



AMG Weekly Market Update

12th Apr, 2010

Earning reports season starts in US

Listed companies in U.S. are going to announce their results for the first quarter of 2010. And this earnings report season started with a strong note and driven U.S. stock market upward. For the blue chips heavy weights that have made their announcement, including Alcoa, Intel, AMD, Google and JP Morgan, profits for all of them were in line with if not better than expectations.

Besides, the RMB exchange rate was also in market focus. In our view, it is very likely that China will allow floatation of RMB again. The reason behind is that the need for China to keep a fixed exchange rate has diminished as the global and Chinese economy recovers. Strong domestic consumption and revival of international trade mean that the worst time for Chinese exports and employment conditions is behind us. So, the need to keep RMB pegged with USD to protect against collapsing exports is declining too. What we expect is that RMB will go back to the managed float system referencing a currency basket instead of a single step appreciation. And the pace of appreciation shall be quite slow, taking the experience in 2005-2008 as reference, 3-5% gain p.a. should be expected. Though that the restart of RMB floatation may attract capital inflow to Hong Kong and China market, we do not think it will have significant impact over longer term as corporate earnings and economic conditions shall be a lot more important for stock market performance.

Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
US	ISM non-manufacturing index		Mar 2010	55.4	53
US	Consumer credit	Mom change	Feb 2010	-USD 11.5B	USD 5B
UK	Industrial production	Yoy change	Feb 2010	-0.1%	-0.5%
France	Industrial production	Yoy change	Feb 2010	2.1%	3.5%
Japan	Machinery orders	Yoy change	Feb 2010	-7.1%	-1.1%
Australia	Unemployment rate	%	Mar 2010	5.3%	5.3%
Taiwan	CPI	Yoy change	Mar 2010	1.3%	2.4%
Malaysia	Industrial production	Yoy change	Feb 2010	4.9%	12.7%
Philippines	CPI	Yoy change	Mar 2010	4.4%	4.2%

* All figures and information are collected from www.bloomberg.com, National Statistics Office of UK, National Institute of Statistics and Economic Studies, Cabinet Office of Japan, Australian Statistics Bureau, National Statistics, (R.O.C), Department of Statistics of Malaysia, National Statistics Office of Philippines.



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