

BN poised for bigger win in GE13, says OSK Research
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KUALA LUMPUR, Oct 21 — A major investment bank has said that Barisan Nasional is likely to improve on its performance in the 2008 general election due to indications of a swing of support to the ruling coalition.

OSK Research in a report yesterday said that the incumbent government was likely to increase its share of parliamentary seats and that most investors were expecting the general election to be held by March 2012.

“This expectation is premised on indications that certain communities have swung their support back towards the BN since early 2010,” said OSK.

“While we cannot predict the number of seats that the BN may clinch, we believe that it would be an improvement over the 63 per cent secured in 2008.”

The report also said that based on the 2008 polls and the news flow since then, the three west coast states of Kedah, Perak and Selangor were expected to be major battlegrounds.

It also broke down the geographical support, with Pakatan Rakyat dominating urban centres, the west coast of Peninsular Malaysia and the rural Malay heartland in the north of the peninsula reflecting its alliance of components comprising Islamic fundamentalists, secular urbanites and moderate reformers.

The ruling BN coalition, meanwhile controls the southern part of Peninsular Malaysia and East Malaysia, which reflects its more development-focused agenda.

The report also said that based on the stock market’s historical performance, a one-month post-election strategy — which entails buying into the market just prior to an election and selling out about a month after — was the most consistent in terms of returns.

“This strategy gives the second highest probability of a positive return,” said OSK.

“The average returns over the past eight elections from employing such a strategy are also the second highest among other possible strategies, such as buying six months prior to an election, or holding for three months post-election.”

It also recommended a “short and tight” approach to trading during election season as polls are in general a short-term localised driver.

Among strategies recommended for election season include waiting for profit-taking ahead of the general election before entering the market, buying just before the election date and riding on the positive post-election sentiment, exiting about one month after the elections and focusing on blue-chips in the banking, O&G and construction sectors rather than on so-called “election plays”.

Barisan Nasional under Datuk Seri Najib Razak has had a mixed record in by-elections since

2008 but won most of the most recent by-elections, including Tenang in January in addition to also winning the Sarawak state election.

The latest survey from local pollster Merdeka Center showed that Najib's popularity slid to 59 per cent this August from the highest level of 79 per cent in May 2010, fuelled by rising concerns over the surge in living costs and his government's handling of the July 9 Bersih 2.0 rally.

While Najib's economic reforms have been selective and limited, the prime minister may have benefited from a boost to his credibility and appeal in September by announcing plans to repeal the Internal Security Act (ISA) and three Emergency Declarations.

In his recently unveiled 2012 budget, Najib also committed to cash handouts, more money for civil servants, schools, a fund for "high-impact development" projects and a financial windfall for Felda settlers, moves that could bolster Barisan Nasional's traditional support base.

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