

MARKET COMMENTARY

EQUITY MARKET REVIEW AND OUTLOOK

April 2020





REVIEW

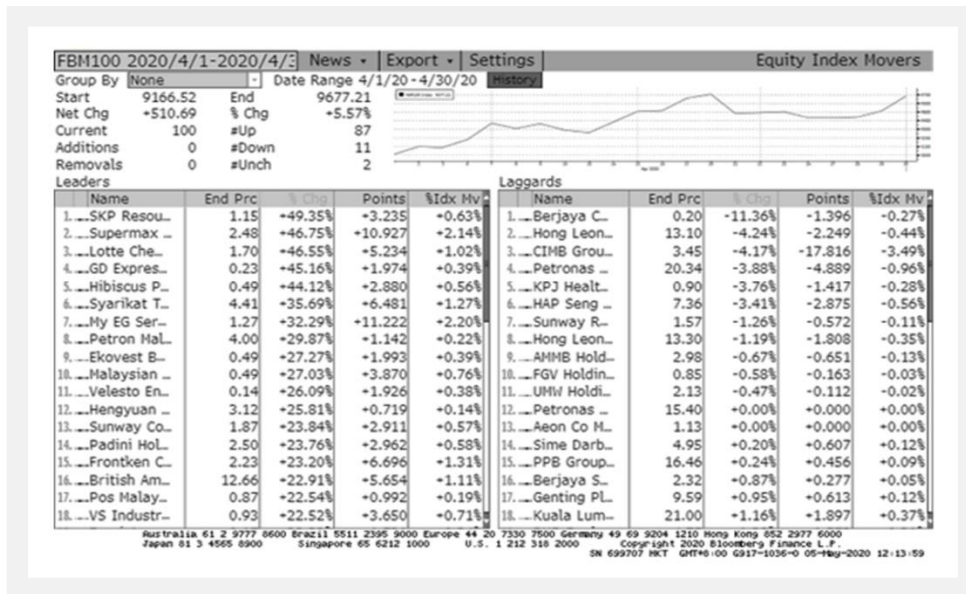
- Global equity markets rebounded for the month of April as most countries look like they are close to their peak in the COVID-19 outbreak, and investors start to look towards economies re-opening. Governments globally launched fiscal and monetary stimulus packages in response to the COVID-19 outbreak, which has started to filter into the economies.
- Malaysia extended the movement control order (MCO) twice during the month, and the government announced the fourth stimulus package of RM10b to assist the Small and Medium Enterprises (SME). In April, OPEC+ announced a record deal to slash global output collectively by 9.7mbpd off the market. Nevertheless, WTI prices plunged into negative territory as a result of a demand shock and dwindling storage capacity.
- The KLCI gained 4.21% mom in April 2020 to close at 1,407.78 points. The FBM Small Cap index gained 20.2% for the month outperforming the KLCI. The best performing sectors were Technology (22.78%) and Transportation (16.7%). The worst performing sectors were Finance (1.65%) and Plantation (1.74%). Average value traded on Bursa in April was RM2929m, lower by 10% mom.

OUTLOOK

- Depending on how long this COVID-19 outbreak continues, we would expect global growth to be affected by the muted consumption and supply chain disruptions, resulting in excess capacity and increasing unemployment. BNM cut for the third consecutive time this year on 5 May 2020, cumulative cut of 100bps to the OPR to bring it to 2%, the lowest it was been since February 2009.
- The MPC statement highlighted that the global economic conditions have weakened significantly, and the measures to contain the COVID-19 pandemic have disrupted economic activity across most economies, so much so that global economic growth is projected to be negative for the year. With the risk of a global recession for 2020, we remain cautious as we believe the impact on the economy will be felt over the next few quarters. In this instance a V-shape recovery doesn't seem likely and it is a matter of how deep a U-shape recovery it will be. This is further complicated by the increasing political tensions domestically as we draw closer to the next Parliament sitting on the 18th May 2020. Nevertheless, we would look to accumulate fundamentally sound stocks on weakness.



INDEX PERFORMANCE & MOVERS



Source: Bloomberg

Indices	Last Price		MoM Changes	
	31-Mar-20	30-Apr-20	+/-	%
FBM KLCI	1350.89	1407.78	56.89	4.21
FBM MES	3981.81	4795.1	813.29	20.43
FBM 100	9166.52	9677.21	510.69	5.57
FBM 70	10550.56	11660.23	1109.67	10.52
FBM SCAP	9208.67	11069.01	1860.34	20.20
FBM EMAS	9239.81	9808.58	568.77	6.16
FBM SHA	10105.08	10890.14	785.06	7.77
FBM HIJRAH	11685.22	12386.4	701.18	6.00
MSCI APxJ	430.02	478.93	48.91	11.37

Source: Bloomberg



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