



Market Commentaries

Overshadowed by the political tension in Middle East and North Africa, global markets continued to be volatile but closed higher on the back of more encouraging economic data and corporate announcements. The Hang Seng Index was -0.57% underperforming the MSCI World Index which was +3.33% for February 2011

- Chinese Premier Wen Jiabao disclosed that GDP growth target per annum is 7% for 2011-2015 (12th five year plan), lower than the 7.5% during the 11th five year plan
- The rate of inflation in China has accelerated from 4.6% to 4.9% in January, below the market expectations of 5.4%
- The People's Bank of China raised the Reserve Requirement Ratio (RRR) by 0.5% to a historical high of 19.5% for large banks
- India reported an annual growth rate of 8.2% for December 2010, below the market expectations of 8.6%

“Balanced” Approach for 2011 Q1

For 2011, we anticipate the markets will continue to be liquidity driven, hence, keeping a balanced portfolio is important in order to be well positioned in different market conditions. Our team believes the main investment themes for 2011 would be competitive devaluation between the major currencies and the threat of inflation in emerging markets. As such we anticipate:

- 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 measure to discourage speculators

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MAJOR EQUITY MARKETS				
	CLOSE	P/E	1 M %	YTD%
HANG SENG	23,348	13.8	-0.57	1.36
MSCI WORLD	1,352	14.8	3.33	5.59
S&P 500	1,327	15.6	3.20	5.53
RUSSELL 2000	823	32.3	5.40	5.08
DOW JONES	12,226	14.1	2.81	5.60
NASDAQ	2,782	21.9	3.04	4.88
FTSE 100	5,994	13.6	2.24	1.59
EU ESTX50	3,013	12.3	2.01	7.89
BRAZIL BVS	67,383	11.9	1.21	-2.77
RUSSIA MICEX	1,778	9.7	3.16	5.32
INDIA SENSEX	17,823	16.0	-2.21	-13.10
SHANGHAI A	2,903	18.5	3.70	3.36
NIKKEI 225	10,697	19.5	4.11	4.58
TAIWAN TAIEX	8,693	15.2	-4.94	-3.11

MAJOR BONDS				
	CLOSE	P/E	1 M %	YTD%
iBoxx Treasuries TR	186.8		-0.23	-0.10
JPM Global Bond	492.3		0.37	0.47

MAJOR COMMODITIES				
	CLOSE	P/E	1 M %	YTD%
GOLD SPOT \$/OZ	1,412.0		5.52	-0.62
WTI CRUDE OIL	97.0		3.70	4.36
CRB INDEX	352.6		3.27	5.94
DB AGRICULTURE	118.9		1.51	7.58
DB BASE METAL	257.7		3.17	3.86

MAJOR CURRENCIES				
	CLOSE	P/E	1 M %	YTD%
EURO€/US\$	1.38		-0.18	3.14
GBP£/US\$	1.63		0.81	4.23
AUS\$/US\$	1.02		0.73	-0.47
JAP¥/US\$	81.96		-0.74	-1.02
CAN\$/US\$	0.97		2.00	2.76
RMB/US\$	6.57		0.40	0.57

Source: Bloomberg (March 1st, 2011), TTG (HK)

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