

# Daily Brief

Market View, News in Brief: Corporate, Economy, and Share Buybacks

Chartist: Stephen Soo

Tel: +603-2167 9607

stsoo@ta.com.my

www.taonline.com.my

## Market View *Consolidate With Downward Bias*

Bursa Malaysia shares fell further on Tuesday, as sentiment on the local market remain negative amid the challenging outlook on the construction sector, while investors' risk appetite continued to shrink due to rising US bond yields and the state of the Chinese economy. The KLCI fell 1.6 points to close at 1,774.15, off a low of 1,771.16 and high of 1,776.68, as losers edged gainers 469 to 345 on total turnover of 1.8bn shares worth RM1.52bn.

### **Key Supports at 1,770/1,752; Resistance at 1,802**

Stocks should consolidate with downward bias, with market sentiment dampened by the unsettled trade conflict between the US and China, as well as concerns over rising US interest rates. Immediate support for the index remains at 1,770, the current 100-day moving average level, with better supports at 1,752, the 76.4%FR level, followed next by the 1,728 to 1,720 levels. Immediate overhead resistance stays at 1,802, the 200-day moving average level, next will be the upper Bollinger band at 1,811, with tougher hurdle from 1,851, the 23.6%FR.

### **Buy On Weakness IHH Healthcare & Malakoff**

Any further dip on IHH Healthcare would be attractive to bargain for potential oversold rebound towards the upper Bollinger band (RM5.41), with tougher hurdles seen at 61.8%FR (RM5.51) and 50%FR (RM5.70). Key retracement support from the pivot low of 19/09/18 (RM4.96) is expected to cushion downside risk. Malakoff should rebuild support at current levels with recovery potential towards the 76.4%FP (RM0.93) and next resistance levels at 50%FP (RM1.06) and 38.2%FP (RM1.19). Crucial support is at the low of 29/06/18 (RM0.82).

### **Most Asian Markets Lower On Global Growth Concern**

Asian markets were broadly lower on Tuesday, following the lackluster cues overnight from Wall Street and after IMF cuts forecast for global growth. In state side, the stocks closed mixed on Monday in a volatile session as many traders remained away from their desks for the Columbus Day holiday. Traders also seemed reluctant to make significant moves, as the bond markets were closed along with banks and federal offices. The yield on the ten-year note climbed to its highest closing level in over seven years last Friday on the heels of the release of the monthly jobs report. The IMF also added to the malaise by cutting forecasts of global growth for both this year and next, including downgrades to the outlook for the United States, China and Europe. The International Monetary Fund projected a global expansion of 3.7 percent this year and next, down from the 3.9 percent projected three months ago. It was the first downgrade since July 2016.

Japan's Nikkei fell to a three-week low after shares of firms with big exposure to China languished on worries about its economy. The benchmark Nikkei 225 Index lost 314.33 points or 1.32 percent to 23,469.39. In Australia, the benchmark ASX 200 index fell 0.97 percent as the heavily weighted financial sub-index fell 0.98 percent. Major banking names were lower, with Commonwealth Bank shares declining 0.94 percent. Chinese markets, however, made a partial recovery after declines in the previous session that followed the country's central bank cutting the reserve requirement for banks over the weekend. The Shanghai composite gained 0.17 percent to close at 2,721.02. South Korea's markets are closed for a public holiday.

**Wall Street Edges Lower as Bond Yields Remain In Focus**

U.S. stocks closed mostly lower Tuesday after a volatile session as investors continued to fret over the implication of higher bond yields on equities. The choppy trading on Wall Street came as traders kept an eye on treasuries amid renewed concerns about the outlook for interest rates. With the bond markets re-opening following the Columbus Day holiday, treasury yields turned lower over the course of the session after initial moving higher. Meanwhile, traders largely shrugged off news the International Monetary Fund lowered its forecast for U.S. and Chinese economic growth. Citing the "negative effect of recent tariff actions," the IMF said economic growth in the U.S. and China is now expected to slow to 2.5 percent and 6.2 percent, respectively, next year.

Overall trading activity was somewhat subdued, as a lack of major U.S. economic data kept some traders on the sidelines following the holiday on Monday. In the coming days, traders are likely to keep a close eye on reports on producer and consumer prices as well as comments by several Federal Reserve officials. The materials index ended down 3.4 percent, its biggest one-day percentage drop since February 8 and deepened its losses for the year to 7.9 percent, making it the S&P 500's worst-performing industry group.

The Dow Jones Industrial Average fell 56.21 points, or 0.21 percent, to 26,430.57, the S&P 500 lost 4.09 points, or 0.14 percent, to 2,880.34 and the Nasdaq Composite added 2.07 points, or 0.03 percent, to 7,738.02.

## News In Brief *Corporate*

---

The government intends to introduce **new taxes** to generate additional revenue in an effort to repay its high debt. The government would also consider disposing the country's assets such as land to reduce inherited debt by the previous administration (*The Edge*).

Yesterday, Communications and Multimedia Minister Gobind Singh Deo shared several of the initial targets under the **National Fiberisation and Connectivity Plan**. This includes 1) baseline broadband coverage at 98% in populated areas by 2023, with broadband at a minimum speed of 30 Mbps via the deployment of the 700MHz spectrum, 2) the availability of gigabit speed internet services in selected high-impact and strategic areas by 2020 followed by all state capitals by 2023 and, 3) the phase-out of copper networks by 2023. On another note, he also mentioned that beginning November 2018, 5G trials will be conducted in Cyberjaya and Putrajaya for a period of 1 year. (*Bernama*)

**Comments:** For companies under our coverage, with the government's targets to eventually phase-out copper networks by 2023, we view that TM would perhaps have to work on upgrading its existing copper network. However, this would be costly especially in sub urban and rural areas. In view of this, we do not discount the possibility of the government roping in TNB to leverage on its extensive fibre optic network and even facilitating mobile players in rolling out fixed wireless broadband in more remote areas. In all, we maintain our Neutral recommendation on the Telecommunications sector with Buy recommendation on Axiata (TP: RM5.45/share) and Digi (TP: RM5.15/share) and Sell recommendation on Maxis (TP: RM5.00/share) and TM (TP: RM3.30/share).

The government has given an assurance that the **Mass Rapid Transit 2 (MRT2)** underground contract will continue, but it will be awarded through an open tender at a reduced cost. The government was committed to lowering the costs of the project through a re-tendering exercise (*Bernama*).

Two automotive industry players have submitted proposals on the third national car project so far, according to the **Malaysia Automotive Institute (MAI)**. The agency would, however, wait till next Monday for all the proposals to be submitted before studying them (*StarBiz*).

A special committee under the Federal Territories (FT) Ministry has successfully renegotiated 23 out of 97 dubious **land deals** that were deemed lopsided, adding a further RM149mn to Dewan Bandaraya Kuala Lumpur's (DBKL) coffers. These 23 parcels of land which has a total acreage of 256.96 acres are located at Bandar Tun Razak (1), Batu (3), Bukit Bintang (3), Cheras (2), Kepong (3), Segambut (2), Seputeh (3), Setiawangsa (2) and Titiwangsa (4) (*The Edge*).

**Nestlé (Malaysia) Bhd** is investing over RM100mn to expand its MILO factory in Chembong, Negeri Sembilan. The move is in line with its strategy of driving strong, profitable growth and well as Malaysia being a key manufacturing hub for Nestlé Group (*News Straits Times*).

Eleven candidates are in the running for the **FGV Holdings Bhd (FGV)** chief executive officer post. The group is finalising the list of 11 candidates, of which two are from within FGV. The CEO position in FGV was left vacant after Datuk Zakaria Arshad resigned on 18th September 2018, following his suspension on 13th September 2018 (*New Straits Times*).

**Luster Industries Bhd** is proposing to raise RM16.99mn via a private placement to third party investors at an issue price to be determined later, to finance the group's property development and manufacturing business. The proposed placement entails the issuance of up to 197.6mn new shares or 10% stake in the company (*Bursa Malaysia*).

**Yinson Holdings Bhd** announced that its Singapore unit's 10 year contract to provide a floating, production, storage and offloading facility for the Olowi field development, currently in its ninth year, has been terminated. The contract was between indirect wholly owned subsidiary Knock Allan Pte Ltd and CNR International (Olowi) Limited for a fixed primary term of 10 years, commencing from May 1, 2009, and expiring on April 30, 2019 (*The Sun*).

Anasuria Hibiscus UK Ltd has entered into a conditional sale and purchase agreement with Caldera Petroleum (UK) Ltd to acquire a 50% participating interest in Block 15/13a and Block 15/13b in the United Kingdom, under Production Licence P198, for USD37.5mn. **Hibiscus Petroleum Bhd** said the proposed acquisition of the blocks is subject to, amongst others, the written consent of the United Kingdom Oil and Gas Authority for the assignment of interests and the transfer of operatorship to its indirect wholly-owned subsidiary, Anasuria Hibiscus (*New Straits Times*).

**Kelington Group Bhd** have secured three contracts totalling RM101mn to provide engineering services to a Singapore-based global company and a China semiconductor firm. The Group bagged two contracts to install and commission exhaust systems from the global company which is involved in project management of hi-tech facilities (*StarBiz*).

**Mitrajaya Holdings Bhd** has secured a RM99.9mn contract to build a private hospital in Bukit Jalil, Kuala Lumpur. The contract, awarded by IMU Education Sdn Bhd, will commence on Oct 15 for duration of 27 months and is expected to be completed by Jan 15, 2021. Mitrajaya will be the contractor for the construction work of a 7-storey private hospital with 1 level basement and a 6-storey podium carpark (*StarBiz*).

A consortium, in which **Pestech International Bhd** is a partner, has secured the signalling systems contract for the Gemas-Johor Baru electrified double track project. The turnkey engineering, procurement, construction and maintenance contract is worth RM339mn. Pestech's portion of the contract is RM75mn. The contract also includes optional items worth RM19.77mn (*StarBiz*).

**Visdynamics Holdings Bhd's** external auditors Messrs Adam & Co have resigned from their position effective Oct 4. The resignation is on a voluntary basis as the company could not reach a consensus on the proposed increase to the audit fees for the financial year ending Oct 31, 2018 with Adam & Co (*Bursa Malaysia*).

In a move to diversify revenue and earnings, **PLS Plantations Bhd** (PLS) through its unit, Brighthill Synergy Sdn Bhd, is venturing into the durian business by acquiring a 70% share in Dulai Fruits Enterprise Sdn Bhd (Dulai Fruits) for RM21mn. The acquisition would be made through the issuance of 24mn ordinary shares in PLS at 75 sen per share totalling RM18mn and RM3mn, in cash, through the subscription of 600,000 new ordinary shares in Dulai Fruits (*StarBiz*).

## News In Brief *Economy*

### Global **IMF Lowers Global Growth Forecasts for 2018 and 2019**

The International Monetary Fund lowered its forecasts for global economic growth this year and next, citing rising trade protectionism and instability in emerging markets. The IMF said the global economy will expand 3.7% this year, down from its April estimate of 3.9%. Risks about which the Fund had warned this year such as rising trade barriers and a reversal of capital flows from emerging market economies with weaker fundamentals, and higher political risk—have become more pronounced or have partially materialized. The revisions had been foreshadowed by IMF Managing Director Christine Lagarde, who saw the outlook dimming, saying in a speech last week that “the global economic weather is beginning to change.” The forecasts set the stage for discussions this week at the annual meetings of the IMF and World Bank, at which central bankers and finance ministers from around the world will meet in Indonesia to discuss the global economic outlook, among other topics.

While many ministers have spent the past year and a half fretting about the risks from rising trade protectionism, this round of forecasts shows that tariffs are beginning to take their toll. The measures have been implemented by the U.S. and other countries have responded with tariffs of their own. Global trade has suffered. Last year, global trade volume grew 5.2%, the best year since the 2010 and 2011 rebound from the global financial crisis. This year, trade appears on course for 4.2% growth, a 0.9-percentage-point cut from the April forecasts. The IMF expects U.S. growth will be 2.9% this year, unchanged from its earlier forecasts. China’s economy is forecast to grow 6.6% this year, also unchanged from earlier forecasts, and 6.2% next year. Forecasts fell for growth in the euro area and for many emerging markets, but aren’t weaker everywhere. The Eurozone economy is expected to grow 2% this year, down from a 2.2% estimate in July. Malaysia is expected to experience moderate growth in this year at 4.7% (-0.6ppts cut) and next year at 4.7%, a 0.4-percentage-point cut from the April forecasts. (WSJ)

**Figure 1: Overview of the World Economic Outlook Projections**

	2017	Projections		Difference from July 2018 WEO Update <sup>1</sup>		Difference from April 2018 WEO <sup>1</sup>	
		2018	2019	2018	2019	2018	2019
<b>World Output</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>
<b>Advanced Economies</b>	<b>2.3</b>	<b>2.4</b>	<b>2.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.1</b>
United States	2.2	2.9	2.5	0.0	-0.2	0.0	-0.2
Euro Area	2.4	2.0	1.9	-0.2	0.0	-0.4	-0.1
Germany	2.5	1.9	1.9	-0.3	-0.2	-0.6	-0.1
France	2.3	1.6	1.6	-0.2	-0.1	-0.5	-0.4
Italy	1.5	1.2	1.0	0.0	0.0	-0.3	-0.1
Spain	3.0	2.7	2.2	-0.1	0.0	-0.1	0.0
Japan	1.7	1.1	0.9	0.1	0.0	-0.1	0.0
United Kingdom	1.7	1.4	1.5	0.0	0.0	-0.2	0.0
Canada	3.0	2.1	2.0	0.0	0.0	0.0	0.0
Other Advanced Economies <sup>2</sup>	2.8	2.8	2.5	0.0	-0.2	0.1	-0.1
<b>Emerging Market and Developing Economies</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>-0.2</b>	<b>-0.4</b>	<b>-0.2</b>	<b>-0.4</b>
Commonwealth of Independent States	2.1	2.3	2.4	0.0	0.2	0.1	0.3
Russia	1.5	1.7	1.8	0.0	0.3	0.0	0.3
Excluding Russia	3.6	3.9	3.6	0.3	-0.1	0.4	0.0
Emerging and Developing Asia	6.5	6.5	6.3	0.0	-0.2	0.0	-0.3
China	6.9	6.6	6.2	0.0	-0.2	0.0	-0.2
India <sup>3</sup>	6.7	7.3	7.4	0.0	-0.1	-0.1	-0.4
ASEAN-5 <sup>4</sup>	5.3	5.3	5.2	0.0	-0.1	0.0	-0.2
Emerging and Developing Europe	6.0	3.8	2.0	-0.5	-1.6	-0.5	-1.7
Latin America and the Caribbean	1.3	1.2	2.2	-0.4	-0.4	-0.8	-0.6
Brazil	1.0	1.4	2.4	-0.4	-0.1	-0.9	-0.1
Mexico	2.0	2.2	2.5	-0.1	-0.2	-0.1	-0.5
Middle East, North Africa, Afghanistan, and Pakistan	2.2	2.4	2.7	-1.1	-1.2	-1.0	-1.0
Saudi Arabia	-0.9	2.2	2.4	0.3	0.5	0.5	0.5
Sub-Saharan Africa	2.7	3.1	3.8	-0.3	0.0	-0.3	0.1
Nigeria	0.8	1.9	2.3	-0.2	0.0	-0.2	0.4
South Africa	1.3	0.8	1.4	-0.7	-0.3	-0.7	-0.3
<i>Memorandum</i>							
European Union	2.7	2.2	2.0	-0.2	-0.1	-0.3	-0.1
Low-Income Developing Countries	4.7	4.7	5.2	-0.3	-0.1	-0.3	-0.1
Middle East and North Africa	1.8	2.0	2.5	-1.2	-1.3	-1.2	-1.1
World Growth Based on Market Exchange Rates	3.2	3.2	3.1	-0.1	-0.2	-0.2	-0.2

Source: World Economic Outlook, October 2018

## Malaysia **BNM Governor : Malaysia GDP to Remain on Growth Path into 2019**

Malaysia's gross domestic product (GDP) will remain on a growth path into 2019, supported by its diversified economy and nature of exports, said Bank Negara Malaysia Governor Datuk Nor Shamsiah Yunus. Despite a challenging external environment, she said, the domestic economy is likely to remain positive this year, spurred by robust private sector activity and moderate inflation. "Private sector activity will be the main driver for growth for the rest of 2018 and 2019. "Favourable labour market conditions, namely the robust private sector which has a high employment growth and significant improvement in consumer sentiments, will underpin private consumption," she said at the "Malaysia: A New Dawn" Investors' Conference. Nor Shamsiah said Malaysia's policy stability and deep financial markets allowed the country to withstand external shocks and ensure growth.

The well-diversified economic structure, coupled with highly diversified export products and markets, accorded Malaysia the resilience to face global and domestic headwinds, she added. On downside risks, she believes the ongoing trade tension which will disrupt global trade growth will affect Malaysia's economy, going forward, but noted that financial intermediation was still at a healthy level. "We have the policy tools to ensure that liquidity in the financial system is adequate to support intermediation activities," said Nor Shamsiah, adding that the current monetary stance is appropriate, conducive and supportive to the growth. (The Edge)

**Comment:** *Despite Malaysia's economic growth is expected to perform positively going forward, we expect the growth to ease below 5% figure this year. In fact, the index of leading economic indicators fell by -0.1% YoY in July 2018 (June 2018: +0.3% YoY), suggesting real GDP to increase below its potential growth. Despite remaining at sub-5% growth pace, we estimate that 3Q18 real GDP growth to be slightly better than the second quarter at 4.7% YoY, mainly due to the positive but transitory effect of the zero rated GST during June – August 2018. GDP growth is then expected to remain modest at 4.1% YoY in the fourth quarter, bringing the full year GDP growth to 4.6%.*

## **Tun Mahathir: Government Needs Other Sources of Funds to Pay Debt**

The government needs to find other sources of funds to pay its debt, including imposing new taxes and selling some of its assets, says Prime Minister Tun Dr Mahathir Mohamad. "That is one of the ways for the government to raise money but we haven't decided on any new tax," he said at the "Malaysia: A New Dawn Investors' Conference". Speaking to reporters later, he said the new tax regime would be different from the current Sales and Services Tax. "It will be different and less of a burden to the people. That is how we are going to find out what tax we can impose," he said after addressing the high profile institutional investors' conference hosted by the Government of Malaysia, in partnership with Maybank, CIMB Group Holdings Bhd and RHB Banking Group. In his speech, Dr Mahathir said the government would also be looking at selling its assets, such as land and other valuable assets, in order to pay off the debt.

He said during the previous administration, land was sold to foreigners, a practice he said is "not good" for the country. "We can still sell our land to the locals so that they can develop, for example, housing projects and the settlements that they believe can give them a return," he pointed out. Dr Mahathir said his administration would need to find ways to rebuild the government although that would not be easy because of the high posts. (The Star)

## **Lim Guan Eng: New Tax Measures to be Announced at Budget 2019**

Finance minister Lim Guan Eng said new tax measures will be announced during the tabling of the upcoming Budget 2019 on Nov 2. Over the long term, the Government focus is to ensure that they have sufficient and stable sources of revenue for the nation's development. To quote Prime Minister, Tun Dr Mahathir, the Budget is of sacrifice and everyone will have to sacrifice and we have to accept that we must sacrifice. Concurrently, Lim said the fiscal target set by the previous administration is now "unrealistic", and that it will be "foolish" to

stick to it in the short term. The minister, however, noted that the government will prioritise policies that will contribute positive growth outlook for the nation's economy. Meanwhile, Lim also revealed that the Tax Reform Committee has the mandate of reviewing existing tax incentives "to ensure these measures are still relevant in supporting high economic growth". Other tasks include: to help diversify, reduce tax leakages and evasion, and minimise tax gap, he said. (The Edge)

### **Gobind Singh : NFP and NSP Licences May Be Liberalised**

The Malaysian government is looking to liberalise licences for network facility provider (NFP) and network service provider (NSP) by introducing foreign participation. This, said Communications and Multimedia Minister Gobind Singh Deo, is to improve competition and benefit customers, as well as to support the government's policy on digital connectivity under the National Fibreisation and Connectivity Plan (NFCCP) currently under works. The ministry, said Gobind, has been approached by several companies from Japan and Korea, with more firms to meet up with in France and the UK later.

As at August 2018, Malaysia has 218 NFP individual licence holders and 184 NSP individual licence holders. On a related matter, Gobind also underlined certain targets set out by the ministry under the NFCCP which is currently under development. These include the phase-out of copper networks by 2023, and for gigabit-speed internet to be available in select high-impact and strategic industrial areas by 2020 and extended to all state capitals by 2023. Additionally, Putrajaya and Cyberjaya will be testbeds for 5G trials for a one-year period from November 2018. (The Edge)

### **MITI Hopes ASEAN FTA to Reach Substantial Agreement by Year-End**

International Trade and Industry Minister Datuk Darell Leiking hopes that the free trade agreement (FTA) between ASEAN countries can reach an agreement by the end of this year. The talks between ASEAN countries will be held in Singapore next month and prime Minister Tun Dr Mahathir Mohamed is scheduled to attend. Leiking said there are trades going on which nobody realised. Definitely there are shrinking in numbers effects [trade] but it's a global thing. On South East Asia being the most vulnerable in terms of shirking effect, Leiking hopes that by mid-next year ASEAN members can come out with something. "There are things that are going to be sorted out and there are things to be worked out. "Even though we are still ASEAN, we are still imperfect.

There are issues on barriers, how we will travel with each other or how we deal each other," Leiking said. On the agreement between the ASEAN countries, he said there is a possible tax in the nearest time. "Besides the prime minister of Malaysia who can get everyone together," he added, explaining that the other ASEAN ministers are excited and a lot of them want to hear Dr Mahathir's take. (The Edge)

### **MITI: Unhealthy to Have so Many Investment Promotion Agencies**

The Ministry of International Trade and Industry (MITI) has proposed having a single agency to decide on investments and perks for investors. The current situation, whereby there are various investment promotion agencies operating under several ministries, was unhealthy. Leiking said this was because the agencies would be competing against one another. "Most of these agencies are under different ministries and have their own tasks. "It would be good for Malaysia if we have a singular place to decide on incentives and perks sought by investors.

"If we have many agencies deciding and competing with other agencies, it is not healthy as investors will end up bargaining," he said in response to a question during the session. Leiking said the best way forward would be to have one agency deciding on the incentives to be provided to investors in Malaysia. He said this proposal had been put forward and would be brought up to the Cabinet soon. (The Star)

### *Asia* **Japan Records Another Month of Black Ink with ¥1.84 Trillion Current Account Surplus**

Japan logged a current account surplus of ¥1.84 trillion in August, marking the 50<sup>th</sup> straight month of black ink, government data showed. But the margin of surplus in the current account, one of the widest gauges of international trade, shrank 23.4% from a year earlier as goods trade registered a deficit for the second consecutive month on oil import surges, according to a preliminary report by the Finance Ministry. The country had a goods trade deficit of ¥219.3 billion as energy imports such as crude oil and liquid natural gas soared, outpacing a rise in exports led by automobiles and manufacturing equipment for semiconductors. Services trade came to a deficit of ¥6.1 billion, possibly hurt by the torrential rain that caused flash floods in western Japan in July.

Transport services by air and sea posted a deficit of ¥95.4 billion, while a steady rise in inbound tourists and the addition of their spending on cruise tours helped lift the travel surplus to ¥123 billion. Meanwhile, primary income, which reflects returns on overseas investments, registered a surplus of ¥2.29 trillion, up 1.8% from a year earlier to reach a record high for August. (The Japan Times)

### **IMF Chief Economist Not Concerned about China's Ability to Defend Currency**

International Monetary Fund Chief economist Maurice Obstfeld said that he was not concerned about the Chinese government's ability to defend its currency despite the recent depreciation of the yuan. "No, I don't think it's a problem," Obstfeld said when asked about the issue on the sidelines of a news conference at the IMF and World Bank annual meetings in Bali. But Obstfeld also told the news conference that Beijing would face a "balancing act" between actions to shore up growth and ensure financial stability. China's yuan currency has faced strong selling pressure this year, losing over 8% between March and August at the height of market worries, though it has since pared losses as authorities stepped up support.

On Tuesday, China's central bank fixed the yuan's official mid-point for trading at 6.9019 per dollar, edging close to the psychologically important 7.0 barrier and helping to send Asian stocks to a 17-month low. A U.S. Treasury official repeated that the Trump administration was concerned about the yuan's recent weakening as the department prepares a semi-annual report on currency manipulation due out next week. Obstfeld said financial markets have overly emphasized short-term movements in China's currency, adding that the yuan has often quickly recovered from periods of volatility in recent years. (The Star)



## *United States* **Trump Criticizes Fed Rate Increases Again, but Says He Hasn't Spoken to Fed Chair Powell**

President Trump repeated his displeasure with higher short-term interest rates set by the Federal Reserve, but said he hadn't spoken with Fed Chairman Jerome Powell about his frustration because he didn't want to meddle with monetary policy. Speaking to reporters outside the White House on Tuesday, Mr. Trump said he believed the Fed was increasing its benchmark rate too fast given the apparent lack of inflationary pressures in the economy. "The Fed is doing what they think is necessary but I don't like what they are doing because we have inflation really in check," Mr. Trump said. The president said he was concerned higher rates would slow down economic growth. "You don't see that inflation coming back," Mr. Trump said. "Now, at some point it will.... I just don't think it's necessary to go as fast" on rates. The Fed has raised its benchmark rate three times this year, most recently last month to a range between 2% and 2.25%. Officials penciled in another quarter-percentage-point rate rise this year, which is likely to occur in December.

Higher rates are meant to prevent the economy from overheating, including by keeping inflation from rising unsustainably. Inflation has been running near the Fed's 2% target this year for the first time in several years. Most Fed officials project price pressures will run slightly higher in the coming years because unemployment is below their estimates of a jobless rate consistent with stable prices. (WSJ)

### **Fed's Kaplan Is 'Comfortable' With Another Three Rate Rises**

Dallas Federal Reserve Bank President Robert Kaplan said Tuesday he supports the U.S. central bank pressing forward "gradually and patiently" with interest-rate increases. Mr. Kaplan said he was "comfortable" if over the next year or so the Fed raised rates "another three times ... That doesn't seem unreasonable to me." While he acknowledged that knowing the point where monetary policy ceases being stimulative and turns restrictive of growth is quite uncertain, he said he would like to get those rate increases in place, assuming the economy performs as expected, and then take stock of where the economy is. "What we do beyond [the three increases], I've been candid in saying 'I don't know,'" Mr. Kaplan said.

The Fed official also said "we believe the Fed is reaching its dual mandate objectives" in terms of job and inflation performance. Mr. Kaplan said it is unlikely there will be big further declines in the jobless rate. The Fed is reaching its 2% inflation target, and "I don't believe inflation is going to run away from us," Mr. Kaplan said. The arc of price pressures gives the Fed "some latitude in terms of how quickly we raise interest rates," he said. (WSJ)

## *Eurozone* **Germany Exports Unexpectedly Decline for Second Month**

German exports declined for a second straight month in August, defying expectations for an increase, preliminary data from the statistical office Destatis showed. Merchandise exports fell a calendar and seasonally-adjusted 0.1% from July, when they decreased 0.8%. Economists had expected a 0.4% increase. Imports dropped 2.7% after a 2.8% rise in July. Economists were looking for a 0.1% gain. The trade surplus rose to EUR 17.2 billion in August from EUR 16.5 billion in the previous month. Economists had predicted a surplus of EUR 16.2 billion. The current account surplus was EUR 15.3 billion versus EUR 15.1 billion in July. (RTT)

**Share Buy-Back: 09 October 2018**

Company	Bought Back	Price (RM)	Hi/Lo (RM)	Total Treasury Shares
AMPPOP	25,000	0.655/0.65	0.655/0.63	18,123,500
BAUTO	192,400	2.00	2.05/2.00	192,400
BJFOOD	200,000	1.45/1.44	1.45/1.44	18,200,000
CBIP	57,500	1.10	1.11/1.10	17,336,127
CCK	51,000	0.785/0.78	0.80/0.78	996,000
CJCEN	37,500	0.61	0.62/0.605	3,524,500
EWEIN	200,000	0.595/0.59	0.60/0.57	1,300,000
GLOMAC	60,000	0.395/0.385	0.395/0.38	9,399,600
GRANFLO	53,000	0.20/0.195	0.20/0.19	10,710,200
INCKEN	86,000	0.665/0.66	0.665/0.66	19,808,400
JCBNEXT	68,000	1.68	1.68	1,460,900
KERJAYA	100,000	1.20/1.17	1.20/1.17	1,923,700
KOMARK	110,000	0.15	0.15/0.14	9,066,100
LIENHOE	173,100	0.31	0.31/0.305	20,772,900
MALAKOF	320,000	0.88/0.875	0.885/0.87	91,324,400
MITRA	42,100	0.40	0.40/0.395	842,100
MKH	16,100	1.24/1.23	1.25/1.23	4,113,200
N2N	49,500	1.22	1.23/1.21	28,688,100
NYLEX	20,000	0.68/0.665	0.68/0.665	7,532,524
P&O	5,000	1.04	1.05/1.02	12,291,193
SUNWAY	160,000	1.46/1.43	1.47/1.43	68,502,362
SYSCORP	80,000	0.31	0.31/0.305	24,000,600
TROP	264,000	0.90/0.89	0.90/0.89	15,303,242
UNIMECH	5,000	1.00	1.00	8,470,810

Source: Bursa Malaysia

**Disclaimer**

The information in this report has been obtained from sources believed to be reliable. Its accuracy and/ or completeness is not guaranteed and opinions are subject to change without notice. This report is for information only and not to be construed as a solicitation for contracts. We accept no liability for any direct or indirect loss arising from the use of this document. We, our associates, directors, employees may have an interest in the securities and/or companies mentioned herein.

**Kaladher Govindan – Head of Research**

TA SECURITIES HOLDINGS BERHAD (14948-M)

A Participating Organisation of Bursa Malaysia Securities Berhad

Menara TA One | 22 Jalan P. Ramlee | 50250 Kuala Lumpur | Malaysia | Tel: 603 – 2072 1277 | Fax: 603 – 2032 5048  
www.ta.com.my



