

Global Markets Research

Weekly Market Highlights

Markets

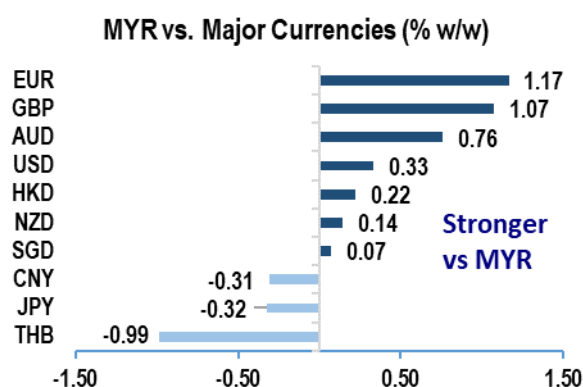
	Last Price	WOW%	YTD %
Dow Jones Ind.	35,176.15	-0.11	6.12
S&P 500	4,468.83	-0.73	16.39
FTSE 100	7,618.60	1.19	2.24
Hang Seng	19,248.26	1.90	-2.70
KLCI	1,458.93	5.08	-2.44
STI	3,322.93	3.61	2.20
Dollar Index	102.52	-0.02	-0.96
WTI oil (\$/bbl)	82.82	1.56	3.19
Brent oil (\$/bbl)	86.40	1.48	0.57
Gold (\$/oz)	1,914.40	-0.91	4.83
CPO (RM/ tonne)	3,731.50	-1.73	-7.82
Copper (\$\$/MT)	8,386.00	-2.61	0.17
Aluminum(\$/MT)	2,204.00	-1.17	1.59

Source: Bloomberg

*For the period 4-9 Aug for CPO

- **Roller-coaster week:** It was a roller coaster week for the Wall Street, with all the 3 major indices flirting above and below the flatlines throughout the week before closing in tune of 0.1%-1.6% w/w lower. The indices were pushed and pulled by Moody's downgrade for 10 small and medium sized banks, lower NFP numbers, lower than expected CPI print but were also supported by robust earnings from Amazon and Berkshire Hathaway
- **Next week:** The PBOC is set to meet next week and expectations is that the 1Y medium-term lending facility rate will be left unchanged at 2.65% while the authorities focus on stimulus measures to support the faltering economy. Both the FOMC and RBA are set to release the minutes to their latest monetary policy meetings. US will be data heavy with housing data like the NAHB Housing Market Index, mortgage applications, housing starts and building permits. This is on top of retail sales, leading index, IPI, business inventories, jobless claims and import/export prices as well as district indices from the New York and Philadelphia Fed. Domestically, Malaysia will see the release of 2Q GDP on 18-August, where we are expecting growth to halve from 1Q's +5.6% y/y, amid moderation from all fronts.

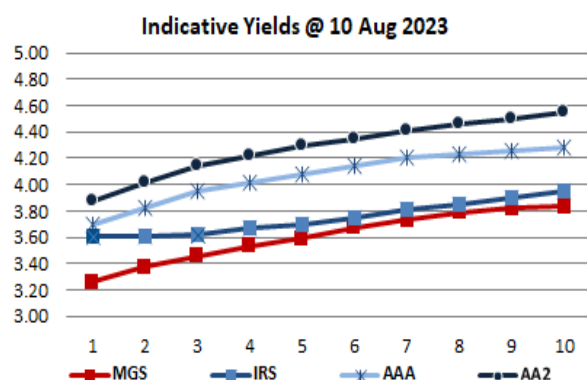
Forex



Source: Bloomberg

- **MYR:** USD/ MYR traded higher for a second straight week, advancing by 0.3% w/w (prior: +0.7%) to 4.5705 versus the previous week's close of 4.5553, after Malaysia's industrial production for June contracted by more than expected, reinforcing expectations of a slowing economy. The MYR was mixed versus the rest of the majors and Asian peers. We are **Slightly Bearish** USD/ MYR in the coming week, and expect a trading range of 4.50 to 4.60. The focus will be on the weekend state elections and 2Q GDP release on 18-August domestically, where we expect growth to halve from 1Q's +5.6%/y. The USD/ MYR will also look to the USD/ CNH and the general USD direction for leads.
- **USD:** The USD was mixed this week, with the DXY ending little changed (prior: +0.8%) to close Thursday at 102.52, marginally lower than the 102.54 level a week ago, even as US inflation numbers continued to moderate, and weekly jobless claims rose to the highest in five weeks. We are **Neutral-to-Slightly Bearish** on the USD next week, with the DXY expected to trade in a range of 100-104. Plenty of economic data in the week ahead. The Fed is also scheduled to release the minutes of their Jul 26 meet, where greater clarity with regard to their thoughts at the point of the rate hike is expected.

Fixed Income



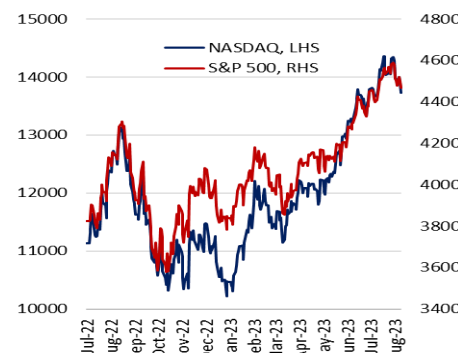
Source: Bloomberg/ BPAM

- **UST:** US Treasuries posted gains post-July jobs report which saw NFP data coming in below consensus. Despite the rather large corporate issuance slate and mild hawkish comments from Fed official Bowman; the decision by Moody's Investor Service to downgrade ten (10) small and medium sized banks and upcoming review ratings on six (6) major US banks along with weak trade data from China boosted appeal for bonds instead. The curve shifted lower as overall benchmark yields fell between 5-7bps across. **Meanwhile, expect bonds to see slight upside movements next week following the conclusion of major economic data earlier.**
- **MGS/GII:** W/w, local govies recovered to close stronger on bargain-hunting activities; shrugging aside the uncertainty up to and subsequent announcement of US July inflation data. **Bonds were mainly influenced mostly by lower IRS yields** in the absence of local catalysts. The curve shifted lower as overall benchmark yields ended 1-6bps lower across (save for the long-ends). The average weekly secondary market volume fell 14% w/w to ~RM13.0b with interest seen mainly in the off-the-run 23-25's, 31's and benchmarks 7Y GII, 10Y MGS/GII. The 30Y GII auction surprisingly saw strong demand on a BTC ratio of 2.557x whilst being awarded at 4.362%. **Expect bonds to trade in a quieter environment as investors mull and digest the political outcome of the six (6) state elections this weekend.**

Macroeconomic Updates

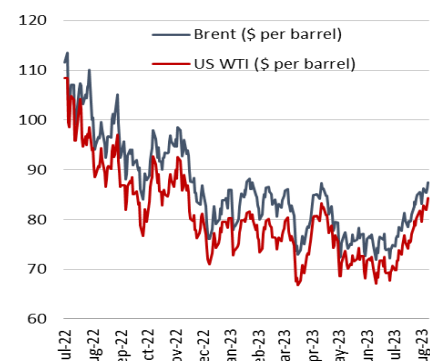
- Roller-coaster week:** It was a roller coaster week for the Wall Street, with all the 3 major indices flirting above and below the flatlines throughout the week before closing in tune of 0.1%-1.6% w/w lower. The indices were pushed and pulled by Moody's downgrade for 10 small and medium sized banks, lower NFP numbers, lower than expected CPI print but were also supported by robust earnings from Amazon and Berkshire Hathaway. In contrast, oil prices were generally on an uptrend, closing 1.5%-1.6% d/d higher after a steep drawdown in US fuel stockpiles and tighter supply owing to Saudi and Russian output cuts offset concerns over slow demand from China.
- China lending rates, FOMC and RBA minutes next week:** The PBOC is set to meet next week and expectations is that the 1Y medium-term lending facility rate will be left unchanged at 2.65% while the authorities focus on stimulus measures to support the faltering economy. Both the FOMC and RBA are set to release the minutes to their latest monetary policy meetings, with the latter coming soon after the RBA statement which showed that the central bank is expecting inflation to fall to its 2-3% target range only in late 2025 and that forecasts are based on the assumption that the cash rate peaks at around 4.25% before declining to around 3.75% by the end of 2025.
- Tamer inflation prints overall; China at risk of deflation:** In the US, while headline inflation accelerated to +3.2% y/y in July, core prices moderated to +4.7% y/y. On a m/m basis, both headline and core held steady at +0.2% m/m, the smallest back-to-back increase in 2 years, with shelter contributing to 90% of the increase, followed by motor vehicle insurance. Of note, the softer than expected y/y increase in headline could be due to high base effect for energy prices, and as such, the recent uptick in oil prices could send energy inflation, and thus headline accelerating further in August. China's CPI and PPI both contracted in July, albeit by less than expected by 0.3% y/y and 4.4% y/y respectively. While PPI has fallen for the past 10 months, July marks the first contraction in CPI since February 2021, driven by lower food prices. China's Stats Bureau nonetheless said that the y/y CPI drop is temporary and will rise gradually as the economy recovers. Japan's PPI, meanwhile, decelerated to its slowest since March 2021 to +3.6% y/y in July, largely due to moderating imported inflation, especially for wood and energy.
- US NFP and China trade data in focus:** Key highlights for the week were the US non-farm payroll (NFP) as well as China's trade numbers. For the former, gains in NFP rose by 187k in July, while the two-month net revision was -49k. July's data was less than the average monthly gain of 312k over the prior 12 months, suggesting a softer labour market. Unemployment rate, meanwhile, edged down to 3.5% and average hourly earnings, a key figure as the Federal Reserve fights inflation, held steady at +0.4% m/m, good for a 4.4% y/y growth. China's exports, meanwhile, registered its worst contraction since the pandemic, falling more than expected by 14.5% y/y in July. The plunge partially reflects a higher base effect but will also put 2023 goal growth at risk. Imports fell 12.4% y/y, also missing estimates and suggesting waning domestic demand. As it is, the slower Chinese economy has already spilled over to regional economies like Malaysia. Accordingly, we saw a sharp decline in Malaysia exports by 14.1% y/y in June. The IPI data released this week also showed output contracting 2.2% y/y for the month of June. Manufacturing output slid 1.6% y/y, weighing down on 2Q GDP performance.
- The week ahead:** US will be data heavy with housing data like the NAHB Housing Market Index, mortgage applications, housing starts and building permits. This is on top of retail sales, leading index, IPI, business inventories, jobless claims and import/export prices as well as district indices from the New York and Philadelphia Fed. In Europe, both the Eurozone and UK will release 1st-tier data with 2Q GDP, CPI, IPI, employment numbers, trade balance and ZEW Survey Expectations set for the former and CPI, PPI, House Price Index, GfK Consumer Confidence, retail sales, labour and weekly earnings numbers for the latter. Japan will also release its 2Q GDP and CPI, on top of IPI, core machinery orders and trade indicators. The slew of China's indicators will include IPI, retail sales, jobless rate, fixed asset investment as well as new home prices. Both Malaysia and Singapore will publish their exports numbers for July, with 2Q GDP slated to be released for Malaysia as well.

Wall Street closed the week lower



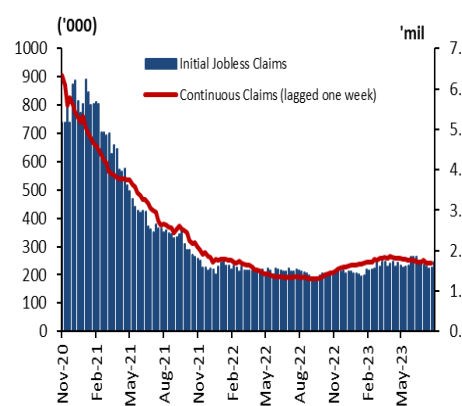
Source: Bloomberg

Oil prices rallied on tighter supply risks



Source: Bloomberg

Jobless claims rose for the second week

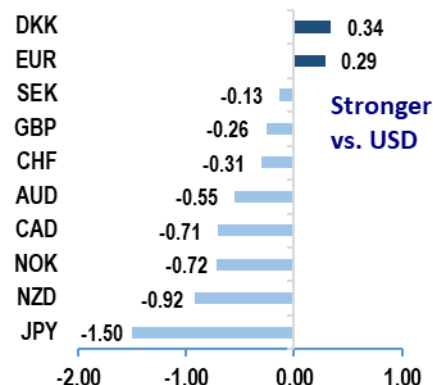


Source: Bloomberg

Foreign Exchange

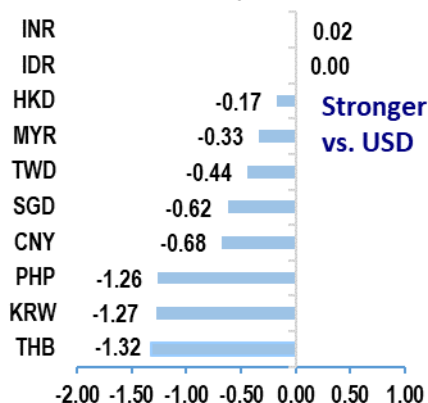
- MYR:** USD/ MYR traded higher for a second straight week, advancing by 0.3% w/w (prior: +0.7%) to 4.5705 versus the previous week's close of 4.5553, after Malaysia's industrial production for June contracted by more than expected, reinforcing expectations of a slowing economy. The MYR was mixed versus the rest of the majors and Asian peers, gaining ground vs the THB (+1.0%) and JPY (+0.3%), but declining vs the EUR (-1.2%) and IDR (-0.3%). We are **Slightly Bearish** USD/ MYR in the coming week, and expect a trading range of 4.50 to 4.60. The focus of the markets will be on the weekend state elections and 2Q GDP release on 18-August domestically where we expect growth to halve from 1Q's +5.6%y/y. The USD/ MYR will also look to the USD/ CNH and the general USD direction for leads.
- USD:** The USD was mixed this week, with the DXY ending little changed (prior: +0.8%) to close Thursday at 102.52, marginally lower than the 102.54 level a week ago, even as US inflation numbers continued to moderate, and weekly jobless claims rose to the highest in five weeks. We are **Neutral-to-Slightly Bearish** on the USD next week, with the DXY expected to trade in a range of 100-104. Plenty of economic data in the week ahead, with PPI and consumer confidence out tonight, while retail sales, industrial production, housing data and regional manufacturing surveys out of NY state and Philadelphia are due for release next week. The Fed is also scheduled to release the minutes of their Jul 26 meet, where greater clarity with regard to their thoughts at the point of the rate hike is expected.
- EUR:** The EUR traded higher this week, breaking a three week losing streak, rising by 0.3% w/w (prior: -0.3%) against the USD to 1.0981 as of Thursday's close, after the Sentix investor confidence unexpectedly rose for the month, suggesting that sentiment remains decent. We are **Neutral-to-Slightly Bullish** on EUR/ USD for the coming week and see a likely trading range of 1.0850-1.1150. Next week sees the release of preliminary Eurozone 2Q GDP and employment for 2Q, as well as the ZEW investor survey, industrial production and trade balance.
- GBP:** GBP declined for a fourth straight week, declining by 0.3% w/w (prior: -0.7%) versus the USD to close at 1.2676 as of Thursday, after a house price report declined by more than expected, adding to concerns that the housing market will be a drag on the UK economy. We are **Neutral** on the Cable next week, with a probable trading range of 1.2500-1.2900. An intense week ahead data wise, with industrial production, trade balance, preliminary 2Q GDP, the monthly labour market report and the house price index all due for release, as will be the highly anticipated CPI, RPI and PPI reports for July.
- JPY:** The Japanese Yen declined for a second week in a row, falling by 1.5% vs the USD to close at 144.75, following last week's 2.2% fall, as wage growth in Japan was less than expected and household spending fell for a fourth straight month, reinforcing the case for the retention of the ultra-loose monetary policy by the BoJ for the time being. We are **Slightly Bearish** on the USD/ JPY next week and expect a trading range of 142 -147. Next week sees the release of trade data, machine orders, department store sales, preliminary 2Q GDP as well as final industrial production numbers for June.
- AUD:** The AUD lost ground for a fourth week on the trot, retreating by 0.6% w/w (prior: -2.4%) against the USD to 0.6515, dragged lower by continued concerns for the Chinese economy. We are **Neutral-to-Slightly Bullish** on AUD/ USD in the week ahead, and foresee a likely trading range of between 0.64-0.67. Technically, the currency pair remains oversold, suggesting that further downside could be limited. The RBA are due to release the minutes of their August policy meeting next week, with data on second quarter wages, and the employment report for July also due, and will be closely scrutinized for further clues as to RBA action going forward.
- SGD:** The SGD fell for a fourth straight week, declining by 0.6% w/w to 1.3494 vs the greenback (prior: -0.7%) after retail sales came in south of expectations, dragged down by weak motor vehicle sales. The SGD was mixed against the other G10 currencies and major Asian peers, registering gains versus the JPY (+0.9%) and THB (+0.7%), but losing ground against the EUR (-0.9%) and INR (-0.7%). We are **Neutral-to-Slightly Bearish** on the USD/ SGD here, with a potential trading range of 1.33-1.36 seen in the week ahead. Next week sees the release of export data for July, which will be closely watched for signs of how the economy started 3Q after final 2Q GDP print was revised lower to 0.5% y/y (prelim estimate +0.7% y/y).

USD vs. G10 Currencies (% w/w)



Source: Bloomberg

USD vs Asian Currencies (% w/w)



Source: Bloomberg

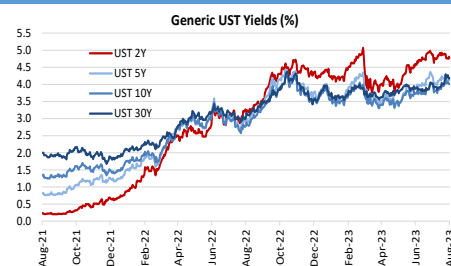
Forecasts

	Q3-23	Q4-23	Q1-24	Q2-24
DXI	102	101	100	99
EUR/USD	1.11	1.12	1.14	1.12
GBP/USD	1.29	1.31	1.33	1.30
AUD/USD	0.67	0.68	0.68	0.69
USD/JPY	141	139	136	133
USD/MYR	4.69	4.64	4.60	4.55
USD/SGD	1.35	1.34	1.33	1.33
USD/CNY	7.16	7.07	6.99	6.90
	Q3-23	Q4-23	Q1-24	Q2-24
EUR/MYR	5.19	5.22	5.24	5.09
GBP/MYR	6.05	6.08	6.11	5.92
AUD/MYR	3.15	3.14	3.13	3.12
SGD/MYR	3.49	3.47	3.45	3.43
CNY/MYR	0.65	0.66	0.66	0.66

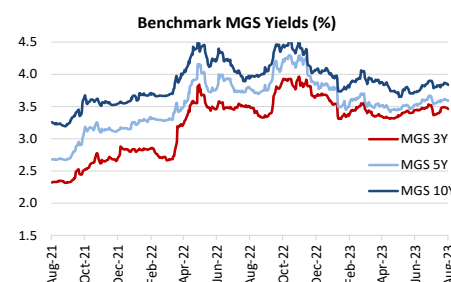
Source: HLBB Global Markets Research

Fixed Income

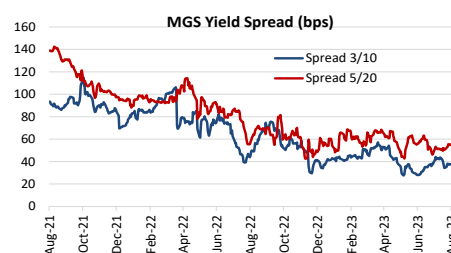
- UST:** For the week under review, US Treasuries posted gains post-July jobs report which saw NFP data coming in below consensus. Despite the rather large corporate issuance slate and mild hawkish comments from Fed official Bowman; the decision by Moody's Investor Service to downgrade ten (10) small and medium sized banks and upcoming review ratings on six (6) major US banks along with weak trade data from China boosted appeal for bonds instead. The curve shifted lower as overall benchmark yields fell between 5-7bps across. **Both the UST 2Y and 10Y yields ended 7bps lower at 4.81% and 4.11% each** (the UST 10Y ranged tighter between 4.00-4.11% levels). The US Treasury's coupon offerings of 3Y, 10Y and 30Y auctions this week totaling ~\$103b, surprised on the upside with stronger-than-expected bidding metrics. **Meanwhile, expect bonds to see slight upside movements next week following the conclusion of major economic data earlier.**
- MGS/GII:** W/w, local govies recovered to close stronger on bargain-hunting activities; shrugging aside the uncertainty up to and subsequent announcement of US July inflation data. **Bonds were mainly influenced mostly by lower IRS yields** in the absence of local catalysts. The curve shifted lower as overall benchmark yields ended 1-6bps lower across (save for the long-ends). **The benchmark 5Y MGS 4/28 yield edged 2bps lower at 3.59% whilst the 10Y MGS 11/33 declined 4bps to 3.83%.** The average weekly secondary market volume fell 14% w/w to ~RM13.0b with interest seen mainly in the off-the-run 23-25's, 31's and benchmarks 7Y GII, 10Y MGS/GII. The 30Y GII auction surprisingly saw strong demand on a BTC ratio of 2.557x whilst being awarded at 4.362%, with participation seen mainly from institutions such as Lifers, GLIC's and pension funds. **Expect bonds to trade in a quieter environment as investors mull and digest the political outcome of the six (6) state elections this weekend.**
- MYR Corporate bonds/ Sukuk:** The week under review saw decent activity in the secondary market with **bulk of action in the GG-AA part of the curve followed by odd-lot transactions in the single-A sector as yields closed again mostly mixed amid a mere 4% decrease in weekly secondary market volume of RM3.4b.** Topping the weekly volume was KHAZANAH 3/24 bonds (GG) which jumped 7bps higher compared to previous-done levels at 3.43%, followed by DANA 10/36 (GG) which edged 1bps up to 4.11%. Third was PRASA 8/28 (GG), which edged 2bps lower at 3.74%. Higher frequency of bond trades was seen in DANA, PRASA, PLUS, SEB and YTL Power. There were also multiple odd-lot transactions seen in bank-related i.e.; SABAH Dev Bank, AFFIN bank and AmBank bonds. The prominent issuances for the week consisted of CAGAMAS Berhad's AAA-rated 1-3Y papers totaling RM460m with coupons ranging between 3.60-3.97%.
- Singapore Government Securities:** SGS closed mixed w/w, as investors digest the republic's narrow miss of an economic contraction in 2Q2023 GDP, at +0.1% q/q. The Ministry of Trade and Industry has now revised full-year 2023 growth to between 0.5-1.5% from 0.5-2.5% previously. Overall benchmark yields settled mixed between -4 to +4bps across. **The SGS 2Y yield edged 2bps up at 3.47% whilst the SGS 10Y declined 4bps instead at 3.03%** (the SGS 10Y ranged tighter between 3.00-3.04%). Singapore's sovereign bonds as measured by Bloomberg's Total Return Index unhedged SGD however maintained in negative territory @ -0.1% (prior week: -0.8%). Elsewhere, OCBC Ltd launched and priced S\$500m of PerpNC5.5 AT1 at a par-to-yield of 4.5% from initial price guidance of 4.75%. Also, Moody's Investor Service has affirmed Mapletree Pan Asia Commercial Trust's Baa1 issuer rating along with the rating outlook downgrade of the MTN program ratings by its three (3) wholly-owned subsidiaries from stable to negative.



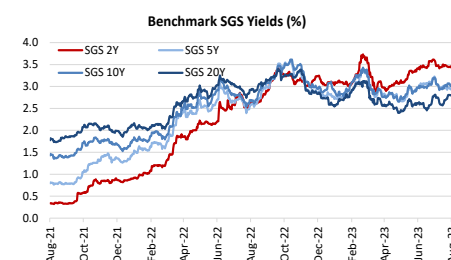
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Zamarad Assets Berhad	Tranche 9 RM175.0 mil Class A Sukuk	AAA/Stable	Assigned
	RM30.0 mil Class B Sukuk	AA2/Stable	Assigned
Pujian Bayu Sdn Bhd	RM200 mil MTN Programme	AA3/Stable	Affirmed
TRIpIc Ventures Sdn Bhd	MTN Programme of up to RM240 mil in nominal value (2011/2026)	AAA(bg)/Stable	Affirmed
SEP Resources (M) Sdn Bhd	RM150 mil Islamic Medium-Term Notes	AAA/Stable	Affirmed
Telekosang Hydro One Sdn Bhd	RM470 mil ASEAN Green SRI Sukuk under the shariah principle of Wakalah Bi Al-Istithmar (2019/2037) (Senior Sukuk) and RM120 mil ASEAN Green Junior Bonds (2019/2039) (Junior Bonds)	From AA3/Negative and A2/Negative to AA3 and A2/Rating Watch with negative Outlook for both	Outlook change
Northern Gateway Infrastructure Sdn Bhd	RM340 mil MTN Programme (2017/2034)	AA1/Stable	Affirmed
Indera Persada Sdn Bhd	Proposed RM68 mil Medium-Term Notes (MTN) Programme	AA1/Stable	Assigned
	RM280 mil Fixed Rate Serial Bonds (2013/2028) (the Senior Bonds)	AA1/Stable	Affirmed
Islamic Development Bank (IsDB)	Long-term and short-term financial institution (FI) ratings	AAA/MARC-1/Stable	Affirmed
Guan Chong Berhad	Sukuk Wakalah Programme of up to RM800.0 million	AA-IS/Stable	Affirmed
Putrajaya Bina Sdn Bhd	RM1.58 billion Sukuk Wakalah Programme	AAA IS/Stable	Affirmed
Putrajaya Holdings Sdn Bhd	RM1.0 billion 20-year Sukuk Wakalah Programme (due 2041)	AAA IS/Stable	Affirmed
	RM370.0 million Sukuk Musharakah Programme (due 2030)	AAA IS/Stable	Affirmed
	RM3.0 billion Sukuk Musharakah Programme (due 2032)	AAA IS/Stable	Affirmed
	RM1.5 billion Sukuk Musharakah Medium-Term Notes (MTN) Programme (due 2033)	AAA IS/Stable	Affirmed
	RM200.0 million Islamic Commercial Papers (ICP)/Islamic Medium-Term Notes (IMTN) Programme	MARC-1 IS/A-IS/Stable	Affirmed
Gabungan AQRS Berhad			

Source: MARC/RAM

Economic Calendar

Date	Time	Country	Event	Period	Prior
15-Aug	7:50	JN	GDP SA QoQ	2Q P	0.70%
	9:20	CH	1-Yr Medium-Term Lending Facility Rate		2.65%
	9:30	AU	RBA Minutes of Aug. Policy Meeting		
	9:30	AU	Wage Price Index QoQ	2Q	0.80%
	10:00	CH	Industrial Production YTD YoY	Jul	3.80%
	10:00	CH	Retail Sales YTD YoY	Jul	8.20%
	10:00	CH	Fixed Assets Ex Rural YTD YoY	Jul	3.80%
	10:00	CH	Surveyed Jobless Rate	Jul	5.20%
	12:30	JN	Industrial Production MoM	Jun F	2.00%
	14:00	UK	Average Weekly Earnings 3M/YoY	Jun	6.90%
	14:00	UK	ILO Unemployment Rate 3Mths	Jun	4.00%
	14:00	UK	Employment Change 3M/3M	Jun	102k
	17:00	EC	ZEW Survey Expectations	Aug	-12.2
	20:30	US	Retail Sales Advance MoM	Jul	0.20%
	20:30	US	Import Price Index MoM	Jul	-0.20%
	20:30	US	Export Price Index MoM	Jul	-0.90%
	20:30	US	Empire Manufacturing	Aug	1.1
	22:00	US	Business Inventories	Jun	0.20%
	22:00	US	NAHB Housing Market Index	Aug	56
16-Aug	8:30	AU	Westpac Leading Index MoM	Jul	0.11%
	9:30	CH	New Home Prices MoM	Jul	-0.06%
	14:00	UK	CPI YoY	Jul	7.90%
	14:00	UK	PPI Output NSA YoY	Jul	0.10%
	14:00	UK	PPI Input NSA YoY	Jul	-2.70%
	16:30	UK	House Price Index YoY	Jun	1.90%
	17:00	EC	GDP SA QoQ	2Q P	0.30%
	17:00	EC	Industrial Production SA MoM	Jun	0.20%
	17:00	EC	Employment QoQ	2Q P	0.60%
	19:00	US	MBA Mortgage Applications	Aug 11	-3.10%
	20:30	US	Housing Starts MoM	Jul	-8.00%
	20:30	US	Building Permits MoM	Jul	-3.70%
	20:30	US	New York Fed Services Business Activity	Aug	0
17-Aug	21:15	US	Industrial Production MoM	Jul	-0.50%
	2:00	US	FOMC Meeting Minutes		
	7:50	JN	Exports YoY	Jul	1.50%
	7:50	JN	Imports YoY	Jul	-12.90%
	7:50	JN	Core Machine Orders MoM	Jun	-7.60%
	8:30	SI	Electronic Exports YoY	Jul	-15.90%
	8:30	SI	Non-oil Domestic Exports YoY	Jul	-15.50%
	9:30	AU	Employment Change	Jul	32.6k
	9:30	AU	Unemployment Rate	Jul	3.50%
	16:30	HK	Unemployment Rate SA	Jul	2.90%

	17:00	EC	Trade Balance NSA	Jun	-0.3b
	20:30	US	Initial Jobless Claims	Aug 12	248k
	20:30	US	Philadelphia Fed Business Outlook	Aug	-13.5
	22:00	US	Leading Index	Jul	-0.70%
18-Aug	7:01	UK	GfK Consumer Confidence	Aug	-30
	7:30	JN	Natl CPI YoY	Jul	3.30%
	12:00	MA	GDP YoY	2Q	5.60%
	12:00	MA	Exports YoY	Jul	-14.10%
	14:00	UK	Retail Sales Inc Auto Fuel MoM	Jul	0.70%
	17:00	EC	CPI YoY	Jul F	5.50%

Source: Bloomberg

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