



Monday, October 09, 2006 | 12 pages

Strategy, Economics and Quantitative Analysis

Economics – 2006 Monsoons

Companies

Ranbaxy (RANB.BO)

Ashok Leyland (ASOK.BO)

Also Noteworthy Today

Fun With Flows

September '06 Quarterly Results Expectations

Company	Date	PAT (Rsm)		% y/y
		Sep05A	Sep 06E	
Infosys	11-Oct	6,060	8,014	32%
ICICI Bank	13-Oct	5,805	6,767	17%
UTI Bank	13-Oct	1,090	1,330	22%

Top Calls

India Economics—2006 Monsoons End on a Mixed Note — Quantum: Normal; Distribution and Timeliness; Poor But Not Damaging

The 2006 monsoon season (June-Sept) ended with rainfall at 99% of the Long Period Average (LPA- of 89cm). While this is above the 92% forecasted by the Indian Meteorological Department (IMD), rainfall has been disappointing both in terms of distribution and timeliness. **Rohini Malkani, +91-22-6631-9876**

Ranbaxy (Buy)—Raising Target Price; Maintain Buy

We raise our target price to Rs505/share (up 26%), as we move to EV/Sales as our valuation methodology for the stock. We believe that Ranbaxy's costs are still skewed towards the higher side, relative to its global peers and it has sufficient room to reduce them further. In the interim, we believe that revenues provide a better reflection of the value in the business. **Prashant Nair, +91-22-6631-9855**

Ashok Leyland (Sell)—Sales for September: Strong Growth Continues

Driven by sales of MHCV goods vehicles (+68% yoy), overall volumes grew 39% yoy. However, in line with the current YTD trend, bus sales declined 17.2% yoy. **Jamshed Dadabhoy, +91 22 6631 9883**

Key Market Data

Markets & Currency

6-Oct	Close	1 Day	YTD
BSE Sensex	12,373	-0.13	31.7
BSE 100	6,324	0.12	27.7
S&P CNX Nifty	3,570	0.13	25.8
BSE 500	4,759	0.21	25.4
Rs/US\$	45.58	0.16	-1.2

Institutional Activity

(US\$ Mils.)	4-Oct	MTD	YTD
FII's			
Purchase	360.4	676.2	75,993.0
Sale	452.1	832.4	70,836.4
Net	(91.7)	(156.1)	5,156.6
Local MF's			
Purchase	96.4	167.3	22,054.0
Sale	125.2	191.9	19,076.6
Net	(28.7)	(24.6)	2,977.4
Total - Net	(120.5)	(180.7)	8,134.0

Source: Bloomberg

Major Gainers & Losers*

Gainers	%	Losers	%
VIDESH SANCH	9.3	STERL BIOTEC	4.4
JSW SL	7.3	D-LINK INDIA	4.3
ALOK INDUSTR	6.7	MOSER BAER	3.5
MIRC ELECTRO	6.3	CMC LTD	3.2
CHAMBAL	5.9	ADANI ENTER	3.1
GUJ NARMADA	5.9	HMT LTD	3.0
EIH LIMITED	4.8	TVS MOTOR L	2.1
ARVIND MILLS	4.8	ALLAHABAD BK	2.0
BHARAT	4.7	ADI BIR NUVO	1.9
HINDUSTAN	4.7	HINDUSTAN	1.9

Source: BSE. *BSE-Group 'A'

See page Appendix A-1 for Analyst Certification and important disclosures.

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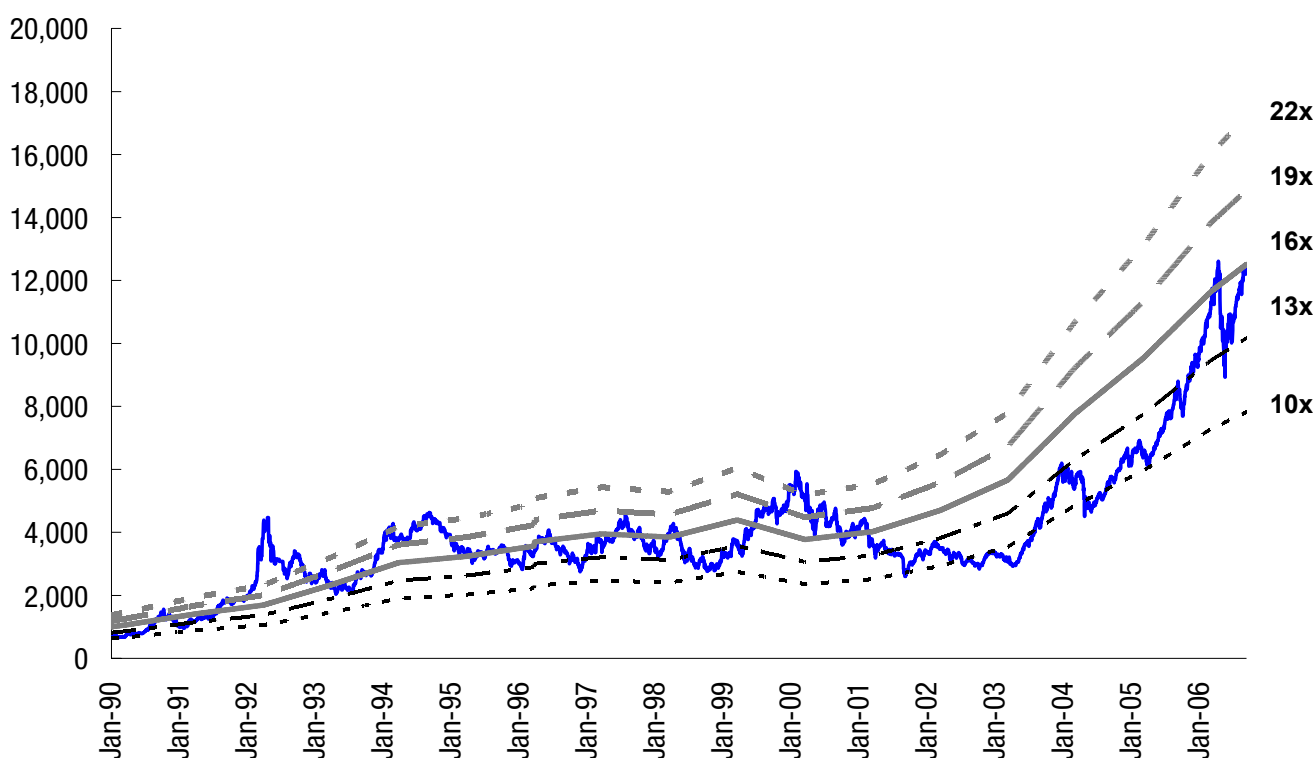
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BSE- Sensex 12-Month Forward PE Band Chart



Source: Bloomberg, Citigroup Investment Research estimates

Also Noteworthy Today

Fun With Flows—Inflows to Asian Equity Funds Weakened

Inflows to Asian country and regional funds continued for the third week. However, at US\$84m, inflow was just one-fourth of the total coming in the week before. China and India country funds remained major beneficiaries of the inflows, while Thailand, Indonesia and Philippines funds saw the return of new money. On the other hand, outflows from Malaysia funds have continued and widened to a three-month high. **Elaine Chu, +852-2501-2768**

Industry

- **Economy** – Government to take reforms ahead in financial sectors like debt markets, pension and insurance. (BS)
- **Realty** – FIIs may get approval to invest in realty firms, pre IPO stage. RBI to review its stand, investment to conform with stringent FDI guidelines. (ET)
- **Telecom** – Bids for BSNL's mega GSM tender likely to open today (BS). Finance Ministry reportedly opposed to 3G pricing as recommended by TRAI. (FE)

Company News

- **Reliance Energy** – Defers tariff hike; will approach MERC to review tariff increase order. (ET)
- **Reliance Industries** – To build largest port in India with investment of Rs30bn. (FE)
- **SAIL**– POSCO and SAIL form SPV to develop Paradip – Haridaspur railway line in Orissa. (BS)
- **Vedanta** – Signs MOU with Chattisgarh Govt. and SEB for setting up Rs 50bn thermal power plant in the state. (BS)
- **ONGC** – ONGC Mittal Energy Ltd wins oil block in Nigeria. (FE)

Fresh Money Ideas

Fresh Money Ideas is an actively managed list of high-conviction Buy and Sell calls by our Asia equity research analysts. The list is highly focused, with a maximum of 10 stocks, and changes are considerably more frequent than for a model portfolio.

	Bloomberg Code	Rating	Price 6-Oct	Target Price	ETR (%)	Prospective		
						P/E	P/BV	EPS Growth
BUYS								
Dongfeng Group	489 HK	1M	HK\$3.33	HK\$3.95	19.7	10.2	1.8	4
<i>Expect premium valuation on above-average defensiveness and attractive growth prospects</i>							Charles Cheung / +852-2501-2	
Fongs Industries	641 HK	1L	HK\$6.35	HK\$7.20	17.5	10.6	3.1	3
<i>Forecast 40% earning growth for F2007 and net cash position to remain</i>							Clement Wong / +852-2501-2	
AAC Acoustic	2018 HK	1M	HK\$8.75	HK\$11.00	25.7	13.3	3.7	3
<i>Rapidly gaining market share in the fast-growing global handset acoustic component market</i>							Michael Meng / +852-2501-2	
Nagarjuna Constr	NJCC IN	1M	Rs174.70	Rs191.00	9.9	17	2.8	3
<i>Diversified skill set and improving business mix should capture growth opportunities</i>							Deepal Delivala / +91-22-6631-9	
SELLS								
Chinatrust FHC	2891 TT	3L	NT\$25.50	NT\$26.00	3.4	12.2	1.6	4
<i>With recent rally, expected ROE improvement appears priced in</i>							Bradford Ti / +886-2-8725-1	
Realtek Semicon	2379 TT	3M	NT\$42.55	NT\$39.05	-4.7	13	1.8	1
<i>Most near-term good news appears to already be reflected</i>							Andrew Lu / +886-2-8725-1	
China Shenhua	1088 HK	3L	HK\$12.04	HK\$10.40	-10.8	10.4	2.5	3
<i>Valuation looks expensive vs. peers; too early to forecast acquisition upside</i>							Pitzi Lau, CFA / +852-2501-2	
Hotel Leela	LELA IN	3M	Rs65.85	Rs54.00	-17.4	19.1	2	3
<i>Stretched valuations don't leave much margin for error from potential execution delays</i>							Ashish Jagnani / +91-22-6631-9	

Additions: None; Deletions: None

1 = Buy; 2 = Hold; 3 = Sell; L = Low Risk, M = Medium Risk, S = Speculative Risk

ETR = Estimated Total Return (Expected share price return + expected dividend yield)

dataCentral is Citigroup Investment Research's proprietary database that includes Citigroup Investment Research estimates, data from company reports, and feeds from Reuters and Datastream.

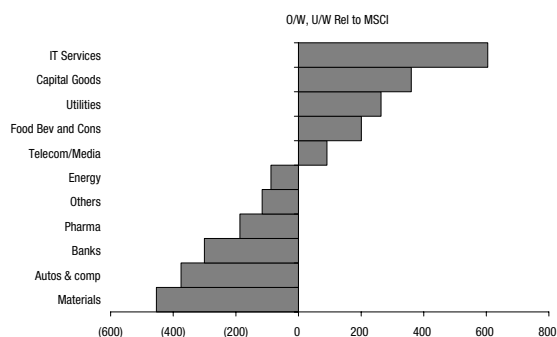


India Model Portfolio (Ratnesh Kumar, 9122-6631-9888)

	6-Oct-06 (Rs)	YTD Performance (%)	RIC Code	Analyst's Rating	MSCI Weight (%)	Portfolio Weight (%)	OW/UW Rel. to MSCI (bps)	2006E			
								PE (x)	EPS Growth (%)	PB (x)	ROE (%)
Automobiles and Components					8.8	5.0	-375				
Tata Motors	893.7	36.9	TAMO.BO	1L		5.0		20.9	23.7	5.3	28.0
Banks & Diversified Financials					17.0	14.0	-300				
HDFC Bank	934.2	32.1	HDBK.BO	2L		4.0		26.6	35.1	4.8	19.7
ICICI Bank	702.8	20.2	ICBK.BO	1L		5.0		21.4	18.1	2.6	13.1
HDFC	1,431.7	18.8	HDFC.BO	--		5.0		-	-	-	-
Capital Goods					6.4	10.0	360				
BHEL	2,324.9	67.7	BHEL.BO	1L		5.0		26.0	45.8	6.4	27.7
L&T	1,266.6	37.4	LART.BO	1L		5.0		30.6	33.5	7.7	27.3
Energy					16.9	16.0	-88				
Reliance Industries	1,163.1	72.6	RELI.BO	2L		13.0		16.8	10.9	4.7	29.1
ONGC	1,143.1	(2.7)	ONGC.BO	1M		3.0		9.0	12.5	2.5	30.5
Food Beverage and Tobacco, Household & Personal Products					9.0	11.0	201				
Asian Paints	676.9	17.2	ASPN.BO	1L		4.0		25.5	38.7	9.2	38.6
Hindustan Lever	245.3	24.4	HLL.BO	1L		7.0		32.1	19.4	23.7	73.3
Materials					7.5	3.0	-454				
Grasim	2,520.9	81.2	GRAS.BO	NR		3.0		-	-	-	-
Pharmaceuticals, Biotechnology, Agrochem					4.9	3.0	-187				
United Phosphorus	245.1	2.1	UNPO.BO	1L		3.0		16.3	37.4	3.2	21.8
Software & Services					21.0	27.0	605				
TCS	993.1	16.7	TCS.BO	1L		6.0		27.2	32.1	12.0	53.8
Wipro	513.7	10.8	WIPR.BO	1L		6.0		29.5	29.7	8.0	29.8
Infosys	1,872.0	24.9	INFY.BO	1L		15.0		32.6	38.4	11.3	40.3
Telecom Services/Media					5.1	6.0	91				
Bharti Tele	460.2	33.1	BRTI.BO	1M		6.0		27.2	53.4	8.2	34.6
Utilities					2.4	5.0	264				
NTPC	130.7	16.5	NTPC.BO	1L		3.0		16.3	16.4	2.2	14.4
GAIL	259.3	(2.5)	GAIL.BO	1L		2.0		9.2	2.6	2.0	23.2
Others*					1.2	-	-116				
Cash						-	0				
Total					100.0	100.0	0	30.6	27.3	7.2	25.0

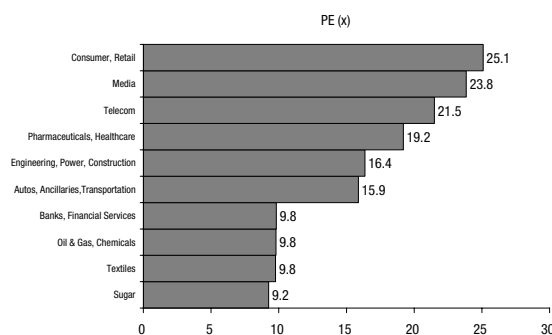
Source: Citigroup Investment Research estimates. *Others – Hotels, tech hardware, transportation. Note: This table provides a guideline for the types of stocks that would fit our investment strategy. A number of the stocks listed are not rated [NR]. They are shown for illustration purposes as the types of companies in their respective sector that would follow a broad-based thematic approach. CIR does not cover these stocks and has no investment opinion or recommendation for them.

Key Overweights/ Underweights



Source: Citigroup Investment Research

CIR Universe P/E FY07E (x)



Source: Citigroup Investment Research

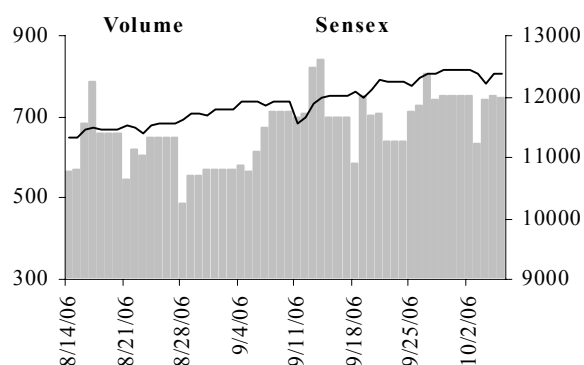
Market Snapshot

Performance (%)	1-Day	1-Week	1-Mth	3-Mth	6-Mth	12-Mth	YTD	Mkt Volume	(Rs Mils.)
Absolute								BSE	37,240
BSE Sensex	(0.1)	(0.7)	3.7	14.9	6.8	45.1	31.7	NSE	66,050
CIR India Index	0.3	(0.2)	1.3	11.0	(1.0)	28.0	17.7	Top Volume*	(Rs Mils.)
Aluminum	1.1	1.9	(0.9)	(1.0)	(18.9)	21.2	9.4	STEEL AUTHOR	386.8
Auto	0.2	2.7	6.0	11.2	(0.1)	53.9	31.0	VIDESH SANCH	1921.1
Banks	(0.5)	(0.8)	10.5	28.9	10.6	22.6	19.3	MAHANAG TELE	489.8
Capital Goods	0.5	(1.6)	1.4	18.8	(3.3)	80.6	55.0	DENA BANK	103.9
Cement	0.3	(0.2)	5.3	23.3	12.7	99.7	86.2	MIRC ELECTRO	67.9
Consumer	(1.2)	(2.4)	1.4	0.6	(12.1)	26.6	13.0	HPCL	669.8
Hotels	2.1	0.9	4.8	19.8	3.5	72.0	37.7	D-LINK INDIA	210.3
IT Services	(0.2)	0.1	0.1	12.6	3.3	31.4	13.8	HINDALCO IN	343.3
Media	0.6	(3.7)	0.9	12.9	17.7	61.2	87.3	REL COM LTD	569.3
Oil & Gas	1.2	0.2	(2.6)	9.4	(10.1)	8.2	(2.7)	ASHOK LEYLND	78.7
Petrochemical	0.7	(0.6)	2.2	7.9	38.6	46.1	30.7	Top Gainers*	Close (Rs)
Pharmaceutical	(0.4)	(1.8)	(1.1)	9.1	(14.7)	13.4	14.4	VIDESH SANCH	432
Power	0.0	(3.3)	0.3	8.5	(14.0)	2.8	2.0	JSW SL	308
Steel	0.7	2.6	7.5	(1.7)	0.3	30.9	46.7	ALOK INDUSTR	73
Telecom Equipment	(1.3)	1.6	4.9	29.2	4.4	11.9	7.8	MIRC ELECTRO	29
Telecom	1.4	(0.2)	6.3	20.5	6.1	32.4	28.3	CHAMBAL FERT	38
								GUJ NARMADA	112
								EIH LIMITED	107
								ARVIND MILLS LTD.	71
								BPCL	394
								HPCL	305
								Top Losers*	Close (Rs)
								STERL BIOTEC	135
								D-LINK INDIA	98
								MOSER BAER	240
								CMC LTD	552
								ADANI ENTER	142
								HMT LTD	84
								TVS MOTOR L	123
								ALLAHABAD BK	88
								ADI BIR NUVO	880
								HINDUSTAN LEVER	245
								Chg (- %)	
								VIDESH SANCH	9.3
								JSW SL	7.3
								ALOK INDUSTR	6.7
								MIRC ELECTRO	6.3
								CHAMBAL FERT	5.9
								GUJ NARMADA	5.9
								EIH LIMITED	4.8
								ARVIND MILLS LTD.	4.8
								BPCL	4.7
								HPCL	4.7
								Top Losers*	Close (Rs)
								STERL BIOTEC	135
								D-LINK INDIA	98
								MOSER BAER	240
								CMC LTD	552
								ADANI ENTER	142
								HMT LTD	84
								TVS MOTOR L	123
								ALLAHABAD BK	88
								ADI BIR NUVO	880
								HINDUSTAN LEVER	245
								Chg (- %)	
								STERL BIOTEC	4.4
								D-LINK INDIA	4.3
								MOSER BAER	3.5
								CMC LTD	3.2
								ADANI ENTER	3.1
								HMT LTD	3.0
								TVS MOTOR L	2.1
								ALLAHABAD BK	2.0
								ADI BIR NUVO	1.9
								HINDUSTAN LEVER	1.9
Relative to BSE-30 Sensex									
CIR India Index	0.5	0.4	(2.4)	(3.9)	(7.8)	(17.1)	(13.9)		
Aluminum	1.2	2.6	(4.6)	(15.9)	(25.6)	(23.9)	(22.3)		
Auto	0.4	3.3	2.4	(3.7)	(6.9)	8.9	(0.7)		
Banks	(0.3)	(0.1)	6.8	14.0	3.8	(22.5)	(12.4)		
Capital Goods	0.7	(0.9)	(2.2)	3.9	(10.1)	35.5	23.4		
Cement	0.4	0.5	1.6	8.4	6.0	54.6	54.6		
Consumer	(1.1)	(1.7)	(2.3)	(14.3)	(18.9)	(18.4)	(18.6)		
Hotels	2.2	1.6	1.1	4.9	(3.3)	26.9	6.0		
IT Services	(0.0)	0.8	(3.6)	(2.3)	(3.4)	(13.7)	(17.8)		
Media	0.7	(3.0)	(2.8)	(2.0)	10.9	16.2	55.6		
Oil & Gas	1.3	0.9	(6.3)	(5.5)	(16.9)	(36.8)	(34.4)		
Petrochemical	0.9	0.0	(1.5)	(7.0)	31.8	1.0	(0.9)		
Pharmaceutical	(0.3)	(1.1)	(4.8)	(5.8)	(21.5)	(31.7)	(17.3)		
Power	0.2	(2.6)	(3.4)	(6.4)	(20.8)	(42.3)	(29.6)		
Steel	0.8	3.3	3.8	(16.6)	(6.4)	(14.2)	15.1		
Telecom Equipment	(1.2)	2.2	1.2	14.3	(2.4)	(33.2)	(23.9)		
Telecom	1.6	0.4	2.7	5.6	(0.7)	(12.7)	(3.4)		

Source: Citigroup Investment Research estimates

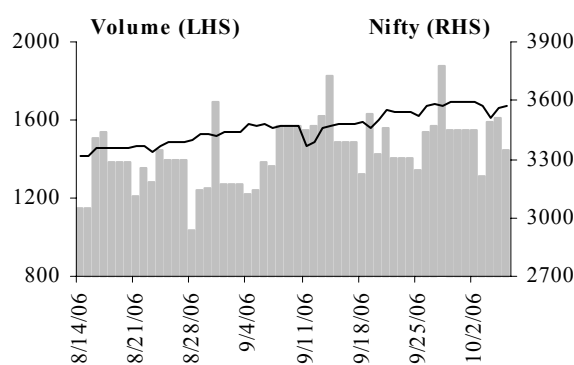
*BSE-Group A
Source: The Economic Times, www.bseindia.com.

BSE-30 – Performance & Volume (US\$ Mils.)



Source: Bloomberg, Citigroup Investment Research estimates

NIFTY – Performance & Volume (US\$ Mils.)



Source: Bloomberg, Citigroup Investment Research estimates

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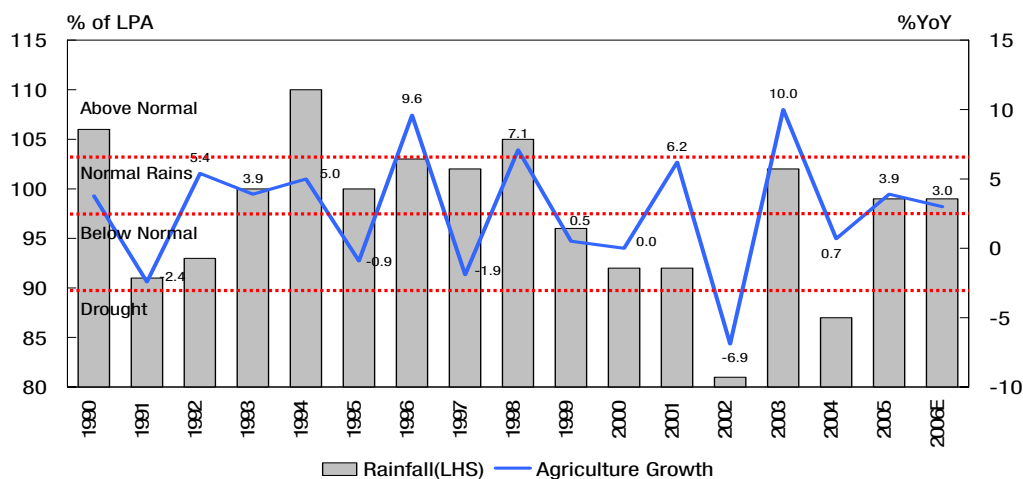
Note Released: 6-Oct-06

India Economics

2006 Monsoons End on a Mixed Note — Quantum: Normal; Distribution and Timeliness; Poor But Not Damaging

- **Monsoons normal but distribution and timeliness disappointed:** The 2006 monsoon season (June-Sept) ended with rainfall at 99% of the Long Period Average (LPA- of 89cm). While this is above the 92% forecasted by the Indian Meteorological Department (IMD), rainfall has been disappointing both in terms of distribution and timeliness.
- **Distribution – Uneven but not damaging:** While rainfall in central India was in excess (+16% of LPA), rainfall in the northeast experienced the most deficiency (-17% of LPA). Rainfall in the northwest and southern peninsula was below normal with deficiency limited to 6% of LPA. However, the key point to note is that rainfall-deficient regions are either well irrigated or non-agri regions. Thus, the skewed spatial distribution was not damaging (*please see table on page 5*).
- **Timeliness – Disappointing:** The timeliness of monsoons was disappointing this year, with rainfall being 14% deficient during July – the crucial month for sowing. Trends improved in August to 5% above normal, but the season ended in September with rainfall being 1% deficient. However, similar to poor distribution, concerns on timeliness might be minimized because deficient rains in July were in areas that are usually not rain fed or were where crops are not grown (*please see chart on pg 3*).
- **We maintain our GDP growth forecast for FY07 of 8.3%:** While the timeliness and distribution of rainfall has been poor, we maintain our 3% growth forecast for agriculture given that rainfall-deficient regions are well irrigated and the water level in the reservoirs is up 12%. This should help the winter crop and offset the possibility of an El-Niño effect. We maintain our 8.3% GDP estimate, which is led by industry and services (up 9.2% and 9.9% respectively).
- **Sensitivity of agriculture to GDP:** While our base case is that agriculture will register an increase of 3%, even in a worse-case scenario of flat agriculture growth, we calculate that GDP growth would come in at 7.7%. (*please see page 4*)

Trends in Annual Rainfall and Agriculture Growth (% to LPA, %YoY)



Source: IMD, CSO, Citigroup estimates

Company In-Depth

6 October 2006 | 8 pages

Ranbaxy (RANB.BO)

Raising Target Price; Maintain Buy

 Rating change
 Target price change
 Estimate change

- Maintain Buy** – with a revised target price of Rs505/share (up 26%), as we move to EV/Sales as our valuation methodology for the stock. We believe that Ranbaxy's costs are still skewed towards the higher side, relative to its global peers and it has sufficient room to reduce them further. In the interim, we believe that revenues provide a better reflection of the value in the business. Maintain Buy.
- Restructuring benefits** – Restructuring benefits are visible in 1QCY06 and 2QCY06 results; we expect these to sustain going forward. In our view, pricing pressures and tepid growth have forced management to focus on eliminating cost inefficiencies – we expect benefits to sustain and hold Ranbaxy in good stead, as revenue growth recovers over the next two years.
- Global player** – Ranbaxy is one of the few geographically diversified plays among global generics companies. Aggressive inorganic initiatives have strengthened its presence in Europe and reduced dependence on the competitive US market. With product launches in the US also expected to pick up over the next two years, we expect a rebound in revenue growth after the sluggish trend in CY05
- Key Risk** – Inability or any delay in resolving the manufacturing issues at Paonta Sahib with the US FDA remains the key risk to the story. While pricing remains a challenge in the US market, we believe that it is not as bad as it was last year and is manageable if regular product launches can be sustained. We continue to believe that Ranbaxy would be able to resolve the issue by the end of CY06.
- Key catalysts** – a) resolution of plant issues with the FDA; b) strong earnings momentum off a low base; c) any further acquisition

Buy/Medium Risk	1M
Price (06 Oct 06)	Rs422.75
Target price	Rs505.00
	<i>from Rs402.00</i>
Expected share price return	19.5%
Expected dividend yield	1.2%
Expected total return	20.6%
Market Cap	Rs157,540M
	US\$3,456M

Price Performance (RIC: RANB.BO, BB: RBXY IN)



See page 6 for Analyst Certification and important disclosures.

Figure 1. Statistical Abstract

Year to 31-Dec	Net Profit (Rs Mils.)	EPS (Rs)	EPS Growth (%)	P/E (x)	RoAE (%)
2003	7,594	20.5	17.3	19.8	38.6
2004	6,986	18.8	-8.2	21.6	29.9
2005E	2,617	7.0	-62.6	57.7	10.6
2006E	6,094	15.3	117.0	26.6	23.0
2007E	8,033	20.1	31.8	20.2	25.9
2008E	9,854	24.7	22.7	16.4	26.6

Source: Company Reports and Citigroup Investment Research

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¹Citigroup Global Market India Private Limited

Company Flash

9 October 2006 | 5 pages

Ashok Leyland (ASOK.BO)

Sales for September: Strong Growth Continues

- Strong sales for September** — Driven by sales of MHCV goods vehicles (+68% yoy), overall volumes grew 39% yoy. In line with the current YTD trend, bus sales declined 17.2% yoy.
- Goods vehicles drive growth** — Strong macro economic factors and the Supreme Court ban on overloading continued to spur demand for heavy good vehicles. Domestic sales were strong (up 76%). We contend there might be some element of pre-emptive buying given that industry appears to be expecting a price increase (rival Tata Motors increased prices across its product line 1-2% last week).
- Bus sales declined** — Bus sales continued to disappoint (f-17.2% YoY, -19.9% YTD). However, we believe the growth rates will be stronger as the base effect of some large orders (executed over 2QFY06) tapers off.
- New products/plants** — The company recently launched the Comet 1611 — a new 16-ton vehicle with the Hino built 'H' Series engines. During the month, it also signed an MoU to build a bus assembly unit in the UAE with an initial investment of US\$5m. The plant will have a capacity of 1,000 buses.
- Retain Sell/Low Risk rating** — We believe current valuations appear stretched despite near-term positives. Key upside risks to our forecasts are a sharper-than-expected growth in HCV volumes and a decline in interest rates, which would beneficially affect financing costs and could further spur volume growth.

Sell/Low Risk	3L
Price (06 Oct 06)	Rs49.15
Target price	Rs39.00
Expected share price return	-20.7%
Expected dividend yield	3.1%
Expected total return	-17.6%
Market Cap	Rs64,382M US\$1,412M

Figure 1. Sales for September 2006

	Sep-06	% chg	% chg	FY07 YTD	% chg
	Units	YoY	over Aug	(Units)	YoY
MDV passenger	1,483	-17.2	7.4	5,952	-19.9
MDV goods	6,623	67.5	30.4	30,772	50.6
LCV	49	-62.9	122.7	185	-47.4
Total	8,155	38.8	25.8	36,909	30.8

Source: Company Reports, Citigroup Investment Research

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Fun With Flows

Inflows to Asian Equity Funds Weakened

- Inflows to Asian country and regional funds continued for the third week** — However, at US\$84m, inflow was just one-fourth of the total coming in the week before. China and India country funds remained major beneficiaries of the inflows, while Thailand, Indonesia and Philippines funds saw the return of new money. On the other hand, outflows from Malaysia funds have continued and widened to a three-month high.
- Inflows to Asian funds generally recorded in the fourth quarter** — In the past two years, 40% of inflows per year entered Asian funds in the fourth quarter (64% in the case of 2003). Year to date, net inflows to these funds total US\$10.5bn. If history repeats, about US\$7bn would enter Asian funds in 4Q06. In the years 1997-98 and 2000-02, outflows were reported in the fourth quarter.
- Outflows from GEM funds reported most of the time since July** — Unlike Asian funds in which inflows, though moderate, have been recorded 64% of the time since July, GEM funds experienced just four weeks of inflows (mainly in August). Second half to date, outflows total US\$3bn. This, together with the heavy redemptions in May/June, takes YTD net inflows down to US\$3.5bn. We estimate US\$1.8bn of this is in Asia vs. US\$10.5bn to dedicated Asian funds.
- Inflows to Global/International funds persist** — Global equity funds have been a source of major interest for investors for the past three months. July to date, total inflows have reached US\$7.6bn compared with US\$336m for Asian funds.

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Figure 1. Weekly Flows to Country Funds

US\$ m	10/4/06	-1wk (9/27/2006)	-4wk (9/6/2006)	YTD Total
China	37.7	77.1	13.6	3758.9
Hong Kong	14.6	-8.3	-6.1	275.6
India	20.3	100.3	63.2	1662.2
Indonesia	1.3	-0.3	-0.3	19.1
Korea (South)	-18.6	17.6	-21.3	192.4
Malaysia	-27.5	-6.6	-9.5	-41.4
Philippines	0.4	-2.0	-0.7	6.8
Singapore	-0.1	13.0	-14.2	222.0
Taiwan	-0.9	-5.0	0.4	548.4
Thailand	1.5	-28.9	-6.1	114.6

Source: EmergingPortfolio.com Fund Research, Citigroup Investment Research

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¹Citigroup Global Markets Asia Ltd.

Analyst Certification Appendix A-1

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