



AMG Weekly Market Update

25th Jan, 2010

President Obama to rectify the financial system

Politics is coming into play in U.S. as mid-term election is approaching. President Obama starts to work on enhancing the regulation of the financials industry. He made 2 suggestions. One is to levy a financial crisis responsibility charge on the financial institutions and second is to reintroduce the ban on.

Both suggestions have the aim to avoid banks taking on too much risk and thus reduce the chance for another financial crisis. Actually, a major revealed in the financial tsunami is that European and American financial institutions are too heavily leveraged and their risk exposure was difficult to assess as they made use of complicated products. So, it is clear that more supervision is needed.

However, proprietary trading and investment banking are major income streams for the financial companies. Restricting their access to these two businesses will definitely hurt corporate profits. It is especially true when the traditional lending business is still very weak in Europe and U.S.. As such, market reaction tends to be radical. Financial sector fell on the news and it weighed on the U.S. stock market. Stock markets in other regions also turned down as sentiment turned sour.

Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
China	Retail sales	Yoy change	Dec 2009	17.5%	15.8%
China	Urban FAI	Yoy change	Dec 2009	30.5%	32.1%
China	Industrial value-added	Yoy change	Dec 2009	18.5%	19.2%
China	CPI	Yoy change	Dec 2009	1.9%	0.6%
China	Foreign Direct Investment	Yoy change	Dec 2009	103%	32%
China	Real GDP	Yoy change	4Q 2009	10.7%	9.1%
HK	CPI	Yoy change	Dec 2009	1.3%	0.5%
US	Housing starts	Annualized rate	Dec 2009	557K	574K
US	Economic leading indicator	Mom change	Dec 2009	1.1%	0.9%
UK	Retail sales	Mom change	Nov 2009	3.6%	2.3%
UK	Unemployment rate	%	Sep - Nov 2009	7.8%	7.8%



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UK	CPI	Yoy change	Nov 2009	2.9%	1.9%
France	INSEE business confidence		2010 Jan	92.0	89.0
Singapore	Non-oil domestic exports	Yoy change	Dec 2009	26.1%	8.7%
Taiwan	Unemployment rate	%	Dec 2009	5.74%	5.86%

* All figures and information are collected from National Bureau of Statistics of China, Census and Statistics Department of Hong Kong, www.bloomberg.com, National Office of Statistics of UK, National Institute of Statistics and Economic Studies (INSEE), Statistics Singapore, National Statistics, R.O.C. (Taiwan).

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