

MARKET COMMENTARY

Equity market review and outlook

May 2024



Review

- ▶ Malaysian equities continued to register positive performance for the month of May. The continued uptrend could be due to decent 1Q24 earnings season, and M&A activities proposed which provided some excitement to the market. Month of May also saw an influx of data centre announcements from tech giants, as Microsoft CEO committed to USD2b in investments, and this was followed by Google's USD2bn investments for data centres and cloud services. The technology sector saw significant gains in May, fuelled by net purchases from foreign investors, responding positively to the launch of Malaysia's National Semiconductor Strategy on 28 May. EPF restructured their members contribution accounts to include an Account 3 (Flexible), for members to contribute 10% of their EPF savings (if they opt in) to Account 3, and future EPF contributions will automatically allocate 10% to Account 3. This together with the PM's announcement of a revised salary scheme for civil servants which will see a hike of up to 13% may help consumer spending to remain resilient.
- ▶ The KLCI closed the month at 1,596.68, up 1.31% mom. The FBM Small Cap index gained 4.07% for the month, outperforming the KLCI. The best performing sectors were Technology (+11.5%) and Construction (+9.3%). The worst performing sectors were Plantation (-4.9%) and oil and gas (-0.9%). Average value traded on Bursa in May was RM4,509m higher by 47% mom.

Outlook

- ▶ Domestically, equity markets have performed well thus far, with investors sentiment improving running on themes relating to Johor, data centres and NETR. Recent buying support to the equity market 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 recent EPF account 3 announcement may start seeing member withdrawals as soon as 12 May 2024 onwards which could boost consumer spending. However, this could be mitigated by the expected petrol/diesel 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 higher commodity prices resulting in companies raising prices. 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. Any correction in the market will provide us the opportunity to accumulate fundamentally sound stocks.

Index performance & movers

FBM100 INDEX

START DATE	30-Apr-24	END DATE	31-May-24
START	11,502.73	END	11,769.66
NET CHG	266.93		2.32%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 Guan Chong Bhd	4.07	1.23	43.31 %	1 Kuala Lumpur Kepong Bhd	20.86	-2.34	(10.09)%
2 Mi Technovation Bhd	2.41	0.54	28.88 %	2 Petronas Dagangan Bhd	19.80	-2.06	(9.42)%
3 Aeon Co M Bhd	1.41	0.30	27.03 %	3 CELCOMDIGI BHD	3.81	-0.37	(8.85)%
4 Chin Hin Group Bhd	3.28	0.63	23.77 %	4 Hibiscus Petroleum Bhd	2.50	-0.22	(8.09)%
5 Malaysian Pacific Industries B	37.10	7.10	23.67 %	5 TSH Resources Bhd	1.05	-0.09	(7.89)%
6 Mah Sing Group Bhd	1.50	0.26	21.06 %	6 WCE Holdings Bhd	0.84	-0.07	(7.73)%
7 My EG Services Bhd	1.10	0.19	20.88 %	7 IOI Corp Bhd	3.82	-0.28	(6.83)%
8 Sports Toto Bhd	1.68	0.27	19.15 %	8 Ta Ann Holdings Bhd	3.97	-0.27	(6.37)%
9 Top Glove Corp Bhd	1.05	0.17	18.64 %	9 Sarawak Oil Palms Bhd	2.89	-0.17	(5.56)%
10 VS Industry Bhd	1.06	0.16	17.13 %	10 KPJ Healthcare Bhd	1.90	-0.11	(5.47)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-23	30-Apr-24	31-May-24	+/-	%	+/-	%
FBM KLCI	1,454.66	1,575.97	1,596.68	20.71	1.31%	142.02	9.76%
FBM MES	5,322.03	5,076.70	5,389.57	312.87	6.16%	67.54	1.27%
FBM 100	10,485.72	11,502.73	11,769.66	266.93	2.32%	1,283.94	12.24%
FBM 70	14,612.98	16,621.25	17,481.54	860.29	5.18%	2,868.56	19.63%
FBM SCAP	16,353.38	17,885.13	18,613.10	727.97	4.07%	2,259.72	13.82%
FBM EMAS	10,823.70	11,872.26	12,161.52	289.26	2.44%	1,337.82	12.36%
FBM SHA	10,988.71	12,085.94	12,392.36	306.42	2.54%	1,403.65	12.77%
FBM HIJRAH	11,783.61	12,776.71	12,988.23	211.52	1.66%	1,204.62	10.22%
FBM SCAPS	15,104.22	16,584.80	17,321.35	736.55	4.44%	2,217.13	14.68%
MSCI APxJ	528.89	539.04	547.51	8.46	1.57%	18.62	3.52%
MSCI ACWI	727.00	756.61	785.54	28.93	3.82%	58.54	8.05%

Source: Bloomberg

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