Weekly Insights

AMB

JAN - Weekly factsheet for the Week Ended January 9

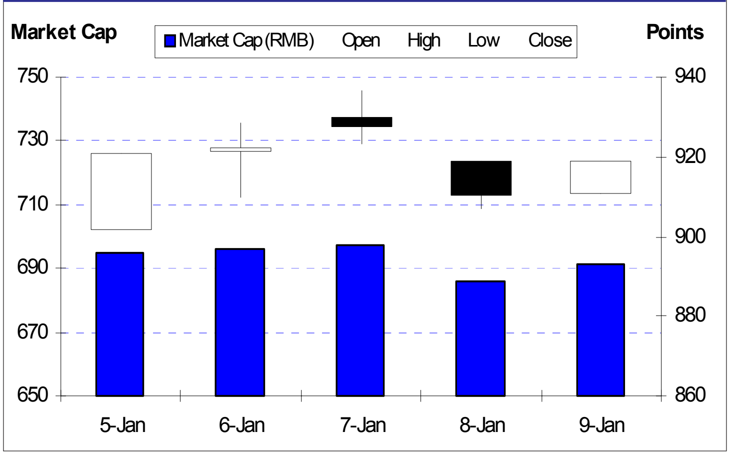
12 JANUARY 2009

2009/0002

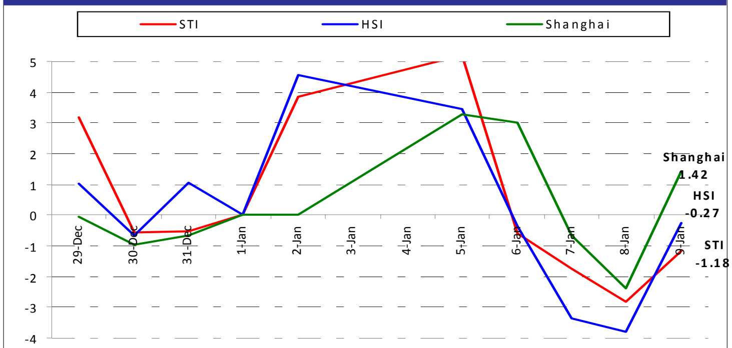
WEEKLY CLOSING IN MAJOR MARKET INDICES

	JAN 2	JAN 9	%CHG	%YTD
KL Composite	894.36	919.07	2.8	4.8
Dow Jones	9,034.69	8,599.18	-4.8	-2.0
Nikkei225	8,859.56	8,836.80	-0.3	-0.3
DAX Index	4,973.07	4,783.89	-3.8	-0.5
UK FTSE100	4,561.79	4,448.54	-2.5	0.3
AU AORD	3,655.70	3,680.40	0.7	0.6
STI	1,829.71	1,806.02	-1.3	2.5
Hang Seng	15,042.81	14,377.44	-4.4	-0.1
SSE Index	1,820.81	1,904.86	4.6	4.6

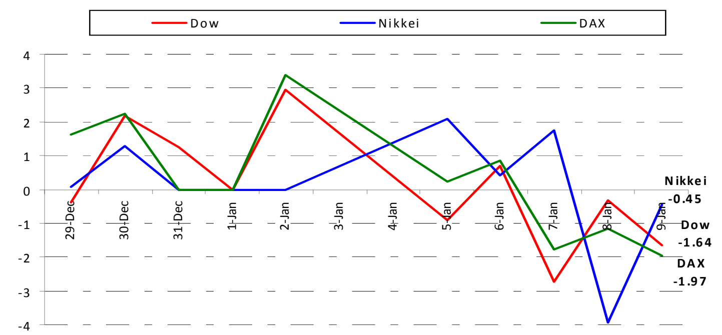
KLCI



Regional Countries (% dod)



Developed Countries (% dod)

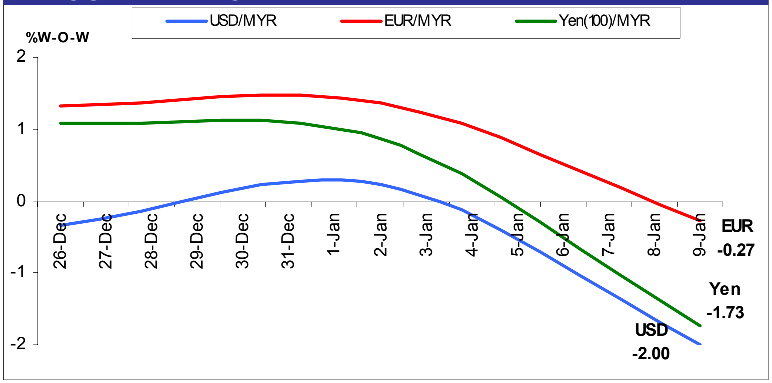


MARKET NEWS

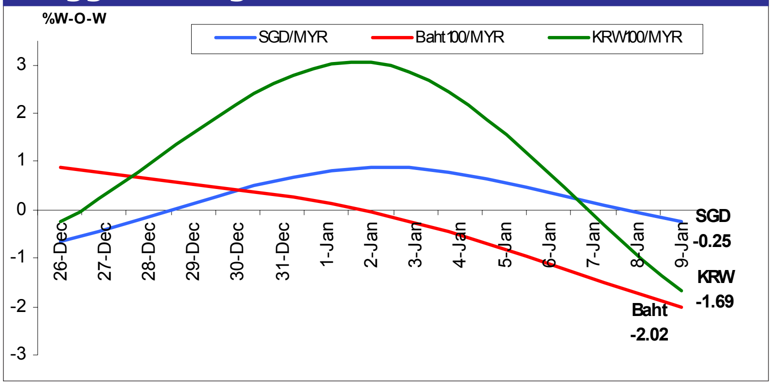
- **U.S. stocks declined, extending the market's worst weekly slump since November, on concern an increase in the unemployment rate to an almost 16-year high signals the global recession is worsening.** Financial and energy shares were the biggest drags on the index as employers cut 524,000 positions in December, capping the worst year for firings since 1945. Citigroup Inc. slid 5.7%, also pressured by the resignation of its senior counselor, former Treasury Secretary Robert Rubin. JP Morgan Chase Co. were the worst performer among Dow members, plunging 17.2% as many investors speculated that the bank will post a loss for its fourth quarter report. Financial stocks decreased 9.1% for the biggest slide among 10 industry groups in the S&P 500. A gauge of retail companies in the S&P 500 dropped 1.9% as 20 of 27 members declined. Wal-Mart Stores Inc., world's biggest retail chain, led with a 9.8% drop after it said fourth-quarter profit will miss its earlier forecast after sales at stores open at least a year rose 1.7% last month. Gap Inc., the largest U.S. clothing retailer, dipped 7.7% while Macy's Inc., the second-largest U.S. department-store company, lost 6.2%. Technology sector also dragged benchmarks lower as Intel Corp. said fourth-quarter sales dropped 23% on reduced global demand. Profits for S&P 500 companies will fall 20% in the fourth quarter, according to analyst earnings estimates compiled by Bloomberg. Excluding financial institutions, earnings are expected to decline 18%. Commodity stocks were pulled lower following the dip in crude oil prices. Crude slumped 2.1% to US$40.83, bringing its weekly drop to more than 12%. Exxon Mobil Corp. slumped 5% while Chevron Corp. slipped 4.8%. **The Standard & Poor's 500 Index declined 4.5% to 890.35 points, the steepest drop since falling to an 11-year low in November. The Dow Jones Industrial Average slipped 4.8% to 8,599.18 points.**

- **European stocks retreated, reversing the previous week's gains on speculations deteriorating earnings will overshadow government efforts to revive the global economy.** Mining stocks led losses following announcement by Alcoa Inc., the world's largest aluminum maker, that it will cut its total output by 18%, the third major production cut in as many months. The move underlined investors worry of a slowdown in global demand for commodities, sending heavyweight companies such as Rio Tinto Group, the world's third-biggest mining company, to a decline of as low as 6.5% last week. BHP Billiton Ltd., the largest mining company, retreated 8.4%. Financial stocks were dragged lower on disappointing earnings results. Deutsche Postbank AG, Germany's biggest consumer bank by clients, fell 5% after saying its 2008 results will be clearly negative. Natixis SA, the worst performing French bank stock in 2008, sank 7% after saying it may have recorded as much as US$1.37 billion of losses last quarter. Commerzbank AG, Germany's second-largest lender, lost almost 20% after saying the government will take a stake as part of a new state bailout. Technology stocks were hurt by the 23% drop of Intel's sales, sending ASML Holding NV, Europe's largest maker of semiconductor equipment, to fall by 4.6%. ARM Holdings Plc, th U.K. designer of semiconductors used in Apple Inc.'s iPhone, tumbled 9.1%. Utility stocks also dragged benchmarks lower after Russian natural-gas exports

Ringgit vs Major Currencies



Ringgit vs Regional Currencies



through Ukraine to Europe were halted for the first time in three years. E.ON AG, Germany's biggest utility, slumped 3.7% while RWE AG, Germany's second-biggest utility, dropped 4.3%. RWE said in a statement last week that the company can not yet determine what effect, if any, a disruption in supplies would have on profitability. **For the week, National benchmark indexes decreased in 12 of the 18 western European markets. The U.K.'s FTSE 100 dropped 2.5% to 4,448.54 points while Germany's DAX retreated 3.8% to 4,783.89 points.**

- **Japan's stocks dropped, ending a four-week gaining streak, after U.S. job cuts exceeded estimates and increased concern a deepening economic slump will further reduce demand for Japanese-made products.** Major exporting companies led the declines with Nintendo Co., which sells four times more Wii game machines in the Americas than in Japan, plummeting 5.5%. Sony Corp., which plans to cut 5% of its electronics workforce by March 2010, retreated 4.6%. The Yen strengthened as much as 1.5% last week, further damaging the attractiveness of Japan's exports. Toyota Motor Corp., which forecast its first operating loss in 71 years last month, fell 2.2% on the Yen's strengthening. Nissan Motor Co., Japan's third-largest automaker, slid 5% after saying a "dramatic" decline in demand prompted it to cut about 1,200 jobs in the U.K. The drop in Intel's quarterly sales also dragged Japan's technology stocks lower. Advantest Corp., the world's biggest maker of memory-chip testers, slumped 12% while Tokyo Electron Ltd., the second-largest producer of semiconductor equipment, slid 13%. Oil and gas companies were pulled lower by the 11.9% weekly decline of crude oil prices. Inpex Corp., Japan's largest oil explorer, lost 9% while rival Japan Petroleum Exploration Co. dropped 5.8%. A US$1 price change in a barrel of Brent oil alters Inpex's annual net income by 2.2 billion yen, the company said in May. Mining companies posted the steepest decline among 33 industry groups on the Topix. The drop in crude oil prices however helped alleviate utility stocks. Tokyo Electric, Asia's largest power generator, jumped 1.3% while Osaka Gas Co. added 2.2% last week. A US$1 change in a barrel of crude alters Tokyo Electric's annual fuel costs by 18 billion yen, the company said in October. **On a weekly basis, Japan's Nikkei 225 Stock Average closed 0.3% lower to 8,836.80 points.**

- **China's stocks rose on the first trading week of 2009, snapping a two-week losing streak, after the government said it will support the steel and automobile industries and as commodity prices jumped in Shanghai.** Wuhan Iron & Steel Co., China's third-biggest steelmaker by value, jumped 16.7% while smaller rival, Chongqing Iron & Steel Co., leaped 24.9%. China's Premier said on a radio broadcast last week that the government has drawn up policies to support the steel and automobile industries through the economic slowdown without adding the details. SAIC Motor Co., China's largest carmaker, rose 3.9% following the announcement. Copper and zinc futures both jumped in Shanghai, tracking moves in London, on speculation index funds will buy more industrial metals this month to reflect annual re-weightings in their benchmarks. London Metal Exchange Index has gained almost 16% since the past two weeks. Technology stocks were boosted after the government said it will issue licenses for high-speed wireless services. ZTE Corp., China's second-biggest phone-equipment maker and China United Telecommunications Corp., which controls the nation's second-largest cell phone operator, both gained more than 5%. Technology stocks also gained after the Ministry of Industry and Information Technology said that china will issue policies to support the nation's home-grown third-generation technology. Financial stocks provided an extra boost to stocks benchmarks after Shanghai Pudong Bank, the Chinese partner of Citigroup Inc., said net income climbed to US$1.8 billion while revenue increased 33%. Pudong Bank added 6.3% last week while Industrial & Commercial Bank of China Ltd., the nation's biggest listed lender, rose 2.1%. **Overall, China's Shanghai Composite Index jumped 4.6%, among the best performing benchmark last week, to close at 1,904.86 points.**

- **Australian stocks posted back to back weekly gains, lifted by top miners on cautious optimism that government spending drive around the world may speed up an economic recovery.** BHP Billiton Ltd., the world's largest mining company, rose 3.7% while Rio Tinto Group, the third biggest, surged 11.2%. A measure of six metals traded in London jumped 4.6% on speculation U.S. government spending and tax cuts will revive economic growth. Copper surged 6.3%, zinc gained 1.5% nickel rose 3.1%. Minara Resources Ltd., an Australian nickel producer controlled by Glencore International AG, rallied 13% to the highest since Nov. 11. PanAust Ltd., owner of the second-largest copper mine in Laos, soared 31%, the benchmark's best performer. Financials also rallied last week, led by Babcock & Brown Ltd., the Australian asset manager whose stock tumbled 99% last year. The company rose 15% last week amid speculation the company won approval from bankers for a plan to sell assets as it struggles to avert collapse. As less bad news appears in the market, investors were seen to slowly buying into financial stocks. Macquarie Group, Australia's top investment bank, jumped 7.7% while National Australia Bank advanced 2.9%. Another big mover last week was Valad Property Group, an Australian real estate investment trust. The company announced the early settlement of a sales transaction that will raise A$65 million, and said it will seek to further realize other assets. Gold producers however dragged stocks benchmarks lower, following the 2.4% decline in the precious metal prices. Lihir Gold Ltd., the second-largest gold mining company on the Australian Stock Exchange, plunged 9% and Sino Gold Mining Ltd. fell 0.8%. **Overall, the Australia's All Ordinaries Index ended the week posting a gain of 24.7 points or 0.7% to close at 3,680.40.**

- **Malaysia shares continued its positive streak for 2009 with two weekly advances in a row, helped mostly by the strong buying of commodity related stocks.** Oil and gas companies were the top gainers last week as crude oil prices rose three consecutive days earlier in the week, before falling again. KNM Group Bhd. was the top gainer among benchmark members, advancing 16.1% for the week while Petra Perdana Bhd. rose 13%. Top Glove Corp. Bhd. became the second biggest winner after the company said that fiscal first-quarter profit rose 16% while sales increased 15%. For the week, The world's largest rubber-glove maker shares rose 14.3%. Bumiputra-Commerce Holdings Bhd. was another big mover last week. The nation's second-largest bank by assets said last week the China Banking Regulatory Commission approved its proposed acquisition of a 19.9% stake in the Bank of Yingkou Co. The move pushed its stocks by 12.9% as investors applauded its venture into China. Plantation stocks boosted local indices higher after crude palm oil prices rose 11.1% last week, and has so far increased by 23% for the past three weeks. Kuala Lumpur Kepong Bhd., Malaysia's third largest palm oil producer, increased 4.7% while IOI Corp. Bhd., added 2.5%. The biggest drag on the benchmark was WCT Bhd., an engineering company, falling by 28.7% after saying its worst-case direct loss from a racecourse contract in Dubai that was canceled is about RM300 million. **For the week, the Kuala Lumpur Composite Index gained 2.8%, ending the week at 919.07 points.**

CORPORATE NEWS: MALAYSIA

- **Sime Darby Bhd**. has received the green light from the government to proceed with its proposed low cost carrier terminal (LCCT) project in Labu, Negeri Sembilan. The firm, in its statement to Bursa, said the project will form an integral part of its development plan for the Negeri Sembilan Vision City (NSVC).

- **QSR Brands Bhd.** has increased its stake in KFC Holdings (Malaysia) Bhd by 1.62%, making the fast-food group its subsidiary with a total interest of 50.25%. The purchase, done with internal funds, will allow QSR shareholders to have greater participation in KFCH and also help QSR enhance its long-term earnings growth.

- **UMW Toyota Motor Sdn. Bhd.** over 101,600 units of Toyota vehicles in 2008, some 19,600 units more or 23.9% higher than the 82,000 units recorded in 2007. Toyota's market share rose to slightly over 18% from 17.1% in 2007. The company will work with Toyota's financial arm Toyota Capital to offer attractive loan schemes to drive sales during the tough period.

- **Malaysia Airlines Bhd.** said it is finalizing the details of a proposed joint venture with Qantas. MAS, through subsidiary MAS Aerospace Engineering, sealed an initial pact with the Australian carrier in September to form an engineering joint venture.

ECONOMIC NEWS: GLOBAL

- **US construction spending fell less than forecast in November,** reflecting gains in commercial and government building that partially cushioned the slump in residential real estate. The 0.6% decline followed a 0.4% drop the prior month that was smaller than previously reported. The downturn in residential real-estate is likely to extend well into a fourth year as prices slide and prospective buyers find it difficult to get credit.

- **US pending home resales dropped in November** as credit markets seized up and a deteriorating labor market signaled the housing slump will extend into a fourth year. The index of pending home resales fell 4.0% to 82.3, the lowest level since the series began in 2001, from a revised 85.7 in October. On a y-o-y basis, the gauge was down 5.3% in November. A financial crisis that worsened in the final months of 2008 deepened the economic recession, extending the slump in home sales and prices.

- **US service industries contracted in December** for a third consecutive month as consumers retrenched and the housing slump worsened. The ISM index of non-manufacturing businesses, which make up almost 90% of the economy, rose to 40.6 from a record-low 37.3 the prior month. Readings below 50 signal contraction, and this month's reading is the second lowest since records started in 1997.

- **US mortgage applications fell as fewer Americans sought to refinance their loans after borrowing costs were little changed.** The US MBA index of applications to purchase a home of refinance a loan dropped to 1,143.8 for the week ending Jan 2, from a five-year high of 1,245.7 the prior week. The group's purchase gauge rose 7.3% and the refinancing measure decreased 12%. Borrowers may be holding out for even bigger decreases in mortgage rates after the Federal Reserve began buying mortgage-backed securities last week. Still, homeowners are having difficulty accessing credit as banks reluctant to lend amid mounting foreclosures. The average rate on a 30-year fixed loan rose to 5.07% from 5.03% the prior week, the second-lowest level since records began in 1990.

- **US initial jobless claims fell by 24,000 to 467,000 in the week that ended January 3,** the lowest level in almost three months. The total number of people receiving benefits rose a weak earlier to 4.6 million, the most since 1982. Initial jobless claims dropped while total benefit rolls surged to 26-year high, signaling companies got a jump on firings last year as the recession deepened. While the government projects a surge in firings in late December and early January, job cuts may have come earlier last year as sinking sales and the worst credit conditions in seven decades forced companies to pare costs. The four-week moving average of claims, a less volatile measure, fell to 525,750 for the period ending January 3, compared with 552,750 the prior week.

- **US consumer borrowing dropped by a record US$7.9 billion in November** as Americans scrambled to boost savings in face of the deepening recession and amid an investor exodus from securities backed by credit-card and other loans. The slump brought consumer credit down to US$2.57 trillion, and capped the first back-to-back monthly decline since 1992. In October, credit fell by US$2.8 billion, previously reported as a drop of US$3.5 billion. The biggest decrease came in securitized assets, an area where Fed policy makers are creating a new US$200 billion lending program to shore up credit.

- **The US unemployment rate surged to its highest level in nearly 16 years in December** as a deepening economic slump forced companies to slash payrolls by more than half a million jobs. The jobless rate rose to 7.2% in December, the highest level since January 1993, from 6.8% in November. The largest number of job losses in December was in services-providing businesses, which shed 273,000 jobs. Employers cut payrolls by 524,000 in December. Total job losses for 2008 were 2.6 million, the largest decline since a 2.75 million in 1945. The pace of job losses is adding to fears the economic recession that started in December 2007 may prove to be the longest since a 1981 slump that lasted 16 months. It also underscores the urgent need for a massive fiscal stimulus to salvage the economy.

- **US factory orders fell in November,** signaling businesses are cutting back on investments as the recession deepens. Demand fell 4.6% after a revised 6.0% decrease in October. The back-to-back decline was the biggest since records began in 1992. Companies are likely to pare spending further as access to credit dries up and global demand slows.

- **Eurozone consumer spending slightly rebounded in November** despite the gloom surrounding the economy. Retail sales volume grew 0.6% m-o-m from the 1.0% decline in October. On a y-o-y basis, retail sales dropped 1.5% in November, after slumping 2.3% in October. The outlook remains bleak as consumer confidence reached a record low in the month of last year amid an increase in unemployment.

- **The Eurozone inflation rate fell to the lowest in more than two years in December** as oil prices plunged and consumer spending slumped, increasing the scope for the European Central Bank to reduce borrowing costs further. Consumer-price inflation in the euro area slowed to 1.6% from 2.1% in November, moving below the ECB's 2.0% ceiling for the first time since August 2007. ECB policy makers, who aim to keep the inflation rate just below 2.0%, have indicated that the chances the central bank's governing council will lower borrowing costs when it meets this week are increasing as data show the economy falling deeper into a recession.

- **Eurozone producer prices fell the most in 27 years in November** as oil prices declined. This indicates inflation will slow further and give the European Central Bank more scope to cut interest rates. Prices of goods leaving euro-area factories plunged 1.9% from the previous month, the sharpest decline since the data were first compiled in 1981. Annual price growth eased to 3.3% from 6.3% in October. A two-thirds drop in oil prices from their July peak is slowing inflation and giving the ECB leeway for more rate cuts as it seeks to limit the economic damage from the global credit crisis. The ECB already has lowered its key rate by 175 basis points since early October to 2.50%.

- **Eurozone confidence in the economic outlook fell to the lowest on record and unemployment rose to a two-year high,** adding to pressure on the ECB for more interest-rate cuts. An index of executive and consumer sentiment dropped to 67.1 in December from 74.9 in the prior month. That is the lowest since the index started in 1985. The unemployment rate rose to 7.8% in November from 7.7% a month earlier. Companies are cutting jobs and reducing investment in order to weather the first recession in the euro region's 10-year history. A combined rate cut of 1.75 percentage points since early October and billions of euros in stimulus measures have failed to reverse the slide in confidence and the data confirmed the economy contracted for two straight quarters last year.

- **Japans' reserve assets show expansion in December,** the second consecutive jump in the Finance Ministry's reported assets. Official reserves grew to US$1030.6 billion in December from the US$1002.9 billion recorded in November.

- **Japan's monetary base gained 1.8% y-o-y in December,** increasing for the fourth straight month, followed a 1.9% increase in November. For the 4Q08, the monetary base rose 1.7% y-o-y. For all of 2008, the monetary base added an annual 0.1%. In December, banknotes in circulation increased 0.5%, while coins in circulation added 0.4%. Current account balances jumped an annual 14.7% after an 11.3% rise in November, including an 11.2% gain in reserve balances. The pace of rise in the balance has accelerated after the BOJ began offering 0.1% interest on excess reserves that commercial banks park with the central bank from mid-November, a temporary step aimed at facilitating smooth fund supply. The measure expires in mid-April.

- **Japan's index of coincident economic indicators fell 2.8 points to 94.9 in November** from 97.7 in October, signaling that the world's second-largest economy faces an even deeper recession. The leading index, compiled using data such as the number of new job offers and consumer sentiment, fell 3.7 points to 81.5 in November. Japan's Cabinet Office maintained its assessment on the coincident index, saying the economy was worsening. That phrase is defined as a provisional judgment that the economy is likely to be in recession. The assessment is decided automatically based on moves in the coincident index in the previous few months.

- **Malaysia's international reserves of Bank Negara amounted to RM316.8 billion (US$91.4 billion) as at 31 December 2008.** The reserves level as at 31 December 2008 has taken into account the quarterly adjustment of the foreign exchange revaluation loss, following the strengthening of the Ringgit against some of the major currencies during the quarter. The reserves position is sufficient to finance 7.4 months of retained imports and is 3.3 times the short-term external debt. For the year 2008 as a whole, the international reserves moderated by RM18.9 billion. The international reserves, which are usable and unencumbered, are expected to remain at a comfortably high level in 2009, supported by the continued trade surplus given Malaysia's diversified export markets and products as well as inflow of foreign direct investment.

- **Malaysia's export dropped the most in almost seven years in November,** as recession in the advanced economy eroded demand for electronics goods and commodities. Exports contracted 4.9% y-o-y to RM51.8 billion in November, marked the second monthly drop since October, 08. Imports fell 8.6% y-o-y to RM40.3 billion, leaving a trade surplus of RM11.49 billion. Exports grew 12.1% in the first 11 months, while imports expanded 5.9%, leaving a trade surplus of RM130.33 billion.

- **Malaysia's industrial production index fell in November,** the biggest drop since 2001 as a global recession and weakening business confidence eroded demand for goods. The IPI dropped 7.7% y-o-y after a revised 2.9% decline in October. The global economic slump is hurting orders at the factories of companied, forcing some to shut plants and cut jobs. Manufacturing production dropped 9.4% y-o-y, mining output declined 2.8% y-o-y and electricity production slipped by the same amount. The IPI expanded 1.7% for the first 11 months of last year compared with a 1.5% increase in the same period of 2007.

UPCOMING RELEASES THIS WEEK (12-16 JAN 09)

US

- November Trade Balance by US Census Bureau on January 13, 2009.
- Weekly Mortgage Applications by Mortgage Bankers Association on January 14, 2009.
- December Import Price Index by Bureau of Labor on January 14, 2009.
- December Advance Retail Sales by US Census Bureau on January 14, 2009.
- November Merchant Wholesalers Inventories by US Census Bureau on January 14, 2009.
- December Producer Price Index (PPI) by Processing Stage Finished Goods by Bureau of Labor Statistics on January 15, 2009.
- Weekly Initial Jobless Claims by Department of Labor on January 15, 2009.
- December Consumer Price Index (CPI) by Bureau of Labor Statistics on January 16, 2009.
- December Industrial Production Index (IPI) by Federal Reserve on January 16, 2009.
- January Consumer Confidence by University of Michigan Survey Research on January 16, 2009.

Eurozone

- November Industrial Production Index (IPI) by Eurostat on January 14, 2009.
- December Consumer Price Index (CPI) by Eurostat on January 15, 2009.
- Announcement of Euro Interest Rates by European Central Bank (ECB) on January 15, 2009.
- November Trade Balance by Eurostat on January 16, 2009.

Japan

- December Monetary Base Average Outstanding by Bank of Japan on January 12, 2009.
- November BOP Current Account Balance by Ministry of Finance on January 12, 2009.
- November Trade Balance by Eurostat on January 12, 2009.
- December Economy Watchers Survey by Economic & Social Research Institute (ESRI) on January 13, 2009.
- November Machinery Order by Economic and Social Research Institution (ESRI) on January 14, 2009.
- December Domestic Corporate Goods Price (CGPI) by BOJ on January 14, 2009.