



Market Commentaries

Market sentiment continued to recover on the back of positive news flow and corporate activities from the US and the Euro zone. The Hang Seng Index was -0.34% underperforming the MSCI World Index which was +3.52% for April 2011

- US announced the death of Al-Qaeda leader Osama Bin Laden
- People’s Bank of China (PBoC) has not announced any change in the monetary policies during the May 1st long weekend
- The Federal Open Market Committee (FOMC) anticipated the federal funds rate to remain at low levels for an extended period and will maintain its stimulus policy by reinvesting the principal payments from its QE2 securities holdings
- Standard & Poor’s may downgrade US sovereign credit rating if no credible fiscal deficit reduction program be in place by 2012

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	23,721	12.5	-0.34	2.98
MSCI WORLD	1,389	14.9	3.52	8.48
S&P 500	1,364	15.5	2.34	8.43
RUSSELL 2000	865	33.2	2.19	10.42
DOW JONES	12,811	14.1	3.51	10.65
NASDAQ	2,874	35.1	3.01	8.32
FTSE 100	6,070	14.6	2.32	2.88
EU ESTX50	3,011	12.1	1.63	7.82
BRAZIL BVS	66,133	10.6	-4.53	-4.58
RUSSIA MICEX	1,742	9.4	-5.51	3.19
INDIA SENSEX	19,100	17.2	-1.65	-6.87
SHANGHAI A	2,912	16.3	-1.88	3.68
NIKKEI 225	10,004	17.8	5.76	-2.20
TAIWAN TAIEX	9,008	15.8	3.48	0.39

MAJOR BONDS				
	CLOSE	P/E	1 M %	YTD%
iBoxx Treasuries TR	188.9		1.05	1.03
JPM Global Bond	509.1		2.55	3.89

MAJOR COMMODITIES				
	CLOSE	P/E	1 M %	YTD%
GOLD SPOT \$/OZ	1,557.6		9.01	9.63
WTI CRUDE OIL	112.5		3.64	19.91
CRB INDEX	370.6		2.68	11.35
DB AGRICULTURE	116.6		-0.32	5.45
DB BASE METAL	247.7		-1.69	-0.19

MAJOR CURRENCIES				
	CLOSE	P/E	1 M %	YTD%
EURO€/US\$	1.48		4.10	10.61
GBP£/US\$	1.67		3.40	6.85
AUS\$/US\$	1.09		5.61	6.95
JAP¥/US\$	81.49		3.15	-0.45
CAN\$/US\$	0.95		2.08	5.35
RMB/US\$	6.49		0.87	1.82

Source: Bloomberg (May 2nd, 2011), TTG (HK)

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