



AMG Weekly Market Update

12th Oct, 2009

Mainland A share market gets better

Performance of the mainland stock market improved in recent days. Previously, in September, the market was clouded by worries about increased supply of stocks due to re-opening of IPO market and large quantity of non-negotiable shares entering the market. So, A shares slipped before the National Day holidays. But, things have changed. Household appliances, handset and autos industry reported strong sales growth during the holidays. Moreover, the state owned investment company, HuiJing, announced a plan to purchase shares of ICBC, CCB and BOC. The good news helped the market to turnaround after the holidays.

And the Chinese stock market really deserves better performance. China is among the fastest recovery economies. It shall have no difficulty meeting the government GDP growth target at 8% for 2009. And going forward, the infrastructure investment project started under the economic stimulation plan will take years to complete and initiatives to boost domestic demand is not expected to end this year. In addition, the 2010 World Expo in Shanghai shall keep the workers busy constructing the venue and related facilities. So, growth momentum for China shall be strengthening rather than fading for coming future.

The poor performance of A shares market was a drag on Hong Kong stock market and the pressure should now vanish as A shares market is doing better. Moreover, capital is coming back to Hong Kong. With the influx of capital, Hong Kong stock market shall be strong in short-term. However, we must say that it is a bit costly now from valuation point of view. Investors should be aware of the risk for capital flow to revert again.

Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
US	ISM Manufacturing PMI Index		Sep 2009	50.9	48.4
US	Consumer credit	Mom change	Aug 2009	USD -12.0B	USD -21.6B
France	Industrial production	Mom change	Aug 2009	1.9%	0.8%
UK	Industrial production	Rolling 3 mths change	Jun-Aug 2009	-0.2%	0.0%
Japan	Machinery orders	Mom change	Aug 2009	0.5%	-9.3%
Australia	Unemployment rate	%	Sep 2009	5.7%	5.8%
Singapore	Manufacturing PMI		Sep 2009	50.6	54.4
Taiwan	Exports	Yoy change	Sep 2009	-12.7%	-24.6%



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Taiwan	Imports	Yoy change	Sep 2009	-22.1%	-32.3%
Malaysia	Exports	Yoy change	Aug 2009	-19.8%	-22.8%
Malaysia	Imports	Yoy change	Aug 2009	-18.6%	-16.0%

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

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