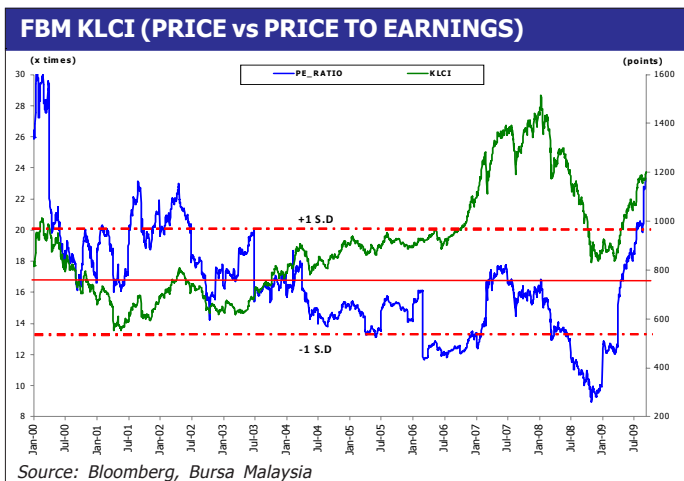


STOCK MARKET OUTLOOK

- Since the stock market went into a brief correction in mid-August, the FBM-KLCI had rebounded to reach a one year high of 1202.07 points on September 8. This rally which began in middle March this year took the stock market more than 40% higher and mirrored the performance of other major indices, with the exception of China, as optimism grew that the worst of the global financial crisis has passed.
- Evidently, almost all economies around the world had posted better second quarter economic performance with a few advanced economies such as Germany, France and Japan already recorded positive growth. The International Monetary Fund (IMF), as a sign of confidence, revised its forecasts for the world economy to shrink by 1.3% in 2009, a shade less than its earlier forecast of 1.4% contraction, before growing by 2.9% in 2010, revised up from the 2.5% it expected in April.
- In the same vein, Malaysia's economy had shown some semblance of stability after the economy recorded a smaller annual contraction in the second quarter of 3.9% following a 6.2% drop in the preceding quarter. Bank Negara Malaysia, in its recent Monetary Policy Statement said that the expectation remains that the domestic economy will improve in the second half of 2009 and into 2010, following a recovery in domestic demand amidst stabilisation of the global economy.

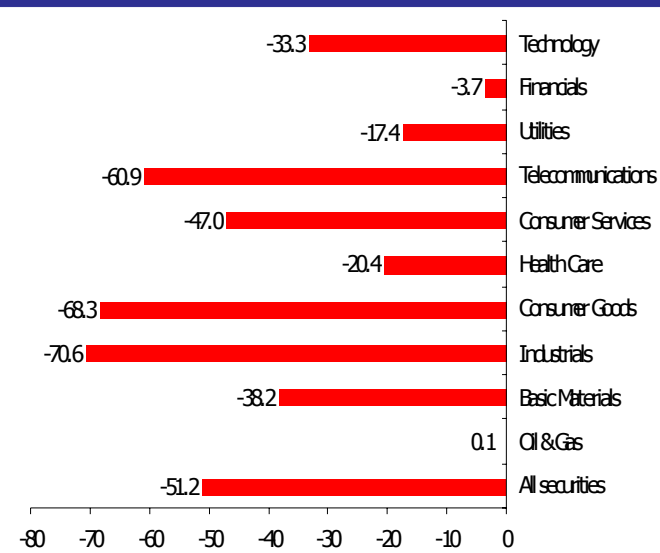


GLOBAL STOCK MARKET BENCHMARKS' PERFORMANCES

	10-Sep-09	%MOM (Aug 30)	%YOY (Aug 30)	%YTD (Aug 30)	% from peak	% from bottom	PE (x times)
MSCI WORLD	1114.80	3.9	-19.3	18.0	-33.7	61.9	25.63
FBM KLCI	1201.28	-0.1	6.7	33.9	-20.8	44.8	22.74
Dow Jones	9627.48	3.5	-17.7	8.2	-32.0	47.1	13.64
Germany's DAX	5594.77	2.5	-14.9	13.6	-31.0	52.6	46.58
FTSE100 UK	4987.68	6.5	-12.9	10.7	-25.9	42.0	70.72
Nikkei225	10513.67	1.3	-19.7	18.4	-42.4	49.0	43.12
Shanghai Comp.	2924.883	-21.8	11.3	46.5	-52.0	71.4	29.57
Hang Seng	21069.56	-4.1	-7.2	37.1	-33.4	91.3	21.56
Aussie All Ord.	4573.5	5.5	-14.0	22.5	-33.3	47.0	90.57
S'pore FSTAS	661.21	-1.7	-5.9	51.0	-34.9	89.4	23.52

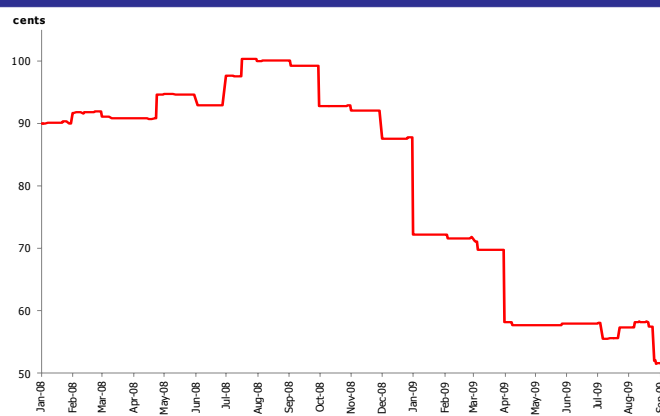
Source: Bloomberg, Bursa Malaysia

2Q 2009 EARNINGS BY SECTOR (%qoq)



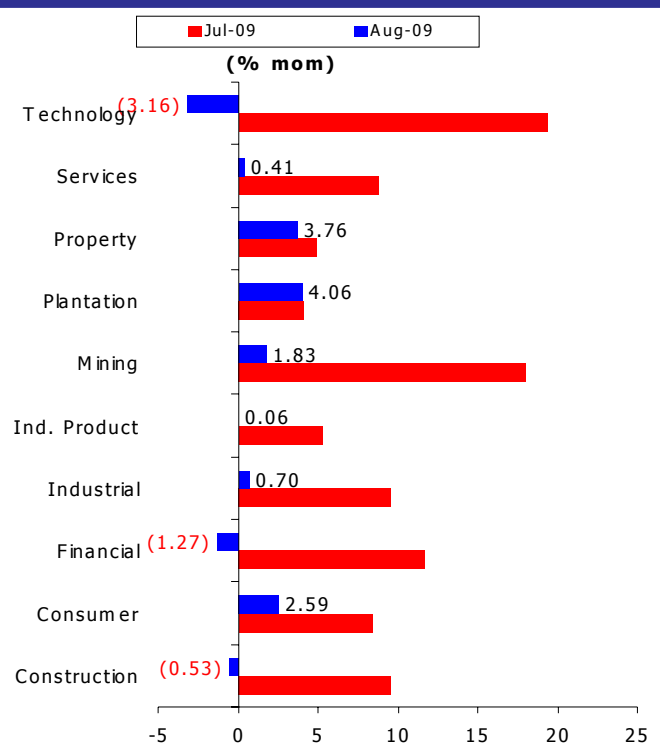
Source: Bloomberg, Bursa Malaysia

FBM KLCI (EARNINGS PER SHARE)



Source: Bloomberg, Bursa Malaysia

STOCK MARKET PERFORMANCE BY SECTOR (%mom)



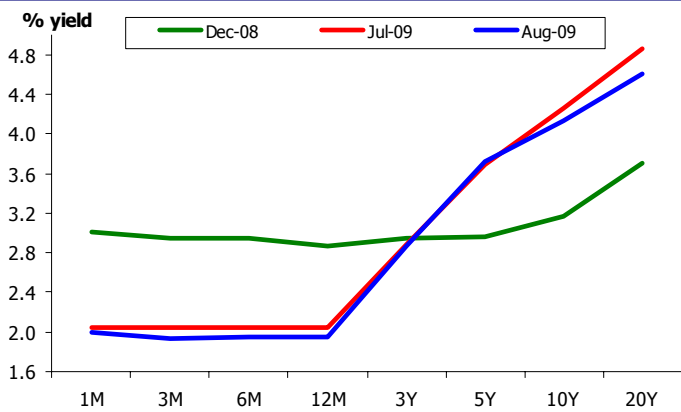
Source: Bloomberg, Bursa Malaysia

- Indeed, all of the major economic indicators had recorded a slower pace of decline in recent months. Malaysia's exports although declined by 22.8% annually in July, had recorded three straight monthly increases while the Industrial Production Index (IPI), falling by 11.5% in July, had also displayed a similar monthly momentum. As far as consumer and business sentiment are concerned, MIER's Consumer Sentiment Index and Business Condition Index both surged above the 100 level for the first time since first quarter last year.
- Nonetheless, there are still possible downside risks to the economy as major economies, especially the US, are still facing looming unemployment problem, while the US housing sector, the root of the financial crisis and the biggest wealth factor for the consumers is expected to go through a sluggish recovery pace. This concern was highlighted during the G20 meeting of finance ministers in London where the officials said that while the global economy has stabilised, it would be premature to declare the economic crisis is over as possibility of a relapse is still present. All these are hinting towards a slow recovery in Malaysia's export.
- In the absence of strong external demand, the ongoing implementation of the two fiscal stimulus packages would be a key factor to cushion the economy from falling back into a deeper economic contraction. A swift and efficient implementation could ensure a slower pace of retrenchment as economic activities, especially domestic oriented sectors, will continue to sustain its growth. The liberalisation measures announced by the Government could also promote positive flow of foreign and domestic funds, especially into the stock market towards the end of the year.
- Company earnings, which had fallen by 51.4% and 28.6% quarterly in the first and second quarter of the year, is expected to narrow its losses towards the end of the year and rebound into positive growth in 2010 given a low earnings base and healthier economic condition. However, in the short to medium run, the stock market could face significant downside risks as the recent price rally had led the still depressed earnings level and positioned the FBMKLCI into an expensive region as indicated by the price to earnings multiple.

OTHER CAPITAL MARKET INDICATORS

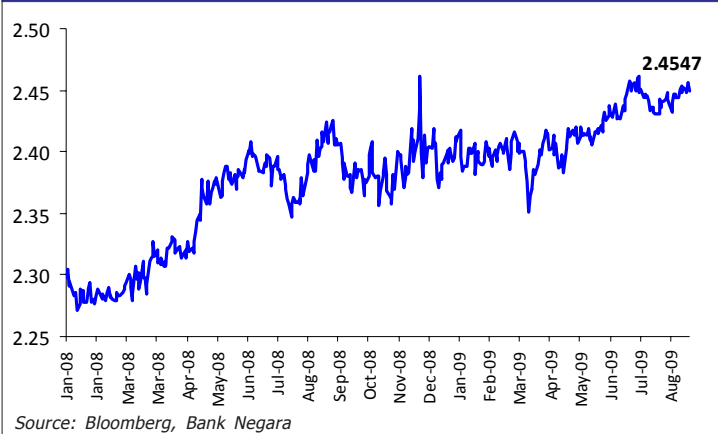
LONG TERM NOTES' CURVE STEEPENED, INDICATING BETTER PROSPECT ON ECONOMIC GROWTH WHILE HIGHER INFLATIONARY PRESSURE IN THE LONG RUN:

MGS YIELD CURVE (% YIELD)



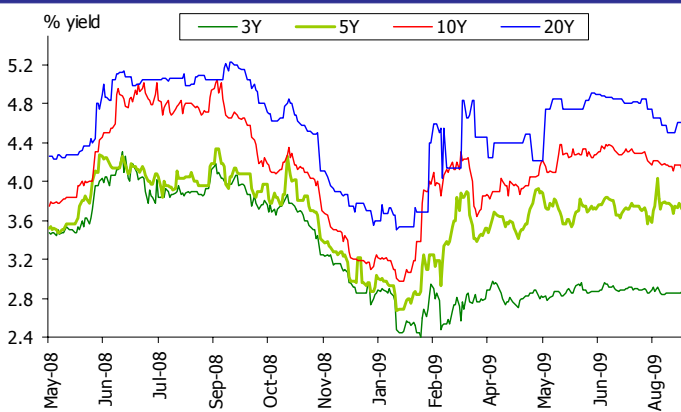
RINGGIT CONTINUES TO WEAKEN AGAINST SINGAPORE DOLLAR FOLLOWING BETTER ECONOMIC RECOVERY PROSPECT FOR SINGAPORE:

SINGAPORE DOLLAR AGAINST RINGGIT



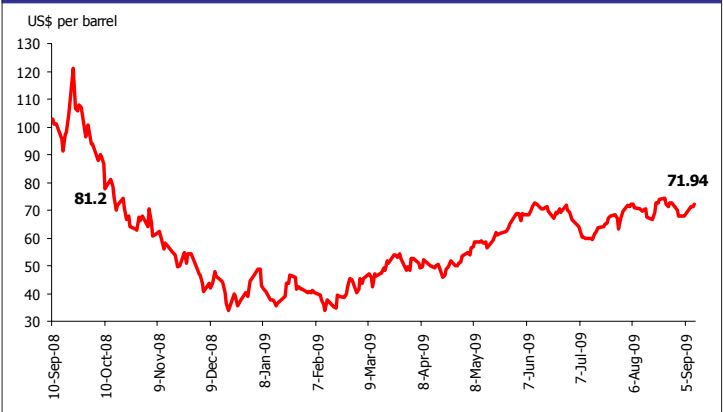
YIELD SPREADS WIDENED AS INVESTORS SOLD LONGER TERM NOTES AS STOCK MARKET RECOVERS, SIGNALING A SHIFT TOWARDS RISKIER ASSETS:

MGS YIELD SPREAD (% YIELD)



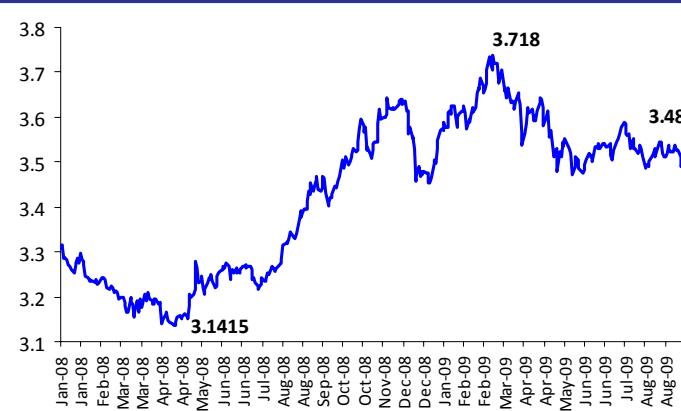
GLOBAL CRUDE OIL CONSOLIDATED BETWEEN US\$65-75 AS HIGH INVENTORIES LEVEL MIGHT INDICATE A SHORT-FALL IN DEMAND:

NYMEX SPOT CRUDE OIL PRICE (US\$ PER BARREL)



RINGGIT CONTINUES TO STRENGTHENED AGAINST US DOLLAR AS DEFICIT WORRIES IN THE US AND LONG TERM INFLATIONARY PRESSURE PUSHED THE DOLLAR LOWER AGAINST MOST ASIAN CURRENCIES:

US DOLLAR AGAINST RINGGIT



CRUDE PALM OIL WEAKENS FOLLOWING WEAKNESS IN GLOBAL COMMODITY PRICES AND SEASONAL INCREASE IN OUTPUT :

CRUDE PALM OIL PRICE (MYR PER TONNE)

