



# AMG Weekly Market Update

19<sup>th</sup> Oct, 2009

## Corporate results fuels optimism

U.S. Financials started to report the results for 3Q2009. Goldman Sachs made 5 times more than last year and JP Morgan also had a 200% increase in profits. Both of them beat market expectations by far. Better than expected earnings reinforced the optimistic sentiment and share market shot up as a result.

But, it is not all positive about the earnings reports. The traditional lending business is still slow for the financials. It showed that banks were still very tight in lending practices. Without easy access to credits, we do not expect a quick recovery for consumer and corporate spending.

And there were more media coverage on bad news about the emerging markets recently. The problems reported included law and order issue in Brazil and accusation of electoral fraud in Russia. They are obviously issues associated with investing in Russia and Brazil. But, we must stress that the problems existed for long. Gangsters and drugs related crimes were always a headache in Latin America in the last 20 years. And Putin's iron grip on Russian political power was there since he was elected president. Despite these problems, the Russian and Brazilian economies and stock markets were flourishing in the past years on escalating commodities prices. Moreover, the above mentioned problems are not connected across countries or regions. Investors can minimize the risk with proper diversification. So, we do not suggest investors to exit from Brazil and Russia.

### Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
US	University of Michigan consumer sentiment index		Oct 2009	69.4	73.5
US	Industrial production	Mom change	Sep 2009	0.7%	0.8%
US	CPI	Mom change	Sep 2009	0.2%	0.4%
US	CPI	Yoy change	Sep 2009	-1.3%	-1.4%
US	Business inventories	Mom change	Sep 2009	-1.5%	-1.0%
US	Retails sales	Mom change	Sep 2009	-1.5%	2.7%
US	Retail sles (excl. autos)	Mom change	Sep 2009	0.5%	1.1%
Germany	ZEW Economic Sentiment Indicator		Oct 2009	56	57.7
Germany	CPI	Mom change	Sep 2009	-0.3%	0.0%
France	CPI	Yoy change	Sep 2009	-0.2%	0.5%
France	Industrial production	Yoy change	Aug 2009	1.9%	0.8%



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Singapore	Non-oil exports	Yoy change	Sep 2009	-7.2%	-7.2%
India	Industrial production	Yoy change	Sep 2009	10.4%	7.2%
Malaysia	Industrial production	Yoy change	Aug 2009	-5.7%	-8.2%

\* All figures and information are collected from [www.bloomberg.com](http://www.bloomberg.com), Centre for European Economic Research (ZEW), Federal Statistics Office of Germany, National Institute of Statistics and Economic Studies (INSEE), International Enterprise Singapore, Ministry of Statistics and Programme Implementation of India, Department of Statistics Malaysia.

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