colombia</b>	MSCI Colombia	4.35%	26.76%	3.80%	15.97%
<b>Mexico</b>	MSCI Mexico	3.98%	3.46%	3.18%	1.22%
<b>Peru</b>	MSCI Peru	4.90%	13.04%	4.90%	13.04%
<b>FRONTIER MARKETS</b>					
	MSCI Frontier Markets	1.66%	0.75%	1.28%	2.06%
<b>Botswana</b>	MSCI Botswana	3.18%	0.23%	2.29%	3.90%
<b>Bulgaria</b>	MSCI Bulgaria	-1.22%	-22.71%	-0.20%	-13.48%
<b>Croatia</b>	MSCI Croatia	-1.48%	-14.07%	-0.48%	-4.75%
<b>Estonia</b>	MSCI Estonia	-2.41%	19.17%	-1.39%	33.39%
<b>Ghana</b>	MSCI Ghana	0.02%	25.95%	-0.07%	27.99%
<b>Jamaica</b>	MSCI Jamaica	2.55%	15.09%	2.64%	10.85%
<b>Kazakhstan</b>	MSCI Kazakhstan	2.41%	-20.98%	2.41%	-20.98%
<b>Kenya</b>	MSCI Kenya	-1.47%	17.66%	-1.59%	26.03%
<b>Lebanon</b>	MSCI Lebanon	-2.62%	-9.43%	-2.62%	-9.43%
<b>Lithuania</b>	MSCI Lithuania	-1.52%	-2.70%	-0.49%	8.91%
<b>Mauritius</b>	MSCI Mauritius	0.26%	-8.04%	-0.39%	-6.52%
<b>Nigeria</b>	MSCI Nigeria	1.73%	18.26%	1.43%	18.66%
<b>Romania</b>	MSCI Romania	-1.45%	-10.38%	-0.55%	1.00%
<b>Serbia</b>	MSCI Serbia	-2.11%	-11.11%	-0.62%	9.16%
<b>Slovenia</b>	MSCI Slovenia	-2.73%	-18.07%	-1.71%	-8.30%
<b>Tunisia</b>	MSCI Tunisia	0.79%	3.65%	1.61%	15.63%
<b>Ukraine</b>	MSCI Ukraine	1.48%	31.94%	1.43%	30.07%

\*Local Currency of Citigroup WGB Index in USD  
Source: Bloomberg, 23 Jul 10

## Emerging Markets 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](http://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**