



Issue of May

## Emerging Financial Market Watch

### Overview

Concerns on unsustainable debt levels worldwide show few signs of easing, especially in Europe as fears spread about exploding debt in PIGS (Portugal, Ireland, Greece and Spain). On the other hand, some economies are in the danger of overheating in emerging Asia, such as India and China. India's central bank hiked the interest rate for a second time while China clamped down hard on soaring residential property prices, which unsettled stock markets.

### Focus: Rising Shanghai: ready to rival Hong Kong or Singapore?

The World Expo in Shanghai has caught the world's attention the same way that the Beijing Olympics did in 2008. The Expo has cemented Shanghai's status as an undisputable international metropolis, which is expected to prosper further on the back of significant government support. It has been the government's intention to build Shanghai into an international financial center, one that can rival Hong Kong. Nonetheless, the path to a full-fledged financial center seems to be a difficult one. The current limitations will severely handicap Shanghai's ability to ascend to a notable financial center on the world stage.

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Performance of stock or sector relative to MSCI-China over next 6 months after research publications

	Rating	Remark
Stock rating	Buy	Relative performance over MSCI-China Index >20%
	Overweight	Relative performance over MSCI-China Index 5% ~ 20%
	Hold	Relative performance over MSCI-China Index -10% ~ 5%
	Sell	Relative performance over MSCI-China Index > -10%
	NR	Not rated
Sector rating	Outperform	Relative performance over MSCI-China Index >10%
	Neutral	Relative performance over MSCI-China Index -10% ~10%
	Underperform	Relative performance over MSCI-China Index > -10%

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