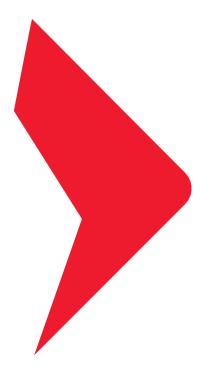


MARKET COMMENTARY

# Equity market review and outlook

July 2024



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## Review

- Malaysian equity markets saw positive performance relatively in line with regional markets in July driven partly by the much stronger Malaysian Ringgit. Foreign investors were buyers of Malaysian equities to the tune of RM1.4b in July, resulting in YTD net foreign fund flow of RM0.9b. Malaysia 2Q24 advanced estimate GDP came in at 5.8%, higher than expected, driven by faster growth in most sectors except mining. Construction saw a continued doubledigit growth (+17.2% adv est) driven by firmer growth across all subsectors. The 2Q24 GDP actual data will be announced on 16 Aug 2024.
- The KLCI closed the month at 1,625.57, up 2.23% mom. The FBM Small Cap index gained 0.63% for the month, underperforming the KLCI. The best performing sectors were Construction (+14.4%) and Property (+4.9%). The worst performing sectors were Health Care (-3.4%) and Technology (-2.3%). Average value traded on Bursa in July was RM 4161m higher by 6.5% mom.

## Outlook

- Global markets were in a tailspin at the start of August, on the back of a slew of negative newsflow. Concerns over a potential US hard landing as Friday's jobs report led to market speculation that the US Federal Reserve may even consider a 50bps cut in FFR versus 25bps. In addition, the high number of negative earnings guidance during the US 2Q24 results season adds to the concerns. The Bank of Japan's surprise move to raise interest rates, saw investors reassessing their carry trades. On top of the financial turmoil, geo-political tensions ratcheted up a notch, with Iran vowing revenge for the alleged assassination of Hamas political leader in Tehran. The death of the Hamas leader further heightened tensions at an already volatile time, raising fears that Israel's conflict with Hamas and its allies could develop into a multi-front, fully-fledged war in the Middle East. Israel has neither confirmed not denied their involvement. The rise in geopolitical tensions globally, in addition to the financial turmoil from the US and Japan, and the unwinding of Yen carry trades, has resulted in investors rushing to lock in profits. For Malaysia, which was one of the best performing markets regionally, would see investors keen to take money off the table. The weaker USD could be negative for exporters in general or those that report earnings in USD such as in oil and gas. On the other hand, producers with raw materials denominated in USD may benefit as it would reduce their input cost. Some auto players may be affected negatively with the stronger Yen, impacting their input cost.
- However, this risk off is mostly externally driven. Domestically the Malaysian economy has been on a firm path of progress, with data points improving, investments coming in, tourism numbers higher, and consumer spending resilient. After waiting for the knee-jerk reaction to settle down, we would look to accumulate fundamentally sound stocks, with upside potential, but were expensive earlier.

# Index performance & movers

### FBM100 INDEX

START DATE START NET CHG		30-Jun-24 11,798.06 311.1				END DATE	31-Jul-24		
						END		2,109.16	
									2.64%
	Name	Price	Net Chg	% Chg	Ticke	r Name	Price	Net Chg	% Chg
1	Sunway Construction Group Bhd	4.80	1.01	26.65 %	1	Velesto Energy Bhd	0.22	-0.05	(18.87)%
2	ITMAX SYSTEM Bhd	3.15	0.59	23.05 %	2	Unisem M Bhd	3.64	-0.52	(12.50)%
3	AFFIN Bank Bhd	3.05	0.56	22.49 %	3	Lotte Chemical Titan Holding B	1.07	-0.15	(12.30)%
4	Eco World Development Group Bh	1.77	0.29	19.53 %	4	Nestle Malaysia Bhd	108.60	-12.90	(10.62)%
5	Gamuda Bhd	7.86	1.28	19.45 %	5	Kossan Rubber Industries Bhd	2.12	-0.23	(9.79)%
6	Sunway Bhd	4.29	0.68	18.84 %	6	Mi Technovation Bhd	2.37	-0.22	(8.49)%
7	Sime Darby Property Bhd	1.58	0.24	17.91 %	7	Petronas Chemicals Group Bhd	5.80	-0.51	(8.08)%
8	SP Setia Bhd Group	1.60	0.22	15.94 %	8	Axiata Group Bhd	2.40	-0.21	(8.05)%
9	Malayan Cement Bhd	5.76	0.78	15.66 %	9	Padini Holdings Bhd	3.39	-0.26	(7.12)%
10	UM Corp Bhd	3.50	0.45	14.75 %	10	Hartalega Holdings Bhd	3.05	-0.23	(7.01)%

Source: Bloomberg

	Last Price			MoM Cha	anges	YTD Changes	
Indices	31-Dec-23	30-Jun-24	31-Jul-24	+/-	%	+/-	%
FBMKLCI	1,454.66	1,590.09	1,625.57	35.48	2.23%	170.91	11.75%
FBMMES	5,322.03	5,773.28	5,661.38	-111.90	-1.94%	339.35	6.38%
FBM100	10,485.72	11,798.06	12,109.16	311.10	2.64%	1,623.44	15.48%
FBM70	14,612.98	17,841.89	18,488.08	646.19	3.62%	3,875.10	26.52%
FBMSCAP	16,353.38	19,289.76	19,411.14	121.38	0.63%	3,057.76	18.70%
FBMEMAS	10,823.70	12,216.40	12,517.21	300.81	2.46%	1,693.51	15.65%
FBMSHA	10,988.71	12,552.70	12,762.46	209.76	1.67%	1,773.75	16.14%
FBMHIJRAH	11,783.61	13,051.47	13,190.44	138.97	1.06%	1,406.83	11.94%
FBMSCAPS	15,104.22	17,951.54	17,934.13	-17.41	-0.10%	2,829.91	18.74%
MSCI APxJ	528.89	566.81	565.54	-1.27	-0.22%	36.65	6.93%
MSCI ACWI	727.00	802.01	814.16	12.15	1.51%	87.16	11.99%

Source: Bloomberg

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