



AMG Weekly Market Update

16th August, 2010

Gold is moving up again

USD index has dropped by around 10% since it peaked in June. At the back of the renewed decline of USD was a weakening U.S. economy and receding worries about European debt crisis. While USD turns down, risky assets e.g. stocks, commodities and high yield currencies came back to strength. Among them, gold price is testing the historical high again.

Besides the recovery of risk appetite, gold is also benefiting from its status as hard currency. What happened in April and May was made it very clear. At that time, financial markets were severely influenced by the deepening worries about European sovereign debt crisis. Euro exchange rate was in a freefall and nearly all kinds of risky assets sank together with the common currency for Europe. Still, gold price managed to climb. It was also driven by investors' demand for alternative for Euro.

So, we can see that capital flew to gold for safety sake when USD or Euro is getting into trouble. That's the good thing about gold. Currently, U.S. and Europe both have their own fundamental problem. None of them is qualified for real strength. So, if you want to hedge against weakness of the 2 major currencies, you better make gold part of your portfolio.

Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
China	Industrial production	Yoy change	Jul 2010	13.4%	13.7%
China	Urban FAI	Yoy change	Jul 2010	24.9%	25.5%
China	Retail sales	Yoy change	Jul 2010	17.9%	18.3%
China	CPI	Yoy change	Jul 2010	3.3%	2.9%
China	Exports	Yoy change	Jul 2010	38.1%	34.1%
China	Imports	Yoy change	Jul 2010	42.7%	40.4%
Hong Kong	GDP	Yoy change	2Q 2010	6.5%	8.2%
US	University of Michigan consumer sentiment index		Aug 2010	69.6	67.8
US	Retail sales	Mom change	Jul 2010	0.4%	-0.5%
US	Retail sales (excl. autos)	Mom change	Jul 2010	0.2%	-0.1%
US	CPI	Mom change	Jul 2010	0.3%	-0.1%
US	CPI	Yoy change	Jul 2010	1.3%	1.1%
US	CPI (excl. food and	Mom change	Jul 2010	0.1%	0.2%



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	energy)				
US	CPI (excl. food and energy)	Yoy change	Jul 2010	1.0%	1.0%
Eurozone	GDP	Qoq change (Annualized)	2Q 2010	1.0%	0.6%
Eurozone	Industrial production	Yoy change	Jun 2010	-0.1%	1.1%
Japan	Machinery orders	Yoy change	Jun 2010	24.2%	17.6%
Singapore	GDP	Yoy change	2Q 2010	18.8%	16.9%
Taiwan	Exports	Yoy change	Jul 2010	38.5%	34.1%
Taiwan	Imports	Yoy change	Jul 2010	42.7%	40.4%
Malaysia	Industrial production	Yoy change	Jun 2010	9.4%	12.6%

* All figures and Information are collected from www.bloomberg.com, Bank of Korea, Singapore Institute of Purchasing and Materials Management, National Statistics, R.O.C (Taiwan), Department of Statistics Malaysia.

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