

# MARKET COMMENTARY

## EQUITY MARKET REVIEW AND OUTLOOK

July 2019





## REVIEW

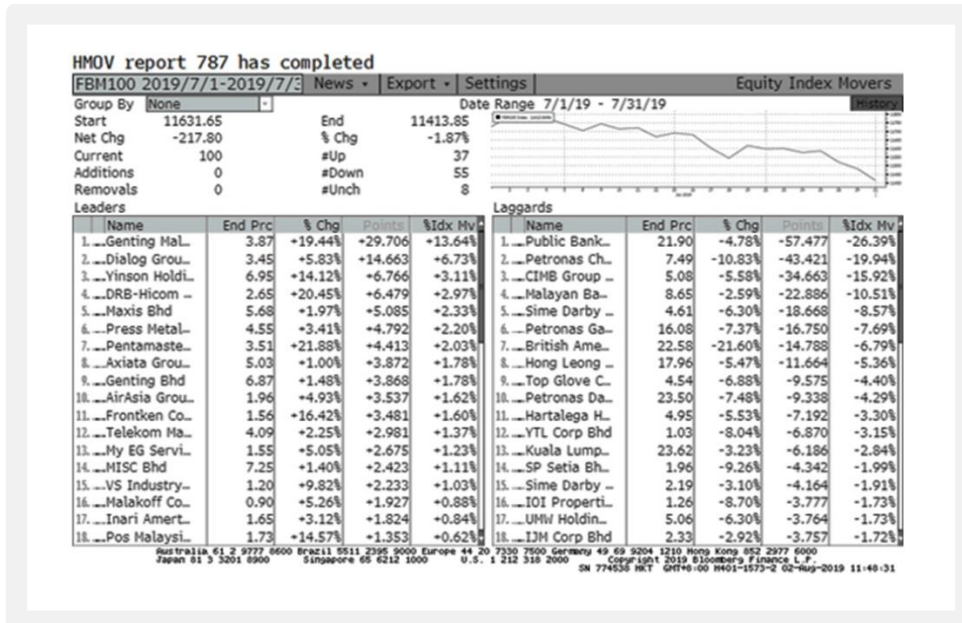
- ▶ Regional markets corrected in the month of July, as no progress was made in trade talks and elevated US Federal Reserve expectations were pared and eventually disappointed. 2Q2019 earnings reported in the region and economic data were mixed. The KLCI declined 2.23% mom in July 2019 to close at 1634.87 points and was one of the worst performers in the region. Foreign investors ended the month of July reversing their earlier inflows, selling RM334m on the last trading day of July, to end up being slight net sell of RM78m, bringing year-to-date net foreign outflow from equities of RM4.94b.
- ▶ The FBM Small Cap index gained 4.16% for the month outperforming the KLCI. The best performing sector was Energy (+6.2%) and Telecommunication (+5.3%). The worst performing sectors were Property (-3.98%) and Finance (-3.76%). Average value traded on Bursa in July was RM2295m, higher by 29% mom.

## OUTLOOK

- ▶ We continue to expect volatility for the Malaysian equity market, driven by external headwinds. On the 2 Aug 2019, US President Trump announced that another round of tariffs on Chinese goods will start 1 Sept 2019, with China planning to take counter measures. With the resumption of trade tensions, risk to growth will increase as highlighted as concerns in the recent US FOMC statement. BNM also highlighted this risk could also potentially impact Malaysia's GDP negatively given how integrated Malaysia is to the global value chain.
- ▶ While we are cautious over the near-term, we remain positive over the longer term, premised on a cleaner and more transparent government. We await more credible measures from the new government to balance fiscal prudence and sustainable economic growth. There will be pockets of opportunities and value as we navigate through the volatility by focusing on companies with strong fundamentals and good track record of thriving even in challenging environments. We see opportunities with the recent market correction and look to accumulate stocks on weakness.



## INDEX PERFORMANCE & MOVERS



Source: Bloomberg

Indices	Last Price		MoM Changes	
	30-Jun-19	31-Jul-19	+/-	%
FBM KLCI	1,672.13	1,634.87	(37.26)	-2.23%
FBM MES	4,445.45	4,767.79	322.34	7.25%
FBM 100	11,631.65	11,413.85	(217.80)	-1.87%
FBM 70	14,599.71	14,494.35	(105.36)	-0.72%
FBM SCAP	12,996.06	13,536.68	540.62	4.16%
FBM EMAS	11,781.58	11,589.67	(191.91)	-1.63%
FBM SHA	12,132.94	12,002.94	(130.00)	-1.07%
FBM HIJRAH	13,672.68	13,342.30	(330.38)	-2.42%
MSCI APxJ	527.83	519.13	(8.70)	-1.65%

Source: Bloomberg



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