TTG WealthManagement

MoneySense **December 2011**

Market Commentaries

Global markets had a dramatic turn as the renewed concerns over the global economic recovery plummeted the markets until the last day of the month when major central banks came together to ease liquidity. The MSCI World Index was -2.69% slightly underperforming the Hang Seng Index which was -2.03% for November 2011.

- Major central banks including the US Federal Reserve, The People's Bank of China and the European Central Bank came together to lower the cost of liquidity
- The People's Bank of China is lowering reserve requirements by 50bps
- World Bank economists see China's potential to achieve another 20 years of 8% growth
- US Thanksgiving retail sales were up 16% from last year, marking the biggest dollar amount ever spent over the Black Friday period, the unofficial start of the Christmas shopping season
- China will accelerate the development of RMB Qualified Foreign Institutional Investors (RQFII) with an initial quota of CNY20 billion
- Standard & Poor's has downgraded the long-term credit rating for the Belgium Government and major financial firms like Goldman Sachs, Bank of America, HSBC, Barclays and etc.

Reiterate "Balanced" Approach for 2011 Q4

Our defensive diversified investment strategies have assisted in protecting capital for many of our investors in 2011 Q3. Further to previous newsletters, investors which took advantage of our advice and reduced their equity positions during the heavy rally in late October should be well position for the coming months. Our investment team continues to implement investment strategies that are relatively shock resistant and focus on tackling the threat of inflation. As such we anticipate:

- Global markets continue to be volatile due to the trembles from the global financial crisis and debt crisis in the west
- Social unrest spreading globally, especially as the threat of inflation is becoming more apparent
- Major governments will continue to implement cautious expansionary monetary policies to support economic recovery while restraining inflation
- Global competitiveness will result in a continuation of a low interest rate environment
- RMB is likely to appreciate at modest levels as the China Government is implementing various measures to discourage speculators
- Major asset classes will be more correlated as margin calls continue

MAJOR EQUITY MARKETS	CLOSE	P/E	1 M %	YTD%
HANG SENG	**18,977**	**8.5**	**-2.03**	**-17.62**
MSCI WORLD	1,185	12.7	-2.69	-7.46
S&P 500	**1,247**	**13.1**	**-0.51**	**-0.85**
RUSSELL 2000	737	30.8	-0.49	-5.90
DOW JONES	**12,046**	**12.4**	**0.76**	**4.04**
NASDAQ	2,620	22.6	-2.39	-1.23
FTSE 100	**5,505**	**9.9**	**-0.70**	**-6.69**
EU ESTX50	2,330	9.8	-2.30	-16.56
BRAZIL BVS	**56,875**	**9.3**	**-2.51**	**-17.94**
RUSSIA MICEX	1,500	5.7	0.07	-11.16
INDIA SENSEX	**16,123**	**14.8**	**-8.93**	**-21.38**
SHANGHAI A	2,388	12.5	-3.34	-14.98
NIKKEI 225	**8,619**	**16.7**	**-2.45**	**-15.74**
TAIWAN TAIEX	7,142	16.3	-6.29	-20.40

MAJOR BONDS	CLOSE	P/E	1 M %	YTD%
iBoxx Treasuries TR	**204.3**		**1.79**	**9.22**
JPM Global Bond	513.7		-2.72	4.83

MAJOR COMMODITIES	CLOSE	P/E	1 M %	YTD%
GOLD SPOT $/OZ	**1,747.6**		**1.61**	**23.00**
WTI CRUDE OIL	100.7		9.39	6.63
CRB INDEX	**313.8**		**-1.88**	**-5.70**
DB AGRICULTURE	99.0		-5.09	-10.44
DB BASE METAL	**206.1**		**-1.13**	**-16.95**

MAJOR CURRENCIES	CLOSE	P/E	1 M %	YTD%
EURO€/US$	**1.34**		**-1.88**	**0.46**
GBP£/US$	1.57		-1.61	0.51
AUS$/US$	**1.02**		**-1.21**	**-0.28**
JAP¥/US$	77.65		0.93	4.47
CAN$/US$	**1.02**		**0.12**	**-2.08**
RMB/US$	6.36		-0.09	3.87

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

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