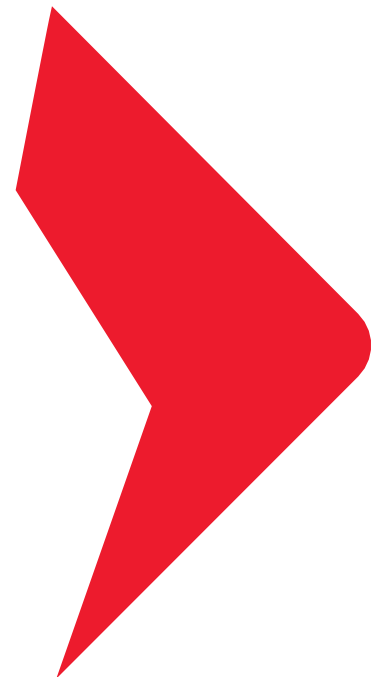


MARKET COMMENTARY

EQUITY MARKET REVIEW AND OUTLOOK

October 2020





REVIEW

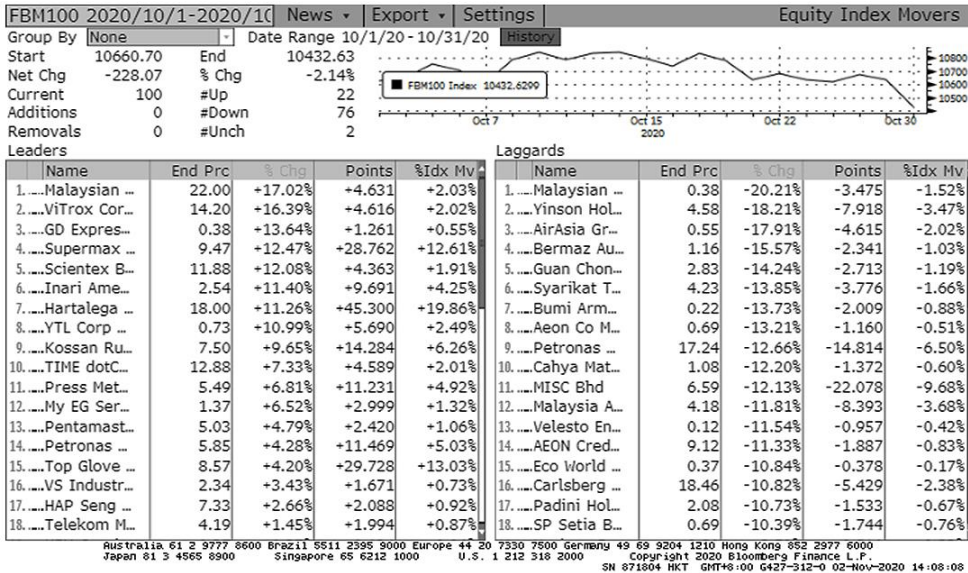
- Malaysian equity market corrected for the third consecutive month in October on the back of concerns over political uncertainty, and the rising new COVID cases. COVID-19 infections in Malaysia hit a high of 1240 in new infections on 26th October and reported total new infections in the month of October of 20,324. As a result, the government enforced Conditional Movement Order for Selangor, Kuala Lumpur and Putrajaya, in addition to Sabah, for a period of two weeks. Politics also took the limelight in October when there was news that PM Muhyiddin Yassin had proposed to the Yang Di-Pertuan Agong to call for a state of emergency, which was later rejected on the basis that it was not necessary, with the reminder that all politicians should stop all politicking that could disrupt the stability of the government.
- The KLCI declined 37.93 points in October to close at 1,466.89 points, down 2.52%. The FBM Small Cap index gained 0.48% for the month outperforming the KLCI. The best performing sectors were Technology (+8.41%) and Health Care (+7.1%). The worst performing sectors were Energy (-9.9%) and Construction (-5.69%). Average value traded on Bursa in October was RM4589m, lower by 8.7% mom.

OUTLOOK

- Resurgence in new COVID-19 cases globally has resulted in lockdown reinitiated in selective areas. However, vaccine trials are in their third phase currently and there is the potential for a commercially available vaccine to be ready by mid 2021. Politics continue to be a feature in the last two months of the year. The US will hold their elections in November, where Biden seemingly holding a lead over President Trump in the polls. The final outcome of the US elections may take weeks and could be highly contested.
- The correction in the last three months has resulted in valuations becoming more attractive. Unfortunately, Malaysia's COVID infection numbers have spiked since the beginning of September, concentrated mainly in Sabah. The CMCO this time round is less restrictive and not a nationwide roll-out. As a result BNM in their statement post the MPC retained their 2020 growth forecast of -3.5% to -5.5%. Despite a fragile recovery expected globally, we continue to recommend accumulating fundamentally sound stocks on weakness.



INDEX PERFORMANCE & MOVERS



Source: Bloomberg

Indices	Last Price		MoM Changes	
	30-Sep-20	31-Oct-20	+/-	%
FBM KLCI	1,504.82	1,466.89	-37.93	-2.52
FBM MES	9,914.01	9,443.20	-470.81	-4.75
FBM 100	10,660.70	10,432.63	-228.07	-2.14
FBM 70	14,128.82	13,985.09	-143.73	-1.02
FBM SCAP	12,835.21	12,896.64	61.43	0.48
FBM EMAS	10,831.56	10,613.58	-217.98	-2.01
FBM SHA	12,900.94	12,741.68	-159.26	-1.23
FBM HIJRAH	14,737.13	14,586.30	-150.83	-1.02
MSCI APxJ	557.21	570.43	13.22	2.37

Source: Bloomberg



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