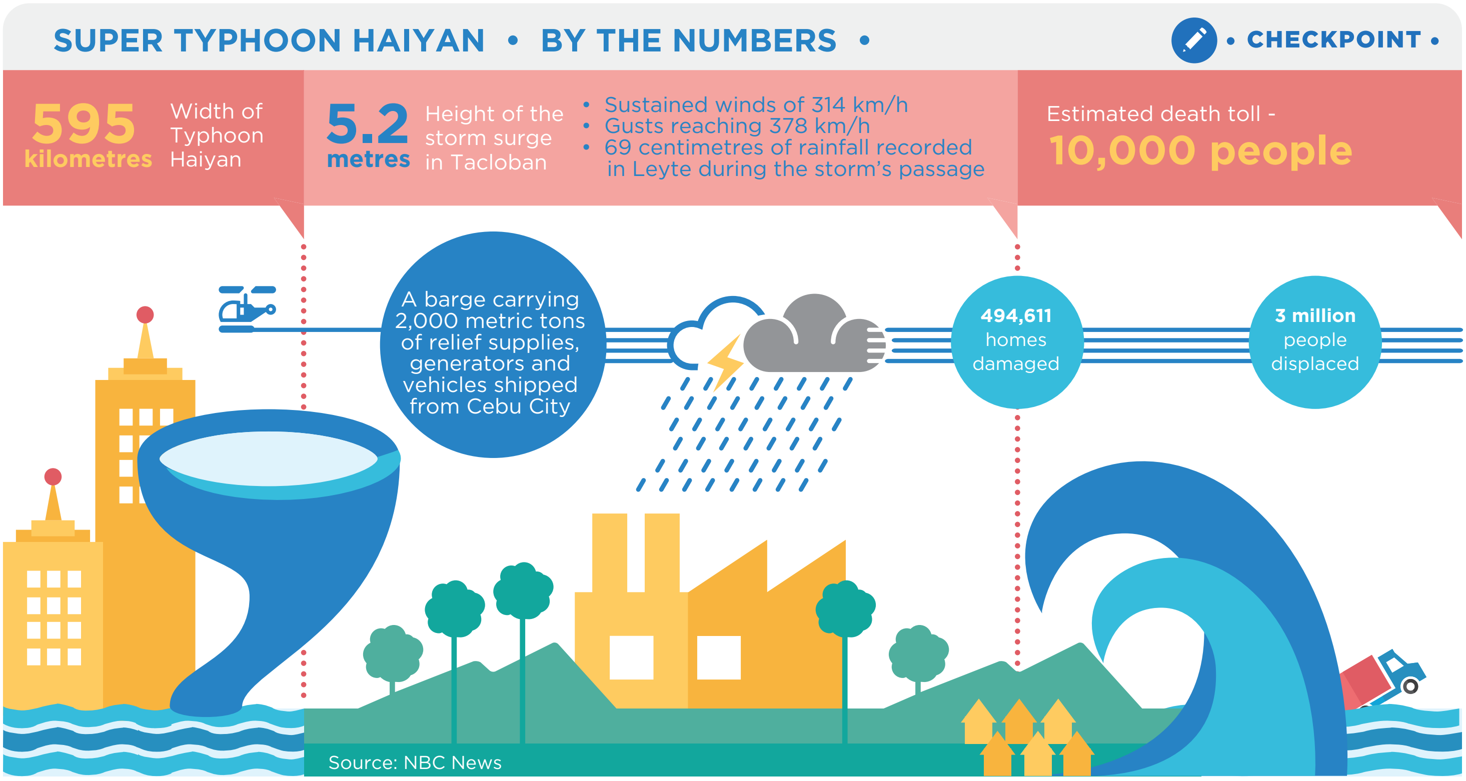
CARI CAPTURES

01 SUPER TYPHOON HAIYAN WREAKS HAVOC IN THE PHILIPPINES

PHILIPPINES



Super Typhoon Haiyan (STH) wreaked havoc across central Philippines, with winds reaching 314kph, making it the strongest typhoon in the world this year and one of the most powerful ever recorded, bringing the estimated death toll to 10,000 people in the Eastern province of Leyte, of which Tacloban is the capital city.

- Haiyan generated waves up to 5m high that surged inland like a tsunami with Philippine authorities' efforts to quickly deliver aid hamstrung by the destruction of airports, roads, bridges and other infrastructure leaving countless bodies scattered across wastelands and devastated communities devoid of food, water and medicines
- Around 9 million people have been affected by STH with nearly 1.5 million displaced from their homes, as bodies rotting in the humid atmosphere leading to mass graves of 300-500 bodies, according to Tacloban officials
- The international community has responded swiftly as aid pours in from all over the world, with some of the more visible efforts being the US military C-130 planes full of relief supplies arriving in Tacloban and the British pledge of a navy warship with equipment to make drinking water from seawater and a military transport aircraft to help relief efforts in the Philippines
- The Philippine Department of Agriculture has estimated that the damage to the agricultural sector amounts to PHP6.88 billion (US$158 million) accounting for 214,522 metric tons of goods from 134,085 hectares of farmland as rice fields and fisheries stocks made for the biggest losses at P2.23 billion (US$51.2 million) and P1.16 billion (US$26.6 million), respectively
- STH may also have set into motion a coconut oil supply shock that boosted both crude palm kernel oil (CPKO) and crude palm oil (CPO) prices, according to Kenanga Research

The Edge (11 November 2013)
The Edge (12 November 2013)
The Edge (13 November 2013)
Philippine Daily Inquirer (13 November 2013)
Wall Street Journal (15 November 2013)

02 SURPRISE INDONESIAN RATE HIKE TO NARROW DEFICIT

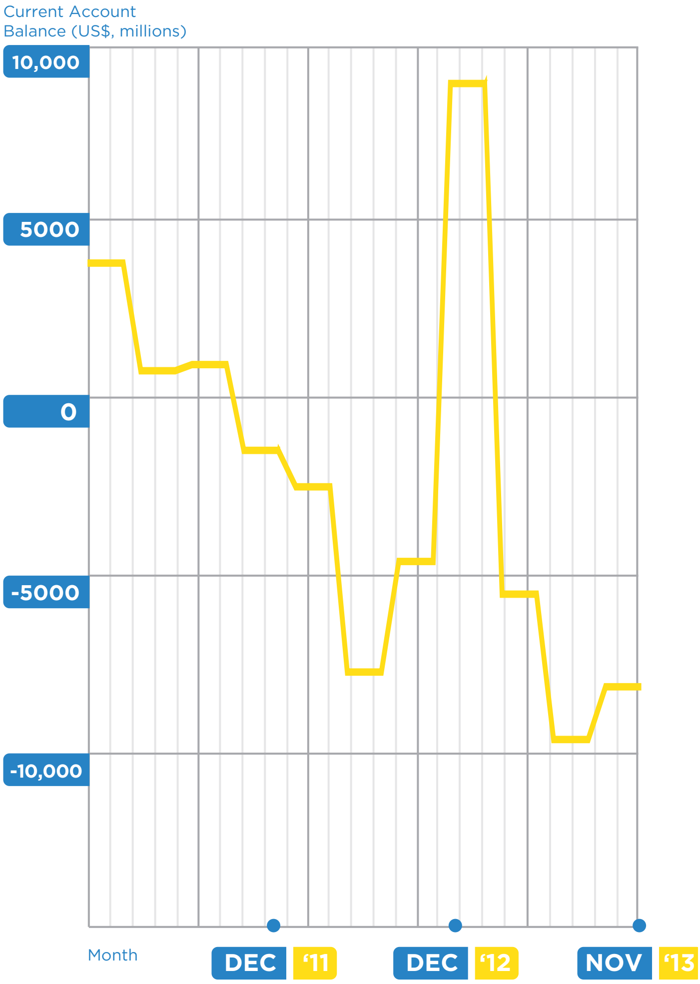
INDONESIA

Indonesia's central bank Bank Indonesia raised interest rates in a surprise move last week by 25 basis points to 7.5 percent, being the fifth time rates were raised this year, showing the government's determination to narrow the alarmingly large current account deficit which now stands at US$8.4 billion, or 3.8 percent of GDP in 3Q2013.

- The bank has raised the rate by a total of 1.75 percent since June, when it announced the first increase of the year, on the back of a hike in the price of subsidized fuel, during which time the deficit has narrowed from US$10 billion in the second quarter to US$8.4 billion in the third
- Bank Indonesia also released forecasts for GDP and FDI growth, predicting that GDP growth will stand at 5.7 percent at the end of 2013 and grow to 6 percent in 2014, whilst FDI would only grow between 15 and 18 percent in 2014, below the 20 percent growth estimated this year and the 26 percent in 2012
- British banking behemoth Barclays' Emerging Market Research unit has lauded the move by the central bank, being of the opinion that the rate hike will have a positive impact on the central bank's credibility and provide near-term support to foreign exchange (FX), local currency bonds and sovereign credit

Jakarta Post (8, 12 November 2013)
Indonesia Investments (15 November 2013)
Jakarta Globe (12 November 2013)

Bank Indonesia Addresses National Current Account Problem



Source: Statistics Indonesia
Bank Indonesia

03 INFRASTRUCTURE IS A PRIORITY FOR INDONESIA

INDONESIA

Cutting costs and improving the quality of logistics and transport systems would vastly improve Indonesia's access to international markets and increase trade, said World Bank Senior Trade Specialist Henry Sandee as the Washington-based lender highlighted the archipelagic nation's shortcomings in its infrastructure, citing costs of logistics across Indonesia to account for some 24 percent of GDP.

- The 2012 Logistics Performance Indicator Report ranked Indonesia 59th out of 155 countries studied, lagging behind other middle-income nations in the region as existing infrastructure like ports and airports are overloaded after more than two decades that has seen little investment in the sector due to a lack of push from the government
- Indonesian businesses too are urging the government to take measures to reduce logistics costs to around 19 to 22 percent of GDP in 2014 in a bid to increase the country's competitiveness ahead of the ASEAN Economic Community (AEC) in 2015
- The high costs resulted mainly from value-added tax logistics firms paying for fuel and loading and unloading services, according to Indonesian Logistics Association Executive Board Member Nofrisel
- As if in response, the Indonesian Government announced shortly after its plans for 56 new infrastructure projects next year worth US$35 billion, of which 32 are to be in public-private partnerships (PPP)

Jakarta Post (12 November 2013)
Jakarta Globe (13 November 2013)
Business Times (14 November 2013)

04 THAI OFFICIALS HIT BACK AT IMF CALLS TO ABANDON RICE SCHEME

THAILAND

Deputy Prime Minister Kittiratt Na-Ranong has hit back at the International Monetary Fund (IMF) for suggesting Thailand ditch costly subsidies for the rice-pledging scheme, saying the IMF should have come up with a more in-depth study on what solutions are suitable for the Thai economy in this latest twist of the rice pledging scheme saga.

- "We have our ways of helping farmers and are ready to listen to suggestions. But the IMF should also try to understand our economic structure better and offer solutions that are appropriate to the Thai economy and this country," the Thai official commented
- In its annual review of Thailand's economy, the IMF said that losses in the programme will continue if the policy remains unchanged, with the lack of data about the rice purchasing program undermining confidence in Thailand's public finances
- The rice buying programme, a flagship policy of Prime Minister Yingluck Shinawatra's government to win support in Thailand's vote rich farming regions, has accumulated losses of at least US$4.46 billion since it was introduced in 2011
- The scheme involves the government buying rice from farmers at above-market prices and reselling the grain on international markets, with IMF reporting pledging prices being about 40% above market prices

Bangkok Post (13 November 2013)
Bangkok Post (14 November 2013)

05 SINGAPOREAN TRAFFIC COPS REJECT S$3,000 BRIBE

SINGAPORE

Singapore reaffirmed the perception of their steadfast nature against bribery and corruption as two traffic policemen rejected a S$3,000 (US$2,406) bribe by a driver guilty of driving under the influence of alcohol.

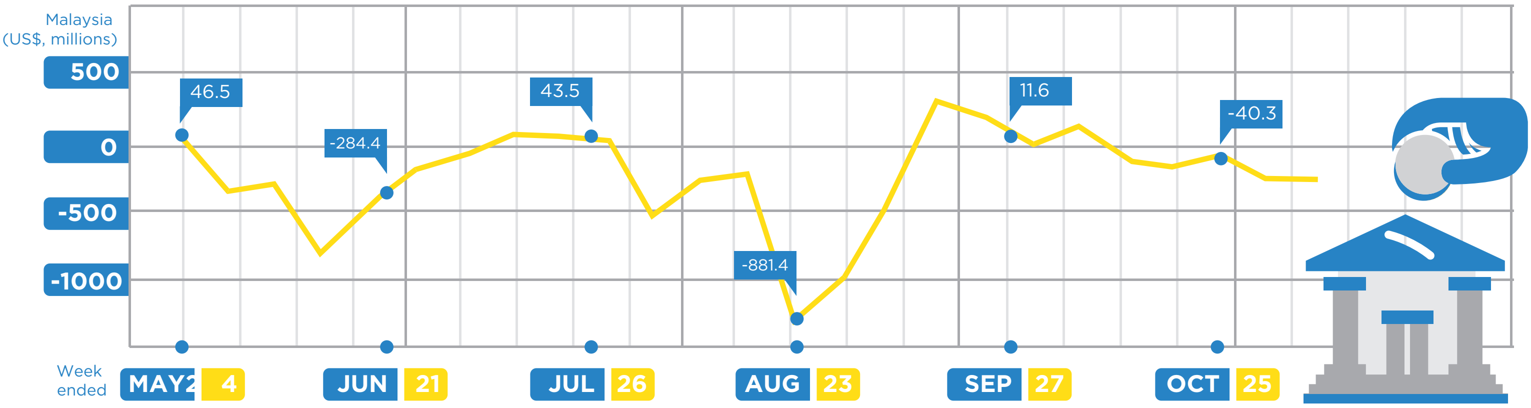
- Sergeant Fadli Shaifuddin Mohamed Sani and Corporal Ng Ching Heng were conducting a road block on Jurong Road, Singapore when they stopped a female driver who was suspected of drink-driving
- After she failed a breathalyser test, she offered the officers S$3,000 as a bribe and begged them to let her go, but the officers stood firm and took the 38-year old woman back to Traffic Police Headquarters for a second breathalyser test

Straits Times (14 November 2013)

06 FOREIGN FUNDS' SELL-OFF OF MALAYSIAN EQUITIES CONTINUES

MALAYSIA

Weekly Net Flow of Foreign Funds into Equities



Source: MIDF Research Fund Flow Report

The MIDF Research Fund Flow Report shows the outflow of foreign capital from the Malaysian equity market continued for the fifth consecutive week for the week ending 8 November, bringing the total amount of foreign capital to have sold off Malaysian equities in the last five weeks to RM1.6 billion (US$500 million).

- Nine weeks of global funds buying into Asian equities came to an end as aggregate data from seven proxy Asian markets (Korea, Taiwan, Thailand, Malaysia, Indonesia, Philippines and India) showed foreign funds sold US$1 billion worth of stocks on a net basis in the aforementioned markets
- Despite the recent sell-off by foreign funds, the stability of the Ringgit currency indicates that there has been no mass exodus of foreign capital out of Malaysia
- This brings the foreign portfolio capital which has entered the Malaysian equity market in 2013 to RM7.1 billion (US$2.22 billion) and the total cumulative net inflow of foreign capital into Bursa since 2011 estimated at RM22.7 billion (US$7.1 billion)
- Malaysian equity was not the only market in the region to feel the brunt of foreign selling last week with US$203 billion leaving the Thai market and US$97.4 billion leaving Indonesian equities

The Edge (12 November 2013)
MIDF Research (11 November 2013)

07 VIETNAMESE LENDERS FAIL TO TAP FOREIGN SECTOR

VIETNAM

Vietnamese lenders are failing to take advantage of the significant presence of foreign firms in the country to improve their credit growth figures as industry experts and economists point to the limited range of services and uncompetitive rates and nature of Vietnamese lending practices.

- Economist Bui Kien Thanh explained that foreign lenders were able to use funds mobilised in their home countries at much lower rates, allowing them to in turn offer loans at cheaper interest rates as compared to Vietnamese lenders
- Economists also pointed to the fact that parent companies of foreign-invested firms in Vietnam would typically have used services of a particular bank or banks for many years, helping to reduce the lending risk to the financial institutions
- The many other services, including borrowing capital, opening letters of credit, and making money transfers also provide alternative income streams which local lenders don't offer and have to charge an excess in loan interest spreads to make up for
- At the end of last year, 33 of 39 local banks, reported that foreign-invested firms accounted for a mere two percent of their total lending, according to global consultant KPMG

Business Times (14 November 2013)

08 MYANMAR MONITOR

POLITICS

- Myanmar released 69 detained activists on 15 November, as the country hosts top-level international visitors. President Thein Sein has promised that there will be no prisoners of conscience in Myanmar by the end of the year.

New Straits Times (15 November 2013)

- Naypyidaw authorities are preventing the National League for Democracy (NLD) from conducting a public opinion poll on the need for constitutional reform, a NLD lawmaker said on 15 November. In October, the NLD announced that it would hold public opinion polls on the question of whether to amend or rewrite the country's constitution, but Suu Kyi is barred from running for the presidency under the current constitution.

The Irrawaddy (15 November 2013)

- Myanmar has signed an agreement with NORAD, a Norwegian governmental organisation, to conduct a joint research project on marine resources in the Bay of Bengal starting from November, according to the Myanmar Fisheries Federation. The research will involve monitoring marine resources and is expected to cost US$593,000.

Eleven Myanmar (18 September 2013)

- The image of Myanmar's independence hero Aung San will soon be reinstated on the country's currency. The currency featuring opposition leader Aung San Suu Kyi's father had gradually disappeared after the 1988 military crackdown. Furthermore, the parliament is now discussing a motion to remove the symbol of Myanmar's ruling party USDP off banknotes.

The Irrawaddy (15 November 2013)

ECONOMY

- An European Union (EU)-Myanmar Business Forum kicked off in Yangon on 14 November with the aim to explore further development of Myanmar-EU ties of comprehensive cooperation. The two-day business forum also comprises Democratic Civil Society Forum and Development Forum. Bilateral trade between Myanmar and EU reached US$226.37 million in 2012, with Myanmar's exports to the EU standing at US$43.54 million while its imports from the EU at US$182.83 million.

Mizzima (15 November 2013)

FOREIGN AFFAIRS

- "Reports of sectarian violence in Myanmar sicken the world", said former US President Bill Clinton during a speech at the Myanmar Peace Centre in surprise visit to Myanmar on 14 November. Clinton also met with President Thein Sein and opposition leader Aung San Suu Kyi. The Clinton Foundation is planning to help the Myanmar government procure drugs for several fatal diseases, tackle maternal and infant mortality, and improve agricultural development.

Washington Post (15 November 2013)

09 BUSINESS IN ASEAN CONTINUES TO HEAT UP

ASEAN

A 2013 report commissioned by global law firm Baker & McKenzie and written by The Economist Intelligence Unit on trends in cross-border M&A indicates buyers are expanding their acquisition targets to include next-generation high-growth markets, including countries in Asia, also showing indications that Asian-based companies themselves are establishing a stronger presence on the acquisition side of M&A.

- Partner in the Singapore office of Baker & McKenzie Jon Worsfold observes cross-border M&A activity had been picking up noticeably in the Philippines, Vietnam and Indonesia, with nearly half of the survey respondents saying that they expected the appetite for cross-border M&A to grow over the next two years
- The importance of overcoming cultural hurdles is evident in Baker & McKenzie's report, which is based on a survey of 357 senior executives around the world. Cultural barriers were identified as the general issue (i.e. non-legal, regulatory) creating the greatest challenge to the success of a cross-border acquisition
- The upcoming integration of the ASEAN Economic Community at the end of 2015 is another potential cross-border M&A game changer where Chairman of Baker & McKenzie's Bangkok office Kitipong Urapeepatanapong says integration will reduce labour costs, lower tax barriers and allow people to move more easily between countries

Bangkok Post (11 November 2013)

10 MALAYSIAN TANKER FALLS VICTIM TO PIRACY

MALAYSIA

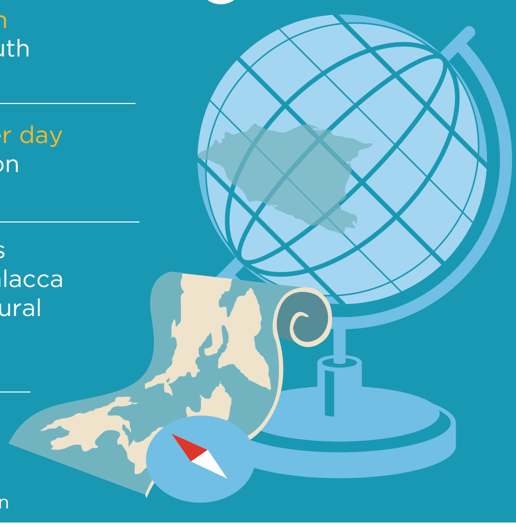
• CHECKPOINT •

Malacca is the shortest sea route between Persian Gulf suppliers and the Asian markets—notably China, Japan, South Korea, and the Pacific Rim

An estimated 15.2 million barrels per day flow in 2011, compared to 13.8 million barrels per day in 2007

At its narrowest point in the Phillips Channel of the Singapore Strait, Malacca is only 1.7 miles wide creating a natural bottleneck, as well as potential for collisions, grounding, or oil spills.

Over 60,000 vessels transit the Strait of Malacca per year



Source: US Energy Information Administration

The International Maritime Bureau reported that a Malaysian oil tanker fell prey to pirates on 7 November when ten pirates armed with guns and knives boarded the tanker about 7.3 nautical miles (13.5 kilometres) west of Malaysia's Pulau Kukup in the Strait of Malacca, forcing the crew to transfer gasoil from the vessel to another ship.

- According to the US Energy Information Administration (EIA), the Straits of Malacca which connects the Indian Ocean with the South China Sea and Pacific Ocean is one of the world's two "most strategic chokepoints" for oil trade along with the Strait of Hormuz in the Persian Gulf
- It is the shortest sea route between the Middle East and Asia with about 15.2 million barrels of oil a day transported along the waterway in 2011
- This is the second incident in the last month whereby Malaysian vessels have been the victim of sea pirates, with the earlier incident involving the hijacking of an oil-products tanker off Malaysia's Pulau Aur in the South China Sea on 10 October, where the pirates stole the ship's cargo before abandoning it five days later; ironic considering Malaysia is famous for the other variant of piracy

Bangkok Post (11 November 2013)

Editorial Team: Sóley Ómarsdóttir, Ken Oh **Designer**: Christina Chin and in collaboration with Tan Zheng Joo **Consultant Editor**: Tunku 'Abidin Muhriz