

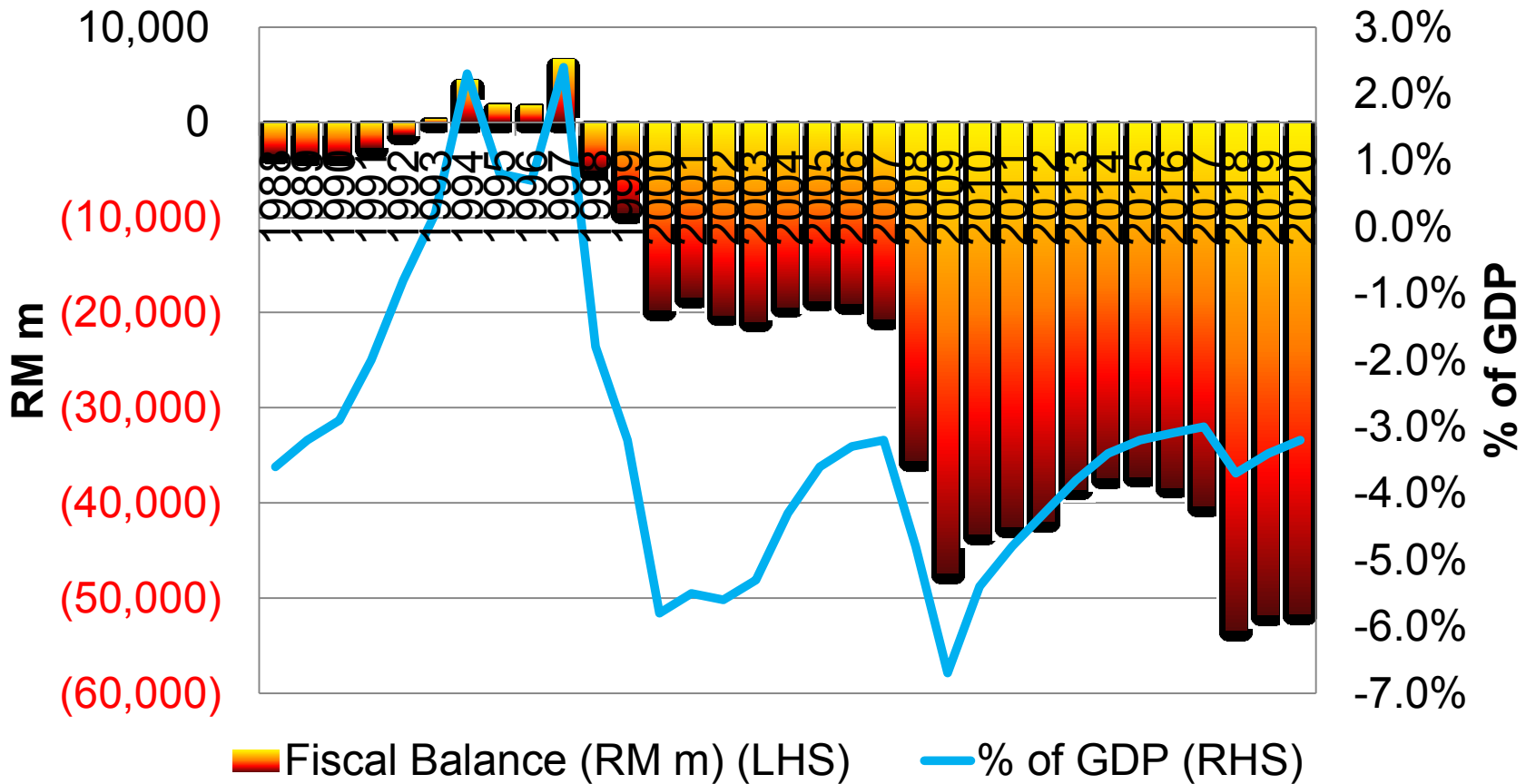
Post-Budget, What's Next?



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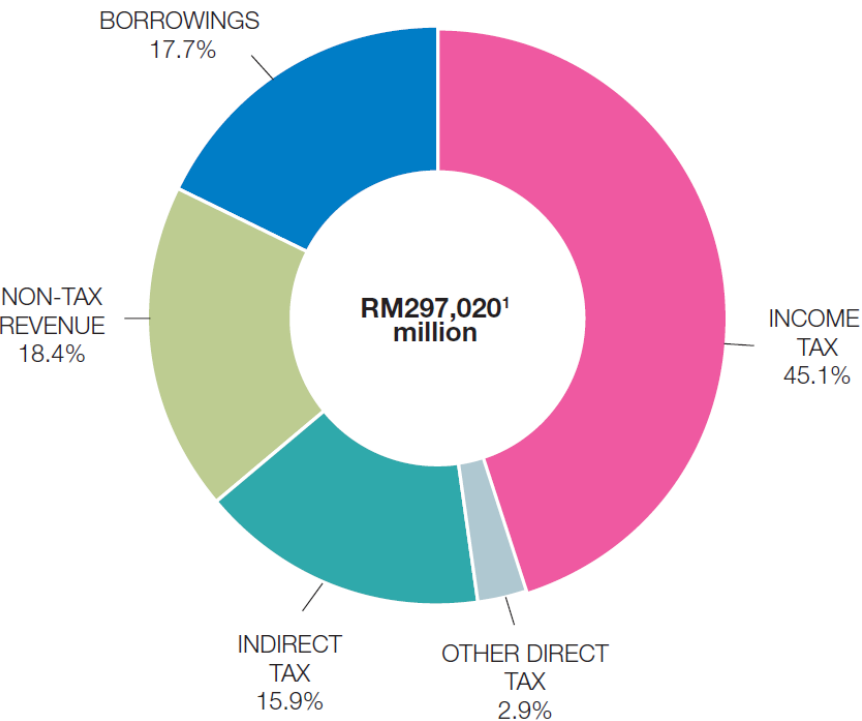
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Still Way to Go

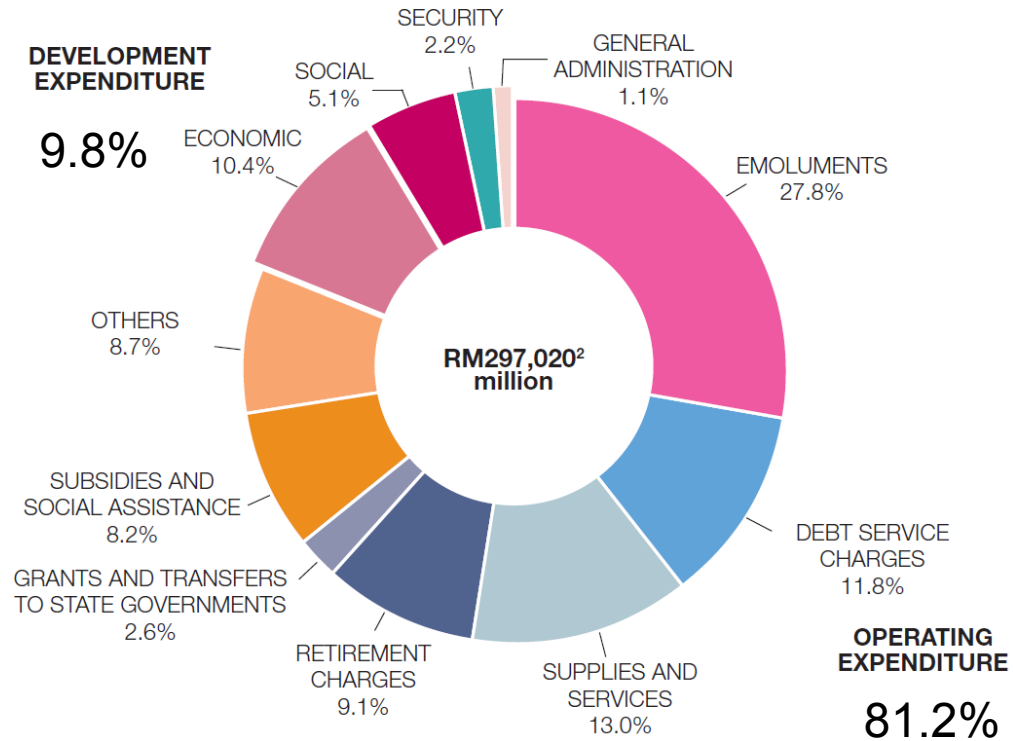


In a Snapshot

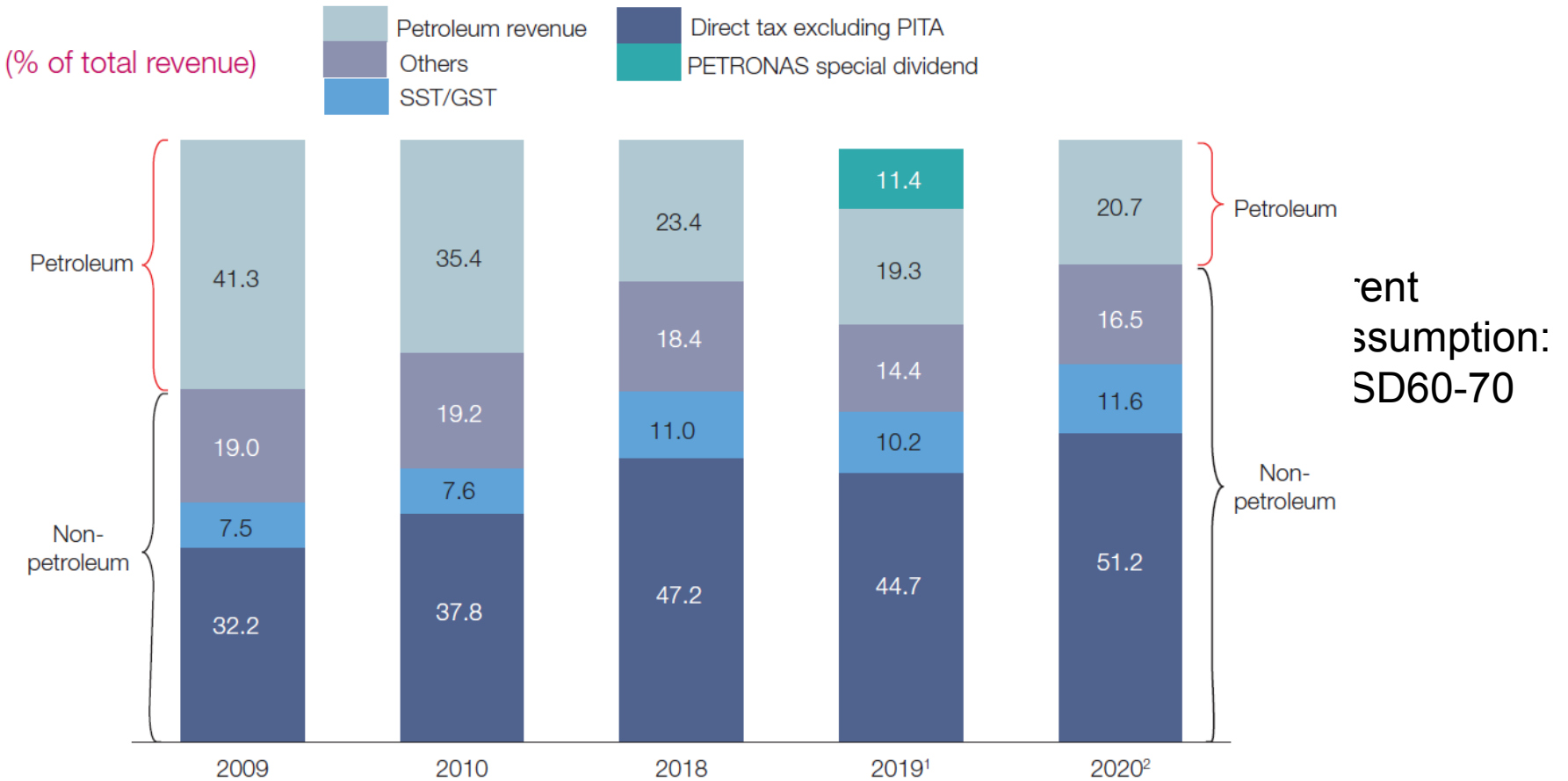
WHERE IT COMES FROM



WHERE IT GOES



Where the Money Comes from



Federal Government Revenue

	RM million			Change (%)			Share (%)		
	2017	2018 ¹	2019 ²	2017	2018 ¹	2019 ²	2017	2018 ¹	2019 ²
Tax revenue	177,658	174,700	176,152	4.9	-1.7	0.8	80.6	73.9	67.3
Direct tax	116,024	133,474	135,068	5.9	15.0	1.2	52.6	56.4	51.6
<i>of which:</i>									
CITA	64,465	70,536	70,187	1.3	9.4	-0.5	29.2	29.8	26.8
Individuals	28,945	34,800	34,954	5.0	20.2	0.4	13.1	14.7	13.4
PITA	11,761	16,845	18,084	39.6	43.2	7.4	5.3	7.1	6.9
Indirect tax	61,634	41,226	41,084	3.2	-33.1	-0.3	28.0	17.5	15.7
<i>of which:</i>									
GST	44,352	23,100	22,000	7.1	-47.9	-4.8	20.1	9.8	8.4
Excise duties	10,112	10,691	11,380	-13.6	5.7	6.4	4.6	4.5	4.4
Import duty	2,784	2,800	2,940	-4.2	0.6	5.0	1.3	1.2	1.1
Export duty	1,355	1,600	1,604	38.3	18.1	0.2	0.6	0.7	0.6
Non-tax revenue	42,748	61,760	85,662	-0.8	44.5	38.7	19.4	26.1	32.7
<i>of which:</i>									
Licences and permits	12,777	14,681	15,567	3.8	14.9	6.0	5.8	6.2	5.9
Investment income	21,638	36,937	59,523	1.0	70.7	61.2	9.8	15.6	22.7
Total revenue	220,406	236,460	261,814	3.8	7.3	10.7	100.0	100.0	100.0
Share of GDP (%)	16.3	16.5	17.1						

Federal Government Revenue

		RM million			Change (%)			Share (%)		
		2018	2019 ¹	2020 ²	2018	2019 ¹	2020 ²	2018	2019 ¹	2020 ²
Tax revenue	176,152	174,061	180,010	189,951	-2.0	3.4	5.5	74.7	68.4	77.7
Direct tax		130,035	135,639	142,676	12.1	4.3	5.2	55.8	51.5	58.4
<i>of which:</i>										
CITA		66,474	70,760	75,510	3.1	6.4	6.7	28.5	26.9	30.9
Individual		32,605	35,224	37,363	12.6	8.0	6.1	14.0	13.4	15.3
PITA		20,082	17,883	17,452	70.7	-10.9	-2.4	8.6	6.8	7.1
Indirect tax		44,026	44,371	47,275	-28.6	0.8	6.5	18.9	16.9	19.3
<i>of which:</i>										
GST/SST	22,000	25,680	26,800	28,300	-42.0	4.4	5.6	11.0	10.2	11.6
Excise duties		10,779	10,485	11,000	6.6	-2.7	4.9	4.6	4.0	4.5
Import duty		2,897	2,670	2,800	4.1	-7.8	4.9	1.2	1.0	1.1
Export duty		1,725	1,280	1,300	27.3	-25.8	1.6	0.7	0.5	0.5
Non-tax revenue		58,821	83,290	54,579	37.6	41.6	-34.5	25.3	31.6	22.3
<i>of which:</i>										
Licences and permits		14,027	15,204	15,177	9.8	8.4	-0.2	6.0	5.8	6.2
Investment income		31,889	59,500 ³	28,580	47.4	86.6	-52.0	13.7	22.6	11.7
Total revenue		232,882	263,300	244,530	5.7	13.1	-7.1	100.0	100.0	100.0
Share of GDP (%)		16.1	17.4	15.2						

Sustainable?

	2019 – 2021	
	RM billion	Share of GDP (%)
Revenue	767.9	15.7
Non-petroleum	584.0	12.0
Petroleum-related	183.9	3.7
Operating expenditure	754.9	15.5
Current balance	13.0	0.2
Gross development expenditure	164.7	3.4
Less: Loan recovery	1.9	0.1
Net development expenditure	162.8	3.3
Overall balance	-149.8	-3.1
Underlying assumptions:		
Real GDP growth (%)	4.5 – 5.5	
Nominal GDP growth (%)	6.8 – 8.2	
Crude oil price (USD per barrel)	60 - 70	
Oil production (barrels per day)	600,000	

GDP Growth

DOMESTIC PRODUCTION	RM million	change (%)	RM million	change (%)	RM million	change (%)
Gross Domestic Product (constant 2015 prices)	1,361,533	4.7	1,424,879	4.7	1,493,814	4.8
Agriculture	99,470	0.1	103,786	4.3	107,313	3.4
Mining and quarrying	103,135	-2.6	103,800	0.6	104,062	0.3
Manufacturing	304,847	5.0	317,027	4.0	329,995	4.1
Construction	66,218	4.2	67,351	1.7	69,862	3.7
Services	771,861	6.8	819,326	6.1	869,984	6.2
Import duties	16,002	-11.5	13,590	-15.1	12,598	-7.3

Deficit Manageable

FEDERAL GOVERNMENT FINANCE

	2018		2019 ¹²		2020 ¹³	
Revenue	232,882	5.7	263,300	13.1	244,530	-7.1
Operating expenditure	230,960	6.1	262,260	13.6	241,020	-8.1
Current balance	1,922		1,040		3,510	
Development expenditure (net)	55,307	28.5	52,800	-4.5	55,234	4.6
Overall balance	-53,385		-51,760		-51,724	
% of GDP	-3.7		-3.4		-3.2	

Operating Expenditure

	RM million			Change (%)			Share (%)		
	2018	2019 ¹	2020 ³	2018	2019 ¹	2020 ³	2018	2019 ¹	2020 ³
Emoluments	79,989	82,045	82,611	3.8	2.6	0.7	34.6	31.3	34.3
Retirement charges	25,177	26,557	27,055	10.4	5.5	1.9	10.9	10.1	11.2
Debt service charges	30,547	33,000	34,945	9.6	8.0	5.9	13.2	12.6	14.5
Grants and transfers to state governments	7,605	7,571	7,749	7.0	-0.4	2.4	3.3	2.9	3.2
Supplies and services	35,283	30,178	38,546	1.6	-14.5	27.7	15.3	11.5	16.0
Subsidies and social assistance	27,516	23,569	24,186	23.1	-14.3	2.6	11.9	9.0	10.0
Asset acquisition	447	673	650	-13.4	50.6	-3.4	0.2	0.3	0.3
Refunds and write-offs	883	921	987	9.2	4.3	7.2	0.4	0.4	0.4
Grants to statutory bodies	13,763	13,218	15,272	-2.0	-4.0	15.5	6.0	5.0	6.3
Others	9,750	44,528 ²	9,019	-5.0	356.7	-79.7	4.2	16.9	3.8
Total	230,960	262,260	241,020	6.1	13.6	-8.1	100.0	100.0	100.0
Share of GDP (%)	16.0	17.3	14.9						

Adjusted:
47%

Development Expenditure

	RM million			Change (%)			Share (%)		
	2018	2019 ¹	2020 ²	2018	2019 ¹	2020 ²	2018	2019 ¹	2020 ²
Economic	36,103	28,820	31,019	49.3	-20.2	7.6	64.4	53.7	55.4
<i>of which:</i>									
Transport	17,004	11,209	12,195	63.0	-34.1	8.8	30.3	20.9	21.8
Trade and industry	2,512	3,022	2,446	-33.9	20.3	-19.1	4.5	5.6	4.4
Energy and public utilities	2,254	2,584	4,338	-8.9	14.6	67.9	4.0	4.8	7.7
Agriculture and rural development	2,133	2,310	2,973	-3.9	8.3	28.7	3.8	4.3	5.3
Environment	1,665	1,945	1,734	-19.2	16.8	-10.8	3.0	3.6	3.1
Social	12,873	15,010	15,068	3.6	16.6	0.4	22.9	28.0	26.9
<i>of which:</i>									
Education and training	6,505	8,020	7,864	3.2	23.3	-1.9	11.6	14.9	14.0
Health	1,773	2,258	2,898	20.6	27.4	28.3	3.2	4.2	5.2
Housing	1,285	1,830	1,491	63.7	42.4	-18.5	2.3	3.4	2.7
Security	4,929	6,689	6,557	-7.6	35.7	-2.0	8.8	12.5	11.7
General administration	2,190	3,181	3,356	-25.5	45.3	5.5	3.9	5.8	6.0
Total	56,095	53,700	56,000	25.0	-4.3	4.3	100.0	100.0	100.0
Share of GDP (%)	3.9	3.5	3.5						

Financing

Federal Government Financing 2018 – 2019

	RM million		Share (%)	
	2018	2019 ²	2018	2019 ²
Gross borrowings	131,600	135,164	100.0	100.0
Domestic	131,564	127,700	99.9	94.5
MGS	51,030	57,200	38.8	42.3
MGII	64,305	58,500	48.9	43.3
Treasury bills	16,229	12,000	12.3	8.9
Offshore	36	7,464	0.1	5.5
Market loans	-	7,434	-	5.5
Project loans	36	30	0.1	0.0
Repayments	77,493	83,279	100.0	100.0
Domestic	77,137	83,012	99.5	99.7
Offshore	356	267	0.5	0.3
Net borrowings	54,107	51,885	-	-
Domestic	54,427	44,688	-	-
Offshore	-320	7,197	-	-
Change in assets¹	-722	-125	-	-
Total deficit financing	53,385	51,760	-	-

Government Debts

Public Sector Debt 2018 – 2019

	RM million		Share (%)		Share of GDP (%)	
	2018	2019 ¹	2018	2019 ¹	2018	2019 ¹
Federal Government	741,049	799,108	67.9	69.1	51.2	52.7
Domestic	719,545	769,867	65.9	66.6	49.7	50.7
Offshore	21,504	29,241	2.0	2.5	1.5	2.0
Statutory bodies	64,570	70,120	5.9	6.1	4.5	4.6
Domestic	64,570	70,120	5.9	6.1	4.5	4.6
<i>of which: Guaranteed</i>	64,570	70,120	5.9	6.1	4.5	4.6
Offshore	-	-	-	-	-	-
Non-financial public corporations	285,368	286,599	26.2	24.8	19.7	18.9
Domestic	167,775	169,762	15.4	14.7	11.6	11.2
<i>of which: Guaranteed</i>	167,775	169,762	15.4	14.7	11.6	11.2
Offshore	117,593	116,837	10.8	10.1	8.1	7.7
<i>of which: Guaranteed</i>	24,244	24,065	2.2	2.1	1.7	1.5
Total	1,090,987	1,155,827	100.0	100.0	75.4	76.2

Government Debts by Instruments

Federal Government Debt by Instrument 2018 – 2019

	RM million		Share (%)		Share of GDP (%)	
	2018	2019 ¹	2018	2019 ¹	2018	2019 ¹
Domestic debt	719,545	769,867	97.1	96.3	49.7	50.7
MGS	380,345	404,167	51.3	50.6	26.3	26.6
MGII	304,300	330,300	41.1	41.3	21.0	21.8
SPK	28,400	27,900	3.8	3.5	2.0	1.8
Treasury bills	6,500	7,500	0.9	0.9	0.4	0.5
Offshore borrowings	21,504	29,241	2.9	3.7	1.5	2.0
Market loans	15,907	23,664	2.1	3.0	1.1	1.6
Project loans	5,597	5,577	0.8	0.7	0.4	0.4
Total	741,049	799,108	100.0	100.0	51.2	52.7
<i>Memorandum item:</i>						
Non-resident holdings of ringgit-denominated debt securities	165,777	165,599	23.0	21.5	11.5	10.9

¹ End-June 2019.

More than 75% are Local

Federal Government Debt by Holder 2018 – 2019

	RM million		Share (%)		Share of GDP (%)	
	2018	2019 ³	2018	2019 ³	2018	2019 ³
Residents	558,563	609,061	75.4	76.2	38.6	40.2
Employees Provident Fund	218,755	233,987	29.5	29.3	15.1	15.4
Retirement Fund (Incorporated)	24,414	26,693	3.3	3.3	1.7	1.8
Insurance companies	35,890	34,401	4.8	4.3	2.5	2.3
Banking institutions	228,732	258,233	30.9	32.3	15.8	17.0
Development financial institutions	20,288	18,354	2.7	2.3	1.4	1.2
Others ¹	30,484	37,393	4.2	4.7	2.1	2.5
Non-residents	182,486	190,047	24.6	23.8	12.6	12.5
Fund manager	67,034	72,985	9.1	9.1	4.6	4.8
Central bank, supranational and sovereigns	55,910	51,850	7.5	6.5	3.9	3.4
Banking institutions	18,365	20,727	2.5	2.6	1.3	1.4
Pension funds	29,065	31,648	3.9	4.0	2.0	2.1
Insurance companies	3,732	5,106	0.5	0.6	0.2	0.3
Others ²	8,380	7,731	1.1	1.0	0.6	0.5
Total	741,049	799,108	100.0	100.0	51.2	52.7

External Debt

External Debt 2018 – 2019

	RM million		Share (%)		Share of GDP (%)	
	2018	2019 ³	2018	2019 ³	2018	2019 ³
Offshore borrowing	566,943	580,472	61.3	62.4	39.1	38.2
Medium- and long-term debt	333,504	350,709	36.1	37.7	23.0	23.1
Public sector	143,325	147,861	15.5	15.9	9.9	9.7
Federal Government	16,708	24,448	1.8	2.6	1.2	1.6
Public corporations	126,617	123,413	13.7	13.3	8.7	8.1
Private sector	190,179	202,848	20.6	21.8	13.1	13.4
Short-term debt	233,439	229,764	25.2	24.7	16.1	15.1
Non-resident holdings of ringgit-denominated debt securities	180,228	181,938	19.5	19.5	12.5	12.0
Medium- and long-term debt	169,162	174,199	18.3	18.7	11.7	11.5
Federal Government	158,406	163,756	17.1	17.6	11.0	10.8
Others ¹	10,755	10,443	1.2	1.1	0.7	0.7
Short-term debt	11,066	7,738	1.2	0.8	0.8	0.5
Non-resident deposits	98,238	91,301	10.6	9.8	6.8	6.0
Others²	79,478	77,372	8.6	8.3	5.5	5.1
Total	924,887	931,083	100.0	100.0	63.9	61.3

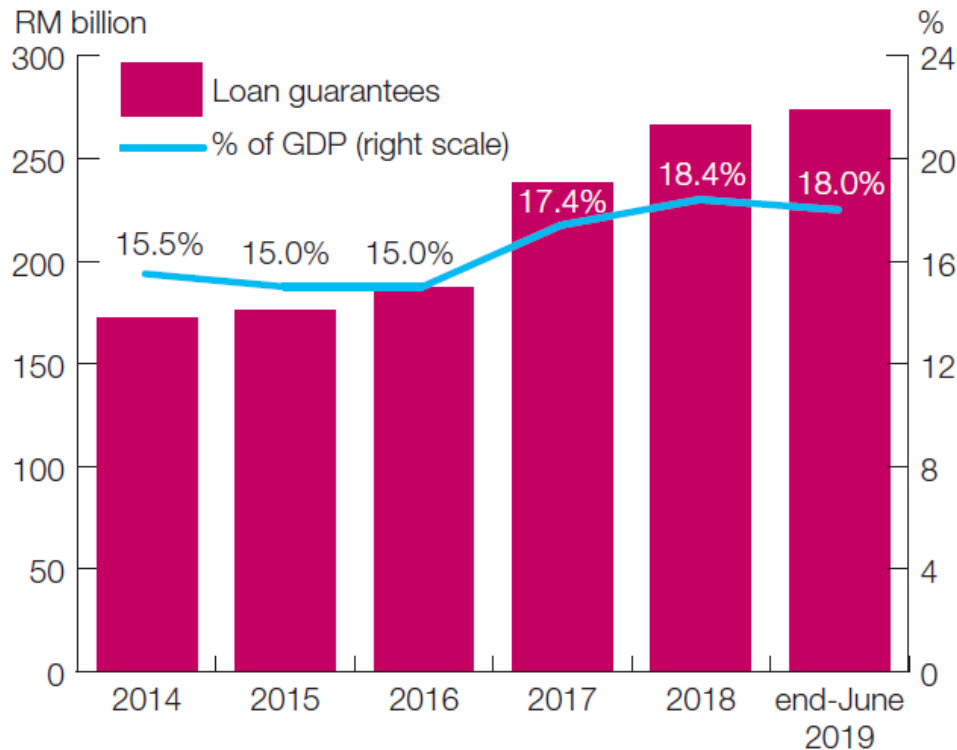
Can't Live a Day without Government

Major Recipients of Loan Guarantees as at end-June 2019

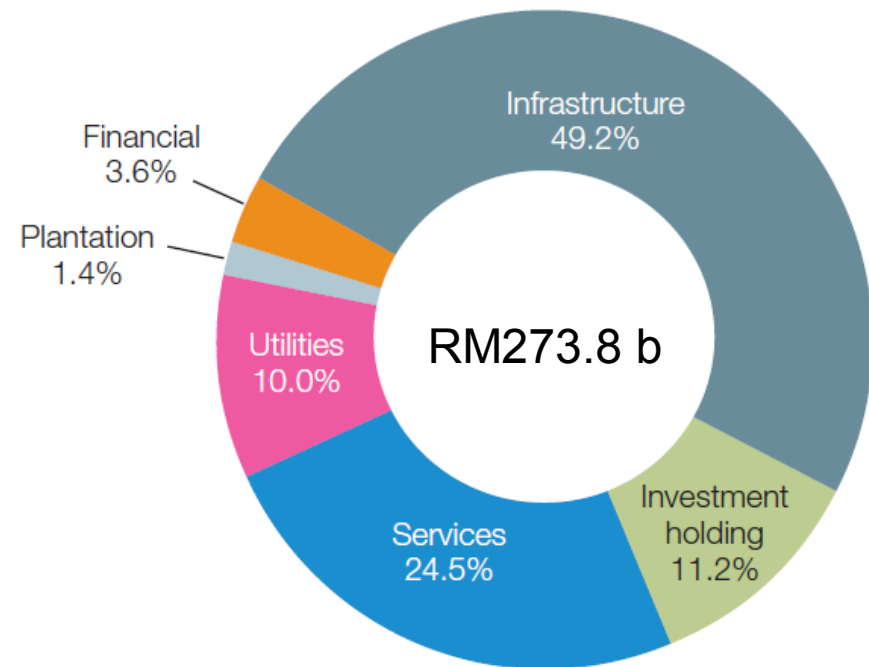
Entity		RM million	Share (%)	Share of GDP (%)
Total loan guarantees	258,392	273,847	100.0	18.0
<i>of which:</i>				
DanaInfra Nasional Berhad	48,380	57,820	21.1	3.8
National Higher Education Fund Corporation	38,450	40,300	14.7	2.7
Prasarana Malaysia Berhad	28,414	31,414	11.5	2.1
Public Sector Home Financing Board	13,750	20,750	7.6	1.4
Malaysia Rail Link Sdn. Bhd.		18,715	6.8	1.2
Khazanah Nasional Berhad		14,000	5.1	0.9
Pengurusan Air SPV Berhad		12,410	4.5	0.8
Projek Lebuhraya Usahasama Berhad		11,000	4.0	0.7
Suria Strategic Energy Resources Sdn. Bhd.		8,049	2.9	0.5
GovCo Holdings Berhad		7,300	2.7	0.5
Total of major recipients		221,758	81.0	14.6

Can It be Reduced?

Outstanding Loan Guarantees

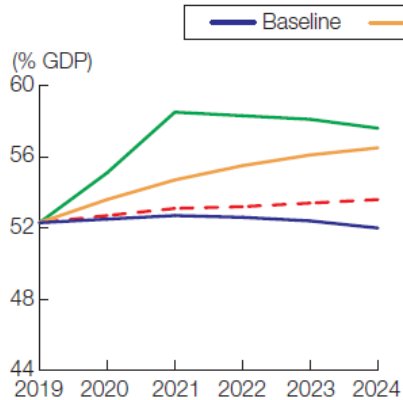


Loan Guarantees by Sector (End-June 2019)

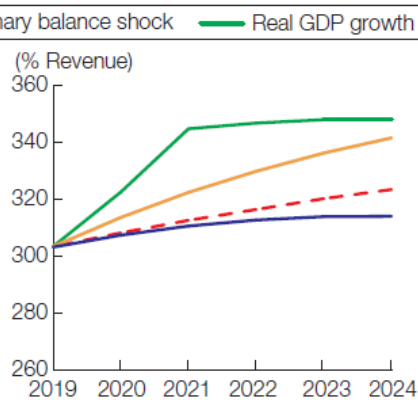


Stress, Not an Issue!

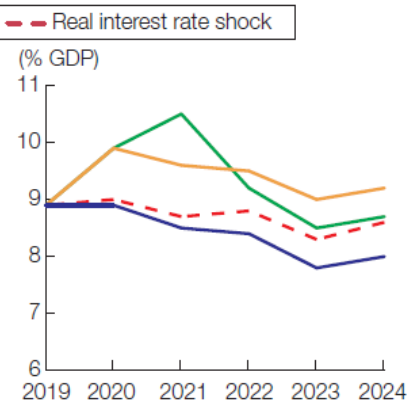
Gross Nominal Debt (% GDP)



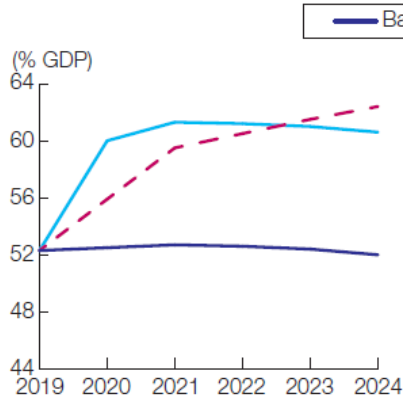
Gross Nominal Debt (% Revenue)



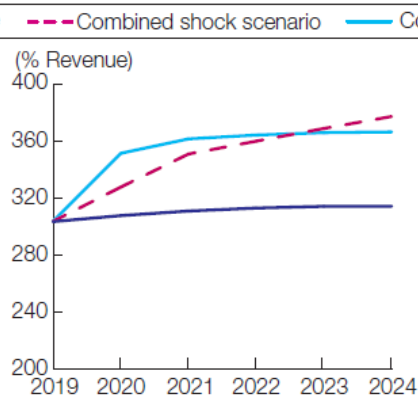
Gross Financing Needs (% GDP)



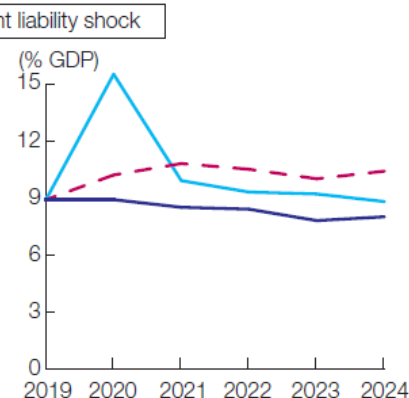
Gross Nominal Debt (% GDP)



Gross Nominal Debt (% Revenue)



Gross Financing Needs (% GDP)



Assumptions:

- 1) Deterioration of primary balance of 1.2% of GDP
- 2) GDP drops by 1.7% and 2.1% in 2020 and 2021
- 3) Interest rate rises by 200bps from 2020 onwards

Source: Ministry of Finance, Malaysia and IMF.

SME Preferential Tax Rate

Chargeable income limit which is subject to 17% tax rate be increased to RM600,000. **New condition – annual sales cannot exceed RM50 million.**
- From YA 2020

Expenses – Cost of Listing in Bursa Malaysia

Cost of listing in ACE Market or LEAP Market allowed for tax deduction up to RM1.5 million on fees to authorities, professional fees and underwriting, placement and brokerage fees
- From YA 2020 until YA 2022.

Expenses – Secretarial Fee and Tax Filing Fee

Secretarial fee and tax filing fee be combined and allowed up to RM15,000 each year of assessment
- From YA 2020

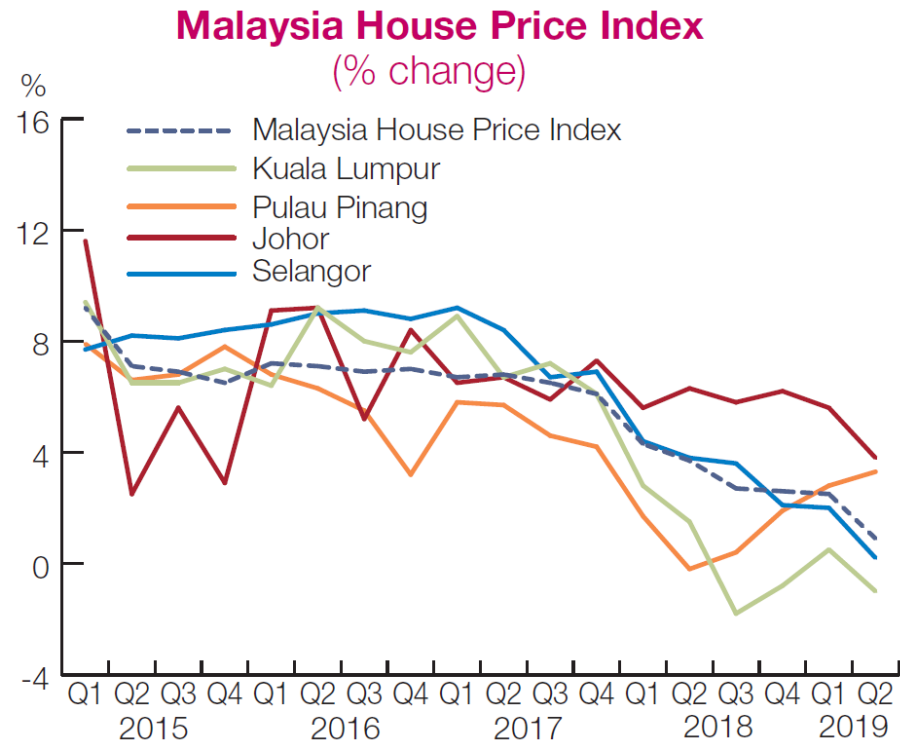
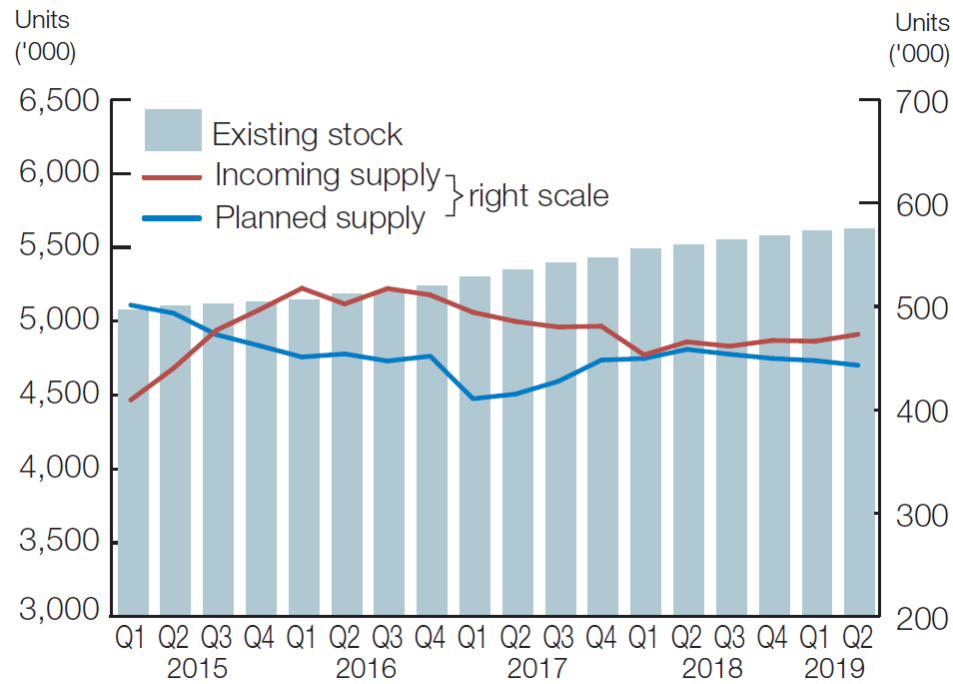
Chargeable Income (RM)	New Tax Rate (%)
0 - 5,000	0
5,001 - 20,000	1
20,001 - 35,000	3
35,001 - 50,000	8
50,001 - 70,000	14
70,001 - 100,000	21
100,001 - 250,000	24
250,001 - 400,000	24.5
400,001 - 600,000	25
600,001 - 1,000,000	26
1,000,001 - 2,000,000	28
Exceeding 2,000,000	30

Real Property Gain Tax

Acquisition price for the disposal of real properties by Malaysian citizens and permanent residents after 5 years from the date of acquisition be taken to be market value as at 1 January 2013.

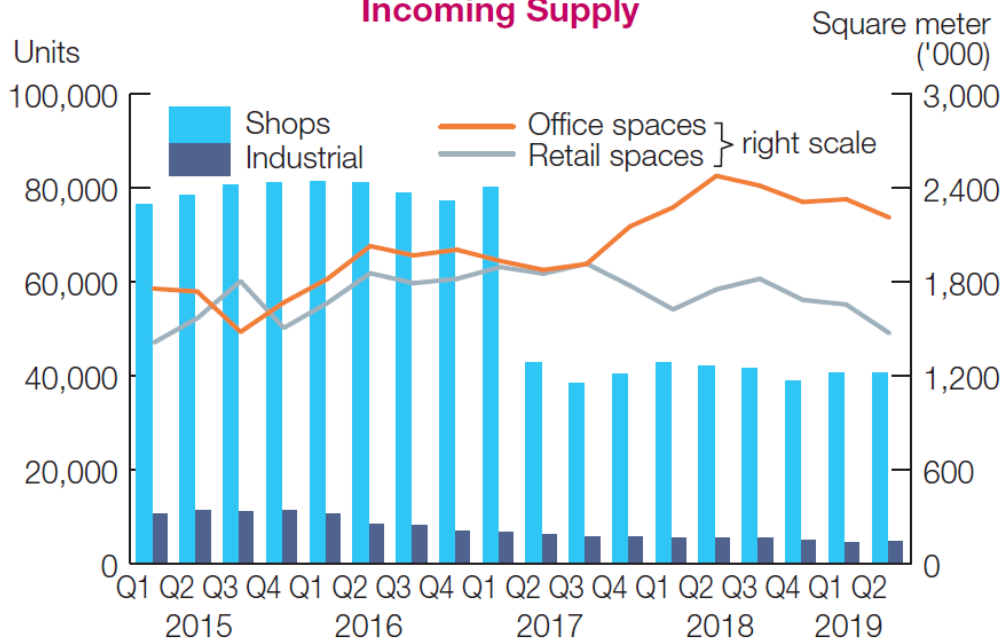
- Disposal of real properties made from 12 October 2019.

Residential Property

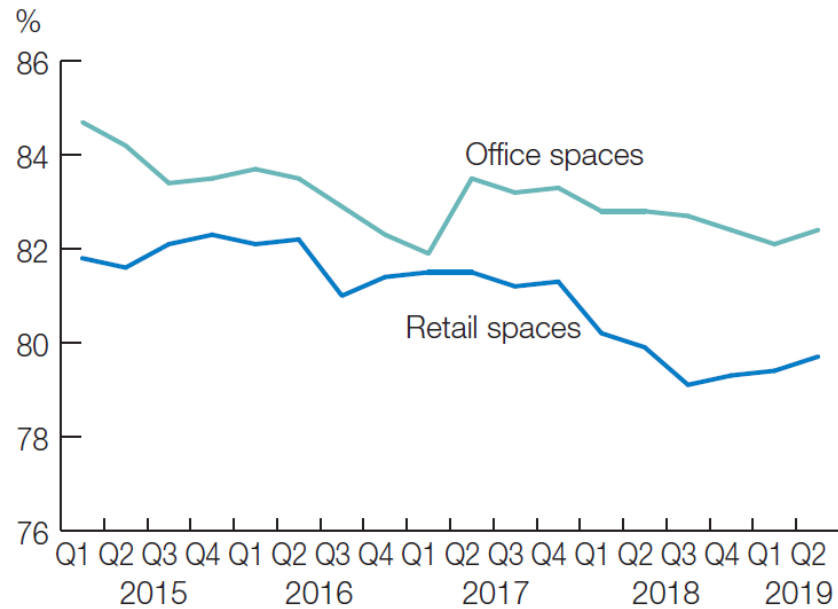


Non-residential

Incoming Supply



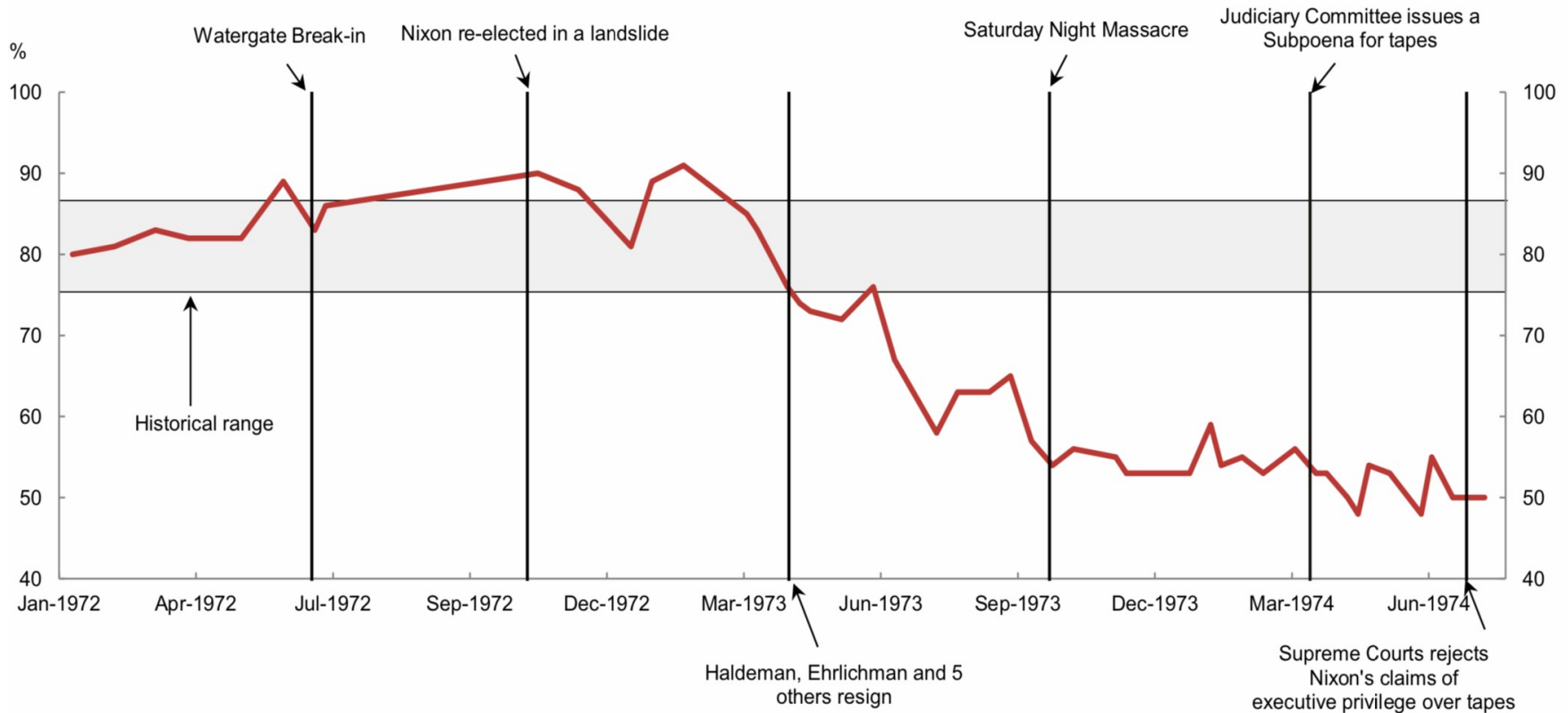
Occupancy Rate



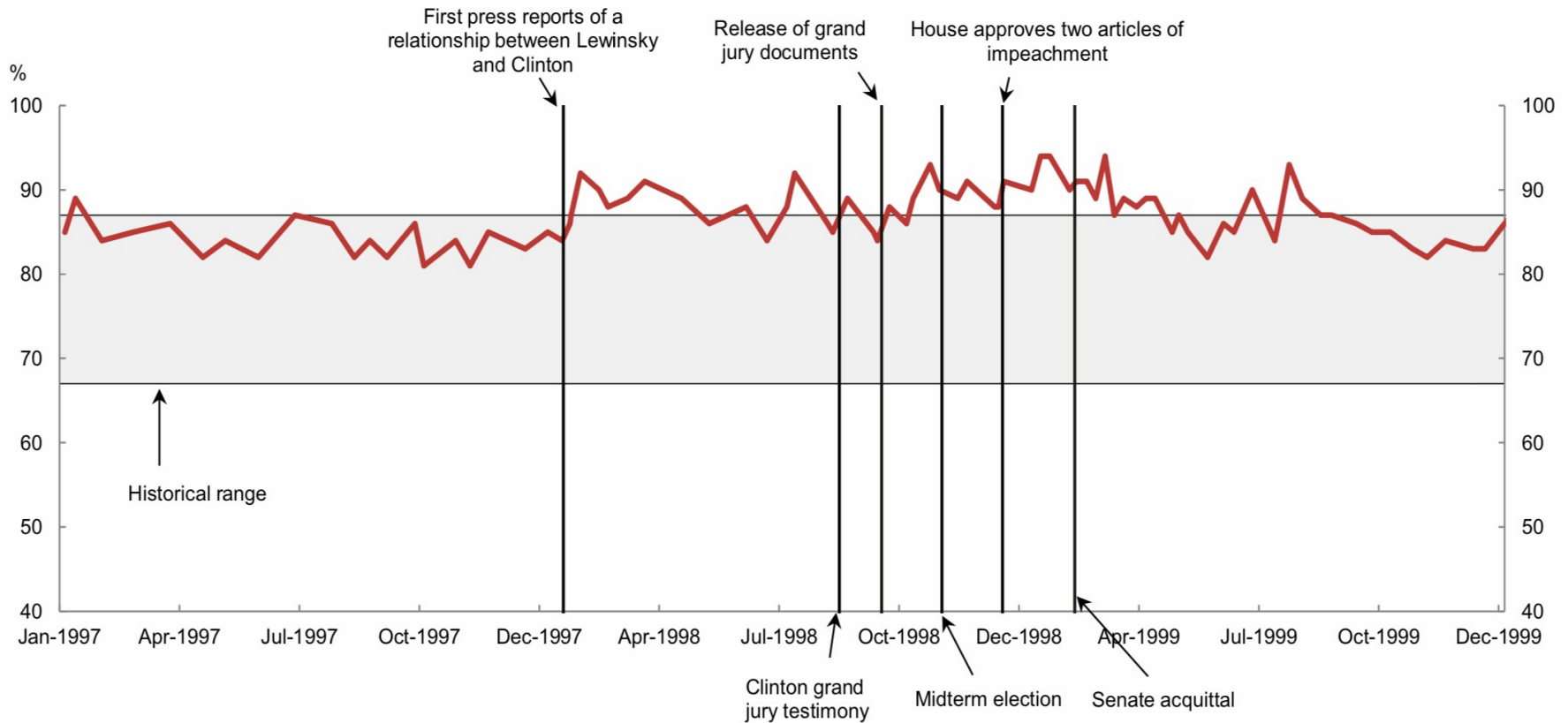
Known Unknown, Unknown Known?

- Trump's Impeachment
- Unlawful Prorogation

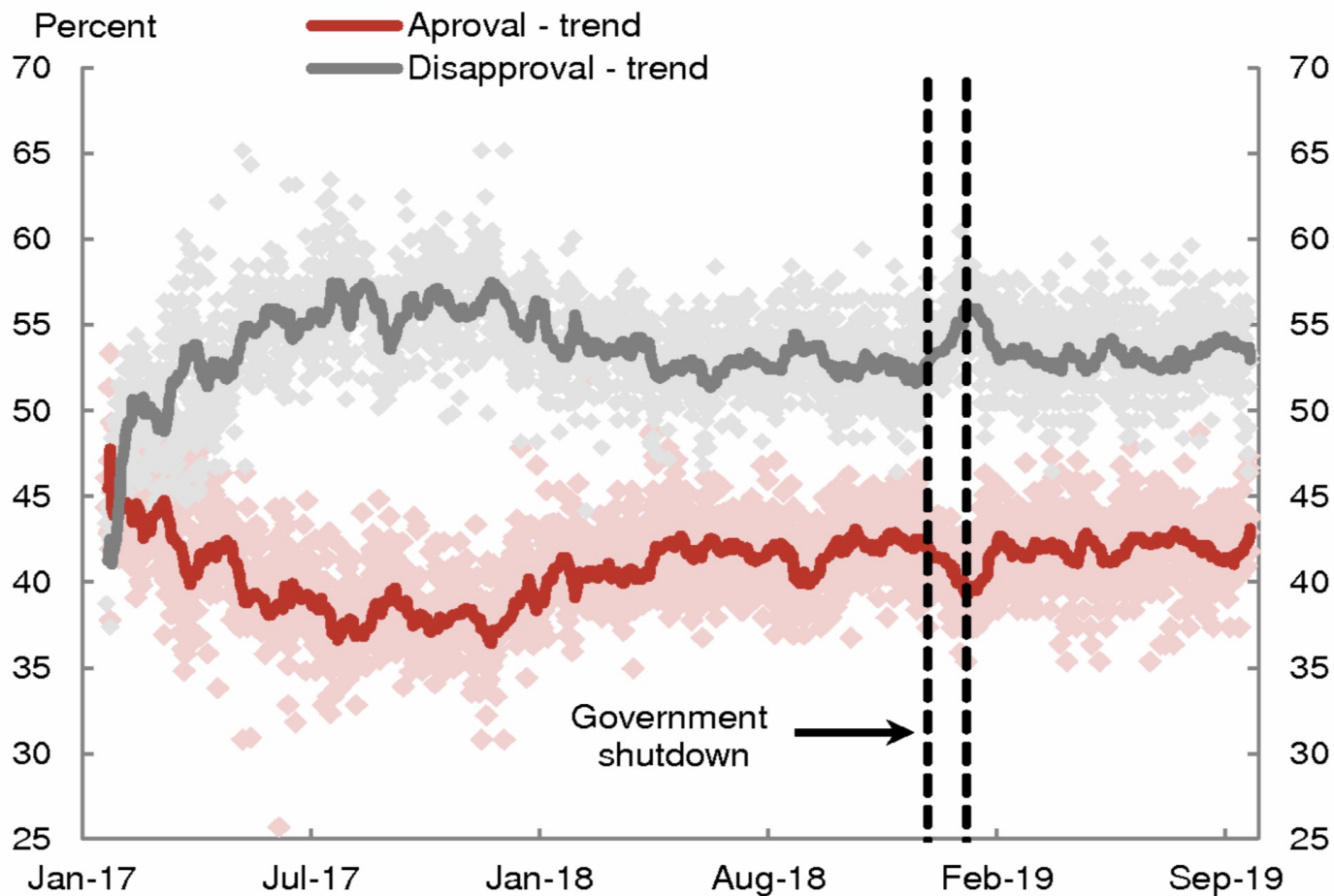
Nixon's Approval Ratings among Republicans



Clinton's Approval Ratings

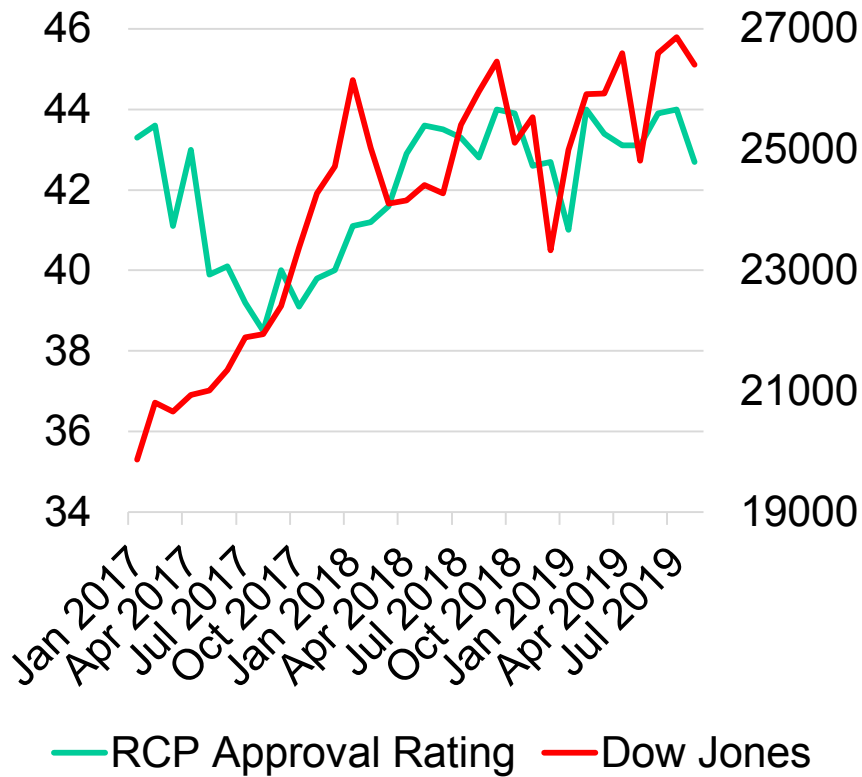


Trump's Approval Ratings

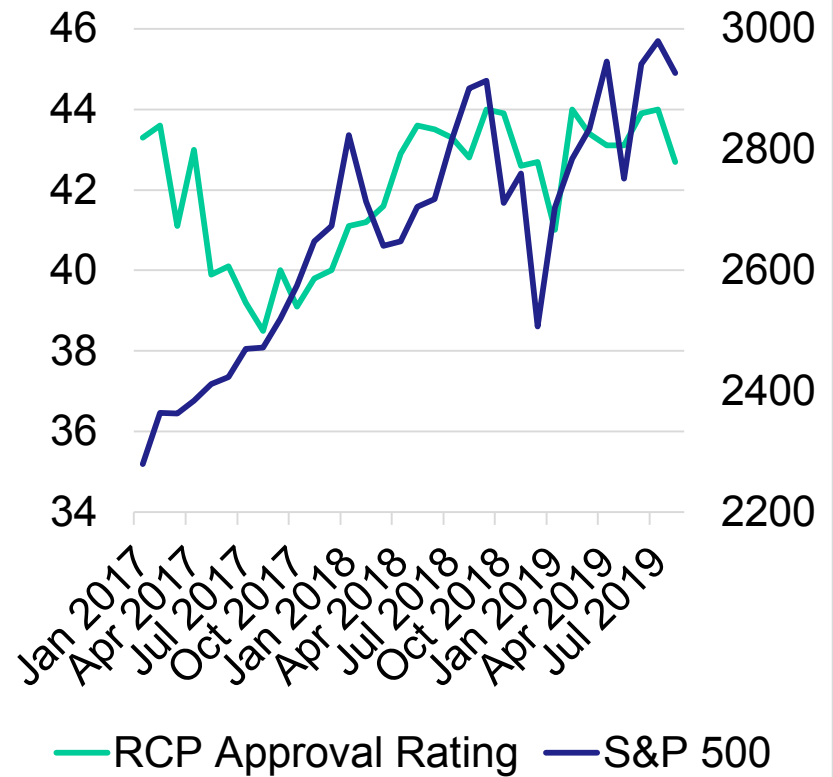


Who Cares? Trump Cares!

Trump's Approval Rating vs Dow Jones



Trump's Approval Rating vs S&P 500



排除部分加征关税商品,中国护民生亦释善意

中国星期三公布了首批对美加征关税商品首次排除商

品清单,入单的商品包括虾苗、苜蓿、鱼粉、脱模剂、润滑油、医用直线加速器、抗癌原料药等共16项商品。将有部分美国企业和中国企业同时受益。官方消息说,下一步还将继续开展对美加征关税商品排除工作,适时公布后续批次排除清单。

美国根据其既有制度,此前陆续公布了8批对中国产品排除加征关税的清单。对中国而言,对美加征关税商品排除工作是关税制度的一项创新,此次是自今年5月启动工作后第一次公布排除清单,后续批次清单将在下一步适时公布。

公布首批对美国商品加征关税的排除清单,能够有效缓解贸易战对中国相关企业的成本冲击,这对中国民生也是一个积极信号。

中美贸易战打到现在,其对两国和全球经济的负面影响不断释放出来。中美宣布10月初将举行第十三轮经贸高级别磋商,双方表示为促使这一轮磋商取得实质进展,两国团队将在此之前保持工作层面的密切接触,认真开展准备。可以说,中美处在创造谈判突破和继续加剧经贸冲突、导致局势进一步失控的十字路口。

中国的态度一直很稳定,我们常说的不愿打、不怕打、必要时不得不打的立场经历了反复考验。最重要的是,中国社会围绕贸易战的认识和情绪都安定了下来,充分常态化了。随着贸易战压力增加,中国公众更加团结了,更加信任政府,既认同政府捍卫国家发展权利的战略决心,也支持政府和谈判团队采取的各项策略性应对。



我们相信,经过一年半的谈打,美方对中方的了解已经远非当初,他们在心底深处已经放弃了可以用极限施压将中国压服的幻想。贸易战在美国公共政治领域形成了某种惯性,美方的挑战在于如何在他们追求的经贸利益初衷和美国复杂的政治游戏之间寻求平衡,促使贸易战实现软着陆。

贸易战不是别的什么,它长期持续下去只会带来中美利益的双输,中美需要以公平的方式让双方止损,这是理性,也是两国社会的真实愿望。

美方一直在谈论关税给美国经济带来了多少好处,但这是美国内部的政治宣讲,是美国选举政治语境下的独特说辞。它是反经济学的,除非为了维护政立场而宁肯“难得糊涂”,是不可能接

受并且跟随这种“自圆其说”的。美国经济已经出现越来越多指向衰退的征兆,美方用炫耀自己“经济很好”来取得谈判心理优势的做法,客观说对中国毫无作用。

中国的谈判态度始终是积极的,我们看到贸易战已经造成了巨大消耗,双方越来越摸透了彼此的底牌,它已不再有持续下去的意义。在这个时候,中方愿意与美方就结束贸易战认真寻找双方都接受的最终方案。然而我们永远都不会放弃“但是”的权利,如果美方想再试一试用极限施压为对其单方有利的协议开路的话,中方是有继续奉陪的从容选项的。

谈判必须有达成协议的善意做支撑,而在东方哲学中,善意是力量和自信,而非软弱和屈从。中美只有善意互动才能达成有益于两国人民和全世界的成果,双方都要善于用善。▲

中美经贸磋商重启, 值得世界期待

下来, 想必中方的承受力给美方留下了深刻印象, 双方对彼此态度和

星期四上午, 刘鹤应约与莱特希泽、姆努钦通电话。中方发出

的消息称, 双方同意10月初在华盛顿举行第十三轮中美经贸高级别磋商, 此前双方将保持密切沟通。工作层将于9月中旬开展认真磋商, 为高级别磋商取得实质进展做好充分准备。

消息还说, 双方一致认为应共同努力, 采取实际行动, 为磋商创造良好条件。

中美元首6月达成大阪共识后, 双方于7月份在上海举行第十二轮高级别磋商。之后美方忽然宣布加征新的关税, 导致中方采取反制措施, 贸易战进一步升级。中美紧张的经贸关系不断搅动全球市场, 美国股市已出现剧烈动荡。正如刘鹤3日会见美国客人时所说, 贸易战不利于中国, 不利于美国, 也不利于整个世界。

我们注意到, 这一次的消息除了宣布双方将在10月初举行新的高级别磋商, 还强调双方之前将做认真、充分的

准备, 为的是10月初的第十三轮高级别磋商“取得实质性进展”。在磋商举行之前就提出“实质性进展”的努力方向, 这是极为罕见的。

中美都有达成经贸协议的意愿吗? 答案显然是肯定的。但是双方迄今仍有较大的立场差距。以往的几番剧烈周折显示出, 双方的问题更多不是出在具体细节的讨价还价方面, 而是基本态度未能实现彼此对接。美方相信它的实力优势足以支持它哪怕不合理的要求, 而中方则坚持谈判必须以相互尊重为基础, 过程须是平等的, 结果应是双赢。一年多的贸易战使得双方都蒙受了损失, 中国对此直言不讳, 美方不愿承认贸易战对它自身的伤害, 但高关税给美国经济带来好处这种反常识的叙事毕竟无法自圆其说, 很难维持下去, 所以双方面临是延续双输的彼此消耗还是相互妥协达成协议的选择。

前段时间双方关税一再加码, 接下来要维系贸易战、尤其是如果进一步加码就要投入更多资源。美方虽然是发动贸易战的主动方, 实力上有一定优势, 但为了延续贸易战而牺牲执政者的政治利益, 这在美国的体制中是勉为其难的。

贸易战出现了真正意义上的僵持, 美方的经济优势多一些, 中方的政治优势则更明显。有一种预期越来越令人不安: 如果双方都不让步, 贸易战很可能长期打下去, 直至双方无力走出日益形成的复杂雷区, 形成对双方持久的战略损害。随着美国指向经济衰退的前期征兆逐渐增多, 问题的严峻性无疑在强化。

中美达成协议的意愿看来都在增加。中国愿意达成协议的态度一直以来比较稳定, 美方的摇摆性大一些, 为追求美方利益最大化有过一些放开手脚测试中方底线的时候。然而几个重大回合

底线有了更多了解。

中美有了认真开展谈判的更充分条件, 并不意味着双方就真的能在第十三轮经贸高级别磋商中实现重大突破, 取得实质性进展。决定中美谈判效率的还有诸多因素, 大格局渐渐清晰, 但临时性事态的介入能力依然很强。包括美国的一个具体经济数据、政治性紧迫议题的更替都可能产生。

相信中方团队会认真、积极谈判, 也会始终坚持原则底线。中国公众算得上“千锤百炼”了, 需要继续保持一颗平常心。新的磋商能够取得成果, 当然好, 但取得不了也没关系。中国经济正在加快形成专门针对贸易战的适应力和调整力, 办好自己的事情这个道理已经深入人心。大家都知道, 我们越是增加经济的活跃度, 越是扩大自己的市场规模, 中美经贸协议越有可能早一些向我们走来。▲



FALL ARMYWORM PEST TO INFEST MORE CORN LAND IN CHINA IN H2 2019

7/26/2019

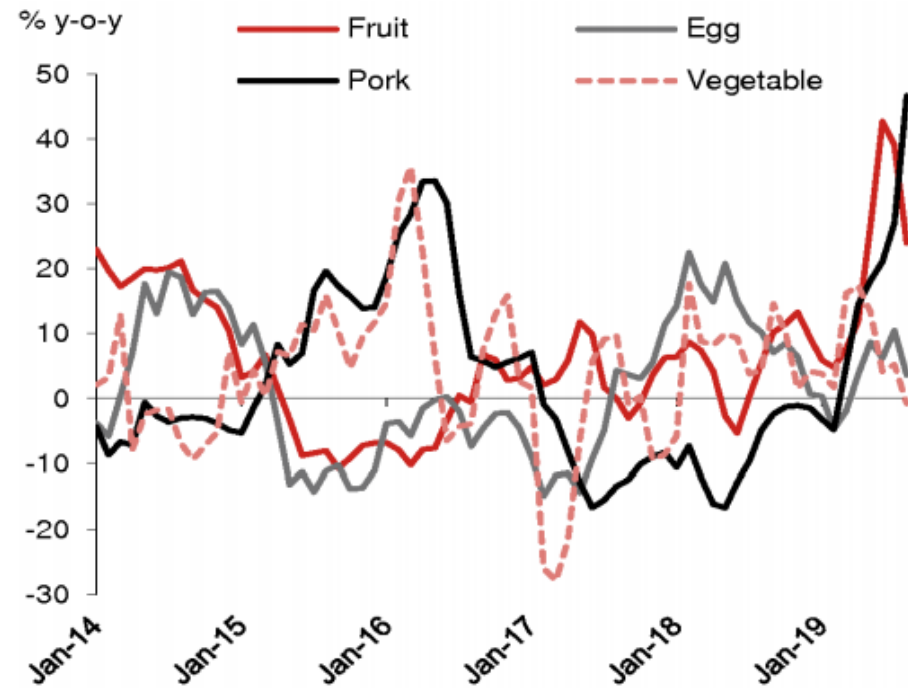
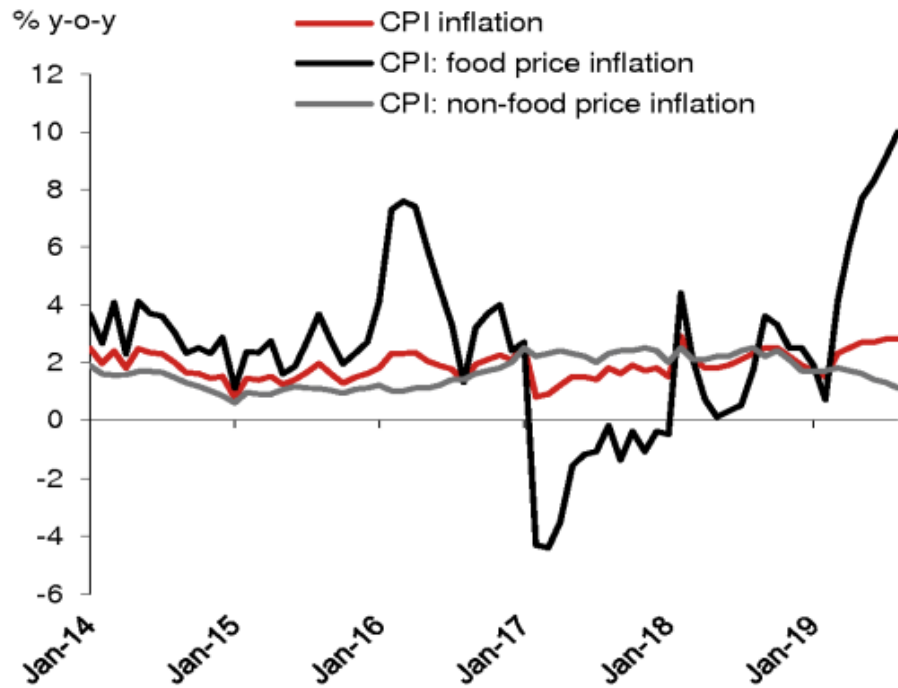
BEIJING, July 26 (Reuters) -

* A destructive pest will infest another 1.33 million hectares (3.29 million acres) of

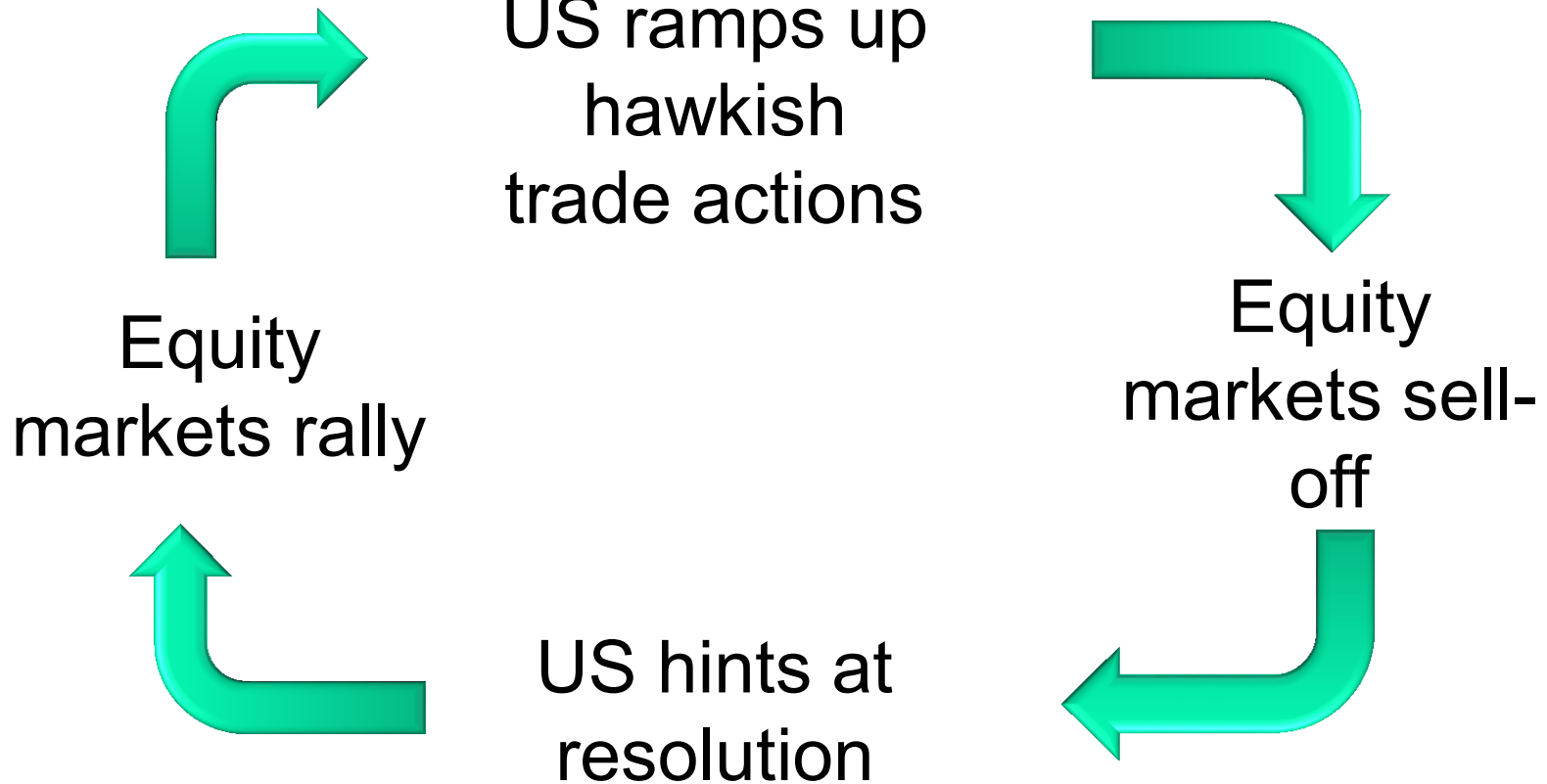
BUSINESS NEWS JUNE 30, 2019 / 11:43 AM / 2 MONTHS AGO

Swine fever toll in China may be twice as high as reported, industry insiders say

On the Eve of New China



Trump Cycle



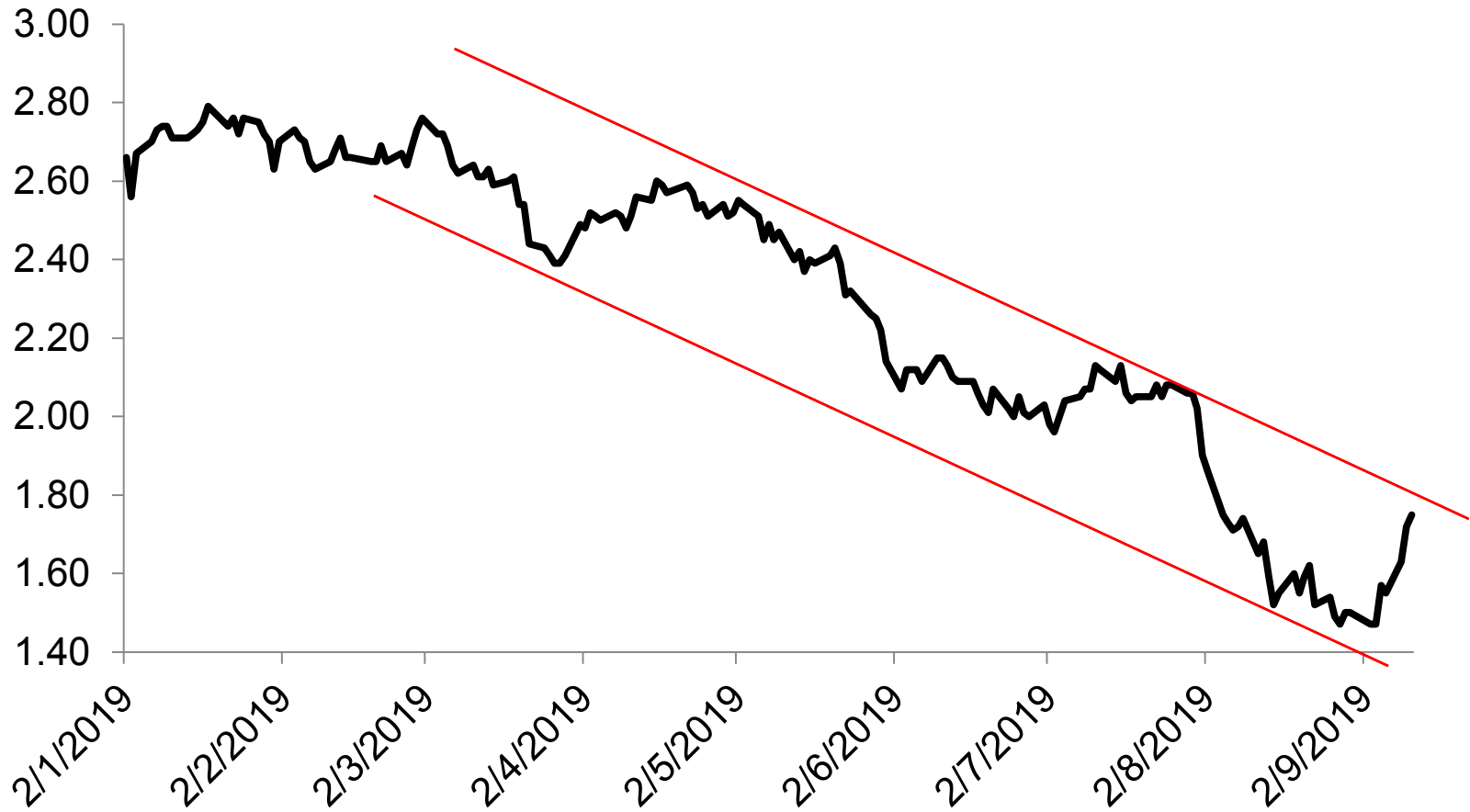
Timetable

- ➔ **13-14 November: APEC Summit**
- ➔ **18 November: Huawei Temporary General License**

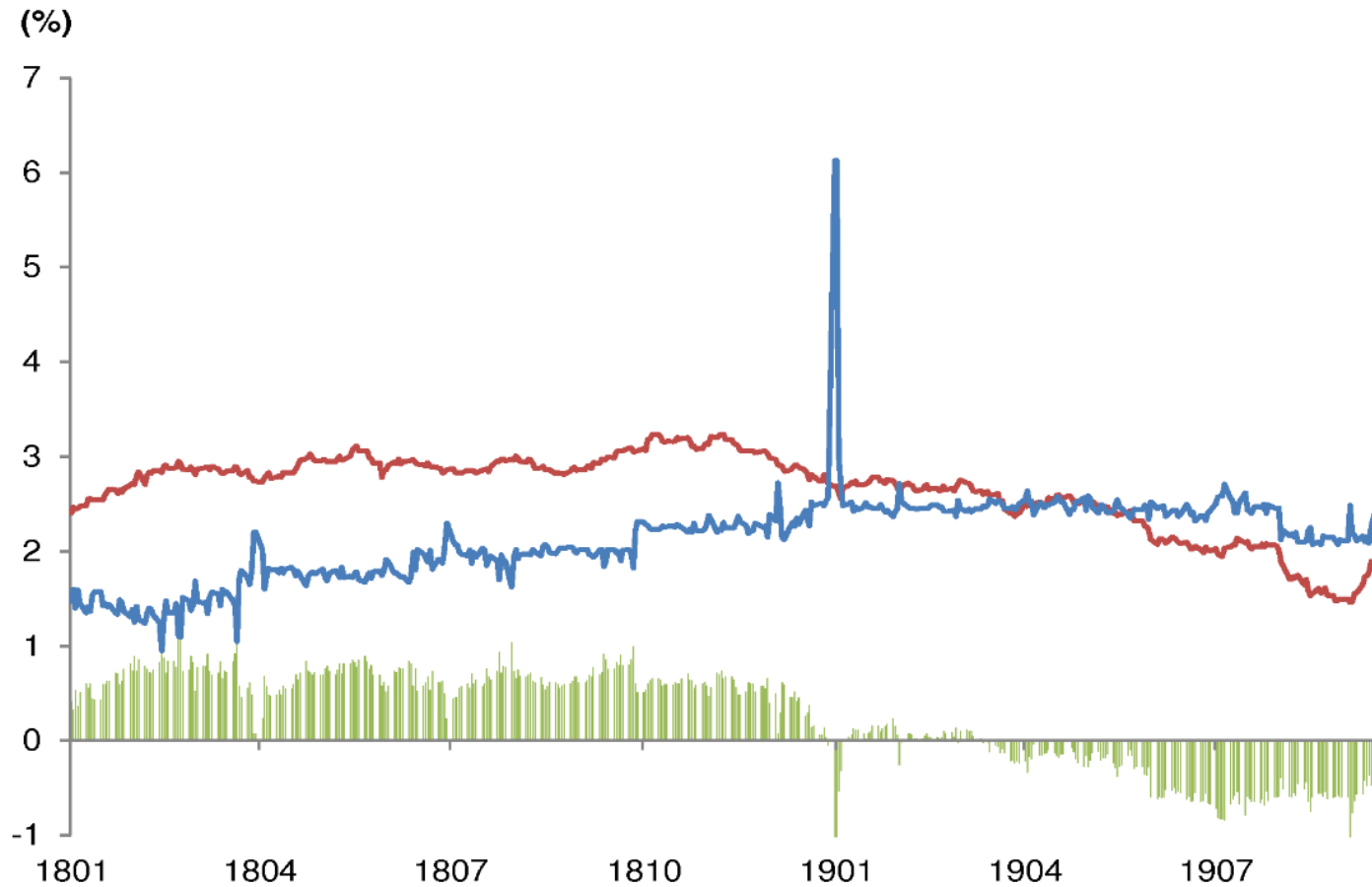
As Expected

Information received since the Federal Open Market Committee met in ~~July~~June indicates that the labor market remains strong and that economic activity has been rising at a moderate rate. Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. Although ~~growth of~~ household spending has been rising at a strong pace, picked up from earlier in the year, growth of business fixed investment and exports have weakened~~has been soft~~. On a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2 percent. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations are little changed.

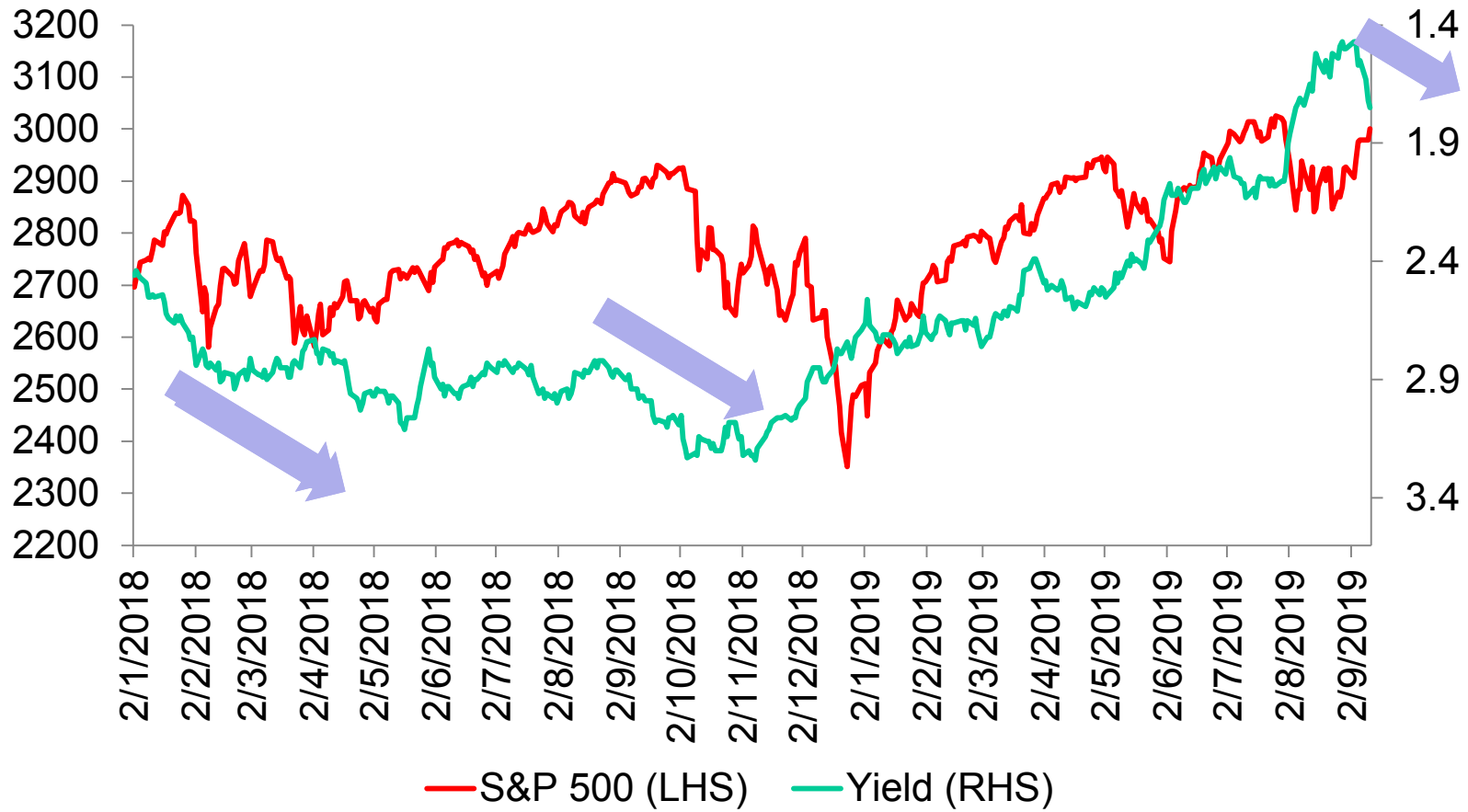
Rising Trend?



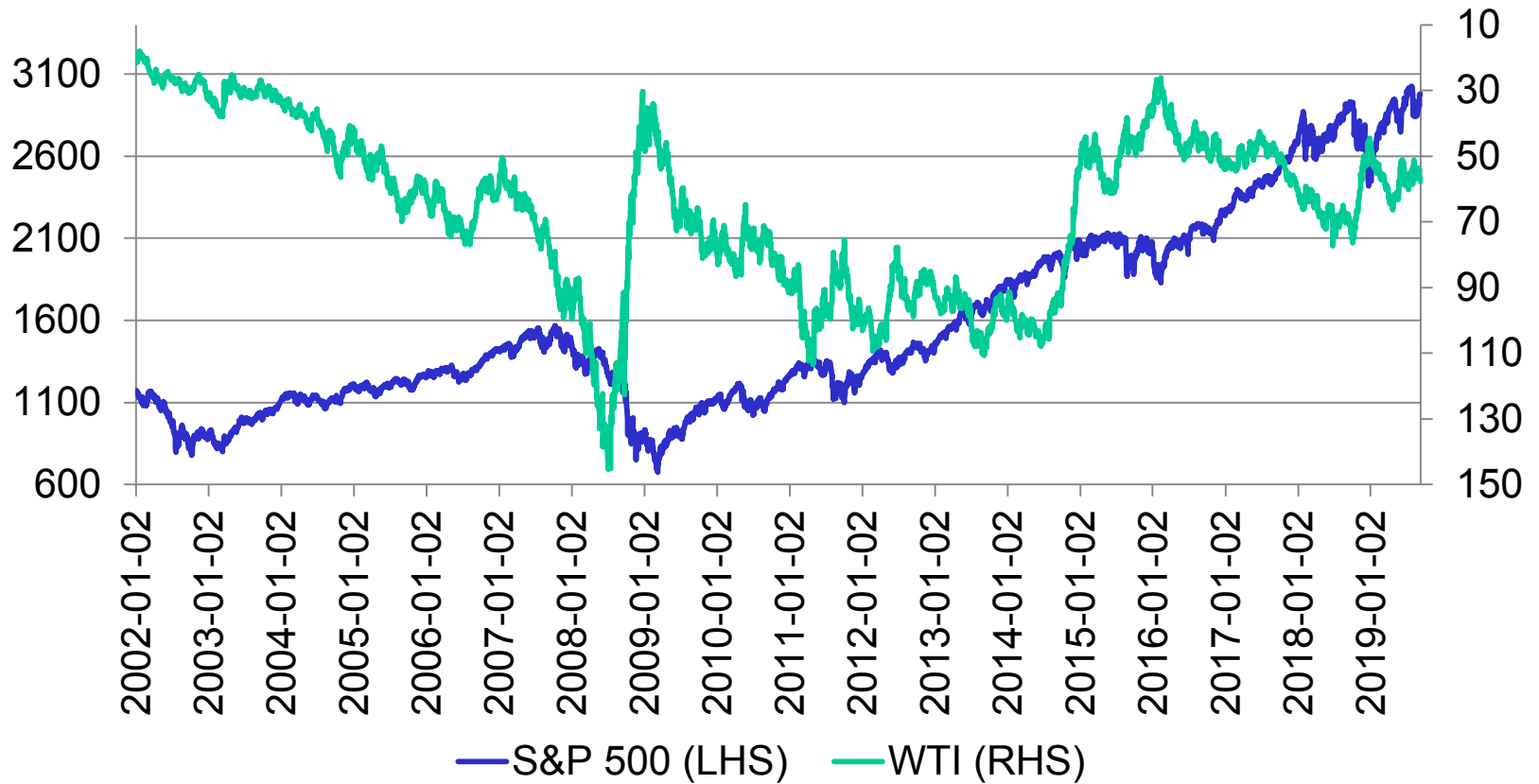
Noises?



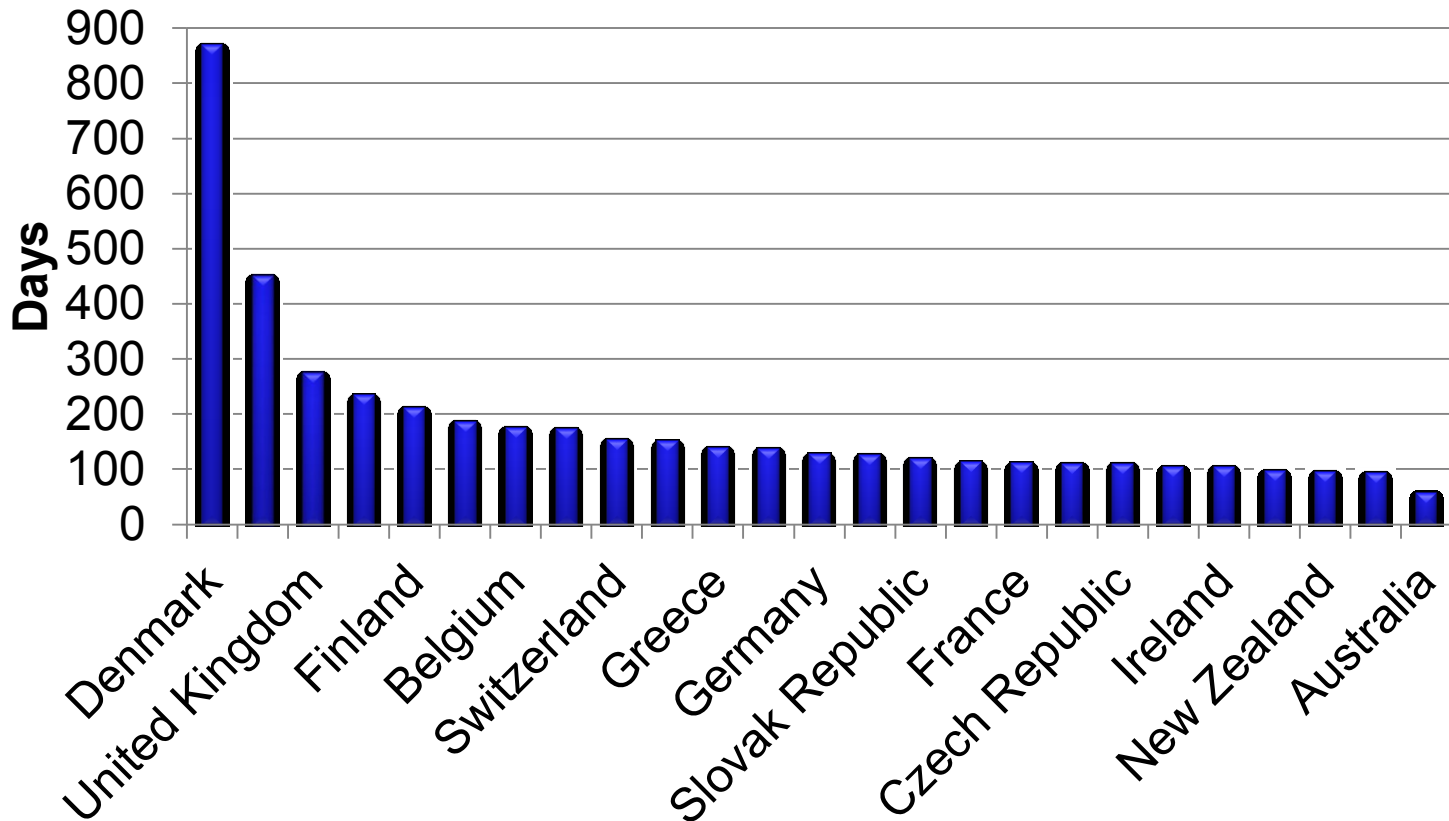
No Big Deal!



Do You Care?



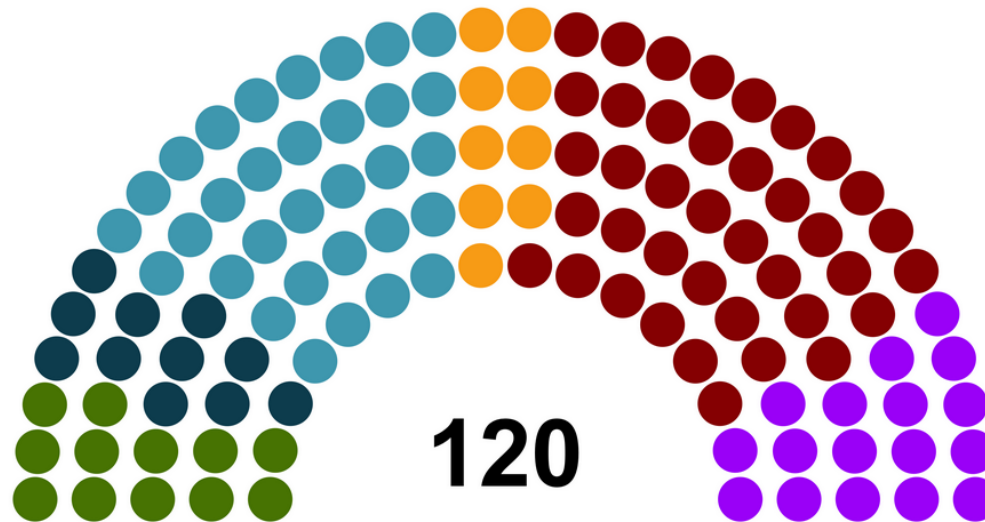
Ample Inventory



Maybe Yes

Unofficial Israeli election results

- Blue and White (32)
- Joint List (12)
- Labour-Gesher (6), Democratic Camp (5)
- Likud (32), Yamina (7)
- Ultra-Orthodox (17)
- Yisrael Beitenu (9)

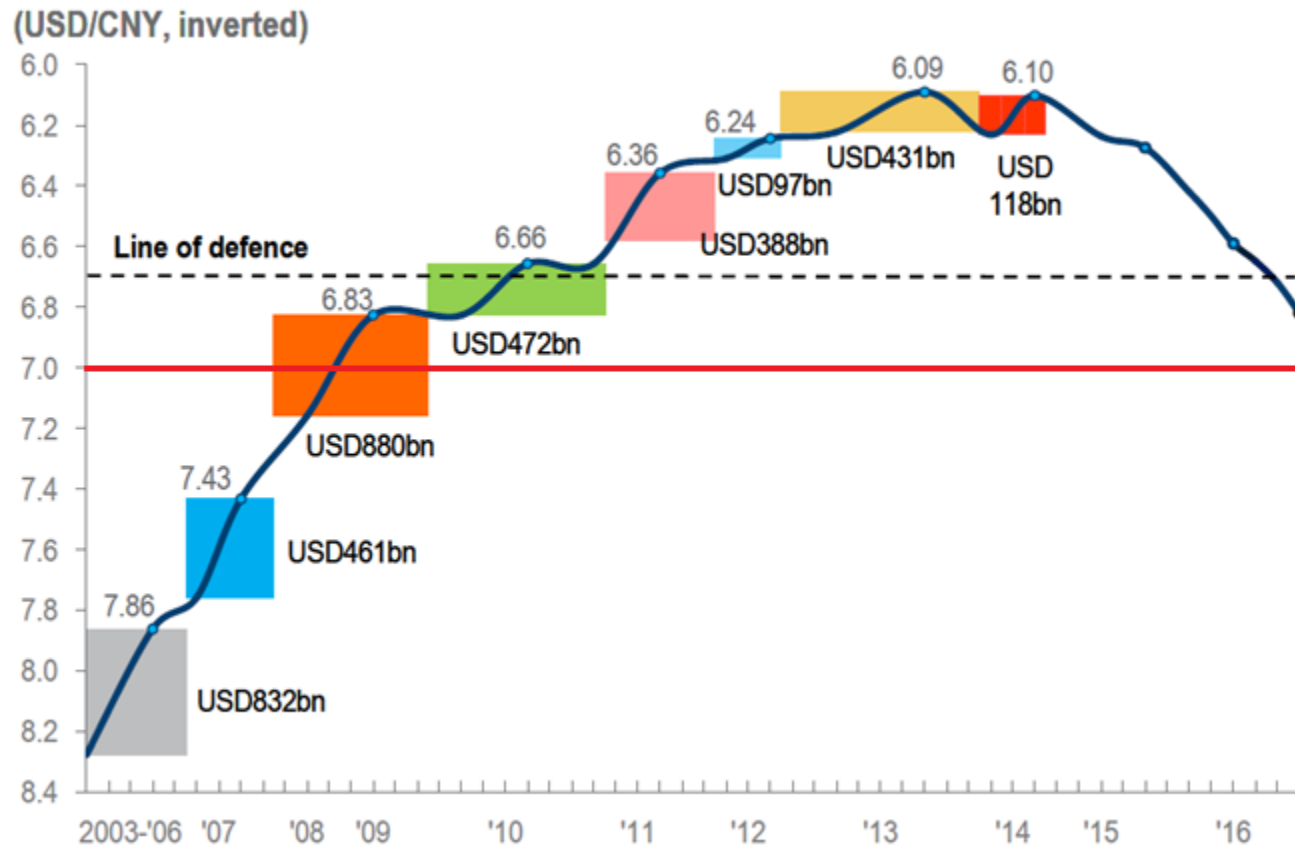


After 96.9% of votes counted, 09:00 BST, 18 Sept

Source: Times of Israel, Kan

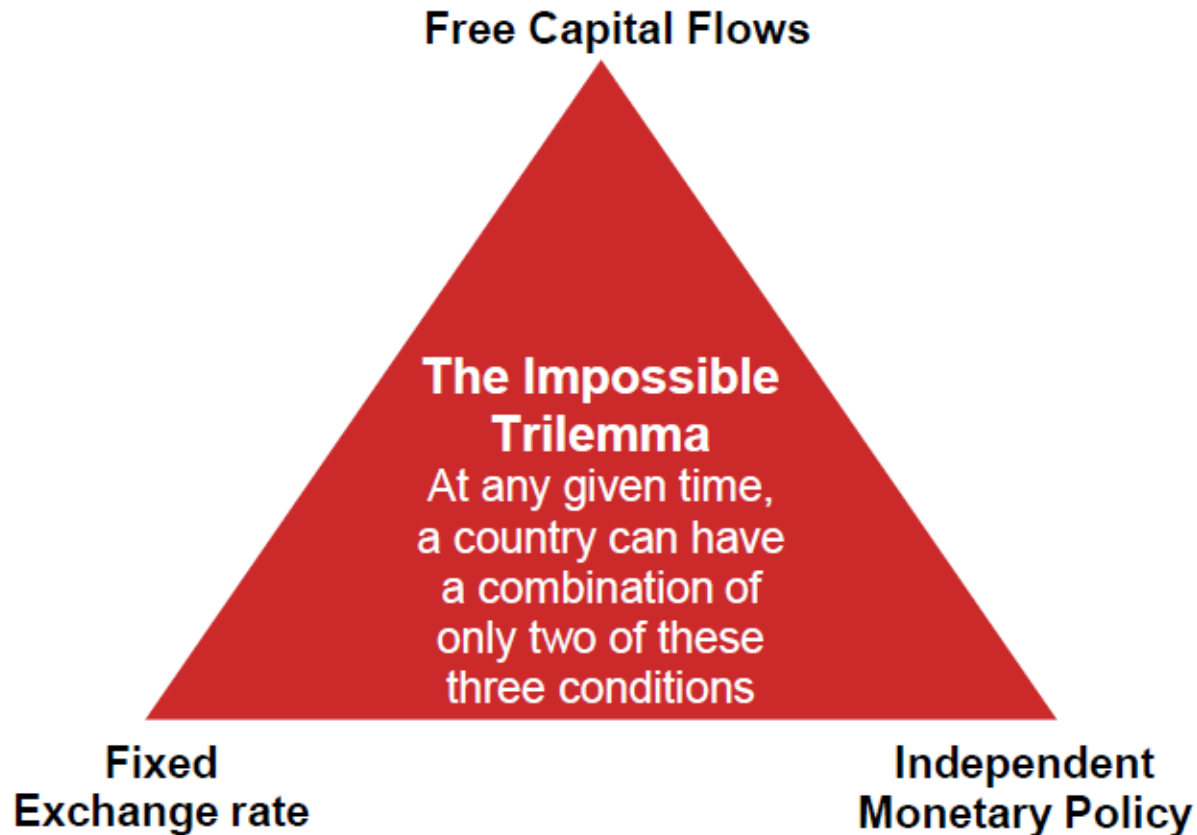
BBC

Sorry, I was wrong

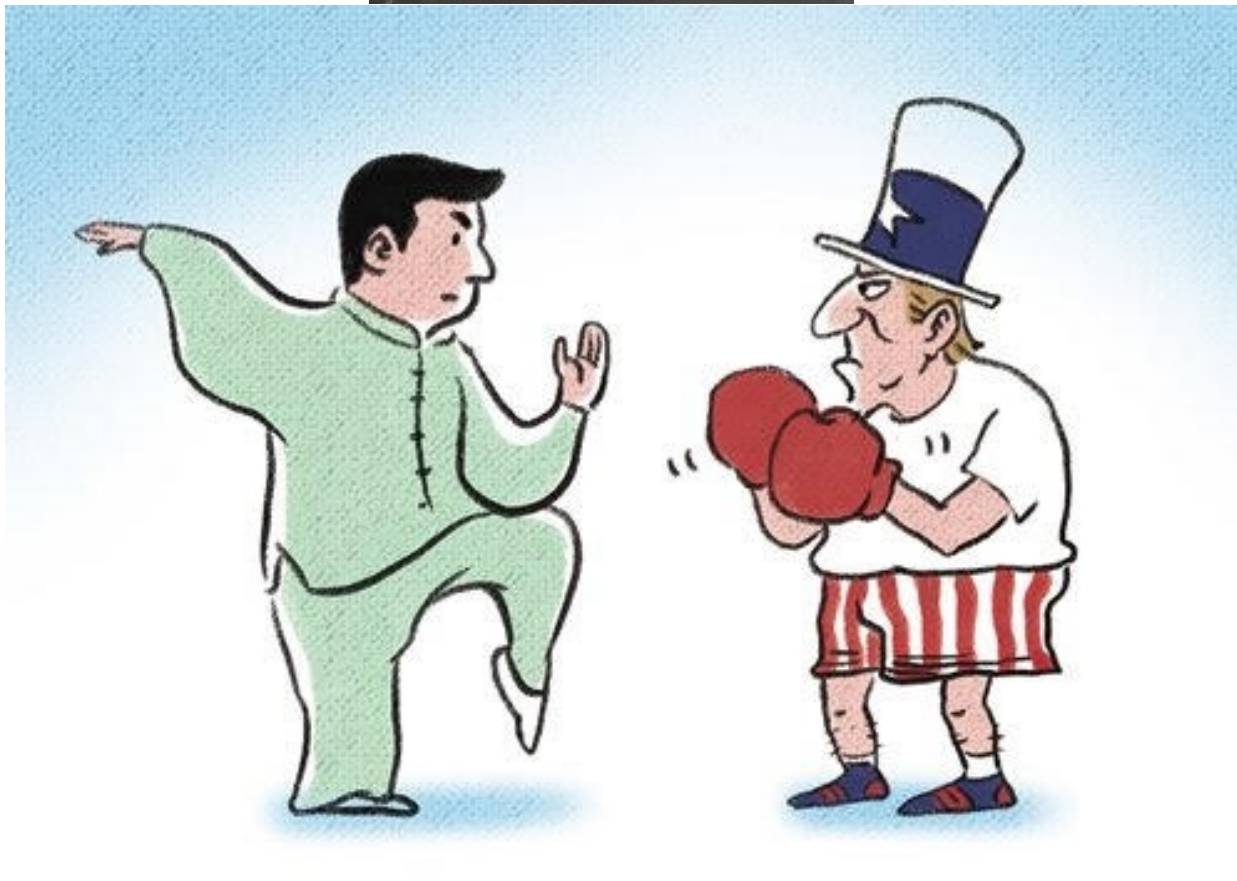


Source: Various government data

The Impossible Trilemma



What have We
LEARNED?
so far...



The New Long March (新长征)



ASIA JULY 1, 2019 / 2:25 PM / 20 DAYS AGO

UPDATE 1-China finds armyworm in major corn-growing province -Beijing News

2 MIN READ



- * Shandong is China's third-largest corn producing province
- * No crops damaged there so far -Beijing News
- * Pest expected to spread further (Adds farmer comment, background)

 South China Morning Post[SIGN IN/UP](#)

China Economy

Armyworm to bite China's under pressure food supply within two months as trade war tariffs limit US crop imports

- The pest has already attacked crops in 13 provinces and regions in southern China and is expected to move north as temperatures rise
- China has already been forced to slaughter millions of pigs with African swine fever affecting all 31 autonomous regions and provinces within just nine months

No Time for Trade War

Confirmed Detections of Armyworm in South China



Source: U.S. Department of Agriculture Foreign Agricultural Service

© 2019 Geopolitical Futures

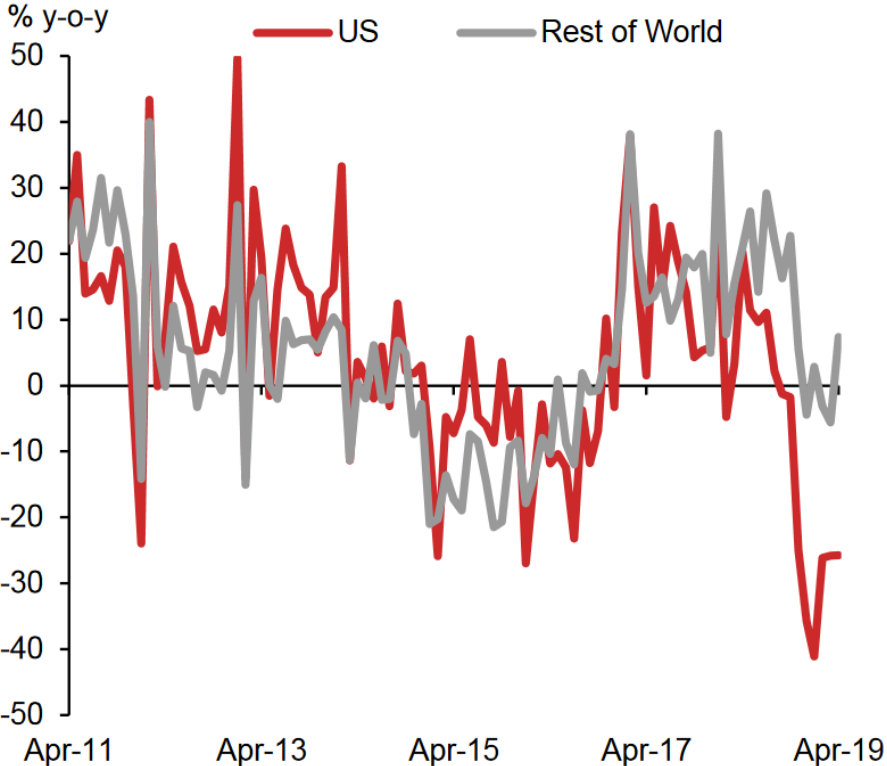
China Economy

Armyworm to bite China's under pressure food supply within two months as trade war tariffs limit US crop imports

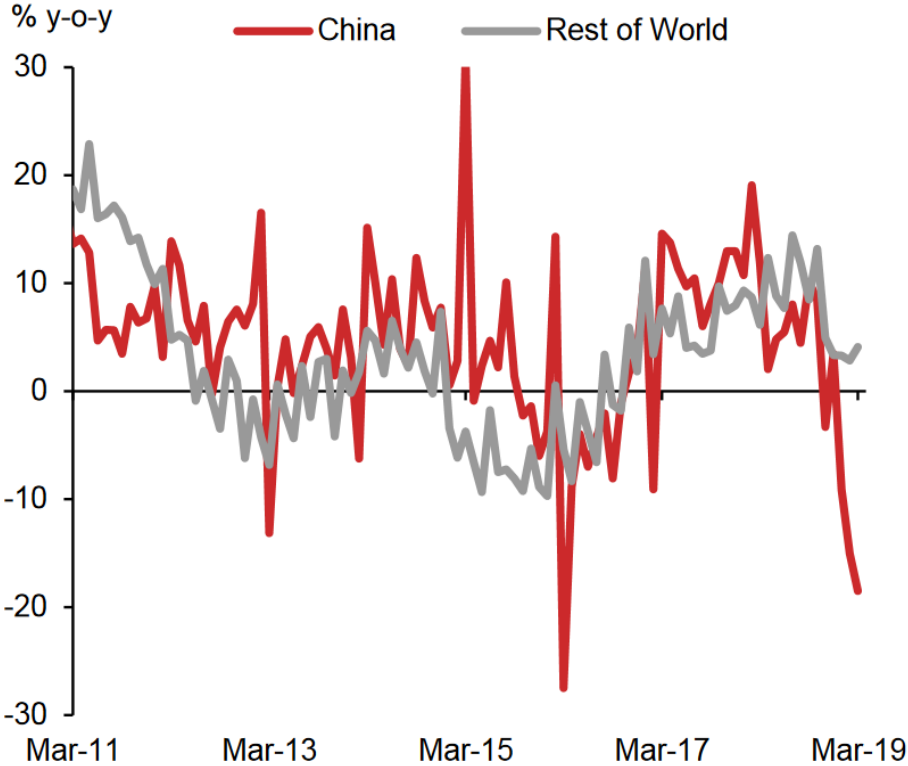
- The pest has already attacked crops in 13 provinces and regions in southern China and is expected to move north as temperatures rise
- China has already been forced to slaughter millions of pigs with African swine fever affecting all 31 autonomous regions and provinces within just nine months

Worth Fighting?

China imports from the US and rest of world



US imports from China and rest of world



李克强：守住不发生大规模失业的底线

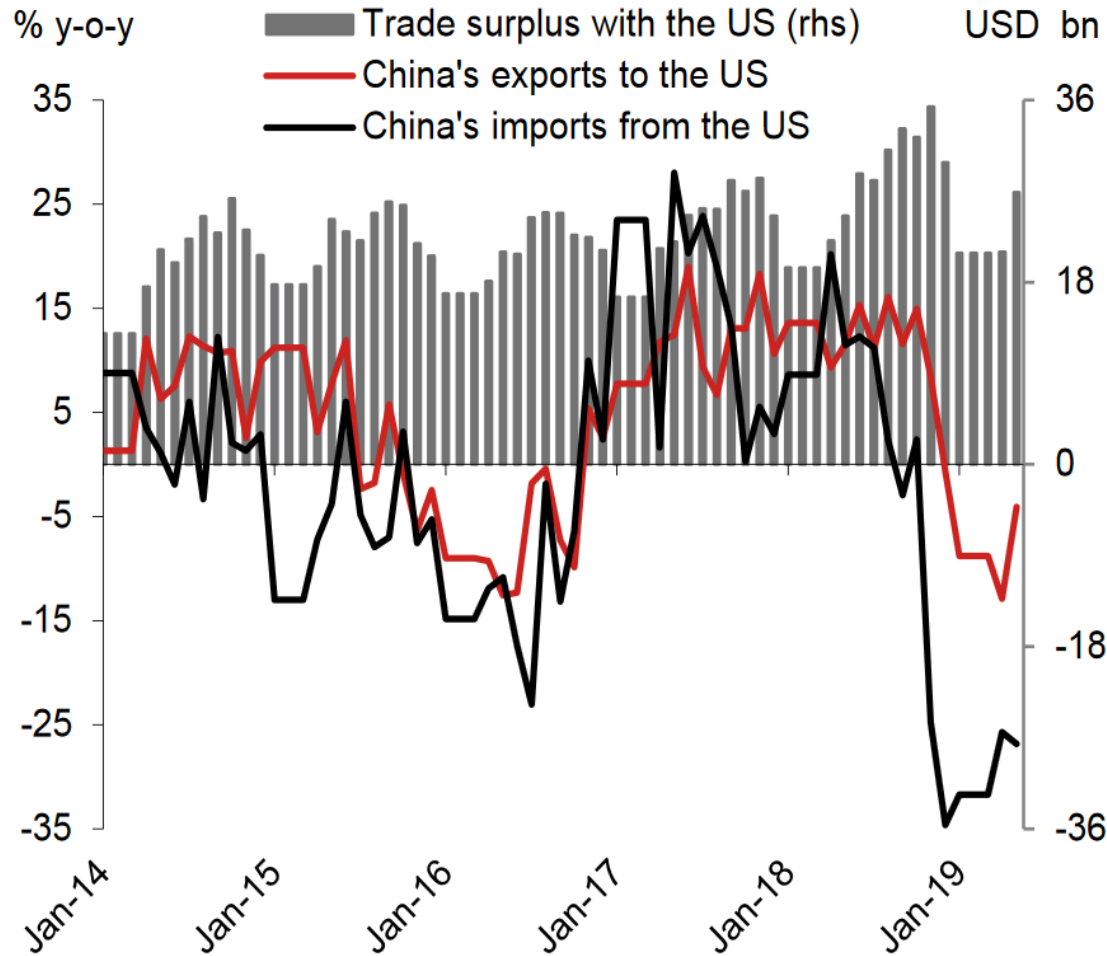
发布 / 2019年5月14日 1:38 PM



据中国政府网消息，全国就业创业工作暨普通高等学校毕业生就业创业工作电视电话会议昨天（13日）在北京召开。中共中央政治局常委、国务院总理李克强作出重要批示。

李克强批示指出：促进就业创业特别是高校毕业生就业创业，是实现经济持续健康发展、民生改善和社会大局稳定的重要保障。今年就业压力仍然较大，尤其是高校毕业生人数再创新高，影响稳定就业的因素也较多，各地区、各部门必须高度重视。要坚持以习近平新时代中国特色社会主义思想为指导，贯彻党中央、国务院决策部署，认真实

Taichi Resumes



Source: Bloomberg



Donald J. Trump 
@realDonaldTrump



The reason for the China pullback & attempted renegotiation of the Trade Deal is the sincere HOPE that they will be able to "negotiate" with Joe Biden or one of the very weak Democrats, and thereby continue to ripoff the United States ((\$500 Billion a year)) for years to come....

8:48 PM · May 8, 2019 · [Twitter for iPhone](#)

16.5K Retweets **62.2K** Likes



Donald J. Trump 
@realDonaldTrump · 7h
Replying to [@realDonaldTrump](#)



....Guess what, that's not going to happen! China has just informed us that they (Vice-Premier) are now coming to the U.S. to make a deal. We'll see, but I am very happy with over \$100 Billion a year in Tariffs filling U.S. coffers...great for U.S., not good for China!



8K



14.7K



60K

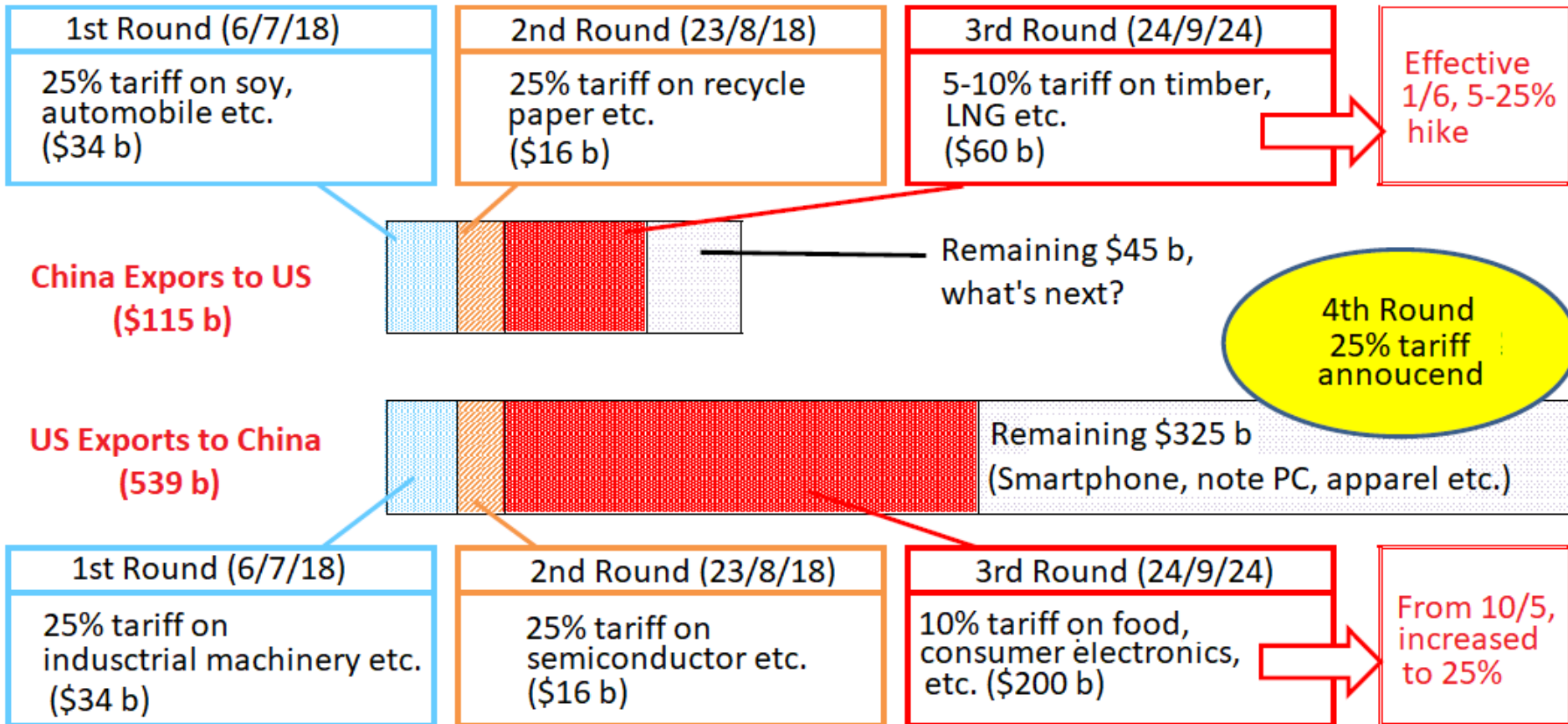


PhillipCapital
Your Partner In Finance

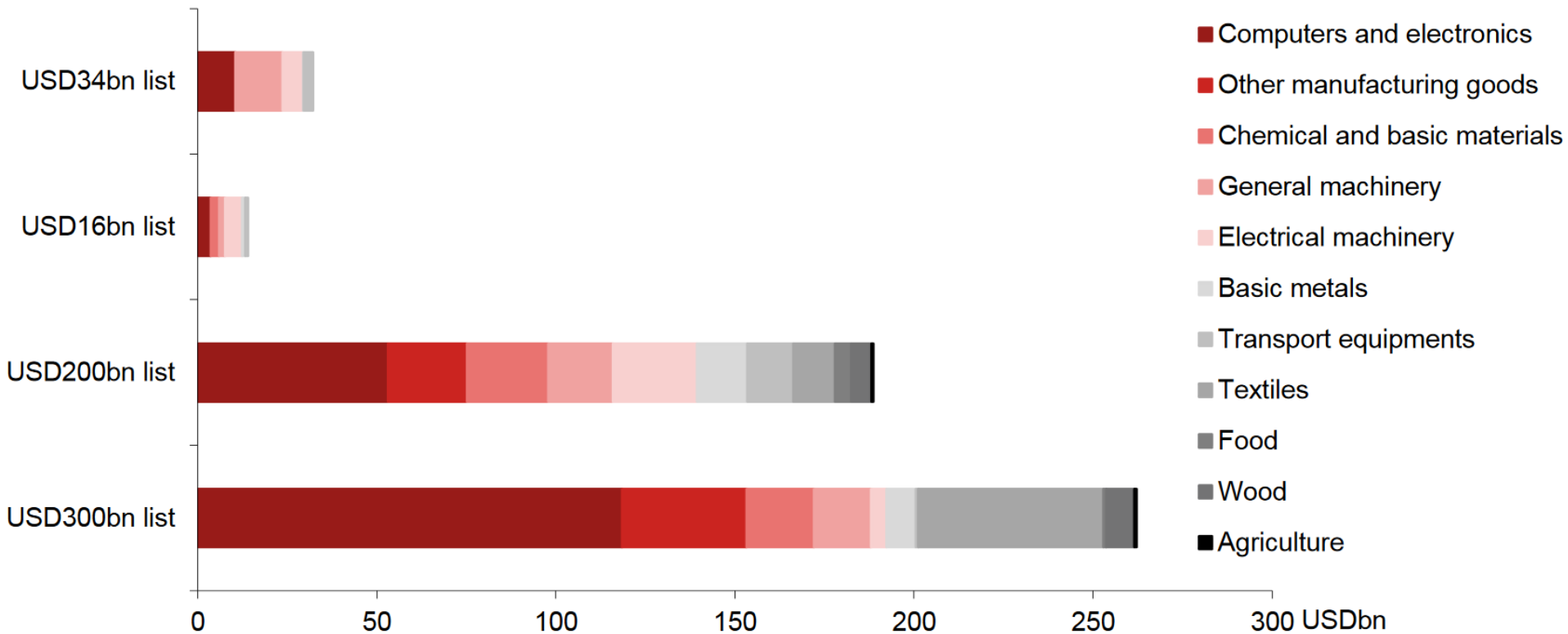
The Truth is Out There

- China sees 150-page agreement drafted in April as “unequal” due to US demands on changes in Chinese law, including IP.
- China deleted roughly 45 pages of 150 pages that dealt with changes in Chinese law.
- China has from day one insisted that those changes be in the form of ministerial ordinances while US insisted on revisions of law.

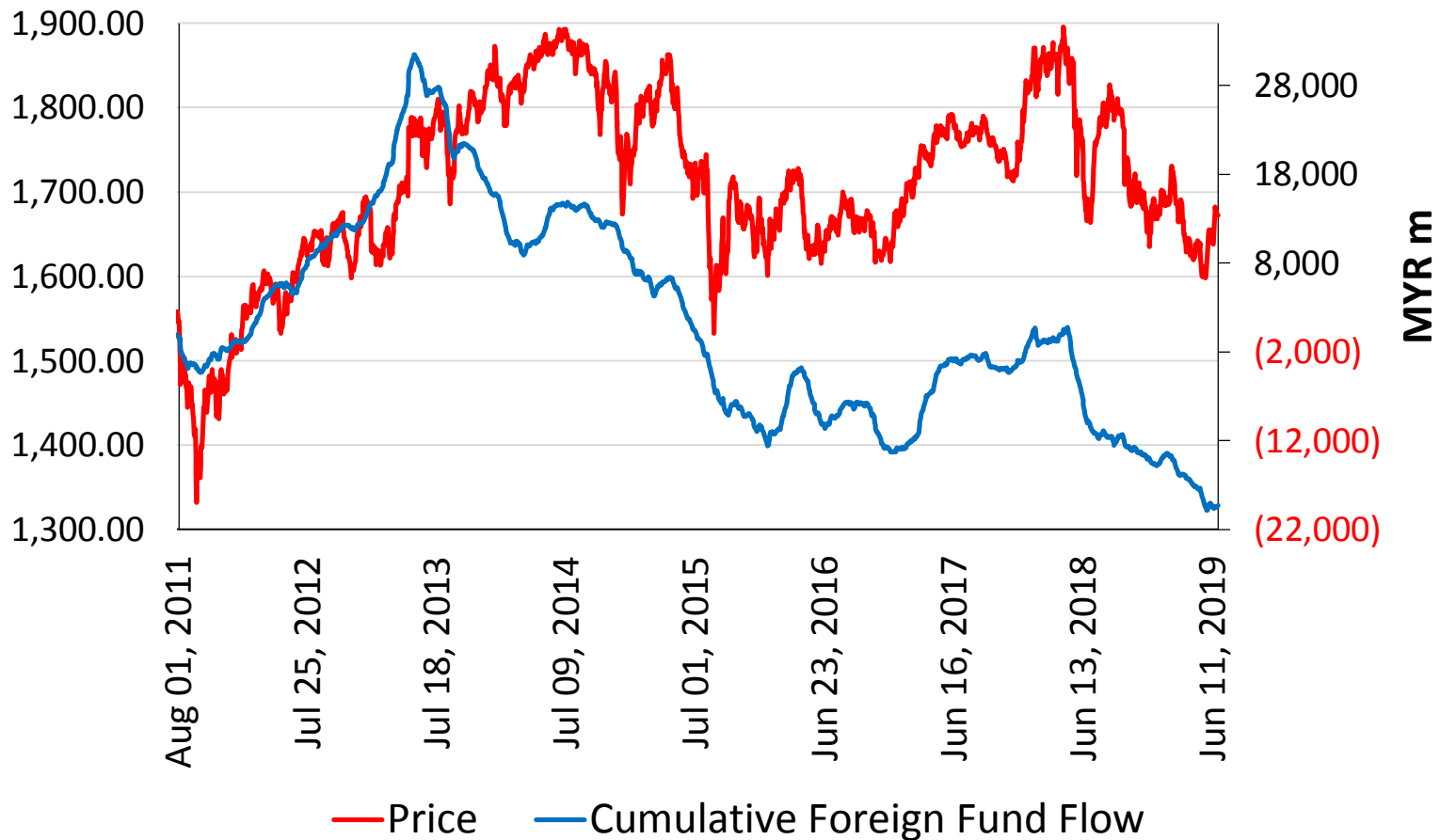
Game Over?



iPhone Next?

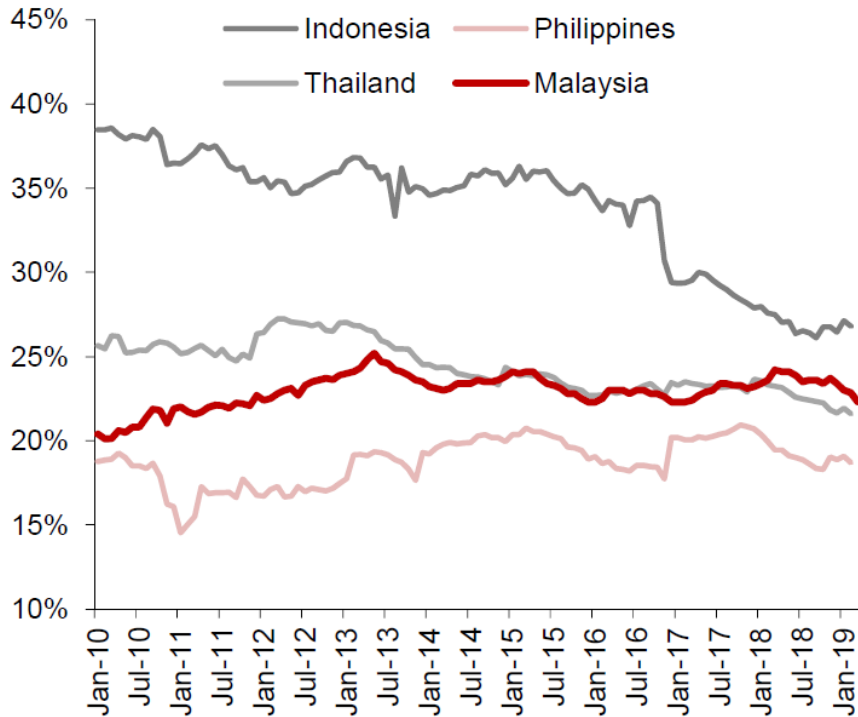


When Will I See You Again?

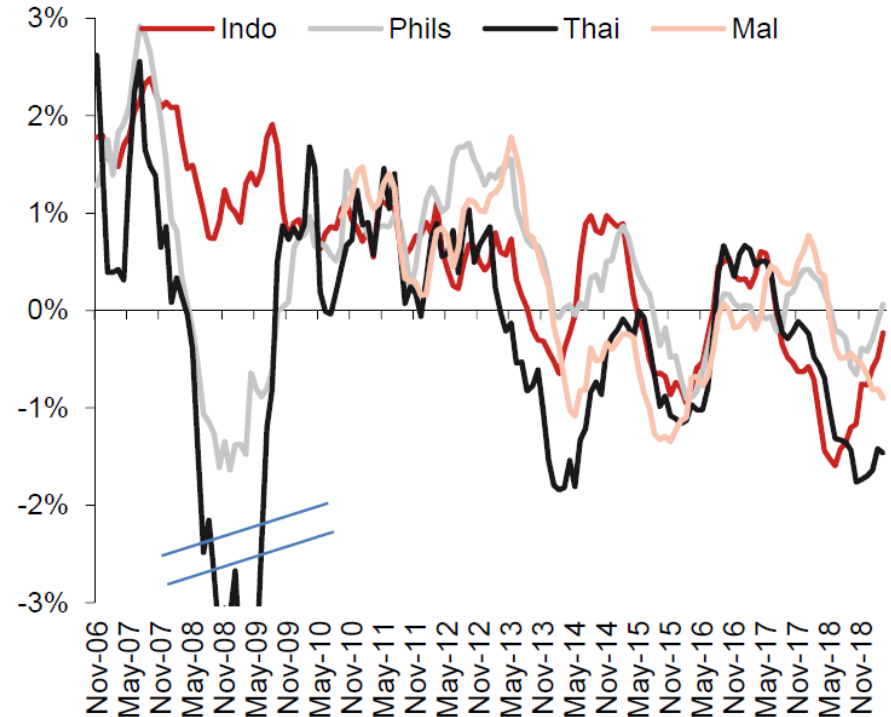


I Shall Return

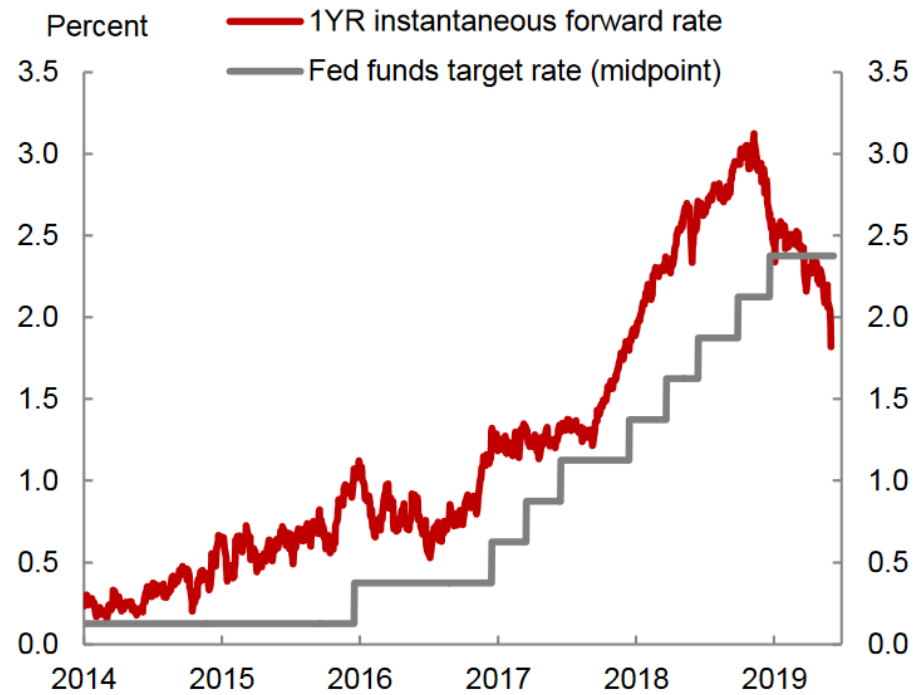
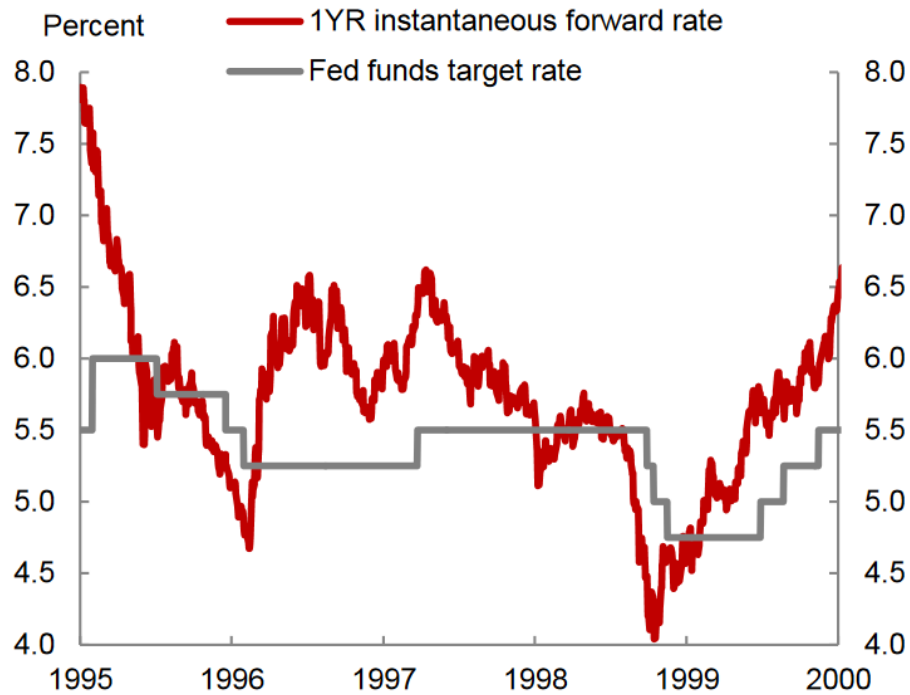
Malaysia: Foreign equity ownership



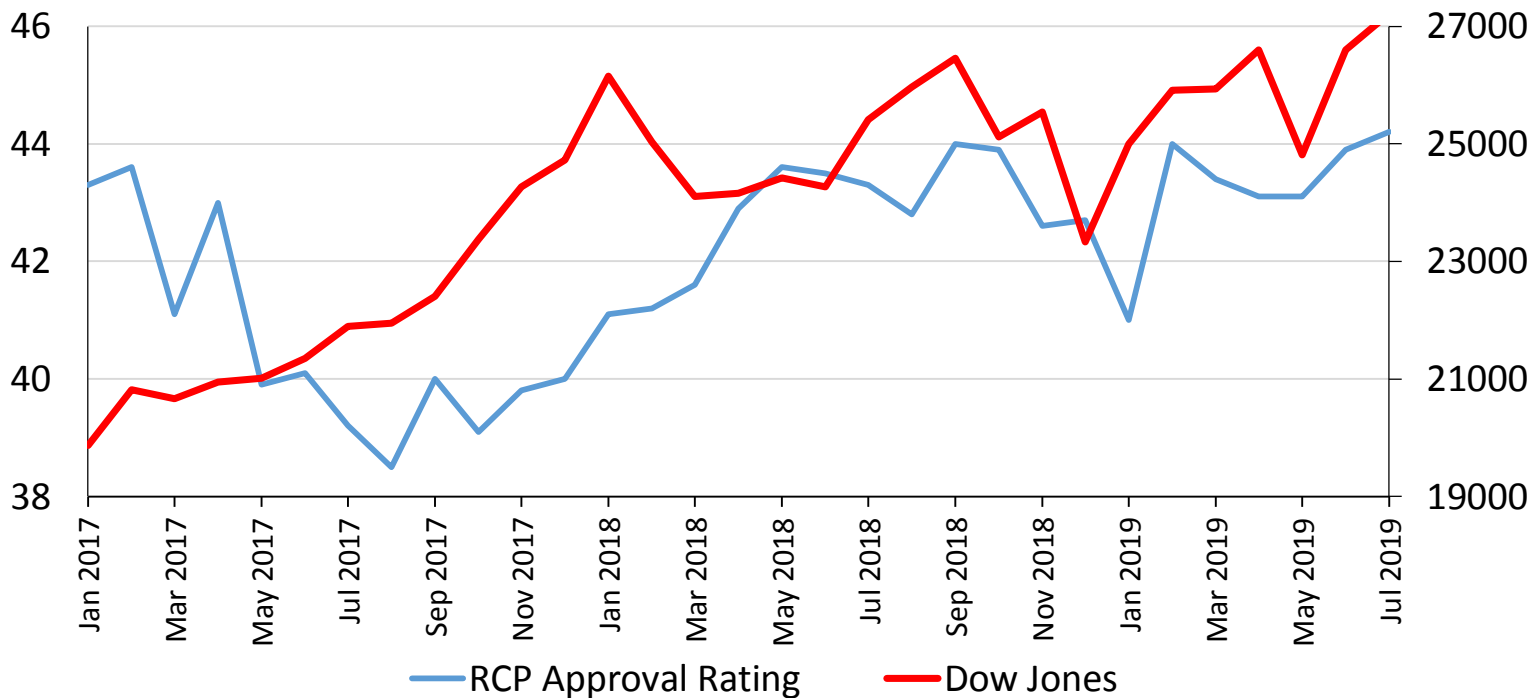
Net foreign equity as a percent of market cap
12M cumulative flows as a percent of average market cap



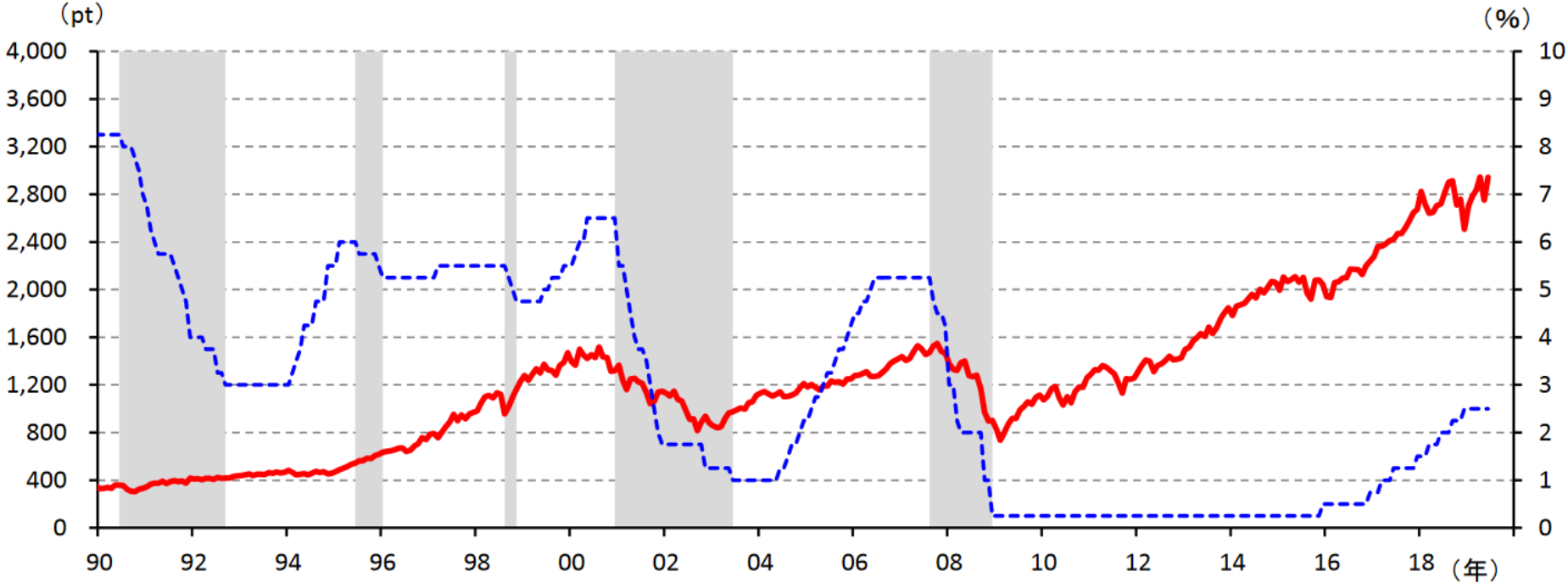
Market is always Right



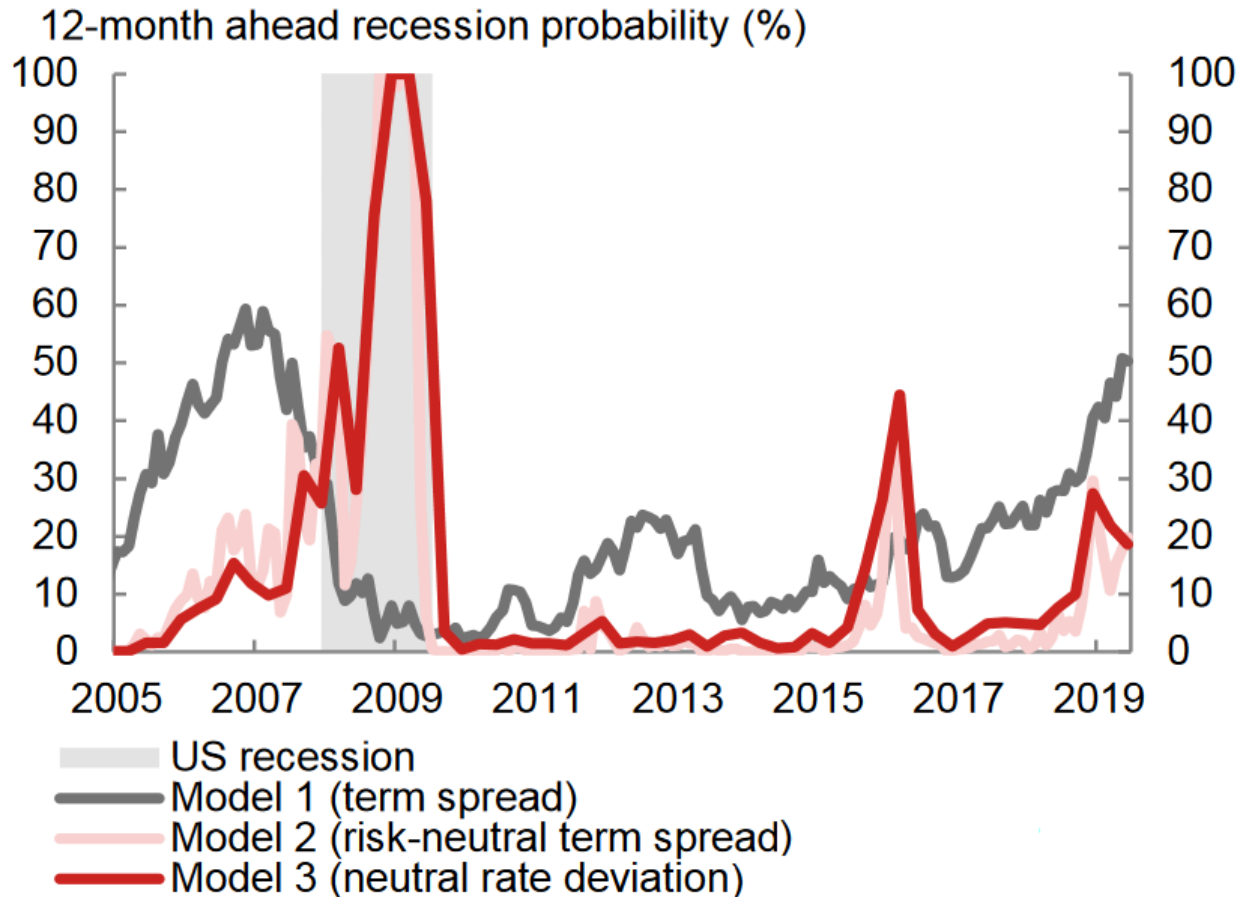
Manipulating?



Further Upside!

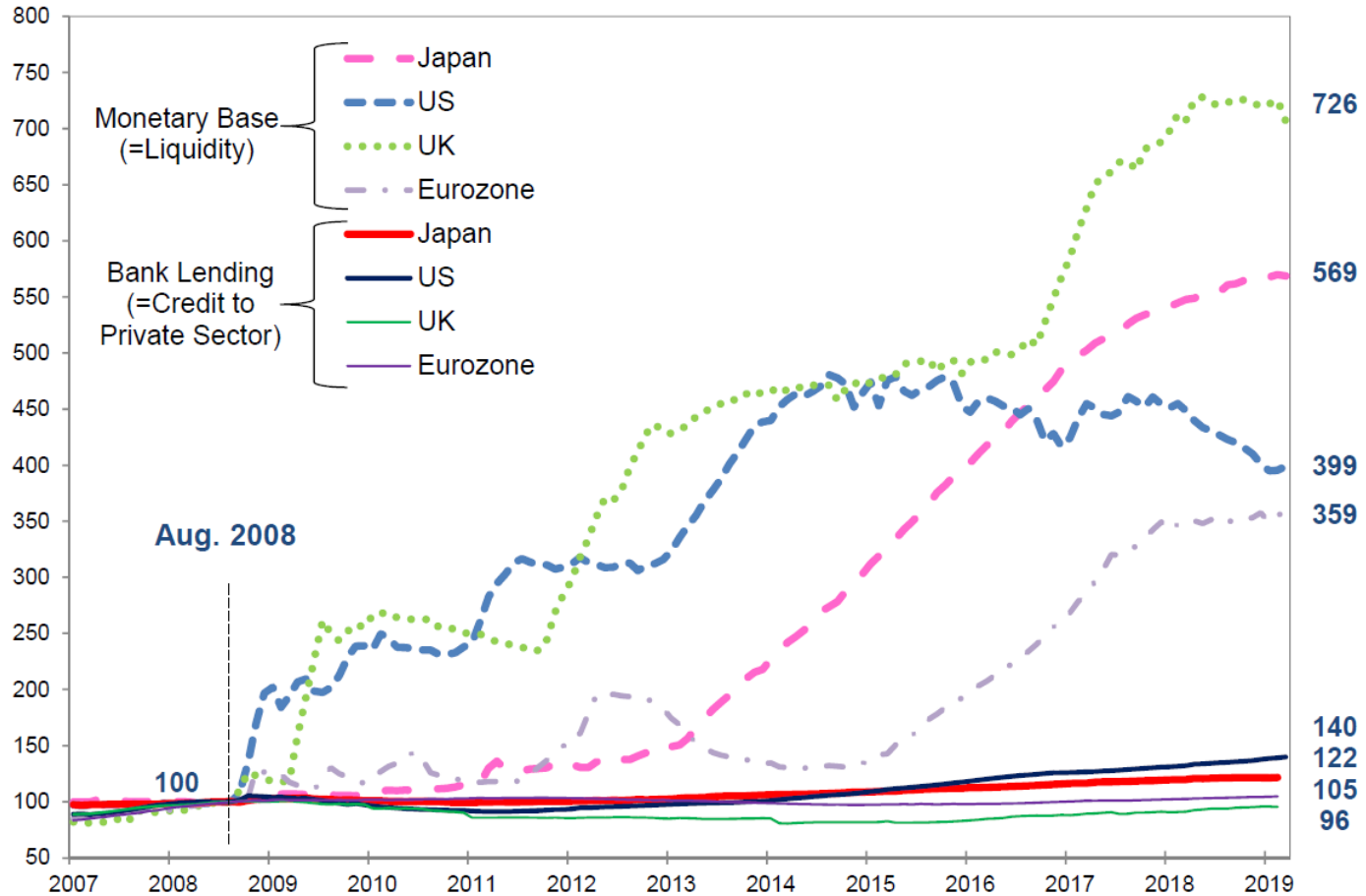


What if Powell Changes His Mind?



It's Liquidity

(Aug. 2008 = 100, seasonally adjusted)



Do We Miss Something?

$$P = \sum_{i=1}^n \frac{C_i}{(r-g)^i}$$

	Bond	FX	Equity
<i>Developed Market Equities</i>			
US	↔		▼
Europe	▼	▼	▲
Japan	▼	▼	▼
Oceania	↔	▼	↔
<i>Emerging Market Equities</i>			
China	↔	↔	▼
Hong Kong	▼	▼	▼
India	▲	▲	▲
Indonesia	↔	↔	▼
Malaysia	↔	↔	↔
Philippines	↔	↔	▲
Singapore	↔	▲	↔
South Korea	▲	▼	▼
Taiwan	↔	▼	▼
Thailand	↔	▼	↔
Vietnam	↔	▼	▲
MENA	▼	▼	▼
South America	▼	▼	▼

↔: Neutral, ▼: Sell on strength, ▼: Underweight, ▲: Overweight

Note: FX is relatively to US Dollar

Thank You