

Asia Equity Strategy

STRATEGY

Research Analysts

Sakthi Siva
 65 6212 3027
 sakthi.siva@credit-suisse.com

Kin Nang Chik
 852 2101 7482
 kinnang.chik@credit-suisse.com

Are we seeing signs of capitulation?

Figure 1: Net foreign selling in Emerging Asia (ex. China), US\$ mn

Tactical corrections	Net foreign selling (US\$ mn)	Net foreign selling (as a % of market cap)
May 2004	-2,444	-0.2
March-April 2005	-4,530	-0.3
October 2005	-4,351	-0.3
May-July 2006	-14,451	-0.7
March 2007	-3,442	-0.1
February 2010	-2,598	-0.1
Average	-5,303	-0.3
May 2010	-8,322	-0.2

Source: Various stock exchanges, Credit Suisse estimates

- Heading towards one of the biggest months ever for net foreign selling.** Figure 2 highlights that net foreign selling in Emerging Asia (ex. China, ex. Malaysia) has reached US\$8.3 bn as of 18 May. This already makes May 2010 the biggest month for net foreign selling since October 2008 (which was associated with US\$11.3 bn). However, if we assume the same selling rate continues for the rest of May (eight more trading days), we are potentially looking at net foreign selling of US\$14 bn. The record month previously for net foreign selling was US\$17.5 bn in August 2007.
- Prior to 2008, most tactical corrections associated with US\$2.4 bn to US\$14.5 bn.** While the bear market of 2007/08 was associated with a year of net foreign selling, most tactical corrections (10-15%) in MXASJ (MSCI Asia ex. Japan) were associated with net foreign selling ranging from US\$2.4 bn in May 2004 to US\$14.5 bn in May-July 2006. Tactical corrections were associated with net foreign selling ranging from 0.1% to 0.7% of market capitalisation versus 0.2% so far in May 2010. See Figure 1 above.
- MXASJ of 430, we believe, provides an attractive entry level.** With Asian sovereign balance sheets in good shape, a fair degree of foreign investor capitulation, we believe a 15% correction to 430 on MXASJ (currently 458) provides an attractive entry level to the Credit Suisse house view of no global double dip. Please see our reports on 10 May, *Lessons from the 1997/98 Asian financial crisis* and 17 May, *So far, none of our seven lead indicators suggest a global double dip* for details.

DISCLOSURE APPENDIX CONTAINS ANALYST CERTIFICATIONS AND THE STATUS OF NON-US ANALYSTS. FOR OTHER IMPORTANT DISCLOSURES, visit www.credit-suisse.com/researchdisclosures or call +1 (877) 291-2683.
 U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Focus charts

Figure 2: Net foreign buying/ selling in Emerging Asia (ex. China), US\$ mn

	India	Indonesia	Korea	Philippines	Taiwan	Thailand	EM Asia ex. China & Malaysia
Monthly data							
Jul-09	2,284	306	4,680	44	2,629	265	10,208
Aug-09	1,008	135	3,030	-16	281	88	4,526
Sep-09	3,811	94	4,138	200	4,564	680	13,487
Oct-09	1,948	-330	1,354	-174	-307	20	2,510
Nov-09	1,183	190	1,683	93	725	-395	3,480
Dec-09	2,199	406	1,991	29	3,294	-136	7,783
Jan-10	-94	46	605	48	-12	-227	367
Feb-10	270	-215	-24	65	-2,856	164	-2,598
Mar-10	4,372	536	4,747	44	3,501	1,371	14,571
Apr-10	2,099	169	4,883	197	3,802	-127	11,023
May-10	-769	-130	-3,853	56	-2,574	-1,051	-8,322
Annual data							
2010 (YTD)	5,877	406	6,358	411	1,860	130	15,042
2009	17,176	1,303	24,386	408	15,611	1,110	59,994
2008	-15,674	2,893	-35,531	-1,060	-15,743	-4,845	-69,960
2007	17,236	3,531	-29,294	1,243	2,066	1,610	-3,609
2006	8,006	1,823	-12,657	1,351	16,611	1,857	16,991
2005	10,546	-1,741	-3,584	355	24,389	2,976	32,940

Last update: 18 May 2010

Source: Various stock exchanges, Credit Suisse estimates

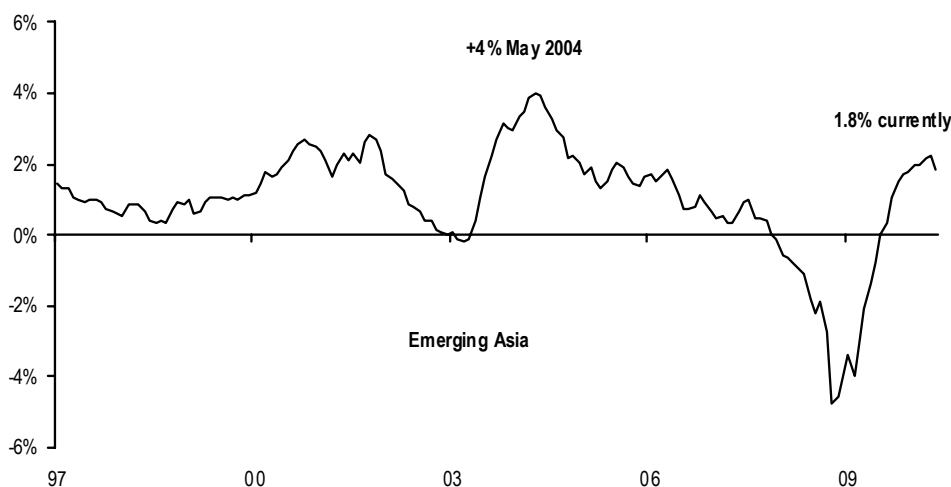
Net foreign selling in Emerging Asia (ex. China, ex. Malaysia) has reached US\$8.3 bn as of 18 May

If this pace continues, it could be close to the biggest month ever

The biggest month ever (our data starts from 1996) was US\$17.5 bn in August 2007

Half the net foreign selling this month has been borne by Korea (US\$3.85 bn)

Figure 3: Cumulative 12-month net foreign buying in Emerging Asia as a % of market cap



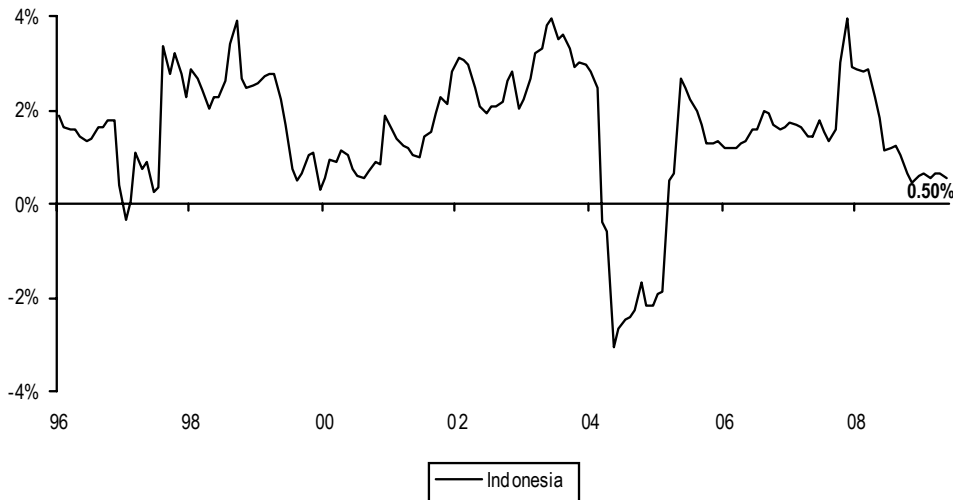
On a rolling 12-month basis, net foreign buying is 1.8% of market capitalisation

Source: Various stock exchanges, Credit Suisse estimates

Who is under-owned on a flow basis?

While we believe Korea is under-owned on a stock basis, we believe Indonesia is the most under-owned on a flow basis. We define flow basis as cumulative net foreign buying over the last 12 months as a percentage of market capitalisation. On this measure, Indonesia stands at 0.5% versus the Philippines and Thailand at 0.6%.

Figure 4: Cumulative 12-month net foreign buying as a % of market capitalisation



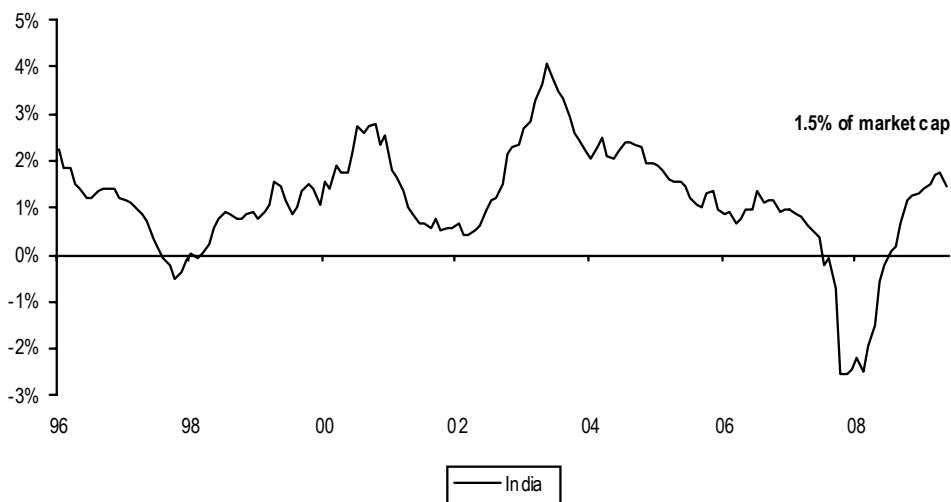
Indonesia looks under-owned on a flow basis

Cumulative net foreign buying over the last 12 months is only 0.5% of market cap

Source: Various stock exchanges, Credit Suisse estimates

While India has seen only US\$769 mn of net foreign selling as of 18 May, or only 9% of net foreign selling in Emerging Asia ex. China of US\$8.3 bn, Figure 5 highlights that on a rolling 12-month basis, cumulative net foreign buying is 1.5% of market cap.

Figure 5: Cumulative net foreign buying in India as a % of market capitalisation

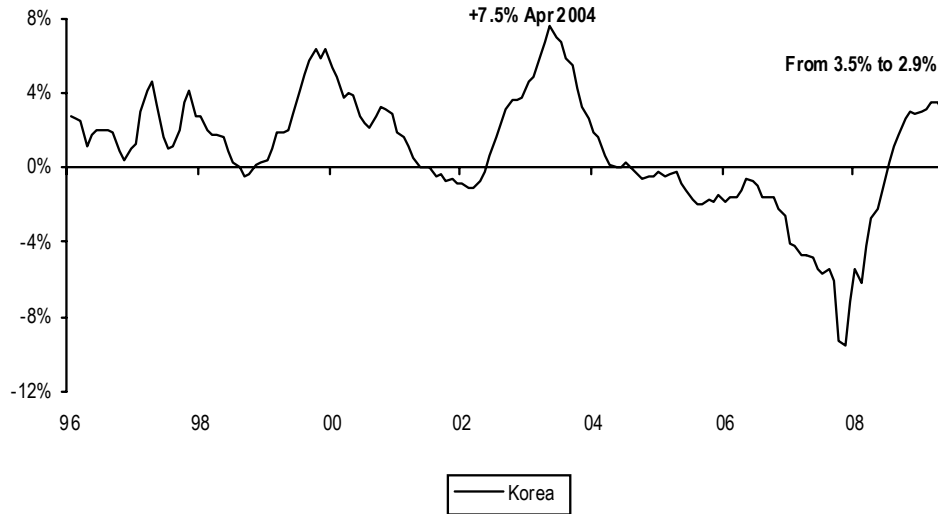


Net foreign buying in India is 1.5% of market cap

Source: Various stock exchanges, Credit Suisse estimates

While Korea has already seen net foreign selling of US\$3.9 bn, or almost half of the net foreign selling out of Emerging Asia this month, we note that over the last 12 months, Korea has received the largest inflows as a percentage of market capitalisation. Figure 6 highlights that cumulative net foreign buying over the last 12 months is now 2.9% of market cap, down from 3.5% last month.

Figure 6: Cumulative net foreign buying in Korea as a % of market cap

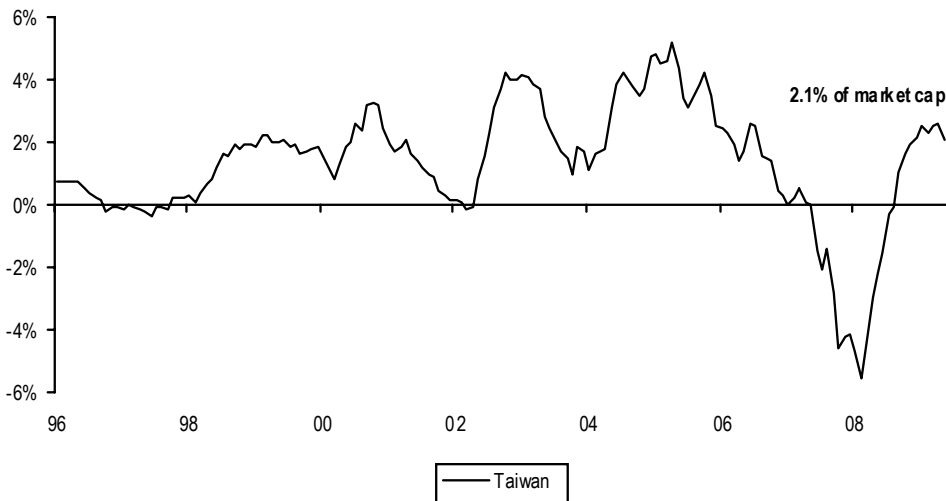


Cumulative net foreign buying in Korea as a percentage of market cap has dropped from 3.5% in April to 2.9% in May

Source: Various stock exchanges, Credit Suisse estimates

On a flow basis, Taiwan is the second highest, at 2.1% of market cap, for cumulative net foreign buying over the last 12 months.

Figure 7: Cumulative net foreign buying in Taiwan as a % of market cap



Cumulative net foreign buying in Taiwan is 2.1% of market cap

Source: Various stock exchanges, Credit Suisse estimates

Disclosure Appendix

Important Global Disclosures

I, Sakthi Siva, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report. The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities.

Analysts' stock ratings are defined as follows:

Outperform (O): The stock's total return is expected to outperform the relevant benchmark* by at least 10-15% (or more, depending on perceived risk) over the next 12 months.

Neutral (N): The stock's total return is expected to be in line with the relevant benchmark* (range of $\pm 10-15\%$) over the next 12 months.

Underperform (U): The stock's total return is expected to underperform the relevant benchmark* by 10-15% or more over the next 12 months.

*Relevant benchmark by region: As of 29th May 2009, Australia, New Zealand, U.S. and Canadian ratings are based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe**, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. Some U.S. and Canadian ratings may fall outside the absolute total return ranges defined above, depending on market conditions and industry factors. For Latin American, Japanese, and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; for European stocks, ratings are based on a stock's total return relative to the analyst's coverage universe**. For Australian and New Zealand stocks a 22% and a 12% threshold replace the 10-15% level in the Outperform and Underperform stock rating definitions, respectively, subject to analysts' perceived risk. The 22% and 12% thresholds replace the +10-15% and -10-15% levels in the Neutral stock rating definition, respectively, subject to analysts' perceived risk.

**An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.

Restricted (R): In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.

Volatility Indicator [V]: A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' coverage universe weightings are distinct from analysts' stock ratings and are based on the expected performance of an analyst's coverage universe* versus the relevant broad market benchmark**:

Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.

Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

*An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.

**The broad market benchmark is based on the expected return of the local market index (e.g., the S&P 500 in the U.S.) over the next 12 months.

Credit Suisse's distribution of stock ratings (and banking clients) is:

	Global Ratings Distribution	
Outperform/Buy*	44%	(62% banking clients)
Neutral/Hold*	41%	(60% banking clients)
Underperform/Sell*	13%	(56% banking clients)
Restricted	2%	

*For purposes of the NYSE and NASD ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.

Credit Suisse's policy is to update research reports as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated herein.

Credit Suisse's policy is only to publish investment research that is impartial, independent, clear, fair and not misleading. For more detail please refer to Credit Suisse's Policies for Managing Conflicts of Interest in connection with Investment Research: http://www.csfb.com/research-and-analytics/disclaimer/managing_conflicts_disclaimer.html

Credit Suisse does not provide any tax advice. Any statement herein regarding any US federal tax is not intended or written to be used, and cannot be used, by any taxpayer for the purposes of avoiding any penalties.

Important Regional Disclosures

Singapore recipients should contact a Singapore financial adviser for any matters arising from this research report.

Restrictions on certain Canadian securities are indicated by the following abbreviations: NVS--Non-Voting shares; RVS--Restricted Voting Shares; SVS--Subordinate Voting Shares.

Individuals receiving this report from a Canadian investment dealer that is not affiliated with Credit Suisse should be advised that this report may not contain regulatory disclosures the non-affiliated Canadian investment dealer would be required to make if this were its own report.

For Credit Suisse Securities (Canada), Inc.'s policies and procedures regarding the dissemination of equity research, please visit http://www.csfb.com/legal_terms/canada_research_policy.shtml.

As of the date of this report, Credit Suisse acts as a market maker or liquidity provider in the equities securities that are the subject of this report.

Principal is not guaranteed in the case of equities because equity prices are variable.

Commission is the commission rate or the amount agreed with a customer when setting up an account or at anytime after that.

To the extent this is a report authored in whole or in part by a non-U.S. analyst and is made available in the U.S., the following are important disclosures regarding any non-U.S. analyst contributors:

The non-U.S. research analysts listed below (if any) are not registered/qualified as research analysts with FINRA. The non-U.S. research analysts listed below may not be associated persons of CSSU and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

- Sakthi Siva, non-U.S. analyst, is a research analyst employed by Credit Suisse AG, Singapore Branch.
- Kin Nang Chik, non-U.S. analyst, is a research analyst employed by Credit Suisse (Hong Kong) Limited.

Important MSCI Disclosures

The MSCI sourced information is the exclusive property of Morgan Stanley Capital International Inc. (MSCI). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, re-disseminated or used to create any financial products, including any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI, Morgan Stanley Capital International and the MSCI indexes are services marks of MSCI and its affiliates.

The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of Morgan Stanley Capital International Inc. and Standard & Poor's. GICS is a service mark of MSCI and S&P and has been licensed for use by Credit Suisse.

For Credit Suisse disclosure information on other companies mentioned in this report, please visit the website at www.credit-suisse.com/researchdisclosures or call +1 (877) 291-2683.

Disclaimers continue on next page.



This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Credit Suisse AG, the Swiss bank, or its subsidiaries or its affiliates ("CS") to any registration or licensing requirement within such jurisdiction. All material presented in this report, unless specifically indicated otherwise, is under copyright to CS. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of CS. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of CS or its affiliates.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. CS may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. CS will not treat recipients as its customers by virtue of their receiving the report. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you. CS does not offer advice on the tax consequences of investment and you are advised to contact an independent tax adviser. Please note in particular that the bases and levels of taxation may change.

CS believes the information and opinions in the Disclosure Appendix of this report are accurate and complete. Information and opinions presented in the other sections of the report were obtained or derived from sources CS believes are reliable, but CS makes no representations as to their accuracy or completeness. Additional information is available upon request. CS accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to CS. This report is not to be relied upon in substitution for the exercise of independent judgment. CS may have issued, and may in the future issue, a trading call regarding this security. Trading calls are short term trading opportunities based on market events and catalysts, while stock ratings reflect investment recommendations based on expected total return over a 12-month period as defined in the disclosure section. Because trading calls and stock ratings reflect different assumptions and analytical methods, trading calls may differ directionally from the stock rating. In addition, CS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and CS is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. CS is involved in many businesses that relate to companies mentioned in this report. These businesses include specialized trading, risk arbitrage, market making, and other proprietary trading.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgement at its original date of publication by CS and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk.

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct their own investigation and analysis of the product and consult with their own professional advisers as to the risks involved in making such a purchase.

Some investments discussed in this report have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment, in such circumstances you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realisable and it may be difficult to sell or realise those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed.

This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this report or CS's website shall be at your own risk.

This report is issued and distributed in Europe (except Switzerland) by Credit Suisse Securities (Europe) Limited, One Cabot Square, London E14 4QJ, England, which is regulated in the United Kingdom by The Financial Services Authority ("FSA"). This report is being distributed in Germany by Credit Suisse Securities (Europe) Limited Niederlassung Frankfurt am Main regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht ("BaFin"). This report is being distributed in the United States by Credit Suisse Securities (USA) LLC ; in Switzerland by Credit Suisse AG; in Canada by Credit Suisse Securities (Canada), Inc.; in Brazil by Banco de Investimentos Credit Suisse (Brasil) S.A.; in Japan by Credit Suisse Securities (Japan) Limited, Financial Instrument Firm, Director-General of Kanto Local Finance Bureau (Kinsho) No. 66, a member of Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Securities Investment Advisers Association; elsewhere in Asia/Pacific by whichever of the following is the appropriately authorised entity in the relevant jurisdiction: Credit Suisse (Hong Kong) Limited, Credit Suisse Equities (Australia) Limited, Credit Suisse Securities (Thailand) Limited, Credit Suisse Securities (Malaysia) Sdn Bhd, Credit Suisse AG, Singapore Branch, Credit Suisse Securities (India) Private Limited, Credit Suisse Securities (Europe) Limited, Seoul Branch, Credit Suisse AG, Taipei Securities Branch, PT Credit Suisse Securities Indonesia, and elsewhere in the world by the relevant authorised affiliate of the above. Research on Taiwanese securities produced by Credit Suisse AG, Taipei Securities Branch has been prepared by a registered Senior Business Person. Research provided to residents of Malaysia is authorised by the Head of Research for Credit Suisse Securities (Malaysia) Sdn. Bhd., to whom they should direct any queries on +603 2723 2020.

In jurisdictions where CS is not already registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation, which will vary from jurisdiction to jurisdiction and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements. Non-U.S. customers wishing to effect a transaction should contact a CS entity in their local jurisdiction unless governing law permits otherwise. U.S. customers wishing to effect a transaction should do so only by contacting a representative at Credit Suisse Securities (USA) LLC in the U.S.

Please note that this report was originally prepared and issued by CS for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of CS should seek the advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents. This research may relate to investments or services of a person outside of the UK or to other matters which are not regulated by the FSA or in respect of which the protections of the FSA for private customers and/or the UK compensation scheme may not be available, and further details as to where this may be the case are available upon request in respect of this report.

Any Nielsen Media Research material contained in this report represents Nielsen Media Research's estimates and does not represent facts. NMR has neither reviewed nor approved this report and/or any of the statements made herein.

If this report is being distributed by a financial institution other than Credit Suisse AG, or its affiliates, that financial institution is solely responsible for distribution. Clients of that institution should contact that institution to effect a transaction in the securities mentioned in this report or require further information. This report does not constitute investment advice by Credit Suisse to the clients of the distributing financial institution, and neither Credit Suisse AG, its affiliates, and their respective officers, directors and employees accept any liability whatsoever for any direct or consequential loss arising from their use of this report or its content.

Copyright 2010 CREDIT SUISSE AG and/or its affiliates. All rights reserved.

CREDIT SUISSE (Hong Kong) Limited
Asia/Pacific: +852 2101-6000