



**Market Commentaries**

Investors experienced a dramatic month as the volatility levels of the global markets were stirred up by the uncertainties from the Japan and Libya situations, but sentiment recovered rapidly on the back of positive news flow and corporate activities. The Hang Seng Index was +0.52% outperforming the MSCI World Index which was -0.44% for March 2011

- Bank of Japan is considering low rate loan facilities for financial institutions in distressed areas caused by the earthquake
- Peoples Bank of China (PBOC) cut the offshore CNH (offshore RMB in Hong Kong) clearing interest rate from 0.99% to 0.72%
- PBOC reiterated controlling inflation remains the main task, as inflation continues to exceed government's target

**Reiterate "Balanced" Approach for 2011 Q2**

With all the uncertainty the world is currently facing, our investment team believes that maintaining a diversified portfolio that is relatively shock resistant is important for individual investors. Our investment team continues to believe the main themes would be competitive devaluation between the major currencies and the threat of inflation in emerging markets. As such we anticipate:

- The development of the Japan recovery situation is paramount for global investment markets
- The major governments will continue to implement cautious expansionary monetary policies to support economic recovery while restraining inflation
- Core inflation with the G7 will be mild while the inflationary risks continue to be high for the emerging economies
- Global competitiveness will result in a continuation of a low interest rate environment
- Precious metals, energy and agriculture commodities will continue to see support with the increase in global political instabilities and investors continue to question the financial strength of the major Governments
- RMB is likely to appreciate at modest levels as the China Government is implementing various measures to discourage speculators

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MAJOR EQUITY MARKETS				
	CLOSE	P/E	1 M %	YTD%
HANG SENG	23,518	12.6	0.52	2.10
MSCI WORLD	1,335	14.9	-0.44	4.29
S&P 500	1,326	15.5	1.49	5.42
RUSSELL 2000	844	32.5	4.52	7.64
DOW JONES	12,320	14.2	2.17	6.41
NASDAQ	2,781	37.6	1.59	4.83
FTSE 100	5,909	14.4	-0.45	0.15
EU ESTX50	2,911	11.8	-2.43	4.23
BRAZIL BVS	68,587	11.7	3.54	-1.04
RUSSIA MICEX	1,814	9.7	3.14	7.44
INDIA SENSEX	19,445	17.3	5.41	-5.19
SHANGHAI A	2,932	16.9	0.46	4.43
NIKKEI 225	9,744	17.6	-9.39	-4.74
TAIWAN TAIEX	8,656	14.7	-0.82	-3.53

MAJOR BONDS				
	CLOSE	P/E	1 M %	YTD%
iBoxx Treasuries TR	186.9		-0.06	-0.04
JPM Global Bond	495.0		0.33	1.00

MAJOR COMMODITIES				
	CLOSE	P/E	1 M %	YTD%
GOLD SPOT \$/OZ	1,430.9		-0.17	0.71
WTI CRUDE OIL	107.0		5.51	14.54
CRB INDEX	359.4		1.20	8.00
DB AGRICULTURE	116.7		-1.13	5.53
DB BASE METAL	250.0		-2.97	0.77

MAJOR CURRENCIES				
	CLOSE	P/E	1 M %	YTD%
EURO€/US\$	1.42		2.78	5.80
GBP£/US\$	1.60		-1.44	2.70
AUS\$/US\$	1.03		1.91	0.93
JAP¥/US\$	83.67		-2.16	-3.05
CAN\$/US\$	0.97		0.51	2.90
RMB/US\$	6.55		0.36	0.92

Source: Bloomberg (April 1<sup>st</sup>, 2011), TTG (HK)

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