

The Point for Asia Pacific



Thursday, 2 June 2011

[REGIONAL TOP CALLS](#) | [COUNTRY TOP CALLS](#) | [GLOBAL TOP CALLS](#) | [COUNTRY STRATEGIES](#) | [UPCOMING EVENTS](#) | [MUST READ](#) | [CORNERSTONES](#) | [RECENT INITIATIONS](#)

RESEARCH

INVESTMENT OVERVIEW

ASIA PACIFIC

INVESTMENT STRATEGY

Regional Top Calls

Macau Gaming — Rolling the Dice: 40% GGR Growth in Macau

HONG KONG, UNITED STATES | GAMING

Top-line momentum and apparent growth in the market following the successful grand opening last month at Galaxy Macau have driven YTD GGR in Macau up nearly 45%. We raise our FY11 GGR growth estimate from ~30% to 40% YoY, equating to MOP 264bn (US\$33.0bn, or almost 6x that of the LV Strip). Despite the Macau gaming stocks having performed strongly YTD, earnings expectations have increased commensurately, leading to only modest multiple expansion (to 12.9x, from 12.0x in Jan). Our top Macau picks include the Cotai operators: MPEL, Galaxy and Sands China.

Anil Daswani +852-2501-2774

Acer Inc (2353.TW) — Acer Takes a Big Writedown

TAIWAN | PC & ENTERPRISE HARDWARE | SELL/MEDIUM RISK

Acer announced meaningful one-off writedown. Acer just announced that it would provide channels with a one-off US\$150m in sales allowances to help clear the excess channel inventory in EMEA. This will lead to a reduction of 2Q11 operating profit by US\$150m, which may lead to operating loss in 2Q11, in our view. Acer also will reduce its EMEA headcount by 300, which will lead to US\$30m restructuring charges, which will lead to an annual saving of US\$30m.

Kevin Chang +886-2-8726-9084

India Equity Strategy — Bright Side of the Gloom

INDIA | EQUITY STRATEGY

Investing in India these days seems depressing; growth has started slipping, anecdotal evidence/signs of an investment implosion, reforms appear on the back burner, the macro appears lost in a maze and not surprisingly, the market is down 9.3% YTD and is one of the biggest underperformers. However we do believe the markets caution is clouding some of the positives visible in the economy. The overall growth outlook continues to be relatively robust; we see it remain marginally above the 8% level, the earnings momentum remains fair – we estimate 18-19% in FY12.

Aditya Narain, CFA +91-22-6631-9879

India Macroscope — Tapping New Markets – India's African Safari

ASIA PACIFIC

India's External Strategy: Tapping New Frontiers — Our Macroscope last month discussed how the changing dynamics of India's exports have supported underlying growth. This was reinforced with the latest GDP numbers, where

The Globaliser

The Global Point

The Point for Australia/NZ

The Point for CEEMEA

The Point for Europe

The Point for Japan AM

The Point for Latin America

The Point for North America

The Weekly Globaliser

Upcoming Events

Food for Thought Lunch: Findings from Computex and the outlook for 2H11 by Citi US Tech & Handsets Analysts (Richard Gardner & Glen Yeung)

3 Jun in Hong Kong

Citi's 2nd Annual Turkish Conference

6-7 Jun in London

Asean Mini Conference 2011 (Theme: Feeding Asean)

7 Jun in Singapore

India Investor Conference 2011

8-10 Jun in Mumbai

HK/ China Mini Conference 2011

16-17 Jun in London

Korea Mini Conference 2011

20-21 Jun in London

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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higher exports have stemmed a slowdown in growth. Interestingly, PM Singh's recent visit to Africa, where India extended a US\$5bn line of credit to Africa for the next three years, is a further attempt by India to broaden its footprint across frontiers.

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What If There Were To Be QE3? — Drawing Conclusions from QE2 via Pictures

ASIA PACIFIC | EQUITY DERIVATIVES

CIRA's house view is no QE3. However, there could be expectations of further liquidity injection, judging from strong price action over the last few trading sessions despite on-going uncertainties. We analyze price actions that followed the announcement of QE2 at Jackson Hole, to see what worked and what didn't. And we offer a number of trades for the current environment, drawing on the work of our analyst teams.

Daniel Lam, CFA +852-2501-2718

China Kingstone Mining (1380.HK) — Initiate at Buy: Marble Marvel; A Niche Volume Play in PRC Mining

CHINA | METALS & MINING | BUY/HIGH RISK

Initiate at Buy (1H) with HK\$3.00 TP - China Kingstone Mining owns China's largest beige marble mine. Mgmt guides strong output growth, and its high-end polished marble slab is a play on China's building trends and rising incomes. We think 22% share price tumble since IPO was due to 1Q net loss on sluggish production volumes, lower-than-expected proportion of high-end pure beige product, and IPO expense. We expect re-rating...if company delivers. There've already been improvements; April production reached annualized run-rate of 13,000m³. Our TP is based on valuations at parity w/ peers, and reflects base-case in which volumes and earnings continue to rebound.

Aaron Ge, CFA +852-2501-2783

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Country Top Calls

Chinese Banks — UDIV Loan Write-Offs?

CHINA, HONG KONG | BANKS

Newswires reported that the Chinese government is planning to shift Rmb2-3trn of debt off local governments and force banks to write off part of their UDIV loans. We are skeptical of this news. In China's history, the government rarely bails out projects before they turn bad. This encourages moral hazard by allowing local governments to shift the burden to banks and central government. If this happens, it would make the cost of the stimulus transparent and signal that local governments are under severe fiscal pressure. We have done an analysis to study the likely impact.

Simon Ho, CFA +852-2501-2798

ALSO: **Macau Gaming; Lenovo Group (0992.HK); HK Life Insurance; Sector Statistics 1Q2011; The Link REIT (0823.HK); Yue Yuen Industrial (Holdings) (0551.HK); China Soft Drinks**

India Wireless — MNP Conf Takeaways - Strong Competitive Undercurrents

INDIA | TELECOMMUNICATIONS SERVICES - WIRELESS

We recently attended a conf that included various telecom operators as well as Syniverse – one of the mandated MNP clearing houses in India. Recall that the government had awarded clearing house contracts to two entities, dividing the 22 circles into two zones. While trends emanating from MNP have been encouraging so far (incumbents gaining; new entrants/dual technology operators losing), we believe the GSM incumbents will have to absorb some impact on rev/min in the coming quarter.

4th Annual Citi Brazil Equity Conference

20-22 Jun in Sao Paulo

Indonesia Investor Conference 2011

21-22 Jun in Jakarta

HK/ China Mini Conference 2011

23 -24 Jun in Dalian

Citi Africa Conference 2011

27-28 Jun in London

HK/ China Mini Property Conference 2011

14-15 Jul in Hong Kong

Greater China Investor Conference 2011

17-18 Oct in Beijing

19-21 Oct in Macau

Pan-Asia Financials Conf 2011 in Hong Kong

10-11 Nov in Hong Kong

Visit our [conference website](#)

<http://www.citicconferences.com> for more information.

Note that all Citi Equities conferences are for institutional equities investors and BY INVITATION ONLY. Invitations are non-transferable.

Must Read

China Equity Strategy - Slower Growth, Uneven Earnings

The screenshot shows a Citi research report page. At the top, it says '19 May 2011 | 18 pages'. The main title is 'China Equity Strategy' with the subtitle 'Slower Growth, Uneven Earnings'. There are several bullet points of analysis:

- Growth will be slower but not slow** – More evidence suggests that the Chinese economy is moderating. Tight credit, deflation, lower productivity, and weaker external growth have contributed to the slowdown. This is in line with our view that tightening has been effective. However, a hard landing is still unlikely during the possibility of double-dips in the developed world.
- Less tightening** – CPI inflation is likely entering into its late cycle. Power shortage often has been the last leg of price increase in previous cycles. The chance for further tightening is thus reduced. China's equity market may break out of the range provided on less tightening going forward.
- Earnings growth will be affected unevenly** – MSCI China earnings revisions in April remained slightly biased toward the positive end. Sectors with an improved outlook are materials, information technology, energy, banks and property, while health-care, transportation, utility, and consumer discretionary are under margin pressure.
- Catalysts that may move the market** – The emerging inflection point of the inflation fear, somewhat softening policy stance in 2H, good summer harvest, and falling commodity prices are positive to the market. Moves of power tariffs will also provide sectoral opportunities. The key risks are property policy uncertainty, strong US dollar, Q2, and bad news in the developed world.
- Sector preference and top picks** – We overweight information technology, cement/food, banks, capital goods, and consumer staples are neutral on property, steel, insurance, energy, autos, healthcare, consumer discretionary, and underweight transportation and telecom.

Below the text is a table titled 'China Strategy - Top Picks' with columns for Company, Year, Rating, Price, P/E, P/B, P/S, and Div. YTD.

Company	Year	Rating	Price	P/E	P/B	P/S	Div. YTD
China Coal	11/10	Buy	20.2	12.2	1.4	1.4	2.9
China Resources	09/08	Buy	28.1	18.1	0.4	1.7	1.9
China Resources	08/08	Buy	18.2	15.1	1.4	1.0	1.1
HSBC	09/08	Buy	11.0	11.1	1.0	0.4	0.1
ZTE Corp.	07/08	Buy	24.0	24.1	1.0	2.0	1.2
China Bank	08/08	Buy	15.0	15.1	1.0	0.4	1.1
CCC	08/08	Buy	5.0	5.1	1.0	0.4	0.2
China Bank	08/08	Buy	17.0	17.1	1.0	1.0	1.1

Source: Citi Research and CFA estimates.

See Appendix A for Analyst Certification, Important Disclosures and non-IBD research analyst disclosures.

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Citigroup Global Markets

Gaurav Malhotra, CFA +91-22-6631-9885

LIG Insurance (002550.KS) — Hold: Short-Lived Earnings Surprise, Focus on Core Earnings

KOREA | INSURANCE - MULTI-LINE | HOLD/HIGH RISK

LIG delivered stronger than expected IFRS based adj. NP of W35bn driven by non-recurring events. While underwriting margin in both auto and long-term lines stay unchanged, (1) large equity disposal income (W12.7bn) and (2) unsustainable record-low loss ratio in the general line (37.4% vs. historical avg. of 55%) inflated the overall earnings. But at the same time, we see improving expense control, given (1) termination of costly retirement packages and cap on auto sales commission.

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ALSO: SK Telecom (017670.KS)

Taiwan Semiconductors — Computex Takeaways – It's all about ARM and Intel

TAIWAN | SEMICONDUCTORS

Implications for Taiwan Semi companies - We believe the strong AP demand from QCOM and NVDA is positive to TSMC, ASE and Kinsus, but this has been largely in the price. We see ample upside potential to UMC from TXN's win of the Ice Cream reference design and "Windows over ARM" on NB. Intel's Ultrabook may soften the HDI PCB adoption by the mainstream NBs. The HDI price erosion may continue. UMC is our top Buy with a TP of NT\$19, while Unimicron is our top Sell, TP of \$38, in our semi coverage.

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ALSO: Notebook ODM 2Q11 Shipment Outlook

Singapore Press (SPRM.SI) — Buy for ~6% Dividend Yield

SINGAPORE | MEDIA - GENERAL | BUY/LOW RISK

We reduce FY11-12E net profit by 3-5% on the back of lower margin assumptions. Our dividend estimates remain largely intact (90% payout) due to the robust cashflow and balance sheet. YTD, SPH has underperformed the STI (-2.5% vs STI: -1.1%), but we continue to like the stock as earnings should recover. With dividend yield of ~6% and relative defensive nature of the media business, SPH looks well positioned amid market volatility. Our new target is S\$4.25 (was S\$4.40). Valuations are 1 s.d. below average, based on core P/E).

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Indonesia Macro Flash — May Inflation Within BI Target; BI to Stay on Hold in June

ASIA PACIFIC

May inflation in line with expectations at 5.98%YoY (0.12%MoM nsa). Food prices fell again; non-food inflation led by Housing and Clothing. Apr trade surplus narrowed a bit; upside surprise in exports and imports. BI on hold in June; tolerance for Rupiah strength should persist.

Johanna Chua +852-2501-2357

Axiata Group (AXIA.KL) — Conference-Call Takeaways

MALAYSIA | TELECOMMUNICATIONS SERVICES - WIRELESS | BUY/LOW RISK

Key takeaway(s) — Axiata held a conf call to discuss its 1Q11 performance following its earnings release on 31 May. We reiterate our Buy recommendation in the light of group's growth prospects and attractive valuations. QoQ revenue was subdued, but management reaffirmed the full-year guidance of 10% growth. We believe that the target is achievable as 1Q FY11 was a seasonally low quarter for Celcom and XL's performance should accelerate post the 1Q low in our view.

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ALSO: Malaysia Property; ASEAN Monthly CPO Update

Growth will be slower but not slow –

More evidence suggests that the Chinese economy is moderating. Tight credit, destocking, power shortages, and weaker external growth have contributed to the slowdown. This is in line with our view that tightening has been effective. However, a hard landing is still unlikely barring the possibility of double-dips in the developed world...**We over-weight information technology, cement/coal, banks, capital goods, and consumer staples**, are neutral on property, steel, insurance, energy, autos, healthcare, consumer discretionary, and underweight transportation and telecom.

► More

Cornerstones

Daily Changes Report
Best Ideas – Asia-Pacific
Asia Pacific Research Team
This Week at Citi – Pan Asia
The Week Ahead: Asia Pacific

STRATEGY

The Asia Investigator
Fun With Flows
Global Emerging Markets Strategy
Global Equity Strategist
Monthly Market Review

ECONOMICS

Global Econ Outlook and Strategy
EM Macro and Strategy Outlook
Asia Macro and Strategy Outlook
Asia Macro View
China Macro View
India Macroscope

QUANTITATIVE ANALYSIS

Asia Pacific Volatility Outlook and Review
Asia Pacific Radar Screen
Australian Radar Screen
Japan Radar Screen

DERIVATIVES

Derivatives/ Multi-Strategy Outlook

AUTOS

China Heavy Duty Truck Sales

COMMODITIES

Commodity Outlook

Thailand Macro Flash — 25bp Hike in Today's MPC Meeting for a Total 175bp Rate Increase

ASIA PACIFIC

Another 25bp rate hike to 3% that was broadly anticipated — Macro readings that probably spurred broad expectations of a rate hike were: 1) 1Q11 GDP's annualized rate of 8.3% which exceeded the preceding quarter's rate of 5.3%; 2) demand indicators in Apr eased in line with manufacturing weakness as supply chain distribution risk sets in but with muted risk of demand collapse; 3) Core inflation jumped 2.5%yoy in May from less than 2%yoy in 1Q11.

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Mitsubishi Electric (6503) — Upgrading to Buy: Medium-term potential trumps near-term risks

JAPAN | TECHNOLOGY - GENERAL | BUY/HIGH RISK

We raise our target price for MELCO to ¥1,180 from ¥880 and upgrade to Buy. The outlook for the energy and electric systems segment (mainly electric power systems) is improving and the medium-term growth potential of industrial automation systems is intact, yet the shares are being held back by near-term concerns. As a result, MELCO's medium-term growth potential, backed by several growth businesses, is not fully priced in, in our view.

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ALSO: Toshiba (6502); Japan Petroleum Exploration (1662); Daikin Industries (6367); Tosoh (4042); Kyorin Holdings (4569); Hitachi (6501); Takeda Pharmaceutical (4502); Pioneer (6773); Kyocera (6971); Hoya (7741); Taisho Pharmaceutical (4535); The CAPE Crusader; Digital cameras; CyberAgent (4751); Murata (6981); JGB Market Strategy; Mitsubishi Heavy Industries (7011); Ryohin Keikaku (7453); Pharmaceutical update; Point (2685)

TABCORP Holdings Ltd (TAH.AX) — Demerger Approved

AUSTRALIA | GAMING | BUY/MEDIUM RISK

TABCORP Shareholders Overwhelmingly Approve Demerger with Echo to begin trading as a separate entity, on a deferred settlement basis, on 6th June 2011. TAH stated at today's Scheme meeting that both parts of the TABCORP business were trading well, with casinos having a "very strong" year, despite the renovation disruption at Star City. As the casinos depart TAH's earnings profile, the next catalyst is the decision on the next Victorian Wagering License, which is expected to be announced by 30 June 2011. Target Price will adjust once TAH is EX-Echo. Our standalone valuation for TAH ex-Echo is \$4.60. We've revised TAH forecasts to reflect the demerger, our standalone valuation for Echo is \$4.25.

Jenny Owen +61-2-8225-4809

ALSO: Rio Tinto Ltd (RIO.AX); CSL Ltd (CSL.AX); Goodman Fielder Ltd (GFF.AX); Aquarius Platinum Ltd (AQP.AX); James Hardie Industries SE (JHX.AX); Peet Limited (PPC.AX); Leighton Holdings Ltd (LEI.AX)

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Global Top Calls

Global Equity Strategist — Another Conundrum

GLOBAL, ASIA PACIFIC, AUSTRALIA | EQUITY STRATEGY

Since February, concerns about a slowdown in the global economy have driven US treasury yields back towards 3%. But global equities don't seem to care that much. Over the past 11 years, there have been 11 occasions when government bond yields and stock prices have diverged. Equities have been proven 'right' seven times versus bonds two times (undecided twice). This time, we expect equities to win again. Citi rate strategists forecast bond yields to rise over the rest of the year. Citi equity strategists expect global indices to end the year higher, not lower.

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CONGLOMERATES

[The Asia Conglomerizer](#)

CONSUMER

[China Consumer Conf Takeaways](#)

[China Consumer Discretionary](#)

[China Consumer Staples](#)

[Konsumer](#)

[Australia: What's In Store?](#)

[Australia: Thirsty Thoughts](#)

FINANCIALS

[Asian Banks Strategist](#)

[Trends in Wealth Management](#)

GAMING

[Australia: Game On](#)

[Macau Gaming](#)

[US Gaming Weekly Recap](#)

HEALTHCARE

[India Pharma Capsule](#)

[China HealthScope](#)

MEDIA & INTERNET

[The Rogues Gallery](#)

[India Media Buzz](#)

METALS & MINING

[China Metals and Mining](#)

[Material Matters – India](#)

[Korea Steel Monthly Monitor](#)

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[Weekly Asia Petrolizer](#)

[The Asia Petrolizer](#)

[Chemical Snapshot](#)

PROPERTY

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[Per Sq Ft Portable – India](#)

[Korea Construction Monthly Monitor](#)

[Taiwan Property Bi-Monthly](#)

SMALL & MID CAP

[Asia ViewFinder](#)

[Taiwan Shrimper](#)

TECHNOLOGY

[Global Memory Beat](#)

[Asia Pacific Tech Chain Reaction](#)

[TFT-LCD Panel Prices](#)

[Japan Electronic Components Parts & Charts](#)

[Korea Memory Beat](#)

[Indian IT Services](#)

TELECOMMUNICATIONS

PC Industry Update — Quick Takes from Taiwan: Lackluster Consumer Demand and Rising Costs, but Healthy Inventories

UNITED STATES | PC & ENTERPRISE HARDWARE

Every company we met with commented that supply is back to normal following the Japan Earthquake—or at least predictable now—with just a few notable exceptions (Nokia seems harder hit than most). However, some new smartphone launches have been pushed from 2CQ to 3CQ. Most suppliers have also seen limited impact on input costs due to the earthquake.

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Global Economics View — Accountability of the Bank of England

GLOBAL, ASIA PACIFIC, AUSTRALIA

Explanatory note

On Monday 23 May 2011, I gave oral evidence before the Treasury Committee of the House of Commons in connection with the Committee's inquiry into Accountability of the Bank of England. The other witnesses in the same session were Dr Sushil Wadhvani, Professor Charles Goodhart and Kate Barker, like me former external members of the Monetary Policy Committee of the Bank of England. A transcript of the oral evidence can be found at Treasury Committee (2011a), a recording of the session can be found at Treasury Committee (2011b). These notes, written in a strictly personal capacity, expand on some of the remarks I made during the evidence session on May 23rd.

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Global Emerging Markets Strategy — Monthly Recap — There's Something About May

EQUITY STRATEGY

EM equities declined by 3.0% in May, marking the worst monthly performance in a year. EMs continued their underperformance of developed markets, as MSCI World fell by 2.5%. The recent decline in EM equities (-7.7% from peak to trough) was accompanied by a pullback in risk appetite as fears over the European sovereign crisis reemerged, leading to a dollar rally and weakening commodity prices.

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Latin America Equity Strategy — Equity Issuance

LATIN AMERICA | EQUITY STRATEGY

Concerns Overdone — We see little risk of deal exuberance for four reasons: (1) the monthly correlation between equities and issuance since January 1999 is +0.6, and we are constructive on markets; (2) the amount of issuance relative to the '07-early '08 IPO boom is small in absolute terms (\$16.9bn YTD) and relative to market size (just 0.6% of investible equities); (3) investors have cash on the sidelines (2.2-2.6% of AUM), and (4) recent and expected deals show country/sector diversity.

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Country Strategies

Australia Equity Strategy — Stock selection across the financial sectors

AUSTRALIA | EQUITY STRATEGY

On top of the broadly flat performance of the Australian market over the past 18 months, the scope to enhance returns has been limited by a narrow spread of outcomes across sectors, as low as at any time in the past decade. With these trends potentially continuing, given multiples in most sectors are close to normal relativities, other than some of the “bombed out” industrial and consumer areas, it puts more emphasis on stock selection, and that is the focus of this report.

India Connect

TRANSPORTATION

Asian Dry Bulk Shipping

UTILITIES

Asian Utilities and Clean Energy Strategy

Asia Solar View

China Power Sector – Qinhuangdao

Thermal Coal

Recent Initiations

Mapletree Commercial Trust

(MACT.SI) - Initiate at Buy: Top S-REIT Pick, with VivoCity as Key Catalyst
30 May

Minmetals Resources Limited

(1208.HK) - A Play on an Ambitious Growth Mandate
30 May

Malaysia Airports Holdings Bhd

(MAHB.KL) — Initiating at Sell: Positives Priced In
26 May

Amata (AMAT.BK) - Initiate at Buy:

Riding the FDI Up-Cycle
17 May

Garuda Indonesia (GIAA.JK) - Initiate

at Hold: Wait for Clearer Skies
17 May

Oberoi Realty Limited (OEBO.BO) -

Initiating at Buy: Quality Stands Out in Challenging Times
16 May

Gamevil (063080.KQ) – Initiate at Buy:

Smart Company in the Smartphone Era
13 May

Qihoo 360 Technology (QIHU.N) –

Initiate at Buy; An Emerging China Internet Giant
10 May

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China Equity Strategy — Slower Growth, Uneven Earnings

CHINA, HONG KONG | EQUITY STRATEGY

Growth will be slower but not slow -- More evidence suggests that the Chinese economy is moderating. Tight credit, destocking, power shortage, and weaker external growth have contributed to the slowdown. This is in line with our view that tightening has been effective. However, a hard landing is still unlikely barring the possibility of double-dips in the developed world.

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India Equity Strategy — India's Indices Insights

INDIA | EQUITY STRATEGY

India's primary investment indices – relative to peers/wider benchmarks, suggest a) India's free-float based (current norm)/Market cap based index weight ratio is among the lowest; this should/could rise; b) the top 3 domestic sectors (banks, industrials, consumers) have a lower index weight than in MSCI-World; with 1bn+ consumers (local) and little oil (global); that should not be so; and c) IT & energy sectors are the most overrepresented in MSCI-India vs. the broader BSE500 (industrials/consumers most underrepresented); as the economy grows and widens, that should change. Indices focus on the now (yesterday?), but they do eventually follow the market/economy's scale, balance and trends

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Post quake Japanese market strategy — Japanese equities—near term caution but bullish medium term

JAPAN | EQUITY STRATEGY

Our analysts have substantially cut their FY3/12 EPS estimates for the major automakers and for the Big 4 blast-furnace steelmakers, for whom the automakers are key customers, in light of parts and power shortages due to the disaster. We expect revisions down in other sectors to gather steam and note the possibility that FY3/12 TOPIX EPS could fall by 20% or more from FY3/11. However, we anticipate a surge in earnings in FY3/13 as supply constraints ease and the economy rebounds.

Kenji Abe, PhD +81-3-6270-4890

Kimchi Discovery #61 — K-IFRS Handbook

KOREA | EQUITY STRATEGY

The adoption of K-IFRS accounting will improve transparency and cross-country comparability, but it will not meaningfully impact the equity market as there is little change to companies' intrinsic values and cash flows. In terms of sectors, we see the new accounting standard as slightly positive for autos, banks, consumer and steel and slightly negative for construction and internet. Overall, the change is neutral for most sectors. In our Top Picks list, Hotel Shilla replaces NC Soft.

Michael S Chung +82-2-3705-0701

Malaysia Strategy — 2010 Inflation At 1.7%: You've got to be Kidding!

MALAYSIA | EQUITY STRATEGY

Official CPI notwithstanding, rising cost environment is real. Generally, companies that have pricing power and manage costs do well in an inflationary environment. Given that wages lag in a cost-push inflation environment, companies closer to the end-consumer find it harder to pass on the higher cost of production. Conversely, upstream businesses usually do better.

Yong Yin Ng, CFA +60-3-2383-2939

Think Singapore – Equity Strategy — Not Fearing Earnings Revisions

SINGAPORE | EQUITY STRATEGY

Singapore's earnings revision count (ERC) indicator has turned down, with negative exceeding positive earnings revision counts by 14%. While this hints at weaker markets, we do not fear is pointing to a looming recession, as the collective net income forecast for the STI index has continued to hold steady. This negative ERC is likely a normalization of earnings expectations as the economy adjusts to 7% growth in 2011 from 15% last year and as investors factor in higher energy costs.

Patrick Yau, CFA +65-6432-1168

Taiwan Equity Strategy — Close Election = Modest Rally

TAIWAN | EQUITY STRATEGY

Election rally will likely come, but with less force and later than in past elections — And we expect it won't come into full force until 4Q11. Meanwhile, we see limited downside risk on the index given low valuations and strong capital inflows. A tight race will cause investors to hold back while the KMT will focus pre-election policy on narrowing the wealth gap, not cross-strait issues – less positive for market.

Peter Kurz +886-2-8726-9088

Talking Thailand #34 — Liquidity over Politics; Earnings over Macro Headwinds

THAILAND | EQUITY STRATEGY

Consolidating just below our year-end target. Rising concerns over domestic politics, weak USD unwinding, and a slow-flation macro has kept the SET consolidating just below our year-end target of 1,150 for the SET and 835 for the SET50. However, we see the market grinding higher supported by liquidity and earnings momentum. Domestic political sentiment, in our view, is secondary. Election activities will keep private consumption from an inflation-led slowdown.

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Corporate EventsFor more details, please email [Linda Wibowo](#).

NDRs/ Corporate Events	Research	Location	Date	Citi Contact
Asia Pacific				
S-Oil	»	Hong Kong	Jun 1-3	Oscar Yee +852 2501 2473
AMMB	»	Hong Kong	Jun 2-3	Fiona Leong +60 3 2383 2942
“Feeding Asean” Mini Conference	»	Singapore	Jun 7	Linda Wibowo +852 2501 2322
Gloria Material Technology	»	Singapore	Jun 8	Timothy Chen +886 2 8726 9083
India Investor Conference	»	Mumbai	Jun 8-10	Aditya Narain +91 22 6631 9879
Gloria Material Technology	»	Hong Kong	Jun 9-10	Timothy Chen +886 2 8726 9083
Qihoo 360 Technology	»	Hong Kong	Jun 14	Bin Liu +852 2501 2781
Qihoo 360 Technology	»	Singapore	Jun 15	Bin Liu +852 2501 2781
4 th Citi Brazil Equity Conference	»	Sao Paulo	Jun 20-22	Linda Wibowo +852 2501 2322
Indonesia Investor Conference	»	Jakarta	Jun 21-22	Linda Wibowo +852 2501 2322
Citi Africa Conference 2011	»	London	Jun 27-28	Linda Wibowo +852 2501 2322
Pan-Asia Financials Conference	»	Hong Kong	Nov 10-11	Linda Wibowo +852 2501 2322
Europe				
Mapletree Logistics Trust	»	Europe	Jun 6-7	Wendy Koh +65 6432 1171
Global Logistics Properties	»	Europe	Jul 6-7	Oscar Choi +852 2501 2737
US				
Mapletree Logistics Trust	»	US	Jun 8-10	Wendy Koh +65 6432 1171
Lenovo Group	»	US	Jun 20-22	Wei Chen +886 2 8726 9085
Sinopec	»	US	Jun 20-22	Graham Cunningham +852 2501 2744

Analyst Marketing Events

Marketing	Research	Location	Date	Citi Contact
Asia Pacific				
Regional Oil & Gas	»	Hong Kong	May30-Jun3	Graham Cunningham/ Jimmy Wong
Taiwan Strategy & Economics	»	Hong Kong	Jun 1-3	Peter Kurz/ Cheng Mount Cheng
HK/ China Consumer	»	Korea	Jun 6-8	Eddie Lau +852 2501 2784
GEM & China Strategy	»	India	Jun 7	Minggao Shen +852 2501 2485
Regional Oil & Gas	»	Singapore	Jun 7-9	Graham Cunningham/ Jimmy Wong
Singapore Banks & Conglomerates	»	Tokyo	Jun 9-10	Robert Kong/ Horng Han Low
Regional Utilities and Clean Energy	»	Hong Kong	Jun 15-17	Pierre Lau +852 2501 2716
Europe				
Quant Strategy	»	Europe	Jun 6-10	Paul Chanin +65 6432 1153
Korea Autos	»	Europe	Jun 13-17	Ethan Kim +82 2 3705 0747
US				
HK & China Property	»	US	Jun 6-10	Oscar Choi/ Ken Yeung
Philippines Banks/ Property	»	US	Jun 14-17	Minda Olonan/ Ricardo Puig

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