

Asian Weekly



Overview

- Asian markets rose for last week, aided by buoyant economic news and encouraging US jobless claims data. Receding concerns over Greece's debt woes also bolstered sentiment.
- Australia raised interest rates for the fourth time since October to 4% and Malaysia hiked rates for the first time in almost four years, from 2% to 2.25%. In contrast, Indonesia kept monetary policy unchanged. Meanwhile, February's inflation was benign in Thailand and Korea.
- Regional economic reports were upbeat: in Japan, the unemployment rate fell below 5% for the first time in a year in January. Australia's economy grew in the fourth quarter at the fastest pace in two years. India's exports rose for a third month, while South Korea posted its fourth increase in shipments for February.
- Taiwan was struck by an earthquake of 6.4 magnitude. Supporters of former premier Thaksin are planning to protest next week after the Supreme Court ordered the confiscation of US\$1.4 billion-worth of his assets. Indonesia's parliament ruled that the government bail-out of Bank Century in 2008 was illegal.

Corporate News

Australia: **Rio Tinto** completed the sale of its Alcan Packaging Food Americas division to Bemis. **Tatts Group** purchased the state lottery business from New South Wales for A\$850 million.

China/Hong Kong: Full-year corporate results were positive: **Standard Chartered's** solid profits were bolstered by its wholesale division and the bank remains well capitalised. **Dairy Farm** benefited from robust sales in south-east Asia. **Jardine Strategic** did well and intends to return cash to its shareholders through a share buyback. **Hong Kong Land** returned to profitability because of higher real estate values and rental income. In contrast, **Pacific Basin** was hurt by lower trading activities worldwide.

India: **Tata Consultancy Services** won a bid to set up and run the UK's new national pension scheme that will be launched in 2012. **Infosys** will raise salaries for its staff in April, its second hike since October. **HDFC Bank**, **ICICI Bank** and **Kotak Mahindra Bank** raised rates on home and auto loans by as much as 100 basis points to maintain profitability. In the December quarter, both **Bosch** and **Gujarat Gas** reported an increase in sales and earnings.

Indonesia: **Astra International** will increase capital expenditure by 50% this year. **Telkom** agreed to buy a 75% stake in online health-service application company Administrasi Medika for US\$13.8 million. **United Tractor** will acquire two coal mines in central Kalimantan.

Japan: **Toyota Motor** is offering interest-free loans for as long as five years on eight of its most popular models in the US and China. **Chugai Pharmaceutical** plans to develop new types of diabetes medications to meet rising domestic demand. **Astellas Pharma** took legal action to prevent US biotech firm OSI Pharmaceuticals from blocking its US\$3.5 billion hostile takeover. **Canon's** tender offer for Dutch printer maker Océ left it with a smaller-than-expected stake, as several major shareholders refused to accept its bid.

Korea: **Samsung Electronics** and **LG Display**, are likely to benefit from Taiwan's earthquake, which disrupted some LCD supply chains there.

Malaysia: The central bank's interest rate hike is likely to benefit **Alliance Financial Group** and **CIMB Group Holdings** because they hold a large portion of variable rate loans in their portfolios. **DiGi.com** will distribute the iPhone soon, ending **Maxis'** one-year monopoly. **Hong Leong Bank** received Chinese regulatory approval for a joint venture with the Bank of Chengdu to offer consumer finance services. **CIMB Group's** subsidiary CIMB Investment Bank will acquire 10% of Vietnam's Vinashin Shipbuilding Finance Company Securities. **Star Publications** teamed up with JAKS Island Circle to build a residential and commercial property in Petaling Jaya. **SP Setia** raised its 2010 sales target to M\$2 billion from M\$1.65 billion.

Singapore: **Venture Corp's** cost-cutting measures boosted its bottom line in the three months to December.

Sri Lanka: **Commercial Bank of Ceylon's** fourth-quarter earnings benefited from the sale of government securities and foreign exchange gains. **Chevron Lubricants Lanka** continued to be well supported by firm oil prices.

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Taiwan: TSMC managed to resume production one day after the earthquake.

Thailand: The Thai Supreme Court ruled that laws enacted during former premier Thaksin's term favoured telcos - including **Advanced Info Service** - at the expense of the state. In earnings news, **Bangkok Insurance**, **Big C Supercenter**, **Haad Thip** and **Minor International** all posted robust annual results. **Central Pattana's** earnings more than doubled, helped by a one-off gain from the sale of Central Plaza Pinklao; **Goodyear (Thailand)** was lifted by fire insurance reimbursement; while both **Sermasuk** and **MFC Asset Management** benefited from tight cost controls. Against this, **Regional Container Lines** was weighed down by impairment losses.

We hold all the above companies highlighted.

Asian Fixed Income

Asian local government bond yields last week, on lower-than-expected inflation data. Market reaction was relatively muted to Malaysia's interest rate hike, but long-end bonds rose in response to Indonesia's decision to keep monetary policy unchanged.

The improvement in risk sentiment, spurred by Greece's successful issue of its 10-year sovereign bonds, helped local currencies appreciate against the US dollar. Asian credit also tightened, as was the case for Kexim's US\$1 billion bond issue.

Indices Performance Table

	WOW	YTD	WOW (US\$)	YTD (US\$)	05/03/2010
Australia All Ords	2.63%	-2.24%	4.17%	-1.21%	4,773.40
Hang Seng	0.87%	-4.96%	0.85%	-5.08%	20,787.97
MSCI China (US\$)	2.16%	-4.61%	2.16%	-4.61%	61.82
MSCI Zhong Hua (US\$)	2.05%	-3.64%	2.05%	-3.64%	319.79
India NSE50	3.38%	-2.16%	4.51%	-0.18%	5,088.70
Indonesia JCI	1.17%	1.75%	2.65%	4.11%	2,578.77
Japan Topix	1.87%	0.35%	0.12%	2.55%	910.81
Korea KOSPI	2.51%	-2.86%	4.44%	-0.22%	1,634.57
FTSE Bursa Malaysia KLSE	2.28%	2.12%	3.71%	4.57%	1,299.78
New Zealand 50	1.85%	-0.48%	1.50%	-4.54%	3,214.64
Pakistan KSE100	-0.33%	2.55%	0.07%	2.16%	9,626.29
Philippines PCOMP	0.85%	0.56%	1.30%	1.12%	3,069.63
Straits Times Index	1.43%	-3.70%	1.89%	-3.31%	2,790.29
Taiwan TWSE	3.10%	-6.37%	3.60%	-6.18%	7,666.26
Thailand SET	0.36%	-1.44%	1.56%	0.79%	723.96
Sri Lanka	0.43%	12.96%	0.82%	13.10%	3,824.17
US DJ	2.33%	1.32%	2.33%	1.32%	10,566.20
UK FTSE 100	4.58%	3.45%	3.76%	-3.16%	5,599.76
Nasdaq Composite	3.94%	2.52%	3.94%	2.52%	2,326.35
MSCI AC AP Free X Japan (US\$)	3.38%	-2.19%	3.38%	-2.19%	407.40
MSCI AC Asia Pac X Japan Small Cap (US\$)	3.98%	-1.45%	3.98%	-1.45%	870.79
Merrill Lynch Asian US Dollar Bond	0.31%	2.46%	0.31%	2.46%	275.57
JPM Singapore Govt Bonds	0.07%	0.32%	0.52%	0.73%	150.80

Source: Aberdeen Asset Management Asia Limited, Bloomberg, Reuters, IRESS. Figures as of 04/03/10

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For more information

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