

# Malaysia's polls shock rattles investors

AFP, Penang

Weekend elections that have reshaped Malaysia's political landscape will reverberate in the stock market and could dampen investor confidence, economists said Sunday.

Massive defections by the small but economically dominant Chinese community and once loyalist minority Indians have highlighted resentment towards the Malay-led government's economic policies, they said.

The Barisan Nasional coalition, led by Prime Minister Abdullah Ahmad Badawi's United Malays National Organisation (UMNO) failed to win a two-thirds majority in parliament for the first time in four decades.

It also lost control of four states, including the technology hub of Penang, to a resurgent opposition in Saturday's polls.

Analysts said that although

the government also suffered a rejection from the Muslim Malays who form its bedrock, investors may be concerned that the results could trigger political and racial instability.

"Fund managers will be concerned with the racial divide," Chua Hak Bin, a Singapore-based economist with Citigroup told AFP.

"With the Chinese and Indians voting for the opposition, you raise the question if Malaysia's fundamentals are intact and whether there will be racial violence even though the Malays also voted for the opposition," he said.

Malaysia's minorities are concerned over rising "Islamisation" and angry over the government's refusal to abandon positive discrimination policies that give Malays advantages in education, housing and business.

Chua said the "shocking" election results could keep investors at bay for the next

three months.

"The polls outcome has rattled investors. There will be doubts raised whether the development projects under the previous state governments will continue. The political shake-up could affect projects and companies," he said.

In the run-up to the elections, the Barisan Nasional launched a series of big-spending economic development plans touted as bringing tens of billions of dollars in investment and infrastructure to Malaysia's regions.

Chua said the fall of Penang, Malaysia's "Silicon Valley" which is home to many high-tech firms and the only state dominated by ethnic Chinese, could affect equity prices.

"It could also have an impact on billion-dollar projects in Penang, including the second bridge crossing," he said.

Wan Suhaimi Saidie, economist with Kenanga Investment

Bank, said there could be a drop in share prices when the bourse opens on Monday.

"Some investors may shift their position when trading opens on Monday while others may take to the sidelines. But I think it will just be temporary," he said.

Wan Suhaimi said that with a strong new opposition, the government could hopefully fine-tune its investment policies to woo overseas funds.

But Chua said that Malaysia's long-term political prospects were in the balance, amid uncertainty over the future of Abdullah who is facing calls to resign.

"The election speaks for itself. It shows there is no confidence in his leadership. I will not be surprised if he steps aside," he said.

"They (investors) will not come in aggressively and we will see the Malaysian bourse remain marginalised vis-a-vis other regional bourses."



**Dewan Mujibur Rahman, managing director and CEO of Mercantile Bank Ltd, launches Overseas Employment Loan, a new product to promote overseas employment for Bangladeshis, in Dhaka recently. Additional Managing Director, A K M Shahidul Haque, and other executives were also present.**



**L A Mukul, chairman of Rupayan Group, speaks at the group's Annual Get-together-2008 in Dhaka on Thursday. Sadat Hossain Salim, managing director of Rupayan Housing Estate Ltd, and other senior officials of the group were also present.**



**Social Investment Bank Ltd and Premier Leasing & Finance Ltd have recently entered into a loan agreement for Tk 120 million. Managing Director of the bank KM Ashaduzzaman and Managing Director of the leasing company Kazi Emdadul Hoque signed the deal, while senior officials from both the sides were present.**

## Honda to build \$485m factory in Japan

AFP, Tokyo

Honda Motor Co. will spend 485 million dollars to build a new factory complex in Japan to produce small vehicles as consumers are shifting to less fuel-hungry models, a report said Sunday.

The carmaker will build the complex in the western city of Yokkaichi at a cost of some 50 billion yen (485 million dollars), the Nikkei economic daily said without naming sources.

Honda plans to start operating an engine factory in 2009 and assembly lines around 2010 with an annual output capacity of 240,000 vehicles, it said.

## Currency

Following is Sunday's (March 9, 2008) forex trading statement by Standard Chartered Bank

Major currency exchange rates	Exchange rate of some currencies			
BC Sell	TT Buy	Per USD	BDT per Currency	
US dollar	69.00	68.00		
Euro	107.60	105.91	Indian rupee	40.43
Pound	140.55	135.38	Pak rupee	62.68
Australian dollar	65.14	62.02	Lankan rupee	107.73
Japanese yen	0.68	0.66	Thai baht	31.53
Swiss franc	67.98	65.57	Malaysian ringgit	3.17
Swedish kroner	11.25	10.37		
Canadian dollar	70.44	67.89		
Hong Kong dollar	8.87	8.73		
Singapore dollar	50.43	48.85		
UAE dirham	18.95	18.38	1M	68.21
Saudi riyal	18.55	18.00	2M	68.46
Danish kroner	14.98	13.33	3M	68.73
Kuwaiti dinar	250.84	247.79	6M	69.33

USD forward rate against BDT

Buy	Sell
68.21	69.21
68.46	69.67
68.73	69.65
69.33	71.17

**Local Market FX**  
Local inter-bank FX market was subdued on Sunday as international market was closed for the weekend break. There was ample liquidity in the market and the demand for dollar was steady. The BDT remained almost unchanged against the USD.

**Money Market**  
Money market was active on Sunday. The call money market tightened further and dealt between 20.00 and 20.00 percent similar to that of the previous day.

**International Market**  
The dollar rebounded from record lows on Friday as a Federal Reserve liquidity injection fueled some speculation that the central bank might hold off on cutting interest rates aggressively even after a sharp contraction in US payrolls. The 63,000 jobs decline was the biggest monthly drop in nearly five years, as US payrolls declined for the second month in February. This led the euro to initially surge as high as \$1.5459, according to Reuters data. However the announcement by Fed of a series of term repurchase operations totaling \$100 billion to ease liquidity pressures in stressed financial markets, overshadowed the impact of the payroll report.

## STOCK

TRADED ISSUES March 09, 2008																	
Company	FV/ML (Tk.No)	Price	Turnover	Price	Turnover	Last	EPS	CDPS	Company	FV/ML (Tk.No)	Price	Turnover	Price	Turnover	Last	EPS	CDPS
		Closing	Chg (%)	Pre-Dr. Dry	Share	Closing	Chg (%)	Pre-Dr. Dry	Share			Closing	Chg (%)	Pre-Dr. Dry	Share		
<b>BANK</b>																	
City Bank	1005	331.50	-1.33	3474.75	83272	330.00	-0.97	3440.75	18655	06/09/07	71.6	---					
CTB	1005	626.25	-1.54	416.75	95560	628.25	-1.11	615.25	1886	04/06/07	20.0	---					
Islamic Bank	1005	352.50	-1.41	242.50	35300	352.50	-1.38	226.50	4365	01/08/07	47.3	---					
National Bank	1005	352.50	-1.41	242.50	35300	352.50	-1.38	226.50	4365	01/08/07	47.3	---					
Prime Bank	1005	352.50	-1.41	242.50	35300	352.50	-1.38	226.50	4365	01/08/07	47.3	---					
United Bank	1005	352.50	-1.41	242.50	35300	352.50	-1.38	226.50	4365	01/08/07	47.3	---					
UPL	1005	352.50	-1.41	242.50	35300	352.50	-1.38	226.50	4365	01/08/07	47.3	---					
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