

MARKET COMMENTARY

Equity market review and outlook

October 2024



Review

- ▶ Malaysian equity market declined for the second consecutive month, in line with weakness in the region, as investors stayed on the sidelines ahead of the US elections. Month of October was fairly quiet, and domestic news was centered on Budget 2025. An expansionary budget focused on reforming the economy, fueling change and bringing prosperity to the people. Minimal new taxes were introduced, and a timeline for RON95 subsidy rationalization was stated for mid-2025, although the mechanism of its rollout is still lacking. Cash aid was the highest in this budget at RM13b, and minimum wages will increase to RM1700/month effective 1 Feb 2025. During the month, Malaysia recorded foreign outflow of RM1.8b, the largest foreign outflow since March 2024, which could still be the result of investors diverting funds to China.
- ▶ The KLCI closed the month at 1,601.88, down 2.85% mom. The FBM Small Cap index declined 2.34% for the month, performing relatively inline with the KLCI. The worst performing sectors were Utilities (-7.2%) and Telecommunications (-3.1%). During the month, YTL Power and YTL Corporation were the two main detractors for KLCI, declining 16% and 21% respectively. News flow regarding the MACC probe into their 1BestariNet project that was undertaken and subsequently terminated years ago, raised questions on their governance. The best performing sectors were Construction (+2.2%) and Health Care (+1.3%). Average value traded on Bursa in Oct was RM2670m lower by 24% mom.

Outlook

- ▶ The US Presidential Elections held on the 5 November 2024 saw Donald Trump win his second term as President of the United States of America. Of his campaign promises, the one that will likely be impactful to Asia in general would be the tariffs of 10-20% on all imports, and for Chinese goods imported, tariffs of 60%. This will likely create relatively more upside bias to inflation, as imported goods become more expensive. In addition, his policies may have an inflationary bias given his stance on tightening immigration and mass deportation, which may lead to higher wages given the shrinking workforce. Potential for higher inflation in the US could also result in a stronger USD, as the US Federal reserve may not be as aggressive with rate cuts, despite Trump's preference for lower rates.
- ▶ We are constructive on the domestic market which will continue to be supported by the improving economy, strong FDI, corporate earnings growth, flushed liquidity and tourism rebound. We will selectively rotate from stocks which have done well and deploy into laggards with potential catalysts, such as companies benefitting from the investment upcycle, US-China trade war and high dividend yielding stocks. In the short term, we may see stronger USD, and this will be positive to Malaysian exporters such as gloves, plantations, technology and selective industrial companies. In the longer term, there could be more market volatility from a Trump presidency.

Index performance & movers

FBM100 INDEX

START DATE	30-Sep-24	END DATE	31-Oct-24
START	12,021.71	END	11,814.10
NET CHG	- 207.61		-1.73%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 Chin Hin Group Bhd	2.61	0.49	23.11 %	1 YTL Corp Bhd	1.99	-0.52	(20.72)%
2 UWC BHD	2.35	0.32	15.76 %	2 YTL Power International Bhd	3.11	-0.55	(15.03)%
3 Hartalega Holdings Bhd	3.18	0.39	13.98 %	3 Guan Chong Bhd	2.70	-0.39	(12.62)%
4 SP Setia Bhd Group	1.42	0.17	13.60 %	4 Malayan Cement Bhd	4.64	-0.49	(9.63)%
5 Kossan Rubber Industries Bhd	2.10	0.23	12.30 %	5 Axiata Group Bhd	2.26	-0.21	(8.49)%
6 Pentamaster Corp Bhd	3.85	0.35	10.00 %	6 Maxis Bhd	3.62	-0.33	(8.35)%
7 IOI Properties Group Bhd	2.28	0.21	9.96 %	7 CELCOMDIGI BHD	3.41	-0.31	(8.33)%
8 AFFIN Bank Bhd	3.01	0.23	8.27 %	8 British American Tobacco Ma	7.21	-0.64	(8.15)%
9 D&O Green Technologies Bhd	2.30	0.17	7.98 %	9 Genting Malaysia Bhd	2.25	-0.17	(7.02)%
10 Top Glove Corp Bhd	1.07	0.07	7.00 %	10 Bermaz Auto Bhd	2.06	-0.15	(6.65)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-23	30-Sep-24	31-Oct-24	+/-	%	+/-	%
FBMKLCI	1,454.66	1,648.91	1,601.88	-47.03	-2.85%	147.22	10.12%
FBMMES	5,322.03	5,177.28	5,005.61	-171.63	-3.32%	(316.38)	-5.94%
FBM100	10,485.72	12,021.71	11,814.10	-207.61	-1.73%	1,328.38	12.67%
FBM70	14,612.98	17,398.53	17,602.87	204.34	1.17%	2,989.89	20.46%
FBMSCAP	16,353.38	17,358.53	16,951.77	-406.76	-2.34%	598.39	3.66%
FBMEMAS	10,823.70	12,321.91	12,103.23	-218.68	-1.77%	1,279.53	11.82%
FBMSHA	10,988.71	12,245.12	12,062.16	-182.96	-1.49%	1,073.45	9.77%
FBMHJRAH	11,783.61	13,111.03	12,860.86	-250.17	-1.91%	1,077.25	9.14%
FBMSCAPS	15,104.22	16,016.84	15,636.55	-380.29	-2.37%	532.33	3.52%
MSCI APxJ (USD)	528.89	620.84	590.43	-30.42	-4.90%	61.54	11.64%
MSCI ACWI (USD)	727.00	851.78	832.30	-19.48	-2.29%	105.30	14.48%

Source: Bloomberg

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