



AMG Weekly Market Update

15th Mar, 2010

Key takeaway from NPC and CCPCC is policy change shall be mild

National Peoples' Congress and the Chinese Communist Party Central Committee meeting were concluded last week. Investors were very cautious and waited for the results of the NPC and CCPCC meetings as they are traditionally the most important meetings to determine government policies for coming year. So, stock markets in China and Hong Kong were very quiet.

During the weekend, officials started to talk after the meetings. An important message was that the fiscal and monetary policy changes will be mild. This year the policy target not only aim at keeping GDP growth of 8%, but it also target at keeping inflation at 3% and diverting the dependence on government led investments to private sector consumption and investment. To achieve the targets, the government reassured that the public that they will maintain a relatively loose fiscal and monetary policy. As for the policy interest rate movements, the stance of the central government seemed to be mild. It was helping to ease investors' concerns about abrupt interest rate hike by PBOC.

Besides, the FOMC is going to announce their decision on U.S. interest rate on Tuesday. Given that U.S. economic growth is weak and unemployment still high, it is obvious that they are not in a position to add to the interest rate. But, investors' eyes are on the wordings of the FOMC statement. They will look for clues about interest rate movements in the future such as better evaluation of the economic conditions or the job market or more emphasis on the risk of inflation.

Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
China	Exports	Yoy change	Feb 2010	31.4%	21.1%
China	Imports	Yoy change	Feb 2010	63.6%	85.7%
US	Retail sales	Mom change	Feb 2010	0.3%	0.5%
US	Retail sales (excl. autos)	Mom change	Feb 2010	0.8%	0.6%
US	University of Michigan consumer confidence index		Mar 2010	72.5	73.6
Germany	Exports	Yoy change	Jan 2010	0.2%	3.7%
Germany	Imports	Yoy change	Jan 2010	-1.4%	-6.1%
Germany	CPI	Yoy change	Feb 2010	0.6%	0.8%



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UK	Exports	Yoy change	Jan 2010	-1.9%	-0.9%
UK	Imports	Yoy change	Jan 2010	1.9%	0.7%
UK	Industrial production	Yoy change	Jan 2010	-1.5%	-3.6%
Japan	Machinery orders	Yoy change	Jan 2010	-1.1%	-1.5%

* All figures and information are collected from General Administration of Customs of the People's Republic of China, www.bloomberg.com, Federal Statistics Office of Germany, National Institute of Statistics and Economic Studies of France, Office for National Statistics of UK, Cabinet Office of Japan.

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