



✚ Equity markets were down for a second week in the week just past, bringing most markets to close lower for the month of January.

✚ Gold and crude oil prices slide further last week.

✚ India raised its reserve requirement for banks by 75 basis points to 5.75%.



# Weekly Investment Digest

## Equity Markets



US stocks fell last Fri as worries about fiscal turmoil in Europe and a drop in technology stocks pushed S&P500 to its worst monthly decline since Feb 2009. Asian equities saw a dismal week as well, following US's lead in the market fall. Chinese markets also suffered big falls as Beijing led in monetary tightening and banks began to restrain lending.



## Currencies

The Euro dropped to a six-month low against the US dollar last week as concerns over the health of Greece's finances escalated. Euro weakened by 1.90% over the week to \$1.3887. The Euro fell 1.15% and 1.40% against the Sterling pound (£0.8674) and Japanese yen (¥125.63) last week. Over the week, the US dollar gained 0.79%, 0.53% and 1.86% against the pound (\$1.6005), yen (¥90.48) and Australian dollar respectively (\$0.8883).

## Commodities



Gold and crude oil continued to decline last week. Base metals prices caved in last week as commodity markets was caught in a frenzy of news including the threat of tighter monetary policy in China, US President Obama's plans to reform Wall Street and the re-emergence of sovereign risk (in Greece). Sugar stood out against the general weakness for commodity prices.

## POLITICS



## Politics

Sri Lanka held its Presidential election last week and re-elected Mahinda Rajapaksa as the President. Rajapaksa outpolled Sarath Fonseka by about 1.8 million votes. Thousands of Indonesians protested on the streets on Thu to condemn the performance of President Susilo Bambang Yudhoyono's government after its first 100 days in office. Workers are worried that the new FTA between China and six founding members of Asean, which took effect in Jan, would result in factory closures and job losses. Japan Prime Minister's office received bullets and death threats in the mail last Thu.

## Corporates



OCBC Bank has renamed its private banking unit as Bank of Singapore. Microsoft reported 2Q net profit soared 60% to US\$6.66 billion on record-high revenue driven by demand for new Windows 7 operating system. Its revenue surged 14% to US\$19.02 billion in the fiscal quarter that ended Dec 31, 2009. Samsung Electronics, South Korea's largest company reported 2009 full year net profit of 9.65 trillion won – a 75% increase. The figure compares with 5.526 trillion won in 2008. Russian metals giant UC Rusal - world's largest aluminum producer - dived more than 9% in its initial minutes of trading in HK.



## Economy & Interest Rate

US Federal Reserve had its first policy meeting for the year last week and kept the interest rate at between 0% and 0.25%. US economy grew at a faster-than-expected 5.7% pace in 4Q, the US economy contracted 2.4% for the whole of 2009. Ben Bernanke has been confirmed as the Federal Reserve chairman for a second four-year term. India has raised cash reserve requirements for banks but kept key interest rates unchanged as it tries to contain inflation without undermining an economic recovery. Reserve requirement for banks has been raised by 75 bps to 5.75%. European Union's (EU) jobless rate hits 10% according to new data issued by EU last Fri.



## Global Stock Market Weekly Roundup

The falls in US markets in the last week is a sign that stock investors are becoming increasingly nervous about the slowing momentum in the US economic recovery.

We expect markets to remain highly volatile in the short-term. Clients should consider investing in tranches or RSP to ride out the volatility.

## SMARTER INVESTING: Asset Allocation



	22/1/2010	29/1/2010	Weekly Change (%)	YTD Change (%)
Dow Jones	10172.98	10067.33	-1.04%	-3.46%
S&P500	1091.76	1073.87	-1.64%	-3.70%
Nasdaq	2205.29	2147.35	-2.63%	-5.37%
FTSE100	5302.99	5188.52	-2.16%	-4.14%
Hang Seng	20726.18	20121.99	-2.92%	-8.00%
Composite Shanghai Index	3128.588	2989.292	-4.45%	-8.78%
NIKKEI	10590.55	10198.04	-3.71%	-3.30%
India Sensex	16859.68	16357.96	-2.98%	-6.34%
Russian Trading System	1489.46	1473.81	-1.05%	2.02%
All Ordinary (Australia)	4771.9	4596.9	-3.67%	-5.85%
Taiwan Taipei Index	7927.31	7640.44	-3.62%	-6.69%
STI	2819.71	2745.35	-2.64%	-5.26%
Crude Oil (US\$)	74.47	73.35	-1.50%	-9.03%
Gold (US\$)	1090.80	1083.80	-0.64%	-1.26%

Source: Bloomberg

### What is Asset Allocation?

Asset allocation is a strategy of dividing your investments into several asset classes, so that if one of the asset class is drastically affected due to market conditions, the other assets will help to provide better stability to you investments.

### Why Asset Allocation?

A simple analogy of asset allocation is to put your eggs into different baskets, so that should you drop one of the baskets, you will still have some eggs that are intact.

### Why Asset Allocation works?

Different classes of assets react differently to different situation. By diversifying your investments into several asset classes, the overall volatility of your investment portfolio would improve.

### Important Notice:

This material is prepared by IPP Investment Division (IPP) and is provided for information purposes only. IPP does not warrant the adequacy or completeness of such information. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of you acting on this information. Reference to specific securities (if any) is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell the same.