

MARKET COMMENTARY

EQUITY MARKET REVIEW AND OUTLOOK

November 2020





REVIEW

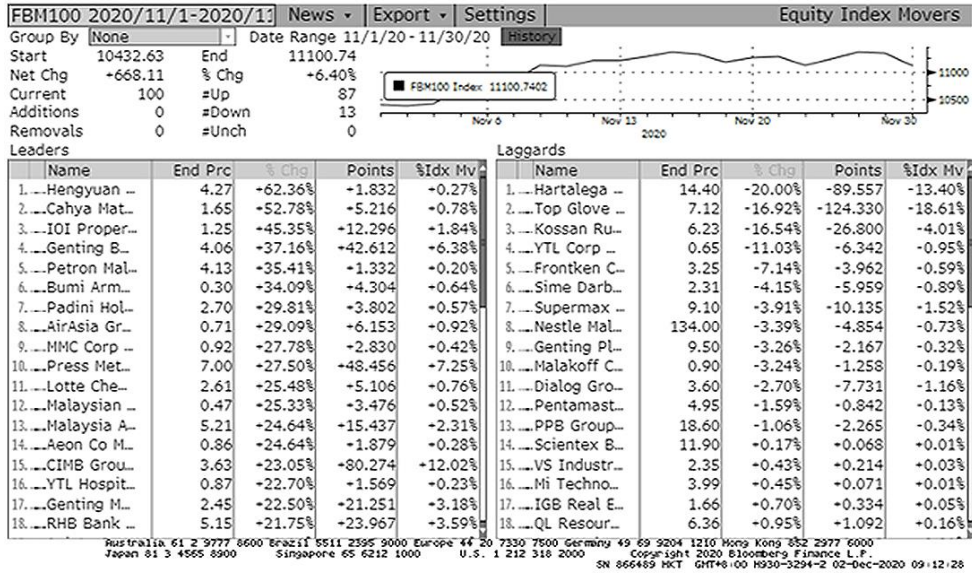
- ▶ Global markets rallied in the month of November, and the Malaysian equity market rebounded recording one of the best monthly gains for the year. News of Pfizer-BioNTech COVID-19 vaccine with 90% efficacy buoyed the markets. Investor confidence improved and focused on economic recovery plays, at the expense of the rubber gloves sector. Brent crude oil prices climbed to the highest level since March 2020, also on optimism that the vaccine will contain the pandemic. However in Malaysia, COVID-19 infections continue to surge, often exceeding 1,000 per day. For the month of November Malaysia reported 34,149 confirmed cases of COVID-19, making up more than half of the total infections since Jan 2020. The Budget 2021 was unveiled on the 6 November 2020, and passed in Parliament on the 26 November.
- ▶ The KLCI rose 95.82 points in November to close at 1,562.71 points, up 6.53%. The FBM Small Cap index gained 14.21% for the month outperforming the KLCI. The best performing sectors were Energy (+24.0%) and Transport (+15.7%). The worst performing sectors were Utilities (0.6%) and Healthcare (0.7%). Average value traded on Bursa in November was RM5513m higher by RM4589m, lower by 20% mom.

OUTLOOK

- ▶ Positive news flow from various vaccine trials have raised sentiment globally and investors are positioning themselves in recovery plays. The US election results are confirming a Biden win and uncertainty has abated on that front. However the mad rush by President Trump to push through his executive orders before 20 Jan 2021 will keep us on our toes. Nevertheless, as we are weeks to the start of a new year, and the outlook seems more optimistic. 2021 should be a year where the recovery is cemented, although speed bumps in the form of vaccine disappointment or political tensions will be likely. However, since 2020 was such a grievous year, our threshold for pain is now higher.
- ▶ Malaysia has an expansionary Budget 2021 to help soften the fallout from the pandemic in 2021, and sustain the economy until businesses can get back on their feet and employment can increase once again. Once we are able to contain the COVID-19 infections in the country, movement restrictions can be lifted and an economic recovery will then be underway. Corporate earnings have likely seen their worst in 2Q20 CY, and we expect 2021 earnings to recover close to pre-COVID levels. Despite a potentially fragile recovery globally, we continue to recommend accumulating fundamentally sound stocks on weakness.



INDEX PERFORMANCE & MOVERS



Source: Bloomberg

Indices	Last Price		MoM Changes	
	31-Oct-20	30-Nov-20	+/-	%
FBM KLCI	1,466.89	1,562.71	95.82	6.53
FBM MES	9,443.20	10,701.61	1,258.41	13.33
FBM 100	10,432.63	11,100.74	668.11	6.40
FBM 70	13,985.09	14,828.92	843.83	6.03
FBM SCAP	12,896.64	14,728.78	1,832.14	14.21
FBM EMAS	10,613.58	11,334.87	721.29	6.80
FBM SHA	12,741.68	13,147.37	405.69	3.18
FBM HIJRAH	14,586.30	14,668.93	82.63	0.57
MSCI APxJ	570.43	621.85	51.42	9.02

Source: Bloomberg



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