A member of Prudential plc (UK)

MARKET COMMENTARY

EQUITY MARKET REVIEW AND OUTLOOK

December 2019

REVIEW

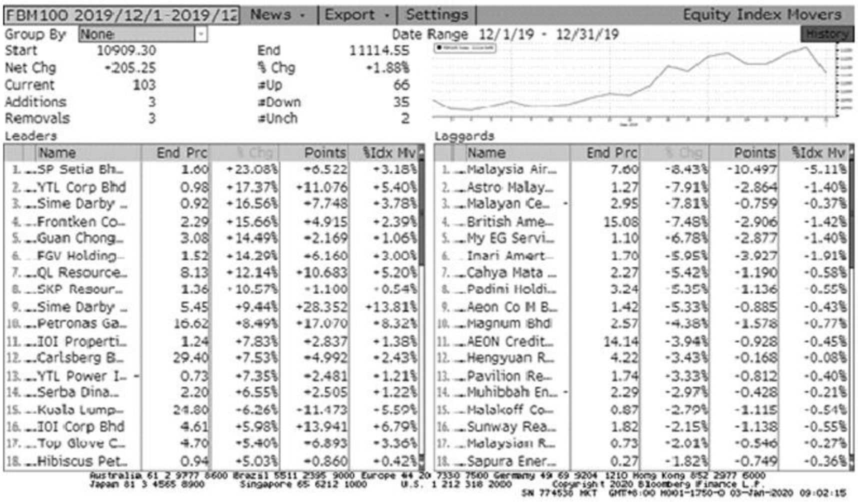
- Global equity markets ended the year with solid monthly gains in general, as the US agreed to a Phase 1 trade deal with China, and cancelled tariffs on US$160bn of Chinese goods due to take effect on 15 Dec 2019. While details of the deal were hard to come by, the agreement in principle lifted a cloud that had been hanging the global economy all year. In addition, the decisive win by the ruling Conservative Party in the UK elections, almost guarantees the UK will leave the EU on 31 January, albeit with a 23-month transitory period, providing clarity on Brexit.

- The KLCI rose 1.73% mom in December 2019 to close at 1588.76 points. The FBM Small Cap index rose 6.06% for the month outperforming the KLCI. The best performing sector was Plantation (+9.43%) and Property (6.64%). The worst performing sectors were Finance (+0.86%) and Telecommunications and Media (+1.05%). Foreign investors were net sellers again of equities for the month of December of RM1.0bn, making the YTD net foreign outflow of RM10.8bn from equities. Average value traded on Bursa in December was RM2271m higher by 4.08% mom.

OUTLOOK

- The start of 2020 already marred with geo-political tensions. However for Malaysia, the geo-political tensions has resulted in a spike in crude oil prices, and the ringgit strengthened. On the external front, investors will be awaiting the signing of the US-China Phase 1 trade deal on 15 Jan 2020, and taking cues from the US Fed policy meeting on 29 Jan 2020 and Brexit day on 31 Jan 2020. We continue to expect volatility for the Malaysian equity market driven not only by external headwinds, but local politics continue to be distracting. Whilst we maintain a relatively cautious outlook, we are hopeful that there could be some earnings recovery in 2020, given the dismal and uninspiring growth seen for the last 3-4 years. Despite this potential green-shoot, we are cognizant of the risks of our own making, such as the increasing government interference in commercial negotiations causing disruptions, policy flip-flops or weak messaging resulting in confusion amongst the market players, and distracting political infighting. Nevertheless, we remain focused on accumulating fundamentally sound stocks on weakness.

INDEX PERFORMANCE & MOVERS



FBM100 2019/12/1-2019/12 | News | Export | Settings | Equity Index Movers

Group By: None | Date Range 12/1/19 - 12/31/19 | History

Start	10909.30	End	11114.55
Net Chg	+205.25	% Chg	+1.88%
Current	103	#Up	66
Additions	3	#Down	35
Removals	3	#Unch	2

Leaders

	Name	End Prc	% Chg	Points	%Idx Mv
1.	SP Setia Bh…	1.60	+23.08%	+6.522	+3.18%
2.	YTL Corp Bhd	0.98	+17.37%	+11.076	+5.40%
3.	Sime Darby …	0.92	+16.56%	+7.748	+3.78%
4.	Frontken Co…	2.29	+15.66%	+4.915	+2.39%
5.	Guan Chong…	3.08	+14.49%	+2.169	+1.06%
6.	FGV Holding…	1.52	+14.29%	+6.160	+3.00%
7.	QL Resource…	8.13	+12.14%	+10.683	+5.20%
8.	SKP Resour…	1.36	+10.57%	+1.100	+0.54%
9.	Sime Darby …	5.45	+9.44%	+28.352	+13.81%
10.	Petronas Ga…	16.62	+8.49%	+17.070	+8.32%
11.	IOI Properti…	1.24	+7.83%	+2.837	+1.38%
12.	Carlsberg B…	29.40	+7.53%	+4.992	+2.43%
13.	YTL Power I…	0.73	+7.35%	+2.481	+1.21%
14.	Serba Dina…	2.20	+6.55%	+2.505	+1.22%
15.	Kuala Lump…	24.80	+6.26%	+11.473	+5.59%
16.	IOI Corp Bhd	4.61	+5.98%	+13.941	+6.79%
17.	Top Glove C…	4.70	+5.40%	+6.893	+3.36%
18.	Hibiscus Pet…	0.94	+5.03%	+0.860	+0.42%

Laggards

	Name	End Prc	% Chg	Points	%Idx Mv
1.	Malaysia Air…	7.60	-8.43%	-10.497	-5.11%
2.	Astro Malay…	1.27	-7.91%	-2.864	-1.40%
3.	Malayan Ce…	2.95	-7.81%	-0.759	-0.37%
4.	British Ame…	15.08	-7.48%	-2.906	-1.42%
5.	My EG Servi…	1.10	-6.78%	-2.877	-1.40%
6.	Inari Amert…	1.70	-5.95%	-3.927	-1.91%
7.	Cahya Mata …	2.27	-5.42%	-1.190	-0.58%
8.	Padini Holdi…	3.24	-5.35%	-1.136	-0.55%
9.	Aeon Co M B…	1.42	-5.33%	-0.885	-0.43%
10.	Magnum Bhd	2.57	-4.38%	-1.578	-0.77%
11.	AEON Credit…	14.14	-3.94%	-0.928	-0.45%
12.	Hengyuan R…	4.22	-3.43%	-0.168	-0.08%
13.	Pavilion Re…	1.74	-3.33%	-0.812	-0.40%
14.	Muhibbah En…	2.29	-2.97%	-0.428	-0.21%
15.	Malakoff Co…	0.87	-2.79%	-1.115	-0.54%
16.	Sunway Rea…	1.82	-2.15%	-1.138	-0.55%
17.	Malaysian R…	0.73	-2.01%	-0.546	-0.27%
18.	Sapura Ener…	0.27	-1.82%	-0.749	-0.36%

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Japan 81 3 4565 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2020 Bloomberg Finance L.P.
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Source: Bloomberg

	Last Price		MoM Changes	
Indices	**30-Nov-19**	**31-Dec-19**	**+/-**	**%**
FBM KLCI	1561.74	1588.76	27.02	1.73%
FBM MES	4754.3	5226.59	472.29	9.93%
FBM 100	10909.3	11114.55	205.25	1.88%
FBM 70	13877.88	14206.81	328.93	2.37%
FBM SCAP	13354.64	14164.43	809.79	6.06%
FBM EMAS	11092.85	11323.49	230.64	2.08%
FBM SHA	11592.5	11947.92	355.42	3.07%
FBM HIJRAH	12787.4	13212.58	425.18	3.32%
MSCI APxJ	523.54	552.69	29.15	5.57%

Source: Bloomberg