

◆ Summary

U.S. and European equities surged at the expense of Emerging and Asian markets during option expiration with a decline in global risk and a big rally in U.S. technology cementing positive momentum. While a new global cycle for accessible deals starts in the embattled H.K. market, the IPOX Indexes traded mixed across the board.

◆ Highlights

- Developed U.S. and European stocks staged a massive rally during option expiration week as big momentum in the "safe haven" U.S. technology bellwethers, a better week for global Financials, short covering and a rise in the EUR/USD on concerted funding action outweigh underlying uncertainties over European debt and big weakness in China and emerging markets.
- With key Asian markets closed for the beginning of the trading week, global equity index spreads moved massively in favor of U.S. markets: For example, the S&P 500 (SPX) gained +763 bps. vs. Hong Kong's HSI Index (HSI) and +428 bps. vs. the MSCI World xUS (MXWDU). Within Europe, Germany's DAX (DAX) recouped 482 bps. vs. Europe's Stoxx Index (SX5P).
- Much ado about nothing - stay long U.S. equities:** With the Nasdaq-100 Index (NDX: +6.58% to +3.99% YTD) again trading within reach of new multi-year highs, big falls in high-profile streaming video provider Netflix (NFLX: -23.92%) on weak subscriber numbers, Blackberry maker Research in Motion (RIM: -19.37%) on weak earnings or Swiss bank UBS (UBS: +0.84%) on a USD 2.3bn unhedged S&P/DAX/EuroStoxx futures loss did nothing to derail positive sentiment for non-Financial U.S. large caps.
- With much trading in the benchmark indexes seemingly driven by expiration, the IPOX Indexes traded mixed vs. the benchmarks. In the **United States**, the IPOX U.S. 30 (IPXT: +5.16% to +0.75% YTD) moved again into positive territory YTD. IPOX heavyweight and 02/09 IPO vitamin/nutrition producer Mead Johnson (MJN: +8.48%) rose to a post-IPO high on takeover rumors related to Swiss-based and CHF rich Nestle (NESN VX).

Key IPOX Indexes Returns YTD:

Ticker (BBG/Reuters)	Return Last Week (%)	Return YTD (%)	Exposure
IPGLC (USD)	+0.84	-10.84	Global
IPGL100 (USD)	+2.24	-5.47	Global
IPGL50 (USD)	+1.44	-4.76	Global
IPGL30 (USD)	+2.74	-5.11	Global
IPXO (USD)	+5.35	-0.40	U.S.A.
IPXT (USD)	+5.16	0.75	U.S.A.
IXTE (EUR)	+2.79	-15.06	Europe
IPTA (USD)	-2.26	1.31	Asia-Pacific
IPXUEM (USD)	-1.64	-16.91	Emerging
IPXUBRIC (USD)	-0.51	-24.70	BRIC
IPXUCHCP (USD)	-3.68	-18.86	China
CNI (USD)	-4.19	-19.93	China
IPXUCAUP (USD)	-0.58	-13.79	China A
IPXULATT (USD)	-1.66	-15.11	Latin America

[Week 09/19/2011]

- The IPOX Europe 30** (IXTE: +2.79% to -15.06% YTD) remained ahead of the Stoxx 50 Index (SX5P), benefiting from another big week in leading global miner and 05/2011 IPO Glencore International (GLEN LN: +9.83%).
- The IPOX Asia-Pacific 30** (IPTA: -2.26% to +1.31%) fell for a second straight week on liquidation linked selling in insurer AIA Group (1299 HK: -4.99%), casino operator Sands China (-7.55%) and networker Gree Inc. (3632 JP: -9.70%). New IPOX Asia-Pacific 30 (IPTA) members Japan-domiciled snackfood producer Calbee Inc. (2229 JT: +1.58%) and cosmetics producer Pola Orbis (4927 JT: +6.30%) closed the week at a post-IPO high.
- IPOX Emerging Markets** closed the week sharply lower with the IPOX China 20 (CNI: -4.19% to -19.93%), IPOX Latin America 20 (IPXULATT: -1.66 to -15.11%) and IPOX China 30 A (IPXUCAUP: -0.58 to -13.79%) not benefiting from the big week in U.S. Equities.

Most significant IPOs launched (Week 09/12):

Company	Ticker	Return / IPO (%)
Parade Technologies Ltd	4966 TT	103.85%
Jiangsu Tongguang Electronic	300265 CH	27.12%
Shanghai Saifon Water Service	300262 CH	66.06%
SRS Ltd	SRSLT IN	-42.67%
EP-Mint Co Ltd	6052 JP	10.67%

- Mainland China IPO activity remained the driver of global IPO deal flow: 8 notable deals launched last week with the average (median) IPO gaining +23.51% (+12.18%).

H.K. IPO kicks off cycle for "accessible" IPO deals:

Company	Code	Country	Lead Manager
PNE Solution Co	131390 KS	Korea	Kyobo Sec.
Henan Mingtai	601677 CH	China A	PingAn Sec.
Guangdong Chant	002616 CH	China A	Industrial Sec.
Roshow Tech.	002617 CH	China A	Dongxing
Shenzhen Danb.	002618 CH	China A	Guosen Sec.
Henan Mingtai AI	601677 CH	China A	PingAn
Hongguo Intern.	1028 HK	H.K.	CITI, DBS

- Formerly Singapore-traded, Retail/Apparel/Shoemaker Hongguo International (1028 HK) is kicking off a new IPO cycle for "accessible" IPO deals with a USD 150m-200m "re-IPO", expecting a market cap between USD 600m-USD 800m. Ahead of the larger H-share offerings of Citic Sec. (630 HK) and Sany Heavy at the beginning of October, this is the first in a series of upcoming H.K. IPOs linked to the potent H.K. consumer. Given the H.K. market conditions, we expect this company to price attractively, offering a diversification opportunity away from 2007 IPO and "seasoned" Belle Int'l (1880 HK).