

November 2005
Recommendations

Asia Dollar Bond Monitor

The long wait for Vietnam ends



Tim Condon

(65) 6232 6020
tim.condon@asia.ing.com

Joey Cuyegkeng

(632) 840 8855
joey.cuyegkeng@asia.ing.com

Prakash Sakpal

(65) 6232 6181
prakashb.sakpal@asia.ing.com

Philip Wickham

(65) 6232 6031
philip.wickham@asia.ing.com

Brett Williams

(65) 6232 6023
brett.williams@asia.ing.com

Sovereigns

Banks

Corporates

Telecoms

Utilities

Contents

New research	1
ING's recommendation overview	2
The long wait for Vietnam ends	3
Risk-return outlook	6
Selected countries	7
Sovereigns – High-yielders outperform	8
Banks – Japanese turnaround on track Breakout in consumer credit cycle confirmed	13
Corporates – TITAN 12 preferred Minor changes to interpolated spreads of Asian corporate USD bonds during month	16
Telecoms – Minimal spread movements Spread targets adjusted for TELPM curve to reflect changes to sovereign	18
Utilities – Modest value on offer ROADKG 11 remains attractive investment-grade credit	20
International pipeline	22
Credit rating changes	24
List of recommendations	28
Benchmark reference	33

Pricing date: 24 October 2005

The bond recommendations in the 'List of recommendations' table are based on absolute values. Our switch ideas are trading recommendations based on relative values, such that a SELL recommendation in a switch idea can include bonds that are rated BUY or HOLD in an absolute sense.

* A list of ING's corporate relationships is available on request.

New research

6 October 2005: Economic and Policy Watch: Korea – KRW vulnerable to Kospi, Fed risk

Tim Condon

The Korean won is vulnerable to continued net foreign selling of Korean equities and an upward revision of the likely path of the fed funds rate. We recommend investors position for further depreciation of the won against the dollar.

Economic and Strategy

Economic update

Korea

Economic and Policy Watch

KRW vulnerable to Kospi, Fed risk

WHOLESALE BANKING
 Tim Condon
 Head, Research and Client Economics, Asia
 Research, ING Global Markets
 tim.condon@ing.com

The Korean won is vulnerable to continued net foreign selling of Korean equities and an upward revision of the likely path of the fed funds rate. We recommend investors position for further depreciation of the won against the dollar.

The strong performance of Korea's stock market this year makes the Korean won one of the most undervalued Asian currencies to expect returns in market forecasts of Late Fall tightening, in our view. The benchmark Kospi index ranks in the top performing Asian equity markets this year, up 27% year-to-date and 62% year-over-year. Foreigners have been an important part of the story, buying in net \$1.3 billion of Korean equities since 2004. Their buying continues closely with changes in the Kospi (Figure 1).

Source: Bloomberg

Foreigners turned into steady net sellers of Korean equities in mid-September but the Kospi continued to rise modestly, a pattern rarely observed (Figure 1). We consider it more likely that the South join the HongKong and set values lower than the HongKong right the time as Fed tightens.

SEE THE DISCLOSURES APPENDIX FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATION

14 October 2005: Economic and Policy Watch: Singapore – Pay 3-year SGD IRS

Tim Condon

Differences in state of the business cycle in the US and Singapore point to greater upside in Singapore interest rates, despite the more hawkish Fed stance.

Economic and Strategy

Economic update

Singapore

Economic and Policy Watch

Pay 3-year SGD IRS

WHOLESALE BANKING
 Tim Condon
 Head, Research and Client Economics, Asia
 Research, ING Global Markets
 tim.condon@ing.com

Differences in state of the business cycle in the US and Singapore point to greater upside in Singapore interest rates, despite the more hawkish Fed stance.

The ongoing assessment of the likely path of the Fed funds target rate points to upward pressure on US interest rates and bond yields. Singapore's exchange rate management points to that pressure being transmitted to Singapore's interest rates. But the historically wide negative differential between Singapore and US three year rates is greater upside for rates in Singapore to rise than for their counterparts in the US (Figure 1).

Source: Bloomberg

Differences in the state of the business cycle between the US and Singapore are one reason for the wide differential depicted in Figure 1. The US Fed is in the middle stage of its tightening cycle. It appears determined to raise rates beyond neutral to preserve inflation reserves. The prospect of tightening monetary policy opens the upside in US yields.

SEE THE DISCLOSURES APPENDIX FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATION

25 October 2005: AIFUL Corporation – Best exposure to breakout in Japanese consumer credit cycle

Brett Williams

We initiate coverage on AIFUL 4.45% 10s and AIFUL 5.0% 10s with BUY recommendations. The yield on both is 5.2% but we forecast the total return on the 5.0% notes at 5.7% versus 5.6% for the 4.45% notes.

Global Markets

Investment Grade Credit

Japan

AIFUL Corporation

Best exposure to breakout in Japanese consumer credit cycle

WHOLESALE BANKING
 Brett Williams
 Credit Analyst, ING Global Markets
 Research, ING Global Markets
 brett.williams@ing.com

We initiate coverage on AIFUL 4.45% 10s and AIFUL 5.0% 10s with BUY recommendations. The yield on both is 5.2% but we forecast the total return on the 5.0% notes at 5.7% versus 5.6% for the 4.45% notes.

Largest Japanese consumer finance company. The issuer has the largest market share in the non-bank consumer finance sector.

Consistent performer. The Group has demonstrated skill at risk management and underwriting in a high-risk lending sector. Consistently high net interest margins (120%), good cost discipline and low default rates are the source of its record of strong operating performance.

Strong funding structure. Funding comes from stable, long-term diversified sources. The average funding rate steadily declined to 1.0% in mid-March 2005.

Aggressive expansion strategy. Credit costs have risen with acquisitions but the Group manages high-risk exposures well via vigorous provisioning and write-offs.

Well positioned in credit cycle. Although Japan's banks are much improved, ING believes consumer finance companies (CFCs) are well positioned to exploit rising consumer credit demand. Retail customers being targeted by banks, get what they want from CFCs: 1) unsecured credit; 2) rapid response; 3) convenience and consistency.

Ratios		2004	2005	2006	2007
Assets	(\$Bn)	1,124	1,180	1,252	1,322
Assets/Equity	x	20	20	20	20
Management Income	(\$Bn)	402	420	440	460
Net profit/Assets	%	35	35	35	35
Return on Equity	%	10	10	10	10
Net Interest Margin	%	12.0	12.0	12.0	12.0
Net Income/Assets	%	3.0	3.0	3.0	3.0
Operating Assets	(\$Bn)	1,124	1,180	1,252	1,322
Operating Assets/Equity	x	20	20	20	20

SEE THE DISCLOSURES APPENDIX FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATION

ING's recommendation overview

Average by country

	Curr spread (bp)	Est 12m spread (bp)	12m change	Est 12m total returns (%)
China	221	201	-20	7.1
Hong Kong	104	103	0	6.0
India	207	200	-7	6.4
Indonesia	300	362	62	5.8
Japan	118	89	-29	6.2
Korea	106	106	0	5.4
Malaysia	102	97	-5	5.1
Philippines	306	368	61	5.4
Singapore	97	78	-19	6.2
Thailand	124	112	-12	5.9
Total	173	184	11	5.8

Source: ING

Average by sector

	Curr spread (bp)	Est 12m spread (bp)	12m change	Est 12m total returns (%)
Corporates	256	290	34	6.9
Sovereigns	166	172	7	5.3
Utilities	196	228	32	5.2
Banks	146	132	-13	6.4
Telecoms	183	211	28	5.7
Total	173	184	11	5.8

Source: ING

Overall breakdown (%)

	BUY	HOLD	SELL
Oct-05	28	43	30

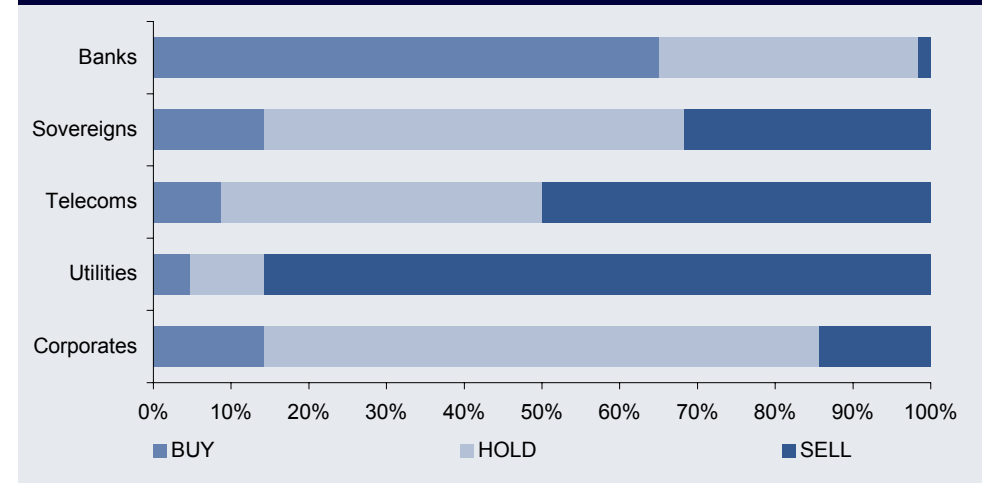
Source: ING

Fig 1 Top recommendations

Issuer	Est 12m total rtn (%)*	Est 12m tsy rtn (%)	Est 12m credit rtn (%)	Ratings	Country	Rec
CITYTE 15s(10c)	13.7	4.5	9.2	B2/BB-	Hong Kong	BUY
TITAN 12s	12.6	4.4	8.2	B1/B+	China	BUY
HUWHY 27s	11.1	4.7	6.3	A3/A-	Hong Kong	BUY
HUWHY 33s	10.4	4.7	5.7	A3/A-	Hong Kong	BUY
MIZUHO 49s(09c)	9.0	4.3	4.7	A2/A-	Japan	BUY
ROADKG 11s	8.4	4.3	4.1	Baa2/BBB-	China	BUY
PUBKBD 17s(12c)	7.5	4.4	3.1	Baa1/BBB+	Malaysia	BUY
BMRIJ 08s	7.3	4.2	3.1	B2/B+	Indonesia	BUY
KOREA 25s	7.3	4.8	2.5	A3/A	Korea	BUY
MTFG 49s(08c)	6.4	4.3	2.1	A2/A	Japan	BUY

* Total returns are based on prices as at 24 October 2005

Source: Bloomberg, ING

Fig 2 ING's recommendations by sector


Source: ING

The long wait for Vietnam ends

The much hinted at Vietnam sovereign bond issue is about to become a reality. The government announced in October that it would offer \$750 million of bonds in its first overseas debt sale. The government reportedly will use the proceeds for state projects. The issue will also set a benchmark for other issues, with the Vietnam Oil and Gas Corp., shipbuilder Vinashin and state-owned Electricity of Vietnam all potential issuer candidates.

The sovereign is rated Ba3/BB-/BB- by Moody's, S&P and Fitch and we expect the prospect of greater choice among high-yield Asian sovereigns will favourably predispose investors toward the new issue. ING concurs with the rating agencies that Vietnam is stable 'BB-' risk (Figure 3).

Strong GDP growth represents Vietnam's greatest hope for reducing sovereign risk. Growth punched above 7% in 2002 and has remained there since, with ING forecasting growth of 8.3% for 2005. The IMF forecasts growth to be sustained at 7% into the medium term.

We consider the IMF's forecast reasonable. For one thing growth is coming off a low base. Per capita income is under \$600 (Figure 3). Vietnam also has embraced the investment-driven growth model that has proved successful in the other high-performing Southeast Asian economies. This model's main virtue is its ability to generate jobs in the industry sector for workforces that are expanding due to natural increase and rural-urban migration. Investment-driven growth requires a high saving rate, which requires macroeconomic stability. The flanking policies that support this end are fiscal policy that avoids excessive public dissaving and monetary policy that keeps inflation low. The authorities have managed to keep inflation in single digits since a bout of overheating in the mid-1990s (Figure 4). Over the last decade fixed investment has risen by 10% of GDP to 34%.

A poor country like Vietnam that invests 34% of GDP and converts investment into GDP efficiently can grow for many years at a 7-8%. In a non-market economy like Vietnam challenge is maintaining investment efficiency. For Vietnam, as in China, this depends on pro-market economic reforms.

Fig 3 2004 Creditworthiness Indicators

Indicator	Fitch's BB bmk	Vietnam Ba3/BB- /BB-	Philip B1/BB- /BB	Indon B2/B+ /BB-	Brazil Ba3/BB- /BB-	Turkey B1/BB- /BB-	Ukraine B1/BB- /BB-
GDP (5Y avg, %YoY)	4.1	5.6	2.7	3.3	1.3	3.0	9.2
Saving (% of GDP)	21.8	27.4	18.0	25.3	25.9	20.7	27.2
GDP per capita (US\$)	n/a	546	1036	1012	3456	4172	1376
CPI (%YoY)	6.4	7.0	7.0	8.5	5.1	6.5	9.5
Fiscal bal (% of GDP)	-2.7	-4.3	-4.0	-1.4	-3.8	-7.1	-4.5
Primary bal (% of GDP)	1.5	-2.7	1.5	1.7	4.0	6.1	-3.5
Gov't debt (% of GDP)	50.4	33.0	72.9	61.3	75.3	74.0	22.6
Current a/c (% of GDP)	-1.0	-3.4	2.5	1.1	1.9	-5.1	10.5
Ext. debt (% of GDP)	45.9	31.5	72.5	60.4	36.4	57.9	47.0
ST ext. debt (% of total)	16.6	1.3	14.7	19.2	8.5	25.4	34.1
Debt ser (% of cur rec)	11.2	5.4	15.1	27.5	45.7	29.0	10.1
Reserves (US\$ bn)	n/a	7.7	16.2	36.3	52.9	37.3	9.5
Liquidity ratio (%)	135.6	527.0	147.5	100.9	75.6	91.9	62.1

Source: Fitch Ratings

Fig 4 Since the mid-1990s inflation has been in single digits



Source: CEIC, ING

Attention is focused on two events, accession to the World Trade Organization, which has slipped from the target date of end-2005 and is now expected by mid-2006, and equitization of the state-owned Bank for Foreign Trade (Vietcombank). As observed in China, WTO accession would help sustain exports and FDI and catalyze other economic reforms. And as in China, reform of the state-owned banks to put their operations on a more commercial basis is a key pro-market reform.

Strong, investment-driven growth has generally meant that investment has exceeded national saving and Vietnam has run a current account deficit in every year but three since 1994. The deficit peaked in 2003 at 4.7% of GDP and we estimate a narrowing to 3.5% in 2005. But we also forecast deficits persisting into the medium-term (Figure 5).

The existence of current account deficits highlights the two main sources of financing the deficit, Official Development Assistance and FDI. The two have more than fully financed the current account deficit. As a result the overall balance of payments has strengthened steadily as seen in a growing stock of foreign exchange reserves and a liquidity ratio (foreign exchange reserves in relation to debt service plus short-term debt) that is among the highest in its peer group (see again Figure 3).

The two main sources of current account financing are closely related. Vietnam is one of the largest clients of both the World Bank and the Asian Development Bank. The World Bank's assistance program focuses on supporting high growth through the transition to a market economy, sustainable development and improved public administration and legal systems. The overarching objective of the Asian Development Bank's program is poverty alleviation. In view of Vietnam's low income level the development banks are committed for the long haul. Their support for the government's reform program supports the forecasts of sustained strong inflows of confidence-sensitive FDI.

Vietnam is a transition economy where political stability could be an issue. The Communist Party of Vietnam controls the electoral process and the executive. Prospects for the emergence of greater pluralism in the medium term are very slim. The Tenth Party Congress takes place in 2Q06 but agreement has already been reached on the need to persevere with economic reforms, including an ongoing anti-corruption drive. As a bottom line on the political scene, it is stable and supportive of

Fig 5 Vietnam -- Macroeconomic Forecast Summary

	2002	2003	2004	2005F	2006F	2007F
Activity and prices						
Real GDP (%ch YoY)	7.1	7.3	7.7	8.3	7.7	7.5
Private consumption (%ch YoY)	7.6	8.0	7.1	7.7	7.3	7.0
Fixed capital formation (%ch YoY)	12.7	11.9	10.5	11.0	10.0	10.0
Industrial production (%ch YoY)	9.5	10.5	10.2	10.3	9.7	9.5
Unemployment rate (%)	6.0	5.8	5.6	5.5	5.5	5.5
Nominal GDP (US\$bn)	35.1	39.5	45.3	52.2	57.6	65.2
CPI (%ch avg YoY)	3.9	3.1	7.8	7.8	6.2	6.5
Fiscal and external balance						
Budget balance (% of GDP)	-3.1	-3.8	-4.3	-4.0	-4.0	-4.0
Government debt (% of GDP)	31.8	30.6	33.0	34.4	34.9	35.0
Export (%ch YoY)	11.2	19.6	22.9	20.5	25.0	20.0
Import (%ch YoY)	22.1	27.9	20.1	17.9	20.0	18.0
Trade balance (US\$bn)	-0.9	-2.5	-2.5	-2.3	-1.2	-0.7
Current account balance (% of GDP)	-1.2	-4.7	-4.3	-3.5	-2.8	-2.0
Foreign exchange reserves (ex gold, US\$bn)	4.2	6.4	7.3	8.2	7.3	7.5
Debt and market rates						
Gross external debt (% of GDP)	34.8	31.6	31.6	30.2	29.4	26.9
Gross external debt (% of exports)	73.1	62.4	58.2	53.2	45.8	39.4
Total debt service (% of GDP)	3.8	3.3	3.2	3.1	3.7	3.8
Broad money supply (%ch YoY)	17.6	24.9	26.0	20.0	20.0	20.0
Exchange rate (VND/USD) year end	15404	15646	15777	16000	16500	16500
Exchange rate (VND/USD) annual avg	15275	15514	15742	15866	16375	16500

Source: CEIC, Fitch, ING

the continued steady improvement in the economic fundamentals through pro-market economic reforms.

We expect demand for the new bond to be very strong. The 10-year deal was upsized by 50% to \$750 million. We expect one source of appeal, particularly to Asian focused investors, will be that it's a high-yield Asian sovereign that's not the Philippines or Indonesia.

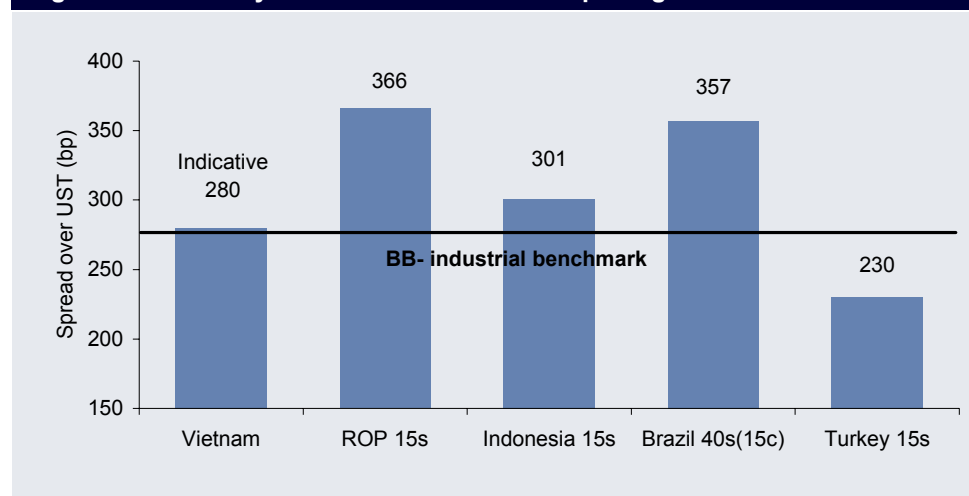
Indicative pricing puts the yield at 7.25% or 280bp over the 10-year Treasury bond yield. At that spread Vietnam is pricing very close to the 'BB-' rating benchmark and about 20bp inside 10-year Indonesia risk. Based on our view that the sovereign is stable 'BB-' risk we believe a spread of T+280 would be very close to fair value (Figure 6).

Looking at Asian dollar bonds more generally, we retain the cautious stance we adopted in the September *Monitor*. Where this has produced the most underperformance against the benchmark is the Philippines (we have a Hold recommendation on Indonesian sovereigns). Improvements in the economic fundamentals in the Philippines (see the Sovereign section below) lead us to upgrade Philippine sovereigns to Hold from Sell. But we still consider the high-yield sovereigns the most vulnerable to a disorderly flight from risk that Fed tightening could trigger. We expect the high-yielders will offer great value once it's clearer that the Fed is near the end of the tightening cycle, which is when we expect to revisit our spread targets and recommendations for the Indonesian and Philippine sovereigns.

There are two changes to our top picks (Figure 7). We replace illiquid quasi-sovereign Industrial Bank of Korea 14s(09c) with the new sovereign Korea 25s. At an i.spread of T+105 against our T+85 target the forecast total return is 7.3%.

We also replaced Mandiri 08s with the Resona 5.85 perpetuals (16c). We expect spread compression on the former to be slowed by the recent government decision to delay divestment, the criminal trial of former executives and the need to refinance up to \$400 million of maturing debt next month. Resona joined MTFG, UFJ Bank and Mizuho in revising profit higher on higher operating profits at subsidiaries, gains on share sales, and lower credit charges. The scale of the revision supports our view that the credit turnaround is on track, and that growth in retained earnings reduces payment risk on its perpetual securities.

Fig 6 Vietnam 10-year dollar bond indicative pricing



Source: Bloomberg, ING

Fig 7 Top recommendations, October 2005

Issuer	Est 12m total rtn (%) [*]	Est 12m UST rtn (%)	Est 12m credit rtn (%)	Ratings	Country	Rec
CITYTE 15s(10c)	13.7	4.5	9.2	B2/BB-	Hong Kong	BUY
TITAN 12s	12.6	4.4	8.2	B1/B+	China	BUY
HUWHY 27s	11.1	4.7	6.3	A3/A-	Hong Kong	BUY
HUWHY 33s	10.4	4.7	5.7	A3/A-	Hong Kong	BUY
MIZUHO 49s(09c)	9.0	4.3	4.7	A2/A-	Japan	BUY
ROADKG 11s	8.4	4.3	4.1	Baa2/BBB-	China	BUY
PUBKBD 17s(12c)	7.5	4.4	3.1	Baa1/BBB+	Malaysia	BUY
BMRIIJ 08s	7.3	4.2	3.1	B2/B+	Indonesia	BUY
KOREA 25s	7.3	4.8	2.5	A3/A	Korea	BUY
MTFG 49s(08c)	6.4	4.3	2.1	A2/A	Japan	BUY

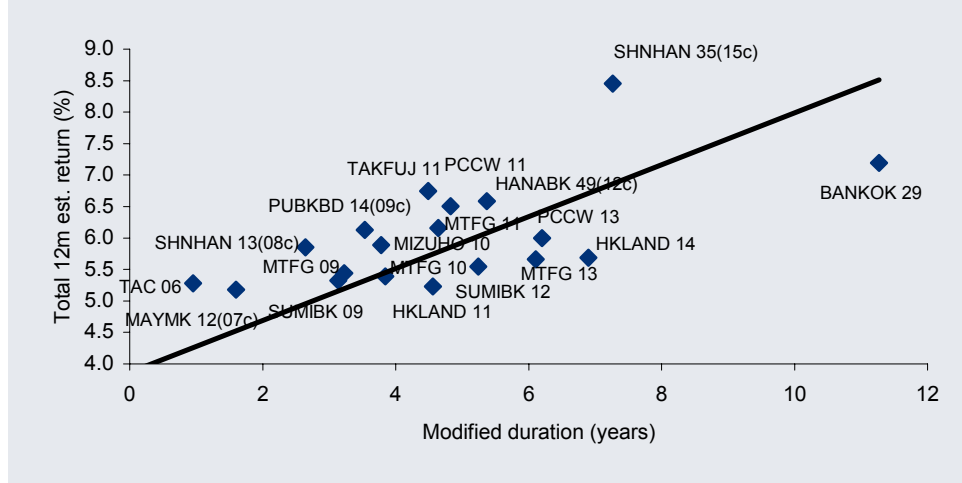
^{*} Total returns are based on prices as at 24 October 2004

Source: Bloomberg, ING

Tim Condon, Singapore (65) 6232 6020

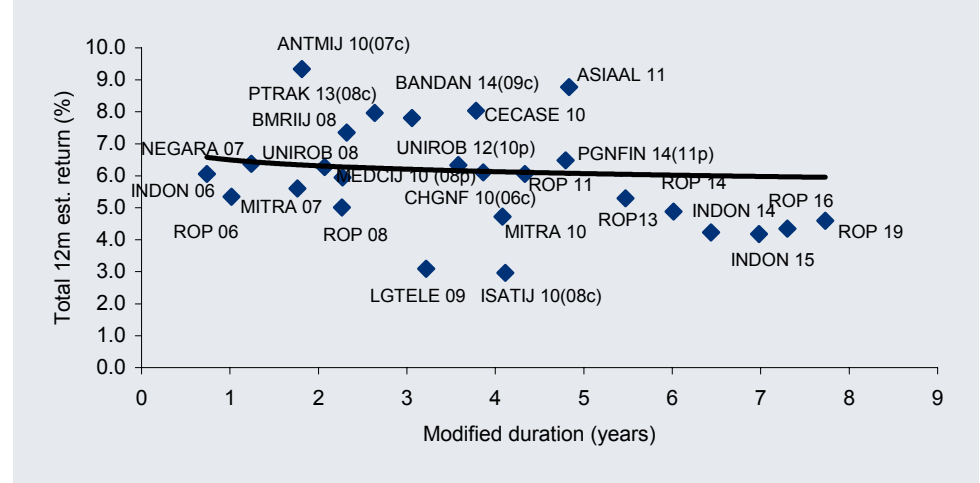
Risk-return outlook

Fig 8 'BBB+'



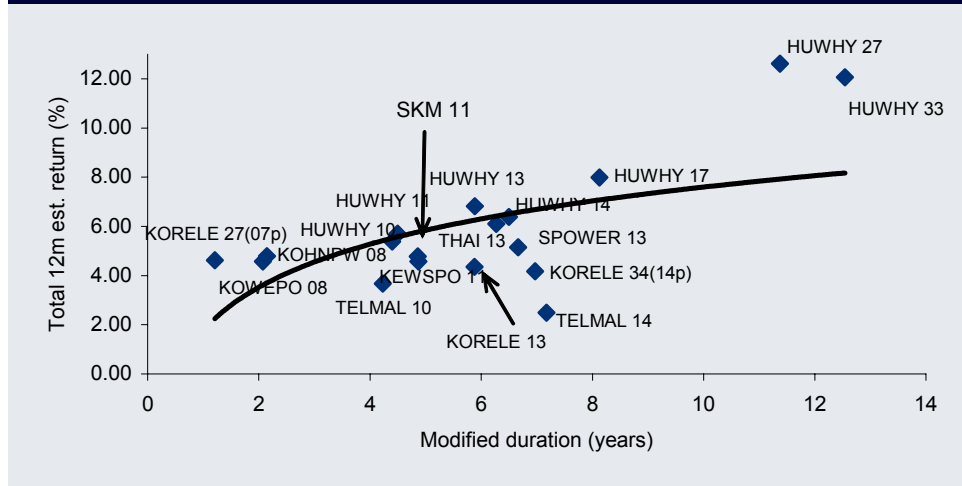
Source: Bloomberg, ING estimates

Fig 10 'BB-'



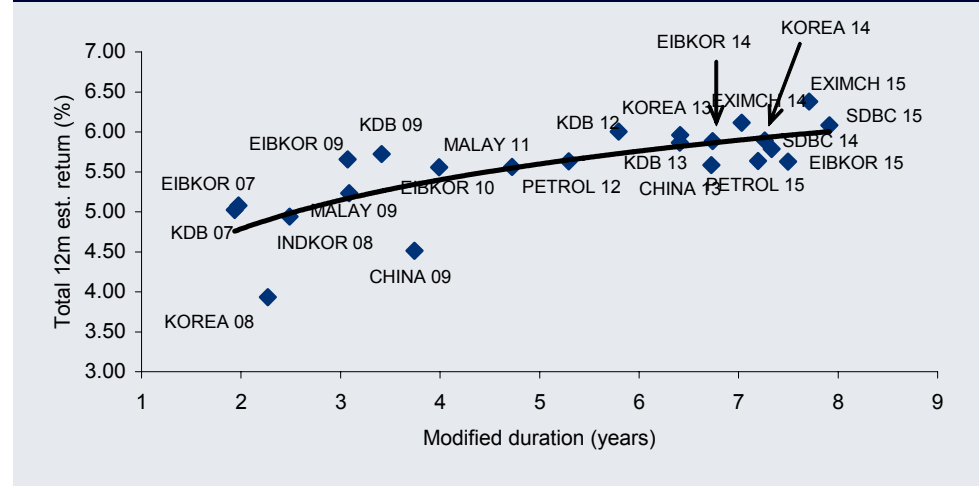
Source: Bloomberg, ING estimates

Fig 9 'A-'



Source: Bloomberg, ING estimates

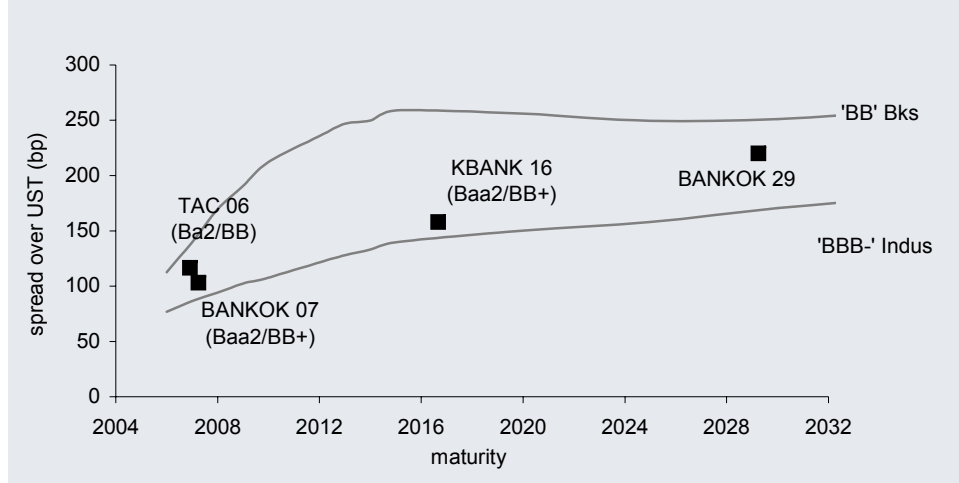
Fig 11 'A'



Source: Bloomberg, ING estimates

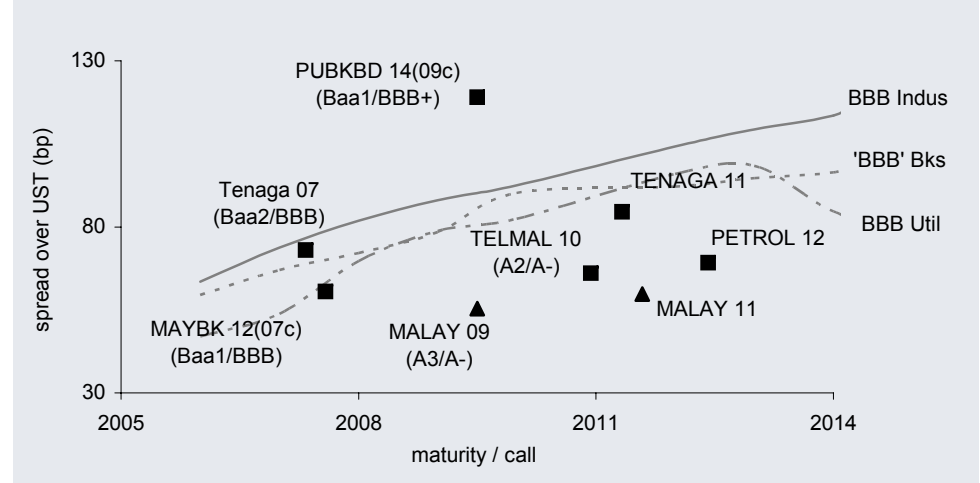
Selected countries

Fig 12 Selected Thai corporates & sovereign vs benchmark



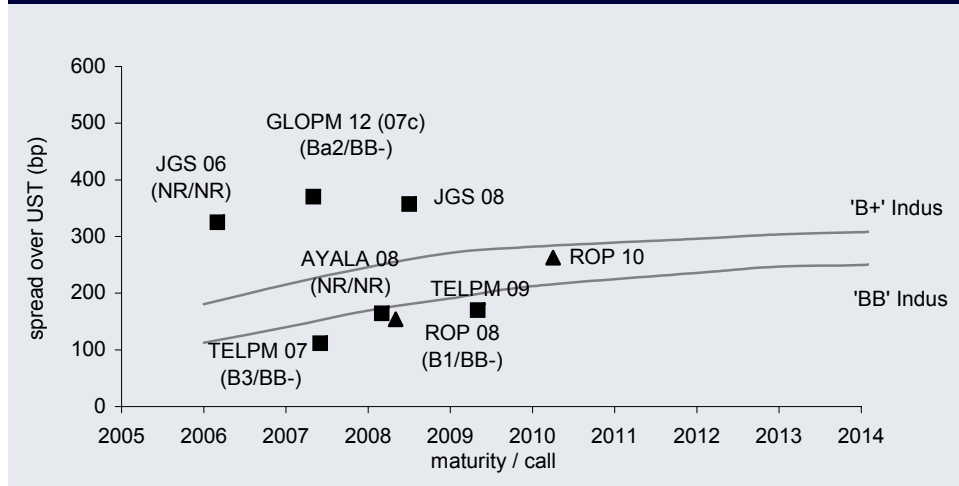
Source: Bloomberg, Bridge, ING

Fig 14 Selected Malaysian corporates & sovereign vs benchmark



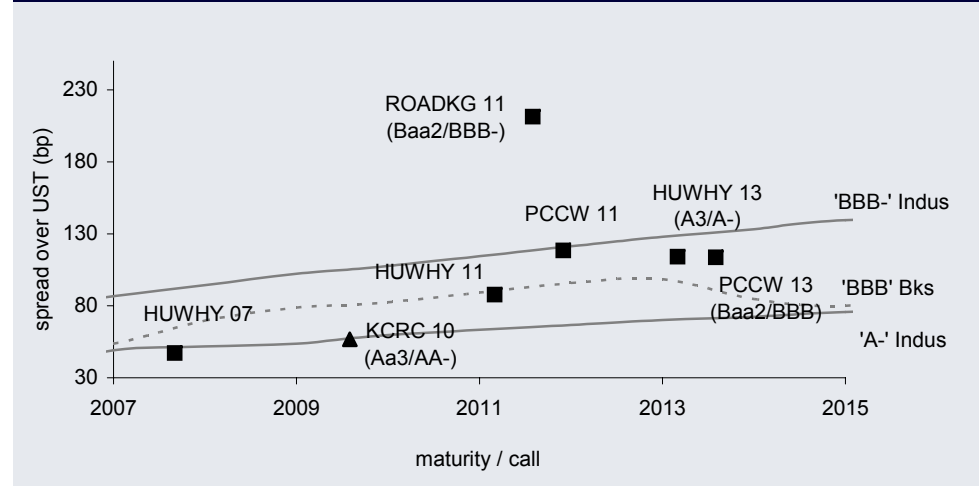
Source: Bloomberg, Bridge, ING

Fig 13 Selected Philippine corporates & sovereign vs benchmark



Source: Bloomberg, ING

Fig 15 Selected HK issuers vs KCRC



Source: Bloomberg, Bridge, ING

Sovereigns – High-yielders outperform

ING recommendations (%)

	BUY	HOLD	SELL
Sovereigns	14	54	32

Source: ING

China (A2/A-) – S&P upgrade likely to follow Fitch's

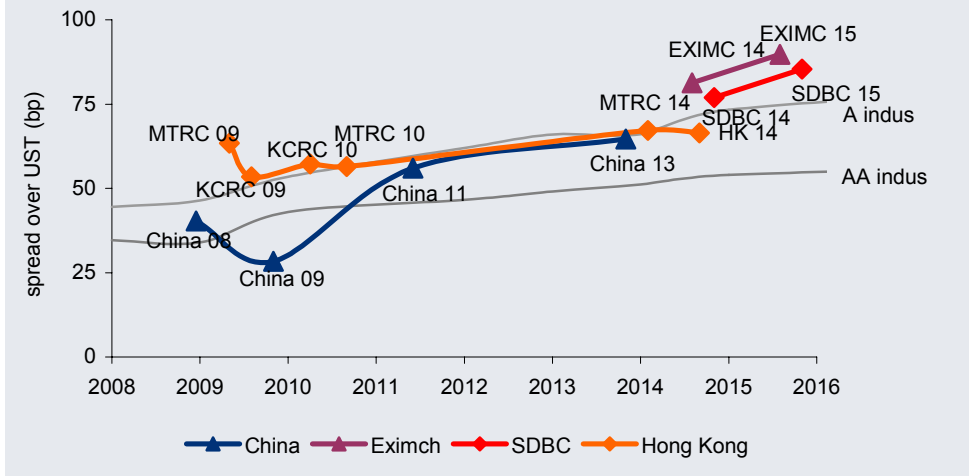
There were no significant moves in China spreads last month. We view China's sovereign dollar bonds as either fairly valued or expensive and we maintain Sells on China 08s and 09s and Holds on 11s and 13s. We have Buys on quasi-sovereign Eximc 14s and 15, which we see as a carry trade offering a bit of spread pick-up for equivalent risk. We also advise investors seeking China exposure to consider the higher, less risky returns available via Hong Kong (A1/AA-) quasi-sovereigns (Figure 16).

Fitch upgraded China's long-term foreign currency rating to 'A' from 'A-' with Stable outlook. The move aligns Fitch with Moody's A2. Both are one notch above S&P, which we expect to upgrade to 'A' within six months.

Also noteworthy was another upside GDP growth surprise. It came in at 9.4% YoY in 3Q05, down slightly from 9.6% in 2Q but ahead of the 9.3% consensus forecast. Domestic demand was the source of the upside surprise as the contribution of net exports shrank (Figure 17). On the domestic demand front investment was the big contributor. There also was another downside surprise in September inflation. All in all, China's economy has seldom looked this balanced and healthy in the past decade.

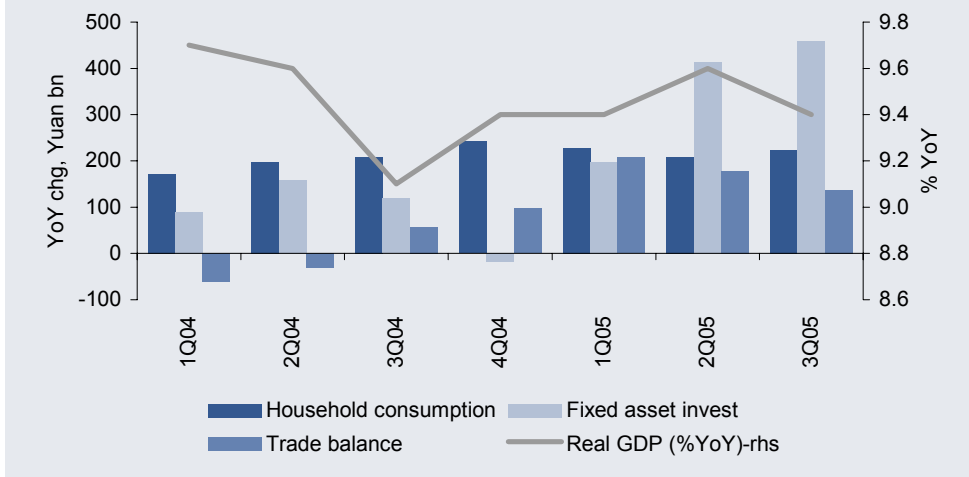
We expect volatility in CNY NDFs ahead of the release of the US Treasury's report on exchange rate practices in November. We do not expect the US to name China as a currency manipulator because we expect China will come up with a compromise to resolve the ongoing textile trade dispute. However, recalling what happened last time, we would interpret a delay in issuing the Treasury report as signalling another yuan exchange rate reform.

Fig 16 China: Switch to low risk Hong Kong sovereign



Sources: Bloomberg, ING

Fig 17 China: Sources of GDP growth



Sources: Bloomberg, ING

Indonesia (B2/B+) – Outperformer in emerging market selloff

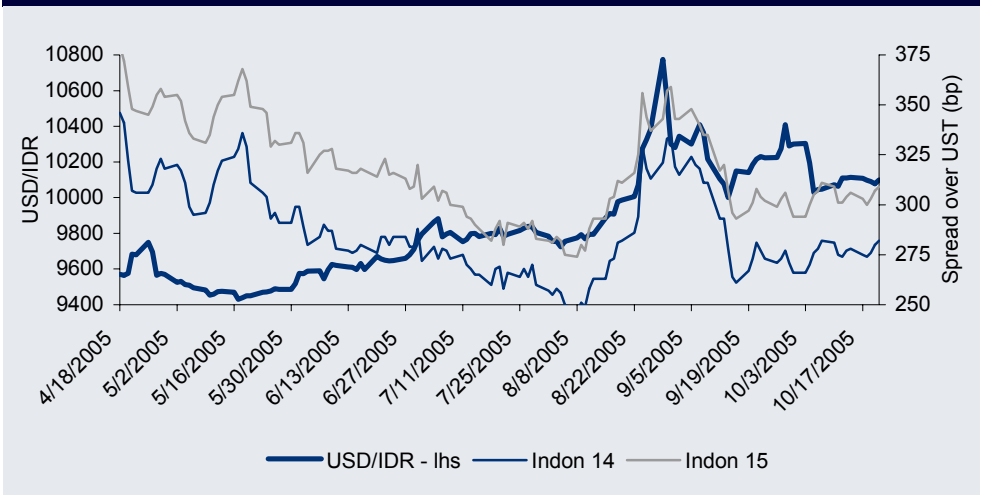
Sovereign dollar bonds outperformed in the emerging market selloff as the market rewarded the Yudhoyono government’s tough decision to sharply cut fuel subsidies. The spread on the Indonesia 14s and 15s widened by 12-14bp compared with the 20bp widening in the EMBI+.

We maintain our hold recommendation on the Indonesia curve, which was extended this month with the issue of \$1.5 billion of 10- and 30-year bonds. Spreads on newly issued Indonesia 16s and 35s came in slightly, which we attribute to their attractive pricing. The 10-year tranche was priced to yield 7.625%, and 30-year to yield 8.625%, both at the low end of their indicative ranges. The new Indonesia 16s bonds offer a 20bp spread pick-up over existing Indonesia 15s, which we consider attractive (Figure 19).

The October 1 cut in fuel subsidies surprised everyone with its size, producing an average 127% increase in fuel prices. It comes on top of a 29% rise in March. The positive effect of the cut in fuel subsidies will be seen mainly in the government budget. Subsidy outlays ballooned this year to an expected 139 trillion rupiah (roughly \$13.9 billion) from an initial budget figure of 40 trillion rupiah. The 2006 revised draft budget shows outlays for fuel subsidies at 54.3 trillion rupiah plus an additional 23.6 trillion rupiah for non-petroleum subsidies. Thus, year-on-year outlays on subsidies are declining by 60 trillion rupiah (2.4% of GDP) or \$6 billion. Indonesia’s 2006 budget is likely to be an embarrassment of riches, particularly if it leads the Parliament to ask why fuel prices had to be raised so drastically in 2005. We see fiscal consolidation remaining an important performance driver for the sovereign dollar bonds.

This highlights the downside of the energy price hike. The release of the October CPI on 1 November is likely to show a significant jump in inflation to 14-15% from 9.1% in September. Central bank officials have said that they will have to raise interest rates and we see their reference rate going up 100bp to 12%. While we also expect fiscal consolidation to be a performance driver for rupiah-denominated government bonds, we advise investors to hold off until the October inflation data is released and Bank Indonesia hikes interest rates.

Fig 18 Sovereign bonds steady as Rupiah consolidates



Sources: Bloomberg, ING

Fig 19 Switch idea: Sell Indon 15, Buy Indon 16

		Price		Current	YTM/W	Dur-	Spread	Yield	Cash
		Bid	Offer	i-sprd	(%)	ation	pickup	pickup	takeout
Buy	Indon 16		98.9	326	7.7	7.0	20	0.2	-0.2
Sell	Indon 15	98.7		306	7.5	6.7			

Source: Bloomberg, ING

Korea (A3/A) – Is Fitch too far ahead of the curve?

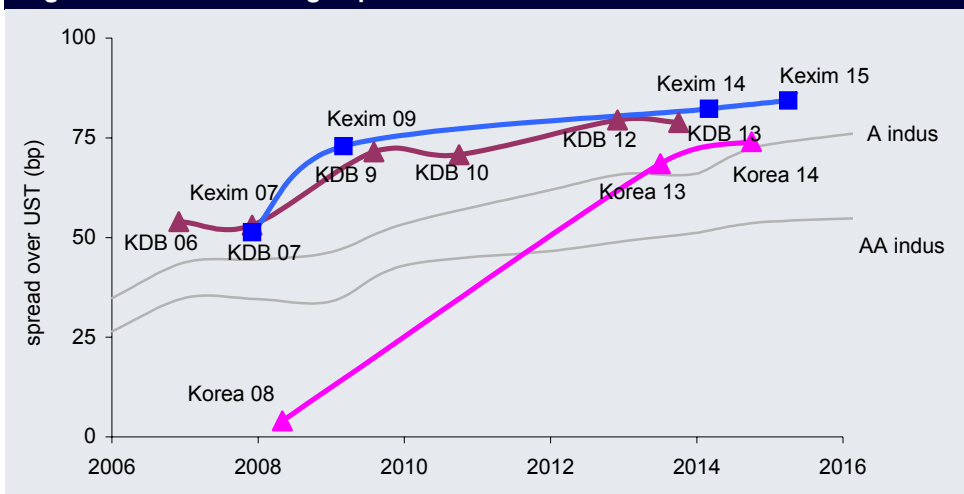
Fitch raised the Republic of Korea’s long-term foreign currency rating to ‘A+’ from ‘A’ and its local currency rating to ‘AA’ from ‘AA-’. It raised the foreign currency country ceiling to ‘AA-’. The outlooks on all ratings were revised to Stable from Positive. Fitch is ahead of the curve in upgrading Korea, which is not where rating agencies usually like to be. We view Korea as ‘A’ risk. The next rating action we anticipate is for Moody’s to align its ‘A3’ rating with S&P’s ‘A’ rating.

Fitch cited the reduced security risk with North Korea’s willingness to abandon its nuclear program in return for economic and energy assistance. It also said South Korea’s strong fiscal and external payments positions supported the upgrade. Fitch forecasts the government budget posting a sixth consecutive surplus this year of 2.3% of GDP and the government debt/GDP ratio reaching 35% of GDP, less than the median for like-rated sovereigns. On the external front, Fitch forecasts exports reaching 40% of GDP, supporting large trade and current account surpluses and a large stock of foreign exchange reserves.

We agree that North Korea’s recent actions have reduced political risk. But with lower political risk has come higher economic, especially fiscal, risk. The uncertain cost of reducing the economic backwardness of the North will, we believe, overhang the country’s creditworthiness and sovereign dollar bond prices as highlighted by this year’s heavy dollar bond issuance by the quasi-sovereigns and the impending pricing of a euro- and dollar-denominated sovereign bond.

The Republic priced its two-tranche \$1 billion bonds on 26 October. The \$600 million equivalent 10-year euro-denominated tranche was price to yield 25bp over mid-swaps, the tight end of the 25-27bp indicative range. We consider this as fair value for an ‘A’ risk and assign Hold recommendation to this credit. The \$400 million 20-year dollar-denominated tranche was priced to yield T30+95bp, tighter than T+97-100bp indication. We recommend Buy on the dollar bond tranche as the i.spread pick-up of 30bp over Korea 14s is generous for solid ‘A’ risk. Switching into the new Korea 25s from the admittedly illiquid Petronas 22s (A3/A-) looks very attractive. Investors get lower credit risk, a spread pick-up and a cash take-out (Figure 21).

Fig 20 Korea: Sovereign spread relative to benchmark



Sources: Bloomberg, ING FM

Fig 21 Switch idea: Sell Petrol 22, Buy Korea 25

		Price		Current	YTM/W	Dur-	Spread	Yield	Cash
		Bid	Offer	i-sprd	(%)	ation	pickup	pickup	takeout
Buy	Korea 25s		98.9	100	5.7	11.9	2	0.1	25.0
Sell	Petrol 22s	123.9		98	5.6	10.0			

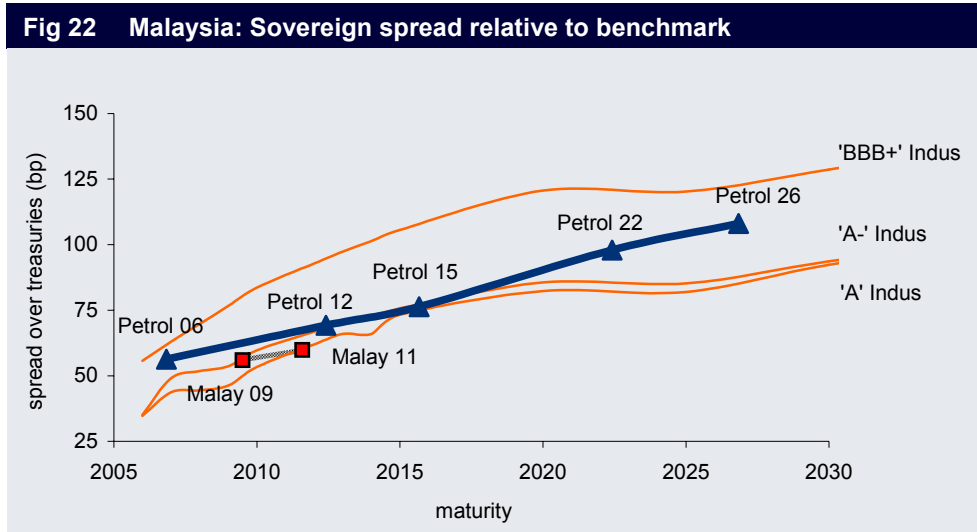
Source: Bloomberg, ING

Malaysia (A3/A-) – Vulnerable to hot money outflows

Sovereign and quasi-sovereign spreads tightened between 4-14bp in October with long-dated Petrol 22s and 26s outperforming. At T+98bp for the Petrol 22s and +108bp for the Petrol 26s their i-spreads have gone through our +110bp and +115bp targets and we change our recommendation to Hold from Buy. We maintain our Hold recommendations on Malay 09s and 11s and on Petrol 12s and 15s. The switch we recommended last month out of Petrol 12s into KDB 12s still looks attractive, though the yield pick-up has diminished (Figure 23).

PT Penerbangan Malaysia, the government-owned majority owner of Malaysia Airlines, pulled its \$1 billion bond offer citing documentation issues. The government was fully guaranteeing the issue. This is the second time a prospective Penerbangan issue has been scrapped. In 2003 poor market conditions were cited and the company resorted to the loan market.

From a short-term perspective we consider Malaysian sovereign and quasi-sovereign dollar bonds vulnerable to a spike in USD/MYR and local bond yields from a reversal of hot money inflows. Bank Negara Malaysia's interest rate policy seems targeted at driving out the hot money that surged into Malaysia beginning last September to position for a yuan revaluation. The central bank is beginning to succeed as seen in the \$900 million drop in foreign exchange reserves in the first half of October. Investors need to be careful that the trickle doesn't turn into a flood that shocks financial asset prices. We see 4Q05 as the period of greatest vulnerability as investors may look to cut stale long ringgit positions ahead of the New Year.



Sources: Bloomberg, ING FM

Fig 23 Switch idea: Sell Petrol 12, Buy KDB 12

		Price		Current	YTM/W	Dur-	Spread	Yield	Cash
		Bid	Offer	i-sprd	(%)	ation	pickup	pickup	takeout
Buy	KDB 12		102.7	72	5.0	5.7	-1	0.1	8.2
Sell	Petrol 12	110.9		73	4.9	5.4			

Source: Bloomberg, ING

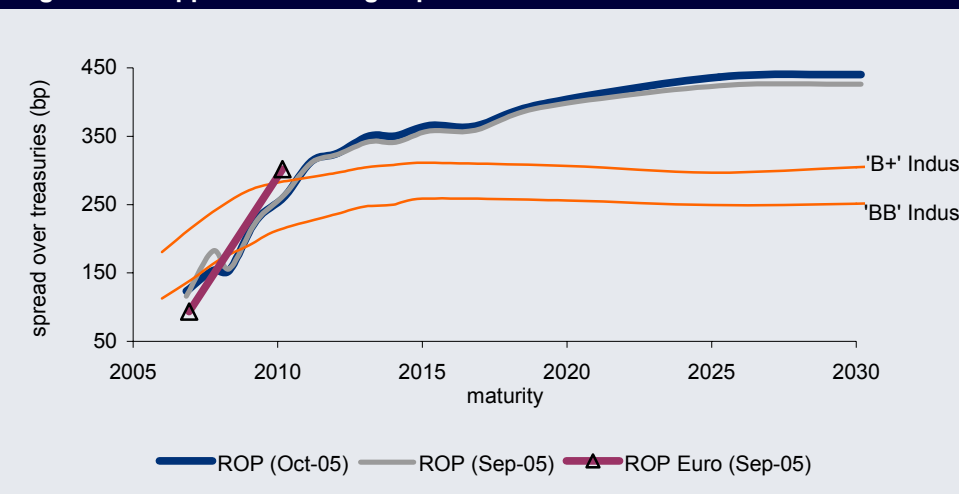
Philippines (B1/BB-) – Asset class worries replace Philippine-specific jitters as main overhang on ROPs

ROP spreads widened by 2-14bp from the intermediate to long end of the curve. Investors bought ahead of the expected Supreme Court (SC) decision reaffirming its earlier ruling that the EVAT law was constitutional. Investors were not disappointed. Very high growth of overseas Filipino worker (OFW) allayed fears about US dollar liquidity. 8M05 OFW remittances of \$7 billion represented a 28% YoY increase. The central bank raised its OFW remittance forecast for 2005 by 20% to \$10 billion and forecasts another 10% increase in 2006 to \$11.3 billion. Such inflows would likely more than cover the \$5-6 billion trade deficit and a good proportion of the \$8 billion external debt service.

Fiscal developments continue to surprise on the upside. Collections from the hike in sin taxes (excises on alcohol and tobacco products) approved late last year have improved since 1H05 and now are within striking distance of the targets. 8M05 cigarette excise tax collections were 15.4 billion pesos, a 7.1% YoY increase and just 690 million pesos below target. Alcohol excise taxes came to 11.2 billion pesos, up 11.5% and only 150 million below target. The performance augurs well for EVAT collections in 2006. November marks the expected implementation of the EVAT. The Finance Minister has said, and we believe him, that the government intends to implement the EVAT in its entirety from the beginning of 2006.

Politics, as usual, could undermine what otherwise would be an improving credit story. The November implementation of the EVAT is a near-term potential flash point. A protracted flash could encourage military interventionism and usher in the kind of turmoil witnessed in early July. We consider the likelihood of this low, which leaves as the most likely path for credit spreads a continued narrowing on positive fiscal developments. History teaches that generalized emerging market weakness would not spare ROP spreads. But we regard it as progress that the main threat to spreads has shifted from Philippine-specific jitters to more general asset class concerns. For this reason we have changed our recommendation on ROP dollar bonds from Sell to Hold.

Fig 24 Philippines: Sovereign spread relative to benchmark



Sources: Bloomberg, ING FM

Tim Condon/Prakash Sakpal/Joey Cuyegkeng, Singapore/Manila

(65) 6232 6020/6181 / (632) 840 8855

Banks – Japanese turnaround on track

ING recommendations (%)

	BUY	HOLD	SELL
Banks	65	33	2

Source: ING estimates

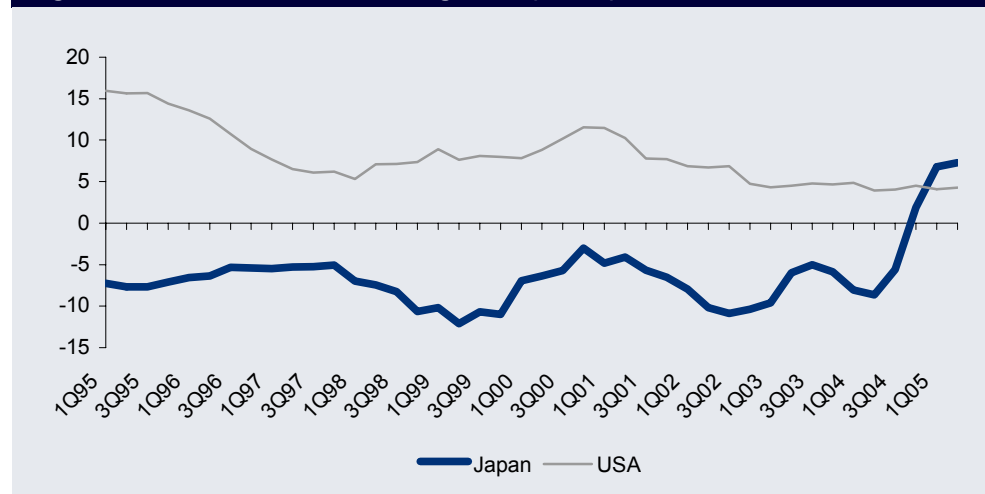
More positive news out of Japan exerts a tightening bias on credit spreads of Japanese lenders. Resona joins MTFG, UFJ Bank and Mizuho in revising 1H profit higher, citing better operating profits across most subsidiaries, gains on share sales, and lower credit charges. After more than a decade of contraction, a breakout in Japanese consumer credit growth is confirmed with June 2005 data pointing to a 7.3% YoY rise (Figure 25). The declining trend in personal bankruptcy cases is also gathering momentum (Figure 26).

The scale of earnings revisions and trends in consumer credit support our call that the Japanese credit turnaround is on track. Record operating profits enhance debt service capability and accelerate public funds redemptions, which will, we expect, drive credit spreads tighter. Organic growth in distributable earnings will also reduce payment risk on hybrid securities in our view. The **MIZUHO 8³/₈ (09c)** and **MTFG 8³/₄ (08c)** will be principal beneficiaries of this trend, where we expect spread compression to T+105bp and T+90bp respectively.

This month we expand coverage on Japanese lenders with BUY recommendations on AIFUL Corporation's two USD senior notes. Enhanced debt service capacity at Japan's largest consumer finance company from high net interest margins (+20%), strict expense and write-off discipline, and low defaults should drive 15bp of spread contraction to our targets of T+75 bp for both **AIFUL 4.45% 10s** and **AIFUL 5% 10s**.

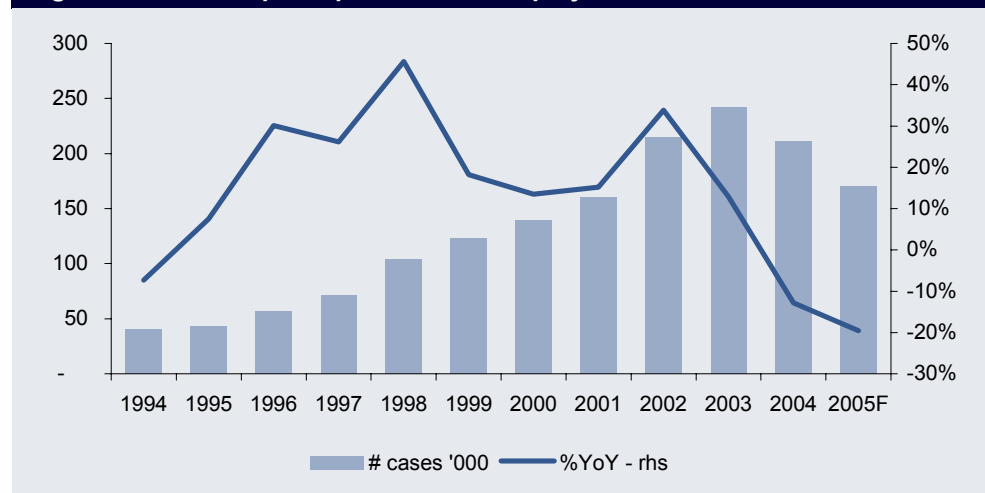
We believe consumer finance companies are well positioned to exploit the consumer credit cycle upturn because they deliver what banks typically do not, which is small unsecured loans with rapid credit decisions. We tighten our spread target on TAKFUJ 9.2% 11s to T+90bp (from +110bp) on improved operating prospects.

Fig 25 Trend in consumer credit growth (%YoY)



Source: CEIC

Fig 26 Trend in Japan's personal bankruptcy cases



Source: Supreme Court of Japan

Malaysian merger mania

Bank Negara Malaysia's approval of CIMB Berhad's bid on 21 October to formally negotiate the acquisition of Southern Bank drove spreads tighter on **SBKMK 14(09c)**. The news points first to a change in the authorities' past preference for government-orchestrated consolidation in favour of a market-driven approach, which increases speculation over prospects for more M&A deals.

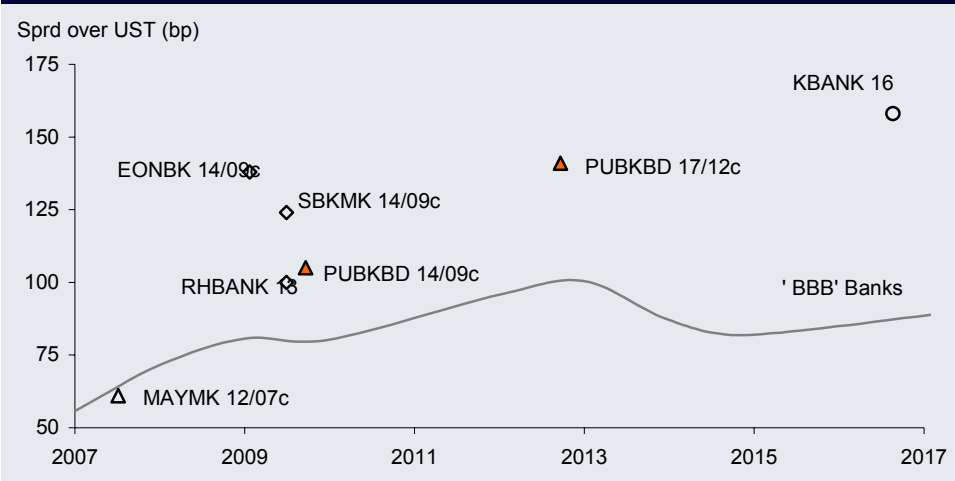
Malaysia remains over-banked, and as we argued in our October 2004 report, Southern Bank's niche status makes it vulnerable to acquisition. High unrealised legacy credit costs weigh on asset quality. NPLs, while since improved, are still over 10% of loans. Reliance on purchased funds remains higher than at peers, and below-peer liquidity ratios imply tighter liquidity and growth constraints. One year later, not much has changed.

CIMB's potential takeover of Southern Bank would be bond friendly. It is not obvious however that a hostile bid by CIMB will be successful; either way, it places the smaller, more vulnerable banks on notice. We anticipate speculative demand, which has tightened the spread on the **SBKMK 14s(09c)** to T+125bp, to spill over to other bank bonds. We maintain our BUY and spread target at T+120bp for the Southern Bank bond, and reiterate our BUY on **EONBK 14(09c)** with a spread target of T+125bp.

Change in recommendations

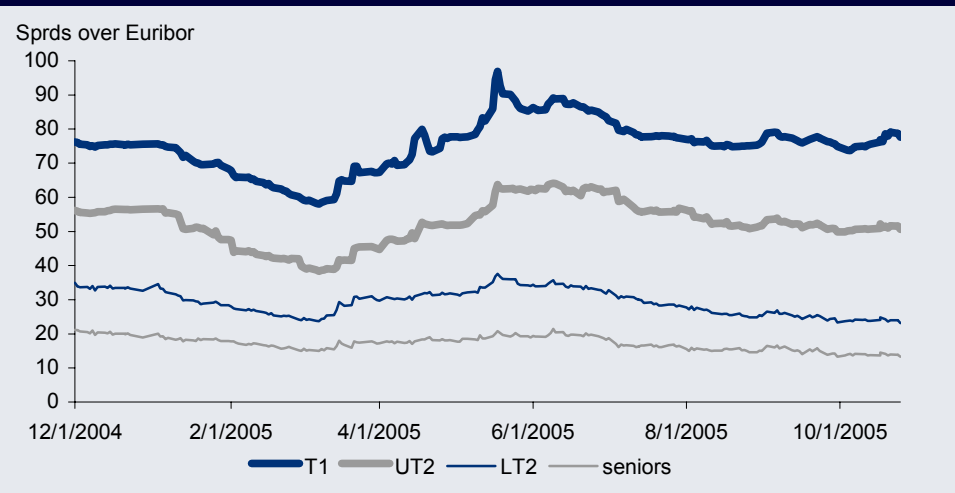
Credit spreads on CMBKKO 08s, BMRIIJ 12(07c), NEGARA 07s and SUMIBK 12s have reached our targets, and we change our recommendations to HOLD, from BUY.

Fig 27 Credit spreads for Malaysian bank USD bonds



Source: Bloomberg, Bridge, ING

Fig 28 Subordination premia for T1, UT2, LT2, and senior bonds



Source: ING FM

Recommendations

MIZUHO 8 3/8 perps (09c)

Japan	ING rtg	ING credit outlk	MDYs	S&P	Cpn (%)	Maturity/call	Curr bid i.sprd	1Y target	Est 1Y tot rtn	Dur	Rec
Mizuho FG	A	stable	A2	A-	8.375	29-Dec-09	205	105	9.0%	3.6	BUY

Source: Bloomberg, ING estimates

Record earnings and lower credit costs confirm the credit recovery, and reduce payment risks on the UT2 note .

RESONA 5.85 perps (16c)

Japan	ING rtg	ING credit outlk	MDYs	S&P	Cpn (%)	Maturity/call	Curr bid i.sprd	1Y target	Est 1Y tot rtn	Dur	Rec
Resona Hlgs	BBB+	stable	Baa1	BBB-	5.850	29-Sep-16	170	130	8.6%	8.1	BUY

Source: Bloomberg, ING estimates

Lower credit charges and long-term stable funding support earnings growth, which reduce payment risk on perpetual securities.

PUBKBD 17(12c)

Malaysia	ING rtg	ING credit outlk	MDYs	S&P	Cpn (%)	Maturity	Curr bid i.sprd	1Y target	Est 1Y tot rtn	Dur	Rec
Public Bank	BBB+	stable	Baa1	BBB+	5.000	20-Jun-17(12c)	142	105	7.5%	7.7	BUY

Source: Bloomberg, ING estimates

Outstanding operating metrics plus stringent underwriting standards support the issuer's high credit ratings (A3/A-), which are on par with the sovereign's ratings.

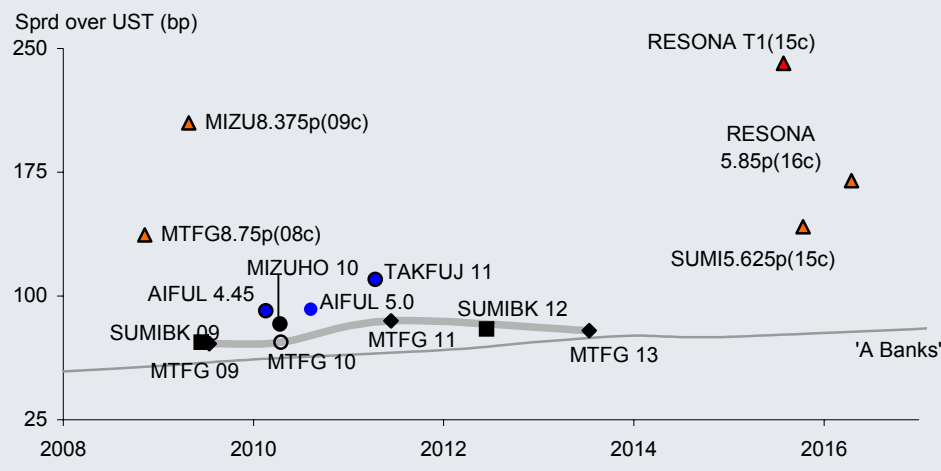
MTFG 8 3/4 perps (08c)

Japan	ING rtg	ING credit outlk	MDYs	S&P	Cpn (%)	Maturity/call	Curr bid i.sprd	1Y target	Est 1Y tot rtn	Dur	Rec
MTFG	A	stable	A2	A	8.750	13-Nov-08	137	90	6.4%	5.6	BUY

Source: Bloomberg, ING estimates

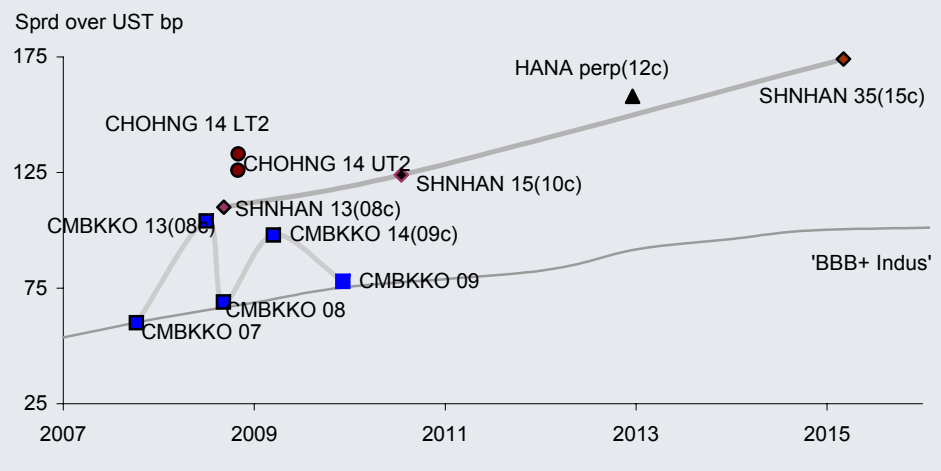
Lower credit charges, higher recoveries and earnings point to improved debt service capability as the full merger with UFJ becomes reality in January 2006.

Fig 29 Japanese credit spreads on LT2, UT2 and T1 bank bonds



Source: Bloomberg, Bridge, ING

Fig 30 Credit spreads for Korean USD bank bonds



Source: Bloomberg, Bridge, ING

Brett Williams, Singapore (65) 6232 6023

Corporates – TITAN 12 preferred

ING Recommendations (%)

	BUY	HOLD	SELL
Corporates	14	71	14

Source: ING

Modest movements in spreads for Asian corporate USD bonds

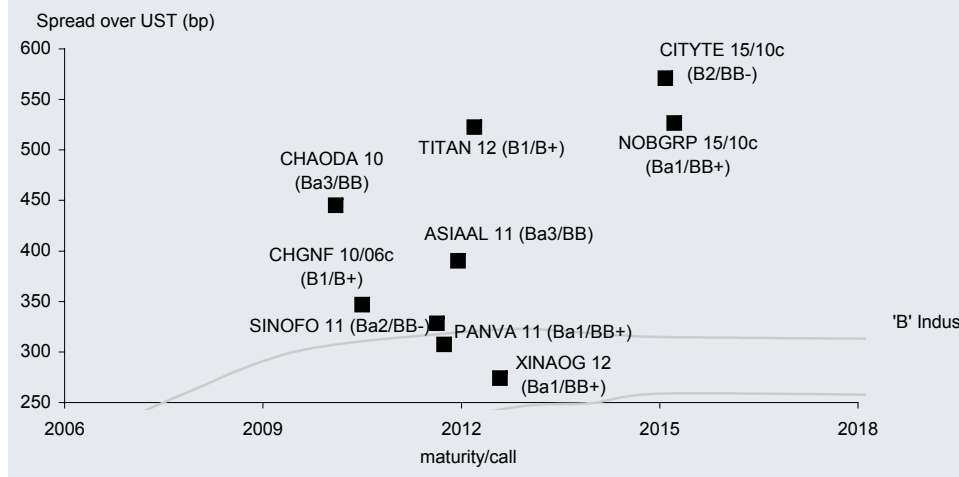
The interpolated spreads over USTs for the majority of the corporate bonds within our research universe did not change materially during the last month. Many credit spreads remain at the lower end of our fair value estimates. Our recommendations for the Asian corporate USD bonds remain predominately either HOLD or SELL, apart from on GENTMK 14, SINOFO 11, and TITAN 12.

BUY recommendation maintained for TITAN 12

TITAN 12 remains the only corporate credit among our top recommendations for Asian USD bonds. The notes are one of the highest yielding credits in Asia and appear attractive vis-à-vis similar rated Asian and Chinese/Hong Kong issues (see Figure 31). While risks are inherent within the global oil transportation industry, manageable debt obligations, a steady medium-term industry outlook, and a forecast 1Y total return of 12.6% adequately compensates in our view.

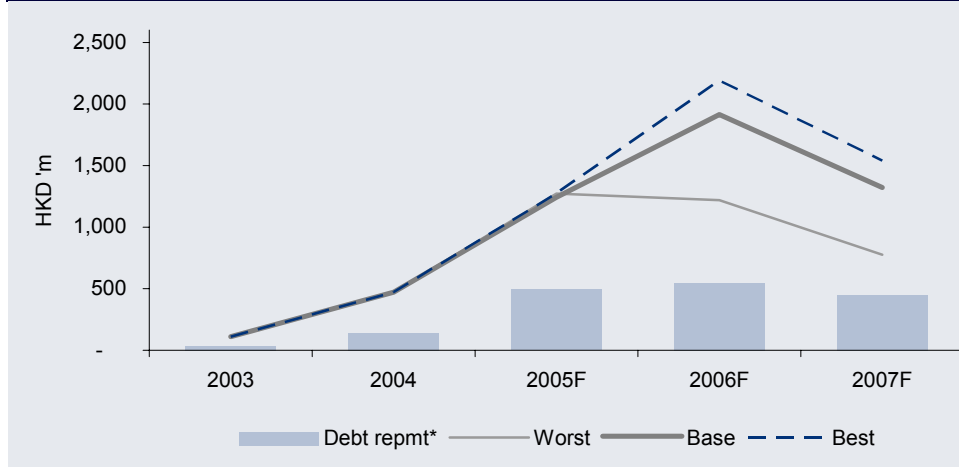
While leverage at Titan has risen by more than three times since the issuance of TITAN 12, we regard the company's ability to meet debt obligations as robust even in our worst-case scenario; (where we have lowered VLCC rates by up to 48% of existing rates [see Figure 32]). We expect VLCC rates to be within a range of USD 38,000-56,000/day over the coming fiscal years.

Fig 31 China/HK high-yield USD bonds: relative credit spreads



Source: Bloomberg, Bridge, ING

Fig 32 Titan's EBITDA coverage of debt repayment schedule



* includes principal, interest, coupon and lease payments

Source: Company data, ING estimates

Recommendations

AYALA 08

Philippines	ING rating	ING credit outlook	Moody's S&P	Coupon (%)	Maturity	Curr bid spread	Est spread Oct-06	Est 1Y total return	Dur	Rec
AYALA	BB	Stable	nr	nr	8.125	21-Feb-08	165	275	4.6%	2.1 SELL

Source: Bloomberg, ING estimates

Interpolated spread is excessively narrow. Steady credit fundamentals and outlook.

FCX 10(07c)

Indonesia	ING rating	ING credit Outlook	Moody's S&P	Coupon (%)	Maturity	Curr bid spread	Est spread Oct-06	Est 1Y total return	Dur	Rec
FCX	BB	Positive	B1	B+	10.125	1-Feb-10/07c	191	375	5.6%	1.2 SELL

Source: Bloomberg, ING estimates

Interpolated spread is excessively narrow. Steady credit fundamentals and outlook.

JGS 08

Philippines	ING rating	ING credit outlook	Moody's S&P	Coupon (%)	Maturity	Curr bid spread	Est spread Oct-06	Est 1Y total return	Dur	Rec
JGS	B+	Stable	nr	nr	8.250	20-Jun-08	358	450	6.4%	2.4 SELL

Source: Bloomberg, ING estimates

Interpolated spread is excessively narrow. Steady credit fundamentals and outlook.

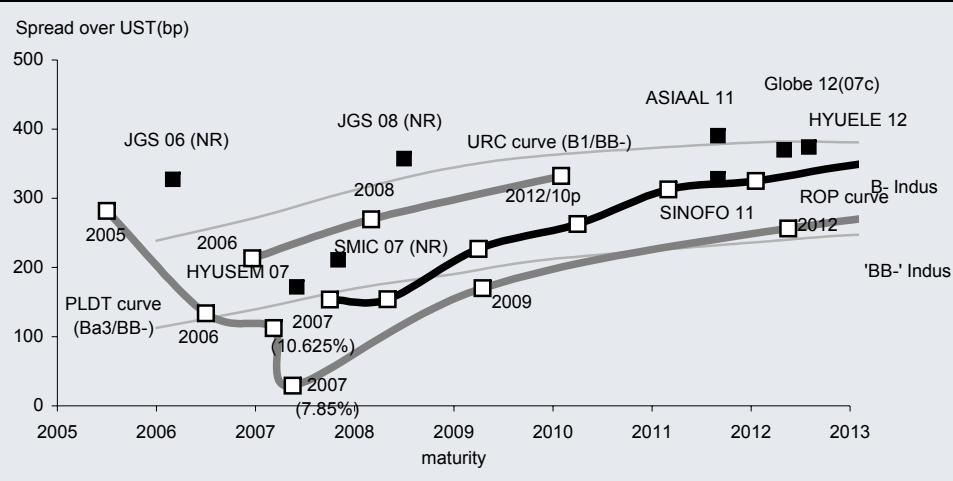
TITAN 12

China	ING rating	ING credit outlook	Moody's S&P	Coupon (%)	Maturity	Curr bid spread	Est spread Oct-06	Est 1Y total return	Dur	Rec
TITAN	B+	Stable	B1	B+	8.500	18-Mar-12	523	450	12.6%	5.0 BUY

Source: Bloomberg, ING estimates

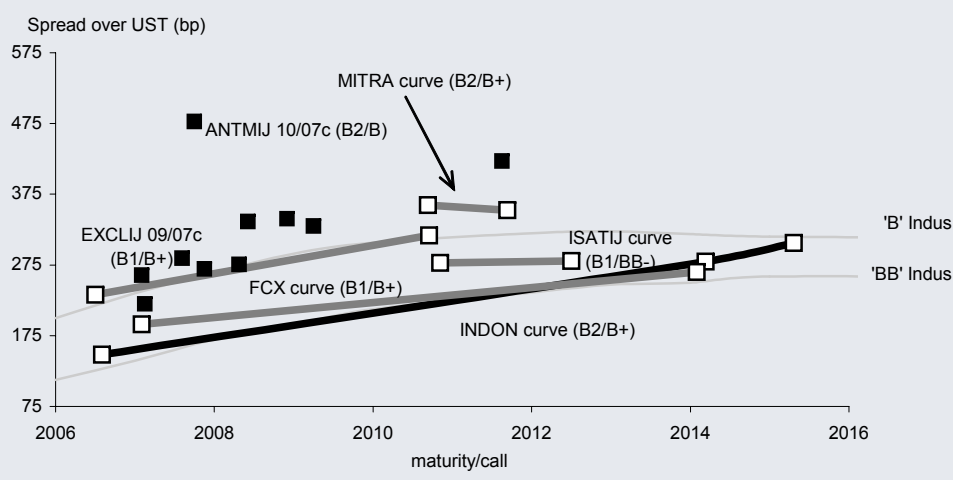
A projected 1Y total return of 10.2% and a YTM of 9.6% compensates investors for what we consider a B+ credit risk.

Fig 33 Philippine high-yield USD bonds: relative credit spreads



Source: Bloomberg, Bridge, ING

Fig 34 Indonesian high-yield USD bonds: relative credit spreads



Source: Bloomberg, Bridge, ING

Philip Wickham, Singapore (65) 6232 6031

Telecoms – Minimal spread movements

ING Recommendations (%)

	BUY	HOLD	SELL
Telecoms	9	41	50

Source: ING

USD 400m of debt reduction planned by PLDT in 2006

PLDT detailed plan to continue its debt reduction programme by another USD 400m in 2006 (following USD 600m this year). The telecom operator's total debt was USD 1.9bn at end-August 2005. In addition, PLDT stated its PHP 29bn profit forecast for 2005 should be achieved despite a widely expected static cellular subscriber base in 3Q05; (non-revenue generating customers are being flushed from its subscriber base). While we have revised our spread targets tighter for the TELPM curve (to reflect the new targets for the sovereign), our SELL recommendations are maintained.

Telekom Malaysia (TM) to officially become majority shareholder in XL

TM announced the exercise of an option to acquire a further 32% equity stake in XL for USD 460m. The Malaysian telecom operator will raise its shareholding to 57% from 25% within the third-largest Indonesian wireless operator. The move of XL to a subsidiary of TM was widely anticipated since 1H05.

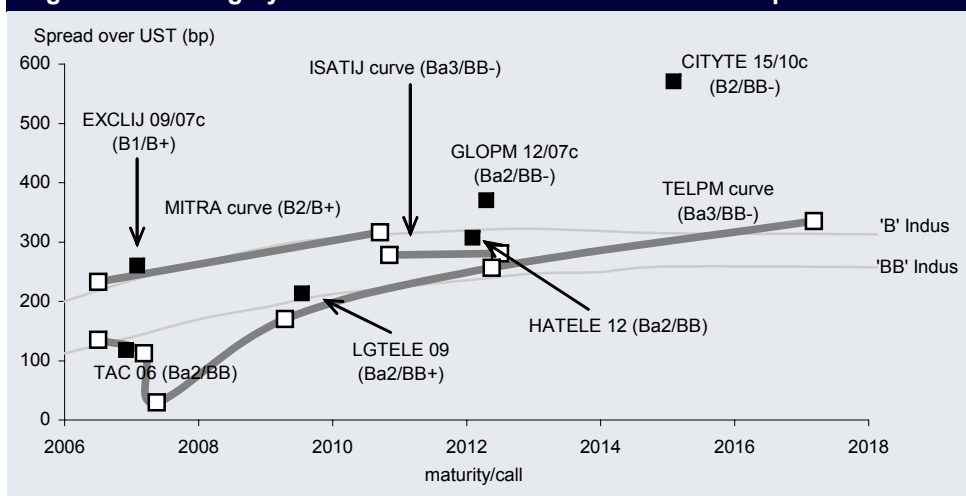
Share buy back programme at Telkom Indonesia (Telkom) planned

Telkom announced plans to buy back IDR 5trn (approximately USD 500m) worth of shares from the public. This will increase the government's stake in the telecom operator (currently 51%). Telkom is generating substantial free cash flow, which supports a buy back programme. Our credit view of the telecom operator is unchanged given its robust free cash flow projected over the coming fiscal periods.

Preferred Asian telecom USD bonds is unchanged

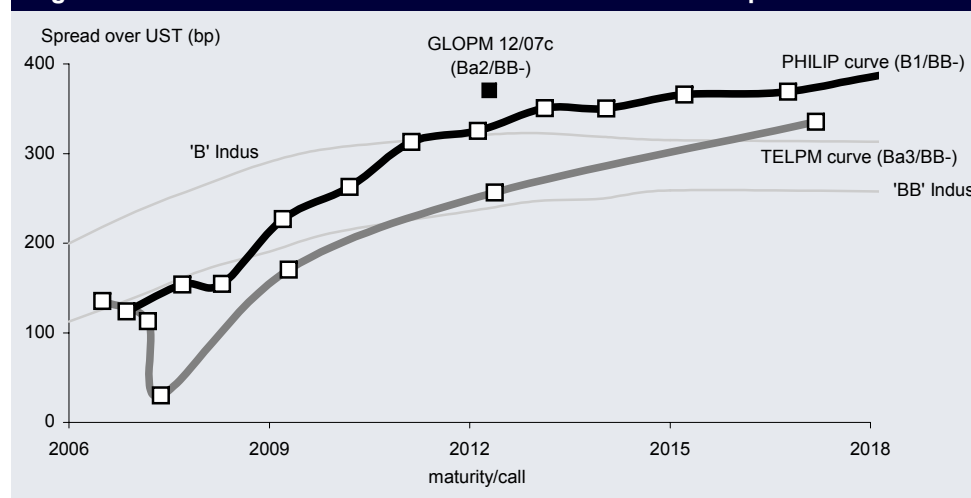
We continue to recommend a BUY for CITYYTE 15(10c). While the competitive environment for wireline and broadband Internet services in Hong Kong remains fierce, an YTM/W of 10.1% compensates for risk at the second-largest fixed-line operator in the territory. Furthermore the interpolated spread for CITYYTE 15(10c) is the widest for any Asian telecom or China/Hong Kong issuer under our coverage.

Fig 35 Asian high-yield USD telecom bonds: relative credit spreads



Source: Bloomberg, Bridge, ING

Fig 36 TELPM curve versus PHILIP curve: relative credit spreads



Source: Bloomberg, Bridge, ING

Recommendations

CITYTE 15(10c)

Hong Kong rating	ING rating	ING credit outlook	MDY	S&P	Coupon (%)	Maturity	Curr bid spread	Est spread Oct-06	Est 1Y total return	Dur	Rec
CITYTE	BB-	Stable	B2	BB-	8.750	1-Feb-15(10c)	571	500	13.7%	6.3	BUY

Source: Bloomberg, ING estimates

YTM/W of 10.1% compensates investors for what we consider BB- credit risk.

HUWHY 27 and 33

Hong Kong rating	ING rating	ING credit outlook	MDY	S&P	Coupon (%)	Maturity	Curr bid spread	Est spread Oct-06	Est 1Y total return	Dur	Rec
HUWHY	A-	Stable	A3	A-	7.500	1-Aug-27	178	130	11.1%	11.4	BUY
HUWHY	A-	Stable	A3	A-	7.450	24-Nov-33	180	140	10.4%	12.7	BUY

Source: Bloomberg, ING estimates

Long-dated HUWHY notes priced wide of BBB risk despite A- credit rating

ISATIJ curve

Indonesia rating	ING rating	ING credit outlook	MDY	S&P	Coupon (%)	Maturity	Curr bid spread	Est spread Oct-06	Est 1Y total return	Dur	Rec
ISATIJ	BB-	Stable	Ba3	BB-	7.750	5-Nov-10(08c)	278	400	3.0%	4.1	SELL
ISATIJ	BB-	Stable	Ba3	BB--	7.125	22-Jun-12(10c)	281	425	0.6%	5.3	SELL

Source: Bloomberg, ING estimates

Narrow spread over INDON curve fully values notes; operating margins expected to be injured from new competition beginning in 2006.

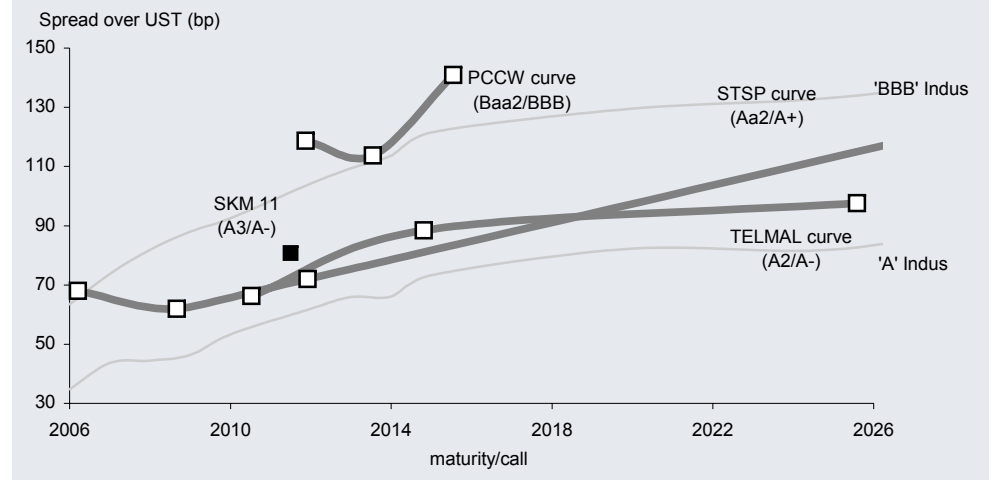
TELPM curve

Philippine rating	ING rating	ING credit outlook	MDY	S&P	Coupon (%)	Maturity	Curr bid spread	Est spread Oct-06	Est 1Y total return	Dur	Rec
TELPM	BB	Stable	Ba3	BB-	7.850	6-Mar-07	113	220	4.9%	1.3	SELL
TELPM	BB	Stable	Ba3	BB-	10.625	15-May-07	30	220	3.6%	1.4	SELL
TELPM	BB	Stable	Ba3	BB-	10.500	15-Apr-09	170	300	3.2%	3.0	SELL
TELPM	BB	Stable	Ba3	BB-	11.375	15-May-12	256	410	0.6%	4.8	SELL
TELPM	BB	Stable	Ba3	BB-	8.350	6-Mar-17	335	430	1.1%	7.5	SELL

Source: Bloomberg, ING estimates

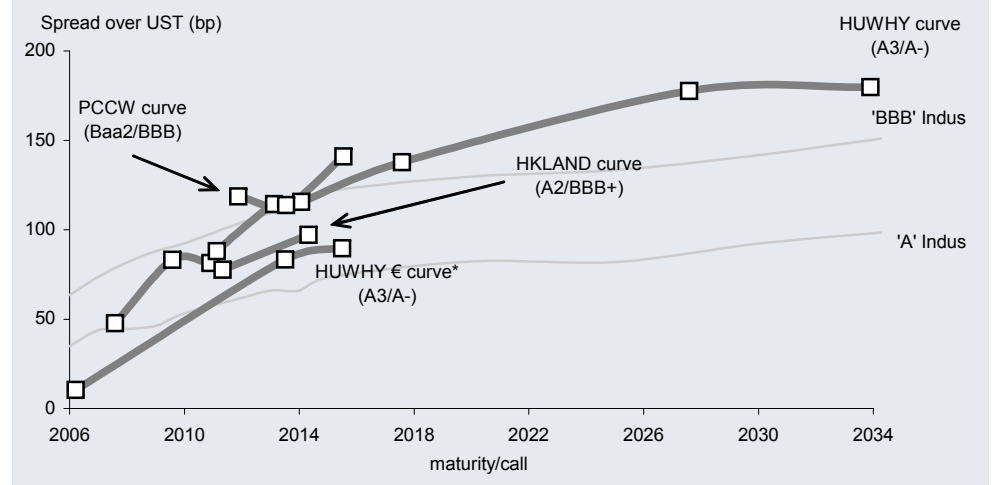
The TELPM curve's interpolated spread is 50bp through the sovereign curve, which we do not consider justified.

Fig 37 Asian high-grade USD telecom bonds: relative credit spreads



Source: Bloomberg, Bridge, ING

Fig 38 Hutchison Whampoa: relative credit spreads



* Over German government bonds

Source: Bloomberg, Bridge, ING

Philip Wickham, Singapore (65) 6232 6031

Utilities – Modest value on offer

ING Recommendations (%)

	BUY	HOLD	SELL
Utilities	5	10	86

Source: ING

ROADKG 11 remains sold BUY recommendation within sector

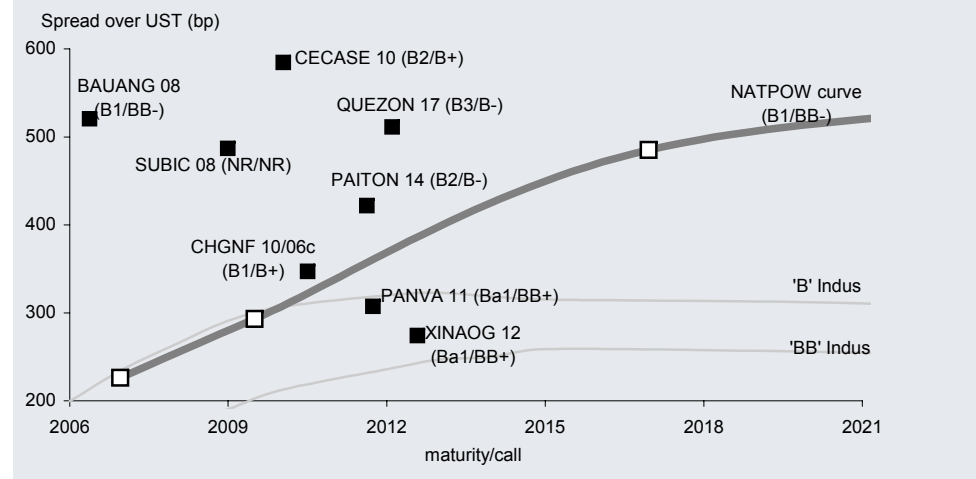
Our investment view towards the Asian utility USD bonds remains unchanged from last month's *ADB*. We regard relative value as scarce for the Asian utility notes, with ROADKG 11 as our sole BUY recommendation within the sector. The rating action overhang is removed from both Moody's and Standard and Poor's, with both agencies maintaining low investment-grade status on the toll operator's bonds.

However, valuations for the other Asian utility USD bonds within our research universe just adequately compensate for risk in our judgement. Many are trading at or near their respective benchmarks, specifically the investment-grade notes (see Figures 41 and 42). We regard further spread compression as mainly a function of trading liquidity absent an improving credit profile. We project Asian utility USD bonds to underperform other sectors within the region.

SELL recommendations maintained on Chinese gas companies' bonds

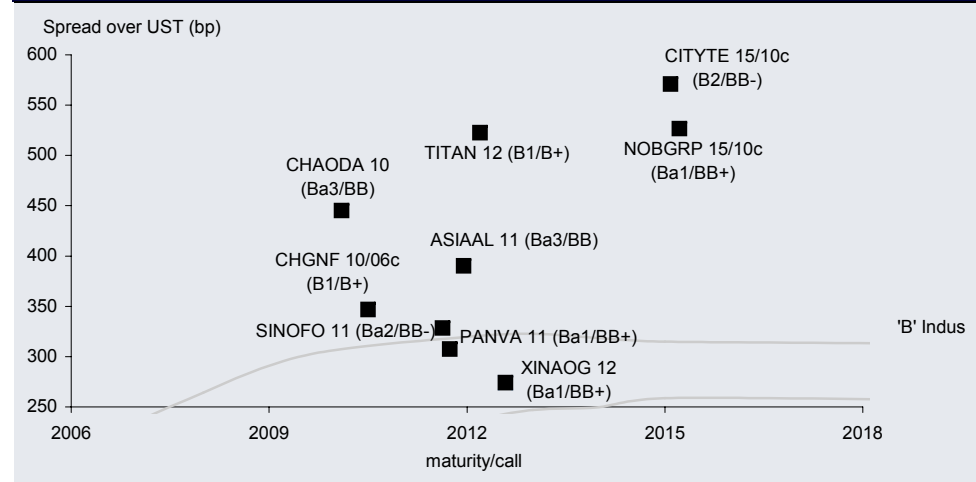
The sharp compression of interpolated spreads for PANVA 11 and XINAOG 12 through our spread target since September remains unchanged. The two notes trade with the narrowest interpolated spreads over USTs within our speculative-grade research universe of Chinese/Hong Kong issuers (see Figure 40). While we view the credit fundamentals for both Chinese gas companies as positive, current valuations are rich in our view and do not adequately reflect credit risks.

Fig 39 Asian high-yield USD utility bonds: relative credit spreads



Source: Bloomberg, Bridge, ING

Fig 40 China/HK high-yield USD bonds: relative credit spreads



Source: Bloomberg, Bridge, ING

Recommendations

ROADKG 11

China	ING rating	ING Credit outlook	Moody's	S&P	Coupon (%)	Maturity	Curr bid spread	Est spread Oct-06	Est 1Y total return	Dur	Rec
ROADKG	BBB-	Stable	Baa3	BBB-	8.250	15-Jul-11	211	160	8.4%	4.8	BUY

Source: Bloomberg, ING estimates

Wide credit spread for BBB- risk with a forecast 8.4% 1Y return fairly values notes for industry and financial risk in our view. Rating action overhang removed at both Moody's and Standard and Poor's.

PANVA 11

China	ING rating	ING Credit outlook	Moody's	S&P	Coupon (%)	Maturity	Curr bid spread	Est spread Oct-06	Est 1Y total return	Dur	Rec
PANVA	BB+	Stable	Ba1	BB+	8.250	23-Sep-11	307	325	6.6%	4.8	SELL

Source: Bloomberg, ING estimates

The interpolated spread is through our target, which we regard as fully valuing the high BB notes.

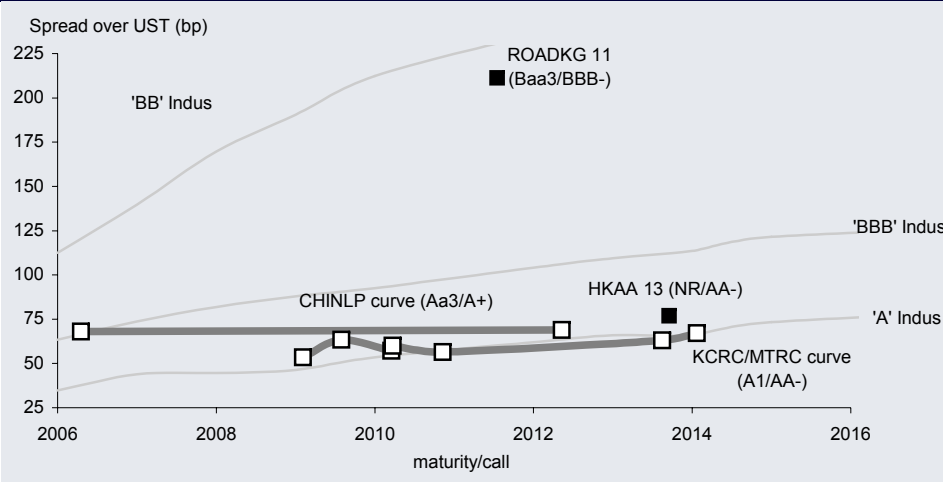
XINAOG 12

China	ING rating	ING credit outlook	Moody's	S&P	Coupon (%)	Maturity	Curr bid spread	Est spread Oct-06	Est 1Y total return	Dur	Rec
XINAOG	BB+	Stable	Ba1	BB+	7.375	5-Aug-12	274	325	4.7%	5.4	SELL

Source: Bloomberg, ING estimates

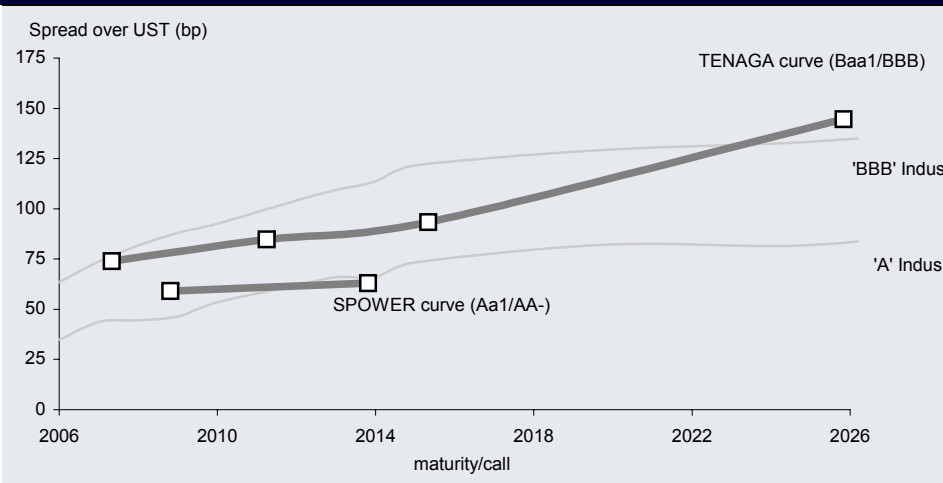
We view the notes as fully valued against other high-yield utility and similar-rated China/Hong Kong issues, with the tightest credit spread among the latter.

Fig 41 China/HK high-grade USD utility bonds: relative credit spreads



Source: Bloomberg, Bridge, ING

Fig 42 ASEAN high-grade USD utility bonds: relative credit spreads



Source: Bloomberg, Bridge, ING

Philip Wickham, Singapore (65) 6232 6031

International pipeline

Country	Issuer	Rating	Currency	Size	Tenor/price talk	Timing	Other
China	Baoshan Iron & Steel	BBB+	US\$	To be determined	To be determined	4Q05	
China	Fosun International	Ba3/BB-	US\$	325-250m	7-year	4Q05	Postponed
China	Hopson Development Holdings	Ba1/BB+	US\$	300m	7-year	4Q05	
Indonesia	Adaro	NR	US\$	600m	To be determined	2005	
Indonesia	Bank Danamon	B2/B (sub-debt)	US\$	100-150m	To be determined	2005	Sub debt
Indonesia	Bank Mandiri	B2/B+	US\$	300m	5-year	2005	On hold
Indonesia	Bank Negara Indonesia (BNI)	B3/B+	US\$	200m	To be determined	2005	Sub debt, on hold
Indonesia	PT Energi Mega Persada	NR	US\$	500m	5-year	2005	
Indonesia	Excelcomindo	B1/B+	US\$	300m	To be determined	4Q05	
Indonesia	PT International Nickel	Ba2/BB-	US\$	200m	5 to 10-year	4Q05	
Indonesia	Kaltim Prima Coal	NR	US\$	400m	7-year	2005	
Indonesia	Medco Energi	B2/B+	US\$	200m	To be determined	2005	
Indonesia	Pertamina	NR	US\$	500m	To be determined	2005	
Indonesia	Sateri International	Ba3/B+	US\$	300m	5/7-year and Perpetual	2005	
India	Essar Steel	NR	US\$	To be determined	To be determined	2005	
India	HDFC	NR	US\$	300-500m	5 to 7-year	2005	
India	Housing & Urban Development Corp Ltd.	Baa3/BB	US\$	300m	5-year	2005	
India	Indian Oil Corp	Ba2/BB	US\$	300-500m	5 to 7-year	2005	
India	Indian Railway Finance Corp	Baa3/BB	US\$	300m	5 to 7-year	2005	
India	Reliance Industries	Ba2/BB	US\$	750m	To be determined	2005	On hold
India	State Bank of India (SBI)	Baa2/BB+	US\$	500m	To be determined	2005	
India	Tata Motors Ltd	Ba2/BB	US\$	300-500m	5 to 7-year	2005	
India	Vedanta Resources	Ba2/BB+	US\$	500m	10-year	4Q05	
Korea	C&M	NR	US\$	200-300m	To be determined	2H05	
Korea	Dacom	Ba2/BB-	US\$	300m	5-year	4Q05	On hold
Korea	Hanaro Telecom	Ba2/BB	US\$	250m	7-year	4Q05	Re-opening
Korea	Hyundai Capital Services	Baa3	US\$	300m	TBD	4Q05	
Korea	Korea East-West Power Co.	A1/A-	US\$	250-300m	7- to 10-year	2005	
Korea	Korea Land	A3/A	US\$	500m	10-year likely	2005	
Macau	Galaxy Casino SA	NR	US\$	300-500m	To be determined	4Q05	
Macau	Venetian Macau	NR	US\$	150-300m	To be determined	4Q05	
Malaysia	Malaysia	A3/A-	US\$	Up to 2bn	To be determined	2005	
Malaysia	Megasteel	NR	US\$	400-450m	5-year and 10-year	4Q05	
Malaysia	Southern Bank	Ba2/BB+ (Tier 1)	US\$	100-200m	Perpetual	4Q05	
Philippines	Land Bank of Philippines	NR	US\$	100m	5-year	4Q05	
Philippines	The Manila International Airport Authority (MIAA)	NR	US\$	300m	To be determined	2005	
Philippines	PLDT	Ba3/BB	US\$	300m	To be determined	2005	
Singapore	OCBC	A-	US\$	500m	To be determined	2005	
Singapore	Singapore Power Pte Ltd	NR	US\$	To be determined	To be determined	2005	
Taiwan	Nan Ya Plastics	NR	US\$	300m	5-year	4Q05	

Country	Issuer	Rating	Currency	Size	Tenor/price talk	Timing	Other
Taiwan	Bank SinoPac	Baa2*/BBB**	US\$	TBD	Perpetual	4Q05	
Thailand	TMB Bank	Ba1/BB (sub-debt)	US\$	250m	10-year	2005	Sub debt, on hold
Thailand	The Small and Medium Enterprise Development Bank of Thailand (SMEB)	Baa1	US\$	300m	5-year	2005	
Vietnam	Vietnam	Ba3/BB-	US\$	750m	10-year	4Q05	

Source: IFR, Bloomberg, Reuters, Factiva # Fitch Rating * Long term bank deposits rating ** Long term foreign issuer rating

Credit rating changes

Fig 43 Key rating actions since our last publication

Date		To	From	Agency
24-Oct-05	Republic of Korea - LT foreign currency rating	A+ (Stable)	A (Positive)	Fitch
21-Oct-05	Total Access Communications - Senior unsecured bond rating - Corporate credit rating & issue rating	Ba2 (Review for possible upgrade) (NR) BB+ (Stable)	Ba2 (NR) BB (Stable)	Moody's S&P
17-Oct-05	People's Republic of China - LT foreign currency rating	A (Stable)	A- (Positive)	Fitch
13-Oct-05	Philippine Long Distance Telephone Company - LT foreign currency senior unsecured rating	Ba3 (Review for possible upgrade) (Stable)	Ba3 (Stable)	Moody's
7-Oct-05	Excelcomindo Pratama (P.T.) - LT foreign currency rating	B1 (Review for possible upgrade) (Stable)	B1 (Stable)	Moody's

Source: Moody's, S&P

Fig 44 Key candidates for rating changes

Issuer	Country	Moody's rating	Moody's outlook	S&P rating	S&P issuer rating outlook	Change by rating agency	12-month rating change probability (%)
SOVEREIGNS							
CHINA	China	A2	Stable	A-	Positive	S&P to 'A'	75
INDON	Indonesia	B2	Positive	B+	Stable	Moody's to 'B1'	65
KOREA	Korea	A3	Stable	A	Stable	Moody's to 'A2'	75
HK	Hong Kong	A1	Stable	A-	Stable	Moody's to Aa3	75
BANKS & FINANCIAL INSTITUTIONS							
UOBSP 13 & 19	Singapore	A1	Stable	A-	Positive	S&P to 'A'	75
BMRIJ 08 (Mandiri)	Indonesia	B2	Positive	B+	Stable	Moody's to 'B1	25
BMRIJ 12 (Mandiri)	Indonesia	B3	Positive	B	Stable	Moody's to 'B2'	25
PTNIAG 15 (Niaga)	Indonesia	B2	Positive	Nr	Stable	Moody's to B1	25
PTRAK 14 (Rakyat)	Indonesia	B3	Positive	Nr	Stable	Moody's to 'B2'	25
BANDAN 14 (Danamon)	Indonesia	B2	Stable	B	Stable	Moody's to 'B1	25
NEGARA 07	Indonesia	B2	Positive	B+	Stable	Moody's to 'B1'	25
NEGARA 12	Indonesia	B3	Positive	B-	Stable	Moody's to 'B2'	25
UFJ 09	Japan	A2	Positive	A-	Stable	Moody's to 'A1'	75
UTILITIES							
BAUANG	Philippines	B1	Negative	BB-	Stable	Moody's to 'B2'	25
CECASE	Philippines	B2	Positive	B+	Positive	Moody's to 'B1'; S&P to 'BB-'	75
SPOWER	Singapore	Aa1	Stable	AA-	CreditWatch Positive	S&P to 'AA'	75
TELECOMS							
HUWHY	Hong Kong	A3	Stable	A-	Negative	S&P outlook to 'Stable'	75
PCCW	Hong Kong	Baa2	Stable	BBB	Positive	S&P to 'BBB+'	50
MITRA	Indonesia	B2	Positive	B+	Stable	Moody's to 'B1'	75
STSP	Singapore	A+	Stable	Aa2	Stable	Fitch to 'A+''	50

Fig 44 Key candidates for rating changes – cont.

Issuer	Country	Moody's rating	Moody's outlook	S&P debt rating	S&P issuer rating outlook	Change by rating agency	12-month rating change probability (%)
CORPORATES							
SINOFO	China	Ba2	Stable	BB-	Stable	S&P to 'BB'	75
UNIROB	Philippines	B1	Negative	BB-	Stable	Moody's outlook to 'Stable'	50
GENTMK	Malaysia	A3	Stable	BBB+	Stable	S&P to A-	50
HYNMTR	Korea	Baa3	Stable	BB+	Positive	S&P to 'BBB-'	75

* subordinated debt rating

^ tier one preferred securities rating

Source: Moody's, S&P, ING

Fig 45 ING's initiations and changes in recommendations from last publication

Country	Bond	Previous rec.	Current rec.	Reason for change
Indonesia	Bank Mandiri 10.625% due 2 Aug 2012, callable 2007	BUY	HOLD	Spread target met
Indonesia	Bank Negara 7.625% due 15 Feb 2007	BUY	HOLD	Spread target met
Indonesia	Indonesia 7.5% due 15 Jan 2016	NA	HOLD	Initiate coverage
Indonesia	Indonesia 8.5% due 12 Oct 2035	NA	HOLD	Initiate coverage
Indonesia	Excelcomindo 8.0% due 17 Jan 2009, callable 2007	SELL	HOLD	Pricing of bond to early call results in interpolated spreads at fair value
Japan	Sumitomo Bank 8.0% due 15 June 2012	BUY	HOLD	Spread target met
Japan	AIFUL Corp. 5.0% due 10 Aug 2010	NA	BUY	Initiate coverage
Japan	AIFUL Corp. 4.45% due 16 Feb 2010	NA	BUY	Initiate coverage
Korea	Woori Bank 5.375% due 8 Sep 2008	BUY	HOLD	Spread target met
Korea	Hana Bank 8.748% due 29 Dec 2049, callable 2012	BUY	HOLD	Spread target met
Korea	Korea Development Bank 5.25% due 16 Nov 2006	SELL	HOLD	Spread at the fair value
Korea	Export-Import Bank of Korea 4.625% due 16 Mar 2010	BUY	HOLD	Spread at the fair value
Korea	Republic of Korea 5.625% due 3 Nov 2025	NA	BUY	Initiate coverage
Korea	Republic of Korea 3.625% due 2 Nov 2015 (Euro)	NA	HOLD	Initiate coverage
Malaysia	Public Bank 5.0% due 22 Sep 2017, callable 2012	BUY	HOLD	Spread target met
Malaysia	Petrol 7.875% due 22 May 2022	BUY	HOLD	Spread at the fair value
Malaysia	Petrol 7.625% due 15 Oct 2026	BUY	HOLD	Spread at the fair value
Philippines	Globe Telecom 9.75% due 15 Apr 2012	SELL	HOLD	Interpolated spread at estimated fair value
Philippines	Republic of Philippines 5.625% due 19 Nov 2006	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 7.5% due 11 Sep 2007	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 8.875% due 15 Apr 2008	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 8.375% due 12 Mar 2009	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 9.875% due 2010	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 8.375% due 15 Feb 2011	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 9.0% due 15 Feb 2013	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 8.25% due 15 Jan 2014	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 8.865% due 17 Mar 2015	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 8.75% due 7 Oct 2016	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 8.0% due 15 Jan 2016	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 9.375% due 18 Jan 2017	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 9.875% due 15 Jan 2019	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 10.625% due 16 Mar 2025	SELL	HOLD	Improved economic fundamentals
Philippines	Bangko Sentral Pilipinas 8.6% due 15 June 2027	SELL	HOLD	Improved economic fundamentals
Philippines	Republic of Philippines 9.5% due 2 Feb 2030	SELL	HOLD	Improved economic fundamentals

Source: ING

List of recommendations

Country 10/24/05	Issue	Rec	Curr bid spread*	YTM/W	Curr bid price	Dur	Forecast 1Y return				Amount outstd (US\$mn)	Coupon	1Y performance **		Mat/call date	Moody's		S&P		Fitch		ING	
							Target spread*	Total return	UST return	Credit return			Sprd chg (bp)	Est. return/put (%)		rating	outlk	rating	outlk	rating	outlk	rating	outlk
Sovereigns																							
China	CHINA 08	SELL	40	4.7	107.62	2.8	45	4.5%	4.3%	0.2%	1000	7.300	-13	1.8	12/15/2008	A2	S	A-	P	A	S	A	S
China	CHINA 09	SELL	28	4.6	97.05	3.7	45	4.0%	4.3%	-0.3%	500	3.750	-36	0.0	10/28/2009	A2	S	A-	P	A	S	A	S
China	CHINA 11	HOLD	56	4.9	109.14	4.7	55	4.9%	4.3%	0.5%	1000	6.800	0	2.0	5/23/2011	A2	S	A-	P	A	S	A	S
China	CHINA 13	HOLD	65	5.0	98.32	6.6	65	4.6%	4.4%	0.2%	1000	4.750	-7	2.3	10/29/2013	A2	S	A-	P	A	S	A	S
China	EXIMCH 14	BUY	81	5.2	100.42	7.0	75	5.1%	4.5%	0.6%	1000	5.250	-14	6.8	7/29/2014	A2	S	A-	P	A	S	A	S
China	EXIMCH 15	BUY	90	5.3	96.87	7.7	80	5.3%	4.5%	0.8%	1000	4.875	-3	2.8	7/21/2015	(P)A2	S	A-	P	A	S	A	S
China	SDBC 14	HOLD	77	5.1	97.17	7.3	75	4.7%	4.5%	0.3%	600	4.750	77	3.8	10/8/2014	A2	N.A.	A-	P	A	S	A	S
China	SDBC 15	HOLD	85	5.3	98.02	7.9	80	4.9%	4.5%	0.4%	1000	5.000	-1	-11.5	10/15/2015	(P)A2	N.A.	A-	P	A	S	A	S
Hong Kong	HKSAR 14	BUY	66	5.0	100.59	7.1	55	5.3%	4.5%	0.8%	1250	5.125	3	1.8	8/1/2014	A1	NR	AA-	NR	AA-	NR	AA-	S
Hong Kong	KCRC 09	HOLD	53	4.8	108.29	3.3	50	4.8%	4.3%	0.5%	1000	7.250	-11	2.1	7/27/2009	Aa3	S	AA-	S	AA-	S	AA-	S
Hong Kong	KCRC 10	BUY	57	4.9	112.24	3.8	50	5.0%	4.3%	0.6%	1000	8.000	-11	2.3	3/15/2010	Aa3	S	AA-	S	AA-	S	AA-	S
Hong Kong	MTRC 09	BUY	63	4.9	107.78	2.9	50	5.1%	4.3%	0.8%	750	7.500	0	1.6	2/4/2009	Aa3	S	AA-	S	AA-	S	AA-	S
Hong Kong	MTRC 10	BUY	56	4.9	111.59	4.2	50	5.0%	4.3%	0.7%	600	7.500	-9	2.2	11/8/2010	Aa3	S	AA-	S	AA-	S	AA-	S
Hong Kong	MTRC 14	BUY	67	5.0	98.07	6.8	60	5.1%	4.4%	0.6%	600	4.750	-7	2.4	1/21/2014	Aa3	S	AA-	S	AA-	S	AA-	S
Indonesia	INDON 14	HOLD	280	7.2	97.40	6.4	325	4.2%	4.4%	-0.2%	1000	6.750	-28	6.2	3/10/2014	B2	P	B+	S	BB-	P	B+	S
Indonesia	INDON 15	HOLD	306	7.5	98.65	7.0	350	4.2%	4.5%	-0.3%	1000	7.250	-14	3.0	4/20/2015	B2	P	B+	S	BB-	P	B+	S
Indonesia	INDON 16	HOLD	327	7.7	98.65	7.1	350	5.6%	4.5%	1.1%	900	7.500	-2	-8.5	1/15/2016	B2e	P	B+	S	BB-	P	B+	S
Indonesia	INDON 35	HOLD	405	8.7	98.25	11.1	420	6.4%	4.7%	1.7%	600	8.500	-1	-7.0	10/12/2035	B2	P	B+	S	BB-	P	B+	S
Korea	EIBKOR 07	HOLD	51	4.8	99.00	2.0	45	4.9%	4.2%	0.6%	1100	4.250	-22	1.2	11/27/2007	A3	S	A	S	A+	S	A	S
Korea	EIBKOR 09	BUY	73	5.0	97.41	3.1	60	5.2%	4.3%	0.9%	650	4.125	-7	0.9	2/10/2009	A3	S	A	S	A+	S	A	S
Korea	EIBKOR 10	HOLD	68	5.0	98.63	4.0	65	5.0%	4.3%	0.7%	400	4.625	0	1.4	3/16/2010	A3	S	A	S	A+	S	A	S
Korea	EIBKOR 14	HOLD	82	5.2	100.39	6.8	80	4.9%	4.4%	0.5%	700	5.250	3	2.2	2/10/2014	A3	S	A	S	A+	S	A	S
Korea	EIBKOR 15	HOLD	84	5.2	99.22	7.5	85	4.5%	4.5%	0.1%	600	5.125	5	2.5	3/16/2015	A3	S	A	S	A+	S	A	S
Korea	KOREA 08	SELL	1	4.3	110.71	2.3	45	3.7%	4.2%	-0.6%	3000	8.875	-42	2.9	4/15/2008	A3	S	A	S	A+	S	A	S
Korea	KOREA 13	HOLD	69	5.0	95.06	6.4	65	4.9%	4.4%	0.5%	1000	4.250	-10	2.1	6/1/2013	A3	S	A	S	A+	S	A	S
Korea	KOREA 14	HOLD	74	5.1	98.27	7.3	70	4.8%	4.5%	0.4%	1000	4.875	0	2.6	9/22/2014	A3	S	A	S	A+	S	A	S
Korea	KOREA 25	BUY	105	5.7	98.71	11.9	85	7.3%	4.8%	2.5%	400	5.625	NA	NA	11/3/2025	A3	S	A	S	A+	S	A	S
Korea	KDB 06	HOLD	54	4.7	100.58	1.0	50	4.7%	4.1%	0.5%	800	5.250	-5	2.0	11/16/2006	A3	S	A	S	A+	S	A	S
Korea	KDB 07	HOLD	51	4.8	99.02	1.9	50	4.8%	4.2%	0.6%	650	4.250	-17	1.1	11/13/2007	A3	S	A	S	A+	S	A	S
Korea	KDB 09	HOLD	71	5.0	99.20	3.4	55	5.3%	4.3%	1.0%	1000	4.750	-5	0.9	7/20/2009	A3	S	A	S	A+	S	A	S
Korea	KDB 09	HOLD	63	4.9	96.91	3.1	55	5.0%	4.3%	0.7%	850	3.875	-22	1.2	3/2/2009	A3	S	A	S	A+	S	A	S
Korea	KDB 10	HOLD	71	5.0	98.33	4.4	55	5.5%	4.3%	1.2%	750	4.625	-5	-10.3	9/16/2010	A3	S	A	S	A+	NR	A	S
Korea	KDB 12	HOLD	79	5.1	102.10	5.8	75	5.1%	4.4%	0.8%	600	5.500	-4	1.9	11/13/2012	A3	S	A	S	A+	S	A	S
Korea	KDB 13	HOLD	79	5.1	103.85	6.4	75	5.0%	4.4%	0.6%	750	5.750	6	1.9	9/10/2013	A3	S	A	S	A+	S	A	S
Malaysia	MALAY 09	HOLD	56	4.8	112.80	3.1	55	4.7%	4.3%	0.4%	1500	8.750	-10	2.5	6/1/2009	A3	S	A-	S	A-	S	A-	S
Malaysia	MALAY 11	HOLD	60	4.9	112.70	4.7	60	4.8%	4.3%	0.5%	1750	7.500	-20	3.1	7/15/2011	A3	S	A-	S	A-	S	A-	S
Malaysia	PETROL 06	HOLD	56	4.7	102.30	1.0	55	0.0%	0.0%	0.0%	800	7.125	8	2.2	10/18/2006	A1	S	A-	S	A-	S	A-	S
Malaysia	PETROL 12	HOLD	69	5.0	110.90	5.3	70	4.8%	4.4%	0.5%	2000	7.000	-22	3.4	5/22/2012	A1	S	A-	S	A-	NR	A-	S
Malaysia	PETROL 15	HOLD	76	5.2	119.73	7.2	75	4.6%	4.5%	0.1%	625	7.750	-14	5.8	8/15/2015	A1	S	A-	S	A-	S	A-	S
Malaysia	PETROL 22	HOLD	98	5.6	123.88	10.0	100	4.9%	4.7%	0.2%	1000	7.875	-11	8.9	5/22/2022	A1	S	A-	S	A-	NR	A-	S
Malaysia	PETROL 26	HOLD	108	5.8	122.56	11.7	105	5.3%	4.7%	0.6%	500	7.625	-7	10.2	10/15/2026	A1	S	A-	S	A-	S	A-	S

Country 10/24/05	Issue	Rec	Curr bid spread*	YTM/W	Curr bid price	Dur	Forecast 1Y return			Amount Credit return (US\$m)	Coupon	1Y performance **		Mat/call return/put date	Moody's rating	S&P rating	Fitch rating	ING					
							Target spread*	Total return	UST return			Sprd chg (bp)	Est. return (%)					outlk	outlk	outlk			
Philippines	ROP 06	HOLD	124	5.4	100.25	1.0	160	5.3%	4.1%	1.2%	250	5.625	-102	4.4	11/19/2006	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 07	HOLD	153	5.8	103.00	1.8	200	5.4%	4.2%	1.2%	300	7.500	-144	6.1	9/11/2007	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 08	HOLD	154	5.8	107.00	2.3	210	5.0%	4.2%	0.8%	748	8.875	-164	7.5	4/15/2008	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 09	HOLD	227	6.5	105.50	3.0	290	5.1%	4.3%	0.8%	944	8.375	-142	8.3	3/12/2009	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 10	HOLD	262	6.9	111.00	3.7	320	5.2%	4.3%	0.9%	600	9.875	-164	11.2	3/16/2010	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 11	HOLD	313	7.4	104.00	4.3	350	6.1%	4.3%	1.7%	1500	8.375	-180	12.8	2/15/2011	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 13	HOLD	350	7.9	106.25	5.5	400	5.3%	4.4%	0.9%	1000	9.000	-155	14.4	2/15/2013	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 14	HOLD	350	7.9	102.25	6.0	400	4.9%	4.4%	0.4%	1700	8.250	-144	14.8	1/15/2014	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 15	HOLD	366	8.0	105.38	6.6	410	4.9%	4.5%	0.5%	1050	8.875	-144	16.6	3/17/2015	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 16	HOLD	369	8.2	104.25	7.3	420	4.3%	4.5%	-0.2%	690	8.750	-143	18.1	10/7/2016	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 16	HOLD	365	8.1	99.50	7.0	420	4.0%	4.5%	-0.5%	1000	8.000	-45	10.1	1/15/2016	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 17 (12p)	HOLD	325	7.6	108.75	4.8	370	5.6%	4.4%	1.3%	1000	9.375	-189	15.0	1/18/2012	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 19	HOLD	397	8.6	110.25	7.7	450	4.6%	4.6%	0.0%	1100	9.875	-131	19.6	1/15/2019	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 24 (06p)	HOLD	433	9.0	104.35	9.3	465	5.8%	4.7%	1.1%	692	9.500	215	5.4	10/21/2024	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 25	HOLD	436	9.1	114.25	9.1	480	4.9%	4.7%	0.2%	2000	10.625	-97	20.1	3/16/2025	B1	N	BB-	N	BB	N	BB-	S
Philippines	BSP 27	HOLD	429	9.0	96.50	9.7	480	3.8%	4.7%	-1.0%	400	8.600	-120	22.4	6/15/2027	B1	NR	BB-	N	BB	NR	BB-	S
Philippines	ROP 30	HOLD	440	9.1	104.25	9.9	490	3.9%	4.7%	-0.8%	2000	9.500	-63	15.4	2/2/2030	B1	N	BB-	N	BB	N	BB-	S
Banks and financials																							
Indonesia	BMRIJ 08	BUY	276	7.0	100.00	2.3	250	7.3%	4.3%	3.1%	300	7.000	-43	4.3	4/22/2008	B2	P	B+	P	BB-	P	BB-	P
Indonesia	BMRIJ 12 (07c)	HOLD	284	7.1	105.75	1.6	285	7.1%	4.2%	2.9%	125	10.625	-173	8.5	8/3/2007	B3	P	B	P	B+	P	BB-	P
Indonesia	BANDAN 14 (09c)	BUY	330	7.6	100.25	3.1	315	7.8%	4.3%	3.5%	300	7.650	-85	6.6	3/30/2009	B2	S	B	P	NR	NR	BB-	P
Indonesia	NEGARA 07	HOLD	220	6.4	101.50	1.2	220	6.4%	4.2%	2.2%	145	7.625	-157	6.6	2/15/2007	B2	P	B+	S	NR	NR	BB-	P
Indonesia	NEGARA 12 (07c)	HOLD	269	6.9	105.75	1.8	300	6.6%	4.2%	2.4%	150	10.000	-170	8.4	11/15/2007	B3	P	B-	S	B+	P	BB-	P
Indonesia	PTRAK 13 (08c)	BUY	341	7.7	100.25	2.6	320	8.0%	4.3%	3.7%	150	7.750	-63	5.7	10/30/2008	B3	P	NR	NR	NR	NR	BB-	P
Indonesia	PTNIAG 15(10c)	BUY	370	8.0	99.00	3.9	365	8.1%	4.3%	3.8%	100	7.750	-42	1.7	7/14/2010	(P)B2	P	NR	NR	B+	P	BB-	P
Japan	AIFUL 10	BUY	91	5.2	97.15	3.9	75	5.6%	4.3%	1.3%	500	4.450	8	-0.7	2/16/2010	Baa2	P	BBB+	S	A-	S	BBB+	P
Japan	AIFUL 10	BUY	92	5.2	99.04	4.3	75	5.7%	4.3%	1.4%	500	5.000	-5	-1.3	8/10/2010	Baa2	P	BBB+	S	A-	S	BBB+	P
Japan	MTFG 09	BUY	71	5.0	111.27	3.2	65	5.0%	4.3%	0.7%	1500	8.350	-13	2.6	7/15/2009	A2	P	A-	S	BBB+	S	A	P
Japan	MTFG 10	BUY	72	5.0	113.40	3.8	75	4.8%	4.3%	0.5%	2000	8.400	-5	2.6	4/15/2010	A2	S	A-	S	BBB+	S	A	S
Japan	MTFG 11	BUY	85	5.2	110.79	4.6	75	5.5%	4.3%	1.1%	2000	7.400	-19	3.2	6/15/2011	A2	S	A-	S	BBB+	S	A	P
Japan	MTFG 13	HOLD	79	5.1	110.11	6.1	80	4.8%	4.4%	0.3%	1250	6.750	-38	5.2	7/15/2013	A2	S	A-	S	BBB+	S	A	P
Japan	MTFG 49(08c)	BUY	137	5.6	108.68	2.7	90	6.4%	4.3%	2.1%	600	8.750	37	17.4	11/13/2008	A2	S	A	P	BBB+	S	A	P
Japan	MIZUHO 10	BUY	83	5.1	113.60	3.8	75	5.3%	4.3%	1.0%	750	8.625	-6	2.8	4/15/2010	A2	S	A	S	NR	NR	A	P
Japan	MIZUHO 14	BUY	92	5.3	103.37	6.8	90	5.0%	4.4%	0.5%	1500	5.790	-86	9.2	4/15/2014	A2	S	A	S	A-	NR	A	P
Japan	MIZUHO 49(09c)	BUY	205	6.3	107.41	3.6	105	9.0%	4.3%	4.7%	1500	8.375	205	15.8	12/29/2009	A2	S	A	S	A-	S	A	P
Japan	SUMIBK 09	BUY	72	5.0	111.54	3.1	70	4.9%	4.3%	0.6%	1000	8.500	-7	2.5	6/15/2009	A2	S	A	S	BBB+	S	A	P
Japan	SUMIBK 12	HOLD	80	5.1	115.89	5.3	85	4.8%	4.4%	0.4%	750	8.000	-21	4.0	6/15/2012	A2	S	A-	S	BBB+	S	A	S
Japan	SUMIBK 49(15c)	BUY	142	5.8	98.54	7.7	120	6.6%	4.5%	2.1%	1350	5.625	-8	-1.7	10/15/2015	A2	S	A	S	NR	S	A	P
Japan	TAKFUJ 11	BUY	110	5.4	117.68	4.5	90	6.7%	4.3%	2.4%	675	9.200	-16	4.0	4/15/2011	A2	S	BBB	P	NR	NR	BBB+	S
Japan	RESONA 49(16c)	BUY	170	6.2	97.54	8.1	130	8.6%	4.5%	4.0%	1300	5.850	-3	-17.5	9/29/2016	Baa1	S	BBB-	S	NR	S	BBB+	P
Japan	RESONA 49(15c)	BUY	241	6.8	102.57	7.2	150	12.4%	4.5%	7.9%	1150	7.191	-46	11.5	12/29/2015	Baa3	S	BBB	S	NR	S	BBB+	P
Korea	CHOHNG 14(09c)	BUY	133	5.6	96.06	3.6	95	6.6%	4.3%	2.3%	200	4.500	133	0.8	11/3/2009	Baa2	S	BBB+	S	BBB-	P	BBB+	S
Korea	CHOHNG 14(09c)	BUY	126	5.5	96.75	3.6	105	6.0%	4.3%	1.7%	200	4.625	126	1.7	11/3/2009	Baa2	S	BBB	S	BBB-	P	BBB+	S
Korea	CMBKKO 07	HOLD	60	4.8	99.37	1.9	65	4.8%	4.2%	0.6%	150	4.500	-57	2.5	10/10/2007	Baa1	S	A-	S	BBB+	S	BBB	S

Country 10/24/05	Issue	Rec	Curr bid spread*	YTM/W	Curr bid price	Dur	Forecast 1Y return			Amount Credit return (US\$m)	Coupon	1Y performance **		Mat/call date	Moody's		S&P		Fitch		ING		
							Target spread*	Total return	UST return			Sprd chg (bp)	Est. return/ put (%)		rating	outlk	rating	outlk	rating	outlk	rating	outlk	
Korea	CMBKKO 08	HOLD	69	4.9	101.15	2.7	75	4.8%	4.3%	0.5%	500	5.375	-11	1.3	9/8/2008	Baa1	S	A-	S	BBB+	S	BBB	S
Korea	CMBKKO 09	HOLD	78	5.1	97.92	3.7	80	4.9%	4.3%	0.6%	300	4.500	78	2.7	12/8/2009	Baa1	S	A-	S	BBB+	S	BBB	S
Korea	CMBKKO 10	HOLD	83	5.1	98.88	4.4	80	5.2%	4.3%	0.8%	500	4.875	0	-9.7	10/6/2010	Baa1	S	A-	S	BBB+	S	BBB	S
Korea	CMBKKO 13 (08c)	BUY	104	5.3	98.98	2.5	85	5.6%	4.3%	1.3%	200	4.875	-42	2.4	7/2/2008	Baa1	S	A-	S	BBB	S	BBB	S
Korea	CMBKKO 14 (09c)	HOLD	98	5.2	101.55	3.1	100	5.1%	4.3%	0.8%	400	5.750	-39	2.6	3/13/2009	Baa2	S	BBB+	S	BBB	S	BBB	S
Korea	HANABK 49 (12c)	HOLD	158	5.9	116.00	5.4	140	6.6%	4.4%	2.2%	200	8.748	-54	7.9	12/17/2012	Baa1	NR	BBB	S	BBB-	S	BBB+	S
Korea	SHNHAN 13 (08c)	BUY	110	5.3	102.37	2.6	95	5.5%	4.3%	1.3%	250	6.250	-26	2.4	9/8/2008	Baa2	S	BBB	S	BBB	P	BBB+	S
Korea	SHNHAN 15(10c)	BUY	124	5.5	98.26	4.2	115	5.8%	4.3%	1.5%	350	5.125	-8	-3.5	7/15/2010	Baa2	S	BBB	S	BBB	P	BBB+	S
Korea	SHNHAN 35(15c)	BUY	174	6.1	96.76	7.3	145	7.4%	4.5%	2.9%	300	5.663	36	-0.9	3/2/2015	Baa2	S	BBB	S	BBB	P	BBB+	S
Malaysia	PUBKBD 14 (09c)	BUY	119	5.5	100.54	3.5	90	6.1%	4.3%	1.8%	350	5.625	24	0.5	9/22/2009	Baa1	S	BBB+	S	NR	NR	BBB+	S
Malaysia	PUBKBD 17 (12c)	BUY	142	5.8	95.69	5.9	105	7.5%	4.4%	3.1%	400	5.000	10	-7.8	9/22/2012	Baa1	S	BBB+	S	NR	NR	BBB+	S
Malaysia	EONBK 14 (09c)	BUY	139	5.6	99.21	3.0	125	5.8%	4.3%	1.6%	225	5.375	-27	2.4	1/21/2009	Baa3	S	NR	NR	BB+	S	BBB-	S
Malaysia	MAYMK 12 (07c)	BUY	61	4.9	102.01	1.6	50	5.0%	4.2%	0.8%	380	6.125	-43	2.4	7/6/2007	Baa1	S	BBB+	S	BBB+	S	BBB+	S
Malaysia	SBKMK 14 (09c)	BUY	124	5.5	102.02	3.3	120	5.5%	4.3%	1.2%	200	6.125	-36	2.9	6/30/2009	Baa3	S	NR	NR	BBB-	S	BBB-	S
Malaysia	RHBANK 13(08c)	HOLD	100	5.2	102.87	2.1	110	5.1%	4.2%	0.9%	150	6.625	-48	2.9	1/25/2008	Baa1	S	BBB-	S	BBB-	S	BBB-	S
Philippines	EBCPM 08	HOLD	261	6.9	99.25	2.2	270	6.7%	4.2%	2.5%	100	6.500	-82	4.6	2/19/2008	B1	N	NR	NR	NR	NR	B+	S
Philippines	EBCPM 13 (08c)	BUY	344	7.7	104.00	2.4	300	8.3%	4.3%	4.0%	200	9.375	-338	14.6	7/1/2008	B1	N	CCC+	S	NR	NR	B+	S
Philippines	METROB 12 (07c)	HOLD	293	7.2	102.50	1.9	285	7.3%	4.2%	3.0%	125	8.500	-333	12.6	11/20/2007	B1	N	NR	NR	NR	NR	B+	S
Philippines	METROB 13 (08c)	BUY	320	7.5	102.50	2.7	310	7.6%	4.3%	3.3%	200	8.375	-290	13.7	12/7/2008	B1	N	B-	S	NR	NR	B+	S
Philippines	RCB 10 (08p)	BUY	383	8.1	97.50	2.2	320	8.9%	4.2%	4.6%	150	6.875	15	1.7	2/23/2008	B1	N	B	S	NR	NR	B+	S
Singapore	DBSSP 09	HOLD	59	4.9	110.28	3.3	60	4.7%	4.3%	0.4%	750	7.875	-7	2.1	8/10/2009	Aa3	S	A	S	A+	S	AA-	S
Singapore	DBSSP 10	HOLD	63	4.9	111.70	3.9	65	4.8%	4.3%	0.4%	500	7.875	-15	2.7	4/15/2010	Aa3	S	A	S	A+	S	AA-	S
Singapore	DBSSP 11	HOLD	73	5.0	109.95	4.6	75	4.9%	4.3%	0.6%	850	7.125	-13	2.6	5/15/2011	Aa3	S	A	S	A+	S	AA-	S
Singapore	DBSSP 19 (14c)	BUY	90	5.3	98.00	7.2	80	5.4%	4.5%	0.9%	750	5.000	-3	3.1	11/15/2014	Aa3	S	A	S	A+	S	AA-	S
Singapore	DBSSP 49 (11c)	BUY	93	5.2	111.17	4.5	85	5.5%	4.3%	1.1%	725	7.657	-10	2.8	3/15/2011	A1	NR	NR	NR	NR	NR	A+	S
Singapore	OCBC 11	HOLD	80	5.1	113.14	4.8	80	5.0%	4.3%	0.7%	1250	7.750	-11	3.0	9/6/2011	A1	S	A-	S	A+	S	A+	S
Singapore	UOBSP 13	BUY	90	5.3	95.24	6.4	75	5.8%	4.4%	1.4%	1000	4.500	-14	2.7	7/2/2013	A1	S	A-	P	A+	S	AA-	S
Singapore	UOBSP 19 (14c)	BUY	99	5.4	100.03	7.1	80	6.1%	4.5%	1.6%	1000	5.375	-11	3.7	9/3/2014	A1	S	A-	P	A+	S	AA-	S
Taiwan	CHIFIN 49(15c)	BUY	156	5.9	97.74	7.3	120	7.7%	4.5%	3.2%	500	5.625	28	1.4	3/17/2015	Baa1	S	BBB	S	A-	S	BBB+	S
Thailand	KBANK 16	BUY	158	6.0	117.39	7.6	140	6.7%	4.5%	2.2%	200	8.250	-61	10.8	8/21/2016	Baa2	S	BBB-	S	BBB+	S	BBB+	S
Thailand	BANKOK 07	HOLD	104	5.2	104.60	1.3	60	5.4%	4.2%	1.2%	267	8.750	-2	2.7	3/15/2007	Baa2	S	BBB-	P	BBB-	P	BBB+	S
Thailand	BANKOK 29	HOLD	220	6.9	124.99	11.3	210	7.2%	4.7%	2.5%	450	9.025	-60	18.2	3/15/2029	Baa2	S	BBB-	P	BBB-	P	BBB+	S
Utilities																							
China	CHGNF 10(06c)	SELL	347	7.8	101.75	3.9	400	6.1%	4.3%	1.8%	175	8.250	-102	8.5	6/26/2010	B1	S	B+	S	NR	NR	B+	S
China	PANVA 11	SELL	307	7.4	104.00	4.8	325	6.6%	4.3%	2.3%	200	8.250	-109	9.7	9/23/2011	Ba1	S	BB+	S	NR	NR	BB+	S
China	ROADKG 11	BUY	211	6.4	99.21	4.8	160	8.4%	4.3%	4.1%	200	6.250	36	0.6	7/15/2011	Baa3	S	BBB-	S	NR	NR	BBB-	S
China	XINAOG 12	SELL	274	7.1	101.62	5.4	325	4.7%	4.3%	0.3%	200	7.375	-58	8.5	8/5/2012	Ba1	S	BB+	S	NR	NR	BB+	S
Korea	KOHNPW 08	SELL	68	4.9	98.58	2.2	100	4.5%	4.2%	0.3%	200	4.250	-15	1.2	1/29/2008	A2	S	A	S	NR	NR	A	S
Korea	KOWEPO 08	SELL	73	5.0	99.28	2.1	110	4.6%	4.2%	0.3%	150	4.625	-18	1.5	1/4/2008	NR	NR	A-	S	NR	NR	A	S
Korea	KOSPO 08	SELL	74	5.0	98.39	2.3	100	4.6%	4.2%	0.4%	150	4.250	-8	1.0	3/7/2008	A2	S	A-	S	NR	NR	A	S
Korea	KEWSPW 11	SELL	85	5.2	98.63	4.9	110	4.1%	4.3%	-0.2%	250	4.875	-66	6.4	4/21/2011	A2	S	A-	S	NR	NR	A	S
Korea	KOSEPW 13	SELL	93	5.3	96.63	6.4	110	4.0%	4.4%	-0.4%	150	4.750	-41	4.6	6/26/2013	A2	S	NR	NR	NR	NR	A	S
Korea	KORELE 07	SELL	47	4.7	99.17	1.8	90	4.4%	4.2%	0.2%	650	4.250	-22	1.4	9/12/2007	A2	S	A	S	A	S	A	S
Korea	KORELE 13	SELL	74	5.1	116.28	5.9	100	3.5%	4.4%	-0.9%	350	7.750	-8	8.1	4/1/2013	A2	S	A	S	A	S	A	S

Country 10/24/05	Issue	Rec	Curr bid spread*	YTM/W	Curr bid price	Dur	Forecast 1Y return			Amount	Coupon	1Y performance **		Mat/call	Moody's		S&P		Fitch		ING		
							Target spread*	Total return	UST return			Credit return (US\$m)	outstd		Sprd chg (bp)	Est. return/ put date (%)	rating	outlk	rating	outlk	rating	outlk	rating
Korea	KORELE 27(07p)	HOLD	55	4.7	102.74	1.2	90	4.6%	4.2%	0.5%	300	7.000	-90	2.0	2/1/2007	A2	S	A	S	A	S	A	S
Korea	KORELE 34(14p)	SELL	90	5.3	99.04	7.0	100	4.2%	4.4%	-0.3%	300	5.125	-2	2.6	4/23/2014	A2	S	A	S	A	S	A	S
Malaysia	TENAGA 07	SELL	74	5.0	103.80	1.4	80	5.0%	4.2%	0.8%	500	7.625	9	1.9	4/29/2007	Baa1	S	BBB	S	BBB-	P	BBB	S
Malaysia	TENAGA 11	SELL	85	5.2	111.51	4.6	110	4.2%	4.3%	-0.2%	600	7.625	-15	2.9	4/1/2011	Baa1	S	BBB	S	BBB-	P	BBB	S
Malaysia	TENAGA 15	SELL	93	5.3	99.47	7.4	100	4.2%	4.5%	-0.3%	350	5.250	-21	3.5	5/5/2015	Baa1	S	BBB	S	BBB-	S	BBB	S
Malaysia	TENAGA 25	HOLD	145	6.1	115.70	11.0	140	5.9%	4.8%	1.1%	350	7.500	9	8.0	11/1/2025	Baa1	S	BBB	S	BBB-	P	BBB	S
Philippines	BAUANG 08	SELL	520	9.4	101.52	2.1	625	8.1%	4.2%	3.9%	24	10.170	-166	10.4	3/15/2008	B1	N	BB-	S	NR	NR	BB-	S
Philippines	CECASE 10	SELL	585	10.2	106.94	3.8	650	8.0%	4.3%	3.7%	145	11.950	-115	13.3	11/15/2010	B2	P	B+	P	NR	NR	BB-	P
Philippines	SUBIC 08	SELL	487	9.1	100.99	2.7	650	6.0%	4.3%	1.7%	25	9.500	-277	10.9	12/28/2008	NR	NR	NR	NR	NR	NR	BB-	S
Philippines	QUEZON 17	SELL	511	9.6	94.97	7.0	675	-0.9%	4.6%	-5.5%	192	8.860	-188	12.3	2/5/2017	B3	S	B-	N	NR	NR	B	S
Telecommunications																							
Hong Kong	CITYTE 15(10c)	BUY	571	10.1	92.00	6.3	500	13.7%	4.5%	9.2%	125	8.750	174	-3.2	2/1/2015	B2	S	BB-	S	NR	NR	BB-	S
Hong Kong	HUWHY 07	SELL	48	4.7	103.72	1.7	70	4.6%	4.2%	0.4%	750	6.950	-36	2.4	8/1/2007	A3	S	A-	N	A-	S	A-	S
Hong Kong	HUWHY 10	HOLD	81	5.1	101.44	4.4	90	4.7%	4.3%	0.4%	1500	5.450	-62	4.2	11/24/2010	A3	S	A-	N	A-	S	A-	S
Hong Kong	HUWHY 11	HOLD	88	5.2	108.27	4.5	90	5.0%	4.3%	0.7%	1500	7.000	-62	4.9	2/16/2011	A3	S	A-	N	A-	S	A-	S
Hong Kong	HUWHY 13	HOLD	114	5.5	105.98	5.9	100	6.0%	4.4%	1.6%	3500	6.500	-62	6.5	2/13/2013	A3	S	A-	N	A-	S	A-	S
Hong Kong	HUWHY 14	HOLD	116	5.5	104.76	6.5	110	5.4%	4.4%	1.0%	2000	6.250	-66	7.6	1/24/2014	A3	S	A-	N	A-	S	A-	S
Hong Kong	HUWHY 17	HOLD	138	5.9	113.09	8.2	120	6.8%	4.6%	2.2%	500	7.450	-65	11.4	8/1/2017	A3	S	A-	N	A-	S	A-	S
Hong Kong	HUWHY 27	BUY	178	6.4	112.20	11.4	130	11.1%	4.7%	6.3%	500	7.500	-60	16.8	8/1/2027	A3	S	A-	N	A-	S	A-	S
Hong Kong	HUWHY 33	BUY	180	6.4	113.49	12.7	140	10.4%	4.7%	5.7%	1500	7.450	-51	17.1	11/24/2033	A3	S	A-	N	A-	S	A-	S
Hong Kong	HUWHY 37 (09p)	SELL	83	5.1	106.36	3.3	85	4.9%	4.3%	0.6%	250	6.988	-66	4.1	8/1/2009	A3	S	A-	N	A-	S	A-	S
Hong Kong	PCCW 11	HOLD	119	5.5	112.64	4.8	110	5.8%	4.3%	1.4%	1000	8.000	-28	4.4	11/15/2011	Baa2	S	BBB	P	BBB+	N	BBB+	S
Hong Kong	PCCW 13	HOLD	114	5.5	103.14	6.2	115	5.1%	4.4%	0.7%	500	6.000	-41	5.3	7/15/2013	Baa2	S	BBB	P	BBB+	N	BBB+	S
Hong Kong	PCCW 15	HOLD	141	5.8	95.93	7.6	120	6.5%	4.5%	2.0%	500	5.250	21	-9.8	7/20/2015	Baa2	S	BBB	P	BBB+	N	BBB+	S
Indonesia	EXCLIJ 09(07c)	HOLD	412	8.3	103.25	1.2	450	8.2%	4.2%	4.0%	350	8.000	-83	12.0	1/27/2007	B1	S	B+	S	B+	S	B+	S
Indonesia	ISATIJ 10(08c)	SELL	278	7.1	102.75	4.1	400	3.0%	4.3%	-1.4%	300	7.750	-175	7.1	11/5/2010	Ba3	P	BB-	S	BB-	S	BB-	S
Indonesia	ISATIJ 12(10c)	SELL	281	7.1	99.88	5.3	425	0.6%	4.4%	-3.7%	250	7.125	-46	4.1	6/22/2012	Ba3	P	BB-	S	BB-	S	BB-	S
Indonesia	MITRA 07	SELL	233	6.6	100.75	1.8	350	5.6%	4.2%	1.4%	76	7.000	-119	6.0	9/15/2007	B2	P	B+	S	NR	NR	BB-	S
Indonesia	MITRA 10	SELL	317	7.5	103.62	4.1	400	4.7%	4.3%	0.4%	145	8.375	-158	10.2	9/15/2010	B2	P	B+	S	NR	NR	BB-	S
Korea	HATELE 12	HOLD	307	7.4	98.00	5.1	275	8.7%	4.4%	4.3%	500	7.000	-7	3.5	2/1/2012	Ba2	S	BB	S	NR	NR	BB	P
Korea	LGTELE 09	SELL	213	6.4	106.00	3.2	350	3.1%	4.3%	-1.2%	200	8.250	-148	8.7	7/15/2009	Ba2	S	BB+	S	BB	S	BB-	S
Korea	SKM 11	SELL	81	5.1	95.90	4.9	110	3.9%	4.3%	-0.4%	300	4.250	-47	3.2	4/1/2011	A2	S	A	S	A	S	A	S
Malaysia	TELMAL 10	SELL	66	5.0	113.50	4.2	120	3.1%	4.3%	-1.3%	300	8.000	-16	3.0	12/7/2010	A2	S	A-	S	A-	S	A-	S
Malaysia	TELMAL 14	SELL	88	5.3	99.91	7.2	140	1.5%	4.5%	-3.0%	500	5.250	-24	5.4	9/22/2014	A2	S	A-	S	A-	S	A-	S
Malaysia	TELMAL 25	SELL	98	5.7	126.13	11.2	160	-1.3%	4.7%	-6.1%	300	7.875	-18	11.3	8/1/2025	A2	S	A-	S	A-	S	A-	S
Philippines	GLOPM 12(07c)	HOLD	370	8.0	108.50	5.0	370	7.9%	4.4%	3.5%	209	9.750	-80	9.8	4/15/2012	Ba2	N	BB-	N	BB	N	BB	N
Philippines	TELPM 07	SELL	112	5.3	103.25	1.3	200	5.0%	4.2%	0.8%	200	7.850	-248	7.7	3/6/2007	Ba3	S	BB-	N	BB	N	BB	N
Philippines	TELPM 07	SELL	28	4.5	109.00	1.4	200	3.7%	4.2%	-0.5%	100	10.625	-340	9.9	5/15/2007	Ba3	S	BB-	N	BB	N	BB	N
Philippines	TELPM 09	SELL	170	6.0	114.00	3.0	290	3.4%	4.3%	-0.9%	175	10.500	-253	12.7	4/15/2009	Ba3	S	BB-	N	BB	N	BB	N
Philippines	TELPM 12	SELL	256	6.9	123.25	4.8	370	2.2%	4.4%	-2.2%	250	11.375	-291	21.6	5/15/2012	Ba3	S	BB-	N	BB	N	BB	N
Philippines	TELPM 17	SELL	335	7.8	103.75	7.5	420	1.8%	4.6%	-2.8%	300	8.350	-206	23.6	3/6/2017	Ba3	S	BB-	N	BB	N	BB	N
Singapore	STSP 11	HOLD	26	4.6	109.41	5.1	75	2.4%	4.4%	-2.0%	1350	6.375	-54	4.4	12/1/2011	Aa2	S	A+	S	A	P	A+	S
Singapore	STSP 31	HOLD	135	6.0	118.64	12.7	110	7.8%	4.7%	3.0%	500	7.375	22	15.2	12/1/2031	Aa2	S	A+	S	A	P	A+	S
Thailand	TAC 06	SELL	118	5.3	103.00	1.0	125	5.3%	4.1%	1.2%	300	8.375	-40	3.7	11/4/2006	Ba2	NR	BB+	S	BB	S	BB+	S

Country 10/24/05	Issue	Rec	Curr bid spread*	YTM/W	Curr bid price	Dur	Forecast 1Y return			Amount Credit return (US\$m)	Coupon	1Y performance ** Sprd chg Est. return/put date (bp) (%)	Mat/call	Moody's rating outlk	S&P rating outlk	Fitch rating outlk	ING						
							Target spread*	Total return	UST return								rating	outlk					
Corporates																							
China	ASIAAL 11	HOLD	390	8.2	98.88	4.8	375	8.8%	4.4%	4.4%	450	8.000	-20	5.6	12/23/2011	Ba3	S	BB	S	NR	NR	BB-	S
China	SINOFO 11	BUY	328	7.6	107.00	4.6	300	8.6%	4.3%	4.3%	300	9.125	-14	16.1	8/17/2011	Ba2	S	BB-	S	NR	NR	BB	S
China	TITAN 12	BUY	523	9.6	95.00	5.0	450	12.6%	4.4%	8.2%	400	8.500	105	-2.5	3/18/2012	B1	S	B+	S	NR	NR	BB-	S
Hong Kong	CITPAC 11	HOLD	119	5.5	110.04	4.6	95	6.4%	4.3%	2.0%	450	7.625	33	0.8	6/1/2011	Baa3	S	BBB-	S	NR	NR	BBB-	S
Hong Kong	HKLAND 11	HOLD	78	5.1	109.07	4.6	90	4.5%	4.3%	0.2%	600	7.000	-8	2.3	5/3/2011	A2	S	BBB+	S	BBB+	S	BBB+	S
Hong Kong	HKLAND 14	HOLD	97	5.3	101.07	6.7	100	4.7%	4.4%	0.3%	500	5.500	-5	3.0	4/28/2014	A2	S	BBB+	S	NR	NR	BBB+	S
Indonesia	ANTMIJ 10 (07c)	HOLD	478	9.0	100.25	1.8	450	9.3%	4.2%	5.1%	200	7.375	-119	8.2	9/30/2007	B2	P	B	S	NR	NR	BB-	S
Indonesia	FCX 10 (07c)	SELL	191	6.1	109.50	1.2	375	5.6%	4.2%	1.4%	356	10.125	-177	7.6	2/1/2007	B1	S	B+	S	NR	NR	BB	P
Indonesia	FCX 14	HOLD	265	7.0	99.12	6.3	400	-0.6%	4.4%	-5.1%	350	6.875	-98	9.1	2/1/2014	B1	S	B+	S	NR	NR	BB	P
Indonesia	MEDCIJ 10 (08p)	HOLD	336	7.6	102.62	2.3	450	6.0%	4.3%	1.7%	325	8.750	-245	11.4	5/22/2008	B2	S	B+	S	NR	NR	BB-	S
Korea	HYNMTR 08	HOLD	104	5.3	100.56	2.7	120	4.9%	4.3%	0.7%	400	5.500	-19	-4.7	9/12/2008	Baa3	S	BB+	P	NR	NR	BBB-	S
Korea	HYNMTR 08	HOLD	103	5.3	100.03	2.9	120	4.9%	4.3%	0.6%	400	5.300	-12	1.6	12/19/2008	Baa3	S	BB+	P	NR	NR	BBB-	S
Korea	HYUSEM 07	HOLD	172	6.0	103.88	1.4	235	5.7%	4.2%	1.5%	200	8.625	-28	12.8	5/15/2007	Ba3	S	B+	S	NR	NR	BB	S
Korea	HYUELE 12(09c)	HOLD	374	8.0	109.75	3.1	365	8.1%	4.3%	3.8%	300	9.875	-296	42.1	7/1/2009	B1	S	B+	S	NR	NR	BB-	S
Malaysia	GENTMK 14	BUY	117	5.6	98.78	7.1	100	6.1%	4.5%	1.6%	300	5.375	-2	3.2	9/22/2014	A3	S	BBB+	S	NR	NR	BBB+	S
Philippines	AYALA 08	SELL	165	5.9	104.75	2.1	275	4.6%	4.2%	0.3%	200	8.125	-214	8.6	2/21/2008	NR	NR	NR	NR	NR	NR	BB	S
Philippines	JGS 08	SELL	358	7.8	101.00	2.4	450	6.4%	4.3%	2.1%	300	8.250	-295	13.1	6/20/2008	NR	NR	NR	NR	NR	NR	B+	S
Philippines	SMINVE 07	HOLD	211	6.4	103.00	1.9	250	6.0%	4.2%	1.8%	300	8.000	-212	8.5	10/16/2007	NR	NR	NR	NR	NR	NR	BB	S
Philippines	UNIROB 06	HOLD	214	6.3	102.25	1.1	275	6.2%	4.1%	2.0%	100	8.375	-291	9.2	12/19/2006	B1	N	BB-	S	NR	NR	BB	S
Philippines	UNIROB 08	HOLD	270	6.9	104.25	2.1	325	6.3%	4.2%	2.1%	125	9.000	-297	11.9	2/6/2008	B1	N	BB-	S	NR	NR	BB	S
Philippines	UNIROB 12(10p)	HOLD	332	7.6	102.25	3.6	375	6.3%	4.3%	2.0%	200	8.250	-141	10.4	1/20/2010	B1	N	BB-	S	NR	NR	BB	S
Euro denominated																							
China	CHINA 14	SELL	34	3.5	105.48	7.7	60	1.1%	3.4%	-2.3%	400	4.250	-19	11.0	10/28/2014	A2	S	A-	P	A	S	A	S
Hong Kong	HUWHY 13	HOLD	83	3.9	112.81	6.4	80	3.4%	3.3%	0.1%	1000	5.875	-59	13.4	7/8/2013	A3	S	A-	NR	A-	NR	A-	S
Hong Kong	HUWHY 15	HOLD	90	4.1	99.97	8.1	90	3.3%	3.4%	-0.1%	1000	4.125	-12	2.1	6/28/2015	A3	S	A-	NR	A-	NR	A-	S
Japan	MIZUHO 14(09c)	HOLD	70	3.4	104.94	3.7	75	2.9%	2.9%	0.0%	750	4.750	-78	9.8	10/27/2009	A2	S	A-	NR	A-	NR	A	S
Japan	MTFG 15(10c)	HOLD	57	3.3	100.73	4.1	75	2.3%	3.0%	-0.7%	300	3.500	57	4.0	4/19/2010	A2	N	A-	NR	BBB+	NR	A	S
Japan	SUMIBK 14(09c)	HOLD	60	3.3	103.91	3.8	75	2.6%	2.9%	-0.4%	1250	4.375	60	8.7	10/27/2009	A2	S	A-	S	BBB+	S	A	S
Japan	SUMIBK 49(15c)	BUY	110	4.3	100.23	8.3	110	3.5%	3.4%	0.1%	700	4.375	-12	5.6	10/15/2015	A2	S	BBB+	S	NR	S	A	S
Japan	RESONA 49(12c)	BUY	133	4.3	98.70	6.1	115	4.6%	3.2%	1.4%	800	4.125	-4	-9.0	9/29/2012	Baa1	N	BBB-	S	NR	NR	BBB+	S
Japan	RESONA 15(10c)	BUY	90	3.7	100.38	4.1	80	3.5%	3.0%	0.5%	1000	3.750	14	3.5	4/15/2010	Baa1	S	BBB	S	NR	NR	BBB+	S
Korea	KOREA 15	HOLD	51	3.8	98.83	8.3	43	3.5%	3.4%	0.1%	500	3.625	NA	NA	11/2/2015	A3	S	A	S	A+	S	A	S
Malaysia	PETROL 09	SELL	32	3.0	111.27	3.2	50	2.3%	2.9%	-0.6%	750	6.375	-23	6.3	5/22/2009	A1	S	A-	NR	A-	NR	A-	S
Philippines	ROP 06	SELL	95	3.3	106.50	1.0	200	3.5%	2.6%	0.9%	500	9.375	-187	8.0	12/7/2006	B1	N	BB-	N	BB	N	BB-	S
Philippines	ROP 10	SELL	302	5.8	112.50	3.6	400	2.7%	3.0%	-0.3%	650	9.125	-199	17.5	2/22/2010	B1	N	BB-	N	BB	N	BB-	S
Singapore	OCBC 11	SELL	58	3.5	119.55	5.0	60	2.9%	3.1%	-0.2%	400	7.250	-43	10.2	9/6/2011	A1	S	A-	S	A+	S	A+	S

Note: *= interpolated, **= spread movement and annualised returns since launch for bonds issued in less than one year; P= Positive, S= Stable, N= Negative, NR= Non rated, CWd=Credit Watch developing, RvUp=Review Upgrade
 Source: Bloomberg, Moodys, S&P, ING estimates

Benchmark reference (as of 24 October 2005)

Fig 46 US Industrial benchmarks

Years to Maturity	Basis points over UST 'A'	Basis points over UST 'BBB'	Basis points over UST 'BB'	Basis points over UST 'B'	% yield 'A'	% yield 'BBB'	% yield 'BB'	% yield 'B'
1	35	63	113	200	4.6	4.9	5.4	6.2
2	44	74	140	235	4.7	5.0	5.6	6.6
3	44	82	170	264	4.7	5.1	6.0	6.9
4	46	88	190	291	4.8	5.2	6.2	7.2
5	53	93	212	306	4.8	5.2	6.4	7.4
7	62	104	236	320	5.0	5.4	6.7	7.6
8	66	109	247	323	5.0	5.5	6.9	7.6
9	66	114	250	318	5.1	5.6	6.9	7.6
10	73	122	259	315	5.2	5.7	7.0	7.6
15	82	130	256	312	5.5	5.9	7.2	7.8
20	82	133	249	304	5.6	6.1	7.2	7.8
30	99	153	259	320	5.6	6.1	7.2	7.8

Source: Bloomberg

Fig 47 US Treasury benchmarks

	Current yield	Fwd 12-month yield	Total UST return (%)
3-mo	3.4	NA	3.4
1-yr *	4.1	NA	4.1
2-yr	4.2	4.3	4.2
3-yr	4.2	4.4	3.9
4-yr *	4.3	4.5	3.8
5-yr	4.3	4.5	3.7
10-yr	4.4	4.7	2.5
20-yr	4.6	4.9	2.4
30-yr	4.6	4.9	2.1

* interpolated

Source: Bloomberg, ING

Fig 48 BUND benchmarks

	Current yield	Fwd 12-month yield	Total return (%)
3-mo	2.1	NA	2.1
1-yr	2.2	NA	2.2
2-yr	2.5	2.7	2.3
3-yr	2.5	2.8	2.1
4-yr	2.7	3.0	1.9
5-yr	2.7	3.1	1.7
10-yr	3.2	3.5	1.2
20-yr	3.5	3.8	0.2
30-yr	3.6	4.0	-1.6

Source: Bloomberg, ING

Disclosures Appendix

ANALYST CERTIFICATION

The analyst(s) who prepared this report hereby certifies that the views expressed in this report accurately reflect his/her personal views about the subject securities or issuers and no part of his/her compensation was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this report.

IMPORTANT DISCLOSURES

Company disclosures plus recommendation definitions and breakdowns are available from the disclosures page on our website at <http://research.ing.com>

The *remuneration of research analysts* is not tied to specific investment banking transactions performed by ING Group although it is based in part on overall revenues, to which investment banking contribute.

Securities prices: Prices are taken as of the previous day's close on the home market unless otherwise stated.

Conflicts of interest policy. ING manages conflicts of interest arising as a result of the preparation and publication of research through its use of internal databases, notifications by the relevant employees and Chinese walls as monitored by ING Compliance. For further details see our research policies page at <http://research.ing.com>.

FOREIGN AFFILIATES DISCLOSURES

Each ING legal entity which produces research is either a subsidiary of ING Bank N.V. or a branch of ING Bank N.V. See back page for the addresses and primary securities regulator for Asian research offices.

AMSTERDAM

Tel: 31 20 563 91 11

Bratislava

Tel: 421 2 5934 61 11

Bucharest

Tel: 40 21 222 1600

Budapest

Tel: 36 1 268 0140

Buenos Aires

Tel: 54 11 4310 4700

BRUSSELS

Tel: 32 2 557 16 30

Dublin

Tel: 353 1 638 4000

Edinburgh

Tel: 44 131 527 3000

Geneva

Tel: 41 22 593 8050

Hong Kong

Tel: 852 2848 8488

LONDON

Tel: 44 20 7767 1000

Istanbul

Tel: 90 212 258 8770

Kiev

Tel: 380 44 230 3030

Madrid

Tel: 34 91 789 8880

Manila

Tel: 632 840 8888

PARIS

Tel: 33 1 56 39 31 41

Mexico City

Tel: 52 55 5258 2000

Milan

Tel: 39 02 89629 3610

Moscow

Tel: 7095 755 5400

Prague

Tel: 420 25747 1111

NEW YORK

Tel: 1 646 424 6000

Santiago

Tel: 562 452 2700

Sao Paulo

Tel: 55 11 4504 6000

Seoul

Tel: 822 317 1500

Shanghai

Tel: 86 21 6841 3355

SINGAPORE

Tel: 65 6535 3688

Sofia

Tel: 359 2 917 6400

Taipei

Tel: 886 2 2734 7500

Tokyo

Tel: 813 5210 1500

Warsaw

Tel: 48 22 820 5018

Asian research offices: legal entities/addresses/primary securities regulator
Manila ING Bank N.V. Manila Branch, 21/F Tower I, Ayala Avenue, 1200 Makati City, Philippines. *Philippine Securities and Exchange Commission*
Singapore ING Bank N.V. Singapore Branch, 19/F Republic Plaza, 9 Raffles Place, #19-02, Singapore, 048619. *Monetary Authority of Singapore*
ASIAN BOND CONTACTS LIST
RESEARCH

Tim Condon	Head of Research and Chief Economist, Asia	Singapore (65) 6232 6020	Philip Wickham	Credit Analyst, Telecoms & Utilities	Singapore (65) 6232 6031
Joey Cuyegkeng	Economist, Philippines	Manila (632) 840 8855	Brett Williams	Credit Analyst, Financials	Singapore (65) 6232 6023
Prakash Sakpal	Economist, Asia	Singapore (65) 6232 6181			

SALES

Stephanie Wang	Hong Kong	(852) 2913 8187	Ian McCall	London	(44) 20 7767 8527
Bik Chang	Hong Kong	(852) 2913 8185	Joy Giorgi	London	(44) 20 7767 8760
Sun Hao	Hong Kong	(852) 2913 8186	William Franklin	London	(44) 20 7767 8431
Lisha Felipe	Manila	(632) 840 8848	Zeynep Topel	London	(44) 20 7767 8709
Paolo Sisti	Milan	(39) 2 89629 3610	Marcy Swank	New York	(1) 646 424 6600
Jane Liew	Singapore	(65) 6232 6173	Jose Cerrilla	New York	(1) 646 424 6105
Demina Tarigan	Singapore	(65) 6232 6170	Gerard Goger	New York	(1) 646 424 6600
Chiu Lin Fee	Singapore	(65) 6232 6172	Ed Melton	New York	(1) 646 424 6600
Imogine Baker	Singapore	(65) 6232 6171	John Rhee	Seoul	(822) 317 1841
Doreen Ng	Singapore	(65) 6232 6165	James Lee	Seoul	(822) 317 1827
Susumu Watahiki	Singapore	(65) 6232 6041	Peter Chen	Taipei	(8862) 2734 7657
Shinya Yamasaki	Singapore	(65) 6232 6042	Rannie Wu	Taipei	(8862) 2734 7654

Disclaimer

This publication has been prepared on behalf of ING (being for this purpose the wholesale and investment banking business of ING Bank NV and certain of its subsidiary companies) solely for the information of its clients. ING forms part of ING Group (being for this purpose ING Groep NV and its subsidiary and affiliated companies). It is not investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, ING makes no representation that it is accurate or complete. The information contained herein is subject to change without notice. ING Group and any of its officers, employees, related and discretionary accounts may, to the extent not disclosed above and to the extent permitted by law, have long or short positions or may otherwise be interested in any transactions or investments (including derivatives) referred to in this publication. In addition, ING Group may provide banking, insurance or asset management services for, or solicit such business from, any company referred to in this publication. Neither ING nor any of its officers or employees accepts any liability for any direct or consequential loss arising from any use of this publication or its contents. Copyright and database rights protection exists in this publication and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. Any investments referred to herein may involve significant risk, are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. The value of, or income from, any investments referred to herein may fluctuate and/or be affected by changes in exchange rates. Past performance is not indicative of future results. Investors should make their own investment decisions without relying on this publication. Only investors with sufficient knowledge and experience in financial matters to evaluate the merits and risks should consider an investment in any issuer or market discussed herein and other persons should not take any action on the basis of this publication. This publication is issued: 1) in the United Kingdom only to persons described in Articles 19, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 and is not intended to be distributed, directly or indirectly, to any other class of persons (including private investors); 2) in Italy only to persons described in Article No. 31 of Consob Regulation No. 11522/98. Clients should contact analysts at, and execute transactions through, an ING entity in their home jurisdiction unless governing law permits otherwise. ING Bank N.V., London branch is authorised by the Dutch Central Bank and regulated by the Financial Services Authority for the conduct of UK business. It is incorporated in the Netherlands and its London branch is registered in the UK (number BR000341) at 60 London Wall, London EC2M 5TQ. ING Financial Markets LLC, which is a member of the NYSE, NASD and SIPC and part of ING, has accepted responsibility for the distribution of this report in the United States under applicable requirements.

This document has been written partly or entirely by analysts based outside the UK who are not governed by the ING Bank London Branch Research Policy (drawn up in accordance with FSA Rule COB 7.16.5R (2)) and therefore is not classified as UK Independent Research as defined in the Policy.