

JAN

- Weekly factsheet for the Week Ended January 23

28 JANUARY 2009

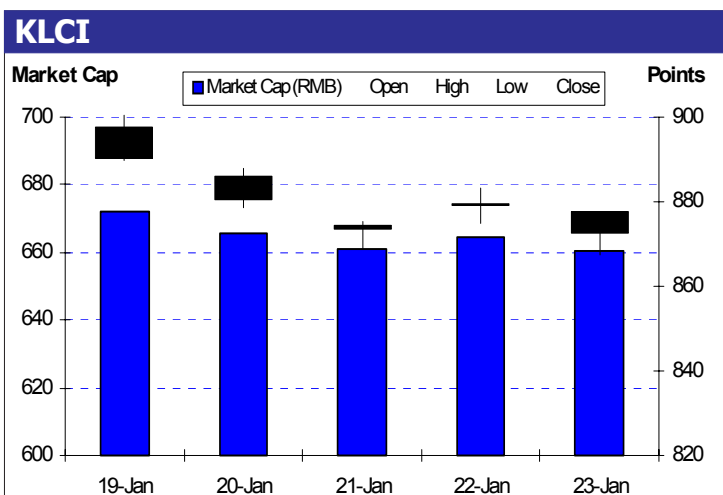
2009/0004

WEEKLY CLOSING IN MAJOR MARKET INDICES				
	JAN 16	JAN 23	%CHG	%YTD
KL Composite	896.47	872.69	-2.7	-0.5
Dow Jones	8,281.22	8,077.56	-2.5	-8.0
Nikkei225	8,230.15	7,745.25	-5.9	-12.6
DAX Index	4,366.28	4,178.94	-4.3	-13.1
UK FTSE100	4,147.06	4,052.47	-2.3	-8.6
AU AORD	3,494.90	3,300.30	-5.6	-9.8
STI	1,730.45	1,685.23	-2.6	-4.3
Hang Seng	13,255.51	12,578.60	-5.1	-12.6
SSE Index	1,954.44	1,990.66	1.9	9.3

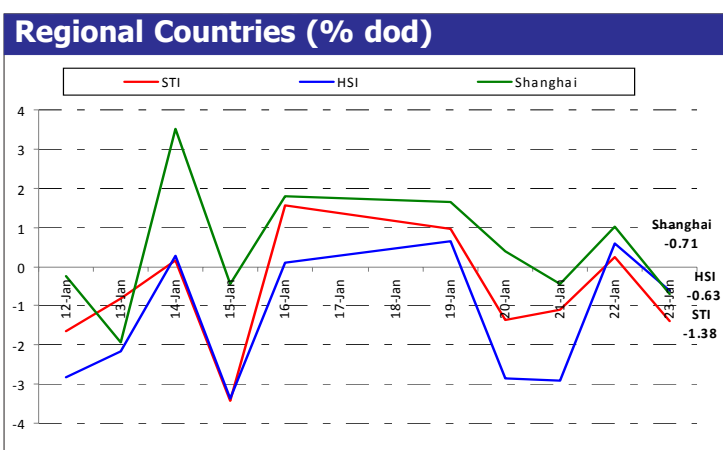
Source: Bloomberg

KEY HIGHLIGHTS

- **All major and regional stock benchmarks posted negative growth, with the exception of China, on worries of deepening recessions to curtail corporate earnings.**
- **Japan's Nikkei led losses among global benchmarks last week as Sony's gloomy earnings forecast spook investors.**
- **China's Shanghai Composite Index remains the best performing benchmark for 2009, with 9.3% gain year to date on continuous government packages to boost economic activity and investors' confidence.**
- **US mortgage rates jumped, sending applications on the reverse. Homebuilder's confidence dropped to a record low, together with housing starts.**
- **Eurozone's industrial orders posted the biggest contraction while construction output continued to decline.**
- **Japan's exports plunged 35% yoy in December, an all time record. Industry activities contracted 2.3% mom in November.**
- **Bank Negara Malaysia slashed OPR by 0.75%, the most since inception. Statutory reserve requirement was cut from 3.5% to 2.0%.**



Source: Bloomberg, Bursa Malaysia

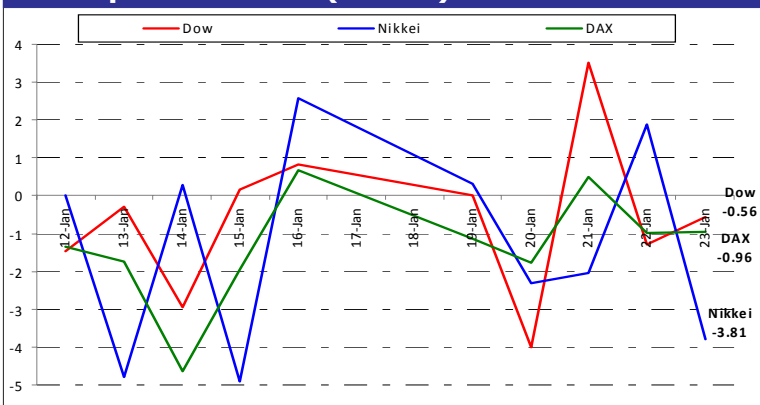


Source: Bloomberg

MARKET NEWS

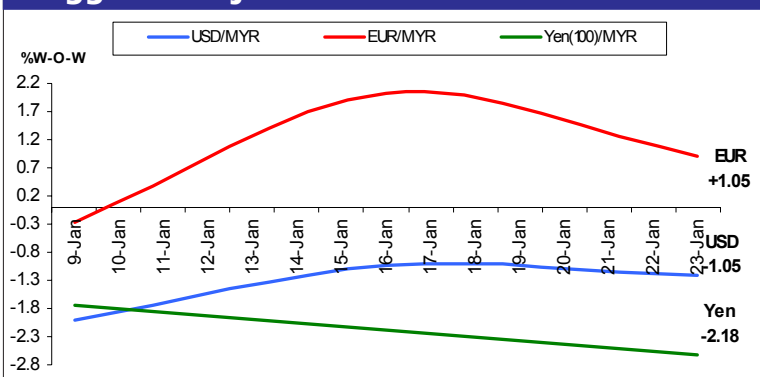
- **U.S. stocks fell for a third week as disappointing earnings at companies from Microsoft Corp. to Fifth Third Bancorp increased concern the of deepening recession and that banks need to raise more capital.** Profits have decreased 60 percent for the 69 companies in the S&P 500 that have released fourth-quarter results so far. Consensus now estimate a 28% drop in profits for the entire index, which would mark the fifth straight quarter earnings slumped. Financial stocks in the S&P 500 fell 7.1% this week, the most among 10 industries. Fifth Third, Ohio's second-largest bank, plunged 46% after posting a third consecutive quarterly loss. Bank of America dropped 13% after research group Friedman Billings Ramsey Group Inc. estimated that the biggest U.S. lender by assets needs at least US\$80 billion of additional capital. Citigroup Inc. traded under US\$3 for the first time since July 1992, dropping as much as 20% before paring its decline to 0.9% for the week. The company lowered its quarterly dividend to a penny a share from 16 cents to comply with the terms of the US\$20 billion capital injection in received from the U.S. government in November. The U.S. government has taken preferred equity stakes in at least 257 banks including Bank of America, Wells Fargo, Bank of New York Mellon Corp. and State Street Corp. since October under its Troubled Asset Relief Program aimed at stabilizing the banking system. Microsoft led declines in technology sector, falling 13% after posting second-quarter sales and profit that missed projections. The world's biggest software maker said it will eliminate 5,000 jobs as it cuts costs to match a slump in demand.

Developed Countries (% dod)



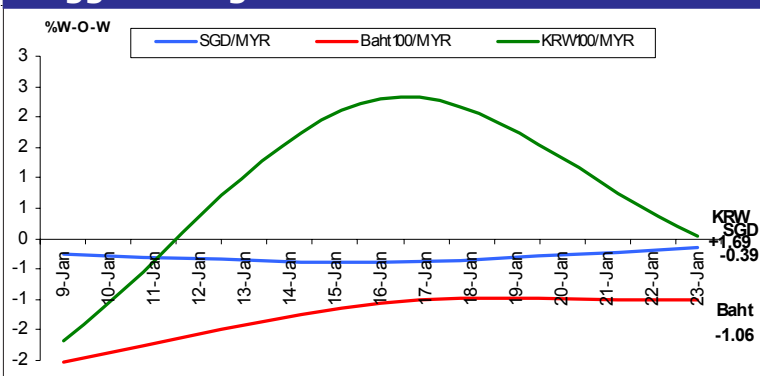
Source: Bloomberg

Ringgit vs Major Currencies



Source: Bank Negara Malaysia

Ringgit vs Regional Currencies



Source: Bank Negara Malaysia

largest life-insurance company, retreating 8.2% amid speculation insurers may run short of funds. Legal & General, Britain's third-biggest life-insurance company, retreated 8.8%. Concerns on liquidity of insurers has mounted over the past few weeks as more companies reported losses while number of claims keep increasing. Axa, France's largest insurer, dropped 8.3% while Swiss Reinsurance Co. sank 16%. Sentiment surrounding technology stocks were badly hurt last week following Microsoft Corp.'s profit contraction and lower 2009 forecast. Nokia, the world's biggest mobile-phone maker, retreated 6.6% after profit that fell short of analysts' predictions and the company said industry sales may decline 10% this year. Infineon Technologies AG, Europe's second-biggest semiconductor maker, sank 4.9% as its Qimonda unit filed for insolvency. Infineon said it will increase its provisions in the first quarter. Ubisoft Entertainment SA slumped 19% s Europe's largest maker of video games revised its full-year sales forecast. BT Group Plc, the U.K.'s biggest phone company, tumbled 11% after saying an overhaul of the global services division dragged down overall third-quarter earnings and may lead to more charges. Automakers were also dragged by disappointing earnings results. Fiat SpA, Italy's biggest carmaker, slumped 12% as the company cut its earnings forecast for this year and said it will not pay dividends for 2008 to common shareholders. **National benchmark indexes fell in 15 of 18 western European markets. Germany's DAX dropped 4.3% to 4,178.94 points and the U.K.'s FTSE 100 slid 2.3% to 4,052.47 points.**

- Japanese stocks dropped, deepening the longest weekly losing streak in more than three months, as Sony Corp.'s loss forecast and worsening economic figures stoked concern the global recession will be prolonged.** Japan's central bank said last week that Japan's economy is deteriorating significantly, a day after forecasting the nation's gross domestic product will decline 2% in the year to March 2010. Sony last week joined Toyota Motor Corp. in forecasting an operating loss as the global recession worsened and a stronger Yen reduced the value of repatriated overseas sales. The electronics maker expects a record US\$2.9 billion operating loss for the year to March 31. Sony shares dropped 13.5, the lowest close since Dec. 24 while Canon Inc., the world's biggest digital-camera maker, lost 10.5% after declining for five straight days. Automakers were also under selling pressure last week following Mazda Motor Corp.'s application for the Japanese government's subsidy program to pay salaries during production cuts in January. Mazda slid 12.7% while bigger rival, Nissan Motor Corp. fell 12.6%. Financials dragged benchmarks lower after Promise Co. Japan's No. 2 consumer lender, plunged 14% as Japan's supreme court yesterday made a ruling that makes older loans subject to potential interest refunds, portending bigger losses for the bank. Nippon Steel Corp., Asia's largest steelmaker, led declines among steel and mining stocks after waning demand pushed the company to further reduce production and an economist survey indicated China's economic slowdown will deepen. Nippon Steel lost 5% while JFE Holdings Inc., its closest domestic rival, sank 7.9%. China's worst economic slowdown in seven years is set to worsen, according to a Bloomberg News survey of economists, darkening the outlook for suppliers of raw materials. **For the week, the Nikkei 225 Stock Average lost 5.9% to 7,745.25, capping third-straight weekly drops for the index, the longest since Oct. 10.**

- China's stocks rose to the highest level in almost a month on speculation government plans to extend support to the nation's industries will revive earnings.** Premier Wen Jiabao pledged this month to increase a US\$585 billion stimulus package to create employment and support the nation's industries, while the central bank cut interest rates five times since September to encourage lending. China's Minister of Industry and Information Technology announced last week that nine industries that will receive direct aid from the government are

Microsoft follows General Electric Co., Corning Inc., Johnson Controls Inc. and Eastman Kodak Co. in declining to forecast results for 2009. Another drag for stocks benchmarks came from General Electric Co., losing 14% after announcing per-share profit excluding payment was 37 cents in the fourth quarter, missing consensus forecasts by almost 50%. The world's biggest maker of power-plant turbines, jet engines, locomotives and medical imaging equipment also forecast US\$10 billion in credit losses this year, US\$1 billion more than its prior estimate. **The S&P 500 Index fell 2.1% to 831.95 this week, bringing its 2009 loss to 7.9%. Only 2008 and 1939 had steeper declines this far into the year. The Dow Jones Industrial Average slipped 2.5% to 8,077.56.**

- European stocks fell, sending the Dow Jones Stoxx 600 Index to the lowest in more than five years, as concern deepened the global economic slump will erode earnings.** Earnings at companies in the Stoxx 600 will fall 1.4% on average this year following a 17% slump in 2008, estimates compiled by Bloomberg show. Financial sector were the biggest loser last week, led by Prudential Plc, Britain's second-

steelmakers, automakers, shipbuilders, textiles producers, non-ferrous metals and machinery producers, light industry, petrochemicals companies, information-technology and petrochemical companies. China Petroleum & Chemical Corp., also known as Sinopec, jumped 6.9% following the announcement and was among the biggest gainer last week. Guangdong Electric Power, the biggest operator of power plants in the southern Chinese province bordering Hong Kong, gained 5.3% as the China Business newspaper said power generators will get about 10 billion yuan in financial aid. Datang International Power Generation Co., a unit of China's second-biggest electricity producer, added 4.4%. Shanghai Port advanced 9.9%, the steepest gain since Sept. 19. China's central government has agreed to support Shanghai's efforts to become an international shipping center, Mayor Han Zheng said at a Jan. 17 briefing. On quarterly results news, Pingdingshan Tianan Coal Mining Co., the listed unit of China's fifth-largest coal producer, rose 6.5% after saying its 2008 profit more than doubled from 1.1 billion yuan a year earlier. Gansu Huangtai Wine-marketing Industry Co., a Chinese maker of white spirits and wine, surged 6.7% as its preliminary earnings statement showed a profit of about 80 million yuan last year, compared with a loss of 50.8 million yuan in 2007. **Overall, China's Shanghai Composite Index jumped 1.9%, among the best performing benchmark so far this year, to close at 1,990.66 points.**

- Malaysia's stock market faced its second consecutive weekly drop, sending January losses deeper as more companies faced rating downgrades on the back of weak earnings forecasts.** TM International Bhd. fell 9.3% to the lowest level since Dec. 9, after Credit Suisse Group cut its revenue forecast for its Indonesian unit because of a slowing economy. The mobile-phone operator controlled by state investment agency Khazanah Nasional Bhd., is also reported that it may sell new shares in a rights offer or issue an equity-linked security to repay debt to Telekom Malaysia Bhd. Titan Chemicals Corp. slumped 9.2%, among the biggest losers last week, after it had its credit rating lowered by Standard & Poor's Ratings Services, citing the its weakening operating performance. Titan's rating was cut to BB- from BB and remains on Creditwatch with negative implications, Standard & Poor's Ratings Services said last week. Another major drag on the local benchmark was Lafarge Malayan Cement Bhd. losing 8.2% to the lowest level since Dec. 17. HwangDBS Vickers Research Sdn. said in a report last week that Lafarge's fourth-quarter profit "might be weak" on slowing demand and higher coal cost, while 2009 earnings could contract by 9 percent amid price competition. Shares of Media Prima Bhd. were also under selling pressure after the company had its stock rating lowered to hold from buy at Maybank Investment Bank Bhd., which said rising competition from a government-owned rival will hurt earnings. Media Prima shed 4.5% last week. Benchmark's losses were intensified by plantation stocks as CPO prices tumbled from its recent high of RM1,963.50 per tonne achieved on Jan. 12. IOI Corp. Bhd., Malaysia second largest palm oil producer, fell 2.7% while Sime Darby Bhd., the biggest, declined 1.8%. **For the week, the Kuala Lumpur Composite Index lost 23.78 points or 2.7%, its biggest weekly decline so far this year, to close at 872.69 points.**

- US mortgage applications dropped in the week ended Jan 16**, led by a slump in refinancing as borrowing costs jumped from a record low. The MBA index lost 9.8% to 1,195.3, after reaching the highest level in more than five years a week earlier. The group's refinance gauge fell 12.0% and the purchase measure climbed 2.50%. The average rate on a 30-year fixed mortgage loan jumped to 5.24% from a record-low 4.89% a week earlier. The surge in borrowing costs indicates Federal Reserve policy makers will have a difficult time influencing rates even as they began buying mortgage-backed securities this month.
- US homebuilder confidence fell to a record low in January**, a sign the housing slump will extend well into the new year and contribute to deepening the recession. The NAHB index of builder confidence dropped to 8 from 9 in December. A reading below 50 means most respondents view conditions as poor. The gauge, which was first published in January 1985, averaged 16 last year.
- US housing starts dropped in December**, signaling the real-estate slump will keep hurting economic growth. Housing starts fell 16% to an annual rate of 550,000 that was less than forecast and the lowest since the government started compiling statistics in 1959. Builders, whose shares have lost 76% of their value over the last three years, are slashing prices to compete with a record number of foreclosed homes coming onto the market. For all of 2008, starts dropped 33% to 904,300, down from 1.335 million in 2007 and also the fewest since records began.
- US initial jobless claims matched the highest level in 26 years** as firings forced more workers to seek government assistance in a deepening recession. Initial jobless claims increased by 62,000 to 589,000, more than forecast, in the week ended Jan. 17, from a revised 527,000 the prior week. Employers who cut 2.6 million US jobs last year may continue to shed workers, weighing on spending and prolonging the slump.
- Eurozone industrial orders fell by the most on record in November** as the recession curtailed manufacturers' demand for new machines and equipment. Industrial orders in the euro zone declined 26% y-o-y. That was the biggest drop since the euro was introduced a decade ago. Europe is being dragged into its deepest recession since World War II as the credit shortage derails purchases of homes, cars and factory machinery. From the prior month, orders fell 4.5% in November.
- Eurozone construction output continued its decline in November**, falling 1.1% m-o-m from October's 0.1% decline. In annualized terms, output slipped 4.7% in November from a 4.3% decline. The deterioration reflects the plight of the construction sector and the renewed contraction in November backs estimate of a sharply negative GDP number in the last quarter of 2008.
- Japan's demand for services dropped in November** as a deepening recession prompted companies to fire workers and slash wages. The tertiary index, a gauge of money households and businesses spend on phone calls, power and transportation fell 0.9% from October. Toyota Motor Corp. and Sony Corp. are firing workers to cope with the global recession that triggered a record drop in exports in November. Wages slid and job prospects worsened in the month and consumers will keep cutting back as the economic slump intensifies.

- **Japan's industrial output plunged 8.5% m-o-m in November**, compared with a preliminary 8.1% decline estimation. It was the sharpest decrease in industrial production since February 1953. The steep output fall in export-oriented industries as well as poor performance in pharmaceutical and electronic device sectors were major factors behind the downturn. Production was down 16.6% annually.
- **Japan's consumers became the most pessimistic in December** in at least 26 years, indicating households are likely to keep cutting backs as the recession deepens. The confidence index dropped to 26.2 in December from 28.4 in November, the lowest since the government began compiling the figures in 1982. Manufacturers are firing workers and reducing wages as the global economic slowdown spurs a record drop in exports.
- **Japan's exports plunged by a record in December**, signaling companies will be forced to shut factory lines and fire more workers, driving the economy deeper into recession. Exports plummeted 35% from a year earlier, the sharpest decline since 1980. The December drop eclipsed a record 26.7% decline set the previous month. Imports fell 21.5 % from a year earlier, not enough to prevent a trade deficit of 320.7 billion yen (\$3.6 billion), the third in a row. The Bank of Japan forecast the economy will shrink until the year starting April 2010 and said it may start buying corporate bonds to improve funding for businesses.
- **Japan's leading index declined to 81.3 in November** from 85.2 in October. The November reading was revised down from the initial 81.5. A year ago, the leading index was at 94.2. The coincident index was confirmed to have slipped 2.8 points to 94.9 from October to November, as expected. The leading index is a composite of 12 major leading indices that includes inventory ratios, machinery orders, stock prices and other leading economic indicators. The coincident index measures the current economic activity based on a collection of indicators that follow business conditions in Japan.
- **Japan's all industry activity was down 2.3% m-o-m in November** after a revised 0.4% fall in October. Among the individual components, construction activity was up 0.8% m-o-m, industrial production plummeted 8.2% and tertiary industry was off 0.9%.
- **Japan's central bank kept its interest rates steady on January 22** as widely expected but sharply downgraded its economic outlook amid an ever-deepening recession. The Bank of Japan policy board chose to keep the overnight call rate target at 0.1% after cutting them from 0.3% last month. The BOJ said in its statement "exports have been decreasing substantially reflecting a slowdown in overseas economies and domestic demand has become weaker against the background of declining corporate profits and the worsening employment and income situation in the household sector." The BOJ predicts that the economy will shrink 1.8% this fiscal year through March and 2.0% next fiscal year.
- **Malaysia manufacturing sales fell 1.6% y-o-y or RM734.2 million in November** to RM45.3 billion. The monthly sales value was also down by 1.0% m-o-m in Nov. From Jan-Nov 08, the sector's sales posted a double-digit growth of 12% to RM533.4 billion. There was also a 4.8% dip in the number of people engaged in the manufacturing sector with the total number at 1.051 million as at November. Salaries and wages paid during the month were also fell 1.0% to RM2.03 billion. Productivity or average sales value per employee in November went up by 3.4% y-o-y to register RM43,058.35 compared with RM41,647.72 in the corresponding month a year ago.
- **Bank Negara Malaysia international reserves totaled to RM317.2 billion (USD91.5 billion) as at 15 January 2009.** The reserves position is sufficient to finance 7.3 months of retained imports and is 3.3 times the short-term external debt.
- **Malaysia's inflation grew at the slowest pace in six months in December** given the two reductions in petrol and diesel prices during the month. The government, which subsidizes retail fuel prices to keep them below market rates, has cut fuel prices seven times since last August as global crude oil costs fell. The CPI grew 4.4% y-o-y in December, slower from the 5.7% gain in the previous month. On a monthly basis, the CPI dropped 1.0%, marked the fourth consecutive monthly drop since September last year. Consumer prices increased 5.4% in 2008, compared with 2.0% in the previous year.
- **Bank Negara Malaysia cut its benchmark interest rate by the most in more than a decade**, as the deepening global recession saps demand for the nation's exports. BNM lowered its overnight policy rate by 75 basis points to 2.50% and cut the statutory reserve requirement again to 2.0% from 3.50%, effective February 1. BNM said urgent implementation of policies to spur growth was needed to prevent the economy this year from falling into contraction.

UPCOMING RELEASES THIS WEEK (26-30 JAN 09)

US

- December Leading Indicators by Conference Board on January 26, 2009.
- December Existing Home Sales by National Associate of Realtors on January 26, 2009.
- January Consumer Confidence by Conference Board on January 27, 2009.
- Weekly Mortgage Applications by Mortgage Bankers Association on January 28, 2009.
- Federal Funds Target Rate by Federal Reserve on January 28, 2009.
- December Durable Goods New Orders by US Census Bureau on January 29, 2009.
- Weekly Initial Jobless Claims by Department of Labor on January 29, 2009.
- December New Home Sales by U.S. Census Bureau on January 29, 2009.
- 4Q 2008 GDP Annualized by Bureau of Economic Analysis on January 30, 2009.
- January Consumer Confidence by University of Michigan Survey Research on January 30, 2009.

Eurozone

- December Money Supply by European Central Bank (ECB) on January 29, 2009.
- January Consumer Price Index (CPI) by Eurostat on January 30, 2009.
- December Unemployment Rate by Eurostat on January 30, 2009.

Japan

- January Small Business Confidence by Ministry of Finance on January 23-28, 2009.
- December Corporate Service Price (YOY) by Bank of Japan on January 26, 2009.
- December Retail Trade by Ministry of Economy, Trade and Industry on January 28, 2009.
- December Jobless Rate by Ministry of Internal Affairs on January 29, 2009.
- December Workers Households Spending by Ministry of Internal Affairs on January 29, 2009.
- December Consumer Price Index (CPI) by Ministry of Internal Affairs on January 29, 2009.
- December Industrial Production Index (IPI) by Ministry of Economy, Trade and Industry on January 29, 2009.
- December Vehicle Production by Auto Manufacturers Association (AMA)/Japan Automobile Manufacturers on January 29, 2009.
- December Housing Starts by Ministry of Land Infrastructure & Transport on January 30, 2009.
- December Construction Orders by Ministry of Land Infrastructure & Transport on January 30, 2009.