

Post-Budget, What's Next?

B U D G E T

2021

The number '2021' is rendered in a bold, blue, sans-serif font. The digit '0' is replaced by the flag of Malaysia, featuring a yellow crescent and a 14-pointed star on a blue field, with red and white horizontal stripes on the right side.

Disclaimer

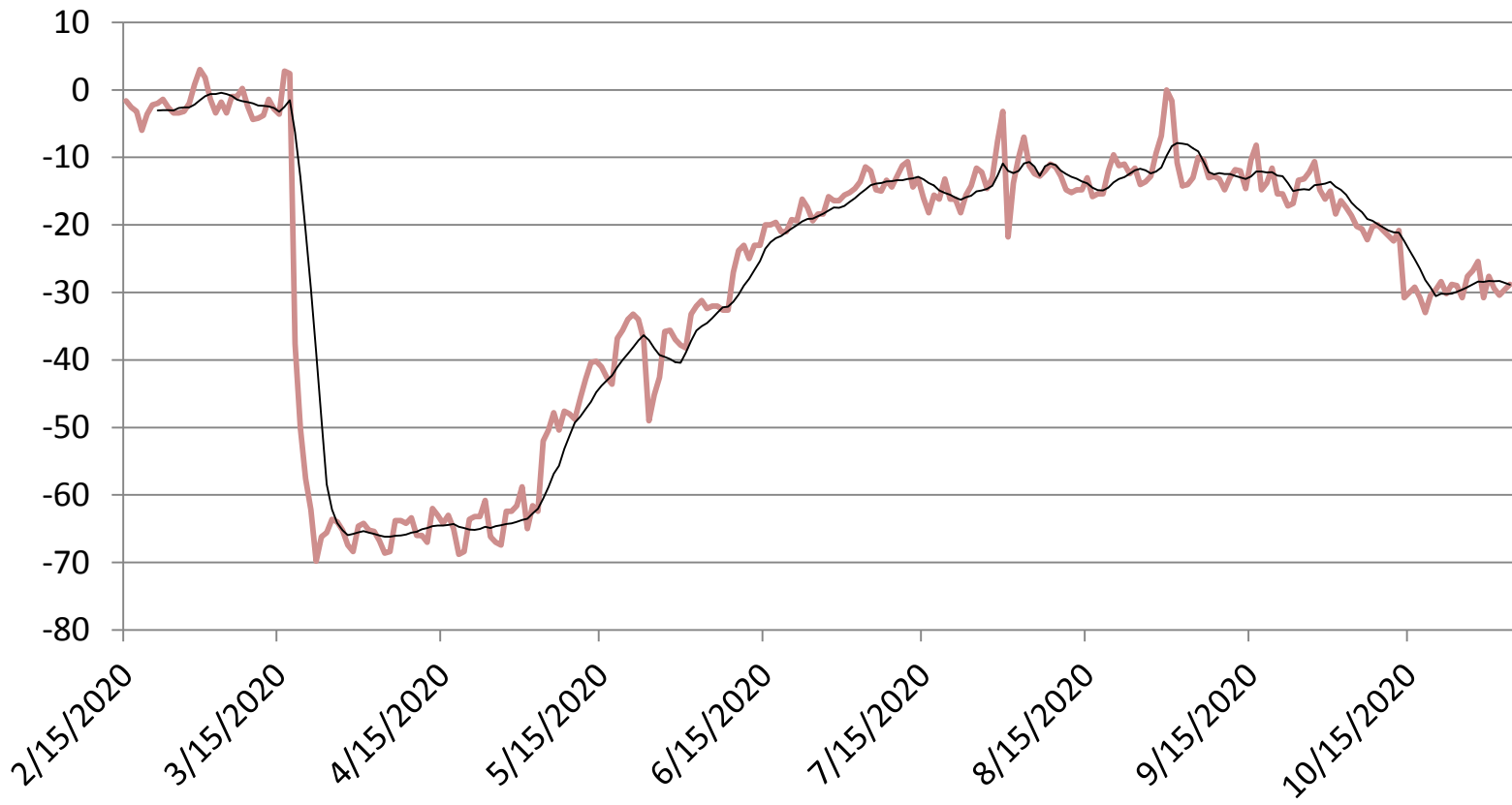
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Too Optimistic?

| | SHARE (%) | CHANGE (%) | | |
|------------------------------------|-------------------|------------|-------------------|-------------------|
| | 2020 ¹ | 2019 | 2020 ¹ | 2021 ² |
| Wholesale and retail trade | 28.8 | 6.7 | -6.1 | 8.5 |
| Finance and insurance | 11.8 | 4.6 | -0.1 | 5.5 |
| Information and communication | 11.4 | 6.6 | 6.4 | 7.9 |
| Real estate and business services | 7.7 | 7.8 | -11.6 | 7.6 |
| Transportation and storage | 6.0 | 6.8 | -11.9 | 7.5 |
| Food & beverages and accommodation | 5.5 | 9.6 | -13.3 | 10.7 |
| Utilities | 4.9 | 6.0 | 1.7 | 5.7 |
| Other services | 8.2 | 5.5 | -8.1 | 6.2 |
| Government services | 15.7 | 3.7 | 4.0 | 3.7 |
| Services | 100.0 | 6.1 | -3.7 | 7.0 |

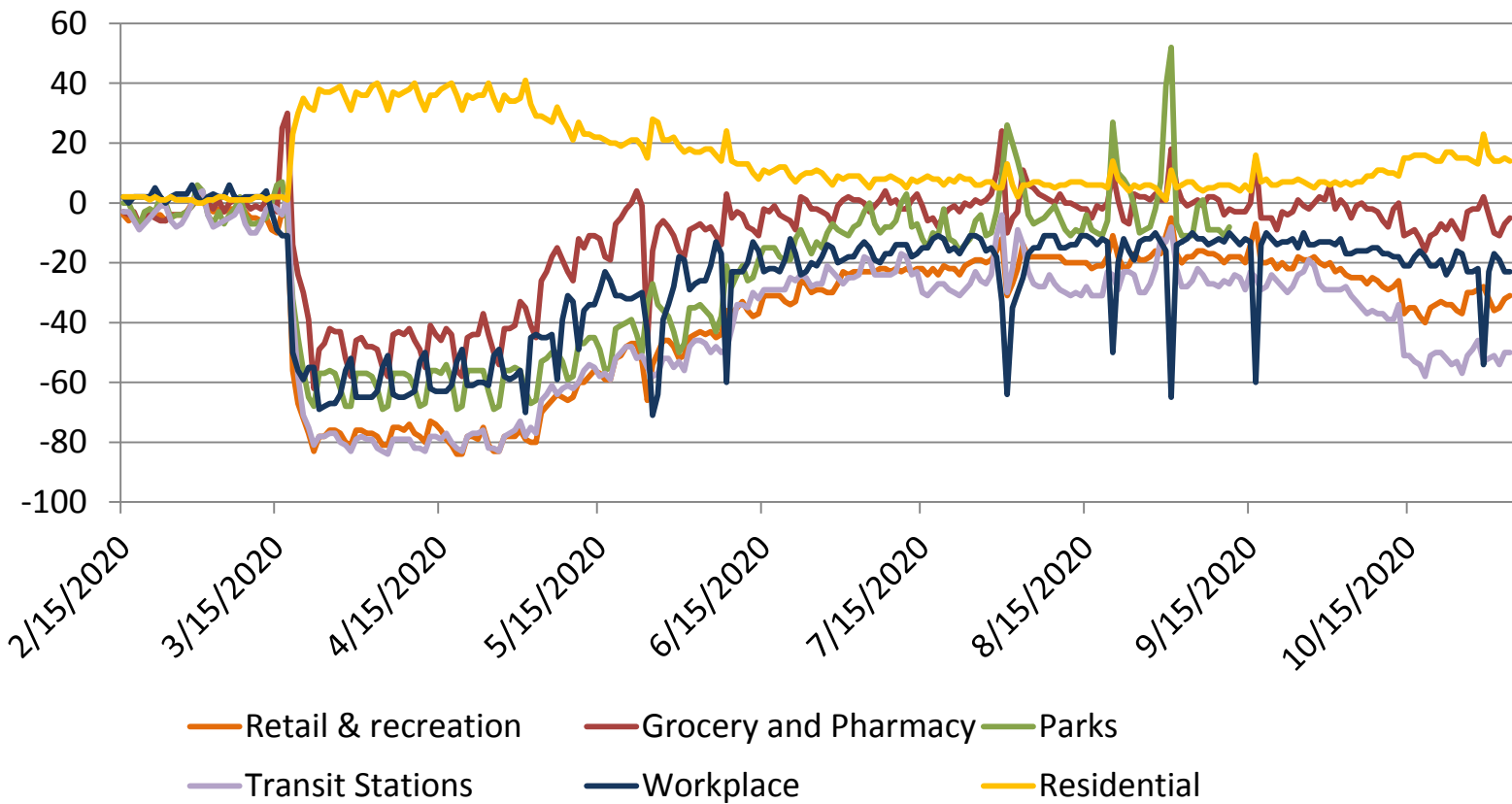
Source: MOF

CMCO



Source: Google Mobility, PRSB

But the Impact?



Source: Google Mobility, PRSB

Retail Industry Growth

| | Retail growth (%) | GDP growth (%) |
|----------|-------------------|----------------|
| 1997 | 7 | 7.3 |
| 1998 | -20 | -7.4 |
| 1999 | 7.4 | 6.1 |
| 2000 | 10.4 | 8.9 |
| 2002 | 3 | 5.4 |
| 2003 | 3.6 | 5.8 |
| 2004 | 8 | 6.8 |
| 2005 | 6.2 | 5 |
| 2019 | 3.7 | 4.3 |
| 2020 (E) | -9.3 | -5.5 |

Source: RGM

Retail Industry Sales Growth

| Growth Rate | 2019 | 2020 |
|-------------|------|-------|
| 1Q | 3.8 | -11.4 |
| 2Q | 4.5 | -30.9 |
| 3Q | 1.8 | -3.4 |
| 4Q | 3.8 | -2.5 |
| Full year | 3.7 | -9.3 |

Source: RGM

Retail Industry (2019)

| | |
|-----------------------|-----------------|
| Turnover | RM513.2b |
| Number of outlets | 342,588 |
| Number of employees | 1,213,838 |
| % of GDP | 34% |
| Number of SME outlets | 97% |

Source: RGM

Subsector Growth

| Subsector | Q1 | Q2 | Q3(E) |
|-------------------------------|-------|-------|-------|
| Department cum Supermarket | -8.5 | -34.6 | 5.7 |
| Department store | -17.5 | -62.3 | -3.5 |
| Supermarket and hypermarket | -3 | -9.9 | -6.7 |
| Fashion & accessories | -30.5 | -44.2 | 4 |
| Pharmacy and personal care | -3.9 | -26.2 | -10.6 |
| Other specialty retail stores | -17.9 | -40.9 | -9.5 |

Source: RGM

Closures

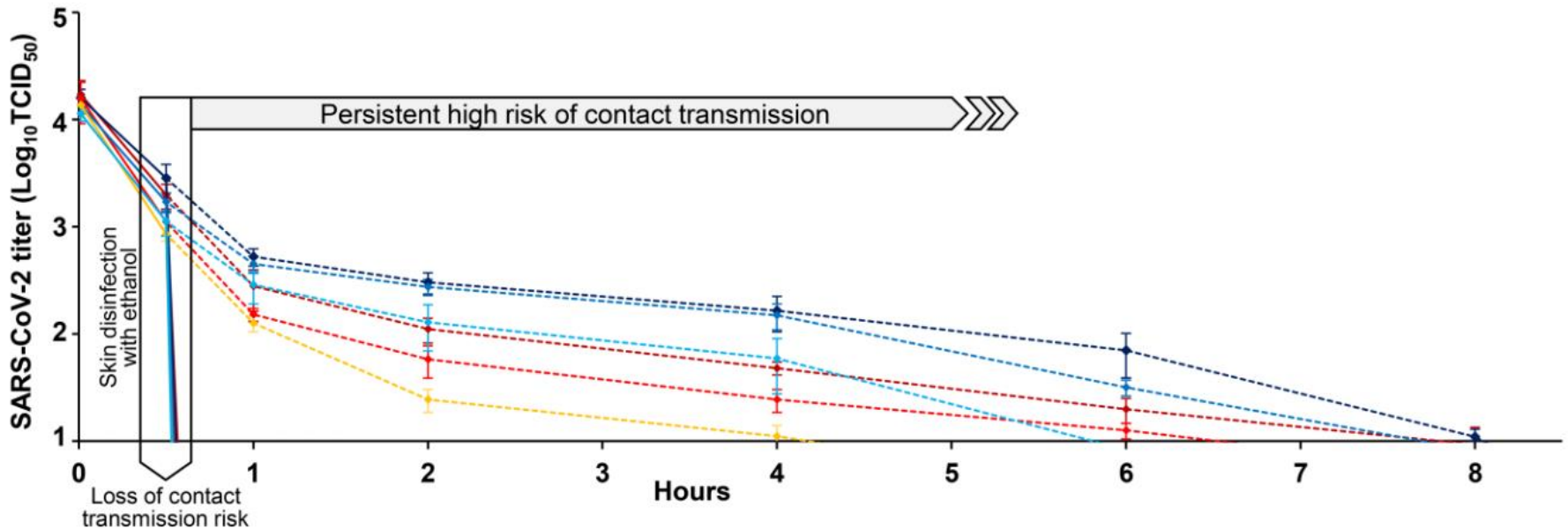
- Since MCO, 5% of shopping center tenants and 10% of ground floor shoplot had closed down. Total 15%, or 51000 shops to close down by 1H21
- MPH (Closed 9 outlets)
- Speedy Video (selected outlets remains open)
- Delicious restaurant (all closed)
- Giant and Cold Storage (closed several outlets)
- The Store (closed Semeyih outlet after 16 years)
- AEON Big (closed Alor Setar outlets)
- Parkson (closed Holiday Plaza JB, first outlet in JB)
- Ben's Independent Grocer (closed DC Mall)
- Several PappaRich and Old Town White Coffee outlets

Major Foreign Closures

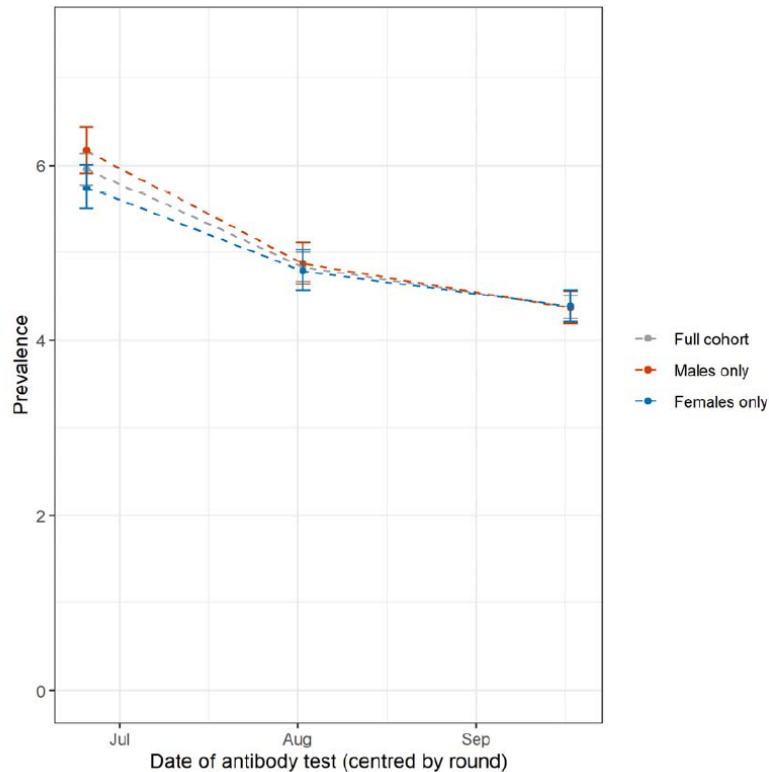
| Brand | Country of Origin | Number of closure |
|----------------|--------------------|-------------------|
| Esprit | US | All |
| Laduree | France | All |
| Home-Fix | Singapore | All |
| NYX Cosmetics | US | All |
| Greyhound Cafe | Thailand | All |
| KLC Chicken | Taiwan | Sri Petaling |
| Honolulu Cafe | Hong Kong | All |
| Mango | Spain | Selected outlets |
| Robinson | Malaysia/Singapore | All |

Source: Various

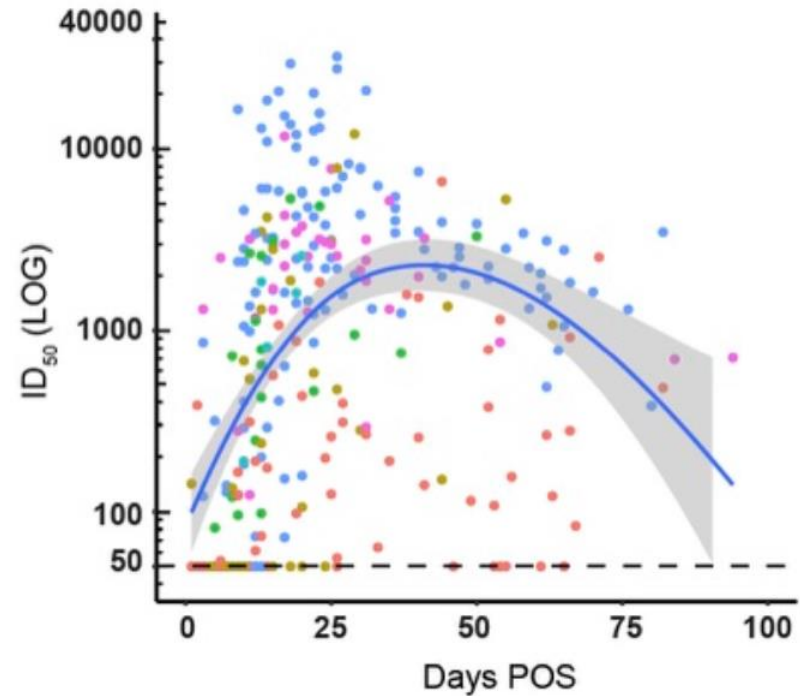
Covid Survives Longer



Second Wave Unavoidable?

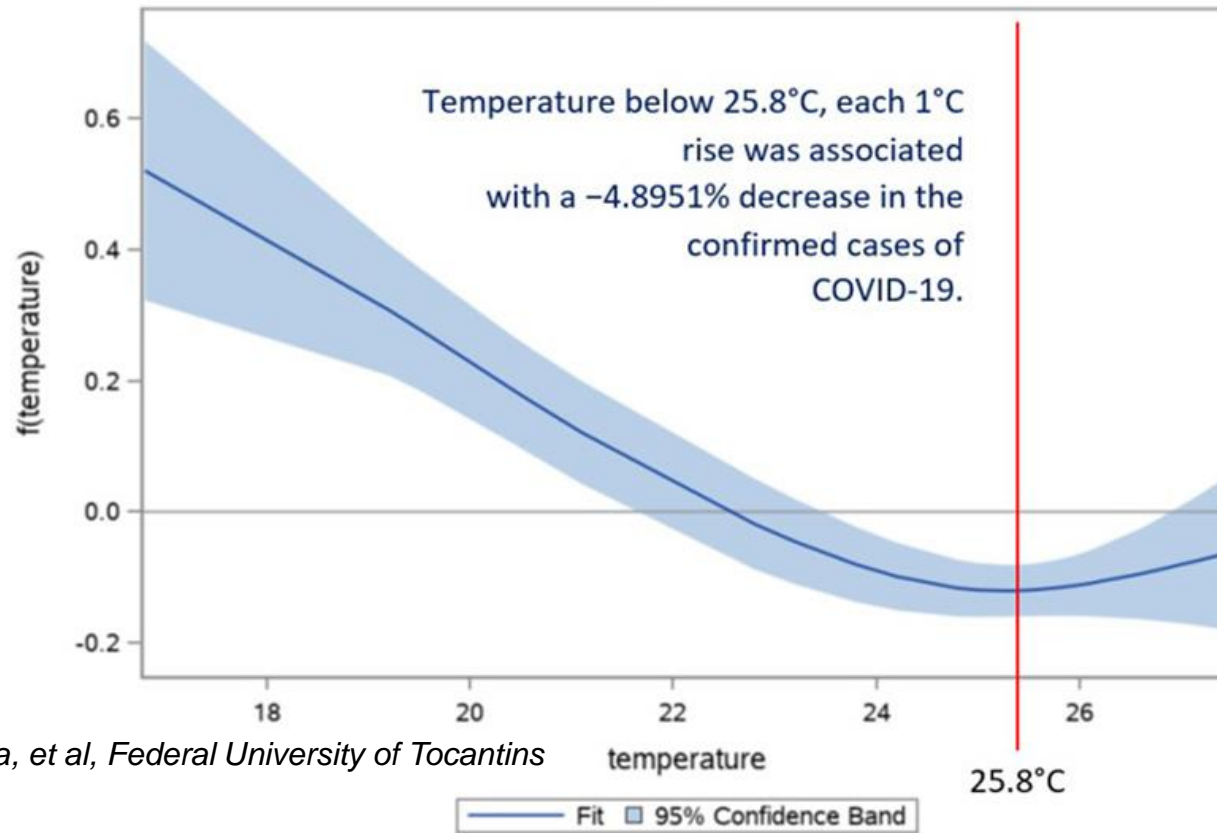


Source: Helen Ward, et al, Imperial College London



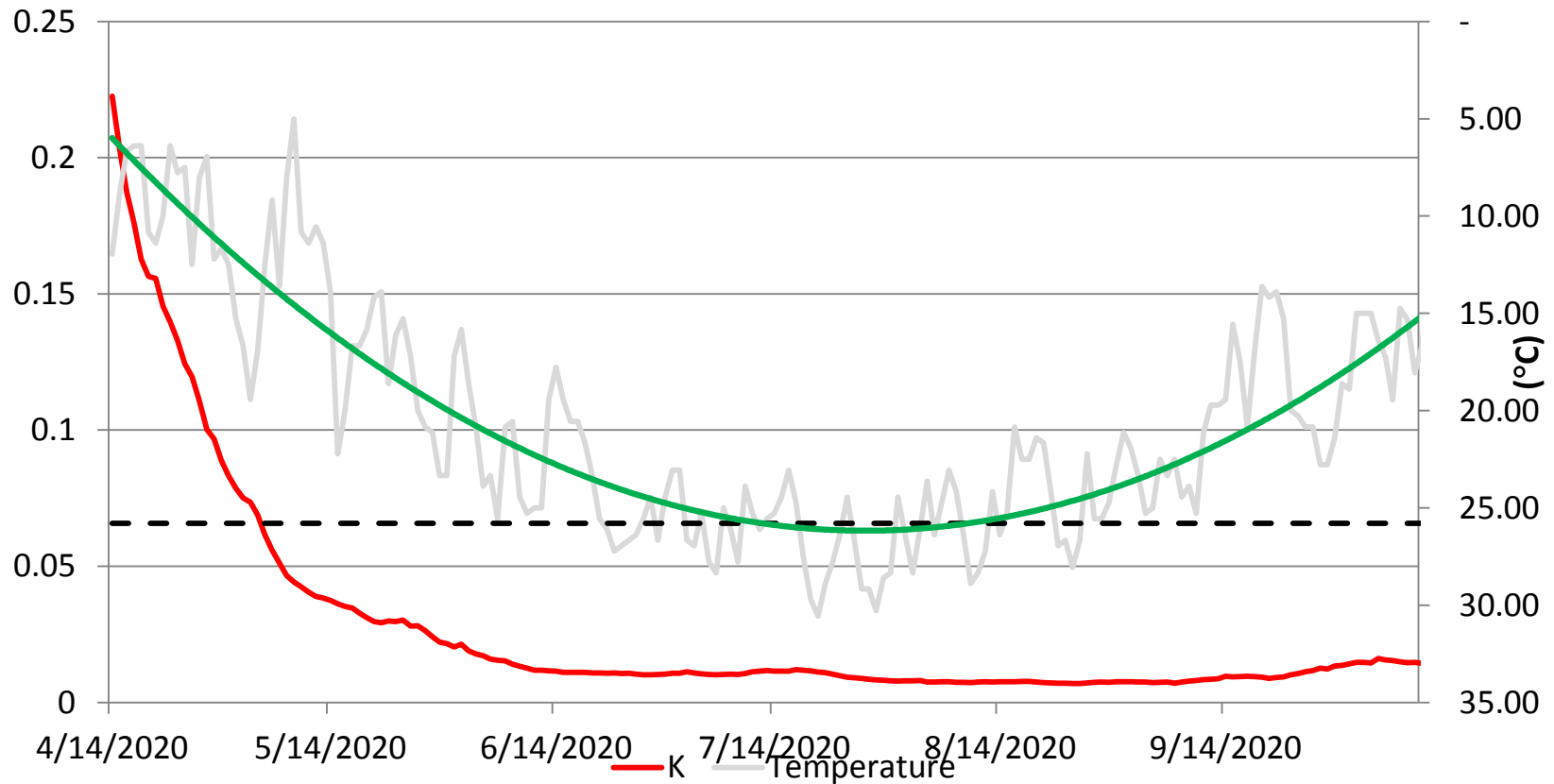
Source: Jeffrey, Seow et al, King's College

Second Wave Unavoidable?



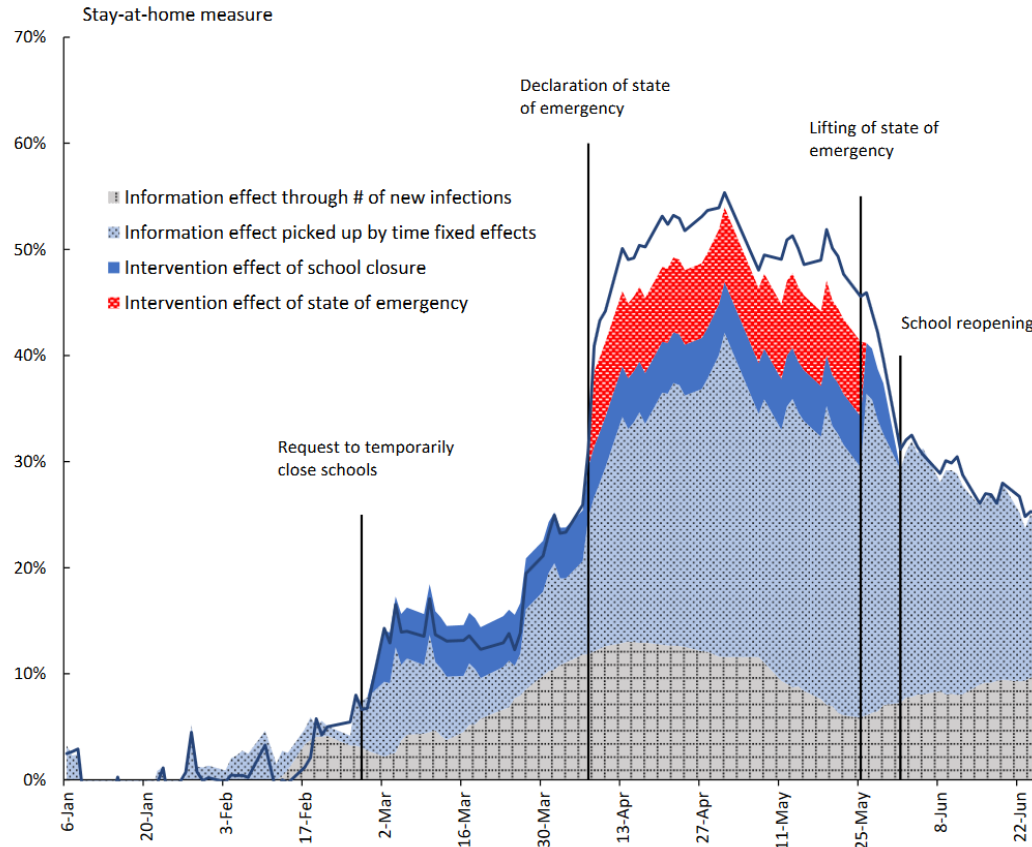
Source: David N. Prata, et al, Federal University of Tocantins

The Risk is Out There: NYC



Source: NOAA, WHO, PRSB

Not Just Lockdown



Source: CARF Working Paper

Converging Indicator K

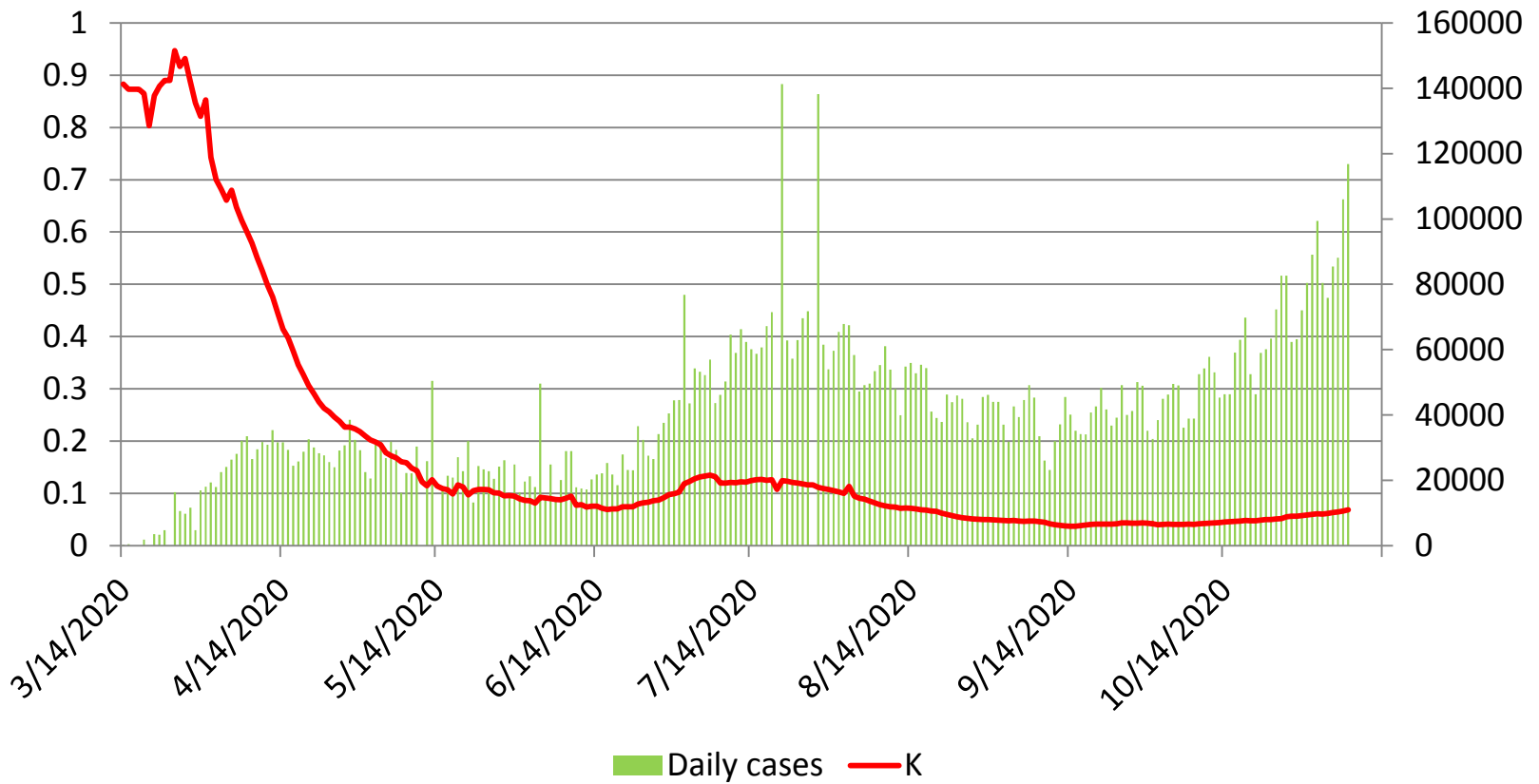
$$K(d) = N(d + 1) = e^{a(d)} N(d)$$

$$a(d + 1) = ka(d)$$

$$\frac{dI_i(d)}{dt} = \frac{a}{N_i} I_i(d) (N_i - I_i(d))$$

Deriving from SIR model

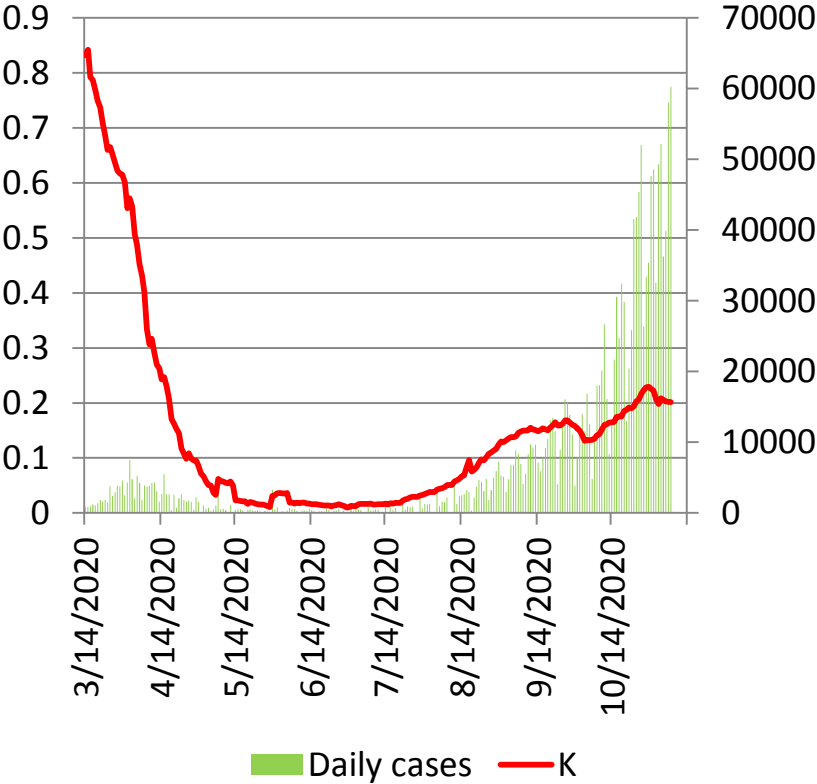
US K-indicator



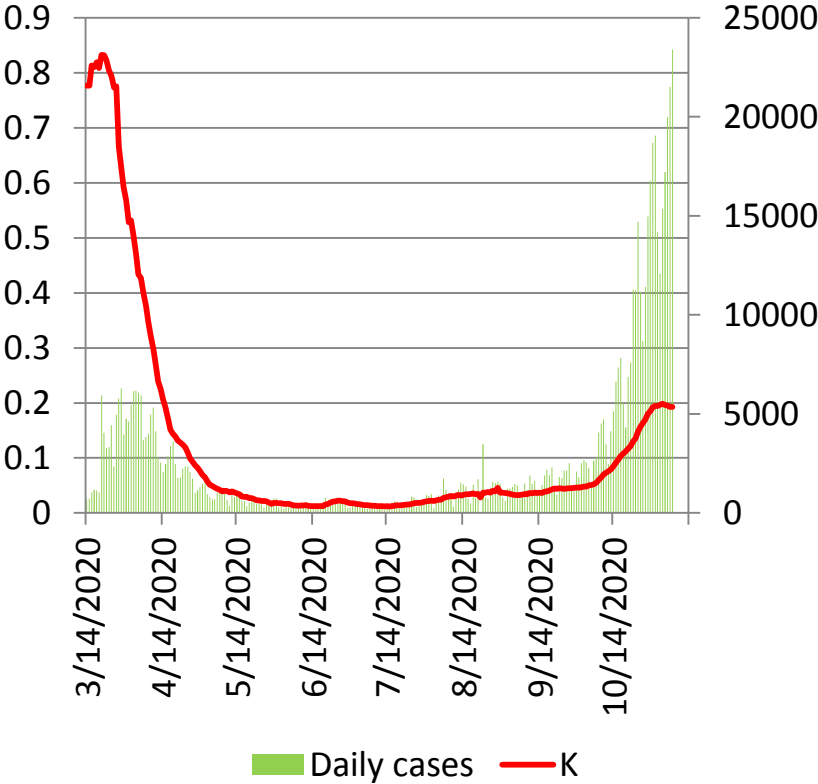
Source: WHO, PRSB

Europe

France

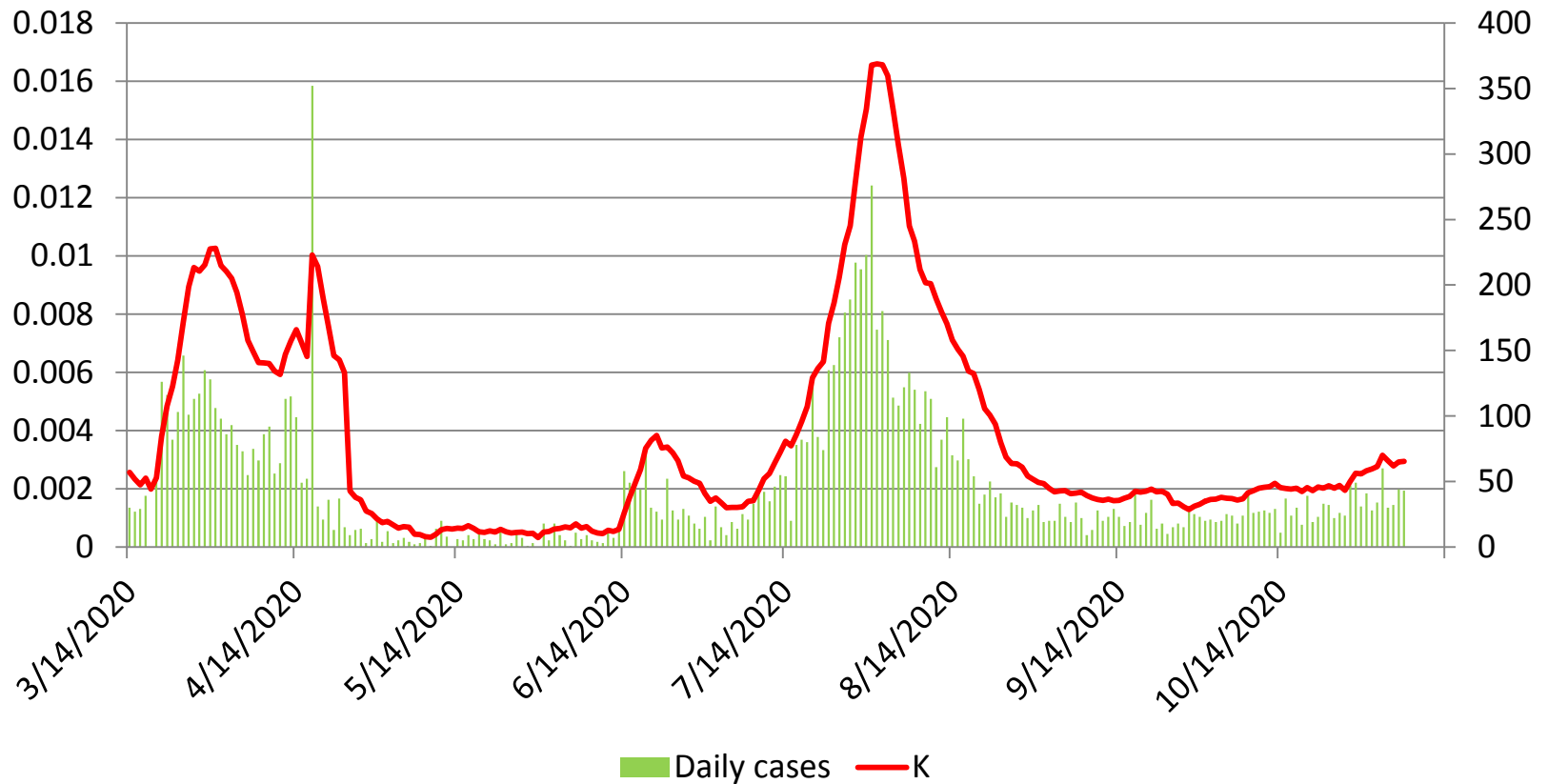


Germany



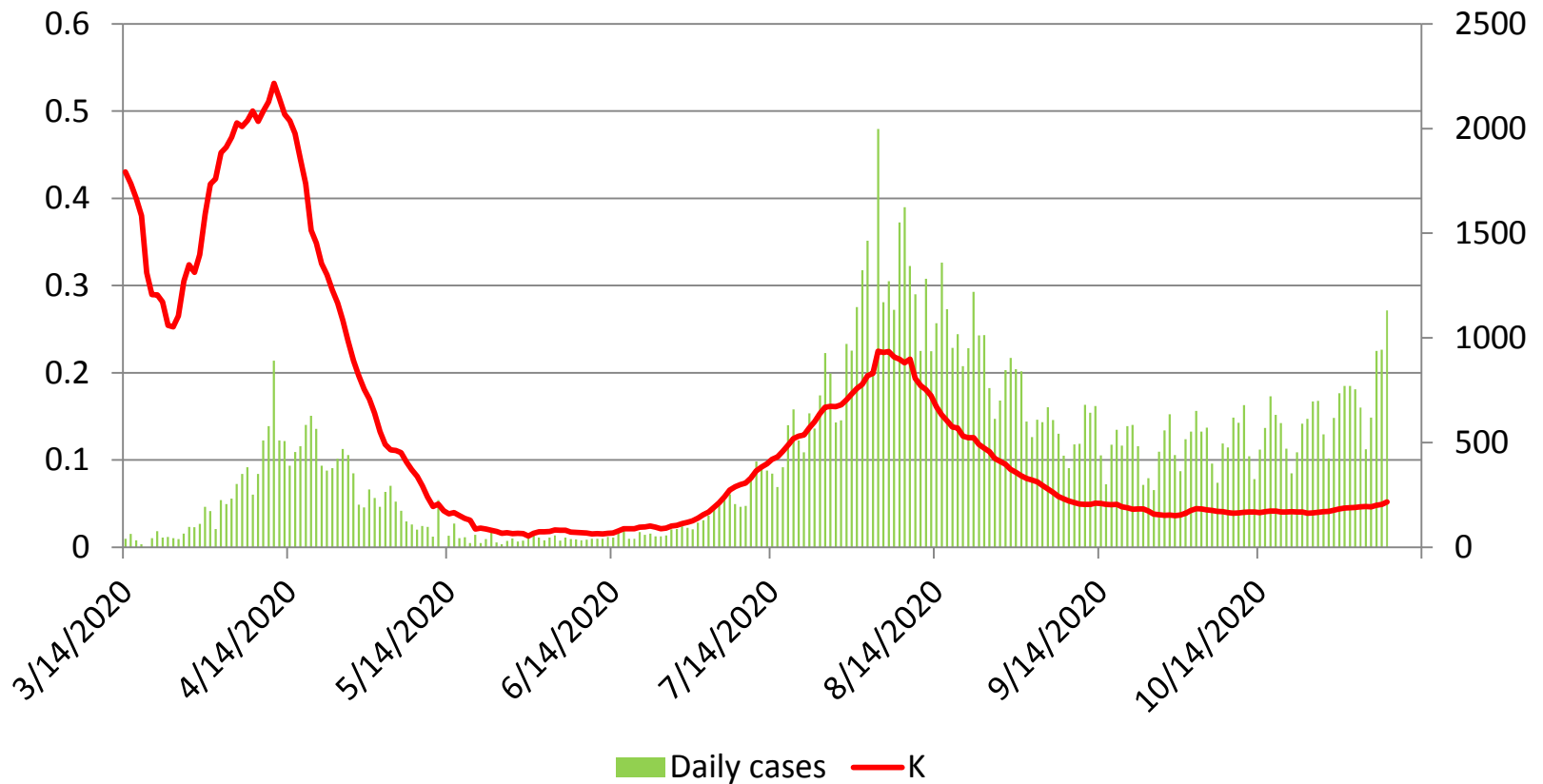
Source: WHO, PRSB

China K-indicator



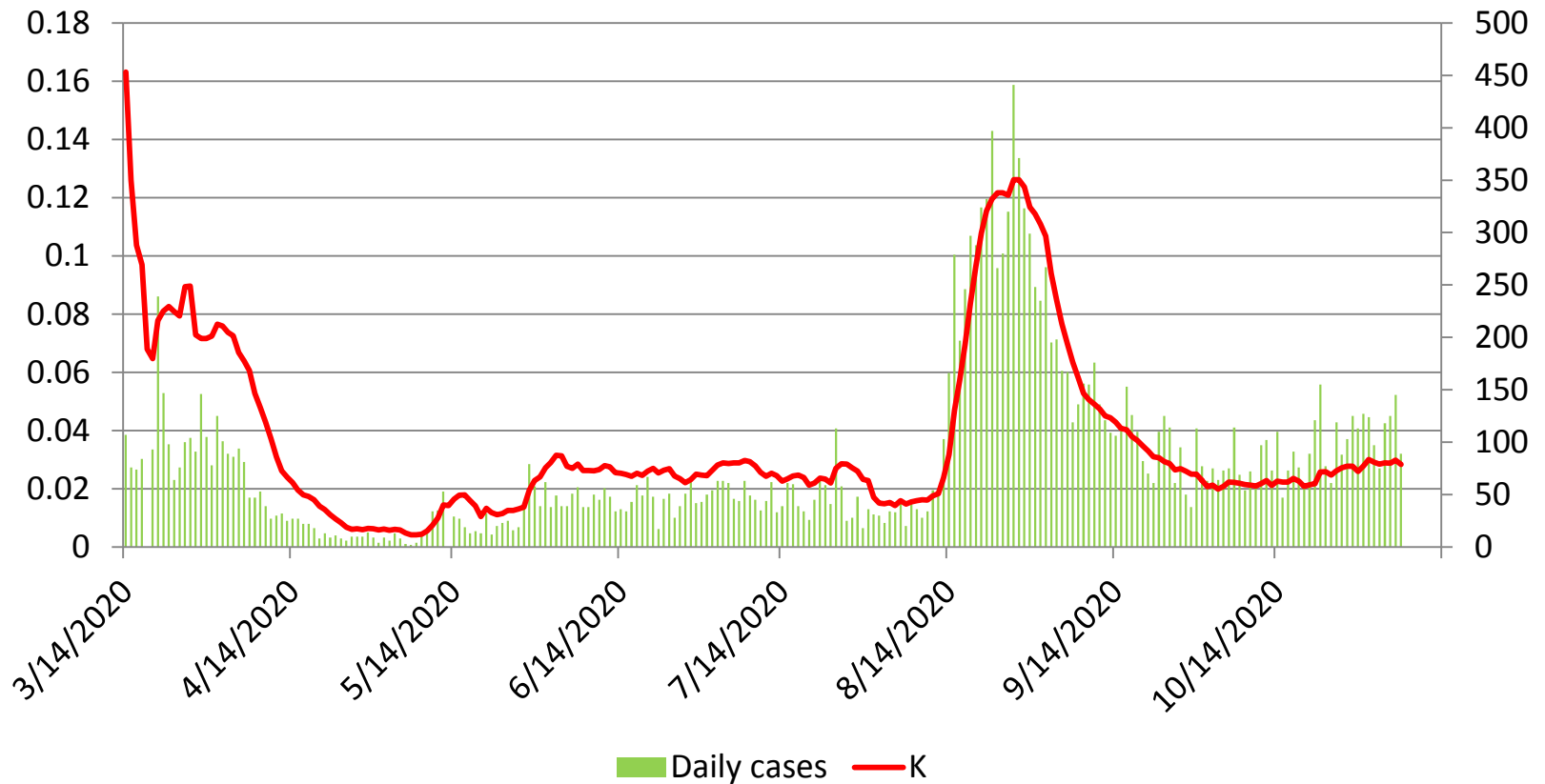
Source: WHO, PRSB

Japan K indicator



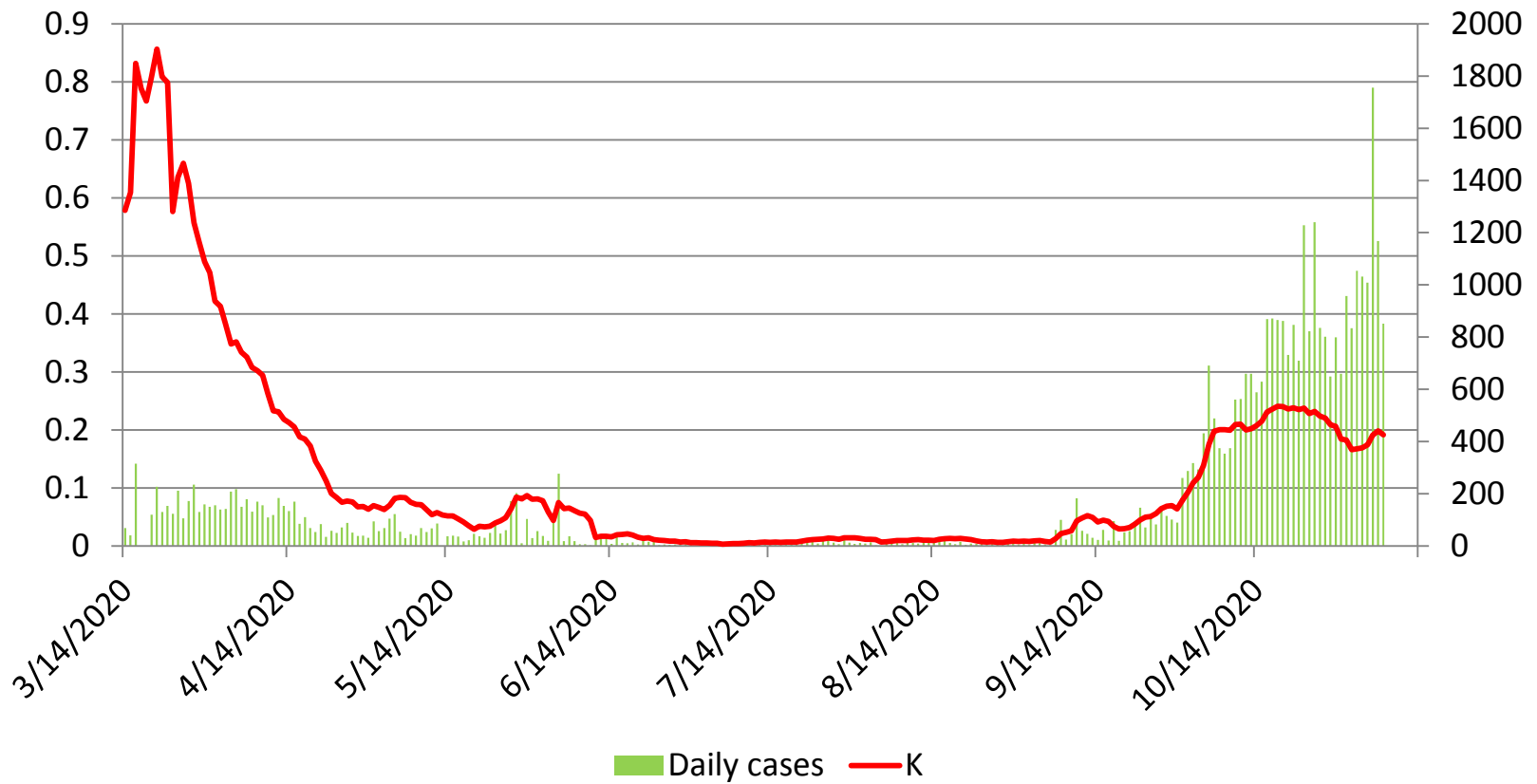
Source: WHO, PRSB

Korea K indicator



Source: WHO, PRSB

Malaysia

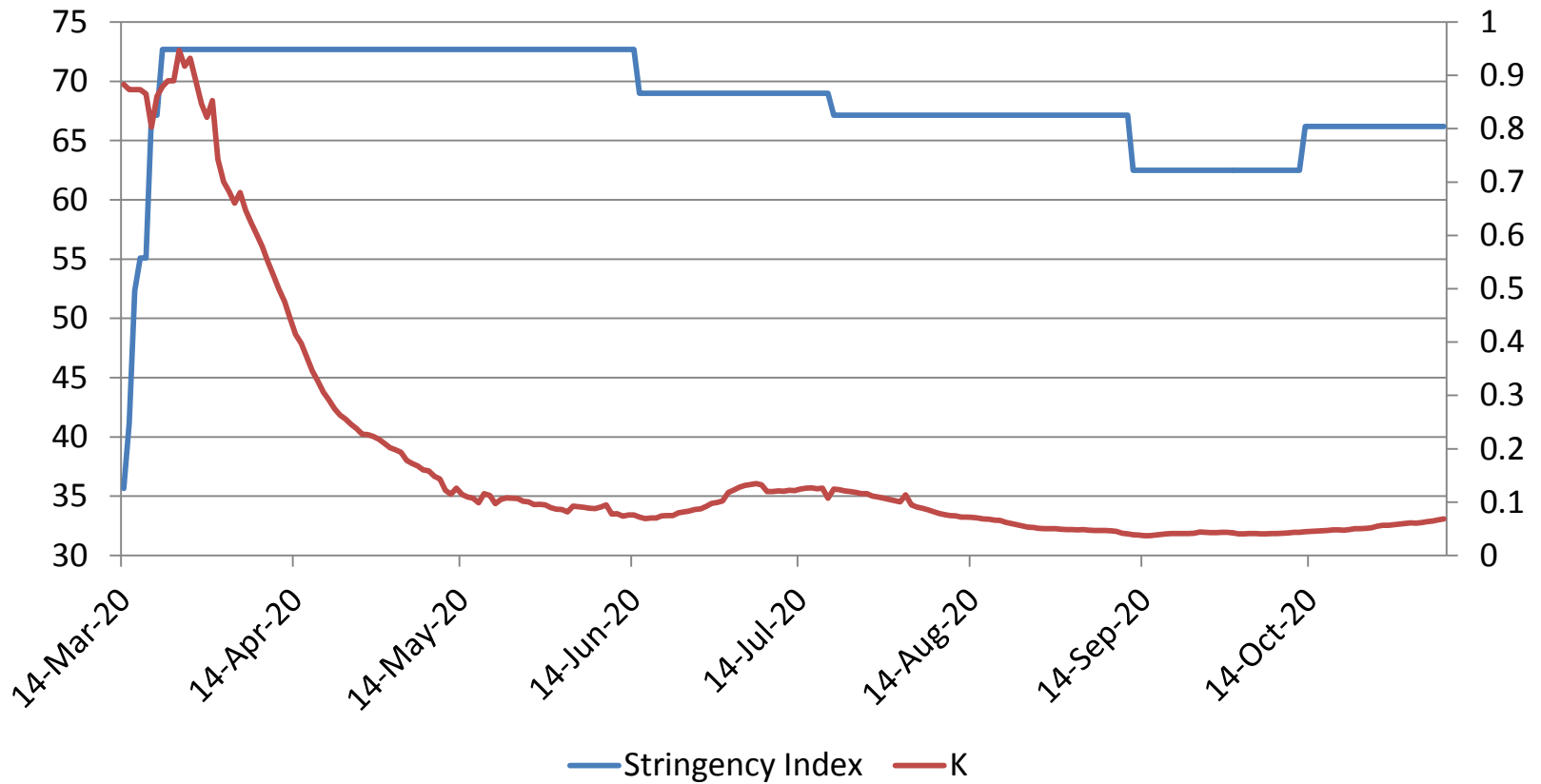


Source: WHO, PRSB

Stringency Index

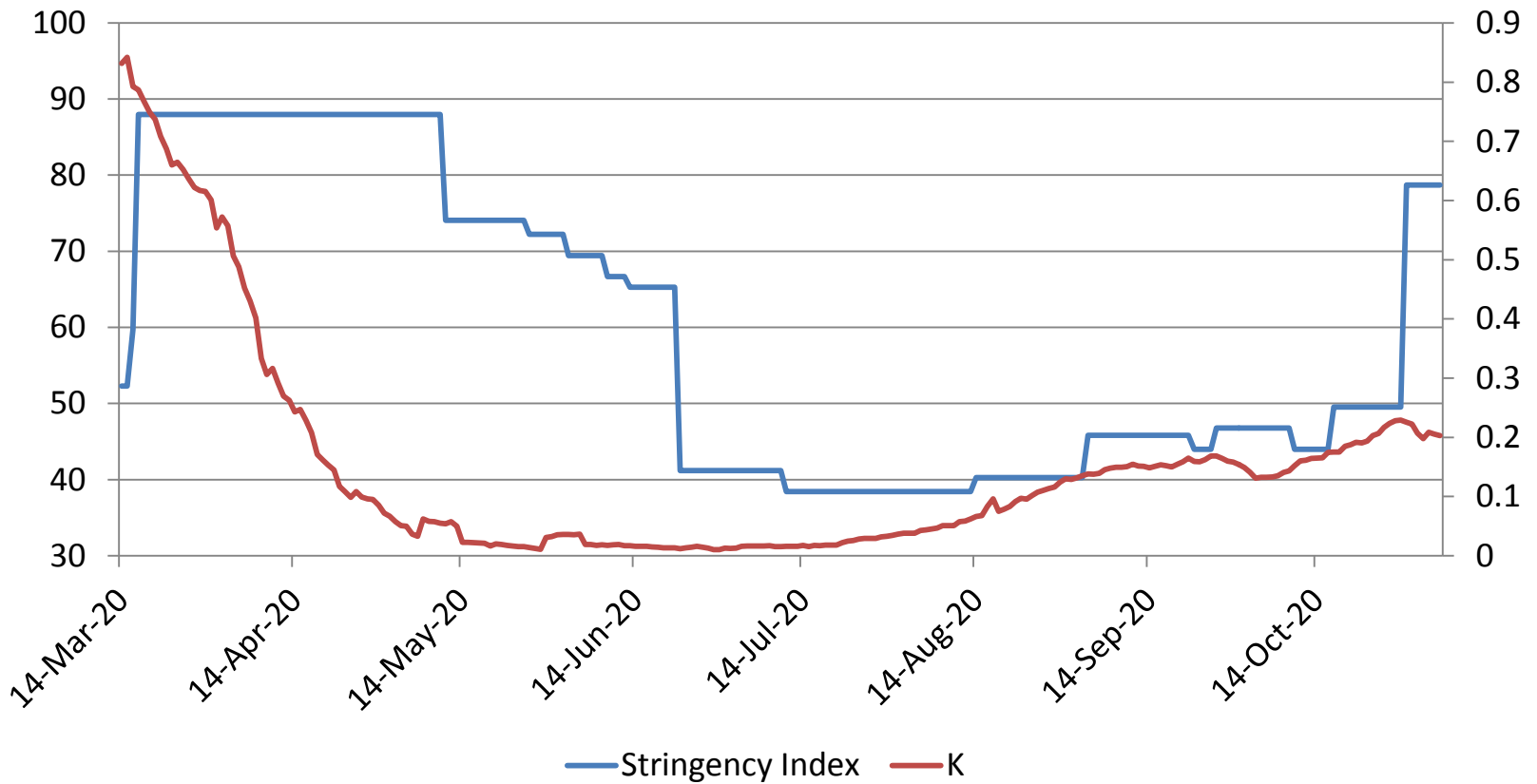
- Metrics being used by the Oxford COVID-19 Government Response Tracker.
- 17 indicators of government response such as school and workplace closings, public events, public transport, stay-at-home policies.

US



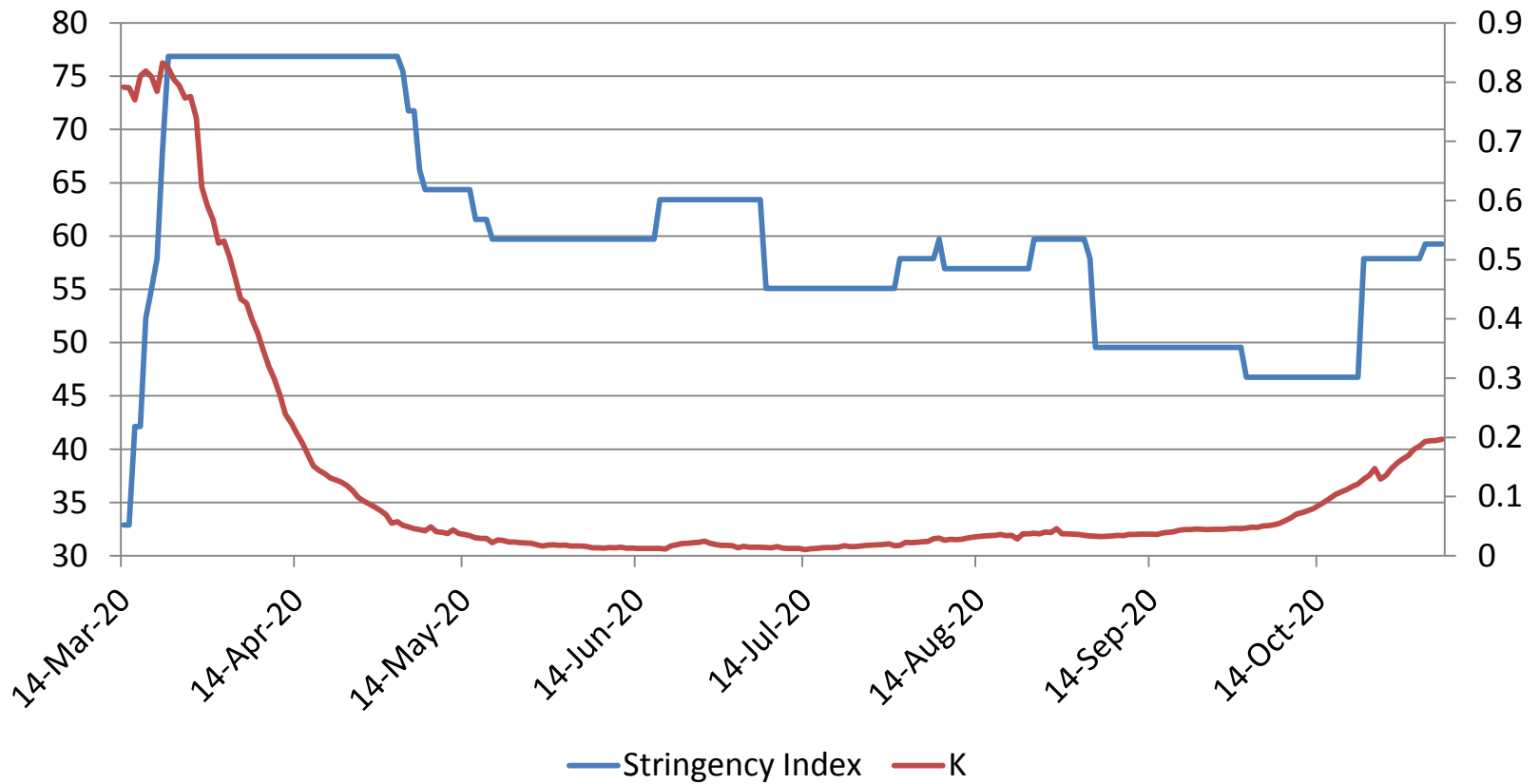
Source: University of Oxford, WHO, PRSB

France



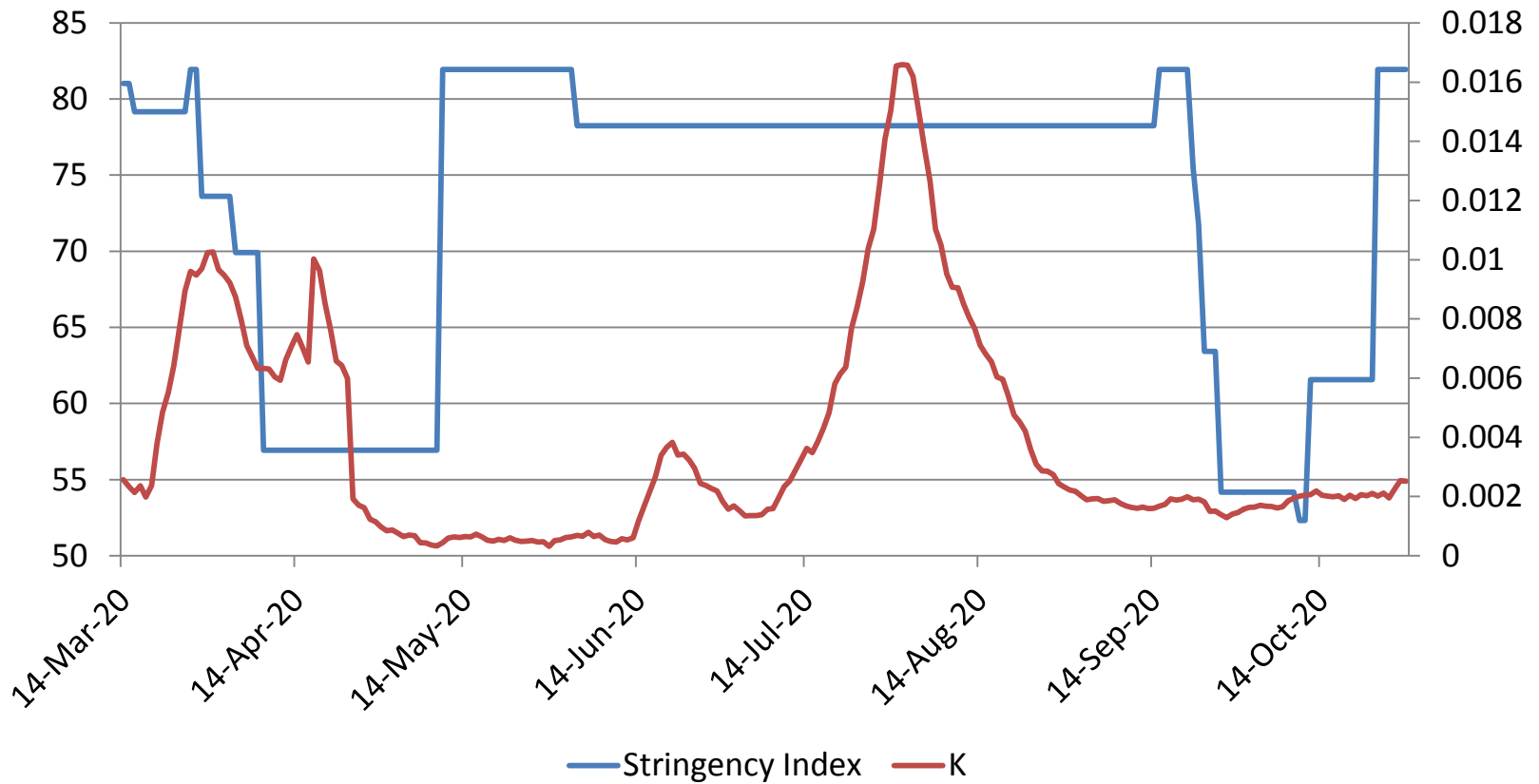
Source: University of Oxford, WHO, PRSB

Germany



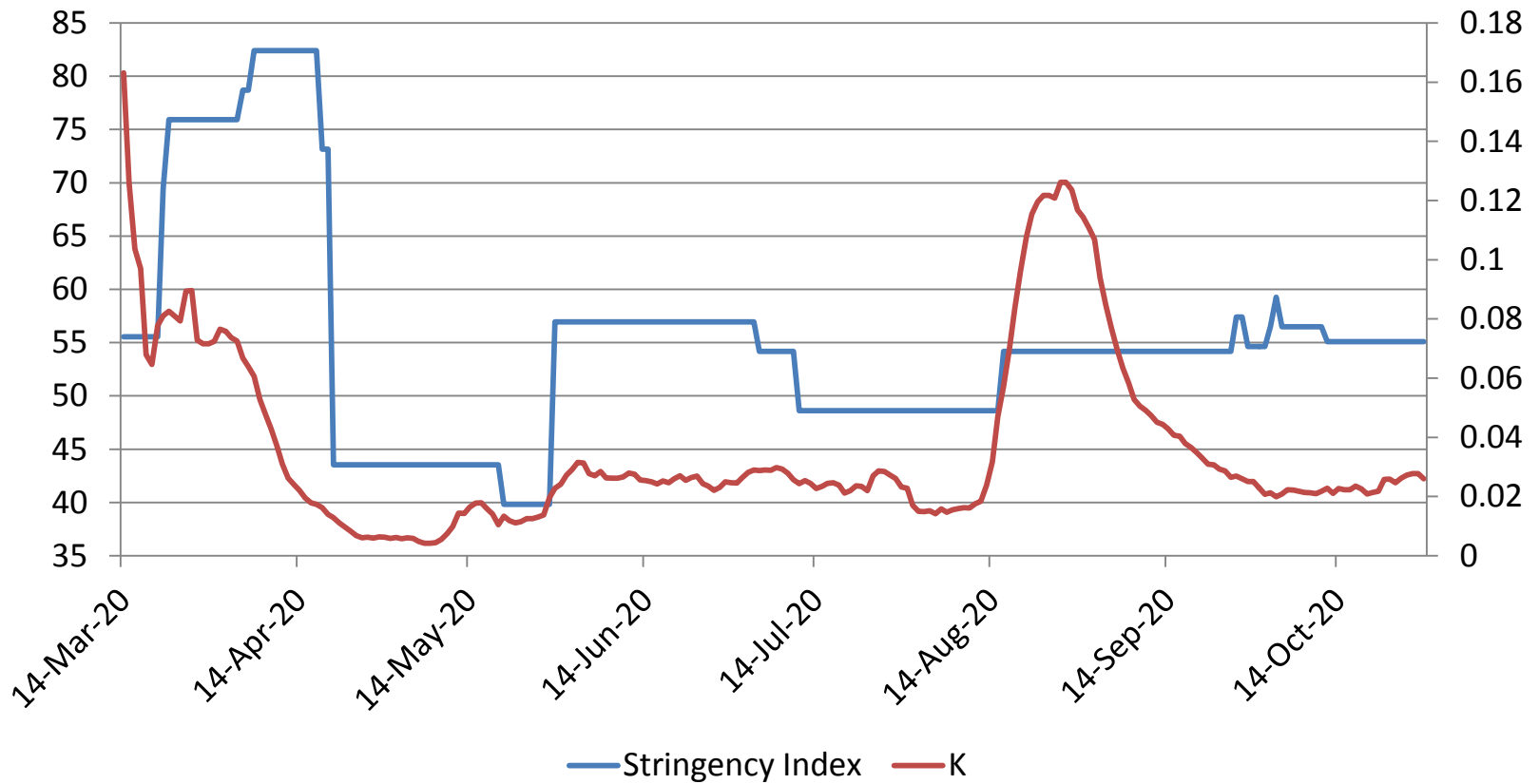
Source: University of Oxford, WHO, PRSB

China



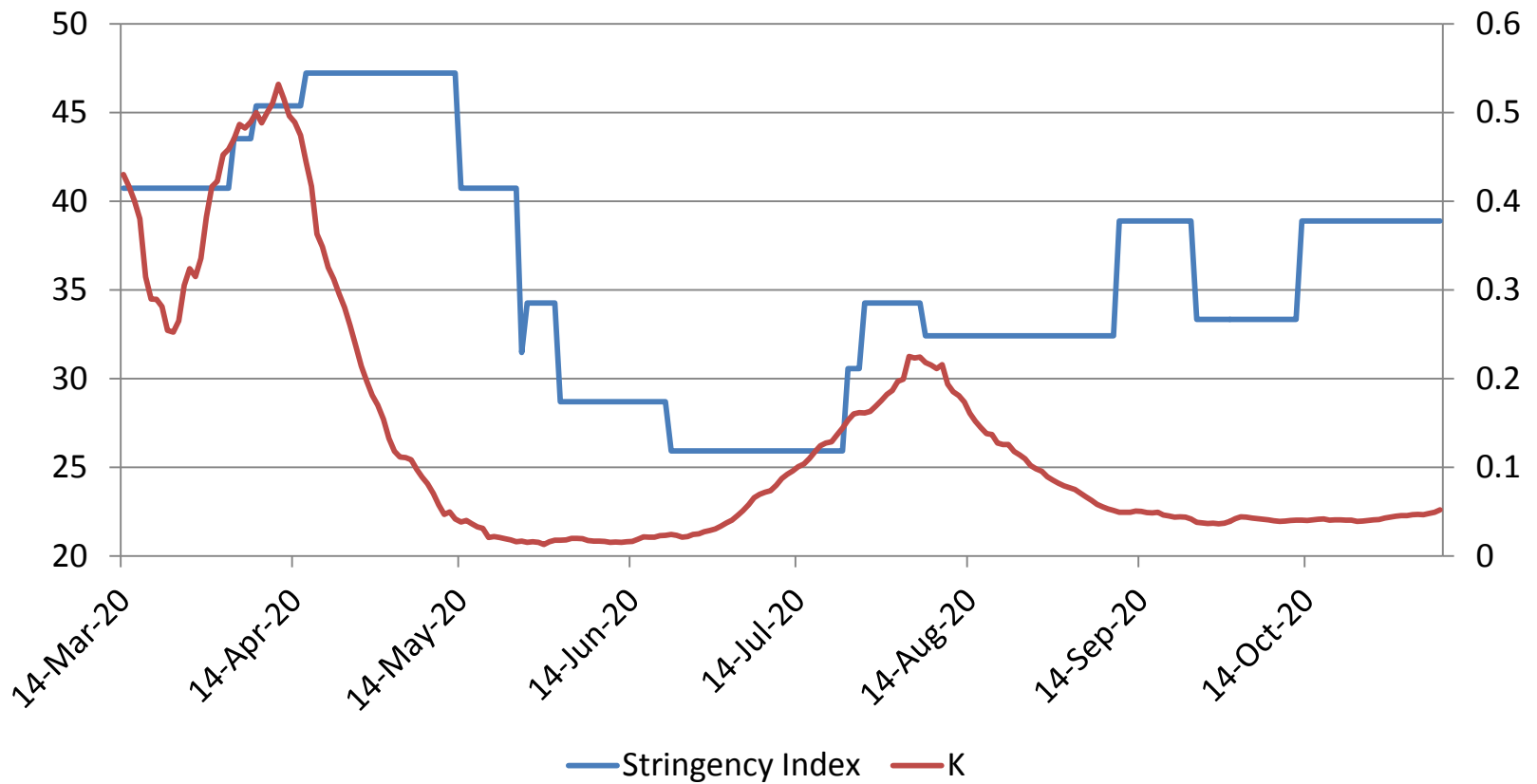
Source: University of Oxford, WHO, PRSB

Korea



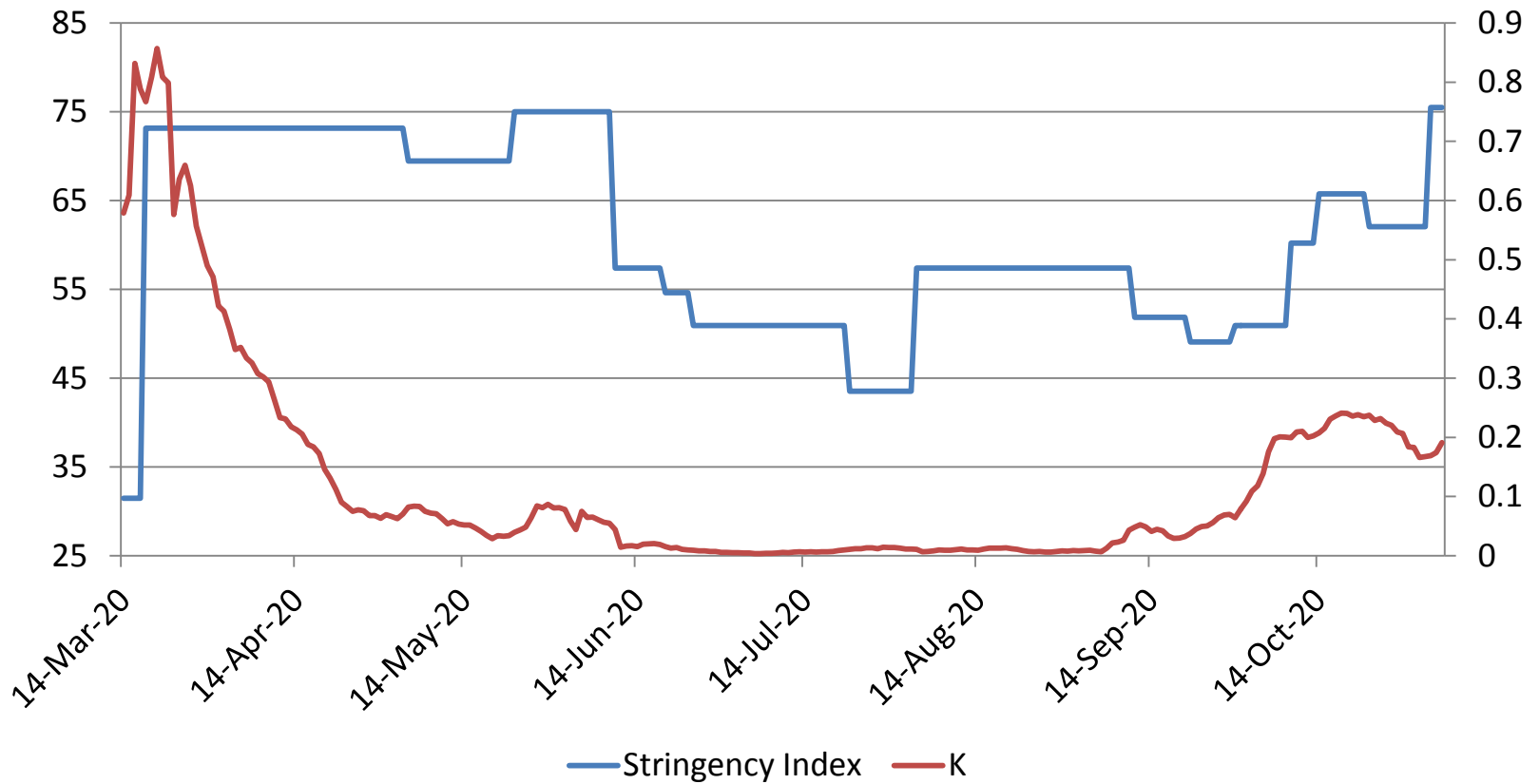
Source: University of Oxford, WHO, PRSB

Japan



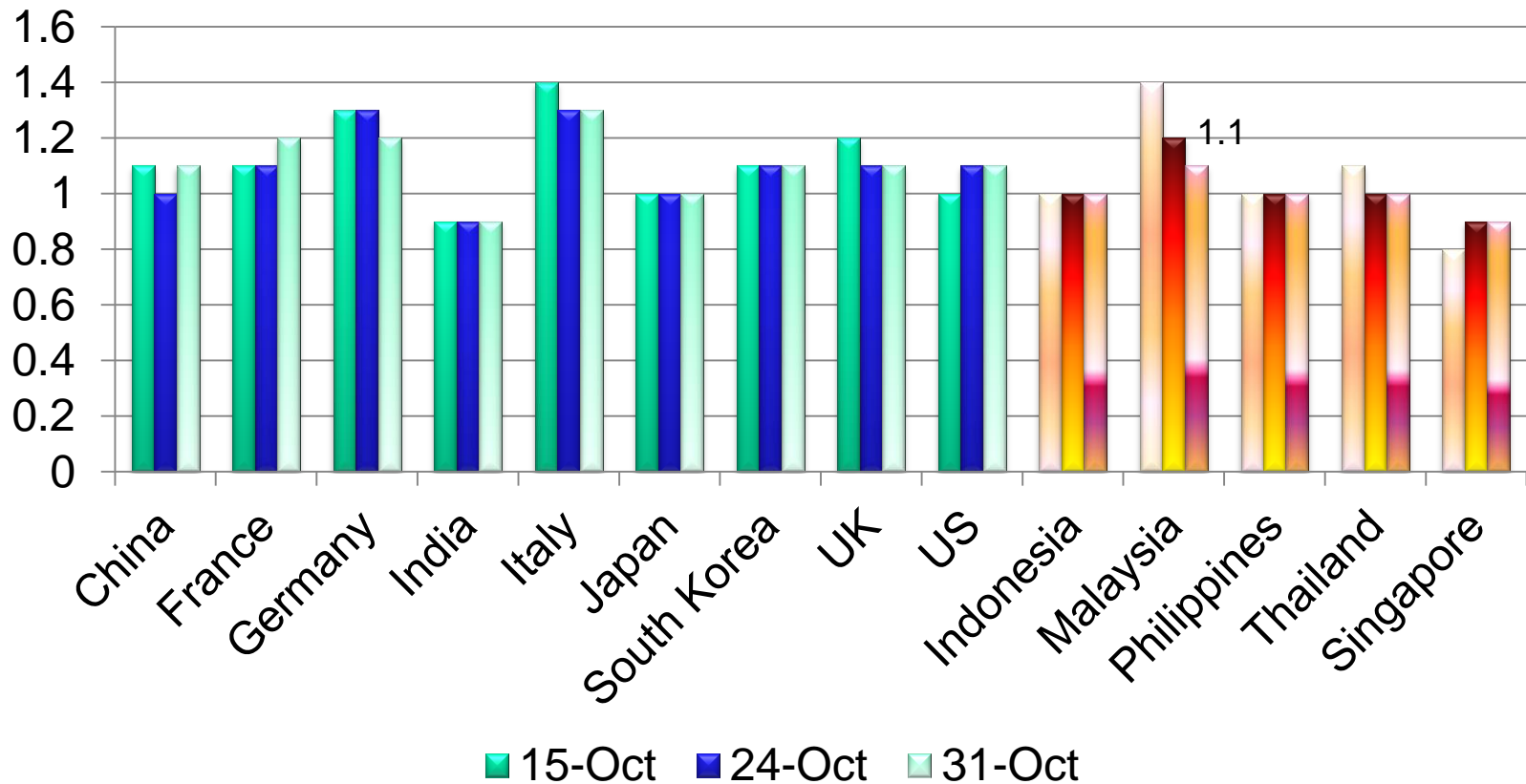
Source: University of Oxford, WHO, PRSB

Malaysia



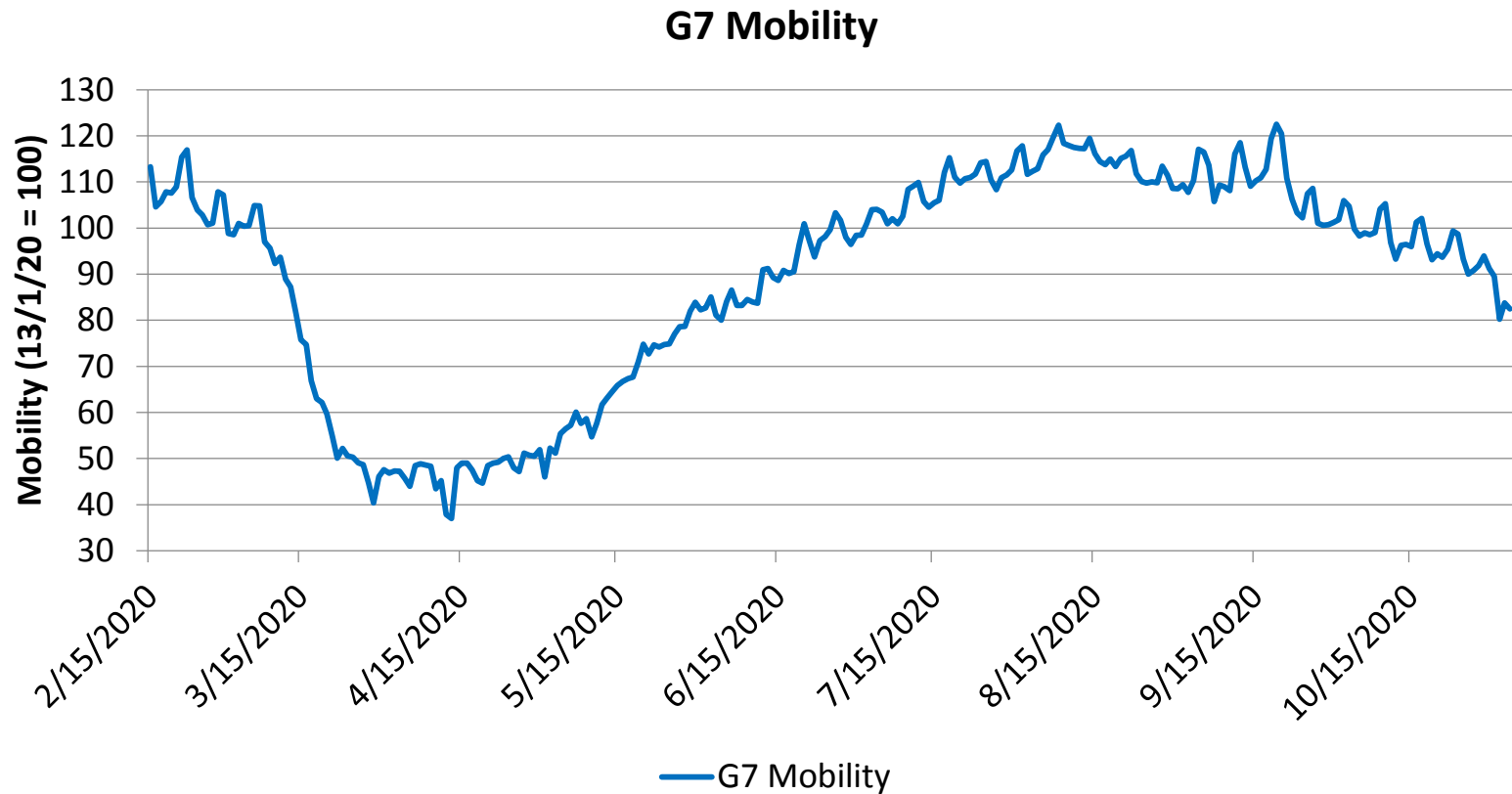
Source: University of Oxford, WHO, PRSB

Effective Reproduction Rate



Source: Epiforecasts

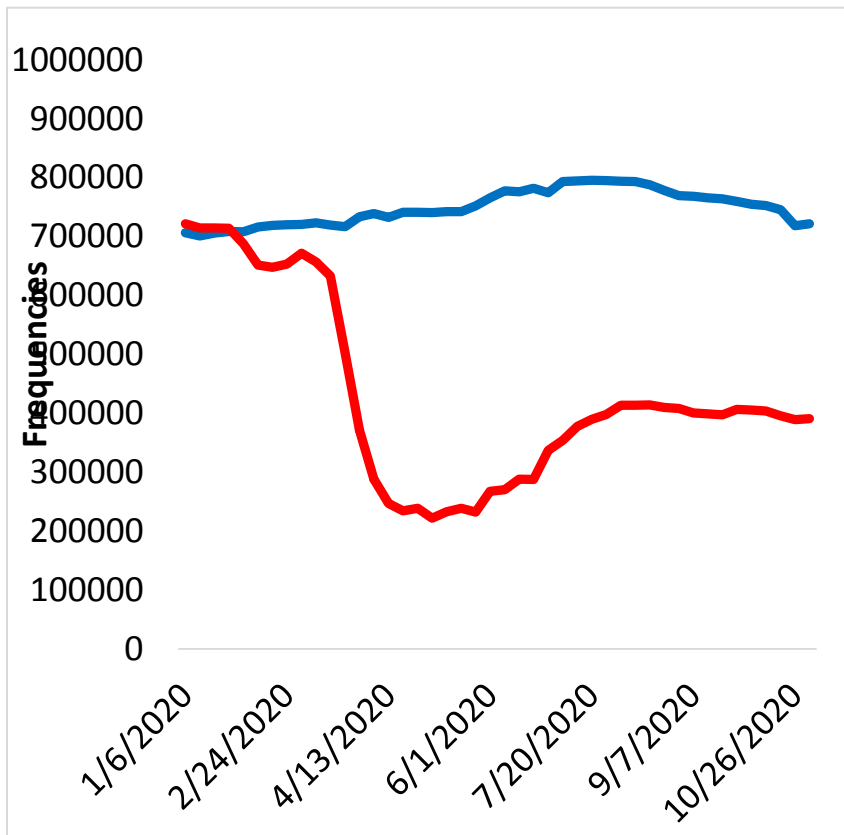
Mobility Down



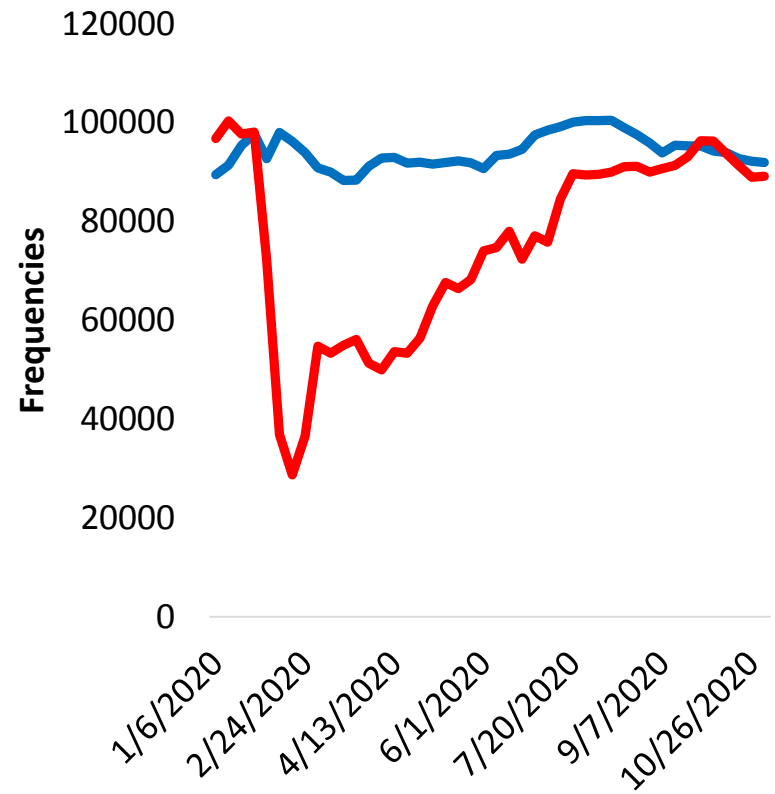
Source: Apple, Google

Air Travelling

Global



China



Source:, OAG, PRSB

And World Trades...



Source: Bloomberg

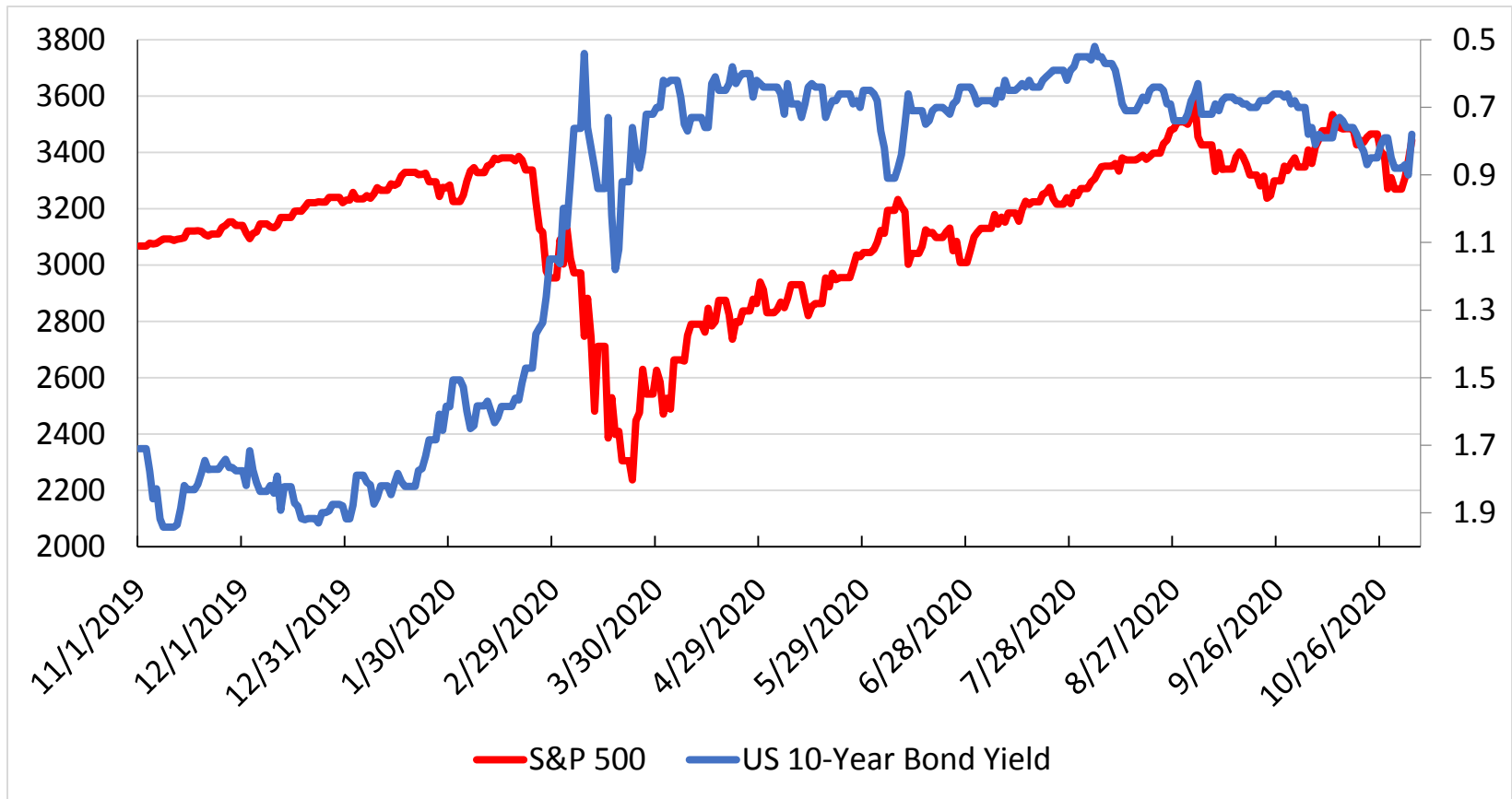
It's RVVR!

It's RVVR!

VR: Virtual vs Real



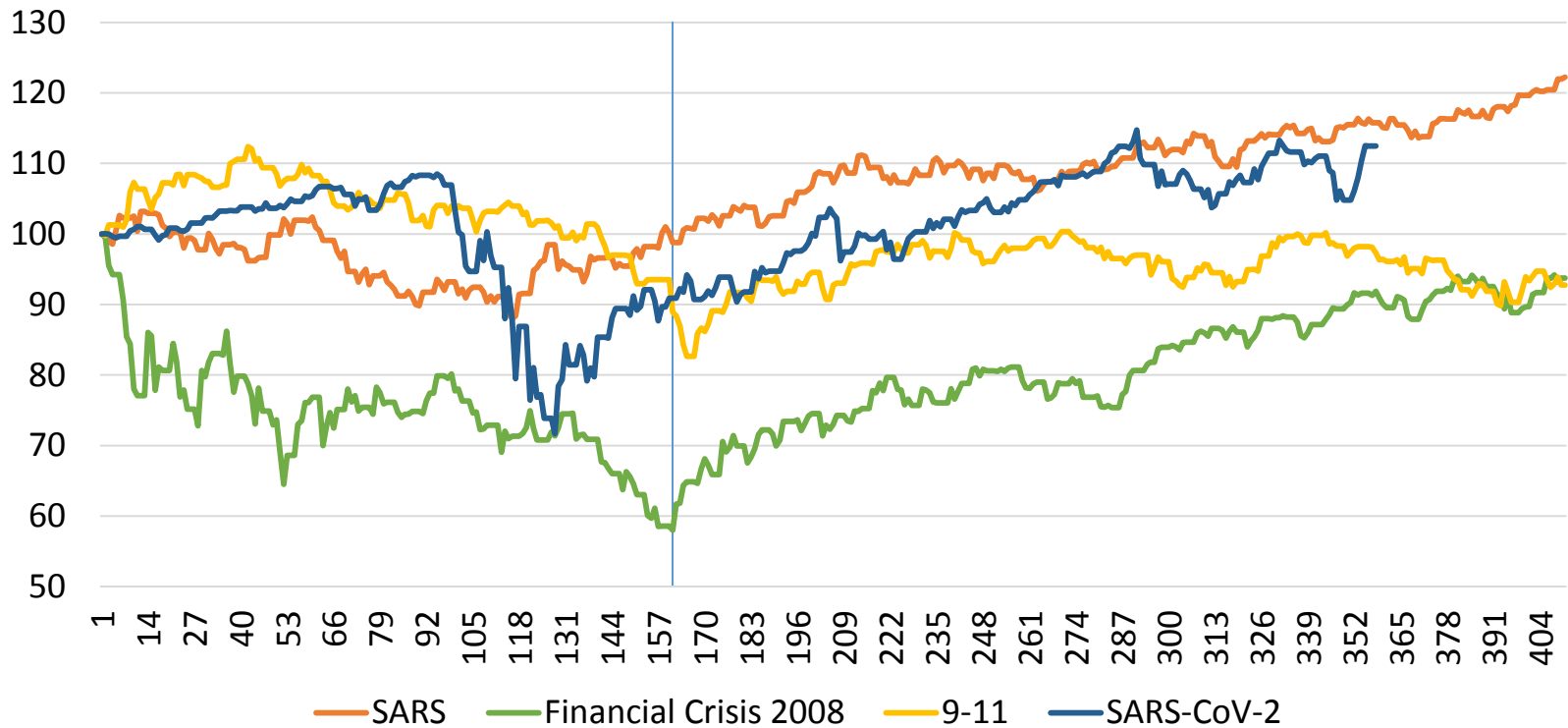
Risk On



Source:,Bloomberg, PRSB

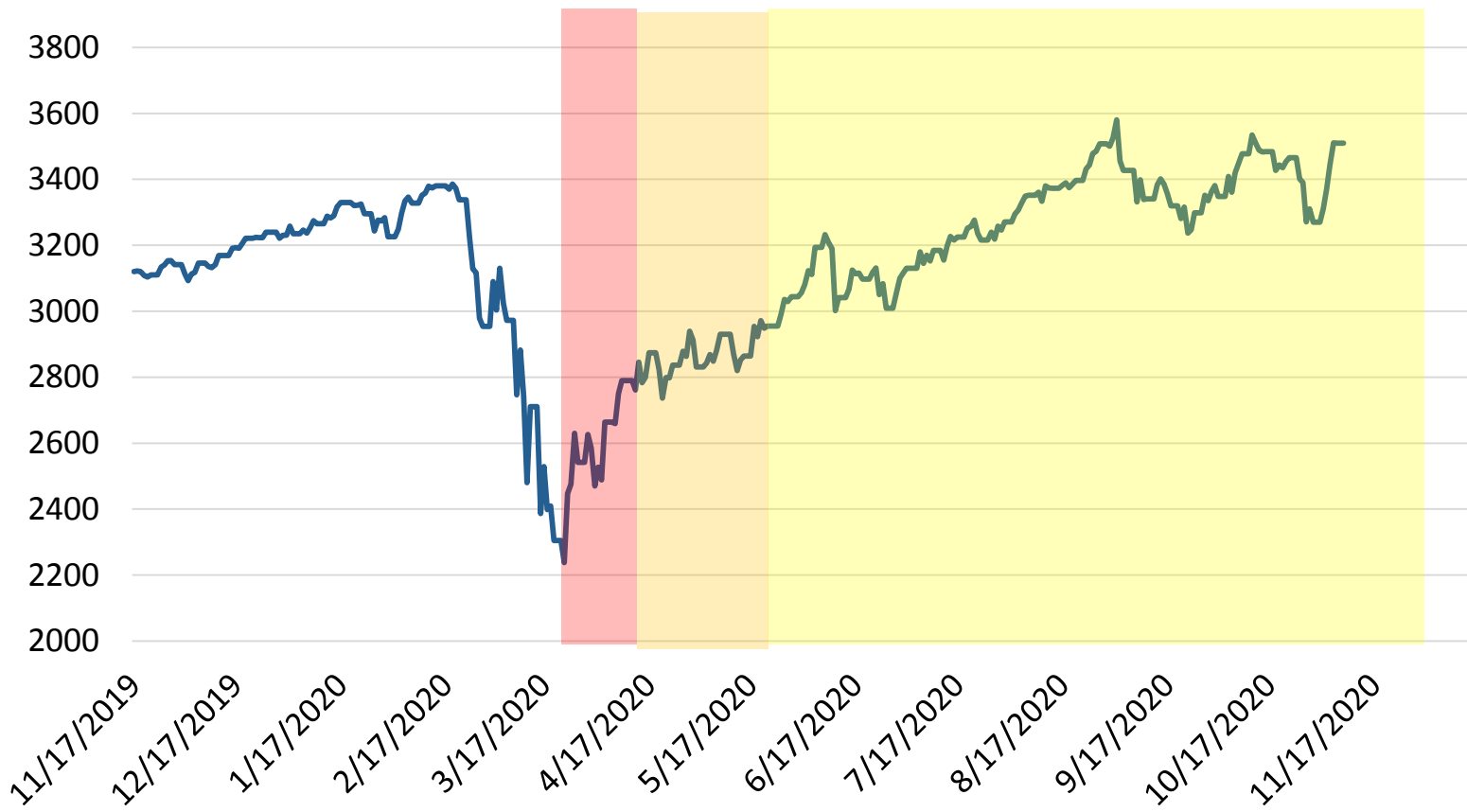
The Sun Has Risen?

S&P 500 Performance



Source:,Bloomberg, PRSB

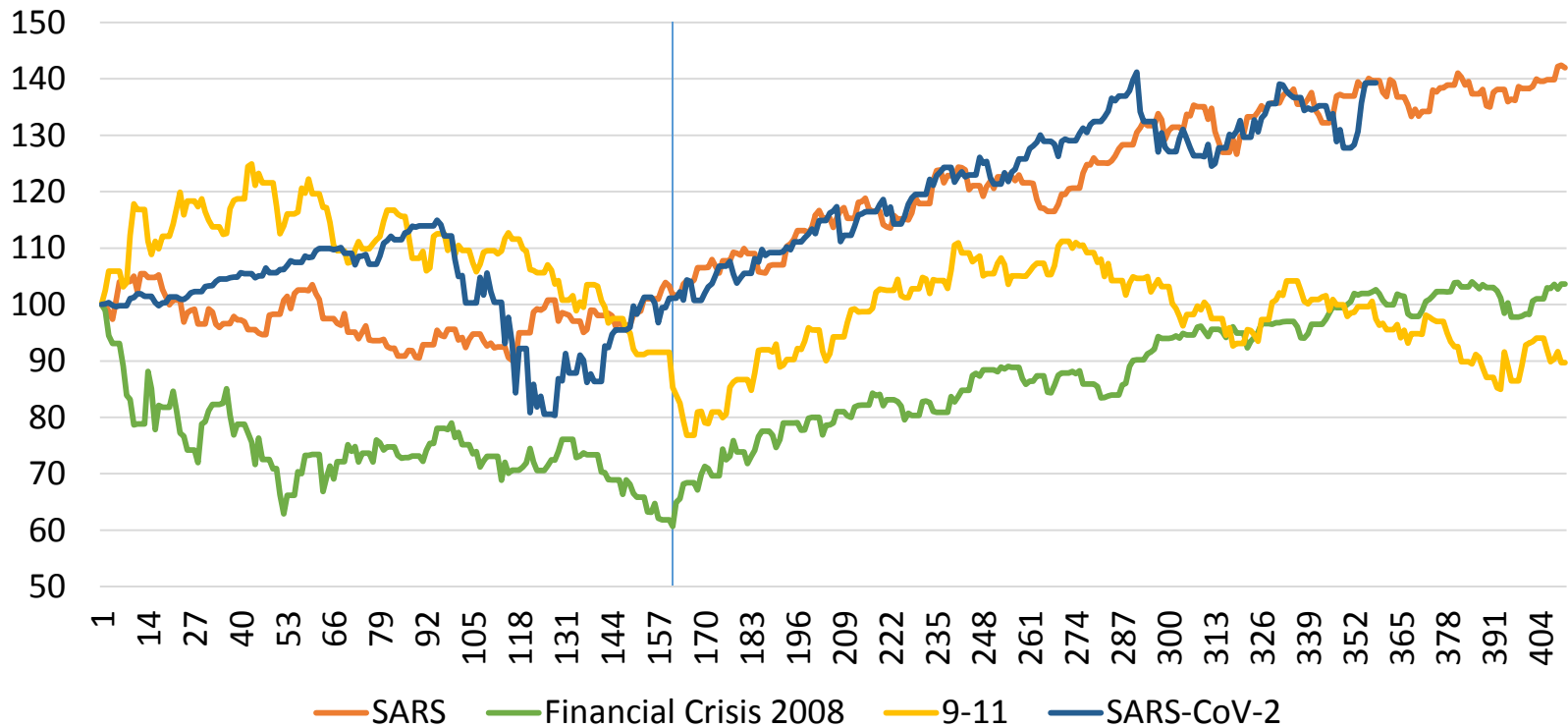
But Is it a Sunny or Cloudy Day?



Source:,Bloomberg, PRSB

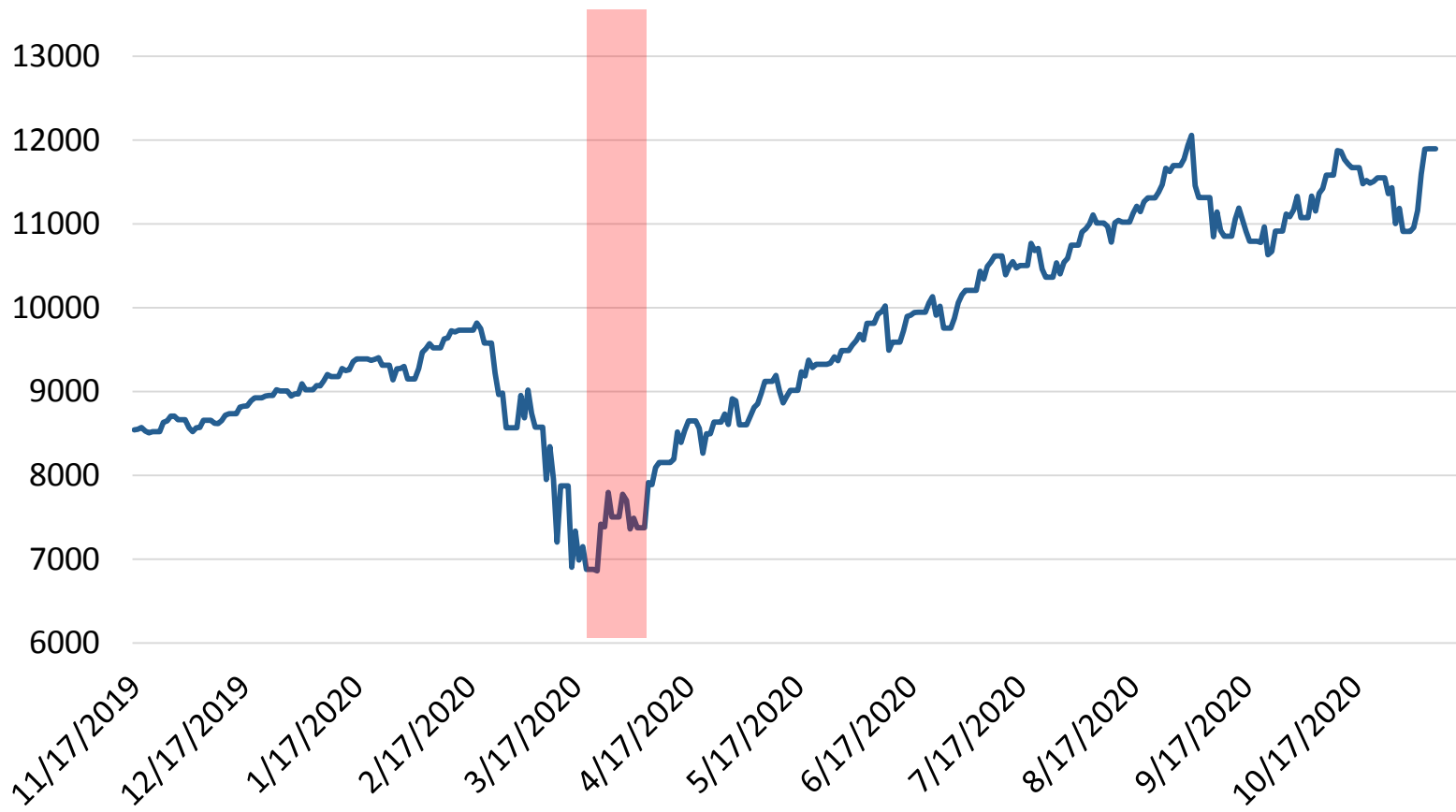
The Sun Has Risen?

NASDAQ Performance



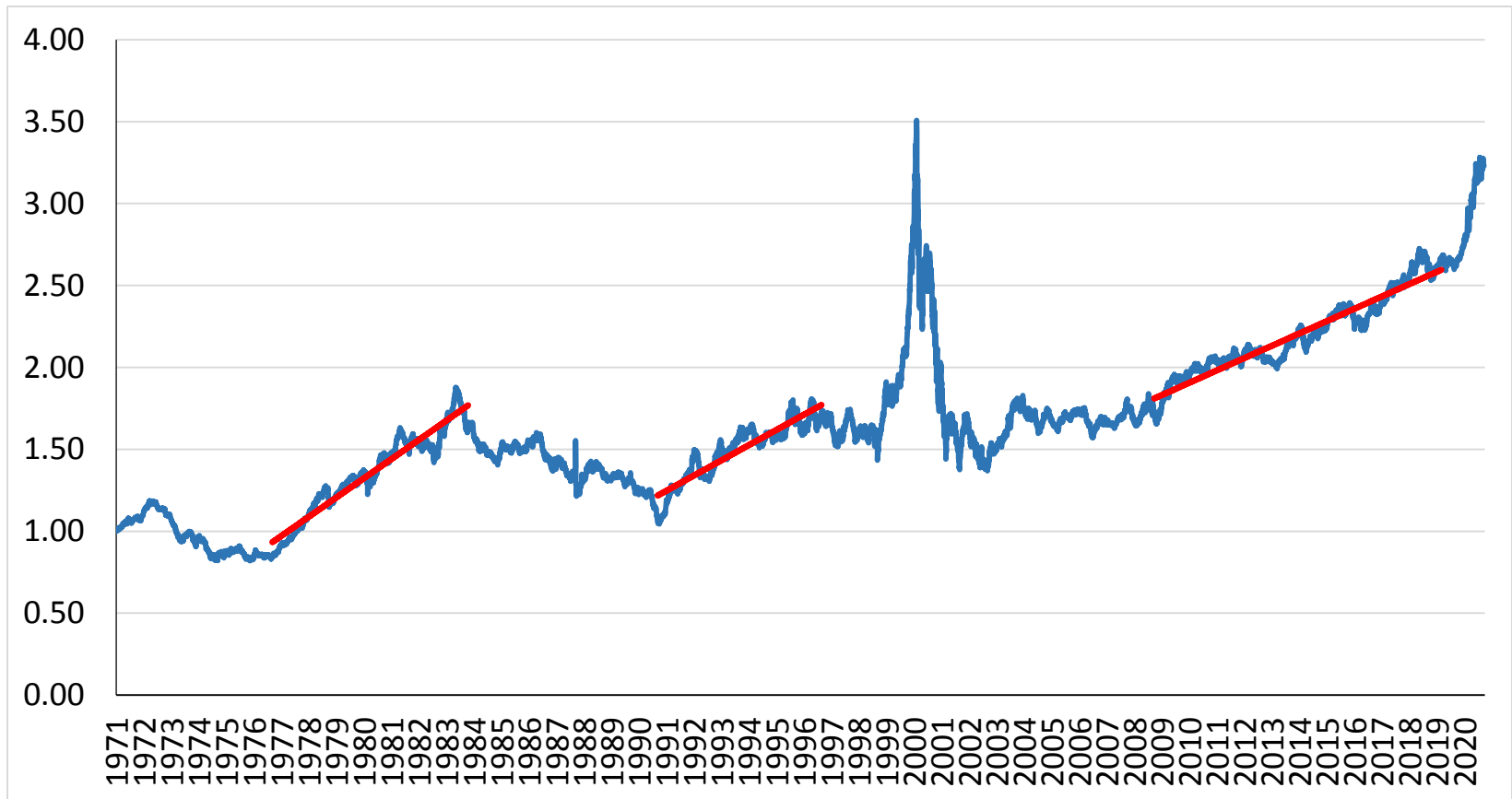
Source:,Bloomberg, PRSB

Sunny?



Source:,Bloomberg, PRSB

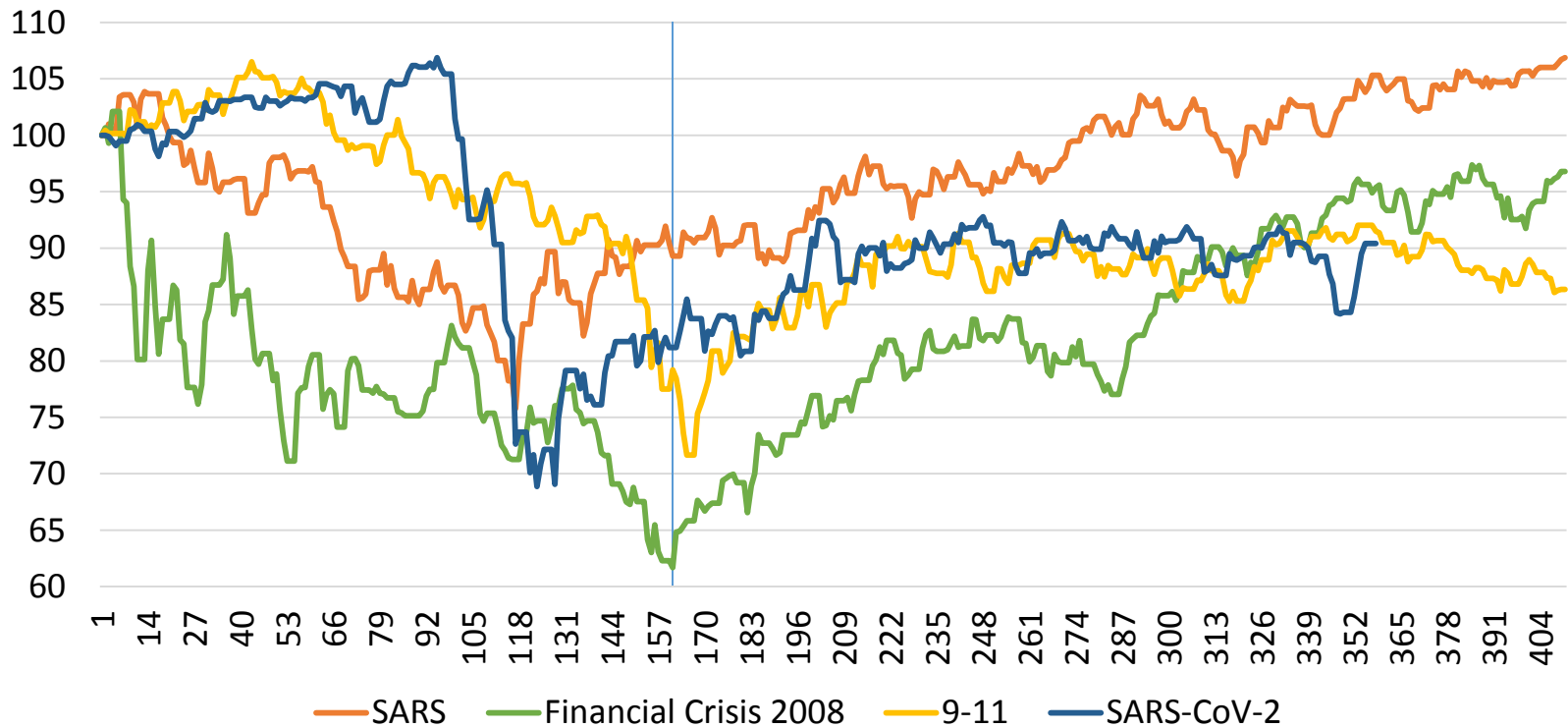
Nasdaq vs S&P, Bubble?



Source: Bloomberg, PRSB

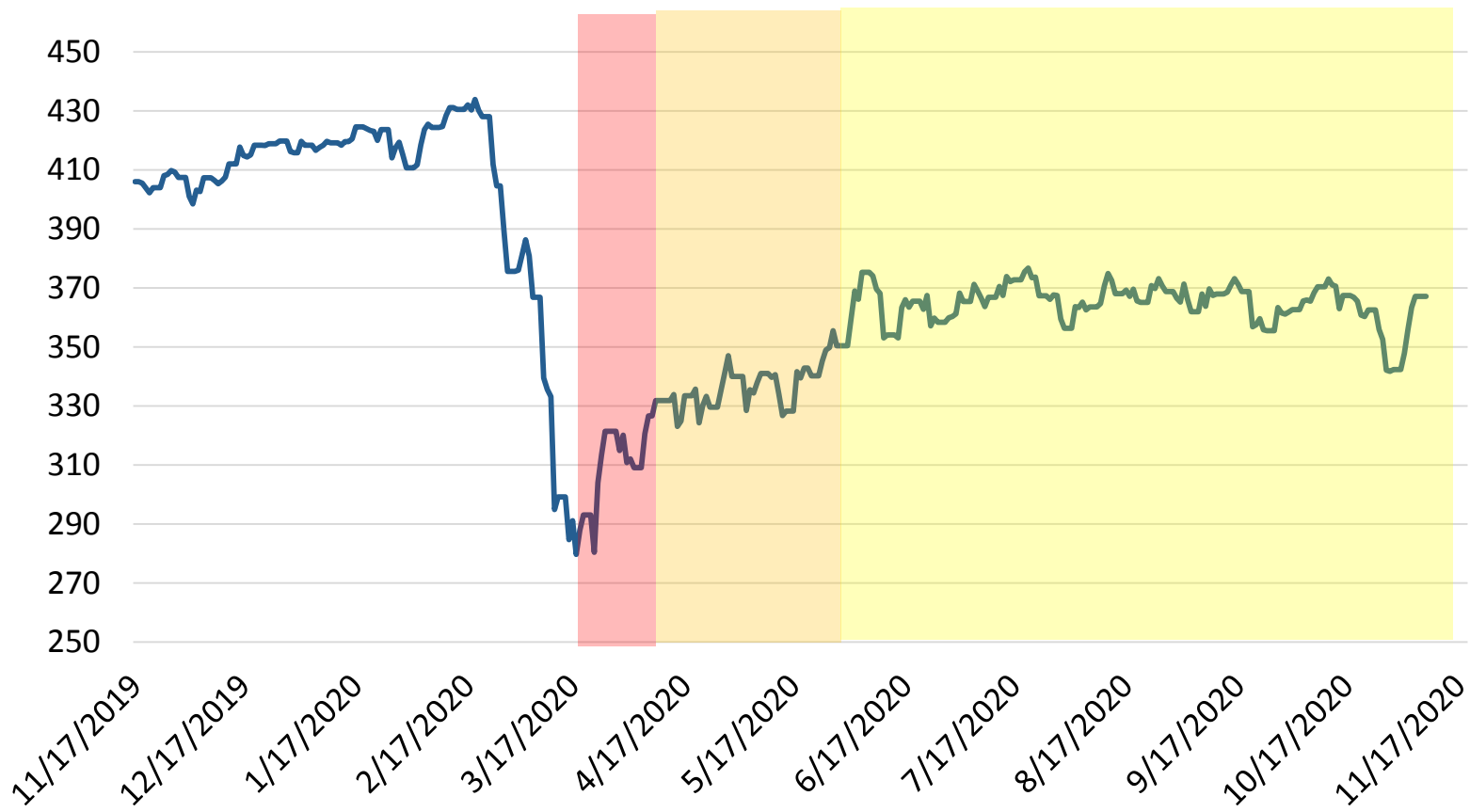
The Sun Has Risen?

STOXX 600 Performance



Source:,Bloomberg

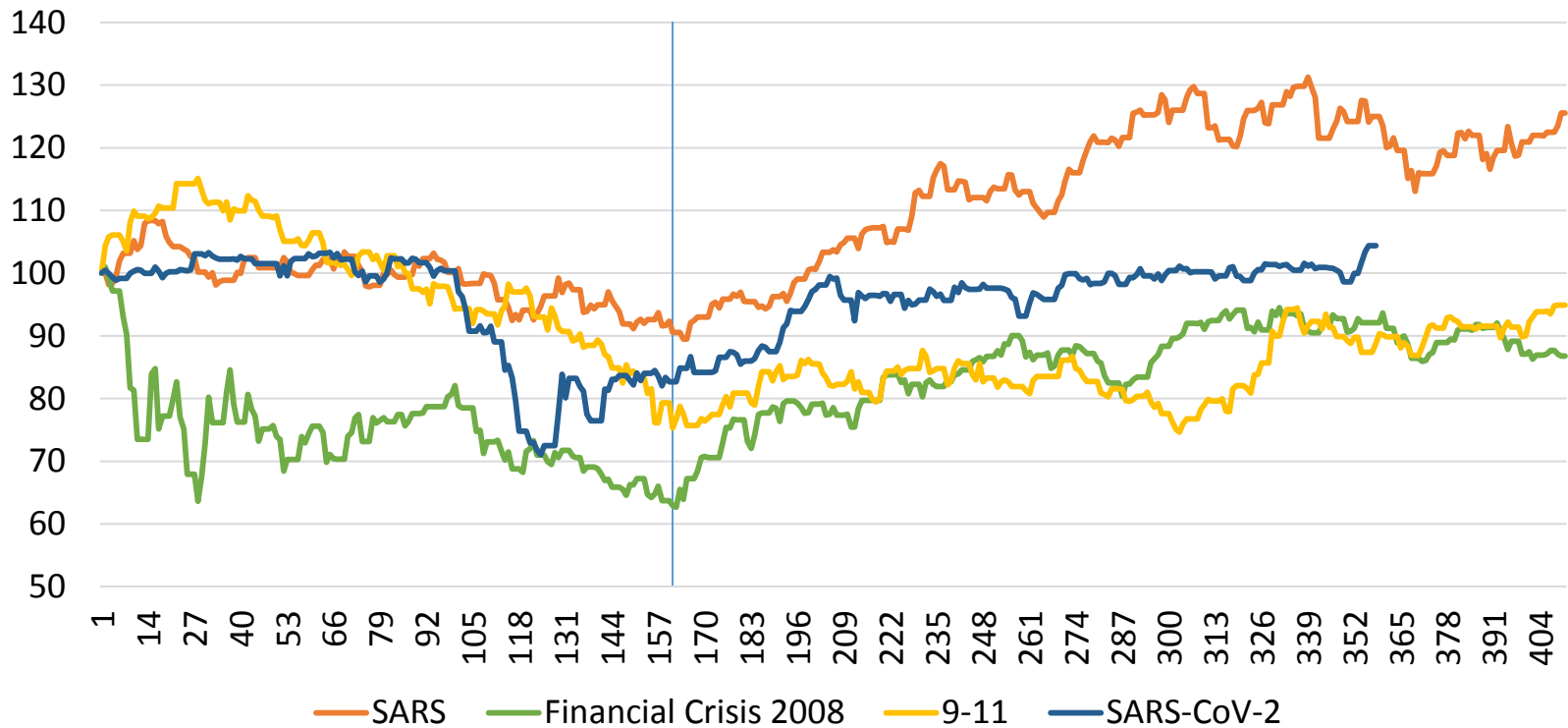
But Is it a Sunny or Cloudy Day?



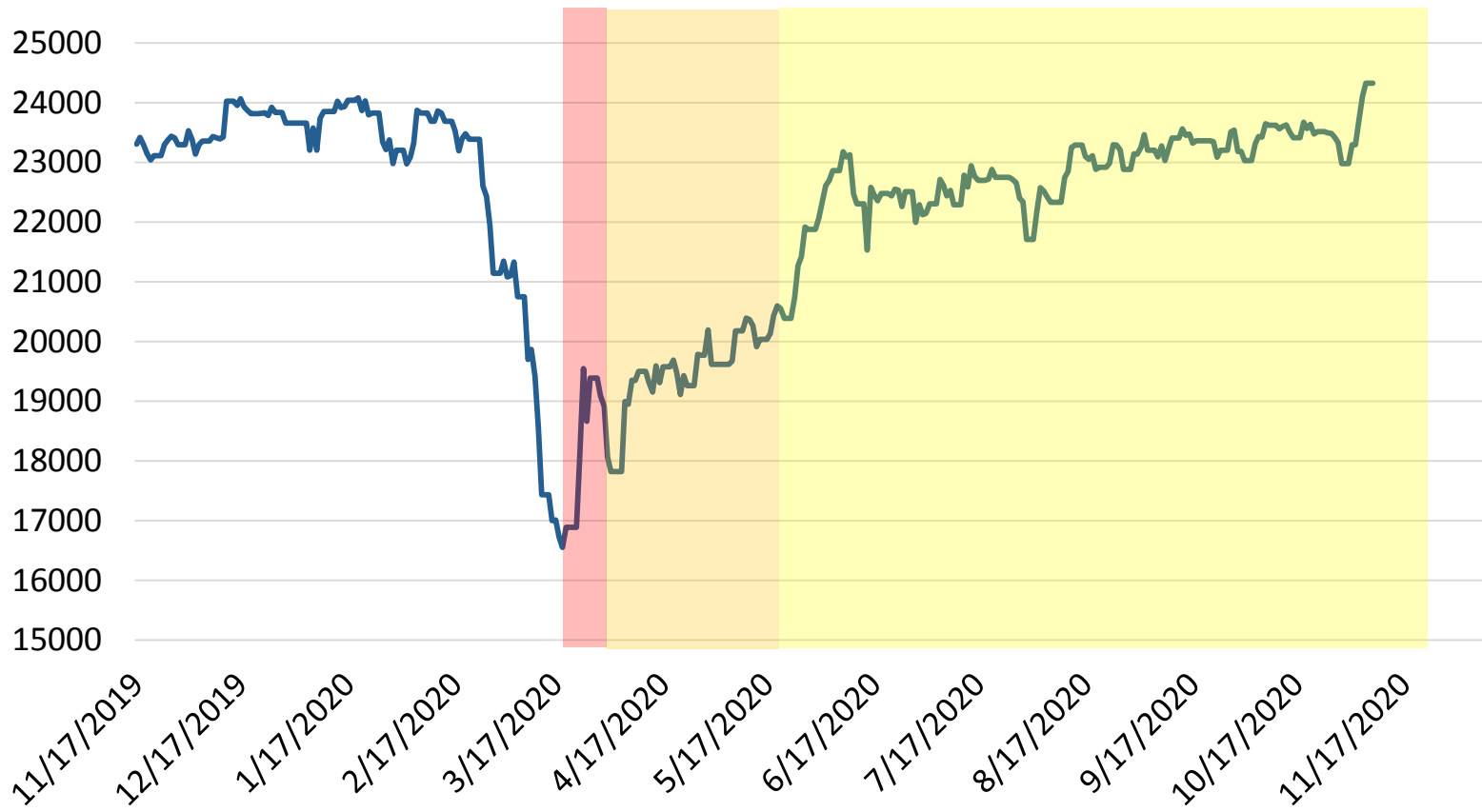
Source:,Bloomberg

The Sun Has Risen?

Nikkei 25 Performance



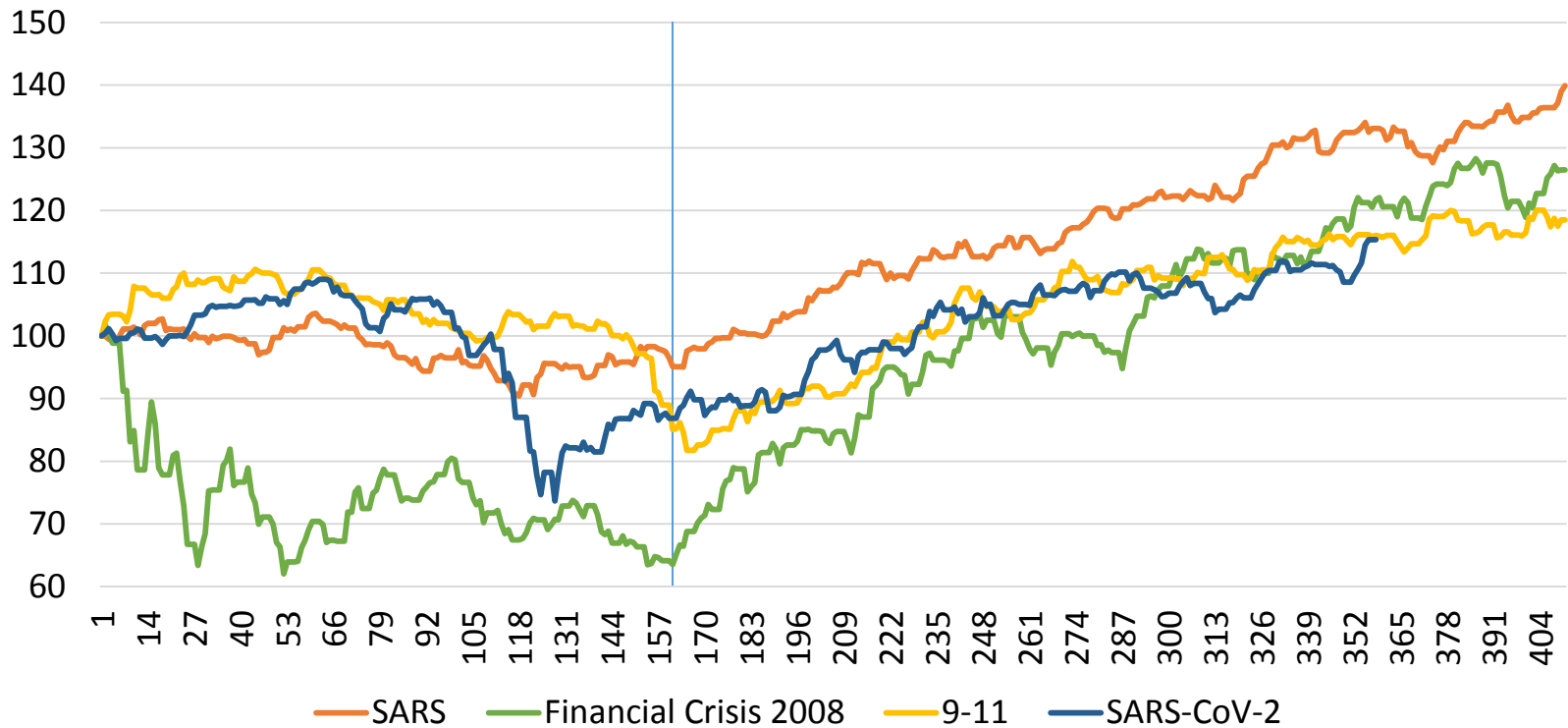
But Is it a Sunny or Cloudy Day?



Source:,Bloomberg

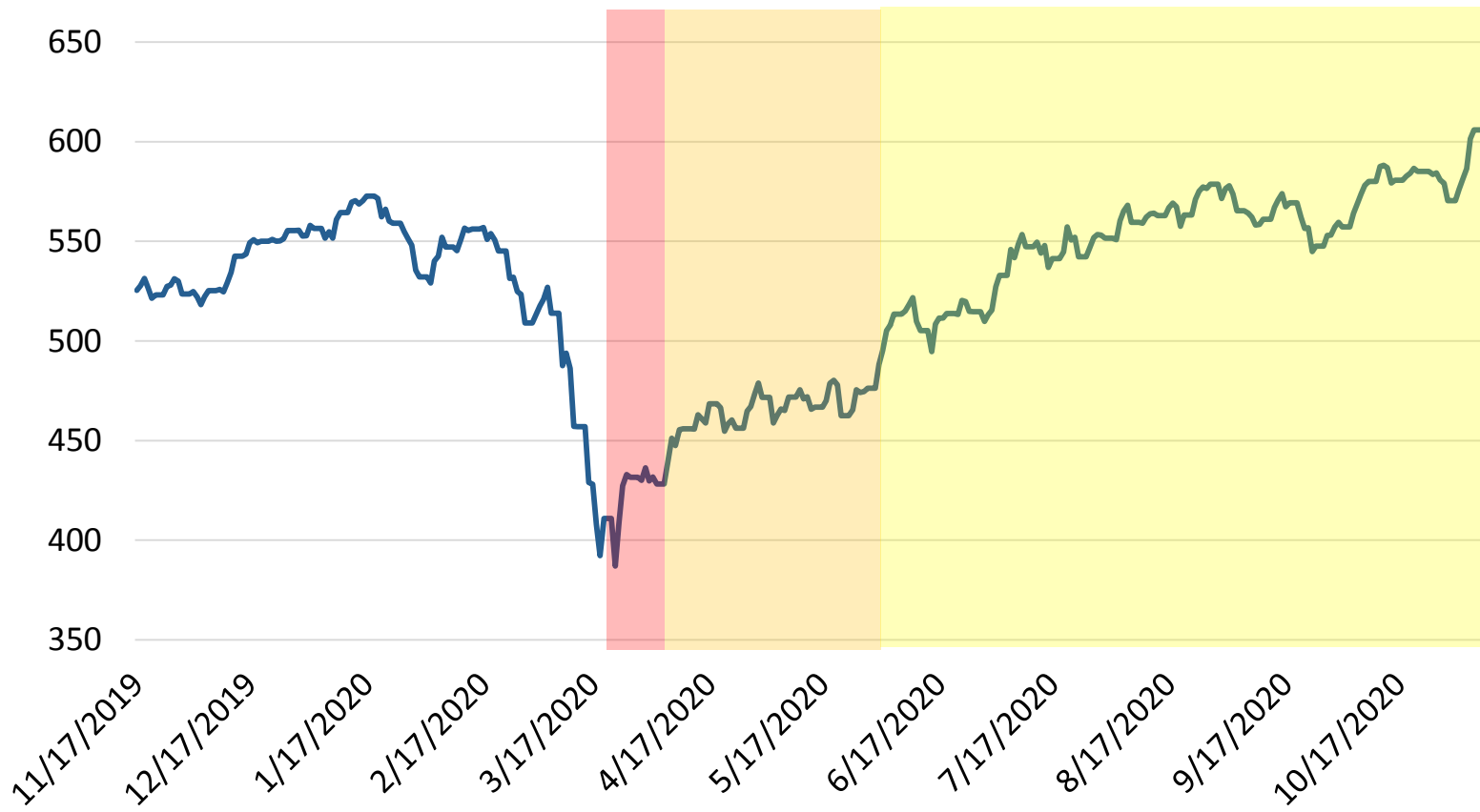
The Sun Has Risen?

MSCI AsiaPac Ex Japan



Source:,Bloomberg

But Is it a Sunny or Cloudy Day?

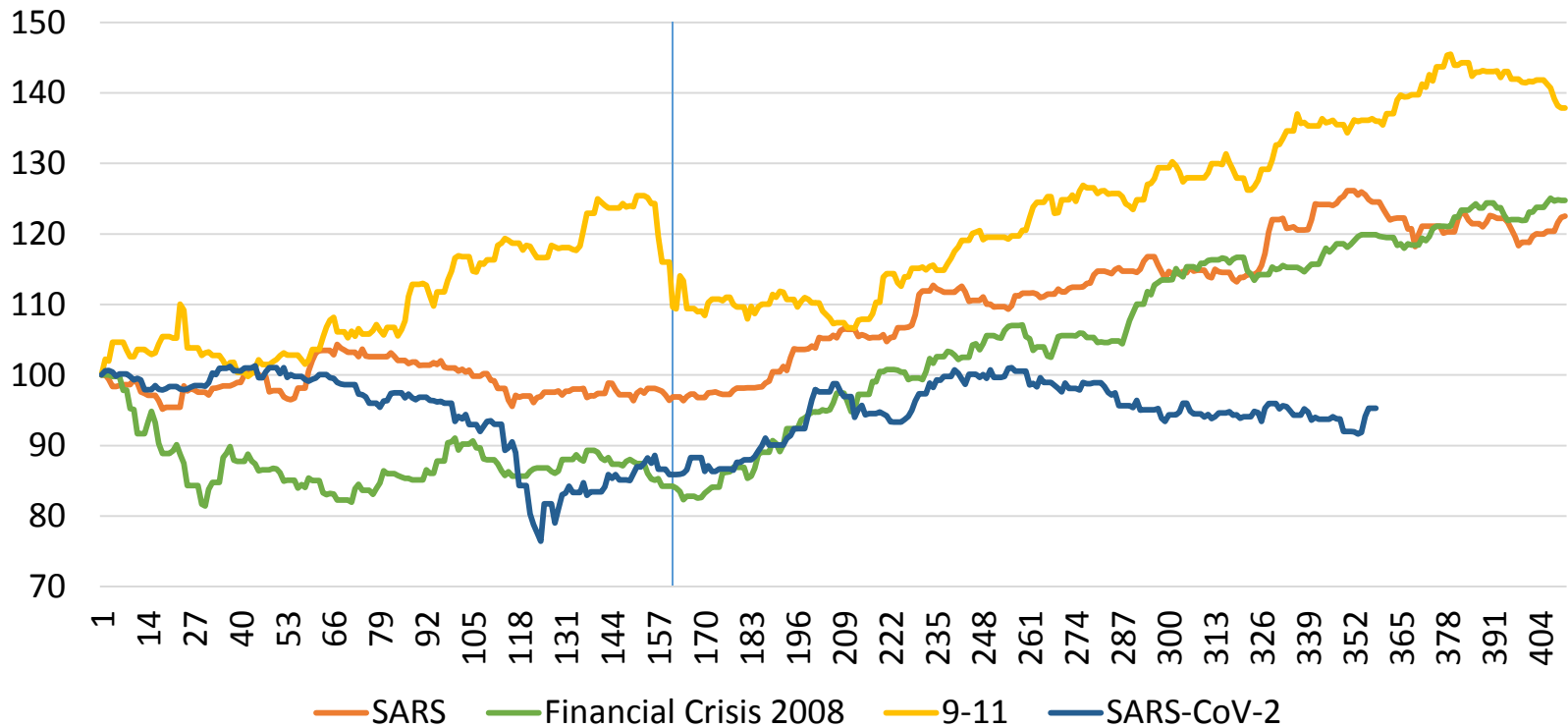


Source:,Bloomberg

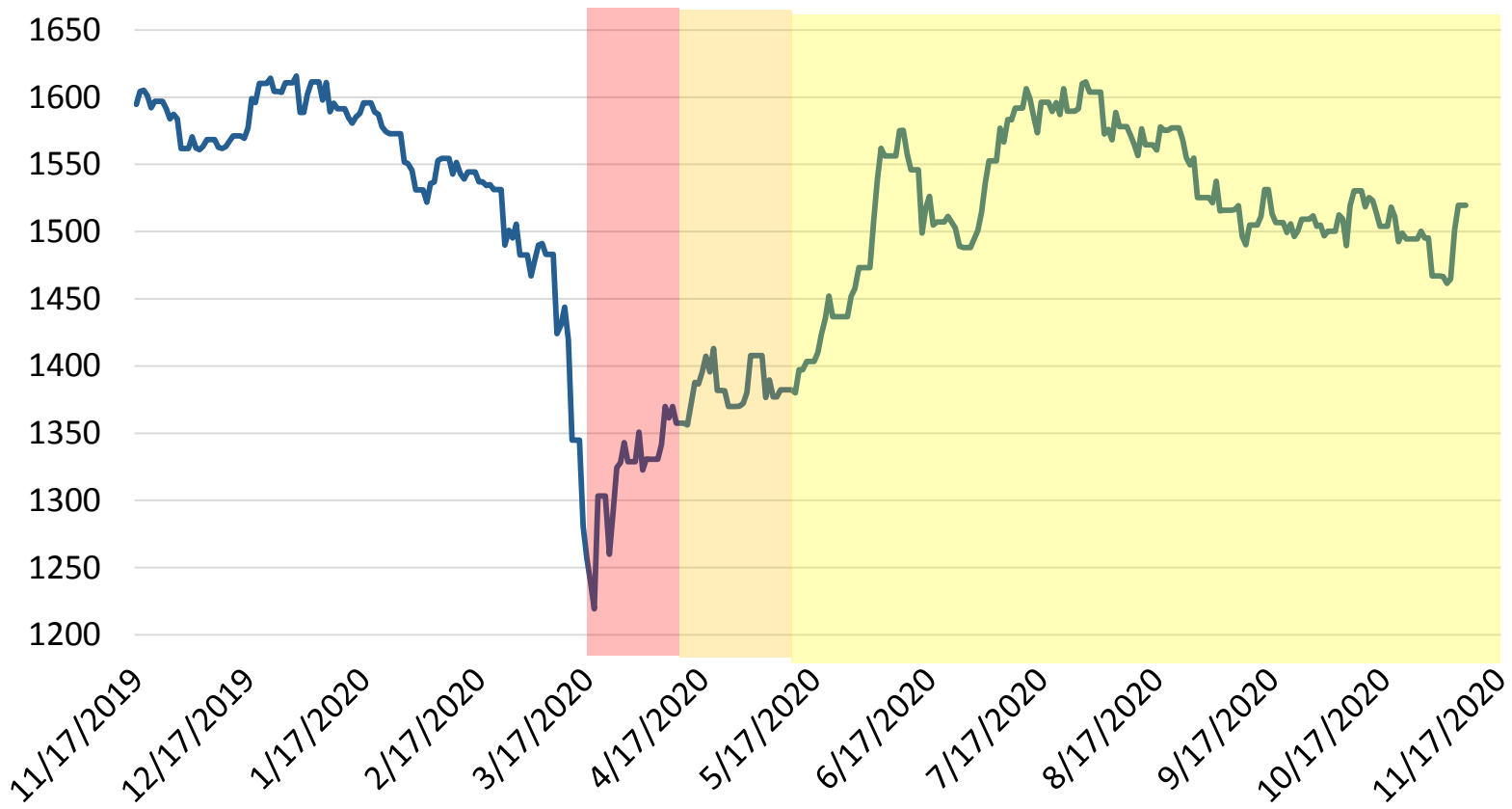


The Sun Has Risen?

KLCI Performance



But Is it a Sunny or Cloudy Day?



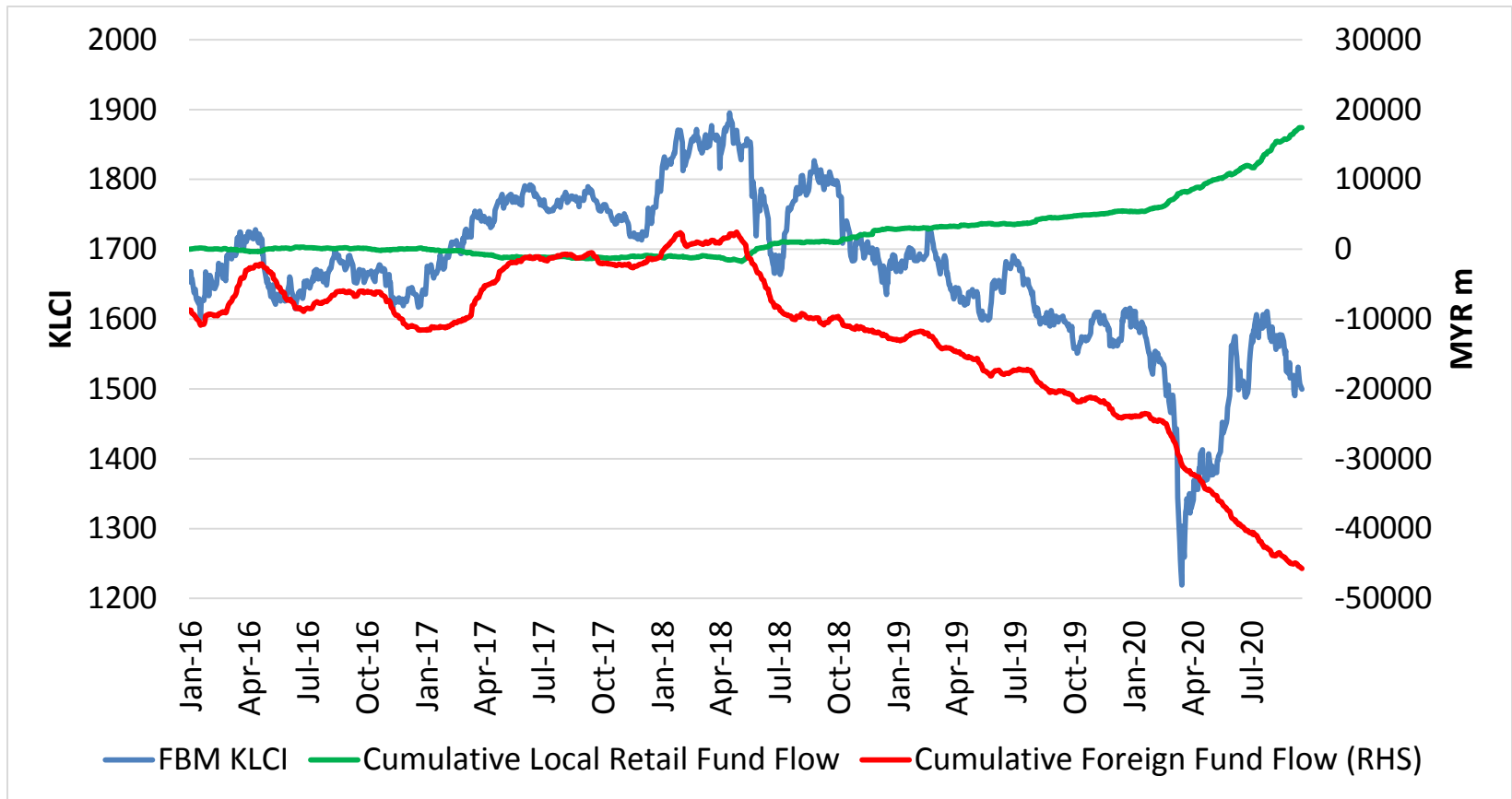
Source:,Bloomberg

Valuations

| | 2019 (A) | 2020 (E) | 2021 (E) |
|-------------|----------|----------------|---------------|
| EPS (sen) | 95.61 | 68.16 | 88.27 - 100.1 |
| Growth (%) | (5.1) | (28.7) | 29.5 - 46.8 |
| Year End CI | 1588.76 | | |
| PE (x) | 16.62 | 22.1 @ 1509.14 | 15.5 |
| Fair Value | | | 1368 - 1553 |

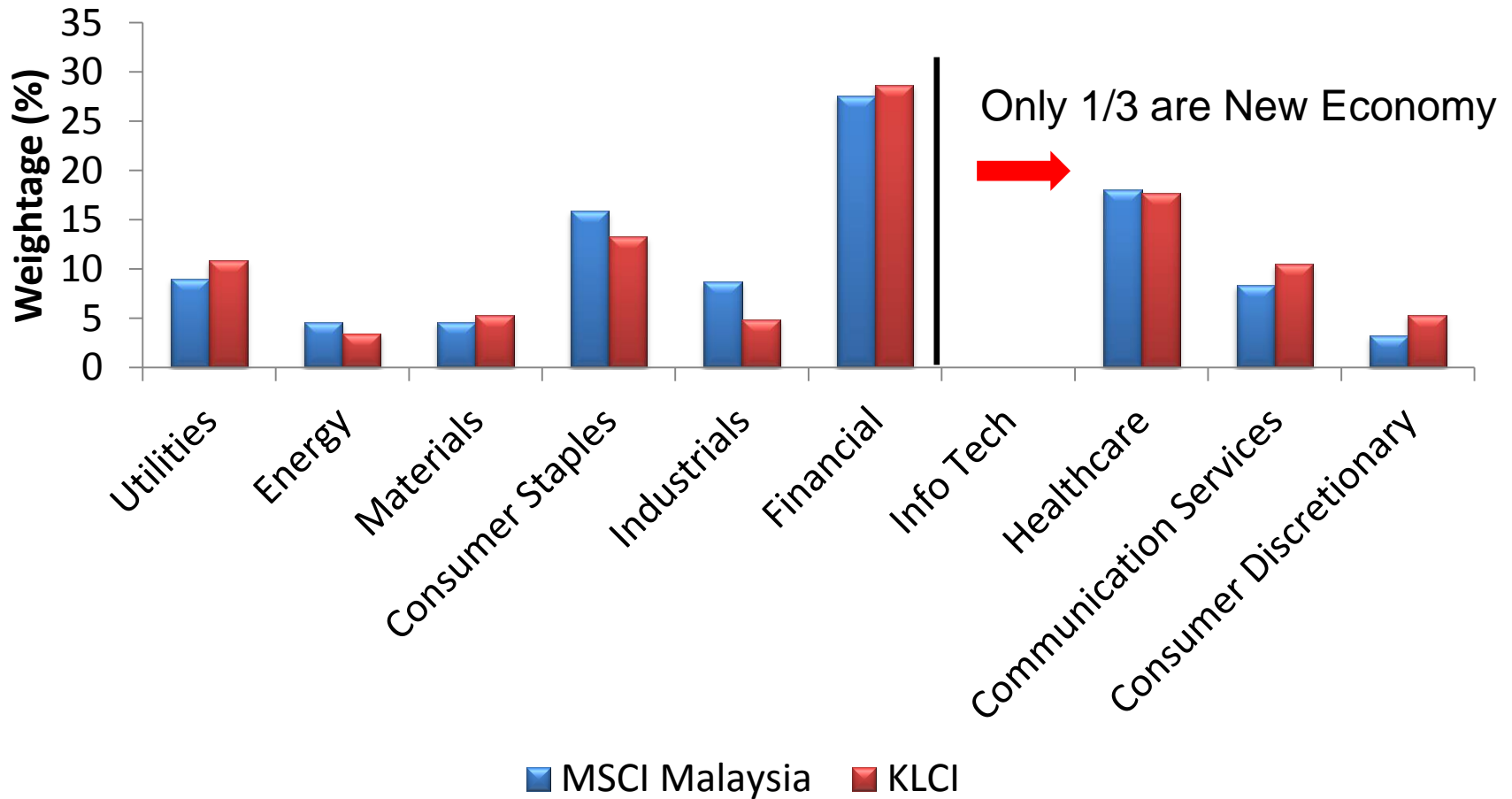
Source:, Bloomberg

Malaysia Robinhooders



Source: Bursa Malaysia, Bloomberg

Not Charming Enough



Thank You

It's RVVR!

It's RVVR!

RV: Real vs Virtual



Lawyers Laughing all the way to Banks

- Stop counting
 - Michigan
 - Pennsylvania
- Recount
 - Wisconsin

Sample Ballot

Election: November 3rd, 2020 General Election

This is not an official ballot.
 Precinct: 5101421242 242.JBF
 Ballot Style: 242_72

| | | |
|---|--|---|
| Federal Offices | District Court Judge - 4th Judicial District (Vote YES or NO) | Amendment C (CONSTITUTIONAL) |
| Presidential Electors | | ★ YES |
| ★ Joseph R. Biden / Kamala D. Harris | District Court Judge - 4th Judicial District - Bain | Amendment 76 (CONSTITUTIONAL) |
| United States Senator | ★ YES | ★ YES |
| ★ John W. Hickenlooper | District Court Judge - 4th Judicial District - DuBois | Amendment 77 (CONSTITUTIONAL) |
| Representative to the 117th United States Congress - District 5 | ★ YES | ★ YES |
| ★ Jillian Freeland | District Court Judge - 4th Judicial District - Kane | Proposition EE (STATUTORY) |
| State Offices | | ★ YES |
| State Senator - District 10 | ★ NO | Proposition 113 (STATUTORY) |
| ★ Larry G. Liston | District Court Judge - 4th Judicial District - McHenry | ★ YES |
| State Representative - District 14 | ★ NO | Proposition 114 (STATUTORY) |
| ★ John Foley | District Court Judge - 4th Judicial District - Prince | ★ YES |
| District Attorney - 4th Judicial District | ★ YES | Proposition 115 (STATUTORY) |
| ★ Michael Allen | District Court Judge - 4th Judicial District - Sokol | ★ YES |
| Colorado Supreme Court Justice (Vote YES or NO) | ★ YES | Proposition 116 (STATUTORY) |
| Justice of the Colorado Supreme Court - Hart | District Court Judge - 4th Judicial District - Werner | ★ YES |
| ★ YES | ★ YES | Proposition 117 (STATUTORY) |
| Justice of the Colorado Supreme Court - Samour | County Court Judge - El Paso County (Vote YES or NO) | ★ NO |
| ★ YES | | Proposition 118 (STATUTORY) |
| Colorado Court of Appeals Judge (Vote YES or NO) | | ★ NO |
| Colorado Court of Appeals Judge - Tow | ★ YES | Municipal and District Measures |
| ★ NO | QUESTIONS OR ISSUES | City of Colorado Springs |
| Colorado Court of Appeals Judge - Welling | State Ballot Measures | City of Colorado Springs Ballot Issue 2A |
| ★ NO | Amendment B (CONSTITUTIONAL) | ★ YES |
| | ★ YES | City of Colorado Springs Ballot Question 2B |
| | | ★ YES |
| | | City of Colorado Springs Ballot Question 2C |
| | | ★ YES |

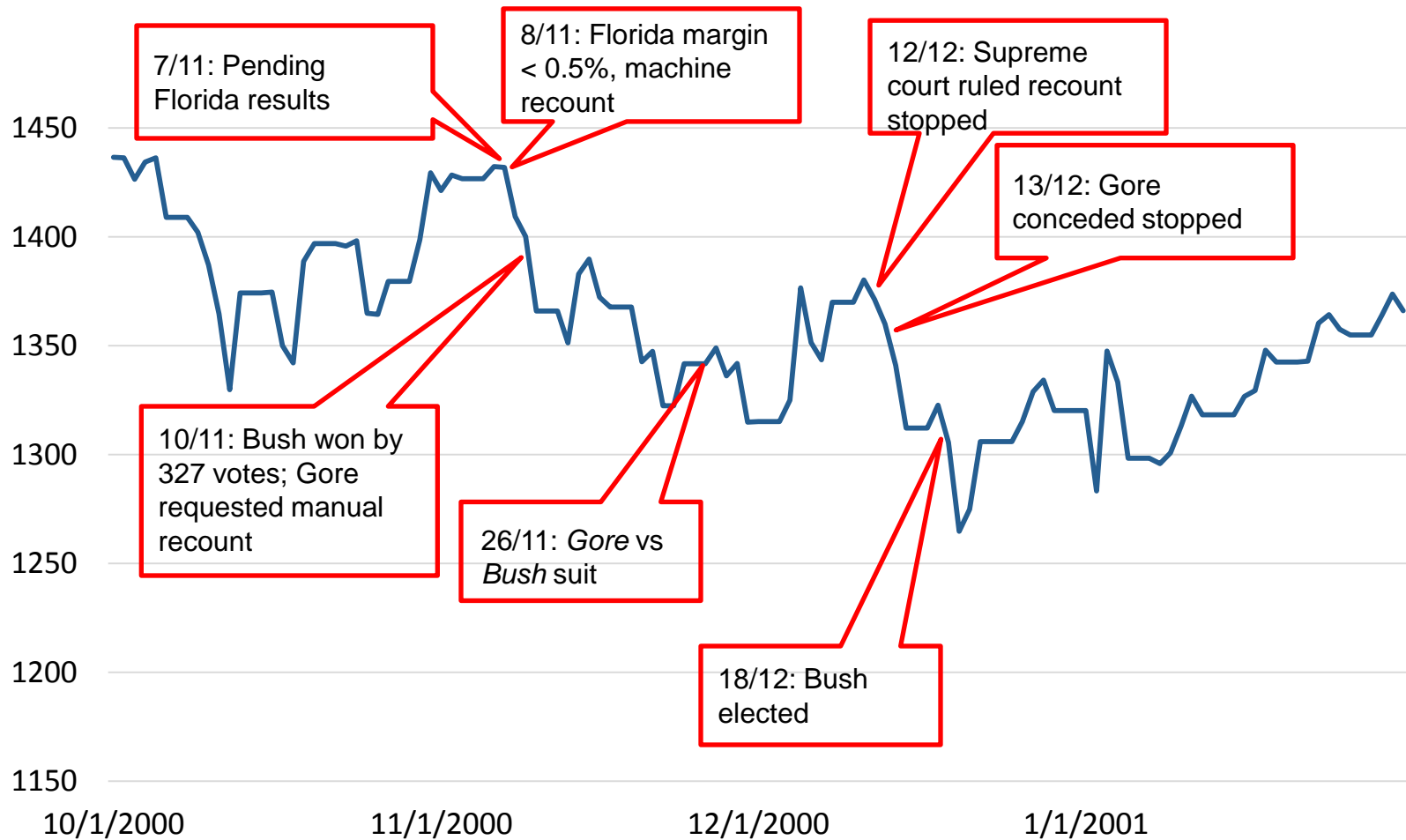
As of October 26, 2020, there are **1,224** candidates who filed to run, including:^[4]
325 Democratic candidates
164 Republican candidates
65 Libertarian candidates
23 Green candidates

Source:
<https://myballot.sos.colorado.gov/>

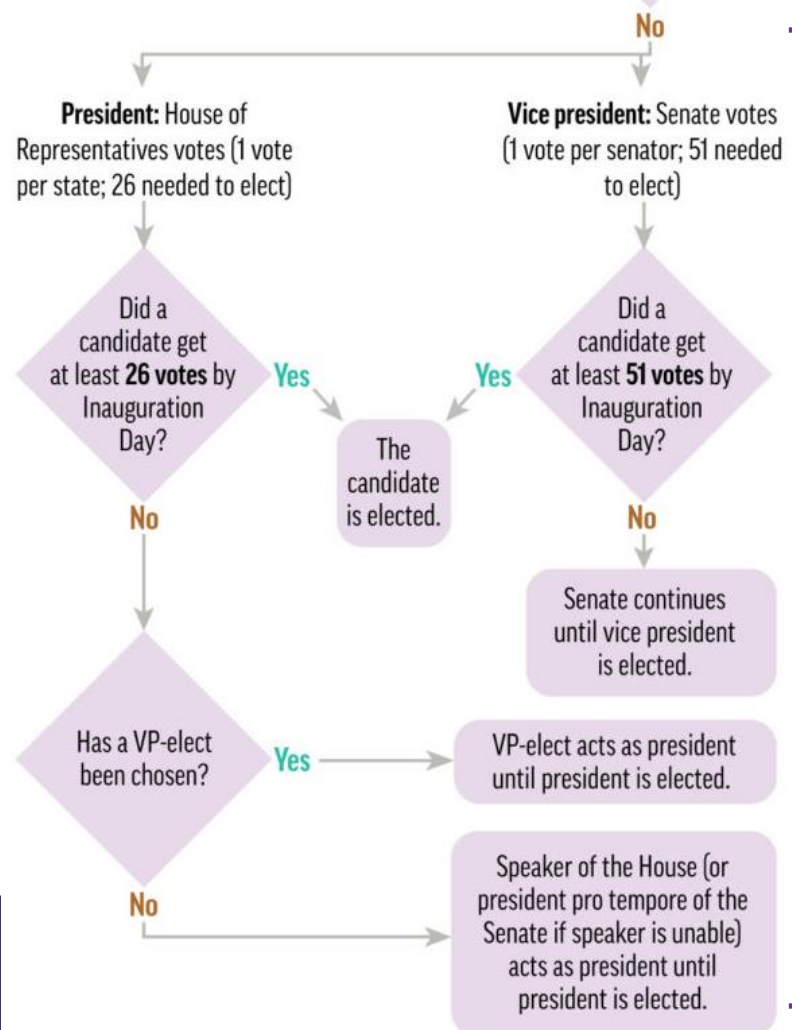
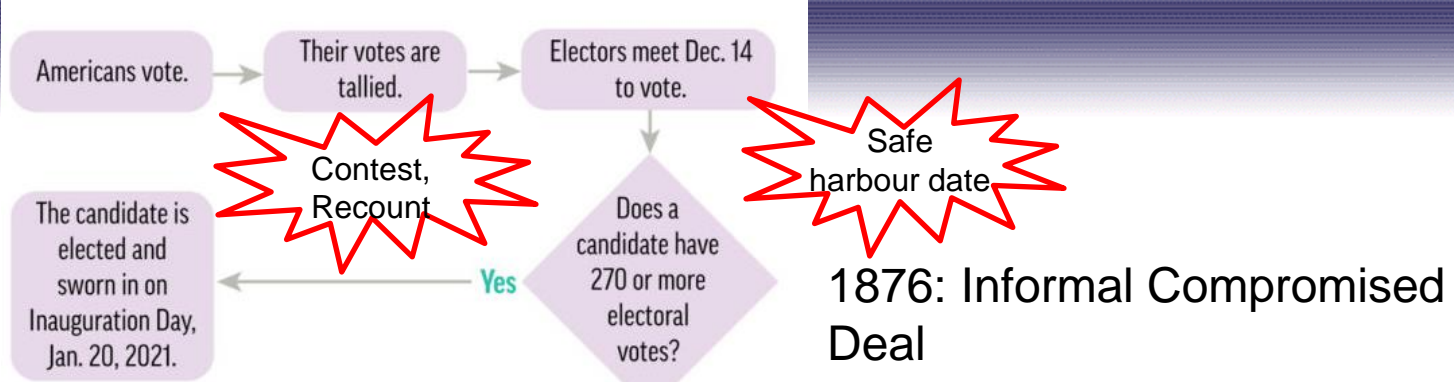
Recount Procedures

| State | Recount Requirement | Margin requirement | Timeline |
|----------------|---------------------|--------------------------------|---|
| Pennsylvania | Automatic | 0.5% or less | Must begin recount by the third Wednesday (11/18 but can start earlier) following the election and must be completed no later than 12:00 pm on the following Tuesday (11/24 at 12pm). |
| Michigan | Automatic | 2000 votes or less | Must complete within 30 days |
| | May be requested | Fraud or mistake with evidence | Must request within 48hrs of completion of the canvass of votes and complete within 30 days |
| Wisconsin | May be requested | 1% or less | Must request by 5pm on the 3rd business day and recount must complete within 13 days |
| Georgia | May be requested | 0.5% or less | No specified timeline |
| Arizona | Automatic | 0.1% or 200 votes | No specified timeline |
| North Carolina | May be requested | 0.5% or 10,000 votes | Request deadline is 2pm on the second business day |

Back to 2000



Source: Various, Bloomberg, PRSB



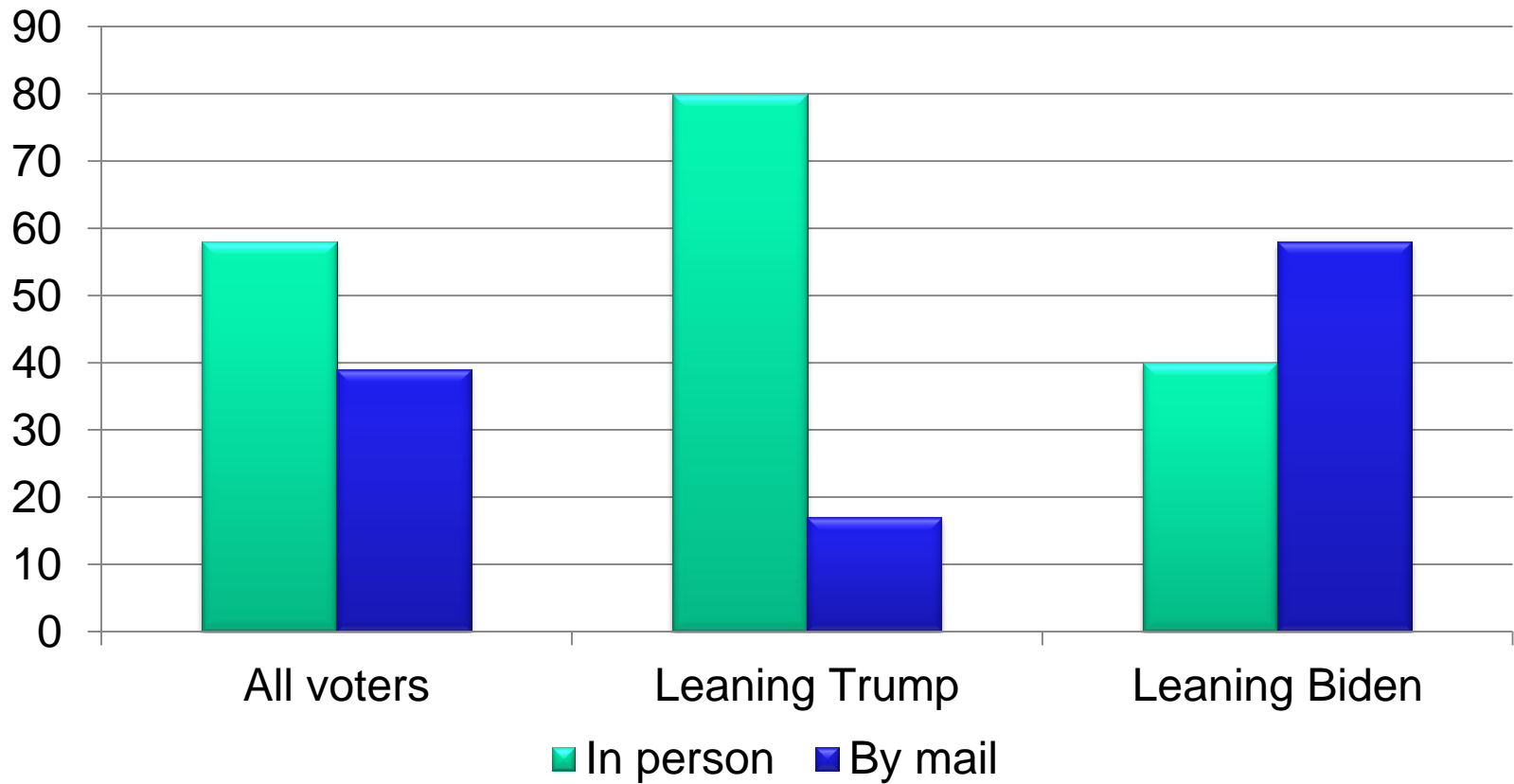
1876: Informal Compromised Deal

Contingent Election

1824: Called by House of representatives

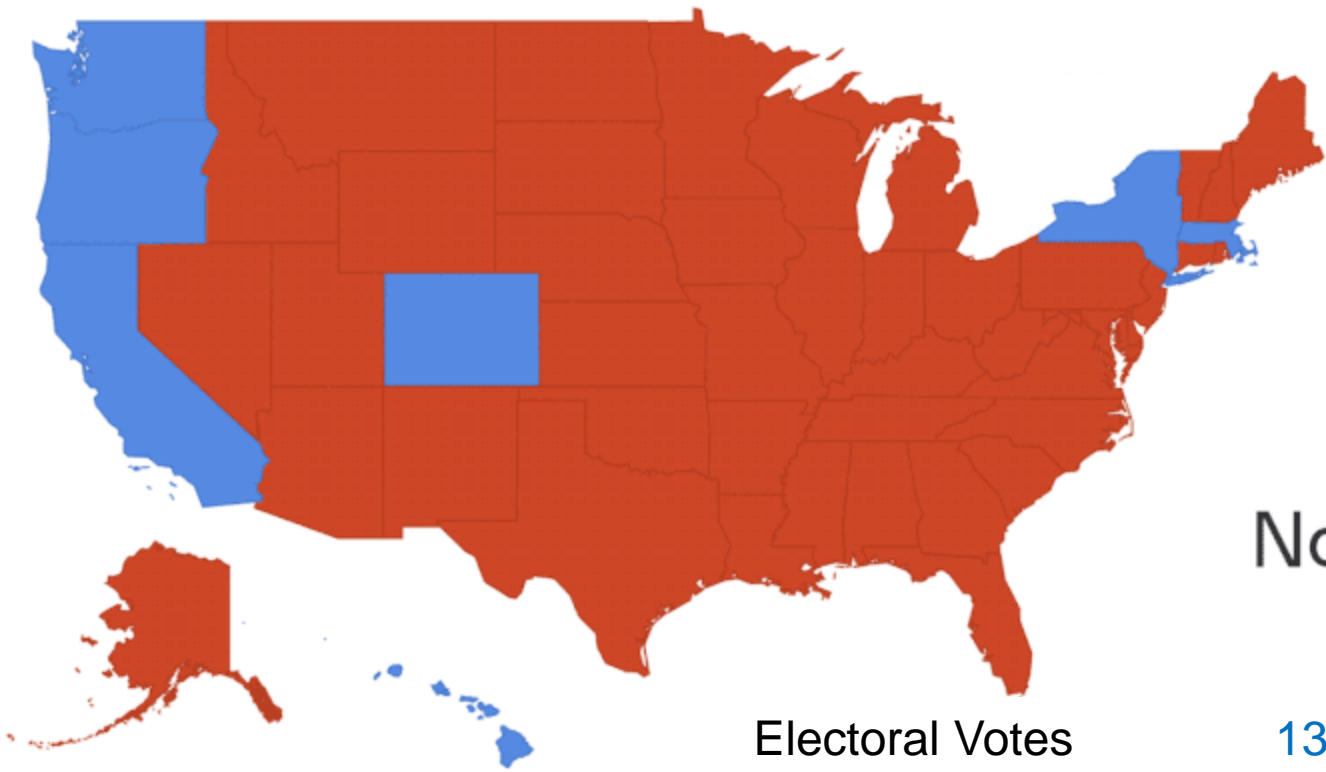
Source: Various, PRSB

Perfect Storm



Source: PEW Research Center

From Red Mirage

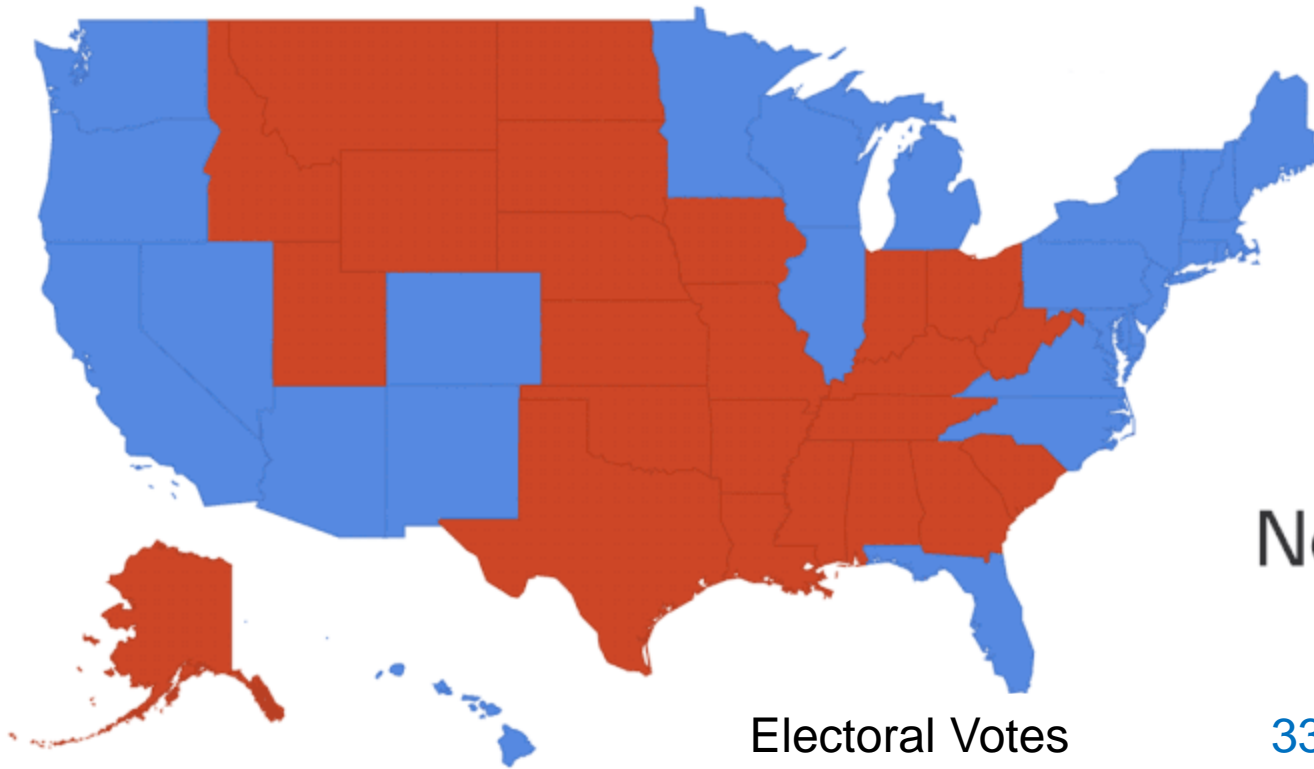


Nov. 3, 2020

| | | |
|-----------------|-----|-----|
| Electoral Votes | 130 | 408 |
| Popular Vote | 43% | 57% |

Source: Hawkfish, Bloomberg

To Triple Blue Tsunami



Nov. 9, 2020

| | | |
|-----------------|-----|-----|
| Electoral Votes | 334 | 204 |
| Popular Vote | 54% | 46% |

Source: Hawkfish, Bloomberg

Trump vs Biden

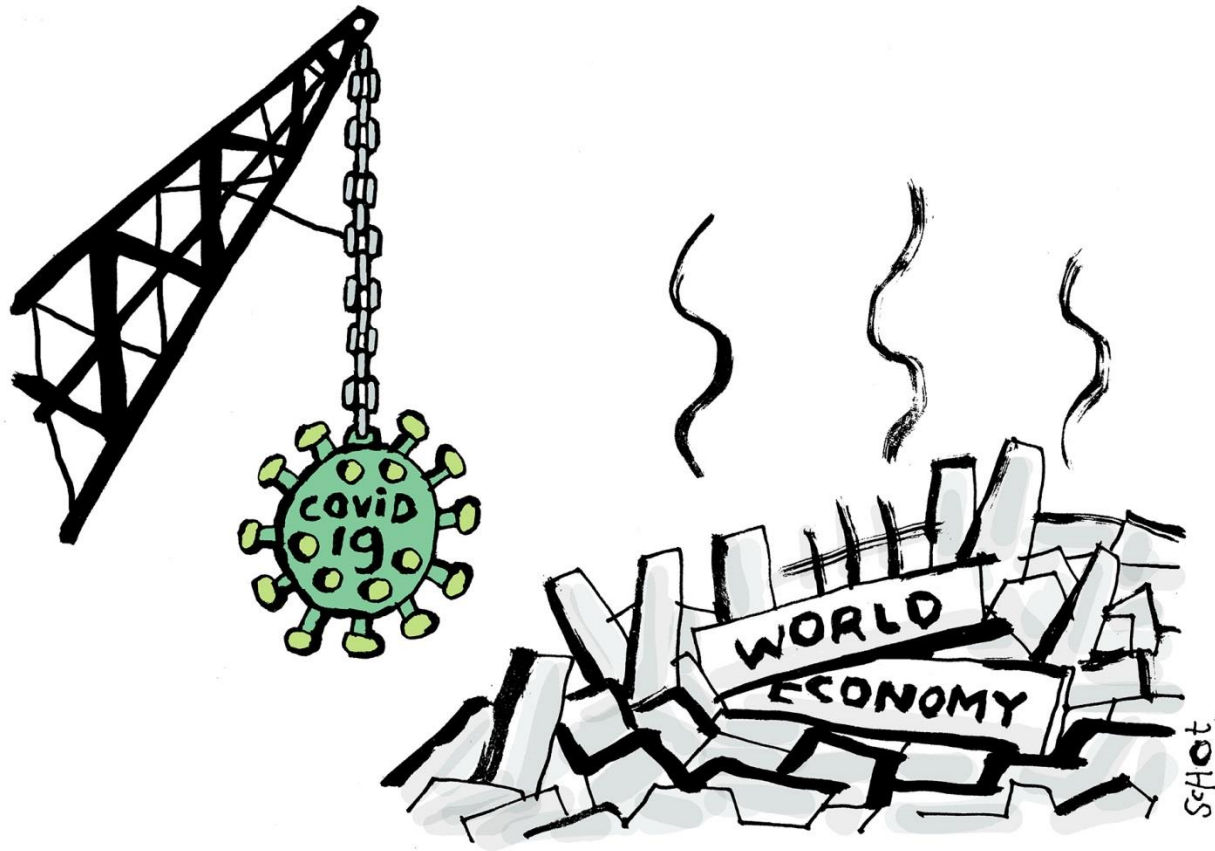
| | Biden | Trump |
|------------------------|---|---|
| Taxes | <p>Restore top tax rate for individuals from 37% to 39.6%</p> <p>Raise top corporate income tax rate to 28% from 21%.</p> <p>Eliminate favourable capital gains tax rate for high income tax payers</p> | <p>Extend Tax Cuts and Jobs Act to 2025</p> |
| Jobs and Wages | <p>Increase minimum wage to USD15</p> <p>Create jobs through infrastructure investments</p> | <p>Create jobs through infrastructure investments</p> |
| Regulation | <p>Increase regulation of energy, technology and financial services</p> | <p>Reduce regulation on energy and financial services</p> |
| Healthcare | <p>Protect and build on Affordable Care Act</p> | <p>Undo the Affordable Care Act</p> |
| Energy and environment | <p>Reduce emissions and increase energy efficiency</p> | <p>Increase energy production</p> |
| Foreign Policy | <p>Renewed emphasis on alliances and multilateralism</p> | <p>America First, unilateralism</p> |
| Infrastructure | <p>Proposed USD2tn climate and clean energy plan</p> | <p>Proposed USD2tn infrastructure bill</p> |

Source: Various, PRSB

What If:

| Biden & Democratic Senate (49%) | Biden & Republican Senate (2%) | Trump & Republican Senate (47%) | Trump & Democratic Senate (2%) |
|--|---|--|---|
| Asia > US | Asia = US | US > Asia | Directionless |
| Value/Cyclicals > Tech/Growth | Value/Cyclicals = Tech/Growth | Value/Cyclicals > Tech/Growth | |

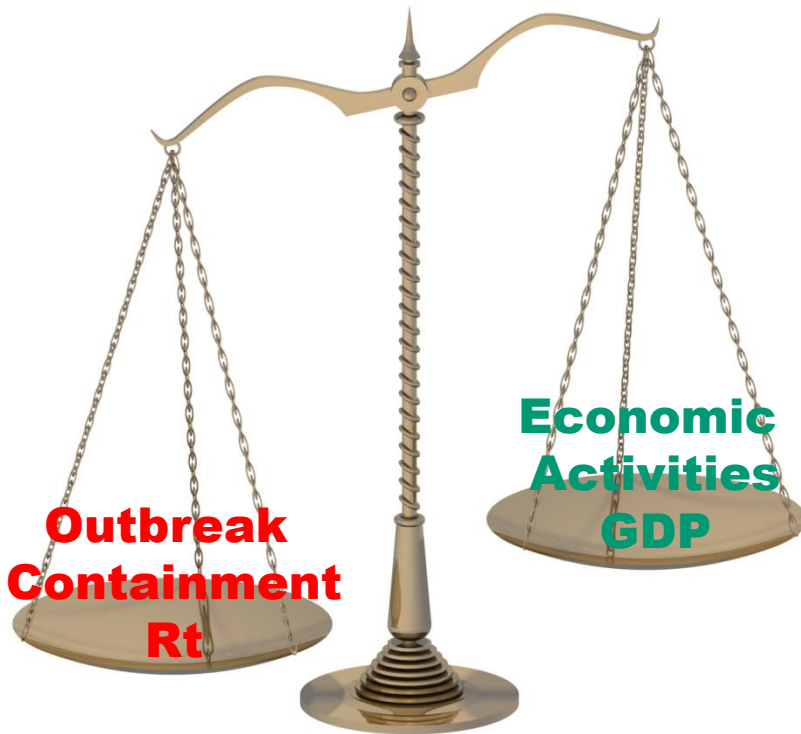
World With Corona



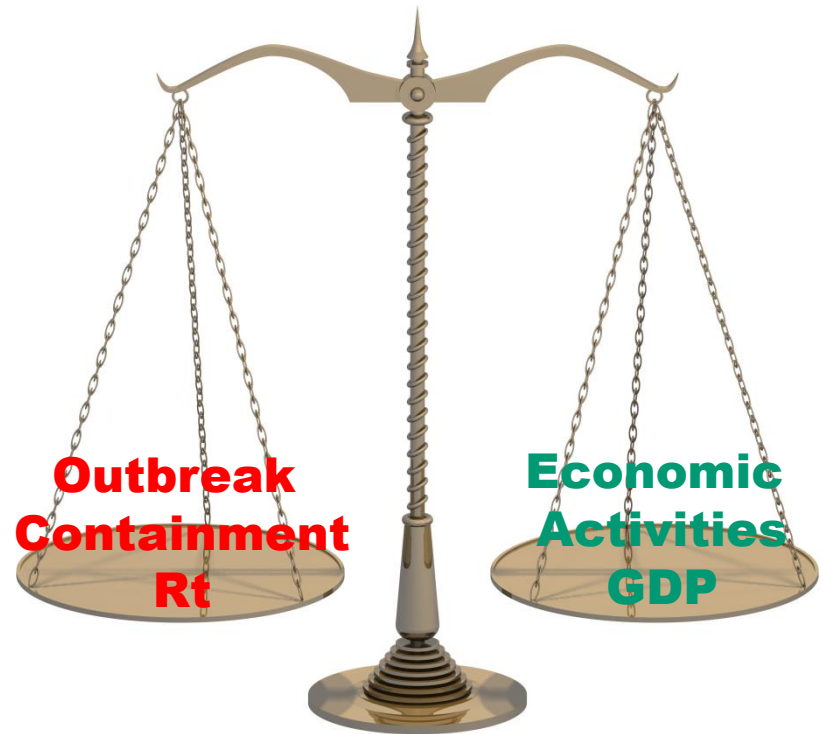


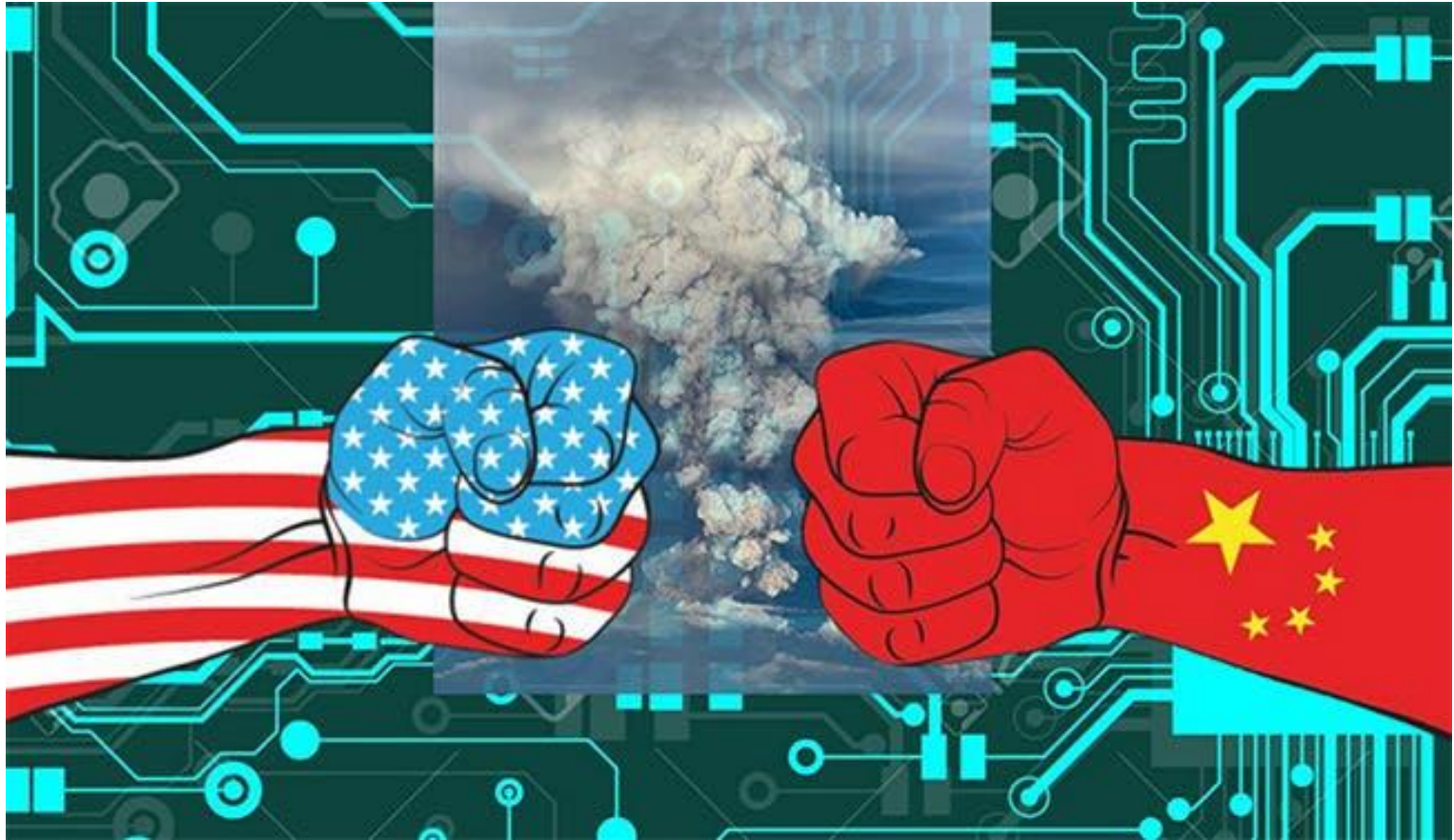
Walk a Tightrope

Phase 1



Phase 2





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Revising U.S. Grand Strategy Toward China

Authors: Robert D. Blackwill, Henry A. Kissinger Senior Fellow for U.S. Foreign Policy, and Ashley J. Tellis, Senior Associate, Carnegie Endowment for International Peace

Overview

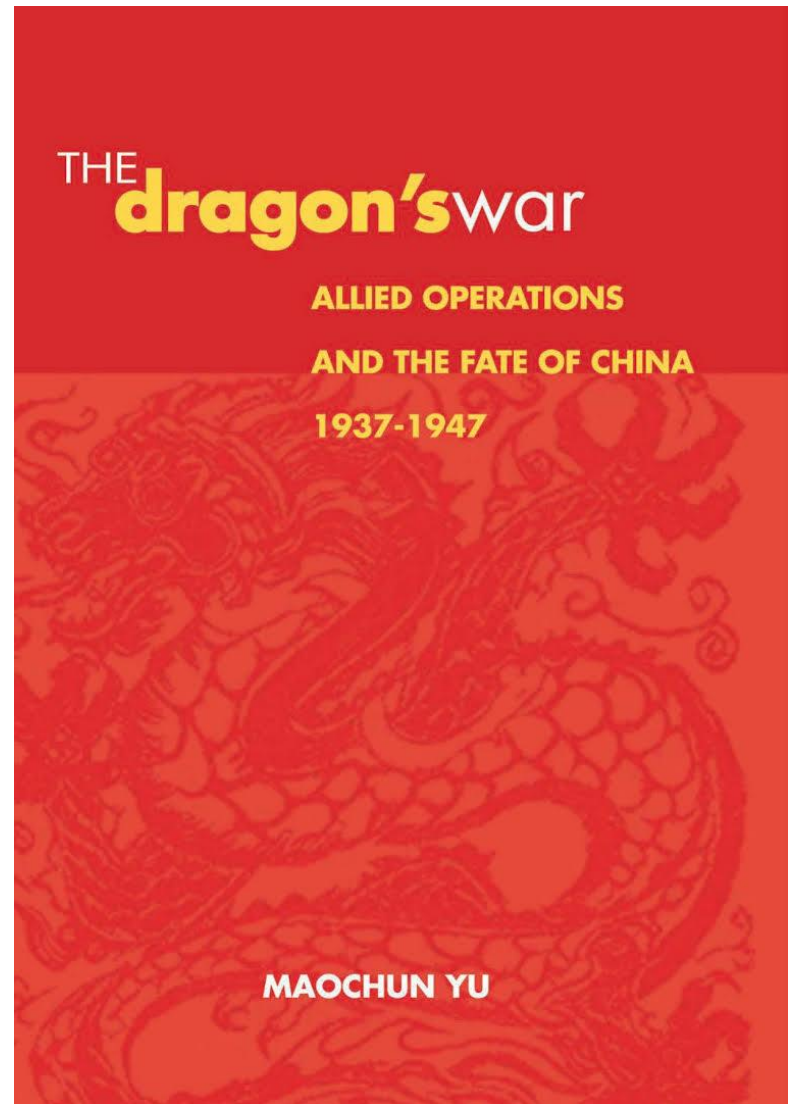
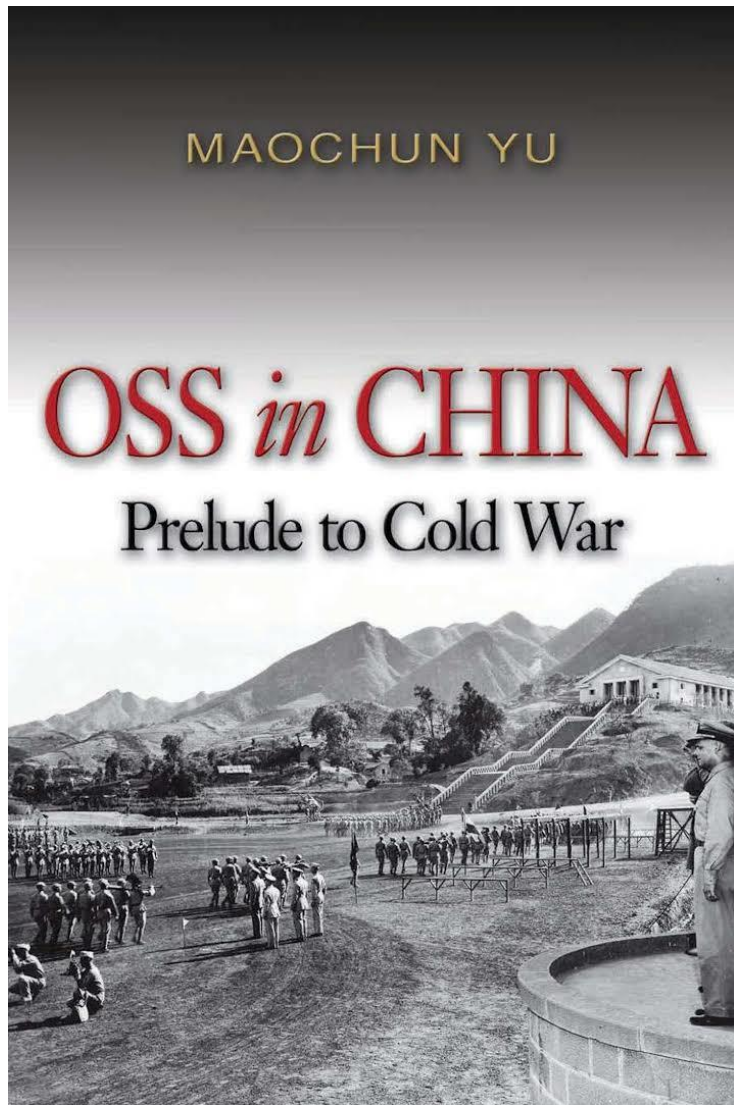
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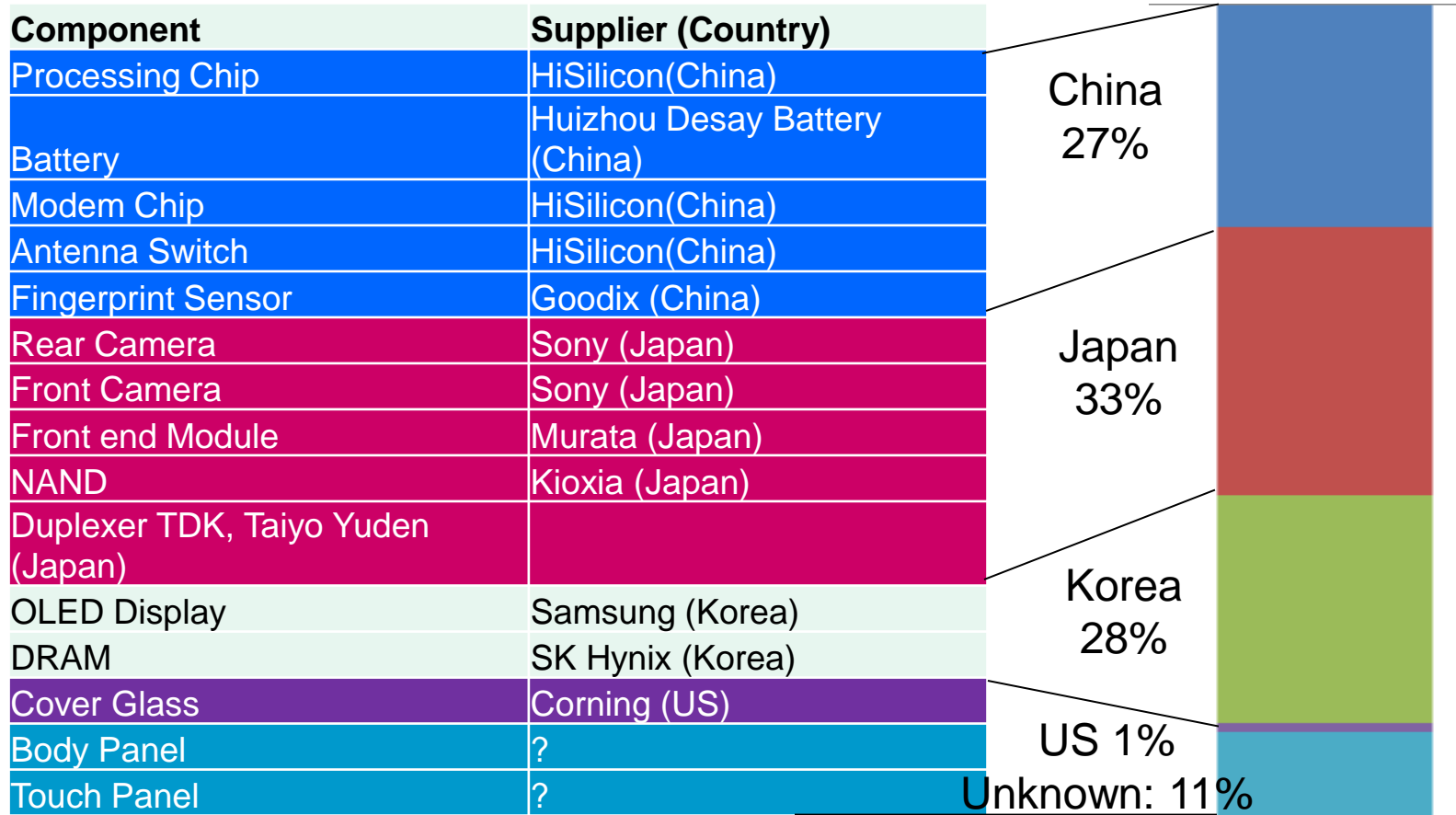
Source: US Council on Foreign Relations



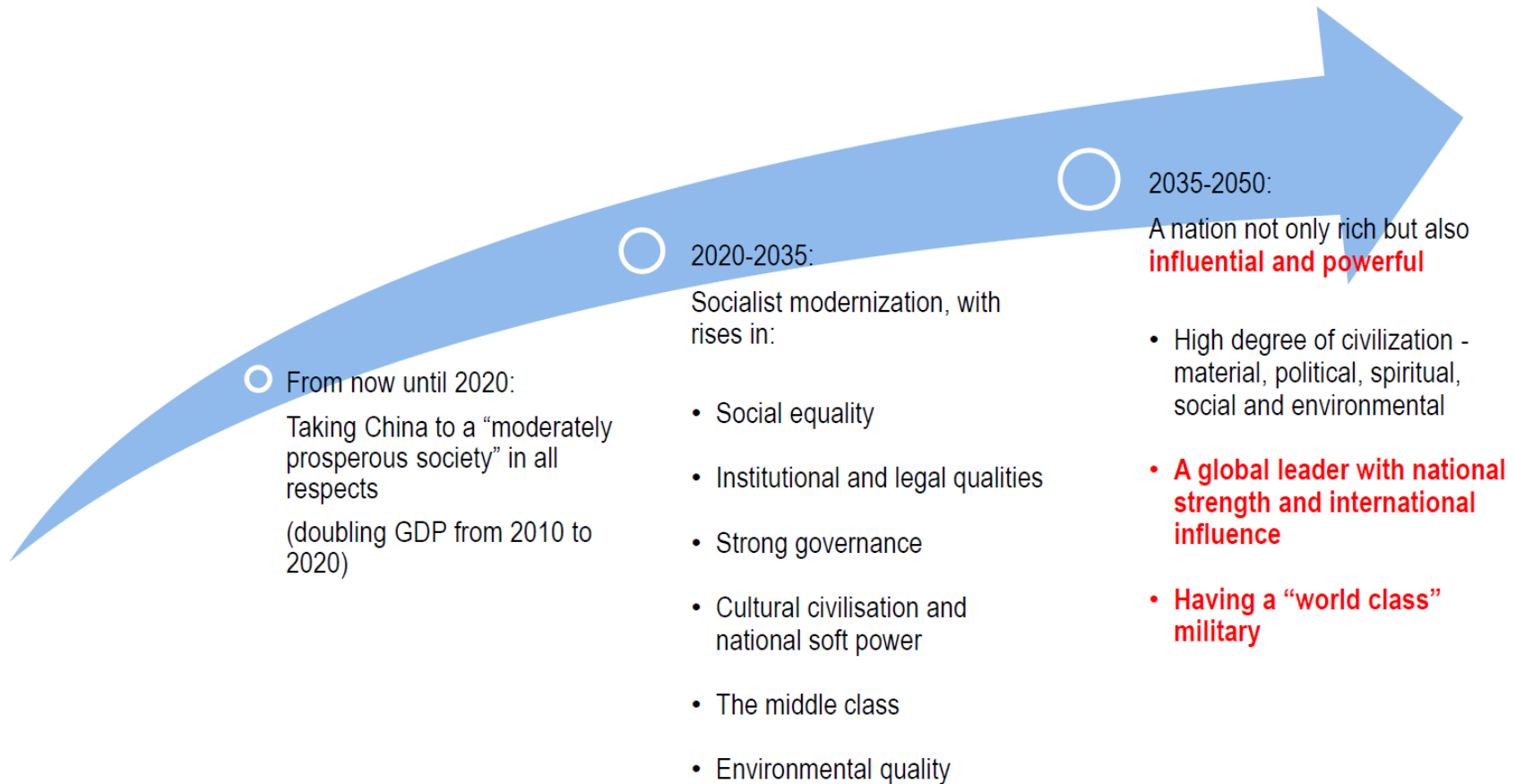
Source: Amazon

Political Show

Huawei Mate 30



Thucydides Trap



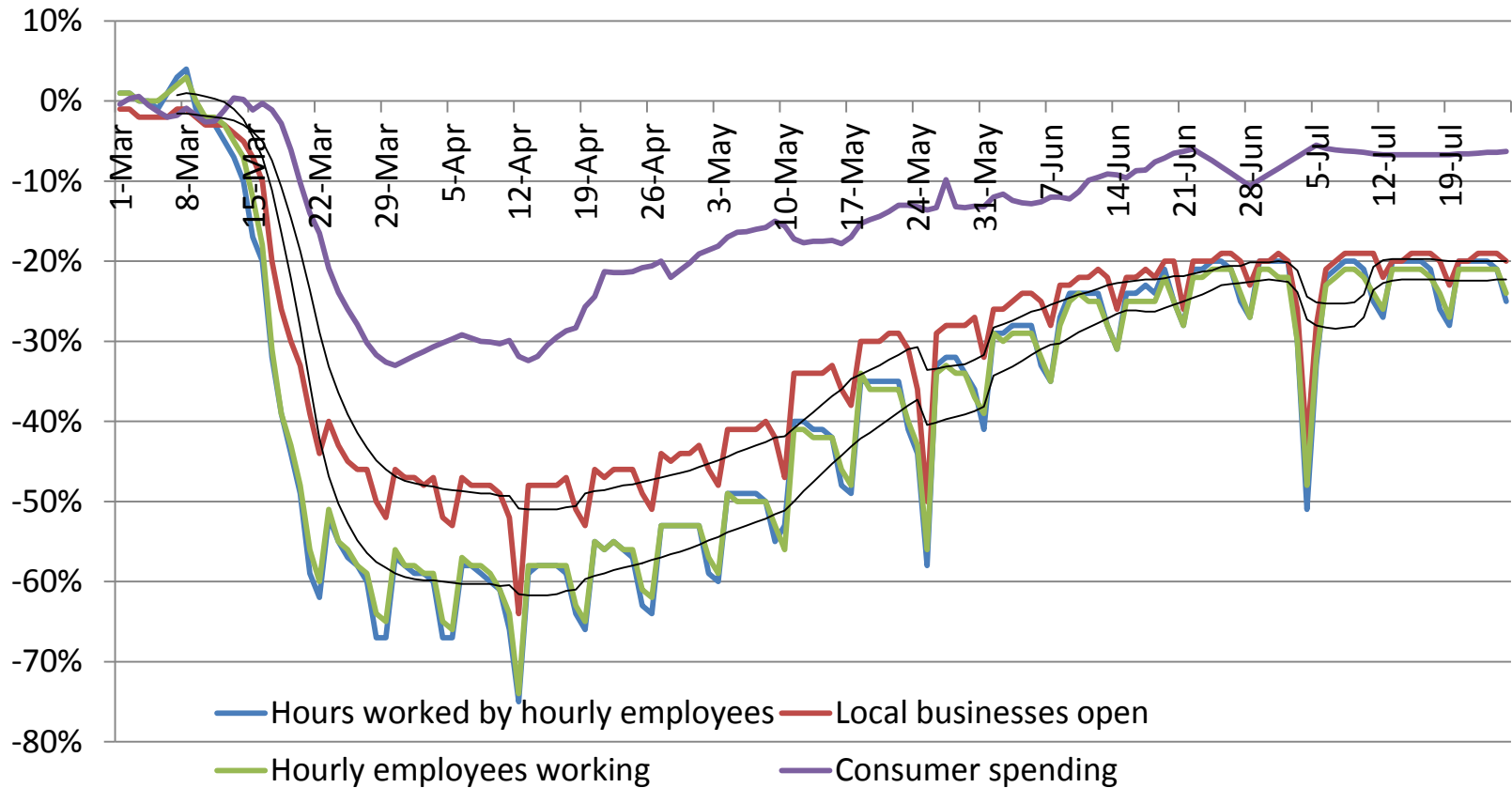
| | Era | Hegemonic country | Emerging country | Points of conflict | Result |
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| 1 | End 15 th century | Portugal | Spain | Global empires & trade | War avoided |
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Source: *Destined for War—Can America and China Escape Thucydides’s Trap?*, Graham Allison, Houghton Mifflin Harcourt



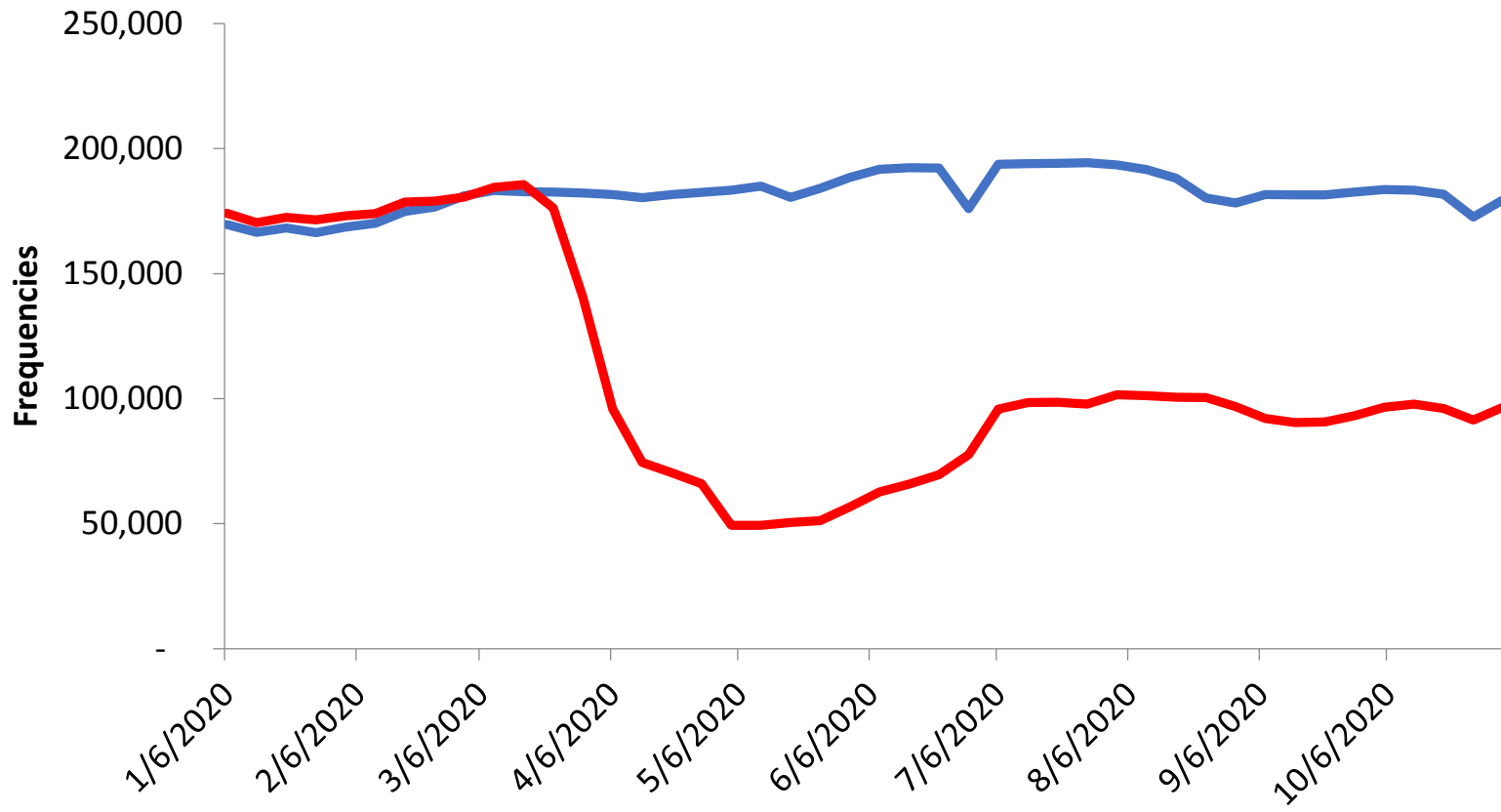
CORONAVIRUS

Back to Work



Source: Homebase, Opportunity Insights

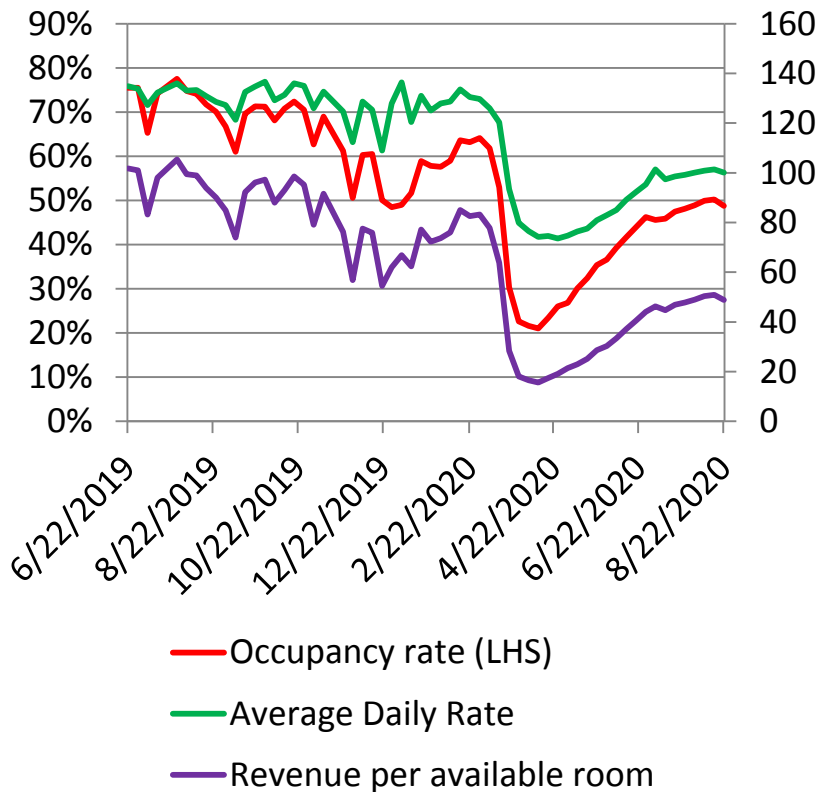
US Air Travelling



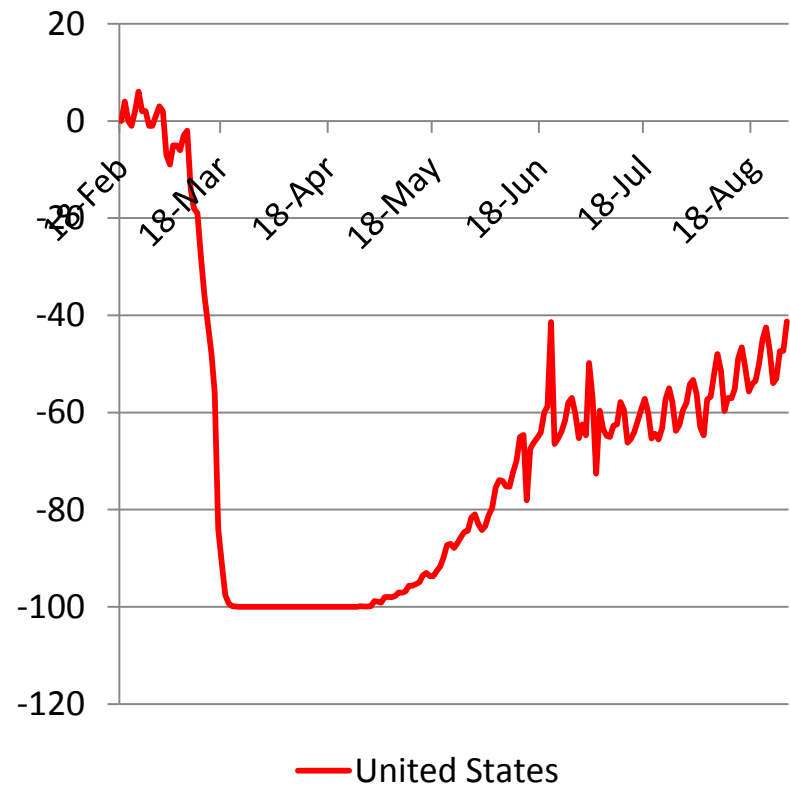
Source:, OAG, PRSB

Long Way to Go

Hotel Occupancy Rate



Restaurant Bookings

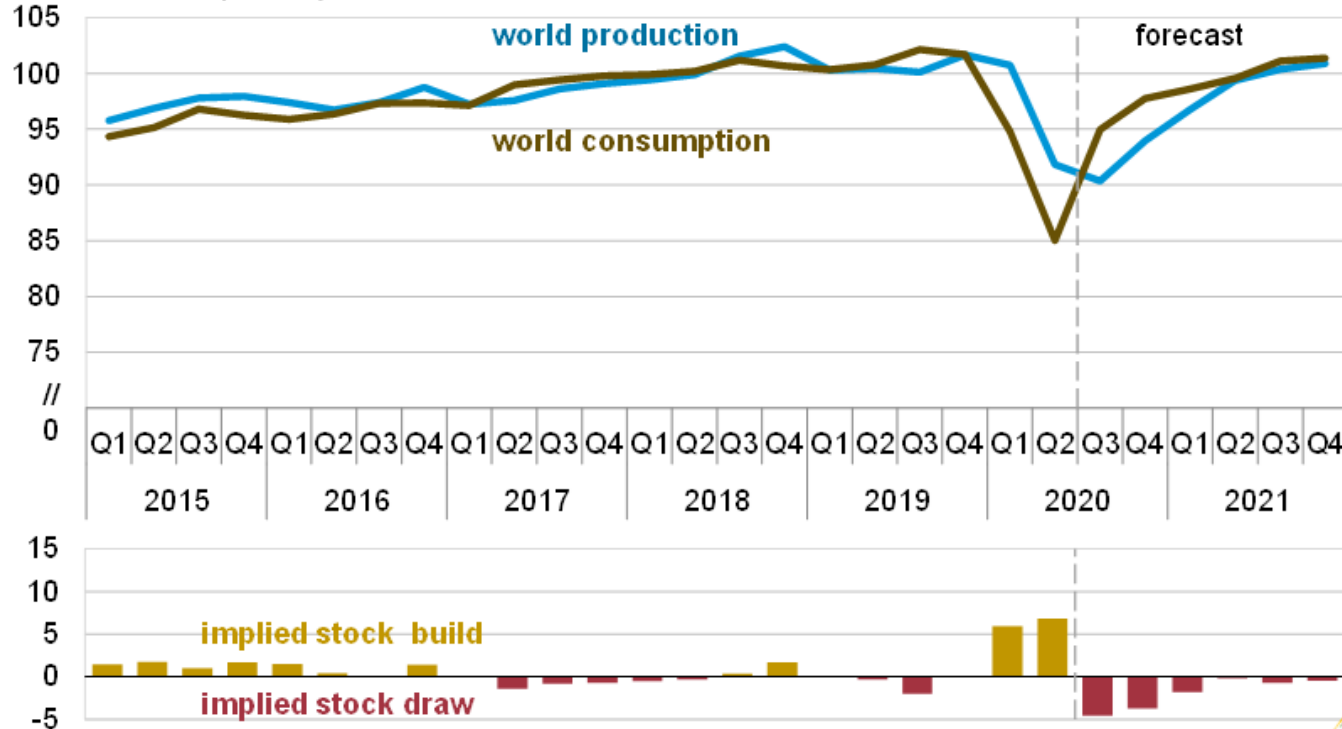


Source: STR, OpenTable



Balanced in 2021

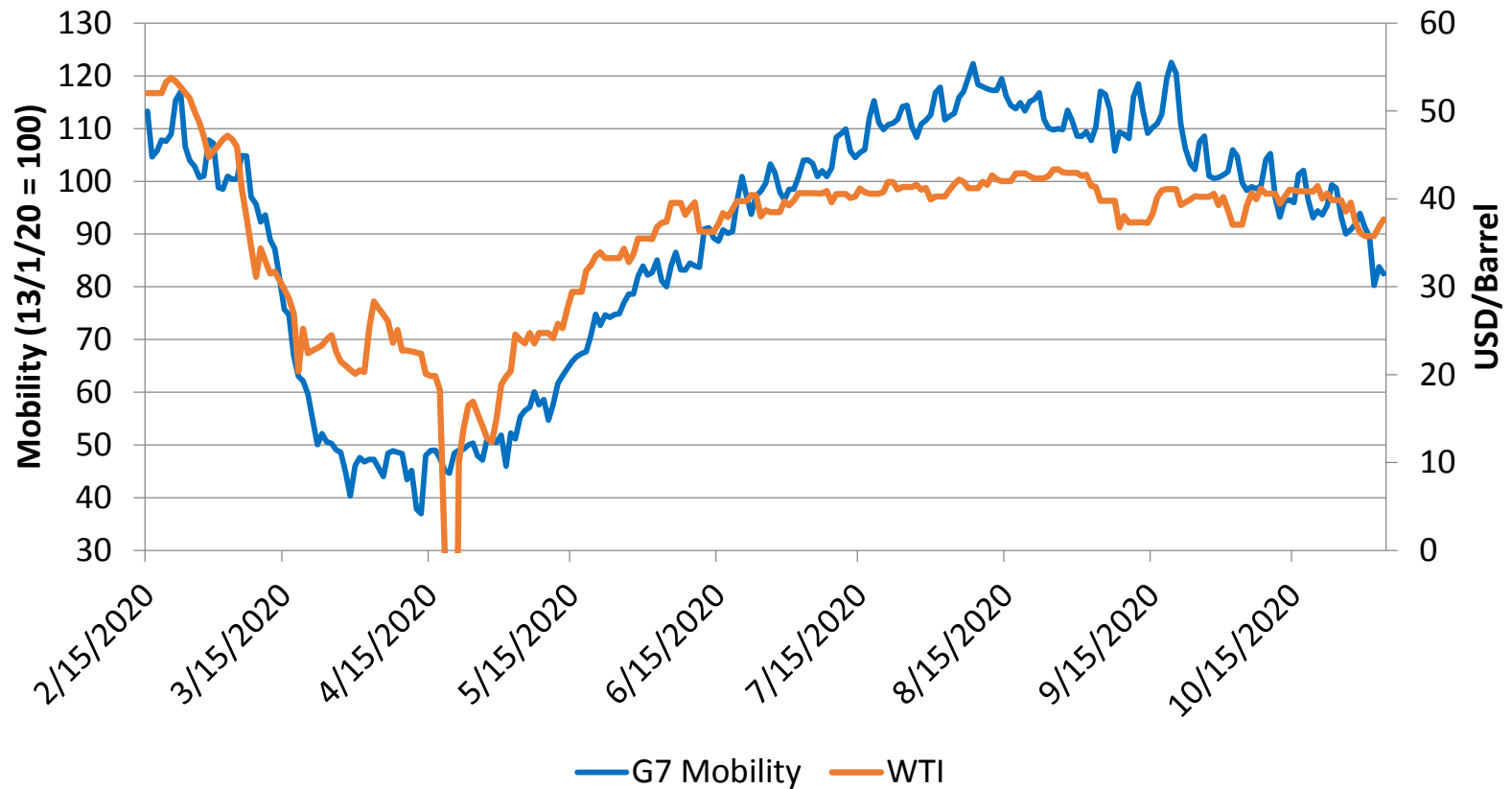
World liquid fuels production and consumption balance
million barrels per day



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, August 2020



Mobility Matters

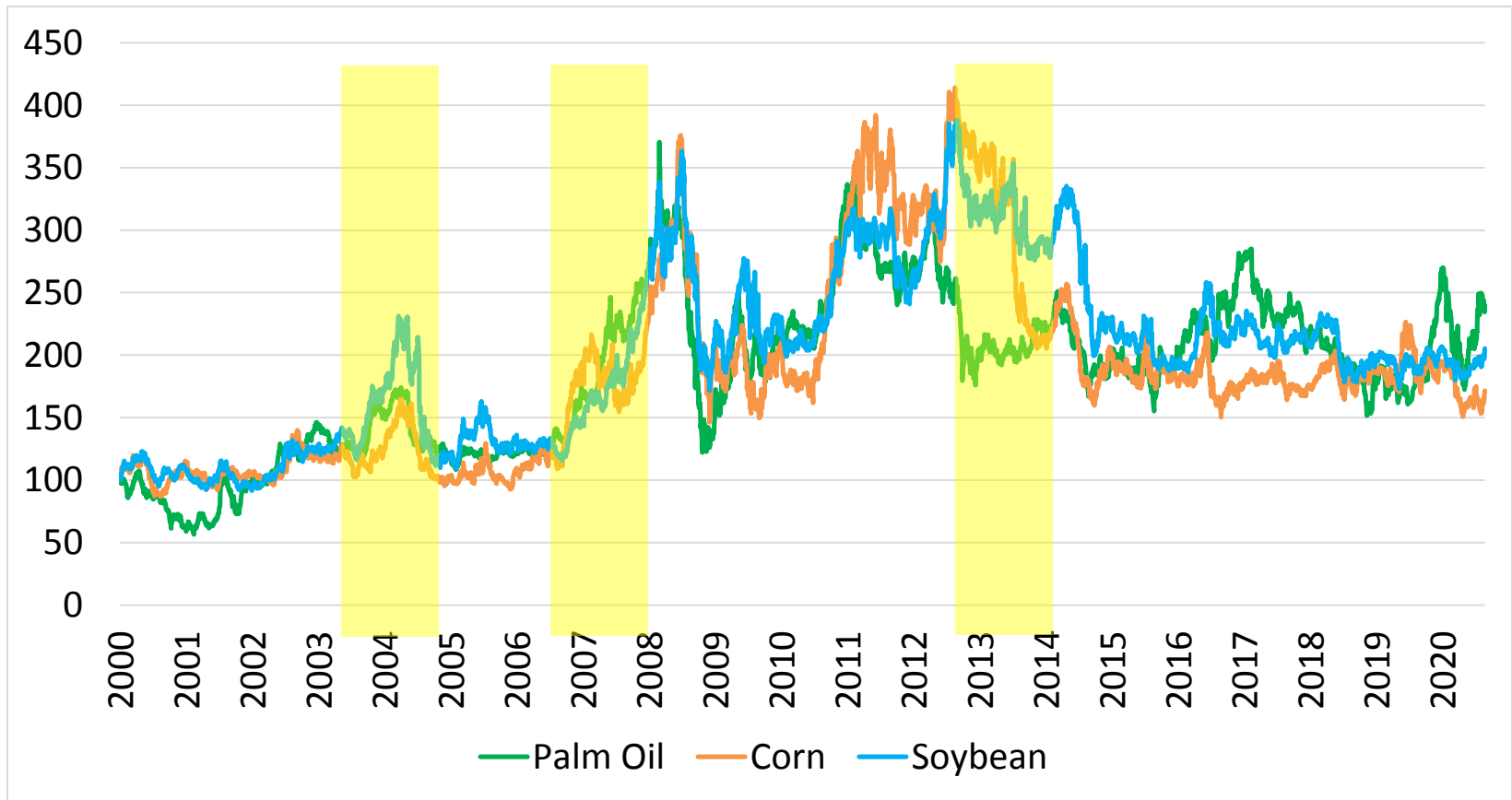


Green is the Hurdle



Source: Investing.com

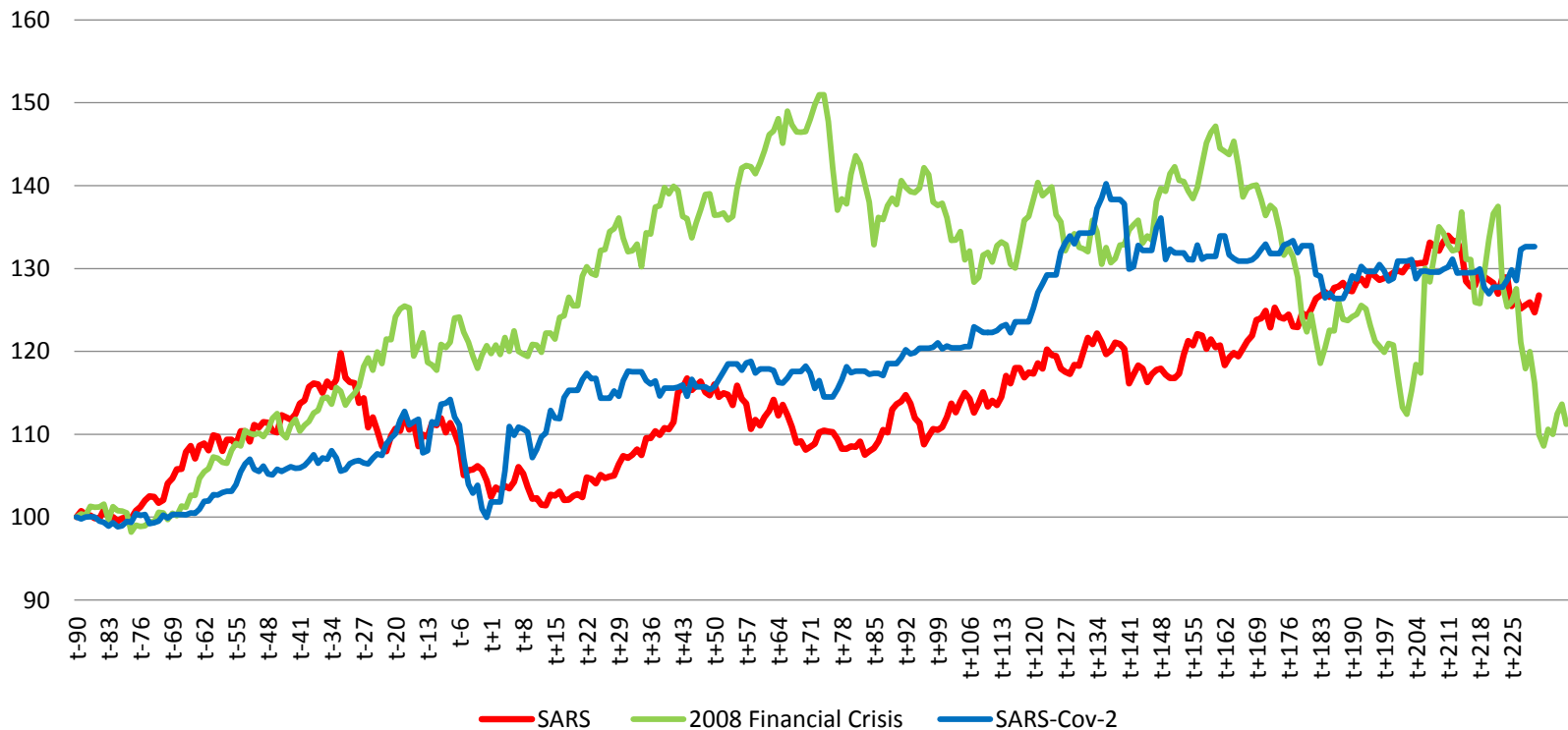
Eat, eat, eat



Source: Bloomberg, PRSB

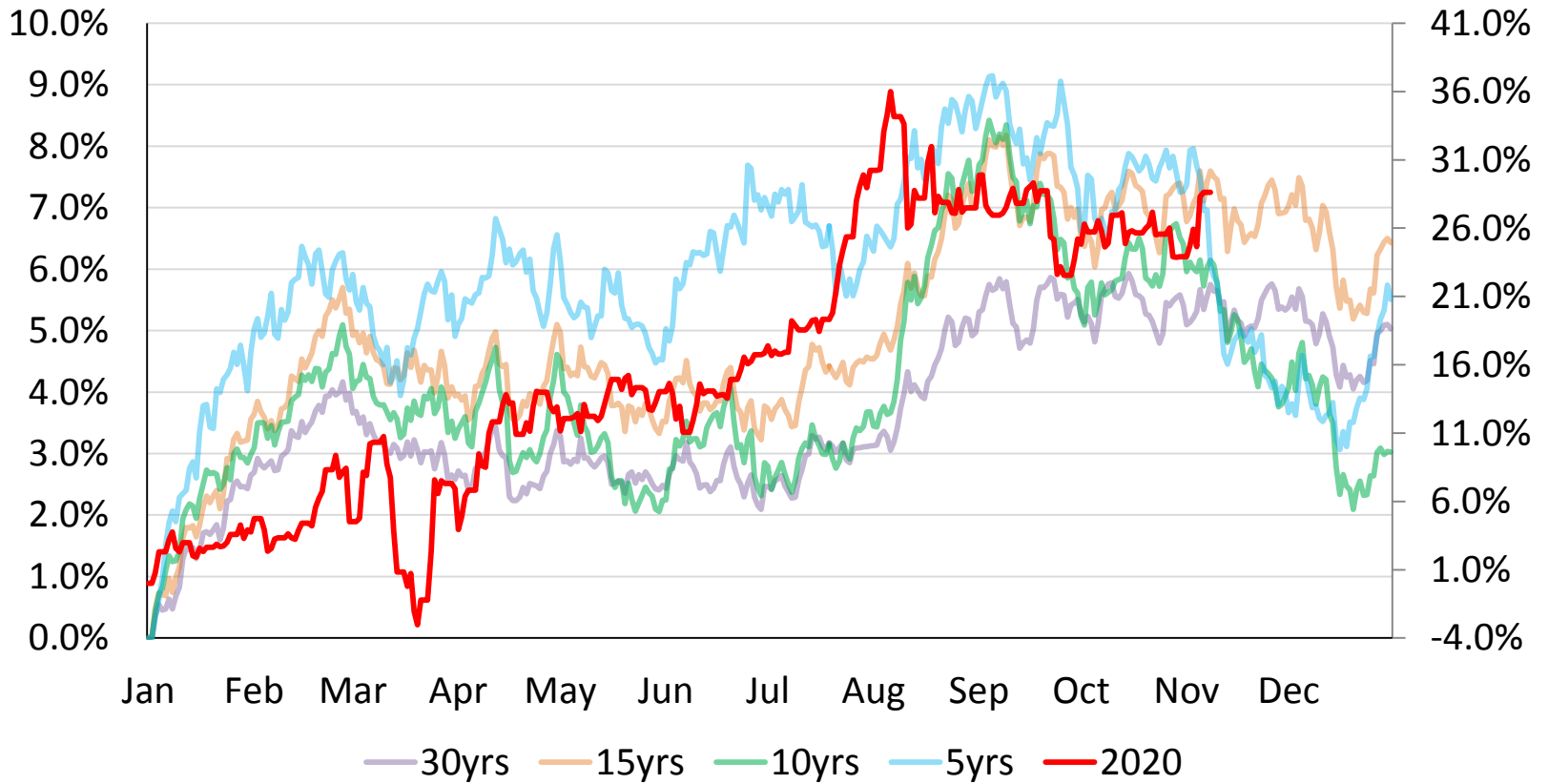
Not Financial Crisis

Gold Performance



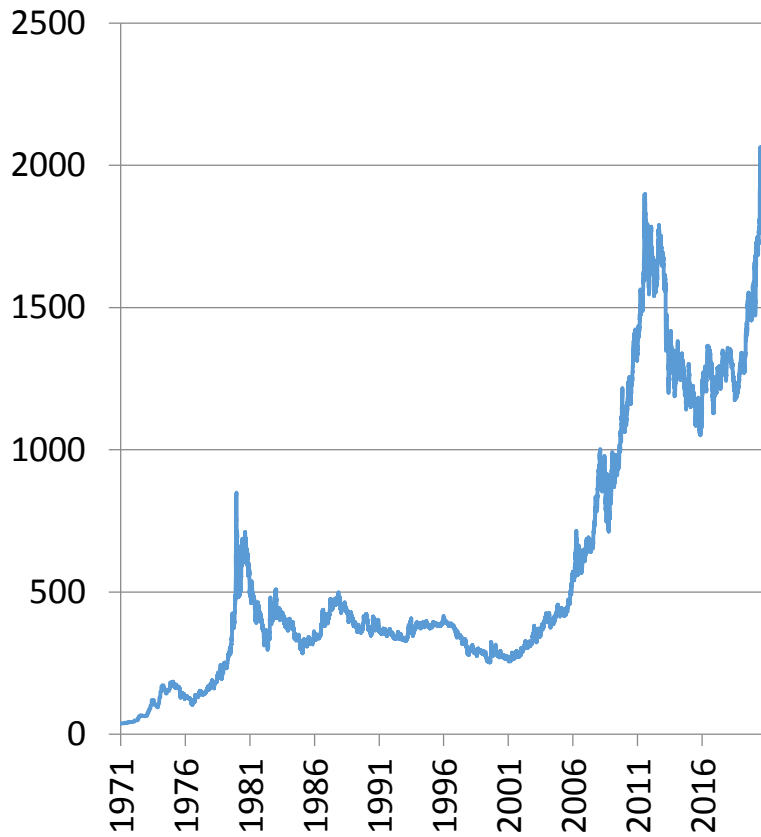
Source: Bloomberg, PRSB

Season in the Gold



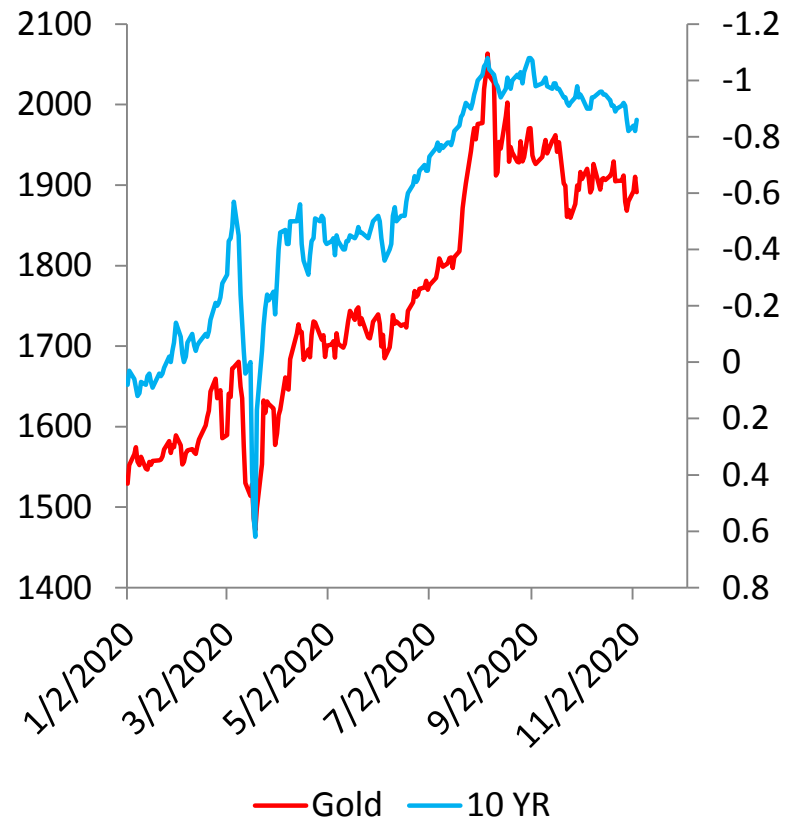
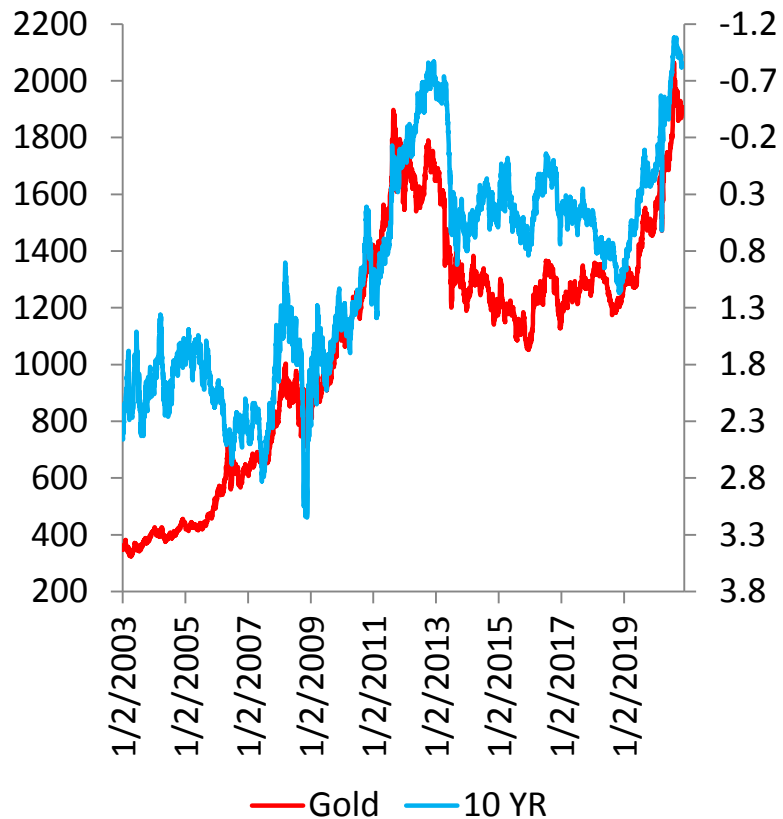
Source: Bloomberg, PRSB

Still Glittering



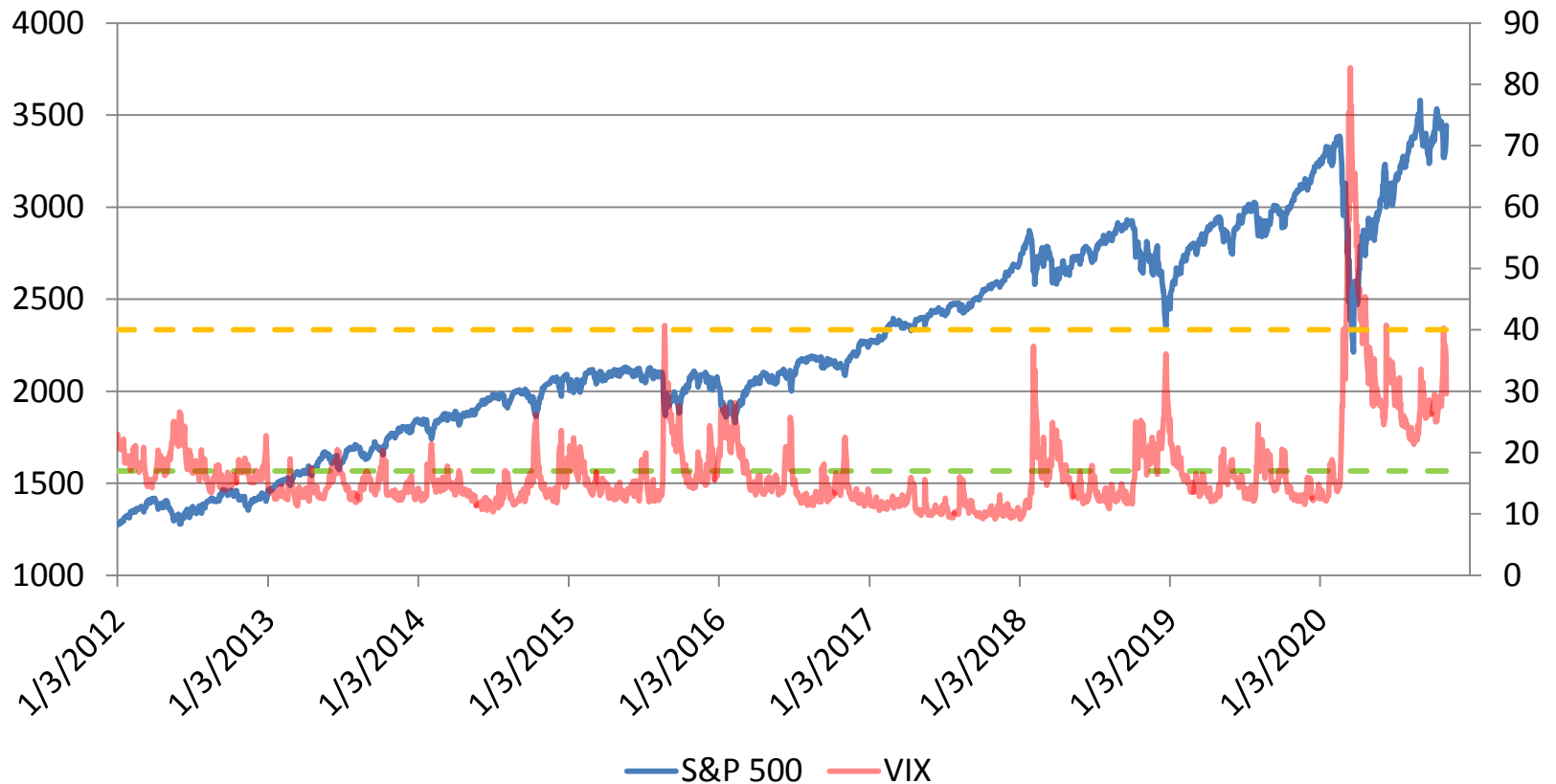
Source: Bloomberg, PRSB

Still Worth the Cost



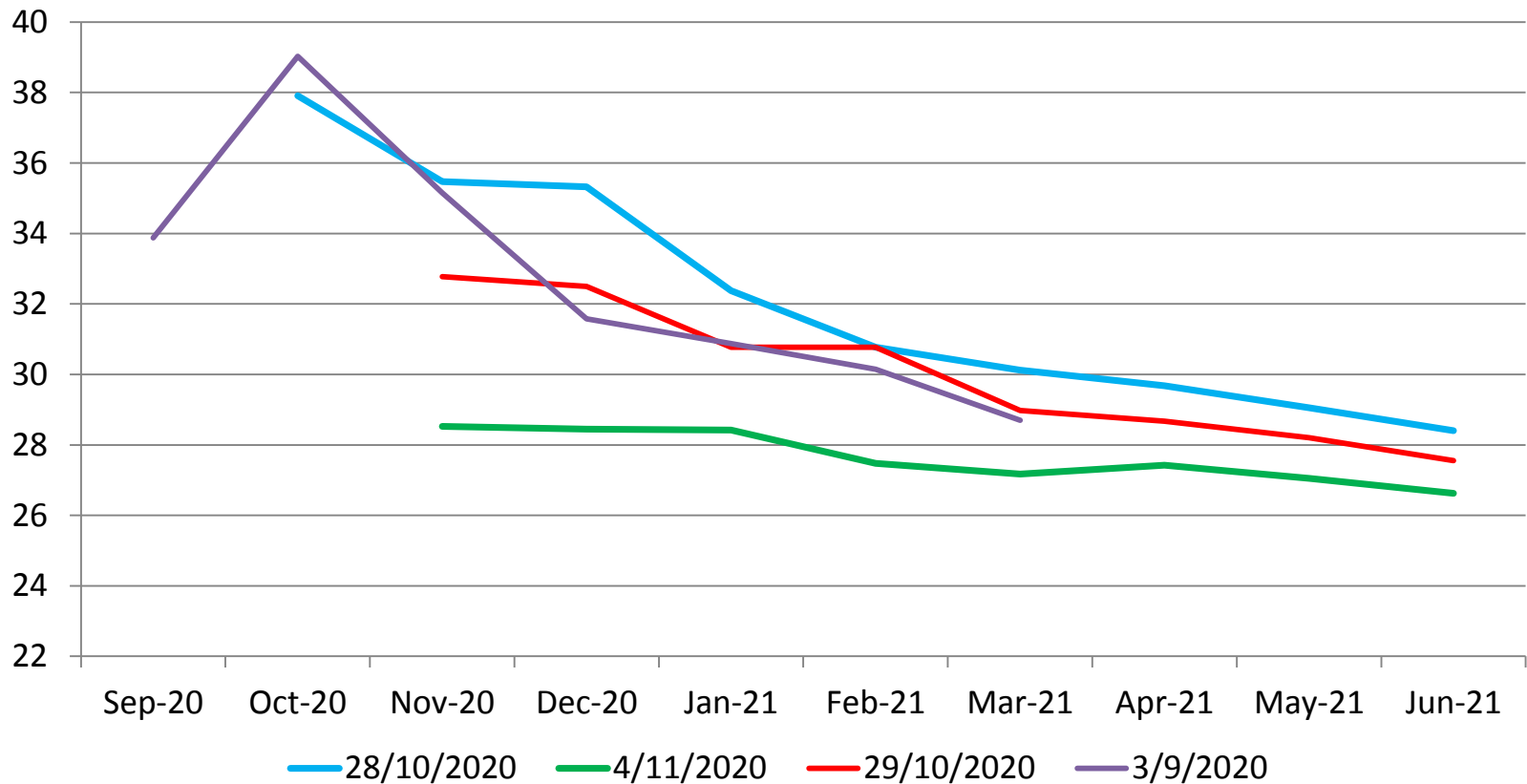
Source: Bloomberg, PRSB

Volatility Reduced



Source: Bloomberg, PRSB

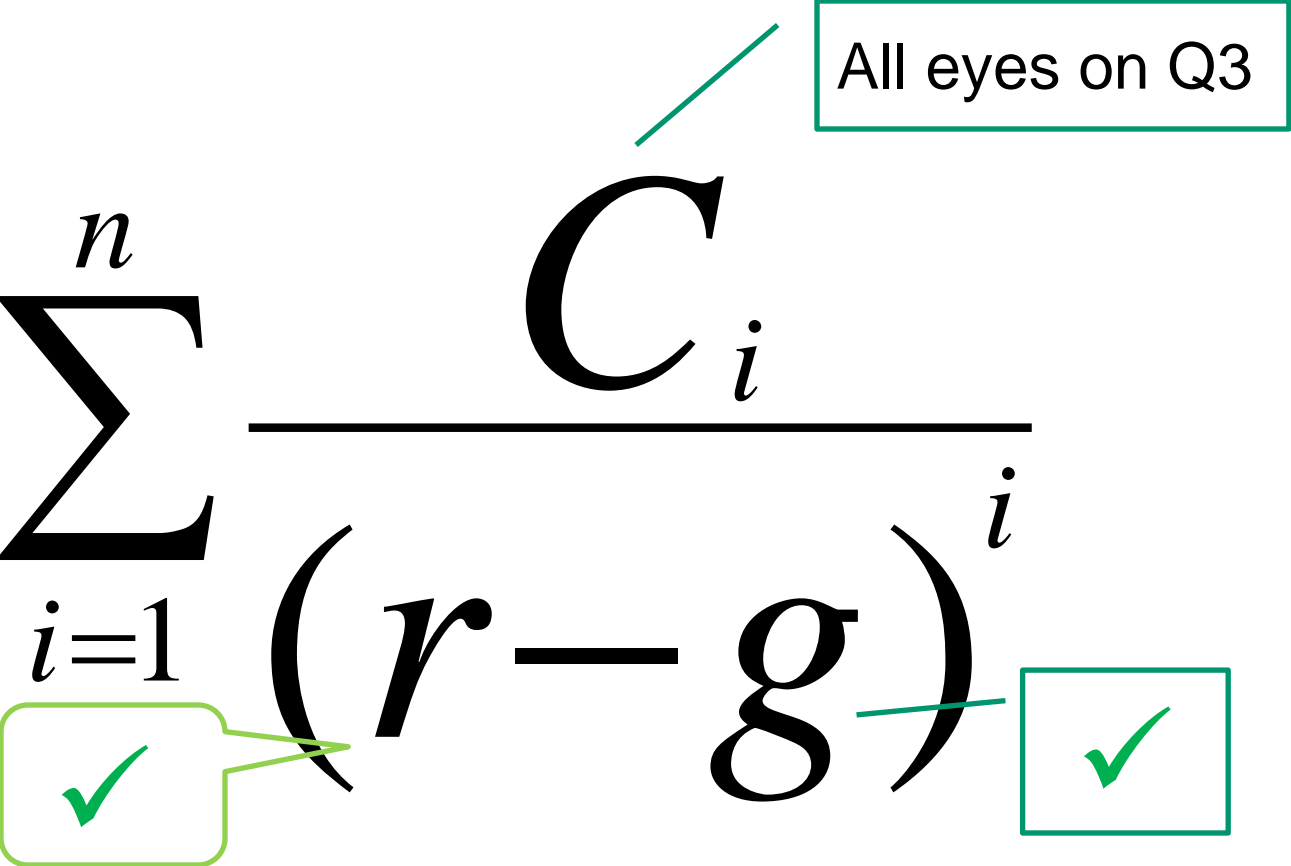
The Dust Has Settled



Source: Bloomberg, PRSB

Now on Earnings

All eyes on Q3

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


The diagram features several callouts and checkmarks highlighting specific parts of the equation:

- A green box with a checkmark is positioned below the summation index $i=1$.
- A green box with a checkmark is positioned to the right of the denominator $(r-g)^i$.
- A green box with a checkmark is positioned to the right of the entire equation.
- A green line points from the text "All eyes on Q3" to the numerator C_i .

Paradigm Shift

- Technology (AI, 5G, Blockchain, Big Data)
 - eWallet, Gatebox, Grandchildren Channel, online education/healthcare etc
- Trades/Reshoring
 - Review of supply chains and strategic goods
- Clean and Green Resources

3 Scenarios

- Animal Crossing
- Homodeus
- Dragon King

Animal Crossing

- Distributed, progressive and transformative towards green and clean world
- Renewable energy, recycle, EV etc
- Theme: ESG

US Election: Biden the President!

Homodeus

- Concentrated, progressive and adaptive
- AI, IoT and digital transformation
- Theme: AI, IoT, AR/VR/MR/XR

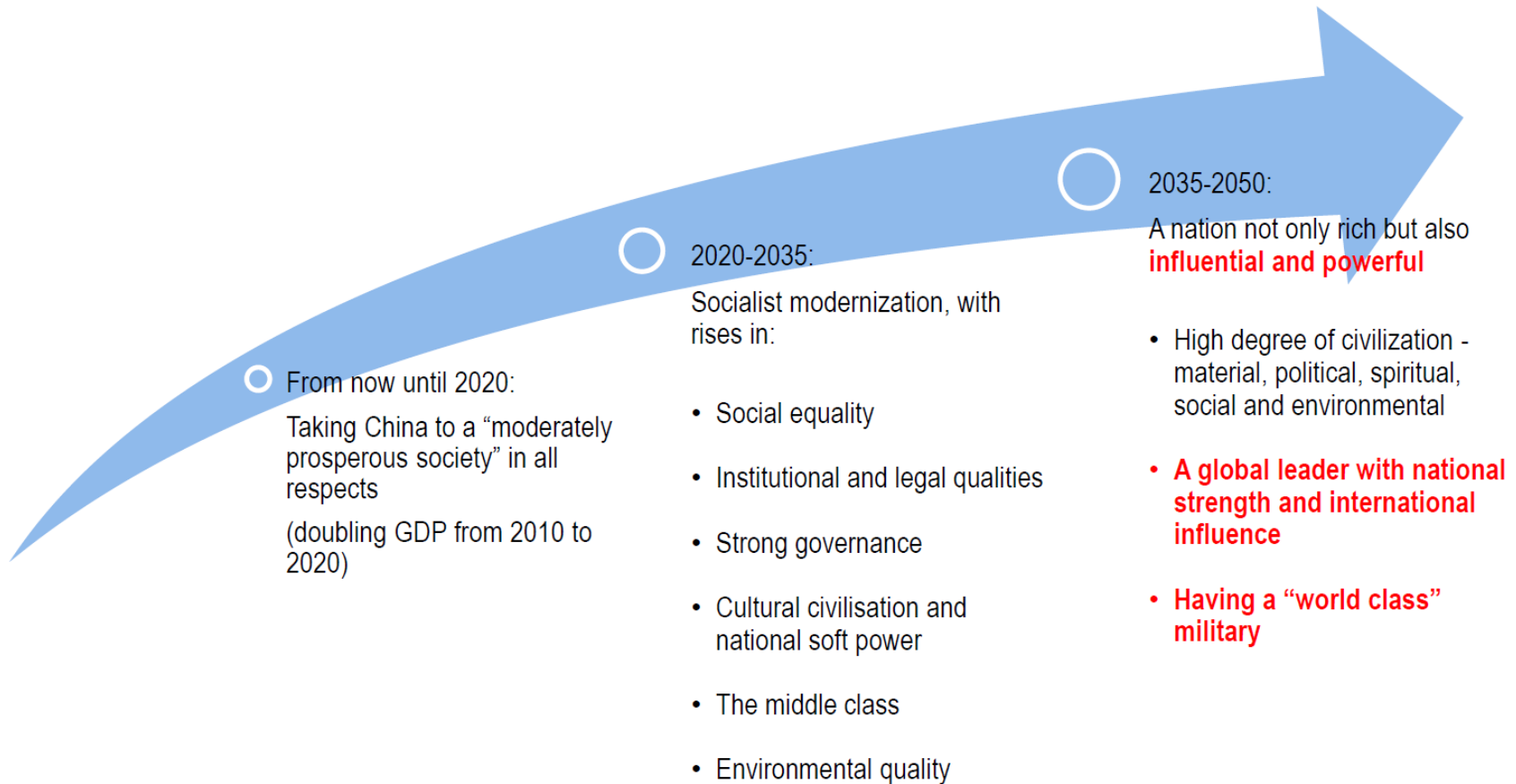
Faning the Uptrends

Dragon King

- Concentrated, reactionary and transformative
- AI, Blockchain, Digital currency
- Theme: China (2035)

China: Into a Legend Part 2

Thucydides Trap



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The Collapse of Three Pillars

- As China economically modernised, it would liberalise politically.
- As China's role in the world grew, it would become a "responsible stakeholder" (in Robert Zoellick's famous words) in upholding the global liberal order created by the West and US after WWII. America's integration strategy (and Europe's) strategy was to embed China in this global institutional order (this was known as the "*the integration strategy*") and thereby socialise it into the underlying liberal norms of the Western postwar order.
- That China would not challenge the American-- created dominant security architecture and order in East Asia, and it would thus be a "status quo" power.

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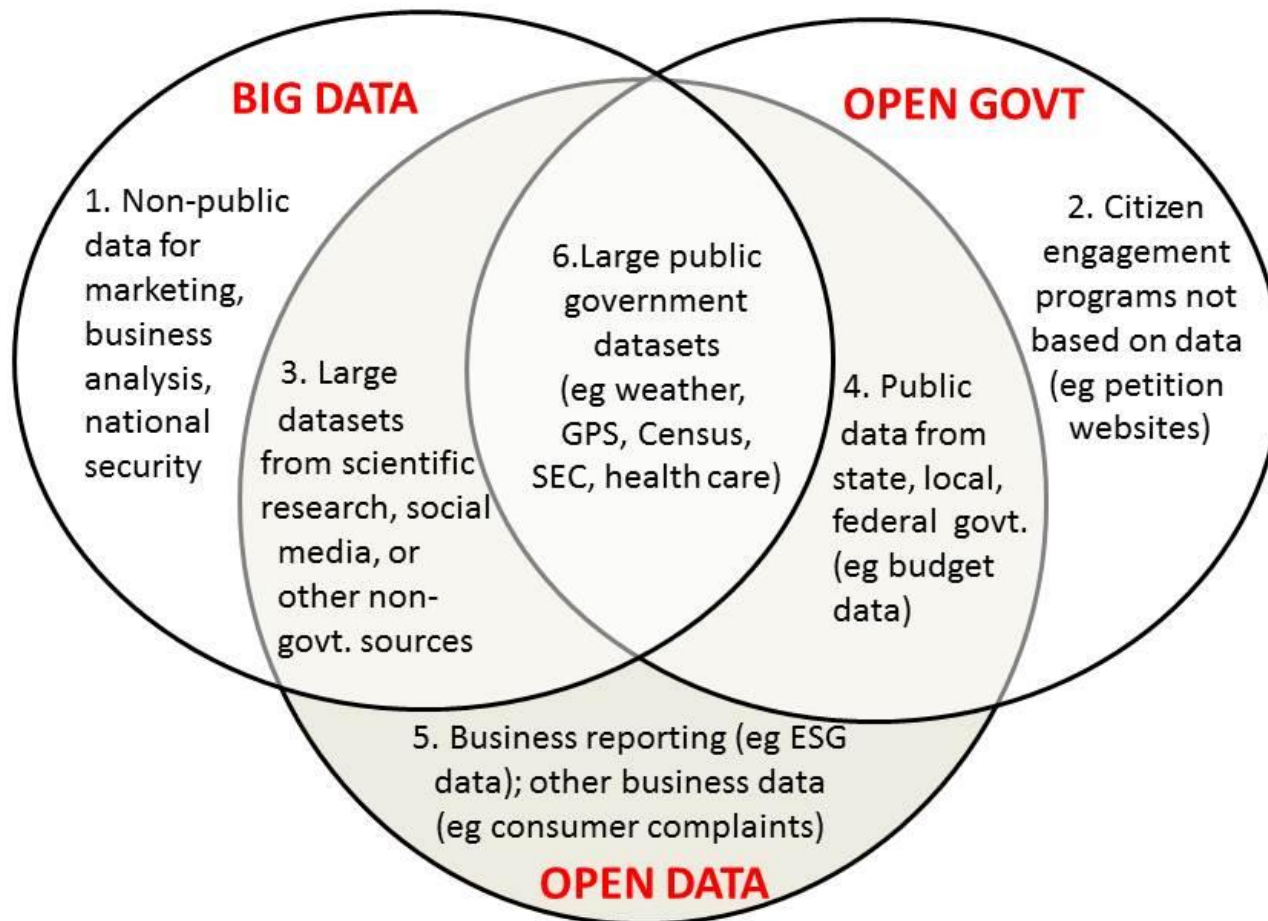
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Thank You