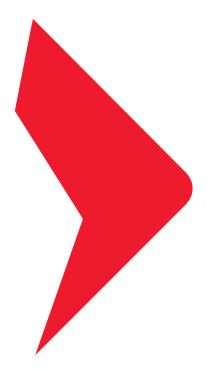


MARKET COMMENTARY

Equity market review and outlook

September 2024



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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

		31-Aug-24 12,187.62 165.91			END DATE END			30-Sep-24 12,021.71 -1.36%		
	Name	Price Net (ihg	% 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 Bh	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 I	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

		Last Price		MoM Ch	anges	YTD Changes		
Indices	31-Dec-23	31-Aug-24	30-Sep-24	+/-	%	+/-	%	
FBMKLCI	1,454.66	1,678.80	1,648.9 [,]	-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%	
FBMHIJRAH	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

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