

## FEB

### - Weekly factsheet for the Week Ended Feb 20

23 FEBRUARY 2009

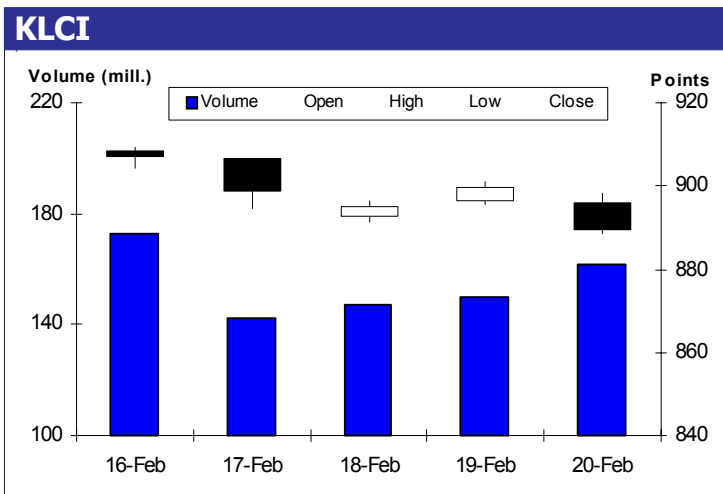
2009/0009

WEEKLY CLOSING IN MAJOR MARKET INDICES				
	FEB 13	FEB 20	%CHG	%YTD
KL Composite	909.84	889.71	-2.2	1.5
Dow Jones	7,850.41	7,365.67	-6.2	-16.1
Nikkei225	7,779.40	7,416.38	-4.7	-16.3
DAX Index	4,413.39	4,014.66	-9.0	-16.5
UK FTSE100	4,189.59	3,889.06	-7.2	-12.3
AU AORD	3,496.70	3,353.00	-4.1	-8.4
STI	1,705.64	1,594.94	-6.5	-9.5
Hang Seng	13,554.67	12,699.17	-6.3	-11.7
SSE Index	2,320.79	2,261.48	-2.6	24.2

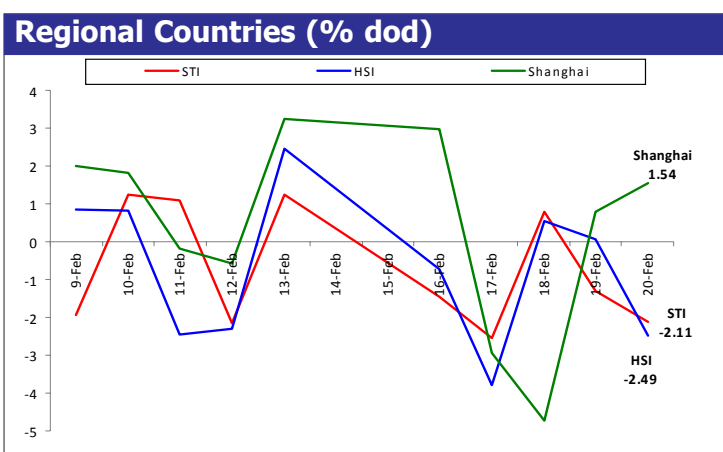
Source: Bloomberg

### KEY HIGHLIGHTS

- **All major equity benchmarks closed the week lower as stimulus package from the US and worldwide failed to overcome dismal economic data over the week.**
- **US import prices fell in January and industrial production fell in the same month for the sixth time in seven months.**
- **Eurozone construction output fell the most since 1995 as the global economic slowdown curbed building of offices, shops and houses across the region.**
- **Japan's economy shrank at an annual pace of 12.7% pace last quarter, the lowest since the 1974 oil shock, as recessions in the U.S. and Europe triggered a record drop in exports.**
- **China's stock rally came to a halt on profit taking activity and worries on future earnings.**
- **Malaysia's manufacturing sales fell 20.8% yoy in December compared to a revised 1.9% fall in November.**



Source: Bloomberg, Bursa Malaysia

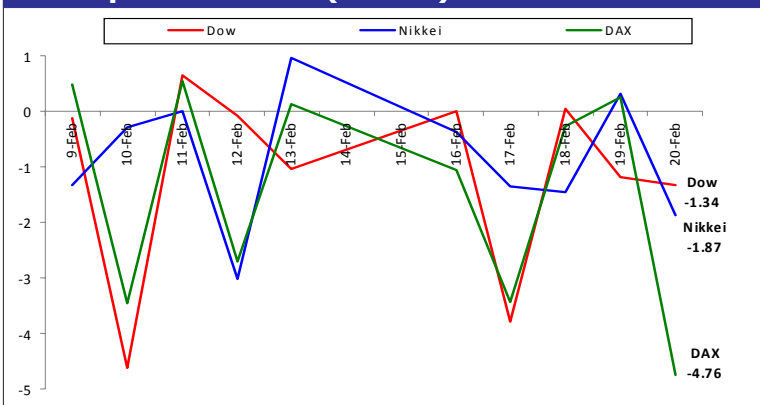


Source: Bloomberg

### MARKET NEWS

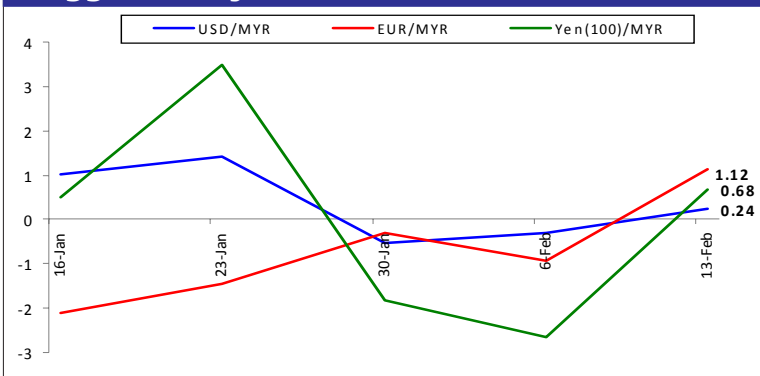
- **U.S. stocks fell for the second week, sending the Dow Jones Industrial Average to the lowest in six years, as economic reports raised concern that the government still fail to curb the recession.** The S&P 500 Financials Index lost 16% to the lowest level since 1994 amid concerns that the deepening economic crisis and rising loan losses may prompt the government to nationalize banks. Citigroup dropped 44% and Bank of America lost 32% as worries heightened that the move will wipe out shareholders value. The Fed Bank of New York's general economic index slid to -34.7, the lowest level since records began in 2001, from minus -22.2, adding to the overall negative sentiment. A gauge of homebuilders in S&P indexes dropped 16% as investors were not convinced the new housing plan will be effective. Obama pledged US\$275 billion in a program that will cut mortgage payments for as many as 9 million struggling homeowners and expand the role of Fannie Mae and Freddie Mac in curbing record foreclosures. Hovnanian Enterprises Inc., New Jersey's largest homebuilder, had the steepest decline, losing 42% while Standard Pacific Corp. slid 25%. Economists are expecting sales of new homes in the U.S. to plunge to a record low in January. Automakers were also on the downside last week as General Motors Corp. said it needs as much as US\$16.6 billion in new U.S. loans to stay in business, more than doubling the aid to date. The company plummeted 29% as it sheds brands and cuts 47,000 more jobs worldwide. Technology stocks dragged the index lower following Hewlett-Packard Co. downward assessment to its profit forecast, citing waning PC demand as businesses reduce spending and the economy shows no improvement this year. The world's biggest personal-computer maker tumbled 13% while rival, Dell Inc., slid 7.8%. Wal-Mart Stores Inc. was the only stock to advance among 30 in the Dow average, rising 7.5%. The world's largest retailer reported fourth-quarter profit that fell less than analysts estimated after discounts on

## Developed Countries (% dod)



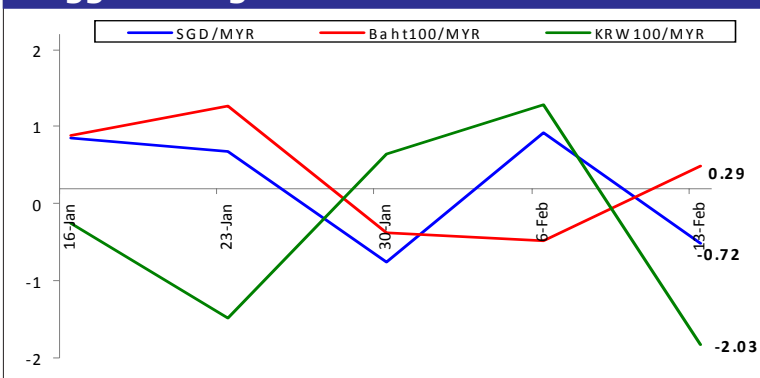
Source: Bloomberg

## Ringgit vs Major Currencies



Source: Bank Negara Malaysia

## Ringgit vs Regional Currencies



Source: Bank Negara Malaysia

groceries and drugs attracted customers. **Overall, the S&P 500 index fell 6.9% to 770.05, extending its worst start to a year to 15%. The Dow average retreated 484.74 points, or 6.2%, to 7,365.67.**

- European stocks retreated, sending the Dow Jones Stoxx 600 Index to the lowest in almost six years, as companies' dismal earnings results continued to fall and indicated the recession is deepening.** Anglo American Plc. tumbled 20.3% as the mining company announced full year net income fell to US\$5.2 billion from US\$7.3 billion a year earlier and will cut 19,000 jobs to retain cash after metal prices collapsed. Saint-Gobain SA and Lafarge SA, the world's two largest cement producers, each said they will sell US\$1.9 billion in shares to shore up finances eroded by slowing construction markets. Saint-Gobain's net income dropped 7.3% last year while adding the global economic crisis makes the 2010 targets set in 2007. The company lost 18.7% last week while Lafarge sank 10.4%. Banks added to the overall decline last week after Moody's Investors Service said it may downgrade banks with units in Eastern Europe as they are likely to

come under credit strain which may weaken their parent companies. Italy's UniCredit, which owns Poland's Bank Pekao SA as well as operations in Ukraine, Kazakhstan and Russia, declined 32%. Stockholm-based Swedbank, the biggest bank in the Baltic states, dropped 13.6%. UBS AG, Switzerland's largest bank, tumbled 16.5% after being sued by the U.S. government to force disclosure of as many as 52,000 American customers who allegedly hid their Swiss accounts from tax authorities. Automakers were also on the decline following Saab Automobile's filing of protection from creditors after parent General Motors Corp. said it will cut ties with the Swedish carmaker following two decades of losses. SAAB lost 11.1%. Bridgestone Corp., the world's largest tiremaker, fell 7.4% after saying profit will slide 71% this year. **Overall, national benchmarks fell in all 18 western European markets. The U.K.'s FTSE 100 lost 7.2% to 3,889.06 while Germany's DAX plunged 9.0% to 4,014.66 points.**

- Japanese stocks fell, sending the Nikkei 225 Stock Average to a third-straight weekly decline, on concern a deepening slump in the global economy will hurt company earnings and further crimp demand for resources.** Bridgestone Corp.'s forecast rekindled concerns the slump in corporate earnings will deepen, saying net income will probably fall 71% to US\$32 million this year as demand for new cars wanes and a stronger local currency reduces the value of overseas sales. Bridgestone declined 7.4%, driving a gauge of automotive related stocks to the biggest drop among the Topix's 33 industry groups. Sony Corp., which gets a quarter of its sales from the U.S., capped its longest losing streak in 15 months after manufacturing in New York shrank at the fastest pace on record. Sony, the No. 2 consumer-electronics maker globally, fell 7.8% to the lowest close since June 1987. Technology stocks dragged benchmarks lower after an US government report showed orders for semiconductor equipment dropped by three-quarters in North America last month to the lowest level since 1991. Elpida Inc., Japan's largest memory-chip maker, sank 15% as Standard & Poor's reduced its long-term debt rating on the chipmaker by one level to B+, four steps below investment grade, citing the company's short-term liquidity to be at risk. Rival Toshiba Corp. lost 6.1% while Hitachi Ltd., which controls closely held chipmaker Renesas Technology Corp., slid 5.9%. Property stocks were also badly hit last week the Tokyo-based Real Estate Economic Research Institute said developers added 1,760 new condominium units to the market in January, 24% fewer than a year earlier, the 17th consecutive month of declines. Investors grew concerns that with falling rents and rising vacancies, real estate companies' earnings will remain under heavy pressure. Mitsui Fudosan Co. and Mitsubishi Estate Co., the nation's biggest developers, lost 5.8% and 5.1% respectively. Sumitomo Realty & Development Co., Japan's No. 3 property company, fell 4.6%. **For the week, the Nikkei lost 4.7% to 7,416.38 points.**
- China stocks posted its first weekly drop in two months on concern recent gains were excessive and demand for raw materials will decline further.** Property stocks, which had gained the most this year, led declines as investors judged recent gains excessive relative to earnings potential. Poly Real Estate Group Co. and China Vanke Co., the nation's two biggest publicly traded developers, fell 5.1% and 4.4% respectively, trimming their advance of more than 25% so far this year. A research paper by Shenyin & Wanguo Securities Co. suggested that Chinese companies may be using record bank lending to invest in stocks, with as much as US\$97 billion may have been converted by companies into term deposits or used to buy equities. Mining shares mirrored the overall trend as metal prices dipped last week. Baoshan Iron & Steel Co. dropped 5.3% paring its annual gain to 31% while Angang Steel Co., China's second-largest steelmaker by market value, lost 6.2%. The Reuters/Jefferies CRB Index of 19 commodities prices

dropped for the sixth straight session since Feb 12, the longest slump since December. The 8.4% decline of the Baltic Dry Index dragged shipping stocks lower. China Cosco Holdings Co., the country's largest container line, slid 4.8% and China Shipping Container Lines Co., the country's second-largest carrier of sea-cargo boxes, fell 6.5%. Financial shares added to the bearish sentiment after Morgan Stanley downgraded its recommendation on Pudong Development Bank Co. and Industrial Bank Co. to underweight from equal weight while and equal-weight from overweight respectively. Pudong Bank, the Chinese partner of Citigroup Inc., lost 4.4% while Industrial Bank, part-owned by a unit of HSBC Holdings Plc, retreated 4.2%. Morgan Stanley said Chinese banks are facing low margins and slow growth even as credit risks climb. **For the week, China's Shanghai Composite Index lost 2.6%, trimming its year to date gain to 24.2%.**

- Malaysia's stock market ended its three straight weekly gains last week as dismal earnings results dominated stocks' movements and prompted many investment houses to lower their ratings on companies.** Steel stocks were pulled lower after Southern Steel Bhd. announced its biggest quarterly loss in at least nine years. The company had a loss of RM259.8 in the fourth quarter from a profit of RM79.9 million a year earlier, after a writedown in the value of its inventories as steel prices dropped. Southern Steel lost 7.5% while other rivals, Lion Industries Corp. and Ann Joo Resources Bhd. declined 5.9% and 4% respectively. Fraser & Neave Holdings Bhd. (F&N) made the headlines last week after Coca-Cola Co., the world's largest soft-drink maker, will not renew bottling and distribution contracts with F&N when they expire in January next year. The company lost 12.3% as investors gauged it will affect F&N's income quite substantially, where Coca-Cola brand contributed 12% of the group's revenue last year. Benchmark heavyweight, TM International Bhd., fell 4.2% following rating downgrades by both Amresearch and Deutsche Bank, both suggesting fourth-quarter earnings to be hurt by lower contributions from its Indonesian unit. Oil and gas services provider slipped as AmResearch Sdn. Lowered its rating on KNM Group Bhd. to hold from buy and reduced its target price to 50 sen from 85 sen, citing heightening risks of lower demand for oil exploration-related contracts as crude oil prices stabilize at current level. KNM dropped 5.8% while Scomi Group Bhd. and SapuraCrest Petroleum Bhd. lost 8.3% and 3.3% respectively. Carlsberg Brewery Malaysia Bhd. was another major decliner last week, dragging the benchmark lower as the company failed to pay a special dividend for the first time in at least nine years. The company, announcing a 61% decline in its fourth quarter profit, dropped as much as 6% last week. **Overall, the Kuala Lumpur Composite Index fell 2.2% last week, taking the index down to 889.71 points and year to date gain to 1.5%.**

- US homebuilder confidence barely climbed in February** from a record low, signaling the persisting housing slump. The NAHB confidence index increased to 9 from 8 in January. A reading below 50 means most respondents view conditions as poor. The gauge was published in January 1985 and averaged 16 last year.
- US mortgage applications rebounded in the week ended Feb 13**, from a three-month low, led by a surge in refinancing as borrowing rates dropped. The Mortgage Bankers Association's index of applications to purchase a home or refinance a loan increased 46% to 875.3 from 600.6 in the prior week. The average rate on a 30-year fixed loan fell to 4.99%, the second-lowest level on record, from 5.19% the prior week. The rate reached a record low of 4.89% in mid-January.
- US import prices fell in January** for a sixth consecutive month on lower commodity costs and slumping demand as the global economic slowdown intensified. The import-price index decreased 1.1% mom, the smallest drop since it last rose in July, after a revised 5.0% drop in December. Prices from a year earlier slumped 12.5%, the most since records began in 1982.
- US builders broke ground in January on the fewest houses** on record as a lack of credit and plunging sales exacerbated the worst real-estate slump since the Great Depression. Housing starts plunged 17% to an annual rate of 466,000. Builders are struggling as record foreclosures swell the glut of homes on the market, undermining efforts to revive demand and lighten inventory by cutting prices. Building permits, a sign of future construction, dropped 4.8% to 521,000. They were forecast to drop to a 525,000 pace. The government began keeping records on housing starts in 1959.
- US industrial production fell in January** for the sixth time in seven months as companies reduced manufacturing amid a worldwide slowdown in demand. Output at factories, mines and utilities dropped 1.8%, after a revised decrease of 2.4% in December. Car and truck assemblies fell to a record. Manufacturers are cutting back on production as consumers retrench and companies are unable to get credit to fund capital investments. Capacity utilization, or the proportion of plants in use, fell to 72%, the lowest since February 1983, from 73.3% in December.
- US producer prices rose for the first time in six months in January** as fuel costs climbed and companies tried to boost earnings at the start of the year before demand weakened even more. The 0.8% increase in wholesale costs was higher than projected and followed a 1.9% drop in December. Excluding food and fuel, so-called core prices rose 0.4%. Over the last 12 months, producer prices fell 1.0%, the biggest year-over-year decline since 2006.
- US initial jobless claims were unchanged at 627,000 in the week ended February 14.** The four-week moving average of claims, a less volatile measure, rose to 619,000 last week, the highest level since November 1982, from 608,500 the previous week. The unemployment rate among people eligible for benefits, which tends to track the US jobless rate, climbed to 3.7% in the week ended Feb 7, from 3.6 % a week earlier.
- The US leading economic index rose more than expected in January**, led by a jump in money supply that masked continued deterioration elsewhere in the economy. The Conference Board's gauge rose 0.4%, the most since December 2006, after a revised 0.2% increase in December. The index is designed to show the likely direction of the economy over the next three

to six months. Most of the January gain was because of money supply and the yield curve.

- **US consumer prices rose in January** for the first time in six months as gasoline stopped sliding and retailers tried to push through start-of-year increases even as sales slumped. The CPI rose 0.3% mom while the core CPI, which excludes food and fuel, advanced 0.2% due to autos, clothing, and medical care. The CPI was unchanged on annual basis, the first time it hasn't risen since 1955. The core rate climbed 1.7% from January 2008, the smallest gain since March 2004. Prices may moderate in coming months as more companies follow Wal-Mart Stores Inc. and Macy's Inc. in offering discounts as the economy sinks into what may be the worst recession in the postwar era.
- **Eurozone swung to the biggest trade deficit** since the euro's introduction 10 years ago as higher oil prices boosted energy costs and the global financial crisis curtailed exports. The region's trade deficit of 32.1 billion euros (US\$40.5 billion) last year compare with a surplus of 15.8 billion euros in 2007. In December, exports fell 0.9% from November. Imports declined 3.9% from the previous month. The deficit narrowed to 0.3 billion euros in December from 4.0 billion euros.
- **Eurozone construction output fell the most since 1995 last year** as the global economic slowdown curbed building of offices, shops and houses across the region. Construction in the euro area fell 10% in December from a year earlier, the biggest drop since 1991, resulting in a full-year contraction of 2.7%. Output retreated 2.2% from the previous month. Spanish construction plunged 24% in December from a year earlier. Construction in Germany, Europe's largest economy, fell 3.4%.
- **Japan's economy shrank at an annual 12.7% pace last quarter**, the most since the 1974 oil shock, as recessions in the U.S. and Europe triggered a record drop in exports. Gross domestic product fell for a third straight quarter in the three months ended Dec. 31 The world's second-largest economy shrank 3.3% from the third quarter. Japan has been in a recession since November 2007. Exports plunged an unprecedented 13.9% from the third quarter as demand for Corolla cars and Bravia televisions collapsed amid a slump that the Group of Seven nations said will persist for most of 2009.
- **Japan's industrial production declined 9.8% month-on-month in December**, revised from 9.6% fall estimated initially. Compared to the same period of previous year, production fell sharply by 20.8%. The capacity utilization dropped 11.8%, severe than the 9.4% decrease estimated initially.
- **Japan's demand for services fell for a second month in December** as the recession hit consumers through job cuts. The tertiary index, a gauge of money households and businesses spend on phone calls, power and transportation, dropped 1.6% from November.
- **Japan's index of coincident economic indicators fell 2.6 points to a preliminary 92.3 in December** from 94.9 in November in another sign of a deepening recession for the world's second-largest economy. The index of leading economic indicators, compiled using data such as the number of new job offers and consumer sentiment, fell 2.0 points to a preliminary 79.8 in December.
- **The Bank of Japan kept interest rates at 0.1% on February 19** and said it would expand fund-supplying operations, extend the deadline on its special loan program, and broaden other measures designed to inject money into the economy. The measures are designed to pump liquidity into an economy contracting at a rate three times faster than the US economy. In its monthly report, the Japanese central bank held its assessment of the economy unchanged from January, saying that conditions deteriorated significantly and is likely to continue deteriorating for the time being.
- **Malaysia's manufacturing sales fell 20.8% year-on-year in December** compared to a revised 1.9% fall in November. Manufacturing sales totaled RM37.4 billion in December. During the month, the number of employees in the manufacturing sector fell 6.2% year-on-year to 1.03 million people. Wages and salaries paid slipped 7.3% to RM2,168.5 million. Productivity or the average sales per employees also declined, by 15.6% to RM36,208.82. Month-on-month, manufacturing sales fell 17.2% in December. Manufacturing sales increased 9% in the January to December period.
- **Bank Negara Malaysia international reserves rose to RM317.7 billion (USD91.6 billion) as at Feb 13** from RM316.8 billion (USD91.3 billion) on Jan 30. The reserves position was sufficient to finance 7.6 months of retained imports and was four times the short-term external debt.
- **Malaysia's consumer price index slowed to an eight-month low in January** as cheaper fuel pushed transport costs down further. Consumer prices rose 3.9% yoy after a 4.4% gain in Dec. On a monthly basis, the CPI slipped by 0.1%, recording the fifth contractions since Sept 08. Inflation is easing as commodity prices cool from record levels reached in the middle of last year. Food prices rose 9.8% yoy in Jan after climbing 10.4% the month before. The cost of transportation fell 2.1% yoy, a second month of declines. Housing, utilities and fuels gained 1.7% yoy, matching the pace of the previous month.

## UPCOMING RELEASES THIS WEEK (23 - 27 FEB 09 )

### US

- December Home Price Index by S&P/Case Shiller on February 24, 2009.
- February Consumer Confidence by Conference Board on February 24, 2009.
- Weekly Mortgage Applications by Mortgage Bankers Association on February 25, 2009.
- January Existing Home Sales by National Associate of Realtors on February 25, 2009.
- January Durable Goods New Orders by US Census Bureau on February 26, 2009.
- Weekly Initial Jobless Claims by Department of Labor on February 26, 2009.
- January New Home Sales by U.S. Census Bureau on February 26, 2009.
- 4Q 2008 GDP Annualized by Bureau of Economic Analysis on February 27, 2009.
- February Consumer Confidence by University of Michigan Survey Research on February 27, 2009.

### Eurozone

- December Current Account by European Central Bank (ECB) on February 24, 2009.
- December Industrial New Orders by Eurostat on February 24, 2009.
- January Money Supply by European Central Bank (ECB) on February 26, 2009.
- February Business Climate Indicator by European Commission on February 26, 2009.
- January Consumer Price Index (CPI) by Eurostat on February 27, 2009.
- January Unemployment Rate by Eurostat on February 27, 2009.

### Japan

- February Small Business Confidence by Shoko Chukin Bank on February 23-27, 2009.
- January Corporate Service Price (YOY) by Bank of Japan on February 23, 2009.
- January Merchandise Trade Balance Ministry of Economy, Trade and Industry on February 24, 2009.
- January Jobless Rate by Ministry of Internal Affairs on February 26, 2009.
- January Workers Households Spending by Ministry of Internal Affairs on February 26, 2009.
- January Consumer Price Index (CPI) by Ministry of Internal Affairs on February 26, 2009.
- January Industrial Production Index (IPI) by Ministry of Economy, Trade and Industry on February 26, 2009.
- January Retail Trade by Ministry of Economy, Trade and Industry on February 26, 2009.
- January Housing Starts by Ministry of Land Infrastructure & Transport on February 27, 2009.
- January Construction Orders by Ministry of Land Infrastructure & Transport on February 27, 2009.

### Malaysia

- 4Q2008 Gross Domestic Product (GDP) Constant 2000 Prices by Department of Statistics Malaysia (DOSM) on February 23-25, 2009.
- Announcement of Malaysia Official Policy Rate (OPR) by Bank Negara Malaysia (BNM) as at February 24, 2009.
- January Money Supply M3 by Bank Negara Malaysia (BNM) on February 27, 2009.