

MARKET COMMENTARY

Equity market review and outlook

December 2023



Review

- › December was a quiet month for Malaysian equities, with few events and announcements. However during the month, the media reported on the proposal of the Johor-Singapore Special Economic Zone, with the MoU to be signed in January 2024. The Prime Minister announced the cabinet reshuffle mid-December, adding 5 new ministers appointed to his cabinet. The Cabinet which had 28 ministers previously has been expanded to 31, with two ministerial portfolios split up and the appointment of a second Finance Minister. For December, we saw net foreign buying of RM0.3m for the second month in a row. However, Malaysia ended the year with net foreign outflows of RM2.4b. YTL Corp and YTL Power replaced Westports and Dialog as KLCI constituents effective 18 Dec 2023.
- › The KLCI closed the month at 1,454.66, up 0.13% mom. The FBM Small Cap index gained 1.45% for the month, outperforming the KLCI. The best performing sectors were Utilities (+7.3%) and Healthcare (+6.9%). The worst performing sectors were Oil & Gas (-1.4%) and Consumer (-1.3%). Average value traded on Bursa in Dec was RM2820.7m lower by 14% mom.

Outlook

- › Global political issues continue to fester, without any resolution on the Russia-Ukraine conflict, and US-China relations remain tense. The recent Palestine-Israel conflict has thrown uncertainty into the mix. There are still some diverging views on the risk of a recession, but for now given the continued resilience of the US economic data, and the persistent stickiness of inflation, investors are now expecting a soft landing in the US. Note that 2024 will be a year of many elections taking place globally, hence something for investors to monitor, as the outcomes may change the current geo-political situation.
- › Domestically, equity markets have started the new year positive, with investors sentiment improving running on themes relating to Johor, and NETR. We are seeing more messaging from the government in regards to the petrol subsidy rationalization, and snippets of information on the energy exchange to be set up. However indicative time for the details of the petrol subsidy may only be released in 2H2024. Investors are getting impatient waiting for more details on the various policies announced. There is also downside risk from policy execution of the various new measures and policies as announced by the government. Persistent inflation will likely continue to be a bug-bear for the market especially in the 2H2024 when the targeted petrol subsidies is expected to rollout, and tighter household disposable incomes will continue to plague demand. The Palestine-Israel conflict has also resulted in boycotts of sales of those deemed to be supporting Israel, such as many fast food and coffee franchises. This may have an impact on employment and wages from these businesses if this boycott continues for long. Nevertheless, we remain cautiously optimistic, and any correction in the market will provide us the opportunity to accumulate fundamentally sound stocks.

Index performance & movers

FBM100 INDEX

START DATE	1-Dec-23	END DATE	30-Dec-23
START	10,396.56	END	10,485.72
NET CHG	89.16		0.86%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 WCE Holdings Bhd	1.02	0.19	22.16 %	1 VS Industry Bhd	0.82	-0.08	(8.94)%
2 YTL Corp Bhd	1.89	0.34	21.94 %	2 Sam Engineering & Equipment	4.02	-0.35	(8.01)%
3 Kossan Rubber Industries Bhd	1.85	0.24	14.91 %	3 Bumi Armada Bhd	0.50	-0.04	(7.48)%
4 UEM Sunrise Bhd	0.82	0.11	14.79 %	4 PMB Technology Bhd	2.53	-0.20	(7.33)%
5 Lotte Chemical Titan Holding B	1.35	0.16	13.45 %	5 Farm Fresh Bhd	1.32	-0.09	(6.38)%
6 Hartalega Holdings Bhd	2.70	0.30	12.50 %	6 Nestle Malaysia Bhd	117.60	-7.80	(6.22)%
7 Top Glove Corp Bhd	0.90	0.09	11.11 %	7 Hong Leong Capital Bhd	4.45	-0.27	(5.72)%
8 Heineken Malaysia Bhd	24.14	2.00	9.03 %	8 Padini Holdings Bhd	3.51	-0.21	(5.70)%
9 KPJ Healthcare Bhd	1.44	0.11	8.52 %	9 Dialog Group Bhd	2.07	-0.12	(5.31)%
10 SP Setia Bhd Group	0.80	0.06	7.38 %	10 CELCOMDIGI BHD	4.08	-0.23	(5.25)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-22	30-Nov-23	31-Dec-23	+/-	%	+/-	%
FBM KLCI	1,495.49	1,452.74	1,454.66	1.92	0.13%	(40.83)	-2.73%
FBM MES	5,308.33	5,065.45	5,322.03	256.58	5.07%	13.70	0.26%
FBM 100	10,419.80	10,396.56	10,485.72	89.16	0.86%	65.92	0.63%
FBM 70	13,015.02	14,171.89	14,612.98	441.09	3.11%	1,597.96	12.28%
FBM SCAP	14,924.41	16,118.90	16,353.38	234.48	1.45%	1,428.97	9.57%
FBM EMAS	10,701.55	10,727.40	10,823.70	96.30	0.90%	122.15	1.14%
FBM SHA	10,938.55	10,929.36	10,988.71	59.35	0.54%	50.16	0.46%
FBM HIJRAH	11,908.79	11,743.89	11,783.61	39.72	0.34%	(125.18)	-1.05%
FBM SCAPS	13,607.15	14,878.47	15,104.22	225.75	1.52%	1,497.07	11.00%
MSCI APxJ	505.64	506.16	528.89	22.73	4.49%	23.25	4.60%

Source: Bloomberg

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