



AMG Weekly Market Update

5th Oct, 2009

Olympic Effect

Rio de Janeiro has just won the bid to host the 2016 Olympic Games. In addition to Olympic Games, Brazil will also host the 2014 Soccer World Cup finals. In the next few years, the country will host 2 large sport events. Examples in the past showed that stock market of the host country will benefit as the big events come. So, it goes the term "Olympic effect".

Will Brazil benefit from the "Olympic effect" this time?

To prepare for sports events, Brazil needs to make huge investments in the construction of the venues, Olympic Village, transport network and improve the environment within the next few years. The budget for Rio de Janeiro Olympic is USD 11 billion. The investments shall add impetus to Brazilian growth.

But, the growth potential for the country is far more than "Olympic effect". For the last few years, Brazil is benefiting from higher commodities prices. Besides, domestic consumption is booming as the central bank tamed inflation and slashed the SELIC rate aggressively. Moreover, Brazil is among the very few economies which have returned to growth in 2009. It is attributable to aggressive expansion of lending by state-owned banks. As of July 2009, domestic credit provided by the state-owned banks was 32.9% higher than in September 2008. (Date source: Banco Central Do Brasil). Expansion of lending by the state-owned bank coupled with aggressive rate cuts helped Brazilian domestic consumption to keep up with decent growth. It contributed a lot to the rapid recovery of Brazilian economy.

So, Brazil is growing strongly on domestic consumption. But, similar to other emerging markets, Brazil is not immune to global economic environment. The pace of global economic recovery is still a significant risk for Brazilian market.

Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
China	Manufacturing PMI		Sep 2009	54.3	54.1
HK	Retail Sales	Yoy change	Aug 2009	-0.2%	-5.3%
US	Non-farm payroll	Mom change	Aug 2009	-263K	-216K
US	Unemployment rate	%	Aug 2009	9.8%	9.7%
US	Factory orders	Mom change	Aug 2009	-0.8%	1.3%
US	Consumption expenditure	Mom change	Aug 2009	1.3%	0.2%



Important Note & Disclaimer:

This document has been prepared mainly as information for internal professional advisers and nothing contained in this document should be construed as an invitation or an offer to invest or a recommendation to buy or sell any particular security or to adopt any investment strategy. Although the information provided in this document is obtained or compiled from what we believe to be reliable sources, AMG Financial Group Limited and its affiliates and the author can not and does not warrant, guarantee or represent, expressly or impliedly, the accuracy, validity or completeness of any information or data made available to the recipients of this document for any particular purpose and no liability in respect of any errors or omissions is accepted by AMG Financial Group Limited or its affiliates or any director or employee of AMG Financial Group Limited or his/her affiliates or the author. The author's views are subject to change without notice to the recipients of this document. Past performance is not necessarily a guide to future performance, the value of any investment and the income from it can rise as well as can fall as a result of currency and market fluctuations. The recipients of this document should seek for professional advice if they are in any doubt about any of the information contained herein.

US	Personal income	Mom change	Aug 2009	0.2%	0.0%
US	Motor-vehicle sales	Annualized figure	Sep 2009	6.7M	10.1M
US	Real GDP	Qoq change	2Q2009	-0.7%	-6.4%
US	S&P Case Shiller Home Price Index		Jul 2009	144.23	141.86
Japan	Tankan survey (Manufacturing – large enterprise)		Sep 2009	-33	-48
Japan	Tanken survey (Non-manufacturing – large enterprise)		Sep 2009	-24	-29
Japan	Unemployment rate	%	Aug 2009	5.5%	5.7%
South Korea	CPI	Yoy change	Aug 2009	2.2%	2.2%
South Korea	Industrial production	Yoy change	Aug 2009	1.2%	0.9%
Thailand	Manufacturing production	Yoy change	Jul 2009	-5.1%	-7.1%

* All figures and information are collected from China Federation of Logistics and Purchasing, Census and Statistics Department of Hong Kong, www.bloomberg.com, Bank of Japan, Ministry of Internal Affairs and Communication of Japan, Korea Statistical Information Service, Bank of Thailand.

For any comments, please send email to us at enquiries@amgwealth.com.

AMG Financial Group
21/F, Ka Wah Bank Centre, 232 Des Voeux Road Central, Central, HONG KONG
Telephone: (852) 3426 2612 Facsimile: (852) 3426 2650



Important Note & Disclaimer:

This document has been prepared mainly as information for internal professional advisers and nothing contained in this document should be construed as an invitation or an offer to invest or a recommendation to buy or sell any particular security or to adopt any investment strategy. Although the information provided in this document is obtained or compiled from what we believe to be reliable sources, AMG Financial Group Limited and its affiliates and the author can not and does not warrant, guarantee or represent, expressly or impliedly, the accuracy, validity or completeness of any information or data made available to the recipients of this document for any particular purpose and no liability in respect of any errors or omissions is accepted by AMG Financial Group Limited or its affiliates or any director or employee of AMG Financial Group Limited or his/her affiliates or the author. The author's views are subject to change without notice to the recipients of this document. Past performance is not necessarily a guide to future performance, the value of any investment and the income from it can rise as well as can fall as a result of currency and market fluctuations. The recipients of this document should seek for professional advice if they are in any doubt about any of the information contained herein.