



11<sup>th</sup> May – 15<sup>th</sup> May 09

## Overview

Asian stocks witnessed selling pressure dragging the index down on concerns corporate profits and economy will take longer time to recover. Strategist believe all positive news has already been priced and investors will need solid proof to believe that the economy is actually recovering. The MSCI Asia Pacific Index fell 0.7 percent to 97.28 in the past five days. India and China traded positive led by banks.

## Corporate News

- Indian elections ended on Saturday and started their counting. So far Congress has been emerged as a ruling party paving ways for Manmohan Singh once again to the top. Manmohan Singh will be the first premier after Jawaharlal Nehru to serve second term after finishing the first full term of 5 years. Advani is expected to step down as Leader of Opposition soon though an unclear pecking order could delay matters.
- Li & Fung, the Hong Kong company which manages supply chain for numerous brands and retailers worldwide has been benefited significantly in this recession, with many foreign retailers like Liz Claire borne in US, shifting their business to Li & Fung.
- Businesses believed Chinese goods were more costlier than Mexican goods. Fred Heegan, vice-president for global parts sourcing for the North American manufacturing operations of Takata, the Japanese maker of automobile air bag, seat belt, and steering-wheel assemblies, was found under pressure over the prices. Heegan, in a powerpoint presentation showed that many Chinese-made items aren't such bargains when one considers the costs associated with quality, logistics, and engineering changes.
- George Bailey, senior executive at IBM is now planning to join Sony as a Chief Information Officer. George Bailey, at IBM, often coached Japanese companies to manufacture new low margin gizmos in every few months and encouraged them to think holistically to use technology and software to create new Gizmos.

## Asian Currencies

Asian currencies except Japanese Won, fell after stock markets plunged on concerns of global recession and easing economy to be far from recovery. The Bloomberg-JPMorgan Asia Dollar Index, which tracks the region's 10 most-active currencies excluding the yen, fell this week for the first time in a month. A Hong Kong strategist believes to see some risk aversion which would drag the Asian currencies more. The correction seen in global equities this week is expected to continue.

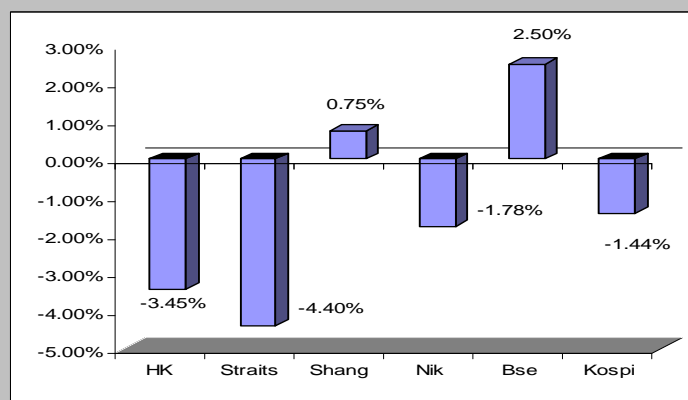
## Commodities

Crude oil fell towards the end of week to close at \$56.34 on concerns that weakening economies would hamper the demand for fuel. Oil Analysts believe, its still will look for market directions led by economy. If the stock markets regain its bullish momentum it can carry withstand the demand slowdown and soar up. Gold continued its second weekly rally as dollar declined further and stock market rally slumped, boosting demand for heaven investment. Expectations of weaker dollar and rising inflation would lead investors to spur their investments in gold.

## Indices

Index	Last	WOW ch %	YTD ch %
HK	16,791	-3.45%	-27.27%
Straits	2139.78	-4.40%	-29.64%
Shang	2645.26	0.75%	-25.40%
Nik	9265.02	-1.78%	-26.85%
Bse	12173.42	2.50%	-25.03%
Kospi	1391.73	-1.44%	-18.33%

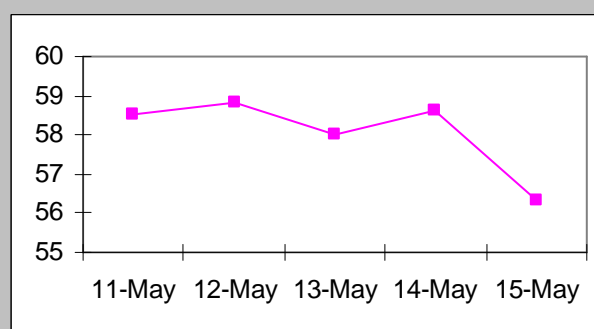
## Market movement WOW



## Currencies

Currency	Last	%YTD	%WOW
SGD	1.47	(2.85)	(0.86)
HKD	7.75	(0.01)	(0.02)
KRW	1,257.00	0.20	(0.80)
INR	49.40	(1.20)	(0.22)
JPY	95.21	(4.80)	3.42
MYR	3.55	(2.32)	(0.81)

## Crude Oil





## Markets this week

### Singapore

Singapore shares closed at 2139.78 on Friday and plunging 4.4% from its previous weeks close.

Singapore Airlines posted its net profit for Q4 and reported a 95% fall from its YOY as the global slump hit cargo and passenger traffic. The results were inline with expectations of Dow Jones analysts. The airlines lost \$543mn in hedging fuel contracts when fuel prices were higher, fuel cost being the biggest expense for airlines. Further the airline is expected to lose \$4.7bn this year due to economics crisis alone. Demand for travel also received a set back due to swine flu break out. Despite the drastic fall Singapore airlines fared better than other regional airlines.

Singapore's President S R Nathan has urged Japan to play a more active role in Southeast Asia despite the difficult economic situation. The Japanese premier assured Mr Nathan that Japan would not ignore ASEAN. Both the leaders discussed how their close working ties has helped each other. President Nathan met Japanese political and business leaders as well as Emperor Akihito and Empress Michiko. Emperor Akihito expressed interest in Singapore's education system and constitutional matters, among other things. Mr Nathan's visit to Japan is the first by a Singapore head of state since the two countries established diplomatic ties 43 years ago.

### China

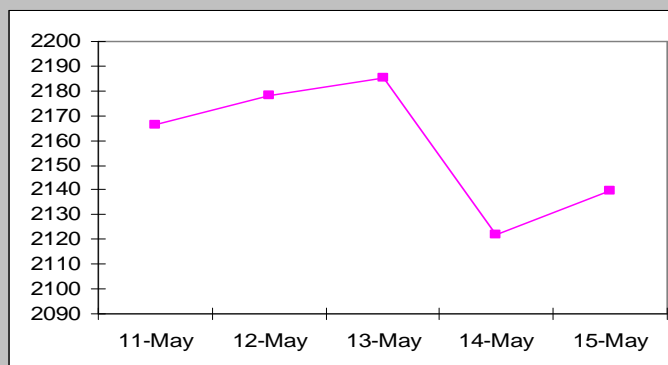
The Shanghai Composite rose 0.75% to close at 2645 compared to its previous weeks close.

Wilmar, the world's largest listed palm oil firm, plans to list 20-30 percent of its China business to tap investor interest and raise cash for acquisition. Wilmar posted a better-than-expected 11 percent rise in quarterly profit, as higher refining and trading margins offset lower revenues. They are optimistic about the demand from Chinese and Indian market. Wilmar plans to raise cash through a public offering in china which generated a\$600mn in profits and \$14.5bn in revenues last year contributing 50% of their overall sales.

Taiwan's Fubon Financial <2881.TW>, the island's fifth-largest financial holding firm, would be keen in increasing its existing stakes in China's commercial banks. Chinese regulations prohibit a single foreign institution from holding more than 20 percent of a Chinese bank. Taiwan signed a broad financial services agreement with China last month that included an agreement to set up a regulatory framework for financial services firms on both sides to invest and do business in each others' markets.

Rio Tinto reaffirmed its commitment to a proposed 19.5 billion US dollar tie-up with China's Chinalco clearing the doubts about the chinalco deal.

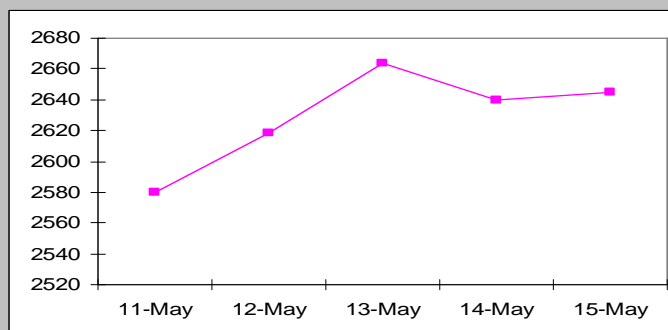
### Singapore



### Most Active Counters

Security	% chg WOW	Price
OLAM INTERNATIONAL	(12.18)	1.73
NOBLE GROUP LTD	(12.50)	1.47
NEPTUNE ORIENT	(17.61)	1.31
GOLDEN AGRI-RESO	(20.00)	0.38
WILMAR INTERNATI	14.54	4.49

### China



### Most Active Counters

Security	% chg WOW	Price
SHANGHAI SYNICA	31.86	9.23
BEIJING C&W-A	31.83	9.36
XIN JIANG BAI-A	27.70	10.88
HUNAN CHANGFEN-A	23.70	13.99
HANGZHOU TIAN-MU	23.14	9.42



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## India

The Bombay Stock Index continued its 10<sup>th</sup> weekly rally to close 2.5% above its previous week close at 12173.42. Markets remained volatile throughout the week with moderate volumes.

Realty sector outperformed the benchmark index. Foreign funds made heavy purchases.

Clariant chemicals decided to sell its disketen business along with its thane plant for 132.5 million rupees.

Essar Group's back office arm Aegis Ltd will buy Australian business process outsourcing firm UCMS Group Ltd in a cash deal worth about A\$54 million. Aegis BPO Services Australia pvt Ltd, will pay UCMS stockholders A\$0.98 per share, a 133 percent premium over Thursday's closing price of A\$0.42 per share. With this acquisition, Aegis will have operations in India, Philippines, the United States, Costa Rica, Kenya and Australia. The transaction is subject to approvals from shareholders and the Supreme Court of Victoria and other customary closing conditions.

Kotak Mahindra Bank has in-principle approval to be an anchor investor in the Ahmedabad Commodity Exchange, which plans to become a national multi-commodity exchange. A proposed fourth bourse promoted by MMTC Ltd and diversified business house Indiabulls may kick start in June. Reliance Industries <RELI.BO>, India's top energy group, aims to repay 150 billion rupees, or 21 percent of its total debt, from its surplus cash during 2009/10. Though the company is pretty comfortable with their debt position they plan to lower their debt to keep space for future fund raising.

Indian state-run explorer ONGC plans to start gas production in a field off India's east coast by April next year and hopes to start gas production at its deepwater block in the Krishna Godavari basin by April 2011.

Industry watchers see India and China as important markets to help a turn around in aviation industry. Slump business travels has hit the premium carriers.

## Korea

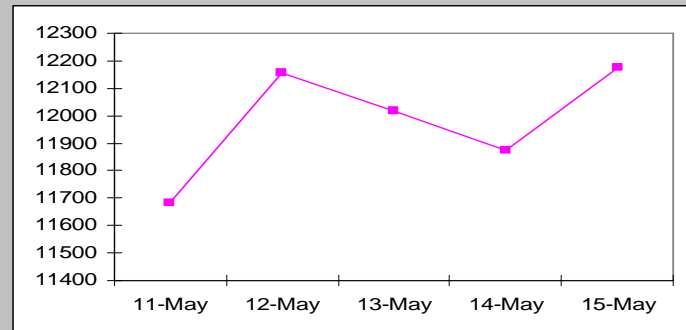
Korea plunged 1.44% to close at 1391.71 in line with other Asian markets.

US and South Korean officers blocked the Free trade agreement due to some political constraints. Although they believe its important to pass the deal admitting this might not be the right itme. The deal could boost annual trade between the two countries, which in recent years has hovered above \$80 billion, by a further \$20 billion.

Bank of America appointed Michael Cho, a South Korea-focused investment banker, as head of Asia M&A after Bank of America confirmed that Asia-Pacific M&A head Kalpana Desai was leaving the bank, the latest in a series of high level departures.

South Korea's top state-run research agency slashed its 2009 growth forecast for the country urging the authorities to start tightening monetary policy before the end of the year to prevent asset prices from overheating as the economy recovers.

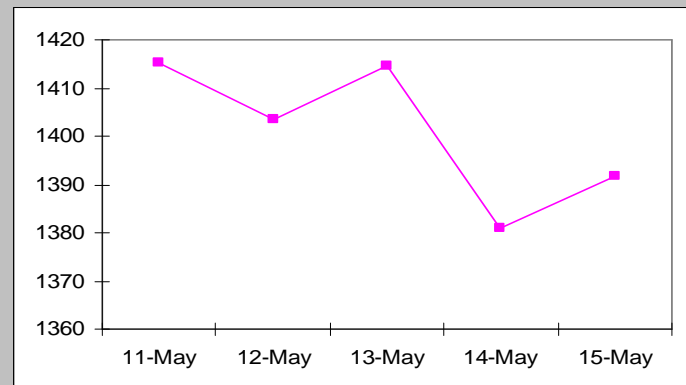
## India



## Most Active Counters

Security	% chg WOW	Price
RANBAXY LABS LTD	12.15	199.80
HOUSING DEV FIN	11.27	1,935.90
ICICI BANK LTD	10.34	574.45
DLF LIMITED	7.38	258.15
RELIANCE INFRAST	6.45	818.75

## Korea



## Most Active Counters

Security	% chg WOW	Price
KRW		
FNC KOLON CORP	53.02	17,750.00
DONGBU HITEK CO	30.06	11,900.00
SEOUL BROADCAST	26.51	42,000.00
BASIC HOUSE	25.89	5,860.00
HAN KUK CARBON	17.10	8,630.00



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## Japan

Japanese stocks slumped 1.78% to close at 9265 on Friday.

Japan's Mizuho Financial Group aims to raise about eight billion dollars to shore up its finances after suffering its first annual loss in six years due to the credit crunch. Mizuho plans to sell new shares worth up to 600 billion yen (6.2 billion dollars) to help it through the financial turmoil and to invest in its overseas businesses. Mizuho announced a net loss of 588.8 billion yen for the year to March, against a year-earlier profit of 311.2 billion yen, but don't seek government money.

Japan, which initially seemed to be relatively immune to the US credit crunch got a terrible hit from the financial crisis partly because of their exec exposure to stock market.

Japan's core machinery orders fell by a smaller-than-expected 1.3 per cent in March from the previous month. The drop was smaller than the average market forecast of a 5.1 per cent decline. Orders dropped 9.9 per cent in the three months to March compared with the previous quarter. The Japanese economy is seen as being on course for its worst recession since World War II as the global economic crisis batters its exports. The government expects orders were likely to fall by 5.0 per cent in the three months to June.

Japan's IT giant NEC Corp. would withdraw from a government-backed supercomputer project as part of its efforts to cut costs during the economic slump. NEC, who has been one of the top players, along with Intel and IBM, in the development of supercomputers, has been involved in the development of a next-generation supercomputer along with the Riken institute and fellow electronics makers Hitachi Ltd and Fujitsu Ltd. since 2007. Japan's high-tech giants have been badly affected by the global economic slowdown, which has pushed down demand for their products leading to Yen soaring eroding exports.

## Hong Kong

Hong Kong 3.45% to close at 16790 on Friday.

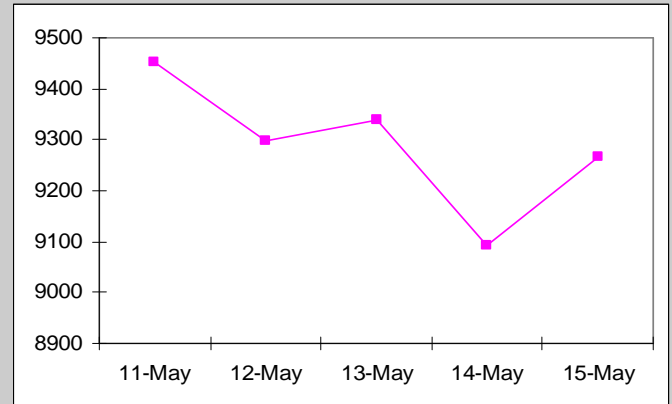
Hong Kong's political and business leaders met Thai Prime minister to discuss initiatives to attract investors and lure tourists back to their country.

Cathay Pacific Airways Ltd is not considering selling its stake in Hong Kong Aircraft Engineering Co. Pratt's, Cathay chairman, comment quashed market rumors that the airline may sell its 27.45 percent stake in HAECO, which is mainly engaged in the aircraft modification and maintenance business in Hong Kong and China.

Swire hotels is set to open its second Hong Kong hotel and its third property worldwide in January 2010 name EAST. Swire hotels has been created to manage lucrative urban hotels in Hong Kong, mainland China and UK.

Hong Kong is opening a small Entrepreneur Research Assistance Program funded by ITC, which will provide startup capital for technology entrepreneurs and companies. SERAP helps Entrepreneurs to undertake technological research and development projects with business potential by funding maximum HK\$4bn for each approved project.

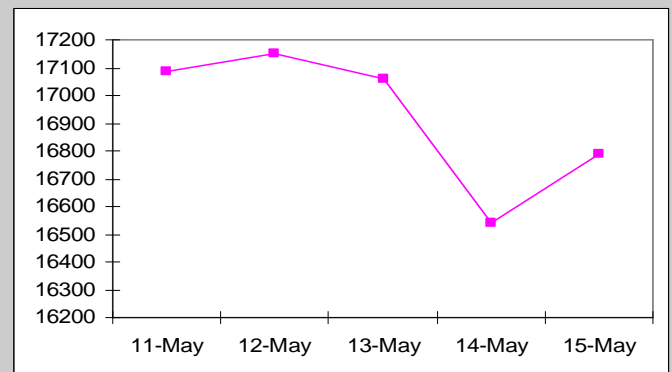
## Japan



## Most Active Counters

Security	% chg WOW	Price
MEIDENSHA CORP	22.78	345.00
SANYO ELECTRIC	17.06	199.00
EISAI CO LTD	11.40	3,030.00
CITIZEN HOLDINGS	11.21	526.00
MIZUHO SEC	11.11	280.00

## Hong Kong



## Most Active Counters

Security	% chg WOW	Price
ALUMINUM CORP-H	(8.13)	7.01
CHINA MERCHANT	(8.70)	20.45
CHINA CONST BA-H	(8.76)	4.79
BANK EAST ASIA	(9.26)	22.55
HONG KONG EXCHNG	(12.34)	103.70



## Financial summary for stock that announced results

**Singapore (SGD mn)**

Security	Sector	Price	NI 08	Q1 09	EPS	Book Value	P/BV 08	P/E 08
SINGAP TELECOMM	Communications	2.8	3960.2	903.4	0.217	1.286	2.18	12.92
DBS GROUP HLDGS	Financial	11.2	1929	433	1.26	10.467	1.07	6.87
UNITED OVERSEAS	Financial	14.36	1937	409	1.25	9.259	1.55	12.43
WILMAR INTERNATI	Consumer, Non-cyclical	4.49	1530.99	379.97	0.24	1.553	1.96	12.42
SINGAPORE AIRLIN	Consumer, Cyclical	11.6	2049.4	41.9	0.896	11.779	0.98	12.96
JARDINE MATHESON	Diversified	22.04	666		1.89	28.15	0.78	#N/A N/A
JARDINE STRAT	Diversified	12.38	692		1.12	8.879	1.39	#N/A N/A
CAPITALAND LTD	Financial	3.11	1,260	42.8530	0.37	2.982	1.04	10.03
SINGAP TECH ENG	Industrial	2.29	473.636	85.235	0.158	0.571	4.01	15.72
KEPPEL CORP LTD	Diversified	6.32	1097.971	285.292	0.69	3.05	2.07	8.98

**China (CNYmn)**

PETROCHINA CO	Energy	13.17	114431	18956	0.63	4.321	4.321	21.24
IND & COMM BK -A	Financial	4.29	110841	35153	0.33	1.804	1.804	13.06
CHINA CONST BA-A	Financial	4.6	92599	26256	0.4	1.994	1.994	11.65
BANK OF CHINA-A	Financial	3.61	64360		0.25	1.829	1.829	13.88
CHINA PETROLEUM	Energy	10.59	29769		0.34	3.791	3.791	30.42
CHINA LIFE INS-A	Financial	23.9	21277		0.75	6.391	6.391	31.87
CHINA SHENHUA -A	Energy	27.19	26641		1.339	7.413	7.413	20.31
BANK OF COMMUN-A	Financial	7.17	28,393	7935	0.58	3.055	3.055	12.36
PING AN INSURA-A	Financial	40.01	268	1986	0.04	11.294	11.294	1000.25
CHINA MERCH BK-A	Financial	17.17	21,077		1.43	5.407	5.407	11.99
CITIC SECURITI-A	Financial	26.1	7,305	1504.41	1.1	8.328	8.328	23.73

**India (INRmn)**

Security	Sector	Price	NI 08	NI 09	EPS	Book Value	P/BV 08	P/E 08
RELIANCE INDS	Energy	1948.25	195678.3		134.612	588.247	3.31	14.47
NTPC LIMITED	Utilities	187.6	74699		9.059	64.111	2.93	20.71
OIL & NATURAL GA	Energy	812.95	198722.6		92.91	365.083	2.23	8.75
BHARTI AIRTEL LT	Communications	799.8	63953.89		41.401	114.168	7.01	19.32
INFOSYS TECH LTD	Technology	1594.3	46590	59880	104.596	318.663	5	15.24
STATE BANK IND	Financial	1312.25	89606.13	109552.8	172.68	969.743	1.35	7.6
BHARAT HEAVY ELE	Industrial	1707.4	28593.4	30390	62.1	220.097	7.76	27.49
ITC LTD	Consumer, Non-cyclical	186.15	31577.6	31577.6	8.389	32.606	5.71	22.19
HINDUSTAN UNILEV	Consumer, Non-cyclical	224.3		25045	11.5	6.926	32.38	19.53
TATA CONSULTANCY	Technology	646	50260.2	52564.2	53.713	159.41	4.05	12.03

**Korea (KRW mn)**

Security	Sector	Price	NI 08	Q1 09	EPS	Book Value	P/BV 08	P/E 08
SAMSUNG ELECTRON	Technology	555000	5525905	619237	37684	456516.8	1.22	14.73
POSCO	Basic Materials	403000	4446934	324516	58905	362853.4	1.11	6.84

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Security	Sector	Price	NI 08	NI 09	EPS	Book Value	P/BV 08	P/E 08
KOREA ELEC POWER	Utilities	29750	-2952469	-882245	-4742	65750.81	0.45	#N/A N/A
SK TELECOM	Communications	180000	1277658	316748	17559	148014.8	1.22	10.25
HYUNDAI HEAVY	Industrial	234000	2256665	498269.4	37340	93357.18	2.51	6.27
KT&G CORP	Consumer, Non-cyclical	71000	894290.3	256546	6872	27504.76	2.58	10.33
KT CORP	Communications	36900	449810	139569	2217	43714.58	0.84	16.64
SHINHAN FINANCIA	Financial	31950	2020398	118478	4470	43221.66	0.74	7.15
LG ELECTRONICS	Industrial	110500	482786	-197600	2992	58427.37	1.89	36.93

**Japan (JPY mn)**

Security	Sector	Price	NI 08	NI 09	EPS	Book Value	P/BV 08	P/E 08
TOYOTA MOTOR	Consumer, Cyclical	3590	1,717,879	(436,937)	-139.13	3208.413	1.12	#N/A N/A
NIPPON TELEGRAPH	Communications	3970	635,156	538,679	400.41	5515.179	0.72	9.96
NTT DOCOMO INC	Communications	142300	491,202	471,873	11171.58	103965.6	1.37	12.76
MITSUBISHI UFJ F	Financial	613	636,624	636,624	61	663.785	0.92	13.75
TOKYO ELEC PWR	Utilities	2385	(150,108)	(84,518)	-62.65	1763.315	1.35	NA
HONDA MOTOR CO	Consumer, Cyclical	2765	600,039	137,005	75.5	2208.348	1.25	36.62
CANON INC	Technology	3310	309,148	309,148	246.21	2154.571	1.54	13.47
TAKEDA PHARMACEU	Consumer, Non-cyclical	3800	355,454	234,385	289.82	2548.194	1.49	13.02
PANASONIC CORP	Consumer, Cyclical	1455	281,877	(378,961)	-182.25	1344.501	1.08	#N/A N/A
SUMITOMO MITSUI	Financial	3920	461,536	(373,456)	-497.39	4056.984	0.97	#N/A N/A

**Hongkong (HKD mn)**

Security	Sector	Price	NI 08	Q1 09	EPS	Book Value	P/BV 08	P/E 08
PETROCHINA CO-H	Energy	8.09	114431	18,956	0.63	4.32	1.65	11.49
CHINA MOBILE	Communications	72.20	112,793	25,201	5.63	22.05	2.88	11.29
IND & COMM BK -H	Financial	4.65	110841	35,153	0.33	1.80	2.27	12.46
CHINA CONST BA-H	Financial	4.79	92599	26,256	0.40	1.99	2.12	10.68
BANK OF CHINA-H	Financial	2.88	64360	18,570	0.25	1.83	1.39	9.75
HSBC HLDGS PLC	Financial	64.30	5728		0.44	7.16	1.16	18.47
CHINA PETROLEU-H	Energy	6.10	29769		0.34	3.79	1.42	15.43
CHINA LIFE-H	Financial	27.55	21277		0.75	6.39	3.80	32.35
CHINA SHENHUA -H	Energy	23.20	26641		1.34	7.41	2.76	15.26
CNOOC LTD	Energy	9.98	44375.25		0.99	3.59	2.45	8.79

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Sources: Bloomberg, Reuters, JP Morgan, Noor Investments, Yahoo Finance, CNN, Business Week.