Market Report
1Q 2013
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MACRO OVERVIEW

In 2012, the direction of financial markets was largely driven by both politics and policy. The year started well with the European Central Bank's (ECB) Long Term Refinancing Operations (LTRO) and the US Federal Reserve's (Fed) decision to keep rates low for the foreseeable future. Such policies anchored short-term rates, boosting search-for-yield flows, especially into the fixed income space.

A positive outcome to the European Union (EU) summit in June 2012 paved the way for the reduction of investors' fears over a potential break-up of the Eurozone. In September, Mario Draghi, President of the European Central Bank (ECB) followed-up on his earlier comments that the ECB would do "all that it takes" to protect the Euro, with a commitment to unlimited bond purchases under its Outright Monetary Transactions (OMT) programme. This substantially removed the tail risk of a Eurozone breakup. Funds that had flowed into the core bond markets seeking safe havens reversed. As a result, bond yields rose from historic lows in the core markets while bond yields in the peripheral countries came down. September also saw the Fed delivering a third round of Quantitative Easing (QE3). All these actions improved sentiment towards risk assets over the year.

As the end of 2012 approached, markets were buoyed by further optimism given that the Eurozone sovereign debt situation had started to stabilize while China also averted a hard landing to its economy. In addition, investors were hopeful that a deal would be concluded allowing the US to avert a "fiscal cliff" situation from occurring in 2013. This positive market sentiment was vindicated by the last minute agreement that was reached on the last day of 2012.

Against this backdrop, global risk assets had a good performance in 2012 (the MSCI Asia Pacific ex Japan Index rose 15.2%* for the year), while "safe haven" assets underperformed (the World Government Bond Index declined 4.2%*).

In 2013, the global economy is expected to strengthen from the weakness seen in 2012. However, the overall trend rate of growth will be constrained by the impact of the fiscal austerity measures needed to rein in US and European debt levels. The implication for equity markets is that growth and cyclical stocks could continue to drive returns in the nearer term, but investors are likely to continue to see yields drive a bigger portion of their long-term sustainable returns.

The US and Chinese economies are expected to maintain their cyclical recovery in 2013, while the European economies continue to face challenges to growth, in particular, severe austerity measures in the periphery and challenges to political stability as European Union structural reforms are slowly and painfully put in place.

On the US, we expect there to be procrastination before a resolution to the US debt ceiling limit is reached. Our base case is for an agreement to be reached by the end of 1Q 2013 or earlier, given the imperative of one being reached by then. We continue to view US equities positively, given the improving fundamentals of the US economy, supported by a recovering housing market and easy monetary policy.

We are also optimistic about the Asia ex Japan markets in 2013. Central to our view is the improvement of the Chinese economy, which has bottomed and is likely to see further improvement, with growth expectations of approximately +7.5% in 2013. Asian companies are also expected to benefit from the restarting of US capital expenditure programmes once a fiscal agreement has been reached. Earnings revisions have bottomed, and there is potential for earnings upgrades as growth recovers, albeit moderately.

* *In Singapore Dollar terms (Source: Bloomberg)*

As for fixed income, the level of yields for corporate bonds is currently below the long-term average, driven by interest rates which are at extremely low levels and credit spreads which have compressed significantly in 2012. Nevertheless, we are positive on selective Asian corporate bonds as credit quality continues to be stable. The current surplus liquidity in the financial system is likely to continue to shift to bonds and gradually to equities, as investors broaden their search for return opportunities. Areas such as Asian local currency bonds are likely to remain in demand, along with hard currency Asian bonds.

The outlook for systemic risk has declined compared to a year ago. Measures announced by the European Central Bank have helped to stabilize Europe's sovereign debt markets in 2012. The Eurozone will be a smaller driver of global risk, but still a source of tail risks as the challenges of implementation remain. The European Central Bank's Outright Market Transactions programme and the EU leaders' resolve to support the peripheral countries will likely be tested by significant European debt redemption needs from April 2013 onwards.

Other risks to global economic growth in 2013 include the possibility of growth undershooting expectations as the effects of easing measures end, along with the risk of inflation picking up in Asia as commodity prices increase and if food prices pick up as well. In addition, Middle East tensions may resume in the spring/summer as Iran continues its progress in enriched nuclear production.

EQUITIES

US

United States			31-Dec-12
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI USA	**3,489.3**	**(0.4)**	**15.3**
S&P 500 INDEX	1,426.2	(1.0)	13.4
DOW JONES INDUS. AVG	13,104.1	(2.5)	7.3
NASDAQ COMPOSITE INDEX	3,019.5	(3.1)	15.9
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/¥	86.8	(10.1)	(11.3)
€/US$	1.3	(2.5)	(1.8)
£/US$	1.6	(0.5)	(4.4)
CHF/US$	0.9	2.7	2.5
US$/S$	1.2	0.5	6.1
MSCI USA	**2011**	**2012E**	**2013E**
EPS growth (%)	17.2	6.4	9.2
P/E (x)	17.4	14.1	12.9
P/B (x)	2.2	n/a	n/a
DY (x)	2.3	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The US equity market staged a big comeback in 2012. The MSCI US Index rallied 15.3% in USD terms in 2012, on the back of investors' rising optimism over an improvement in the global economy. All sectors of the S&P 500 Index, with the exception of the Utilities sector, posted positive returns in 2012. The cyclical sectors, such as Financials and Consumer Discretionary, outperformed and posted more than 20% return during the year. Defensive sectors, such as Utilities and Consumer Staples, underperformed on the back of investors' sector rotation and investors' rising risk appetite.

Despite the negative impact of hurricane Sandy and initial concerns over the fiscal cliff situation, the latest economic data released continued to suggest that the US economy has remained firm. 3Q 2012 GDP was revised upward from 2.7% to 3.1% while headline retail sales were up 0.3% in November. The Housing sector continued to be the bright spot of the economy. New home sales in November increased 4.4% to 377,000, representing the highest level of new home sales since April 2010.

Outlook/Strategy

After a rebound of more than 13% in 2012, the S&P 500 Index is still trading at a reasonable valuation of 13x consensus forward earnings, 0.4x standard deviation below its long-term average multiple of 14x.

In the near term, the current "risk on" trade is likely to continue. However, the relief rally is expected to be short-lived and the market focus will quickly shift to the debt ceiling issue as well as upcoming 4Q earning season. Therefore the US equity market is likely to remain volatile amid an upcoming US debt ceiling debate.

Key risks to watch out for include a disorderly outcome to the European debt crisis, Middle East tensions, slowing global growth, a slowdown in China's economy and further US fiscal policy uncertainty.

EUROPE

Europe			31-Dec-12
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI EUROPE	**3,786.5**	**5.1**	**15.6**
STXE 600 € Pr	279.7	4.2	14.4
S&P EUROPE 350 INDEX	1,142.9	4.2	13.7
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
€/US$	1.3	(2.5)	(1.8)
£/US$	1.6	(0.5)	(4.4)
CHF/US$	0.9	2.7	2.5
US$/NOK	5.6	2.9	7.4
US$/SEK	6.5	1.0	5.9
MSCI EUROPE	**2011**	**2012E**	**2013E**
EPS growth (%)	2.8	(4.0)	8.3
P/E (x)	11.9	11.9	11.0
P/B (x)	1.5	n/a	n/a
DY (x)	3.7	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

European equity markets started the year positively, as the European Central Bank (ECB) provided the much needed liquidity amounting to 1 trillion Euros of Long Term Refinancing Operations loans to Eurozone banks. The market had a roller-coaster ride, declining 15.1% from its high, on the back of concerns that Greece may leave the European Union (EU) following initially inconclusive election results, which saw the rise in support for the “anti-bailout” Syriza party. Eventually, European equities ended the year up 15.6% in local currency terms, as measured by the MSCI Europe Index, as the ECB pledged to do “whatever it takes” to preserve the Euro and announced the conditional Outright Monetary Transactions (OMT) policy.

Greece continued to remain at the fore of key developments regarding the Eurozone, securing a second bailout package worth 130 billion Euros. The package was expected to reduce Greece’s debt to GDP ratio to 120.5% by 2020. Fiscal measures were however put on hold as initial elections were inconclusive with the surprise rise in voter support for the “anti-bailout” Syriza party. There was relief when New Democracy party was able to form a coalition government with the PASOK and the Democratic Left parties in the second Greek elections. Greece managed to secure Euro 43.7 billion in funding and concessions from the Eurozone Finance Ministers after implementing additional austerity measures and also bought back Euro 32 billion of sovereign debt in face value.

Spain revised its 2012 budget deficit target to 6.3% of GDP from the 4.4% that was initially agreed upon as Valencia, Catalonia, Andalusia and Murcia sought financial assistance from the government under a Euro 18 billion programme aimed at helping the autonomous regions. On top of this, Spain also nationalized and recapitalized BFA/Bankia group to the tune of Euro 24.7 billion and Oliver Wyman estimated that the Spanish banking system’s capital shortfall amounted to Euro 53.7 billion under an adverse scenario.

The ECB's conditional Outright Monetary Transactions (OMT) policy, with its unlimited firepower was positive for the market. As long as beneficiary countries agreed and delivered according to the conditions laid out, the European Financial Stability Facility / European Stability Mechanism (ESM) and the ECB would ensure sufficient sovereign funding. In addition, the German Constitutional

Court ratified the ESM and the Fiscal Compact but the court ruled that the Bundestag will approve any additional obligations beyond Euro 190 billion.

Political events also hogged the headlines. In France, the incumbent President Sarkozy lost his re-election bid to socialist Francois Hollande in a backlash against austerity measures. Despite market fears that the “extreme” parties could make headway in the Dutch election, the 'extreme' parties performed poorly while the traditional mainstream parties on the right (VVD) and left (PvdA) made larger than anticipated gains. In Italy, Prime Minister Monti announced that he would resign once the 2013 budget bill was passed, after Berlusconi’s PdL party withdrew their support for Monti.

The Consumer Discretionary was the best performing sector, rising 34.75% as investors raised exposure to the sector as sales growth was underpinned by emerging markets.

On the other hand, the Telecom sector underperformed the market, declining 3.79% as investors reduced exposure to the defensive sector.

The 3Q 2012 results of European companies suggest that companies’ top line was impacted by the macro slowdown, with 50% of the companies reporting results that were ahead of analysts' expectations while 42% of companies also had revenue growth ahead of consensus expectations.

Outlook/Strategy

Looking ahead, economists expect the Eurozone GDP to contract 0.2% in 2013 and are likely to be in recession until 1Q 2013. This is a result of fiscal tightening in the peripheral Eurozone countries. The peripheral countries are expected to remain in recession in 2013 while the northern Eurozone economies are expected to achieve better growth prospects.

The MSCI Europe Index consensus earnings are expected to decline 3.5% in 2012 and rise 9.05% in 2013. In terms of valuations, the Index trades at 12.4x consensus 2012 earnings and 11.4x 2013 earnings which appears reasonable when compared to its long-term average of 12.6x. We continue to maintain our overweight position in the luxury goods sector as we believe that stocks in the sector have unique portfolios of strong brands that will benefit from continued resilience in the spending for luxury goods. We also maintain our overweight position in the Consumer Staples sector, given the good growth prospects in the emerging markets and the defensive characteristics of this sector.

We continue to remain vigilant of tail risks in Europe, as well as austerity measures being undertaken by the various governments to address their fiscal deficits as that could result in a deeper-than-expected economic slowdown. In addition, there is a possibility that China’s economic growth may slow more than expected. In the US, while there is now more clarity over the proposed tax rates, negotiations over the federal deficit have yet to be concluded.

JAPAN

Japan			31-Dec-12
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI JAPAN	925.2	17.6	21.6
TOPIX INDEX (TOKYO)	859.8	16.6	18.0
NIKKEI 225	10,395.2	17.2	22.9
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/¥	86.8	(10.1)	(11.3)
MSCI JAPAN	**2,011.0**	**2012E**	**2013E**
EPS growth (%)	51.6	(28.3)	39.1
P/E (x)	10.3	23.8	17.1
P/B (x)	1.1	n/a	n/a
DY (x)	2.2	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The MSCI Japan Index was up 21.6%, in local currency terms for the year 2012. The Bank of Japan's (BOJ) policy moves and political changes had a surprisingly significant influence on the stock market in 2012. In February, the BOJ made a surprise announcement of additional purchases of Japanese Government Bonds through the asset purchase program and a new inflation goal of 1%, boosting expectations of more aggressive monetary stimulus. The market rallied sharply together with a weakening yen. However, subsequent concerns over Eurozone debt and weaker US and Chinese economic data pushed European and US central banks to boost their own quantitative easing measures, overshadowing BOJ's own efforts and boosting yen strength again.

Politics in Japan took center-stage from September as tensions rose between Japan and China after Japan nationalized the disputed islands known as Senkaku or Diaoyu Islands, with demonstrations breaking out throughout China and negatively impacting Japanese goods sales in China. Negative sentiment pervaded the Japanese market as weak corporate earnings on slumping global demand and the strong yen was further compounded by potential market share loss in the key China market. The turnaround in the market was unexpectedly triggered by the dissolution of the Lower House and a call for elections in November. With the Liberal Democractic Party (LDP) expected to regain political leadership from the Democractic Party of Japan, there was strong rhetoric from LDP's leader, Shinko Abe, for stronger fiscal and monetary stimulus to bring Japan out from deflation. This boosted investor expectations and fueled a market rally amidst a rapidly weakening yen. The year ended near its year-highs on the back of an overwhelming LDP victory in December.

The best performing sectors in 2012 were financials-related, with Stockbrokers (+101%) leading the market followed by the Real Estate sector (+80%). These sectors are perceived beneficiaries of expected stimulative policies and a bullish stock market. Leading exporters such as Autos (+39%) and Machinery (+21%) also did well on the back of the weaker yen. The electric power sector (-8%) declined on the back of uncertainty over the future of nuclear power while the shipping sector (-6%) continued to suffer from structural oversupply and weak demand.

The Japanese market ended the year close to the year-high levels achieved in March. Similar to March, the market rallied in tandem with a weakening yen, on signs that monetary easing may accelerate in Japan. In February, the BOJ unexpectedly raised its asset purchase program target, signaling a more aggressive easing stance. Strong easing measures from other major central banks subsequently overshadowed the BOJ, causing the yen to strengthen again. Currently, the rhetoric from the new political leadership appears to demand a much more aggressive easing stance from BOJ. With the BOJ governor and two deputy governors set to be replaced in April and March 2013 respectively, we expect the next appointments to have a stronger inclination for easy monetary policies.

Outlook/Strategy

There is much expectation for the new political leadership to deliver on their words of boosting fiscal and monetary policies in order to bring Japan out of deflation. The actual policies, implementation and outcomes will not be known in the near term. Past experience has shown that extreme difficulty is required in order to bring Japan out of its deflationary spiral. Nevertheless, we expect the market to be buoyed by anticipation in the short term. Current conditions for both the domestic and global economies are still anaemic but there are signs of improving conditions in US and China. Together with a weaker yen, we may see the bottoming out of earnings of Japanese companies in tandem with the timing of a global economic recovery led by the US and China.

ASIA PACIFIC EX-JAPAN

Asia Pacific ex-Japan			31-Dec-12
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI AC ASIA PACIFIC	140.1	9.7	20.1
MSCI AC ASIA ex JAPAN	311.3	5.1	19.3
MSCI AC ASIA PAC ex JAPAN	277.3	5.5	19.6
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
A$/US$	1.0	(0.2)	(1.8)
US$/CNY	6.2	0.9	1.0
US$/HK$	7.8	0.1	0.2
US$/INR	55.0	(3.9)	(3.5)
US$/IDR	9,793.0	(2.1)	(7.4)
US$/KRW	1,064.4	4.4	8.3
US$/MYR	3.1	0.0	3.6
US$/PHP	41.0	1.8	6.9
US$/S$	1.2	0.5	6.1
US$/TW$	29.0	1.0	4.3
US$/THB	30.6	0.8	3.1
US$/VND	20,840	0.2	0.9
MSCI AC ASIA PACIFIC	**2011**	**2012E**	**2013E**
EPS growth (%)	(7.5)	13.7	18.5
P/E (x)	16.3	14.4	12.1
P/B (x)	1.4	n/a	n/a
DY (x)	2.7	n/a	n/a
MSCI AC ASIA ex JAPAN	**2011**	**2012E**	**2013E**
EPS growth (%)	(1.4)	8.6	13.8
P/E (x)	14.2	13.1	11.5
P/B (x)	1.6	n/a	n/a
DY (x)	2.4	n/a	n/a
MSCI AC ASIA PAC ex JAPAN	**2011**	**2012E**	**2013E**
EPS growth (%)	2.8	5.0	10.9
P/E (x)	13.9	13.3	12.0
P/B (x)	1.7	n/a	n/a
DY (x)	3.0	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

For the full year of 2012, Asian markets performed strongly, with the MSCI Asia Pacific ex Japan Index rising by 19.6% in local currency terms, even though the macro environment deteriorated throughout the year for most Asian countries, with the exceptions of China and Thailand. Performance throughout the year was driven by global events, especially Chinese growth and political concerns, Europe's continuing financial problems, and events in the US. With the Western economies pumping significant amounts of liquidity into the system, some of this liquidity found its way into the Asian markets – mainly via ETFs. Trading volumes remained stubbornly low throughout the year before showing signs of a pick-up at year end. Though markets rose, there remained a lack of conviction towards any trend, and the markets were characterized throughout the year by investors' rotational buying of sectors.

ASEAN on the whole had another good year with the Philippines, Thailand and Singapore the best performing markets in 2012. Other countries that performed well included Hong Kong, India and China. The Philippines' performance particularly stands out as economic conditions significantly improved, and politics became more stable and less corrupt. The country is now on track to be positively re-rated by the credit agencies. Thailand also performed strongly with economic growth showing a recovery after the previous year's flooding. India performed well with the Indian government positively surprising everyone with the announcement of an aggressive reform program. The performance of India though, was very volatile with only three months actually contributing to the overall strong outperformance. Finally, China performed as it became clear that growth was recovering in the world's second largest economy.

Outlook/Strategy

Overall, we believe that the tail risks last year have moderated somewhat on the back of central bank action around the world, more stable politics and an improving macro trend. We are also optimistic that Asian earnings will rebound back up, after two years of almost zero growth, as margins improve across the region. Furthermore, the economic outlook has brightened somewhat with most Asian countries seeing an improvement in GDP growth in 2013 as compared to 2012.

A potential concern in the latter part of the year could be a rise in inflationary pressures limiting the room for monetary flexibility. We do not expect any further rate cuts in most of the region, bar India and Australia. However, valuations are stretched in many Asian markets, with only China and Korea trading at a discount to their historical valuations. Consequently, though it is still early days, we currently do not expect Asian equity markets to perform as well as last year and we could see a 8-10% rise compared to the +20% in 2012.

We continue to be optimistic about economic prospects in China, and GDP growth should continue to be in the 7.5-8.5% range. With the leadership transition now out of the way, we should also start to see what style of government can be expected from China as we move into 2013; more reforms are expected to be introduced by the new leadership. This is not to underestimate the scale of China's potential problems going forward; they remain significant. The other call is whether ASEAN will continue to outperform the North Asian markets - something that ASEAN has succeeded in doing in the last seven years. The possibility of that occurring is lower this year given factors such as the current average valuations, and the defensive nature of these markets. India remains a wild card with great potential to finally open up to further reforms, but with a high risk to the downside.

- ***AUSTRALIA***

Australia			31-Dec-12
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI AUSTRALIA	3,468.3	7.0	20.5
S&P/ASX 200 INDEX	4,649.0	6.0	14.6
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
A$/US$	1.0	(0.2)	(1.8)
MSCI AUSTRALIA	**2011**	**2012E**	**2013E**
EPS growth (%)	18.8	(2.3)	(1.7)
P/E (x)	13.4	13.8	14.1
P/B (x)	1.9	n/a	n/a
DY (x)	4.6	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

In the first half of the year, the Australian market traded across a volatile range. Key fears that dogged sentiments were a weaker outlook for global growth and mounting tensions in the Eurozone, with Spain and Greece coming under the spotlight. Investors' resolve was tested as Greece edged towards the brink when its general elections were inconclusive. Not helping was the weaker-than-expected economic data out of China, which added more headwinds to already weakened global economic conditions. By July however, markets took a decisive turn for the better; a strong statement by the European Central Bank's President Mario Draghi in July sparked a rally in equities. The subsequent ratification of the European Stability Mechanism by German constitutional courts, and the US Federal Reserve's third round of quantitative easing provided even more momentum to the market.

Domestically, corporate earnings experienced persistent downgrades contributed particularly by the resources sector on weakening commodity prices and broadly by the effects of a strong Australian dollar on domestically exposed companies. The Reserve Bank of Australia (RBA) cut a total of 1.25% off its policy interest rates, acknowledging that the effects of interest rate cuts were being offset by a firm Australian dollar. In terms of sector performance, healthcare, telecoms, financials and consumer staples sectors did relatively well while materials and energy were the weakest sectors. The MSCI Australia ended the year with a gain of 20.5% in local currency terms.

Outlook/Strategy

The domestic economic is transitioning from a mining investment boom to a broader economic pick-up, although there might be a gap in growth as the economy switches growth engines. While unemployment has not risen much, actual hours worked are down, and other labour market indicators are soft. Resource capital expenditure looks to be peaking right now, and other sectors are needed to fill the gap in the economy. The RBA is watching for evidence that the risk of the growth gap is increasing; upon which it is subsequently ready to take interest rates lower. This is complicated by an elevated exchange rate, as global central bank demand for the Australian dollar is likely to remain strong. Ultimately this would suggest that the RBA is likely to have to lower interest rates more than usual in order to achieve normally intended effects.

While lower interest rates would eventually support domestic growth over 2013, the near-term market performance would likely be driven by expectations of China growth and its consequent impact on the commodity export sector. Fortunately, the outlook on this front is encouraging as the spate of weak Chinese economic data looks to be behind us and the new leadership seems to be making the right choices in terms of policies for reforms and growth. From a corporate earnings perspective, the commodity sector which has been a drag on the economy for most of last year should see a quick turnaround. Thus the upward earnings risk for this sector and also for this market for the next half year looks to be underestimated. Under these conditions, we favour stocks with a cyclical skew to earnings although we still continue to be keen on stocks with yield, given the expected trend of lower interest rates in Australia.

- ***CHINA/HONG KONG***

China/Hong Kong			31-Dec-12
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI CHINA	**374.2**	**12.8**	**22.5**
SHANGHAI SE COMPOSITE	2,269.1	8.8	3.2
SHENZHEN SE COMPOSITE IX	881.2	3.2	1.7
MSCI HONG KONG	**53,152.7**	**5.6**	**28.0**
HANG SENG INDEX	22,656.9	8.7	22.9
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/CNY	6.2	0.9	1.0
US$/HK$	7.8	0.1	0.2
MSCI CHINA	**2011**	**2012E**	**2013E**
EPS growth (%)	10.8	0.8	9.8
P/E (x)	11.1	11.0	10.0
P/B (x)	1.7	n/a	n/a
DY (x)	2.9	n/a	n/a
MSCI HONG KONG	**2011**	**2012E**	**2013E**
EPS growth (%)	23.7	(12.4)	10.6
P/E (x)	14.6	16.9	15.3
P/B (x)	1.4	n/a	n/a
DY (x)	2.5	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The Greater China markets gathered more momentum in the 4th quarter. In local currency terms, the MSCI Hong Kong and MSCI China Indices were up 5.6% and 12.8% respectively. For the first time in 2012, China stocks outperformed that of Hong Kong over a quarter.

For the whole of 2012, the Hong Kong market gained 28.0%, outperforming China's 22.5%, in local currency terms. The markets started off the year with a strong note until the correction in 2nd quarter at the back of government's downgrade of GDP target to 7.5%. In spite of cautious sentiment and weak global outlook, the market posted a steady recovery in the 2nd half of 2012, Financials, Infotech, Healthcare and Utilities were the leaders while Energy, Telecom, Industrials and Consumer underperformed. Materials were the only sector that posted negative return last year.

The Chinese macro-economic data during the quarter continued to demonstrate strength in areas such as consumption, industrial production and investments. Meanwhile, exports, commodities prices, property completions and manufacturing Fixed Asset Investments were more mixed. Overall, we believe the Chinese economy has confirmed its bottom in 4Q 2012. Last but not least, a smooth leadership transition after the 18th Party Congress has resulted much better performance in domestic A-share market, with Shanghai Composite Index rising by 14%. There is more room for sentiment improvement ahead.

Over the quarter, Financials, Properties, Machinery, Building Materials and Retailers have done well. While defensive counters like Healthcare, Utilities, Food & Beverages underperformed. Technology and Energy sectors were mixed. Internet and Apple Supply Chain-related stocks did poorly while PC hardware fared better. Coal and Natural Gas, in particular gas exploration equipment makers, have outperformed Oil significantly.

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Outlook/Strategy

China's GDP growth bottomed at 7.8% in 2012 and is expected to improve to 7.7% in 2013, based on market consensus. We believe that there is chance for GDP to potentially reach as high as 8.1%, on the back of recovery in Fixed Asset Investments, particularly Infrastructure. Residential property market transactions are expected to continue to recover and as such consumer confidence and retail sales should start to pick up. Manufacturing Purchasing Managers' Indices (PMI) should improve but not as strong as Services PMI. Inflationary pressure is expected to remain subdued but exports are unlikely to rebound any time soon.

During the 18th Communist Party Congress in November 2012, the 7 new Political Bureau Standing Committee members were confirmed. While new government officials are only scheduled to come on board in March, various government bodies are expected to turn more active in speeding up the approvals on national or regional investment projects in order to ensure an economic recovery. We also expect more efforts to push through structural reforms in 2013 and beyond. The market is trading on 10.8x 2013 consensus earnings, 13% below its 5 years' average. Consensus 2013 EPS growth for MSCI China is 9.8% for now and we expect earnings upgrade to commence as early as in 2Q 2013.

Hong Kong's exports and retail sales bounced back in November 2012 after a very weak October. Nonetheless, we expect the growth in tourism spending to stay lacklustre. The single digit growth registered in the third quarter is likely to become more structural, after 11 consecutive quarters of double digit growth. We expect Hong Kong GDP to remain sluggish at 1.0-1.1% in 4Q 2012. For 2013, the consensus estimate figures put real GDP growth at 2.8%, which we believe may be somewhat too optimistic. Chief Executive Leung is scheduled to deliver his first policy speech in mid-January. Despite his low popularity lately due to integrity issues, we do not expect any new and drastic economic or housing policies. The MSCI Hong Kong Index was trading at 15.6x, in-line with its long-term average. The consensus 2013 EPS growth figure is 10.6%, not much different from that of China's, albeit with a smaller potential for upgrade.

All in all, we are more optimistic on China in 2013 as a cyclical economic recovery is already in sight, and its valuation remains one of lowest in the Asia ex Japan region. Larger cap stocks and high dividend yield plays did well last year but smaller/mid cap stocks could have higher potential this year.

In terms of strategic direction, we still favour asset-sensitive financials and domestic cyclicals. Profitability of those low–to-mid-end consumption related stocks have suffered in 2012 while luxury names did well. We intend to move from being underweight to overweight in low-mid-end consumption stocks as we think they offer better opportunities and upside in 2013. Chinese Insurers and Diversified Financials are also preferred to Chinese/Hong Kong Banks. Commodities Cyclicals should recover while Global cyclicals inclusive technology/internet are at best neutral. Defensive sectors and dividend yield plays have high chance of underperformance in the coming quarter.

With regard to risk factors in 2013, domestically we believe that unexpected tightening in areas such as Trusts loans financing might disrupt supply of liquidity into the capital market. Also, a stronger-than-expected recovery in property prices might result in a new round of tighter Home Purchase Restrictions. Externally, we are monitoring the unstable relationship among the new leaders in China, Japan and South Korea; and the maritime disputes related to Diaoyu Islands.

- ***INDIA***

India			31-Dec-12
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI INDIA	532.8	4.4	30.0
BSE SENSEX 30 INDEX	19,426.7	3.5	25.7
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/INR	55.0	(3.9)	(3.5)
MSCI INDIA	**2011**	**2012E**	**2013E**
EPS growth (%)	7.0	9.9	14.6
P/E (x)	17.6	16.0	13.9
P/B (x)	2.7	n/a	n/a
DY (x)	1.3	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The MSCI India Index rose 30.0% in local currency terms in 2012.

The best performing sectors were Consumer Staples, Consumer Discretionary and Finance, while the underperforming sectors were the Telecom Services, Information Technology and Utilities sectors.

The year started off on a positive note as valuations were attractive and there was ample liquidity globally. The MSCI India Index logged strong gains of 12.5% in January 2012 and 3.9% in February 2012. However, with continued inflationary pressures in the economy, weak Index of Industrial Production (IIP) growth, a lacklustre budget in February, confusion over retrospective taxation on the capital gains of Mauritius-based investment entities and continued Eurozone crises, the Index corrected in the following 3 months. Despite the Reserve Bank of India cutting rates by 50 bps in its April 2012 policy announcement, the market was concerned with the S&P's rating downgrade of the outlook for India from stable to negative; this had potential implications of jeopardizing India's long-term rating of BBB-.

June saw a strong recovery of 6.4% as sentiment improved when the Prime Minister called for accelerated infrastructure spending to ensure a high GDP growth rate of approximately 9%. There was further optimism on the back of weak oil prices that could potentially tame inflation and result in potential further cuts by the central bank. The naming of Mr P Chidambaram, a reform-minded politician, as the Finance Minister also helped improve market sentiment. Following a lacklustre July and August, the market had a strong rally of 8.6% in September, helped by the European Central Bank's (ECB) Outright Monetary Transactions (OMT) program in Europe, the US Federal Reserve's third round of quantitative easing and some decision-making on petroleum product pricing, stake sales in State-owned entities and Foreign Direct Investments (FDI) in retailing and airlines. The market again had a strong 5.5% gain in November on the back of reasonable September 2012 quarter financial performance of Indian corporates as seen in the aggregate revenue growth of 9.7% and profit growth of 19.7% for the BSE500 Index companies. While the market registered a miniscule 0.7% gain in December, market sentiment improved markedly on the back of the passing of the Bill allowing FDI in the multi-brand retailing business and Banking Amendment Bill in the Parliament.

LION GLOBAL INVESTORS

Outlook/Strategy

Over the last 3 months, the Prime Minister and Finance Minister took steps to improve the number of foreign investments and Indian corporate confidence in the economic outlook. The Budget in late February 2013 should provide some concrete measures on how the fiscal deficit will be controlled and financed. At a micro level, some of the recent pilot projects such as Direct Cash Transfers seem to indicate the potential to cut inefficient spending by the Government as the subsidies are now disbursed in a more focused process. Traction in the recently announced reforms and continued new reforms announcements have the potential to revive the corporate capex cycle in the country. A benign inflationary environment resulting in reduction in interest rates and Cash Reserve Ratio by the Central Bank can revive bank lending to corporates and retail borrowers over the course of the year. The market is broadly expecting a 100 bps cut in the policy rates in 2013. The weak currency also has the potential to boost Indian exports. For the FY2013-2014 period, the GDP growth estimate stands at 6.5%, after ending the financial year ending March 2013 with +5.6%. There is potential for GDP growth to be revised upwards in 2H FY14, contingent on the factors discussed above.

MSCI India's earnings are expected to grow by 15%. Consumer Staples and Discretionary sector profits are expected to grow by 20%, reflecting the structural demand from low per capita consumption base of Indians. Telecom sector earnings are expected to grow by 50%, partly due to low base but also due to the better industry discipline. Information Technology and Materials sector earnings could possibly see growth in the high single-digit, but this will be dependent on how the Western and Chinese economies perform. The MSCI India Index is currently trading at 14.3x 12m forward earnings, slightly below its 5-year average of 14.5x. The market is showing decent upside to medium-term investors, supported by the earnings growth. Capital appreciation via multiple re-rating is also possible, as the market closely watches the policy formulation and implementation environment.

We continue to be focused on larger capitalization firms which can be potential beneficiaries of changing industry policies, continued consumer demand from rural and semi-urban India, and potential interest rate cuts that can aid certain interest rate sensitive industries.

- ***KOREA***

Korea			31-Dec-12
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI KOREA	539.6	0.9	12.6
KOSPI INDEX	1,997.1	0.0	9.4
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/KRW	1,064.4	4.4	8.3
MSCI KOREA	**2011**	**2012E**	**2013E**
EPS growth (%)	(15.9)	32.0	19.0
P/E (x)	13.5	10.3	8.7
P/B (x)	1.2	n/a	n/a
DY (x)	1.1	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

2012 started off well for equity markets. Optimism over the European fiscal compact cum subsequent Long Term Refinancing Operations agreed upon by European policy makers also provided a boost to sentiment. However the rally proved short-lived amid failure to get a working Greek government in place and rising concerns over Spain's budget deficit.

Concerns over a potentially full-blown European sovereign debt crisis arising from perceived insufficient policy response cum fears of a hard landing in China were compounded by the release of mixed US economic gauges at a time when the US fiscal cliff is rapidly approaching. By the end of June 2012, a number of US enterprises (especially in the tech space) had started to lower their 2012 guidance on prolonged European concerns and weakening Emerging Market demand which cast further doubts over earnings' sustainability for Asian corporates. Amidst a confluence of negative indicators, we saw de-leveraging and de-risking activities resuming, with foreigners net selling US$4.3 billion in Q2 2012, reducing the 1H 2012 inflows down to only US$5.33 billion.

Domestically, growth was falling short of expectations. 1H GDP growth slowed to the mid 2% level as the slowdown in the US and the credit problem in EU had clearly taken a toll on the Korean economy. As exports slowed, tumbling from a growth rate of 4.7% in 1Q and 3.2% in 2Q to only 2.9% by 3Q 2012, business sentiment dipped correspondingly to a three-year low while industrial production and capex investment activities decelerated on bearish business confidence. With relatively high household debt and the resulting high debt service burden, consumption growth slowed to 1.1% on a year on year basis in 2Q 2012 from 1.6% in 1Q 2012. The Bank of Korea reduced its 2012 economic-growth forecast (a trend that continued throughout the latter part of the year) and unexpectedly cut interest rates while indicating it would act pre-emptively to protect against slowing global growth. The South Korean government also announced on 28 June 2012 that a KRW8.5 trillion (US$7.4 billion) economic support package is in place to provide assistance to small businesses and low income workers, with flexibility to do more if conditions worsen.

The upturn for Korean equities came in 3Q 2012, boosted by friendly government measures and fund in-flows. On the external front, we had the ECB's Outright Monetary Transactions; Germany's courts ratification of the European Stability Mechanism as well as the Fed's announcements regarding the third round of quantitative easing, which provided a boost to markets. Domestically, investors' confidence received a boost with the upward adjustment of South Korea's sovereign credit rating by all the 3 international credit rating agencies (Moody's; Standard & Poor's; Fitch), citing the country's strong fiscal fundamentals which provide the administration policy flexibility to cope with contingent domestic risks and external shocks.

(South Korea's foreign reserves reached US$316.88 billion as of end-August, up $2.53 billion from the previous month, putting South Korea as the world's seventh-largest holder of foreign exchange reserves.) Given the improved investor sentiment and with the Korean corporates' relatively more robust and resilient earnings profile versus their global peers, foreign investors continued to accumulate blue chip Korean equities. The year ended on a fairly positive note on the back of stronger US macro data points, the resolution of the US presidential election and China's smooth leadership transition. On the political front, the Saenuri Party (previously known as the Grand National Party) gained ground in the National Assembly elections in April under the leadership of Park Geun Hye who went on to win the 2012 Presidential Elections, offering investors a sense of continuity and stability.

Outlook/Strategy

The Korean economy is undergoing a bottoming process, but GDP growth is likely to remain below trend for 2013 despite the government's pump-priming effort. Growth for 2012 was revised downward again to the low 2% range on sluggish global growth, uncertainty over the outcome of negotiations regarding the US fiscal cliff and poor earnings visibility (ex-Samsung Electronics). However, things are looking brighter for FY2013 as policy uncertainty is removed with a newly-elected President (soon-to-be inaugurated), US lawmakers appear close to reaching an agreement that will likely avert the worst effects of the fiscal cliff, with a gradual acceleration in recovery expected for FY2013.

Goldman Sachs expects the global economy to "grow 3.3% in 2013 with a gradual pickup later in the year. Asian economies excluding Japan will grow 6.9% accounting for 2/3 of the growth on urbanization, regional integration and demand boost from policy and low oil prices, according to our forecasts."

With Korea shipping 60% of its exports to Asia, consensus estimates put FY2013 GDP growth forecast at 3.4% and KOSPI's earnings at above 20% on the back of recovery expectation, with inflation pressure expected to remain low. The outlook for Korean equities is looking brighter with easy monetary policy spurring liquidity flows in search of returns.

The domestic market had rallied largely driven by Samsung Electronics (SEC) which alone accounted for approximately 70% of MSCI Korea's total net return in FY2012. While we are seeing domestic fund redemption coming in around the 1,950 – 2,000 level on the Kospi Index, we expect a broadening of market breadth to spur a return of domestic interest. With valuations attractive both relative to historical and versus their regional peers, we expect Korea to see continued foreign inflows.

Against the backdrop of a global recovery, we expect mid/small caps to see stronger interest on higher risk tolerance, and with government policies expected to favour SMEs. Pump-priming efforts are expected to be front-loaded in 1H 2013. With a time lag between policy actions and corporate earnings recovery, we see downside risks in earnings forecasts for FY 2012 but a stronger FY 2013 (ex-SEC) as pump-priming efforts take effect. We view stock selection as key to performance, with a bias towards beneficiaries of economic democratization and China's growth amongst other.

- ***TAIWAN***

Taiwan			31-Dec-12
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI TAIWAN	168.0	0.6	11.9
TAIWAN TAIEX INDEX	7,699.5	(0.2)	8.9
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/TW$	29.0	1.0	4.3
MSCI TAIWAN	**2011**	**2012E**	**2013E**
EPS growth (%)	(27.5)	6.0	23.6
P/E (x)	18.7	17.7	14.3
P/B (x)	1.8	n/a	n/a
DY (x)	3.5	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The Taiwan bourse started 2012 with high expectations following the presidential elections in January 2012 which re-elected President Ma and the Kuomintang government to another term. Optimism over the European fiscal compact cum subsequent Long Term Refinancing Operations agreed upon by European policy makers also provided a boost to sentiment. However, the rally proved short-lived amid failure to get a working Greek government in place. Concerns over a (potential) full-blown European sovereign debt crisis arising from perceived insufficient policy response as well as fears of a hard landing in China were compounded by the release of mixed US economic gauges at a time when the US fiscal cliff is rapidly approaching. By the end of June, a number of US enterprises (especially in the tech space) had started to lower their 2012 guidance on prolonged European concerns and weakening Emerging Market demand, which cast further doubts over earnings' sustainability for Asian corporates.

Domestically, headwinds were also building up. The issue of a capital gain tax on stock trading as part of a broader financial reform package resurfaced. With the to-and-fro debate that ensued and the share price gyrations following the release of different proposals, this issue casted a shadow over the market throughout the rest of 2012 with the final decision set for implementation to take place upon the Taiwan Stock Exchange Index rising above the 8,500 level. The postponement of the 8th cross-strait conference and the relatively muted consumer response to iPhone 5 which has dimmed earnings' outlook for Apple supply chain, triggered earnings' downgrades for the tech sector. GDP growth estimates for 2012 was revised down to the 1.1% - 1.2% range, with inflation remaining benign. The central bank held the discount rate at 1.875%, but was of the view that rising external risks, slowing domestic growth pace, as well as an inflation trend, were factors that require close monitoring.

Outlook/Strategy

Global macro conditions remain challenging with concerns regarding the US fiscal cliff; and Europe's debt crisis likely to remain at the fore of investors' attention. Taiwan's GDP forecast for FY2013 will likely stay lacklustre as the outlook for an economic turnaround is currently weak given the softer global environment, a perceived lack of strong domestic policy direction and a domestic consumer market that is deemed too small to be self-supporting. Investors remain hopeful for a China recovery to pull the region up, with liquidity flows into the Taiwan bourse expected to limit any downside performance.

While macro developments could play a role in determining market performance, new product launches and relatively attractive valuations would likely help to sustain investors' interest and underpin share prices. Though cautious on the tech sector in terms of demand pick-up, we still see stock-picking opportunities given plausible changes in technology leadership with new product launches/trends. We are positive on manufacturers of mobile devices and their corresponding component suppliers as we view convergence devices as a growing part of lifestyle consumerism. We also favour beneficiaries of the growing proliferation of data usage and storage.

Within the non-tech space, with greater clarity following the announced new Chinese leaders' line-up, we also see opportunities for bottom-up stock selection on expectations that negotiations for more liberalization measures between China and Taiwan will resume their progress.

- ***SINGAPORE***

Singapore			31-Dec-12
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI SINGAPORE	622.5	2.7	23.5
Straits Times Index STI	3,167.1	3.5	19.7
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/S$	1.2	0.5	6.1
MSCI SINGAPORE	**2011**	**2012E**	**2013E**
EPS growth (%)	(2.3)	6.1	3.3
P/E (x)	15.2	14.3	13.9
P/B (x)	1.5	n/a	n/a
DY (x)	3.2	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The year 2012 ended with the Straits Times Index closing at 3,167 points, up 20% on a year on year basis – its best performance in three years and a large improvement from last year's 17% drop. Total trading volume increased to 74 billion, up 13% on a year on year basis. The best performers on the Straits Times Index were property stocks, with CapitaMalls Asia (+72%, year on year), CapitaLand (+67%, year on year) and Global Logistic Properties (+58%, year on year) being the best performers. The worst performers were agricultural commodities stocks, with Wilmar International (-33%, year on year), Olam International (-27%, year on year), and Golden Agri-Resources (-9%, year on year) underperforming the benchmark.

In 2012, all sectors, with the exception of Healthcare and Consumer goods, generated positive returns, compared to mostly negative returns across the board in 2011. Most notably, the real estate sector gained 50% on a year on year basis, mainly due to low interest rates and large capital inflows.

In the fourth quarter, Singapore stocks continued their upward climb, gaining 3% on a quarter on quarter basis, following strong US and Chinese economic data, including strongly improved leading indicators (Chinese Flash Purchasing Managers' Index, Chinese Industrial Production, US Industrial Production, US jobless claims). Investors also regained confidence following the conclusion of the US and Chinese political elections. Locally, Singapore economic data was also positive and its 4Q advance GDP reading showed a modest expansion, averting a technical recession.

There were 13 IPOs listed on the Singapore Exchange in 2012, with IHH HealthCare, Bumitama Agri and Far East Hospitality Trust being the largest listings. Overall demand for primary listings was very positive, with post IPO gains ranging from 8% to 41%, reflecting the general strength of the market.

Outlook/Strategy

Singapore's economic momentum remains bumpy and we foresee a stagflationary-type scenario. We expect 2013 to be another year with sub-par GDP growth, with inflationary trends continuing to be a worry. Hence, earnings growth is likely to be in the single-digit area. Valuations, on a historical basis, are however not expensive, trading roughly in line with the longer-term average. Hence, we recommend a barbell strategy of investing in cyclicals, both in laggards as well as in companies with regional/global exposure. We also favour defensive high dividend yielding stocks.

- ***ASEAN - Malaysia/Indonesia/Philippines/Thailand/Vietnam ex Singapore***

ASEAN ex Singapore			31-Dec-12
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI MALAYSIA	**350.0**	**3.8**	**10.2**
FTSE Bursa Malaysia KLCI	1,689.0	3.2	10.3
MSCI INDONESIA	**1,543.5**	**1.7**	**11.2**
JAKARTA COMPOSITE INDEX	4,316.7	1.3	12.9
MSCI PHILIPPINES	**345.6**	**9.8**	**37.1**
PSEi - PHILIPPINE SE IDX	5,812.7	8.7	33.0
MSCI THAILAND	**741.3**	**5.2**	**30.4**
STOCK EXCH OF THAI INDEX	1,391.9	7.2	35.8
HO CHI MINH STOCK INDEX	**413.7**	**5.4**	**17.7**
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/IDR	9,793.0	(2.1)	(7.4)
US$/MYR	3.1	0.0	3.6
US$/PHP	41.0	1.8	6.9
US$/THB	30.6	0.8	3.1
US$/VND	20,840.0	0.2	0.9
MSCI MALAYSIA	**2011**	**2012E**	**2013E**
EPS growth (%)	7.8	11.6	7.7
P/E (x)	17.2	15.8	14.6
P/B (x)	2.2	n/a	n/a
DY (x)	2.9	n/a	n/a
MSCI INDONESIA	**2011**	**2012E**	**2013E**
EPS growth (%)	19.8	7.3	13.0
P/E (x)	16.6	15.5	13.7
P/B (x)	3.7	n/a	n/a
DY (x)	2.4	n/a	n/a
MSCI PHILIPPINES	**2011**	**2012E**	**2013E**
EPS growth (%)	3.8	13.5	11.5
P/E (x)	21.6	19.1	17.1
P/B (x)	2.9	n/a	n/a
DY (x)	1.9	n/a	n/a
MSCI THAILAND	**2011**	**2012E**	**2013E**
EPS growth (%)	14.1	15.0	17.3
P/E (x)	16.2	14.1	12.0
P/B (x)	2.5	n/a	n/a
DY (x)	2.8	n/a	n/a
HO CHI MINH STOCK INDEX	**2011**	**2012E**	**2013E**
EPS growth (%)	8.5	17.7	62.6
P/E (x)	10.7	9.1	5.6
P/B (x)	1.5	n/a	n/a
DY (x)	4.5	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

In 2012, the MSCI South East Asia Index gained 22.5% in USD terms, outperforming the broader MSCI Asia-Pacific ex Japan Index by a marginal 0.2%, making it the fifth year in a row that ASEAN has outperformed the wider Asia-Pacific market, though the outperformance in 2012 was marginal compared to 2011's outperformance of 9.3%. The best performing markets in ASEAN for the year were the Philippines and Thailand, which incidentally were also the top two performers for the Asia-Pacific region.

Philippines had an outstanding performance (up 46% in USD terms) as (i) investors were positioning ahead of a sovereign upgrade to investment status; and (ii) liquidity flows from foreign buying into a thinly traded market helped push the market higher. Thailand was a good recovery play in 2012, on the back of its recovering from the flood and political uncertainty in 2011. In addition, a people-friendly government plus its willingness to undergo aggressive fiscal spending helped fuel a domestic consumption-led economic boom.

The worst performing market in ASEAN as well as in the Asia-Pacific region for the year was Indonesia. 2012 was a negative year for Indonesia; policy flip-flops, new nationalistic rules that concerned foreign investors, falling commodity prices (eg coal and palm oil), rising labour costs (eg 40% increase in minimum wage in 2013) and current account deficits, which led to a weakening rupiah. To cap the year, in the month of December, Unilever and Holcim increased the royalty payments from their Indonesian listed subsidiaries, causing the market to sell down the well-managed Indonesian-listed multi-nationals.

Malaysia, though it underperformed the MSCI SEA Index, had a relatively benign year as investors generally avoided the market due to the impending general election. Though expectations were high in the early part of 2012 that the election would be held soon, it did not occur. The year was distinguished mainly by politicking and large government-linked IPOs like FELDA and Integrated Healthcare. The general election is now likely to be held in Q2 2013, when the current government's full term expires.

Outlook/Strategy

In December 2012, the Indonesian, Philippines and Malaysian markets hit their all-time highs, while the Thailand market reached its highest level since the Asian financial crisis in 1997. The ample liquidity in the global markets following easing measures by various central banks and the chase for financial assets with earnings growth attracted investors to ASEAN markets, which are relatively insulated from developed markets economic slowdown.

However market valuations (in terms of PEs) in the ASEAN markets are now above the 5-year mean. The run-up in 2012 was mainly due to an expansion in PE multiples. With the market at an all-time high and the global economy still in a patchy stage, it will be harder for the ASEAN markets to repeat 2012's performance. Furthermore, there is now a large gap between the rest of the Asian markets and the ASEAN markets after 5 consecutive years of outperformance.

	2008	2009	2010	2011	2012
MSCI ASEAN	-47.7%	74.6%	32.2%	-6.3%	22.5%
MSCI Asia-Pacific ex-Japan	-51.9%	73.2%	18.1%	-15.6%	22.3%
MSCI Asia ex-Japan	-52.4%	72.1%	19.6%	-17.3%	22.4%
ASEAN vs APxJ	4.2%	1.4%	14.0%	9.3%	0.2%
ASEAN vs AxJ	4.7%	2.5%	12.5%	11.0%	0.2%

We believe stock selection and a focus on fundamentals will be crucial to generating outperformance going forward. The surge in liquidity that lifted all the ASEAN markets is past. We continue to prefer the domestic plays and companies that will benefit from government spending, but will be more discerning in terms of the valuation we are willing to play for such companies. We will also seek cheaper proxies and alternatives to gaining exposure to these ASEAN domestic companies.

FIXED INCOME

- ***SINGAPORE***

Market Review

Singapore Government Securities (SGS) bond yields declined in 2012. The 5 to 10 years benchmark bond yields came off the most, declining more than 30 bps. The 2-year SGS benchmark bond yields declined only 8 bps while the more than 10-year SGS benchmark bond yields declined 19-28 bps. In total return terms, the JP Morgan SGS index returned 3.83%, with the more than 10-year sector returning 7.09%. The index performed consistently positive for each quarter and there were only 3 months (March, August and September) in 2012 where the Index performed negatively.

The direction of interest rates was largely driven by policies, with the Long Term Refinancing Operations in Europe and the announcement from the US Federal Reserve (Fed) stating that it would not increase rates until 2014. Such policies anchored short-term rates, boosting search-for-yield flows into fixed income. Risky assets suffered particularly in May, with increased concerns over the Eurozone debt issues and slowing global growth, while US government bond yields declined to record lows and SGS yields fell as well.

The macro environment weakened going into Q3 2012, in particular, for Asia. Leading indicators such as the Purchasing Manager Index (PMI) for China, Korea, Taiwan and even Singapore were below the 50 mark, implying a contraction in economic activities. Inflation, however, was at a manageable level and trended lower given the weakened macro outlook. This allowed some Asian central banks to ease in July, following comments from Mario Draghi, President of the European Central Bank (ECB) that the ECB would do “all that it takes” to protect the Euro. In September, the Fed delivered a third round of Quantitative Easing (QE3) and the ECB launched its unlimited bond purchasing program (Outright Monetary Transactions). All these actions improved the risk sentiment even as the macro outlook remained unchanged.

The Singapore Dollar (SGD) performed strongly too. The AAA sovereign rating made it a strong attraction for sovereign wealth funds diversifying away from USD and EUR assets. However, as economic data weakened, expectations built up for a loosening of policy in October via a gentler slope for the trade weighted exchange rate. These expectations saw the FX implied 6-month Swap Offer Rate (SOR) creep up to above 60 bps. Surprisingly however, the nominal SGD appreciated above 3% against USD during this period as QE3 led to a weak USD environment. As the October monetary policy statement passed without a change in the currency appreciation stance, the 3-month Treasury Bill (T-bill) ended the last auction at 0.26% while the 2-year swap rate (0.51%) was still marginally higher than the 6-month SOR (0.52%).

The more interesting development was in the SGD corporate bond primary market, with statistical figures putting the total amount of issuance in excess of S$30 billion for 2012. There was a diversity of issuer profiles and many first time issuers in the bond market. The issues also stretched across the whole yield curve, in particular, with longer-dated tenures and came in various capital structures, including corporate perpetual bonds.

Most of the issues performed well as they matched investors’ search for yield in a declining interest rate environment. There was also strong interest from new investors in the private wealth area. The focus on yield, however, did lead to new issues being priced at tight spreads and post-issuance activity failed to perform for some. At the same time, corporate action events turned out to be busier than normal. The market remains uncertain regarding the competing bids for Fraser & Neave and for WBL Corp. The allegations made by Muddy Waters regarding Olam’s financial instability added further to the heavy news flow.

Outlook/Strategy

2012 ended with uncertainty remaining in the US, as a failed discussion between political parties regarding the impending fiscal cliff would have implied a US recession. 2013 saw some, but not all of the issues resolved, as the possibility of a recession subsided. With the reduction of this uncertainty, and the release of leading indicators from the US, China and other parts of Asia showing a stabilization in growth outlook, risk sentiment rose and in-flows to emerging markets, both equities and bonds continued. There is currently pressure for interest rates to move higher.

However, we are not expecting high-paced growth from the developed markets. The US has only delayed the debt ceiling issue and spending cuts by another 2 months. The upturn in the external demand for Asian markets also implies that most Asian central banks are likely to put a pause on policy rate action in the near-term. Countries such as Korea, Thailand, Philippines and Malaysia are also seen as being able to use fiscal stimulus to ensure that growth stability continues. Locally, Singapore's economy has yet to pick up like the rest of Asian exporters. The latest PMI is still below 50, indicating a contraction in manufacturing activities. Singapore narrowly averted a technical recession, largely due to a downward revision of 3Q 2012 GDP. The full year GDP growth of 1.2% on a year on year basis was below the earlier official guidance of 1.5%. The official forecast has put 2013 GDP numbers at 1-3% and inflation at 3.5-4.5%. With inflation staying elevated and better economic data coming out from the US, we do not expect any change in the monetary policy stance in the near term.

The market appears to have closed the year slightly short or neutral duration. If rates rise or if there are increased expectations for rates to rise, there may be some portfolio adjustments by investors. On the other hand, it is perceived as possible that banks may need to hold more SGS in light of Basel III requirements. At the same time, there has been a consultation paper regarding potential issuance from MAS, which could be to address these Basel III requirements. With regard to SGS, supply remains manageable though we see a re-opening of 30-year issues and new issues of 10-year and 20-year SGS, possibly adding some duration to the market on a net basis. Corporate bond issuance volume remains the main uncertainty.

If there was a positive up-turn in risk sentiment, lower-yielding countries such as Singapore may be less favoured by investors and the correlation with US Treasury movements could rise. We do not expect any disorderly spikes in rates, however, as a large portion of inflows into SGS have been part of a reserve diversification policy by central banks. These tend to be more "sticky". SGD may not repeat 2012's strong performance against USD but is still expected to gradually appreciate.

In the near term, we may see higher interest rates but this could be capped by any resolution on the US debt ceiling and spending cuts. We favour corporate bonds for the yield carry. As for SGS, there might be a need to trade the ranges as macro and policies continue to drive the big picture.

- ## *ASIA*

Market Review

2012 played host to an impressive breadth of global credit performance, with global credit assets from Asia to Europe to US posting stellar returns. Market technicals, rather than fundamentals, were the biggest driver of the credit performance for the year. The search for yield, buoyed by the implementation of monetary easing measures by central banks worldwide, ensured a steady flow of funds, which helped the market to benefit from healthy tightening during the year. The increasing amount of local bids in Asia (mainly from retail/private banks) was also an important supportive factor.

Asian credit, as measured by the JP Morgan Asian Credit Composite Index, gained 14.27% on a total return basis, the best year for the market since 2009. Of the total return, only about 2% was contributed by the rally in the US Treasuries while the balance can be attributed to the strong credit returns on the back of credit spread tightening of 105 bps for the year.

While both the investment grade and high yield space did well, returning 11.31% and 20.42% respectively, high yield credits clearly had a more superior run, led by China credits including both Chinese properties and industrials. Within the investment grade space, the outperformance came from lower rated issues (BBB categories versus single A categories), the longer maturities as well as China SOE space.

In 2012, Asian credit markets recorded US$114 billion in total issuance, and taking the redemption into consideration, the net supply is estimated to reach a record US$89.5 billion. The largest component of this was the investment-grade sector at US$51.5 billion, largely driven by Chinese SOEs, opportunistic fund-raising by Hong Kong's real estate sector, as well as regular issuance from Korea corporates. Bank issuance also increased to US$35.5 billion due to an increase from ASEAN banks, heavy issuance from the sizeable Korean sector and a broadening of issuer base to include frontier markets like Sri Lanka and Vietnam. On the other hand, new issuances from high yield were relatively lower at US$18.0 billion, with most of the supply coming out in the second half of the year. The record issuance was well absorbed by strong liquidity in the market.

Outlook/Strategy

2013 is likely to be a weaker year for Asian credit markets than in 2012, dictated by the tighter spreads and lower yields relative to this time last year. The base case outlook is for low growth and muted inflation in the year ahead, and given the low yields on fixed income alternatives, the modest returns on offer in credit remain broadly attractive. The steepness of both credit and benchmark curves has the potential to boost these returns modestly above the coupon carry.

In terms of technicals, the demand-side of the equation is likely to remain positive for credit for as long as growth is sluggish but not in recession, as central bank policy-makers have little option but to keep policy rates low. The flows into credit are ultimately global and represent a focus on higher yields than what government bonds can offer and less volatility than what equity markets can offer. On the other hand, expectations of new gross supply are benign given slow economic growth. Netting off maturing redemptions, net new supply into the markets should be manageable. The supply and demand of corporate bonds is likely to remain in balance.

In summary, the outlook remains constructive for the Asian credit market, reflecting valuations that still compensate investors well for volatility in both absolute terms and relative to alternative asset classes, QE3-related flows, continued positive technical backdrop, and an environment of persistent low growth with few attractive alternatives in the bond universe. Given that the return attributable to spread tightening is likely to be limited in 2013, carry could be the key contributor to total returns. We therefore recommend an overweight position in the high yield segment. Risks to this call would be unexpected developments on the US debt ceiling, the Eurozone's sovereign debt issue and investors' rotation into equities.

- ***US/EUROPE***

Market Review

2012 ended on a positive note with a strong rally in major risk assets buoyed by optimism of a deal being concluded that would allow the US to avert its fiscal cliff in the New Year. At the eleventh hour, an agreement was indeed reached, but importantly, it does not address the US debt ceiling, which is due to be reached in late February/early March 2013. This means that there will likely be another Washington showdown in just a few weeks' time.

The pivotal event for the Eurozone in 2012 was the European Central Bank's pledge in July to do "whatever it takes" to save the Euro and of potentially unlimited bond buying. This was mimicked by the US Fed in September when its Open Market Committee announced yet another round of quantitative easing.

Supported by the extremely easy monetary conditions, risky assets rallied strongly almost throughout the year. Credit spread tightened dramatically in the grab for yield despite no lack of supply of corporate issuance. The T-spread for the JP Morgan US Liquidity Index tightened 75 bps to give a total return of 9.5%. In contrast, core government bonds underperformed relatively. Treasuries, Gilts and Bunds were up by 2%, 3% and 4% in 2012 respectively – modest compared with the double-digit returns of 2011.

Outlook/Strategy

Looking into 2013, the global economy looks set to remain in the "Twilight Zone" – with a sustainable recovery still being threatened by the ongoing deleveraging from the excesses of the pre-Great Financial Crisis era. The outcome is still very much in the hands of governments in the United States, Europe and China. The baseline for the US is that the moderation in economic activity due to factors such as a slowdown in business capital spending, disruptions from Hurricane Sandy and the lack of confidence due to the upcoming public fiscal tightening in the second half of 2012, will continue into 2013. Things should improve in the second half of 2013 as the removal of policy uncertainty outweighs the effects of fiscal tightening. On the monetary side, the Fed will continue to provide support with its asset purchase and activity in housing should serve as a tailwind.

In Europe, the key issue remains Spain – markets are still awaiting a formal request to the ECB to activate its Outright Monetary Transactions (OMT). While the ECB has taken the break-up risk off the table, it has not solved the fundamental problem of unsustainable sovereign debt burden which will continue to hamper markets. In particular, the Italian and German elections occurring in 2013 will be key events to watch.

For fixed income investors, 2013 is going to be a lower return year compared with 2012, on the back of tighter credit risk premium and lower yield. The current depressed level means that yield pick-up will continue to be the dominant theme, providing solid support to spread products. However, the improving US growth outlook should serve to push nominal rates higher, albeit gradually. While inflation is expected to remain fairly benign, interest rate risk may still be an issue going forward, especially when yields are at current depressed levels. Short duration bonds are thus preferred as they offer better protection against rate increases.

While investors are likely to continue to favor riskier segments of the market like High Yield and Emerging Markets debt which offer better yield, single-name credit picking should play a bigger role in performance for 2013. Dispersion in valuation had fallen significantly in 2012 but should rise again in 2013 as weak global growth differentiates the performers from the non-performers.

APPENDIX 1

Market Valuations

Valuation as of date 31 Dec 2012	EPS Growth (%)			3-mth change in EPS est. (%)		P/E (x)			P/B (x)	DY (%)
	2011	2012E	2013E	2012E	2013E	2011	2012E	2013E	current	current
Asia/Pacific										
Japan	**51.6**	**(28.3)**	**39.1**	**(12.8)**	**(3.8)**	**10.3**	**23.8**	**17.1**	**1.1**	**2.2**
Topix Index	42.9	30.5	22.9			17.7	13.6	11.0	1.0	2.2
Nikkei 225	38.9	21.0	24.7			19.4	16.1	12.9	1.3	2.0
Australia	**18.8**	**(2.3)**	**(1.7)**	**(3.8)**	**(3.5)**	**13.4**	**13.8**	**14.1**	**1.9**	**4.6**
S&P/ASX 200 Index	25.9	11.7	9.7			14.4	12.9	11.7	1.9	4.6
China	**10.8**	**0.8**	**9.8**	**(1.7)**	**(1.3)**	**11.1**	**11.0**	**10.0**	**1.7**	**2.9**
Shanghai SE Composite Index	12.6	13.9	13.8			11.2	9.8	8.6	1.7	2.7
Shenzhen SE Composite Index	28.8	29.1	26.8			19.9	15.4	12.1	2.4	-
Hong Kong	**23.7**	**(12.4)**	**10.6**	**(0.6)**	**(0.3)**	**14.6**	**16.9**	**15.3**	**1.4**	**2.5**
Hang Seng Index	(2.2)	8.9	10.1			12.2	11.2	10.2	1.6	3.2
India	**7.0**	**9.9**	**14.6**	**(1.5)**	**(0.7)**	**17.6**	**16.0**	**13.9**	**2.7**	**1.3**
BSE Sensex 30 Index	6.5	14.2	10.1			15.6	13.6	12.4	2.8	1.6
Indonesia	**19.8**	**7.3**	**13.0**	**(1.6)**	**(2.0)**	**16.6**	**15.5**	**13.7**	**3.7**	**2.4**
Jakarta Composite Index	6.5	16.5	19.5			16.0	13.7	11.5	2.8	2.1
Korea	**(15.9)**	**32.0**	**19.0**	**(2.3)**	**(0.9)**	**13.5**	**10.3**	**8.7**	**1.2**	**1.1**
KOSPI Index	62.6	25.8	15.4			12.2	9.7	8.4	1.2	1.2
Malaysia	**7.8**	**11.6**	**7.7**	**(2.3)**	**(2.3)**	**17.2**	**15.8**	**14.6**	**2.2**	**2.9**
FTSE Bursa Malaysia KLCI	(3.5)	9.6	8.3			15.9	14.5	13.4	2.3	3.5
Philippines	**3.8**	**13.5**	**11.5**	**1.5**	**0.3**	**21.6**	**19.1**	**17.1**	**2.9**	**1.9**
PSEi - Philippine SE Idx	2.6	11.2	11.6			18.5	16.6	14.9	2.7	2.3
Singapore	**(2.3)**	**6.1**	**3.3**	**0.3**	**(2.8)**	**15.2**	**14.3**	**13.9**	**1.5**	**3.2**
Straits Times Index	(18.5)	6.3	8.6			15.0	14.1	12.9	1.5	3.0
Taiwan	**(27.5)**	**6.0**	**23.6**	**(2.8)**	**(0.5)**	**18.7**	**17.7**	**14.3**	**1.8**	**3.5**
Taiwan Taiex Index	34.6	28.5	13.7			18.8	14.6	12.9	1.8	3.0
Thailand	**14.1**	**15.0**	**17.3**	**(0.9)**	**(2.8)**	**16.2**	**14.1**	**12.0**	**2.5**	**2.8**
Stock exchange of Thai Index	12.1	20.4	12.8			15.7	13.0	11.5	2.4	3.1
Vietnam	**8.5**	**17.7**	**62.6**	**n/a**	**n/a**	**10.7**	**9.1**	**5.6**	**1.5**	**4.5**
Asia Pacific	**(7.5)**	**13.7**	**18.5**	**(6.2)**	**(2.5)**	**16.3**	**14.4**	**12.1**	**1.4**	**2.7**
Asia ex Japan	**(1.4)**	**8.6**	**13.8**	**(1.7)**	**(1.1)**	**14.2**	**13.1**	**11.5**	**1.6**	**2.4**
Asia Pac ex Japan	**2.8**	**5.0**	**10.9**	**(2.0)**	**(1.8)**	**13.9**	**13.3**	**12.0**	**1.7**	**3.0**
Europe	**2.8**	**(4.0)**	**8.3**	**(1.1)**	**(3.8)**	**11.9**	**11.9**	**11.0**	**1.5**	**3.7**
DJ Stoxx 600 € Pr	46.7	11.2	11.8			12.8	11.6	10.3	1.6	3.7
S&P Europe 350 Index	44.9	10.2	11.3			12.3	11.2	10.0	1.5	3.8
United States	**17.2**	**6.4**	**9.2**	**(0.9)**	**(2.6)**	**17.4**	**14.1**	**12.9**	**2.2**	**2.3**
S&P 500	5.2	10.5	11.3			13.8	12.5	11.2	2.1	2.3
Dow Jones Industrial Average	4.7	7.4	9.0			12.6	11.7	10.7	2.6	2.6
NASDAQ Composite Index	24.0	15.9	15.8			16.4	14.2	12.2	2.7	1.5

Source: Credit Suisse, Bloomberg, MSCI, Thomson

3-month change in EPS for Australia and Japan correspond to June 2012-2013 and March 2012-2013, respectively.

APPENDIX 2

31-Dec-12

Economic data	Real GDP %YoY			CPI %YoY			Current Official policy rate (%)	Government bond yield (%)				Exchange rates				Unemploy-ment (% of labor force)	Current account balance (% GDP)	Fiscal balance (% GDP)	Business confidence		Consumer confidence	
	2012E	2013E	2014E	2012E	2013E	2014E		2 yr	5 yr	10 yr	10-2yr		Spot	%3M chg	%12M chg	2013E	2013E	2013E	latest	%3M chg	latest	%3M chg
Asia/Pacific																						
Japan	1.6	0.7	0.7	0.0	-0.3	1.6	0.10	0.1	0.0	0.8	0.7	US$/¥	86.8	-10.1	-11.3	4.3	1.1	-8.1	42.8	2.4	39.0	-3.5
Australia	3.7	3.1	3.1	1.9	2.9	2.7	3.00	2.6	2.8	3.3	0.6	A$/US$	1.0	-0.2	-1.8	5.6	-4.7	0.1	47.1	12.4	100.0	1.9
China	7.7	7.8	7.3	2.7	2.8	3.6	3.00	2.9	3.2	3.5	0.6	US$/CNY	6.2	0.9	1.0	4.1	2.0	-2.0	122.8	-3.2	105.1	4.3
Hong Kong**	1.4	2.8	3.5	4.0	3.5	3.7	0.50	0.1	0.3	0.6	0.5	US$/HK$	7.8	0.1	0.2	3.7	5.6	1.1	71.8	0.8	73.4	-2.0
India*	5.4	6.2	6.9	7.5	7.0	6.0	8.00	8.0	8.0	8.1	0.0	US$/INR	55.0	-3.9	-3.5	N/A	-2.8	-8.0	N/A	N/A	81.2	N/A
Indonesia	6.2	6.1	6.3	4.4	4.7	4.7	5.75	4.5	4.8	5.2	0.7	US$/IDR	9,793	-2.1	-7.4	5.9	-1.7	-1.5	N/A	N/A	120.1	2.0
Korea	2.3	3.4	4.0	2.3	2.7	3.1	2.75	2.8	3.0	3.2	0.3	US$/KRW	1,064.4	4.4	8.3	3.3	1.5	1.3	83.0	-5.8	99.0	0.0
Malaysia	5.2	5.2	6.0	1.8	2.1	2.6	3.00	3.1	3.3	3.6	0.5	US$/MYR	3.1	0.0	3.6	2.9	4.0	-4.0	96.0	-13.9	118.3	3.0
Philippines	6.3	6.1	6.4	3.1	3.5	3.8	3.50	1.0	4.1	4.4	3.4	US$/PHP	41.0	1.8	6.9	6.5	2.3	-2.1	49.5	16.5	N/A	N/A
Singapore**	1.4	2.0	4.0	4.6	3.8	3.4	0.38	0.3	0.4	1.5	1.2	US$/S$	1.2	0.5	6.1	1.9	13.9	1.0	2.0	-50.0	N/A	N/A
Taiwan	1.0	3.0	3.8	2.0	2.0	1.1	1.88	0.8	0.9	1.2	0.4	US$/TW$	29.0	1.0	4.3	4.2	8.4	-1.6	N/A	N/A	30.1	N/A
Thailand	4.0	4.5	4.8	3.0	3.3	4.3	2.75	3.1	3.3	3.5	0.4	US$/THB	30.6	0.8	3.1	0.8	0.4	-2.2	52.0	4.2	79.1	2.7
Vietnam**	5.0	5.4	6.0	9.3	8.2	7.5	9.00	9.8	10.1	10.5	0.7	US$/VND	20,840	0.2	0.9	4.0	-0.5	-4.2	N/A	N/A	N/A	N/A
Europe																						
Euro Area	-0.4	-0.7	-0.4	2.6	2.0	1.5	0.75	0.0	0.3	1.3	1.3	€/US$	1.3	-2.5	-1.8	11.9	1.2	-2.9	-1.2	-9.8	-26.6	2.7
UK	-0.1	0.8	1.0	2.8	2.5	2.1	0.50	0.3	0.9	1.8	1.5	£/US$	1.6	-0.5	-4.4	7.8	-2.5	-5.0	100.2	9.0	41.0	N/A
Switzerland	1.1	0.9	0.6	-0.7	-1.4	-0.9	0.00	-0.1	0.0	0.5	0.7	CHF/US$	0.9	2.7	2.5	3.5	13.1	0.4	6.6	43.5	N/A	N/A
Sweden	1.0	1.6	2.3	0.9	0.6	1.7	1.00	0.7	1.0	1.5	0.8	US$/SEK	6.5	1.0	5.9	7.8	6.6	-0.9	93.2	-6.8	2.0	-77.8
Norway	3.4	3.1	3.1	0.8	1.7	2.0	1.50	1.4	1.5	2.1	0.7	US$/NOK	5.6	2.9	7.4	3.1	14.9	14.0	N/A	N/A	25.4	8.5
United States	2.2	1.6	2.3	1.8	1.9	2.0	0.25	0.2	0.7	1.8	1.5	-	-	-	-	7.8	-3.0	-7.0	54.7	-0.7	65.1	-4.8

Source: Bloomberg, CEIC, CIRA Estimates

* India: Wholesale price index (WPI) is used to measure inflation
** Hong Kong: Hong Kong base rate (HKBASE Index) is used as official policy rate
Singapore: 3-month SIBOR is used as offical policy rate
Vietnam: Base lending rate is used as official policy rate

31-Dec-12	Spot	% chg 3M	% chg 12M
VIX	18.0	14.6	-23.0
Gold (US$/ounce)	1,675.4	-5.5	7.1
WTI Crude oil (US$/barrel)	91.8	-1.7	-5.8

Source: Bloomberg

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