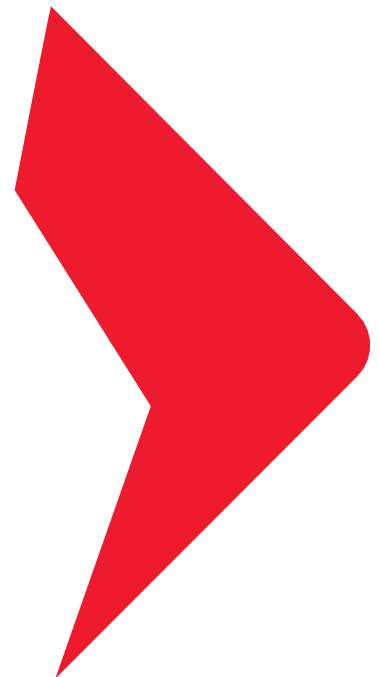


MARKET COMMENTARY

EQUITY MARKET REVIEW AND OUTLOOK

February 2019





REVIEW

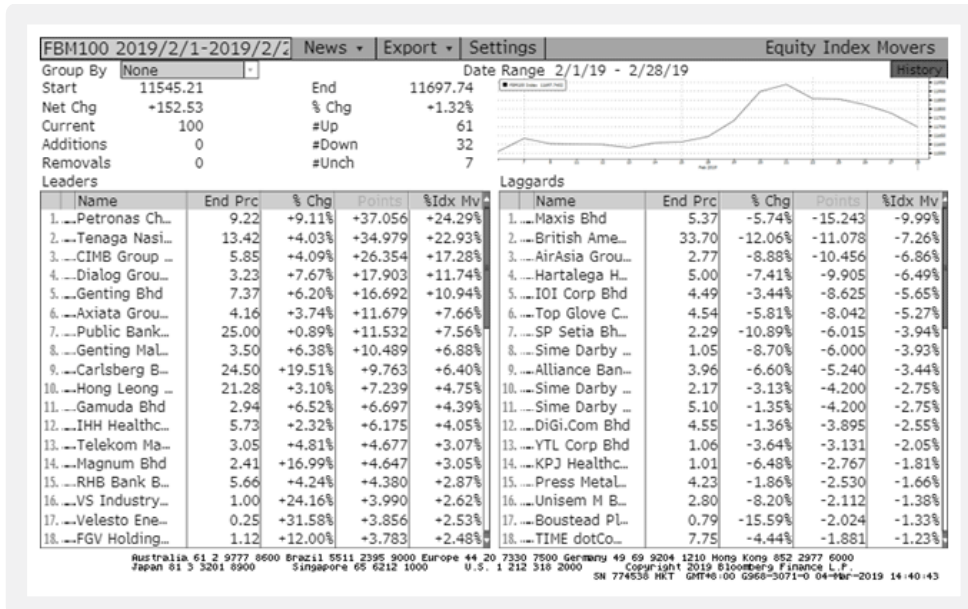
- ▶ Global markets trended up in February as investors were upbeat on better news around trade talks and a dovish US Federal Reserve stance despite softer economic data. Crude oil prices saw another strong month as OPEC continued to talk up output cuts. Brent crude oil rose 7% mom to US\$66/bbl, providing support for the ringgit which appreciated 0.8% against the US Dollar. On the local front, the Malaysian Government began negotiations with Gamuda for the acquisition of four highway concessions, without imposing the expropriation clause.
- ▶ The KLCI closed the month at 1,707.73 points, up 1.44% mom, lagging behind the regional and global markets. There was a short rally post the Chinese New Year break, but was short lived as many companies reported results that were quite weak. The FBM KLCI full year earnings growth for 2018 came in at -0.7% yoy (according to CIMB Research), the fourth year of sub-par earnings growth. The FBM Small Cap index gained 3.61% for the month. The best performing sectors were Energy (+12.2%) and Transport (+4.8%). The worst performing sectors were Property (-0.49%) and Health Care (-0.3%). Average value traded on Bursa in February was RM2263m higher by 8.8% mom but it was a shorter trading month.

OUTLOOK

- ▶ External headwinds seem to be getting stronger, with a lot of uncertainties likely to prevail and fuel volatility. The US-China trade truce has been extended, as negotiations are still on-going and rhetoric so far has been relatively positive that some sort of resolution and compromise will be found – but still an uncertain outcome. The UK government is still trying to work out an agreement ahead of the Brexit deadline 29 March 2019, to avoid participating in the EU elections on 23 May 2019. Domestically, it is challenging to identify positive catalysts that will drive the economy out of this lethargy.
- ▶ Nevertheless, we remain focused on companies that have strong fundamentals and a good track record of thriving even in challenging environments.



INDEX PERFORMANCE & MOVERS



Source: Bloomberg

Indices	Last Price		MoM Changes	
	31-Jan-19	28-Feb-19	+/-	%
FBM KLCI	1683.53	1707.73	24.20	1.44%
FBM MES	4402.1	4607.1	205.00	4.66%
FBM 100	11545.21	11697.74	152.53	1.32%
FBM 70	13817.21	13944.41	127.20	0.92%
FBM SCAP	12108.48	12545.66	437.18	3.61%
FBM EMAS	11660.62	11826.7	166.08	1.42%
FBM SHA	11552.61	11732.11	179.50	1.55%
FBM HIJRAH	13130.54	13298.01	167.47	1.28%
MSCI APxJ	511.43	522.33	10.90	2.13%

Source: Bloomberg



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