

# Asian markets rise further on economic hopes

AFP, Hong Kong

Asia's markets continued to advance Thursday as investors remained confident that the global economic downturn could be easing.

Tokyo rose 1.84 percent, Hong Kong added 3.57 percent and Sydney more than one percent as the region remained on an uptick that has lasted throughout March.

Singapore gained almost four percent and Shanghai more than three percent, while Mumbai was 3.47 percent higher.

Markets have been boosted by hopes of an economic recovery and soared at the start of the week after Washington unveiled plans to buy up toxic debts from banks to spur lending. Earlier this week housing data showed sales edging up for the first time in months.

As a result of the positive news many Asian indexes are now recording highs not seen for several weeks.

TOKYO: Up 1.84 percent. The Nikkei-225 index gained 156.34 points to 8,636.33, the highest close since January 9.

Shares tracked gains on Wall Street, where upbeat data fuelled hopes of an economic recovery.

The Nikkei has rallied about 22 percent from a 26-year closing low of 7,054.98 on March 10, but it is still down 2.5 percent this year.

Mitsubishi UFJ Financial rose 1.5 percent to 540 yen. Japan's top bank said later that it would merge its Japanese securities firm with that of Wall Street giant Morgan Stanley and take a 60 percent stake in the joint venture.

Sony surged 6.7 percent to 2,215, helped by positive broker comment.

HONG KONG: Up 3.57 percent. The Hang Seng Index closed up 486.87 points at 14,108.98.

Industrial & Commercial Bank of China led sharp gains in Chinese banks, rising 14.8 percent to 4.11 Hong Kong dollars on its strong 2008 results and comments from Goldman Sachs that eased concerns about a stake sale.

China Construction Bank climbed 7.5 percent to 4.75 and Bank of

ASIA-PACIFIC MARKETS			
		March 26 closings	
	<b>TOKYO NIKKEI-225</b>	8,636.33 1.84% (+156.34)	
	<b>HONG KONG HANG SENG INDEX</b>	14,108.98 3.57% (+486.87)	
	<b>TAIPEI WEIGHTED INDEX</b>	5,386.56 0.75% (+40.18)	
	<b>SYDNEY S&amp;P/ASX 200</b>	3,646.6 1.03% (+37.3)	
	<b>SINGAPORE ST INDEX</b>	1,758.79 3.97% (+67.11)	
	<b>SHANGHAI COMPOSITE INDEX</b>	2,361.70 3.06% (+70.15)	
	<b>SEOUL KOSPI INDEX</b>	1,243.8 1.2% (+14.78)	
	<b>BANGKOK SET INDEX</b>	439.40 0.57% (+2.48)	

Communications jumped 9.6 percent to 5.83.

Hutchison Whampoa said Thursday net profit fell 42 percent in 2008 to 17.66 billion Hong Kong dollars (2.3 billion US), but the previous year's figures had been inflated by a one-off gain from the sale of an Indian phone network.

The company closed up 3.28 percent at 42.55.

UOB KayHian Securities director Steven Leung said the HSI's year-to-date high of 15,763 on January 7 remains a strong cap for the index in the near term.

SYDNEY: Up 1.03 percent. The S&P/ASX 200 rose 37.3 points to 3,646.6.

It was the index's fourth consecutive session in the black.

CMC Markets head of trading James Foulsham said: "There's nothing specific drawing the market higher, but there was another good day on the Dow (Jones)," Foulsham said. "I think there's just a bit of general confidence coming back into the market."

NAB closed up 3.04 percent at 20.99 Australian dollars and ANZ rose 60 cents to 16.80.

BHP Billiton was up 52

cents at 33.78 and Rio Tinto rose 77 cents to 54.70.

Telstra closed up four cents at 3.17.

SHANGHAI: Up 3.06 percent. The Shanghai Composite rose 70.15 points to 2,361.70.

Steel, metal and textile stocks helped the market as they regained ground after the government unveiled plans to increase export tax rebates.

The key index reached its highest level since February 16, when it rose to 2,389.39.

Companies in the textile and apparel, steel, non-ferrous metal, petrochemical, information technology and light industry sectors also rose.

Baoshan Iron and Steel was up 2.3 percent at 5.75 yuan.

ICBC rose 5.8 percent to 3.99. China Life closed up 2.7 percent at 22.72.

TAIPEI: Up 0.75 percent. The weighted index rose 40.18 points to 5,386.56.

Financials rose 2.38 percent and electronics gained 0.78 percent, while steel shed 2.17 percent.

Powerchip ended up 6.9 percent at 4.02 Taiwan dollars.

Nanya Technology also soared 6.9 percent to 7.30

and Taiwan Semiconductor Manufacturing Co fell one percent to 51.7.

Cathay Financial was up 1.5 percent to 30.05.

SEOUL: Up 1.2 percent. The KOSPI ended up 14.78 points at 1,243.8, the highest level in more than five months.

"Expectations are growing that the economy is nearing its bottom with more favourable signs coming from the US," said Kim Jung-Hyun, an analyst at Goodmorning Shinhan Securities.

Samsung Electronics advanced 2.52 percent to 570,000 won. Hynix Semiconductor surged by the daily limit of 14.71 percent to 11,700.

KB Financial Group jumped 4.26 percent to 36,700.

Hyundai Motor ended 1.7 percent higher at 53,700 after the government unveiled demand-boosting measures.

SINGAPORE: Up 3.97 percent. The STI gained 67.11 points to 1,758.79.

The market brushed aside news that Singapore's manufacturing output fell 22.4 percent in February of the previous year.

DBS gained 32 cents to

8.74 Singapore dollars and United Overseas Bank rose 22 cents to 10.54.

Capitaland advanced 17 cents to 2.37.

Singapore Airlines gained 28 cents to 10.30 and Singapore Telecommunications closed six cents higher at 2.57.

KUALA LUMPUR: Up 0.80 percent. The KLCI gained 6.66 points to 885.47.

Resorts World gained 6.80 percent to 2.19 ringgit while Genting rose 4.90 percent to 3.86.

BANGKOK: Up 0.57 percent. The SET rose 2.48 points to close at 439.40.

But dealers said concerns over political instability in Thailand dampened sentiment as thousands of anti-government protesters massed in Bangkok.

Thailand's top energy firm PTT Plc rose 1.00 baht to close at 161.00.

Top coal producer Banpu also gained 2.00 to 222.00.

The country's biggest lender Bangkok Bank was unchanged at 76.00.

MANILA: Up 2.51 percent. The composite index added 48.72 points to 1,988.26.

It was a three-month high for the index and the seventh straight day of gains.

Philippine Long Distance Telephone, which accounted for more than 19 percent of turnover, added 1.47 percent to 2,075 pesos while Energy Development Corp. gained 5.71 percent to 3.70.

WELLINGTON: Down 0.53 percent. The NZX-50 fell 14.07 points to 2,616.25.

Investors were prepared to take a little more risk and some companies, whose stocks had previously been aggressively sold, were able to regain ground.

Market leader Telecom fell five cents to 2.29 New Zealand dollars and second ranked Contact Energy ended down 12 cents at 5.75.

Auckland International Airport lost two cents to 1.69.

MUMBAI: Up 3.47 percent. The 30-share Sensex index rose 335.2 points to 10,003.1.

The market crossed the 10,000-point mark for the first time since January 6. The bourse is up more than 20 percent in just over two weeks.



Hadenan Bin Abdul Jalil, chairman of ICB Islamic Bank Ltd, inaugurates the bank's renovated branch in Gulshan, Dhaka on Monday. The bank also launched a 'privileged banking suite' for its clients at this branch.

## Thailand hands out first stimulus 'gift cheques'

AFP, Bangkok

Thailand started handing out "gift cheques" to more than ten million low-income earners Thursday as part of a stimulus package aimed at curbing the impact of the global financial crisis.

Prime Minister Abhisit Vejjajiva presented some of the first 2,000-baht (57-dollar) handouts outside a social security office in Bangkok, saying they would help boost consumer spending as the economy heads towards recession.

"I want to see people spend the money to maintain their normal living standards and to help stimu-

late our economy," Abhisit said as he doled out the first of the coupons.

"The government does not want people to spend the 2,000 baht on luxurious things but to remedy hardships that have resulted from declining incomes and growing expenses," he said.

One of the first people to pick up the cheques, private school clerk Kanok Suwankon, said she would spend the money on household supplies.

"I am glad to at least get a little extra income," she told AFP.

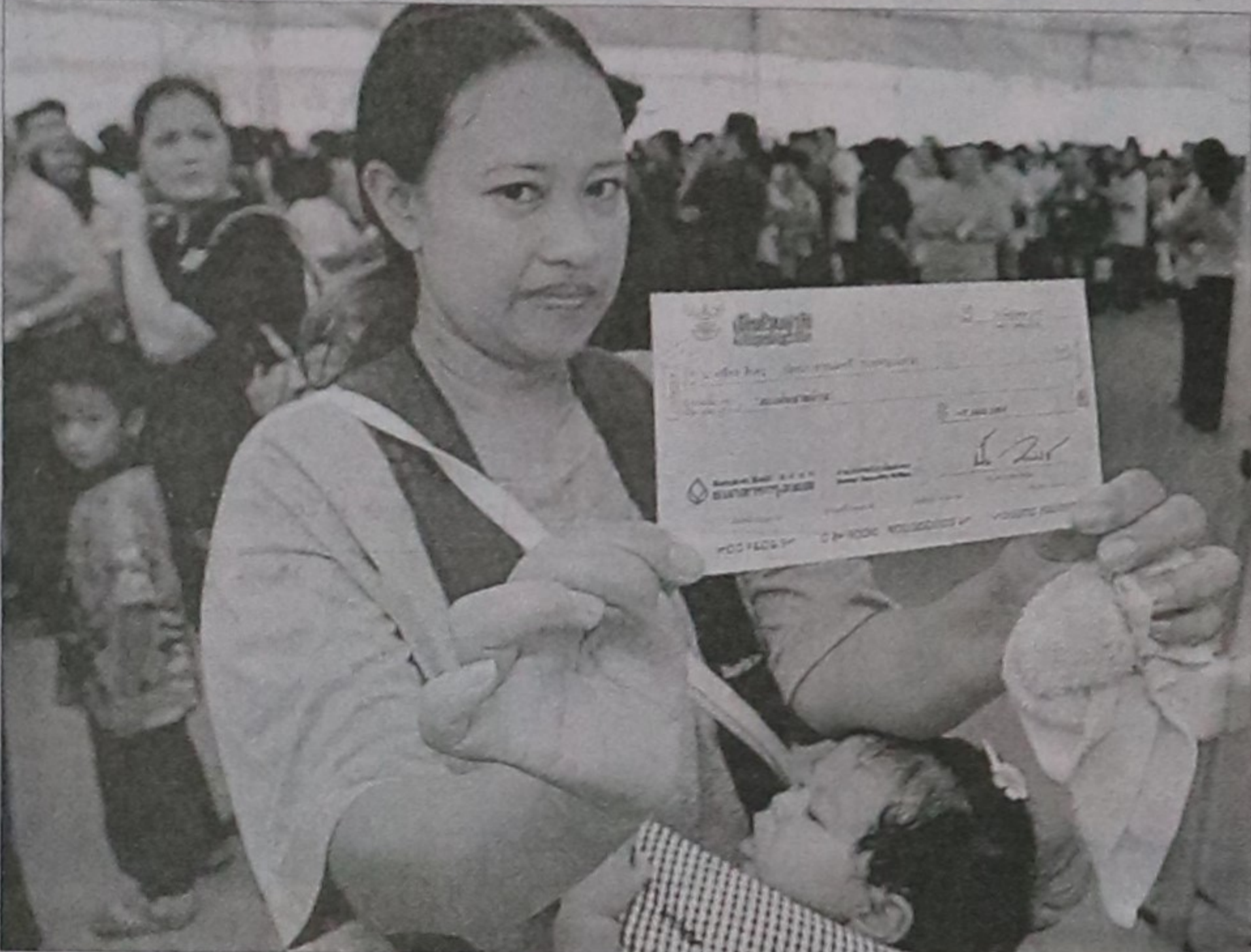
Another recipient, school driver Kanok Khunhom, said that the money would go

on his children's school fees - but doubted how much it would really help the struggling Thai economy.

"I am not really excited. I don't know how long the spending will help the economy -- it could be short-lived, maybe two months," he said.

Around 10.5 million Thais are to receive the handouts, according to Bangkok Bank, the country's biggest lender, which is issuing all of the cheques.

Many shopping malls and businesses have offered special promotions for people spending the windfall in a bid to get a slice of the resulting 21 billion baht being injected into the economy.



A woman holds up her "gift cheque" from the government in Bangkok yesterday. Thailand started handing out "gift cheques" to more than ten million low-income earners as part of a stimulus package aimed at curbing the impact of the global financial crisis.

## Oil prices rebound

AFP, London

Oil prices rose on Thursday in a "technical" bounce following an overnight decline on data showing that demand in the United States, the world's biggest energy consumer, remained weak, analysts said.

New York's main futures contract, light sweet crude for delivery in May, gained 86 cents to 53.63 dollars a barrel.

Brent North Sea crude for May advanced 1.13 dollars to 52.88 dollars a barrel.

Jonathan Kornafel, Asian director of energy consultancy Hudson Capital, called the price spurt a "technical rally."

Oil prices fell in US trade Wednesday as traders digested news that US crude reserves surged by more than expected last week, indicating weak demand in the United States, the world's biggest economy.

The US Department of Energy said that American crude oil reserves jumped by 3.3 million barrels in the week ending March 20, against market expectations for a smaller gain of 1.3 million barrels.

Inventories could also go up during the second quarter, traditionally a season when demand eases, said Nic Brown of Natixis.

"Stock data will become increasingly important in the coming weeks," Brown said.

The president of the United Arab Emirates meanwhile said in an interview published on Thursday that an oil price of 70-75 dollars a barrel would be "fair."

## Eastern Europe faces depression without bailouts

AFP, London

Eastern and central Europe could nosedive into a deep depression without international multi-billion-euro funding such as the IMF-led package granted this week to Romania, analysts warned Thursday.

Romania was thrown a 20-billion-euro (27-billion-dollar) lifeline by four international lending bodies on Wednesday, becoming the latest country in the struggling region to seek such a bailout amid the ongoing worldwide economic downturn.

In the current global financial crisis, Romania is the fifth eastern and central European nation after Hungary, Latvia, Serbia and Ukraine to turn to the International Monetary Fund (IMF) for help.

"Without the funding, these economies would face... a steep recession/depression that could possibly get close to the downturn after the Soviet bloc's demise," IHS Global Insight economist Ralf Wiegert told AFP.

Romania's bailout could also spark similar packages for Lithuania and Turkey, analysts predicted, as eastern Europe battles a crisis that has already pulled the eurozone, Japan and the United States into recession.

Wiegert forecast Thursday that Lithuania would be the next in line for financial assistance.

"Most likely Lithuania will be next with a 5.0-7.0-billion-dollar package," said Wiegert, adding however that no official request or negotiations had yet begun.

Charles Robertson, ING's chief economist for Emerging Europe, Middle East and Africa, said Turkey could in fact be the next recipient.

"Turkey is next in line for an IMF deal... estimated at 20 billion dollars," Robertson predicted, but he also argued that there were large differences between

economies in the region.

"Russia has been able to deal with this crisis without considering recourse to IMF funding," Robertson said.

"Poland has been giving more money to the IMF, rather than receiving it, which emphasises how well it is doing."

On Wednesday, Bucharest signed an agreement on a two-year standby arrangement, worth 27 billion dollars, with the IMF, the European Union, the World Bank and the London-based European

Bank for Reconstruction and Development (EBRD).

Ratings agency Fitch argued that the Romania package would give the country room to manoeuvre at a crucial stage.

"Fitch views Romania's proposed IMF programme as supportive for its ratings as it should help to meet the country's sizeable external financing needs and provide a breathing space to rebalance the economy," said Andrew Colquhoun, Director in Fitch's Sovereigns group.



A shopper takes bread at the first social SOS market in Belgrade on Wednesday. The Association of Free and Independent trade unions opened the first SOS shop with reduced prices. They will open nine more SOS shops in Belgrade by the end of May, while similar ones will soon start working throughout Serbia. The intention is to reduce costs to share the burden of the economic crisis as equally as possible.

## Shanghai to be global financial hub by 2020

AFP, Shanghai

China said it aims to build Shanghai into an international financial hub by 2020 to reflect the nation's economic strength and the rising status of its currency.

The country's largest city will develop a multi-layered financial market system and promote the opening up of the financial services sector in coming years, China's State Council said.

Leaders also aim to make Shanghai an international shipping centre by 2020, the cabinet said in a statement on its website late Wednesday.

To accelerate Shanghai's development pace in modern service (and) manufacturing, and building a global financing and shipping centre is of great significance for the Yangtze River Delta and the whole nation at large," the statement said.

Experts have said one of the biggest obstacles to Shanghai's ambitions to be an international finance centre are the tight restrictions on moving money in and out of China.

As a small step toward making the yuan an international currency, Beijing said in December it would be used on a trial basis to settle accounts between select Chinese industrial areas and Hong Kong. The 10-member Association of Southeast Asian Nations may join the pilot project later.

State media reported in February that Shanghai-

## Dollar lower against euro in Asia

AFP, Tokyo

The dollar continued to lose ground against the euro in Asian trade Thursday as signs of an improvement in the ailing US economy encouraged traders to take more risk.

But the dollar rebounded against the yen, a day after dropping on speculation about whether the greenback might one day be replaced as the global reserve currency.

The euro gained to 1.3584 dollars in Tokyo afternoon trade from 1.3567 in New York late Wednesday, while holding steady at 132.84 yen. The dollar climbed to 97.75 yen from 97.24.

"In light of recent positive US data, the dollar may weaken further if worries over the global economy ease," said Chuo Mitsui Trust Bank chief forex strategist Yosuke Hosokawa.

The greenback is seen as a relatively safe haven during times of turmoil, so it tends to suffer when investors become more optimistic about the economy.

Markets were waiting for more data including revised fourth-quarter US gross domestic product figures, which were expected to show a sharp contraction.

But analysts say signs are emerging that at least some areas of the US economy may have reached bottom, and could be ready to rebound.

US durable goods orders unexpectedly rose 3.4 percent last month from January, while new home

sales climbed 4.7 percent, snapping a six-month losing streak, data showed Wednesday.

But dealers said the euro may face downward pressure ahead as investors believe that the European Central Bank will likely cut its 1.5-percent rate at its meeting scheduled for April 2 to support Europe's embattled economy.

"If the ECB cuts rates by 50-75 (basis points), it won't be good" for the euro, Saburo Matsumoto, a senior foreign exchange trader at Sumitomo Trust and Banking, told Dow Jones Newswires.

Traders were digesting remarks from US Treasury Secretary Timothy Geithner that appeared to support a suggestion by China that an IMF basket of currencies could eventually replace the dollar as the world reserve unit.

Geithner said he was "open" to the idea of increased use of the IMF Special Drawing Rights (SDR), but added that the dollar "remains the world's standard reserve currency" and would do "for a long period of time."

Analysts played down the idea of the greenback losing its global dominance any time soon.

"The proposal seems to be a way for China to increase its influence on the global stage via empowerment of the IMF, rather than actively pursue the immediate launch of a new global reserve currency," UBS analysts wrote.