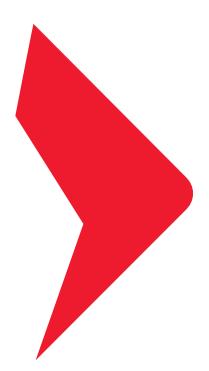


MARKET COMMENTARY

EQUITY MARKET REVIEW AND OUTLOOK

July 2019



eastspring.com/my



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

FBM100 2019/7	/1-2019/7	7/3 New:	s • Exp	ort • Set	ttings		Equi	ty Index	Movers
Group By None				Date	e Range 7/1/19 - 7/	31/19			History
Start 11631		End		11413.85	• exclusion (action)				
Net Chg -217	.80	% Ch	19	-1.87%					-
Current	100	#Up		37			\sim		
Additions	0	#Do		55					
Removals	0	#Un	ch	8		· · · · · · · · · · · · · · · · · · ·		***	
Leaders					Laggards				
Name	End Prc	% Chg	Points	%Idx Mv		End Prc	% Chg	Points	%Idx Mv
1Genting Mal	3.87	+19.44%	+29.706	+13.64%	1Public Bank	21.90	-4.78%	-57.477	-26.39%
2Dialog Grou_	3.45	+5.83%	+14.663	+6.73%	2Petronas Ch	7.49	-10.83%	-43.421	-19.94%
3Yinson Holdi	6.95	+14.12%	+6.766	+3.11%	3CIMB Group _	5.08	-5.58%	-34.663	-15.92%
4DRB-Hicom -	2.65	+20.45%	+6.479	+2.97%	4Malayan Ba_	8.65	-2.59%	-22.886	-10.51%
5Maxis Bhd	5.68	+1.97%	+5.085	+2.33%	5Sime Darby	4.61	-6.30%	-18.668	-8.57%
6Press Metal_	4.55	+3.41%	+4.792	+2.20%	6Petronas Ga_	16.08	-7.37%	-16.750	-7.69%
7Pentamaste_	3.51	+21.88%	+4.413	+2.03%	7British Ame_	22.58	-21.60%	-14.788	-6.79%
8Axiata Grou_	5.03	+1.00%	+3.872	+1.78%	8 Hong Leong	17.96	-5.47%	-11.664	-5.36%
9Genting Bhd	6.87	+1.48%	+3.868	+1.78%	9 Top Glove C	4.54	-6.88%	-9.575	-4.40%
10AirAsia Grou	1.96	+4.93%	+3.537	+1.62%	10Petronas Da_	23.50	-7.48%	-9.338	-4.29%
11Frontken Co_	1.56	+16.42%	+3.481	+1.60%	11Hartalega H	4.95	-5.53%	-7.192	-3.30%
12Telekom Ma_	4.09	+2.25%	+2.981	+1.37%	12YTL Corp Bhd	1.03	-8.04%	-6.870	-3.15%
13My EG Servi_	1.55	+5.05%	+2.675	+1.23%	13Kuala Lump_	23.62	-3.23%	-6.186	-2.84%
14MISC Bhd	7.25	+1.40%	+2.423	+1.11%	14SP Setia Bh	1.96	-9.26%	-4.342	-1.99%
15VS Industry-	1.20	+9.82%	+2.233	+1.03%	15 Sime Darby -	2.19	-3.10%	-4.164	-1.91%
16Malakoff Co	0.90	+5.26%	+1.927	+0.88%	16IOI Properti_	1.26	-8.70%	-3.777	-1.73%
17Inari Amert	1.65	+3.12%	+1.824	+0.84%	17 UMW Holdin	5.06	-6.30%	-3.764	-1.73%
18Pos Malaysi_	1.73	+14.57%	+1.353	+0.62%	18IJM Corp Bhd	2.33	-2.92%	-3.757	-1.72%

Source: Bloomberg

	Last	MoM Changes		
Indices	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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