

August 24, 2012

## Stock Markets Rap

|             | Close     | Chg   | (%)   |
|-------------|-----------|-------|-------|
| MSCI World  | 1,285.28  | -2.6  | -0.2% |
| Dow         | 13,057.46 | -0.0  | -0.9% |
| Nasdaq      | 3,053.40  | -20.3 | -0.7% |
| S&P 500     | 1,402.08  | -11.4 | -0.1% |
| Euro Stoxx  | 3,056.21  | -3.2  | -0.1% |
| FTSE 100    | 9,169.77  | 50.6  | 0.6%  |
| DAX         | 8,740.47  | -8.6  | -0.1% |
| CAC         | 4,317.13  | 1.5   | 0.0%  |
| ASX 200     | 4,568.93  | 19.1  | 0.4%  |
| Nikkei      | 116.93    | 1.6   | 1.4%  |
| Shanghai    | 332.54    | 0.8   | 0.2%  |
| Hang Seng   | 2,595.70  | 31.7  | 1.2%  |
| H Shares    | 1,268.20  | 17.8  | 1.4%  |
|             | Close     | Chg   | (%)   |
| FTSE ASEAN  | 579.59    | 3.2   | 0.6%  |
| Singapore   | 2,450.98  | 15.1  | 0.6%  |
| Thailand    | 1,188.62  | 1.0   | 0.1%  |
| Malaysia    | 1,651.61  | -0.6  | -0.0% |
| Indonesia   | 4,162.66  | 2.2   | 0.1%  |
| Philippines | 5,202.84  | 50.7  | 1.0%  |
| Vietnam     | 392.82    | -17.4 | -4.2% |
| Lao PDR     | 1,056.10  | 0.0   | 0.0%  |
| Cambodia    | 693.55    | -5.4  | -0.8% |

## Currencies Rap

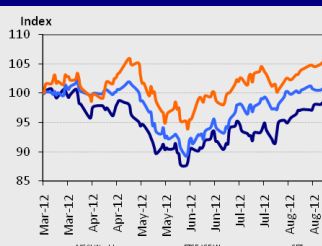
|         | Last      | Chg  | (%)   |
|---------|-----------|------|-------|
| DX      | 81.36     | -0.1 | -0.2% |
| USD/EUR | 1.26      | 0.0  | 0.8%  |
| JPY/USD | 78.62     | -0.6 | -0.8% |
| THB/USD | 31.21     | -0.0 | -0.6% |
| VND/USD | 20,920.00 | 75.0 | 0.4%  |
| LAK/USD | 7,973.95  | -9.6 | -0.1% |
| KHR/USD | 4,048.15  | -2.4 | -0.1% |
| MMK/USD | 870.01    | -1.2 | -0.1% |
| VND/THB | 664.05    | -0.1 | -0.0% |
| LAK/THB | 255.50    | 1.1  | 0.4%  |
| KHR/THB | 664.05    | -0.1 | -0.0% |
| MMK/THB | 27.88     | 0.1  | 0.4%  |

## Commodities Rap

|        | Close    | Chg   | (%)   |
|--------|----------|-------|-------|
| Gold   | 1,661.55 | 22.92 | 1.4%  |
| Silver | 30.30    | 0.96  | 3.3%  |
| Copper | 3.50     | 0.04  | 1.1%  |
| WTI    | 96.27    | -0.99 | -1.0% |
| Brent  | 115.01   | 0.10  | 0.1%  |
| BDI    | 715.00   | 3.00  | 0.4%  |

## World, ASEAN, SET

### Relative Performance



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## MACRO NEWS

- Greece: Greece bailout: Athens urged to stick with reforms
- Spain: Spain in Talks With Euro Zone Over Bailout: Sources

## CORPORATE NEWS

- Bank of China [3988: HK] - Bank of China Profit Growth Slows to 5.3% as Economy Decelerates
- Petro China [857: HK] - PetroChina First-Half Profit Declines 6% on Refining Losses

## MACRO NEWS

### Greece bailout: Athens urged to stick with reforms

The leaders of Germany and France have told Athens it should not expect leeway on its bailout agreement unless it sticks to tough reform targets. German Chancellor Angela Merkel and French President Francois Hollande have met to discuss whether Greece should have more time to make spending cuts. The pair will also meet Greek Prime Minister Antonis Samaras this week. He wants more time for Greece to complete reforms that are a condition of continuing to receive bailout loans. The "troika" of donor bodies monitoring the bailout - the International Monetary Fund (IMF), the European Central Bank (ECB) and the European Commission - are due in Athens next month. Greece's continued access to the bailout packages depends on a favourable report from the trio. "For me, it's important that we all stand by our commitments, and in particular await the [publication of] the troika report, to then see what the result is," Mrs Merkel said. "But I will encourage Greece to follow the path of reform, which demands a lot of the Greek people." And Mr Hollande said he hoped Greece would remain within the eurozone, but added that "of course Greece must make the necessary efforts for this to happen". The economy of heavily-indebted Greece remains stuck in recession. The country is currently trying to finalise a package of 11.5bn euros (£9.1bn: \$14.4bn) of spending cuts over the next two years. It is also being asked to put in place economic and structural reforms, including changes to the labour market and a renewed privatisation drive. The measures are needed to qualify for the next 33.5bn-euro instalment of its second 130bn-euro bailout. Greece needs the funds to make repayments on its debt burden. A default could result in the country leaving the euro. [Bloomberg]

### Spain in Talks With Euro Zone Over Bailout: Sources

Spain is negotiating with the euro zone over conditions for international aid to bring down its borrowing costs, though the country has not made a final decision to request a bailout, three sources with knowledge of the matter said Thursday. The favored option being discussed is that the existing European rescue fund would purchase Spanish government bonds at primary auctions while the European Central Bank would intervene in the secondary market to lower yields, the sources said. No specific figure for aid has been discussed in the talks, which started several weeks ago, one of the sources said. Other senior euro zone sources were more cautious, one saying nothing clear-cut had emerged on aid for Spain, while a fifth said no talks were going on at all. Spain's prime minister's office declined to comment. A spokeswoman for the economy ministry said there was no change in the Spanish position, which is that it would wait until the next meeting of the governing council of the ECB on Sept. 6, hoping for details on how the ECB plans to intervene, before deciding on any move. ECB President Mario Draghi has said the central bank could intervene to lower painfully high yields but only if the country concerned asked for similar help from the bloc's rescue fund first. The three sources who spoke with Reuters on Thursday said the negotiations were focusing on conditions attached to the aid, which will be included in a memorandum of understanding. While there is a political consensus that the conditions should be limited to what is already included in EU recommendations to Spain, which has pushed through a raft of painful austerity measures, two of the sources said euro zone countries were insisting on setting up a tougher schedule of monitoring. Separately, two of the sources said Spain's euro zone partners and the European Commission have dashed its hopes of getting an emergency liquidity line for its banks before the first tranche of up to 100 billion euros of aid is disbursed in the autumn. Spanish authorities had hoped to receive up to 30 billion euros in August to start recapitalizing state-rescued banks, such as Bankia, CatalunyaCaixa and NovaGalicia. [Bloomberg]

## CORPORATE NEWS

### Bank of China Profit Growth Slows to 5.3% as Economy Decelerates

Bank of China Ltd., the nation's third-largest lender by assets, posted the slowest quarterly profit growth in three years as loan demand weakened and lower interest rates squeezed margins. Net income climbed 5.3 percent to 34.8 billion yuan (\$5.5 billion) in the three months ended June 30, from 33.1 billion yuan a year earlier, based on figures published by the Beijing-based lender yesterday. That was in line with the 34.3 billion-yuan average estimate of 17 analysts surveyed by Bloomberg. The bank bolstered first-half earnings by setting aside fewer provisions for bad debt, as the first cut in benchmark interest rates since 2008 eroded profitability of lending operations. China's biggest banks are trading at close to record-low valuations in Hong Kong on concern bad loans will increase as the economy slows. "After two rate cuts, net interest margins will definitely narrow in the second half," said Timothy Li, an analyst at Core Pacific-Yamaichi International Hong Kong Ltd. "That's the utmost concern." Bank of China advanced 411 billion yuan of new loans in the first half, compared with 556 billion yuan during the same period last year. Non-performing loans, or those overdue for at least three months, rose to 63.6 billion yuan at the end of June from 63.3 billion yuan at the beginning of the year. So-called special-mention loans, or those at risk of going bad, fell 514 million yuan to 192 billion yuan. [Bloomberg]

### PetroChina First-Half Profit Declines 6% on Refining Losses

PetroChina Co. (857), China's biggest oil and natural gas producer, posted a 6 percent decline in first-half profit after losses from selling fuels at state-controlled prices eroded gains from higher production. Net income fell to 62 billion yuan (\$9.8 billion), or 0.34 yuan a share, from 66 billion yuan, or 0.36 yuan, a year earlier, the Beijing-based energy explorer and oil refiner said today in a Hong Kong stock exchange filing. The median estimate of six analysts compiled by Bloomberg was a profit of 63.77 billion yuan. China's fuel price controls, aimed at curbing inflation, and a delay in natural gas pricing reforms continue to result in losses for state-owned PetroChina, which seeks to rely more on oil production. The energy producer plans to invest \$60 billion to buy overseas assets by the end of the decade to help diversify from domestic refining. "Their headwinds are well known to the market, so there shouldn't be much surprise," said Gordon Kwan, Hong Kong-based head of energy research at Mirae Asset Securities Ltd. "Domestic fuel price increases following the oil price rebound and stable economic growth in China should translate to better performance in the second half." PetroChina has gained 1.4 percent in Hong Kong trading in the past 12 months, compared with a 1.3 percent increase in the benchmark Hang Seng index. The stock rose 0.8 percent to HK\$9.71 today, before the earnings announcement. [Bloomberg]