Weekly Digest

JAN. - Weekly factsheet for the Week Ended January 15

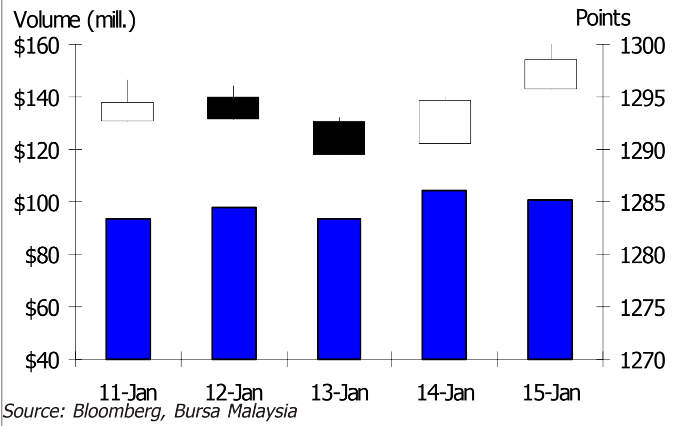
18 JANUARY 2010
2010/0003

WEEKLY CLOSING IN MAJOR MARKET INDICES

	8-Jan	15-Jan	%wow	%ytd
KL Composite	1,292.98	1,298.58	0.4	2.0
Dow Jones	10,618.19	10,609.65	-0.1	1.7
Nikkei 225	10,798.32	10,982.10	1.7	4.1
DAX Index	6,037.61	5,875.97	-2.7	-1.4
UK FTSE100	5,534.24	5,455.37	-1.4	0.8
AUS ORD 30	4,942.20	4,929.50	-0.3	1.0
STI Index	2,922.76	2,908.42	-0.5	0.4
Hang Seng	22,296.75	21,654.16	-2.9	-1.0
SSE Index	3,196.00	3,224.15	0.9	-1.6

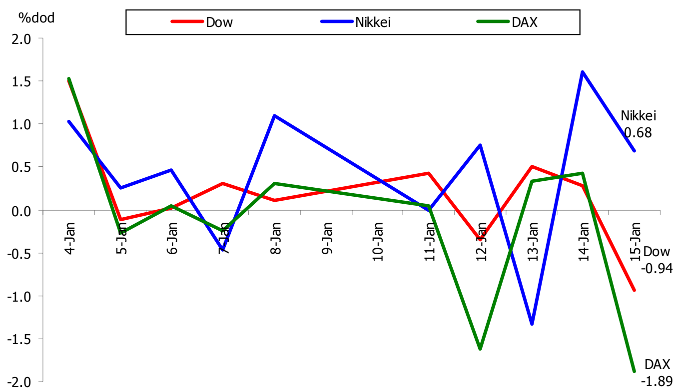
Source: Bloomberg, Bursa Malaysia

KLCI DAILY PERFORMANCE



Source: Bloomberg, Bursa Malaysia

MAJOR STOCK INDICES (DAILY % CHANGE)



Source: Bloomberg, Bursa Malaysia

STOCK MARKET HIGHLIGHTS

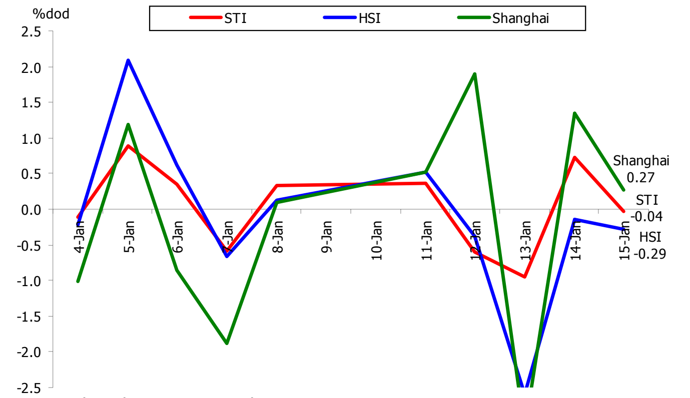
- **U.S. stocks fell, pulling the Standard & Poor's 500 Index down from a 15-month high, after profits at Alcoa Inc. and JPMorgan Chase & Co. disappointed investors and China took actions to slow economic growth.** Alcoa, the biggest U.S. aluminum producer, dropped 8.2%, the largest weekly retreat since October, after fourth-quarter earnings trailed analysts' estimates. JPMorgan Chase, the second-biggest U.S. financial company, slumped 2.2% after posting a loss in its retail banking unit. Phone companies in the S&P 500 fell 4% as a group, the most among 10 industries, on concern a new calling plan by Verizon Communications Inc. will spur a price war.

- **U.K. stocks declined for the first time after four weeks as a report showed manufacturing unexpectedly stalled in November**, a sign the economy is struggling to shake off the longest recession on record. BP Plc and Royal Dutch Shell Plc, Europe's two largest oil producers, fell the most since November as crude dropped for a third day in New York. Barclays Plc, the U.K.'s second-biggest bank, slid 1.5%. BT Group Plc rose 1.9% as Royal bank of Scotland Group Plc recommended the shares.

- **German stocks posted the biggest drop since November as fourth-quarter revenue at JPMorgan Chase & Co. missed estimates and analysts downgraded SAP AG.** Deutsche Bank AG and Commerzbank AG, Germany's largest lenders, sank more than 5.4%. SAP, the world's biggest maker of business-management software, slid 4.7% after Morgan Stanley cut its recommendation on the stock. Solarworld AG and Q-Cells SE led solar shares lower amid speculation the German government plans to cut subsidies as much as 17%.

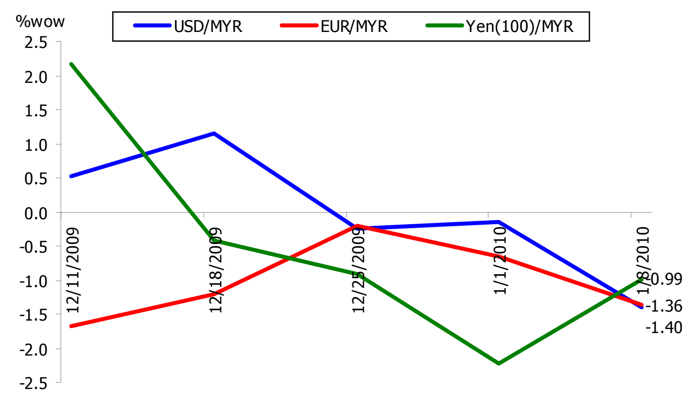
- **Japanese stocks rose, capping a second week of gains, as banks advanced on speculation their shares will recover and efforts to boost capital are ending.** Mitsubishi UFJ Financial Group Inc. and Sumitomo Mitsui Financial Group Inc., Japan's biggest banks by market value, added more than 4.0%. Advantest Corp., the world's largest maker of chip-testing equipment, rose 6.6% after Intel Corp.'s sales forecast beat analysts' estimates. Nippon Steel Corp. fell 1.6% on concern steelmakers will have to pay more for iron ore.

REGIONAL STOCK INDICES (DAILY % CHANGE)



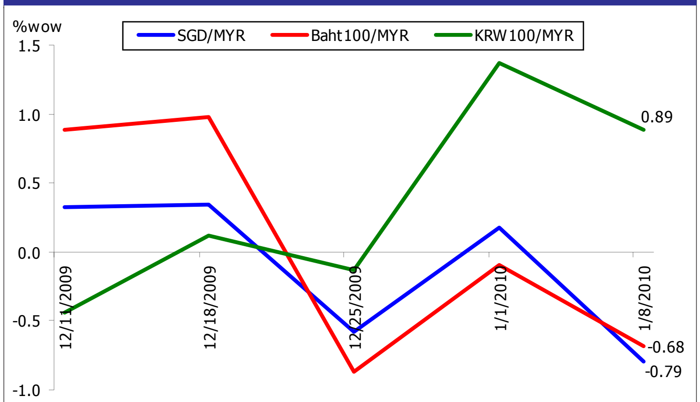
Source: Bloomberg, Bursa Malaysia

RINGGIT vs MAJOR CURRENCIES (WEEKLY % CHANGE)



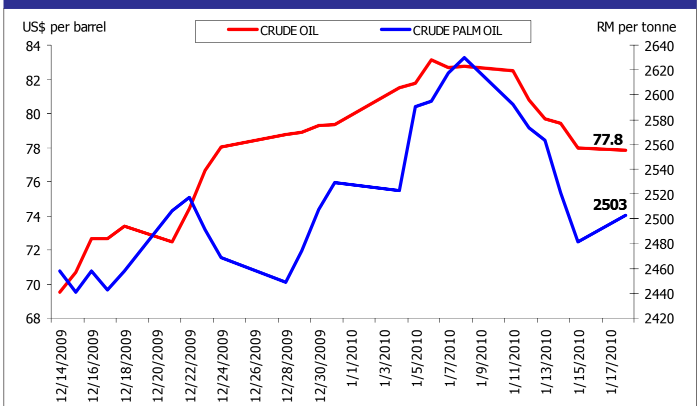
Source: Bloomberg, Bursa Malaysia

RINGGIT vs REGIONAL CURRENCIES (WEEKLY % CHANGE)



Source: Bloomberg, Bursa Malaysia

CRUDE OIL vs CRUDE PALM OIL



Source: Bloomberg, Bursa Malaysia

- **China's benchmark stock index rose and charted its first weekly gain of the year as airlines advanced after returning to profit and technology companies climbed on a government pledge to open up the industry.** Air China Ltd., the nation's largest international carrier, jumped 7.2%. Shanghai East-China Computer Co. surged by the daily 10% limit after the government said it will remove regulatory barriers preventing Internet, telecommunications and broadcaster from providing each other's services. Jiangxi Copper Co., China's biggest producer of the metal, gained 1.2% on higher commodity prices.

- **Malaysia stock benchmark posted its second consecutive weekly advances, taking its year to date gain to 2.0%, one of the highest in the region.** The increase was broad based as many investment houses continue to upgrade its outlook on the local stock market following signs of economic recovery. MISC Bhd. led the FBMKLCI with the highest gain of 3.9% after the shipping company received approval from its shareholders to raise RM5.2 billion to finance its capital expenditure. Gaming stocks in the benchmark, Genting Bhd. and Tanjong Plc., both rose more than 3% following upgrades by CIMB and HwangDBS Vickers on higher earning prospects. Plantation stocks however dragged the main index lower on possible profit taking activities as crude palm oil futures declined slightly last week.

ECONOMIC HIGHLIGHTS

- **The US trade deficit widens by more than expected in November.** The report showed that the trade deficit widened to $36.4 billion in November from a revised $33.2 billion in October. Economists had expected the deficit to widen to $34.6 billion from the $32.9 billion originally reported for the previous month. *(RTT News)*

- **The US federal budget deficit hit an all-time high for the month of December,** and the red ink for the first three months of the current budget year is rising at a more rapid pace than last year's record clip. The Treasury Department said that the deficit last month totaled $91.85 billion, the largest December deficit on record and a bigger imbalance than the $92 billion that economists had expected. *(AP)*

- **US mortgage applications rose by 14% last week,** led by a rebound in refinancing activity. The Mortgage Bankers Association's index of loan applications climbed to 528.1 in the week ended Jan. 8, from 462.2 a week earlier. The group's refinancing gauge jumped 22%, while the purchase gauge advanced 0.8%. *(Bloomberg)*

- **US retail sales unexpectedly fell in December** following a bigger gain than previously estimated the prior month, highlighting the risk that the largest part of the economy will be slow to recover. The 0.3% decrease came after a 1.8% jump the prior month. *(Bloomberg)*

- **US initial jobless claims increased 11,000 last week**. The average number of Americans filing first-time claims for unemployment benefits over the past four weeks dropped to the lowest level since August 2008, indicating companies is making fewer job cuts as the economy improves. The four-week moving average of initial claims fell to 440,750 last week from 449,750. Weekly jobless claims, which are more volatile, rose a more-than-anticipated 11,000 in the week ended Jan. 9, to 444,000. *(Bloomberg)*

- **US import prices were unchanged in December after four months of gains**. A decline in fuel prices offset gains in other sectors. Fuel import prices fell 1.4% in December after a 7.1% gain in November. Non-fuel import prices rose 0.4% for the fifth straight month. Export prices rose 0.6% in December. *(Market Watch)*

- **US consumer prices rose less than forecast in December,** indicating the economic recovery is showing few signs of stoking inflation. The consumer-price index rose 0.1% following a 0.4% gain in November. Excluding food and energy costs, the so-called core index also increased 0.1% from a month earlier. *(Bloomberg)*

- **US industrial production rose in December for the sixth consecutive month,** propelled by a jump in utility use as temperatures turned unseasonably cold. Output at factories, mines and utilities climbed 0.6% for a second month. Manufacturing dropped 0.1% as losses in auto and mineral production overshadowed gains in business equipment. *(Bloomberg)*

- **US consumer confidence rose less than forecast in January,** signaling a lack of hiring will restrain spending. The Reuters/University of Michigan preliminary index of consumer sentiment increased to 72.8 from 72.5 in December. The gauge averaged 66.3 last year after reaching a record 28-year low of 55.3 in November 2008. *(Bloomberg)*

- **The European Central Bank (ECB) has kept eurozone interest rates on hold at a record low of 1%** for the eighth month in a row. The decision was widely expected by economists, with Europe still recovering from recession. *(BBC News)*

- **Eurozone industrial production in the 16-nation euro zone saw a monthly rise of 1% in November,** for a decline of 7.1% from the same month last year. Economists had forecast a 0.5% monthly rise and an 8.5% annual decline. October output fell 0.3% on the month and declined 10.9% year-on-year.

- **Eurozone exports declined for a second month in November** as the euro's strength made goods from the region more expensive abroad. Exports from the euro area dropped a seasonally adjusted 0.4% from October, when they fell 0.1%. European **inflation accelerated to 0.9% in December, the highest rate in 10 months,** a separate report showed, confirming an estimate published on Jan. 5. *(Bloomberg)*

- **Japan's current account surplus expanded 76.9% from a year earlier in November,** the Ministry of Finance said Tuesday. The surplus in the current account, the broadest measure of Japan's trade with the rest of the world, stood at Y1.103 trillion in November before seasonal adjustment. Exports fell 7.0% on year to Y4.704 trillion, less than the 24.6% fall in October. Imports dropped 18.2% to Y4.214 trillion, compared to a 37.7% fall in October. *(fxstreet.com)*

- **Japan's core machinery orders fall 11.3% on month.** Private-sector machinery orders fell a seasonally adjusted by 11.3% on month in November. That was significantly worse than analyst expectations for a 0.2% gain following the 4.5% monthly decline in October. On an annual basis, core machinery orders plunged 20.5% - again worse than forecasts for a 10.1% decline following the 21.0% contraction in the previous month. *(RTT News)*

- **China's foreign-exchange reserves climbed by about $453 billion in 2009 to a record** as the government prevented an appreciation in the yuan, a stance that may shift this year as the nation's exports recover. Reserves rose 23% to $2.399 trillion, the world's largest, at the end of December. Sales of yuan to keep it fixed to the dollar contributed to a 27.7% jump in the M2 measure of money supply in December from a year ago. *(Bloomberg)*

- **Malaysia's Industrial Production Index (IPI) decreased 1.3% in November 2009** compared with the same month last year and was 6.0% lower compared with October. The IPI in October 2009 was revised positive 0.9% year-on-year. "The decline in November 2009 was the result in the drop of the Mining index (7.4%). However, the index of Manufacturing and Electricity posted an increase of 0.9% and 5.6% respectively." *(Bernama)*

- **Malaysia's manufacturing sales declined 8.1% to RM41.9 billion in November last year** compared with November 2008. The figure was also a drop by 6.2% from the preceding month of October. In November 2009, total employees engaged in the manufacturing sector was 942,013, an increase of 0.3% from the preceding month but was 3.6% lower than the 977,068 persons employed in November 2008. In terms of salaries and wages, it said a total RM2.02 billion was paid during the month under review, up 0.3%from the preceding month and was an increase of 2.1% from a year ago. *(Bernama)*

UPCOMING RELEASE (18 - 23 JAN 2010)

US

- January NAHB Housing Market Index by National Association of Home Builders Market Index on January 19, 2010.
- Weekly Mortgage Applications by Mortgage Bankers Association on January 20, 2010.
- December Producer Price Index (PPI) by Processing Stage Finished Goods by Bureau of Labor Statistics on January 20, 2010.
- December Housing Starts by Department of Commerce on January 20, 2010.
- Weekly Initial Jobless Claims by Department of Labor on January 21, 2010.
- December Leading Indicators by Conference Board on January 21, 2010.

Eurozone

- November Construction Output by Eurostat on January 19, 2010.
- January ZEW Euro-zone Expectation of Economic Growth by ZEW Zentrum fuer Europaeische on January 19, 2010.
- January Composite PMI Output by NTC Research on January 21-24, 2010.
- November Industrial New Orders by Eurostat on January 22, 2010.

Japan

- November Industrial Production Index (IPI) by Ministry of Economy, Trade and Industry on January 17, 2010.
- December Consumer Confidence by Economic and Social Research Institution (ESRI) on January 19, 2010.
- November Tertiary Industry Activity Index by Ministry of Economy, Trade and Industry on January 19, 2010.
- November Leading Economic Index by Economic and Social Research Institution (ESRI) on January 21, 2010.
- November All Industrial Activity Index by Ministry of Economy, Trade & Industry (Japan) on January 21, 2010.

China

- 4Q 2009 Real Gross Domestic Product by National Bureau of Statistics on January 12-23, 2010.
- December Actual FDI by China Ministry of Commerce on January 13-18, 2010.
- December Wholesale Prices by The People's Bank of China on January 21-25, 2010.

Malaysia

- December Consumer Price Index (CPI) by Department of Statistics Malaysia (DOSM) on January 20, 2010.