

ORIENT FINANCE

SUMMARY OF ASIAN MARKETS

AUGUST 2009

Mario Menendez Mato mme@bloomberg.netRenaud de Guignard rdegui@bloomberg.net

INDICES	31/07/2009	31/08/2009	% CHANGE
MSCI AC FAR EAST EX JAPAN	406.18	396.46	-2.39%
HK & CHINA <i>(Page 2)</i>			
Hang Seng	20573.33	19724.19	-4.13%
Red Chips	4150.06	3843.85	-7.38%
H-Shares	12123.59	11278.26	-6.97%
Shanghai A-Shares	3581.86	2799.48	-21.84%
KOREA <i>(Page 5)</i>			
Kospi	1557.29	1591.85	2.22%
Kosdaq	504.35	514.70	2.05%
TAIWAN <i>(Page 7)</i>			
Taiex	7077.71	6825.95	-3.56%
SINGAPORE <i>(Page 9)</i>			
Straits Times	2659.20	2605.39	-2.02%
THAILAND <i>(Page 11)</i>			
SET Index	624.00	652.76	4.61%
MALAYSIA <i>(Page 12)</i>			
Kuala Lumpur Composite	1174.90	1174.27	-0.05%
INDONESIA <i>(Page 14)</i>			
Jakarta Composite	2323.24	2341.54	0.79%
PHILIPPINES <i>(Page 15)</i>			
Philippines Composite	2798.33	2884.18	3.07%
INDIA			
Sensex 30	15670.31	15679.14	0.06%

CURRENCIES

VS EURO

	31/07/2009	31/08/2009	%
HK \$	11.05	11.08	-0.24%
CHINESE RENMINBI	9.74	9.76	-0.20%
KOREAN WON	1751.48	1786.05	-1.97%
TAIWANESE \$	46.31	47.00	-1.50%
SINGAPORE \$	2.05	2.06	-0.47%
THAI BAHT	48.52	48.59	-0.14%
MALAYSIAN RINGGIT	4.96	5.03	-1.39%
INDONESIAN RUPIAH	14151.46	14454.33	-2.14%
PHILIPPINES PESO	68.52	69.74	-1.78%
INDIAN RUPEE	68.54	69.70	-1.69%

VS US\$

	31/07/2009	31/08/2009	%
HK \$	7.75	7.75	-0.01%
CHINESE RENMINBI	6.83	6.83	0.02%
KOREAN WON	1228.42	1248.95	-1.67%
TAIWANESE \$	32.81	32.92	-0.33%
SINGAPORE \$	1.44	1.44	-0.23%
THAI BAHT	34.03	34.00	0.09%
MALAYSIAN RINGGIT	3.52	3.52	0.03%
INDONESIAN RUPIAH	9928.00	10105.00	-1.78%
PHILIPPINES PESO	48.06	48.80	-1.55%
INDIAN RUPEE	46.95	48.77	3.87%

31/08/2009

1

GENERAL FACTORS AFFECTING ASIA AS A WHOLE

Asian markets underperformed European & US markets in August, as Asian markets are beginning to show signs of fatigue heading into September (a traditionally tricky month). In August we received confirmation that Germany and France came out of recession (when a negative QoQ growth was again expected) also we received the same good news in Asia for Singapore, Thailand and HK.

Leading economic indicators in most countries rose in June, sending the OECD leading indicator sharply higher MoM. The QoQ decline in US GDP eased to -1% in 2Q, amid steady improvement in ISM composite index. With US and other economies re-coupling, earlier-than-expected US growth momentum bolsters expectations of a global economic recovery. 70% of S&P companies published better than expected earnings. Despite a mounting fiscal deficit and warnings from credit rating agencies, the US government continues to spend aggressively on economic stimuli. With financial institutions still reluctant to extend credit and a job recovery confined to the public and auto sectors, the US economy is not yet on solid footing. The nation's consumer confidence index retreated in August, and core inflation has been losing momentum. The Fed may hint at an exit strategy, but we believe it will delay implementing one. It recently said it would extend quantitative easing (QE) from September to October, ostensibly to evaluate whether an economic recovery can be self-sustained. The Fed also recently extended the Term Auction Lending Facility until Jun 2010, further suggesting that it will delay implementing an exit strategy for QE.

Chinese new loans sharply declined in July. According to the PBOC, local financial institutions issued CNY355.9b worth of new loans in July, down 75% from June's CNY1.57t and below consensus expectations of CNY500b. And the figure of CNY200bn loans in August was mentioned in Shanghai newspapers... Chinese power production accelerated at +4.2% in July. The Chinese government has been sending mixed signals: stimulation program in 8 points while speaking about suppressing surplus in cement, steel, wind power, etc. China has put into action an efficient command-economy scheme that aims to narrow the gap between facility investment and private consumption by curbing overcapacity and speculative loan demand, while boosting real domestic demand. Regulations on speculative loan uses may trigger a stock market correction, but consumption-boosting measures (eg subsidies for urban residents who replace old consumer electronics) should sustain a boom in the real economy in 3Q. A booming China is also essentially the theme of October's 60th anniversary celebrations for the communist party. Meanwhile, it remains uncertain whether the government will shift to monetary tightening in 4Q.

In the technology area, an earthquake hit Japan and damaged Corning's (US) glass plant, extending the glass shortage and helping LCD panel prices. Gartner revised up semiconductor sales forecast for 2009 to -17% YoY (former estimate was -22%).

The global air passenger traffic fell 7.2% in June with airlines still reeling from weak demand, falling yields and low load factors. The Asia-Pacific carriers face massive excess capacity and cut-throat competition.

The swine flu virus known as H1N1 has reached more than 170 countries and territories in the four months since being identified. Governments and markets remain worried about it.

The Typhoon Morakot hit Taiwan on 7th August, taking at least 400 lives and causing more than \$2bn in property damage, it triggered landslides and widespread flooding that trapped thousands of people in remote mountain villages for days. Ma's government was widely criticised for the slow response to the deadly disaster. Ma's approval rating fell from 52% only three months earlier to 29%. At the end of August the Dalai Lama arrived to Taiwan to comfort typhoon victims, an embarrassment for Mainland China, but Beijing does not want a crisis in cross-Strait relations now.

And finally, in Japan, the DPJ captured 308 of the 480 seats in the lower house of parliament; the LDP was not the most voted party for the first time since 1955...

HONG KONG / CHINA

A contrasting and disappointing month for China in August as Foreign money tended to take profit and reallocate on less performing markets. Most indexes underperformed the Asia ex Japan benchmark (Shanghai by more than 10%).

HK's June retail sales fell 4.8% YoY and 4.2% YoY in terms of value and volume respectively. However, both numbers were better than consensus estimates of -5.6% and -5.3%. According to the Land Registry, HK's July home sales dropped 12.4% MoM to HK\$43.6bn whereas volume transacted fell 12.9% MoM to 12,023. July PMI index reached 49.9, almost breaking the 50 level in June. Q2 GDP at -3.8% YoY was much better than -5.3% expected and -7.8% in Q1. Unemployment stayed at 5.4%. July trade balance deteriorated to -\$HK21bn (-\$HK16bn in June) as exports contracted more than expected.

China macro news: The PMI manufacturing and CLSA PMI both stayed strong at 53.3 and 52.8. July PPI and CPI were -8.2% and -1.8% as expected. As usual, retail sales for July grew 15% YoY. Industrial production and

Fixed Asset Urban Investment didn't disappoint: +11% and +33% YoY. New Yuan loans, by decreasing significantly to 355bn yuan (from 1530bn in June), showed the government moral suasion in its impact on banks. Foreign Direct Investment figures were surprisingly bad at -36% YoY. The CLSA China PMI for July rose to a one-year high of 52.8 from 51.8 in June. Shanghai Mayor Han Zheng said the government should take steps to cool the city's real-estate market as housing prices in China's financial capital are "too high." The Ministry of Transport said China's major ports handled 56.5m tonnes of iron ore in July, a 35% YoY increase. China's July exports and imports fell 23% and 15% YoY respectively on weak global demand, reinforcing the government's case for sticking with a "moderately loose" monetary policy to fuel domestic growth. Both figures were in line with forecast. NDRC said home prices in 70 major cities advanced 1% YoY in July, the biggest increase in 9 months while the statistics bureau said China's property sales surged 60% by value in the first 7 months. Real estate investment rose 11.6% up from 9.9% in the 6 months to June 30. According to China's Customs, China's July oil imports jumped 18% MoM to 19.6m tonnes and iron ore purchases rose 5% MoM to 58.1m tonnes. China spent a combined US\$13.8bn on the commodities. IPP - China's July electricity output expanded for the second month and rose 4.8% YoY to 334.5bn kilowatt-hours as the government's stimulus spending boosted economic growth and lifted industrial demand for power. China's July power demand rose 6% YoY to 342bn kilowatt-hours as the government's stimulus spending boosted economic growth and increased industrial use of electricity but power demand for the first 7 months fell 0.9% to 2 trillion kilowatt-hours. NDRC introduced new 8 measures to reinforce the economic recovery. Mainland reports said China plans to cut retail taxes on alternative-energy vehicles to help boost auto sales. The plan would follow an existing reduction in retail taxes on smaller vehicles that will expire at the end of the year. Media reports said CBRC sent draft rule changes to banks on Aug. 19 requiring them to deduct all existing holdings of subordinated and hybrid debt sold by other lenders from supplementary capital. Banks may need to rein in lending or sell shares to lift CAR.

- BOC - Interim net profit fell 2.5% YoY to Rmb41.12bn, beating consensus estimates of Rmb38.1bn. Net interest income fell 8.3% YoY to Rmb74.7bn while non-interest income also fell 11% YoY to Rmb33.1bn. No interim dividend.
- BOC HK Interim net profit fell 5.6% YoY to HK\$6.69bn from HK\$7.09bn, beating consensus estimates of HK\$4.49bn. Net interest income fell 11.8% YoY to HK\$8.93bn. Interim dividend of HK\$0.285 was declared.
- China Telecom Interim net profit fell 28% YoY to Rmb8.41bn, beating consensus estimates of Rmb7.8bn after the company increased spending to market its mobile-phone services. Sales rose 15% YoY to Rmb102.6bn as mobile-phone division sales offset declining fixed-line income.
- Shui on Land. Interim net profit fell 42% YoY to HK\$811m from HK\$1.41bn while sales reached HK\$1.34bn. Interim dividend of HK\$0.01 was declared.
- Henderson. Local reports said Henderson is raising prices on all residential projects in HK by as much as 5%. It has been raising prices for 2 developments since last month whereas prices for about 600 units in another 11 projects will be raised by 3%-5% in October.
- Air China Chairman Kong Dong said the Chinese airline would support capital expansion plans by Cathay Pacific. Its maintenance JV with Deutsche Lufthansa AG will open a new hangar in Beijing by the end of the month. Air China's parent may sell its HK\$471m stake in CEA to focus on developing its own presence in Shanghai.
- CNOOC Interim net profit fell 55% YoY to Rmb12.4bn but beat consensus estimates of Rmb11.5bn. Revenue also fell 42% YoY to Rmb40.65bn.
- Oil and gas production rose 15% YoY to 105.8m barrels. Interim dividend of HK \$0.20 was declared.
- Citic Pacific Interim net profit fell 43% YoY to HK \$2.47bn from HK\$4.36 as demand for steel products fell. This beat consensus estimates of HK\$2bn. Sales also fell 32% YoY to HK\$18.1bn. It has no plans to sell the remaining 3% stake it holds in Cathay (293) +2% and it signed an agreement that will involve CIC taking a 40% stake in its Citic Capital unit.
- Esprit. FY09 net profit fell 26% YoY to HK\$4.75bn from HK \$6.45bn, missing consensus estimates by 8%. Sales fell 7.4% YoY to HK\$34.5bn. Final dividend of HK\$0.75 and special dividend of HK\$1.33 were declared.
- Kerry Properties. Interim net profit fell 24% YoY to HK \$1.88bn from HK\$2.48bn amid lower property sales in China. Sales declined to HK \$5.4bn from a restated HK\$6.98bn a year earlier. Transactions of completed properties fell 49% YoY to HK\$763m. Interim dividend of HK\$0.30 was declared.
- Wharf .Interim net profit fell 16.8% YoY to HK\$6.98bn while sales rose 7.6% YoY to HK\$8.61bn. Underlying profit gained 44% YoY to HK \$3.29bn. Interim dividend of HK\$0.36 was declared.
- Belle Interim net profit rose 15% YoY to Rmb1.14bn from Rmb988m after it boosted promotions to raise footwear sales. This beat consensus estimates of Rmb1.08bn. Sales rose 13% YoY to Rmb9.3bn. Interim dividend of Rmb0.035 was declared.
- Hopewell- FY09 net profit fell 71.7% YoY to HK\$1.7bn from HK\$6bn. Sales reached HK\$3.1bn and final dividend of HK\$0.58 was declared.
- Hopewell Infrastructure - FY09 net profit almost halved to HK\$1.06bn from HK\$2.01bn a year earlier while toll sales gained 5% YoY to HK\$1.81bn. Final dividend of HK\$0.18 was declared.
- BEA. Interim net profit rose 49% YoY to HK\$1.17bn from HK \$785m as a stock market recovery spurred trading revenue, beating consensus estimates of HK\$1bn.

- Dongfeng. Interim net profit rose 5% YoY to Rmb2.6bn from Rmb2.47bn as a government stimulus program spurred demand for cars. Sales rose 3% YoY to Rmb39bn from Rmb37.9bn. No interim dividend.
- Minth. Interim net profit rose 11.7% YoY to Rmb266.8m from Rmb238.9m. Sales gained 8.3% YoY to Rmb1.02bn. No interim dividend.
- Country Garden. Interim net profit excluding an equity swap gain fell 5.5% YoY to Rmb1.38bn from Rmb1.46bn. Sales rose 24% YoY to Rmb9.2bn. No interim dividend.
- Gome Interim net profit fell to Rmb580m from Rmb1.15bn, missing consensus estimates Rmb733.3m. No interim dividend.
- ICBC. Interim net profit rose 2.9% YoY to Rmb66.4bn, which beat consensus estimates of Rmb65.85bn on record credit growth and lower provisions for bad loans. Net interest income fell 12% YoY to Rmb116bn. No interim dividend.
- China Mobile. Interim net profit rose 1.5% YoY to Rmb55.3bn, slightly below market consensus of Rmb56.3bn. 1H ARPU fell 11% YoY to Rmb75. It added 15.96m in 2Q compared with 22.5m a year earlier. It has a total of 493m subscribers at the end of July. Interim dividend of HK\$1.346 a share was proposed.
- PCCW-. Interim net profit remained flat at HK\$654m compared to HK\$656m a year ago. Sales rose 12.3% YoY to HK\$12.8bn. No interim dividend.
- Pacific Century. Interim net profit soared to HK\$159m from HK\$5m a year ago due to booking of property sales at Cyberport. Sales gained 273% YoY to 2.31bn. No interim dividend.
- R&F. Interim net profit fell 90% YoY to Rmb160m from Rmb1.56bn on fewer completions and the write-off of a deposit paid for land. No gains from investment properties compared with Last year's Rmb1.48bn following the construction of a Beijing shopping mall. The company wrote off a Rmb241.2m in deposit paid for a site in Foshan. Sales rose 11% YoY to Rmb4.66bn. No interim dividend.
- Solargiga. Posted a net loss of Rmb119.7m compared to a net profit of Rmb183m in 2008. Sales fell 55.77% YoY to Rmb303.7m due to "significant drop" in production. No interim dividend.
- Bocom - Interim net profit remained flat at Rmb15.6bn, but beat consensus estimates of Rmb15.2bn on earnings from fees and credit growth as the economy revived. Net interest income fell 9.8% YoY to Rmb29.8bn. Interim dividend of Rmb0.10 was declared.
- ZTE. Interim net profit rose 40.5% YoY to Rmb783.4m from Rmb557.4m while sales also gained 40.6% YoY to Rmb27.7bn. No interim dividend.
- CLP after it reported 1H09 net profit fell 42.3% YoY to HK \$3.24bn, lower than median estimate of HK\$4.25bn. Revenue dropped 15% YoY to HK \$23.5bn on reduced returns under a scheme of control agreement. 2nd interim dividend of HK\$0.52 per share was proposed.
- China Travel: 1H profit warning. It expects net profit to "decrease considerably" compared with the same period a year earlier HK\$671.45m.
- ICBC Asia. Interim net profit rose 2% YoY to HK\$930m as Net interest income fell 2% YoY to HK\$1.49bn. Interim dividend of HK\$0.28 was declared.
- COLI. Interim net profit rose 32% YoY to HK\$3.04bn from HK \$2.31bn after it sold more homes in China. Sales rose to HK\$15.5bn from HK \$10.7bn. Interim dividend of HK\$0.07 was declared.
- Angang. The company said it will post a 3Q net profit as government spending on infrastructure revives demand.
- Shenzhou. Posted 1H09 net profits jumped 118% to Rmb575.3m. No interim dividend was declared.
- Tingyi . Interim net profit rose 41% YoY to US\$179.4m from US \$127.6m on higher demand for noodles and bottled drinks. Sales increased 22% YoY to US\$2.5bn. No interim dividend.
- Cheung Kong. Interim net profit excluding unit Hutchison (13) rose 29% YoY to HK\$8.64bn from HK\$6.68bn due to better home sales and revaluation gains. This beats consensus estimates of HK\$4.5bn. Interim dividend of HK\$0.50 was declared.
- Hutchison. Interim net profit fell 33% YoY to HK\$5.76bn from HK\$8.6bn as the global recession curbed sales at its mobile-phone, ports, energy and retail units. However, the results were better than consensus estimates of HK\$4.8bn. Interim dividend of HK\$0.51 was declared.
- Yanzhou Coal. Felix Resources recommends its shareholders to accept an all-cash offer from Yanzhou Coal. Felix shareholders will receive \$16.95 per share as well as a dividends of A\$1 per share.
- Hidili. Interim net profit fell 78% YoY to Rmb118m from Rmb535m. No interim dividend.
- L&F Interim net profit rose 12.9% YoY to HK\$1.39bn, beating consensus estimates of HK\$1.2bn. Sales for the period fell slightly to HK\$46.3bn. The company is committed to its acquisition strategy and has a "strong pipeline" of deals. Interim dividend of HK\$0.26 was declared.
- Alibaba. Interim net profit fell 26.3% YoY to Rmb514.1m while sales rose 21.2% YoY to Rmb1.71bn. A special dividend of HK\$0.20 was declared.
- Wing Hang Bank. Interim net profit fell to HK\$635.5m from HK \$931m a year earlier. Net interest income fell 11.3% YoY to HK\$1.16bn.
- Hysan. Interim net profits fell to HK\$1.07bn from HK\$3.4bn a year earlier even though sales rose 7.6% YoY to HK\$851m. Interim dividend of HK\$0.14 was declared.
- Pacific Basin. Interim net profit fell 77.8% YoY from US \$33.76m to US\$74.8m. Interim dividend of HK\$0.08 was declared. The company maintains "cautious" view for remainder of 2009 and 2010 due to oversupply.

- MTRC. Interim underlying profit rose 43% to HK\$3.9bn, beating median estimates of HK\$2.96bn. Interim dividend of HK\$0.14 was declared. It may book its share of earnings from Le Prestige later this year or early next year.
- Lifestyle. Interim net profit fell 26.8% YoY to HK\$443.7m from HK\$606.3m. Interim dividend of HK\$0.11 was declared. The company has a "cautious" outlook on the HK retail markets in 2H09 due to economic uncertainty.
- Swire. Interim profits fell 74% YoY to HK\$3.23bn from HK \$12.34bn as losses in its property division countered earnings from Cathay (293). Sales were little changed at HK\$11.9bn compared with HK\$11.8bn a year earlier. Underlying profit rose 18% YoY to HK\$3.8bn, beating consensus estimates of HK\$3.44bn.
- CKI. 1H09 net profit rose 67% YoY to HK\$3.9bn, better than consensus of HK\$3.13bn, after selling 3 power plants in China to HK Electric for HK\$5.68bn. Interim dividend of HK\$0.321 per share was proposed.
- Cathay. Posted interim net profit of HK\$812m compared to a net loss of HK\$663m a year earlier. This beat consensus estimates of HK\$475m as it made an unrealized HK\$2.1bn fuel-hedging gain in the first half.
- HK Electric. Interim net profit fell 15.8% YoY to HK\$2.67bn from HK\$3.17bn, beating consensus estimates of HK\$2.52bn. Sales fell 19.7% YoY to HK\$4.72bn.
- StanChart. 1H09 net income rose 5%YoY to US\$1.88bn, beating consensus estimates of US\$1.82bn. The bank plans to raise 1bn pound in a share sale to take advantage of strategic opportunities.
- HSBC First half net income declined 57% YoY to US\$3.35bn from US\$7.72bn after setting aside US\$13.9bn to cover souring consumer loans. This beat consensus estimates of US\$600m loss.
- China Vanke - First-half profit rose 22% YoY to Rmb2.52bn from Rmb2.06bn as government stimulus measures fuelled demand for homes. Sales increased to Rmb20.6bn from Rmb16.2bn.
- Chalco. It raised the price of alumina by 4.3% from July 31st from Rmb2300 per tonne to Rmb2,400 per tonne. This is the third increase this year.
- HSB 1H net profit -29%YoY to HK\$6.45bn from HK \$9.06bn, beating consensus estimates of HK\$6.21bn.
- CMB, the Chairman Qin Xiao said the bank's capital adequacy ratio will rise to 12.6% on completion of its Rmb18bn-Rmb22bn rights issue. The rights issue is 20% bigger than what was expected. Also, CMB was the first among big Chinese banks to report disappointing profits with NIM decreasing from 2,47% to 2,24%..
- MidAmerican Energy Holdings Co. wants to boost its stake in BYD and will discuss plans by MidAmerican to increase its investment.
- PetroChina interim net profit fell 7% YoY to Rmb50.5bn but beat consensus estimates of Rmb49.9bn. Sales dropped 24.7% YoY to Rmb415.3b. Average oil price per barrel fell from US\$93.45 to US\$42.46. Interim dividend of Rmb0.12417 was declared.
- Unicom interim net profit -42.1% YoY to Rmb6.62bn from Rmb12.1bn. Sales -6.3% YoY to Rmb76.3bn.

INDEX	TOP GAINERS	% MOM	TOP LOSERS	% MOM
HSCEI	TSINGTAO BREW	-0.74	GUANGZHOU	-25.88
	CHINA SHENHUA	-1.26	BEIJING CAP	-21.92
	CHINA TELECOM	-1.73	MAANSHAN IRON	-20.73

INDEX	TOP GAINERS	% MOM	TOP LOSERS	% MOM
HSI	LI+FUNG	12.69	CHINA OVERSEAS	-17.57
	TENCENT HLDGS	10.23	SINO LAND	-16.31
	COSCO PAC	7.76	ESPRIT HLDGS	-15.80

INDEX	TOP GAINERS	% MOM	TOP LOSERS	% MOM
HSCCI	COSCO PAC	7.76	BYD ELECTRONIC	-29.80
	SHENZ INTL HLDGS	0.00	SHENZEN INVEST	-27.91
	SINOTRUK HK	-0.11	CHINA POWER INTL	-22.66

KOREA

Kospi posted +2.2% gains in August with daily average turnover at \$4.8bn. It was a relatively calm month. The local newspapers focused on news about the former president DJ Kim (the democracy activist & sole winner of the Nobel Peace Prize) who passed away on 18th August, aged 85. Tens of thousands gathered for his funeral in Seoul. S&P announced that South Korea's sovereign creditworthiness faces an "event risk" from any leadership transfer in North Korea ahead of hopeful news that North Korea will lift restrictions on its border with Korea, allowing Korean workers freer access to the Gaeseong Industrial Complex. By sector, chemicals & electronics were the biggest gainers this month as they moved up around 10%. The auto sector also rose more

31/08/2009

than 8% in August on strong US data. Rotational buying continued in basic metals, retail, F&B... Banking sector rose slightly on investor's hopes of an improved NIM.

IMF again upgraded Korean GDP forecasting the economy will contract less than estimated 1.8% this year ahead of Korea's effective monetary tightening policy and stimulus package. On 11th Aug, Korea kept its benchmark interest rate at a record low for a sixth consecutive month at 2%. Additional positive news came out the next day with Korea's unemployment rate falling for the first time in 9 months in July to 3.8% vs 4% in June, adding to signs that the economy is recovering. Sales at Korea's major department stores rose for a 5th month in July to 4% y-y compared with a 3.6% in June as consumers bought more luxury goods and accessories.

Korean manufacturer's confidence rose to the highest level in 22 months to 93 from 80 in August as government spending buoyed the nation's economic recovery. Korea posted current-account surplus for a sixth month in July, helped by an increase in overseas shipments as the global economic slowdown eased. The surplus was \$4.4bn last month compared with \$5.43bn in June. We attribute the sluggish MoM growth in July to exporters shipping more products in June in advance of 1H reporting.

Bank of Korea is likely to wait longer to raise rates and implement exit strategy. We believe Korea's QoQ GDP growth will slow in 3Q but remain positive, backed by favorable export conditions and the wealth effect from a continued stock market rally. Still, it remains uncertain whether improvement in economic indicators stems from global economic stimuli or a self-sustained turnaround of Korea's economy. Asset quality concerns could spark more pressure for deleveraging at banks, which could offset a recovery in domestic consumption. Meanwhile, the effectiveness of a KRW2t fund that will facilitate facility investments and be launched in September needs to be monitored. We still doubt the Bank of Korea will start raising interest rates in 4Q09, expecting it to wait until 2H10. On 25th Aug, BOK announced that Korea's household debt grew in the 3 months through June, reversing a 1Q decline, as the sum of loans & credit purchases, climbed W14.1tn to W697.7tn in the 2Q.

Korea's export Momentum has started to recover. Going forward, we believe exports to China (23% of the country's total) will be supported by economic stimuli there, and exports to the US will recover at an accelerating pace in 3Q by stronger-than-expected fiscal stimuli there. Exports to the Eurozone also seem to have bottomed out, given that GDP growth in Germany and France turned positive in 2Q. We see the recent setback in July export figures as a technical correction after massive growth in June ahead of 1H corporate earnings reports.

We forecast that won appreciation will slow, as USD6b from direct currency swaps are due to mature from 4Q and Korean financial institutions are being less aggressive in foreign currency funding. Nevertheless, the FTSE's upgrade of Korea to developed market status in September should maintain net foreign-equity buying. We expect a KRW/USD rate of KRW1,250/USD at end-2009 and KRW1,100/USD at end-2010.

Corporate news:

- Samsung Electronics outperformed other tech plays as it has gained global market share not just because of a weak won, but because of technological innovations, the company should be able to sustain such gains regardless of currency movements. Having continued to spend on R&D even in industry slumps, it can now produce 50-nano DRAM chips that are more energy efficient and cost less to make than Japan's 60-nano and Taiwan's 80-nano products. So SEC should keep gaining global market share. Korean chip makers reported largest-ever market shares in global DRAM market during 1Q09 (according to iSuppli): Samsung 37.2% MS & Hynix 23.8% MS. SEC denied reports of targeting global sales of W80tr in 2H09. In addition US Justice Dept ended 2-year investigation into possible antitrust violations for px fixing in semicon industry. The head of LCD division confirmed that the company considering building a LCD plant in China.
- Samsung SDI outperformed on strong order Momentum as co is expected to supply SEC with more AMOLED & batteries for portable devices. SDI currently produces batteries for notebooks, netbooks & handsets, but with advancing technology co could produce batteries for hybrid & electric vehicles going forward. Positive in the long term. Samsung Mobile Display (a 50:50 joint venture between SEC and Samsung SDI) now controls more than 90% of global market for OLED (which it was the first to develop), and should obtain a slew of patents. Consequently, we believe SEC will look to create demand for OLED embedded devices (eg, mobile phones, MP3 players, and digital cameras).
- LG Display was strong (as the Taiwanese LCD makers) after Japan earthquake disrupted glass production at Corning plant, reduction in glass supply could help panel price strength into 2H.
- NHN was volatile as the expectations of near-term success in the Japanese search market were high, but apparently a longer-term perspective is needed.
- Daum Communications, it remains uncertain whether robust cost-cut-driven quarterly results will continue.
- NCsoft fell due to concerns over Aion royalties from China, these royalties may be slowing Aion traffic and BOT issues in the country. The stock was also weak due to the resignation of 2 key executives & successful launch of "C9" MMORPG game by NHN. C9 attracted initial users 3x that of NCSOFT's Aion when 1st launched. Online gaming companies rebounded later on grew stronger led by Neowiz Games, and NCSOFT ahead of open beta testing of "AVA" & "AION" soon & on brokers upgrades.
- Posco denied rumor that co was interested in Hynix stake. Press was highlighting that the company's CEO was to secretly visit Hynix's Ichon plant. Also Posco made a disclosure that although the company signed an agreement with Ukrainian iron ore maker to consider a JV or any form of cooperation but nothing further decided.
- Construction sector rose on underground highway news. Metropolitan Seoul announced that it will build 149km long underground highways across the city, 50 meters below the ground level. It is a huge project

worth W11.2tn. However, it's just a plan for now and the plan says over 80% of cost is to be covered by private money.

- HMC domestic release of its new Tucson model scheduled for all dealership by Sept'09. HMC talk of better 3Q09 on China OPM bouncing from low single digit in 1Q -> double digit in Jul & positive comment regarding ES Chung (owner's son) taking over vice chairman position.
- Hyundai Mobis fell on 31st August on balance sheet deterioration following the purchase of HMC stake from Hyundai Steel. Mobis had risen strongly during the month before this announcement on 28th Aug. This news surprised the investors; Mobis purchased a 5.84% stake in Hyundai Motor (HMC) from Hyundai Steel for KRW1.3t, increasing its stake in HMC to 20.78%. Apart from that, local press reporting on 28th Aug that Hyundai Mobis and LG Chem have agreed to set up a JV to produce HEV batteries, no details of the agreement are available at the moment but according the report, a MOU will be signed next week.
- KB Financial rights issuance of 30mn new shrs finalized at W37,250 (32% discount from previous close) the lower of 1st ref px of W37,250 & 2nd ref px of W40,100. New shrs to be listed on Sep 4. In addition KB most likely the biggest beneficiary of recent CD rate hike by 10bps to 2.5% this week, as KB has biggest exposure to mortgage loans.
- Insurers outperformed on positive sentiment led by life insurer's strong 1Q earnings of NP +21% YoY on investment gains (greater equity method gains) & CD rate strengthening +10bps to 2.51% in 3rd week of August.
- Brokers finished the month slightly on positive as KOSPI broke thru 1600 resistance and news of combined 1Q results of W1.08tr, rising +38.7% y-y on greater turnover.
- Shipbuilders fell on continuous concern over ship orders drying up.
- CJO Shopping and GS Home Shopping strong on record sales in July and Aug due to heavy rains, hot weather and H1N1 scare.

INDEX	TOP GAINERS	% MOM	TOP LOSERS	% MOM
KOSPI50	HYNIX SEMICONDUCT	24.72	HYUNDAI HEAVY	-11.40
	LG CHEM	24.01	DOOSAN HEAVY	-9.56
	SAMSUNG C+T	20.56	SAMSUNG HEAVY	-9.55

TAIWAN

The Taiex fell 251 points, or -3.5%, to finish the month at 6,825 points on daily average turnover of \$105.7bn, down from \$132.7bn in July. Long margin positions fell to \$200bn, while short-margin positions hit a recent high of 834.9mn shares on closure of listed companies AGMs. Disappointing turnover could be attributed to the lack of local participation after the bourse failed to stay above the 7,000 mark, despite many corporates posting better than expected 2Q09 financial results. The delay of ECFA/MOU, rising casualties from H1N1, Dalai Lama visit, shrinking Chinese tourists, higher unemployment rate, typhoon disaster and weak regional market (especially China A shares) kept local investors at bay.

By sector, plastic +7.8% was the best performing sector on crude oil price hike, limited new Middle East supply, impressive 2Q09 results and rotational activity. Cement +0.6% was also one of the few sectors that managed to stay above water on talks of re-construction demand. Construction -14.1% underperformed on shrinking property turnover, high ASP, weak stock performance and demanding valuation, while tourism dropped 15.6% on falling Chinese tourists and devastation from Typhoon Morakot, which made southern Taiwan a no-destination visit zone. Financials -9.5%, transportation -9.7%, auto -9.8%, textile -8.7%, pulp -6.5% and glass -6.4% also underperformed the Taiex in August. Most Taiwanese tech companies reported strong sales in July thanks to seasonal demand. In the same month, handset sales were robust, NB sales fared reasonably well, and panel sales continued to rise. The Directorate-General of Budget, Accounting and Statistics (DGBAS), Executive Yuan reported that the Taiwan GDP in 2Q09 shrank 7.54% YoY, which was much better than the 10.13% YoY decline in 1Q09 and better than the original forecast of -8.5%. DGBAS also forecasted that the GDP growth rate this year will be -4.04%, and the quarterly GDP growth will turn positive in 4Q09. On the other hand, it forecasted that the Taiwan GDP in 2010 will have 3.92% YoY growth, and the export, which expects to grow 15% YoY, will contribute the most to the growth. According to the Ministry of Economic Affairs, July export orders amounted to US\$28.6bn, down 8.77% YoY, the lowest monthly decline since last November. In addition, export orders from China amounted to US\$8.1bn, up 2.2% YoY. Taiwan unemployment rates reached 6.07% in July, the highest record since the statistic began in 1978. The Executive Yuan decided to discontinue its subsidized mortgage loans; the government has provided total amounts of NT\$400bn since last year. CPI drops by another 2.33% in July, the biggest drops in the past thirty-nine years.

The political crisis in Taiwan deepened after several officials offered to quit amid criticism of the government's delayed response to Typhoon Morakot, the deadliest storm to hit the island in 50 years.

Corporate news:

- TFT-LCD sector, in 2H-July, price quotes for TV panel steadied, or rose moderately. Peak season for panel makers may end in early October, partly because high inventory levels are prompting Chinese TV suppliers

to turn cautious on placing orders. Another reason is demand from Europe and the US has remained weak. However, we think panel prices will remain high as Corning's (US) glass plant in Japan was damaged by the earthquake in early August, which will extend the glass shortage. Prices of monitor panels have gone up across all sizes. Market speculates that AUO may post earnings in the 3Q09 of about NT\$10bn, this is a reversal of trend from the 1H of the year where AUO loss NT\$27bn.

- Foundries: UMC has applied to sell portion of its stakes in its subsidiaries likely ITE, NOVATEK, FARADAY and UNIMICRON for a total of NT\$2.22bn. It is expected that these investment gains will be reported in UMC's 3Q09 earnings results. TSMC announced to invest US\$50mn in solar industry.
- ASE posted earnings of NT\$1.67bn, or EPS of NT\$0.32 for the 2Q09 reversed losses from the 1Q09. Market speculates that ASE's 3Q09 sales should increase by 15% QoQ while profit margin increased to 24%.
- Asustek CEO said in an analyst meeting that the company's 3Q09 sales may grow up to 65% QoQ as it has adjusted the strategy after the worse performance in 1Q09. The company made NT\$48.98bn in 2Q09 sales and made a profit of NT\$61mn, a turnaround performance from the losses of NT\$3.11bn in 1Q09.
- Acer reported its 1H09 consolidated financial results. The company made NT\$238.1bn in sales, down 6% YoY, and net earned NT\$4.37bn, down 20% YoY. Acer president revised his forecast for the PC industry this year and said that the company's sales in 2H09 may increase 40% from 1H09.
- Wistron indicated that its 3Q09 NB shipments are likely to increase by 16% QoQ to 7mn units. Originally the market expected 6.8mn units. It is reported that Wistron, Quanta & Compal benefited the most from the purchases of the third China procurement group. Wistron has received orders worth of US\$1bn, Quanta US\$0.7bn, and Compal US\$0.6bn.
- Quanta's president said that the company's NB shipment growth in 2010 will be brilliant, and its vice-president said that the NB shipment in 3Q09 will increase more than 20% QoQ and will increase another 20% QoQ in 4Q09. They released this very positive information at an analyst meeting.
- Gigabyte announced 1H09 EPS of NT\$1.16, down nearly 20% YoY. The company expects its 3Q09 shipments to increase by 15% QoQ as European markets are picking up demand.
- Catcher announced 1H09 after-tax EPS of NT\$2.31, better than market's expectation. However, its 3Q09 profit margin is likely to be squeezed due to pricing competition.
- WPG indicated that its 3Q09 sales are likely to challenge 20% increase QoQ due to surging demand from emerging countries.
- Green Energy has priced its GDR to NT\$80.4 per share, with Friday's closing price at NT\$100, it is pricing at 19.6% discount.
- HTC revised down its financial forecast for 2009 as it is likely to experience negative growth of between 1% and 5%. Its 3q09 ASP to decline 10%. However the company expects to earn EPS of nearly NT\$30.
- The chairman of China Mobile visited Taiwan and market is speculating that the chairman will be signing agreements with HTC and Mediatek for developing 3G TD-SCDMA technology. In addition, the chairman visited the Minister of Economics hoping to receive support for obtain a stake in Far Eastern Telecom.
- MediaTek's sales surged 27% MoM in July. The firm says 3Q09 sales will grow another 15-20%, higher than our forecast, attributed to the recent strong demand from emerging markets. However, our industry checks point to noise in the Chinese market. Longcheer (US), MediaTek's top customer in China, notes that domestic demand is not growing as fast as that of East Asia and India. Thus, it is more cautious about 3Q09 outlook than MediaTek and guides 10-15% MoM sales growth. Tianyu Langtong, one of MediaTek's top three customers, has cut orders for August significantly. Its shipments to China Telecom have been weak. We agree China's handset demand may not be as strong as MediaTek guides for 3Q09. We expect handset sales in China to grow 10% in 3Q09.
- D-Link announced 2Q09 EPS of NT\$0.34 turning around from its loss in the 1Q09. Market speculates that its 3Q09 should continue to grow with growth drivers from Japan and China.
- Synnex announced 2Q09 earnings reached a historical high, +69%YoY to NT\$1.18bn in after-tax earnings.
- Solar sales met expectations in July. In July, Taiwan's solar suppliers grew sales in a range of 3-10% MoM, in line with expectations. 3Q09 sales are likely to remain high on peak seasonality and subsidies. However, solar demand in China will be sluggish in the medium term as the on-grid tariff for solar power remains unattractive. Strength will have to come from overseas. As 4Q09 is the slow season in the overseas markets, we caution investors about possible share price pullback. Several solar-cell firms such as E-Ton and MOTECH posted their 1H09 losses per share of NT\$5.81 and NT\$0.63.
- Epistar is reported that the company's blue light LED production will all be booked until June 2010 as the company has tightened its relation with TG (JP). Media reports that Samsung Elec may be signing a one-year contract with its blue-light LED suppliers to ensure supplies due to the shortage problem. Market speculates that Epistar and Formosa Epitaxy may be among the suppliers to sign a contract.
- Vanguard 2Q09 after-tax earnings reached NT\$149mn or EPS of NT\$0.09, better than the loss in the 1Q09 of NT\$0.50. Its profit margin also turned positive to 14%. Market speculates that Vanguard's 3Q09's ASP, shipments, and production yield rate would remain high, and its growth driver going forward would be in the LED driver IC related products.
- Delta announced its 2Q09 profit margin to 21.2%, up from 18.5% in the 1Q09. For 2Q09 after-tax earnings, the company reported NT\$3.47bn, up nearly 100% QoQ, beating market's expectation.

- Richtek reported to earn NT\$4.05 per share in 1H09, the best performance among its peers. The company also forecasted that its sales in 3Q09 will increase around 30% QoQ from 2Q09.
- Housing market: according to the government's survey, the house transactions in July in Taipei City dropped 6% MoM, the first time in the past 5 months, and market speculates that the transaction amount in August may be lower than that in July.
- Fubon FH booked an investment loss of NT\$2.44bn on its equity holdings in Taiwan High Speed Rail Company. The company's year to July EPS revised down to NT\$1.38 from NT\$1.69 previously.
- Chinatrust has revised down its 1H09 consolidated after-tax earnings to NT\$353mn from NT\$5.2bn as the company decided to prepare NT\$4.1bn for the possible losses from selling of Lehman Brother's structure notes products to Taiwanese investors due to the company's bankruptcy last year.
- Union-pay card: Chinese tourists will be able to use Chinese union-pay cards for shopping and spending in Taiwan. It is believed that this will bring an additional NT \$100bn worth of business to local retail stores and department stores.
- Uni-President continued benefiting from its investment in China, the company earned NT\$5.1bn in 1H09, for EPS of NT\$1.31, up 70% YoY.
- Airlines: the scheduled flights between Taiwan and China started, China Air, Eva, Mandarin Air, Uni Air & Transasia Air will fly more than 10 routes cross the Taiwan Strait.
- PVC: it is reported that India will investigate PVC products imported by Taiwanese firms for anti-dumping. Market expects this will hurt sales for several Taiwanese firms such as Formosa Plastics, China General Plastics and Ocean Plastics.

INDEX	TOP GAINERS	% MOM	TOP LOSERS	% MOM
TW50	FORMOSA CHEM+F	12.48	HTC CORP	-22.34
	QUANTA COMPUTER	9.82	SHIN KONG FINANC	-15.36
	CHENG SHIN RUBBER	9.13	YUANTA FINANCIAL	-13.77

SINGAPORE

FSSTI fell 2% in August as it consolidated gains from the past few months. Trading sentiment remains good, consensus expected a bout of profit-taking but was waiting for this sell-down to re-enter the market. Volume traded rose 38% in August (vs July) and value traded for August also improved, up 20%. By sector, property and commodity sectors outperformed. Property did so as transaction volumes for physical volumes set record highs. Commodities stood out as an El Nino play. Financials, telcos, technology and services underperformed, while REITs, conglomerates, transportation and media were mixed.

Manufacturing output (Jun 09) was -9.3% YoY. Excluding biomedical, output contracted 14.6% YoY. July CPI was +1.1% MoM, -0.5% YoY, this increase was due mainly to higher costs of housing and transport and communication. The CPI for general households for 1H09 rose 0.8% YoY. The Singapore economy contracted by 6.5% in 1H09. MTI maintains GDP growth forecast for 2009 at -6.0 to -4.0%. In 2Q09, Singapore GDP was +20.7% QoQ seasonally adjusted. This performance represented a significant improvement from the 12.2% contraction in 1Q09. Tourist arrivals were down for the 13th month in a row, but pick-up in hotel occupancy spells hope that the worst may be over. The Singapore Tourism Board has adjusted its 2009 visitors forecast to 9.0-9.5m, down from 10.8m arrivals last year. Preliminary estimates show that total employment contracted by 12,400 in the 2Q09, double the losses in the first quarter (-6,200). This is the first time that employment has contracted for two consecutive quarters since the 2003 economic downturn. Singapore's July PMI indicated that the manufacturing economy has expanded for the third time after having contracted over 8 consecutive months. The PMI posted a reading of 51.5 which was an increase of 0.4 point over the previous month. Container throughput (Jul) rose 5.6% MoM to 2.22m TEUs, from 2.1m TEUs in June. July NODX (SA) was +6.1% MoM, versus June's -5.0%. On a YoY basis, NODX declined by 8.5% in July 2009, following the 11% decrease in the previous month, due to lower electronic and non-electronic NODX. June Retail sales (SA) was +2.3% MoM. Retail sales excluding motor vehicles rose by 3.7% MoM. Catering trade rose 3.4% MoM. Singapore's domestic and foreign wholesale trade rose 7.3% QoQ. This follows a 10% fall in 1Q09 from 4Q08. The supply pipeline for private homes has shrunk, from about 71,600 units at end-2Q last year to 62,600 units as at end-Q2 2009. The stock of unsold units in uncompleted projects with planning approvals has also contracted from about 43,500 units to around 38,500 units over the same period. Meanwhile, the proportion of private homes sold at over \$1.5m has risen by six %age points in two months. Bank lending rose in June to the highest level in seven months as growth in home loans accelerated. Lending to businesses continued to slow though. Total S\$-loans grew 0.5% MoM to \$272.2bn at end-June. That followed a +0.3% growth in May.

Corporate news:

- Capitaland posted a 2Q net loss of \$157m, compared with a \$515m net profit in 2Q. This comes after taking into account aggregate losses on revaluations and impairment provisions totaling \$281m. Capitaland has also raised \$1.1bn in gross proceeds from a seven-year unsecured bond issue, the largest convertible

bond transaction for an Asian listed issuer so far this year. CapitaLand has deployed about \$1bn from its \$1.8bn rights issue to grow its China, Vietnam and Ascott businesses.

- KeppLand together with HK Land and Cheung Kong celebrated the topping out of Tower One at Marina Bay Financial Centre. Tower One has a 100% pre-commitment rate when it launched in 2007. Tower Two and Three have secured pre-commitment rates of around 45% and 55% respectively. This translates to a pre-commitment rate of 61% for the first two phases of MBFC. Together, the three towers will offer about 3m sf of prime Grade A office space. MBFC also comprises retail space and two residential towers. Apart from that, Keppel Corp and Keppel Land released a new batch of 30 units at Reflections at Keppel Bay condo at an average price of \$1,950psf on deferred payment scheme; 3%- discounts are offered for normal progressive payment scheme.
- Banking sector: The three banks announced results that showed weakfish net-interest-income trends but a significant rebound in non-interest income. Investment gains were the main driver. All three banks also showed differentiating trends with regards to credit quality and provisions. DBS saw its NPL ratio rose by 80bp versus a 30bp deterioration for its peers. The rise in NPL for DBS came from Middle East and shipping loans. UOB and DBS had high provisions but UOB's case was a case of pushing up GPs in a strong trading quarter while DBS's case was more necessary as it was SP-driven. OCBC had low provisions. Competition in home loans is becoming very aggressive. HSBC has offered a new home loan that pegs interest rate to the 3M-Sibor + 1%, for clients on its loyalty package. State Bank of India undercuts everyone with a 3M-Sibor + 0.6%.
- ANZ has bought RBS assets in Singapore and the region for US\$550m. ANZ's presence in Singapore is currently limited to wholesale banking and private banking. ANZ is applying for a retail license and will focus on serving affluent and emerging affluent clients.
- SGX will pay incoming chief executive Magnus Bocker a guaranteed base salary of \$750k a year and a minimum variable bonus of \$933k for his first seven months. He will also get \$4.77m over three years as compensation for loss of long-term incentives and bonuses from the job he is leaving. Also SGX has joined hands with Chi-X to set up the region's first exchanged-back dark pool by mid-2010. The 50-50 joint venture will anonymously cross block trades of Singapore, Hong Kong, Japan and Australia-listed stocks for big funds and institutional investors.
- ST Engineering's subsidiary ST Electronics won another mass rapid transit project in Guangzhou, China taking its tally to six. The contract is worth RMB53.6m (S\$11.3mn) Work is expected to be completed by the 2H10. Separately, it also won a \$8.2m contract by the LTA.
- Keppel Group's offshore unit Keppel Offshore and Marine announced various contracts won by the group worldwide with a total worth of \$85m. They include Keppel Shipyards's third floating storage and re-gasification unit conversion job, an order to build two 45-tonne bollard pull twin-screw azimuth stern drive tugs and repair and upgrading of jack-rig. Keppel Corp has entered into multi-layered joint ventures to help build the Sino-Singapore Tianjin Eco-City. KepCorp and Keppel Land will take up 65% and 35% stakes respectively in each of Keppel Group Eco-City Investments Pte Ltd and Substantial Enterprises Ltd. Singapore's joint venture with the northern Chinese port city of Tianjin has already snared 85 deals worth \$3bn. China is keen to have 50 such eco-cities around the country.
- Cosco Corp Singapore announced yet another ship delivery rescheduling, this time involving two 57,000 DWT dry bulk carriers which were part of a massive US\$1.3bn order for 29 vessels secured in October 2007.
- Noble Group will more than triple its fleet after it ordered five bulk carriers worth about US\$320m from a unit of Cosco Corp Singapore Ltd and another Chinese shipyard. The vessels will be delivered between January 2010 and December 2012. Noble Group currently owns two vessels.
- SingTel said that its regional mobile phone customer base grew 33% to more than 262m in the year to the end of June. On a quarterly basis, the firm's overall mobile phone user base grew 5.1%, or 13m, from 249.39m at the end of March. SingTel is in talks with banks for US\$3bn (S\$4.3bn) financing related to the merger between its Indian unit, Bharti Airtel and the MTN Group. Also, SingTel's wholly owned Optus Finance Pty has set up a twobn euro (S\$4.1bn) medium-term note programme. SingTel takes over the local rights to the Champions League telecasts from ESPN Star Sports in the upcoming season.
- M1 registered the biggest subscriber gain among the three local operators in the 2Q09. M1 added 50,000 local mobile customers, while StarHub came in second with a net addition of 34,000 users. The usual frontrunner, SingTel trailed the pack with only 15,000 new local subscribers.
- NOL's latest operating numbers show that the slump in the container sector is not yet over. For the four weeks from June 27 to July 24, NOL's container shipping volume and revenue fell 11% and 29% year-on-year respectively. The period saw its container shipping volumes fall to 187,400 FEUs from 209,800 FEUs in the previous corresponding period.
- SIA announced its first quarterly loss in six years and warned that it could post its first full-year loss. Salaries for 12,000 staff would be cut by 10% for at least three months. The pay cut will provide estimated savings of \$60m for the current financial year. SIA may also consider further capacity cut. SIA is also offering its older staff the option of early retirement. SIA's July passenger load factor was 79.7% - an increase from 75.7% in June, but this is below breakeven. On the cargo side, July's load factor (63.6%) improved from June's 62.9% and July 2008's 60.3%. Overall cargo carriage, measured in freight tonne km, fell 14.6% - a slower pace compared with the reduction in system-wide cargo capacity of 18.9%.

- Creative Technology has unveiled a new handheld computer dubbed the Zii EGG, part of a handful of new products and initiatives related to its budding Zii computing platform. Creative Technologies had also teamed up with US-based THX to bring the audio experience of the big screen onto PCs and notebooks.
- China XLX Fertiliser has applied for a dual listing in Hong Kong. The proposed listing will not involve an issuance of new shares in the company and will be subjected to regulatory approval. Meanwhile, the company has signed a long-term coal supply contract with Henan Jiaozuo Coal Group to secure anthracite coal at market price over five years. The company is the largest urea producer in Henan and the fourth largest coal-based urea producer in China.
- Hong Leong Asia has proposed a capital reduction to cancel some 9.08m shares that represent 2.38% of the share capital, after Singapore Cement Industrial Co which is half owned by HLA proposed to distribute the 18.2m shares in HLA that it owns to its shareholders in proportion to their respective shareholding.

INDEX	TOP GAINERS	% MOM	TOP LOSERS	% MOM
FSSTI	GENTING SINGAPORE	19.53	SINGAP TELECOMM	-10.29
	GOLDEN AGRI-RESO	11.76	KEPPEL CORP	-9.30
	WILMAR INTL	9.18	DBS GRP HLDGS	-8.93

THAILAND

Thai market closed up further 4.7% m-m in Aug 09 to close at 653 points on the back of continued foreign buying. However, profit-taking set in during the middle of the month, following corrections in other regional markets. But then investors seemed to calm down on the back of good economic numbers not just in Thailand but in most other countries.

Foreign investors were still net buyers of US\$88m in Aug 09, down sharply from US\$266m in Jul, as they turned more cautious. Local institutions were still net sellers of US\$43m, down from US\$86m in Jul. Stock market was still quite active with US\$610m average daily turnover in Aug, up 13% from US\$541m in Jul.

For once, Thailand was a significant outperformer of MSCi Asia, with more than 5% outperformance. July CPI got out slightly worse than expected at -4.4% YoY (-4% in June). So did Core CPI at -1.2% (-1% expected; -1% in June). Consumer confidence accelerated to 66.3 from 65.4 in June. Trade surplus: \$706mn (\$936mn in June) was a disappointment as Imports didn't contrast as much as expected (-32% vs -35% expected). Q2 GDP showed Thailand out of recession: +2.3% QoQ (-1.9% in Q1). YoY, Q2 GDP was -4.9%, better than -5.1% expected and -7.1% in Q1. Central Bank as expected maintained rates at 1.25%.

Politics: deteriorated somewhat at the end of August, as the House Speaker spoke about house dissolution possibility. The main question is whether Bhum Jai Thai pulls out of the coalition or not. If they do, Democrats will end up with too thin a majority (10 seat), which would be too unstable to manage and would trigger new elections. Red-shirt protestors did not seem to get much public support. So they have postponed their rally to Sep 5 from Aug 30 by arguing that they want to avoid the enforcement of the Internal Security Act. However, the infighting among coalition partners heated up again this month over the nomination of the new National Police Chief to replace the retiring Pol Gen Patcharawat Wongsuwan. Prime Minister Abhisit nomination Pol Gen Prateep Tunprasert was voted down by the Police Commission a few weeks ago. Coalition partner, Bhum Jai Thai Party is backing Pol Gen Chumpol Manmai. We believe that the PM will eventually get what he wants, but at a cost of widening rift between the Democrat and BJT.

Corporate News :

- Advanced Info Service is implementing an expansion strategy featuring a half-price call promotion aimed at increasing new subscribers by 20% per month so the company can hit its target of 3-4% revenue growth this year. The country's largest mobile-phone operator expects new subscribers across the industry to drop to 5mn in 2009 from 9mn last year. But AIS expects to maintain its 50% market share this year in both subscriber numbers and revenue.
- Bangkok Bank expects to see little impact on its revenue from its move to cut credit card interest rates, according to a senior executive. BBL, the country's largest bank, surprised the markets last month by cutting its credit card rates to 18% per year from the 20% maximum permitted by regulators. The bank made the rate cut to reduce the financial burden on customers during the economic downturn, said Shoke Na Ranong, a senior executive vice-president at BBL. Also Bangkok Bank will likely keep its interest rates unchanged until the year-end due to plentiful liquidity, says president Chartsiri Sophonpanich. He said ample liquidity in the banking system meant the industry and the bank faced no pressure to adjust rates until the end of 2009. The current low rates would help borrowers to reduce financial cost burdens, he said.
- Charoen Pokphand Foods Plc, the SET-listed flagship of the Charoen Pokphand Group, plans to spend 1.53bn baht to build aquatic feed plants and a pig farm in the Philippines. The company will spend 1.4bn baht to construct a shrimp-feed factory with a capacity of 30,000 tonnes per year in Cebu province and a fish-feed plant with a capacity of 60,000 tonnes per year on Luzon island. It will also invest 125mn baht in a pig farm in Luzon.

- Kasikornbank is aiming for 36% growth rate in its international trade business this year, despite the decline in the country's exports and imports. Songpol Chevapanyaraj, a KBank first senior vice-president, said the bank expected international trade business volume would increase to 3.4bn baht this year, or 25% of the market. KBank, which booked trade business volume of 2.5bn baht in 2008, has invested heavily in improving its service platform to improve efficiency and processing time.
- Property developers' confidence is reviving along with housing demand, partly stimulated by attractive interest rates, says Land & Houses (LH) president Anant Asavabhokin. Visits to LH sites were still down but those who did visit were making faster decisions to buy, said the head of the country's biggest residential developer.
- PTT Plc will resume work on a 30-bn-baht onshore pipeline to meet rising demand for natural gas for vehicles, in response to government policy to promote the fuel. In exchange, the government will allow the state Oil Fund to subsidise the retail price of NGV by 300mn baht per month or equivalent to two baht per kilogramme, according to Energy Minister Wannarat Channukul.
- PTT Exploration and Production Plc plans to spend US\$4bn in order to maintain gas and condensate production in its Arthit field in the Gulf of Thailand over the next 20 years. Gas production stands at 330-370mn standard cubic feet per day (mmscfd) and 19,000 barrels per day of condensate, said president Maroot Mrigadat. He said the Arthit gas field had proven reserves of 1.9 trillion cubic feet (tcf). The field now has 90 operating gas wells and the company will drill 30 more per year in 20 years when the old wells run dry. It expects to boost its worldwide production by 25% over the next four years, its chief executive says. Output is set to hit 300,000 barrels of oil equivalent per day (boed), up from an expected 240,000 by the end of this year. Most of the output will come from PTTEP's Block B17 in the Malaysia-Thailand Joint Development Area, where production is due to start in October and is forecast to run at 270 mn standard cubic feet of gas per day.
- Preuksa Real Estate Plc, Thailand's second largest residential developer, will sign a memorandum of understanding on Monday with its Vietnamese partner Hoang Huy Group, an automobile producer, to set up a joint-venture firm to develop townhouses priced from 1.5mn to 1.8mn baht each in Vietnam's third most populous city, Haiphong.
- Quality Houses has raised this year's revenue projection to Bt 10bn, cheered by a better-than-expected first-half performance. Earlier, it expected revenue to show flat grow of Bt 9bn. Senior executive vice president Suwanna Buddhapasart attributed the improvement to better consumer confidence, low interest rates and the government's tax allowance.
- Siam Cement Group will revise its Bt120-bn five-year investment programme in light of a global economic recovery expected to be firm in early 2011. Kan Trakulhoon, president and CEO of SCG, said the programme, which includes investment plans in other Asean countries including Vietnam, Cambodia, Indonesia and Philippines, would take clearer shape soon.
- Siam Commercial Bank aims to raise its share of credit card spending to 20% this year and will shift its marketing focus to encouraging card spending over extending its card base. Spending via SCB's credit cards currently accounts for 18-19% of the total card market, up from 16% at the end of last year. SCB expects to hit a 20% market share by the year-end, taking the industry's top spot.
- Thoresen Thai Agencies announced the acquisition of a coal-mining venture in the Philippines, its second deal within a month under a business strategy aimed at offsetting shrinking shipping revenue. TTA informed the Stock Exchange of Thailand that it has acquired 21.18% of Merton Group (Cyprus) Ltd, the sole international partner in the Philippines-based SKI Energy Resources Inc for 165.65mn baht. Funding came from working capital.
- True Corporation unveiled its much-awaited prices for the new iPhone 3G S Wi-Fi handset in a move to boost demand for the Apple smartphone and pave the way for its third-generation mobile broadband service. The company will allow customers to pre-book the new iPhone handsets via the website <http://www.truemove.com> or visit one of existing 168 True shops. The 16-gigabyte iPhone 3G S Wi-Fi costs 24,500 baht, with the 32-gigabyte model at 28,500.

INDEX	TOP GAINERS	% MOM	TOP LOSERS	% MOM
SET50	THAI AIRWAYS	43.38	BEC WORLD	-5.56
	KHON KAEN SUGAR	34.91	BIG C SU%E	-4.69
	TMB BANK	30.86	THAI PLASTIC SHM	-3.23

MALAYSIA

As with most Asian markets except China, Malaysia slightly outperformed the MSCi Asia ex Japan in August. Q2 GDP was a pleasant surprise: -3.9% YoY instead of the -5% expected. (-6.2% in Q1 YoY). June trade surplus was roughly in line: 9bn ringgit (10bn ringgit in May) as Exports and Imports contracted -23% and -21% respectively.

Industrial production was worse than expected however, at -9.6%, but indeed much better than -11% in May. Manufacturing sales contracted 25% as expected. Overnight rates were kept at 2%.

Corporate News:

- Axiata - will not list its Malaysian cellular arm, Celcom
- KNM GROUP saw its net profit drop by 25.8% year-on-year for its second quarter of FY2009 to RM71.42mn from RM96.29mn. Revenue for the period came in lower at RM439.26mn compared to RM599.4mn that was posted for the previous year's corresponding quarter.
- Sime Darby its 4Q net profit slipped 4 % to RM984mn as it made less money from its plantation and utilities divisions. However, it remains optimistic about its current financial year to June 30 2010, as palm oil prices are at reasonably good levels and there are signs of improvement in the property and consumer markets.
- MRCB recorded higher profit in its second quarter ended June 30, 2009 of RM12.04mn, an improvement from the RM153,000 in the first quarter, driven by higher realization of progress works. Its earnings were also boosted by recognition of approved variation order claims for both the engineering and construction and transmission works of which the related project costs incurred had been accounted for in previous financial year.
- DiGi.com - sees third generation (3G) services as a key revenue growth driver in two years as it moves to reduce its dependence on low-yielding voice and text message services, a top executive said. Malaysia's third-ranked mobile phone company plans to spend up to RM400mil a year to build up its 3G capacity over the next few years as it plays catch-up with bigger rivals who have been in the 3G market for more than two years.
- Genting 2Q net profit fell 26.3% to RM214.5mn from RM291.04mn a year ago due to lower profits in most divisions. Announcing the results for 2Q ended June 30, it said on Aug 26 revenue slipped 3% to RM2.1bn from RM2.16bn. Earnings per share were 5.8 sen compared with 7.86 sen.
- Kuala Lumpur Kepong saw its net profit fall 22.4% to RM190.24mn for the third quarter ended June 30, 2009 from a year ago, impacted by the decline in crude palm oil (CPO) prices. KLK said on Aug 26 revenue fell to RM1.537bn from RM2.029bn while earnings per share were 17.86 sen versus 23.04 sen.
- IOI Corp 4Q earnings fell 18.4% to RM487.07mn compared with RM597.28 million a year ago following an impairment loss of RM242.8mn for a development property in Singapore.
- IJM Corp expects to maintain an order book of more than RM4bn as it bids for sizeable government contracts locally and abroad. "We would replenish the order book so that we maintain about RM4bn plus at any one time. Since our chewing rate is about RM200m a month, we have to (replenish) about RM2bn plus a year," said IJM Corp MD.
- Top Glove plans to open new factories to help it meet growing demand as the swine flu pandemic spreads. "Demand has grown by at least 10% over the past two months and moving forward we expect demand to continue picking up momentum, especially given the fact that swine flu has now extended to a lot more countries," said MD Lee Kim Meow.
- Malayan Banking suffered a net loss of RM1.118bn in the fourth quarter ended June 30(4Q) compared with a net profit of RM792.21mn a year ago. Maybank made an impairment charge of RM1.617bn on goodwill arising from its 97.5%-owned PT Bank Internasional Indonesia Tbk (BII) banking business operations and an additional impairment loss of RM111mn for the investment in MCB Bank. For FY09, it was still profitable with net profit of RM691.87mn for its financial year ended June 30, 2009 from RM2.93bn a year ago. Revenue was higher at RM17.58bn compared with RM16.15bn. Earnings per share were RM12 sen compared with 53.32 sen.
- Umw Holdings its 2Q net profit slumped 47.6% to RM79.43mn from the RM151.73mn a year ago, as spending by consumers and industrial sectors shrank. Group revenue of RM2.58bn was RM987.1mn or 27.7% lower than RM3.568bn a year ago.
- Tenaga Nasional - expects demand growth for electricity to average -2% for FY09 from an earlier projection of -3.5%. This followed higher demand in June and July. TNB had earlier reported a peak demand this year of 14,029MW on June 17
- IJM Plantations aims to achieve double-digit growth for its oil palm crop production by 2012, aided by its venture into Indonesia. The firm planned to acquire 30,000 to 40,000 hectares of land in Indonesia, hoped to plant at least 6,000 hectares there by next year.
- PLUS Expressways its net profit rose 5.7% to RM281.32mil for the second quarter ended June 30 compared with the previous corresponding period on higher toll revenue and lower operating costs. Its revenue increased 4.6% to RM72.24mil. For the first half, its net profit gained 3.4% to RM559.87mil while revenue was up 3.6% to RM1.51bil.
- EON Capital posted a net profit of RM124.6mil for the second quarter ended June 30, compared with a loss of RM77.2mil a year ago. The better performance was due to lower allowances and increased net income, which was RM11.4mil higher at RM351.6mil, it said. Revenue came in at RM584.6mil against RM647.5mil a year ago.
- YTL Corp's net profit for the fourth quarter ended June 30 dropped 50.4% to RM75.97mil from RM153.32mil in the previous corresponding period mainly due to one-off deferred tax charge provided for

the utilities division. However, revenue doubled to RM3.6bil from RM1.81bil while earnings per share stood at 4.67 sen against 10.25 sen previously,

- MISC's net profit fell 55.3% to RM233.45mn in 1Q ended June 30, 2009, from RM522.86mn a year earlier though revenue gained 8.3% to RM3.9bn from RM3.6bn. It said the contraction in the global trade was expected to impact the shipping industry as reflected by the falling rates in petroleum and container shipping.
- Hong Leong Bank posted net profit of RM905.33mn in the financial year ended June 30, 2009, a 22% increase from the RM741.82mn a year ago. Total net income was RM 2.1bn, up 4% on-year from RM2.02 bn a year ago, despite the three interest rate cuts that took rates to historic lows in the country, an unabated price war and volume contraction.
- WCT - posted a net profit of RM41.9mn on the back of RM1.2bn in revenue in its second quarter ended June 30, 2009. Net profit slipped 6.5% despite revenue gaining by about 25%.

INDEX	TOP GAINERS	% MOM	TOP LOSERS	% MOM
KLCI	AMMB HLDGS	25.71	YTL POWER	-2.21
	ASTRO ALL ASIA	16.42	YTL CORP	-1.80
	AXIATA GRP	13.26	UMW HLDGS	-1.74

INDONESIA

The Jakarta Composite outperformed the MSCI Asia ex Japan by a few %, just as the Philippines did. July CPI reached +2.7%, slightly higher than expected (+3.65% in June). Nonetheless, Bank Indonesia reference rate was decreased from 6.75% to 6.5%. June trade surplus was +\$1.4bn as Exports and Imports contracted by 27% and 34% respectively. July Consumer Confidence was 115.4 accelerating from July (109). 2Q GDP as a general pattern in Asia, was surprisingly good: +4% YoY (+3.8% expected; +4% 1Q). Finally, cement consumption, Motorcycle and Auto sales accelerated in July from June.

Corporate News:

- Bank Rakyat Indonesia, the nation's second largest bank by assets saw 1H09 profit rose to Rp3.49tr (US\$346m) from Rp2.82tr year earlier as it increased lending. It has also set aside Rp500bn (US\$50m) to acquire a rival. No names of targets were mentioned. The bank said it was considering buying smaller rival Bank Bukopin. Bank Rakyat hasn't begun the formal process for an acquisition yet
- Aneka Tambang, an Indonesian mining company, saw 1H09 profit fell to Rp223.8bn from Rp1.47tr a year earlier as sales revenue dropped while costs increased
- Indofood Sukses Makmur, Indonesia's biggest instant noodle maker, saw 1H09 profit fell to Rp799.7bn (US\$79m) from Rp811.2bn as sales declined to Rp18.2tr from Rp18.92tr
- Adaro Energy, Indonesia's second-biggest coal producer, saw profit in the first six months of the year rose on higher prices for the fuel. The company posted a net income of Rp2.25tr (US\$223m) in the six months to 30 Jun 09 from Rp139.9bn a year earlier. Sales jumped 64% to Rp12.9tr from Rp7.85tr
- Bank Mandiri agreed to convert its Rp1tr (US\$99m) loan to Garuda Indonesia into a stake in the Indonesian airline. The conversion will take place at the same time as Garuda's planned initial share sale, and Bank Indonesia has approved the plan. Mandiri is Indonesia's biggest bank by assets and Garuda is the nation's largest airline. Both are state-owned companies.
- Timah, Indonesia's biggest tin producer, saw its 1H09 profit plunged 96% from a year earlier as sales declined while costs rose. Net income in the six months ended 30 Jun 09 fell to Rp42.83bn (US\$4.3m) from Rp1.11tr a year ago. Sales declined to Rp3.54tr from Rp4.2tr while cost of sales rose to Rp3.2tr from Rp2.3tr.
- Telekomunikasi Indonesia (Telkom) plans to sell a 40% stake in Patra Telekomunikasi Indonesia, Firmansyah said on Friday. "We have received interest from three companies," he said without elaborating. Patra Telekomunikasi, a satellite and multimedia service provider, is also owned 40% by Elnusa, a state-owned oil and gas company.
- Indonesia's government will permit Jasa Marga, the country's biggest toll-road operator, and other companies to raise levies from next month, the first increase in two years. The government may on 4 Sep 09 raise tolls in the islands of Java, Sumatra and Sulawesi
- Bumi Resources, Indonesia's biggest coal producer, may sell between US\$750m and US\$1bn of bonds to refinance debt. Bumi has named Credit Suisse Group AG as the financial adviser to help sell the notes.
- Indosat, Indonesia's second-largest telecommunication services provider, doubled 2Q09 profit on foreign-exchange gains. Net income climbed to Rp887.5bn (US\$88.2m) from Rp441.9bn a year earlier. Sales fell 3.1% to Rp4.42tr. The earnings rose mainly because of foreign-exchange gains, The number of phone subscribers fell because the company deleted non-active users from its system to improve the quality of service.

- A subsidiary of the world's largest noodle maker Indofood Sukses Makmur it was in the process of acquiring a local plantation company in a deal worth Rp8.5bn (US\$850,000) in total.
- Adaro Energy, Indonesia's second-biggest coal producer, said 2Q09 sales fell 15% from a year earlier to 9.1m tons after demand in Europe and Japan declined. Sales were affected by "major economic downturn," in the U.S., Europe as well as in some Asian countries, Adaro said. Coal output in the three months ended 30 Jun 09 dropped to 8.95m tons from 9.89m tons a year earlier, the company said on Friday. Adaro Energy said it's considering acquiring BHP Billiton Ltd.'s coking-coal mine in the country as part of a growth strategy.

INDEX	TOP GAINERS	% MOM	TOP LOSERS	% MOM
LQ 45	BAKRIE+BROTHER	25.71	HOLCIM INDONESIA	-13.10
	BARITO PACIFIC	16.42	UNILEVER IND TBK	-12.93
	SAMPOERNA AGRO	13.26	MEDCO ENERGI INTL	-12.03

PHILIPPINES

Not a bad month for the Philippines in August, as the market outperformed the MSCI by a few %.

On the macro side: Some good news as Q2 GDP was +1.5% YoY, much better than the 0.5% expected (+0.6% 1Q). Overseas remittances stayed around \$1.5bn in June. June trade balance deteriorated to \$700mn deficit as imports contracted not as much as export did. Exports contracted in line, by 25% (-27% in May). July CPI came out lower than expected at +0.2% (+0.4% expected and +1.5% in June). Hence, Central Bank kept rates at 4%. July balance of payment was a nice +\$500mn (\$73mn in June). On the disappointing side, budget deficit increased to reach 34bn pesos in July (30bn pesos deficit in June).

Corporate News:

- Globe posts 16% decline in CORE income q-o-q; Subs decline by 600,000; Globe Telecom 1st half headline profits reached P7.2bn (up 17% YoY). Reported profits were above expectations mainly because of non-recurring items
- Ayala Land 2Q09 income down 11% YoY; within expectations. ALI reported an 11% decline in 2Q09 profits YoY to P964mn. However 1H09 would suggest a larger 36% profit contraction as 1Q08 included what they consider "windfall gains".
- PLDT upgrades CORE income target to P41bn. Results well within expected and management guidance of P40bn in core income. Consolidated core net income for the first half of 2009 at P20.8bn, an increase of 11% from the P18.7bn recorded in the first half of 2008
- SM Prime 1H09 earnings up 8%; Maintain HOLD SM Prime Holdings reported a net income of P3.4bn in 1H09 (up 8% YoY). 2Q09 net earnings were also 8% higher YoY at P1.69bn. Earnings well within full year consensus forecast of P6.8bn for the full year.
- ICTS earnings plunge on weak global economy; Below expectations: ICTS reported a 39% YoY drop in 1st semester earnings. 1H09 profits fell to \$18.19mn from 1H08's \$37.69mn. 2Q09 net income declined 33% YoY to \$12.16mn. ICTS' performance is below expectations as 1st semester profit is only 35% of FY expectation of \$52mn.
- MPI earnings take off the ground: MPIC net income, which included net non-recurring gains, increased to P1.7bn in 1H09 versus a restated P339mn last period.
- Manila Water reports 16% earnings growth in 1H09 to P1.5bn. Earnings in the 2Q09 reached P853mn or 35% better than the P622mn in 1Q09. This is due to the full effect of its rate hike implemented in the latter part of 1Q09.
- Aboitiz Power core profit drops 15% in 1H09 to P1.9bn. AP made P1.9bn in 1H09 CORE profits, this is a 15% year-on-year (YoY) decline. Headline net income was at P1.6bn, dragged by non-recurring net loss of P268mn (versus last year's non-recurring net loss of P122mn).
- Philex profit drops 40% in 1H09. Philex said consolidated net income for the first semester of 2009 amounted to P1.1bn, 49% lower than the P2.2bn net income for the same period last year. Net operating revenue declined to P4.1bn from P5.9bn in 2008 as copper revenue decreased by 51% to P1.7bn this semester from P3.6bn last year brought about by the decline in copper metal price
- Petron earnings down 22% in 1H09. Petron Corporation announced a net income of P1.81bn for the first six months of 2009. This is 22% lower than the P2.32 bln income that Petron posted for the same period in 2008.
- RLC tops Fort Boni bid. Robinsons Land corp. topped the bidding for the development of the Bases Conversion Development Authority's (BCDA) 8.38-hectare property in the posh Bonifacio Global City. RLC submitted a bid of P3.15bn for the project, trumping Megaworld Corp.'s P2.78bn.
- Metrobank 1h09 earnings up 11%. Metropolitan Bank & Trust Co. (Metrobank) reported that 1H09 net income grew 11% to P3.1bn. This is up from P2.8bn in the same period last year which they attributed to strong interest income and trading gains.

- Jollibee Food Corp. posts good 1H09; but offers caution in 2H09. Jollibee Foods Corp.net income in 2Q09 reached P746mn, up nearly 16% YoY. Results were boosted by the 11% jump in system wide retail sales to P15.9bn for the same period.
- MEG 1H09 income at P1.99bn, within guidance; (HOLD with a TP at 1.30). MEG's consolidated 1H09 income reached P2.0bn, or nearly 50% of their full year guidance of P4bn. First half 2009 income is 12% higher than last year but EPS remained flat at P0.09.
- URC's headline profits nearly double to P2.08bn. URC's net income nearly doubled to P2.08bn in the first 9M09. The reported performance looked impressive given the ff: factors. Strong operating performance, (up 16% YoY). Reversal of forex losses (up 223% to a gain of P146mn as of June). Reduction in MTM losses in bond holdings (Up P58mn from P29mn last year). However, CORE earnings before tax managed to grow only 3% to P2.782bn.
- FGEN bounces 6% on FPH's capital infusion; (Maintain BUY for FGEN with a TP of P24.25). FGEN recorded \$20.34mn in 1st semester profits. This is flat from last year's \$20.7mn. We expect a knee-jerk reaction given lower than expected earnings.
- First Phil. Holdings posts 1H09 profits of P896mn; 3Q09 to reflect Meralco sale. Phil. Holdings Corp. (FPH) returned to profit this year, posting a net income of P896mn. This is a reversal from P230mn in losses in 1H08, as company performance last year was dragged by rising financing charges.
- GMA7 income better than expected. GMA Network Inc.'s net profit in the second quarter of 2009 rose 26% on year. Net income was driven mainly by an increase in advertising spending. 2Q09 profit rose to P860mn (\$18mn) from PHP684mn in 2Q08.
- Vista Land's Villar leads Pulse Asia polls. According to the latest Pulse Asia survey, former Senate President Manuel Villar jumped to first pick for the Philippine presidency for the May 10, 2010 elections. Villar's continued leadership generally boosts sentiment for his listed company, Vista Land and Landscapes. VLL continues to trade at a 35% discount to its Book Value of P4.00/ share.

INDEX	TOP GAINERS	% MOM	TOP LOSERS	% MOM
PCOMP	PHILEX MINING	28.21	MANILA ELECTRIC	-12.23
	ABS-CBN BROADC	25.77	FIRST GEN CORP	-4.44
	ALLIANCE GLOBAL	24.39	GLOBE TELECOM	-3.81