

Global Markets Research

Weekly Market Highlights

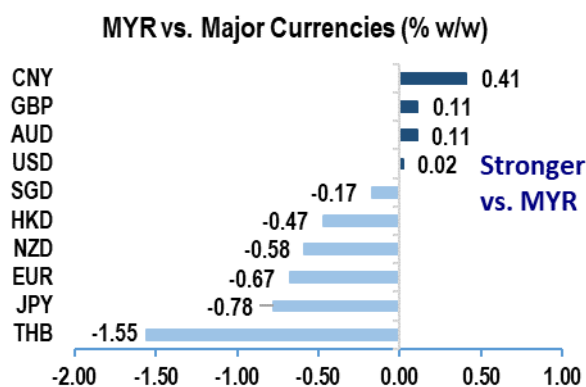
Markets

	Last Price	WOW%	YTD %
Dow Jones Ind.	42,322.75	2.31	-0.52
S&P 500	5,916.93	4.47	0.60
FTSE 100	8,633.75	1.20	5.64
Hang Seng	23,453.16	2.97	16.92
KLCI	1,573.02	1.96	-4.22
STI	3,891.94	1.14	2.75
Dollar Index	100.88	0.24	-7.01
WTI oil (\$/bbl)	61.62	2.85	-14.08
Brent oil (\$/bbl)	64.53	2.69	-13.55
Gold (\$/oz)	3,226.60	-2.40	23.17
CPO (RM/ tonne)	3,977.50	5.24	-19.16
Copper (\$\$/MT)	9,577.00	1.54	9.23
Aluminum(\$/MT)	2,489.00	3.17	-2.45

Source: Bloomberg

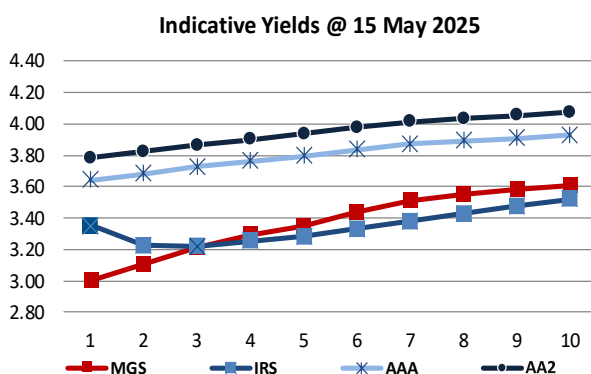
*Dated as of 14 May for CPO

Forex



Source: Bloomberg

Fixed Income



Source: Bloomberg/ BPAM

- US-China's 90-day trade deal spurred a return in risk sentiments:** US, as well as global stocks roared back this week albeit with signs of fatigue towards the end, after the US and China agreed to lower their tariffs by a massive 115%-points for 90 days, a welcome sign of thawing trade tension, and after US reported a softer-than-expected inflation prints, lowering Treasury yields. In the commodity space, crude oil prices also rallied as the de-escalation in trade tension eased demand concerns for most raw materials including crude oil. That said, the EIA's report showing a huge increase in crude inventories, stalled these recent gains.
- PBoC and RBA likely to lower policy rates:** In the coming week, we expect the RBA to lower its policy rates by 25bps to 3.85% while PBoC is expected to cut rates by 10bps, leading in the 1Y lending rate to 3.00% and 5Y rate to 3.50%. Data wise, focus will be on May PMIs and April inflation prints for most majors. US will be data light with only the leading index and some housing data on deck. Eurozone's indicator of negotiated wage rates will provide more clues on wage-push inflation, while from the UK, we will be watching out for retail sales and consumer confidence. On the regional front, Japan and Malaysia will provide us with more clues on how trade fared in April following Trump's tariff. China will release a slew of first tier economic indicators before PBoC's lending rate decision. Singapore will publish its inflation prints, and also finalise its 1Q GDP. Malaysia CPI is expected to remain very subdued with a sub-2.0% reading.

- MYR:** The MYR was little changed against the USD this week after four consecutive weeks of gains, closing Thursday at 4.2828 (prior: +0.8% w/w) from 4.2820 the week before, amidst the US and China agreeing to a 90-day pause in the punitive tariffs that were previously in effect, quelling fears of a global recession. Against the other G10 currencies and major regional currencies, the MYR was mixed, with gains registered versus the THB (+1.6%) and JPY (+0.8%), but losing ground against the CNY (-0.4%) and GBP (-0.1%). For the week ahead, we are **Neutral** on USD/MYR, foreseeing a possible trading range of 4.2425 – 4.3225. The coming week sees the release of the final 1Q GDP figures, as well as the trade and CPI numbers for April.
- USD:** The USD was firmer in trading this week for a third week on the trot, with the DXY rising by 0.2% to 100.88 (prior: +0.4% w/w) from 100.64 the prior week, amidst CPI and PPI for April undershooting expectations and retail sales for the month that was generally poorer than expected, underscoring a possible weaker growth and lower inflation environment going forward. We remain **Neutral-to-Slightly Bullish** on the USD for the coming week, looking at a likely trading range of 99.50 – 102.50 for the DXY. The week ahead is a lighter one for economic data releases, with the highlights being the release of the preliminary consumer sentiment index for May from the University of Michigan, as well as the preliminary PMIs for the month, which will provide us an initial glimpse at how economic activity is holding up thus far in May.

- UST:** US Treasuries were weaker in trading for the week in review, amidst the US and China agreeing to temporarily lower the bilateral tariffs charged on each other while they iron out a longer-term deal. The losses were tempered after economic data releases during the week suggested a possibly slowing down of growth and inflation going forward, with April retail sales falling short at the control level, and CPI and PPI for the month undershooting expectations. **Overall benchmark yields for the week rose by between 4 to 9bps w/w** (prior: 12 to 18bps higher) as of the close of business on Thursday. The benchmark 2Y UST yield rose by 9bps for the week to 3.96% while the benchmark 10Y UST saw its yield rise by 5bps to 4.43%, resulting in a bear-flattening of the UST curve. **We expect USTs to trade on a constructive note for the week ahead.** The coming week sees the release of the preliminary S&P Global US PMIs for May, as well as the preliminary consumer sentiment index from the University of Michigan.
- MGS/GII:** Local government bonds were mixed in trading for the holiday-shortened week in review, with shorter-dated maturities registering losses while longer-dated bonds gained in the absence of any economic data releases domestically, amidst a brightening global economic outlook after the US and China stepped back from the brink and agreed to both reduce bilateral tariffs temporarily while a trade deal is being worked out between them. **Overall benchmark MGS/GII yields closed mixed by between -6 to +6bps w/w** (prior: -12 to +6bps), with the government bond curves flattening for the week. The benchmark 5Y MGS 5/30 yield was 2bps higher for the week at 3.33%, while the benchmark 10Y MGS 7/34 yield declined by 5bps to 3.60%. **For the coming week, we expect local govies to continue to trade with a bullish bias.** The week ahead sees the release of final 1Q GDP figures, as well as the trade numbers and CPI for April.

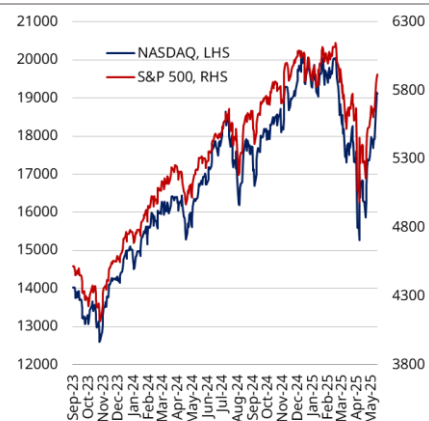
Macroeconomic Updates

- US stocks and crude oil prices closed up on easing trade tension:** US, as well as global stocks roared back this week albeit with signs of fatigue towards the end, after the US and China agreed to lower their tariffs for 90 days, a welcome sign of thawing trade tension, and after US reported a softer-than-expected inflation prints, lowering Treasury yields. This sent the 3 major US stock indices up between 2.3-6.6% w/w, while in the commodity space, crude oil prices also rallied 2.7-2.9% d/d as the de-escalation in trade tension eased demand concerns for most raw materials including crude oil. That said, the EIA's report showing a huge increase in crude inventories, stalled the recent gains from the trade relief from US-China trade truce.
- Still benign inflation pressures in the US; paybacks in spending:** In the US, April reports showed still muted impact from the tariff fallout on prices, but there were signs of pullbacks in consumer spending and manufacturing output after 1Q's front-loading. CPI rose 0.2% m/m for both headline and core (Mar: -0.1% m/m for headline, +0.1% m/m for core), and on a yearly basis, headline is down to 2.3% y/y (prior: 2.4% y/y), its lowest reading since February 2021, while core held steady at 2.8% y/y. PPI remained subdued at +2.4% y/y & -0.5% m/m in April (Mar: +3.4% y/y & 0%), a sign that companies were absorbing higher costs and profit margins for now, but this may not continue for long with Walmart already warning that they will begin raising some prices this month. Meanwhile, retail sales (+0.1% m/m vs +1.7% m/m) print suggests a pullback in spending after March's surge due to pre-emptive buying, while IPI growth stalled (Mar: -0.3% m/m) as manufacturing contracted 0.4% m/m (Mar: +0.4% m/m).
- Strong Eurozone & UK GDPs; Japan's economy shrank in 1Q:** The Eurozone, UK and Japan released its 1Q GDP prints during the week. Eurozone and the UK had a strong start for the year partially due to frontloading. 1Q GDP growth in the Eurozone picked up to +0.3% q/q (prior: +0.2% q/q), while that of the UK's accelerated to +0.7% q/q (prior: +0.1% q/q), driven by the 0.8% q/q increase in manufacturing. Mirroring US, we expect these bumps in activities to be short-lived given the higher tariffs in April, and double blow from steep increase in national insurance contribution for the UK. In contrast, Japan's economy contracted by an annualized rate of 0.7% q/q in 1Q (Prior: +2.4% q/q), as private consumption stalled (prior: +0.1% q/q) while net exports subtracted 0.8ppts from GDP as import growth outpaced exports growth. The quarterly contraction even before Trump's tariffs kicks in raises concerns over the resilience of the Japanese economy, and support the case for the BOJ to pause its tightening cycle while it assesses the impact from the higher levies.
- PBoC and RBA likely to lower policy rates:** In the coming week, we expect the RBA to lower its policy rates by 25bps to 3.85% while PBoC is expected to cut rates by 10bps, leading in the 1Y lending rate to 3.00% and 5Y rate to 3.50%. The PBoC's expected cut is hardly a surprise after the recent 10bps cut in the 7-day repo rate. While external demand for China remained sturdy in April (+8.1% y/y vs +12.4% y/y) likely due to trade diversion or contractual obligations before the tariff hikes, other indicators including imports (-0.2% y/y vs -4.3% y/y), falling CPI (-0.1% y/y vs -0.1% y/y) and weak credit demand (aggregate financing: 16.3tn yuan) suggest that consumers remain cautious in buying big-ticket items and domestic demand remains weak.

On the Aussie front, data was equally mixed this week. Annual wage growth ticked up for the first time since the 2Q of 2024, accelerating to +3.4% y/y in 1Q from +3.2% y/y previously, in line with the still solid labour market for April (employment change: +89.0k vs +36.4k, unemployment rate: 4.1% vs 4.2%). That said, both consumer and business confidence remained weak as compared to historical levels, potentially weighing on consumer spending and investment going forward.

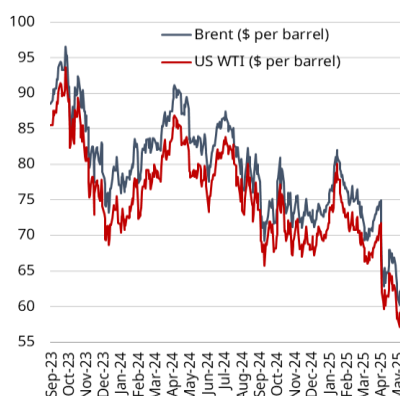
- May PMIs and April CPIs in focus next week:** Data wise, focus will be on May PMIs and April inflation prints for most majors. US will be data light with only the leading index on deck, accompanied by regional indices and housing data like new and existing sales. Eurozone's indicator of negotiated wage rates will provide more clues on whether wage-push pressures will continue to haunt price pressures yet support consumer spending in 2H, while from the UK, we will be watching out for consumption indicators like retail sales and consumer confidence. On the regional front, Japan and Malaysia will provide more clues on how trade fared in April following Trump's tariff. China will release a slew of economic indicators like home prices, jobless rates, retail sales, IPI and fixed asset investment a day ahead of PBoC's lending rate decision. Singapore will publish its inflation prints, and also finalise its 1Q GDP while Malaysia will see a continued subdued CPI print for April.

US stocks jumped after a 90-day trade truce deal between the US and China



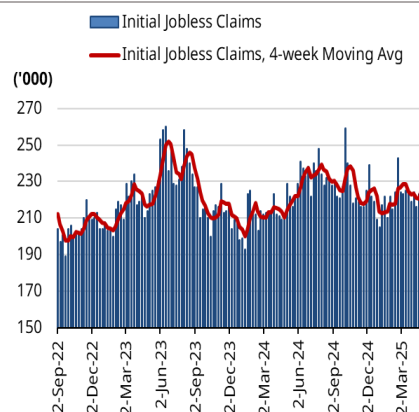
Source: Bloomberg

Crude oil prices also gained amid easing demand concerns because of the trade deal



Source: Bloomberg

Steady labour market

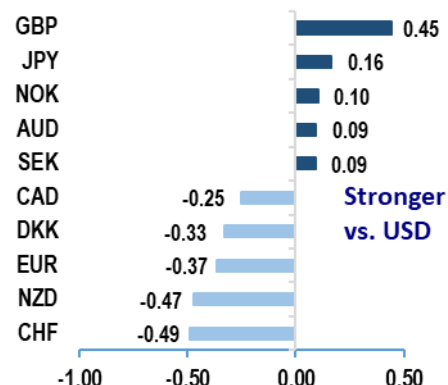


Source: Bloomberg

Foreign Exchange

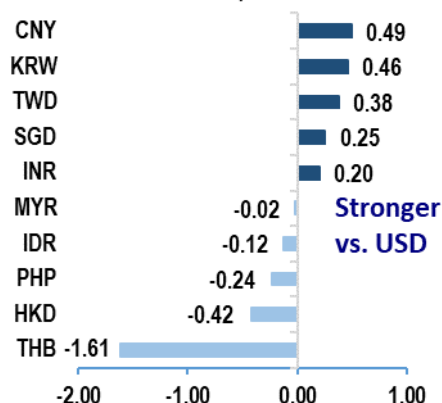
- MYR:** The MYR was little changed against the USD this week after four consecutive weeks of gains, closing Thursday at 4.2828 (prior: +0.8% w/w) from 4.2820 the week before, amidst the US and China agreeing to a 90-day pause in the punitive tariffs that were previously in effect, quelling fears of a global recession. Against the other G10 currencies and major regional currencies, the MYR was mixed, with gains registered versus the THB (+1.6%) and JPY (+0.8%), but losing ground against the CNY (-0.4%) and GBP (-0.1%). For the week ahead, we are **Neutral** on USD/MYR, foreseeing a possible trading range of 4.2425 – 4.3225. The coming week sees the release of the final 1Q GDP figures, as well as the trade and CPI numbers for April.
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- EUR:** EUR lost ground in trading against the USD this week for a third straight week, declining by 0.4% to 1.1187 (prior: -0.6% w/w) from 1.1228 the week before, amidst Eurozone 1Q GDP being revised slightly lower in its second reading and industrial production numbers for March that were stronger than anticipated. We are **Neutral** on the EUR/USD for the week ahead, eyeing a probable trading range of 1.1075 – 1.1375. The coming week brings the release of the Eurozone trade balance for March, the final CPI readings for April and the preliminary Eurozone PMIs for May, with the ECB also due to publish the account of the Apr 16-17 policy meeting.
- GBP:** GBP was firmer in trading this week against the USD for the first week in three, climbing by 0.5% w/w to 1.3305 (prior: -0.2% w/w) from 1.3246 the week before, amidst UK 1Q GDP growth coming in slightly stronger than expectations, buoyed by increases in business investment and net trade. We are **Neutral-to-Slightly Bearish** on the Cable for the coming week, looking at a possible trading range of 1.3125 – 1.3450. The week ahead sees the release of the UK house price index for March, the CPI and RPI figures for April and the preliminary UK PMIs for May. There is also some BoE-speak to pay attention to during the week, including speeches due from BoE chief economist Huw Pill where we may get more clarity with regards to the path of monetary policy this year.
- JPY:** JPY gained against the USD this week for the first week in five, inching up by 0.2% w/w to close at 145.67 (prior: -0.4% w/w) from 145.91 the week before, amidst labour earnings numbers for March which surprised on the downside, which could possibly push back the expected further monetary policy normalization by the Bank of Japan. We are **Neutral** on USD/JPY for the week ahead, foreseeing a likely trading range of 143.25 – 148.00 for the pair. After Japanese preliminary 1Q GDP showed a slightly larger than expected quarterly contraction this morning, the coming week will see the release of core machine orders for March, trade numbers for the month of April and the preliminary PMIs for May, and there are also scheduled speeches from the BoJ's Nakamura and Noguchi to watch out for.
- AUD:** AUD was firmer in trading against the USD this week for a second straight week, inching higher by 0.1% to 0.6406 (prior: +0.3% w/w) from 0.6383 the week before, amidst a solid employment report for April which saw quite a bit more jobs added than expected, driven by gains in full-time jobs. The wage price index for 1Q also came in higher than expected. We are **Neutral-to-Slightly Bearish** on AUD/USD for the coming week, looking at a probable trading range of 0.6250 – 0.6525. The week ahead will be headlined by the RBA monetary policy decision, with the market expecting the RBA to resume easing policy with a 25bps reduction in the cash rate after holding it steady the last time round.
- SGD:** SGD was firmer against the greenback in trading for a second straight week, rising by 0.3% to 1.2977 (prior: +0.9% w/w) from 1.3010 the week before, amidst a continued positive environment for Asian currencies versus the US dollar in the absence of any economic data for the week domestically. Against the other G10 pairs, the SGD has another good week, gaining ground across the board except for against the GBP (-0.2%), but versus major regional currencies, it was more mixed, gaining versus the THB (+1.9%) but losing ground against the CNH (-0.3%). We are **Neutral-to-Slightly Bullish** on the USD/SGD for the week ahead, eyeing a possible trading range of 1.2850 – 1.3125. After the export numbers for April came out better than anticipated this morning, the focus of the week will be the final Singapore 1Q GDP release, which is expected to be revised lower.

USD vs. G10 Currencies (% w/w)



Source: Bloomberg

USD vs Asian Currencies (% w/w)



Source: Bloomberg

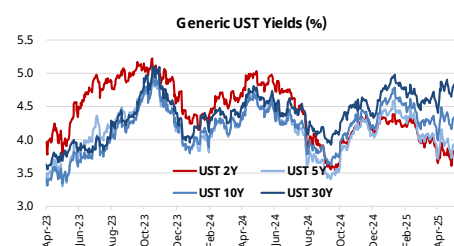
Forecasts

	Q2-25	Q3-25	Q4-25	Q1-26
DXY	99.70	98.38	97.01	95.70
EUR/USD	1.14	1.15	1.17	1.19
GBP/USD	1.31	1.32	1.33	1.34
USD/JPY	142	139	136	133
AUD/USD	0.62	0.62	0.63	0.64
USD/MYR	4.54	4.50	4.47	4.40
USD/SGD	1.34	1.33	1.31	1.30
USD/CNY	7.43	7.35	7.28	7.21
EUR/MYR	5.16	5.20	5.23	5.23
GBP/MYR	5.93	5.93	5.93	5.88
AUD/MYR	2.80	2.80	2.81	2.81
SGD/MYR	3.39	3.39	3.40	3.39
CNY/MYR	0.61	0.61	0.61	0.61

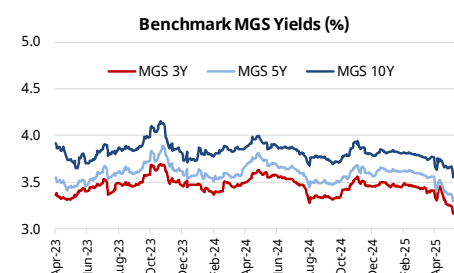
Source: HLBB Global Markets Research

Fixed Income

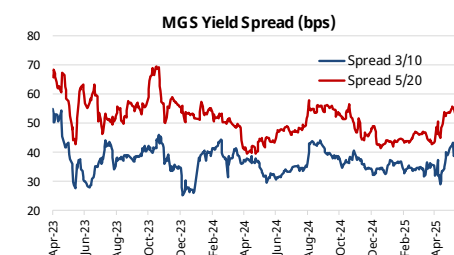
- UST:** US Treasuries were weaker in trading for the week in review, amidst the US and China agreeing to temporarily lower the bilateral tariffs charged on each other while they iron out a longer-term deal. The losses were tempered after economic data releases during the week suggested a possibly slowing down of growth and inflation going forward, with April retail sales falling short at the control level, and CPI and PPI for the month undershooting expectations. The amount of Fed cuts priced for 2025 continued to head lower during the week, with 56bps of reductions seen for the year as of the close on Thursday (prior week: 68bps). **Overall benchmark yields for the week rose by between 4 to 9bps w/w** (prior: 12 to 18bps higher) as of the close of business on Thursday. The benchmark 2Y UST yield rose by 9bps for the week to 3.96% while the benchmark 10Y UST saw its yield rise by 5bps to 4.43%, resulting in a bear-flattening of the UST curve. **We expect USTs to trade on a constructive note for the week ahead.** The coming week sees the release of the preliminary S&P Global US PMIs for May, as well as the preliminary consumer sentiment index from the University of Michigan.
- MGS/GII:** Local government bonds were mixed in trading for the holiday-shortened week in review, with shorter-dated maturities registering losses while longer-dated bonds gained in the absence of any economic data releases domestically, amidst a brightening global economic outlook after the US and China stepped back from the brink and agreed to both reduce bilateral tariffs temporarily while a trade deal is being worked out between them. **Overall benchmark MGS/GII yields closed mixed by between -6 to +6bps w/w** (prior: -12 to +6bps), with the government bond curves flattening for the week. The benchmark 5Y MGS 5/30 yield was 2bps higher for the week at 3.33%, while the benchmark 10Y MGS 7/34 yield declined by 5bps to 3.60%. The average daily secondary market volume for MGS/GII receded by 9% w/w to RM8.28bn, compared to the daily average of RM9.07bn seen the week before, driven by a 12% decline in the average daily GII volume. Trading for the week was again led by the off-the-run MGS 9/25, which saw RM5.78bn changing hands for the week. Also attracting interest were the benchmark 7Y GII 10/31 and the benchmark 10Y MGS 7/34, with RM2.40bn and RM2.24bn traded respectively for the week. GII trades accounted for 42% of government bond trading for the week, inching lower from the 44% share seen the week before. The government issued RM5bn of a new benchmark 5Y MGS maturing in May 2030 during the week, and it was moderately received with a BTC of 2.133x. **For the coming week, we expect local govies to continue to trade with a bullish bias.** The week ahead sees the release of final 1Q GDP figures, as well as the trade numbers and CPI for April.
- MYR Corporate bonds/ Sukuk:** Trading in the secondary corporate bond/sukuk market was better bid for the week in review, with the average daily volume traded declining by 33% to RM0.76bn (prior week: RM1.14bn). Trading for the week was led by the AA-rated segment of the market. In the GG universe, LPPSA 4/44 led the interest, with RM100m seen changing hands during the week and last being traded at 3.90%. Decent interest was also seen in DANA 2/34 and DANA 3/34, where RM80m of each bond was traded, with the both bonds last seen changing hands at 3.61%. In the AAA-rated space, interest was led by PASB 4/32 with RM70m seen changing hands for the week, and last being traded at 3.68%. Decent interest was also seen in CIMBI 11/28 with RM40m trading for the week, and last swapping hands at 3.70%. Over in the AA-rated arena, interest was led by MBB 10/30, with RM330m being traded during the week and last changing hands at 3.53%. Strong interest was also seen in MBB 1/31 where RM200m changed hands during the week with the bond last being traded at 3.55%. In the A-rated segment of the market, trading was led by BIMB 3/35, with RM30m of the bond seen changing hands during the week and last being traded at 3.97%. New issuances were nearly non-existent during the trading week shortened by the Wesak Day holiday, with the only issuance of note coming from Malayan Cement, which printed RM300m of a 7yr IMTN at 4.05%.
- Singapore Government Securities:** SGS were weaker in trading for the week in review for the first week in five, taking the lead from USTs trading lower amidst a quiet week for economic data releases domestically. Benchmark yields closed the week higher by between 11 to 19bps (prior week: 5 to 9bps lower) with the belly of the curve leading the move. **The benchmark SGS 2Y yield rose by 15bps to 2.20%, while the benchmark SGS 10Y yield advanced by 17bps for the week to 2.58%** as of Thursday's close, resulting in the SGS 2s10s curve steepening slightly to 38bps (prior week: 35bps). The decline in bonds for the week resulted in Bloomberg's Total Return Index unhedged SGD registering a 1.1% decline for the week (prior week: +0.6%). After the export numbers for April surprised on the upside this morning, the week ahead sees the release of the final 1Q Singapore GDP figures.



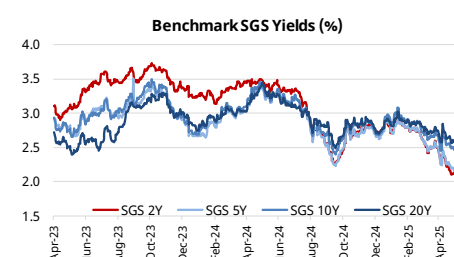
Source: Bloomberg



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Rating Actions

Issuer	PDS Description	Rating/Outlook	Action
Pavilion REIT Capital Berhad	Unsecured Medium-Term Notes (MTN) under RM8bn MTN Programme	AA3/Stable	Assigned Initial Rating
Sasaran Etika Sdn Bhd	RM220m Fixed-Rate Serial Bonds (2012/2027)	AA1/Stable	Affirmed
UniTapah Sdn Bhd	Sukuk Murabahah of up to RM600m (2014/2035)	AAA/Stable	Affirmed

Source: MARC/RAM

Economic Calendar

Date	Time	Country	Event	Period	Prior
19-May	9:30	CH	New Home Prices MoM	Apr	-0.08%
	9:30	CH	Used Home Prices MoM	Apr	-0.23%
	10:00	CH	Retail Sales YTD YoY	Apr	4.60%
	10:00	CH	Industrial Production YTD YoY	Apr	6.50%
	10:00	CH	Fixed Assets Ex Rural YTD YoY	Apr	4.20%
	10:00	CH	Surveyed Jobless Rate	Apr	5.20%
	17:00	EC	CPI Core YoY	Apr F	2.70%
20-May	22:00	US	Leading Index	Apr	-0.70%
	9:00	CH	1-Year Loan Prime Rate		3.10%
	9:00	CH	5-Year Loan Prime Rate		3.60%
	12:00	MA	Exports YoY	Apr	6.80%
	12:30	AU	RBA Cash Rate Target		4.10%
	16:30	HK	Unemployment Rate SA	Apr	3.20%
	20:30	US	Philadelphia Fed Non-Manufacturing Activity	May	-42.7
21-May	22:00	EC	Consumer Confidence	May P	-16.7
	7:50	JN	Exports YoY	Apr	3.90%
	8:30	AU	Westpac Leading Index MoM	Apr	-0.11%
	14:00	UK	CPI Core YoY	Apr	3.40%
22-May	19:00	US	MBA Mortgage Applications	16 May	1.10%
	7:00	AU	S&P Global Australia PMI Mfg	May P	51.7
	7:00	AU	S&P Global Australia PMI Services	May P	51
	7:50	JN	Core Machine Orders MoM	Mar	4.30%
	8:30	JN	Jibun Bank Japan PMI Mfg	May P	48.7
	8:30	JN	Jibun Bank Japan PMI Services	May P	52.4
	12:00	MA	CPI YoY	Apr	1.40%
	15:00	MA	Foreign Reserves	15 May	\$118.7b
	16:00	EC	HCOB Eurozone Manufacturing PMI	May P	49
	16:00	EC	HCOB Eurozone Services PMI	May P	50.1
	16:30	HK	CPI Composite YoY	Apr	1.40%
	16:30	UK	S&P Global UK Manufacturing PMI	May P	45.4
	16:30	UK	S&P Global UK Services PMI	May P	49
	20:30	US	Chicago Fed Nat Activity Index	Apr	-0.03
	20:30	US	Initial Jobless Claims	17 May	229k
	21:45	US	S&P Global US Manufacturing PMI	May P	50.2
	21:45	US	S&P Global US Services PMI	May P	50.8
	22:00	US	Existing Home Sales MoM	Apr	-5.90%
	23:00	US	Kansas City Fed Manf. Activity	May	-4
	8:00	SI	GDP YoY	1Q F	3.80%
23-May	7:01	UK	GfK Consumer Confidence	May	-23
	7:30	JN	Natl CPI Ex Fresh Food, Energy YoY	Apr	2.90%
	13:00	SI	CPI Core YoY	Apr	0.50%
	14:00	UK	Retail Sales Inc Auto Fuel MoM	Apr	0.40%
	22:00	US	New Home Sales MoM	Apr	7.40%
	23:00	US	Kansas City Fed Services Activity	May	3

Source: Bloomberg

Hong Leong Bank Berhad

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