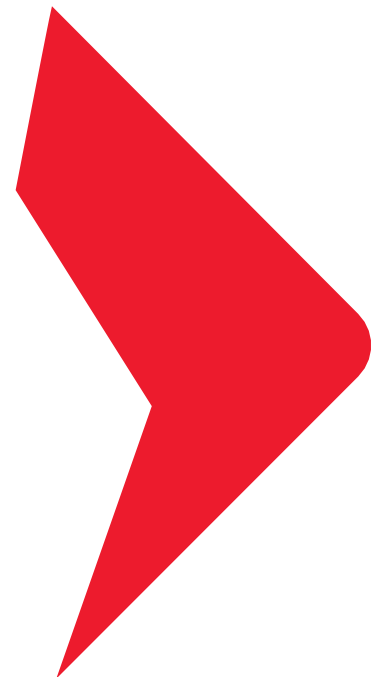


MARKET COMMENTARY

EQUITY MARKET REVIEW AND OUTLOOK

August 2021





REVIEW

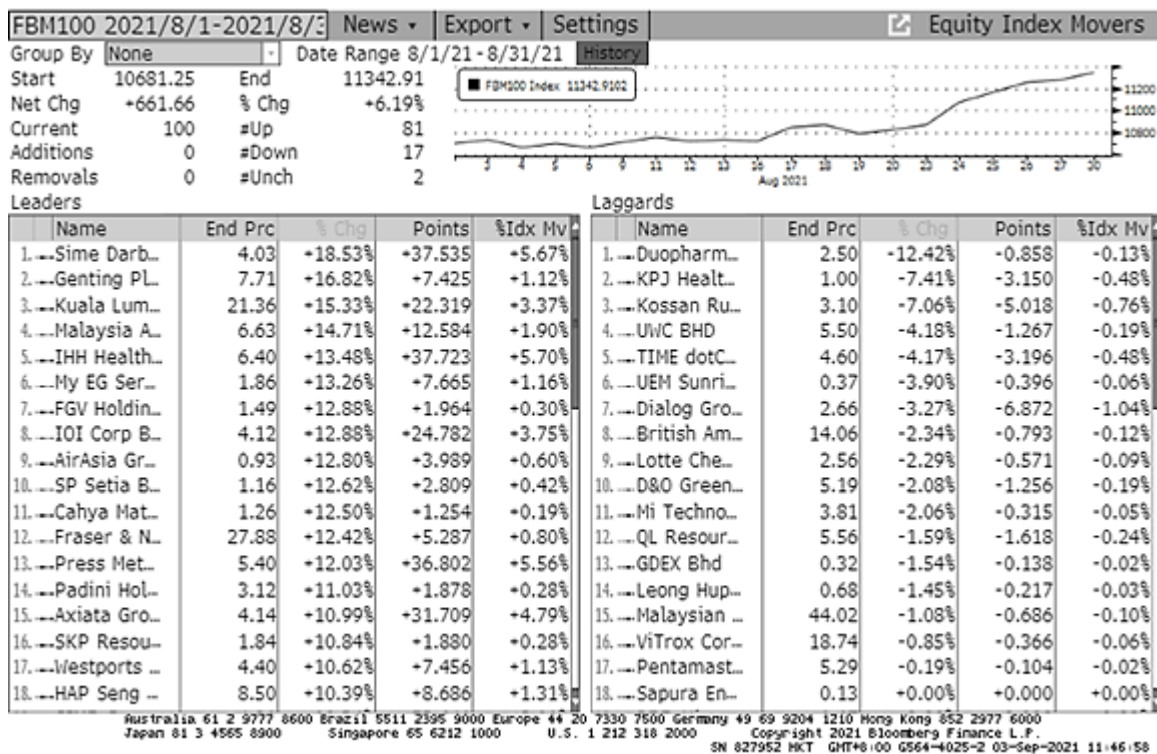
- ▶ Despite August being a month of political drama, Malaysia managed to outperform the region for the second consecutive month. The month of August saw the resignation of Tan Sri Muhyiddin Yassin as the Prime Minister and the appointment of Dato Seri Ismail Sabri as the 9th Prime Minister of Malaysia after securing 114 Parliamentary seats (min 111 is required to form a government). Market sentiment improved with the swearing in of the 9th Prime Minister, as opposition leaders agreed to find common ground with the new PM, and to focus on tackling the COVID outbreak and boost the economy. The number of new COVID cases remains high but starting to trend down in the Klang Valley with 92.4% of adult population fully vaccinated. Foreign investors were finally net buyers of Malaysian equity of RM1.1b for the month of August, after 18 months. The KLCI gained 106.78 points in August to close at 1,601.38 points, up 7.14%.
- ▶ The FBM Small Cap index gained 3.4% for the month underperforming the KLCI. The only sector that detracted in August was Healthcare (-0.4%). The best performing sectors were Plantation (+11.79%) and Transport (+6.1%). Average value traded on Bursa in August was RM2716m down by 15% mom.

OUTLOOK

- ▶ New cases of COVID-19 in Malaysia remain stubbornly high at the end of August, but vaccination rates hit 45.5% of total population and 64.2% of estimated adult population. With Klang Valley's 67.7% of population fully vaccinated and new cases have been trending down, the government is expected to relax restrictions. Updates to the MySejahtera app to indicate status of your vaccination clearly has resulted in some shopping malls and outlets electing to only allow fully vaccinated patrons. The government has also allowed dine-ins for fully vaccinated people, subject to social distancing requirements. Nevertheless, the government will need to balance the pace of re-opening with the pace of vaccinations in other states, as high cases of COVID are being reported in Sabah, Kedah, Kelantan, Sarawak, Johor and Penang, where the healthcare system may not be on par to those in the Klang Valley. Political instability seems to be tempered for now, although we will monitor the 13th Sept Parliament sitting for the outcome of any vote of confidence. As the market has rallied sharply in August, there could be some profit-taking activities ahead. Any correction presents an opportunity to accumulate fundamentally sound stocks on weakness as we position for recovery.



INDEX PERFORMANCE & MOVERS



Source: Bloomberg

| Indices | Last Price | | | MoM Changes | | YTD Changes | |
|--------------|------------|-----------|-----------|-------------|-------|-------------|---------|
| | 31-Dec-20 | 31-Jul-21 | 31-Aug-21 | +/- | % | +/- | % |
| FBM KLCI | 1,627.21 | 1,494.60 | 1,601.38 | 106.78 | 7.14% | (25.83) | -1.59% |
| FBM ME \$ | 10,734.69 | 7,080.63 | 7,244.90 | 164.27 | 2.32% | (3,489.79) | -32.51% |
| FBM 100 | 11,501.99 | 10,681.25 | 11,342.91 | 661.66 | 6.19% | (159.08) | -1.38% |
| FBM 70 | 15,142.84 | 14,518.29 | 15,023.46 | 505.17 | 3.48% | (119.38) | -0.79% |
| FBM \$CAP | 15,565.49 | 15,420.78 | 15,945.83 | 525.05 | 3.40% | 380.34 | 2.44% |
| FBM EMA \$ | 11,761.93 | 10,973.47 | 11,627.87 | 654.40 | 5.96% | (134.06) | -1.14% |
| FBM \$HA | 13,159.15 | 12,049.08 | 12,750.46 | 701.38 | 5.82% | (408.69) | -3.11% |
| FBM HIJRAH | 14,340.56 | 12,505.06 | 13,388.42 | 883.36 | 7.06% | (952.14) | -6.64% |
| FBM \$CAP \$ | 14,589.08 | 14,318.45 | 14,754.06 | 435.61 | 3.04% | 164.98 | 1.13% |
| MSCI APXJ | 662.14 | 652.87 | 665.30 | 12.43 | 1.90% | 3.16 | 0.48% |

Source: Bloomberg



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