

## Morning Coffee News (Asia)

16 May 2012

### Top news\*: Japan's Growth Seen Peaking as BOJ Pressed to Add Stimulus

Japan's economic growth probably peaked in the first quarter and analysts forecast the pace of expansion will halve by year-end as the boost from earthquake reconstruction fades.

Gross domestic product rose an annualized 3.5 percent, compared with a 0.7 percent contraction in the final three months of 2011, according to the median estimate of 27 economists surveyed by Bloomberg News. The Cabinet Office will give the number at 8:50 a.m. in Tokyo tomorrow. Persistent deflation and the yen's 5 percent climb against the dollar since mid-March may encourage politicians to keep pressing the Bank of Japan to add more stimulus to support growth in the world's third-biggest economy. As the boost from rebuilding wanes, the nation will increasingly depend on exports just as Europe's sovereign-debt crisis and a slowdown in China cloud the outlook for global demand.

Machinery orders fell a less-than-estimated 2.8 percent in March from the previous month, a Cabinet Office report showed today. An increase for the quarter as a whole and expectations for another gain in the three months through June indicate limits on how much the economy may slow.

### Market News APAC\*

▶ Asian stocks fell, with a regional benchmark index equaling its longest losing streak in two years, as Greece holding new elections increased concern the country will decide to leave the euro and derail efforts to contain the region's debt crisis.

▶ Canon Inc., a Japanese camera maker that depends on Europe for almost a third of its sales, slid 0.6 percent in Tokyo. BHP Billiton Ltd., the world's largest mining company, declined 2.8 percent in Sydney after metal prices fell. Toll Holdings Ltd., a freight transport provider, sank 13 percent after saying underlying earnings before interest and taxes may fall. Asia Orient Holdings Ltd., a hotel operator, may be active today in Hong Kong after saying it expects to post a net loss for the year ended March 31.

▶ The MSCI Asia Pacific Index slid 0.7 percent to 116.4 as of 9:57 a.m. in Tokyo, falling for a sixth day before markets in Hong Kong and China open. More than twice as many stocks declined as rose on the measure, which is poised to match its longest losing streak since January 2010, when it fell for eight straight days. The gauge is less than 1 percent away from closing 10 percent below this year's high on Feb. 29, a retreat some investors call a correction.

Indices Asia	Last	Change	YTD
Nikkei225	8,843.83	-0.64%	4.60%
KOSPI Comp	1,875.86	-1.22%	2.82%
S&P/ASX200	4,184.70	-1.91%	3.27%
Hang Seng	19,483.24	-2.07%	5.92%
Shanghai Comp.	2,366.78	-0.34%	7.57%
STI Singapore	2,850.72	-0.90%	7.74%
KLCI Malaysia	1,546.48	-0.93%	1.18%
JCI Indonesia*	4,045.64	-0.18%	5.85%
SET Thailand*	1,184.55	1.63%	15.53%
Sensex India*	16,328.25	0.69%	5.65%

\*as of yesterday

Indices USA	Yesterday	Change	YTD
DJIA	12,632.00	-0.50%	3.39%
S&P500	1,330.66	-0.57%	5.81%
Nasdaq100	2,580.75	-0.37%	13.30%

Indices Europe	Yesterday	Change	YTD
EuroStoxx50	2,178.67	-1.06%	-5.95%
SMI	5,865.16	-0.18%	-1.20%
DAX	6,401.06	-0.79%	8.52%
FTSE100	5,437.62	-0.51%	-2.42%
CAC40	3,039.27	-0.61%	-3.81%

Currencies	Last	Change	YTD
USD/CHF	0.9438	0.03%	-0.57%
EUR/USD	1.2725	-0.03%	-1.78%
GBP/USD	1.5974	-0.12%	2.79%
USD/JPY	80.4300	0.31%	-4.34%
AUD/USD	0.9924	-0.13%	-2.68%
NZD/USD	0.7665	-0.36%	-1.22%
USD/KRW	1,162.9500	0.78%	-0.81%
USD/HKD	7.7683	0.00%	-0.01%
USD/SGD	1.2644	0.23%	2.64%
USD/THB	31.4400	0.29%	0.32%
USD/MYR	3.1070	0.84%	1.96%
USD/IDR	9,300.00	0.65%	-2.52%
USD/CNY	6.3230	0.08%	-0.47%

Treasury	Yield	Change	YTD
US10Y	1.65	0.01%	1.76%
JGP10Y	0.78	0.08%	0.62%
AUD10Y	3.17	-0.06%	3.13%
NZD10Y	3.48	0.11%	1.89%

Commodities	Last	Change	YTD
Gold	1,541.93	-0.15%	-1.32%
Silver	27.65	-0.27%	-0.57%
Brent Crude Oil	111.36	-0.78%	5.14%

Singapore Time:

9:55:53 AM

## What to Watch\*

- ▶ MSCI announced changes to its Asian stock indexes
- ▶ Mitsubishi Corp. will today announce basic agreement with China National Petroleum, Korea Gas, Shell on USD 12.5 billion LNG project in Canada, Nikkei says, without citing anyone
- ▶ Japan's three biggest banks -- Mizuho, Sumitomo Mitsui, Mitsubishi UFJ -- forecast FY profits above estimates on plans to increase lending abroad
- ▶ China will boost land supply for housing by 21 percent Y/y, or 2x the average provided in last 5 yrs, state-run Xinhua reports; watch developers
- ▶ China won't be "bullied" by a "small nation" like Philippines in their territorial dispute, China Daily says, citing State Councilor Dai Bingguo
- ▶ China bought more Treasuries in March, expanding holdings by 1.3 percent to USD 1.17 trillion
- ▶ Bharti Airtel is said to be near USD 928 million purchase of Qualcomm's Indian unit
- ▶ ANZ Bank plans to invest AUD 300 million and more than triple its branch network in China

## Key Economic Event for this week (Last update on 14/05/2012)

Country	Event/Data	For	Bloomberg Consensus	Previous
<b>Monday, 14 May 2012</b>				
New Zealand	Retail Sales ex Inflation qoq %	1Q	-0.5	2.2
Japan	Domesic CGPI yoy %	Apr	-0.3	0.6
India	WPI yoy %	Apr	6.6	6.9
Eurozone	Industrial production yoy %	Mar	n.a.	-1.5
<b>Tuesday, 15 May 2012</b>				
Singapore	Retail sales yoy %	Mar	6	19
France	CPI yoy %	Apr	2.2	2.3
France	GDP prelim yoy %	1Q	0.5	1.3
Germany	GDP prelim yoy %	1Q	0.9	2.0
US	CPI yoy %	Apr	2.4	2.7
US	Retail sales mom %	Apr	0.2	0.8
<b>Wednesday, 16 May 2012</b>				
Korea	Unemployment rate %	Apr	3.4	3.4
UK	Unemployment rate %	Apr	5.0	4.9
US	Industrial production mom %	Apr	0.5	0.0
<b>Thursday, 17 May 2012</b>				
Japan	GDP prelim yoy %	1Q	n.a.	-0.6
Singapore	GDP final yoy %	1Q	1.8	1.6
Japan	Industrial production yoy %	Mar	n.a.	13.9
<b>Friday, 18 May 2012</b>				
US	Initial jobless claims (in 000s)	May 18	n.a.	367
Germany	PPI yoy %	Apr	n.a.	3.1

## Earnings Releases (Singapore Time)

- China Resources Enterprise (291 HK) 1Q
- Credit Saison (8253 JP) FY oper. profit 32.6b yen (4 analysts)
- Parkson Retail (3368 HK) 1Q
- SP AusNet (SPN AU) FY A\$235m (5 analysts)
- Tencent Holdings (700 HK) 1Q 2.95b yuan (10 analysts)

#### IPO Notice

- China City Railway Transport (8240 HK): 200m shares at HK\$1

#### New Bond Issues

- IOI Corp Bhd to hire bank for potential bond issue
- PTT Exploration & Production Public Co Ltd to issue USD 600mn in 3Q

#### Recent Asian Bond Issues

Date	Issuer	Ratings		Size	Tenor (Years)	Pricing
		S&P	Moody's/Fitch			
15-May-12	Ezion Holding Ltd	NR	NR/NR	TBC	3yr	5.25% (TBC)
14-May-12	Huawei Technology Co Ltd	NR	NR/NR	RMB 1bn	3yr	5.3%
14-May-12	Gazprombank OJSC	BB+	Baa3/NR	USD 500mn	5yr	5.625%
11-May-12	China Petrochemical Corp	A+	Aa3/NR	USD 1bn	5yr	CT5+205bp
11-May-12	China Petrochemical Corp	A+	Aa3/NR	USD 1bn	10yr	CT10+210bp
11-May-12	China Petrochemical Corp	A+	Aa3/NR	USD 1bn	30yr	CT30+185bp

# Contacts

## VP Bank (Singapore) Ltd.

Thomas Rupf, CFA, FRM, CAIA

Head of Investment & Trading Asia

Tel +65 6305 0072, Fax +65 6305 0052

thomas.rupf@vpbank.com

Linda Foo

Head of Treasury

Tel +65 6305 0071, Fax +65 6305 0052

linda.foo@vpbank.com

Tom Chen, CFP

Investment Advisor

Tel +65 6305 0070, Fax +65 6305 0052

tom.chen@vpbank.com

Source: Bloomberg, unless otherwise stated

VP Bank (Singapore) Ltd.

9 Raffles Place

#49-01 Republic Plaza

Singapore 048919

# Disclaimer

**General:** This document was produced by VP Bank (Singapore) Ltd. (hereinafter referred to as VP Bank) using sources that are believed to be reliable. It is intended solely for information purposes, and the utmost care has been exercised in its production. However, VP Bank does not warrant either expressly or tacitly that the contents of this document are complete, up-to-date or correct. In particular, the information in this document may not include all relevant information regarding financial instruments or their issuers. The sources for the information in this document may include national and international media, information services (e.g. Reuters, Bloomberg), publicly accessible databanks, publicly available corporate information, the publications of rating agencies, and information from companies (notably issuers, lead managers, co-managers, guarantors and sellers of financial instruments) with which VP Bank and/or its subsidiaries may have a business relationship relating to the products mentioned in this document or other business relationships. The opinions expressed in this document reflect the opinions of VP Bank on the date stated in the document. It is possible that VP Bank and/or its subsidiaries have published in the past or will publish in the future documents that contain information and opinions that do not accord with those in this document. VP Bank and/or its subsidiaries are not obliged to provide recipients of this document with such documents offering different information or opinions.

**Suitability / Not an Offer:** The information contained in this document does not constitute a recommendation to buy, hold or sell the financial instruments described herein, nor does it constitute advice on legal, financial, accountancy or taxation matters or any form of personal advice. In particular, the financial instruments discussed in this document may be unsuitable for an investor on the basis of his/her investment objective, time horizon, risk-tolerance, financial situation or other personal circumstances. It may be the case that financial instruments described in this document (in particular investment funds, exchange-traded funds and certificates) are not authorized for sale in every country. The information provided in this document is therefore in no way a substitute for individual advice by a specialist qualified in the matters referred to or a substitute for perusal of the documents provided by the issuers and sellers of the financial instruments (e.g. issue prospectuses, term sheets, etc.). In particular, this document does not constitute an offer, a solicitation to make an offer or a public advertisement inviting participation in transactions involving the financial instruments described herein or an invitation to enter into any transaction. VP Bank and its subsidiaries expressly refuse to accept any liability for any detriment or loss that is claimed to have been incurred on the basis of information contained in this document.

**Notes on risk:** The price and value of the investments mentioned in this document and the returns achieved on these investments may rise or fall. No assurance can be given to investors that they will recover the amounts that they invest. The past performance of an investment is not a reliable indicator of future performance. The same remarks apply to performance forecasts. Any investment mentioned in this document may involve the following risks: issuer (creditworthiness) risk, market risk, credit risk, liquidity risk, interest rate risk, currency risk, economic risk and political risk. Investments in emerging markets are speculative and particularly strongly exposed to such risks. This list of risks should not be regarded as exhaustive.

**Notes on VP Bank Investment Funds:** VP Bank investment funds are managed by managers of VP Bank. Mention of these funds does not constitute a recommendation by VP Bank to buy these funds. The current full prospectus, simplified prospectus and annual and half-year reports may be obtained free of charge at Verwaltungs- und Privat-Bank Aktiengesellschaft, Aeulestrasse 6, LI-9490 Vaduz and IFOS Internationale Fonds Service AG, Aeulestrasse 6, LI-9490 Vaduz. Up-to-date information can be accessed at any time on the homepage of VP Bank at [www.vpbank.com](http://www.vpbank.com) or the homepage of IFOS Internationale Fonds Service AG at [www.ifos.li](http://www.ifos.li). Only some of these funds are authorized for public sale outside Liechtenstein. Sales authorizations are stated in the individual prospectuses and are subject to the laws and regulations of the country concerned. Citizens or residents of the US may not acquire these funds. A positive performance in the past is no guarantee of a positive performance in the future. The risk of capital losses and/or currency losses cannot be ruled out. It is possible that investors will not recover the full amount of their investment. The performance data do not take account of any commissions and costs payable on the issue and redemption of units. The information in this document does not constitute an offer. It serves merely as information.

**Other information:** To the extent permitted by law, VP Bank and/or its subsidiaries may participate in other financial transactions with the issuers of assets mentioned in this document. They may invest in these issuers or render services to them, acquire orders from them, hold positions in their assets or in options on those assets, carry out transactions in these positions, or have another substantial interests relating to the issuers of assets mentioned in this document. Such actions or situations may already have occurred in the past. Employees of VP Bank who are involved in the production of this document are free to buy, hold or sell the assets discussed in this document. The contents of this publication are protected by copyright, and any utilization other than private use requires the prior authorization of VP Bank.

**Notes on the distribution of this document:** This document may be distributed only in countries in which its distribution is permitted by law. Thus the contents of this document are not intended for persons subject to a jurisdiction that prohibits the dissemination of, access to or use of this document or makes such dissemination, access or use subject to authorization, whether on the basis of the nationality or residence of the person concerned or for other reasons. Persons who come into possession of this document or gain knowledge of its contents must therefore acquaint themselves with local laws and restrictions and abide by them.

**Germany:** This document was produced by VP Bank (Singapore) Ltd. and distributed by VP Vermögensverwaltung GmbH, Theatinerstrasse 12, DE-80333 Munich. VP Vermögensverwaltung GmbH is subject to authorization and regulation by the German Federal Financial Supervisory Authority (BaFin). VP Bank (Singapore) Ltd. is licensed as a merchant bank by the Monetary Authority of Singapore.

**Hong Kong:** This information has been distributed by VP Wealth Management (Hong Kong) Ltd. Related financial products or services are only available to wholesale clients with liquid assets of over USD 1 million that meet the regulatory criteria and the Company's policy to be a client, and who have sufficient financial experience and understanding to participate in financial markets in a wholesale jurisdiction. VP Wealth Management (Hong Kong) Ltd. is a licensed corporation under the Securities and Futures Ordinance (Cap. 571) and regulated by the Securities and Futures Commission (SFC).

**Luxembourg:** This document was produced by VP Bank (Singapore) Ltd. and distributed by VP Bank (Luxembourg) S.A., Avenue de la Liberté 26, LU-1930 Luxembourg. VP Bank (Luxembourg) S.A. is subject to authorization and regulation by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF). VP Bank (Singapore) Ltd. is licensed as a merchant bank by the Monetary Authority of Singapore.

**Singapore:** This document is distributed by VP Bank (Singapore) Ltd., which is licensed as a merchant bank by the Monetary Authority of Singapore.

**Switzerland:** This document was produced by VP Bank (Singapore) Ltd., and distributed by VP Bank (Schweiz) AG, Bahnhofstrasse 3, 8022 Zurich. VP Bank (Singapore) Ltd. is licensed as a merchant bank by the Monetary Authority of Singapore. VP Bank (Schweiz) AG is subject to authorization and regulation by the Swiss Financial Market Supervisory Authority (FINMA).

**US/UK/Canada:** This document or copies thereof may not be delivered to persons who are resident in the US, UK or Canada or who are citizens of one or more of these countries.

\* Numbers shown in the content can vary from the table on page 1 due to the time the information was collected.

Important: Please take note of the legal information on the last page of this documentation.