

SHORT SELLING

chedet.co.cc

June 01, 2010

1. Some people in Malaysia particularly those involved with the stock markets seem keen to legalise what is called "short selling". Basically short selling is about selling shares or currencies or other assets that the seller does not have with the expectation that the sale would push the prices down. Once the price is down the seller would then buy to deliver to the earlier buyers he had sold to at a higher price.
2. Short selling is not speculation. It is manipulation of the market with almost certain success to be had. Other investors or buyers would lose money as they would be left holding the devalued shares or money or whatever.
3. Malaysia had banned short selling in the past. We regarded it as unfair and damaging to genuine investors.
4. I read in the Financial Times of 24th May that "Europe plans ban on naked short selling". Angela Merkel, the German Chancellor has unilaterally banned "naked shorting of Eurozone sovereign debt instruments and shares of 10 German banks". This has caused a "financial turmoil" meaning the short sellers are unhappy that they cannot manipulate the market anymore. Merkel asked how people can sell something they don't have.
5. The Europeans and the Americans are still hoping to keep all the "financial products" which they must know are what precipitated the current crisis. They are still refusing to review, modify or discard the monetary, banking and financial systems that they had devised and which they abused in order to get rich quick.
6. If we in Malaysia or other developing countries were to have this state of mind, then they would say that we are in a state of denial. And some locals will also echo their words.
7. I have no say in the Government but I think Governments should take note that not copying the West is not a sure recipe for failure.
8. In fact we should not consult Western people in the running of our country. They don't know our situation and their advice would not be good for us.
9. And we should note that even when they know a lot about the affairs of their own countries, they often bungle things. It is they who messed up the world's finances.
10. We are not always right of course. But I think we know our situation better than foreign consultants. We know our situation and the character of our people. What may be good for the West may not necessarily be good for us. Besides we know now that the very developed west can make very many horrible mistakes.
11. I will leave it at that.

73 Comments

By Syed Ian Author Profile Page on June 13, 2010 10:45 PM

Salam Tun yang dihormat,

Yes, I agree with your statement that "not copying the West is not a sure recipe for failure."

Just one example- Bankruptcy of the west's Lehman brothers with their Mini Bonds losses had affected not just thousands of investors in the west, but also people in South East Asia who had invested in them encouraged by their local banks. Just because banks in the west back then find that sub-prime investments are sound and okay, that does not mean we should follow blindly. As a result, hundreds of people in Singapore for example, had lost their investments, some their life savings. And can you believe it that some of these investors invested blindly, without fully understanding their money goes into sub-prime ? Yes its a fact.

And that is just one example out of many many others.

Yes blindly copying the West is not the smart thing to do.

Wassalam
Syed Ian

website: kuih raya
www.kuih-raya.com
By sudin Author Profile Page on June 11, 2010 3:19 PM

Salam Tun.

Allow me to put on record the headline news from Bernama News on the external trade deficit under the 'liar & slanderer' Anwar's short tenure as Finance Minister, for mr. Wenger J Khairy's attention/perusal.

- 1) 26. 01. 1996 -Malaysia records RM9.8b trade deficit in Jan. to Oct. 1995.
- 2) 12. 04. 1006 -Higher imports worsen trade deficit in 1995. (this also implied M'sia experienced trade deficit in 1994)
- 3) 25. 02. 1997 -Trade deficit for M'sia in 1996 lower than 1995.
- 4) 07. 02. 1998 -Malaysia records RM0.4b surplus in external trade in 1997. (the surplus arise due to last few months after Anwar sacked all recorded trade surplus)
- 5) 05. 02. 1000 -RM6.7b trade surplus in Dec. 1998, RM58.4b in 1998.
- 6) 06. 11. 2002 -Trade surplus for 59th consecutive month since Nov. 1997.

The same news were reported in the New Straits Times and the Star then. The above facts contradicted your statement, and please stop all your hero-worship of the worst culprit called Anwar.

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By sudinAuthor Profile Page on June 11, 2010 1:49 PM

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By parameswara 2Author Profile Page on June 10, 2010 6:39 PM

Dearest Tun,

May I...
wenger khairi june 7,2010

Your explanation is impressive, and I am convinced that you are the big minded type unlike most of Tun's supporters who are mostly small minded influenced by Tun simplistic views. By the way...

1- How come when we achieve surplus you attribute to the Finance minister, but when we don't you attribute it to Tun. Why the double standard? For your information Anwar is the finance minister since 1991.

Doesn't it occur to you that we were only able to achieve this surplus in 95,96 after Tun has successfully build the foundation, after aggressively selling Malaysia and doing the right things since taking office? That Rome was not built in a day?

2- That the capital flight became significant only from 2002 onwards. Why not once the controls were introduced in 1998, why only 6 years later which also happen to coincide with the year Tun announced his resignation? Has it got to do with the lack of confidence the investor has in his incoming successor? After all most of these capital flight happen during the tenure of our Bapa Kegemilangan Pak Lah. You should be blaming Pak Lah instead of Tun, again why the double standard? Is this the way big minded people behave?

3- Wenger boy, there are two sides to everything. Micro-macro, positive-negative, pro-cons, etc. You talk in detail of short selling from the micro aspect which Tun himself will admit that it is complicated, and that you are indeed a genius. But as a PM one is only concern on the macro aspect-which is not really so complicated. That when speculators pool their resources together and short in very huge quantity, the effect on the market can be disastrous... I think it's common sense isn't it?

4- Tun has been successful in his political career mainly because of his simplistic view of things. Which is actually an asset for anyone who want to be successful in their carriers too. Wise man say the formula to be successful is just the simple KISS-and if Wenger doesn't know , stands for Keep It Simple, STUPID!

Tks Tun.

By samuraimelayu Author Profile Page on June 10, 2010 2:41 PM

SALAM KASIH DAN SAYANG
AYAHANDA RAKYAT TUN
IZINKAN,

By DinKakYah on June 9, 2010 2:04 PM

Tun tersayang..

on lighter note.. do not start a sentence with 'and'. Pakar bahasa tak suka.

PAKAR BAHASA KAMI SI AJIS... TULIS 'SHORT-CUT'...JIMAT RUANG DAN MASA.

DAN DAN PAKAR BAHASA 'LONG AND WINDING' TAK SUKA, KENAPA PULAK YE?... HE HE

ALFATIHAH, AMIN

Ps. Laughter is still the best medicine

By sudin Author Profile Page on June 10, 2010 12:02 AM

Salam Tun.

Allow me to put on record the following news headlines from Bernama News on Malaysian external trade during & after Anwar's era as Finance Minister, for Mr. Wenger J Khairy's attention/perusal:

26. 01. 1996. M'sia records RM9.6b trade deficit in Jan 95 to Oct 95

12. 04. 1996. Higher imports worsen trade deficit in 95 (this implied trade deficit in 94 as well)

25. 02. 1997. Trade deficit for M'sia in 96 lower than 95

07. 02. 1998. M'sia records RM0.4b surplus in external trade in 97 (surplus arise due to last few months of 97 after Anwar was sacked all recorded surplus)

05. 02. 1999. RM6.7b trade surplus in Dec 98, RM58.4b in 1998

06. 11. 2002. Trade surplus for 59th consecutive month since Nov 97

Similar news headlines were reported by the New Straits Times and the Star at about/same dates as the above.

The biggest things that happened during the 'liar & slanderer' Anwar's short stint as Finance Minister were:

1. Create his inner circle of cronies (Azmin, Zahid Hamidi, Rahim Ghaus, Abrar, Lankhorst, Nik Hasni, Sukma, himself,.....) become OKB (orang2 kaya baru), then lied to M'sians & the world "Dr M is corrupt & practice cronyism", which his 'I can fool them all of the time' followers still foolishly believe

2. Ensure the then DPM (the late Tun Ghaffar) 'kalah tanpa bertanding' for the Dep UMNO President post by not providing any budget to Kementerian Luar Bandar & by distributing truckloads of sweets to Umno divisions (a practice which the budak 'kurang _jar (KJ) & ex-MB from S'ngor did during the last UMNO Youth tussle)

3. Became the ever willing crony & best of friends with the Yankees

TQ

By DinKakYahAuthor Profile Page on June 9, 2010 2:04 PM

Tun tersayang..

on lighter note.. do not start a sentence with 'and'. Pakar bahasa tak suka.

By rivermanAuthor Profile Page on June 8, 2010 10:46 PM

Tun,

There is no perfect financial system yet. We shall agree to it.

The true economy concept is there is money when there is production and work. However modern economy could mean one make billion of ringgit by clicking computer button. That's why o pakcik in kampung can sweat for the whole day earning RM50 whereas our so call degree, phd holder could make 1 million ringgit in less than 1 hour without even need to have a office.

Inilah creation barat. Is it good?

Whatever the answer is, we have adopted the system because this is how the world runs

Kita tak boleh menyingkirkan diri di dunia kita sendiri dan syok sendiri.

I believe we should take the good points, improvise it and may be give our input for the better of the world. We may contribute, we may thank the west for their contribution but do not ever bow to them as what Tun said. However it is not nice to condemn them.

A wise man says, make the best out of it. Make more friends less enemies.

We shall all contribute to the world.

Riverman

By nahar Author Profile Page on June 8, 2010 9:41 AM

Assalammualaikum.. Apa khabar Tun;

Tulisan Tun berkesan membuka minda rakyat.

PASARAN SAHAM

Sistem pasaran saham ni ada lah system Kapitalis, diamalkan Amerika oleh KAUM PEMODAL, yang sebahagian besar adalah terdiri daripada orang Yahudi.

SHORT SELLING dalam pasaran saham dibenarkan dalam system Kapitalis, iaitu kaedah dan idea untuk MENGAUT KEUNTUNGAN, dengan cara MANIPULASI system dan manusia; untuk mencari wang panas bagi mengumpul kekayaan kaum Pemodal.

Sistem Yahudi ini menjadi ikutan seluruh dunia termasuk Malaysia, kecuali GERMAN, yang dari dulu tidak suka mengikut ajaran dan telunjuk Yahudi.

SISTEM KAPITALIS

Dalam sistem Kapitalis, kekayaan dicari dengan kaedah MANIPULASI, melalui pelbagai cara,

iaitu manipulasi menggunakan kepintaran untuk mengaut keuntungan tanpa perlu bekerja kuat, tetapi menggunakan tenaga orang lain (dengan sedikit insentif) untuk mencari kekayaan.

Akan tetapi seluruh daya pemikiran dan idea, ditumpukan sepenuhnya mencari jalan bagaimana untuk mengaut keuntungan dengan cara manipulasi keatas orang lain, keatas sistem dan KEATAS APA SAJA SEBANYAK MUNGKIN.

****Sistem Multi Level (MLM) yang mirip system PIRAMID adalah antara contoh manipulasi keatas SYSTEM dan MANUSIA ciptaan Kapitalis yang amat popular dan digemari di seluruh dunia (selain manipulasi Ekonomi, Saham dan Perdagangan Matawang).****

Amalan manipulasi; terutama keatas Manusia ini telah lama diguna semenjak dari ZAMAN PENJAJAHAN Kolonial lagi; yang ketika itu mengamalkan SISTEM PERHAMBAAAN (Kunta Kinte) untuk tenaga buruh paksaan secara percuma atau menghisap darah dengan upah tidak setimpal mengerjakan ladang dan kilang milik kaum Pemodal.

PENJAJAHAN BENTUK BARU

AMALAN MANIPULASI keatas pihak lain ini masih diteruskan dalam abad ke20 hingga ke abad 21, iaitu dalam bentuk PENJAJAHAN EKONOMI oleh negara kaum Pemodal yang kebanyakannya datang dari Negara mengamalkan system Kapitalis.

Dengan kaedah lebih lembut, Penjajahan Bentuk Baru ini adalah dalam berbentuk penguasaan ekonomi (tanpa di sedari) melalui pelaburan FDI ke Negara Sedang Membangun yang banyak terdapat tenaga buruh murah.

Sistem ini amat popular dan menjadi ikutan bagi kebanyakan Negara Maju dan Negara Membangun lain. Pelaburan INSENTIF BURUH ini adalah satu kaedah bentuk baru MANIPULASI keatas pihak lain bagi mengaut keuntungan dan kekayaan oleh kaum Pemodal.

Kedatangan pelaburan bentuk ini(FDI) amat diperlukan oleh Negara Mundur dan Sedang Membangun yang banyak tenaga buruh bagi merencanakan ekonomi mereka tanpa di sedari bahawa itu adalah satu system MANIPULASI halus yang tersembunyi. Tq Tun. ...end
By HBTAuthor Profile Page on June 7, 2010 11:22 AM

Ayahanda Tun,

Not only the best of the best speculator and manipulator, they are also the best of the best ACCUMULATOR, of hutang or kekayaan will depend on how much they know about the universal norms and economics indicators.

By Wenger KhairyAuthor Profile Page on June 7, 2010 1:42 AM

Dear Tun and Readers,

It is one thing to be slandered. It is one thing for some commentators to claim: " Your arithmetic are even worse than the minimal economic knowledge that you possess, just explain how you

calculate ?"

For the particular person (100% Tun supporter displaying classic symptoms of shooting the mouth off without checking the facts)

Malaysia Trade surplus from 1993 - 1997

Calculated as Export-Import

Source: Jabatan Statistik

http://www.statistics.gov.my/portal/images/stories/files/ArchiveTimeSeries/Akaun_Negara.pdf

Pages 19 & 20

The economy registered a trade surplus of RM 3.5 billion and RM 2.5 billion respectively in 1996 and 1997. Your contention that DSAI did not preside over any trade surplus is not supported by fact.

Not understanding a "long-short" combination belies who you are. Perhaps you need to refer to wiki. As practitioners, we do not need to learn our job from the Internet.

I do not know how you equated the trade surplus into this equation. Trade surplus is a function of the export sector and the import sector. Short selling is about the rules governing the capital markets. For capital markets we look at the Financial Account of the Balance of Payments. Maybe you need to look it up in wiki.

What i was trying to show that like whilst we compete to sell our barang mcm keropok, kereta, kain, kasut dan lain lain in the international market place, we also compete to attract monetary flows to our capital markets. Preventing short selling reduces the liquidity. In the early 1990s, nobody would think that Thailand could attract more money into their capital markets than Malaysia, but right now it happens on a regular basis. The difference between CAPITAL flows into Thailand vs. Malaysia is >USD 100 billion over the last 8 years or so.

I meant to insert the > sign but mistyped the = sign instead. I admire Tun's supporters including an Acturial Science student that picked it up. Our money is well spent in sending our youth for complicated and expensive courses as they demonstrate that they can add and subtract.

By HBTAuthor Profile Page on June 6, 2010 8:50 AM

Good morning Ayahanda Tun,

I have posted the star online spotlight for the week especially for sudin, the layman, and Wenger J Khairy, the self-claimed Economist who does not know what is Actuarial SCIENCE, to read by assuming that Malaysians are MELAYU and UMNO, as per the resident population figure by the "lebih kurang" mentality government aka politicians is currently 28 millions people including Sabah and Sarawak.....

Some statistic figures for some countries' resident population must be included so that sudin and Wenger J Khairy must know before they advice measures that is good for MELAYU to enable

Tun Dr Mahathir Mohamad to consider....

**SH..Ayahanda Tun, sudin budak MELAYU tu memang kurang_ajar la, langsung tak kasi muka kat PM MELAYU KE-5 Malaysia KAMI ni, stabbing his SIL from the back. PM MELAYU KE-4 dan anaknya No. 4 pun kena bad-stabbing jugak.....

The Total Resident Population:-

1. The United States: 309,426,000 (309.426 millions)currently.
2. Singapore: 4.48 millions since 2005
3. Hong Kong: 7,026,400 (end-2009)[1] (7.0264 million)
4. China:1,358,650,000 (1.35865 billion) since 2008.
5. UAE, Japan, South Korea and Taiwan are allies to US.

These are 2 MELAYU, acting like advisor to Tun Dr Mahathir Mohamad:-

1. sudin dislike KJ because KJ is kurang_ajar since KJ is clever. sudin is from Johor?
2. Wenger J Khairy said "SHORT SELLING IS BAD FOR CRONY CAPITALISTS AND THUS WE SHOULD BAN IT".
3. The western countries ban short selling for a short period through "government intervention" since there are many investors who knows sikit2 already claim himself better than Tun Dr Mahathir Mohamad, Mr Lee Guan Yew and Mr Li Ka-sing (Both these Chinese are Teochews, maybe Dr Chua thinks that he is a Teochew, so he assumed his lucky star is shinning brightly (due 2 fengsui kut?) that he is Ka-Ki-Lang to these prominent leaders.
4. Can Wenger J Khairy explain the rationals why Malaysia should follow US by printing more RM?
5. Is RM the most demanded currency in the Globe?
6. By printing more RM will depreciate US\$?
7. By printing more RM can weaken Renminbi, the Yuan?
8. Does Wenger knows what is International Trades and its Cultures?
9. Does Wenger heard of Actuarial SCIENCE honours degree?
- 10.Can Wenger answer the Questions left unanswered at this end of this spotlight?
- 11.Can Wenger make BNM to print more RM?
- 12.BNM report directly to Wenger J Khairy, not Malaysia's Agong?
- 13.MOD reports directly to sudin, the layman, not Malaysia's Agong?

Saturday June 5, 2010

What's going on in Kenmark?

By B.K. SIDHU

bksidhu@thestar.com.my

OVER 20 years of sweat equity by the founders and employees of Kenmark Industrial Co (M) Bhd must have seemed to have come crashing down in just a span of a week.

The only one who has the answers to the strange and unexpected developments in the company is 59-year-old Taiwanese national Hwang Ding Kuo @ James Hwang, the company's managing director. But his sudden "disappearance" and surprising reappearance days later with an apologetic note that he was taken ill and unconscious, has in fact, added more fodder to the unusual circumstances.

Along with Hwang, two other Taiwanese directors had also gone missing.

The uncertainty had led the share price to nose dive, wiping out some RM100mil in market value over this week.

The factory in Port Klang

The business

Kenmark is a big supplier of goods to the international supermarket chain Wal-Mart and other global stores either directly or via its agents.

The predicament in a nutshell – the company failed to submit its financial records on time; two creditor banks has asked the company to pay up; several banks and stockbroking firms have force sold the shares in the open market and its suppliers, to put it mildly are worried.

The first red flag had come from Bursa Malaysia with its query to the company on the unusual market activity, points out Rita Benoy Bushon, chief executive officer of the Minority Shareholder Watchdog Group (MSWG). Suspicions were further heightened when it failed to issue its fourth quarter results.

Rita is calling for Bursa Malaysia and the Securities Commission to conduct a thorough investigation on the matter and if wrongdoing is ascertained, to mete out the necessary penalties.

In a written reply, Bursa Malaysia said it was investigating the matter and "will pursue enforcement action for any breaches of the listing requirements."

"Bursa Malaysia had engaged with the company's independent directors, external auditors and officials to ascertain the state of affairs of the company immediately when the issues came to light," it added.

In comes Ishak

And just as market observers found themselves gobsmacked by the slew of strange developments in the company, the story took on another dimension. Datuk Ishak Ismail, who made his mark in Malaysia's corporate stage in the early 90s but had bowed out of the limelight in early 2000 following a conviction by the securities regulator, has emerged as the single largest shareholder of Kenmark after acquiring a 32% block.

Kenmark's new directors (from left) Ho Soo Woon, Datuk Abd Gani Yusof and Woon Wai En at the press conference on Friday.

Ishak and Hwang are old pals. In fact, Ishak was the bumiputera shareholder of Kenmark with a 20% stake when the company was listed in 1997 but had subsequently unwound his holdings.

Ishak tells the StarBizWeek that he had received a call from Hwang on Monday night to "help out".

Based on announcements to Bursa Malaysia, BHLB Trustee Bhd, a trust for Ishak's family, scooped up 30 million shares or 16.83% stake in Kenmark on Tuesday. A day later, he used another vehicle, Unioncity Enterprise Ltd to acquire 27 million shares or 15.53% of Kenmark, raising his stake to 32.36%, just shy of the trigger point for a mandatory general offer.

Based on Kenmark's share price over the two days of the acquisition, it can be assumed that he had acquired the shares at not more than 8 sen apiece. When trading on Kenmark's shares resumed on Friday, the counter shot up to 26 sen, a 126% gain from its last traded price of 11.5 sen. This means Ishak could be sitting on a paper gain of some RM10mil.

When contacted by the StarBizWeek, Ishak who was in Baghdad, explained why he had acquired the shares: "It is a good company. I checked and there was nothing wrong with the operations. There is just some misunderstanding. What I am thinking now is how we can get the business operations re-started. I have been an investor before and this company is involved in a lot of export business. Imagine the foreign earnings it brings into Malaysia.

"There is also another aspect. About 400 jobs are at stake if the plant does not restart. So, I wanted to help bring the employees back to work. So, it is not about (grabbing) an opportunity but doing a social service. What is wrong with that?" he asks.

How much did he acquire the shares for? "I do not know. The purchases were done by the trustees. They make independent decisions," he replies.

Still, many observers expect Ishak to exit not too long from now, pocketing some handsome capital gains. Will that happen? "It all depends on the trustees, it is not about me. This is a family trust and I am not in control of the trust. But this (Kenmark) is a good company," he adds.

Lost confidence

Meanwhile, 133 Malaysian workers of the total workforce of 413 employed by Kenmark are seeking RM1.4mil in damages for being locked out of the factory at the Labour Court in Port Klang. The claims were for termination benefits, compensation in lieu of notice and unused leave.

Quite clearly, the four new directors on board have an uphill battle ahead to regain lost confidence. After their first board meeting on Thursday, they had proceeded to the factory in Port Klang but were barred from entering the premises. On Friday, they met up with the senior team.

CLICK to view graphic

“We just met key management staff and asked them what is required to restart the whole production again. We will take it from there,” said newly appointed executive chairman Datuk Abd Gani Yusof.

At the start

Kenmark was set up in Taiwan back in 1978. Kenmark Industrial Co Ltd, which had a factory in Nei Hu, Taipeh, set up its first overseas plant a decade later in 1988. The plant in Malaysia began operations in 1989 on a 10-acre site in Port Klang.

Hwang, the founder of the company, is said to be a very enterprising man; within a short span, the operations expanded to Singapore, Australia, London, Hong Kong, Vietnam, US and China.

The Malaysian operations was listed on Bursa Malaysia in 1997. There are two other Taiwanese directors in the company - Chen Wen-Ling and Chang Chin-Chuan. Chen owned 18.7% stake in the company, according to the company's latest annual report. With Hwang, the Taiwanese collectively owned 46.4% of Kenmark.

A substantial amount of these shares, it is believed, were pledged to banks and several stockbroking firms for share margin financing. Given the counter's free fall over the week, many of these shares were force sold, which led many to believe that this is how Ishak could have accumulated his interest in the company.

Domino effect

On Wednesday, after Hwang had “disappeared”, the factory in Malaysia was shut down.

Some suppliers, spooked by the developments, were believed to have taken back their supplies.

On May 27, the company's two independent directors Zainab Abu Bakar and Yeunh Wee Tiong

had called off the audit committee meeting because Hwang had failed to appear. They could not reach Hwang or the two other Taiwanese directors.

Much to their dismay, Zainab and Yuenh had found the factory sealed. They both had stepped down from the board on Thursday.

One of the creditors, EON Bank had caught wind of these developments and wasted little time engaging their solicitors to seal the company. The company received letters of demand from EON Bank and Export-Import Bank for some RM71mil.

In a statement to Bursa yesterday, Kenmark said “There were some trade bills due for payment at the end of May 2010 but due to the unfortunate situation last week ... the trade bills could not be paid and EON Bank in safeguarding their interest had then appointed the Receivers.”

As for its Vietnam plant, Kenmark said that it has learnt from Hwang that the local authorities were requested to take control of the operating premises to safeguard the assets when some looting occurred during the absence of senior management staff.’

Hell breaks loose

On Monday, the situation worsened. The staff who turned up for work that day were told to go home. On that same day, Kenmark’s independent directors had updated officials from Bursa Malaysia on these developments, which led the latter to slap the company with a PN17 status.

After two days of wild speculation, Hwang appeared with his apologetic note that he was “sorry for the confusion” and that he was “taken ill in China ... and was in a delirious state from lack of sleep and was in and out of consciousness.”

Naturally, most found the excuse hard to swallow.

“It shows total disregard of shareholders, suppliers and employees. Even if he was not around, how could anyone expect the company to run rudderless?,” asks an observer.

Those who are close to Hwang say that he largely handled the business on his own, preferring that to delegating the work to the rest at top management. “This could explain the chaos his absence had resulted in,” says a source.

The task ahead

Since then, four professional managers have been appointed to the board. They are Ho Soo Woon, Ahmed Azhar Bin Abdullah, Woon Wai En, Datuk Abd. Gani Bin Yusof. Woon was formerly with Vads Bhd while Ho has his own family business. Gani has several businesses of his own but not much is known about Ahmed.

Evidently, the team is determined to get things back to normalcy. One of the most urgent matters that needs to be addressed is that the company needs to submit the fourth quarter results. The

directors have failed to get an extension of time to June 30 from Bursa Securities to submit its results as the application was submitted less than fifteen days prior to the due date for submission.

“The Directors do not have access to the accounting records as yet and shall endeavour to have the results released as soon as available,” it said in a note to Bursa Malaysia late Friday.

Time is not a luxury it has. Bursa has given Kenmark till June 8 to submit the results, failing which the trading of shares will be suspended.

Analysts expect the group’s showing in the fourth quarter to be “less impressive” as orders from the European markets have been soft due to the economic slowdown.

In the company’s latest annual report, it had stated that it will focus on strengthening the wood-based business as margins were better than the LCD television business unit which was facing stiff competition. It also expected demand for wood-based products to remain stagnant until the economy in the European and North American markets pick up.

About 78% of Kenmarks business, said the analyst is export driven; one of its largest export markets for its furniture products is Europe. As such, he expects the weakening Euro to put a damper on the company’s latest results.

For the year ended March 2009, Kenmark made a net profit of RM3.8mil on the back of RM259mil sales compared to RM10.1mil and RM308mil a year ago.

Questions left unanswered

Without a doubt, the whole debacle has raised key corporate governance issues. The unusual market activity in the counter also needs to be prodded further by the authorities.

Was this simply a case of one thing leading to another? Or is there more to it than meets the eye?

“From a corporate governance view, it is astonishing that it has reached this stage. Some processes and checks and balances had failed. If so, how and why?” asked a peeved observer.

TAKE CARE Ayahanda Tun. This spotlight is the story of "Sampai seluar dalam pun kena digadai" because they think that they are the best of the best Manipulators and Speculators assuming that the decent people of the Globe are the cavemen and they are the s..naked Tarzans of the jungle.

By sudinAuthor Profile Page on June 5, 2010 11:18 PM

Salam Tun.

Allow me to rebut the sickly & appalling comments posted by Mr. Wenger J Khairy, the self-proclaimed economic expert (03/06/10 at 12.32pm & 02/02/10 at 11.47am).

1. Malaysia did not achieve even a single year of trade surplus during the 'liar & slenderer' Anwar's tenure as Finance Minister. However one month after he was shamefully sacked (for homo sex), Malaysia had achieved trade surplus every single month until the end of Tun M's reign. Just like 'donplaypuks', 'rarunasalam', & others alike, you must be Anwar's "I can fool them all of the time" followers.
2. The manner you relate 'perpetual' deficit budget (? , check your facts, Tun implement for 2-3 years only) to trade surplus, please don't bother to explain and embarrass yourself further because you don't know.
3. You don't even understand the meaning of 'short selling', instead what you tried to explain at length is in fact normal share trading and you even created a new word 'long selling' (he,he,he...). Have to inform Wikipedia/Oxford on this new word. Please don't write/refer to us 'too technical to understand' because technically there's nothing difficult in share trading!
4. You challenge Tun M to come up with evidence on short selling manipulation, but are making countless sweeping accusations! You're making my funnybone tickle itself (he,he,he,...)
5. Your arithmetic are even worse than the minimal economic knowledge that you possess, just explain how you calculate "So difference between capital flows Thailand vs Malaysia = USD100billion (sic)", which I presume you picked up from the air.

There are umpteen more sickly & appalling areas to write/comment from your entries, but I've enough laughs already. And don't bother to reply my earlier comment (dated 04/06/10 at 6.42pm) on your entry, because you'll make yourself look more foolish!
By naharAuthor Profile Page on June 5, 2010 8:07 PM

Apa khabar Tun;

Tulisan Tun dapat membuka minda rakyat.

PASARAN SAHAM

Sistem pasaran saham ada lah system Kapitalis yang diamalkan di Amerika oleh KAUM PEMODAL yang sebahagian besar adalah terdiri daripada orang Yahudi.

SHORT SELLING dalam pasaran saham dibenarkan dalam system Kapitalis sebagai satu kaedah untuk MENGAUT KEUNTUNGAN dengan cara MANIPULASI untuk mencari wang panas bagi mengumpul kekayaan kaum Pemodal.

***Sistem Yahudi ini menjadi ikutan seluruh dunia termasuk Malaysia, kecuali German yang dari dulu tidak mahu mengikut ajaran dan telunjuk Yahudi.

SISTEM KAPITALIS

***Dalam system Kapitalis, kekayaan dicari dengan kaedah MANIPULASI melalui pelbagai cara dengan menggunakan kepintaran untuk mengaut keuntungan tanpa perlu bekerja kuat dengan tenaga sendiri untuk mencari kekayaan.

Akan tetapi seluruh daya pemikiran dan ideanya ditumpukan sepenuhnya bagi mencari jalan bagaimana untuk mengaut keuntungan dengan cara manipulasi keatas orang lain dan keatas sistem sebanyak mungkin.

Amalan manipulasi keatas orang lain ini telah lama diguna semenjak dari ZAMAN PENJAJAHAN Kolonial lagi yang ketika itu mengamalkan SYSTEM PERHAMBAAAN untuk tenaga buruh paksaan yang mungkin secara percuma atau upah tidak setimpal dan menghisap darah untuk mengerjakan ladang dan kilang kaum pemodal.

BENTUK PENJAJAHAN BARU

AMALAN MANIPULASI keatas pihak lain ini masih diteruskan dalam abad ke20 hingga ke abad 21 ini, tetapi dalam bentuk PENJAJAHAN BARU oleh negara kaum Pemodal yang kebanyakannya datang dari Negara yang mengamalkan system Kapitalis, iaitu dengan cara penguasaan ekonomi Negara lain melalui pelaburan FDI.

Sistem ini amat popular dan menjadi ikutan bagi kebanyakan Negara Maju dan Negara Membangun lain. Pelaburan INSENTIF BURUH ini adalah satu kaedah bentuk baru MANIPULASI keatas pihak lain bagi mengaut keuntungan dan kekayaan oleh kaum Pemodal.

Tetapi kedatangan pelaburan bentuk ini(FDI) amat diperlukan oleh Negara Mundur dan Sedang Membangun yang banyak tenaga buruh bagi merencanakan ekonomi mereka tanpa di sedari bahawa itu adalah satu system MANIPULASI halus yang tersembunyi. end

By amin tanAuthor Profile Page on June 5, 2010 7:46 PM

Dear Tun,

I admire your writing on this issue. Let's leave it at that. Wenger J. khairy said we would go bankrupt if we ban short selling. Rediculous. How can you ban something bad can bring about bankruptcy to the country? I am not trying to bodek Tun or humiliate you. We are talking sense and some are talking nonsense.

You seem to disagree with Tun's financial administration of the country in his 22 years as Prime Minister and you admire DSAI for having 2 years of surplus budget during his tenure as Finance Minister. I take the opposite stand. I admire Tun's financial administration of the country in his 22 years as Prime Minister. He was dynamic, engaging, hands' on, functional, visionary and most of all he brought development, full employment and prosperity to our nation. We are grateful to him.

Deficit, surplus or balance budget come under macro economic theory. We must set up our premise of what we aim for the country. We aim for full employment without inflation for the

country. We prescribe deficit, surplus or balance budgeting depend on the state or condition of the economy at the time. Our national income is divided into spending and saving. Saving is considered leakage. Ceterus paribus, the leakage will bring about shrinking economy and therefore widespread unemployment, wastage of resources and suffering to the people. To offset the leakage we have deficit budgeting. The government spends the saving of individuals by investing in development or infrastructure projects. Government spending employs resources or factors of production bringing them into employment. But if the government over spends it may bring about inflation which is not desirable.

Only Japan can afford to have balance or surplus budget because they have full employment. They are flushed with surplus capital and liquidity. The Japanese do not have to work for another 100 years and can spend on their reserves due to their economic success since the 70s.

Tun brought prosperity to our nation. We have North south Highway, Putrajaya, KLIA, AND Patronas twin towers. Our country's economy under Tun was so successful that millions of Indonesians and Bangladeshis came to seek employment in our country. Tun helps to feed millions of household. Tun banyak pahala. Tun Dr Mahathir is a legend.

Tun invented Capital Control and saved the country from economic destruction by foreign predators.

Tun should be appointed economic advisor with executive power to the government.

amin tan

By Rimba Emas Author Profile Page on June 5, 2010 4:22 PM

SALAM BUAT TUN BERDUA MOGA DIRAHMATI ALLAH S.W.T

1) MAAF RIMBA EMAS BARU KEMBALI DARI PENYAKIT DEMAM PANAS YANG LEBIH PANAS SEPERTI KEKEJAMAN TENTERA ISRAIL TERHADAP KONVOI BANTUAN KE KEM GAZZA. ALHAMDULLILLAH DENGAN IZIN ALLAH S.W.T KINI KEMBALI TENANG SETENANG KEMBALINYA RAKYAT MALAYSIA KEMBALI.

2) UNTUK KOMEN ' SHORT SELLING 'INI AGAK LEMAH MENGIKUT KUDRAT KEMBALINYA TENAGA SEDIKIT DEMI SEDIKIT. WALAU BAGAIMANA PUN RIMBA EMAS BERFIKIRAN SEBALIKNYA, APA TU..??

3) BILA TUN KATA ' SHORT SELLING ' SATU MEKADISMA YANG DAPAT MENURUNKAN HARGA TERFIKIR PULA RIMBA EMAS ALANGKAH BAGUSNYA PERKARA INI JIKA DI BENARKAN KEPADA ORANG RAMAI KHUSUSNYA MEREKA YANG BERPENDAPATAN RENDAH KERANA INI SATU 'DURIAN RUNTUH' YANG DAPAT MERENDAHKAN HARGA BARANGAN.

4) TUN FIKIR BAGI PIHAK PEMERINTAH ATAU PELABORAN NEGARA. BAGI MEREKA YANG TIDAK MEMILIKI BARANGAN TERSEBUT TETAPI HARGANYA JIKA TERLALU TINGGI MAKA BOLEH BERLAKU IBARAT BARANGAN YANG TELAH

DIHARAMKAN SEBALIKNYA IA TELAH DIHALALKAN OLEH ALLAH S.W.T.

5) ALLAH S.W.T PERNAH MENEMPELAK GOLONGAN ISRAIL INI SALAH SATU SIFAT YANG ADA PADA MEREKA IALAH SUKA MENYUKARKAN PERKARA MUDAH ATAU PERKARA ASAL MENJADI SUSAH, BERSUSAH PAYAH KERANA ASYIK MENYOAL KEMBALI PERKARA YANG DIPERINTAH OLEH ALLAH S.W.T. AKHIRNYA PERKARA ITU SENTIASA BERTUKAR-TUKAR SEHINGGA MENJADI PAYAH.

6) KITA SENDIRI JELIK DENGAN TINGKAH LAKU KETURUNAN BANGSA ISRAIL INI TETAPI TIDAK SEDAR SIFAT-SIFAT INI MENJALAR DIDALAM SISTEM JUAL BELI ATAU KAEDAH YANG DI GUNA PAKAI KERANA TERLINDUNG OLEH PERKATAAN RIBA SAHAJA.

7) RIBA INI LUAS BUKAN BERMAKSUD PADA BUNGA SAHAJA TETAPI KEPADA JALAN-JALANNYA JUGA SAMA SEPERTI HUKUM ZINA BUKAN SAHAJA PERKARA ZINA TETAPI DARI AWAL PERJALANANNYA LAGI BOLEH MEMBAWA DOSA.

8) JADI ' SHORT SELLING ' MENJADI HARAM JIKA KEMUDARATAN ATAU ADANYA TINDASAN ATAS PERBUATAN ITU.

WALLAHU'ALAM

By Objective QAuthor Profile Page on June 5, 2010 4:11 PM

*****A WORD OF GRATITUDE FROM THE SLEEPING UMMA TO DR. TUN MAHATHIR MOHAMMED *****

Dear Dr. Tun Mahathir,

On behalf of the sleeping Umma,
On behalf of the Silent Umma,
On behalf of the Cowardice of the Umma
On Behalf of the Passive and Complacent Umma

Thank you for all your efforts in supporting and assisting in the numerous ways the Gaza Peace Flotilla.

Most of the news about your generosity and help for the Gaza Peace Flotilla efforts are found in the foreign press and unfortunately NOT IN THE ARABIC or Main stream press.

I want the readers to know that behind the scene Tun has been a driving force and shining beacon of support and help for the Gaza Peace Flotilla in every way he can.

We love you Tun

We love you O' Tiger of Malaysia.

Not all Muslims are sleeping. We see and we hear and we truly Love you from the bottom of our hearts. I just wish there were more leaders like you around the world.

As an Arab, i am ashamed of all our failures and silence.

I hold myself first responsible and look up to your leadership and mentorship.

Malaysia is truly lucky to have a MALAYSIAN TIGER that is so generous and humble, as all his efforts are done with very low key humility. So were the deeds of the Sahaba (God Blessings be upon them). They did the good deeds and their humility forbade them from publicizing it.

But i must say, Tun's deeds must be publicized, for they are a role model for all the Peace Loving people around the world Muslims, Christians, Jews and Others that believe in peace and freedom.

May God Bless Malaysia for Producing such a Nabigha (Arabic word means a Unique one", who never ever stopped caring and loving the Umma.

I just wanted to let you know that we know your great generous deeds.

We Admire you.

We love you.

And may God bless you and your family forever.

Al Salamu Alaykum Wa Rahmatu Allah Wa Barakatu

God Bless Tun the Tiger of Malaysia

God Bless Tun and family

God Bless Malaysia

By samuraimelayuAuthor Profile Page on June 5, 2010 1:24 PM

SALAM KASIH DAN SAYANG

AYAHANDA RAKYAT TUN

IZINKAN,

By Mohd Ali on June 4, 2010 4:46 PM

...

(10) I'm as malay and my generation in the process down the cliff and I would prefer that as a statement from you and let enjoy life in Malaysia in a very harmonics way of life.....and one thing for sure, Tun not always right but he's not alone.

OUR SINCERE APPRECIATION TO SDR. MOHD ALI FOR HAVING THE PATIENCE TO

RESPOND TO SDR. WENGER J. KHAIRI...

MAKA NYA DAPAT KAMI MEMBEZAKAN PERADABAN SEORANG INSAN YANG BERIMAN DAN BERILMU DENGAN SEORANG YANG BERNAFSU DAN BERPENGETAHUAN..

INSAN YANG MULIA SELALUNYA AKAN DISANDARKAN KEPADA SIFAT RASUL YANG IKHLAS DAN SUCI, JUJUR DAN BENAR UNTUK KEPUASAN NAFSU NYA...

ORANG YANG HEBAT SELALUNYA AKAN DISANDARKAN KEPADA SIFAT SYAITAN YANG RIAK DAN BONGKAK, TAMAK DAN HALOBA, HASAT DAN DENGKI UNTUK KEPUASAN NAFSU NYA...

WALLAHU ALAM

AND WE BELIEVED THAT MOST OF US, THE ANAKANDA RAKYAT CHEDET ARE WITH YOU ON YOUR NO. 10 ABOVE.

SEMOGA ALLAH SWT MELIMPahkan ZAT ILMU DAN KASIH SAYANG NYA KEATAS SDR YANG KAMI MULIAKAN...SENTIASA.

DEMI K.A.M.I. (KITA ANAK MALAYSIA INSAF)

ALFATIHAH, AMIN.

Ps. Quote of the day..'Kita sebenarnya perlu memuhasabah diri kita sendiri dengan persoalan ikhlas , jujur, ketamakkan dan sejauh manakah kepandaian kita digunakan untuk memperjuangkan kemakmuran negara berlandaskan persoalan2 tadi.'

By Mohd AliAuthor Profile Page on June 5, 2010 12:17 PM

Salam Tun yg di sayangi dan amat dihormati,
Untuk wenger J. Khairi yang dikagumi kehebatannya ,
Part A

(1) Perbuatan memohon maaf berulang kali adalah satu langkah yang cukup hebat dan hanya orang yang hebat sahaja mampu melakukannya. Kejujuran memohon maaf juga sesuatu yang maha hebat, jadi tidak dinafikan anda memang hebat lagi maha hebat. Orang hebat menggunakan akal dan ilmu bagi menilai dan mengamalkan sesuatu yang baik secara jujur dengan kesungguhan serta berterusan. Kita adalah bertanggungjawab atas apa yang kita lakukan jika kita benar2 jujur dan kesilapan boleh dielak @ dikurangkan sekiranya pertimbangan kita wajar dan tidak di pengaruhi sentiment.....

“Set of policies” membawa negara kebelakang.....ini adalah kenyataan anda dan ulasan anda hanya berdasarkan comment anda yang lepas... jadi tak payah dipanjangkan lagi kerana anda seorang yang hebat, jadi refer pada jawapan petikkan2 lepas.

Pandangan Tun berkenaan Financial and economic matters is very simple and makes people believe that this simplistic view is ok..... Ini juga kenyataan anda. Persoalan sekarang “how complex the financial and economic until its become too exclusive and only people like you only can understand the rest that you call unsimplistic? Kalau lah susah sangat kewangan

dan ekonomi ini, maka semua rakyat Malaysia kecuali anda dan kumpulan anda sahaja yang mampu menguruskan hal2 berkaitan dengan isu berkaitan kewangan dan ekonomi ini. Just for your info bro..... don't simply judge Malaysian people as "bodoh" as you thought. We'd gone thru all the education level/system as you and your fren are....correct me if I'm wrong... you might be "O" level "A" level, Uk degree and etc... tetapi kami juga ada SPM, STPM, Ijazah universiti tempatan. You might be study differential equation, multiple integration.... Tetapi kami juga belajar persamaan pembezaan, kamiran berganda..... you might be exposed to a very popular economic theory tetapi kami juga terdedah kepada asas ekonomi..... Apa yang saya maksudkan di sini ialah cara pendedahan mungkin berbeza, tetapi asasnya ialah memudahkan sesuatu persamaan yang kompleks kepada bentuk yang boleh difahami dan diselesaikan.

Short selling Soal "speculate and manipulate" Lets say I want to invest in Keck Seng plantation to get exposure to the palm oil sector [anda speculate and invested atas asas mau rasa pendedahan dalam stok perladangan kelapa sawit] but want to short Sime Darby as a hedge [hedging sime darby untuk mengimbangi risiko pelaburan anda] dengan alasan diterima seluruh dunia.... SEMUA TINDAKKAN ANDA LANGSUNG TAK MENUNJUKKAN AND SEORANG MANIPULATOR MENGIKUT SISTEM YANG TELAH DITERIMA DI SELURUH DUNIA. ADAKAH TINDAKKAN ANDA MEMBELI KECK SENG HANYA SEMATA INGIN MERASA PENDEDAHAN DALAM PERNIAGAAN PERLADANGAN KELAPA SAWIT DAN MENGHARAPKAN KECK SENG AKAN MEMBAWA KEUNTUNGAN KEPADA ANDA DAN "SHORT" SIME DARBY SUPAYA SIME DARBY JATUH DAN MEMBELINYA KEMUDIAN MENJADIKAN KEUNTUNGAN ANDA BERGANDA DAN INI DINAMAKAN "HEDGING" DIDALAM STOK MARKET DAN IA DIBENARKAN DAN DITERIMA PAKAI SELURUH DUNIA.SILA TELITI TRANSACTION ANDA DIATAS. TIDAKKAH INI DINAMAKAN MANIPULATOR?

I am holding 1 million shares in Kencana Petroleum and want to liquidate it in 1yrs time - I have to write a forward contract and to write a forward contract on a stock, you MUST allow short sales. So the argument for short sales is liquidity. Short sales also ensure that prices are efficient and keeps management on their toes. If for example an analyst figured out Sime was going to report a larger than expected loss, he may argue to short Sime stock, and as a hedge go long something else. [YANG INI MENARIK SEBAB ANDA MERUPAKAN PELABUR YANG BAIK DAN CUKUP BEHATI2 BERKENAAN DENGAN PELABURAN ANDA SEKIRANYA PEMBELIAN INI TIDAK DAPAT DICAIRKAN 1 TAHUN LAGI.....JADI IA MEMUDAHKAN PENGURUSAN MEMBERIKAN KEUTAMAAN KEPADA PELABURAN JANGKAPANJANG ANDA INI.....APA YANG LEBIH MENARIK DISINI IALAH JIKA ANDA MAMPU MEMBELI 100,000,000 SHARES 200,000,000 DAN etc.....] ADAKAH PERKARA YANG SAMA AKAN ANDA LAKUKAN?????

These are all hallmarks of a developed market. Regulators can ban "naked" short selling whereby in order to sell a stock, the stock must be in possession by some one else (its technical maybe for those who do not understand).[PERNYATAAN INI JUGA MENARIK SEBAB KALAU ANDA MENELITI PERBINCANGAN BLOG INI, INI LAH SEBENARNYA APA YANG CUBA DIPERKATAKAN DALAM TOPIK BLOG INI.... "in order to sell a stock, the stock must be in possession by some one else"

We must be allowed to short all assets - stocks, bonds, currencies because only thru shorting and going long so we can ensure that prices reflect the information[YANG INI JUGA MENARIK SBB HARGA BERASASKAN MAKLUMAT.. ADAKAH INI ADALAH CUKUP UNTUK UNTUK MENETAPKAN HARGA. APA AKAN TERJADI JIKA TERDAPAT KUMPULAN

BESAR PENGURUS DANA MENGGUNAKAN KEKUATAN RANGKAIAN DAN SEGALA KESEMPATAN YANG ADA DAN MENJADIKAN MARKET "OVERSOLD" DAN DISEBABKAN TIADA SEKATAN TERTENTU, APAKAH MUNGKIN MARKET TIDAK MENGENALI ISTILAH "OVERSOLD" INI?. JADI BILAKAH PELUANG UNTUK MEMBELI AKAN TIMBUL?? PERSOALAN INI BERPANJANGAN DAN MENJADIKAN SESUATU MARKET ITU SAKIT.....

Tun fails to mention his problem with short selling arose because many closest to him collateralized loans granted for them to own companies by their companies share. When these firms are managed badly, the market eventually punishes these firms by driving the price down to pennies even.[PARTLY AGREE WITH YOU AND NOTHING MUCH TO COMMENT BUT ONCE AGAIN THAT WHAT NEW /MODERN ECONOMIC MEASURES WILL EXPOSED TO THIS TYPE OF UNNECESSARY PRESSURE DUE TO CAPITALISM AND IT INVOLVED WITH STRATEGIC ROBBERY BY THE OUTSIDERS WHICH IS NO OBLIGATION AT ALL DO DEVELOP OUR BELOVED COUNTRY] IF I WERE TO BE IN TUN SHOE, I'M GOING TO DO THE SAME NOT BECAUSE OF CRONYISM BUT FOR SAKE OF COUNTRY WEALTY . IT MIGHT BE UNPOPULAR MEASURES BUT NOBODY CAN SIMPLY ROBBED OUR WEALTH TRU THEIR MACHANISM. BUT THOSE WHO ARE UNABLE TO MANAGE THE COMPANY, THEY HAS TO FACE THE ACTION NOT ONLY SACKED BUT LET THEM SUFFER ON THEIR OWN AND SOME METHODOLOGY/SYSTEM HAS TO INVENT IN ORDER TO LET THE REAL SINCERE/QUALIFY PEOPLE MANAGING IT... WE MIGHT BE WRONG FOR THE 1ST TIME BUT WE ARE IDEOT IF WE KEEP REPEATING IT.

By naharAuthor Profile Page on June 5, 2010 12:02 PM

Apa khabar Tun;
Tulisan Tun dapat membuka minda rakyat.

PASARAN SAHAM

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Seluruh daya pemikiran dan idea ditumpukan sepenuhnya bagi mencari jalan bagaimana untuk

mengaut keuntungan dengan cara manipulasi orang lain dan sistem sebanyak mungkin.

Amalan manipulasi orang lain ini telah diguna semenjak ZAMAN PENJAJAHAN Kolonial lagi yang ketika itu mengamalkan SYSTEM PERHAMBAAAN untuk tenaga buruh paksaan yang mungkin secara percuma atau upah tidak setimpal dan menghisap darah untuk mengerjakan ladang dan kilang kaum pemodal.

BENTUK PENJAJAHAN BARU

AMALAN MANIPULASI pihak lain ini masih diteruskan dalam abad ke20 hingga ke abad 21 ini, tetapi dalam bentuk PENJAJAHAN BARU oleh kaum Pemodal yang kebanyakannya datang dari Negara yang mengamalkan system Kapitalis dengan cara penguasaan ekonomi Negara lain melalui pelaburan FDI.

Sistem ini amat popular dan menjadi ikutan bagi kebanyakan Negara Maju dan Negara Membangun lain. Pelaburan INSENTIF BURUH adalah satu kaedah bentuk baru MANIPULASI pihak lain bagi mengaut keuntungan dan kekayaan oleh kaum Pemodal.

Tatapi pelaburan system ini(FDI) amat diperlukan oleh Negara Mundur dan Sedang Membangun yang banyak tenaga buruh bagi merencanakan ekonomi mereka tanpa di sedari bahawa itu adalah satu system MANIPULASI yang tersembunyi.... end.

By khairi ali Author Profile Page on June 5, 2010 11:06 AM

Well members. I've read what Tun says and Wenger's comment. I think both of them are right to say that short selling is a form of manipulation, and it is true too to say that short selling is a form of liquidation. I dont find Wenger so anti-Tun. He's just putting out his points.

But in this case, since Wenger is asking for proof, the burden of proof then falls onto Tun. But I dont think Tun could tells all. He must be discreet, and we, as readers, should know how to read in between the line!

By sudin Author Profile Page on June 4, 2010 7:42 PM

Salam Tun.

There's this self-proclaimed new economic genius in town, always slandering Tun's purportedly naive & ignorant economic ways and which will eventually lead Malays to a free-fall (comment entry dated 02/06/10 at 11.47a.m.)

I tried hard to grasp his capital inflow/outflow calculations but later realised that he must have picked them from the sky. His synonym reminds me of budak 'kurang _jar (KJ)', probably one of the cronies. He seems to favor ex-PM 'no quality' Pak Dol & once became sensitive on my comment of budak KJ.

Most (if not all) other points are also cloudy. It's normal for a genius like him having difficulty explaining his ideas to his audience due to different level of intelligence, especially I'm not an economist.

I wish Mr. Wenger J Khairy will kindly elaborate your full statements as in (3),(6),(7),(8),(9) & (10) so that any ordinary layman can understand and learn your knowledge, just like the manner Tun Dr. M been putting his 'easy to understand' entries.

By sudinAuthor Profile Page on June 4, 2010 6:57 PM

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By Mohd AliAuthor Profile Page on June 4, 2010 4:46 PM

Salam Tun yg di sayangi dan amat dihormati,
Untuk wenger J. Khairi yang dikagumi kehebatannya.....

(1) Walaupun apa juga analogi anda berkenaan dengan short selling ini samada mengikut takrifan yang dicipta oleh ahli ekonomi moden atau mengikut takrifan tokoh2 besar ekonomi dunia yang mencipta semua ini atau mengikut tokoh2 ekonomi islam atau apa2 saja rujukkan anda yang nampaknya cukup bijak dan terpelajar, apa yg perlu dan ingin sampaikan ialah duit dalam poket kita adalah hak kita untuk mengolah, meniaga, membelanjakan duit tersebut mengikut penelitian/penilaian kita sendiri dengan sedikit ilmu yang kita pelajari dan tidak akan habis menuntut sampai bila2...Jadi, persoalanya sekarang adakah analogi orang lain salah hanya kerana apa yang kita pelajari dari buku , pengalaman negara lain yang kita baca /petik dan sedikit pendedahan kepada system yang sedia ada? Dan.....persoalan lain ialah benarkah apa yang kita pelajari itu adalah sesuatu yang”absolute” dan tidak boleh di ubah dan hanya kaedah dan methodology kita saja yang sentiasa betul sebab negara lain berjaya menggunakannya? Saya akui bahawa semua persoalan saya ini adalah persoalan bodoh bagi anda yang sememangnya cukup pandai kerana anda membincangkan pada scope yang lebih besar iaitu kontek negara.. dan mungkin saya tidak pandai memikirkan soal yang cukup besar ini dan sekadar mampu berfikir secara orang kampung. Tetapi persoalan ‘short selling’ ini bukan bermula dalam dunia ekonomi moden ini sahaja dan persoalan kemasukkan pelaburan asing ini adalah berkaitan sangat rapat dengan topic perbincangan ‘short selling’ ini.. Apa yang cuba dibawa oleh Ayahanda Tun adalah ‘short selling’ yang berkaitan dengan ‘future contract’ dan

sekarang ini berleluasa menular didalam 'spot market' dan juga akan berterusan hingga ke fizikal trading. Sekiranya ini tidak dapat dikawal maka semua manipulator akan menjadikan ini sebagai tools yg boleh mengkayakan mereka tanpa memberikan kesan positif kepada 'real economy'.

(2) Adakah semua perbincangan didalam blog ini terarah kepada keputusan yang 'short selling is bad? Tolong baca semua

commentator.....

'we are always right is totally different with we are always right

with..... so, please don't easily come to a conclusion that for those who are happen to follower having a habit of "malas berfikir" sebab sekecil2 bayi yang baru lahir menyumbang sesuatu yang tak ternilai pada perkembangan negara.

(3)Ok, sekarang kita buat perbandingan yang di cadangkan iaitu 'consider the state of the Malaysian capital market vs. Thailand.'

(4) Thailand followed IMF, has been rocked by civil strife, etc,etc,tc.nothing to comment

(5) Malaysia followed capital controls and has been a model country envied by the whole world.nothing to comment

(6) Net capital INFLOW into Thailand from 2002 - 2009:

USD 27.7 billion (2 years of capital outflow in 2002 and 2009)

Net capita OUTFLOW from Malaysia from 2002-2009:

USD 93 billion (assume constant RM:USD 3.5000)

So difference between capital flows Thailand vs Malaysia = USD 100 billion.Jadi ini adalah pengukur ketidakbaikan system yang Malaysia perkenalkan? Tidakkah ini adalah disebabkan oleh masalah lain yang lebih besar yang memberikan impak yang lebih besar kepada perkembangan ekonomi Malaysia seperti perubahan polisi pentadbiran pemerintah? Sesuatu pendekatan baru yang berkesan akan membawa kepada penentangan pada peringkat kejayaan tetapi menarik minat ramai untuk mengetahui dan id tidak akan terus merupakan kejayaan yang akan berpanjangan jika tidak di dokong dan seterusnya dijadikan amalan. Sesuatu system walaupun lemah dari segi perancangan tetapi diusahakan secara berterusan dengan hanya penambahbaikan adlah jauh lebih baik dari system yang kita kaut dari luar berdasarkan model luar yang kekangannya adalah sama sekali tidak sama. Kalau hanya sekadar mencedok teori dari luar dan menjadikan ia sebagai tools untuk mentadbir negara, maka akan keluarlah pernyataan pernyataan mengatakan bahawa Negara akan muflis jika subsidi diteruskan dan bermacam2 lagi.....

(7) Ya, undang2 sekurity di Malaysia agak pelik unuk kemasukkan pelaburan asing dan adakah ini hanya dilakukan oleh malaysia dan adkah ia begitu pelik sehinggakan pelabur tidak berani membawa masuk pelaburan ke Malaysia. Faktor kemasukkan pelabur asing adalah pada pendapat saya berbalik kepada soal kadar pulangan pada asasnya di samping kebolehmampuan membawa balik keuntungan pada kadar yang dikehendakki oleh pelabur tersebut. Adakah kemampuan rakyat Malaysia masih di takuk lama dari segi pendidikan dalam semua aspek sehinggakan kemasukkan peralatan berteknologi tinggi hanya boleh di bawa masuk oleh orang yang di katakana "FDI" ini? Dan adakah system pengurusan rakyat malaysia adalah tidak baik setelah segala pendedahan yang di berikan? Kita sebenarnya perlu memuhasabah diri kita sendiri dengan persoalan ikhlas , jujur, ketamakkan dan sejauh manakah kepandaian kita digunakan untuk memperjuangkan kemakmuran negara berlandaskan persoalan2 tadi.

(8) Lagi sekali saya mengiakan kenyataan anda bahaw DOW jatuh ke nparas 6000 dan naik semula ke 10,000 sbb tidak menggunakan capital control dan jika mereka menggunakan capital control adakah ia tak akan naik sehingga 10,000? Ya lagi sekali saya bersetuju dengan anda

bahawa mereka menangis kerana kejatuhan DOW tetapi mereka tidak menggunakan capital control tetapi tangisan mereka adakah lebih dekat dengan orang yang mengawal pergerakan market ini yang di kata bebas sepenuhnya? Ya lagi sekali sbb bersetuju dengan anda tentang mempertahankan hak minority interest dan adakah kita tidak lansung perlu untuk mempertahankan hak yang kita ada? Apa yang sebenarnya perlu disini adalah segelintir manusia yang benar2 faham menduduki tempat yang tertentu dan faktor kejujuran, keikhlasan membangunkan negara untuk diwariskan kepada rakyat Malaysia yang semakin pandai dengan pembangunan system pembelajaran insan yang ihsan.

Lagi sekali saya bersetuju semua yg dilakukan untuk mempertahankan kepentingan UMNO, tetapi adakah UMNO hak individu? Tidakkah UMNO ini memartabatkan Malaysia sehingga ketahap ini? Memang UMNO mungkin tidak akan relaven lagi jika pemimpin beroreantasikan kuasa yang membawa kekayaan individu dan org berkepentingan. Dan juga memang masih terdapat banyak musang berbulu ayam didalam peringkat tertinggi didalam UMNO tetapi sejauh manakah orang yang dipimpin tidak berbulukan ayam?

(9) Berkaitan dengan kebebasan mencetak, saya kurang arif dalam bab ini tetapi saya pun boleh mencetak wang dibawah berjuta perjanjian di dunia. Tetapi apa yang menjadikan ia bernilai ialah anda yang memberikan nilai itu berbanding kepada produk yang anda tawarkan. Jika anda menawarkan khidmat nasihat anda untuk menjadi menteri ekonomi sya dengan harga RM150,000 sebulan, maka saya berhak menolak sebab nilai anda jauh lebih baik dari itu... So, itulah makanisma nilai yang saya fahami.

(10) I'm as malay and my generation in the process down the cliff and I would prefer that as a statement from you and let enjoy life in Malaysia in a very harmonics way of life.....and one thing for sure, Tun not always right but he's not alone.

By parameswara 2Author Profile Page on June 4, 2010 11:35 AM

Dear Tun,

Being at your age of a master, and one who has had hands-on on many many things esp this forex/share trading things you surely know whatever you are talking about. Furthermore you have the real experts, people who have learned the hard way of what actually is happening in these marketplaces to advise you. And the reason why almost everything that you implemented during our financial crisis was so silk smooth is now being emulated by none other than and the Great Sifu herself, the USA to get out her crisis. The country that otherwise have recommended others something then they won't do for themselves now.

So I find Wenger J. Khairi attempt to teach economics to our beloved PM as truly truly laughable.
By khairi aliAuthor Profile Page on June 4, 2010 11:16 AM

Assalamualaikum Tun. Semoga sihat selalu.

Short selling is one thing. Short sighting or short minded is another thing. I'm referring to the latest syariat court case of the late SM Nasimudin. I know it is a family affair of 2 wives, but when it comes to business entities, of which is a symbol of pride to Malays entrepreneurship and corporatization, it now has become a sign of shame. I hope this case will not be a case that killed all efforts made by the late Nasimuddin. It just shows that Malays never learn!

By imtiyaz4funAuthor Profile Page on June 3, 2010 3:34 PM

Friends please go through the modern islamic-freemasonry-illuminati based documentary to understand the global events on macroscopic level.

I would highly recommend you to download and watch this 51 part series " The Arrivals" of 10 minutes clip each in english from this site www.youtube.com/arrivalsHD
By Wenger J KhairyAuthor Profile Page on June 3, 2010 12:32 PM

Dear All,
Part A

(1) I will repeat again, I do apologize to Tun for using the phrase "your analogy on short selling is laughable". Its a wrong phrase and I sincerely apologize for it.

To the comments by antikmalay,frosley,checker,Idea

Why is it I have deep dislike for Tun?

Its because Tun prescribes a set of policies that will take the country backward. His view on financial and economic matters is very simplistic and he makes people believe that this simplistic view is ok, and makes the minds of people become very small so they cannot understand the arguments against his simplistic views.

Lets start with the short selling analogy. Tun says that short selling is not speculation but manipulation. Where is the evidence? Lets say I want to invest in Keck Seng plantation to get exposure to the palm oil sector but want to short Sime Darby as a hedge. These concepts of going "long" on one stock and "short" on another is a convergence trade that is being adopted worldwide. Or if I am holding 1 million shares in Kencana Petroleum and want to liquidate it in 1yrs time - I have to write a forward contract and to write a forward contract on a stock, you MUST allow short sales. So the argument for short sales is liquidity. Short sales also ensure that prices are efficient and keeps management on their toes. If for example an analyst figured out Sime was going to report a larger than expected loss, he may argue to short Sime stock, and as a hedge go long something else.

These are all hallmarks of a developed market. Regulators can ban "naked" short selling whereby in order to sell a stock, the stock must be in possession by some one else (its technical maybe for those who do not understand).

We must be allowed to short all assets - stocks, bonds, currencies because only thru shorting and going long so we can ensure that prices reflect the information. After all no short can persist indefinitely and if the market is oversold, then its an opportunity to buy.

Tun fails to mention his problem with short selling arose because many closest to him collateralized loans granted for them to own companies by their companies share. When these firms are managed badly, the market eventually punishes these firms by driving the price down to pennies even.

Capital market theory strictly does not include this sort of "crony capitalism". The idea is that the

capital market gives funds to firms to employ the right managerial talent to create value, these managers are compensated by way of salaries or stock options and if all works well, everybody wins. When we say - this firm is now controlled by a single individual the equation is totally skewed. No longer will the manager work to create value for the firm, but instead value for the owner. Number 1 example is the case of Renong and MAS. These are indisputable facts.

We all know that the current KLCI is a far cry from its historic liquidity. Trading is far lower than regional bourses and take foreign capital finds it better to invest in places like Thailand as opposed to Malaysia because of all this unnecessary and useless regulations.

So the idea behind banning short selling must take into account the benefits of the capital markets and not the benefits of individual crony capitalists. If we always want to look out for the benefit of the crony capitalist, then lets say it clearly

"SHORT SELLING IS BAD FOR CRONY CAPITALISTS AND THUS WE SHOULD BAN IT"

My other reasons against Tun's economic policy e.g. perpetual deficit spending (only 2 out the 22 years when Tun was in charge did the country register a surplus and that too when DSAI was FM) will be explained later, if I am granted the privilege to share my comments.

By MadudAuthor Profile Page on June 3, 2010 12:29 PM

I would'nt say they are "MISTAKES" dear TUN. all their Mistakes are calculated to bring grievances and suffering to the rest of the world while they reap the riches.. so that they control the world...

By antikmalayaAuthor Profile Page on June 3, 2010 9:01 AM

Salam Tun,

May Allah swt bless you with good health and wisdom.

- 1) YES, short selling is a commercial crime because it is a form of betting.
- 2) It is also a form of manipulative use of insider information that lead to unfair playing field to market participants.
- 3) Morally, it is definitely wrong because we are trading on asset that is not belong to us.
- 4) Islam forbid any of this.
- 5) The capitalist system allows such a mechanism as a form of making money.
- 6) System that is based on unfair treatment wil not last, which is why the Germans had intervened by banning it. If the German has no trust in the system, why should we?

So, to our Mr. Wenger J Kahiry, because of your deep hatred in Tun, you fail to see these facts. Let me give you a piece of advice, please go for a treatment now before it become cancerous!

Melayu itu hebat!

By HBTAuthor Profile Page on June 3, 2010 6:34 AM

Good morning Ayahanda Tun,

Published: Rabu Jun 2, 2010 MYT 11:12:00 PM
Rombakan Kabinet: Apa Maknanya Bagi MCA

KUALA LUMPUR: Rombakan Kabinet oleh Perdana Menteri Datuk Seri Najib Tun Razak semalam menggambarkan kesedarannya mengenai perubahan kepimpinan dalam MCA dua bulan lalu dan beliau berhasrat untuk meletakkannya dalam perspektif yang betul bagi masyarakat Cina.

Sepintas lalu, nampaknya MCA di bawah kepimpinan Datuk Seri Dr Chua Soi Lek telah berjaya melobi bagi parti itu untuk dua portfolio strategik yang signifikan Timbalan Menteri Dalam Negeri dan Timbalan Menteri Pertanian dan Industri Asas Tani.

Naib Presiden MCA Gan Peng Sieu berkata parti itu telah meminta dua portfolio yang strategik ini sejak beberapa lama kerana ia mempunyai hubungan langsung dengan masyarakat Cina.

Biasanya, MCA diperuntukkan kedudukan Timbalan Menteri Dalam Negeri tetapi selepas pilihan raya umum 2004, ia digantikan dengan portfolio dalam Kementerian Pelancongan dan kemudiannya Kementerian Penerangan Komunikasi dan Kebudayaan.

"Kedua-dua portfolio ini sangat signifikan kepada MCA. Ia menggambarkan simbol kepercayaan dan keyakinan Perdana Menteri dan pimpinan tertinggi BN (Barisan Nasional) kepada MCA," katanya sambil menambah bahawa Kementerian Dalam Negeri berurusan dengan sebilangan isu yang dekat dengan masyarakat Cina seperti keselamatan, kad pengenalan (MyKad) dan warganegara.

"Ramai orang Cina juga terbabit dalam perladangan, perikanan, penternakan dan syarikat perladangan kecil. Kadang-kadang terdapat isu yang perlu diselesaikan dengan mereka di dalam masyarakat Cina, yang merupakan penggiat utama di dalam industri asas tani."

Para anggota MCA gembira bahawa Najib masih menaruh kepercayaan kepada MCA bagi membina semula sokongan daripada masyarakat Cina seperti yang dapat dilihat dalam rombakan terbaru walaupun sokongan kaum Cina kepada BN merosot sejak pilihan raya umum Mac 2008 dan beberapa pilihan raya kecil berikutnya.

"Perkara penting sekarang bagi kepimpinan parti dan mereka yang dilantik (sebagai timbalan menteri dan menteri) ialah untuk melaksanakan tugas mereka dengan baik dan (seterusnya memberi undi)," kata seorang pemimpin akar umbi dari Selangor.

Bagaimanapun, sesetengah anggota veteran parti mengingatkan bahawa dengan mempunyai kedudukan yang signifikan dalam kerajaan merupakan satu perkara dan ia tidak bermakna bahawa MCA boleh secara automatik mendapatkan semula sokongan kerana prestasi menteri-menteri dan timbalan-timbalan menteri akan dinilai terlebih dahulu sebelum sokongan menjadi kuat.

"Sebagai contoh, dalam pertanian, bolehkah kamu membantu petani yang tidak bertanah

mendapat tanah atau membantu nelayan mendapat lesen?" soal pemimpin veteran MCA Datuk Yap Pian Hon.

Penganalisis politik yang lain percaya bahawa MCA masih mempunyai tanggungjawab yang berat untuk mendapatkan semula sokongan daripada masyarakat jika BN bersedia mengkaji semula sesetengah polisi yang dianggap tidak menguntungkan.

"Pada keseluruhannya, ia bukan individu tetapi lebih kepada dasar kerajaan dan pelaksanaannya di mana orang ramai akan menilai sama ada ia selaras dengan semangat 1Malaysia atau tidak," kata penganalisis politik Prof James Chin.

Keseluruhannya, Chin berkata Dr Chua telah melakukan perkara yang betul dengan meletakkan parti pada landasan yang betul dan menggabungkan jenteranya untuk bersedia menghadapi pilihan raya umum akan datang.

"Sama ada ia berjaya atau tidak, kita akan tahu menjelang pilihan raya umum. Dalam keadaan sekarang, ia masih terlalu awal. Kamu perlu memberi masa kepadanya untuk menyesuaikan," katanya.

Tetapi, bagi pengkritik Dr Chua, mereka mendakwa bahawa beliau telah mengingkari janji awalnya untuk menyatupadukan pelbagai puak dalam parti dengan tidak menyingkirkan pemimpin puak yang utama atau mereka yang mempunyai hubungan rapat dengan saingan politiknya dari kedudukan kerajaan.

Kenyataannya, mereka juga tidak puas hati, bahawa beliau menamakan anaknya, Tee Yong, 33, menjadi timbalan menteri.

Bagaimanapun, Dr Chua mempertahankan tindakannya.

Beliau berkata MCA mempunyai pilihan yang sedikit kerana ia hanya mempunyai beberapa wakil rakyat untuk dipilih dan Tee Yong merupakan salah seorang daripada dua Anggota Parlimen yang tidak mempunyai atau tidak pernah memegang sebarang jawatan dalam kerajaan sebelum ini.

"Kami mempunyai 15 Anggota Parlimen. Daripada jumlah itu, 13 sama ada memegang jawatan atau pernah memegang jawatan dalam kerajaan sebelum ini. Jadi, saya kemukakan baki dua nama Tee Yong (Ahli Parlimen Labis) dan Tan Ah Eng (Gelang Patah) kepada Perdana Menteri. Itu untuk jawapan awak," katanya kepada pemberita di sini hari ini.

Najib, ketika ditanya mengenai pelantikan Tee Yong, berkata beliau sendiri menjadi timbalan menteri semasa berusia 25 tahun dan Menteri Besar Pahang pada usia 29 tahun.

"Usia bukan halangan. Apa yang penting ialah kemampuan; dia memang layak. Saya yakin dengan kemampuannya untuk menjalankan tugas sebagai seorang timbalan menteri," katanya.

Seorang anggota Jawatankuasa Pusat (CC), Datuk Chong Itt Chew, juga mempertahankan

tindakan itu dengan berkata Dr Chua sendiri tidak memegang sebarang jawatan Kabinet dan anaknya hanya dilantik untuk jawatan timbalan menteri.

"Pada masa lepas, bahkan kami lebih jelas dengan duluan di mana presiden parti melantik abangnya menjadi setiausaha agung parti dan kemudiannya diberikan satu kedudukan sebagai menteri," kata Chong, yang juga pengerusi MCA Kedah.

Bekas Presiden MCA Tan Sri Ong Ka Ting telah melantik abangnya Datuk Seri Ong Ka Chuan, menjadi setiausaha agung parti dan kemudian menamakannya untuk satu kedudukan sebagai menteri selepas memutuskan untuk tidak menamakan dirinya bagi satu jawatan Kabinet selepas prestasi buruk parti pada pilihan raya umum 2008.

Bagi para pemerhati politik, mereka berkata bahawa Dr Chua telah melakukan satu tindakan strategik bagi menangani politik dalaman secara berkesan dengan menyingkirkan beberapa pemimpin utama seperti saingannya dan bekas Presiden Datuk Seri Ong Tee Keat (digugurkan sebagai Menteri Pengangkutan), dan Datuk Wee Jeck Seng (digugurkan sebagai Timbalan Menteri Belia dan Sukan), yang dikatakan mempunyai hubungan rapat dengan Ka Ting.

"Pada dasarnya Dr Chua telah meletakkan asas untuk pilihan raya parti akan datang pada Oktober tahun depan. Dengan tidak memberikan sesetengah orang sebarang kedudukan dalam kerajaan, ia akan menyekat mereka daripada memberikan sebarang cabaran yang serius kepada kepimpinannya," kata seorang pemerhati. - BERNAMA

Comment:

It looks like Dr Chua's strategy in reviving MCA party will go back to square one (pi mai pi mai tang tu)...PM Najib add to 2 more minister posts to MCA to make it 15 positions.

Why must MCA's Dr Chua made it 15 positions and not 18 (current 13 + 2 + 3) neh????

PM Najib said that he was elected as timbalan menteri when he was 25 years old and became Menteri Besar at age 29 years old. That's totally different story, he was elected because of Tun Razak's death, the 2nd PM.

It looks like the area for Nuke Energy is Pahang base on this analysis!!

Chinese ain't stupid anymore, and if PM Najib supported Dr Chua by eliminating Ong Ka Ting and his group, BN will loose in PRU13. Maybe to PM Najib, loosing UMNO/BN in PRU 13 is not important!!!!

Take care Ayahanda Tun. 12 Malaysians among 124 Gaza-aid activists released by Israel according to thestar on line which Published: Wednesday June 2, 2010 MYT 10:40:00 AM
Updated: Wednesday June 2, 2010 MYT 9:17:51 PM
By pppzAuthor Profile Page on June 3, 2010 1:56 AM

Salam YAB Tun,

Setiap yang meragukan itu boleh dikategorikan sebagai RIBA walaupun masih ramai 'ulamak dunia' yang berani menghalalkannya. Ketahuilah bahawa sesuatu yang telah diharamkan Allah swt itu akan tetap haram sampai bila-bila walaupun 99.99% manusia mengatakan ianya halal.

If an artful enemy takes your wealth,
a thief will have robbed a thief. [Rumi]

Wassalam.

By lilimuchlisAuthor Profile Page on June 3, 2010 1:07 AM

Salam Yang Amat Dihormati Tun,

Nothing much to add to the already voluminous ideas and suggestions that have been graciously (some, "very" graciously than others) forwarded to you!

Just here to express my thankfulness and gratefulness to you for sharing with us your as-always brilliant, sharp (and entertaining) insightful views on our economy and everything in general.

Please keep it coming and I pray that the All Mighty bless Malaysia to have more citizens with every bit of your calibre.

Thank you, Sir! for all that you have contributed to our nation.

By jong52yuaraAuthor Profile Page on June 2, 2010 11:10 PM

Assalamualaikum Tun

buy stock/financial instrument and expect market goes up also same as short selling, because someone losses when you sell(close order) the stock/financial instrument you bought previously. thats where the money profit come from, short selling are no different.

perhaps it is stupid debating about money that controlling our lives the way there are because money is nothing more than a paper, although some ppl might say it is backed by gold, but what is gold really? its piece of rock.. how stupid human could be, or is it?

money creation info read here : <http://sanlithird.blogspot.com/2010/05/money-creation.html>

possible solution is resource based economy, for example : <http://bit.ly/av4UPs>

By HBTAuthor Profile Page on June 2, 2010 10:25 PM

Ayahanda Tun,

Due to western short selling bans and Hollywood's Oscar reward 2010 goes to Iraq War movie, Israel The Rogue State's attack might be strategiZed to provoke anger, fear and greed in Muslim countries.

After reading chedet's bloggers' comments, majority of the muslims get angry and frustrated, especially the Pembelamelayu, wrote Serulah Perang Jihad x 3...

First thing that pops into my mind, is Pembelamelayu from Ministry of Defense?

Even blogger Hajar got angry.

Now, MOD has 3 very expensive submarines of Euro 1 billion, will MOD chosen not to pay France because they are frustrated by this attack? Or will MOD take this attack as the reason to upgrade MOD's security by demanding PM to increase Defense budget since majority of the muslims want Perang Jihad.

Don't forget, People with Israel's Styles are plenty in Malaysia regardless of races and religion, and sdr wajarperak oledi explained in his komen.

If MOD increases Defense Budget through Purchases and Construction, then;

"Papa makan / teh-tarik during working hrs: RM155
(RM5/day, RM5 ... can eat what?)

kena cut, no teh-tarik? Blogger CSL oledi explained young family with income of RM3,610 monthly, CSL has no choice but to minus out all ENTERTAINMENT fees, what if CSL is the Dr Chua type who treats sex education as entertainment, no entertainment for him, Shi Lo (mampus la in Hokkien)!

Good night Ayahanda Tun.

By frosleyAuthor Profile Page on June 2, 2010 5:36 PM

Dear Wenger J Khairy,

I have stumbled upon your comments in several blogs, and I must say that from your writings, you must be an extremely intelligent person. Your earlier comment here that states Dr M's analogy on short selling as "laughable" and stating I quote "On the other hand if we copy your advice we are headed to bankruptcy. Surely if the evil West does not lead us to bankruptcy their advice should be considered at the very least" indicates that you must be a super genius!

May you be kind enough to enlighten me on what are the advices of Mahathir that will definitely lead Malaysia to bankruptcy? and maybe you will be able to highlight to me what policies/actions that Mahathir has introduced during his leadership as the Prime Minister that leads to Malaysia being a bankrupt nation.

Please, as a concerned citizen, I would love to be corrected. As far as the little knowledge that I have, most of the measures introduced by Mahathir are, yes, radical and hated by the westerners, but works best for the Malaysian economy. Well, maybe I was wrong. It seems that you know much more! It appears that you are the economic guru that can save Malaysia, or even the world

from this economic turmoil! I actually suspect that you are actually way smarter than P. Krugman and Mahathir combined!

Please Mr/Ms/Mdm Wenger J Khairy, come out and lead us all. Since it appears that you have commented that Mahathir's work are all useless work or advices, I can assume that you can do a much better job. So, please, stop just commenting merely on blogs. Come out and lead us all out of this turmoil. Or the other option may to think, study, and understand first before you speak.
By checkerAuthor Profile Page on June 2, 2010 5:35 PM

Salam Tun & Fellow CheDet's Bloggers,

Pendekkan cerita. Sebagai seorang yang beriman rujuklah kepada hadith Nabi SAW " Aku tinggalkan kalian 2 perkara, Quran & Sunnahku. Jika kalian rujuk kepada kedua2nya, kalian tak akan sesat selama2nya di dunia & akhirat".

Rujukan selain dari sumber tersebut yang kebanyakannya karangan manusia yg bijaK pandai terutama persepsi kita terhadap mat saleh, tak tentu selamat. Nak selamat, pastikan mendengar APA YG DIKATAKAN bukan SIAPA YG BERKATA.

Si Wenger Khairy tu nampaknya macam orang Islam tapi pasti campur mat saleh kerana namanya. Dari gaya hujahnya, saya pasti dia bukanlah orang yg "berilmu" dan "beriman".

Semuga Allah memberi kita prtujuk dan perlindungan dari hasutan syaitan dalam berbagai bentuk dari berbagai sudut. Ameen

By Khairul-DeanAuthor Profile Page on June 2, 2010 5:21 PM

Langkawi O'Langkawi
(paradijs verslaagde)

What is a 'top kill'?

What will a hurricane do to the oil spill?

Eurozone unemployment hits fresh high
(everybody is now short selling the Euro - paul mason, bbc newnight editor)

Should the MV Rachael Corrie sail into Eyypt now that the border with the gazastrip is open?
By hafizaAuthor Profile Page on June 2, 2010 4:09 PM

no doubt that short selling has been the cause for historical events of financial turmmoils across the globe..

By Chandra devenAuthor Profile Page on June 2, 2010 4:02 PM

Tun,

The staemanship of any country, will be well defined by economic progress he brings about a

country. As said, to counter that frivolous spending is determined by the strength of the currency. To check the monetary authorities of the country do the balancing act. At times the spending exceeds the income, there if want to call it rogue traders venture in, to capitalise on the margin. Nothing wrong.

thank You.

Chandara deven

By TAuthor Profile Page on June 2, 2010 4:01 PM

/// 2. Short selling is not speculation. It is manipulation of the market with almost certain success to be had. Other investors or buyers would lose money as they would be left holding the devalued shares or money or whatever. ///

Spoken by a true pro who had personal experience in this and who was burnt. Remember the attempt to corner the Tin market? And BNM losing their pants in the attempt to do battle with George Soros vis-a-vis the Sterling?

By Mohd AliAuthor Profile Page on June 2, 2010 3:02 PM

Salam Tun yang amat disayangi dan dihormati

Saya mulakan topic "short selling" dengan ucapan maaf kerana saya pada dasarnya meragui keberkesanan "stock market" dalam membangunkan Negara secara langsung. Bagi saya ia dalam merupakan alat untuk mengambil wang dari orang miskin dengan memberikan sedikit risiko keuntungan jika ia dijalankan dengan penuh berhemah dan tanggungjawab. Inikan pula instrument yang ditawarkan didalamnya terutamanya "short selling" ini. Saya setuju dengan Tun yang dihormati dalam banyak topic yang lepas berkenaan "currency trading" dan stock market serta topic lain yang mempunyai hubung kait yang sangat rapat dengan indek petunjuk ekonomi ini iaitu secara amnya saya simpulkan bahawa kita terdedah kepada manipulator, speculator dan mereka ini adalah sebahagian besar yang boleh menentukan harga pasaran walaupun kemampuan kewangan jauh lebih rendah dari yang sebenarnya. Juga rangkaian mereka ini yang menyebabkan mereka mampu mengawal/menentukan harga.

1. Berbalik kepada soal "legalise short selling", sesuatu kontrak itu boleh dilaksanakan jika kontrak tersebut boleh dilaksanakan dengan penghantaran "tangible product" tetapi pengenalan kepada stock market ini telah memudahkan pembeli dan penjual tanpa perlu meneliti kewujudan "product" tertentu yang di perniagakan. Kadangkala dengan kehadiran "real tangible product" adalah sangat perlu tetapi dia akan menyekat pergerakan tunai dalam market kalau ia di laksanakan. Jadi, pada pendapat saya (Mathematician), soal legalise ini adalah bukan persoalan pokok sekarang kerana apa yang di perlukan ialah satu bentuk certification atau mekanisme yang menunjukkan bahawa pembeli/penjual mempunyai product yg hendak dijual/beli.

2. Dengan bentuk certification/methodology ini, maka "real economy" akan berlaku. Tetapi ini akan menghadkan pengaliran tunai dalam pasaran. Dan kalau diperhatikan dalam "short selling" ini, "transaction" yang berlaku pada peringkat awalnya adalah "transaction" yang tidak sah dimana tiada kejujuran dari pihak penjual, maka keseluruhan transaksi ini adalah tidak sah sebenarnya.

3. Persoalannya sekarang samada proses ini merosakkan pelabur yang sebenarnya atau tidak? Bagi saya, memasukkan pelabur di dalam stock market adalah untuk mendapatkan keuntungan yang lebih cepat berbanding pelaburan langsung kesektor-sektor tertentu, maka persoalan lain ialah sejauhmanakah kemampuan syarikat yang dilabur itu menghasilkan keuntungan dari palbur jangka pendek ini? Jika syarikat syarikat yang tersenarai ini cukup effisian dalam menguruskan kewangan mereka maka apa yang berlaku dalam sime darby tak akan berlaku. Dan sekiranya syarikat yang tersenarai tersebut cukup baik pentadbiran kewangan mereka, maka short selling ini perlu dibenarkan bukan melalui stock market tetapi melalui fizikal trading.

4. Jika short selling in di haramkan, maka manipulator akan menggunakan Tools and equipment mereka untuk down grade market kita, maka kemusnahan akan di lakukan. Kemusnahan ini adalah kerana kebergantungan kita kepada system mereka dan petunjuk indek yang kita gunakan dalah terlalu bergantung kepada mereka. Adakah kita tiada syarikat yang membuat kajian dan seterusnya mengeluarkan standard rating kita yang lebih tepat dan reliable? Lagi satu sebab karapuhan kita adalah kerana pendedahan kita kepada factor risiko ini terlalu tinggi dan perlu di nilai semula.

5. Jadi, jika kita masih baru dalam system yang di cipta oleh mereka, tetapi ia tidak bermakna yang kita tidak tahu dan tidak pandai. Maka saya rasa jika dulu kita di bawah pentadbiran TUN mampu melakukan sesuatu yg cukup baik semasa krisis kewangan dengan memperkenalkan sesuatu mengikut acuan kita walaupun tidak popular, maka sekali lagi saya rasa kita mampu melakukan sesuatu mengikut acuan kita selagi ada kejujuran dan kesungguhan demi masa depan Negara yang kita cintai...

AKHIR SEKALI SAYA SANGAT BERSETUJU "MORE THAN 100%" KENYATAAN Tun DALAM ITEM 8,9 DAN 10.

By HBTAuthor Profile Page on June 2, 2010 12:43 PM

Ayahanda Tun,

May I.....

//By Khairul-Dean on June 1, 2010 10:23 PM

Who are selling BP's shares?

Time to buy it up.

Of course the risk is plugging the leak and the pay the fines but then you still have the oil.

So, who is buying into BP?//

It's definitely not Tun Pak Lah if you have watch DVD's Monster In Law starring Jane Fonda (70 years +), the Monster In Law and Jennifer Lopez (South American), the Daughter In Law. Jane Fonda said in the movie, "Sultan Brunei has 14 wives who enjoy US lifestyle". The rest of the story, we should let the professionals who have Acturial SCIENCE to calculate human intelligence and risk appetite.....

Take care and so is Ayahanda Tun. Sceneric Bridge will be re-proposed again to encourage more

petrol usage, if not what for they buy BP neh????

P.S. Dear CSL, with Salary of RM3,000 ngam-ngam after deduction of what2 charges including EPF, I cannot afford Astro but DVD at RM7.00 per piece.....

By Wenger J Khairy Author Profile Page on June 2, 2010 11:47 AM

Dear Tun,

(1) On reflection, I would take back my second statement saying "that your analogy on short selling is laughable". The error is regretted.

As much as I totally do not agree with most of your pronouncements, I should not use such words.

(2) You once used to be a person who bases decision on analysis and knowledge of the facts. One of your commentators has described the technical points of short selling - there is nothing to add.

(3) But before making this pronouncement that "short selling is bad, and we are always right" - something that may be lapped up by your supporters, esp if there are those who are "malas berfikir sort", why not consider the state of the Malaysian capital market vs. Thailand.

(4) Thailand followed IMF, has been rocked by civil strife, etc,etc,tc.

(5) Malaysia followed capital controls and has been a model country envied by the whole world.

(6) Net capital INFLOW into Thailand from 2002 - 2009:
USD 27.7 billion (2 years of capital outflow in 2002 and 2009)
Net capita OUTFLOW from Malaysia from 2002-2009:
USD 93 billion (assume constant RM:USD 3.5000)

So difference between capital flows Thailand vs Malaysia = USD 100 billion.

(7) The security laws in Malaysia are backward, archaic and full of risks for foreign investors. You claim that well we can ask Foreign Investment to go fly a kite - but certainly you would know that FDI brings in US Dollar capital that can be used to buy high tech equipment as well as the managerial skill totally obliterated during your reign, where essentially people do not know the difference between right or wrong. (its all up to the boss. and the boss acts out of self interest)

(8) Short selling has many uses. Arbitrage, risk management and speculation. Dow Jones collapsed to 6,000 last year and recovered back to 10,000. They cried but they did not go and impose capital controls. Part of the reason of the KLSI drop after the initial sell off was the caveman like laws that protect minority shareholders. In any other part of the world, what Halim Saad (UEM and Renong) did would have been followed with action by the regulator.

In Malaysia? Maybe you realized it was for UMNO

(9) Under the post Bretton Woods agreement, not only the US but Malaysia are free to print currency. We have RM 1 trillion of it sloshing around. What gives it value?

(10) Perhaps you should think of this. I shudder and am amazed that you are leading a whole generation of Malays down the cliff as the non-Malays are very clear on the situation and unfortunately some young Malays seem to think that "as long as Tun says its good, its good, or if Tun says its bad, its bad".

(11) Its quite sad to see you do that.
By IdeaAuthor Profile Page on June 2, 2010 10:23 AM

Dear Tun,

I am responding to comments by CSL and Wenger J Khairy.

2. CSL has written a good illustration. As a matter of fact, we have many young graduates who are still seeking employment. Most of these younger people are burdened with their study loans. They need income. They will surely build a family in years to come.

3. Comment posted by Wenger J Khairy is somewhat lame. Greece is located in the West and they are bankrupt.

By longjaafarAuthor Profile Page on June 2, 2010 9:28 AM

But we are sending hundreds, if not thousands of govt officers and politicians for "lawatan sambil belajar". The ex MB of Selangor went all over the world to learn how to maintain and landscape rivers in Selangor. Other MB's and ministers are no better, travelling all over the western world "to learn".

By norybloAuthor Profile Page on June 2, 2010 6:37 AM

Shortselling is bad. Noted.

But of course the West is not always right and we don't have to listen to anybody. In fact we should just tell the world once and for all that we, as proud Malaysians, can and will take good care of ourselves, we love our people, and we are a prosperous bunch. They should know that:

- our capitalistic democracy system is so foolproof that we even have free time to play games called 'the racist card' and 'eat the poor'
- our defence system is so great that we even have a few spare fighter jet engines to sell to fund our little tea party
- we have so much spare money that we could even buy a few space-edge submarines to add to our national museum archive

- our GLCs are doing so well that they can even afford to swallow costs a few times more than the original projections and treat them as tips at restaurants

OK. That was before.

But now, we are gearing up for bankruptcy in Malaysia Boleh style because:

- our bokehland is becoming so barren and disaster prone (crops won't grow, volcano eruptions, earthquakes etc.)
- our people are getting lazy and stupid from oversubsidy (they drank too much free petrol)
- we partied too much with our credit cards and now the banks are after us (wait a minute. who?? i mean, who overpartied??) nvm. i'm still drunk on petrol
- we are simply Malaysians.

Tak dapat tak apa. Asalkan boleh.

By Nothing But WindAuthor Profile Page on June 2, 2010 3:41 AM

Dear Tun Dr M,

Well said Dr M. The act of Short Selling and Contra Trading should be banned by the Malaysian Stock Exchange. Of course, these 2 increase the trade volume of the shares and those assisting the trading of shares able to earn more but the increase in the trading is not based on fundamentals and very misleading.

In the case of Short Selling, one could make profit not only when the Company does well but also when the company fails miserably. This would leave the stock exchange a real mockery and unreliable source of indication of the country's economy.

The Contra Trading allows you to buy shares even if you do not have any money. This means every body buying shares under this scheme hope the price of those shares would increase in short period (within days). This is obvious that, in true sense, no shares will have an increase in price within short period unless there are some manipulation (often criminal inclined).

The manipulation of share dealings are easily done by the rich players where the other players will have to rely on their instincts and gamble. Thus, the rich get richer and the poor gets poorer.

It is due to these 2 types of share trading that result in too many gamblers as compared to little investors in the stock exchange. I have friends telling me that it is more destructive and addictive as compared to going to Casinos or playing forecast number games.

By ElvinAuthor Profile Page on June 2, 2010 3:30 AM

I think short selling is an essential part in keeping the financial system healthy. Imagine if a person is only to eat and not exercise. He will become bloated and die. We need exercise to trim down. All system tend to equilibrium. If we only allow something to go up with no relief

mechanism to equalise, there will be a problem.

The average investor can only make money by buying a stock up. In the end you might have hordes chasing up a stock to unbelievable levels. The resulting crash would be devastating to the last few buyers. In this situation, it is easy for manipulators to manipulate a stock up for others to chase. However, with short selling, the manipulator has to be careful lest he get caught up by others shorting. Many examples on our stock market where some obscure illiquid stocks can skyrocket without justification and receive unusual market activity notices.

Allowing shorting allows another tool for the market to fight back these manipulations.

Just because we must reject the Devil in our lives does not mean God does not have a role for Devil in his grand plan. While evil, the Devils fulfils the role of testing our faith. Even though short can be dangerous but it has its uses.

On that note, let's just keep our mind open and not restrict ourself to the good only. We need the bad just as well to show how good really is. Just as we need night and day, to exclude one over the other is to restrict ourself to one part and not knowing the other.

By lemand64 Author Profile Page on June 2, 2010 3:12 AM

Selamat berbahagia Tun Dr Mahathir,

Setuju dengan komen CSL. Menteri-menteri kerap menyalahkan rakyat dalam banyak perkara. Memperbodohkan kita kemudian cuba membetulkan kita dalam menguruskan belanja harian.

Sebenarnya merekalah yang mendedahkan akan kedangkalan diri sendiri. Sebabnya dengan pendapatan antara rm 900 hingga 1,600 di kalangan saya dan kawan-kawan saya, mampukah kami suka-suka berbelanja? Nak jimat tang mana, cuba cakap??

Sebenarnya lagi, mereka tu tak pernah susah. Beranak saja dah rasa sejuk aircon.

Saya tak nampak lagi YB dari UMNO seorang pun di waktu ini berkhidmat kepada rakyat sebaik Tan Sri Lee Lam Thye, bekas pemimpin DAP yang sangat saya hormati. Bersungguh-sungguh.

Takkan begitu lekeh mentaliti menteri dan YB sekarang ni!

Melayu Mudah Lupa...

By al-Din Author Profile Page on June 2, 2010 1:26 AM

Tun is playing by the ear to pre-empt and counter (with support from public opinion) what Najib is going to do/undo or legalise next.

With the VOA and the China dolls everywhere - in car booths, behind walls, in the attics ... why not legalise prostitution? Makes life easier for the vendors.

Prostitution is the oldest profession for nothing if not for the money. With money abound Malaysia will not go bankrupt by 2019 as Idris Jalal predicted.

Although it may be legal it is strictly forbidden for the Muslims for such joy of the flesh.

Pardon me for giving such a sinful idea for the ministers. Don't take me seriously, just pulling their legs in case they don't know!

By Mat DweAuthor Profile Page on June 2, 2010 1:00 AM

Banning short selling is a right move. Rasulullah S.A.W said "Don't sell what you don't have".

By azmanyAuthor Profile Page on June 2, 2010 12:42 AM

Yes.. a couple of years back, my English friend is proud of his ability to 'package pioneering advanced derivative products'. Of course today, we all know how his pioneering products has almost caused the UK financial system to collapse. Yet, asked him and his friends - they will still feel that these products are really cool and the 'financial turmoil' is a case of unfortunate wrong timing.

The people in the banking sector is paid handsomely on improved profitability and very little financial punishment (if any)for the fillip when happened. So anything that can make money - short-selling included is very much lauded. Rationale can always be found and justification conjured.

By Wenger J KhairyAuthor Profile Page on June 1, 2010 11:39 PM

Tun,

On the other hand if we copy your advice we are headed to bankruptcy. Surely if the evil West does not lead us to bankruptcy their advice should be considered at the very least.

Your analogy on short selling is laughable.

By Mr BennyAuthor Profile Page on June 1, 2010 10:55 PM

short and sharp and sweet.....

By mlssAuthor Profile Page on June 1, 2010 10:47 PM

agreed.. surely short selling damaging genuine investors like me..

its only beneficial for big players who able manipulate the market while small players like me will suffer badly...

by banned the short selling.. Tun shows that we are not always depends on western consultation..

By CSLAuthor Profile Page on June 1, 2010 10:43 PM

Can a family man with Salary RM3,000 survive in Malaysia

Let's do some simple calculations here.

In Malaysia, the average family income is RM3,000 / month

(where father works, mother doesn't).

I understand there are many families whose monthly income does not reach RM3,000, but, to make things simple, let's take RM3,000 as the figure. Ok lah, right?

Okay, let's start rolling with a family which has Papa, Mama, 1 daughter and 1 son. Ngam-ngam

Calculation starts...

Electricity and water bill: RM100
(No air-con, No home theatre, No water heater ... ok?)

Phone bill (Telekom): RM100

Meals for a happy family: RM775
(3 meals on RM25/day, RM25 for 4 persons...?)

Papa makan / teh-tarik during working hrs: RM155
(RM5/day, RM5 ... can eat what?)

Car repayment: RM400
(A proton saga aeroback, 7 yrs repayment)

Petrol (living in city, traffic-jam): RM300
(go to work, bring son to school, only can afford one car running)

Insurance: RM650
(kids, wife and myself)

House repayment: RM750
(low cost housing repayment for 30 yrs, retired still have to work to pay!)

Tuition: RM80
(got that cheap meh? i don't think so)

Older children pocket money @ school: RM20
(RM1/day, eat bread?)

School fees: RM30
(enough ah?)

School books and etc: RM100
(always got extra to pay in school)

Younger children milk powder: RM50

(cannot have the DHA, BHA, PHA one, expensive)

Miscellaneous: RM100
(shampoo, rice, sauce, toilet paper)

Oh wait!!! I have to stop here, so...
No Astro,
no movie @ cinema,
no DVD,
no CD,
no online,
cannot KFC,
cannot McDonald,
cannot go Park walk during weekend (petrol expensive),
no chit chat on phone with grandparents, and etc...

Let's use a calculator to total up... WALAO EH! Shit! RM3,610 already....

EPF belum potong, income tax lagi.....ole di RM3,610

How to survive lah tuan-tuan dan puan-puan sekalian ???

Our Deputy Prime Minister asked us to change lifestyle?

How to change? Don't eat? Don't work? Don't send children to school and study?

Besides that, I believe in Malaysia population, there are millions of rakyat Malaysia which still don't earn RM3,000/month!!!

What is this? Inilah Malaysia Boleh... Sorry ... it should be Malaysians Boleh , because we're still alive and kicking!!

Our politicians must be mad!!!!

By Khairul-Dean Author Profile Page on June 1, 2010 10:23 PM

Who are selling BP's shares?

Time to buy it up.

Of course the risk is plugging the leak and the pay the fines but then you still have the oil.

So, who is buying into BP?

By Bang Charq' Author Profile Page on June 1, 2010 10:01 PM

Askum Tun, talking consultants remind my days in the govt whereby its quite normal the consultants appointed by has to expropriate. My experience some of these expats consultants consult local engineers first before putting their advise in a professional & presentable format.

To me they are just merely borrowing our watch just to tell us what time is it, if we are not lucky he might pocket our watch.

By orang kampung Author Profile Page on June 1, 2010 9:58 PM

Salam Tun yang di hormati

1. Semasa krisis kewangan Asia, ramai pakar ekonomi mengatakan Tun kurang pandai dalam bab dan selok belok ekonomi, disebabkan Tun melaksanakan perancangan ekonomi yang berlainan, tidak seperti yang dicadangkan oleh mereka.
2. Selepas lebih 10 tahun, krisis kewangan sedunia, nampak nya negara Amerika Syarikat sendiri melaksanakan perancangan kewangan seperti yang Tun telah laksanakan dahulu.
3. Bila krisis kewangan merebak ke Eropah, nampak nya pemimpin Eropah juga melaksanakan perkara sama.
4. Akhirnya, perkara yang baik akan menjadi ikutan.

By HBT Author Profile Page on June 1, 2010 9:46 PM

Dear Ayahanda Tun,

No wonder KJ, T. Mohan and members burned flag in front of US Embassy to show his frustration, Dr Chua's son is elected as Deputy Agriculture and Agro-based Industries Minister.

Senator Gan Ping Sieu appointed Deputy Youth and Sports Minister, no wonder he said that MCA is against sport bettings....once he reaches upper ladder belum duduk lagi, he already forgot what Rukun Negara meant under Federal Constitution.

KJ should not get angry with 1 Israel because what happened in Palestine is different from what happened in Malaysia.

Mukhriz Mahathir still remain as the Deputy Minister without showing any sign of frustration wat.

Will BN win Politically in PRU13 with this re-shuffle?

Only God Knows!!!!

Published: Tuesday June 1, 2010 MYT 5:51:00 PM

Updated: Tuesday June 1, 2010 MYT 8:30:35 PM

Kong is new Transport Minister; Chor made full Minister

PETALING JAYA: Prime Minister Datuk Seri Najib Tun Razak on Tuesday announced a Cabinet reshuffle.

The following are the changes, which take effect on Friday:

1. Datuk Seri Kong Cho Ha appointed Transport Minister replacing Datuk Seri Ong Tee Keat.
2. Datuk Chor Chee Heung appointed Housing and Local Government Minister. The post was previously held by Kong.
3. Chua Tee Yong appointed Deputy Agriculture and Agro-based Industries Minister.
4. Senator Datuk Donald Lim Siang Chai appointed Deputy Finance Minister.
5. Senator Gan Ping Sieu appointed Deputy Youth and Sports Minister.
6. Senator Datuk Maglin Dennis D'Cruz is Deputy Information Minister.
7. Datuk G. Palanivel is Deputy Plantation Industries and Commodities Minister.
8. Datuk Richard Riot is Deputy Foreign Minister.
9. Datuk Rohani Abdul Karim is Deputy Domestic Trade, Cooperative and Consumerism Minister.
10. Jelaing Mersat is Deputy Transport Minister.
11. Datuk Lee Chee Leong is Deputy Home Minister.
12. Senator Heng Seai Kie is the Deputy Women, Family and Community Development Minister.

Good night Ayahanda Tun.

By shahrulAuthor Profile Page on June 1, 2010 8:55 PM

wouldn't selling bon same as selling invisible financial product

By HBTAuthor Profile Page on June 1, 2010 8:25 PM

Good evening Ayahanda Tun,

In order to understand short selling in finance, I posted this article from wikipedia.....

Short (finance)

From Wikipedia, the free encyclopedia (Redirected from Short selling)

Schematic representation of short selling in two steps:-

Individual

1. The short seller borrows shares and immediately sells them.
2. He then waits, hoping for the stock price to decrease, when the seller can profit by purchasing the shares to return to the lender.

In finance, short selling (also known as shorting or going short) is the practice of selling assets, usually securities, that have been borrowed from a third party (usually a broker) with the intention of buying identical assets back at a later date to return to the lender.

The short seller hopes to profit from a decline in the price of the assets between the sale and the repurchase, as the seller will pay less to buy the assets than the seller received on selling them. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets. Shorting and going short also refer to entering into any derivative or other contract under which the investor profits from a fall in the value of an asset.

Going short can be contrasted with the more conventional practice of "going long", whereby an investor profits from any increase in the price of the asset.

CONCEPT

To profit from a decrease in the price of a security, a short seller can borrow the security and sell it, expecting that it will be cheaper to repurchase in the future. When the seller decides that the time is right (or when the lender recalls the securities), the seller buys equivalent securities and returns them to the lender. The process relies on the fact that the securities (or the other assets being sold short) are fungible; the term "borrowing" is used in the sense of borrowing \$10, where the same or different \$10 note can be returned to the lender assuming the value of the note is the same that it was at the time of the contract's execution.

A short seller typically borrows through a broker, who is usually holding the securities for another investor who owns the securities; the broker itself seldom purchases the securities to lend to the short seller.[1] The lender does not lose the right to sell the securities while they have been lent, as the broker will usually hold a large pool of such securities for a number of investors which, as such securities are fungible, can instead be transferred to any buyer. In most market conditions there is a ready supply of securities to be borrowed, held by pension funds, mutual funds and other investors.

The act of buying back the securities that were sold short is called "covering the short" or "covering the position". A short position can be covered at any time before the securities are due to be returned. Once the position is covered, the short seller will not be affected by any subsequent rises or falls in the price of the securities, as he already holds the securities required to repay the lender.

The terms shorting and going short are also used as blanket terms for tactics that allow an investor to gain from the decline in price of a security. Such tactics are generally based on a

derivative contract, such as an option, a future or a similar synthetic position. For example, a put option consists of the right to sell an asset at a given strike price; the owner of the option therefore benefits when the market price of the asset falls below that price, as he can buy the asset at the lower price and sell it under the option at the strike price. Similarly, a short position in a futures contract means the holder of the position has an obligation to sell the underlying asset later at a given price; if the price falls below the given price, the person with the short position can buy the asset at the lower price and sell it under the future at the higher price.

[edit] Worked example

If shares in C&Company currently trade at \$10 per share, a short seller can borrow 100 shares of C&Company and immediately sell those shares for a total of \$1,000. If the price of the shares falls to \$8 per share, the short seller can buy 100 shares back for \$800, return the shares to lender and keep the \$200 profit (minus borrowing fees). The lender accepts the return of the same number of shares as it originally lent, despite the fact that the market value of the shares has decreased. However, if the price of the shares in C&Company instead rises to \$25 per share following the short sale, and the short seller is required to return the shares, the short seller would have to buy back 100 shares at \$2,500 and would incur a loss of \$1,500 (plus borrowing fees).

[edit] Comparison with long positions

Short selling is the opposite of "going long". A short seller takes a negative, or "bearish" stance, believing that the price of a security will fall. Investors who employ short selling often use it to allow them to profit on trading in securities which they believe are overvalued, just as traditional long investors attempt to profit on securities which are undervalued by buying them.

Because a short position is the opposite of a long position, many features of the position are reversed in comparison. In particular, the profit (rather than the loss) is limited to the value of the security, but the loss (rather than the profit) is unlimited. In practice, as the price of a security rises the short seller will receive a margin call from the broker, demanding that the short seller either cover his short position (by purchasing the security) or provide additional cash in order to meet the margin requirement for the security, which effectively places a limit on the amount that can be lost.

[edit] History

Some theories hold that the practice was invented in 1609 by Dutch trader Isaac Le Maire, a big shareholder of the Vereenigde Oostindische Compagnie (VOC). In 1602, he invested about 85,000 guilders in the VOC. By 1609, the VOC still was not paying dividend, and Le Maire's ships on the Baltic routes were under constant threats of attack by English ships due to trading conflicts between the British and the VOC. Le Maire decided to sell his shares and sold even more than he had. The notables spoke of an outrageous act and this led to the first real stock exchange regulations: a ban on short selling. The ban was revoked a couple of years later.[2]

Short selling has been a target of ire since at least the eighteenth century when England banned it outright.[citation needed] It was perceived as a magnifying effect in the violent downturn in the Dutch tulip market in the seventeenth century. In another well-referenced example, George Soros became notorious for "breaking the Bank of England" on Black Wednesday of 1992, when he

sold short more than \$10 billion worth of pounds sterling.

The term "short" was in use from at least the mid-nineteenth century. It is commonly understood that "short" is used because the short seller is in a deficit position with his brokerage house. Jacob Little was known as The Great Bear of Wall Street who began shorting stocks in the United States in 1822.[citation needed]

Short sellers were blamed for the Wall Street Crash of 1929.[3] Regulations governing short selling were implemented in the United States in 1929 and in 1940.[citation needed] Political fallout from the 1929 crash led Congress to enact a law banning short sellers from selling shares during a downtick; this was known as the uptick rule, and this was in effect until July 3, 2007 when it was removed by the SEC (SEC Release No. 34-55970).[4] President Herbert Hoover condemned short sellers and even J. Edgar Hoover said he would investigate short sellers for their role in prolonging the Depression. Legislation introduced in 1940 banned mutual funds from short selling (this law was lifted in 1997).[citation needed] A few years later, in 1949, Alfred Winslow Jones founded a fund (that was unregulated) that bought stocks while selling other stocks short, hence hedging some of the market risk, and the hedge fund was born.[5]

Some typical examples of mass short-selling activity are during "bubbles", such as the Dot-com bubble.[citation needed] At such periods, short-sellers sell hoping for a market correction. Food and Drug Administration (FDA) announcements approving a drug often cause the market to react irrationally due to media attention; short sellers use the opportunity to sell into the buying frenzy and wait for the exaggerated reaction to subside before covering their position.[citation needed] Negative news, such as litigation against a company, will also entice professional traders to sell the stock short.

During the Dot-com bubble, shorting a start-up company could backfire since it could be taken over at a higher price than what speculators shorted. Short-sellers were forced to cover their positions at acquisition prices, while in many cases the firm often overpaid for the start-up.

[edit] Short selling restrictions in 2008

In September 2008 short selling, exacerbated by Naked short selling,[6] was seen as a contributing factor to undesirable market volatility, and it was subsequently prohibited by the U.S. Securities and Exchange Commission (SEC) for 799 financial companies for three weeks in an effort to stabilize those companies.[7] At the same time the U.K. Financial Services Authority (FSA) prohibited short selling for 32 financial companies.[8] On September 22, Australia enacted even more extensive measures with a total ban of short selling.[9] Also on September 22, the Spanish market regulator, CNMV, required investors to notify it of any short positions in financial institutions, if they exceed 0.25% of a company's share capital, and it also restricted naked shorting.[10][11].

In an interview with the Washington Post in late December 2008, U.S. Securities and Exchange Commission Chairman Christopher Cox said the decision to impose a three-week ban on short selling of financial company stocks was taken reluctantly, but that the view at the time, including from Treasury Secretary Henry M. Paulson and Federal Reserve chairman Ben S. Bernanke, was that "if we did not act and act at that instant, these financial institutions could fail as a result and

there would be nothing left to save." Later he changed his mind and thought the ban unproductive.[12] In a December 2008 interview with Reuters, he explained that the SEC's Office of Economic Analysis was still evaluating data from the temporary ban, and that preliminary findings point to several unintended market consequences and side effects. "While the actual effects of this temporary action will not be fully understood for many more months, if not years," he said, "knowing what we know now, I believe on balance the Commission would not do it again." [13]

[edit] Mechanism

Short selling stock consists of the following:

The investor instructs the broker to sell the shares and the proceeds are credited to his broker's account at the firm upon which the firm can earn interest. Generally, the short seller does not earn interest on the short proceeds.

Upon completion of the sale, the investor has 3 days (in the US) to borrow the shares. If required by law, the investor first ensures that cash or equity is on deposit with his brokerage firm as collateral for the initial short margin requirement. Some short sellers, mainly firms and hedge funds, participate in the practice of naked short selling, where the shorted shares are not borrowed or delivered.

The investor may close the position by buying back the shares (called covering). If the price has dropped, he makes a profit. If the stock advanced, he takes a loss.

Finally, the investor may return the shares to the lender or stay short indefinitely.

At any time, the lender may call for the return of his shares e.g. because he wants to sell them.

The borrower must buy shares on the market and return them to the lender (or he must borrow the shares from elsewhere). When the broker completes this transaction automatically, it is called a 'buy-in'.

[edit] Shorting stock in the U.S.

In the U.S., in order to sell stocks short, the seller must arrange for a broker-dealer to confirm that it is able to make delivery of the shorted securities. This is referred to as a "locate." Brokers have a variety of means to borrow stocks in order to facilitate locates and make good delivery of the shorted security.

The vast majority of stocks borrowed by U.S. brokers come from loans made by the leading custody banks and fund management companies (see list below). Institutions often lend out their shares in order to earn a little extra money on their investments. These institutional loans are usually arranged by the custodian who holds the securities for the institution. In an institutional stock loan, the borrower puts up cash collateral, typically 102% of the value of the stock. The cash collateral is then invested by the lender, who often rebates part of the interest to the borrower. The interest that is kept by the lender is the compensation to the lender for the stock loan.

Brokerage firms can also borrow stocks from the accounts of their own customers. Typical margin account agreements give brokerage firms the right to borrow customer shares without notifying the customer. In general, brokerage accounts are only allowed to lend shares from accounts for which customers have "debit balances", meaning they have borrowed from the account. SEC Rule 15c3-3 imposes such severe restrictions on the lending of shares from cash

accounts or excess margin (fully paid for) shares from margin accounts that most brokerage firms do not bother except in rare circumstances. (These restrictions include the broker must have the express permission of the customer and provide collateral or a letter of credit.)

Most brokers will allow retail customers to borrow shares to short a stock only if one of their own customers has purchased the stock on margin. Brokers will go through the "locate" process outside their own firm to obtain borrowed shares from other brokers only for their large institutional customers.

Stock exchanges such as the NYSE or the NASDAQ typically report the "short interest" of a stock, which gives the number of shares that have been legally sold short as a percent of the total float. Alternatively, these can also be expressed as the short interest ratio, which is the number of shares legally sold short as a multiple of the average daily volume. These can be useful tools to spot trends in stock price movements but in order to be reliable, investors must also ascertain the number of shares brought into existence by naked shorters. Investors are cautioned to remember that for every share that has been shorted (owned by a new owner), a 'shadow owner' exists (i.e. the original owner) who also is part of the universe of owners of that stock, i.e. Despite not having any voting rights, he has not relinquished his interest and some rights in that stock.

[edit] Securities lending

Main article: Securities lending

When a security is sold, the seller is contractually obligated to deliver it to the buyer. If a seller sells a security short without owning it first, the seller needs to borrow the security from a third party to fulfill its obligation. Otherwise, the seller will "fail to deliver," the transaction will not settle, and the seller may be subject to a claim from its counterparty. Certain large holders of securities, such as a custodian or investment management firm, often lend out these securities to gain extra income, a process known as securities lending. The lender receives a fee for this service. Similarly, retail investors can sometimes make an extra fee when their broker wants to borrow their securities. This is only possible when the investor has full title of the security, so it cannot be used as collateral for margin buying.

[edit] Sources of short interest data

Time delayed short interest data (for legally shorted shares) is available in a number of countries, including the US, the UK, Hong Kong, and Spain. Some market participants (like Data Explorers and ShortSide.com) believe that stock lending data provides a good proxy for short interest levels (excluding any naked short interest). The amount of stocks being shorted on a global basis has increased in recent years for various structural reasons (e.g. the growth of 130/30 type strategies, short or bear ETFs).

[edit] Short selling terms

Days to Cover (DTC) is a numerical term that describes the relationship between the amount of shares in a given equity that have been legally short sold and the number of days of typical trading that it would require to 'cover' all legal short positions outstanding. For example, if there are ten million shares of XYZ Inc. that are currently legally short sold and the average daily volume of XYZ shares traded each day is one million, it would require ten days of trading for all legal short positions to be covered (10 million / 1 million).

Short Interest is a numerical term that relates the number of shares in a given equity that have been legally shorted divided by the total shares outstanding for the company, usually expressed as a percent. For example, if there are ten million shares of XYZ Inc. that are currently legally short sold and the total, number of shares issued by the company is one hundred million; the Short Interest is 10% (10 million / 100 million). If however, shares are being created through naked short selling, "fails" data must be accessed to assess accurately the true level of short interest.

[edit] Major lenders

Merrill Lynch (New Jersey)

State Street Corporation (Boston)

JP Morgan Chase (New York)

Northern Trust (Chicago)

Fortis (Amsterdam)

Citibank (New York)

Bank of New York Mellon Corporation (New York)

UBS AG (Zurich, Switzerland)

[edit] Naked

Main article: Naked short selling

A naked short sale occurs when a security is sold short without borrowing the security within a set time, 3 days (T+3) in the US. This means that the buyer of such a short is buying the short-seller's promise to deliver a share, rather than buying the share itself. The short-seller's promise is known as a hypothecated share.

When the holder of the underlying stock receives a dividend, the holder of the hypothecated share would receive an equal dividend from the short seller.

Naked shorting has been made illegal except where allowed under limited circumstances by market makers. It is detected by the Depository Trust & Clearing Corporation (in the US) as a "failure to deliver" or simply "fail." While many fails are settled in a short time, some have been allowed to linger in the system.

In the US, arranging to borrow a security before a short sale is called a locate. In 2005, to prevent widespread failure to deliver securities, the U.S. Securities and Exchange Commission (SEC) put in place Regulation SHO, intended to prevent investors from selling some stocks short before doing a locate. Requirements that are more stringent were put in place in September 2008, ostensibly to prevent the practice from exacerbating market declines. The rules were made permanent in 2009. Some[who?] have defended the practice of naked short selling against these restrictions[14]

[edit] Fees

When a broker facilitates the delivery of a client's short sale, the client is charged a fee for this service, usually a standard commission similar to that of purchasing a similar security.

If the short position begins to move against the holder of the short position (i.e., the price of the

security begins to rise), money will be removed from the holder's cash balance and moved to his or her margin balance. If short shares continue to rise in price, and the holder does not have sufficient funds in the cash account to cover the position, the holder will begin to borrow on margin for this purpose, thereby accruing margin interest charges. These are computed and charged just as for any other margin debit.

When a security's ex-dividend date passes, the dividend is deducted from the shortholder's account and paid to the person from whom the stock was borrowed.

For some brokers, the short seller may not earn interest on the proceeds of the short sale or use it to reduce outstanding margin debt. These brokers may not pass this benefit on to the retail client unless the client is very large. This means an individual short-selling \$1000 of stock will lose the interest to be earned on the \$1000 cash balance in his or her account.

[edit] Dividends and voting rights

Where shares have been shorted and the company which issues the shares distributes a dividend, the question arises as to who receives the dividend. The new buyer of the shares, who is the "holder of record" and holds the shares outright, will receive the dividend from the company. However, the lender, who may hold its shares in a margin account with a prime broker and is unlikely to be aware that these particular shares are being lent out for shorting, also expects to receive a dividend. The short seller will therefore pay to the lender an amount equal to the dividend in order to compensate, though as this payment does not come from the company it is not technically a dividend as such. The short seller is therefore said to be "short the dividend".

A similar issue comes up with the voting rights attached to the shorted shares. Unlike a dividend, voting rights cannot legally be synthesized and so the buyer of the shorted share, as the holder of record, controls the voting rights. The owner of a margin account from which the shares were lent will have agreed in advance to relinquish voting rights to shares during the period of any short sale.[15] As noted earlier, victims of Naked Shorting attacks sometimes report that the number of votes cast is greater than the number of shares issued by the company.[16]

[edit] Markets

[edit] Futures and options contracts

When trading futures contracts, being 'short' means having the legal obligation to deliver something at the expiration of the contract, although the holder of the short position may alternately buy back the contract prior to expiration instead of making delivery. Short futures transactions are often used by producers of a commodity to fix the future price of goods they have not yet produced. Shorting a futures contract is sometimes also used by those holding the underlying asset (i.e. those with a long position) as a temporary hedge against price declines. Shorting futures may also be used for speculative trades, in which case the investor is looking to profit from any decline in the price of the futures contract prior to expiration.

An investor can also purchase a put option, giving that investor the right (but not the obligation) to sell the underlying asset (such as shares of stock) at a fixed price. In the event of a market decline, the option holder may exercise these put options, obliging the counterparty to buy the underlying asset at the agreed upon (or "strike") price, which would then be higher than the

current quoted spot price of the asset.

[edit] Currency

Selling short on the currency markets is different from selling short on the stock markets. Currencies are traded in pairs, each currency being priced in terms of another. In this way, selling short on the currency markets is identical to going long on stocks.

Novice traders or stock traders can be confused by the failure to recognize and understand this point: a contract is always long in terms of one medium and short another.

When the exchange rate has changed, the trader buys the first currency again; this time he gets more of it, and pays back the loan. Since he got more money than he had borrowed initially, he makes money. Of course, the reverse can also occur.

An example of this is as follows: Let us say a trader wants to trade with the dollar and the Indian rupee currencies. Assume that the current market rate is \$1 to Rs.50 and the trader borrows Rs.100. With this, he buys \$2. If the next day, the conversion rate becomes \$1 to Rs.51, then the trader sells his \$2 and gets Rs.102. He returns Rs.100 and keeps the Rs.2 profit.

One may also take a short position in a currency using futures or options; the preceding method is used to bet on the spot price, which is more directly analogous to selling a stock short.

[edit] Risk

This article does not cite any references or sources.

Please help improve this article by adding citations to reliable sources. Unsourced material may be challenged and removed. (April 2009)

Note: this section does not apply to currency markets.

It is important to note that buying shares (called "going long") has a very different risk profile from selling short. In the former case, losses are limited (the price can only go down to zero) but gains are unlimited (there is no limit, in theory, on how high the price can go). In short selling, this is reversed, meaning the possible gains are limited (the stock can only go down to a price of zero), and the seller can lose more than the original value of the share, with, in theory, no upper limit. For this reason, short selling is usually used as part of a hedge rather than as an investment in its own right.

Many short sellers place a "stop order" with their stockbroker after selling a stock short. This is an order to the brokerage to cover the position if the price of the stock should rise to a certain level, in order to limit the loss and avoid the problem of unlimited liability described above. In some cases, if the stock's price skyrockets, the stockbroker may decide to cover the short seller's position immediately and without his consent, in order to guarantee that the short seller will be able to make good on his debt of shares.

The risk of large potential losses through short selling inspired financier Daniel Drew to warn:

"He who sells what isn't his'n, Must buy it back or go to pris'n"

Short selling is sometimes referred to as a "negative income investment strategy" because there is no potential for dividend income or interest income. One's return is strictly from capital gains.

Short sellers must be aware of the potential for a short squeeze. When the price of a stock rises significantly, some people who are shorting the stock will cover their positions to limit their losses (this may occur in an automated way if the short sellers had stop-loss orders in place with their brokers); others may be forced to close their position to meet a margin call; others may be forced to cover, subject to the terms under which they borrowed the stock, if the person who lent the stock wishes to sell and take a profit. Since covering their positions involves buying shares, the short squeeze causes an ever further rise in the stock's price, which in turn may trigger additional covering. Because of this, most short sellers restrict their activities to heavily traded stocks, and they keep an eye on the "short interest" levels of their short investments. Short interest is defined as the total number of shares that have been legally sold short, but not covered.

A short squeeze can be deliberately induced. This can happen when large investors (such as companies or wealthy individuals) notice significant short positions, and buy many shares, with the intent of selling the position at a profit to the short sellers who will be panicked by the initial uptick or who are forced to cover their short positions in order to avoid margin calls.

Another disadvantage is that if a stock becomes "hard to borrow", which is defined by the SEC and based on lack of availability, a broker will charge a hard to borrow fee daily, for any day the SEC declares a share is hard to borrow. This occurs without any notification to short sellers. Additionally, a broker may be required to cover a short seller's position at any time ("buy in"). The short seller receives a warning from the broker that they are "failing to deliver" stock, which will then lead to the buy-in.[17]

Short sellers have to deliver the securities to their broker eventually. At that point, they will need money to buy them, so there is a credit risk for the broker. To reduce this, the short seller has to keep a margin with the broker.

Short sellers tend to temper overvaluation by selling into exuberance. Likewise, short sellers are said to provide price support by buying when negative sentiment is exacerbated after a significant price decline. Short selling can have negative implications if it causes a premature or unjustified share price collapse when the fear of cancellation due to bankruptcy becomes contagious.[18]

[edit] Strategies

[edit] Speculation

Please help improve this article by expanding it. Further information might be found on the talk page. (May 2007)

A seller intentionally takes on directional risk in the belief that the value of the shorted asset will fall.

[edit] Hedging

Further information: Hedge (finance)

Hedging often represents a means of minimizing the risk from a more complex set of transactions. Examples of this are:

A farmer who has just planted his wheat wants to lock in the price at which he can sell after the harvest. He would take a short position in wheat futures.

A market maker in corporate bonds is constantly trading bonds when clients want to buy or sell. This can create substantial bond positions. The largest risk is that interest rates overall move. The trader can hedge this risk by selling government bonds short against his long positions in corporate bonds. In this way, the risk that remains is credit risk of the corporate bonds.

an options trader may short shares in order to remain delta neutral so that he is not exposed to risk from price movements in the stocks that underlie his options

[edit] Arbitrage

Further information: Arbitrage

A short seller may be trying to benefit from market inefficiencies arising from the mispricing of certain products. Examples of this are

An arbitrageur who buys long futures contracts on a US Treasury security, and sells short the underlying US Treasury security.

[edit] Against the box

One variant of selling short involves a long position. "Selling short against the box" consists of holding a long position on which the shares have already risen, whereupon one then enters a short sell order for an equal amount of shares. The term box alludes to the days when a safe deposit box was used to store (long) shares. The purpose of this technique is to lock in paper profits on the long position without having to sell that position (and possibly incur taxes if said position has appreciated). Once the short position has been entered, it serves to balance the long position taken earlier. Thus, from that point in time, the profit is locked in (less brokerage fees and short financing costs), regardless of further fluctuations in the underlying share price. For example, one can ensure a profit in this way, while delaying sale until the subsequent tax year.

U.S. investors considering entering into a "short against the box" transaction should be aware of the tax consequences of this transaction. Unless certain conditions are met, the IRS deems a "short against the box" position to be a "constructive sale" of the long position, which is a taxable event. These conditions include a requirement that the short position be closed out within 30 days of the end of the year and that the investor must hold their long position, without entering into any hedging strategies, for a minimum of 60 days after the short position has been closed.[19]

[edit] The regulatory response

In the US, Regulation SHO was the SEC's first update to short selling restrictions since 1938. It established "locate" and "close-out" requirements for broker-dealers, in an effort to curb naked short selling. Compliance with the regulation began on January 3, 2005.[20]

In the US, initial public offerings (IPOs) cannot be sold short for a month after they start trading. This mechanism is in place to ensure a degree of price stability during a company's initial trading

period. However, some brokerages that specialize in penny stocks (referred to colloquially as bucket shops) have used the lack of short selling during this month to pump and dump thinly traded IPOs. Canada and other countries do allow selling IPOs (including U.S. IPOs) short.

In the UK, the Financial Services Authority had a moratorium on short selling 29 leading financial stocks, effective from 2300 GMT, 19 September 2008 until 16 January 2009.[21]

After the ban was lifted, John McFall, chairman of the Treasury Select Committee, House of Commons, made clear in public statements and a letter to the FSA that he believed it ought to be extended.

In the US, a similar response was made by the Securities and Exchange Commission with a ban on short selling on 799 financial stocks from 19 September 2008 until 2 October 2008. Greater penalties for naked shorting, by mandating delivery of stocks at clearing time, were also introduced. Some state governors have been urging state pension bodies to refrain from lending stock for shorting purposes.[22]

Soon thereafter, between 19 and 21 September 2008, Australia temporarily banned short selling,[23], and later placed an indefinite ban on naked short selling [24]. The ban on short selling was further extended for another 28 days on 21 October 2008[25]. Germany, Ireland, Switzerland and Canada banned short selling leading financial stocks,[26] and France, the Netherlands and Belgium banned naked short selling leading financial stocks.[27].

By contrast, Chinese regulators have responded by allowing short selling, along with a package of other market reforms.[28]

An assessment of the effect of a ban on short-selling that was enacted in many countries in the fall of 2008 showed that it had only "little impact" on the movements of stocks, with stock prices moving in the same way as they would have moved anyhow, but the ban reduced volume and liquidity.[29] By December, countries in Europe were considering to remove the ban, while the ban in the US was already lifted in October 2008. The SEC proposed new restrictions on short selling in April 2009.

[edit] Views of short selling
This section requires expansion.

Advocates of short selling say that the practice is an 'essential' part of the price discovery mechanism.[30] Financial researchers at Duke University said in a study that short interest is an indicator of poor future stock performance (the self fulfilling aspect) and that short sellers exploit market mistakes about firms' fundamentals.[31]

Such noted investors as Seth Klarman and Warren Buffett have said that short sellers help the market. Klarman argued that short sellers are a useful counterweight to the widespread bullishness on Wall Street,[32] while Buffett believes that short sellers are useful in uncovering fraudulent accounting and other problems at companies.[33]

Shortseller James Chanos received widespread publicity when he was an early critic of the accounting practices of Enron Corp.[34] Chanos responds to critics of short-selling by pointing to the critical role they played in identifying problems at Enron, Boston Market and other "financial disasters" over the years.[35]

Commentator Jim Cramer has expressed concern about short selling and started a petition calling for the reintroduction of the uptick rule [36].

Individual short sellers have been subject to criticism and even litigation. Short seller Manuel P. Asensio engaged in a lengthy legal battle with the pharmaceutical manufacturer Hemispherx Biopharma.[37] Short seller Anthony Elgindy was subjected to regulatory sanctions before he was sentenced to prison for racketeering conspiracy, securities fraud, wire fraud and extortion.

Comments:

It looks like many of the western countries have banned short selling, and the lost impact generated by these bans will be rolled out to other regions, eg: ASEAN.

In Malaysia, after the announcement of Sime Darby losses for RM964 millions due to Bakun and energy sector, I am wondering did Sime Darby's Directors and its Brokers purposely provided this losses by asking the CEO to go on 6 months leave giving the reason that it has lost RM964 million. After the news broke, KLCI graph behaved ziz-zac (downs and ups) for few days.

Now, the government is looking for the best area to set up nuclear energy in Peninsular Malaysia. In order to pay back the losses incurred in Bakun Dam, Sime Darby may be awarded for this nuclear energy project. If the Sime Darby got this project, then the stock price of Sime Darby will goes up, the short sellers will be able to make profit more than enough to cover the RM964 million losses.

If the nuclear energy is awarded to Sime Darby, what will happen to Tenaga Nasional and its Board of Directors in Peninsular Malaysia? The nuclear energy will replace TN in future, and this means that TN kena lingkup by BN to bailout Sime Darby???

Ayahanda Tun, I just roughly do some common sense reasoning, and now PAC's DS Khalid wants MACC to probe Sime Darby and Pos Malaysia, I doubt they can charge Sime and Pos because the Board of Directors are all from BN. Conclusion: BN bullies BN, who will be the next government in PRU13, May 2012 if the ruling government allows this so-called short selling in the nation? It will be definitely Pakatan Rakyat because Warren Buffett believes that short sellers are useful in uncovering fraudulent accounting and other problems at companies.[33]

Good night Ayahanda Tun.

By amin tanAuthor Profile Page on June 1, 2010 7:56 PM

Dear Tun,

I totally agree with you we should not allow short selling meaning selling millions of shares one does not possess. This kind of market manipulation should not be allowed.

Allow me to divert. Why is Najib's government contemplating raising prices by taking away subsidies. The government should instead not subsidise AP holders, scale down expenditure on projects, abolish national service, stop buying expensive submarines and fighter aircrafts. Dont spend lavishly on expensive purchases and later squeeze and blame the subsidies on rakyat. Last election BN lost 5 states. Dont make the same mistakes.

amin tan

By GongPauhAuthor Profile Page on June 1, 2010 7:54 PM

Dear Tun,

Similarly what happening in Nasional Oil company, they engage oversea or mat salleh consultant. The management request the relevant department to provide the infomation including confidential info/ data to this consultant for purpose of the study. At the end, this consultant will get paid and confidential data especially related to oil and gas. please observe ...

By life is not a fairy tale dudeAuthor Profile Page on June 1, 2010 7:39 PM

The West are not always right. Follow our own way, do not follow others when we can do things better ourselves.

Arab nations should have nuclear arms.

By donplayuksAuthor Profile Page on June 1, 2010 7:18 PM

Tun

I wouldn't go so far as to say we should NEVER consult Westerners. If the truth be told we do consult them on everything from economics to business to finance to politics. In a global no-borders economy, it would be unwise to sit static like the proverbial frog in the well.

As to short selling, given the current global financial mess, anything that reduces or minimises speculation should be banned and that includes NAKED or FULLY CLOTHED or whatever SHORT SELLING!! The public and our institutions like Khazanah, PNB, Mavcap, EPF, Valuecap, Tabung Haji, 1MDB etc., should be continuously educated to invest for the long-term and not turn the stock markets into virtual casinos, as is now the case with the NY Dow Jones and the currency markets.

At the height of the 1997 Asian Currency Crisis, RHB was accused of lending scripts to foreign investors to short sell, resulting in an even greater and more rapid meltdown of the KLSE than would otherwise have been the case. I believe Tun is fully aware of this beacuse shortly thereafter began the downfall of Rashid Hussein and change of ownership of RHB!!

dpp

we are all of 1 race, the Human Race

By perwiraAuthor Profile Page on June 1, 2010 7:13 PM

YABbhg Tun,

I agree with you. I have been in the securities industry short of 3 years than your tenure as PM. I have seen how the industry grew from a backyard industry to a world class status. As you are aware during the 1997/98 financial crisis some of us (they are still around) dealt in short selling on our currency, contributing to its downfall to RM4.80 per US\$. Angela Merkel knows the danger of short selling and therefore banned it. We here always look at form rather than substance for our market. Most trades in the stock market are actually intra-day trade, those who come in the morning and gets out a few hours later. Some of our companies listed on the exchange think investors do not know what is happening to them. They do not realise what brought the whole financial system in the US was derivatives. Even their authorities do not know what derivatives are all about. The Chairman of the Feds had to go to school for 2 weeks to learn about this instruments.

We seem to want to legalise a lot of things. For example Ascot gambling which was banned in the 90s. The reason we could lose a lot by not legalising it since the World Cup is on. Why not legalise Forex trading since a lot of people are turning to Internet to trade in other countries, or legalise prostitution so that the companies can be listed on the stock exchange!

By rezekiasia99Author Profile Page on June 1, 2010 7:09 PM

Salam ayahanda Tun,

This idea came about in 1994 when I wanted to share with you at that time of your premiership (but did not know how... maybe there was no apparent reason to try). However in light of the recent two financial manipulation by rogue traders creating high RISKS to the fragile economic system ie one in 1998 during the currency crisis in this part of the world and the two ie the recent financial meltdown in their part of the world... maybe its high time to introduce this 90's idea of an alternative Islamic economic system ie rizKonomi vs RISK-economy...

Let me explain...

Istilah EKONOMI berasal dari perkataan Greek "OIKONOMOUS".

"OIKU" bererti isi-rumah dan "NOMOUS" bererti peraturan

Oleh itu EKONOMI bererti "peraturan isi rumah"

Iaitu peraturan menguruskan isi rumah dengan cara yang paling cekap berdasarkan pendapatan yang terhad.

Pada zaman dahulu corak pentadbiran negara dan pengurusan rumahtangga penduduk Greek adalah merujuk kepada perkataan oikonomous

Rujukan: EKONOMI ASAS – Bab 1 oleh Zahid Mohd Nor & Law Joon Sin and Wikipedia

Manakala istilah RizKonomi mengambil BARAKAH dari Al-Quran.

"RizKi" bermaksud REZEKI... "NOMOUS" mengambil makna "peraturan" dalam bahasa Greek

Oleh itu RizKonomi bererti peraturan mencari Rezeki
Iaitu peraturan menguruskan rizKi dengan cara yang paling cekap berdasarkan pendapatan yang terhad.

Pada zaman dahulu sehingga sekarang orang Melayu Islam menganggap anak, isteri, jodoh, ilmu, makan, minum, pakai, kediaman seluruhnya dirangkum sebagai rizKi.

Oleh itu jika corak pentadbiran negara dan pengurusan rumahtangga penduduk Greek adalah merujuk kepada perkataan oikonomos, maka agongkanlah syiar Islam dengan melafazkan rizKonomi dalam me"revolusi"kan sistem kewangan Islam.

Dan untuk makluman semua, ada lebih dari 100 ayat berkaitan rezeki dalam AlQuran.
Wallahualam

Nota untuk renungan : lebih dari 60 gunung tertinggi didunia duduk nya di banjaran hiMALAYA termasuk lah gunung Everest.

How i wish for the phrase "rizKonomics" or rizKonomi to be freely used in the next World Islamic Economic Forum or any other Islamic agenda for that matter.

senyum al-hilal

By Kasim BabaAuthor Profile Page on June 1, 2010 6:59 PM

I distinctly remember learning in school that selling something we don't have is haram.

By zabri mokhtarAuthor Profile Page on June 1, 2010 6:29 PM

Asalamualaikum Ayahda Tun,

Ya benar dan saya setuju sangat short selling diharamkan terus . Ini kerna pada tahun 1997 sy kerugian hampir RM 200,000.00 di pasaran saham BSKL.Hati jadi mudah putus asa. Melihat duit hilang.

Ikhlas,

By satDAuthor Profile Page on June 1, 2010 5:36 PM

Salam my dearest Tun Mahathir.

Perhaps I can add a wee bit to your post.

To your point 1:

On the exact definition of Short, perhaps we must distinguish between those who are "Naked" short i.e do not have the security by way of Borrowing or having a stand-by agreement to borrow and those who are faced with a genuine obligation such as Market Makers (liquidity providers) who must quote 2 way prices at all time to ensure continuous price discovery in the market. As for the Short Sellers (who are not naked i.e) having some form of agreement to borrow or have already borrowed or is having the said security in transit to their account.

The thing we should ask is Should Market Participant be allowed to have 2 way bet? i.e being Long and being Short

If for instance in the Bond Market, when interest rate rises and market is not allowed to be on the short side, then everyone have their portfolio value depressed with no avenue to take a reverse bet on the position.

Or when a security is considered to be over-bought, the activities of short sellers help the market find a new equilibrium price.

As to the "manipulation" activities eg: a Short Seller shorts a Security and spread false negative news about the firm/issuer of the security, that itself is a clear-cut offence under IOSCO member countries.

The bad vibe associated with the Shorts is always during period of market downs, when they suddenly became the black-sheep of each market...during good times nobody cares.

Now as to the required monitoring environment of markets, proper transparency requirement is key to ensure that market participants are aware of the activities of the Short Sellers hence most major exchanges requires some form of "uptick" rule (a short seller can execute the trade if and only if the price is moving up during bearish market) plus other trade reporting requirements. But in reality this is really hard to be enforced as International Investor hold their securities using omnibus account with Global Custodian, so at the domestic side of where the e-securities reside in the central custodies the Global Custodian may be Long the security but the end investor could be SHort behind the Global Custodian. This is an issue face by most countries to identify who is the beneficiary owners of the said securities for monitoring purposes and also for taxation.

A new research was released to study if the Short Sellers are ahead of the rest from information perspective, and to my surprise they are not (according to the research..but this monkey does not think so), they just react better than others

<http://dealbook.blogs.nytimes.com/2010/03/28/the-wisdom-of-the-short-sellers/>

Wass and May Allah Bless you and family

satD

By FaisalAuthor Profile Page on June 1, 2010 5:29 PM

Salaams! I am from Sub Continent of India and an great admirer of Tun. I have been following his blog since its inception. Very often he writes in Bhasha Malay which I can't understand. Now I am very keen to learn this Language. I hope this is simple language and can be learn quickly. Can anybody suggest and guide me as to how I can. I shall be anticipating suggestions in this blog itself or at nisaf@live.com.

Thanking you in anticipation.

Source: <http://chedet.co.cc/chedetblog/2010/06/short-selling.html>