

MARKET COMMENTARY

Equity market review and outlook

June 2024



Review

- ▶ Malaysian equity markets saw some consolidation in June 2024 which could be related to profit taking activities, following the strong 1H24 performance thus far, where the KLCI outperformed most markets. The FTSE rebalancing at the beginning of the month saw Sunway Berhad replacing AMMB as a constituent of the KLCI. During the month diesel retail price at the pump was raised to RM3.35/litre from RM2.15/litre effective 10 June 2024 across Peninsular Malaysia. June also saw a flurry of news regarding Data Centres with the sale of land by Eco World and UEM Sunrise, and Telekom announced their partnership Singtel's Data Centre unit Nxera to develop data centres. China's Premier Li Qiang was in Malaysia for a three day maiden visit mid-June, and witnessed the signing of 14 memoranda of understanding and agreements involving nine Malaysian ministries.
- ▶ The KLCI closed the month at 1,590.09, down 0.41% mom. The FBM Small Cap index gained 3.64% for the month, outperforming the KLCI. The best performing sectors were Construction (+8.4%) and Technology (+5.1%). The worst performing sectors were Consumer (-2.3%) and Plantation (-1.3%). Average value traded on Bursa in June was RM3,908m lower by 13.3% mom.

Outlook

- ▶ Malaysian equity markets have performed well in 1H24. Recent buying support could be the result of funds flowing back to Malaysia with the intention to invest domestically, post the government and BNM's encouragement of GLICs and GLCs to repatriate dividends to Malaysia.
- ▶ The Employees Provident Fund (EPF) has approved nearly RM7 billion in withdrawals from Account Flexible (or Account 3) as of June 10, according to the Ministry of Finance (MOF). The availability of these funds may help boost consumption. However, this could be mitigated by the expected petrol subsidy rationalization expected to be rolled out in 2H2024. The shape and form of this measure has yet to be announced. Overall, we are cautious on the potential inflationary impact of the subsidy removals, and the possible second round price hikes. The Malaysian's commitment to the boycott of goods and services from companies deemed to be in support of Israel has been strong, leading to F&B outlet closures, which may have a longer term negative impact for investment in Malaysia and on employment opportunities for Malaysians. Nevertheless, equity markets may still be buoyant driven by the ample liquidity. Investor interest in Malaysia had been kept elevated with Data Centre investment news. Any correction in the market will provide us the opportunity to accumulate fundamentally sound stocks.

Index performance & movers

FBM100 INDEX

START DATE	31-May-24	END DATE	30-Jun-24
START	11,835.52	END	11,798.06
NET CHG	-37.46		-0.32%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 VS Industry Bhd	1.27	0.21	19.81 %	1 Guan Chong Bhd	3.68	-0.62	(14.42)%
2 Lotte Chemical Titan Holding B	1.22	0.19	18.45 %	2 Malaysian Resources Corp Bhd	0.61	-0.09	(12.95)%
3 ITMAX SYSTEM Bhd	2.56	0.30	13.27 %	3 UWC BHD	2.98	-0.32	(9.70)%
4 Inari Amertron Bhd	3.70	0.36	10.74 %	4 Petronas Dagangan Bhd	17.44	-1.79	(9.33)%
5 Dagang NeXchange Bhd	0.49	0.04	8.89 %	5 Genting Malaysia Bhd	2.55	-0.25	(8.93)%
6 Chin Hin Group Bhd	3.48	0.26	8.07 %	6 YTL Corp Bhd	3.45	-0.33	(8.73)%
7 Telekom Malaysia Bhd	6.76	0.50	7.99 %	7 SP Setia Bhd Group	1.38	-0.12	(8.00)%
8 Gamuda Bhd	6.58	0.43	6.99 %	8 Hibiscus Petroleum Bhd	2.36	-0.18	(7.05)%
9 CTOS Digital Bhd	1.48	0.10	6.97 %	9 Eco World Development Group Bh	1.50	-0.10	(6.25)%
10 MR DIY Group M Bhd	1.94	0.12	6.59 %	10 Petronas Chemicals Group Bhd	6.31	-0.40	(5.96)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-23	31-May-24	30-Jun-24	+/-	%	+/-	%
FBMKLCI	1,454.66	1,596.68	1,590.09	-6.59	-0.41%	135.43	9.31%
FBMMES	5,322.03	5,389.57	5,773.28	383.71	7.12%	451.25	8.48%
FBM100	10,485.72	11,769.66	11,798.06	28.40	0.24%	1,312.34	12.52%
FBM70	14,612.98	17,481.54	17,841.89	360.35	2.06%	3,228.91	22.10%
FBMSCAP	16,353.38	18,613.10	19,289.76	676.66	3.64%	2,936.38	17.96%
FBMEMAS	10,823.70	12,161.52	12,216.40	54.88	0.45%	1,392.70	12.87%
FBMSHA	10,988.71	12,392.36	12,552.70	160.34	1.29%	1,563.99	14.23%
FBMHJRAH	11,783.61	12,988.23	13,051.47	63.24	0.49%	1,267.86	10.76%
FBMSCAPS	15,104.22	17,321.35	17,951.54	630.19	3.64%	2,847.32	18.85%
MSCI APxJ	528.89	547.51	566.81	19.30	3.53%	37.92	7.17%
MSCI ACWI	727.00	785.54	802.01	16.47	2.10%	75.01	10.32%

Source: Bloomberg

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