

Usage of Statistics & Application of Statistical Science Industry: Equity Research

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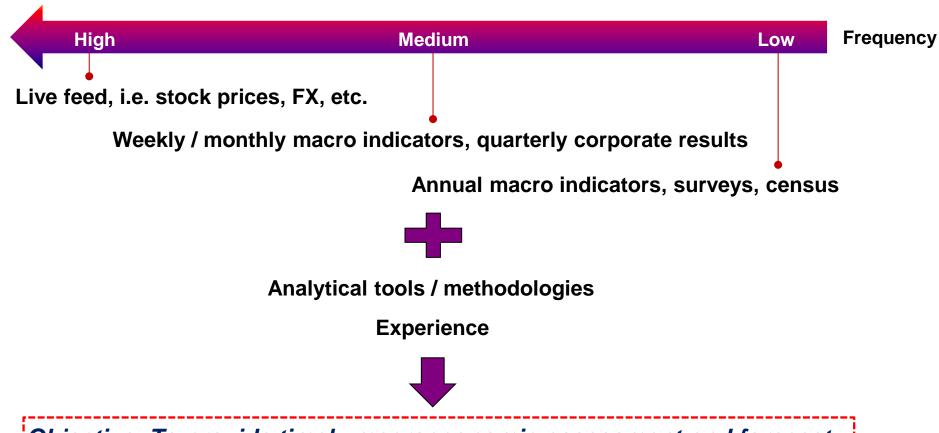
Head of Research / Economist



Agenda

- i. Equity Research: Background
- ii. Putting data to work
- iii. Top-Down meets Bottom-Up: Plantation
- iv. Top-Down meets Bottom-Up: Property
- v. Issues & Challenges

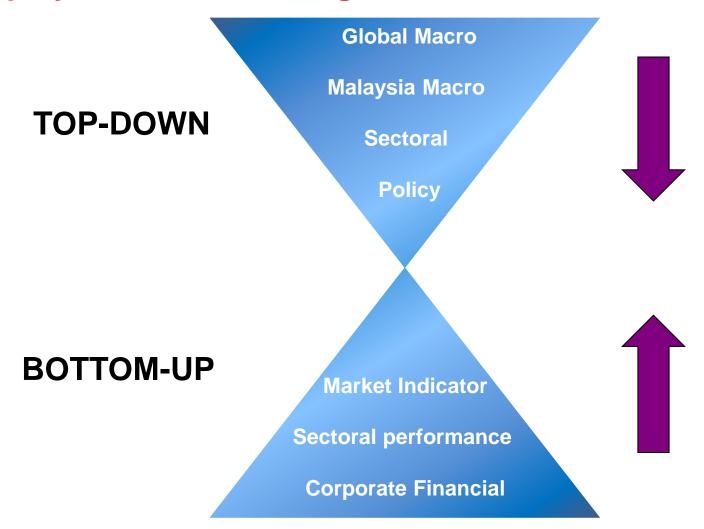
Equity Research: Background



Objective: To provide timely macroeconomic assessment and forecast with actionable equity strategies & ideas



Equity Research: Putting data to work



When Top-Down meets Bottom-Up: Plantation

Top-Down Approach (Demand)

Global demand conditions

Demand for commodities

Demand for edible oil

Competition, substitution, policy, etc.

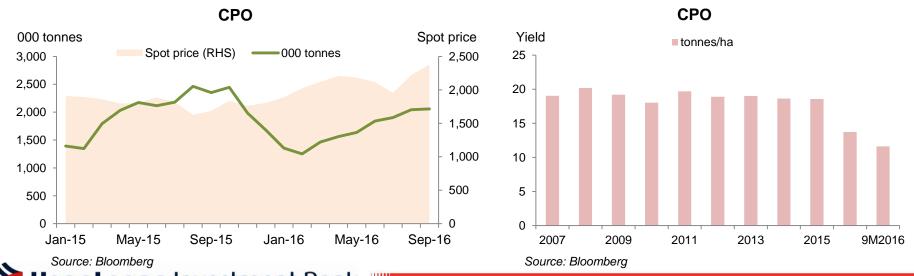
Demand for palm oil

Bottom-Up Approach (Supply)

Aggregation of major planters (FFV, Sime, IOI) >40%

Statistics of individual company (production, hectarage, FFB yield, etc.)

Guidance from corporates



When Top-Down meets Bottom-Up: Property

Top-Down Approach (Demand)

Macro conditions

Income, interest rate, lending guidelines

Demographics

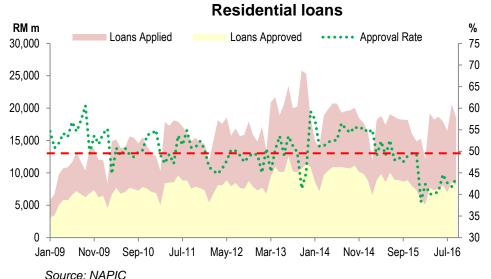
Demand for properties

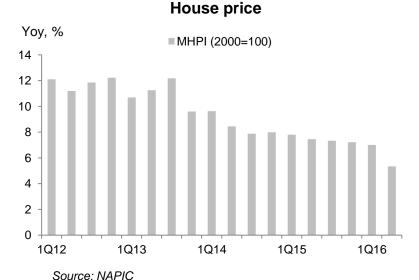
Bottom-Up Approach (Supply)

Aggregation of major developers

Statistics from individual companies (launches, sales, take-up rate, location)

Guidance from corporates

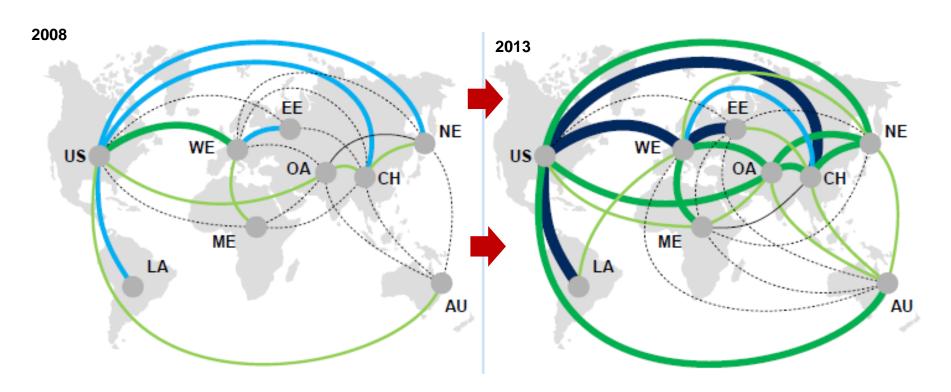




<u>Issues & Challenges</u>: Globalisation-led data complications

i) Speed of capital flows & ultimate beneficiary holders of financial assets

ii) Complexity of world trade with emergence of global supply chain



Source: McKinsey Global Institute

<u>Issues & Challenges</u>: Catching up with IT revolution

i) Increasing need for real-time behavioural data to achieve efficiency



ii) Lack of uniformity of data leads to confusion and volatility



Issues & Challenges: Better coverage of domestic data

Malaysia (Demand & Labour)

- Higher frequency and details of consumption (retail) data
- Better and wider coverage of sentiment index
- Investment indicator (machinery orders, surveys, etc.)
- Standardisation of labour statistics

Thank you

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