

MARKET COMMENTARY

Equity market review and outlook

September 2024



Review

- ▶ Malaysian equity markets consolidated in the month of September, underperforming regional markets. Chinese stocks rallied hard in the last week of September, on the back of China's government stimulus announcement to provide a supportive stance towards the stock market and economy, and focus on stabilizing the property market. Many investors were underweight on China, and forced to jump back into the market. Despite that, the Malaysian Ringgit posted its best ever performance after the US Fed 50bps rate cut and news of the Chinese stimulus measures boosted Malaysia's trade outlook. The MYR rallied nearly 13% QTD, hitting a low of RM4.1235 as at 30 Sept 2024, levels last seen in June 2021.
- ▶ The KLCI closed the month at 1,648.91, down 1.78% mom. The FBM Small Cap index declined 0.56% for the month, outperforming the KLCI. The worst performing sectors were Oil and Gas (-8.7%) and Technology (-7.3%). Technology stocks continued to be sold down as investors deemed exporters to be losers from the MYR strength. The best performing sectors were Healthcare (+6.9%) and Construction (5.2%). Malaysian Glove players saw their share prices spike on news that the US Trade representative plans to increase import tariff on Chinese gloves to 50% in 2025 and 100% in 2026. Average value traded on Bursa in Sept was RM3520m lower by 8.3% mom.

Outlook

- ▶ The recent rally in the Chinese markets, may have resulted in some foreign flow diversion from Malaysia to China in the last week, especially given the MYR strength. However, many investors are sceptical as to the longevity of the China rally since the macro concerns in China are not something that can be resolved overnight, although the policies announced signal the government's intention to address the issues. Domestically, the month of October is usually associated with the country's budget, and Budget 2025 will be read on the 18 Oct. We are not expecting any negative announcements in this budget, and expect it to continue to focus on the MADANI economy and cost of living issues. There has been growing rhetoric on the possibility of a reintroduction of GST at a lower rate, preferring to delay the subsidy rationalisation of RON95. Whilst GST is a regressive tax, it is a broad-based tax which can help boost government tax revenues, and reduce the reliance on petroleum related income. Domestically the Malaysian economy has been on a firm path of progress, with macro data points improving, investments coming in, tourism numbers higher, and consumer spending resilient. Nevertheless, we are cognisant of the external risks that persists stemming from geo-political tensions in the Middle East, and the US Elections which is just one month away, and still too tight a race to call. Any corrections would provide the opportunity to accumulate fundamentally sound stocks, at better valuations.

Index performance & movers

FBM100 INDEX

START DATE	31-Aug-24	END DATE	30-Sep-24
START	12,187.62	END	12,021.71
NET CHG	-		-1.36%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 Eco World Development Group Bh	1.79	0.24	15.48 %	1 Chin Hin Group Bhd	2.12	-1.03	(32.70)%
2 IHH Healthcare Bhd	7.16	0.93	14.92 %	2 D&O Green Technologies Bhd	2.13	-0.63	(22.83)%
3 Farm Fresh Bhd	1.84	0.23	14.33 %	3 UWC BHD	2.03	-0.47	(18.80)%
4 UEM Sunrise Bhd	1.00	0.12	13.64 %	4 AFFIN Bank Bhd	2.78	-0.50	(15.24)%
5 SP Setia Bhd Group	1.25	0.15	13.64 %	5 Petronas Dagangan Bhd	17.86	-3.01	(14.44)%
6 Sunway Construction Group Bhd	4.50	0.53	13.22 %	6 YTL Corp Bhd	2.51	-0.39	(13.45)%
7 Hartalega Holdings Bhd	2.79	0.32	13.08 %	7 Bumi Armada Bhd	0.47	-0.07	(12.15)%
8 WCE Holdings Bhd	0.82	0.09	12.41 %	8 Pentamaster Corp Bhd	3.50	-0.45	(11.39)%
9 KPJ Healthcare Bhd	2.12	0.21	11.00 %	9 Dayang Enterprise Holdings Bhd	2.28	-0.29	(11.22)%
10 Top Glove Corp Bhd	1.00	0.08	8.70 %	10 Bermaz Auto Bhd	2.24	-0.26	(10.40)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-23	31-Aug-24	30-Sep-24	+/-	%	+/-	%
FBMKLCI	1,454.66	1,678.80	1,648.91	-29.89	-1.78%	194.25	13.35%
FBMMES	5,322.03	5,116.09	5,177.28	61.19	1.20%	(144.75)	-2.72%
FBM100	10,485.72	12,187.62	12,021.71	-165.91	-1.36%	1,535.99	14.65%
FBM70	14,612.98	17,443.92	17,398.53	-45.39	-0.26%	2,785.55	19.06%
FBMSCAP	16,353.38	17,457.02	17,358.53	-98.49	-0.56%	1,005.15	6.15%
FBMEMAS	10,823.70	12,484.26	12,321.91	-162.35	-1.30%	1,498.21	13.84%
FBMSHA	10,988.71	12,286.67	12,245.12	-41.55	-0.34%	1,256.41	11.43%
FBMHJRAH	11,783.61	13,084.62	13,111.03	26.41	0.20%	1,327.42	11.26%
FBMSCAPS	15,104.22	16,174.84	16,016.84	-158.00	-0.98%	912.62	6.04%
MSCI APxJ	528.89	577.37	620.84	43.47	7.53%	91.95	17.39%
MSCI ACWI	727.00	833.68	851.78	18.10	2.17%	124.78	17.16%

Source: Bloomberg

Disclaimer

This document is prepared for information purposes only and may not be published, circulated, reproduced or distributed in whole or part, whether directly or indirectly, to any other person without the prior written consent of Eastspring Investments Berhad. It should not be construed as an offer or solicitation for the subscription, purchase or sale of any securities mentioned herein. Whilst we have taken all reasonable care to ensure that the information contained in this document is not untrue or misleading at the time of publication, we cannot guarantee its accuracy or completeness. Any opinion or estimate contained in this document is subject to change without notice. Investors may wish to seek advice from a professional adviser before making a commitment to invest in units of any of our funds. Eastspring Investments Berhad and its related and affiliated corporations together with their respective directors and officers may have or may take positions in the securities mentioned in this document and may also perform or seek to perform other investment services for the corporations whose securities are mentioned in this document as well as other parties. The graphs or charts are included for illustrative purposes only. Past performance is not necessarily a guide to future performance. The predictions, projections, or forecast on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of Eastspring Investments Berhad or any funds managed by Eastspring Investments Berhad. The value and any income accruing to the investments, if any, may fall as well as rise. An investment is subject to investment risks, including the possible loss of the principal amount invested. Eastspring Investments is an ultimately wholly owned subsidiary of Prudential plc. Prudential plc, is incorporated and registered in England and Wales. Registered office: 1 Angel Court, London EC2R 7AG. Registered number 1397169. Prudential plc is a holding company, some of whose subsidiaries are authorized and regulated, as applicable, by the Hong Kong Insurance Authority and other regulatory authorities. Prudential plc is not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America or with the Prudential Assurance Company Limited, a subsidiary of M&G plc. A company incorporated in the United Kingdom.