

**DOW JONES**  
**chedet.co.cc**  
**May 10, 2010**

1. I don't play the stock market but I cannot think of anything more silly than computer programmed buying and selling of shares.
2. The program can work if only a few players make use of it. But when the program is available to tens of thousands, then their concerted programmed buying and selling will surely affect the market.
3. Simultaneous buying by thousands of players will push up the prices very high while simultaneous selling by tens of thousands would push down the prices to extremely low levels.
4. That was what happened when Dow Jones went down by 1,000 points. And as the index go down the computer would direct the players to sell more, and again the index would plunge.
5. As can be expected the other stock markets would panic and follow Dow Jones. Then the whole world would lose market capitalisation for no good reason other than the effect of the computer's programme.
6. Governments should ban computer programming for stock market gambling. Otherwise periodically we will be seeing stock prices plunging.

## **59 Comments**

By razakAuthor Profile Page on May 20, 2010 5:55 PM

Assalammualaikum w.b.t Ayahanda Tun dan isteri,  
Semoga sihat wal-afiat selalu.

Saya mengikuti perkembangan DJIA pada masa "1000 point death plunge" baru-baru ini. Pada mulanya, seseorang telah dipersalahkan kerana cuba "short selling" USD 16 juta tetapi telah menjual USD 16 billion saham, namun kenyataan itu ditarik balik selepas siasatan mendapati "automatic selling by computer" menjadi suspek utama "1000 point drop".

Kejadian itu menyebabkan saham2 syarikat Amerika yang berharga USD 15 jatuh sehingga USD 0.01 yang tidak mencerminkan keupayaan syarikat tersebut. Yang untungnya, adalah pelabur2 yang membeli harga seunit saham syarikat tersebut pada harga USD 0.01 selepas itu dan rugi yang ditanggung oleh pembeli saham tersebut pada harga USD 15 sebelum hari kejadian.

1000 point death plunge menyebabkan pelabur2 menyisih diri untuk melabur dalam pasaran saham. Kesan kejadian itu, DJIA masih jatuh lagi dan menyeret semua index2 utama dunia ke arah kejatuhan ekonomi.

Saya sangat menyanjung sekiranya semua negara di dunia mengharamkan "short selling" pada saham yang tidak dipegang oleh pelabur2 seperti di laksanakan oleh negara Jerman. Saya amat berharap tindakan Jerman itu akan disusuli oleh negara2 Eropah, Amerika utara dan selatan serta asia seperti mana penutupan lapangan terbang di Eropah oleh letusan abu gunung berapi Eyjaf... (Iceland\_). Wassallam.

By airizAuthor Profile Page on May 20, 2010 10:48 AM

salam tun, saya nak tanya sikit megenai ramalan nilai matawang u.s dollar akan jatuh teruk nanti bila tak tahu lah.dan israel akan mengambil alih dari semuanya nanti.tolong komen sikit tun.terima kasih.

By HBTAuthor Profile Page on May 18, 2010 1:04 PM

Ayahanda Tun,

ROUSING RINGGIT

Tuesday May 18, 2010

Najib: It shows our fundamentals are strong

By FLORENCE A. SAMY

newsdesk@thestar.com.my

KUALA LUMPUR: Most Malay-sians welcome a strong currency as it reflects the country's strong economic fundamentals and a robust recovery, Prime Minister Datuk Seri Najib Tun Razak told international financiers here yesterday.

“It is a movement in a positive sense. Generally, it is good for us,” Najib said during a question-and-answer session with delegates of the Official Monetary and Financial Institutions Forum (OMFIF) inaugural meeting in Asia.

At the meeting themed “Asia's Role in the World Economy - the New Global Financial and Economic Order,” he was asked to comment on the ringgit's strong performance especially against the US dollar, pound and euro.

Lighter vein: Najib sharing a light moment with Zeti (right) and OMFIF co-chairman David Marsh during the question-and-answer session at the forum in Kuala Lumpur Monday.

Najib, who is also Finance Minister, said a strong currency also reflected the fact that Malaysian exports had been doing very well.

The economy recorded 10.1% growth in the first quarter of this year, which was the highest quarterly growth in a decade.

The ringgit is Asia's best-performing currency this year, as foreign money has poured into domestic capital markets due to a combination of strong economic growth and rising interest rates.

Year-to-date, the ringgit has appreciated by about 6% against the US dollar, 19% against the euro and 16% compared with the pound.

In his address earlier, Najib also said the challenges that arose from the international financial crisis presented an opportunity for Asia and the West to work together to find solutions that benefited all.

“Malaysia's unfolding economic story is a part of what is taking place in Asia. While Asia is indeed diverse, we are bound together by the common desire to transform and uplift our economies individually, which in turn will reinforce the region's economic and financial integration in the New World Order,” he added.

“We are looking beyond Asean. We are also looking at how to get the United States and Russia on board. We want a stronger bridge in Europe and believe in open integration,” he added.

Najib, who briefed the delegates on the 1Malaysia concept, New Economic Model and Government Transformation Programme, said people were seeking effective governance where economic growth was inclusive and beneficial for all.

On how to survive the economic crisis, Bank Negara Governor Tan Sri Dr Zeti Akhtar Aziz said Asia's resilience, including Malaysia's, was a result of a decade of reform.

Comment:

There is one 'pepatah cina' that says.....

Human Being has the ability to aim high..  
Water from upper river always flows down to lower river.....

This pepatah explains the rationale on FM Najib in sharing a light moment with Zeti (right) and OMFIF co-chairman David Marsh during the question-and-answer session at the forum in Kuala Lumpur Monday....

Averagely, KLCI should be able to recover its equilibrium by the end of this week due to rousing (stirring) RM.....due to decade of reform base on human intelligence.....

Take care Ayahanda Tun.

By parameswara 2 Author Profile Page on May 17, 2010 12:25 AM

Dear Tun,

The FED was established in 1917 and 12 yrs down the road the first great depression was successfully manufactured. To the communist this initial collapse is the clear sign of the

weaknesses of capitalism and so, time to promote the alternative. Making alliances with other economically deprived nations to challenge the dominating powers, the great war called World War 2 was launched. The USA dropped two atomic bombs on Hiroshima and Nagasaki killing senselessly hundreds of thousands of innocent civilians -and at the same time intimidated the world to concede unanimous victory to them. In this original war to end all wars millions were killed, but the capitalist made tons of money from weapon manufacturing and rebuilding facilities/infrastructures and even whole cities that have been completely destroyed by this fabricated war. This is the only country in the world that can do mass killing of people, causing total destruction of cities and still be the good guys. Anyway - at the end of that cruel yet profitable adventure, a country called Israel was eventually born.

The FED is now busy manufacturing the second great depression. When this collapse comes, it will be made a case for the Islamist against capitalist excesses, and Iran will lead the pack. Forming alliances with other 'axis of evil' nations, and others also suffering economic deprivation, - a great superwar, that much hyped 'Clash of Civilizations' will be engineered. The Nuclear warheads have been used before no reason to believe that it will not be used again as they don't seem to be any nicer now. After all they have the special talent of still looking nice after they have destroyed hundreds of thousands of lives. They'll be victorious again - and their capitalist after having made tons of money equipping both sides with murderous weapons, and will later make money rebuilding the completely destroyed cities of most, mainly, Middle East. And through the FED they'll be busy as usual printing trillions of money to bring the global economy back to the path of capitalistic prosperity once again.

But the dominating country then will not be the USA, but Israel, a new great Empire that has a land mass covering the whole of The Middle East but with a great influence covering the whole world. It's their plan, since the setting up of Israel, coming full circle! Only God almighty can foil their plans - so if you are not a fan of Zionism all you can do is pray..hard!

Yes, they are at it again.

By rezeekiasia99 Author Profile Page on May 15, 2010 1:41 PM

Salam ayahanda Tun,

An alternative Islamic economic system rizkonomi vs risk-economy...

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

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 "rizkconomics" or rizkonomi to be freely used in the World Islamic Economic Forum in Kuala Lumpur next week by all Muslim participants instead of economics or economy!!!.

senyum al-hilal  
15Mei 2010

By saifullahAuthor Profile Page on May 13, 2010 2:10 PM

suggest to read these articles regarding HFT and computerized trading:

<http://www.informationclearinghouse.info/article25243.htm>

<http://www.informationclearinghouse.info/article25303.htm>

they somehow correlate with the recent dow jones collapse if you joint the dots. my 2 cents...

p/s: imagine if u can short the stocks in that time... it will be a huge fortune in 1 day!!!

By mushashiAuthor Profile Page on May 13, 2010 3:03 AM

guna sempoa jer tun...:)

senang sikit nak nampak...

By Nothing But WindAuthor Profile Page on May 12, 2010 10:48 PM

Dear Tun Dr M,

Thank you for highlighting one of the worst and costly glitches of today's technology. Though there are many who gamble in the Stock Exchange (Especially those who are involved in short term investment and short selling) but there are serious investors who need to be acknowledged too. Of course, mainly it is the 'gamblers' are the ones who had lost significantly in The Dow Jones 'tragedy'. The main reason for the loss is, as you said, defects in computerization.

The advancement and wide usage of the latest information and multimedia technology though have brought a lot of convenience but they also have brought some serious consequences as follows:-

1) It is a known fact the Short Messaging Service (SMS) is a menace as the communication is done in the form of text. A lot of secrets, unconfirmed and P&C information, immoral communications, unwanted and fraudulent 'contests' are commonly found to be channeled using SMS service. SMS done by the teenaged children really makes the parents go crazy (not because of the cost but because of the messages of their communication). Recently there was a case in Malaysia, where a former bank executive found to have used an SMS service provider (surprisingly 'undetected' for over 3 years) to upload pornographic clips for a fee. It was reported he grossed about RM 10 million over a span of about 3 years.

2) The Cable TV service, though very informative and entertaining, but many get hooked to it and watch only those programs they like most. However, their choice would normally be very unbalanced to the extent that they would rarely have watched the local news broadcast lately. The senior citizens, staying at home, would easily get addicted to it and eventually become 'couch potatoes'. They now rarely go out of the house (even do not visit their children staying elsewhere) as they 'fear' missing their favorite serials or other programs. It is very common to hear that the husband and wife have frequent quarrel as to the cooking and meal time (which is normally during the 'less favored programs').

3) The Internet is the most powerful tool today and it is very affordable now. It brings the whole world in front of you. If used wisely, it is very informative and very entertaining and great value for money. However, if abused its negative influence is very damaging. The instant news, comment and message upload sites are very prone to often being abused information, unconfirmed reports and comments. Though some of those sites are very reliable, there are frequent misinformation, disinformation and fraudulent reports. Eventually we are forced to confirm and reconfirm whatever information we get from the internet.

4) The sophisticated cameras (both micro and supplementary gadget within the mobile phone) are very useful to capture great or any other moments instantly and unnoticed. However, some abuse it and intrude the privacy, secrecy and the intimacy of others. We should notice that each us have a right to all that even if we do something negative in the eyes of others.

5) Then: We rely, depend and trust people or sources we know and entrust them with our profiles and details without any hesitation. Now: Due to automation in most of the sectors, we are forced to trust and rely on unknown sources with all of our valuable information just at the clicks of

passwords. It is very scary and we feel very uneasy knowing that our sensitive information are exposed to some unknown users for whatever purpose which we could & could not think of.  
By HajarAuthor Profile Page on May 12, 2010 10:06 PM

Dearest Tun,

Actually, the computer program is only used to perform the operations/transactions of buying and selling shares. It is just a TOOL. The trading software/program is written by human beings. In other words it only follows all instructions given/written by human beings. But we can also develop programs that imitate "HUMAN INTELLIGENCE" (artificial intelligence), but of course it can never be the same as human (real) intelligence.

The prices of shares increase if we have more buyers than sellers. The sellers can sell for higher prices (if the demand is high) and the buyers can decide whether or not to buy the shares. But, those who are GREEDY would be willing to buy shares at very high price, thinking that they would be able to sell the shares at a much higher price.

I do buy and sell stocks online (for its convenience), and I also know exactly how a computer program works (that's my expertise). But, the problem lies in the behavior/emotion of the stock market players, not the "trading computer program". Most of them have the "HERD INSTINCT/MENTALITY". They simply follow the crowd. Most people buy and sell shares based on emotions. That's why we have "panic buying" and "panic selling" of shares that lead to "panic markets". Actually the players panic...

Only CONTRARIANS are able to beat the stock markets.

Thanks Tun.

\*\* May Allah SWT bless Tun & family \*\*

By Once a MalaysianAuthor Profile Page on May 12, 2010 6:24 PM

Dear Tun,

Your 6 paragraphs of explanation are too simplified. And your countermeasures are absurd. Going by your reasoning we shall banned everything whenever a problem cropped up.

By jong52yuaraAuthor Profile Page on May 12, 2010 6:21 PM

Assalamualaikum Tun,

doing typical business also cannot guarantee anything, same thing u have explained in the 3rd point, simultaneous buying can pushes price high.. it means.. stock market wealth is created exactly like pyramid scheme, except it has been legalized

in fact.. capitalism probably also reflections of pyramid scheme and trust..nothing more than an imagination.. perhaps thats what makes earth goes around and round..

Syabas tun kerana menulis tentang topik ini. Ada beberapa perkara yg saya perhatikan agak pelik sebelum kejadian 'flash-crash' khamis lepas. Beberapa point penting ini membawa kita berfikir - kenapa .. dan apa pula selepas ini?

1. Perhatikan institusi gergasi wall-street yg sebelum ni telah terlungkup dan memerlukan bantuan TARP kerajaan US kini boleh bangkit semula dlm jangka-masa begitu singkat dan untung pula berbillion USD. Kebanyakan institusi ini mengakui - mereka menggunakan HFT - High Frequency Trading - yg menggunakan super-komputer dan di letakkan dalam data-center yg sama dgn superkomputer yg menguruskan perjalanan sistem NYSE.

2. Kebanyakan Institusi kewangan gergasi Wall-street ini telah pun membayar balik wang hutang TARP mereka. baca :

<http://www.marketwatch.com/story/jp-morgan-goldman-sachs-other-banks-repay-tarp> )

3. Secara tidak langsung - mungkin US treasury nampak - HFT ni adalah satu cara utk membantu US keluar dari kemelut hutang ciptaan mereka sendiri.

4. Tidak mustahil - apa yg berlaku baru2 ni.. adalah permulaan kepada sesuatu yg lebih besar? apa kah yg kita patut takut?

5. Serangan ke atas pasaran saham negara lain. Katakanlah Bursa Malaysia - berapa kuat EPF dan institusi lain nak terus bertahan atas serangan HFT ni?

6. Melalui pemerhatian saya di pasaran harian Bursa Malaysia - telah ada trading menggunakan komputer di negara ini. Bukan baru. Jika anda seorang day-trader dan memerhatikan (tracking) pergerakan harga sesuatu kaunter yg tinggi jumlah transaksi (volume)nya - anda akan perasan akan fenomena pelik - ada orang yg sengaja order '1' unit saham.. dalam list transaksi yg berjaya.

Kenapa 1? kenapa tidak 10? 100? amatlah tidak logik sama sekali utk pelabur saham hanya membeli 1 uni saham. Ini sebenarnya adalah machine order \*(automated order) - order dari komputer utk menduga apa sentimen pasaran terhadap satu-satu kaunter ini.

Biasanya selepas transaksi 1 unit ini ..kalau jual 1 unit - selepas itu pasaran akan ikut jual..terus kebawah. Dan kalau sebaliknya - transaksi beli 1 unit - pasaran akan ikut membeli dan menolak harga kaunter itu naik begitu tinggi.

7. Adakah Bursa ada mekanisma utk menangani manipulasi ini? setakat ini bursa hanya ada tindakan selepas kejadian - yg dipanggil - UMA (unusual market activity)query - penyiasatan aktiviti tidak normal pada satu2 kaunter. Biasanya UMA berlaku lewat 1 hari. Pada masa UMA berlaku - para pelabur HFT dan sindiket ini telah pun pergi meninggalkan kaunter tersebut.. tinggal lah pelabur dungu yg telah terpedaya dan masuk membeli apa bila nampak tanda kaunter tersebut sedang naik dgn harapan dapat untung sikit lagi dari kenaikan lagi.

8. Bank negara dan Suruhanjaya Sekuriti negara ini patutnya mengikut perkembangan semasa

pasaran dan merangka langkah proaktif utk pasaran Bursa Malaysia lebih telus dan terhindar dari manipulasi sebegini.

9. Kurangkan segera peratusan urusan EPF di pasaran Bursa Malaysia ! Pada masa sekarang EPF menguasai lebih 50% urusan Bursa KL. Ini sangat tidak sihat. Pelabur asing hanya merangkumi 25% sahaja dari jumlah dagangan keseluruhan. Pada 2008 - pelabur asing merangkumi lebih 40% dari jumlah dagangan di Bursa.

10. Dalam kita risau pelabur luar yg menggunakan HFT ini datang dan serang pasaran saham kita, pastikan adakah EPF dan pelabur institusi Malaysia lain tidak menggunakan HFT utk kepentingan mereka. Kalau betul untung dan dividen EPF lebih 10% mungkin orang tidak marah.. , tapi dgn EPF kuasai 50% dagangan harian - pulangan hanya 5% lebih saja.. apakah jenis pelaburan yg di buat oleh EPF ni?

By musato Author Profile Page on May 12, 2010 5:17 PM

Assalamualaikum Tun.

Saya mengaku yang saya tengah cipta satu program. Iaitu program pembentukan Majlis Syura' dan saya pernah kata nak sambung menulis lagi berkenaan perkara ini satu masa dulu.

Pada tulisan yang terdahulu saya hanya dapat gambaran asas yang mana orang hisap dadah pun boleh jadi ahli Majlis Syura'.

Tapi macam Tun kata kat atas la, program ini boleh berjalan dengan baik bila hanya beberapa orang terlibat.

Saya terfikirkan dan sedang mengambil tahu pasal Tasawuf ketika ini memandangkan saya pun bukannya pelajar aliran agama dan tidak terdedah langsung pasal ini semua termasuk aliran politik negara.

Sesuatu terjadi pada tahun 2004 dan negara kelihatan hilang arah tujuan pemerintahan walaupun ada Wawasan 2020. Berkemungkinan ia kerana keluarnya ulama' dari BN ke PAS.

Tapi kelihatan PAS pun tanggung langgang walau di bawah pemerintahan ulama'. Di antara BN dan PAS apa yang kurang sebenarnya?

Pada saya adalah kerana kurangnya penghayatan kepada agama serta dunia dan tiada asas dalaman yang kuat tentang ketuhanan.

Dalam tasawuf semua orang boleh menjadi guru pada diri sendiri. Ingatlah pada Allah walau pun aku tengah merompak, kerana aku yang merompak ni mungkin punya alasan tersendiri kenapa aku merompak. Tapi kalau jumpa polis, sendiri aku mau tanggung la.

Saya akui tasawuf bukanlah dari serpihan mazhab atau terbentuk dari agama selain Islam seperti

kata Pak Sheikh (saya boleh cap jari kanan tentang ini).

Kadangkala tasawuf disalah ertikan kerana dimomokkan dengan cerita tak masuk akal (tapi orang Melayu lazimnya mudah dibangkitkan auranya bila mendengar cerita-cerita sebegini).

Ada orang mengaku bahawa guru dia adalah Tok Pulau Manis yang dihidupkan semula tapi gunakan nama lain. Saya tak tahu pasal ni, tapi ada orang kata boleh nak 'scan' saya bila saya terangkan pasal sejarah kampung saya di Terengganu. Saya fikir kalau dia nak 'scan', scan jelah...kasyaf la katakan (antara perkataan yang disalahtafsirkan).

Bila cerita bab sembahyang adalah pantang sekali. Kata dia tak payah sembahyang pun takpe. Saya tahu yang tak sembahyang pun takpe...tapi kalau tak nak sembahyang pun, sendiri tanggung la tapi jangan nak ajar orang tak payah sembahyang pulak.

Program-program yang merosakkan ini patut diharamkan oleh kerajaan. Program yang tak patut dinilai dengan untung dan ruginya.

Kita bagus kerana banyaknya amal pada Allah s.w.t, tapi bagusnya amalan kita bukanlah kerana kita beramal, tapi kerana Allah s.w.t jua.

Yang penting saya dah dapat baca Al-Hikam Sheikh Athoillah r.a walaupun tak habis.

Terimak kasih Tun.

By OnnAuthor Profile Page on May 12, 2010 3:56 PM

Tun,

To: Wok & Ms Virginia Lim

Why :

Many us here failed to or just refused to acknowledge Tun's boundless contributions towards the betterment for Malaysia (and the world)?

They (some of them) hated and despised Tun ?

Answer :

They fall into one or more of these categories :-

1. They are most probably paid by some parties with vested interest to do so ? (Like PAS allegedly paid Kickdefella)

2. These people are finding it thrilling to be able to snub such a great leader with ease just by the click of the keypad - a sense of power.....and without any repercussion for their actions.

3. They are incapable of seeing the cup half full i.e. unthankful lot indeed a very unthankful lot.

4. They are "blind" people - incapable of seeing the contributions of Tun around us or they simply choose to be blind and see only the negatives.

5. They are out to even things out for something they couldn't achieve under Tun rule when he was in power.....so now's the time.

6. They think they know a lot i.e. smart alex when in fact they are ignorant.....that's why Tun couldn't be bothered with what they said.

7. Lastly they are cowards.

Even if Tun as CEO of Malaysia is paid hundreds of million RM in salary (by legal or illegal means) - the return in investment of Tun's contribution far more outweighs the value.....its timeless.

By pppzAuthor Profile Page on May 12, 2010 2:59 PM

Salam YAB Tun,

Untuk menarik minat pelabur Islam kepada pasaran saham apa yang perlu mereka buat ialah dengan memperkenalkan Dow Jones Islamic Market (DJIM) atau Dow Jones Islamic Fund (IMANX) dan juga syariah compliant Hedge Funds dan berbagai-bagai produk lagi.

Lepas itu cari 5 atau 6 orang syariah scholars dari serata dunia yang dapat memberi sokongan dan berpengaruh untuk menghalalkan produk tersebut.

Walaupun DJIM atau IMANX telah menapis serta mengenalpasti aktiviti syarikat-syarikat tersebut terlebih dahulu mengikut kehendak hukum syariah, tetapi perdagangan yang melibatkan masa akan datang tetap sesuatu yang meragukan dan tidak pasti maka masih boleh dianggap sebagai riba.

Truth does not need to conform to the majority to be truth. We are here on this planet to serve God and walk in His path, and not to serve our own agendas and our own egos.

What will count is not how much wealth we accumulate or how powerful we become, but how we use that wealth to help others and how we use our power and position to help mankind towards betterment.

Wassalam.

By JamalAuthor Profile Page on May 12, 2010 1:02 PM

Dear Tun,

Gambling must be forbidden but Trading must be encouraged.

Gambling has more downside than upside. It is a very risky venture. An activity that does not have any real social or personal benefit.

At the personal level more families and lives have been damaged by gambling than for those that benefit from it. For one - in a lottery we can see the probability of winners against losers are stacked against the former. Worst we all know that gambling can be addictive - similar to alcoholism, drug addiction, substance abuse addiction.

When that gambling addiction is brought into the trading market the effect of this gambling problem will have far more serious repercussions to the community, country and as we can see now the world financial system..affecting millions of people who don't even gamble!!!

Keep gambling to the casinos, race courses and authorised lotteries...if only to allow people who see gambling as their right and culture and also to give them the little excitement they need to live their lives.

**BUT KEEP GAMBLING OUT OF THE FREE MARKET TRADING.**

By DadiAuthor Profile Page on May 12, 2010 12:21 PM

Salam Tun.Pada pendapat saya , stock market is for smart people saja.Mereka ni tahu when to enter and when to exit.Saya pernah mengikuti kursus tentang Stock market ni.Kalau kita ikuti kursus, kita akan spontan rasa excited dan rasa seolah-olah kita ni dah pandai.Tapi bila kita mula berkecimpung barulah kita sedar , bukan mudah sebenarnya.Kita kena alert senantiasa.Kalau tidak Kita akan burn our finger ( istilah dalam permainan saham )Silap-silap burn semua sekali, haru dibuatnya.

Katanya pilihlah saham yang fundamentalnya bagus.Tapi sepanjang yang saya tahu ( mungkin sebab ilmu tak banyak) saya tak lah jumpa lagi share yang fundamental bagus.kalau main share dok sepok duit , tak bawa untung cepat buat apa.Baik buat business kecil-kecil,tambah jugalah duit tu dari ambil risiko yang agak besar.

Saya ingat istilah dan statement yang sering diperkatakan dalam kursus saham masa saya attend dulu.Be smart.Let your profit run , cut your loss.Kadang-kadang tak sempat.Itulah timbul pula satu istilah lagi " The bull make money , the bear make money but unlucky for the pig that get slaughtered.So berhati -hati .

Jangan Tamak , tapi kalau ada peluang buat duit sapa tak mau Tun, dari kita dok merangkak bewak dapat untung ciput apa salahnya cuba nasib.tapi bukan semua orang dilahirkan untuk dapat duit cara mudah kot.

Komputer tak salah , stock market tak salah , rasa-rasa kitalah yang kena pandai buat pilihan.

Secanggih manapun kemudahan yang ada , manusia tetap akan manupulasi.  
Bak kata pepatah Cuba nasib tak salah, " UNTUNG SABUT TIMBUL , UNTUNG BATU  
TENGSELAM"Pilihan ditangan kita.

By mazlanAuthor Profile Page on May 12, 2010 11:26 AM

Assalamualaikum.

Secara umum pasaran saham tidak mencipta nilai tambah kepada pertumbuhan ekonomi Negara, namun jika kita lihat secara lebih komprehensif ianya adalah pemangkin pertumbuhan ekonomi Negara.

Syarikat yang tersenarai biasanya akan mendapat modal tambahan melalui penyenaian di bursa saham. Ini akan membantu syarikat tersebut berkembang dan seterusnya meningkatkan ekonomi Negara. Sepanjang pengetahuan saya hanya penyenaian Maxis di Malaysia sahaja yang tidak menambahkan modal kepada syarikat.

Urusniaga di pasaran saham amat perlu kerana di sini para pelabur boleh mencairkan pelaburan mereka dan pelabur baru berpeluang menyertai pasaran. Urusniaga ini juga menyumbangkan hasil kepada kerajaan dalam bentuk duti setem.

Bukanlah pasaran saham yang tidak bermanfaat kepada ekonomi Negara tetapi para pemainnya yang biasanya amat tamak dan tidak beretika. Kebanyakan mereka tidak pedulikan peraturan dan undang-undang kerana objektif utamanya adalah untung (tujuan menghalalkan cara). Melabur di pasaran saham adalah urusan membeli atau menjual syarikat. Pemain individu biasanya tidak mahir menganalisa asas syarikat yang mereka labur. Mereka hanyalah pengikut yang kurang ilmu menyebabkan aktiviti mereka hampir kepada perjudian tetapi melabur di pasaran saham bukanlah perjudian.

Ini hanyalah pendapat dan pandangan saya, mungkin banyak yang tidak betul maka maafkanlah saya atas kedaihan ini.

By HBTAuthor Profile Page on May 12, 2010 9:17 AM

Good morning Ayahanda Tun,

Dow Jones as explained by wikipedia.....;

Dow Jones Industrial Average

From Wikipedia, the free encyclopedia that anyone can edit  
Jump to: navigation, search

Recent logarithmic graph of the DJIA from Jan 2000 through Oct 2009.

Historical logarithmic graph of the DJIA from the 1890s to the 2010s. The Dow Jones Industrial Average, also referred to as the Industrial Average, the Dow Jones, the Dow 30, or simply the Dow, is one of several stock market indices created by Wall Street Journal editor and Dow Jones

& Company co-founder Charles Dow. The average is named after Dow and one of his business associates, statistician Edward Jones. It is an index that shows how 30 large, publicly owned companies based in the United States have traded during a standard trading session in the stock market.[1] It is the second oldest U.S. market index after the Dow Jones Transportation Average, which Dow also created.

The Industrial portion of the name is largely historical, as many of the modern 30 components have little or nothing to do with traditional heavy industry. The average is price-weighted, and to compensate for the effects of stock splits and other adjustments, it is currently a scaled average. The value of the Dow is not the actual average of the prices of its component stocks, but rather the sum of the component prices divided by a divisor, which changes whenever one of the component stocks has a stock split or stock dividend, so as to generate a consistent value for the index.

Along with the NASDAQ Composite, the S&P 500 Index, and the Russell 2000 Index, the Dow is among the most closely-watched benchmark indices tracking targeted stock market activity. Although Dow compiled the index to gauge the performance of the industrial sector within the American economy, the index's performance continues to be influenced by not only corporate and economic reports, but also by domestic and foreign political events such as war and terrorism, as well as by natural disasters that could potentially lead to economic harm. Components of the Dow trade on both the NASDAQ OMX and the NYSE Euronext, two of the largest stock market companies. Derivatives of the Dow trade on the Chicago Board Options Exchange and through CME Group, the world's largest futures exchange company. Currently, the CME Group has signed a deal with Dow Jones to acquire 90% of the latter firm's indexing business, including the Dow Jones Industrial Average.[2][3]

Components: [edit] Components

The Dow Jones Industrial Average consists of the following 30 companies:[4]

Company Symbol Industry Date Added

1. 3M MMM Conglomerate 1976-08-09 1976-08-09 (as Minnesota Mining and Manufacturing)
2. Alcoa AA Aluminum 1959-06-01 1959-06-01 (as Aluminum Company of America)
3. American Express AXP Consumer finance 1982-08-30 1982-08-30
4. AT&T T Telecommunication 1999-11-01 1999-11-01 (as SBC Communications)
5. Bank of America BAC Banking 2008-02-19 2008-02-19
6. Boeing BA Aerospace and defense 1987-03-12 1987-03-12
7. Caterpillar CAT Construction and mining equipment 1991-05-06 1991-05-06
8. Chevron Corporation CVX Oil & gas 2008-02-19 2008-02-19

9. Cisco Systems CSCO Computer networking 2009-06-08 2009-06-08
10. Coca-Cola KO Beverages 1987-03-12 1987-03-12
11. DuPont DD Chemical industry 1935-11-20 1935-11-20 (also 1924-01-22 to 1925-08-31)
12. ExxonMobil XOM Oil & gas 1928-10-01 1928-10-01 (as Standard Oil)
13. General Electric GE Conglomerate 1907-11-07 1907-11-07
14. Hewlett-Packard HPQ Technology 1997-03-17 1997-03-17
15. The Home Depot HD Home improvement retailer 1999-11-01 1999-11-01
16. Intel INTC Semiconductors 1999-11-01 1999-11-01
17. IBM IBM Computers and technology 1979-06-29 1979-06-29
18. Johnson & Johnson JNJ Pharmaceuticals 1997-03-17 1997-03-17
19. JPMorgan Chase JPM Banking 1991-05-06 1991-05-06 (as J.P. Morgan & Company)
20. Kraft Foods KFT Food processing 2008-09-22 2008-09-22
21. McDonald's MCD Fast food 1985-10-30 1985-10-30
22. Merck MRK Pharmaceuticals 1979-06-29 1979-06-29
23. Microsoft MSFT Software 1999-11-01 1999-11-01
24. Pfizer PFE Pharmaceuticals 2004-04-08 2004-04-08
25. Procter & Gamble PG Consumer goods 1932-05-26 1932-05-26
26. Travelers TRV Insurance 2009-06-08 2009-06-08
27. United Technologies Corporation UTX Conglomerate 1939-03-14 1939-03-14 (as United Aircraft)
28. Verizon Communications VZ Telecommunication 2004-04-08 2004-04-08
29. Wal-Mart WMT Retail 1997-03-17 1997-03-17
30. Walt Disney DIS Broadcasting and entertainment 1991-05-06 1991-05-06

Comment:

When BN wins Sibü by-election, I predict PM Najib will stick to his original plan to meet Hsien Loong by end the of May as planned, or in early June due to Sibü by-elections. Asian share markets down, KLCI was up yesterday, and our RM has appreciated 15% averagely for the 1st quarter. This explained why thestar online posted this opinion;

//Published: Thursday April 29, 2010 MYT 8:29:00 AM  
Obama wants to sign a financial overhaul bill 'very soon'

ABOARD AIR FORCE ONE: President Barack Obama says the regulatory package he wants to see become law would allow financial institutions to make money the old-fashioned way - lending to companies to build businesses and create jobs.

Republicans on Wednesday gave up their latest effort to block Democratic legislation aimed at putting tough new controls on Wall Street.

It's now likely that Congress will pass landmark changes in how the nation's financial system is regulated.

Obama tells reporters returning with him on Air Force One after a trip to the Midwest that he hopes the Senate can pass a bill quickly so that he can sign a bill into law "very soon."

\*\*Obama says Wall Street reform shouldn't be a partisan issue because everyone has been hurt by the financial meltdown. - AP//

NOTE\*\*: This was an advice for Malaysians and Singaporeans from thestar not to politicise KL & Singapore share markets as partisan issues since everyone has been hurt due to financial meltdown, hence everyone requires to absorp losses, and this is why Sarawak is BN's Fixed Deposit.

Enjoy reading and take care Ayahanda Tun, and I fully support Tun Dr M to attend GERTAK 13 Mei to prove to 1 Malaysians that GERTAK can be re-organised as NGOs to softer the hatred incurred in May 13 worst riot, just like modern Nanking city which was massacred by Japanese during WW2.

By TAuthor Profile Page on May 12, 2010 9:12 AM

An interesting conspiracy theory.....

High Frequency Terrorism: How the Big Banks and Federal Reserve Maintained Their Death Grip Over the United States

In the aftermath of Goldman Sachs' public flogging before the world in Congress, and while under investigation, on the very day that Congress was voting on the "break up the too big to fail banks" amendment and cutting behind the scenes deals to gut the audit of the Federal Reserve, the stock market had its greatest sudden drop in history, plummeting 700 points in ten minutes - shades of September 29, 2008 all over again.

If you recall, back in September '08, as Congress was voting down the first bailout, the big banks made the market plunge a record 778 points in one day. Fear and panic then led Congress to pass the bailout. Trillions of our tax dollars, the money that we desperately need to keep our society functioning over the long run, then went out the window and into the pockets of the very people who caused the crash.

What happened on September 29, 2008 will go down in history as one of the greatest acts of terrorism ever.

9/29/08 proved that when you have so much power concentrated in the hands of a few, you can manipulate a computer algorithm and make the market and economy go whichever way you want it to go. So on 5/6/10, just as the power of the big banks was again threatened on the floor of the Senate and a deal on auditing the Federal Reserve was being negotiated, in came a sudden and unprecedented ten-minute 700 point market drop, a precision-guided High Frequency Trading (HFT) attack to show Congress who's boss.

If you think the massive sudden drop happened because one lowly trader hit one wrong button, if you actually believe that the entire stock market can plunge because of one mistaken key stroke by a low-level trader, you are stunningly naïve. I hate to burst your bubble, but this was a direct attack.

In a market where 70% of all trades are executed by computer algorithms via High Frequency Trading (HFT), Goldman Sachs has the power to make the market crash or rise at will. In fact, Goldman has a major Weapon of Mass Destruction in its Program Trading monopoly of the New York Stock Exchange, as Tyler Durden described on Zero Hedge:

“Goldman’s dominance of the NYSE’s Program Trading platform, where in addition to recent entrant GETCO, it has been to date an explicit monopolist of the so-called Supplementary Liquidity Provider program, a role which affords the company greater liquidity rebates for, well providing liquidity, and generating who knows what other possible front market-looking, flow-prop integration benefits. Yesterday [5/6/10], Goldman’s SLP function was non-existent. One wonders - was the Goldman SLP team in fact liquidity taking, or to put it bluntly, among the main reasons for the market collapse….

… here is the most recently disclosed NYSE program trading data….

What is notable here is that of the 1.4 billion in principal shares, or shares traded for the firm’s own account, Goldman was the top trader by a margin of over 100% compared to the second biggest program trader.

We have long claimed that Goldman is the de facto monopolist of the NYSE’s program trading platform. As such, it is certainly the case that Goldman was instrumental in either a) precipitating yesterday’s crash or

b) not providing the critical liquidity which it is required to do, when the time came. There are no other options.”

For further investigation, I turned to Max Keiser, who has written and authored similar Program Trading and HFT computer algorithms. I asked him if he thought this was an attack. Here is what he had to say:

“May 6th was an unequivocal act of domestic financial terrorism in America. A day that will live in infamy.

To scare the lawmakers, themselves large owners of the very banks and stocks that they are supposed to be regulating, a financial Weapon of Mass Destruction was put to their head and they acquiesced.

As the inventor of the continuous double-auction, market-making technology (VST tech. US pat. no. 5950176) that is referenced 132 times by program trading and HFT patents since 1996, I can tell you that Goldman, JP Morgan and the gang simply pulled the ‘buys’ from their computer trading programs and manufactured a crash. And when the coast was clear, and it was clear the politicians were not going to vote for anything that would break up the ‘too big to fail’ banks; all the ‘sells’ were pulled from the computers and the market roared back.

This is a Manchurian Candidate market where program trading bots start the ball rolling in whatever direction Wall St. wants the market to go - and then hundreds of thousands of day-traders watching Cramer on CNBC jump on the momentum bandwagon and commit the crime for the Wall St. financial terrorists, who then say, ‘It wasn’t us, it was ‘the market!’”

On Friday, the next day, after the “break up the too big to fail banks” amendment was soundly defeated by a 61 to 33 margin in Senate and a deal was struck to eliminate key provisions from the audit of the Federal Reserve bill, Goldman was meeting with the SEC to work out a settlement in their case against them. Once again, Goldman proves that crime pays.

Welcome to the New Mafia World Order.

Other than the two major operations carried out on 9/29/08 and 5/6/10, we must also recall a smaller attack on January 21st and 22nd of 2010, when Obama had a press conference and came out in favor of the Volcker Rule, which would have limited these HFT and “proprietary trading” schemes. At that time, the market dropped 430 points. Soon after this attack, all follow-up talk on the Volcker Rule faded away and this reform has not been seriously addressed by Obama since then.

The bottom line: the United States has been taken over by a financial terrorism network. Let’s face it, we are all hostages of these financial terrorists and their puppet politicians would rather

be in on the scam than defend our interests. If these terrorists don't get their way at all times, they have the power to throw their tremendous weight around and turn millions of lives upside down in a matter of minutes and, as they have shown, they have no hesitation in executing that power, no matter how many millions of lives they destroy.

By Taurus 88Author Profile Page on May 12, 2010 3:18 AM

Tun

Your sons would be the right persons to enlighten us 'ignorant' citizen afterall they have stolen and cheated the country of billions with your blessings.

Explain that Tun

By JoAuthor Profile Page on May 12, 2010 2:49 AM

Salam Tun,

Salam too to all of those who have commented and it seems obvious that many are not only IT illiterate, but just plain silly. It seems to me as a very lame and narrow minded posting by Tun this time around. For anyone to completely automate the buying and selling of shares seems rather oblivious and quite unbelievable. Not that computers cannot be programmed to do just that, they can. But for someone, anyone to actually use it would be foolish and I do not think that anyone does, at least not the way Tun is implying in this posting. It just goes to show how gullible and blinded so many Malaysians are. When Tun say's jump, they ask, how high?

By zanmahirAuthor Profile Page on May 12, 2010 2:22 AM

Salaam kasih dan hormat Tun Che Det

Your article is 'SPOT ON'!!!...CONGRATULATIONS Tun!!

I don't play the stock market. I don't trust it. It's more like gambling to me. I don't gamble...I don't have the LUCK..\*wink\*

I do have friends who play the stock market. Thru observations..i see them in constant stress and the way they talk about the market, they are full of hope. False hope? I don't know. I'm not in their shoes but that's the way i see it. FALSE HOPE

I would prefer to earn my living with my God given talents and my pair of hands. It's secure and i know my limitations. Futhermore.. I'm in control of situation.

The stock market is another form of RIBA' (usury) and my religion doesn't permit it.

Take care Tun..wishing you the best of health. Semoga dipanjangkan umur.

WasSalaam

ZanMahir  
Melaka..

www.boycottisraelnow.com

www.criminalisewar.org

www.perdana4peace.org

www.pribumiperkasa.com

By Objective QAuthor Profile Page on May 12, 2010 2:19 AM

Al Salmu Alaykum Dear Dr. Tun Mahathir,

As usual, your timing is impeccable and your comments are insightful. I wish more people would listen to you and learn from you instead of criticizing someone of your knowledge and caliber.

With your permission I will vent in three parts my views on the greatest scam of all time: The stock market

..... I call the Series: ... THE DEVIL'S Masterpiece. (I-III)...

.....THE DEVIL'S MASTERPIECE Part I: DEBT THE ORIGIN OF THE SCAM...

By Paul B. Farrell, MarketWatch

ARROYO GRANDE, Calif. (MarketWatch) -- Warning: Bears taking over. Time to short Buffett's new "Baby Berkshires," short Goldman, short Moody's and other favorites of Uncle Warren.

Why? Behind the façade, the lovable, good ol' Uncle Warren strumming his cute little ukulele, ostensibly supporting reform, there's a dark force that's part of the toxic Goldman Conspiracy fighting to keep alive everything that's wrong with Wall Street, everything that got us into this mess, everything that will trigger another meltdown that even Uncle Warren says: "I can guarantee it."

Buffett belongs to the past while the news screams of a new world order ... Riots in Greece, more coming when the other PIIGS demand EU bailouts ... conservatives regain Britain ... unregulated BP's greed is spilling millions of gallons of oil destroying Gulf states, confirming Foreign Policy magazine warning of the "End of the Age of Oil" ... the Dow's techno-fear-driven irrational 1,000-point plunge as technicians turn bearish, ending the year-long bull rally ... even Hank Paulson's changing his tune, warning the Financial Crisis Commission that we need stronger reforms than Dobb's Senate bill.

Meanwhile, out there, seemingly oblivious of the gathering storm is an aging Woodstock hippy, good Ol' Uncle Warren strumming away on his ukulele, an over-the-hill rock star basking in the adulation of 40,000 adoring shareholders at their annual meeting in Omaha's Qwest Center ... a scene reminding us of Nero fiddling as Rome burns ... of the string quartet playing on the deck of the sinking Titanic ... of a Shakespearean tragedy with a raging, blind King Lear trapped, in

denial of his role in America's collapsing empire.

Yes, folks, Uncle Warren has a bad case of denial. Remember, not too long ago Buffett was calling derivatives "weapons of financial mass destruction." And yet, there he was on stage at his love fest last week defending Wall Street's most toxic companies, trapped in denial, defending the greedy culture that got America into its current mess:

0. Praising Moody's "business mode," and by inference all rating agencies that blindly rubberstamped Wall Street's toxic debt, setting up the last meltdown

0. Defending Goldman Sachs bad behavior despite the fraud suit and a possible criminal indictment (while hiding his own conflicts of interest as a big investor in both Moody's and Goldman)

0. Praising Goldman's CEO Lloyd Blankfein ... by far Wall Street's greediest fat-cat banker who paid himself \$68 million of his stockholders profits last year

0. Defending Goldman with a bizarre argument that Goldman is no more guilty than the other Wall Street banks, a tacit approval of the bad behavior of all Wall Street banks in the Goldman Conspiracy

0. Worse, ol' Uncle Warren also tried deflecting attention from Wall Street's corrupt business model by blaming government regulators for the meltdown, another example of Uncle Warren's blind denial, ignoring the fact that in the past year Wall Street spent over \$400 million on lobbyists and campaign cash to make absolutely certain regulators, Congress and the Obama team all played along with Buffett's songs that guarantee Wall Street controls Washington regulators

0. Ironically, all this comes from a man who once lectured Congress on "Moral Integrity: I want employees to ask themselves whether they are willing to have any contemplated act appear on the front page of their local paper the next day, read by their spouses, children, and friends ... Lose money for my firm and I will be understanding; lose a shred of reputation for the firm, and I will be ruthless"

Yes, Buffett's in denial ... just like his banker buddies ... so short Buffett, short Baby Berkshire, short Goldman, short Moody's. Why? They are all "shorting America," piling on debt that's pushed our debt-to-GDP ratio to 92%, past the IMF's 90% danger zone.

Main Street's also in denial ... forget hedger John Paulson's crooked subprime deals that made him and Goldman billions ... forget the hedgers in Michael Lewis' new "The Big Short" ... it's not the hedgers shorting America, it's the bosses inside Wall Street banks, their greedy co-conspirators inside Washington and now Uncle Warren, a nice guy who once thought derivatives were evil "weapons of financial mass destruction," but who's now defending every weapon Wall Street will use to stay in "business as usual," beating Main Street's 95 million investors, a corrupt business model destroying from within.

Wall Street's denial is blinding: Buffett and his merry band can no longer see how blind they are. They just keep strumming the same ol' tunes. Well folks, until they stop shorting America, we'll just keep reminding you of the debt their business model is creating.

So here are my best estimates, mostly from reported resources, of the huge debts Wall Street is dumping on America, the big bubble they're already blowing, driving the global economy headlong into another meltdown that will trigger the Great Depression II. And likely, with all this debt, soon you can bet taxpayers will stage a revolution making Main Street American streets far worse than Athens:

1. Federal government debt ... \$14.3 trillion

Federal debt limit doubled since 2005 to \$14.3 trillion limit. Bush/Cheney wars pushed U.S.

deep into a debt hole. Military kills 54% of budget. Expect 4% deficits through 2020.

2. Treasury and Fed cheap-money policies ... \$23.7 trillion

The Fed's shadowy printing presses have created an estimated but unaudited \$23.7 trillion in credits, grants, loans and guarantees, backed by taxpayers. Pure profit.

3. Social Security's rising debt ... \$40 trillion

Soon we must either cut benefits or raise taxes 40%. Delays worsen solutions. By 2035 Social Security and Medicare will eat up the entire federal budget, other than defense.

4. Medicare's unfunded debt ... \$60 trillion

Going broke faster than Social Security. Prescription-drug benefit added an unfunded \$8.1 trillion. In 5 years estimates rose from about \$35 trillion to over \$60 trillion now.

5. Annual health-care costs ... \$2.5 trillion

Costs rising faster than inflation. Burden increasingly shifted to employees. Recent Obamacare plan would have cost \$90 billion annually, paid to Big Pharma and insurers.

6. Secretive global derivatives trading ... \$604 trillion

Wall Street resists all regulation of their gambling casino that leverages the combined \$50 trillion GDP of all nations by a 12:1 ratio. Warning: Less than 2% of Wall Street's derivative bets triggered the last meltdown. Buffett "guarantees" it will happen again.

7. Population growth of 50% vs. Peak Oil demands ... \$30 trillion

United Nations says global population is increasing from 6 billion to 9 billion by 2050. China and India need 500 new cities each. Billions more humans want autos, using up limited resources, shifting more costs to America, as commodity price increases and new resource wars.

8. U.S. dollar losing as reserve currency ... \$20 trillion

As China's economy rockets past America's, the dollar will be replaced as the chief foreign reserves. The shift will devalue the relative worth of all America's assets.

9. Global real estate losses ... \$15 trillion

Commercial real estate is bloating 25% of U.S. bank balance sheets. Dubai Tower, world's tallest, is empty. China collapse will upstage, further depress America's market.

10. Foreign trade and ownership ... \$5 trillion

Foreigners own more than \$2.5 trillion of America. China holds over \$1 trillion Treasury debt. \$40 billion new deficits added monthly. Total climbing at \$400 billion annually.

11. State and local budget and pension shortfalls ... \$3.5 trillion

Shortfalls of \$110 billion in 2010, \$178 billion in 2011. On top of more than \$450 billion in annual shortfalls in local government employee pension funds. L.A.'s near bankruptcy.

12. Corporate pensions plus 401(k) plans ... \$3.2 trillion

Only 30% of Americans have enough to retire. There's \$2.7 trillion in 401(k) plans. And 92% of corporate pension plans are underfunded, with defaults guaranteed by taxpayers.

13. Consumer card debt ... \$2.5 trillion

Americans are still living beyond their means. Even with a downturn, consumer debt rose from about \$2.3 trillion to \$2.5 trillion. Fat Cat Bankers love it, yes, love making matters worse by gouging cardholders and mortgagees, blocking help in foreclosures and bankruptcies.

14. Lobbyists annual costs ... \$1.4 trillion

Wall Street bankers, Corporate CEOs and Forbes 400 Richest spend billions to influence elected officials, regulators and bureaucrats with lobbyists and campaign donations to exercise power over government. Voters are easily manipulated, but it takes lots of cash.

The total of all 14 categories of debt is a mind-blowing \$825 trillion that includes "apples and oranges," jet fighters, derivatives and insurance fees, credit cards, autos and mortgages. There

are more, and of course these are just estimates. Given the lack of transparency on Wall Street and in Washington, our debt is likely over \$1,000 trillion.

What must you do? Wake up, drop your denial, get active, demand guys like Uncle Warren, his fat-cat buddies and Obama's team snap out of their denial, fight a return to the old greedy, toxic, destructive culture ... demand that your elected reps in Washington pass 1930's-style financial reforms ... or America will soon trigger a bigger meltdown, a new Great Depression II and no longer be the world's leading superpower.

.....END OF PART I.....

God Bless Tun & family

God Bless Malaysia

By naharAuthor Profile Page on May 12, 2010 2:15 AM

Memang benar kata Tun.

Keadaan Pasaran saham kebelakangan ini dilihat tidak menentu, seperti ada tangan ghaib yang mengawalinya. Saya dan beberapa orang rakan yang agak aktif dalam pasaran saham memerhatikan sentiment pasaran yang tidak menentu ini seperti ada tangan ghaib yang mencaturkannya.

Seorang Remaiser memberitahu bahawa kenaikan yang berlaku di setiap Kaunter pilihan (biasanya kaunter harga murah) adalah tidak menggambarkan keadaan perniagaan dan prestasi syarikat itu yang sebenar.

Kenaikan berlaku kerana oleh satu system(software) yang dilakukan & dikendalikan oleh beberapa Operator & Fund Manager. Sebagai contoh, apabila beberapa kaunter telah dipilih untuk dinaikkan harganya oleh mereka pada hari tersebut; Operators ini memainkan peranan mereka supaya jual beli saham kelihatan rancak; tetapi sebenarnya berlaku dikalangan mereka sendiri(Operators).

Apabila pelabur sebenar(pelabur tulen terdiri dari pelabur-pelabur kecil) masuk kedalam pasaran untuk membeli kaunter tersebut; mereka(operators) akan mengetahuinya melalui system tersebut.

Sudah pastilah apabila semakin ramai pelabur kecil masuk; nilai saham itu semakin meningkat. Apabila harga saham sudah meningkat sampai pada peringkat tertinggi, arahan jual serta-merta dilakukan oleh Operators-operators tersebut dimana mereka mengaut keuntungan.

Akibatnya harga menjunam terlalu laju dan pelabur kecil yang tidak mahir dan yang mengharapkan harganya meningkat lagi pada ke esokan harinya telah mengalami kerugian pada hari yang sama.

Harga terus menjunam lagi pada ke esokan harinya dan menyebabkan berlaku kerugian berganda kepada pelabur-pelabur kecil tersebut dan terpaksa disimpan.

Yang anehnya kaunter tersebut terus tidak akan aktif lagi walaupun pelabur sebenar itu telah menunggu entah berapa lama. Dan bertambah aneh lagi apabila pelabur-pelabur sebenar (yang telah menunggu agak lama itu) menjual semua saham yang dipegangnya pada harga terendah, maka kelihatannya kaunter tersebut aktif semula dan harga meningkat pula.

Disini kelihatan seolah-olah berlaku sentimen tidak sihat dan tidak telus belaku dalam pasaran saham BSKL yang mungkin tidak disedari.

Mungkin bebera alasan boleh diberikan dengan mengatakan bahawa kejatuhan ada hubungkait dengan sentiment luar Negara(Dow Jones dan pasaran Asia lainnya). Tetapi dalam keadaan tertentu contoh seperti diatas sepatutnya tidak berlaku.

Saranan Tun itu amat tepat sekali agar pasaran saham tidak mudah dimanupulasikan oleh orang dan golongan tertentu sahaja untuk mengaut keuntungan.

By KCM 2020Author Profile Page on May 12, 2010 12:10 AM

Salam Tun Dr. M

Saya dah lama terlibat dgn urusan niaga saham d KLSE sejak 20 th yg lalu. Dah banyak pengajaran yg saya perolehi. Adakala untung adakala rugi. Pokok pangkalnya kita jgn tamak, mesti pandai buat analisis pergerakan saham semasa. Mesti faham apa itu fundamental dan spekulasi. Jadi saya mengatur strategi membeli saham2 GLC sahaja sprti Tenaga dan Maybank. Beli waktu harga jatuh tahun lepas. Sayang sekali modal saya sikit saja. Tak dapat beli banyak seperti institusi besar. Tapi sekarang harganya dah pun meningkat sekali ganda berbanding semasa sy beli. Apapun saya bercadang untuk membeli ketika harga saham merudum nanti. Kita mesti melawan arus, ketika harga mula melambung ramai yg akan membeli dgn beranggapan harga akan terus naik, tp masa inilah kita menjualnya.

To me I don't blame the system, but blame those investors who are geedy and treat the stock market like a casino.

By Mohamad Fauzy Bin Abdul HamidAuthor Profile Page on May 11, 2010 11:44 PM

Assalamualaikum W.Wb.

Dearest Tun,

Dow Jones or Stock Exchange is the same and is just another Casino. It is just another form of a Gambling Den. It is the ideology and technology of the west that started all this and it is done with a mission to conquer the world through economic means. Very often we know but what make it worst is when we pretend not to know.

I am called to highlight that Gambling in any form is prohibited in Islam. The reason is very simple. It is not going to be good to the gambler as well as to the community at large. As a Muslim I am discharging my duty by reiterating that stock exchange is a Gambling Den. For that matter through this blog I am calling on to the Government of Malaysia to close down the Stock Exchange and the Casino. Like it or not they will be answerable to Allah if they do not heed my call. Remember that Life is Short. May be in a shortwhile, today or tomorrow or some other time when the time come we will be called back to Allah, the creator.

In the old days people buy shares with good intention to do investment and it is real investment. Before the buyer bought the shares they will scrutinise the financial records and background of the company that they want to invest. Unlike today most people just buy shares base on speculation and just to speculate with the hope to make fast money.

Capital investment in stock exchange is not real investment. It is just paper investment. It does not do much good to the country as it does not contribute to real productivity. Many people lost their money compared to those that make profit. Some have gone bankrupt while some of them the losses may have caused their death. To an extreme some may have committed suicide after their losses.

Hopefully our government will realise and reconsider about closing down the Stock Exchange and all forms of gambling avenues and to channel the available capital investment into more productive activity.

Finally may Allah blessed Tun and your family and always in good health.

Wassalam.

Johor Bahru,

11th May 2010.

By irasydAuthor Profile Page on May 11, 2010 4:55 PM

Ybh Tun,

Stock market boleh menyebabkan seseorang kaya sekelip mata dan boleh juga memiskinkan seseorang sekelip mata. Perjudian saham melalui program komputer bukan sahaja harus di haramkan tetapi ia haram daripada pandangan agama kalau tak silap saya.

Malaysia adalah negara contoh Islam, tunjukanlah contoh-contoh Islam sederhana dalam apa juga perkara.

Ybhg Tun, apa yang merisaukan saya dan mungkin jutaan lagi umat Islam di bumi Malaysia ini adalah tanda perpecahan orang Islam di Malaysia yang jelas kelihatan. Perpecahan ini jika berterusan sehingga ke PRU13 berkemungkinan besar kita terpaksa berhadapan dengan bencana yang amat besar. Kesannya bukan sahaja kepada orang islam dan bumiputera bukan Islam tetapi kepada seluruh rakyat Malaysia tanpa mengira kaum dan faham agama serta politik.

oleh itu saya berpendapat jangan ambil entang keputusan PRU13 nanti.

By nawawimohamadAuthor Profile Page on May 11, 2010 4:55 PM

There is no perfect system. The procedures of any transaction are opened to loop-holes and any maneuvers can be made without it becoming illegal. All these can be manipulated within the legal limits, thus nothing can be done to prevent the panic in the share markets to recur.

Moreover, everyone is trying to make quick money.

It is the same in politics, legal and any other systems.

The judiciary in Malaysia has been destroyed and the destruction that had been done on the Malaysian Judiciary is irreversible. Now look, many judges can be bought and court proceedings can be staged.

By Objective QAutor Profile Page on May 11, 2010 3:58 PM

Al Salamu Alaykum Tun Dr. Mahathir;

This is the shocking second part that details issues concerning every investor around the world, yet few ever know about its contents.

.....The Devil's Masterpiece Part II: Hidden Secrets and Unimaginable Traps.....

This was an internal Memo circulated by a very well respected Swiss Bank's research Department titled: .....Farewell America

.....

#### 1. A moral issue?

The agreement between the USA and Switzerland under which Switzerland is to provide administrative assistance with regard to 4,450 UBS clients suspected of tax fraud is, in our view, remarkable in three ways.

Firstly, we note the way both parties are dressing it up in the aftermath of the battle. Everyone is talking of a "success". The IRS, the American tax authority, surely rightly, for it has got what it wanted, namely access to a large number of specific client names, combined with persisting uncertainty on the part of all the others as to whether they are among those names. The UBS is happy not to have to pay another fine, and to be rid of the heavy burden of legal proceedings. And the Swiss government regards it as a success inasmuch as from their perspective the agreement preserves the rule of law and offers the clients affected the possibility of legal recourse to the federal administrative court.

But there are also losers, of course. These are the people affected, who must now expect legal proceedings against them as suspected tax cheats, and who had, until relatively recently, been promised that precisely this would not happen. Promised by whom? By the bank concerned (among others), which had generously interpreted and intensively exploited an explicit gap in the 2001 "Qualified Intermediary" (QI) agreement; by the supervisory authorities, which were fully cognizant of all this activity, but never questioned it; by the Swiss government, which only a few months ago had spoken of the "brick wall" that foreign authorities would encounter, were they to attack Swiss banking secrecy – for example through fishing expeditions, such as an application for administrative assistance against several thousand clients. Promises, connivance, a pretence

of resolute behaviour – and now collapse. The appearance of success conceals the reality of a breach of trust.

Trust: is this the right word at all for something so disgraceful as tax evasion, or even tax fraud? Serves them right, these bloated capitalists, if they land in the dock! This is the position of the moralizers, as frequently stated in the Swiss media, among others. It is astounding, and this is the second interesting observation, how completely naturally those who claim the moral high-ground rush to join forces with the authorities and their financial requirements.

At the risk of once again winding up certain specialists in business ethics, let us briefly recall the sort of tax authorities we are dealing with, and the sort of state they serve: a country that, over the last 60 years, has unquestionably been one of the most aggressive nations in the world.

The USA has fought by far the largest number of wars, sometimes with, but mostly without a UN mandate. It has broken the international laws of war, maintained secret prisons, and fought an absurd war against drugs, with serious consequences both abroad (Columbia, Afghanistan) and at home (according to reliable sources, the tentacles of the narcotics mafia now reach well into political circles).

With breathtaking moral duplicity, the USA maintains enormous offshore havens in Florida, Delaware and others of its states. The moralizers have joined sides with a nation that still makes extensive use of the death penalty, and that has a legal system under which lawyers can get rich on the misfortunes of their clients. Liability cases often end in verdicts with exorbitant damages, which makes business activity extremely risky, for medium-sized enterprises in particular. The moralizers provide intellectual support for a country that allows its infrastructure to collapse, and then stuffs convicts into hopelessly overfilled jails, after what are not infrequently dubious proceedings.

They fund a nation that tolerates – or rather, causes – regular crises in the global financial system that it manages.

A country whose underclass enjoys neither the benefits of an adequate education, nor a half-way functional healthcare system; a country whose economic system is increasingly inclined to over consumption, and in which saving and investing have increasingly become alien concepts, a situation that has undoubtedly been one of the driving forces behind the current recession, with all its catastrophic consequences for the whole world.

Those who wish to wield the sword of morality against tax evaders cannot avoid facing some critical questions with regard to the morality of resource allocation. Were such questions to be excluded, we would be left with nothing but the issue of just taxation, which also arises, as we well know, when, in Sicily, one baker must make a contribution to the honourable society, and another not ... It is more productive, particularly in matters of taxation, to leave morality aside, and to take a non-judgmental view of tax liability, the meeting of obligations, and, if need be, the various forms of evasion, as given resulting from the prevailing legislation and its enforceability.

Which brings us to the third thing that seems remarkable. What exactly was the “prevailing legislation”? And what about its enforceability?

In 1996, the USA concluded a new double taxation agreement with Switzerland, which, among other things, regulated the conditions for administrative assistance in matters of taxation. Switzerland agreed to provide assistance with regard to “tax fraud and the like”. In other words, the extension of the concept of “tax fraud” had long been pre-programmed; the USA had to wait for its enforcement only until Switzerland had apparently, and perhaps in reality, been driven into a corner by the activities of the accident-prone UBS. In fact, truth to tell, we should have known: Swiss banking secrecy with regard to the USA was well and truly relativized not in 2009, but already in 1996.

What we need to do now, *sine ira et studio*, (and putting aside all politically motivated window-dressing, all genuine, or merely nominal, moral issues) is to analyze the situation, draw conclusions and, where necessary, act upon them. This is exactly what we intend to do in what follows, by taking a closer look at two important components of American tax law. And, surprise, surprise; the next round of fiscal enforcement staged by the

Americans will be devoted not to the American super-rich, but to non-Americans who never in their lives had any intention of evading taxes.

## 2. Hans Rüdüsühli and Muhammad Abdullah: liable to inheritance tax?

To get some idea of how the inheritance tax of a foreign state can become a serious problem for third parties, we need to start with a fundamental difference between continental and Anglo-Saxon inheritance law. On the continent, the view prevails that the logical recipients of assets left by the deceased are their descendants. Accordingly, continental inheritance law provides for forced heirship, whereby a portion of the estate is legally required to be left to close relatives. Under such a system, it is not difficult to see where any taxation of the inheritance should occur: with these heirs.

Things are different under Anglo-Saxon law.

There is no forced heirship, so American inheritance tax is levied on the “estate”; that is, the physical goods, such as property, goods and chattels, and securities. If they are US securities, then they are liable to tax, regardless of the final domicile or main place of residence of the deceased. US securities are basically defined as securities issued in the United States, such as the stock of American companies like Apple, General Electric or Pfizer and US funds and US bonds, in particular Treasury bills.

American inheritance tax law makes specific reference to both US citizens (including, particularly, US citizens resident abroad) and “non-resident aliens”. These latter are foreigners with no permanent residence in the United States; in other words, all non-Americans in possession of US securities.

American inheritance tax rates are variable, with the top rate at 45 percent. Significant exemptions, of over 1 million US dollars, are allowed for US citizens; the limit for non-Americans is 60,000 US dollars, unless there is a double taxation agreement setting a higher limit. For Switzerland, the limit is calculated on the basis of the double taxation agreement of 1951, based on the proportion of the entire estate represented by the assets in the United States. To claim the allowance, the “estate” – that is, in continental terms, the heirs – must disclose the entire, global legacy to the IRS.

On account of the IBM shares that he was so attached to, the children of the late Hans Rüdihli of Melchnau must file with the IRS and present a valuation of all other family assets.

There is a remarkable lack of double taxation agreements with the countries of Latin America, Asia and the Middle East. Mr Abdullah of Dubai, let’s say, a typical owner of treasuries, industrial bonds and GM shares, is liable to American inheritance tax on his decease. Not his problem, but it may well become one for his 12 sons, Omar, Yakub and all.

Or maybe not? For he had placed his securities in an institutional structure, a trust or a company domiciled on one of the Caribbean islands – and institutions cannot die, can they? Indeed not.

However, the Americans are increasingly going over to regarding such structures as look-through entities, and trying to get access to the beneficiaries and their tax liabilities.

Another common objection: it’s impossible anyway. How on earth can the IRS make the connection between a US security and a deceased foreigner? The USA is not even capable of registering its own residents, so how should it be able to control the rest of the world?

Simple answer: it doesn’t have to.

Rather, American inheritance tax law focuses on the executor. If there is no executor, the role is fulfilled by the custodian bank, which is liable for the tax due.

In order to exclude this liability, the American custodians of foreign banks will go over to requiring their partners abroad to freeze the estate when one of their clients dies.

Final objection: it was a dead letter for foreigners anyway. Yes indeed. But with the revised provisions of the Qualified Intermediary agreement, the USA will require the signatory banks to enable an American auditor to control their compliance with the agreement, which entails giving such auditors access to all files, including client data. This will create the means of directly linking US securities with non-American owners.

Anyone who believes that this will not soon result in obligatory reporting by the US auditor is as naive as those who failed to realize that “fraud and the like” would eventually be interpreted to the almost unlimited advantage of the tax authorities.

An act passed in 2001 by the previous President Bush envisaged a “sunset clause” for the then controversial but reintroduced inheritance tax. Unless extended, the Estate Tax would expire in

2010 and, if not reformed, come into effect again on 1 January 2011.

The Obama administration is currently working not merely on an extension, but on making the law stricter with regard to recognized loopholes. The possibility of further unpleasant surprises can certainly not be ruled out.

3. A “qualified extended arm” Next, we need to look more closely at the already-mentioned Qualified Intermediary agreement. In 2001 the USA introduced a new withholding tax system, with the aim of avoiding the complicated and expensive reimbursement of tax levied on those not liable to taxation, and thus to give foreigners easier access to the American capital market, and also of obliging US persons with securities deposited with intermediaries whose countries had no automatic exchange of information with the USA to include all their US holdings in their tax declarations.

This was done by imposing a withholding tax of 30 percent, which US persons could avoid entirely by full disclosure, and non-US persons could avoid in part or, depending on the double taxation agreement, entirely, by self- declaration to the Qualified Intermediary.

The 2001 QI agreement took account of countries with banking secrecy to the extent that clients could be assigned to their individual categories by the QIs themselves. Compliance with the agreement was, though, monitored by a special audit following a process laid down by the US tax authorities. Our bank was among the signatories to the agreement from the start and passed the subsequent audits, in 2002 and 2007, with flying colours.

There are three definitions in this QI agreement that are of decisive importance: that of a US person, that of a US security, and that of a legal entity belonging wholly or in part to a US person.

The definition of a US security is fairly unproblematic, in that it is effectively determined by the retention of the withholding tax by the custodian.

The other two definitions, however, have caused, and continue to cause, almost insurmountable problems for QIs, and thus generate considerable legal uncertainty.

Sadly, it is entirely unclear who actually counts as a US person and who does not. In addition to the clear case of US citizens resident in the USA, the American understanding of the category also includes foreigners living in the USA, those in possession of a social security card, holders of a “green card”, US citizens not resident in the USA, and also those who pass the so-called “Substantial Physical Presence Test”.

This “Presence Test” has a particularly delightful design: it is passed when someone has been in the USA for at least 31 days in the current year and a total of 183 days over a period of three years; in the first year the days count for 1/6, in the second for 1/3, and in the third year they are counted full.

By this definition, a student, perhaps Muhammad Abdullah’s son Omar, who is doing an MBA at

Harvard, very probably counts as a US person.

The problem is that the QI has to know whether he does or not. For the agreement has turned the QI into the extended arm of the American tax authorities.

Even trickier is the question of how far the beneficiaries of legal entities are liable to withholding tax. Clearly liable, according to the text, are active businesses; an American company holding securities in Switzerland, for example.

Trusts, institutions and foundations are exempt if they meet certain – naturally highly complex – conditions. This was probably the trap in which the UBS clients were caught. Once the trap had closed, the American tax authorities shouted “Abuse, fraud (and the like...)!” They set the trap themselves. Matters become really awkward when an impeccably non-American legal entity suddenly becomes “contaminated” by a US person.

Let’s assume that Mr Abdullah has named his son Omar, as well as some of his other adult sons, as a beneficiary of his trust. As American tax law has turned him into a US person, Omar renders the trust liable to tax, and when Mr Abdullah dies, this may mean that the entire inheritance becomes liable to US estate tax, possibly at 45 percent, for Mr Abdullah was extremely wealthy. Perhaps, and then again, perhaps not. But that doesn’t matter – the QI should have known.

The QI agreement of 2001 already exposed all the signatory banks worldwide to significant legal risks vis-à-vis the American tax authorities. Even without actively canvassing for clients in the USA, as the UBS did with Alinghi and by other means, the mere fact that someone can mutate, almost unnoticed, from a non-US person into a US person is an unacceptable situation.

For the result can be an entirely innocent misdeclaration. 4. Green book; red content  
The Obama administration set out its intentions with regard to various tax matters in May 2009, in a “green book” entitled “General Explanations of the Administration’s Fiscal Year 2010 Revenue Proposals”. In addition to the notion of forcing American businesses operating abroad to pay more tax in America, the focus was on the extension of the “Estate Tax” and the tightening up of the QI system. Essentially, the Obama administration is seeking to expand the application of the QI system, and to plug all known and conceivable loopholes.

Seven significant changes deserve comment:

1. The definition of a US security has been expanded. In future, the QI system will also include equity swaps on US securities and on securities lending. This should prevent US persons from entirely, and non-US persons from partly, avoiding withholding tax by means of an OTC contract. According to the “green book” the QI agreement is not (for the time being?) being expanded to cover non-US funds or derivatives that replicate US securities.

2. US persons are now required to report earnings and gross revenue from non-American sources. This will extend the QI agreement to cover the entire global financial universe, and enforce disclosure by all US persons, in particular those who, by not holding US securities, had previously remained outside the QI agreement. Should an intermediary wish to remain outside

the QI system, withholding tax at 30 percent is levied compulsorily, and may only be reclaimed by the beneficiary, not the intermediary.

3. The “green book” seeks the compulsory imposition of withholding tax at 30 percent on US securities held by non-American companies. Any reclaiming would have to be done by the company itself, and involve disclosure of its ownership structure. According to the “green book”, exceptions would be possible for pension funds, listed public companies and the like.

4. Also stipulated is the introduction of withholding tax at 20 percent on all gross revenue from transactions via a non-QI intermediary and in a country with no double taxation agreement or inadequate exchange of information.

5. The “green book” envisages compulsory declaration of transactions over 10,000 US dollars involving US persons via a non-QI intermediary.

6. Notification to or recording by the IRS of the acquisition or foundation of an “offshore entity” on behalf of a US person is now also prescribed.

7. Lastly, the involvement of an American auditor to monitor compliance with the QI agreement is envisaged. The report will have to be signed by this auditor. This list of the intended amendments is not necessarily complete, and may also contain minor inaccuracies. What is clear, though, is that the USA is attempting to exploit its almost unlimited position of strength with regard to the international transaction systems (Swift, clearing systems, custodians) and the fundamental attractiveness of its capital market to impose its ideas on the rest of the world.

There is no question that signatories to this new version of the QI agreement will need to revise their business models for cross-border wealth management, at least as far as US persons are concerned. Both Swiss-style banking secrecy and the Austrian and Luxembourg versions, and indeed all Anglo-Saxon-style structures, whether managed from London, Dubai, Singapore or Hong Kong, are called into question. As far as US persons are concerned, the USA aims to abolish cross-border business.

It might reasonably be observed that so long as this really only affects its own citizens, the USA is absolutely entitled to do this. And to the extent that it can exploit its position of power in the world to enforce its intentions, we must – as we have decided on as non-judgmental an analysis as possible – take note of this and adapt, or possibly redimension our own business activities.

The concept of the “green book” is extraordinarily intelligent. The aim must have been “no way out” – no loopholes.

Sadly, however, the matter has not been properly thought through. The real problem lies not in the rigour of the law, but in the lack of clarity about actual tax liability, and the resulting disproportionate effort required for monitoring and management. The enormously expansive view of what constitutes a US person, and the potential, imperialist, expansion of inheritance tax liability to cover the whole world substantially increase the risk of investing in America, and thus on the US capital market. This applies for investors, but even more so for

intermediaries. While the old QI agreement put the thumbscrews on them, the intended agreement will crush them in a vice.

It is becoming clear that it will be simply too dangerous to own US securities, to hold them as a custodian for third parties, or to trade them as a bank.

#### 5. The USA's Achilles' heel

The sensibilities of their own capital market: this is what the smart guys in the IRS have very probably failed to take into account. Their onesided regulatory proposals, focused on maximizing the tax take, are based on the entirely unproblematic and undisputed attractiveness of the USA as a place of investment for investors from all over the world. We believe this assumption to be utterly wrong. Why?

A glance at the USA's debt situation suffices to show that apart from oil, there is really only one element of strategic importance that the USA will need in the coming years: capital.

The (declared) public debt – national, state and community – amounted to some 70 percent of GDP in 2008. With the absorption of further debt in the wake of the financial crisis, by 2014 the level of explicit debt is likely to be significantly above 100 percent of GDP. By then the interest will have doubled from around 10 percent of total public revenue to around 20 percent, on moderate assumptions.

This is generally well known. What is generally less well known is that in the USA too, as in so many ailing European states, this explicit perspective reveals less than half the truth about what has been implicitly promised by the state in the way of future benefits.

Correctly accounted – that is, as probable future payment flows discounted to present values – the picture would look a good deal bleaker. There are studies, such as the one by the Frankfurt Institute in November 2008, that reckon with a total level of debt for the USA of up to 600 percent (!) of GDP.

But that too is only part of the truth. A look at who are the most important creditors of America's highly indebted public finances reveals something truly remarkable. It is the public authorities themselves! A study by Sprott Asset Management, a Canadian asset management firm distinguished for its intelligent macroeconomic analyses, showed that in 2008 over 4 trillion of the total outstanding public debt of some 10 trillion, or around 40 percent, was in the hands of so-called "intragovernmental holdings".

These holdings include social welfare institutions, whose assets, accumulated in order to be (halfway) able to meet future liabilities, are invested in special

Treasury debt instruments, known as "intragovernmental bonds". In other words, the paying recipient of, say, Medicare, the American health service, is an indirect source of finance for the Treasury. Unusual, remarkable, or rather, alarming? Debtors are now simultaneously creditors. Source: Financial Management Service (Bureau of the United States Department of the Treasury). Ownership of Federal Securities and Federal Reserve Statistical Release.

These “intragovernmental bonds” are certainly not assets of genuine intrinsic value. Were we to consolidate both balance sheets – that of the Treasury and that of the institution concerned – it would produce a tautologous situation that would only not result in the total loss of value of the social welfare trust’s assets if the Treasury were in a position to avail itself of the capital market to an ever greater extent. So let us look at this absolutely decisive cash flow situation.

According to the Canadian study quoted above, the American Treasury had to finance new debt of 705 billion dollars in 2008. This was needed to cover the budget deficit of 455 billion dollars and a special deficit for the war in Iraq and Afghanistan of 250 billion dollars.

New debt in 2009 will amount to somewhat more than 2,000 billion dollars, with some 200 billion going to the Middle Eastern war chest and 1,845 billion to the “regular” budget deficit. This debt must be bought, financed, by someone. So how are the individual categories of creditors behaving? Number 2 in the ranking of creditor groups are the “Foreign and International Holders”; that is, the total of all foreign creditors, including central banks, sovereign wealth funds, private investors and so on.

In 2008 they bought some 560 billion dollars’ worth; in this year so far, just 460 billion. In March and April they were net sellers of government securities. Other categories, such as pension funds, states, communities and investment funds, also seem to be tending to unload government paper this year.

This means that the usual sources of finance for the American state are drying up. The last hope of salvation comes from the Fed, which, with its quantitative easing programme for printing money, is currently having to buy up to half the newly issued debt, month after month.

This will be OK as long as it’s OK.

A Ponzi scheme, for that is undoubtedly what we are talking about, goes on working as long as its growing overindebtedness does not arouse any doubt among the public as to the scheme’s continuing performance, and the flow of funds to the scheme is not significantly disturbed by other influences.

As we know, Madoff’s scheme only collapsed when individual creditors had liquidity problems and were obliged to withdraw funds. Source: Federal Reserve. Flow of Funds Account.

We now believe that the combination of the US tax authorities’ anti-capital-market plans with the Treasury’s specific financing problems could result in such a situation. For the growth of debt alone would give sufficient cause for doubt as to performance. The figure above shows the longterm development of overall US debt – that is, public, household and business debt – compared to economic performance. It is obvious that, for about 30 years now, additional growth has only come at the cost of ever-higher debt.

Today, every dollar of growth comes with about 4 dollars of debt. We have not yet discussed the quality of the growth. Over the last 15 years it has, as we know, increasingly come mainly from

consumption and state expenditure; investment in the USA is extraordinarily weak. Far too little potential for the future is being created.

6. Rats leaving the sinking ship It can hardly be a coincidence that two of the most prominent and most successful American investors, Warren Buffett and Bill Gross, chose precisely the same moment to speak out very clearly against their own domestic currency and against investments in US government securities.

In an op-ed article in the New York Times on 18 August 2009, Buffett described the Treasury's current financing problems, with similar assumptions and observations to those of Spratt Asset Management, and lamented the necessity for the Fed, as the lender of last resort, to intervene so extensively, by means of the printing press. In his own words: "The United States economy is now out of the emergency room and appears to be on a slow path to recovery. But enormous dosages of monetary medicine continue to be administered and, before long, we will need to deal with their side effects. For now, most of those effects are invisible and could indeed remain latent for a long time. Still, their threat may be as ominous as that posed by the financial crisis itself." Buffett fears high inflation, and consequently advises against the purchase of long-term Treasury bills.

Bill Gross of Pacific Investment Management Co. (Pimco), which manages the biggest bond fund in the world, advises investors to sell dollar investments "before the central banks and sovereign wealth funds do". It's time to take advantage of the recovery of the US dollar to get one's currency diversification in order.

The somewhat strident commodities specialist Jim Rogers takes the same line, and also announces his new favourite currency – the Chinese yuan. He is seconded, with a good deal more substance, by Hossein Askari, a professor at George Washington University. In a very readable article in the Asia Times on 6 August 2009, he also advocated a global currency, which "would not be allowed to be used to finance state debt or stimulation measures".

Without in any way wishing to overdramatize matters, we do believe that such signals should be taken seriously. In exactly the same way as it is inadvisable to ignore rats leaving a sinking ship. For they often know the crucial aspects of the ship better than the captain and the officers. The least worst outcome that we expect for the USA, also an enormous repository of debt and other problems. Because they are painful, and there is always an inclination to shift the blame for them onto third parties, redimensioning processes always harbour the potential for aggression. Switzerland is currently experiencing also an enormous repository of debt and other problems.

But it won't end there. Potential aggression and economic progress are mutually exclusive. Which is why we are well advised to take a general farewell of America. This will be painful, for the USA was once the most vital market economy in the world.

But for now, it's time to say goodbye.

..... END OF ARTICLE .....

God Bless Tun & Family  
God Bless Malaysia  
By Objective QAuthor Profile Page on May 11, 2010 2:50 PM

Al Salmu Alaykum Dear Dr. Tun Mahathir,

As usual, your timing is impeccable and your comments are insightful. I wish more people would listen to you and learn from you instead of criticizing someone of your knowledge and caliber.

With your permission I will vent in three parts my views on the greatest scam of all time: The stock market The first two parts are great articles i have read recently, the last is my own conclusions and observations on Wall Street in General.

..... I call the Series: ... THE DEVIL'S Masterpiece. (I-III).....

.....THE DEVIL'S MASTERPIECE Part I: (DEBT & DENIAL), THE ORIGIN OF THE SCAM.....

By Paul B. Farrell, CBS MarketWatch

ARROYO GRANDE, Calif. (MarketWatch) -- Warning: Bears taking over. Time to short Buffett's new "Baby Berkshires," short Goldman, short Moody's and other favorites of Uncle Warren.

Why? Behind the façade, the lovable, good ol' Uncle Warren strumming his cute little ukulele, ostensibly supporting reform, there's a dark force that's part of the toxic Goldman Conspiracy fighting to keep alive everything that's wrong with Wall Street, everything that got us into this mess, everything that will trigger another meltdown that even Uncle Warren says: "I can guarantee it."

Buffett belongs to the past while the news screams of a new world order ... Riots in Greece, more coming when the other PIIGS demand EU bailouts ... conservatives regain Britain ... unregulated BP's greed is spilling millions of gallons of oil destroying Gulf states, confirming Foreign Policy magazine warning of the "End of the Age of Oil" ... the Dow's techno-fear-driven irrational 1,000-point plunge as technicians turn bearish, ending the year-long bull rally ... even Hank Paulson's changing his tune, warning the Financial Crisis Commission that we need stronger reforms than Dobb's Senate bill.

Meanwhile, out there, seemingly oblivious of the gathering storm is an aging Woodstock hippy, good Ol' Uncle Warren strumming away on his ukulele, an over-the-hill rock star basking in the adulation of 40,000 adoring shareholders at their annual meeting in Omaha's Qwest Center ... a scene reminding us of Nero fiddling as Rome burns ... of the string quartet playing on the deck of the sinking Titanic ... of a Shakespearean tragedy with a raging, blind King Lear trapped, in

denial of his role in America's collapsing empire.

Yes, folks, Uncle Warren has a bad case of denial. Remember, not too long ago Buffett was calling derivatives "weapons of financial mass destruction." And yet, there he was on stage at his love fest last week defending Wall Street's most toxic companies, trapped in denial, defending the greedy culture that got America into its current mess:

- 1. Praising Moody's "business mode," and by inference all rating agencies that blindly rubberstamped Wall Street's toxic debt, setting up the last meltdown
- 2. Defending Goldman Sachs bad behavior despite the fraud suit and a possible criminal indictment (while hiding his own conflicts of interest as a big investor in both Moody's and Goldman)
- 3. Praising Goldman's CEO Lloyd Blankfein ... by far Wall Street's greediest fat-cat banker who paid himself \$68 million of his stockholders profits last year
- 4. Defending Goldman with a bizarre argument that Goldman is no more guilty than the other Wall Street banks, a tacit approval of the bad behavior of all Wall Street banks in the Goldman Conspiracy
- 5. Worse, ol' Uncle Warren also tried deflecting attention from Wall Street's corrupt business model by blaming government regulators for the meltdown, another example of Uncle Warren's blind denial, ignoring the fact that in the past year Wall Street spent over \$400 million on lobbyists and campaign cash to make absolutely certain regulators, Congress and the Obama team all played along with Buffett's songs that guarantee Wall Street controls Washington regulators
- 6. Ironically, all this comes from a man who once lectured Congress on "Moral Integrity: I want employees to ask themselves whether they are willing to have any contemplated act appear on the front page of their local paper the next day, read by their spouses, children, and friends ... Lose money for my firm and I will be understanding; lose a shred of reputation for the firm, and I will be ruthless"

Yes, Buffett's in denial ... just like his banker buddies ... so short Buffett, short Baby Berkshire, short Goldman, short Moody's. Why? They are all "shorting America," piling on debt that's pushed our debt-to-GDP ratio to 92%, past the IMF's 90% danger zone.

Main Street's also in denial ... forget hedger John Paulson's crooked subprime deals that made him and Goldman billions ... forget the hedgers in Michael Lewis' new "The Big Short" ... it's not the hedgers shorting America, it's the bosses inside Wall Street banks, their greedy co-conspirators inside Washington and now Uncle Warren, a nice guy who once thought derivatives were evil "weapons of financial mass destruction," but who's now defending every weapon Wall Street will use to stay in "business as usual," beating Main Street's 95 million investors, a corrupt business model destroying from within.

Wall Street's denial is blinding: Buffett and his merry band can no longer see how blind they are. They just keep strumming the same ol' tunes. Well folks, until they stop shorting America, we'll just keep reminding you of the debt their business model is creating.

So here are my best estimates, mostly from reported resources, of the huge debts Wall Street is dumping on America, the big bubble they're already blowing, driving the global economy headlong into another meltdown that will trigger the Great Depression II. And likely, with all this debt, soon you can bet taxpayers will stage a revolution making Main Street American streets far worse than Athens:

1. Federal government debt ... \$14.3 trillion

Federal debt limit doubled since 2005 to \$14.3 trillion limit. Bush/Cheney wars pushed U.S. deep into a debt hole. Military kills 54% of budget. Expect 4% deficits through 2020.

2. Treasury and Fed cheap-money policies ... \$23.7 trillion

The Fed's shadowy printing presses have created an estimated but unaudited \$23.7 trillion in credits, grants, loans and guarantees, backed by taxpayers. Pure profit.

3. Social Security's rising debt ... \$40 trillion

Soon we must either cut benefits or raise taxes 40%. Delays worsen solutions. By 2035 Social Security and Medicare will eat up the entire federal budget, other than defense.

4. Medicare's unfunded debt ... \$60 trillion

Going broke faster than Social Security. Prescription-drug benefit added an unfunded \$8.1 trillion. In

5 years estimates rose from about \$35 trillion to over \$60 trillion now.

5. Annual health-care costs ... \$2.5 trillion

Costs rising faster than inflation. Burden increasingly shifted to employees. Recent Obamacare plan would have cost \$90 billion annually, paid to Big Pharma and insurers.

6. Secretive global derivatives trading ... \$604 trillion

Wall Street resists all regulation of their gambling casino that leverages the combined \$50 trillion GDP of all nations by a 12:1 ratio. Warning: Less than 2% of Wall Street's derivative bets triggered the last meltdown. Buffett "guarantees" it will happen again.

7. Population growth of 50% vs. Peak Oil demands ... \$30 trillion

United Nations says global population is increasing from 6 billion to 9 billion by 2050. China and India need 500 new cities each. Billions more humans want autos, using up limited resources, shifting more costs to America, as commodity price increases and new resource wars.

8. U.S. dollar losing as reserve currency ... \$20 trillion

As China's economy rockets past America's, the dollar will be replaced as the chief foreign reserves. The shift will devalue the relative worth of all America's assets.

9. Global real estate losses ... \$15 trillion

Commercial real estate is bloating 25% of U.S. bank balance sheets. Dubai Tower, world's

tallest, is empty. China collapse will upstage, further depress America's market.

10. Foreign trade and ownership ... \$5 trillion

Foreigners own more than \$2.5 trillion of America. China holds over \$1 trillion Treasury debt. \$40 billion new deficits added monthly. Total climbing at \$400 billion annually.

11. State and local budget and pension shortfalls ... \$3.5 trillion

Shortfalls of \$110 billion in 2010, \$178 billion in 2011. On top of more than \$450 billion in annual shortfalls in local government employee pension funds. L.A.'s near bankruptcy.

12. Corporate pensions plus 401(k) plans ... \$3.2 trillion

Only 30% of Americans have enough to retire. There's \$2.7 trillion in 401(k) plans. And 92% of corporate pension plans are underfunded, with defaults guaranteed by taxpayers.

13. Consumer card debt ... \$2.5 trillion

Americans are still living beyond their means. Even with a downturn, consumer debt rose from about \$2.3 trillion to \$2.5 trillion. Fat Cat Bankers love it, yes, love making matters worse by gouging cardholders and mortgagees, blocking help in foreclosures and bankruptcies.

14. Lobbyists annual costs ... \$1.4 trillion

Wall Street bankers, Corporate CEOs and Forbes 400 Richest spend billions to influence elected officials, regulators and bureaucrats with lobbyists and campaign donations to exercise power over government. Voters are easily manipulated, but it takes lots of cash.

The total of all 14 categories of debt is a mind-blowing \$825 trillion that includes "apples and oranges," jet fighters, derivatives and insurance fees, credit cards, autos and mortgages. There are more, and of course these are just estimates. Given the lack of transparency on Wall Street and in Washington, our debt is likely over \$1,000 trillion.

What must you do? Wake up, drop your denial, get active, demand guys like Uncle Warren, his fat-cat buddies and Obama's team snap out of their denial, fight a return to the old greedy, toxic, destructive culture ... demand that your elected reps in Washington pass 1930's-style financial reforms ... or America will soon trigger a bigger meltdown, a new Great Depression II and no longer be the world's leading superpower.

.....END OF PART I.....

God Bless Tun & family

God Bless Malaysia

By pepatungAuthor Profile Page on May 11, 2010 1:21 PM

US is a very smart nation. USA is not going down and will never be going down even with a mammoth outstanding USD 700 billion deficit. If there is a chance they will go down, USA will pull everybody and everyone into the hole. China and Japan will be the most affected countries. While China may have billions US currency and positive trade balance in their backyard, it will come to no point at all if US economic become no value. So China and Japan must to re-invest

the savings into US account back. Then everything become normal.

The Dow Jones is go down to just make look-like the US stocks become so cheap and vulnerable. It will attract more domestic or most likely foreign investors to come in. One they already come in and already in the system, US government will use all of it policies to re-take the control. Actually it is a trap, the trap that everybody must go in together.

By mazlanAuthor Profile Page on May 11, 2010 1:11 PM

Assalamualaikum.

Internet trading ataupun online trading membolehkan para pelabur membuat keputusan sendiri tanpa melalui wakil peniaga saham yang berlesen. Mereka menjalankan urusan dengan dibantu oleh sistem komputer yang telah diprogramkan. Margin keuntungan dan kerugian telah diprogramkan dan urusan akan berlaku secara automatik.

Setiap perkara umumnya ada baik dan buruknya, kitalah yang perlu menilai kebaikan dan keburukan itu. Begitulah sistem komputer yang diprogramkan ini, kebaikannya ada pada penggunaannya namun keburukannya ada pada masyarakat umum. Dalam perkara ini kelangsungan individu lebih penting dari kelangsungan umum, maka ianya diterima pakai oleh ramai pelabur. Untuk mengharamkannya mungkin menghalang pelabur kecil daripada mengawal risiko kerugian dan mengambil keuntungan sewaktu meneruskan aktiviti harian mereka. Pasaran saham biasanya didominasi oleh pelabur besar ataupun institusi, merekalah menyebabkan pasaran turun naik dengan mendadak sedangkan pelabur kecil hanyalah pengikut. Penguasaan mereka inilah yang perlu diawasi oleh pihak berkuasa.

Saya mohon maaf andai tulisan saya ini meyimpang daripada maksud Tun, kerana saya bukanlah pakar dalam pasaran saham dan juga komputer. Cuma inilah pandangan saya berdasarkan pengetahuan cetek saya.

By WokAuthor Profile Page on May 11, 2010 12:59 PM

Tun,

Tumpang lalu;

To: Ms Virginia Lim ("By v.lim on May 10, 2010 6:58 PM")

1. Your comment is indeed a refreshing one!
2. Unfortunately, many us here failed to or just refused to acknowledge Tun's boundless contributions towards our betterment whilst under his leadership for over 22 years' of our lives!
3. Frankly, I just do not know for whatever reasons Tun is forever hated and despised by some of us here whereas beyond our shores especially within the other Muslim and 'third world' countries, Tun was and is still regarded as ONE OF THE GREATEST LEADERS OF THIS WORLD!

4. I once commented here that by merely being a Malaysian, I was accorded 'a Second Class Citizen' by the Pakistanis, which makes a lot of difference, as other citizens were treated as 'a Third Class Citizen' and it was all because they RESPECT AND ADMIRE TUN DR. MAHATHIR SO MUCH!

5. If all Malaysians are like you, irrespective of their creeds and colours, we could once more become PROUD MALAYSIANS LIKE WHAT WE ONCE WERE!

6. I shall treat a person like you as one of my sisters, any time!

Thank you, Tun, and May Allah continues to bless you and Tun Dr Siti Hasmah!  
By zaki\_77 Author Profile Page on May 11, 2010 12:28 PM

The computer may indicate a 'sell' but it does not force you to do it. Stock market is generally about patience and it is usually the patient ones who gain from the negative sentiments of the market makers.

By Rimba Emas Author Profile Page on May 11, 2010 11:36 AM

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

1) SALAH SATU RESIKO DALAM BURSA SAHAM IALAH KHABAR ANGIN. ITULAH YANG KITA FAHAM DALAM BAHASA MALAYSIA KITA DIERTIKAN DARI BAHASA MAT SALLEH (SPECULATION).

2) SELALUNYA KHABAR ANGIN LEBIH DALAM ERTINYA IAITU PERKARA YANG TIDAK BETUL ATAU BOHONG. ORANG YANG MELABOR ITU MEMANG MEMBACA BUKU-BUKU YANG DITULIS OLEH PAKAR-PAKAR OLEH BEKAS-BEKAS MEREKA YANG TERLIBAT MENGENDALI PELABORAN INI.

7) MEREKA TELAH DINASIHATI AGAR JANGAN TERPENGAROH DENGAN KHABAR ANGIN TERUTAMA MELIBATKAN PENJUALAN DALAM JUMLAH YANG BANYAK SETERUSNYA AKAN MENURUNKAN INDEK PENUNJUK.

8) MALANGNYA PELABORAN INI TIADA TAPISAN MALAH SESIAPA SAHAJA BOLEH MENYERTAINYA MALAH KITA TIDAK AKAN MENGETAHUI DARI MANA SUMBER KEWANGANNYA SAMAADA HALAL ATAU HARAM.

9) BILA TUN KATA TUN TIDAK BERMAIN SAHAM BEGINI MAKA TERKEJUT JUGA RIMBA EMAS YANG SUDAH TENTU MENCERMINKAN BURSA SAHAM DIASASKAN OLEH TUAN-TUAN PUNYA SYARIKAT-SYARIKAT ATAU BADAN SEKURITI SAHAM ANTARABANGSA YANG TELAH MENULAR KESETIAP NEGARA.

10) BADAN SEKURITI SAHAM INI TELAH MELANGGARI ATAU MENCIPTA BERBAGAI-BAGAI KAEDAH YANG BERLAWANAN SAMA SEKALI DENGAN KEHENDAK ALLAH S.W.T. MALAH KEBEBASAN INI MUDAH DILOLOSI OLEH INDIVIDU-INDIVIDU SEPERTI SOROS DAN PENYANGGAK-PENYANGGAK MATA

WANG YANG LAIN.

11) BUKAN SAHAJA PROGRAM KOMPUTER SEPERTI TUN KATAKAN INI WAJIB DIHARAMKAN MALAH BURSA SAHAM INI PUN PERLU KITA PANTAU SERTA ADAKAN AKTA SUPAYA TIDAK TERLALU BEBAS ATAU MENGIKUT BURSA NEGARA BARAT.

12) BAGI RAKAN KITA BANGSA CINA DAN INDIA PERLU TAHU SISTEM ISLAM YANG KITA TERAPKAN BUKAN UNTUK "MEMAKSA" MEREKA MEMELUK AGAMA ISLAM TETAPI MEREKA DIBERI PELUANG UNTUK MERENUNGI SEPERTI KITA UMAT ISLAM YANG LAIN BAHAWA ADALAH JALAN SELAMAT UNTUK KEHIDUPAN MANUSIA.

13) UMAT ISLAM SENDIRI PERLU TAHU BAHAWA TIADA PAKSAAN UNTUK MENERIMA ISLAM CUMA KITA DIMINTA MENYAMPAIKAN KATA-KATA ALLAH S.W.T DAN SOAL KETERBUKAAN HATI MEREKA KEMUDIAN HANYALAH TERLETAK KEPADA KEHENDAK ALLAH S.W.T.

14) GOLONGAN YANG MENYERTAI PALABORAN INI YANG KAYA-RAYA DARI HASIL SAHAM INI JUGA DIDAPATI MEMBUAT PELABORAN KEPADA UNSUR-UNSUR HIBURAN CIPTAAN DUNIA SEPERTI GOLONGAN INDIVIDU-INDIVIDU PEMAIN SUKAN SEPERTI BOLA SEPAK DAN DUNIA ARTIS YANG DIJADIKAN EDOLA KEGILAAN ANAK MUDA SERTA TIDAK SEIMBANG DENGAN APA YANG DIPEROLEHI ALAM PEKERJAAN LAIN.

15) SEMUA INI MENYEBABKAN BERLAKUNYA JARAK TARAF PENDAPATAN ANTARA SESUATU BIDANG DAN CARA GOLONGAN YANG MENERIMA PENDAPATAN YANG TINGGI ITU MEMBELANJAKAN KEARAH YANG MANA CONTOH SEORANG PEMAIN BOLA SEPAK ATAU GOLF ITU KEARAH PELACURAN DAN PERJUDIAN ATAU MINUMAN KERAS.

16) SEMUA INI SUDAH MENDAPAT PETUNJUK DI NEGARA SEPERTI GREEK, ITALY, SPANYOL DAN MENJALAR KE NEGARA YANG MEMBELANJA BERLEBIHAN DALAM INDUSTRI YANG TIDAK BERKEMBANG UNTUK SEMUA PENDUDUK.

WALLAHU'ALAM

By eanisazman Author Profile Page on May 11, 2010 11:34 AM

Salam Tokdet,

I am the accountant and I have been observing the capital market for years. This what I've understood.

Trading stock, shares, contracts or whatever capitals we may have could actually make sense if it was made based on the concept of an investment. It was supposed to be a decent profit-sharing ventures between businessman who are short of funds and the public who are seeking more

lucrative dividends than the FD.

Then there this term called 'capital gain'. The investor found out that by selling the 'share' they have bought earlier is even more lucrative than the tiny dividend declared every year by the company they have invested. Surely people will be prone towards capital gain than the dividend except for strong counter which manage to yield handsome dividend every year.

To inflate the price of the 'share' they have bought earlier they need to increase the demand for the share. Then there this speculation. People speculate things to influence the price. For all we know majority of the stock market players did want to fool others through speculation in order to inflate the price. So maybe whoever bought the highest price could be the greatest fool...

If we continue to play this cheap trick, it will eventually deviate away from the objective of an investment. People are gambling more than doing business. To the effect that they have spoiled the arena of capital trading into a casino.

If the software is programmed just to enhance speculation I am of the opinion that it should be banned. But if it provides fundamental analysis to make decision on the investment it might be ok.

To ensure a healthy financial market is to go back into the fundamentals. Otherwise what you found today might be just the beginning of the collapse of the financial system altogether...  
By GuinnessAuthor Profile Page on May 11, 2010 10:34 AM

1) Stock market is a non value added activity. The intent of stock marketing being a platform of investment has been reduced to just mere trading exercise. There is a need to eliminate the trading element of the stock market.

2) Since every IPO has been vetted by Bursa for profitability, viable business and market accepted products and services. There is no reason why we need to trade instead of we should be investing. We reap our return from company performances instead of speculation and programmed trading. I call for "holding period" of more than 1 year to encourage investment instead of mere trading.

3) With the implementation of "holding period", the computer programmed selling will be rendered REDUNDANT automatically. There is no need to ban, BETUL KAH?

4) With the implementation of "holding period", there will also be short term and long term price stability. The up and down of the share prices will be eliminated. This is a win for everyone.

5) With the implementation of "holding period", there is lesser need to spend \$millions setting up infrastructure either by BURSA or Stock broking firms. That is a lot of money saved!!!

6) With the implementation of "holding period", there is lesser need for more human resources (sellers, buyers, stock brokers, Bursa etc) in the STOCK MARKET. Hence the resources can be freed up to generate tangible and services for the country. This is another win for the country.

7) We have seen negative aspect of this non-value added, non-tangible economic activities, all of you know as well as I do what are these activities. Stock trading included.

8) This is just my 5 cents worth. Hope our beloved and honorable TUN can comment whether there is a better idea to generate REAL and TANGIBLE an economic activity instead of mere

non-value added stock trading!

9) This is a start for change.... There is a need to break away from the NORM of stock trading.... I do hope our beloved and honorable TUN will lead the change!

By AlanAuthor Profile Page on May 11, 2010 9:15 AM

Tun,

Like a car, it doesn't crash if the driver is competent. It is all back to human. And human makes error!

By HBTAuthor Profile Page on May 11, 2010 9:07 AM

Ayahanda Tun,

May I.....,

By leading on May 10, 2010 5:57 PM

Dear Mr leading,

There is one laughable advice from Mr Wong Chi Wah, Hongkong Talk Show Comedian.....

He advised.....,

You can eat as much as possible for paid buffet lunch or dinner, make sure you never score high as copy cat.....

Take care and best of luck, and whether this joke is an advice, or not, will depend on how Mr leading is perceiving it.

That's all for today, Ayahanda Tun due to heavy work load for within this week.

By HBTAuthor Profile Page on May 11, 2010 8:49 AM

Ayahanda Tun,

1. Due to global democracy, human nature, chedet's blogger Mr dpp's one human race assumption of healthy vs sick competitions, human intelligent, all computer softwares and global online internets are designed as "more and more user friendly" as times move on.....whereby with 'clicks within seconds' on keyboards, human beings are able to act on what they perceived is righteous and healthy.

2. Hence, stocks, commodities and forex softwares are designed to encourage more investments base on global players' qualifications, experiences, capabilities, interactions and social networkings.

3. These global players consist of constitutional players, retail investment players, bankers, investment banks and ikan bilis players..... They are highly skilled professionals who have gone through all financial crises which caused by speculations and manipulations since World War II.

4. Due to EU bailouts on Greece and negative formal and informal interactions, experienced predictions and raw assumptions without borders, Dow Jones plunged 1,000 points.

5. When Dow Jones plunged horribly due to selling pressures base on fear and greed theory, some global players may see this as an opportunity as the right time to buy these under value stock caused by instant panic factors. This is why prominent global investor, Mr Warren Buffet came out with his experienced predictions base on bull and bear stock market with and without measures...

Be Greedy when others are Fearful,  
Be Fearful When others are Greedy.

6. Mr Obama sees the Dow Jones' plunge as an irregularly stock trading on that day, he told the global investors that he will get an independent body to investigate why such irregular activity occurred that day.

7. PM Najib knows how KLCI, Singapore and Asian stock markets work politically and economically.

8. Ayahanda Tun, base on PM Najib's experiences and know how on the rationale why and how our 4th PM, YAB Dr Mahathir Mohamad, dealt with with the '97 crisis, PM Najib will be able to pull Malaysia Economy out from recession

Good day and enjoy yourself, Ayahanda Tun.  
By John PengAuthor Profile Page on May 11, 2010 6:08 AM

How i wish i could meet you someday Tun.  
Ill be your second self, i hope the better one for Malaysians & islam.  
Amen.  
By ekomputeAuthor Profile Page on May 11, 2010 3:41 AM

Tun says: "The program can work if only a few players make use of it. But when the program is available to tens of thousands, then their concerted programmed buying and selling will surely affect the market."

I think it all depends on what criteria are used by the program to make a decision. Even so, I don't think people like Warren Buffet and George Soros will use it to make decisions on their behalf. If anything, they may use it to decide how other people will behave and then make their own decisions which may be the exact opposite of what the program comes out with.  
By formule1Author Profile Page on May 11, 2010 1:38 AM

1.this is an effort to collapse the american economy and dollar.

2. sooner or later the usd value will drop and drag together all currency in the world.

3. then the money system no more acceptable.

4. money will switch to card system, so the ambition towards 1 new world government, new world order can be achieved.

5. all people around the world will become dependent to the new system.

6. please search the history of how the federal reserve formed by the jews.

By takkecekbyk Author Profile Page on May 10, 2010 11:09 PM

YABhg. Tun Yg Dikasihi,

2 years ago, I bought some amount of Iraqi Dinar. If it is revalued to say 10% of its value @ 1991 (during which the UN had imposed economic sanction against Iraq), and if I deposited it in Tabung Haji, I think I can plan for early retirement.

YABhg. Tun Yg Dikasihi, what is your opinion about my investment?

By parameswara 2 Author Profile Page on May 10, 2010 10:02 PM

Dear Tun, all that I think I know about the Dow Jones is that at the moment the US government is frantically trying to push it up by injecting more of the borrowed money into the stock market so that confidence can return to the US economy. But the state of their economy is no longer a secret, that their payment of interest on their debts alone is USD250 billion per year. That the only way for them to get out of their rut is to print more even money and increasing their debt-how could confidence ever return? So in this state of uncertainty the moment there is a sudden massive fall in the Dow Jones due to those activities you've mentioned, somebody who have invested big money in the jacking up process of the Dow Jones may panicked-and make even more massive selling- contributing in the end to the total collapse of the stock market and consequently, the US economy. Could this be how it will end for the world's biggest economy? By the way just like to share with you something interesting about this book I saw at the Borders yesterday. Its titled "50 Tokoh Islam Yang Telah Mengubah Dunia" written by Ahmad Amri Zainal Abidin and Norasyikin Ahmad-the book mentioned names like Ayatollah Khomeini and Ahmedenijad at the international level, Haron Din, Nik Aziz and Anwar Ibrahim, some of the names at the national level. But as for the only person who have ever succeeded in outplaying the West and kept Malaysia sovereign during the economic crisis-your goodself, has conveniently been excluded! You're not hurt are you? Take care.

By Redhuan D. Oon Author Profile Page on May 10, 2010 9:36 PM

haha,

Can't wait to show this to some fellow programmers who created software to play the stocks. Now they know even the old man disproves and can prove its evil folly.

But what to do. People want to be rich quickly. They work hard to gamble. But to my Chinese

clans such greed is not evil.

By sudinAuthor Profile Page on May 10, 2010 8:37 PM

Salam Tun.

During '97 Asian depression, Tun told Anwar not to allow banks to 'loan' the share scripts to Soros & gang. But being the Finance Minister he has power to ignore Tun's words. Thus Anwar's hedge fund friends borrowed millions of blue chip scripts from our banks against US\$trillions cash they put up as collateral, then immediately started selling them in the open market. Any resistance by our local institutions quickly evaporated because Anwar's hedge fund friends came back with further US\$trillions as more collateral to borrow scripts from our banks, which Anwar encouraged in order to humiliate Tun's leadership.

What followed was total catastrophe for our stock market: THE BSKL INDEX NOSEDIVED FROM 1200+ TO 200+ within a short period. Anwar has caused much bigger damage than any computer programmed share trading that Tun can name.

Anwar later allowed his hedge fund friends to buy back every one of the borrowed scripts on the cheap (just like peanuts) at the open market, then return them to the banks with hefty profit, leaving behind M'sians groaning awaiting bankruptcy.

It's suffice for now on 'the liar & slanderer' Anwar's act of treason, which ex-PM 'no quality' Pak Dol & the 'kurang \_jar (KJ) kid trying hard to emulate!

By hairilrizalAuthor Profile Page on May 10, 2010 7:51 PM

Salam Tun,

It is strange that when Governments knew that glitches like this exist in the Computer programme, they are still using it.

Is there anything for them from using the programme that we commoners don't know?

Or what was happening with Dow Jones has really slipped out of their expectations? Never expect that tens of thousands of people may buy or sell at one time?

Thanks.

By donplaypuksAuthor Profile Page on May 10, 2010 7:49 PM

Tun

I agree 100% with you that this system which has increasingly made the Dow Jones a laughing stock of a casino must BAN ALL:

1. Programmed Trading of any kind, whether buying or selling.
2. Short Selling by borrowing scrips i.e. seller must actually beneficially have paid for and

owned shares that are sold. This will encourage more medium and long term investing strategies.

3. Proprietary trading by short selling shares or hedge instruments by those who create and market those same securities to clients unless clients are clearly informed of it first. (The Goldman Sachs con!!)

4. Listed Companies from having private briefing sessions for Plcs and large investors, especially before quarterly results are released, unless such sessions are also open to ALL shareholders and investors.

5. Investors from operating nominee accounts.

dpp

we are all of 1 race, the Human Race

By orang kampung Author Profile Page on May 10, 2010 7:34 PM

Salam Tun yang di hormati,

1. Pemikiran setiap manusia berkemungkinan berbeza-beza ; politikus dengan ideologi nya, pakar ekonomi dengan jangkaan nya dan pelanggan kedai kopi dengan cerita nya.

2. Politikus akan bercerita bahawa pemerintahannya paling hebat; cemerlang, gemilang dan terbilang. Pembangkang tak tau apa.

3. Politikus akan mengatakan perancangan ekonomi nya paling baik; hal "GDP", "unemployment" tu semua dia boleh atasi. Orang lain tiru dia sahaja.

4. Politikus juga akan memberi komen yang dia tak "main" saham, yang dia tak "main" komoditi, yang dia tak "main" pertukaran matawang asing. Orang lain yang "berdagang" saham, komoditi dan matawang asing ini berjudi sahaja.

5. Politikus akan memaklumkan sistem komputer akan membuat kan manusia seperti sekumpulan burung; jika ketua nya terbang ke selatan, yang lain ikut, jika ketua terbang ke utara, yang lain ikut, dan jika ketua nya masuk laut yang lain juga akan ikut. Manusia, burung dan sistem komputer serupa sahaja.

6. Bagaimana pula pendapat pakar ekonomi dan pelanggan kedai kopi terhadap politikus?

7. Pakar ekonomi mungkin akan menjangkakan politikus ni pengetahuan nya dalam ekonomi adalah kosong.

8. Dan pelanggan kedai kopi mungkin akan bercerita politikus nie labun jea lebih.

By obbi71 Author Profile Page on May 10, 2010 7:14 PM

Salam Pak Tun,

You have said it..gambling. Gambling of any kind should be ban. It does no good to human health. Perkara sebegini tak elok dipraktikkan. Walaupun stock exchange nak canggih atau up to date pakai computer, tetapi all these gadgets are subject to manipulation and of course hacking, spying etc etc. Ianya boleh merosakkan ekonomi negara walaupun our fundamentals are good.

Tetapi on the other hand, kalau tak pakai pulak...macam mana? Slow, sluggish, red tape...Tak ada syarikat luar nanti yang mahu menyenaraikan syarikat mereka di Bursa kita. Iilah dia The Good, The Bad and The Ugly...

By amin tanAuthor Profile Page on May 10, 2010 7:11 PM

Dear Tun,

This is another excellent article of yours. The world should read this.

amin tan

By v.limAuthor Profile Page on May 10, 2010 6:58 PM

Dear Tun

I attended your lecture on a highly relevant topic hosted by the ECSSR in Abu Dhabi. Just like most, if not all Malaysians residing here in the UAE, it is an opportunity not to be missed. The community here which represents a multitude of nationalities particularly from the MENA region regards highly of your strong leadership within the local and international scene. The overwhelming attendance and participation at the lecture was enough to display their keen interest in your refreshingly honest views.

As a Malaysian, it is a truly a moment of pride. It does bring me back to the time when the Malaysians themselves were questioning the decisions and policies you've made as a Prime Minister without appreciating and understanding the reasons behind those decisions which I believe is fundamental to our nation's progress and most importantly, peace and unity.

On a personal note (which I do hope you receive this and not have this entry published as I am rather a shy person). I am definitely a big fan of yours, and I owe this to my father. He believes in the Barisan Nasional party (especially under your leadership), what it stands for and that it must continue to govern the country. He once said in order to take care of the minorities; they must first take care of the majority. We have a roof over our head, food on our plate and the safety net for racial harmony which the government provides. As a Malaysian of Chinese descent, we have no complaints.

No, I could not afford private education

BUT, there were the national schools where I met my fellow Malay and Indian friends, some of whom are my best friends till today.

No, I was not enrolled into university / college after form 5.

BUT, there was form 6. (I just need to work a little bit harder). I secured a place in UM thereafter at a much affordable rate that a typical family of a civil servant could very much afford.

No, I did not receive a scholarship (as I was not particularly a bright student but a notorious one, if I may add).

BUT there was PTPTN.

And yes, as soon as I graduated I got a job with a decent salary.

Worked hard enough to earn a promotion and gained enough experience within the country before moving to the UAE, to contribute to its nation building.

So whatever so called obstacles or adversity that seems to be highlighted repeatedly by the minorities and even some majority, the system seems to work for me.

I am not a successful business woman, nor am I a great economist, lawyer or doctor, but I managed to earn a decent living based on the available opportunities I had.

I am proud of what I have achieved.

Born in the 1980, I am most certainly proud to be a product of your leadership.

Thank you, Tun Dr. M.

Regards  
Virginia Lim  
virginia.lim@gmail.com

p/s:

I really wanted your signature or an opportunity be photographed with you after the lecture. But as I said, the crowd was overwhelming. Hopefully one day I will get that opportunity.

The closest thing I have is this front page article of my brother, sister in law and my baby nephew (who is now 10) and their opportune moment of meeting you. I can be vaguely seen in the background, next to my brother in law. I thought I should share this with you and your wife.

<http://shw.virginia-lim.fotopages.com/21639919.html>

By leadingAuthor Profile Page on May 10, 2010 5:57 PM

Tun,

Software written with "IF... THEN... ELSE..." can always be misused but it can be disastrous too if we do without having computer software to monitoring transactions.

Fortunately, I have ♥happily♥ stayed away from stocks since 2001.

p/s: I would like to take this opportunity to encourage those who are still gambling in stock to quit after reading some articles from Master Chin Kung 淨空法師 <click here>.

►His videos in Chinese: 和谐拯救危机by净空法师 <click here>.

►His videos in English: Let Harmony Redeem <click here>.

Regards,

♥♥♥.leading.com.my

By m8Author Profile Page on May 10, 2010 5:41 PM

Tak perlu ban, sebab saya pun buat indicator untuk trade Index. US dan Euro

By GuinnessAuthor Profile Page on May 10, 2010 5:16 PM

I find it a very strange comment to ban computer programmed trading!!!

Human being created STOCK MARKET spending trillions trading over pieces of paper called SHARE. Human being are much more stupid to trade in stock marketing, a non-value added activity. There is no tangible services or products created from stock market.

When market goes up for no apparent reasons, we applaud the paper gain. When the market goes down, we blame the computer programmed trading! Why the trading in the 1st place?

We created the problem/Stock market for ourselves and now we blame the computer programmed trading for the problem?

TAK MASUK OTAK!!! BETUL KAH?

By ujang\_pilotAuthor Profile Page on May 10, 2010 4:55 PM

Y.Bhg Tun,

Wajar dipertimbangkan akta kawalan computer programming for stock market gambling. Kalau tidak bertambah kucar kacir dunia.

By Solo BearAuthor Profile Page on May 10, 2010 4:40 PM

There is a rumour that the Fed Reserve itself is behind the crash.

<http://wherebearsroamfree.blogspot.com/2010/05/us-stock-crash-6-may-2010-part-2-us-fed.html>

Source: <http://chedet.co.cc/chedetblog/2010/05/dow-jones.html>