



Asian Stock Market Outlook

SMAM monthly comments & views

~ May 2015~



Sumitomo Mitsui Asset Management

Executive summary

➤ Asian Stock Markets

We maintain our "Positive" view for next 6 months despite subdued corporate earnings recovery and valuation.

- Underlying economic conditions in Asia will improve gradually. Solid recovery of US and stabilizing China economy should be supportive.
- Attractive valuations help the market in the medium term, but it will remain subdued due to fragile investor sentiment.
- Change of US monetary policy will not significantly impact to Asian equity market as long as long bond yields remain stable.

Note: Economy and Stock markets comments are as of April 17th and 20th 2015 respectively.

Outlook for Asian Economy

SMAM Economic Outlook Summary

- We revised China's GDP growth downward to +7.0% for 2015 and maintained at +6.8% for 2016.
- We cut Australia's real GDP growth forecasts to +2.3% for 2015 and to 2.7% for 2016.
- The Asia pacific are expected to grow at +4.7% and +4.9% in 2015 and 2016.

Real GDP Growth Forecasts (%YoY)

Country	2013 (A)	2014 (A)	2015 (F)			2016 (F)		
			SMAM	Previous March 18th	Consensus	SMAM	Previous March 18th	Consensus
Australia	2.1	2.7	2.3	2.4	2.4	2.7	2.9	3.0
China	7.7	7.4	7.0	7.1	6.9	6.8	6.8	6.8
Hong Kong	2.9	2.3	2.5	2.5	2.5	2.7	2.7	2.7
India (*)	5.1	7.4	7.7	7.7	7.7	8.0	8.0	8.0
Indonesia	5.8	5.0***	5.4	5.4	5.4	5.7	5.7	5.7
Malaysia	4.7	6.0***	4.8	4.8	4.8	5.0	5.0	5.0
Philippines	7.2	6.1***	6.4	6.4	6.4	6.2	6.2	6.2
Singapore	3.9	2.9	2.9	2.9	2.9	3.4	3.4	3.4
S. Korea	3.0	3.3***	3.1	3.1	3.1	3.6	3.6	3.6
Taiwan	2.2	3.7	3.5	3.5	3.7	3.6	3.6	3.6
Thailand	2.9	0.7***	3.7	3.7	3.7	3.9	3.9	3.9
Vietnam	5.4	5.7	6.0	6.0	6.0	6.1	6.1	6.1

(Source) SMAM

***Consensus Forecasts (Consensus Economics Inc.) as of April 2015 & SMAM Forecasts as of 17 Apr 2015

Outlook for Economy in China

SMAM Economic Outlook for China

China's Yearly GDP Growth & Relevant Indicators

	2013	2014 (previous)		2015E (previous)		2016E (previous)	
Real GDP, %YoY	7.7	7.4	7.4	7.0	7.1	6.8	6.8
Consumption Expenditure, %YoY	7.9	7.6	7.6	7.2	7.3	7.2	7.3
Gross Fixed Capital Investment, %YoY	8.6	7.3	7.3	6.4	6.5	6.3	6.3
Net Exports, contrib.	-0.3	0.0	0.0	0.3	0.3	0.2	0.2
Nominal GDP, %YoY	9.5	8.2	8.2	7.3	7.4	9.0	9.0
GDP Deflator, %YoY	1.7	0.8	0.8	0.3	0.3	2.2	2.2
Ind. Production, %YoY	9.7	8.3	8.3	7.8	7.8	7.0	7.0
CPI, %YoY	2.6	2.0	2.0	1.7	1.7	2.7	2.7
Base Loan Rate, %	6.00	5.60	5.60	4.85	4.85	4.85	4.85

Notes: SMAM estimates as of April 17th, 2015. For Net Exports, % point contribution to GDP growth

Source: National Bureau of Statistics of China, CEIC, SMAM

China's Quarterly GDP Growth and Components

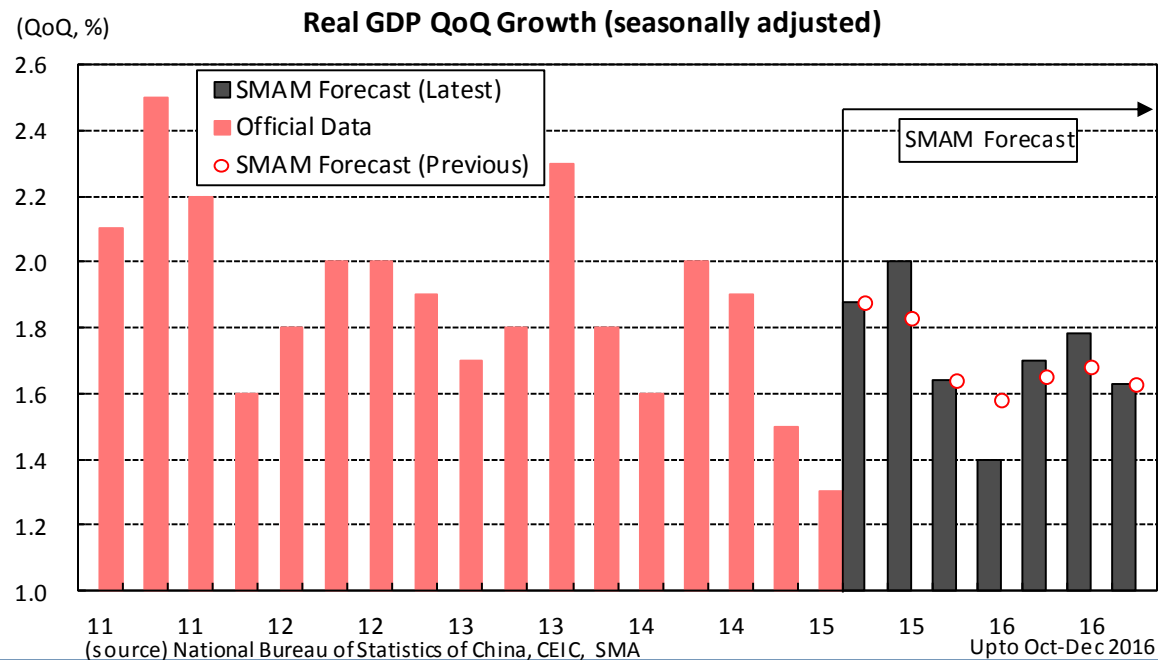
	2014				2015E				2016E			
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE
Real GDP, %YoY	7.4	7.5	7.3	7.3	7.0	6.9	7.0	7.1	7.1	6.9	6.7	6.7
previous	-	-	-	-	7.1	7.0	7.0	7.1	7.1	6.9	6.7	6.7
Consumption Expenditure, %YoY	8.9	6.1	6.3	8.6	6.8	7.2	7.0	7.7	7.2	7.2	7.0	7.5
previous	-	-	-	-	7.4	7.2	6.9	7.5	7.4	7.2	7.0	7.5
cont. to GDP, %	5.7	2.6	2.8	4.1	4.4	3.0	3.1	3.7	4.6	3.0	3.1	3.7
previous	-	-	-	-	4.8	3.0	3.0	3.6	4.8	3.0	3.1	3.6
Gross Fixed Capital Investment, %YoY	8.8	7.3	3.7	9.7	4.5	6.2	7.2	7.0	7.9	6.3	5.9	5.9
previous	-	-	-	-	6.9	6.5	6.1	6.6	7.4	6.3	6.0	6.0
cont. to GDP, %	3.1	4.1	2.0	4.8	1.6	3.5	3.7	3.6	2.7	3.5	3.0	3.0
previous	-	-	-	-	2.4	3.7	3.1	3.4	2.6	3.5	3.0	3.0
Net Exports												
cont. to GDP, %	-1.4	1.0	2.6	-1.7	1.0	0.4	0.2	-0.3	-0.3	0.3	0.6	0.0
previous	-	-	-	-	-0.1	0.4	0.8	0.0	-0.3	0.3	0.6	0.0
CPI, %	2.3	2.2	2.0	1.5	1.2	1.6	1.6	2.3	2.7	2.6	2.7	2.8
previous	-	-	-	-	1.2	1.6	1.6	2.3	2.7	2.6	2.7	2.8

Notes: SMAM estimates as of April 17th, 2015. Consumption Expenditure and GFCI(Gross Fixed Capital Investment) are SMAM estimates

Source: National Bureau of Statistics of China, CEIC, SMAM

Chinese Economy Outlook

- Recently released China's January-March GDP slowed to +7.0% from +7.3% of the previous quarter. We cut the GDP forecast to +7.0% from +7.1% for 2015, while maintained at +6.8% for 2016. On the quarterly growth rate, the economy is expected grow at annualized +6.9% in April-June, +7.0% in July-September and +7.1% in October-December.
- We assume the Property Investment to soften in April-June and pick up in October-December after the improvement in inventory cycle in July-September quarter.
- Relatively stable job market is expected to support Private Consumption, but the expenditures seem to grow at slower pace going forward on the back of current soft economy and low wages growth.



China: Slow IP growth under continuing inventory adjustment

- Lower than expected January-March Industrial Production came in, continuing slowdown to +5.6% YoY from +6.8% in January-February as Inventory reduction pressure weighs on Production. The effect on economic stimulus packages has not seen yet as the IP of state-owned companies contracted to +0.9% in March from +2.2% in January-February.
- The construction demand from public works and property sectors are particularly weak. Cement Production dropped -20.5% in March.

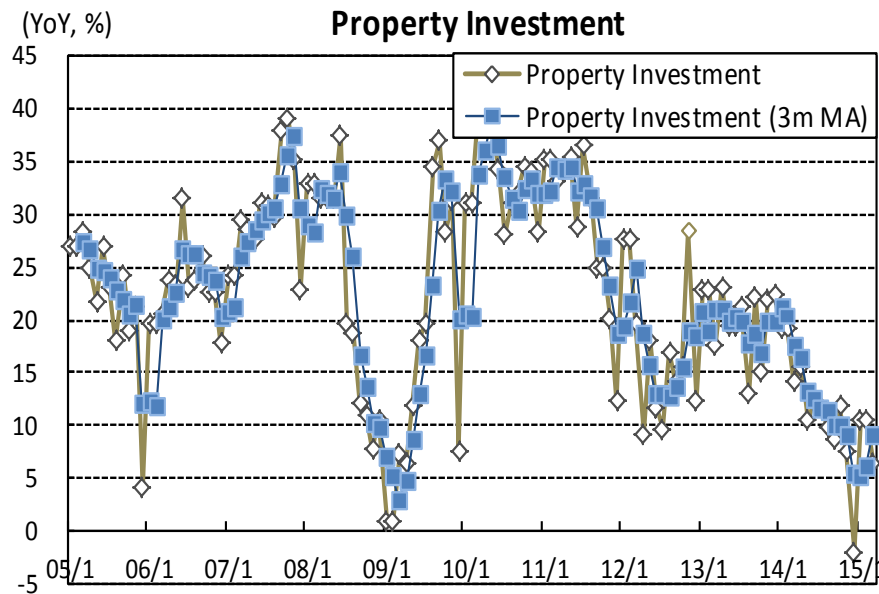
(YoY, %)

	2011	2012	2013	2014				2015		
				Full Year	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Jan-Feb	March
Electricity production	12.0	4.8	7.6	3.2	5.3	1.7	1.3	-0.1	1.9	-3.7
Petroleum Refining	4.5	3.7	3.3	5.3	4.4	5.2	6.0	4.2	3.5	5.5
Ethylene	9.4	-2.7	8.5	7.6	5.5	13.3	3.7	4.5	5.7	2.5
Cement	16.7	5.3	9.6	1.8	2.6	1.4	-2.2	-3.4	11.2	-20.5
Steel	12.6	7.6	11.4	4.5	6.2	2.6	3.2	2.5	2.1	3.6
Non-Ferrous Metal	10.7	6.9	9.9	7.2	4.2	8.5	9.4	7.7	6.8	6.6
Automobile	1.9	4.7	18.4	7.1	10.4	6.0	4.4	4.7	4.6	3.5
Metal processing Machinery	13.9	-7.2	-9.4	18.7	25.9	24.3	17.2	6.1	16.2	-8.1
Cellular Phone	13.9	3.4	29.6	15.2	28.8	19.9	-1.1	-5.0	5.9	-20.8
Personal Computer	32.4	8.8	-0.5	-0.4	10.0	-4.0	-6.0	-13.0	-12.6	-13.8
Integrated Circuit	16.7	8.0	5.4	19.3	18.5	39.0	26.1	15.2	15.7	14.4
Production for Exports	16.1	7.1	5.0	6.4	6.6	7.8	6.5	2.9	4.2	0.9

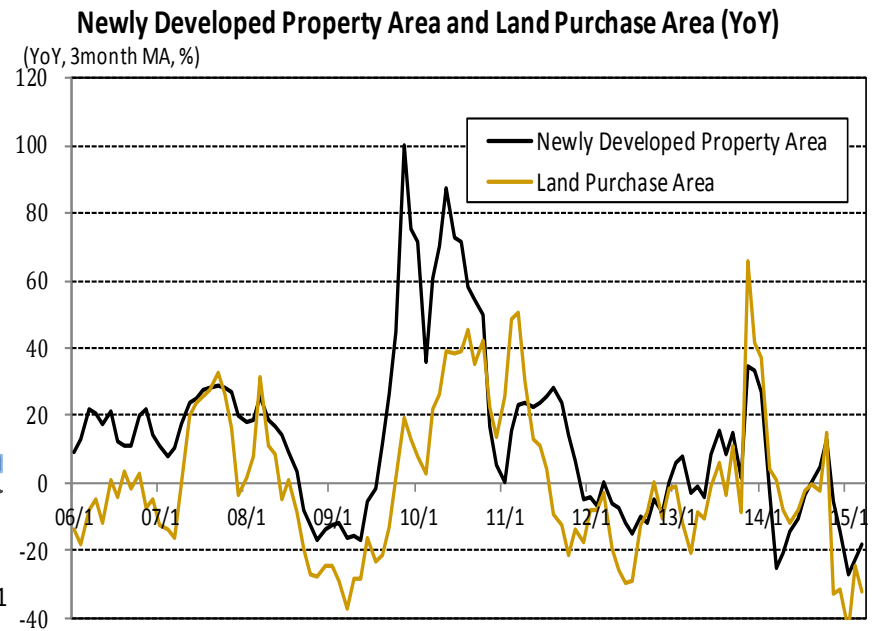
(source) National Bureau of Statistics of China, CEIC, SMA

China: Property Investment slump continuing

- January-March Property Investment gained +9.2% YoY, slightly soft from +10.4% in January-February.
- Property Investment is expected to continue subdued until July-September due to slow residential sales and high inventory. In the 2H 2015, monetary easing and relaxing measures in property sector for 2nd home buyers (see next page) should support the real estate sales and investment.



(Source) National Bureau of Statistics of China, CEIC, SMAM Up March 2015



(Source) National Bureau of Statistics of China, CEIC, SMAM Up to March 2015

China: Stimulus measures for Property sector

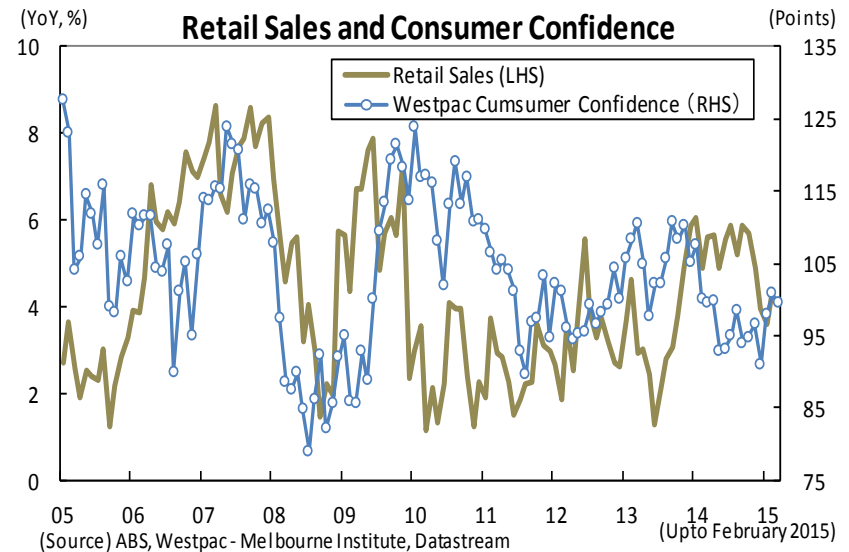
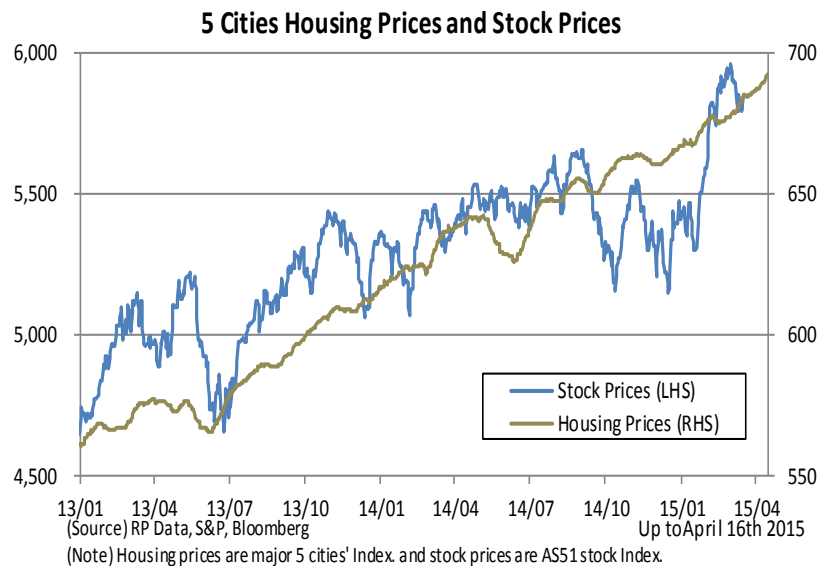
- Central government announced stimulus measures to support Property sector. The measures summarized below should boost the demand in housing sector. New Mortgage loan has already picked up in favor of low interest rates, while Housing Sales are slow to recover.
1. Easing residential mortgage policy: Reducing down payment ratio to 40% from 60% for second home buyers.
 2. Easing Housing Provident Fund: Lowering down payment ratio to 20% for first home buyers or 30% for repeat home buyers who have already fully paid back the mortgage.
 3. Relaxing tax exemption rule for housing sale: Shortening the holding period of housing unit applying the business tax exemption for individuals to more than 2 years from 5 years in ownership.



Outlook for Economies in Asia

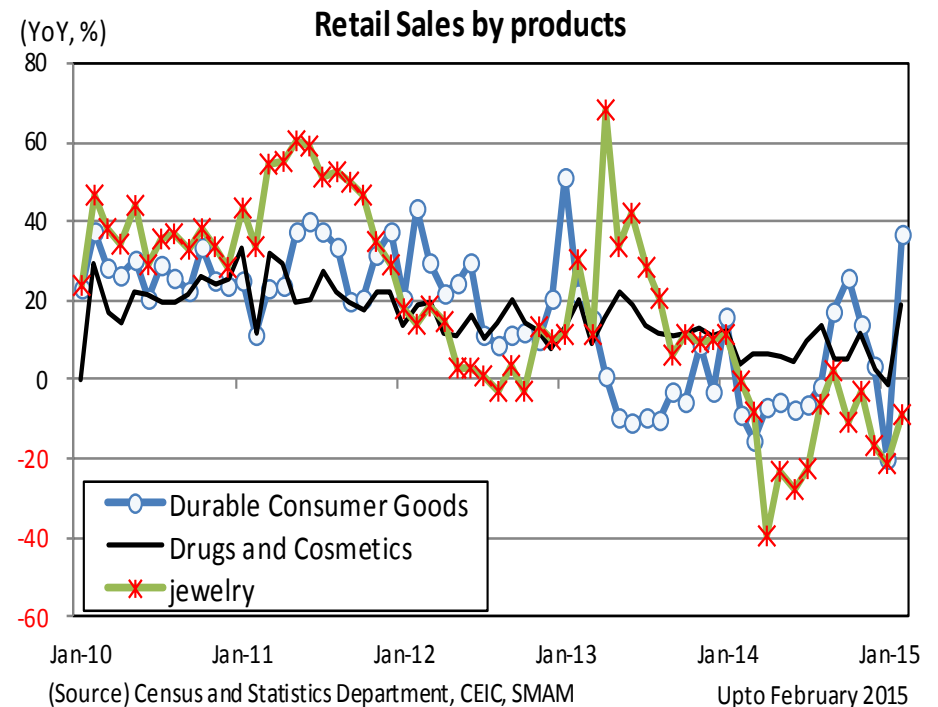
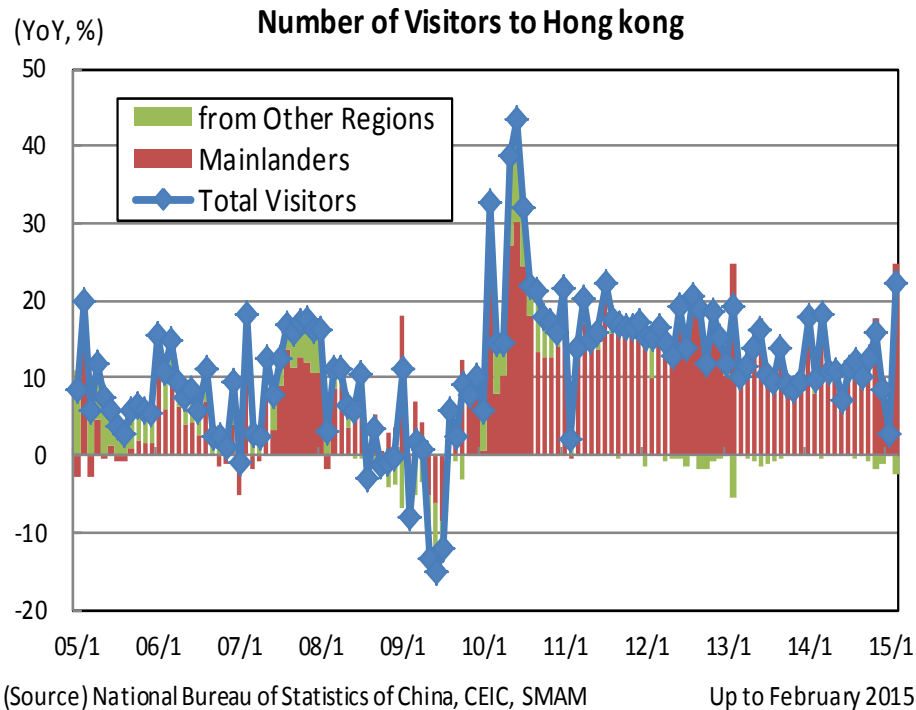
Australia

- We cut real GDP growth forecasts to +2.3% from +2.4% for 2015 and to 2.7% from +2.9% for 2016 as Exports to China are expected to slowdown. CPI is revised upward to +1.8% from +1.7% in 2015.
- February Retail Sales accelerated to +0.7% MoM (+4.3% YoY) from +0.4% MoM (+3.6% YoY) in January. Upbeat Consumption Sentiment, wealth effect on higher stock prices and higher purchasing power by low inflation are tailwind on Private Consumption Expenditures despite slower growth in disposable incomes.
- We expect an additional 25bp rate cut in May as RBA currently maintains a bias for lowering rate based on their economy outlook and Taylor rule that could suggest the policy rate lower to below 2% until October-December 2015. The rate is likely to be maintained afterwards during 2016.



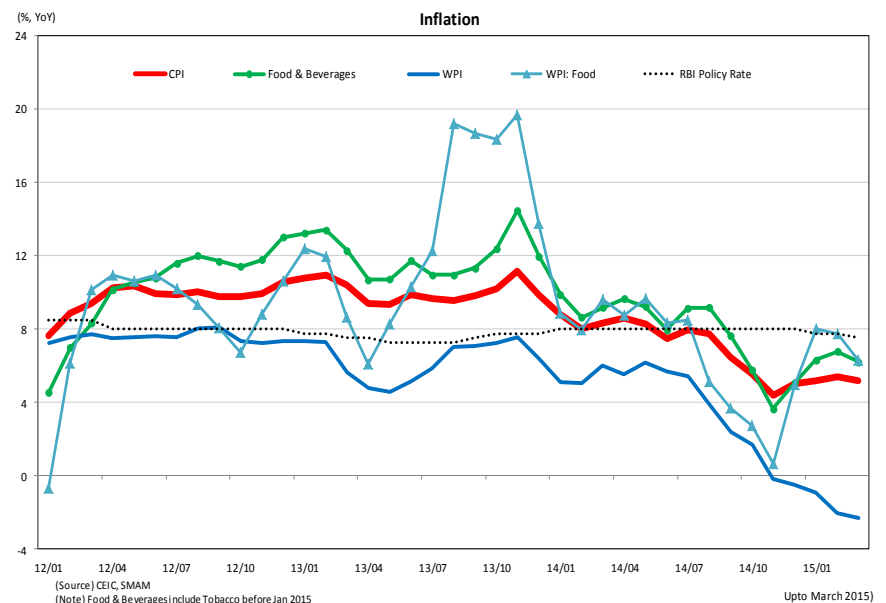
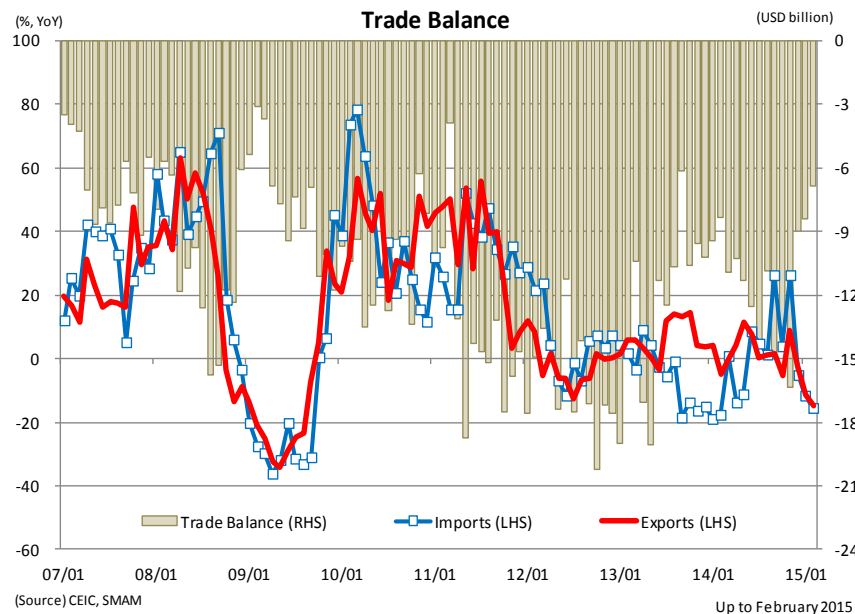
Hong Kong

- We maintain GDP forecast of +2.5% and +2.7% for 2015 and 2016.
- The number of visitors from mainland soared +31.6% YoY in February from the recent two months. However, the increase of visitors is unlikely to raise the Consumption as the Retail sales continued to fall for three consecutive months. February Jewellery Sales continued to slump by -8.8% YoY. Consumption is expected to continue soft due to slow real wages gain since late 2014 despite stable employment.



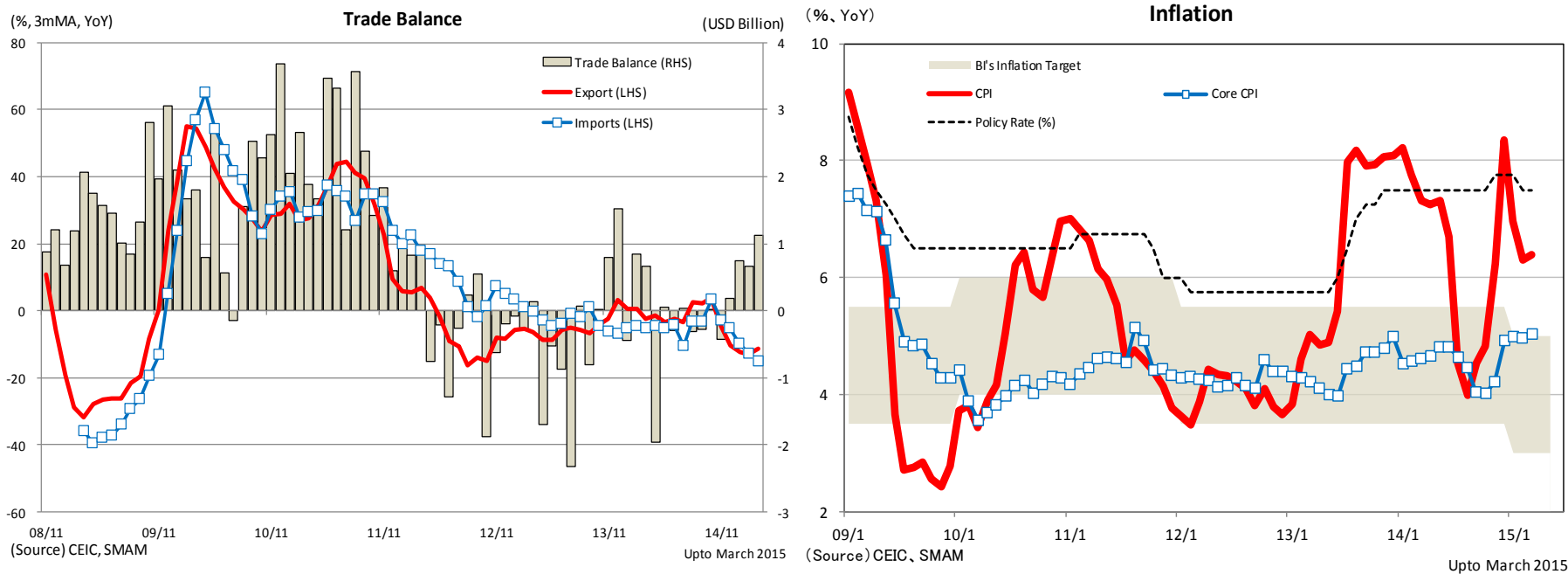
India

- February Trade deficit improved substantially to -USD6.8 billion from -US8.3 billion in January due to sharp decline in Imports led by low commodity prices. February Exports fell -15.0% YoY led by decrease in refined oil products, while Imports declined by -15.7% YoY due to low oil imports.
- February Industrial Production gained +5% YoY, the highest gain in 9 months due to a +5.2% increase in manufacturing and a +2.5% rebound in mining sector.
- RBI kept hold on all rates unchanged at the Monetary Policy Meeting on April 15th. March CPI came in lower than expected at +5.2% YoY and moderated from +5.4% YoY in February. Food price was also up +6.2% YoY, lower than expectation of +6.6% YoY. March Core CPI inched up to +4.2% YoY from +4.1% YoY in February. RBI is likely to stay on hold current policy on this inflation expectations.



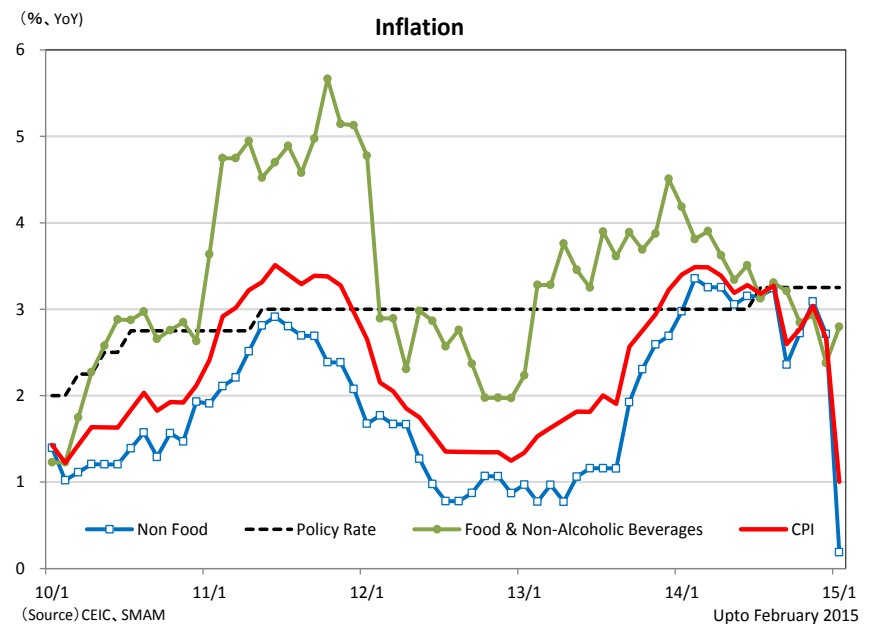
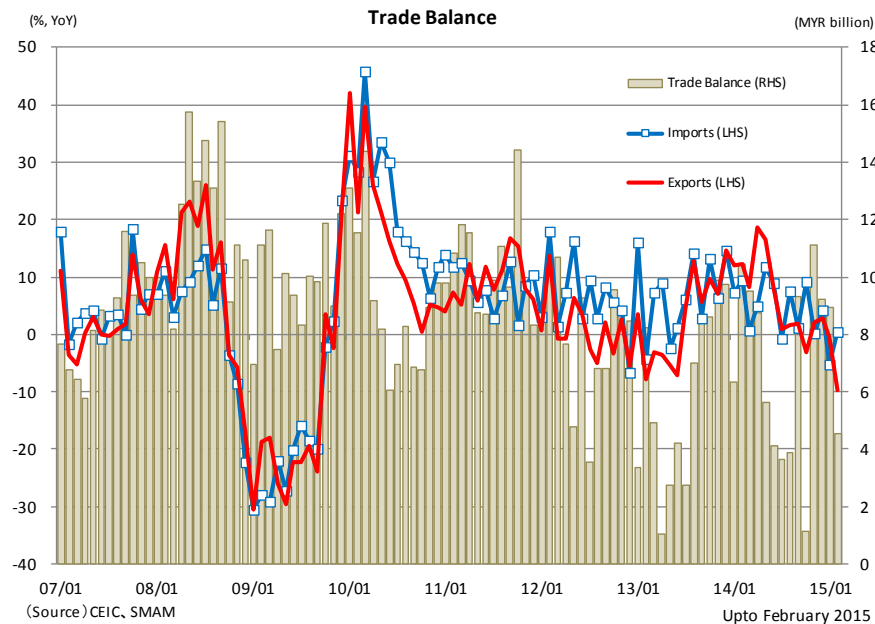
Indonesia

- March Trade Surplus rose to +USD1.1 billion, higher than consensus of +USD+0.6 billion, from +USD0.7 billion in February as Exports grew more than Imports over February to March. Exports rose +6.0% MoM (-9.8% YoY), while Imports rose +2.0% MoM (-13.4% YoY) in March.
- January Industrial Production slightly increased +4.9% YoY from +5.2% in December.
- Bank Indonesia left the benchmark policy rates at the MPM in April. March CPI inched up +6.4% YoY, in line with the consensus of +6.4%, from +6.3% YoY in February. Core CPI remained unchanged at +5.0% from February and the market consensus. BI is likely to hold the policy rates due to low inflation pressure.



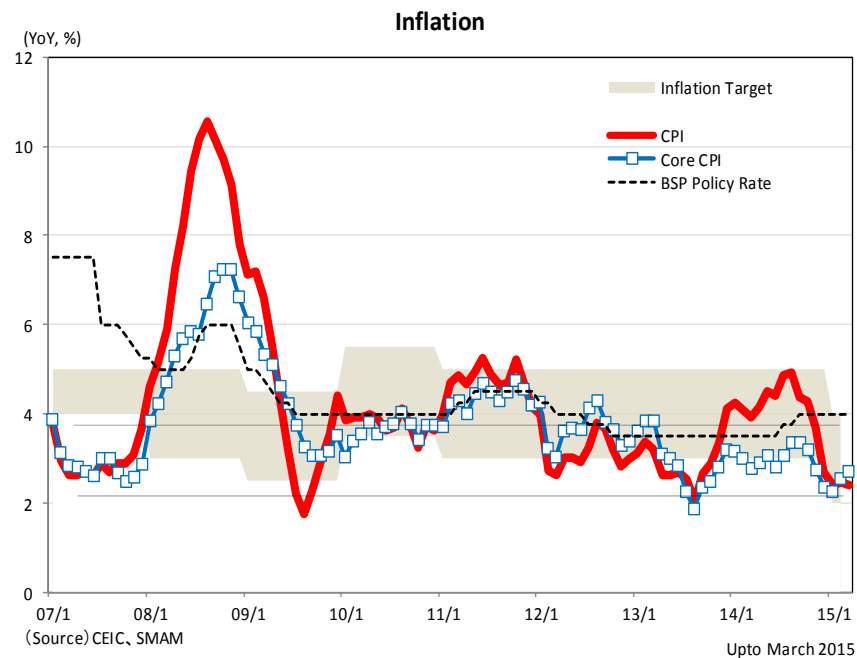
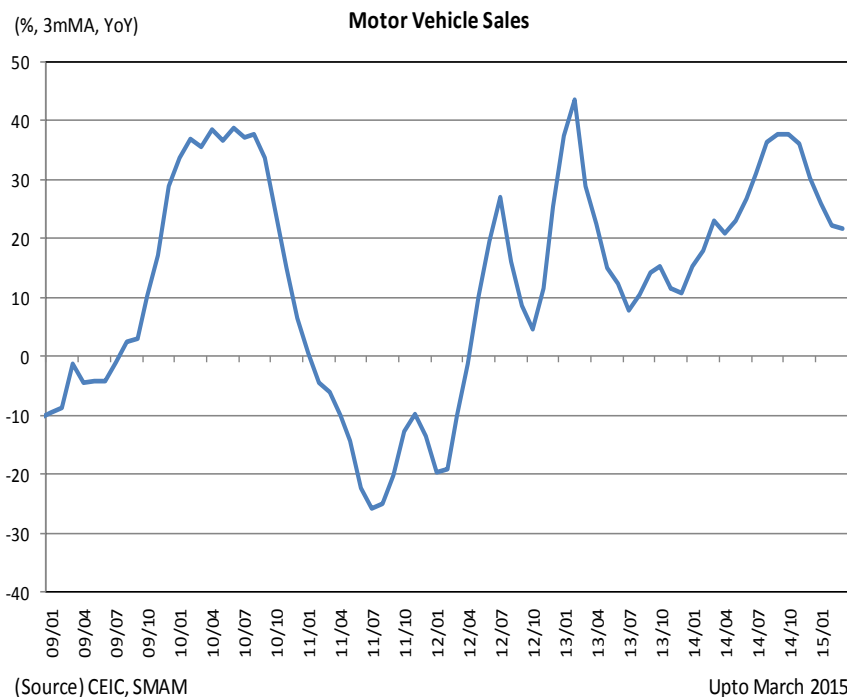
Malaysia

- February Trade Surplus plunged to +RM4,522 million from +RM8,960 million in January due to the increase in Imports and lackluster Exports. February Exports declined to -9.7% YoY from -0.6% YoY in January last year, while imports rebounded to +0.4% YoY from -5.3 % YoY in January.
- February Industrial Production slowed to increase +5.2% YoY from +7.0% in January. The increase in February was due to the positive growth in all indices: Manufacturing (4.0%), Mining (9.2%) and Electricity (1.9%).
- February CPI fell +0.1% YoY, lower than consensus of +0.2%, from +1.0% YoY in January. The Inflation rate is expected to be stable due to soft commodity prices.



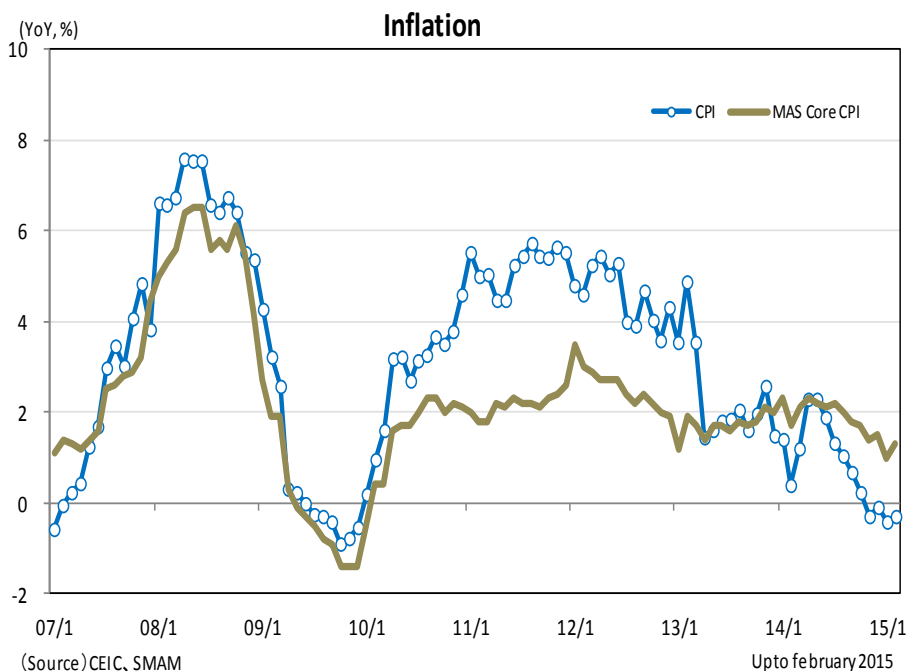
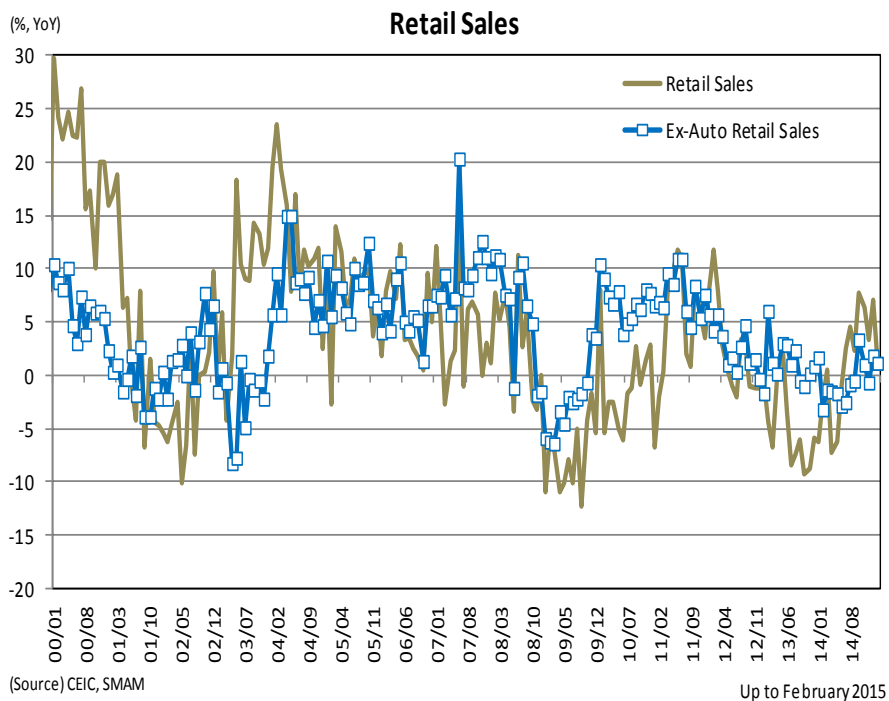
Philippines

- February Value of Production Index (VaPI) decelerated to -2.0% from -1.8% in January. Volume of Production Index (VoPI), however, grew at a slower rate of +4.4% in February.
- March Motor Vehicle Sales rose by 21% YoY in 3 MA basis. Personal Consumption Expenditures are expected to grow steadily due to stable job market.
- March Headline CPI dropped marginally +2.4% YoY from +2.5% YoY in February. February Core CPI rose +2.7% YoY from +2.5% YoY. BSP is likely to keep the rates on due to stable inflation rate.



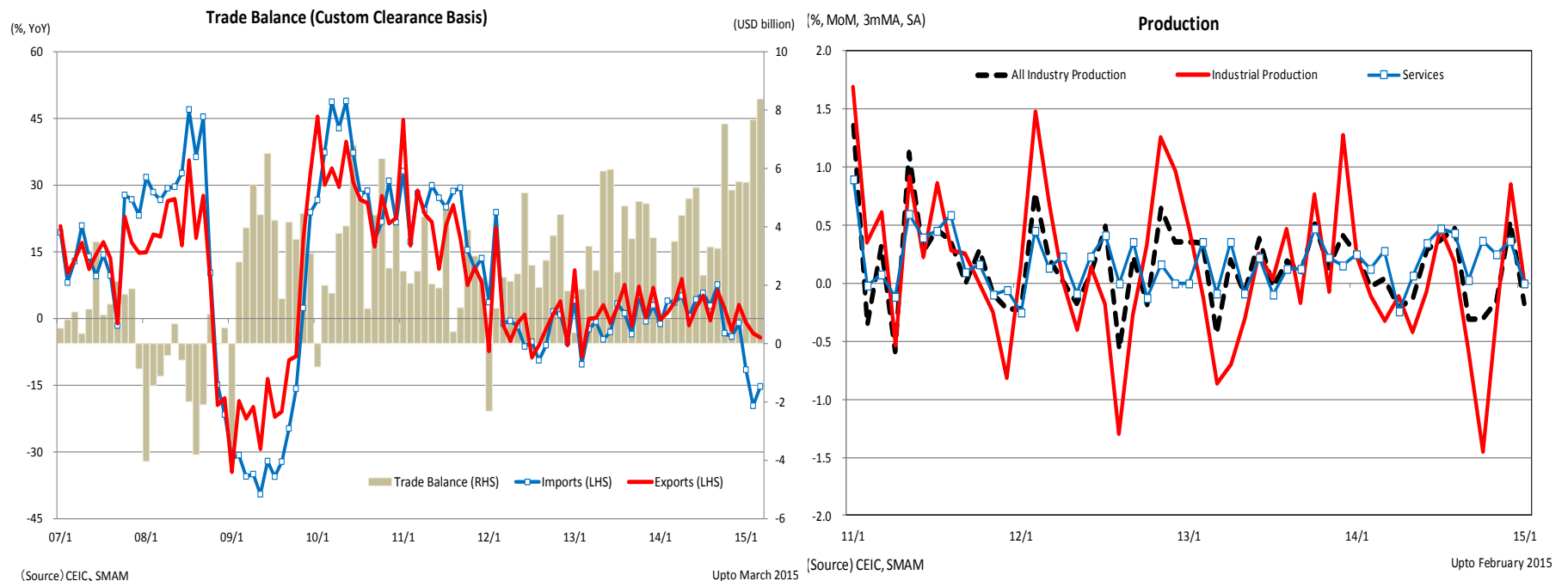
Singapore

- On a YoY basis, NODX rose to 18.5% in March, in contrast to the 9.7% decrease in the previous month, due to the expansion in both electronic and non-electronic NODX.
- Retail Sales (seasonally adjusted) decreased 3.3% in February over the previous month. Excluding motor vehicles, Retail Sales remained unchanged. Compared to February 2014, Retail Sales increased +15.8% in February 2015. Excluding motor vehicles, Retail Sales rose +14.8%.
- February CPI inched up to -0.3% YoY from -0.4% in January. MAS Core CPI (ex-accommodation and private transport costs) rose +1.3% YoY from +1.0% YoY due to higher food and services prices. MAS holds policy rate on negative inflation rate for 4 consecutive months.



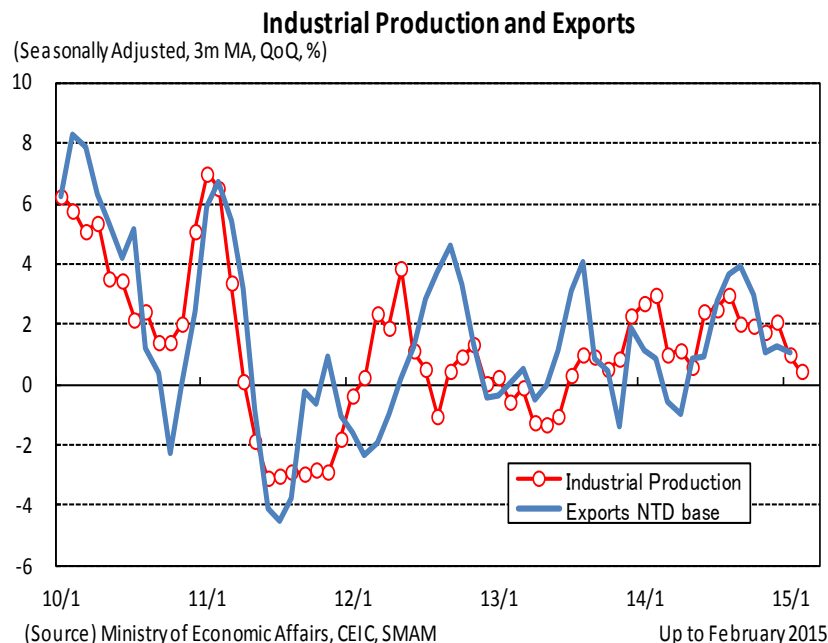
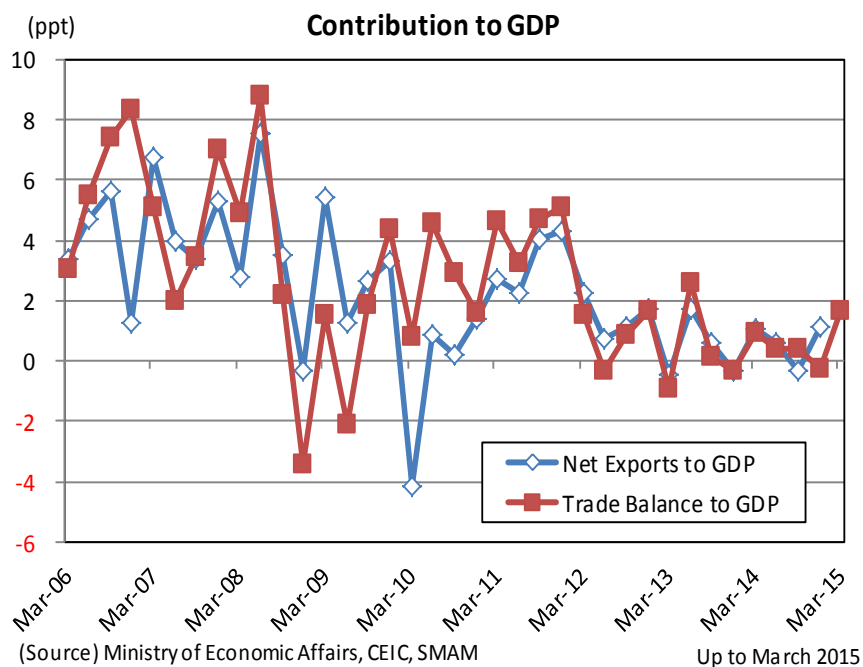
South Korea

- March Exports fell to -4.2% YoY from -3.4% YoY in February due to soft commodity prices. Excluding ships, petroleum and petrochemical goods, Exports rose 0.2% YoY, while Imports declined to -15.3% YoY.
- February Industrial Production grew +2.6% MoM (seasonally adjusted), higher than consensus of +0.7% after falling from +3.8% MoM in January.
- The MPC of Bank of Korea kept its policy rate on hold at 1.75% as expected. March CPI was unchanged from the preceding month and rose 0.4% from March 2014. CPI excluding agricultural products and oils increased 0.2% from the preceding month and rose 2.1% from March 2014.



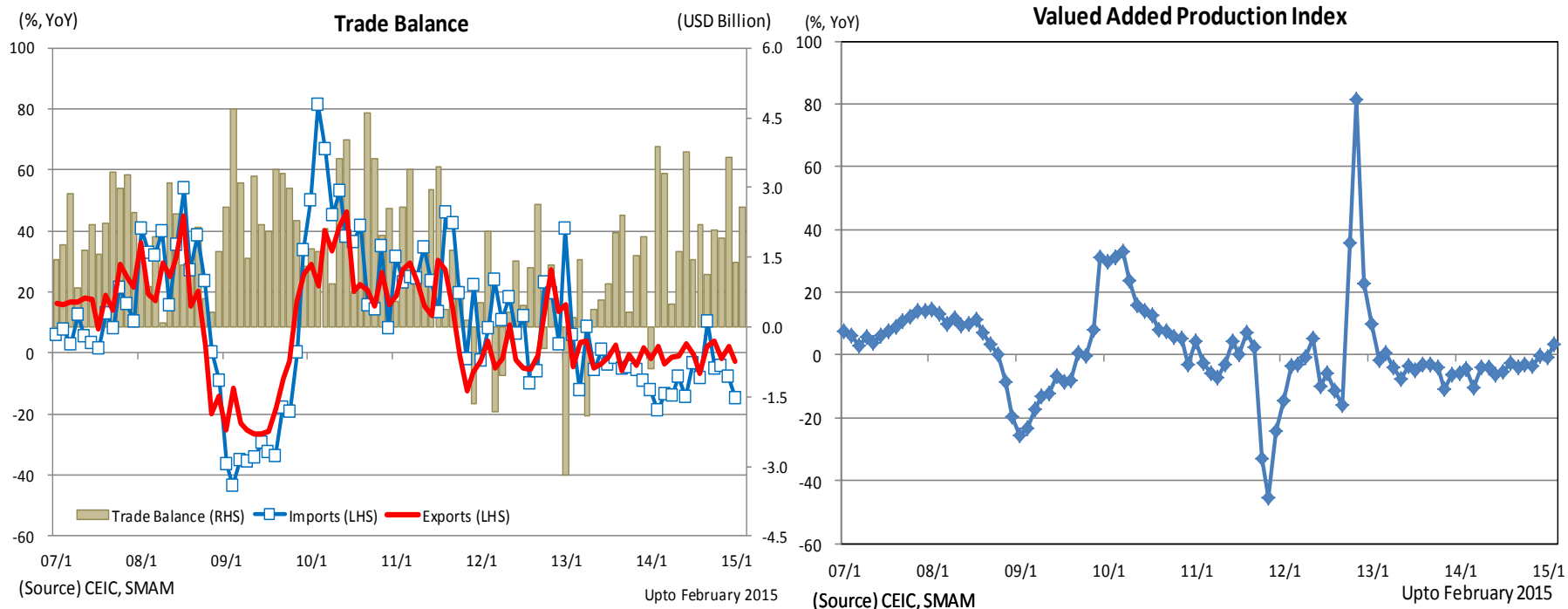
Taiwan

- We maintained GDP growth forecast of +3.5% YoY and +3.6% for 2015 and 2016.
- January-March GDP is expected to exceed +4.0% due to the increase in Net Exports contribution. The Net Exports (custom clearance base) contribution is likely to surge to +1.7ppt from -0.2ppt QoQ, as Exports subsided to +4.0% from +4.9%, while Imports slumped to +1.9% from +7.6% in the January-March quarter 2015.
- Industrial Production is expected to remain a moderate growth as deteriorating inventory cycle puts downward pressure on Production.
- Employment and Consumption are stable. The policy rate will be kept on hold as CPI shows negative growth for three straight months.



Thailand

- February Trade Balance swung back to a surplus at +US\$0.4bn from a deficit of -US\$0.5bn in January. This smaller than expected surplus is mainly because Imports rose +7.1% MoM against a drop of 4.2% MoM previously, while Exports continued to fall at -1.9% MoM against -5.5% MoM in January.
- March headline inflation declined to -0.6% YoY down from -0.5% YoY in February, staying negative for three consecutive months on declining food costs. Core inflation slowed to +1.3% YoY from +1.5% YoY in February.



Outlook for Asian Stock Markets

Stock Market Performance - Global

Indices as of 28 Apr 2015	Px Last	Mtd	Qtd	Ytd	3m	1yr	2yr	3yr
S&P 500 INDEX	2,108.92	2.0%	2.0%	2.4%	5.3%	12.8%	33.3%	50.3%
DOW JONES INDUS. AVG	18,037.97	1.5%	1.5%	1.2%	4.9%	9.7%	22.6%	36.4%
NASDAQ COMPOSITE INDEX	5,060.25	3.3%	3.3%	6.8%	9.1%	24.2%	54.3%	64.9%
STOXX Europe 50 € Pr	3,580.45	4.2%	4.2%	19.2%	11.0%	21.6%	31.8%	47.7%
NIKKEI 225	20,115.10	4.7%	4.7%	15.3%	13.0%	40.8%	44.9%	111.3%
TOPIX	1,629.95	5.6%	5.6%	15.8%	14.0%	40.4%	40.4%	102.7%
BRAZIL BOVESPA INDEX	55,534.50	8.6%	8.6%	11.1%	16.4%	8.1%	2.4%	-10.0%
RUSSIAN RTS INDEX \$	1,022.78	16.2%	16.2%	29.3%	33.6%	-10.2%	-26.0%	-35.8%
BSE SENSEX 30 INDEX	27,176.99	-2.8%	-2.8%	-1.2%	-8.1%	20.1%	40.9%	58.6%
HANG SENG INDEX	28,433.59	14.2%	14.2%	20.5%	14.4%	28.5%	26.1%	37.1%
HANG SENG CHINA AFF.CRP	5,595.60	20.3%	20.3%	28.6%	22.4%	37.0%	26.7%	37.6%
HANG SENG CHINA ENT INDX	14,741.20	19.4%	19.4%	23.0%	23.2%	50.9%	36.1%	35.2%
CSI 300 INDEX	4,807.59	18.7%	18.7%	36.0%	36.4%	125.2%	96.4%	83.1%
TAIWAN TAIEX INDEX	9,942.58	3.7%	3.7%	6.8%	4.5%	12.9%	23.9%	32.9%
KOSPI INDEX	2,157.20	5.7%	5.7%	12.6%	10.0%	9.5%	10.9%	9.2%
STRAITS TIMES INDEX	3,509.79	1.8%	1.8%	4.3%	2.7%	8.2%	4.8%	17.7%
FTSE Bursa Malaysia KLCI	1,860.76	1.6%	1.6%	5.6%	3.6%	0.3%	8.7%	18.7%
STOCK EXCH OF THAI INDEX	1,548.83	2.8%	2.8%	3.4%	-2.8%	9.8%	-2.2%	27.8%
JAKARTA COMPOSITE INDEX	5,245.45	-5.0%	-5.0%	0.4%	-0.4%	8.9%	5.4%	26.0%
PSEI - PHILIPPINE SE IDX	7,958.07	0.2%	0.2%	10.1%	3.9%	20.5%	13.3%	54.0%
HO CHI MINH STOCK INDEX	562.40	2.0%	2.0%	3.1%	-3.7%	-1.9%	18.5%	18.7%
S&P/ASX 200 INDEX	5,955.90	1.1%	1.1%	10.1%	7.3%	7.6%	16.8%	36.5%
NZX 50 INDEX	5,782.45	-0.9%	-0.9%	3.8%	0.8%	12.2%	27.1%	63.7%
MSCI World Free Local	445.05	2.7%	2.7%	7.2%	6.5%	15.3%	31.3%	51.2%
MSCI All Country Asia Ex Japan	765.89	7.6%	7.6%	13.2%	9.2%	19.3%	22.1%	29.4%
MSCI EM Latin America Local	71,377.99	6.3%	6.3%	6.9%	8.9%	4.5%	1.0%	-2.9%
MSCI Emerging Markets Europe M	526.64	5.8%	5.8%	11.0%	5.5%	13.6%	20.8%	26.4%

Note: All data are as of April 28th 2015

Compiled by SMAM based on Bloomberg

Investment Outlook: Macro & Stock Market – Global & Asia Pacific

Outlook for Global Markets

- ◆ We maintain our "Positive" view for next 6 months despite subdued corporate earnings recovery and valuation.
- ◆ Market volatility will continue in the near term due to concern for external factors, Greece/Ukraine/Crude Oil/geopolitical turmoil.

Outlook for Asia Pacific Region

- ◆ Underlying economic conditions in Asia will improve gradually. Solid recovery of US and stabilizing China economy should be supportive.
- ◆ Revision of Corporate earning will remain weak but it will stabilize soon.
- ◆ Attractive valuations help the market in the medium term, but it will remain subdued due to fragile investor sentiment.
- ◆ Change of US monetary policy will not significantly impact to Asia equity market as long as long bond yields remain stable.
- ◆ External factors including Greece / Ukraine / crude oil price / geopolitical turmoil have become key issues and they will continue to create volatility in the near term.
- ◆ To be neutralized on Value/Growth. Should keep eye on "quality" with good value given no huge rally on equity markets.

Investment Outlook: Macro & Stock Market – Asia Pacific by Market (i)

Positive
Negative

	Outlook, Reason for OW/UW	1.Macro Trend					2.Stock Market	
		Politics	Macro	Interest rate / Inflation / Liquidity	External Account	Currency	Earnings Momentum	Valuation
Hong Kong	- Headwind from policy side is easing but the pace of macro recovery should be moderate. - Mkt is over heating (RSI)	Stable	Economy will recover at slower pace. o Tightening policy for property is behind us.	Int. rate remain super low. "Patient" approach for the rate hike in the US / Inflation will be moderate.	Trade deficit expands, CA surplus will continue.	Stable	Revision is bottomed out but still weak.	Fair
China	- Safe Heaven from Global Risk rather than epicenter in the medium term. - Strong Policy support can be expected. - Mkt is over heating (RSI)	Stable	Hard landing risk diminished. Economic growth will lose momentum gradually. Structural rebalancing should be the key challenge.	o More accommodative monetary policy is expected. / Int. rate will come down / Inflation will not be a key concern.	Surplus- Stable	Stable (Downward pressure in the near term)	x Revision is Weakening again.	Still attractive on relative base, however it has already recovered to historical average level. ↓
Taiwan	- Underlying fundamentals remains solid, although political uncertainty is increasing. - IT started to lose momentum in the near term.	Stable, but uncertainty will increase before presidential election in 2016.	o Mildly recover driven by export and domestic demand. Stable revision of GDP forecast.	Int. rate will be stable. / Inflation will be stable. / Liquidity is improving.	Surplus will expand	Stable (upward bias)	o Earnings momentum is still strong.	Fair
Korea	- Still in the transition. Structural re-rating will not happen although good inflow from overseas investors will support it in the near term.	Stable. But current government is not strong enough to implement structural reform.	Growth momentum to gain steam gradually.	o Easing bias continues / Inflation will be stable / Liquidity is improving.	Surplus will expand	Stable (upward bias)	x Revision is very weak. And its outlook is still quite subdued.	o Very attractive but it has fundamental reason.
Singapore	- Stable Mkt and policy headwind is easing.	Stable	X The pace of economic recovery is slow Tight policy for Properties will be finished soon ↑	Int. rate will be stable. / Inflation will be stable. / M2 growth rate is bottomed out.	Surplus will continue.	Modest and gradual appreciation path of S\$NEER policy band is maintained.	Earnings Revision is bottomed out ↑	Getting more attractive
Malaysia	- Losing defensiveness. Underlying macro fundamentals are still weakening.	Stable, but UMNO is losing supports.	X Stable economic growth can be expected, but concern for smaller fiscal spending due to lower oil related income	Rate hike bias continues. / Inflation will mildly pick up. / M2 growth rate is bottomed out.	Surplus continues, but weak oil price is a big risk.	Stable / upward bias in the longer term.	x Revision is very weak.	Fair

Note: Compiled by SMAM as of April 27th 2015

Investment Outlook: Macro & Stock Market – Asia Pacific by Market (ii)

:Positive
 :Negative

	Outlook, Reason for OW/UW	1.Macro Trend					2.Stock Market	
		Politics	Macro	Interest rate / Inflation / Liquidity	External Account	Currency	Earnings Momentum	Valuation
Thailand	- Slower recovery will continue. - Less support from Valuation side while headwinds to Corporate Earnings continue.	= Some relief from political front by the nomination of Gen Prayuth as new PM.	X Slow economic growth is likely to continue. ↓	o Accommodative monetary policy continues / Inflation will be stable. Liquidity is improving.	o Back to surplus and it will increase	Stable / upward bias in the longer term.	xRevision is very weak.	Not cheap
Indonesia	- Potential for Game Change although macro concern remains.	Stable / o Jokowi can be a game changer. Fuel subsidy cut is a positive first step.	o Solid growth is expected driven by Consumption & Investment, but the pace should be slower than expected.	Surprising rate cut by easing inflationary pressure. It should be positive in the near term but potential risk is increasing.	Trade / Current deficit will improve. Tailwind by lower crude oil price can be expected.	Pressure of depreciation will remain, however BI has already implemented proper policy.	xRevision remains weak	Fair (Rich on PER, but fair on PBR)
Philippines	- Still the bright spot. - Sustainability is the key.	Stable. Support rate for the President is still high.	o Steady growth	Wait and See stance on monetary policy / Int. rate will be stable. / Inflation is stabilized by low oil price	Trade deficit will shrink. Current a/c surplus will be stable.	Stable (upward bias)	o Revision remains strong.	xMildly Expensive
India	- Improving fundamentals by strong policy support. - Consensus OW Mkt.	+Potential of economic reform after the land slide victory of BJP.	o Stabilized and steady growth is expected. Lower crude oil price is also supportive.	o Rate cut started and further room for rate cut / Inflationary pressure peaked out.	Trade / CA deficit has shrunk sharply	Pressure of depreciation is eased. RBI has already implemented proper policy.	x Revision is weakening	Fair
Australia	Expect mild up-trend market, backed by improving domestic consumption and corporate earnings.	Stable	Mild recovery	Int. rate will be stable / Inflation stays lower than the target range.	Deficit, but it is improving	Downward bias	Revision is weak especially for Mining industry.	
Vietnam	Steady upside can be expected supported by solid economic growth.	Confrontation between Vietnam & CH is a key concern	solid recovery	Lower interest rate environment / Benign Inflation	Balanced	Gradual depreciation	Improving	Within FV range.

Note: Compiled by SMAM as of April 27th 2015

Market Focus (i): Singapore – *Upgraded to Neutral*

- SMAM upgraded to Neutral from Underweight as policy headwind is easing. Although the pace of economic recovery is slow, tight policy for property sector will finish soon. The stable market is advantageous in the volatile markets.
- MSCI Singapore (local) rose +3.2% MTD as of 24th April, underperforming MSCI Asia ex Japan of +7.5% in the same period. Capital goods names such as oil rigs rose buoyed by the rebound of crude oil price and financials added solid gain, while communications lagged due to concern over the intense competition.
- Despite moderate growth in Exports, high appreciation of currency rates and upward wage pressure weigh on the economy. Price to book is attractive, while P/E has expanded to the upper limit of historical range. There is a room to pick up high quality names as the earnings revision is likely to bottom out.
- FY2015 budget had no surprise to change. Early election could be possible in the Singapore's 50th anniversary this year.

Note: Compiled by SMAM as of April 27th 2015

Market Focus (ii): Thailand – *Downgraded to Underweight*

- SMAM downgraded to Underweight from Neutral as slower recovery is expected to continue and support from valuation side is less likely, while headwinds to corporate earnings continue.
- MSCI Thailand (local) rose +4.2% MTD as of 24th April, underperforming Asia ex Japan of +7.5% in the same period. Energy and material sector rose buoyed by the rebound of crude oil price, while banks declined on lower than expected earnings.
- Continuing accommodative monetary policy and stable Inflation are supportive to the market, however the economy and corporate earnings are both very weak and downward revision is very likely for 2015.
- The nomination of Gen Prayuth as new PM is some relief for political stability, however the credibility of the military government by coup is declining in the capital markets.

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