RETURN OF TRUMP?

Impact of Trump second presidency

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KEY HIGHLIGHTS

- **At the time of writing, US citizens would have casted or are casting their votes for the next US President. What is important in the US Presidential election is the electoral colleges, which a candidate would need 270 or more electoral colleges to win the election.**
- **It seems that the momentum is certainly with ex-President Donald Trump.**
- **As Trump campaigns for the 2024 presidential election, trade policy once again takes centre stage.**
- **Based on the previous experience, Malaysia stands to benefit from the intensification of US-China trade war.**
- **We believe that we might see a continuation of current FDI trend going forward and may accelerate with the possibility of trade war 2.0.**
- **We are positive on the impact of the election on the global oil and gas industry with caution on the downside risks for each oil and gas division. Considering the varying impacts from both parties, we opine that an integrated company would benefit from either presidency candidate.**

US Presidential Election – the electoral college is important… At the time of writing, US citizens would have casted or are casting their votes for the next US President. Vice President Kamala Harris currently leads the poll. However, what is important in the US Presidential election is the electoral colleges, which a candidate would need 270 or more electoral colleges to win the election. There were 7 key battleground or swing states in the last US Presidential election carrying 93 electoral colleges; Arizona (11), Georgia (16), Michigan (15), Nevada (6), North Carolina (16), Pennsylvania (19) and Wisconsin (10). Discounting the 7 swing states and assuming Harris wins the states that President Biden won in 2020, she would have secured 226 electoral college (a deficit of 44). Similarly, ex-President Trump would have secured 219 electoral college (a deficit of 51).

…and the front runner is? Based on latest polling (source: projects.fivethirtyeight.com), it is expected Trump would secure Arizona and Georgia, while Harris would secure Michigan and Wisconsin. For this, we identified three key states which are Nevada (6 electoral college votes), North Carolina (16 electoral college votes) and Pennsylvania (19 electoral college votes). Based on our calculations, Trump will need to further secure 24 electoral college votes, and the latest polling shows Trump leading in Nevada and North Carolina. However, this will not be enough which mean that Pennsylvania will be key where it is dead heat in the polls. Nevertheless, we should note that three weeks ago, Harris was leading in Pennsylvania, but Trump managed to overturn this lead. It seems that the momentum is certainly with ex-President Donald Trump.

US Presidential Elections - winner will have tremendous influence on 2025 outlook. The winner of the US Presidential Election will have a strong influence on global economy from 2025 onwards. From a foreign policy point of view, we do not believe there is a difference between both candidates in regard to China. The outlook is anticipated to be more or less the same as the US-China tension is expected to stay (or could escalate), influencing global trade flows. However, after Trump's Trade War 1.0, we understand that companies have adapted such as the "China +1" strategy. Meanwhile, there may be difference in policy concerning trade relations with other countries where former President Trump is more tariff "trigger-happy". From geopolitical conflict concern, we expect a possible cessation of conflict in Ukraine should Trump wins, but the conflict in Middle East would likely continue with either candidate. We see where the candidates differ is in their domestic policies.

Likelihood of a Trump win, what to expect… In the realm of international trade, few figures have been as polarizing and influential as ex-President Trump. During his first term as US President from 2017 to 2021, Trump implemented a series of aggressive trade policies under the banner of "America First." These policies aimed to reduce the US trade deficit, protect American jobs, and challenge what he perceived as unfair trade practices by other nations, particularly China. The renegotiation of NAFTA into the United States-Mexico-Canada Agreement (USMCA) and the initiation of a trade war with China through the imposition of tariffs were hallmark actions of his administration.

…global trade once again will take centre stage. As Trump campaigns for the 2024 presidential election, trade policy once again takes centre stage in his platform. His proposed policies promise to build on the foundation laid during his first term, with a renewed focus on reducing trade deficits, protecting American industries, and renegotiating trade agreements to favour the US.

Key objectives and goals of Trump's proposed trade policies for 2024. Trump's proposed trade policies for 2024 are driven by several key objectives:

1. **Reducing Trade Deficits**: Trump has consistently emphasized the need to reduce the U.S. trade deficit, particularly with countries like China. He argues that large trade deficits are detrimental to the American economy and reflect unfair trade practices by other nations.
2. **Protecting American Jobs**: A central theme of Trump's trade policy is the protection of American jobs, particularly in manufacturing and other key industries. By imposing tariffs and renegotiating trade agreements, Trump aims to create a more favourable environment for domestic production.
3. **Challenging Unfair Trade Practices**: Trump has been vocal about addressing what he perceives as unfair trade practices, such as intellectual property theft, forced technology transfers, and currency manipulation. His proposed policies include measures to combat these issues and ensure a level playing field for American businesses.

Specific Measures and Strategies. To achieve these objectives, Trump has proposed a range of specific measures and strategies:

1. **High Tariffs on Imports**
    - **General Tariff Increase**: One of Trump's most notable proposals is a 10% tariff on all imported goods. This across-the-board tariff is intended to incentivize domestic production and reduce reliance on foreign goods. By making imported products more expensive, Trump aims to encourage consumers and businesses to buy American-made products.
    - **Targeted Tariffs on China**: Trump plans to impose a 60% tariff on goods from China. This is a continuation of his previous efforts to address the trade imbalance with China and combat what he views as unfair trade practices. The high tariff is designed to pressure China into making concessions on issues such as intellectual property protection and market access.
    - **Retaliatory Tariffs**: Trump has also proposed retaliatory tariffs on companies that move production to countries like Mexico and then try to export back to the U.S. For example, he has threatened to impose tariffs of up to 200% on companies like John Deere if they relocate production outside the U.S. and attempt to sell their products domestically.
2. **Renegotiation of Trade Agreements**
    - **USMCA Adjustments**: Although Trump negotiated the United States-Mexico-Canada Agreement (USMCA) during his first term, he has indicated that he might seek further adjustments to ensure more favourable terms for the US. This could involve renegotiating specific provisions related to labour, environmental standards, and market access.

- **New Bilateral Agreements**: Trump has expressed a preference for bilateral trade agreements over multilateral ones. He believes that bilateral deals allow for more tailored and advantageous terms for the US. As part of his 2024 trade policy, Trump plans to pursue new bilateral agreements with key trading partners, focusing on sectors where the U.S. has a competitive advantage.

3. **Protection of American Jobs and Industries**

    - **Manufacturing and Industry**: By imposing higher tariffs and renegotiating trade agreements, Trump aims to bring manufacturing jobs back to the US and protect American industries from foreign competition. This includes measures to support domestic production of critical goods, such as steel, aluminium, and electronics.
    - **Agriculture**: Trump plans to support American farmers by negotiating better trade deals that would open up new markets for US agricultural products. This includes addressing barriers to entry in foreign markets and ensuring fair treatment for American agricultural exports.

4. **Intellectual Property and Technology**

    - **Protection of Intellectual Property**: Trump has emphasized the need to protect American intellectual property, particularly from theft by foreign entities. His proposed policies include stricter enforcement of IP laws and potential tariffs on countries that violate these laws. This is aimed at safeguarding the innovations and competitive edge of American companies.
    - **Technology Transfers**: Trump aims to prevent forced technology transfers to foreign companies, particularly in dealings with China. This involves measures to protect American technological advancements and ensure that US companies are not coerced into sharing their proprietary technologies.

Global Reactions and Implications. Donald Trump's proposed trade policies for the 2024 presidential election have sparked significant debate and concern among global leaders, economists, and international businesses. His "America First" approach, characterized by high tariffs and aggressive renegotiation of trade agreements, is expected to have far-reaching implications for global trade dynamics and international relations. Some of the potential responses from major trading partners as follows:

1. **China**

    - **Retaliatory Measures**: China is likely to respond to Trump's proposed 60% tariff on Chinese goods with its own set of retaliatory tariffs. This could escalate the ongoing trade tensions between the two countries, leading to a new phase of the trade war that began during Trump's first term. China may target key American exports, such as agricultural products and technology, to exert pressure on the US economy.
    - **Diversification of Trade Partners**: In response to increased tariffs, China may seek to diversify its trade relationships by strengthening economic ties with other countries, particularly in Asia, Africa, and Europe. This could lead to the formation of new trade blocs and alliances that exclude the US, potentially diminishing US influence in global trade. BRICS is a prime example of this.

2. **European Union**

    - **Trade Disputes**: The European Union (EU) has previously been at odds with Trump's trade policies, particularly regarding tariffs on steel and aluminium. If Trump reinstates or increases these tariffs, the EU is likely to respond with its own tariffs on American goods. This could lead to a series of trade disputes and negotiations aimed at protecting European industries.
    - **Strengthening Internal Trade**: The EU may focus on strengthening internal trade and economic cooperation among its member states to mitigate the impact of US tariffs. This could involve increasing investments in European industries and reducing reliance on American imports.

3. **Canada and Mexico**

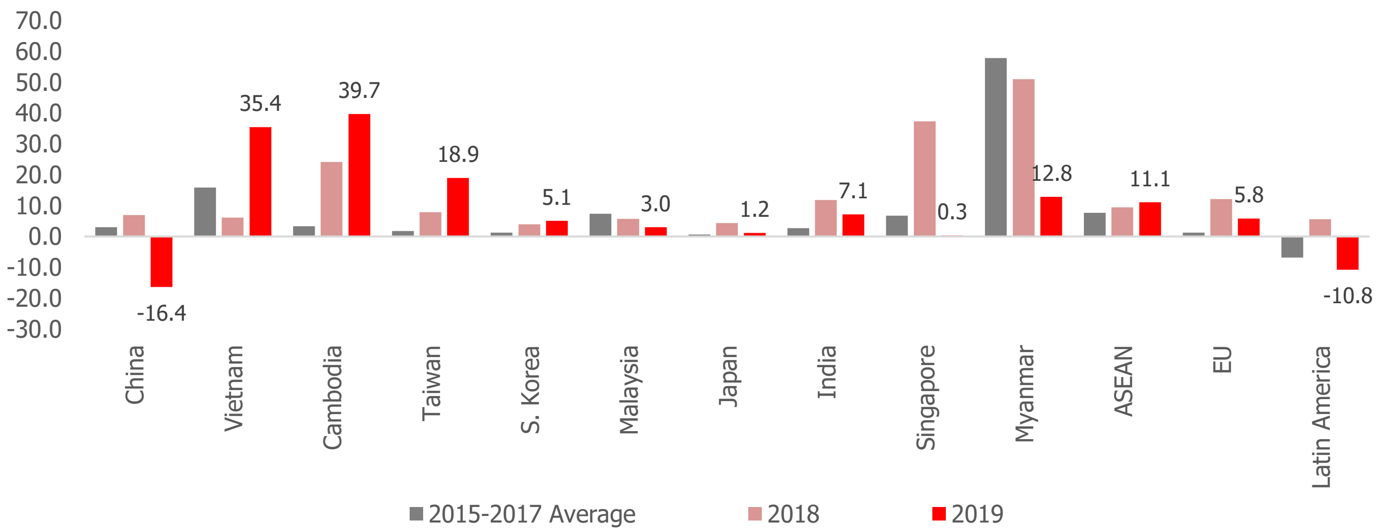
- **USMCA Adjustments**: Trump's proposal to further adjust the United States-Mexico-Canada Agreement (USMCA) could lead to tensions with Canada and Mexico. Both countries may resist changes that they perceive as unfavourable, potentially leading to protracted negotiations and trade disputes.
- **Economic Diversification**: Canada and Mexico may seek to diversify their trade relationships to reduce their dependence on the US market. This could involve pursuing new trade agreements with other countries and regions, such as the European Union and Asia-Pacific nations.

4. **Other Global Reactions**

- **Global Trade Alliances**: In response to Trump's protectionist policies, other countries may form new trade alliances and agreements that exclude the US. This could lead to a realignment of global trade networks and a shift in economic power dynamics.

US reduced imports from China but buying more from other countries. As the higher tariffs would curb imports from China, the change may encourage Americans to import more from other countries. During the Trade War 1.0, the US imports from China slowed to +7.0% in 2018 (2017: +9.3%) and later dropped by -16.4% in 2019. At the same time, the US imports from other East Asian economies (e.g. South Korea and Taiwan) accelerated in 2019. The US imports from ASEAN also picked up to +11.1% (2018: +9.5%), with strong imports from Vietnam (2019: +35.4%; 2018: +6.2%), Cambodia (2019: +39.7%; 2018: +24.2%) and Myanmar (2019: +70.4%; 2018: +35.4%). The US imports from Malaysia also increased but moderated to +3.0% in 2019 (2018: +5.7%). From Malaysia's perspective, the impact (of trade war) on exports appeared to be more severe because Malaysia's exports fell sharper by -1.1% in 2019 (2018: -0.8%; 2017: +7.3%).

Chart 1: US Imports from Selected Economies 2015-2019 (YoY%)



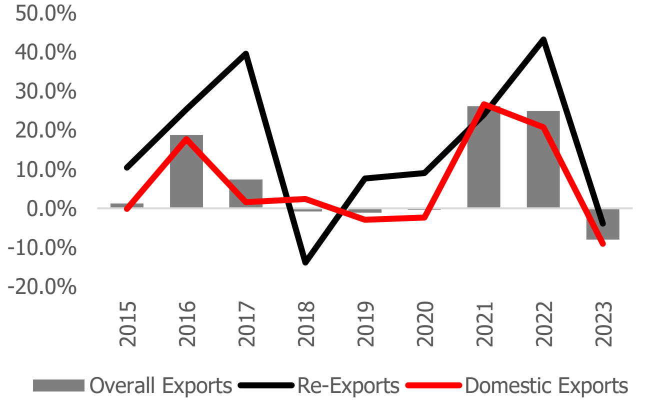
Source: Macrobond, MIDFR

Malaysia stands to benefit from Trade War 2.0. Based on the previous experience, Malaysia stands to benefit from the intensification of US-China trade war. In terms of trade, we expect export outlook will remain positive because re-direction of trade flows could encourage greater re-exports through Malaysia. In terms of investment, multinational companies may increase their investment into Malaysia as one of the destinations to relocate their operations i.e. as part of the China+1 strategy. In the longer run, we expect the US move to tighten its trade rules will promote greater integration with the Global South, both in terms of trade, investment and financial flows. In other words, Malaysia's trade outlook will benefit from growing final demand from the regional countries and other emerging economies.

Re-exports have grown to one-fifth of Malaysia's exports. Following the first trade war, Malaysia's re-exports rebounded and grew by +7.6% in 2019 (2018: -13.9%). This means the -1.1% contraction in overall exports in 2019 was mainly due to reduction in domestic exports, which fell by -2.9% (2018: +2.4%). Before the trade war started in 2018, we already noticed stronger trend in re-exports which expanded by +25.3% in 2016 and then accelerated further to +39.5% in

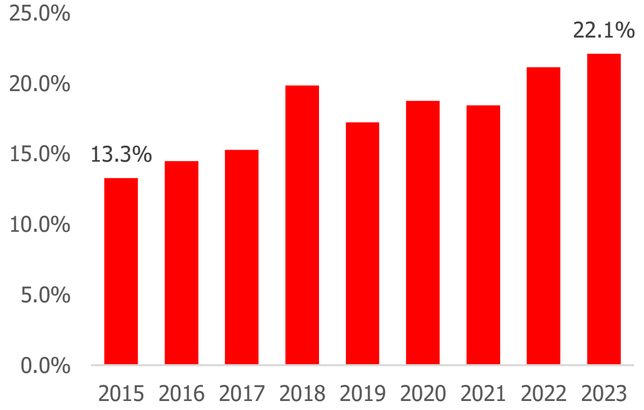
2017. Prior to the global pandemic, the ratio of re-exports to Malaysia's total exports already reached 18.6% in the 2-year period to 2019 (2015: 13.3%). The ratio has increased further to 22.1% of total exports in 2023, indicating that the trend continues even in the post-pandemic period.

Chart 2: Malaysia's Exports, Re-Exports & Domestic Exports (YoY%)



Source: Macrobond, MIDFR

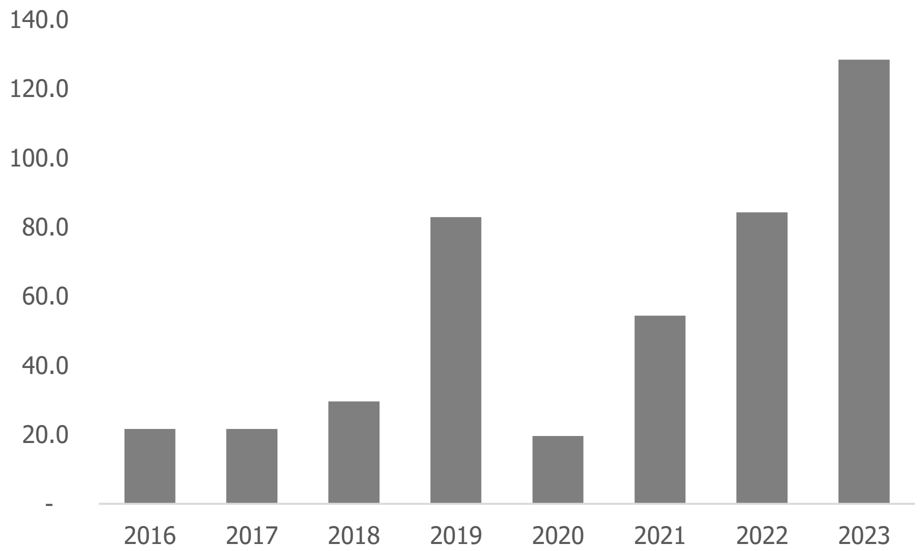
Chart 3: Ratio of Re-Exports to Malaysia's Overall Exports (%)



Source: Macrobond, MIDFR

Increase in FDIs. We observed that the US-China first trade war had a possible notable impact on foreign direct investment (FDI) in Malaysia. As tensions between the US and China escalated, many companies sought to diversify their manufacturing bases to avoid tariffs and other trade barriers. From 2016 to 2023, approved foreign investments in Malaysia surged from RM21.6b to RM128.4b, which we opine that the China-US trade tension could have contributed. Malaysia's strategic location and efforts to improve its infrastructure and business environment made it an attractive destination for companies relocating from China.

Chart 4: Malaysia Total Approved Manufacturing Projects from Foreign Countries (2016 – 2023)



Source: MIDA

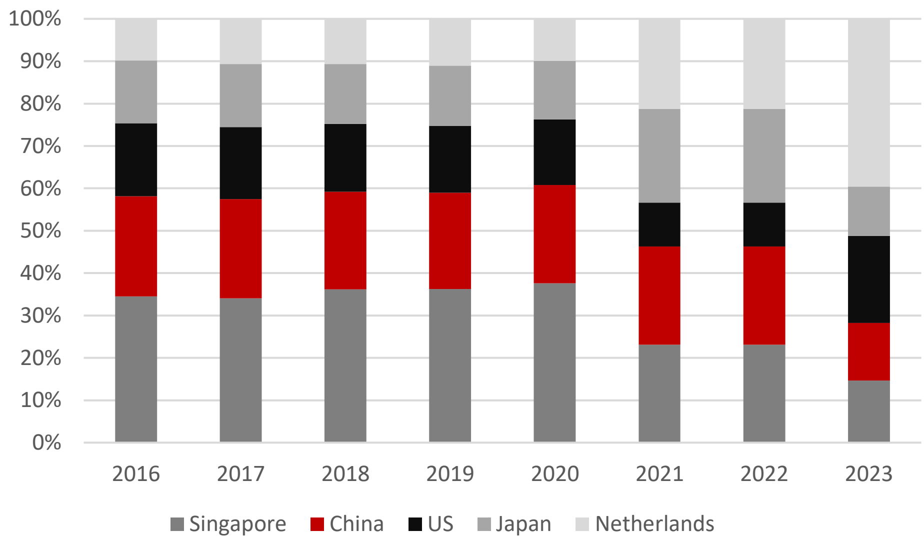
Steady increase of FDI from China. The period of Trump and Biden's presidency also saw a steady increase on FDI from China. Given that President Biden did not reverse any of the tariffs (he even added to it) that was enacted by Trump, we postulate that first US-China trade war played a major factor for this increase. In fact, we should note that there was significant increase from other countries as well. We believe that we might see a continuation of this FDI trend going forward and may accelerate with the possibility of trade war 2.0.

Table 1: Top 5 Approved Manufacturing Projects with Foreign Participation (2016 – 2023)

In RM'b	2016	2017	2018	2019	2020	2021	2022	2023
Singapore	7.0	8.0	10.2	11.5	6.8	9.6	9.6	12.9
China	4.8	5.5	6.5	7.2	4.2	9.6	9.6	12.0
US	3.5	4.0	4.5	5.0	2.8	4.3	4.3	18.1
Japan	3.0	3.5	4.0	4.5	2.5	9.2	9.2	10.2
Netherlands	2.0	2.5	3.0	3.5	1.8	8.8	8.8	34.9

Source: MIDA

Chart 5: Distribution of Top 5 Approved Manufacturing Projects with Foreign Participation (2016 – 2023)



Source: MIDA

During the US-China trade war, several key sectors in Malaysia attracted significant foreign direct investment (FDI):

1. **Electrical and Electronics (E&E):** This sector was a major beneficiary, with investments from global giants like Intel, Texas Instruments, and Infineon Technologies.
2. **Semiconductors:** Malaysia became a crucial hub for semiconductor manufacturing, attracting companies looking to diversify their supply chains.
3. **Green Technology:** Investments in renewable energy and green technologies increased as companies sought sustainable solutions.
4. **Machinery and Metal Fabrication:** These sectors also saw a rise in FDI, driven by the need for advanced manufacturing capabilities.
5. **Medical Devices:** Malaysia's robust ecosystem and skilled workforce made it an attractive destination for medical device manufacturers.

Another global reflation? A possible downside risk to international trade outlook could come from higher import costs. Firms may pass some of the cost increase (due to higher tariffs) to end-consumers. At the same time, possible retaliation by other countries by imposing higher tariffs on imports from the US, and therefore further escalate the upward price pressures on goods external from abroad. In other words, the price increases will constrain demand from both the US and other countries. A reduced demand from the US will hurt the global trade and manufacturing outlook at least in the short run. If this were to be the case, the world economy could experience another round of global reflation.

Possible reduction in energy prices. On the other hand, a possible reduction in energy and commodity prices could ease the price pressures as Trump's support exploration and extraction will help to boost the US oil & gas production. The decline in crude oil prices, however, will contribute to lower oil-related revenue for the government. At the same time, the performance of exports of commodities may be limited by the lower price.

MARKET IMPACT

Increased volatility is expected in the near term, US Fed decision in upcoming FOMC more significant. We expect that there will be increased volatility on the likelihood that the presidential contest will be contested. However, we believe that the upcoming FOMC meeting will have more bearing on the market. With the latest jobs report, it solidifies our view the Fed will consider a rate cut to support economic growth given the slowing job growth. Nevertheless, given that the jobs number were influenced by hurricanes and labour strikes, one-off factor, we believe it is unlikely that this weakness is going to cause the Fed to do another round of a jumbo cut. We expect for a 25bps cut at the November meeting.

Central banks in loosening mode. We expect the world's equity market to remain sanguine premised on baseline views of (1) further monetary (liquidity) easing with more US Fed (and other CBs) interest rate cuts, and (2) continued resilient macro/earnings performance. Overall, recently announced liquidity injections (both monetary and fiscal) by China authorities together with further rate cuts by other major western central banks like the US Fed and ECB should be positive to world's financial liquidity situation. The rising world's financial liquidity will in due course be flowing to regions that offer attractive economic risk/return trade-off. As such, we expect the local and ASEAN markets to duly receive fair share of a growing (liquidity) pie.

Maintain our 2024 targets. Given that the strong likelihood of the US Fed continuing its easing path (being the more significant factor at the moment), we maintain our **FBM KLCI, FBM Hijrah,** and **FBM70** targets for 2024 **at 1,750 points** or PER25 of 14.8x, **14,100 points** or PER25 of 20.2x, **and 18,900 points** or PER25 of 16.0x, respectively.

Start of a US monetary easing cycle but volatility remains. We continue to be cautiously optimistic about the economic and equities market growth prospect for the remainder of 2024. However, we expect that volatility in the market will remain due to factors stemming from the US Presidential election, in addition to downsides risk from geopolitics and investors' sensitivity towards US economic data.

Screening based on volatility (with fundamental overlays) to lower risk. As per our 4QCY24 outlook, we maintain our recommendation of a selection strategy based on the share price volatility of a given stock, in this case low to mid volatility. Of course, this stock selection will also be supported by fundamental view of the stock. Stocks with low volatility tends to not have wild swings in price, suggests stability and reduced risk. Our top picks as follows:

Table 2: MIDF Research Top 10 Picks

	Rec.	Price (RM) @ 5/11/24	Target Price (RM)	Price Return	Dividend Yield	Total Returns	90 day Volatility (%)	FBM ESG Rating	FTSE4Good?
CelcomDigi	BUY	3.40	4.43	30.3%	3.7%	34.0%	29.3	4	Yes
Fraser & Neave	BUY	30.98	40.47	30.6%	2.5%	33.1%	15.6	4	Yes
Maxis	BUY	3.73	4.47	19.8%	4.3%	24.1%	24.4	2	Yes
KPJ	BUY	2.10	2.54	21.0%	2.2%	23.2%	21.3	3	Yes
Malayan Banking	BUY	10.54	12.11	14.9%	6.6%	21.5%	12.4	4	Yes
Public Bank	BUY	4.43	5.16	16.5%	4.4%	20.9%	20.0	3	Yes
CIMB	BUY	8.12	9.11	12.2%	4.9%	17.0%	23.8	4	Yes
Pavilion REIT	BUY	1.53	1.69	10.5%	5.4%	15.8%	22.2	3	No
Matrix Concepts	BUY	2.15	2.22	3.3%	5.3%	8.6%	20.9	3	Yes
Sunway REIT	BUY	1.85	1.90	2.7%	5.0%	7.7%	15.1	3	No

Source: Bloomberg, MIDFR

SECTORAL IMPACT

OIL & GAS (Maintain POSITIVE)

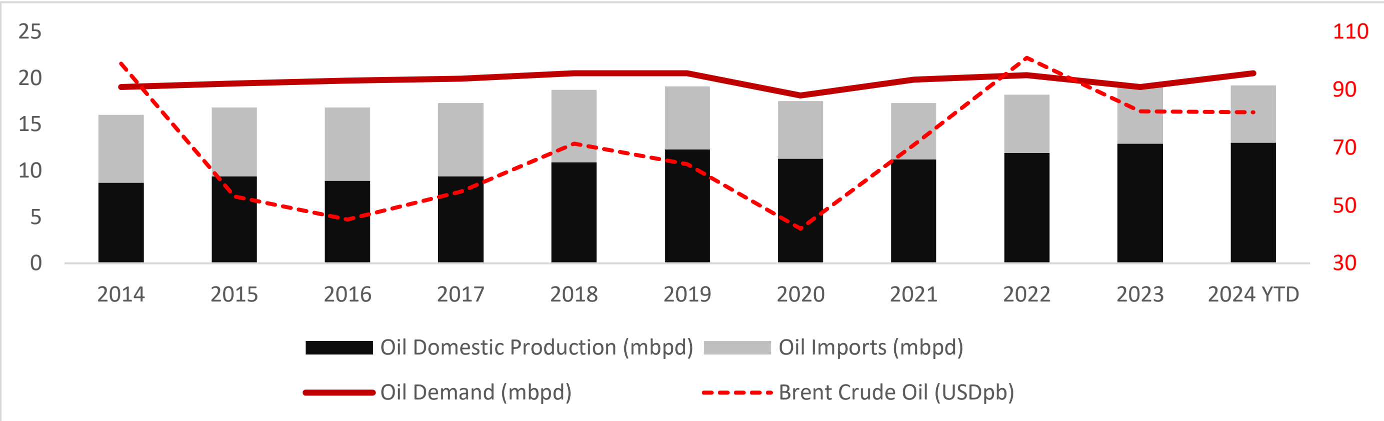
US oil on a plateau since peak CY23 production. The US shale boom from early 2010s propelled the country to be one of the world's largest oil producers, slightly surpassing OPEC and Russia in CY24. To date, the US boasted over 900,000 domestic oil-producing wells and over 700,000 active fracking sites. Most of the US crude oil is produced domestically, with approximately 40% are crude oil imports.

Following the upcoming election, Trump is expected to continue supporting domestic production, similar to the policies in his first presidency. Oil production saw a significant growth in CY17 to CY20, as spread between US total demand and total supply was reduced from 2.9mbpd in CY16 (pre-presidency) to 0.6mbpd in CY20. This signalled that Trump's energy policy supports higher oil production activities, in a bid to reduce reliance on foreign oil. This could signal a preference to exclusively import Canadian crude oil, currently exported to the US at 4.7mbpd, while reducing dependency on imports from other regions. Canadian crude oil makes up 76% of US import, followed by Mexico (11%), Saudi Arabia (8%). Iraq (5%) and Colombia (3%). However, in turn, the oversupply would reduce Brent crude oil prices by USD7-10pb moving forward.

Biden's administration had somehow continued Trump's policies on oil production and imports, but at a slower growth and a larger spread (approximately 2.1-2.5mbpd). This is due to the higher time lag between leasing and production, as well as higher domestic demand for oil post-Covid-19 pandemic, offset by advancing drilling technology that enhanced production efficiency. Moreover, Biden's anti-fracking and renewable energy policies are likely to be continued under Harris. While Harris promised to balance crude oil production with clean energy initiatives, the climate agenda risks accelerating domestic production declines, giving room for Brent crude oil price to increase by USD3-6pb moving forward.

To date, US oil production is expected to increase by 290kbpd in CY24 and 320kbpd in CY25 – a modest growth after a peak oil production in CY23 of 12.9mbpd. The slowdown in growth is anticipated due to the maturing shale industry and exhaustion of greenfield and first grade brownfields.

Chart 6: US Oil Production and Demand



Source: Macrobond, IEA, MIDFR

Boosting oil production or supporting energy transition? Harris's energy policies would likely continue and expand on climate change which includes stricter regulations and increased investment in energy transition. Additionally, more limits might be imposed on federal oil land leasing, which could increase the operational costs of high production areas like Alaska's North Slope and the Gulf of Mexico, subsequently lowering profitability for the upstream. The discouragement on domestic fossil fuel development is highly likely to lead to higher oil prices in the short term due to stricter regulations, but a gradual decline in the long term as renewable energy adoption increases. Conversely, Trump's energy policies consisted of aggressive domestic oil production growth, which includes: (i) rolling back on many of Biden's environmental regulations, (ii) increasing drilling permits, and (iii) lowering operational costs. This could also lead to a boost in global oil production, leading to lower crude oil prices due to increased supply. Nevertheless, the global oil market volatility could still be balanced through OPEC+ production cuts and external crude oil demand, particularly from China and India.

Impact varied between upstream, midstream, downstream. The opposing policies would impact not only crude oil prices, but also the activities among the different oil and gas divisions. Upstream would benefit from Trump's stance on expanding E&P and development activities, subsequently lowering costs for upstream operators. Without aggressive drilling, oil production could fall in the near term, resulting in: (i) tighter supplies, (ii) increased operational costs, (iii) higher energy prices for consumers, and (iv) slower economic growth. Meanwhile, the midstream division is likely supported by both, as renewable storage facilities is under Harris's energy policies, while Trump is expected to continue sustaining pipeline projects. For the downstream division, the contradiction would be on the regulations, as Trump is likely to focus on reducing regulations on refineries and pump prices, while Harris is expected to increase investments in cleaner fuel and renewables, with stringent regulations on refineries, increased incentives for biofuels and enhanced EV infrastructure.

Maintain POSITIVE, but with caution. Overall, we are positive on the impact of the election on the global oil and gas industry – notably in the trajectory of the crude oil market – with caution on the downside risks for each oil and gas division. We believe that a balanced approach of conventional fuel production and renewables would be favourable for oil prices to remain elevated, although OPEC+ remains a major decisionmaker in rebalancing a lower crude oil price should the US choose to increase its production in the near future. Considering the varying impacts from both parties, we opine that an integrated company would benefit from either presidency candidate, or their respective policies on the global energy sector, while weathering the downside risks of the volatile oil movement. As such, our top pick is **Dialog Group (BUY, TP:RM2.72).** Dialog provides technical services to the oil and gas sector, including the petrochemical industry. A Trump administration is anticipated to boost demand for Dialog's EPCC services on offshore facilities and tank terminals, while a Harris administration is beneficial to Dialog's specialised products and services, as well as partnerships for renewable energy projects. This diversification allows Dialog the leverage on both parties' energy policies, giving the company a relatively stable prospect amid the volatile oil market anticipated in post-election.

PLANTATION (Maintain NEUTRAL)

Mitigating the upcoming renewal of the US-China trade war. Ahead of upcoming US election with Trump anticipated to be back in the office, there might be renewed US-China Trade war in the making. However, looking at China soybean imports position whereas of 2023/24 marketing year Brazil accounts more than half of the leading suppliers approximately 69% while US was only 26%, this entails stability in China's soybean leading suppliers as well its crushing activities. In this context, the BRICS alliances - comprising Brazil particularly, Russia, India, China, and South Africa - strategically mitigate the trade war's effects on the China soybean, soybean meal and soybean oil market by enhancing collaboration among member nations.

Recall back, the trade war between the US and China significantly impacted soybean oil demand and exports, revealing vulnerabilities in the US agricultural sector. Before the trade war, China accounted for about 30% of US soybean exports, valued at USD14b in 2017, translating to approximately 34m Mt. After tariffs were imposed in 2018, US soybean exports to China plummeted nearly -75%, dropping to about USD3.1b (about 8m Mt) by 2020. This decline prompted China to source soybeans from other countries, with Brazil becoming the leading supplier, exporting around 72m Mt by 2020. As a result, US soybean oil demand fell, with prices decreasing by about 20% during peak tariff periods.

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STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology