

**5 April 2010**

## Asia Pacific & Global Round-up

*Medium-term cycle trough almost confirmed for Asian equities; HK-China market should have greatest short-term upside potential...*

- ▶ Asian and global stock markets showed further signs of developing a new up-trend last week after several months of rangebound or corrective activity.
- ▶ Of course, the US market has been leading for a few weeks having cleared its January high in mid-March, but the MSCI AC World Index has only just made a new recovery high and Asia-Pacific ex-Japan is still slightly below the January peak.
- ▶ In Asia, most markets are close to their January highs with the crucial exception of Hong Kong. Signs were last week that the Hong Kong rally (and most importantly all the major China plays listed in Hong Kong) is finally gaining momentum and since the H-shares index (HSCEI) is still some 10% below its November peak of 13,800 we see strong upside potential in the short-term.
- ▶ Across the region, 10-week m.a.s are swinging up and this too suggests that the rally is gaining momentum and is yet in its early stages. It seems the medium-term cycle low that we were looking for in March has come in and is about to be confirmed (remembering that changes in direction of the 10-week m.a. actually lag the index upturn or downturn by about a month).
- ▶ In other assets, commodities are promising once again to break out to the upside while the most interesting technical situation is on the US Treasury 10-year yield chart which appears poised for quite a big move up if it breaks resistance at 3.90%.
- ▶ Anecdotally, we read that many institutions have recently become buyers of Japan after a hiatus of several years. Technically the Nikkei has certainly turned a corner of at least medium-term significance, presumably because of that buying. We note that relative performance is still muted though, due obviously to the currently weak Yen.

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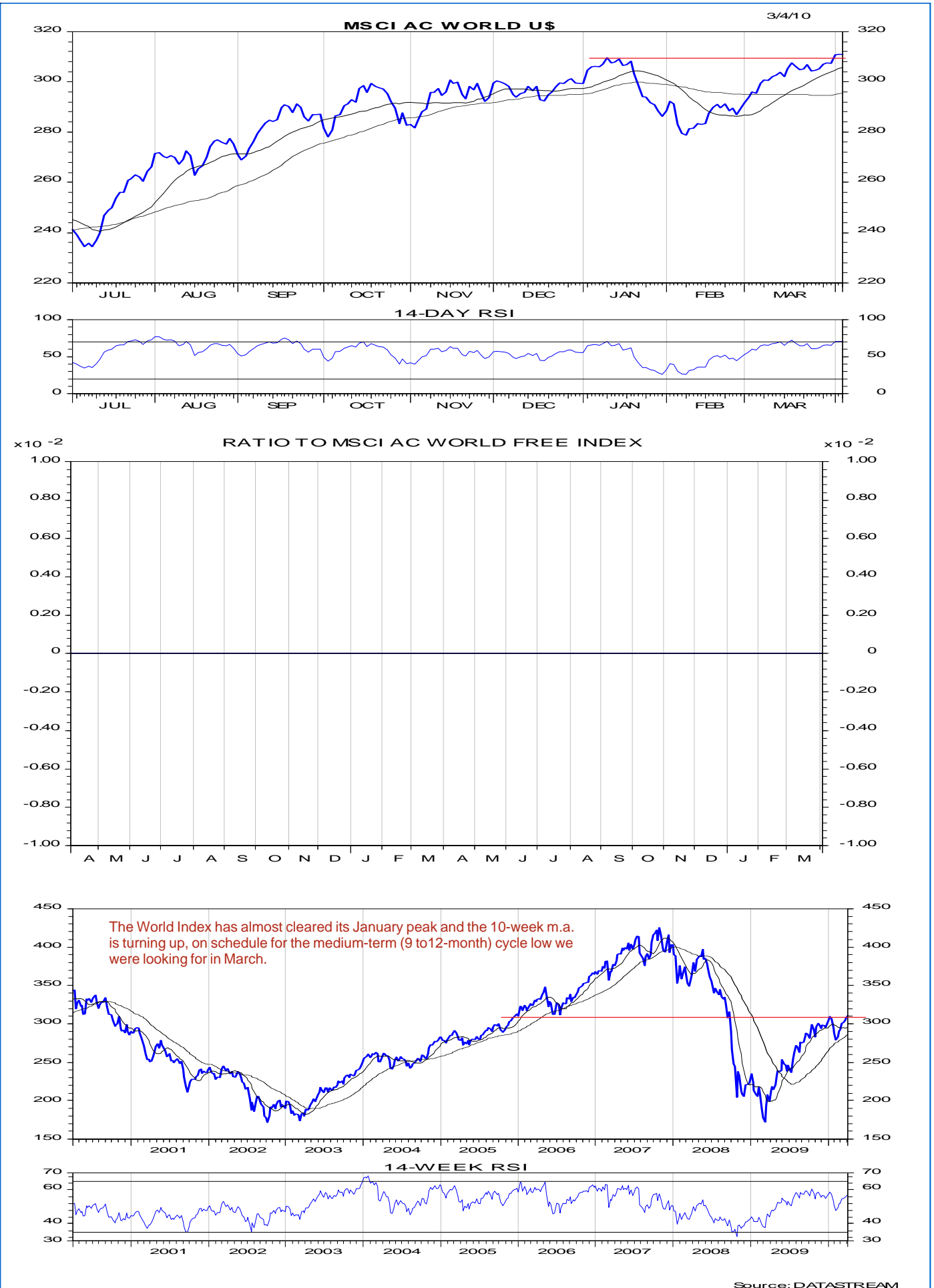
## Trading Recommendations

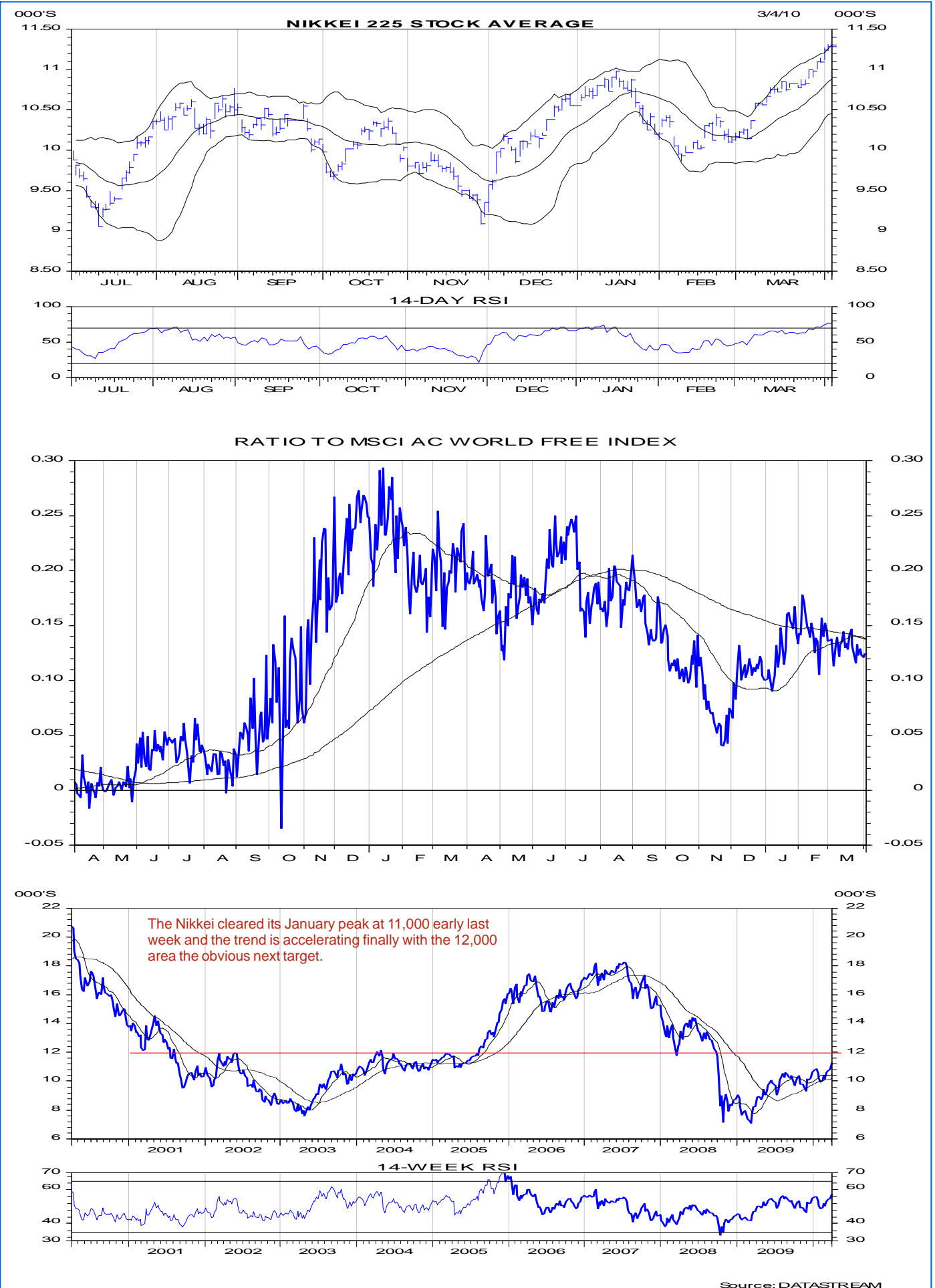
1. Hold new trading long Japan, stop at Nikkei 11,000. **Underweight**
2. Hold increased trading long Korea, stop now at KOSPI 1,690. Top-up buy on a move above 1,725. **Neutral**
3. Hold new trading long Taiwan, stop at 7,900. **Underweight**
4. Hold trading long Hong Kong, stop loss now at HSI 21,200. Top-up buy on a move above 22,000. **Neutral**
5. Hold long China A-shares, stop loss at CSI 3,280. **Underweight**
6. Hold trading long Australia, stop at ASX 4,800. Top-up buy on a clear move above 4,950. **Underweight**
7. Hold trading long India, stop at SENSEX 17,200. Top-up buy on a clear move above 17,600. **Underweight**
8. Buy Singapore on a clear move above STI 2,950. **No position currently.**

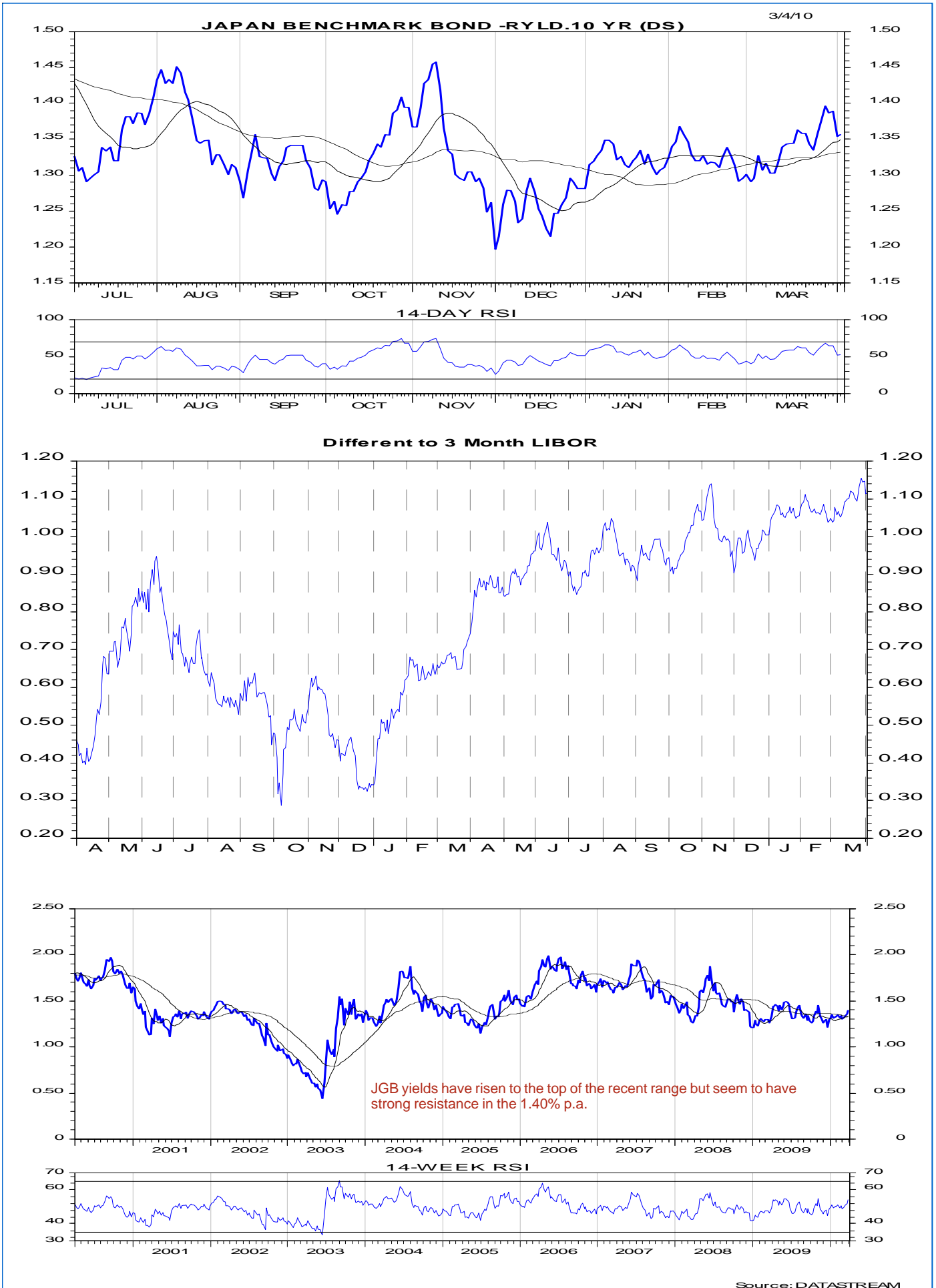
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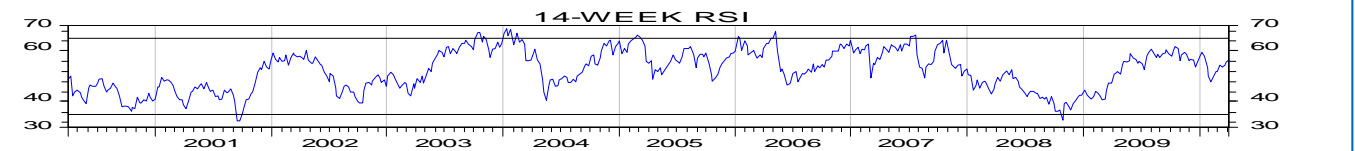
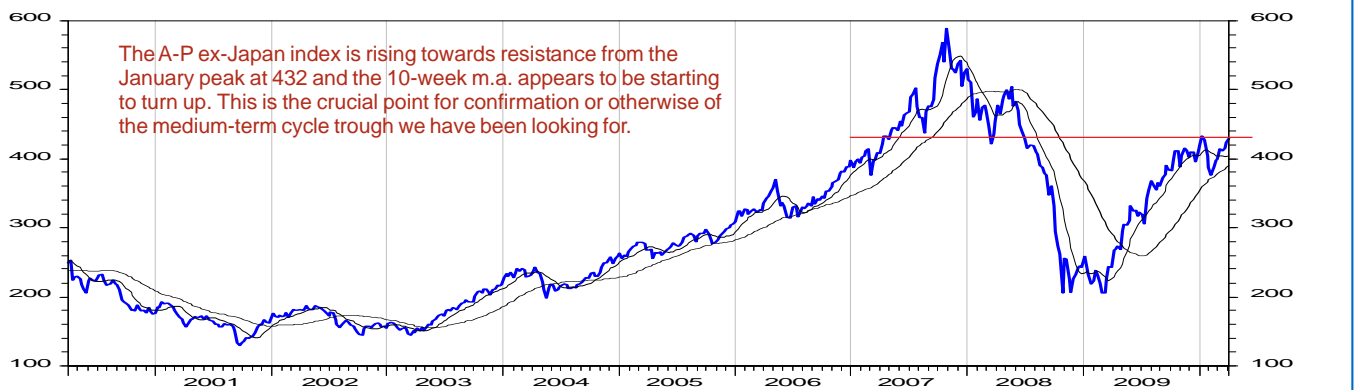
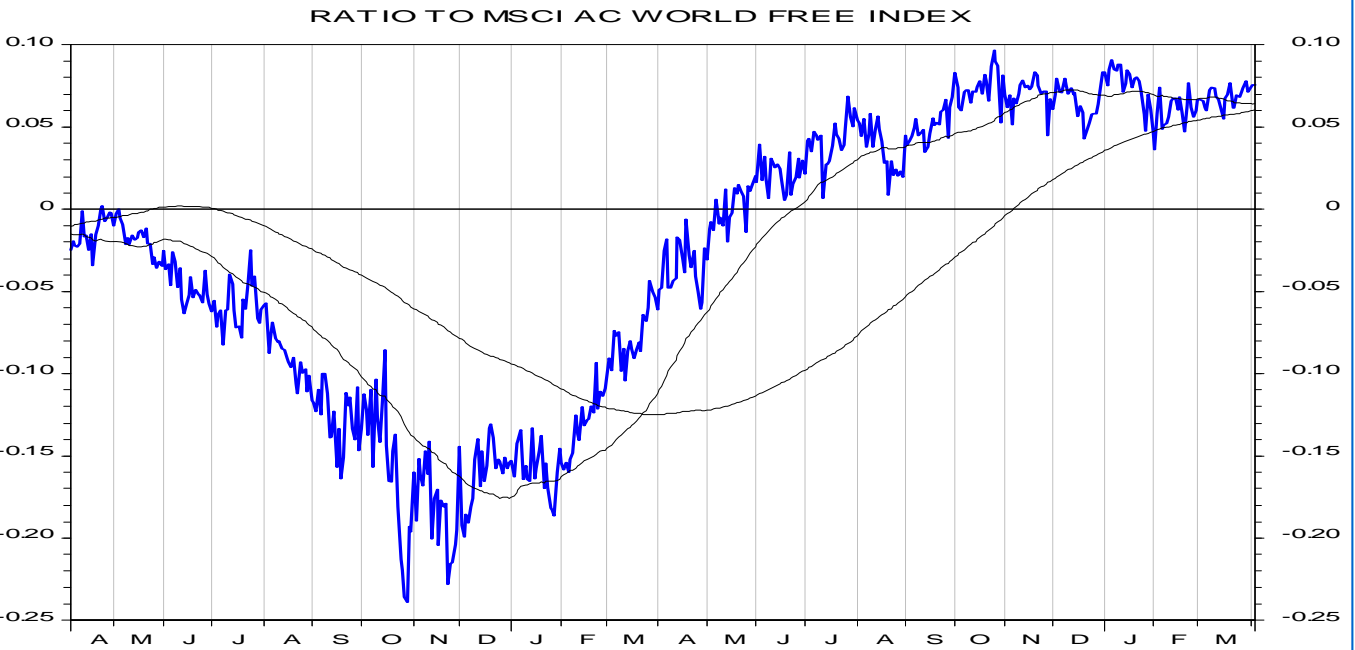
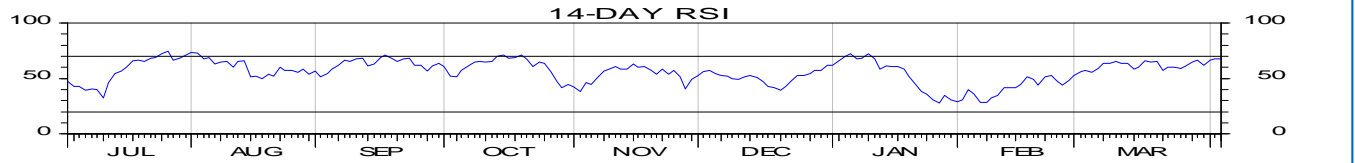
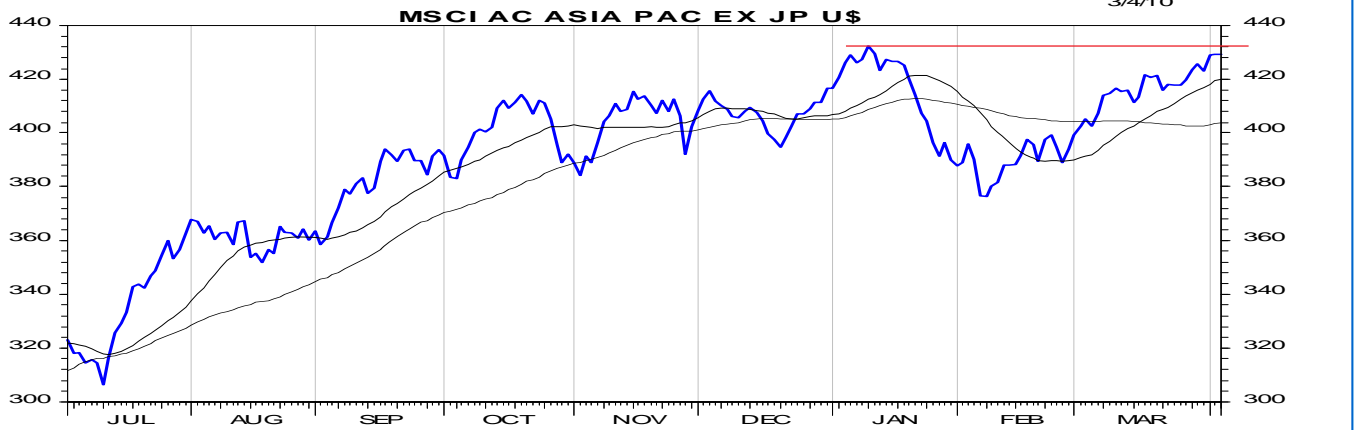
## Key to 3-Chart Layout

<b>Upper Chart</b>	Daily bars or line for 9 months 20-day moving average plus Bollinger Bands (+/- 2 SDs) 20 & 50-day moving averages for MSCI 14-day RSI
<b>Centre Chart</b>	Relative to MSCI World Index or MSCI Asia-Pacific ex-Japan Index 50 & 200-day <i>relative</i> moving averages
<b>Lower Chart</b>	Weekly line chart for 10 years 10 & 40 week moving averages 14-Week RSI

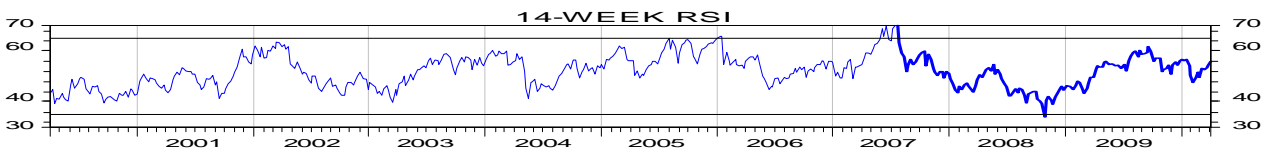
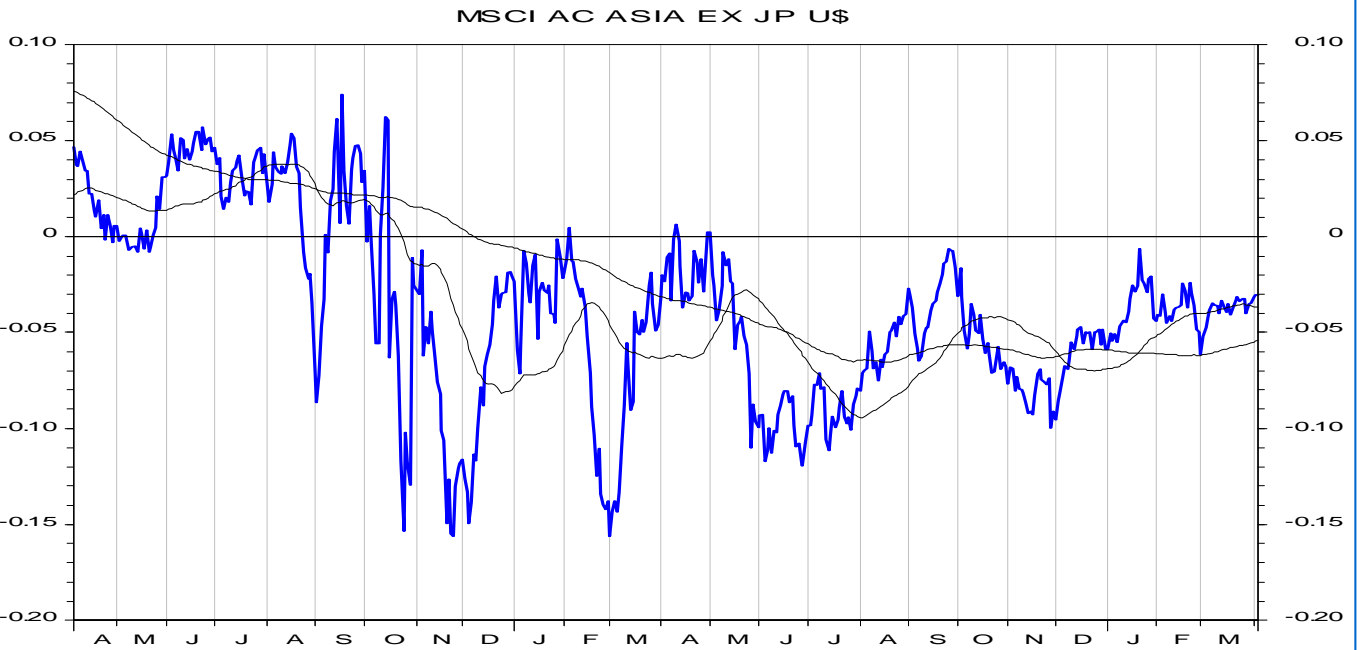
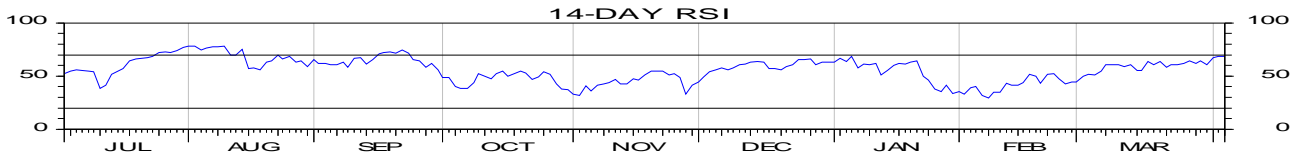
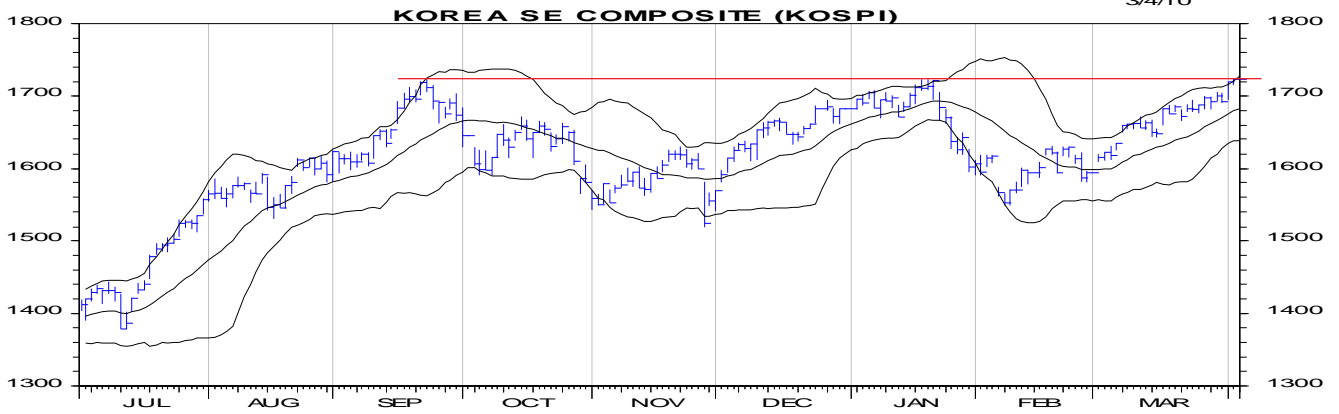






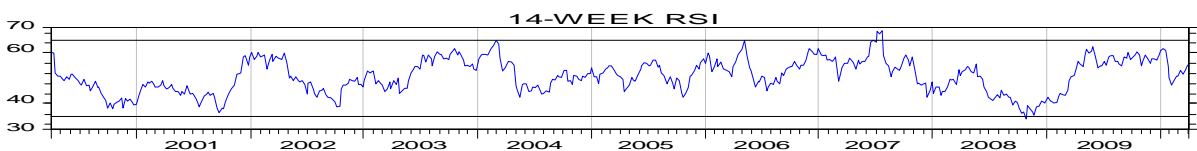
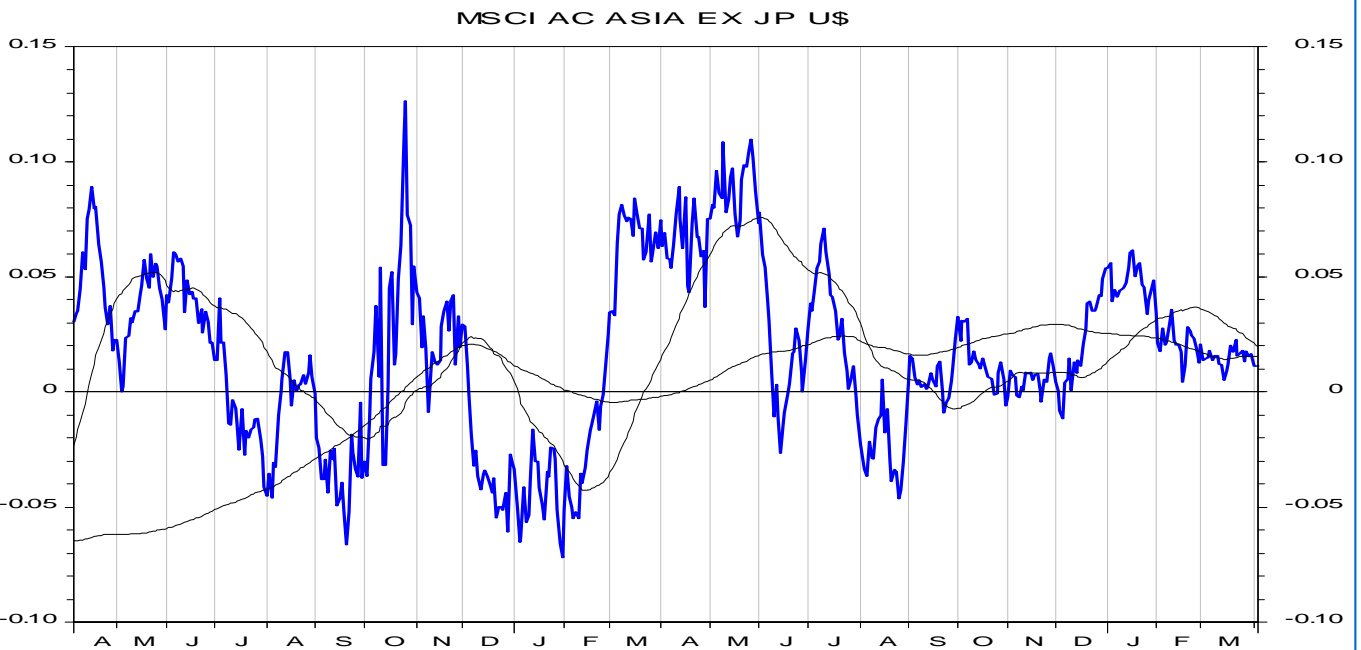
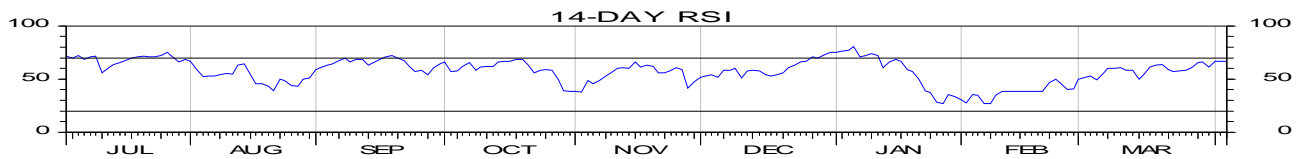
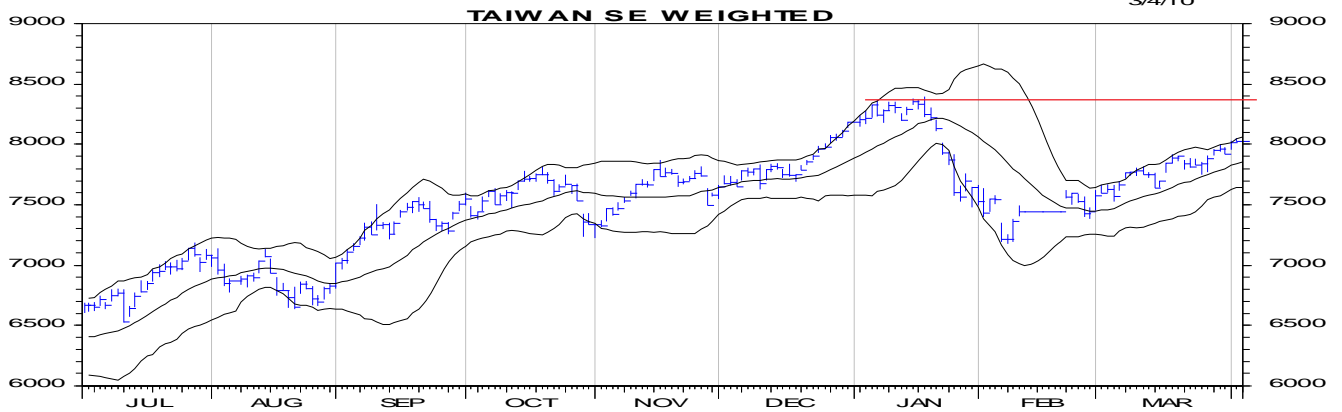


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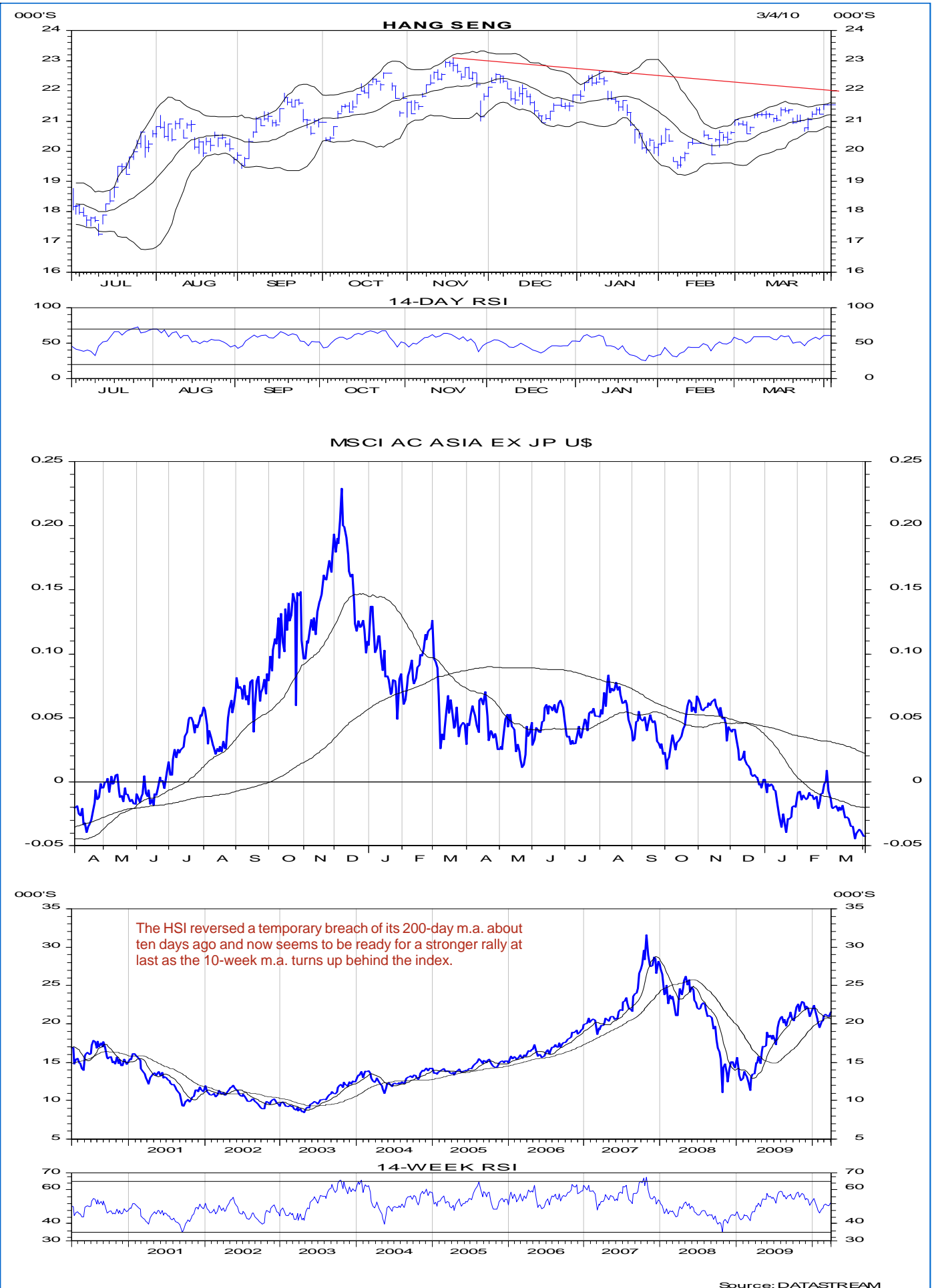


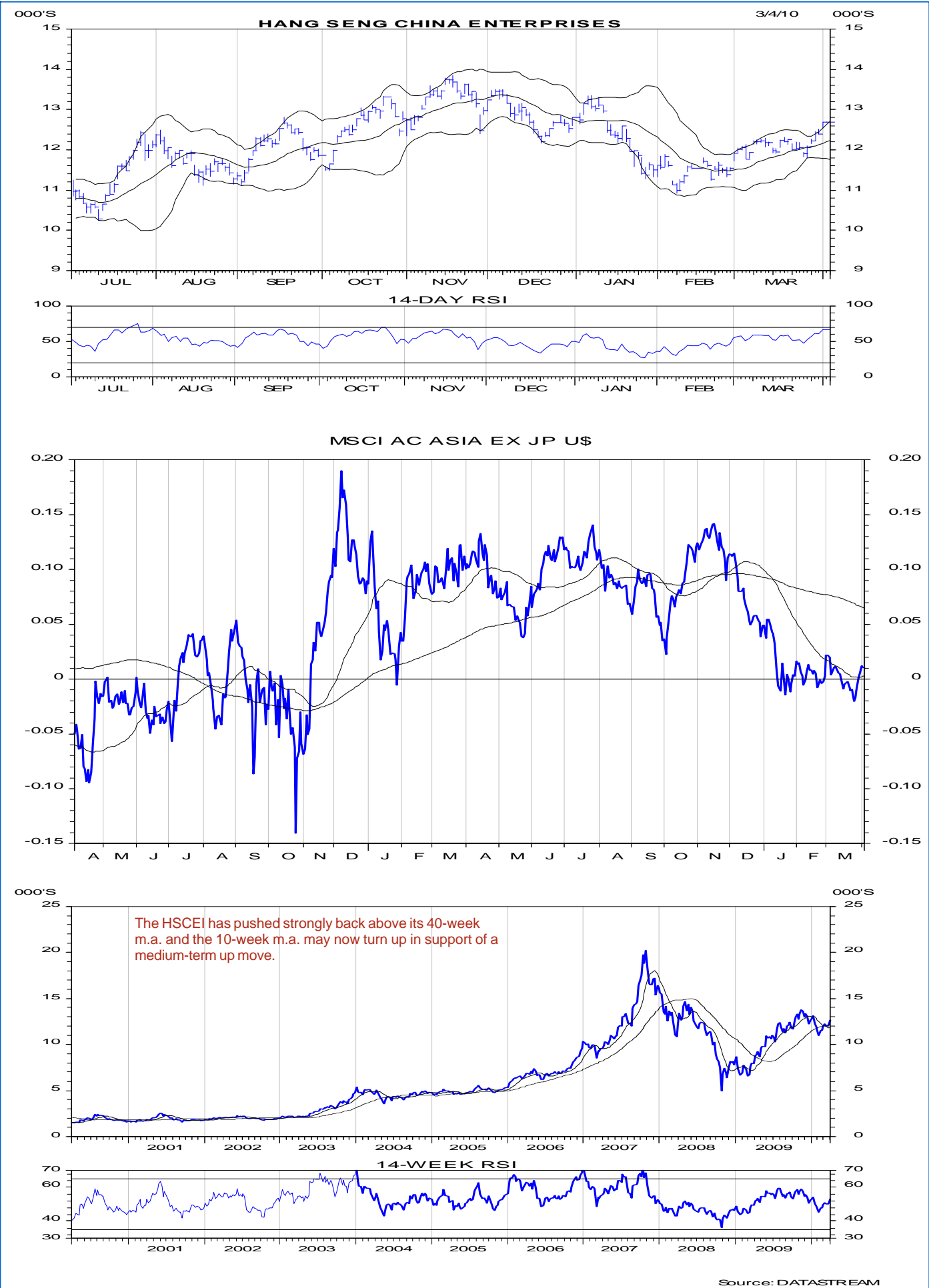
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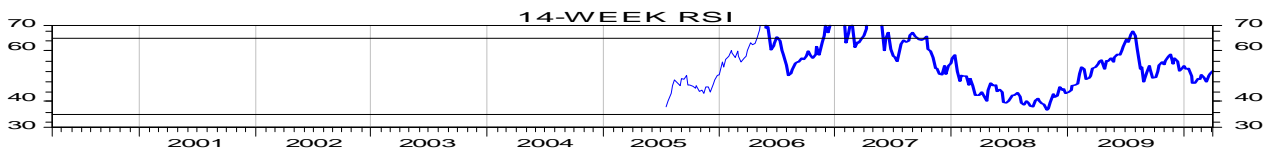
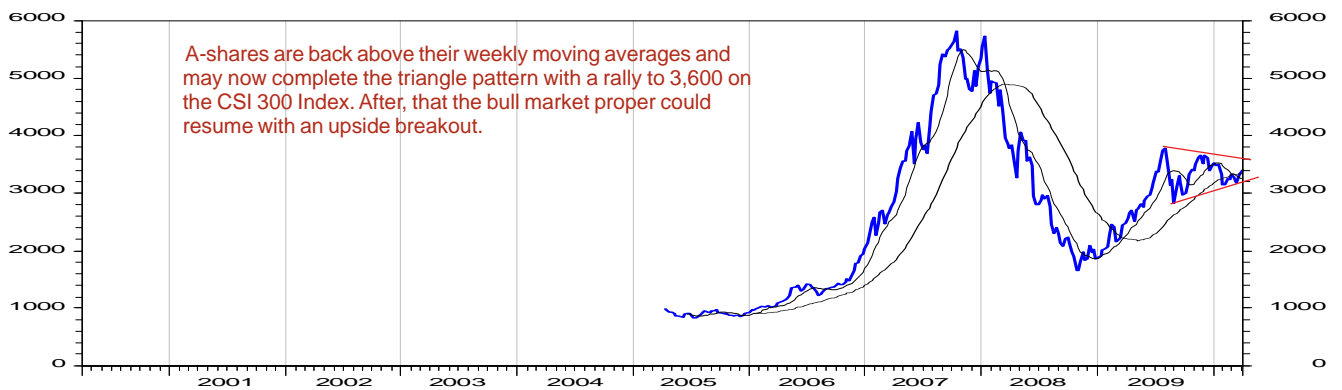
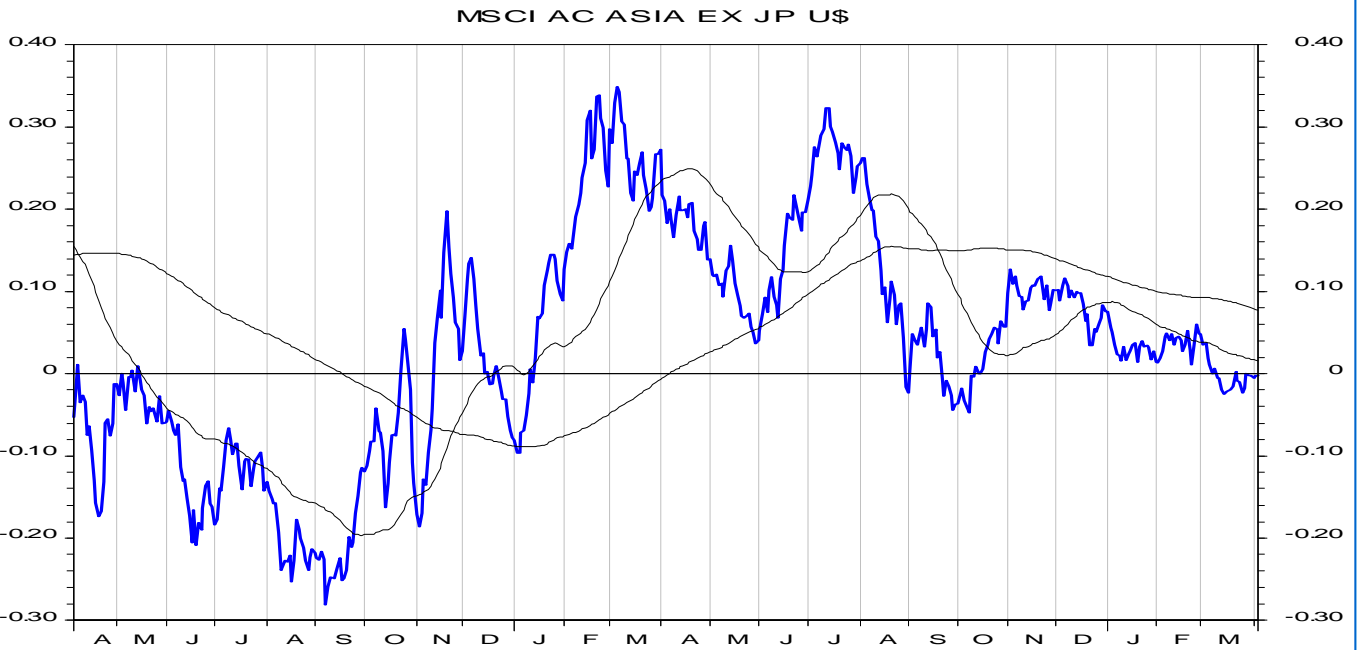
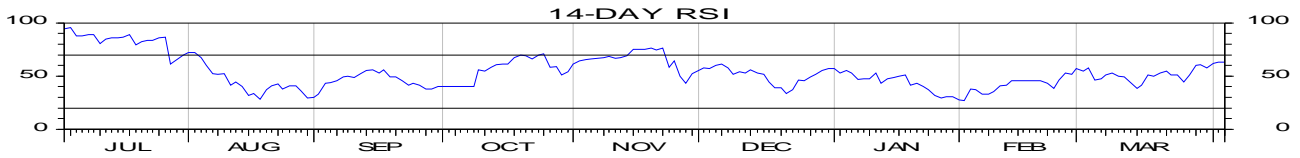
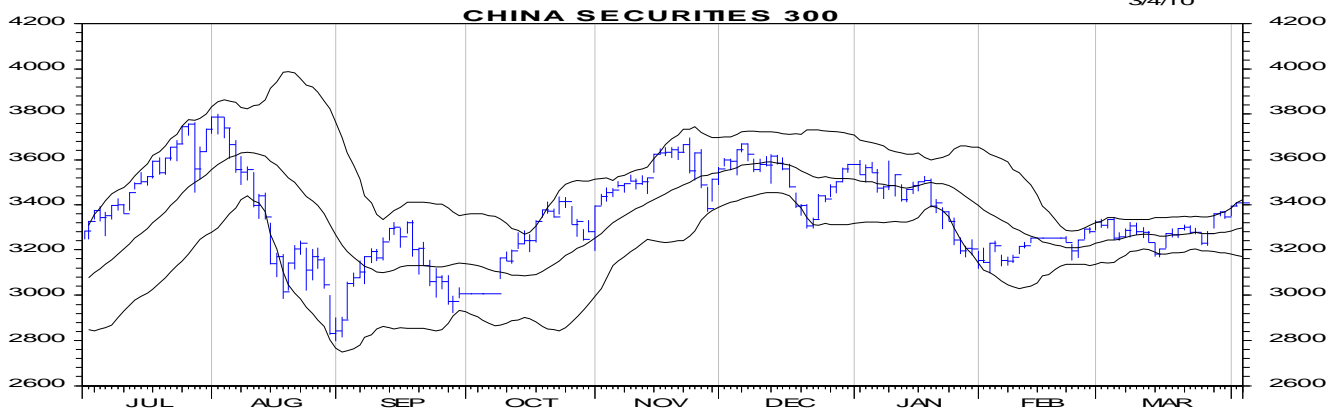




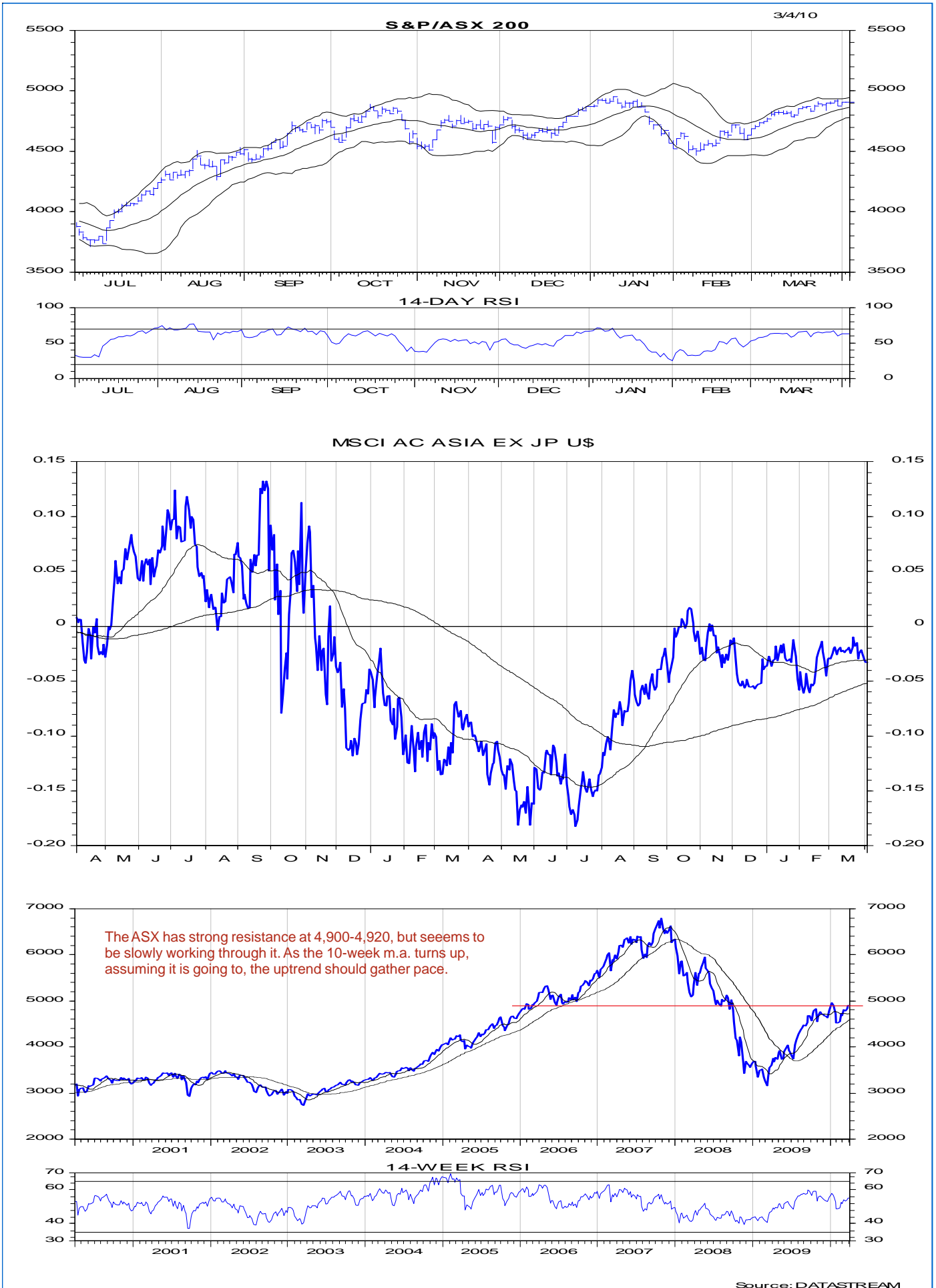
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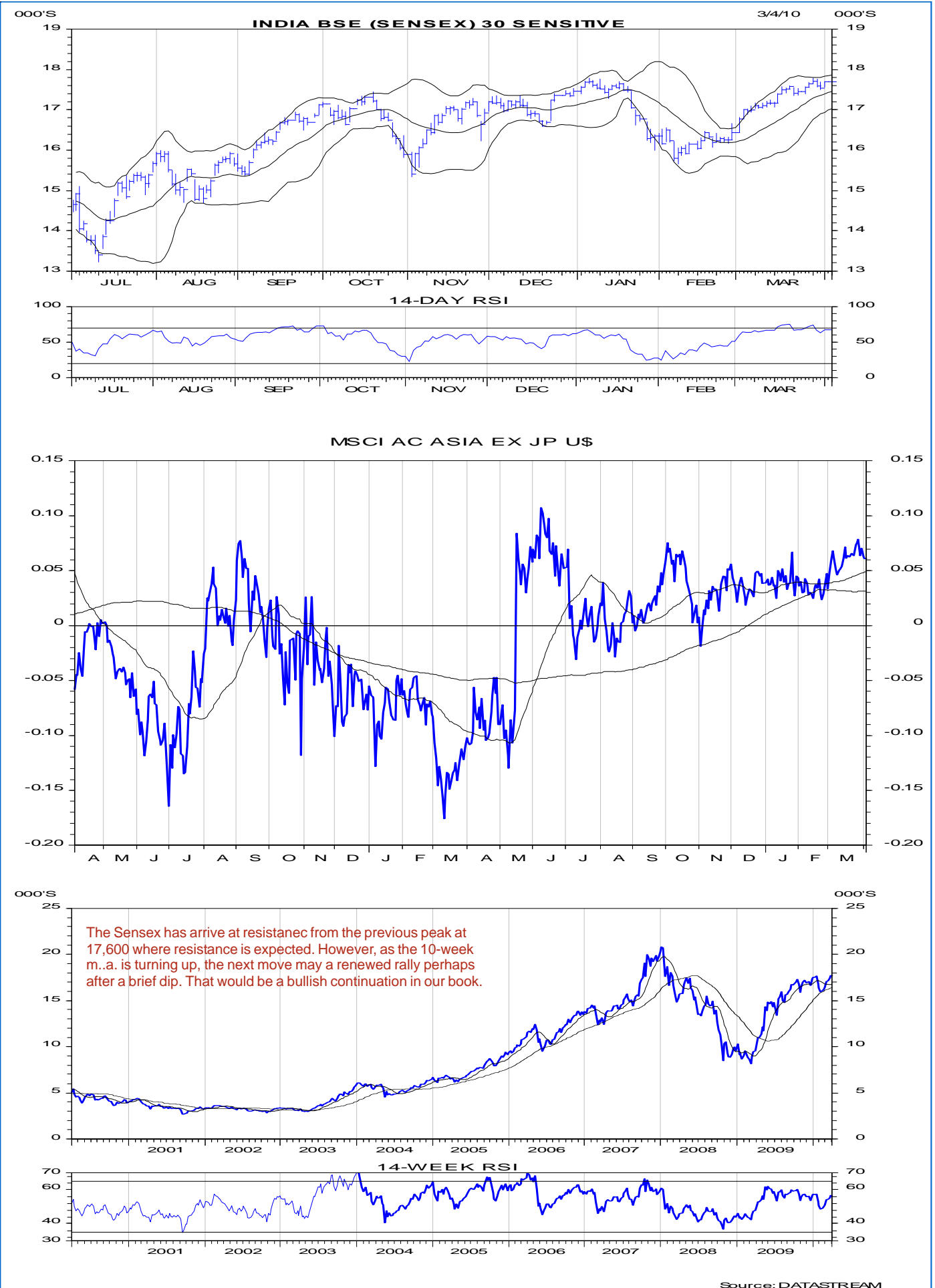


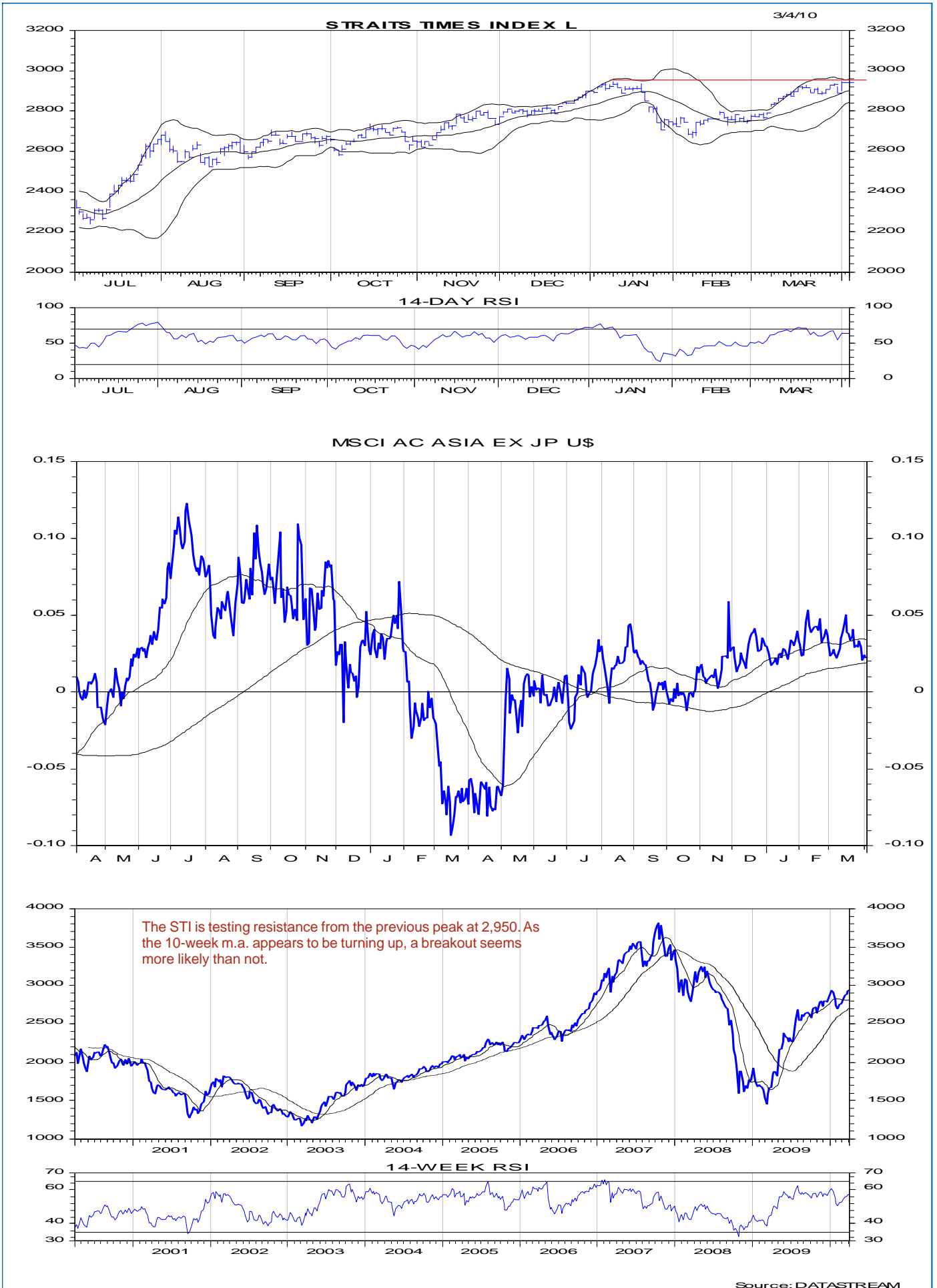


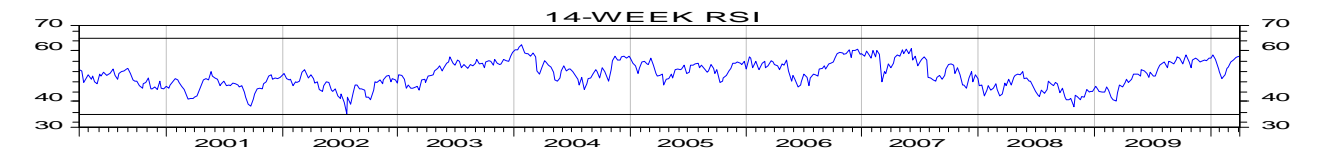
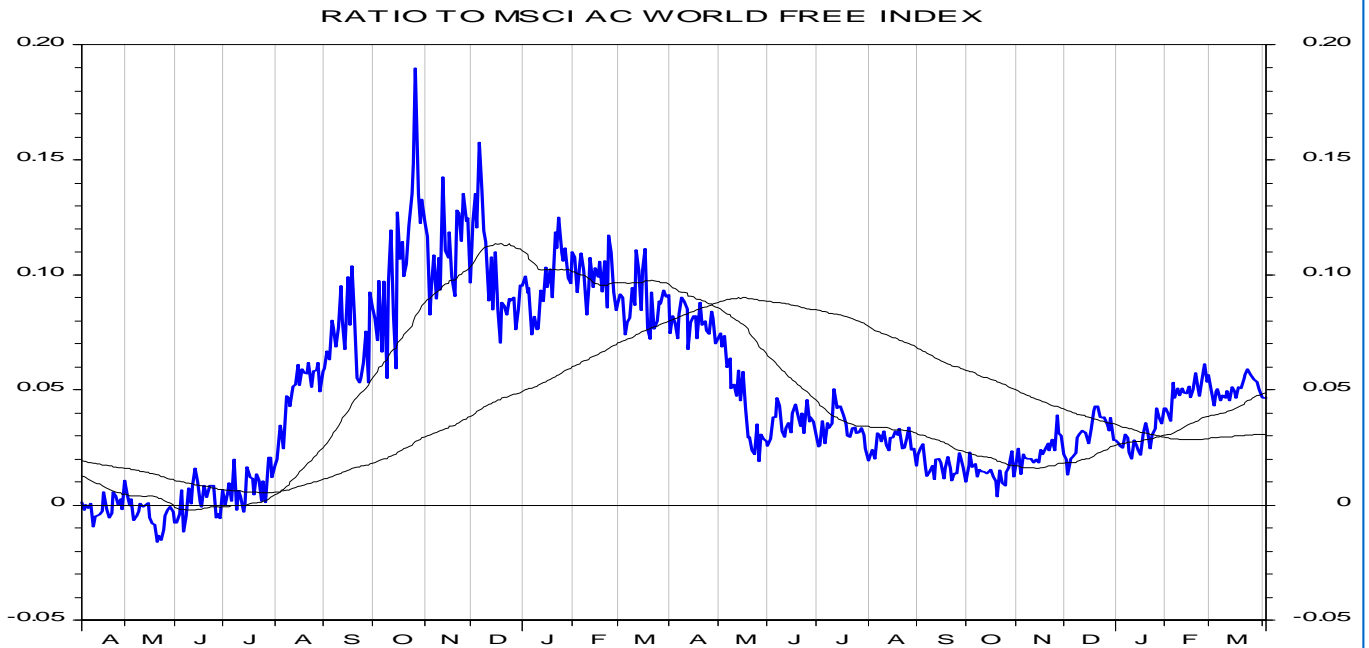
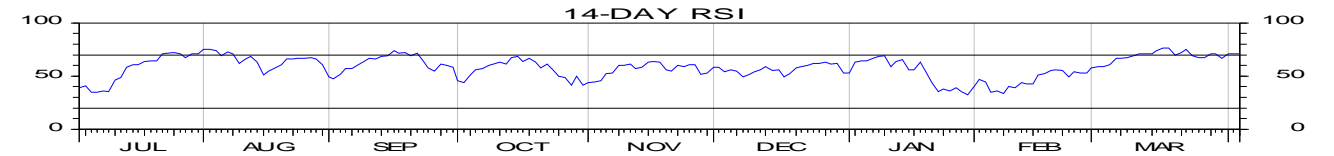
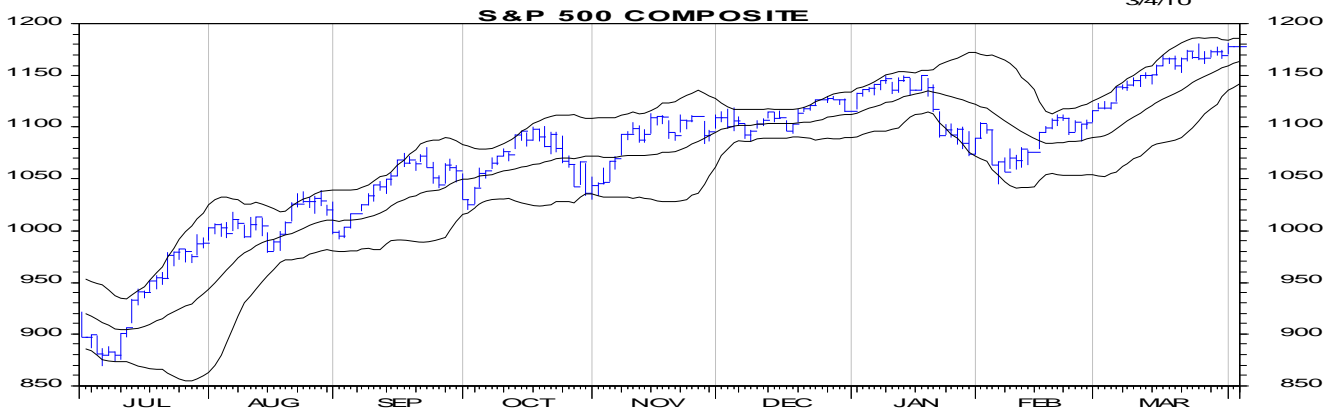


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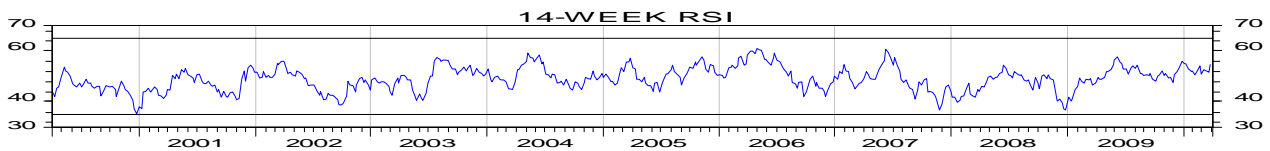
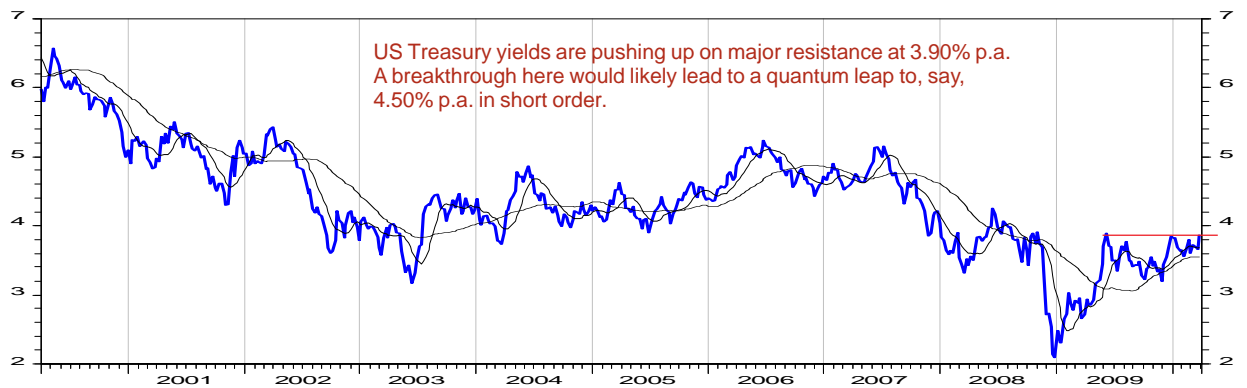
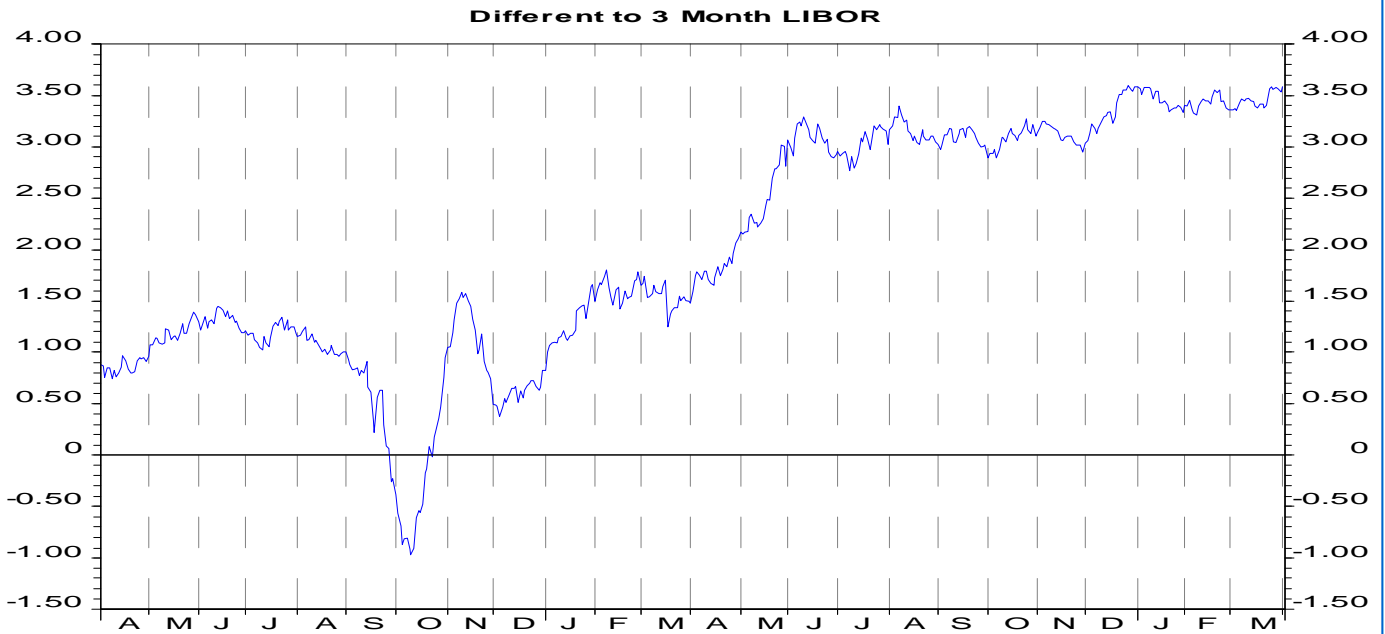
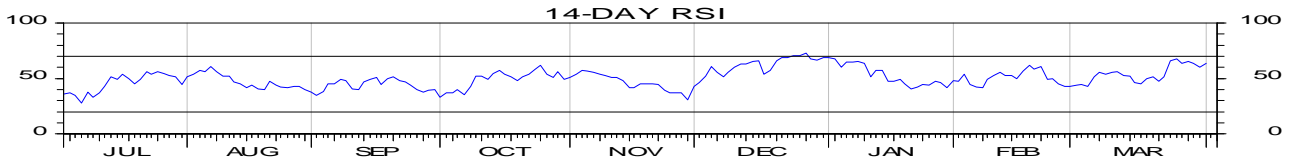
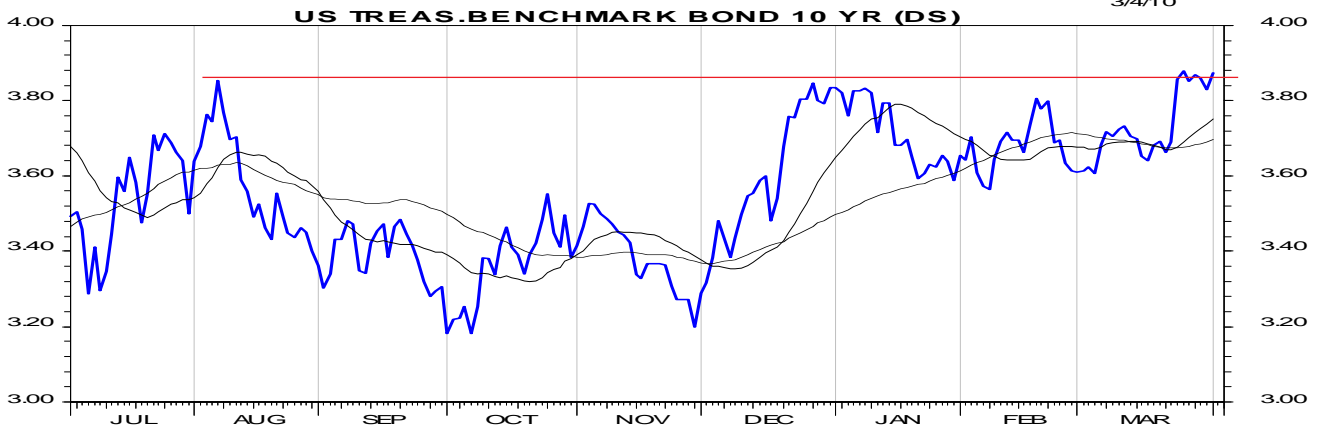




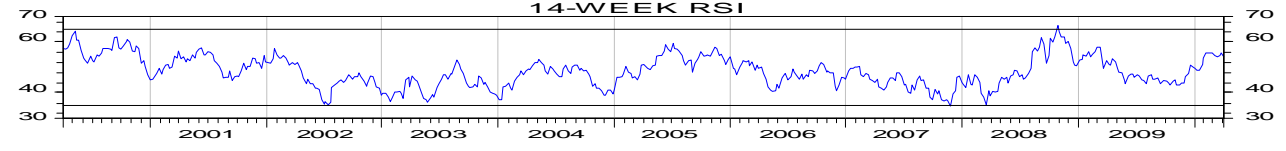
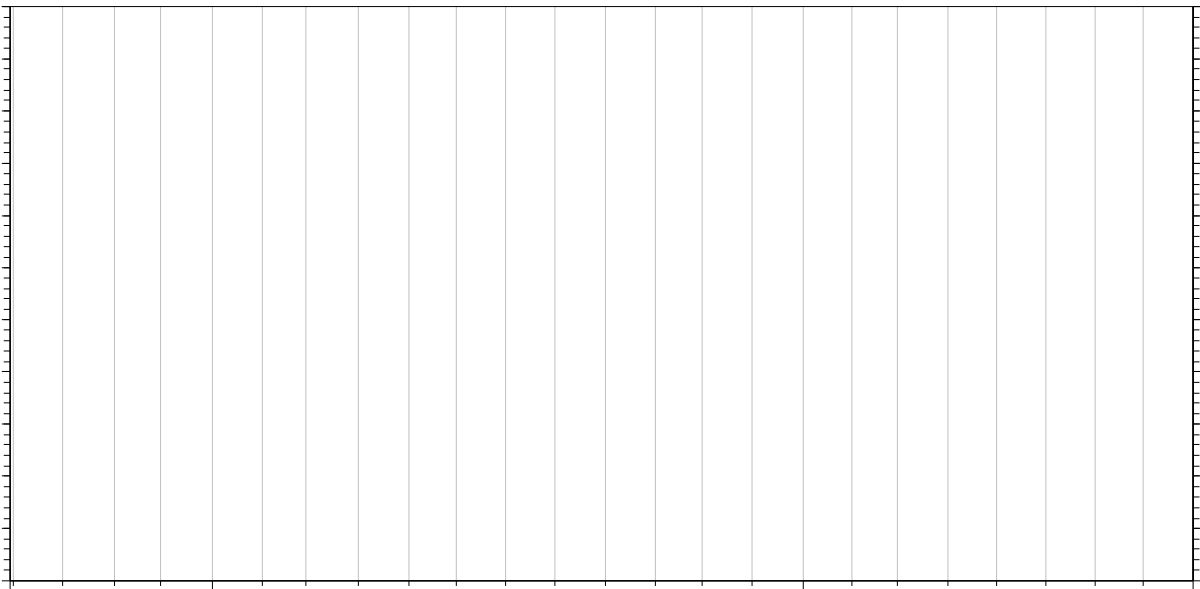
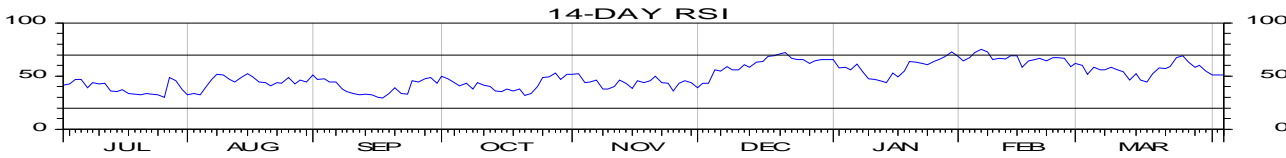
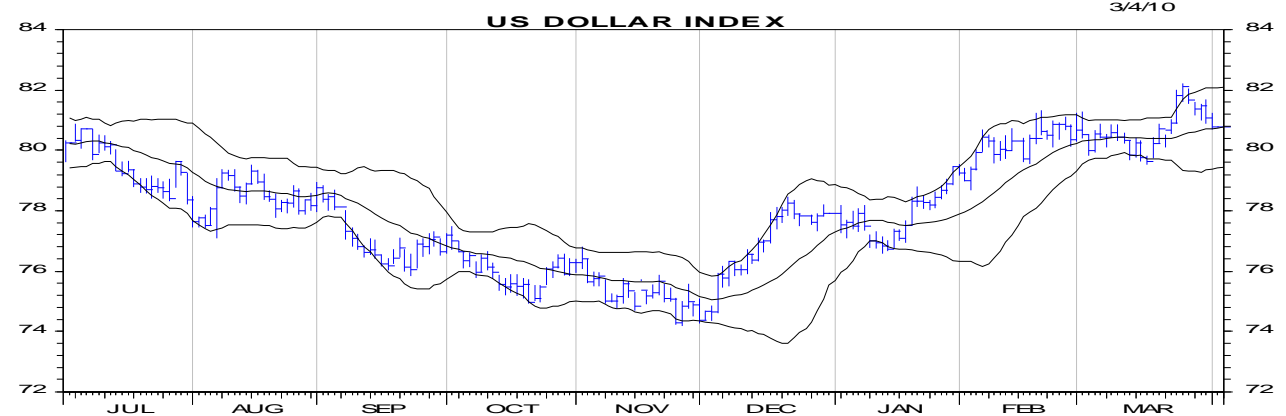


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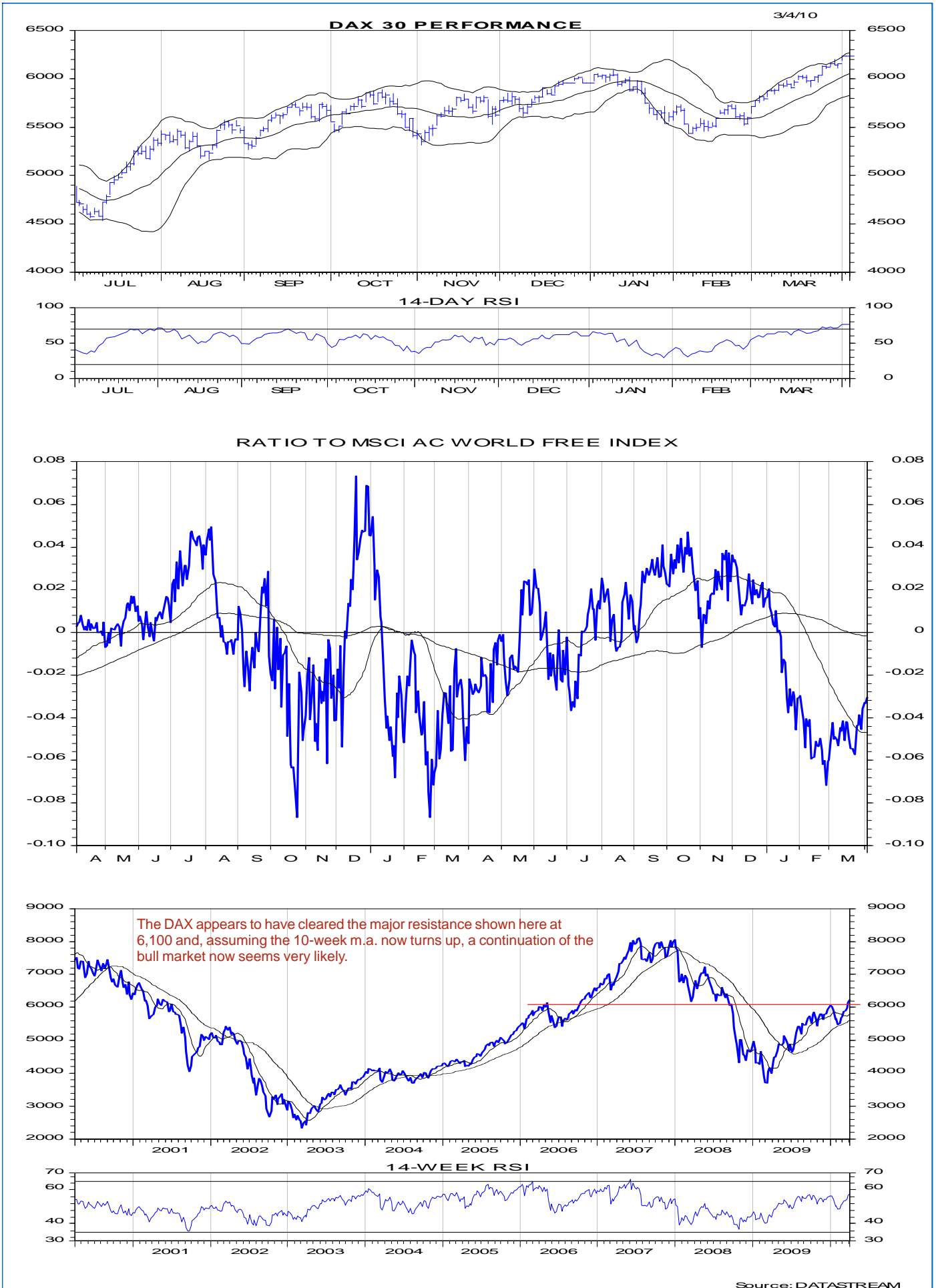


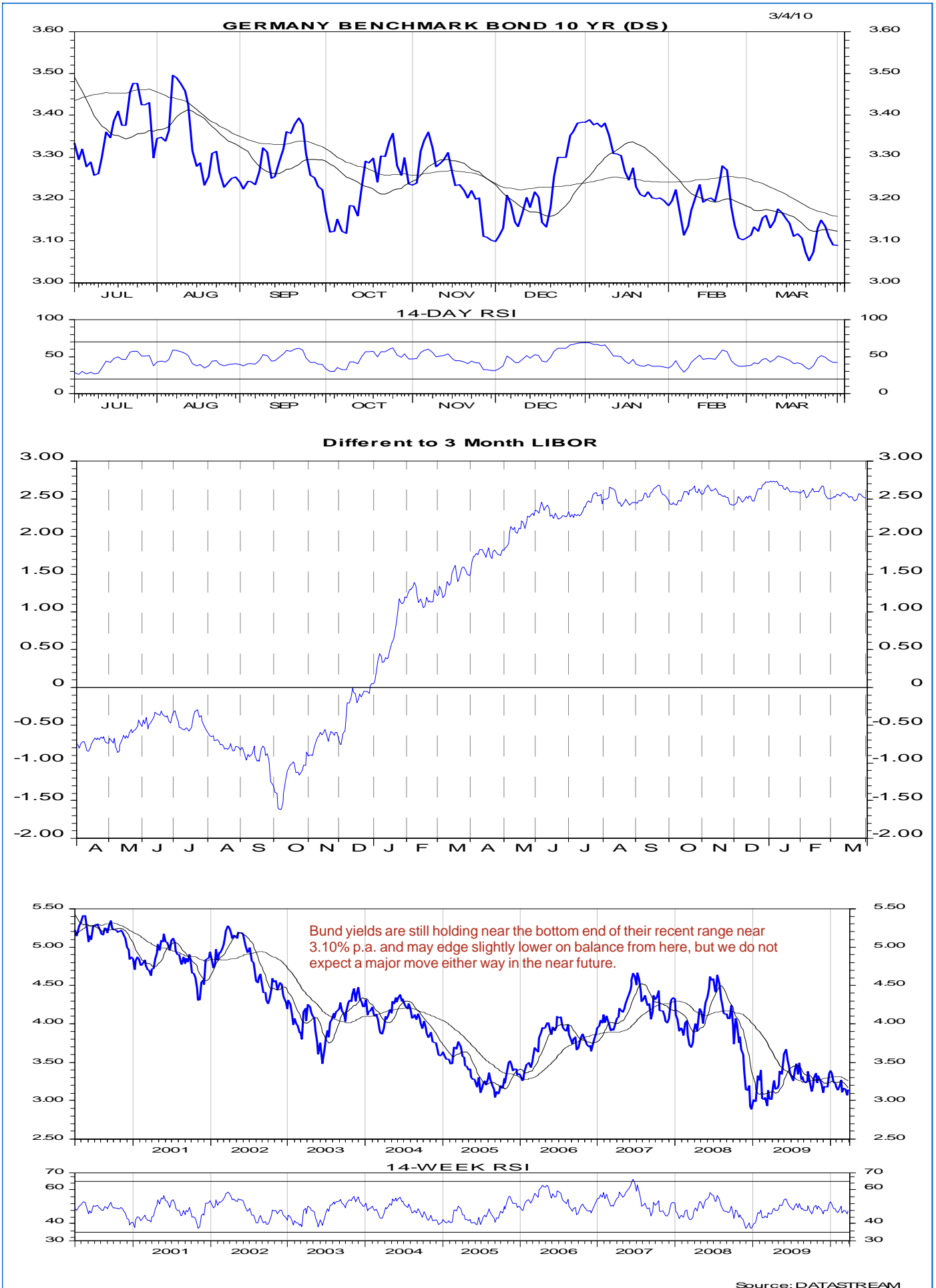


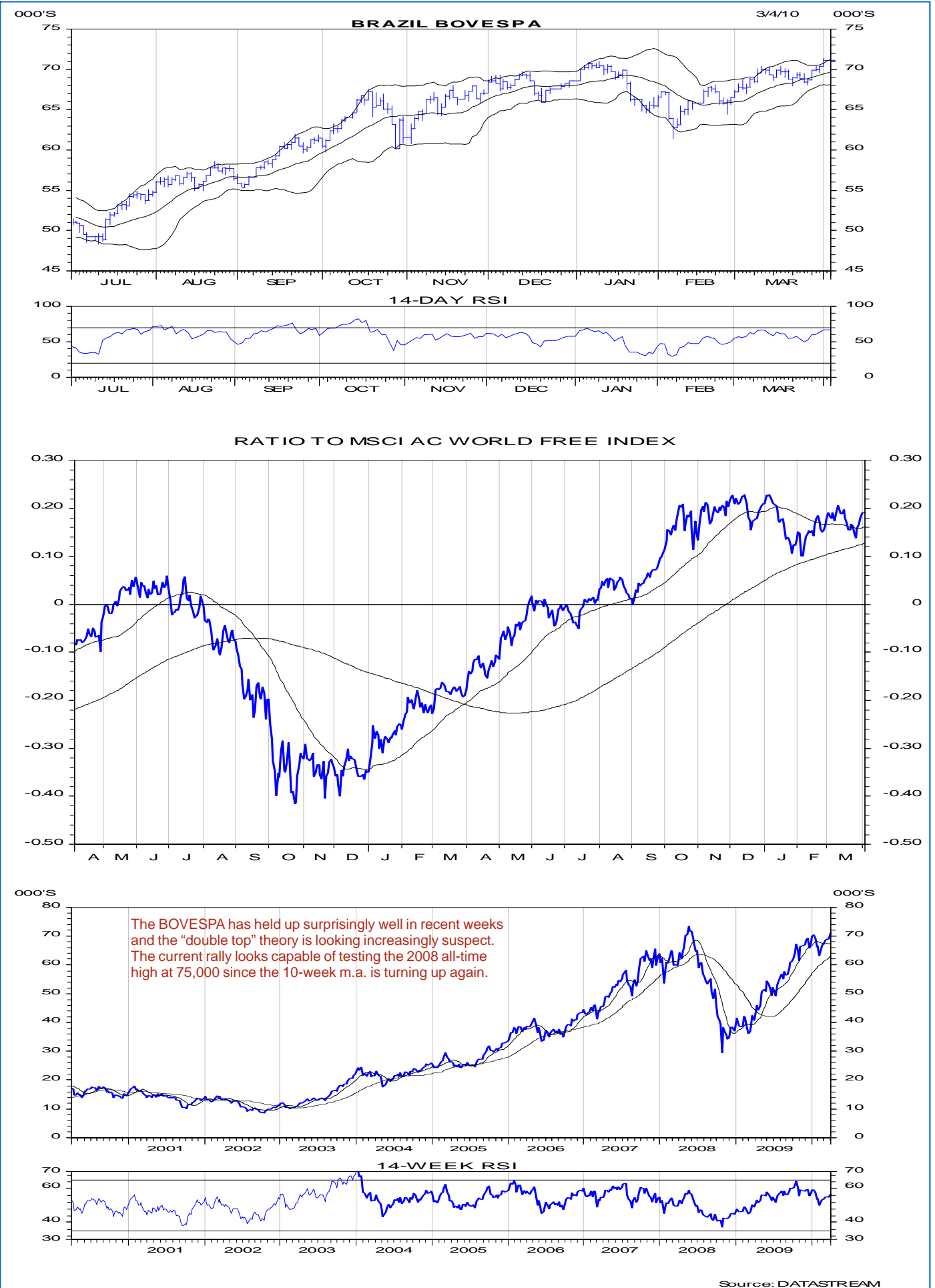
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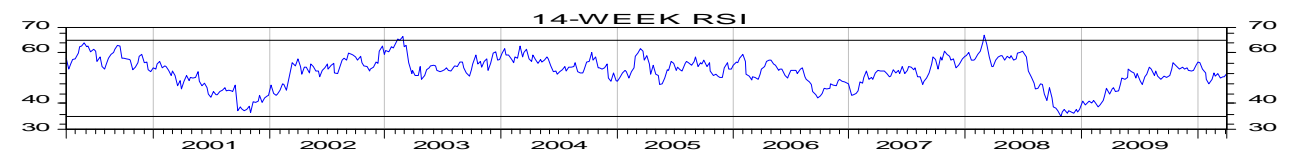
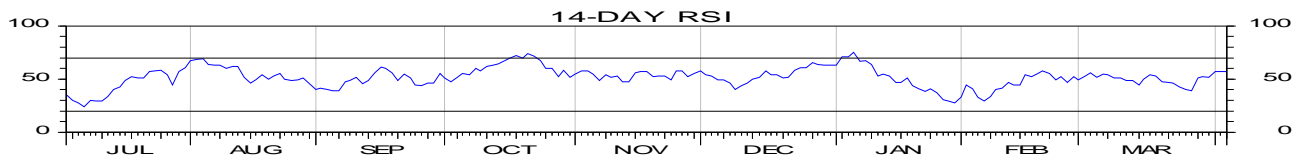
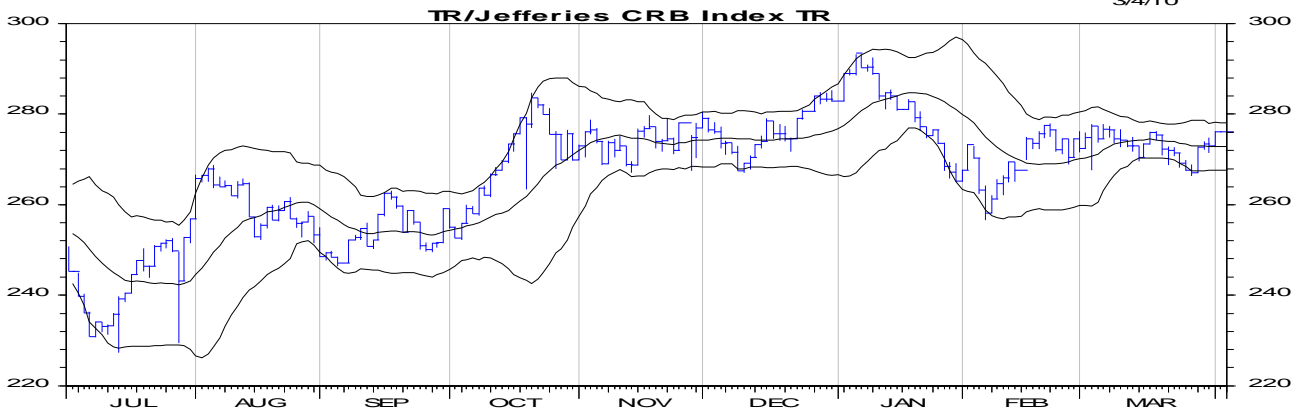


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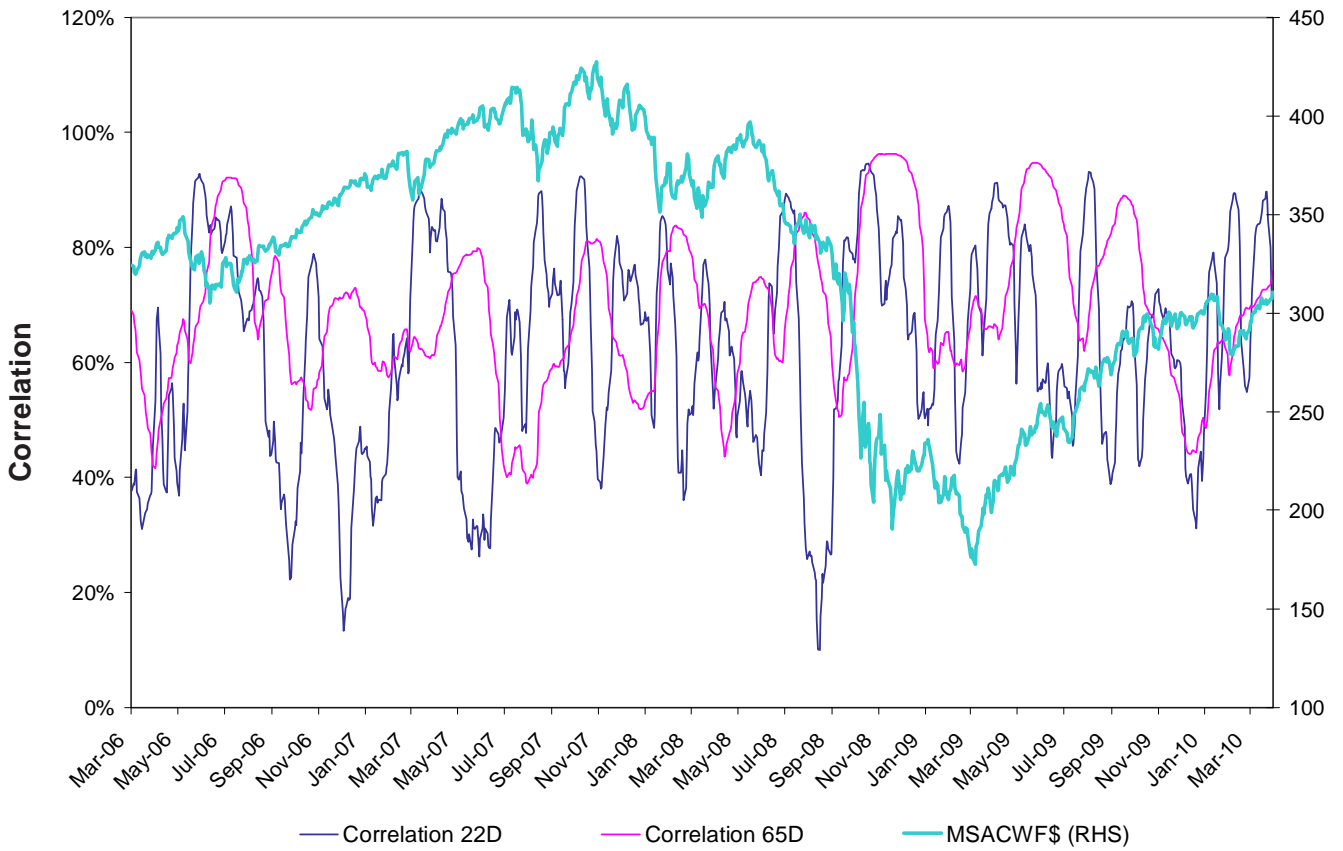




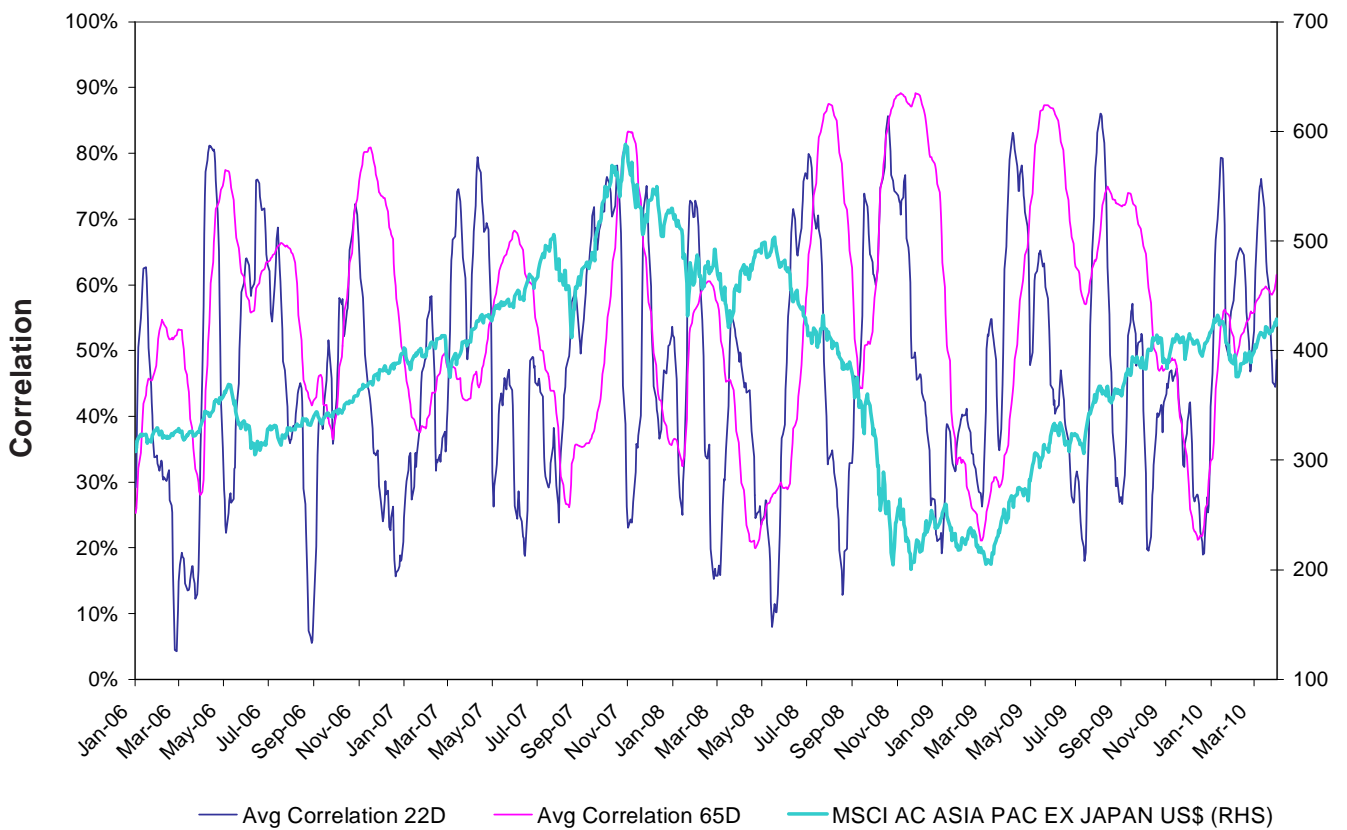


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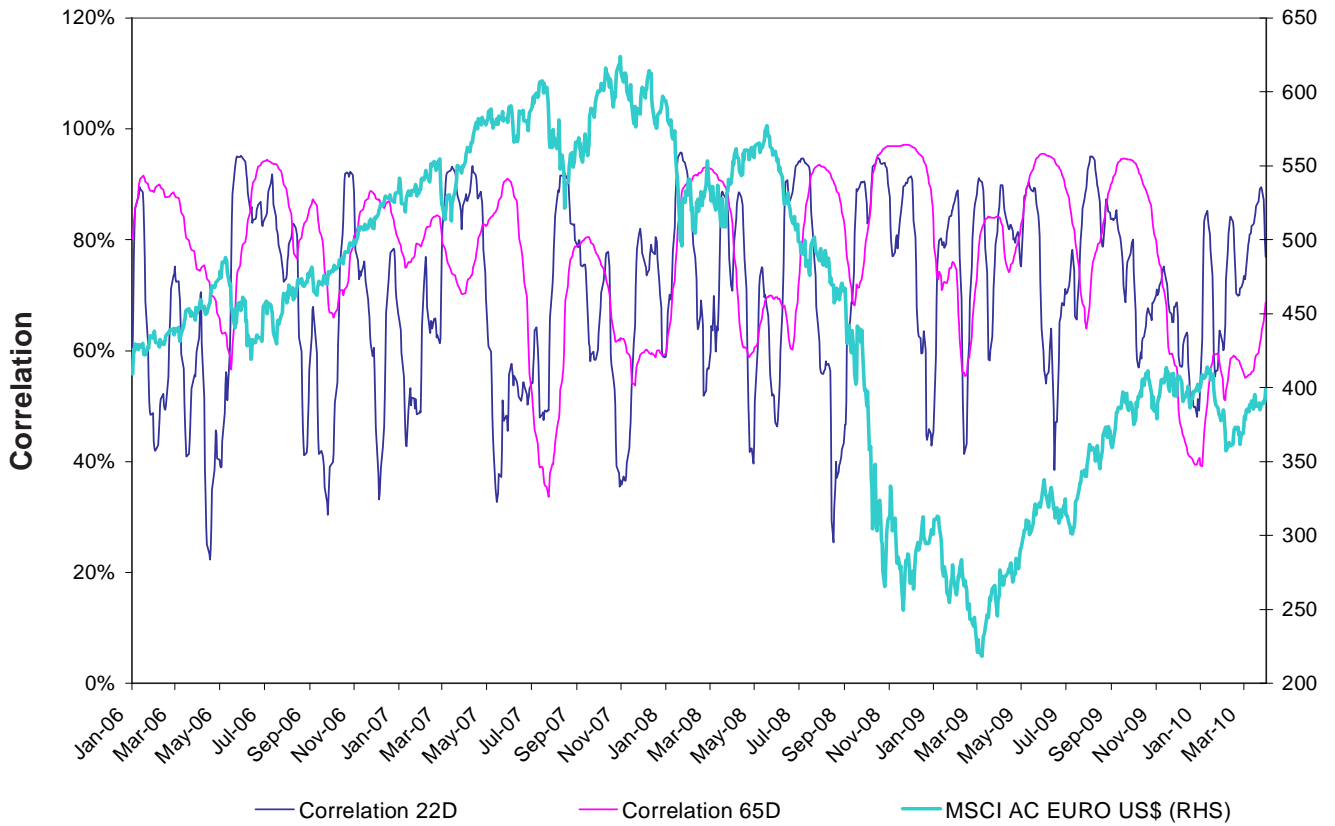
### World Indices Correlation



### Asia Indices Correlation



### Euro Indices Correlation



### MSCI AC World Free Index US\$ and Multi Assets Correlation

