



# AMG Weekly Market Update

31<sup>st</sup> August, 2009

## Adjustment makes good opportunity for China investment

Over the weekend, Japan had its election for the lower house of parliament. As expected, the Liberal Democratic Party (LDP) was voted out from power. The opposition Democratic Party of Japan (DPJ) won more than half of the seats and became the new ruling party.

The toggling of LDP was an enormous change in Japanese politics. But the turnover in political power is not expected to help much on Japan economy. The problem for Japan is still weak exports. The causes behind are slow consumption demand in developed countries, the strength of Japanese Yen and narrow consumer base for the electronic exports. All of these would not change much after the election. Thus, we do not have high hopes for Japan.

In China, share market slumped again as the central government announced new measures to avoid over-investment in certain industries such as cement. Shanghai and Shenzhen stock markets dived again after a brief rebound. It pressured on Hong Kong market and Hang Seng Index fell also.

As mentioned in the weekly market update in the past few weeks, capital flow and market performance were not as bullish as 1 or 2 months before. And in fact, many have warned that Hong Kong stock market was a bit costly. So, it seemed to us that correction is healthy.

Although stock markets started a correction, what does not change is that China still has strong domestic growth drivers such as fast consumption growth and strong investment. Strong fundamental is positive for economic development and long term investment. Thus, the current adjustment means good buying opportunity for us and we maintain the suggestion for investors to buy on dip.

### Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
US	S&P Case-Shiller Home Price Index		Jun 2009	141.86	139.84
US	Consumer Confidence		Aug 2009	54.1	46.6
US	Durable Goods Orders	Mom change	Jul 2009	4.9%	-2.5%
US	New Home Sales	Annualized Rate	Jul 2009	433K	384K
US	Real GDP	Qoq change	2Q 2009	-1.0%	-5.5%
US	Personal Income	Mom change	Jul 2009	0.0%	-1.3%



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US	Consumer Spending	Mom change	Jul 2009	0.2%	0.4%
US	Consumer Sentiment		Aug 2009	65.7	63.2
Germany	Real GDP	Qoq change	2Q 2009	0.3%	-3.5%
Germany	Ifo Business Climate Index		Aug 2009	90.5	87.4
UK	Real GDP	Qoq change	2Q 2009	-0.7%	-2.4%
Japan	Exports	Yoy change	Jul 2009	-36.5%	-35.7%
South Korea	Consumer Confidence		Aug 2009	114	109
Singapore	Industrial Production	Yoy change	Jul 2009	12.4%	-9%
Taiwan	Industrial Production	Yoy change	Jul 2009	-8.1%	11.3%
Taiwan	Export Orders	Yoy change	Jul 2009	-8.8%	-10.9%

\* All figures and information are collected from [www.bloomberg.com](http://www.bloomberg.com), Federal Statistics Office of Germany, IFO Institute for Economic Research, Office for National Statistics of U.K., Ministry of Finance of Japan, Singapore Department of Statistics, National Statistics Republic of China (Taiwan).

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