



What make RICH  
DAD Different ?

**LIFE is a MONEY  
GAME !**



When it comes to your professional life and the game of money, you can break it down into 4 quarters. The question is, which quarter are you in and how is the game going for you?

## Four Quarters in a Life Money Game

- **Employees** – worked harder where time exchanged for money!
- **Employers** – worked smart where let money work harder!
- **Investors** – why work let money work harder and smarter?
- **Businesses** – the employees work harder for the employers work smarter and harder for the investors are shareholders of the companies earned passive income of dividends, capital gain and capital appreciation every year.

- **Which Quarter is Your RICH DAD's Goals?**



**CRISIS = DANGER + OPPORTUNITY**

The **Chinese word for "CRISIS"** (simplified Chinese 危机; *wei-chi*) is frequently invoked in motivational speaking along with the statement that the two characters it is composed of represent **"danger"** and **"opportunity."**

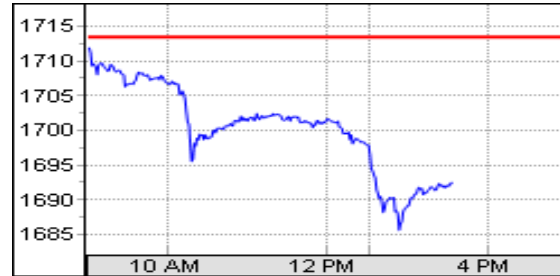
# MALAYSIA GENERAL ELECTION 13<sup>th</sup>



**Outlook:** Since reaching an all-time high close of **1,699.68 on Jan 4**, the FBM KLCI has been dealt with a downward correction. Most investors have chosen to stay on the sidelines because of the uncertainties emanating from the impending 13th general election (GE13).

“The domestic political uncertainties are weighing on sentiment. One can only expect the local stock market to remain lacklustre until GE13 is over,” a technical analyst from a local bank tells **StarBizWeek**.

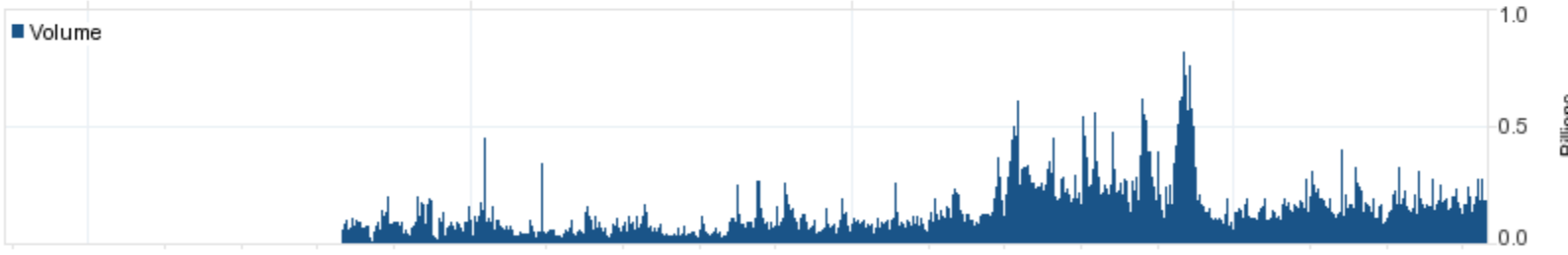
# #Update\* Mid-Afternoon Market - KLCI falls 1.4% ahead of election



- **KUALA LUMPUR (May 3):** The FBM KLCI fell **24.75** points or 1.4% to **1,688.71** at 2.57pm after trading resumed as investors locked in profits ahead of Malaysia's 13th general election (13th GE) this Sunday (May 5).
- The benchmark had fallen on losses in shares of government-linked companies like Petronas Gas Bhd and Petronas Dagangan Bhd besides stocks which had gained in recent days.
- RHB Research Institute Sdn Bhd research head Lim Chee Sing said "he has expected" that the KLCI will decline as investors locked in profits ahead of the 13th GE.
- Lim said the substantial fall in the benchmark could be due to retail and institutional investors selling their shares.
- "The decline will not be so significant if only retail investors are selling," he told over telephone.
- KLCI futures for May 2013 fell 29.5 points to 1,676 at 2.56pm.

# KLCI Chart from 1995 to 1997 Financial Crisis to 2000 Recovery to 2007 USA Sub Prime to 2010 Bullish 1,700 points

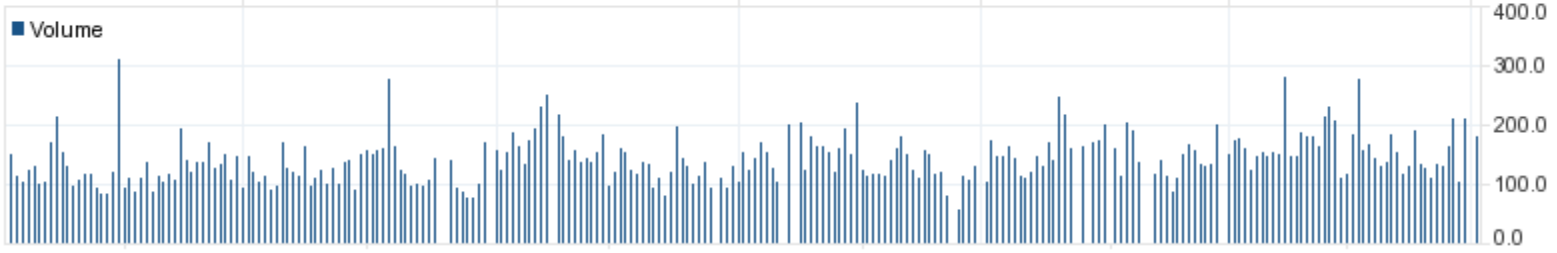
## FTSE Bursa Malaysia KLCI



# FTSE Bursa Malaysia KLCI (^KLSE)

-Kuala Lumpur 1,691.91 ↓21.55(1.26%) 3:34AM EDT (Chart June 2012 to May 2013)

FTSE Bursa Malaysia KLCI



# FTSE Bursa Malaysia KLCI

■ ^KLSE

May 3, 4:41pm MYT



**FTSE Bursa Malaysia KLCI (^KLSE) 1,694.77 ↓18.69(1.09%)**



# 2004 General Election

SE Composite Index

1,566.51

Daily

SE Composite Index (1,568.85, 1,568.88, 1,561.87, 1,566.51, -3.53003)



# 2008 General Election

SE Composite Index

1,566.51

Daily

SE Composite Index (1,568.85, 1,568.88, 1,561.87, 1,566.51, -3.53003)



# #GE13 Update\* Stock market to leap if BN wins

- **KUALA LUMPUR (April 24):** A convincing victory for Barisan Nasional (BN) in Malaysia's 13th general election (GE13) will see the stock market make a quantum leap as there is certainty in the current economic policies and reforms will continue.
- The market will also likely see positive reaction even if BN wins by a small margin, as this is what most analysts are expecting.
- Analysts and fund managers generally feel the market will jump if BN wins convincingly as the victory will offer assurance on the continuity of existing political and economic policies such as the Economic Transformation Programme (ETP) and Government Transformation Programme (GTP).
- Affin Investment Bank Bhd analyst Andy Ong said if BN wins with a small majority, which is the baseline case adopted by most observers, the country's political risk will recede and domestic liquidity will return to lead to an immediate market upside.
- Credit Suisse analyst Tan Ting Min said the research firm expects the KLCI to see a "relief rally" should BN wins convincingly and caretaker Prime Minister Datuk Seri Najib Tun Razak secures sufficient mandate to continue leading the coalition.

- According to Tan, companies seen benefiting from a continuity in the nation's leadership include CIMB Group Holdings Bhd, Gamuda Bhd, IJM Corp Bhd, IJM Land Bhd, Genting Bhd, Genting Malaysia Bhd, Bumi Armada Bhd, Tenaga Nasional Bhd, and UEM Land Holdings Bhd.
- “It will be positive for Malaysia's economy, in our view, as political and economic reforms (via the ETP and GTP) can be pushed through.
- “(However) A slim BN majority could lead to an internal leadership challenge,” Tan said.
- The analyst said political infighting may derail reforms such as the proposed goods and services tax and subsidy cuts, and the ETP could be put on the backburner.
- A fund manager told [theedgemaalaysia.com](http://theedgemaalaysia.com) that risk appetite is expected to improve when the dust settles after the election. He said this is in anticipation that investors from across the spectrum will accumulate more volatile stocks to derive higher gains.
- “Investors may shift their attention from low to high-beta stocks,” the fund manager said over the phone.
- In fact, trading dynamics ahead of the May 5 polling day indicate that institutional investors are anticipating a victory for BN.
- According to the fund manager, institutional investors have been instrumental in pushing the FBM KLCI to fresh highs above the 1,700-point level as pre-election jitter keeps retail investors on the side lines.

- A BN win could lure investors into sectors such as construction, property, oil and gas (O&G) and healthcare industries, he opined.
- He said stocks to watch will include Gamuda, UEM Land , SapuraKencana Petroleum Bhd, Bumi Armada, IHH Healthcare Bhd and Faber Group Bhd.
- “Property firms with land bank in Johor are also expected to gain,” he said.
- Sam Ng, the president of the Malaysian Remisiers’ Association, said retail players are more concerned about the final outcome of the GE, hence, they adopt a more cautious approach now.
- “Retail investors trading via the Internet have been quiet while non-Internet players are ignoring the market. But that will change should BN wins the election with a strong majority,” he said.
- The investment fraternity will return to the market if BN wins and retail play will be reactivated, Ng told [theedgemaalaysia.com](http://theedgemaalaysia.com).
- But meanwhile, global dynamics are also expected to spur the KLCI’s gains.
- After the election, the KLCI is expected to play catch-up with other Southeast Asian stock markets, which have been refreshing their all-time highs on liquidity generated from Japan’s monetary easing policies.

- Monetary easing in the world's third-largest economy will essentially create a larger supply of the yen which needs to be parked in higher-yielding investments across the globe, the fund manager said.
- "Fundamentally, the KLCI has underperformed other regional stock markets on a year-to-date performance basis," the fund manager said.
- He said the KLCI's performance has been curbed by political uncertainties ahead of GE13.
- The KLCI has gained some 0.7% so far this year, compared to Singapore's Straits Times and Indonesia's Jakarta Composite Index's 6% and 14% rise respectively, Bloomberg data show.
- Meanwhile, Thailand's equities benchmark had advanced 18%.
- The fund manager said the KLCI is expected to catch up faster with regional markets if BN wins the GE13.
- "It will, however, take some time for the KLCI to catch up if the opposition wins," he said.



Monday, 29 April 2013 08:43

## Beware guys! It looks like FBM KLCI may PLUNGE SOON

Written by Sam Chee Kong, Malaysia Chronicle

- If you can recall in my earlier article I said that our market has **'priced in'** our elections results. A lot of folks got me wrong. What I meant was the market has already priced in the news that the Parliament is going to be dissolved. Any further news before the election is irrelevant because it has already been incorporated into the price.
- Anyhow the market did went into a tailspin on 3rd April when the Parliament was dissolved. But it did recovered most of its losses at the end of the trading day. It shows that the BN or the powers that be were willing to put in all their resources to support the market before the elections.
- But the question is how much money did they spend to support the one day-crash on April 3?



Source : World Bank

## Estimated funds used

- To begin with let us look at the following chart which is the total market capitalization of listed companies in Malaysia.
- The above chart was from Jan 2008 till the end of Dec 2012. As of Dec 2012, the total market capitalization of Bursa Malaysia is valued at US\$ 476,340,035,965.27 or put it in layman's term US\$ 476 billion. To work out how much money the Malaysian Government (Plunge Protection Team) spend on every single point to bail out the FBMKLCI on 03/04/2013, we first make the following assumptions.



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- Exchange rate as of Dec 2012 is US\$ 1 : MYR = 3.0
- FBMKLCI close at 1688.95 on 31/12/2012 or 1689 points (rounded up). Bursa Malaysia market cap as at 31/12/2012 valued at US\$ 476 billion. Retail to Institutional Investor 30 : 70 ratio First we need to convert the total market capitalization of Bursa Malaysia from US\$ to MYR which is,  $US\$476 \times 3 = MYR 1.428$  trillion. Then to work out the dollar cost for every point in Bursa Malaysia, we need to divide the market capitalization with the closing points of FBMKLCI on 31/12/2012,  $MYR 1.428 \text{ trillion} / 1689 \text{ points} = MYR 845,470,692.7$  Or, **~MYR 845 million per point**. (approximation). In other words **a single point movement** on the FBMKLCI in either way will affect market capitalisation of Bursa Malaysia by MYR 845 million.
- Next we will find out the percentage of participation by the Government in the stock market through the involvement of its agencies. The participation of the retail investors is said to be in the region of 30% and the rest being the institutional investors. An estimation of about 40% of the daily volume transaction came from EPF, Khazanah, PNB and other GLCs. The rest came from other institutional investors. Our next question is "How much money did the Government's Plunge Protection Team spend on supporting the market from the low of the day 1632.28 to 1685.4 points towards the market closing?"
- Here is the calculation,  $1685.4 \text{ (Closing)} - 1632.28 \text{ (Low)} = 53.12 \text{ points}$  So, the total amount of money spend is,  $53.12 \times MYR 845 \text{ million (per point)} \times 0.4 \text{ (40\% participation)} = \mathbf{MYR 17.95 \text{ billion}}$ . The above figure is the estimated amount of money our Government spent on propping up the market on (03/04/2012). That said and now we address our next issue.



## Why the Market will Plunge soon?

- Our forecast on the Market in our article that was published back in the 1st of April was dead on but not without many criticisms initially. As expected the Market nosedived by about 60 points at one time but the market recovered most of its losses and loss only 0.4 points. Then the market did not look back and make a **'New High'** as we expected. Not only that I received many criticisms and names calling from Malaysian Chronicle readers but also received emails from folks in the funds industry telling me how wrong I was and told me not to misled the public. One gentleman from one of the local financial institution even emailed me at about 3.00 pm on the same day asking me to alert my readers to warn them how ominous the market is. Heck! I just wondered how he can manage his client's portfolio when he was so emotional during the trading hours of the Market? He has violated one of the tenets for successful Stock Market investing and that is never to make decisions during trading hours. Anyway I just kept my cool and the market did rebound towards the end !!

- Coming back to our discussion on the possibility of a Market Plunge in the coming days we present to you the FBMKLCI daily chart above.

Today's chart is a bit crowded but do not panic. Today I have included a mid-term (spanning several months) Trading Channel on the price chart above. As you can see the market is facing resistance at 1718 points which can be considered major because of three attempts earlier. The following are the 3 attempts earlier to break through the resistance i.e

1.15/10/2012 - 1668.32 points

2.29/10/2012 - 1679.37 points


3.04/01/2013 - 1699.68 points

Secondly, notice that the attempt to break through the resistance was done with reducing volume. When trying to break through resistance with low volume shows that the market participants lack courage and confidence. Normally if it did break through with low volume it will not be able to hold for long.

Thirdly, look at the TOP at both the MACD and Stochastic indicators which I marked it in a blue circle. Previous two TOPs are indicated in red circles. It looks like they are about to turn down and even if the market were to turn up again next week, the probability of it going higher is certainly not bright.

Lastly take a look at the RSI indicator, it is already displaying a divergence signal. This shows weakness in the market and might be the turning point of the market next week. So I reckon that its better to be safe than sorry. Just take your profits off the table and leave some for others. Till next time!

**Note: The above article is not meant to be trading advice and should not be treated and followed as such.**

A photograph of two men in suits standing in front of a blurred background of colorful lights. The man on the left is standing with his hands in his pockets, and the man on the right is sitting or kneeling. The background is a bokeh of various colors including blue, green, yellow, and red.

**Buying is Easy and Selling is an Art !!**  
**Experience + Knowledge + Ready + Emotion**

**\$TOCK\$ Investment = Return\$\$\$\$**

**CRISIS is a MONEY GAME**  
**90% OPPORTUNITY**  
**&**  
**10% DANGER**

**THE TIME IS NOW. DON'T MISS OUT THE  
GOLDEN OPPORTUNITY TO SNAP UP  
UNDERVALUED BLUE CHIP STOCKS ON SUPER  
MEGA SALES ANYTIME IS A RIGHT TIME TO  
INVEST IN KLCI MARKET. NEVER GIVE UP.  
THINK AND GROW RICH**

**VOTE FOR CHANGE**

**Thank You**