

Emerging Markets Weekly



Overview

- Emerging market stocks closed mixed last week after early gains from China's revaluation of the renminbi were counterbalanced by weak US economic data that triggered concerns over the global recovery.
- China and Taiwan agreed to lower tariffs on goods and open up their markets further for banking and other services. Beijing also cancelled the export tax rebate, which is expected to rebalance the economy.
- Argentina's economy grew the most in two years in April. South Africa shed 79,000 jobs in the first quarter, but Israel's April unemployment rate stayed at a 16-month low.
- Taiwan unexpectedly raised interest rates for the first time since 2008 but Iceland cut rates as the krona strengthened; Hungary and the Czech Republic kept rates unchanged.
- To reduce their deficits, Hungary will freeze state spending, while Turkey will restructure the debt of five state-owned utilities. India will allow petrol prices to move freely in tandem with global oil prices.

Corporate News

Brazil: **Vale** will invest US\$90 billion in the next five years, with 70% of that earmarked for domestic operations. **Petrobras** will postpone its share offering to September because a valuation report commissioned by regulators was incomplete.

China/Hong Kong: **China Mobile** added 4.76 million mobile subscribers in May.

Russia: **Lukoil** allocated US\$5 billion to finance the West Qurna project in Iraq.

Malaysia: **SP Setia's** second-quarter profits were helped by increased margins and property sales.

Turkey: **Akbank** is seeking to raise as much as US\$300 million in foreign financing.

We hold all the above companies highlighted.

Indices Performance Table

REGION/COUNTRY	INDEX/FUND	US DOLLARS		LOCAL CURRENCY	
		WOW	YTD	WOW	YTD
REGIONAL/FUNDS/DEVELOPED MARKETS					
Emerging Markets	MSCI Emerging Markets	-0.62%	-4.24%	-0.07%	-2.74%
	MSCI Emerging Markets Small Cap	0.22%	-1.33%	0.69%	0.04%
US	Dow Jones	-2.94%	-2.73%	-2.94%	-2.73%
US	NASDAQ Composite	-3.74%	-2.01%	-3.74%	-2.01%
UK	FTSE Allshare	-2.56%	-12.27%	-3.78%	-5.50%
Europe	FT Europe ex UK	-3.96%	-17.91%	-3.52%	-6.14%
World	MSCI AC World Free	-2.88%	-7.18%	-2.89%	-4.59%
World	Citigroup World Government Bond**	0.64%	-1.54%	0.64%	-1.54%
EMERGING MARKETS ASIA					
EM Asia	MSCI Emerging Markets Asia	0.43%	-3.03%	0.63%	-2.40%
	MSCI Emerging Markets Asia Small Cap	0.96%	-1.97%	1.10%	-1.52%
China	MSCI China	1.68%	-5.18%	1.63%	-4.88%
Hong Kong	MSCI Hong Kong	2.41%	-2.60%	2.36%	-2.29%

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India	MSCI India	0.09%	1.50%	0.37%	0.93%
Indonesia	MSCI Indonesia	0.82%	14.59%	0.38%	10.44%
Korea	MSCI Korea	-0.55%	-2.39%	0.51%	1.87%
Malaysia	MSCI Malaysia	0.67%	8.52%	0.69%	3.05%
Pakistan	MSCI Pakistan	2.34%	0.06%	2.16%	1.26%
Philippines	MSCI Philippines	-0.02%	4.80%	1.19%	5.33%
Sri Lanka	MSCI Sri Lanka	-0.46%	19.43%	-0.35%	18.65%
Taiwan	MSCI Taiwan	-0.29%	-10.70%	-0.63%	-10.55%
Thailand	MSCI Thailand	-0.15%	9.06%	-0.15%	6.00%
EMERGING MARKETS EUROPE MIDDLE EAST AFRICA					
EMEA	MSCI EMEA	-3.32%	-6.34%	-2.07%	-2.04%
	MSCI EMEA Small Cap	-2.60%	-0.78%	-0.99%	4.42%
Czech Republic	MSCI Czech Republic	-5.33%	-15.45%	-4.71%	-3.81%
Egypt	MSCI Egypt	-1.47%	-0.70%	-1.44%	2.62%
Hungary	MSCI Hungary	-5.53%	-22.58%	-3.11%	-4.89%
Morocco	MSCI Morocco	-1.66%	1.94%	-0.93%	15.74%
Poland	MSCI Poland	-3.30%	-16.48%	-0.85%	-2.10%
Russia	MSCI Russia	-2.80%	-8.11%	-2.48%	-5.96%
South Africa	MSCI South Africa	-3.66%	-3.37%	-1.80%	0.42%
Turkey	MSCI Turkey	-3.53%	-0.40%	-1.99%	5.00%
MIDDLE EAST					
Bahrain	Bahrain All Share Index	0.85%	-3.70%	0.85%	-3.70%
Kuwait	Kuwait Stock Exchange Index	-1.39%	-7.48%	-1.05%	-6.20%
	MSCI Kuwait	-2.97%	0.33%	-2.57%	1.80%
Oman	Muscat Securities Market Index	0.41%	-3.31%	0.40%	-3.31%
	MSCI Oman	0.32%	0.55%	0.31%	0.55%
Qatar	Doha Securities Market Index	0.16%	1.54%	0.16%	1.46%
	MSCI Qatar	0.37%	3.30%	0.38%	3.28%
Saudi	Tadawul All Share Index	-1.48%	3.22%	-1.48%	3.21%
UAE - Abu Dhabi	Abu Dhabi Securities Market	0.60%	-7.01%	0.60%	-7.01%
UAE - Dubai	Dubai Financial Market General Index	-0.90%	-14.99%	-0.90%	-14.99%
	MSCI UAE	-0.44%	-11.98%	-0.44%	-11.98%
Israel	MSCI Israel	-3.39%	-11.33%	-2.25%	-9.61%
Jordan	MSCI Jordan	3.21%	-10.52%	3.25%	-10.42%
MSCI GCC	MSCI GCC	-1.82%	1.64%	-1.74%	1.94%
MSCI GCC ex SA	MSCI GCC ex Saudi Arabia	-1.50%	-2.07%	-1.29%	-1.32%
LATIN AMERICA					
Latin America	MSCI Latin America	-1.10%	-5.89%	-0.22%	-4.50%
	MSCI Latin America Small Cap	-0.50%	-0.16%	0.46%	1.44%
Argentina	MSCI Argentina	-0.90%	1.82%	-0.90%	1.82%
Brazil	MSCI Brazil	-0.87%	-10.45%	-0.11%	-8.21%
Chile	MSCI Chile	-1.58%	4.97%	-0.38%	11.32%
Colombia	MSCI Colombia	0.29%	14.65%	0.35%	6.76%
Mexico	MSCI Mexico	-2.03%	3.34%	-0.63%	0.67%
Peru	MSCI Peru	-0.58%	8.90%	-0.58%	8.90%
FRONTIER MARKETS					
	MSCI Frontier Markets	0.70%	-0.74%	0.86%	1.40%
Botswana	MSCI Botswana	0.15%	-5.27%	1.04%	0.48%
Bulgaria	MSCI Bulgaria	-0.72%	-23.15%	0.03%	-10.29%
Croatia	MSCI Croatia	0.54%	-14.01%	1.11%	-0.97%
Estonia	MSCI Estonia	1.63%	22.60%	2.38%	43.10%
Ghana	MSCI Ghana	0.01%	32.87%	0.15%	33.43%

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Jamaica	MSCI Jamaica	-3.58%	16.33%	-3.58%	11.42%
Kazakhstan	MSCI Kazakhstan	-2.16%	-23.39%	-2.16%	-23.39%
Kenya	MSCI Kenya	-1.02%	17.93%	-0.04%	26.56%
Lebanon	MSCI Lebanon	-1.36%	-3.80%	-1.36%	-3.80%
Lithuania	MSCI Lithuania	-1.21%	-5.31%	-0.48%	10.52%
Mauritius	MSCI Mauritius	2.53%	-11.71%	0.97%	-6.19%
Nigeria	MSCI Nigeria	-2.11%	17.39%	-2.51%	18.46%
Romania	MSCI Romania	-6.58%	-13.83%	-5.18%	1.53%
Serbia	MSCI Serbia	0.16%	-14.09%	1.20%	8.81%
Slovenia	MSCI Slovenia	1.01%	-17.03%	1.76%	-3.15%
Tunisia	MSCI Tunisia	-1.57%	-3.43%	-0.85%	10.60%
Ukraine	MSCI Ukraine	-1.94%	32.72%	-1.97%	31.07%

**Local Currency of Citigroup WGB Index in USD

Source: Bloomberg, 25 Jun 10

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