

# Emerging Markets Weekly



## Overview

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- **Emerging markets rose last week, aided by buoyant economic news and encouraging US jobless claims data.** Fading concerns over Greece's debt woes also bolstered optimism about the global recovery.
- **Economic reports were positive.** Brazil's industrial output rebounded and its trade balance returned to a surplus. India and South Korea's exports rose, while South African business confidence improved. Poland continued to post robust growth in the fourth quarter.
- **Malaysia hiked rates for the first time in almost four years, from 2% to 2.25%.** In contrast, Indonesia kept monetary policy unchanged. Meanwhile, inflation accelerated in Brazil and Turkey, but eased in Korea, Russia and Thailand.
- **In politics, Argentine opposition lawmakers, who now control both houses of Congress, plan to reject the president's decree to use central bank reserves to repay debt.** Supporters of former premier Thaksin plan to protest 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.
- **In other news, Taiwan was struck by an earthquake of 6.4 magnitude.**

## Corporate News

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**Brazil:** Congress approved a government plan to grant **Petrobras** the right to produce up to five billion barrels of oil from offshore oil fields in exchange for company shares. In addition, Petrobras bought an oil block in the Campos Basin from Repsol and Statoil. Elsewhere, **Vale** is in final negotiations with Japanese steelmaker JFE Steel to sell iron ore at over 90% above 2009 prices. **Souza Cruz** became the first company to use an injunction to block the disclosure of its employees' wages.

**China/Hong Kong:** In full-year corporate results, **Standard Chartered's** solid profits were bolstered by its wholesale division and the bank remains well capitalised. 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, while its subsidiary United Tractor will acquire two coal mines in central Kalimantan.

**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 **CIMB Group** because it holds a large portion of variable rate loans in its portfolio. CIMB Group's subsidiary CIMB Investment Bank will acquire 10% of Vietnam's Vinashin Shipbuilding Finance Company Securities. **SP Setia** raised its 2010 sales target to M\$2 billion, from M\$1.65 billion.

**Poland:** **Bank Pekao's** fourth-quarter results reflected improved asset quality and capital adequacy.

**Russia:** **Lukoil**, together with Ghana National Petroleum Corp, made a significant oil and gas discovery off Ghana's coast.

**Sri Lanka:** **Commercial Bank of Ceylon's** fourth-quarter earnings benefited from the sale of government securities and foreign exchange gains.

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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.

We hold all the above companies highlighted.

### Indices Performance Table

REGION/COUNTRY	INDEX/FUND	US DOLLARS		LOCAL CURRENCY	
REGIONAL/FUNDS/DEVELOPED MARKETS		WOW	YTD	WOW	YTD
Emerging Markets	MSCI Emerging Markets	4.17%	-1.47%	3.06%	-1.81%
	MSCI Emerging Markets Small Cap	4.18%	0.41%	3.11%	-0.10%
US	Dow Jones	2.33%	1.32%	2.33%	1.32%
US	NASDAQ Composite	3.94%	2.52%	3.94%	2.52%
UK	FTSE Allshare	3.72%	-2.99%	4.54%	3.63%
Europe	FT Europe ex UK	4.66%	-4.55%	4.91%	-0.02%
World	MSCI AC World	3.39%	-0.04%	3.35%	0.95%
World	Citigroup World Government Bond**	-0.71%	-0.33%	-0.71%	-0.33%
<b>EMERGING MARKETS ASIA</b>					
EM Asia	MSCI Emerging Markets Asia	3.36%	-3.01%	2.58%	-3.90%
	MSCI Emerging Markets Asia Small Cap	4.12%	-1.19%	3.31%	-2.16%
China	MSCI China	2.16%	-4.61%	2.16%	-4.51%
Hong Kong	MSCI Hong Kong	1.79%	-1.26%	1.78%	-1.15%
India	MSCI India	4.77%	0.51%	3.63%	-1.49%
Indonesia	MSCI Indonesia	2.43%	0.68%	1.33%	-1.04%
Korea	MSCI Korea	4.51%	-1.70%	2.77%	-3.71%
Malaysia	MSCI Malaysia	3.32%	3.03%	2.06%	1.23%
Pakistan	MSCI Pakistan	1.11%	2.98%	0.66%	3.34%
Philippines	MSCI Philippines	0.00%	-0.86%	-0.15%	-1.23%
Sri Lanka	MSCI Sri Lanka	0.35%	-3.41%	-0.03%	-3.58%
Taiwan	MSCI Taiwan	3.48%	-6.78%	2.98%	-6.97%
Thailand	MSCI Thailand	2.28%	0.96%	1.00%	-1.13%
<b>EMERGING MARKETS EUROPE MIDDLE EAST AFRICA</b>					
EMEA	MSCI EMEA	5.84%	2.00%	4.53%	2.19%
	MSCI EMEA Small Cap	5.43%	5.43%	3.83%	6.27%
Czech Republic	MSCI Czech Republic	1.64%	-0.90%	0.75%	1.47%
Egypt	MSCI Egypt	0.91%	9.87%	0.83%	9.88%
Hungary	MSCI Hungary	6.77%	2.09%	5.82%	6.10%
Morocco	MSCI Morocco	-2.19%	1.31%	-2.09%	5.64%
Poland	MSCI Poland	6.47%	-0.03%	4.96%	-0.57%
Russia	MSCI Russia	7.23%	4.04%	6.87%	2.54%
South Africa	MSCI South Africa	6.41%	0.29%	3.27%	1.31%
Turkey	MSCI Turkey	5.57%	-5.42%	5.63%	-2.69%
<b>MIDDLE EAST</b>					
Bahrain	Bahrain All Share Index	-0.77%	3.30%	-0.76%	3.31%
Kuwait	Kuwait Stock Exchange Index	1.03%	5.48%	0.46%	5.82%
	MSCI Kuwait	1.50%	15.93%	1.71%	16.64%
Oman	Muscat Securities Market Index	-0.10%	4.92%	-0.10%	4.93%
	MSCI Oman	-0.34%	7.02%	-0.34%	7.03%
Qatar	Doha Securities Market Index	-2.21%	-3.27%	-2.09%	-3.30%
	MSCI Qatar	-1.65%	-2.37%	-1.63%	-2.50%
Saudi	Tadawul All Share Index	1.91%	7.18%	1.91%	7.17%
UAE - Abu Dhabi	Abu Dhabi Securities Market	1.62%	0.13%	1.62%	0.13%
UAE - Dubai	Dubai Financial Market General Index	1.81%	-10.08%	1.81%	-10.08%
	MSCI UAE	3.58%	-10.71%	3.57%	-10.71%
Israel	MSCI Israel	3.25%	5.61%	3.17%	5.29%
Jordan	MSCI Jordan	0.56%	-6.81%	0.56%	-6.75%
MSCI GCC	MSCI GCC	1.93%	7.00%	1.98%	7.11%
MSCI GCC ex SA	MSCI GCC ex Saudi Arabia	1.12%	5.75%	1.25%	6.06%

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LATIN AMERICA					
Latin America	MSCI Latin America	4.59%	-0.84%	2.89%	-0.15%
	MSCI Latin America Small Cap	2.47%	2.36%	0.69%	2.88%
Argentina	MSCI Argentina	5.26%	-2.91%	5.26%	-2.91%
Brazil	MSCI Brazil	5.18%	-2.24%	3.37%	-0.29%
Chile	MSCI Chile	2.46%	4.57%	-1.05%	5.00%
Colombia	MSCI Colombia	1.65%	8.60%	0.02%	1.05%
Mexico	MSCI Mexico	3.79%	1.44%	2.90%	-1.60%
Peru	MSCI Peru	3.03%	-0.59%	3.03%	-0.59%
FRONTIER MARKETS					
	MSCI Frontier Markets	1.36%	4.40%	1.42%	5.23%
Botswana	MSCI Botswana	-2.15%	3.68%	-4.21%	5.83%
Bulgaria	MSCI Bulgaria	-0.08%	-4.84%	0.20%	0.34%
Croatia	MSCI Croatia	1.32%	5.93%	1.21%	11.21%
Estonia	MSCI Estonia	5.52%	34.84%	5.82%	42.17%
Ghana	MSCI Ghana	2.96%	10.80%	2.40%	9.83%
Jamaica	MSCI Jamaica	8.53%	7.34%	8.53%	7.76%
Kazakhstan	MSCI Kazakhstan	1.31%	-1.57%	1.31%	-1.57%
Kenya	MSCI Kenya	1.10%	8.33%	0.90%	9.54%
Lebanon	MSCI Lebanon	1.45%	-1.24%	1.45%	-1.24%
Lithuania	MSCI Lithuania	0.80%	13.66%	1.10%	19.83%
Mauritius	MSCI Mauritius	1.06%	-5.16%	0.40%	-4.69%
Nigeria	MSCI Nigeria	-0.14%	11.43%	-0.03%	12.18%
Romania	MSCI Romania	3.67%	11.20%	3.50%	13.30%
Serbia	MSCI Serbia	-1.77%	3.00%	-1.47%	12.88%
Slovenia	MSCI Slovenia	-1.42%	-6.97%	-1.13%	-1.91%
Tunisia	MSCI Tunisia	0.97%	2.62%	0.70%	7.43%
Ukraine	MSCI Ukraine	4.42%	24.83%	4.44%	24.32%

Source: Aberdeen Asset Managers Limited, Bloomberg, Reuters, IRESS. As at 5 March 2010. \*Local currency of Citigroup WGB Index in US dollar.

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### Important information

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