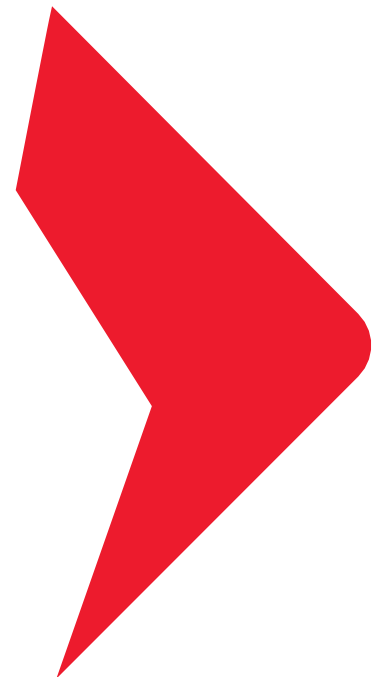


MARKET COMMENTARY

Equity market review and outlook

January 2025



Review

- After experiencing one of the best years in equities performance in 2024, in more than a decade, Malaysian Shariah equities had the worst start to 2025 since the index started in mid 1999. January also saw net foreign outflow every single day of the month. The last time this happened was in 2018. January saw foreign net outflow of RM3.2b, after ending 2024 with net foreign outflows of RM3.7b. January correction was on the back of the sell-off in stocks related to the AI trade. The Biden administration announced AI export controls just before President Trump's inauguration, causing a lot of uncertainty regarding the current and future capex plans of hyperscalers. Then the launch of Deepseek, which is a Chinese startup offering a free AI assistance with an open-source model, was developed at a fraction of the cost of competitors. During the month, the leaders of Malaysia and Singapore formalised an agreement establishing a special economic zone linking Johor and Singapore, with the aim of attracting 50 projects in the first five years of its establishment.
- The KLCI closed the month at 1,556.92, down 5.2% mom. The FBM Small Cap index declined 5.09% for the month, performing inline with the KLCI. There was only one sector that eked out a positive performance which was Oil and Gas (+0.47%). The worst performing sectors were Construction (-13.5%) and Technology (+10.5%). Average value traded on Bursa in January was RM2738m, lower by 9.4% mom.

Outlook

- Only 2 weeks into his second term in office, US President Trump has not wasted time to push through his election promises, and his shoot at the hip style has already added volatility to the global markets. Despite the uncertainty from a Trump presidency, his policies on global growth, and retaliatory tariff trade wars will have on Malaysia's economic growth, we believe that the macro fundamentals for Malaysia remains resilient. Malaysia is still expecting corporate earnings growth of 7-8% for 2025, after a strong 2024 earnings growth of 12-13%. FDI into Malaysia continues to be strong, and we have been seeing the impact of these investments via the increased construction activities and as more investors acquired industrial properties. Tourism continues to improve and recover, having its spillover effects on general consumption. In addition, consumption may get a boost from the higher civil servants pay hike in December 2024, and from the 13% minimum wage hike effective 1 February 2025.
- We remain constructive on Malaysia, as the domestic market continues to be flushed with liquidity. In the short term, we may continue to see a stronger USD, and this will be positive to Malaysian exporters such as gloves, plantations, technology and selective industrial companies. Any correction in the market will provide an opportunity to accumulate fundamentally strong stocks at more attractive valuations. However, we expect market volatility to be the norm under a Trump Presidency; expect the unexpected, for the longer term.

Index performance & movers

FBM100 INDEX

START DATE	31-Dec-24	END DATE	31-Jan-25
START	12,265.96	END	11,575.90
NET CHG	- 690.06		-5.63%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 Alliance Bank Malaysia Bhd	5.20	0.36	7.44 %	1 Natiogate Holdings Bhd	1.79	-0.74	(29.25)%
2 Guan Chong Bhd	4.23	0.28	7.09 %	2 YTL Power International Bhd	3.13	-1.29	(29.19)%
3 CELCOMDIGI BHD	3.75	0.13	3.59 %	3 YTL Corp Bhd	1.91	-0.76	(28.46)%
4 Malaysia Airports Holdings Bhd	10.94	0.36	3.40 %	4 Sunway Construction Group Bhd	3.45	-1.18	(25.49)%
5 Malakoff Corp Bhd	0.87	0.03	2.96 %	5 UUM Corp Bhd	2.39	-0.65	(21.38)%
6 AMMB Holdings Bhd	5.64	0.16	2.92 %	6 Mah Sing Group Bhd	1.42	-0.38	(21.11)%
7 DXN Holdings Bhd	0.53	0.02	2.91 %	7 Kossan Rubber Industries Bhd	2.24	-0.59	(20.85)%
8 Axis Real Estate Investment Tr	1.78	0.05	2.89 %	8 Bermaz Auto Bhd	1.28	-0.28	(18.20)%
9 Dialog Group Bhd	1.90	0.05	2.70 %	9 Inari Amertron Bhd	2.53	-0.53	(17.32)%
10 WCE Holdings Bhd	0.79	0.02	2.60 %	10 Pentamaster Corp Bhd	3.45	-0.71	(17.07)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-24	31-Dec-24	31-Jan-25	+/-	%	+/-	%
FBMKLCI	1,642.33	1,642.33	1,556.92	-85.41	-5.20%	(85.41)	-5.20%
FBMMES	5,380.44	5,380.44	5,195.07	-185.37	-3.45%	(185.37)	-3.45%
FBM100	12,265.96	12,265.96	11,575.90	-690.06	-5.63%	(690.06)	-5.63%
FBM70	18,841.13	18,841.13	17,587.02	-1,254.11	-6.66%	(1,254.11)	-6.66%
FBMSCAP	17,963.66	17,963.66	17,049.38	-914.28	-5.09%	(914.28)	-5.09%
FBMEMAS	12,585.51	12,585.51	11,883.71	-701.80	-5.58%	(701.80)	-5.58%
FBMSHA	12,590.57	12,590.57	11,737.14	-853.43	-6.78%	(853.43)	-6.78%
FBMHJRAH	13,409.12	13,409.12	12,543.28	-865.84	-6.46%	(865.84)	-6.46%
FBMSCAPS	16,744.61	16,744.61	15,845.87	-898.74	-5.37%	(898.74)	-5.37%
MSCI APxJ (USD)	569.41	569.41	576.64	7.23	1.27%	7.23	1.27%
MSCI ACWI (USD)	841.33	841.33	869.04	27.71	3.29%	27.71	3.29%

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.