



## Three out of six Downside Targets for Asia Pacific Hit, says MTS Research

Peter Beuttell, founder and MD, MTS Research

Tuesday 9<sup>th</sup> February (London): Three weeks ago, we forecast a continuing drop in the Asia Pacific markets (see our Global Markets Review, p6-9), summarised as follows:

Whilst equity markets globally are nearing short-term oversold levels, **most Pacific markets have only recently completed the rally patterns which began in late 2008 or early 2009, so they are merely in the early stages of the largest correction for 9 to 15 months.** Individual markets such as Singapore should correct at least another 4%, and quite a lot more amongst some of the higher-beta stocks.

The corrective patterns across the region do not look nearly developed enough, and underlying support is not as immediately strong at current levels as in Western indices, suggesting that it is more vulnerable to a larger correction than we have already seen.

On Wednesday 3<sup>rd</sup> February we said:

"Since our initial comment, equity markets have become short-term oversold, and quite deeply so in the case of the Asia Pacific region. Their problem is that downside momentum has been extreme, and markets don't usually bottom on such extremes. In addition, few of them have so far hit our downside targets (which are up 5% below recent intra-day lows), so the regional correction has probably not run its course".

**Subsequent action is summarised in the table below.**

	Index @ 22nd Jan 2010	Index @ 9th Feb 2010	Points drop	% change since Jan 22nd 2010	Target Given	Intra-day low	% Remaining to Target
Hang Seng Index	20726.18	19790.28	935.9	-4.52	19850	19423.05	HIT
Seoul Comp.	1684.35	1570.49	113.86	-6.76	1520	1548.78	-1.86
Straits Times	2819.7	2745.02	74.68	-2.65	2595	2665.97	-2.66
Taiwan Weighted	7927.31	7361.04	566.27	-7.14	7350	7080.9	HIT
NSE Nifty	5036	4,792.65	243.35	-4.83	4590	4675.4	-1.83
ASX 200	4750.6	4505.1	245.5	-5.17	4510	4464.9	HIT

Our current view is that the initial leg of the correction is close to ending, and markets are entering at least a short-term bottoming area. The dynamics and pattern of the bounce should help determine the likelihood that there is still another leg to come.

-Ends-

See page 6-9 of the attached report for detailed review of regional markets.

To arrange an interview or to speak with Peter Beuttell, please see contact details below

#### **Notes to editors**

#### **Media Contacts**

*Weber Shandwick Financial:*

- Bilal Mahmood on +44 20 7067 0715 or +44 7515 919 719 or [bmahmood@webershandwick.com](mailto:bmahmood@webershandwick.com)

#### **About MTS Research**

MTS Research is an independent research consultancy which since 1989 has been providing specialist technical analysis of stocks and other financial instruments to buy side institutional clients across the world's major financial markets.

MTS provides a range of reports – including its weekly Global Markets Review – alongside consultancy advice catering for a number of different investment approaches from absolute or relative returns to long-only and long/short. Research focuses on the UK, Europe, Japan, the Pacific and the US, with coverage of South America and Eastern Europe planned for 2010. As well as its regular reports, MTS offers tailored research in line with clients' individual portfolio needs.

MTS' clients range from hedge funds to the largest fund managers. Its blue chip client list includes BlackRock, Cazenove, Goldman Sachs, Invesco Perpetual, JP Morgan, Jupiter, Société Générale, Legal & General, M&G/Prudential, Scottish Widows and Whitney in Japan.