



AMG Weekly Market Update

12th July, 2010

Decent growth is just not good enough for now

Listed companies in U.S, are going to reveal their results for Q2 2010. Consensus estimates for S&P 500 companies points to 25% EPS growth. This is, in deed, very decent growth given that the market is trading at forward P/E ratio of 13x. Unless the actual outcome fell short by a large margin, earnings announced should not cause downward pressure on stock market.

But, we are doubtful if stock market will be very strong either. Recently, investors turned more sceptical about the global economy recovery. It is very likely that they will demand higher visibility to future earnings. Here come the complications. Recent data suggests that the U.S. economy is getting slower and corporate earnings is in a down trend when compared with previous quarters. Thereby, immediate stimulus to stock market would also be limited.

As a whole, corporate results shall be generally upbeat for Q2 2010. And the valuations for the U.S market shall stay below long term average. But, the market is now dominated by concerns about slowdown in economic growth. Satisfactory corporate reports will not be sufficient to push driver markets higher.

Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
US	Consumer credit	Mom change	May 2010	-9.1B	1.0B
US	ISM non-manufacturing index		Jun 2010	53.8	55.4
Eurozone	Retail sales	Mom change	May 2010	0.2%	-0.9%
Germany	Industrial production	Mom change	May 2010	2.6%	1.2%
Japan	Machinery orders	Mom change	May 2010	-9.1%	4.0%
Australia	Unemployment rate	%	Jun 2010	5.1%	5.1%
Taiwan	Exports	Yoy change	Jun 2010	40.4%	57.9%
Taiwan	Imports	Yoy change	Jun 2010	34.1%	71.4%
Malaysia	Industrial production	Yoy change	May 2010	12.5%	10.1%
Philippines	CPI	Yoy change	Jun 2010	3.9%	4.3%

* All figures and information are collected from www.bloomberg.com, Eurostat, Federal Statistics Office of Germany, Cabinet Office of Japan, Australia Bureau of Statistics, National Statistics, R.O.C (Taiwan), Department of Statistics Malaysia, National Statistics Office of Republic of Philippines.

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



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