

Latest MasterIndex™ of Consumer Confidence Reveals Hong Kong as the Second Most Optimistic Market in Asia/Pacific

Asia/ Pacific Markets Stay Optimistic through 1H 2007

Hong Kong, 17 January 2007 – Markets in Asia/Pacific remain fairly optimistic about the first half of 2007, according to the latest MasterIndex™ of Consumer Confidence survey by MasterCard. The six-monthly survey reveals that consumers in the Asia/Pacific are more optimistic than six months as well as a year ago. Registering a high score of 88.8, consumers in Hong Kong rank the second most optimistic in Asia.

“The number of IPO listings in Hong Kong is at a record high. Hong Kong will continue to benefit from its structural shift towards a center for trade financing and investment financing. With this shift benefiting the professional and skilled workforce and tourism benefiting the lowly-skilled workforce, Hong Kong’s economy will continue to expand and grow. In terms of tourist arrivals, this growth will however slow along with a slowdown in tourist arrivals from China. As tourism employs a bulk of the lowly-skilled workers, the slowdown will impact the lower income households,” said Dr. Yuwa Hedrick-Wong, economic advisor, Asia/Pacific, MasterCard Worldwide.

Hong Kong’s outlook on four of the five economic variables is strongly optimistic, led by the Economy (93.9) and Employment (93.5), followed by Regular Income (94.4) and Quality of Life (85.4). If not for sentiments on the Stock Market (76.72), Hong Kong’s overall score would have been even higher.

Ten of the 13 Asia/Pacific markets have also seen an improvement in their consumer confidence levels from six months ago. Hong Kong is the second most optimistic market (88.8), behind Vietnam (93.7) and followed by Singapore (82.5) and China (81.2).

This positive outlook of consumer confidence for the first half of 2007, however, has to be viewed in the context of a widely expected slowdown in growth in the US, and possibly China, two key drivers of exports for Asia.

“Many markets across Asia/Pacific are still heavily dependent on exports. Net exports have contributed more than domestic demand to economic growth in recent years in most Asian markets. There is a need to build a more robust domestic sector. Consumer sentiment is fairly optimistic in 1H 2007 but things might change quickly in the second half of the year if growth slows sharply in the US, leading to a decline in export demand for Asia” said Dr. Yuwa Hedrick-Wong.

From a regional point of view, factors likely to have contributed to an improved consumer sentiment include the decline in crude oil prices and strong performance of the stock markets. Country-specific factors include the election of a new prime minister in Japan

and its highly positive Tankan¹ reports on business confidence, and the ousting of the former prime minister in Thailand.

The index of consumer confidence (64.3) has risen from six months (57.4) and a year ago (57.7), and is above the Historical Average (59.5). Consumers are most optimistic about Regular Income (75.4), followed by the Economy (62.4), Stock Market (61.7), Quality of Life (61.7) and Employment (60.4).

The latest MasterIndex survey, the region's most comprehensive and longest running consumer confidence survey, was conducted from 11 October to 30 October 2006 and involved 5,405 consumers across 13 key Asia/Pacific markets. In its fourteenth year, the bi-annual survey analyzes prevailing consumer perceptions of economic conditions for the six-month period ahead. The scores ranging between 0 and 100 are based on responses on five variables: **Employment, Economy, Regular Income, Stock Market and Quality of Life.**

Other highlights of the 1H2007 MasterIndex of Consumer Confidence survey include:

- Singapore continues to experience high levels of confidence, with consumers expressing a very positive outlook on the Economy, Regular Income, Employment, Quality of Life and the Stock Market.
- Vietnam continues to demonstrate very high levels of consumer optimism, with its current MasterIndex of 93.7 being a record high for the market. The positive outlook can be attributed largely to Vietnam switching from a traditional communist state to a market economy that is the fastest growing in South-East Asia.
- Compared to six-months and a year ago, consumer confidence in Indonesia (62.5 vs. 42.4 six months ago and 39.0 a year ago), New Zealand (61.0 vs. 45.2 six months ago and 42.5 a year ago) and Thailand (65.1 vs. 28.6 six months ago and 47.9 a year ago) has rebounded significantly.

MASTERINDEX COUNTRY FINDINGS

HONG KONG (88.8)

Hong Kong's current MasterIndex of 88.8 is the highest ever score for the market and is significantly higher than the market's Historical Average of 53.3.

Consumers continue to be very optimistic on Employment (93.5), Economy (93.9) and Regular Income (94.4). Outlook on Quality of Life (85.4) and the Stock Market (76.7) continue to be positive as well.

¹ The Tankan is a quarterly poll of business confidence reported by the [Bank of Japan](#) showing the status of the [Japanese economy](#). It is one of the key financial measures in Japan and has considerable influence in stock prices and the currency rate.

CHINA (81.2)

Consumer sentiments in China remain very optimistic. Its current MasterIndex of 81.2 is slightly higher than six months ago (78.2) and its Historical Average (74.0), but marginally lower than a year ago (82.3).

Chinese consumers remain highly optimistic on the Economy (92.7), Quality of Life (91.5) and Regular Income (88.5), and optimistic about Employment (72.3). Stock Market sentiments (61.0) have also improved from a year ago.

SINGAPORE (82.5)

Current consumer sentiments in Singapore are very optimistic. Its MasterIndex of 82.5 is a further improvement in consumer confidence, and is significantly stronger than six months ago (73.9), a year ago (74.8) and the market Historical Average (65.2).

Consumers are very optimistic about Employment (86.1), Quality of Life (84.8), Economy (83.9), Regular Income (81.1) and to a slightly lesser degree, the Stock Market (76.6).

TAIWAN (30.8)

Consumer confidence in Taiwan (30.8) is marginally higher than six months ago (29.1) and improves from a year ago (26.6). Its current MasterIndex of 30.8 however demonstrates continued pessimism as confidence on four of the five economic factors - Regular Income (31.3), Economy (28.4), Employment (25.3) and Quality of Life (24.1) is still low. Sentiments towards the Stock Market (44.7) are less negative but nevertheless still pessimistic.

Taiwan's current MasterIndex of 30.8 is well below the market's Historical Average of 48.5, and the second lowest among the 13 markets surveyed for 1H 2007.

JAPAN (68.3)

Consumer confidence in Japan has in the last three consecutive surveys been optimistic. Its current MasterIndex of 68.3 is just marginally below six months ago (68.9) and higher than a year ago (63.0), when Japanese consumers first turned optimistic since the inception of the MasterIndex in October 1993.

Japanese consumers are optimistic on Employment (79.7), Economy (78.5) and the Stock Market (77.1), and slightly optimistic on Quality of Life (57.8). However, current outlook on Regular Income (48.3), unlike six months and a year ago (61.4 and 61.7 respectively), is marginally pessimistic.

Japan's current MasterIndex of 68.3 is two and a half times stronger than the market's Historical Average of 28.2.

KOREA (29.3)

Consumer sentiments (29.3) remain the lowest in the region, as it was six months ago. While sentiments have improved marginally from six months ago (28.1), it is considerably below a year ago (47.5) as well as the market Historical Average of 52.2. It is the fifth lowest in the market's MasterIndex history.

Consumer sentiments on Employment (14.2) and Economy (15.8) are extremely pessimistic, and while sentiments on Stock Market (39.7), Quality of Life (30.1) and Regular Income (46.7) are less so, they are still in the pessimistic range.

MALAYSIA (37.5)

Consumer confidence in the last MasterIndex for 2H 2006 (51.4) showed a significant decline from the previous six months (68.7) and a year ago (61.4). Consumer confidence has dipped further this time round, turning pessimistic (37.5) and well below the market's Historical Average of 74.2. The current MasterIndex is the third lowest since the survey started in 1993, with such low levels of confidence seen only during the Asian Financial Crisis.

Malaysian consumers are pessimistic on all the five economic factors - Regular Income (31.9), Stock Market (35.7), Economy (39.2), Quality of Life (39.8) and Employment (41.1).

INDONESIA (62.5)

Unlike six months (42.4) and a year ago (39.0), Indonesia consumers are now more optimistic (62.5). Consumers are optimistic on Regular Income (86.3) and the Stock Market (71.1), but are only slightly optimistic about the Economy (60.2). They are still pessimistic towards Employment (49.8) and Quality of life (45.0), even though they view these much less negatively than six months and a year ago. The current MasterIndex is slightly below the market Historical Average of 66.6.

VIETNAM (93.7)

Consumers in Vietnam continue to be very optimistic and confidence in this market is at an all-time high (93.7).

Confidence has increased even more from six months ago (89.6), and a year ago (93.1), beating its Historical Average (91.4). Sentiments on Employment (91.6), Economy (95.9), Regular Income (94.5) and Quality of Life (98.7) and the Stock Market (87.8) are very positive.

PHILIPPINES (57.2)

Consumer confidence in the Philippines has recovered from the very low levels in 2005, and has turned marginally optimistic.

The current MasterIndex (57.2) is a further improvement from six months ago (51.9) and a year ago (28.9), and is above its historical average (49.1). While consumers are overall optimistic, they are however still uncertain about the Economy (46.7), Employment (45.0) and Quality of Life (42.8), where sentiments are still slightly pessimistic.

THAILAND (65.1)

Consumer sentiments in this market (at 65.1) have recovered significantly from the last survey, where its MasterIndex score (28.6) was the lowest since the Asian Financial Crisis of 1997/98. Currently, Thai consumers are somewhat optimistic on all five economic factors. The current MasterIndex is significantly ahead of the market's Historical Average (56.1).

Current consumers' outlook on Regular Income (77.0), Economy (64.8), Quality of Life (62.5) and Employment (62.4) is fairly optimistic, and significantly higher than both six months and a year ago. Stock Market (58.7) sentiments are slightly optimistic.

AUSTRALIA (45.3)

Consumer sentiments in Australia are currently slightly pessimistic. Its MasterIndex at 45.3 is marginally lower than six months ago (46.5) and a year ago (49.8), and significantly lower than its Historical Average MasterIndex of 56.5.

While optimistic about Regular Income (71.7) and somewhat optimistic about the Stock Market (57.1), consumers are pessimistic on Employment (36.1), Economy (36.0) and Quality of Life (25.5).

NEW ZEALAND (61.0)

New Zealanders have become more optimistic than six months ago (45.2) and a year ago (42.5). Its MasterIndex of 61.0 signals a return to cautious optimism, with improvements on the Economy (51.0 vs. 25.2 six months ago), Stock Market (55.2 vs. 28.7 six months ago), Employment (61.0 vs. 42.7 six months ago). Outlook on Regular Income (84.3 vs. 85.8 six months ago) continues to be quite optimistic.

The current MasterIndex of 61.0 is slightly ahead of the market's Historical Average of 58.8.

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NOTE TO EDITORS: This news release is distributed with an accompanying chart (see page 7) that shows current MasterIndex of Consumer Confidence scores by market compared with several significant points in the history of the survey.

More information on MasterIndex can be found at the website

www.masterintelligence.com

About the MasterCard MasterIndex™ of Consumer Confidence

The MasterCard MasterIndex™ of Consumer Confidence survey has a 14-year track record of consumer confidence indices collected from more than 131,000 interviews, unequalled both in scope and history across Asia/Pacific.

The MasterIndex of Consumer Confidence is the most comprehensive and longest running survey of its kind in the region. It has demonstrated its precision at several important junctures as a barometer of consumer sentiment. More recently in June 2003, MasterIndex for employment in Hong Kong dropped to a low of 20.0. This was subsequently reflected in Hong Kong's unemployment rate, which peaked just before Sept 2003 at 8%.

The survey began in Quarter 2 of 1993 and has been conducted twice yearly since. Thirteen markets participate in the survey: Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam. Vietnam made its debut in the December 2003 report, replacing India, which is now

covered by the SAMEA (South Asia/Middle East/Africa) MasterIndex survey. The last Asia/Pacific MasterIndex survey was conducted from 11 October to 30 October 2006 among a sample of approximately 400 (total sample of 5,405) across the middle and upper income groups in each market, except in China where approximately 600 respondents were surveyed.

The MasterIndex is calculated based upon percentage response figures, with zero as the most pessimistic, 100 as most optimistic and 50 as neutral. Five economic factors are measured: employment, the economy, regular income, stock market and quality of life. The responses are consumers' thoughts on the six months ahead (i.e. January to June 2006). Data collection was via personal and telephone interviews with the questionnaire translated to the local language wherever appropriate and necessary. The survey has a margin of sampling error of plus or minus four percentage points at the 90% confidence level.

The chart below shows the performance of each market at different key intervals and important turning points in the history of the MasterIndex of Consumer Confidence.

About MasterCard Worldwide

MasterCard Worldwide advances global commerce by providing a critical economic link among financial institutions, businesses, cardholders and merchants worldwide. As a franchisor, processor and advisor, MasterCard develops and markets payment solutions, processes approximately 14 billion payments each year, and provides industry-leading analysis and consulting services to financial institution customers and merchants. Through its family of brands, including MasterCard®, Maestro® and Cirrus®, MasterCard Worldwide serves consumers and businesses in more than 210 countries and territories. For more information go to www.mastercardworldwide.com.

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The MasterIndex of Consumer Confidence & The Region

MARKETS	Current 4Q 2006	Period Ago 2Q 2006	Year Ago 4Q 2005	Crisis Average 4Q 97 - 4Q 98	HISTORICAL AVERAGE MASTERINDEX
Australia	45.3	46.5	49.8	43.0	56.5
China	81.2	78.2	82.3	55.6	74.0
Hong Kong	88.8	88.5	85.8	16.9	53.3
Indonesia	62.5	42.4	39.0	27.2	66.6
Japan	68.3	68.9	63.0	5.4	28.2
Korea	29.3	28.1	47.5	26.1	52.2
Malaysia	37.5	51.4	68.7	40.9	74.2
New Zealand	61.0	45.2	42.5	38.5	58.8
Philippines	57.2	51.9	28.9	47.7	49.1
Singapore	82.5	73.9	74.8	34.4	65.2
Taiwan	30.8	29.1	26.6	45.1	48.5
Thailand	65.1	28.6	47.9	25.6	56.1
Vietnam	93.7	89.6	93.1	0.0	91.4
The Region	64.3	57.4	57.7	34.7*	59.5

Note: The Crisis period in the chart above is based on the reflection of the MasterIndex™ of Consumer Confidence results, which may or may not coincide with actual chronology or the definitions of others.

Historical Average is the mean average of all MasterIndex scores up through Period Ago but not including the Current Period.

* The average excludes Vietnam as this market was not surveyed in 1997/98.