

weekend **TODAY**

we set you thinking

May 5 - 6, 2007 • todayonline.com

**NOT A BEAR IN SIGHT?****TOR CHING LI**
chingli@mediacorp.com.sg

IN JUST five short months, it has breezed through psychological barriers, bounced back from steep corrections and is now hovering in virgin territory.

As the benchmark Straits Times Index (STI) continued its steady trot northwards to close at a new high of 3,485.76 on Friday – even breaking the 3,500 level during mid-day trading – it's perhaps timely to take a step back and ask: What next in this bull run?

When the year started, the STI was at 2,985.83 – and few would have thought its rise would be so fast, so furious.

Then, there were cautious forecasts for the benchmark, with one fund house giving it a year-end target of 3,080. This modesty followed the STI's performance last year, the best since 1999.

"The current performance has exceeded my expectations. What we will see moving forward are shorter and perhaps more volatile cycles while on the uptrend," said Mr Wong Sui Jau, general manager of online unit trust distributor Fundsupermart.

Sticking to his prediction, made earlier this year, of 4,000 points by the end

MICROSOFT TO BUY YAHOO?

Microsoft is eyeing a takeover of Internet giant Yahoo, in a deal which could be worth US\$50 billion (\$76 billion), reported the *New York Post*. The move to mount a credible attack on Google, the runaway leader in online advertising, is reportedly being handled by investment bank Goldman Sachs.

Yahoo share prices soared on reports of the possible takeover.

This is the second time the world's biggest software maker has tried to buy the second most-used Internet search engine – an approach a few months ago was rebuffed.

Microsoft has been stung by a string of large deals forged by Google, including its US\$3.1-billion acquisition of DoubleClick, the largest broker of banner advertising, last month.

Microsoft was also hurt by Google's acquisition of YouTube for US\$1.6 billion last year. Soapbox, a rival video-sharing site launched by Microsoft, has failed to take off. — AGENCIES

of next year, he quipped: "It was deemed bullish at the beginning of the year, though some may find it conservative now."

But analysts were divided on whether the party would continue for the rest of the year.

According to a technical analysis from stock broker UOB Kay Hian, the market looks headed towards the 3,550 range, but will taper off after breaching 3,600.

Mr Wong pointed out that the STI's growth of 16.7 per cent to date was below the Malaysian stock index gain of around 20 per cent in the same period, and far below the dizzying spurts of near 50 per cent and 70 per cent witnessed in India and China over the past year.

In fact, the week ended with most South-east Asian stocks trading higher, with Malaysia and Indonesian stock markets also trading to all-time highs. Malaysian shares ended up 1.53 per cent, after hitting a record high of 1,363.40. Indonesia's index closed 0.38 per cent higher, after setting an intraday high of 2,042.47.

"Singapore's fundamentals are strong, but it is not the best performing market so far. However, stronger-than-expected earnings will continue to drive the market upwards," said Mr Wong.

On Friday, the STI's rise was buoyed by strong first quarter results from DBS Bank. Results from other local banks OCBC and UOB – which are a barometer of economic growth – and other blue-chip

CONTINUED ON PAGE 3

Soft power the way to win Asian minds: PM**CHRISTIE LOH IN WASHINGTON DC**
christie@mediacorp.com.sg

THEY have fought two costly wars in a short five years. Understandably, the people of the United States are in a "conflicted and introspective mood", anxious about their next steps forward.

But amid these "challenging times", Prime Minister Lee Hsien Loong urged America to seize the opportunities before it in Asia.

"Besides China, America must nurture its diverse interests in the region, and in particular, its strategic interests in Asean (the Association of South-east Asian Nations)," he said on Thursday at a gala dinner, hours after meeting American presidential candidates Hillary Clinton and Barack Obama.

Potential US-Asean tie-ups include sharing best practices on preventing transboundary pollution, as well as fighting terrorism and health pandemics such as HIV and bird flu, said Mr Lee.

While the US need not be involved in every single regional grouping as this is neither "realistic nor feasible", it remains an "important pillar" of the overall structure.

Mr Lee, who is making his second official trip to the US in two years, also highlighted three issues that impact ties.

One hindrance to American cooperation with Asean is military-ruled Myanmar.

"But Asean-US relations should not be held hostage by it," Mr Lee said in his keynote address. "The US has a broader strategic interest in Asean, and should not allow this single matter to hinder its efforts to actively engage Asean countries, both individually and as a group."

Myanmar has been a thorn in relations between Asean and Washington, which has imposed investment and trade sanctions on Myanmar, where the ruling junta is accused of massive human rights violations, suppression of political dissent and refusal to adopt democratic reforms.

US policy in the Middle East also affects relations with South-east Asia, which has sizeable Muslim communities. Zooming in on the Israel-Palestine conflict, Mr Lee said: "If the United States can bring about progress on this problem, it will address perceptions of American unilateralism and one-sidedness, help America to build trust and credibility, and make it easier for countries

CONTINUED ON PAGE 2

FAIZAL

