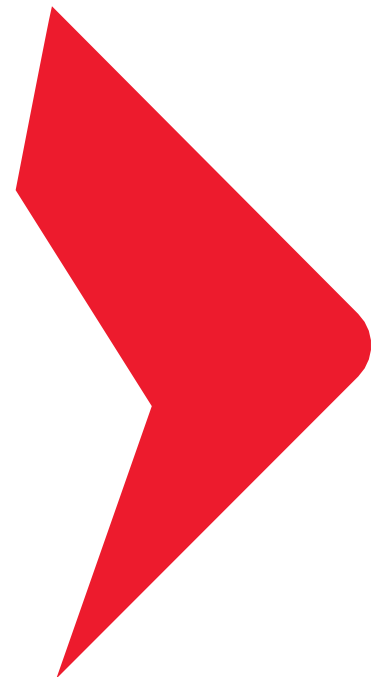


MARKET COMMENTARY

EQUITY MARKET REVIEW AND OUTLOOK

February 2021





REVIEW

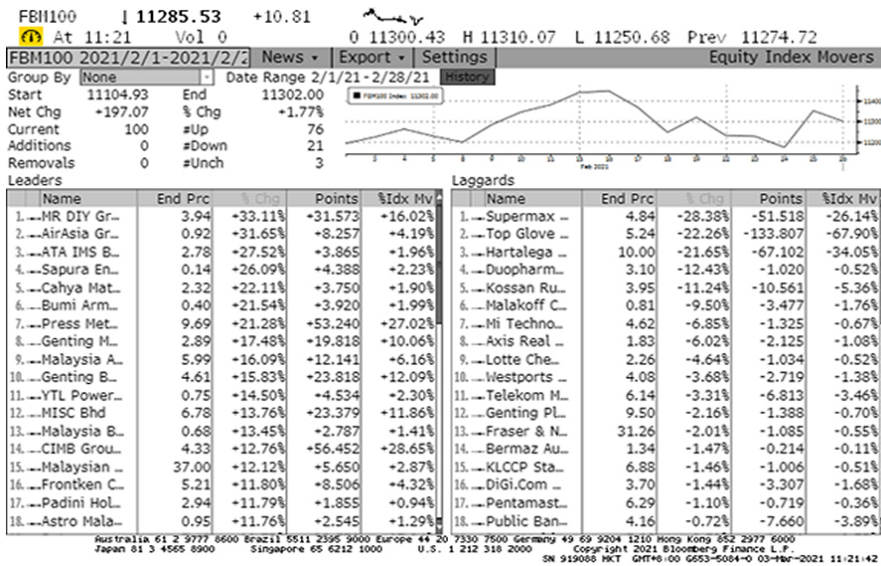
- Malaysia's equity market ended the month marginally higher as lockdown measures were beginning to be eased, and the vaccination program kicked off end of February 2021. The government announced that MCO 2.0 will be lifted to CMCO for Selangor, Kuala Lumpur, Johor, and Penang effective 5 March 2021. COVID-19 new cases started to decline, after the peak on the 4 February 2021 of 4571 new cases, and ended the month with 2437 new cases. Dining in at restaurants were slowly allowed, as retailers started to open up. Foreign investors continued to be net sellers of Malaysian equities of RM0.9b in February 2021, and has been net sellers for thirteen consecutive months since February 2020.
- The KLCI gained 11.35 points in February to close at 1,577.75 points, up 0.7%. The FBM Small Cap index gained 7.89% for the month outperforming the KLCI. The best performing sectors were Energy (+17.5%) and Technology (+8.43%). The worst performing sectors were Healthcare (-11.3%) and Plantation (1.12%). Average value traded on Bursa in February was RM4777m lower by 1.64% mom.

OUTLOOK

- Economic recovery expectations in 2021 for Malaysia has some downside risk, however, COVID-19 infections have come off from the earlier 4000 cases a day to above 1000 a day. MCO 2.0 has been scheduled to end 5 March 2021, to be replaced with CMCO. However, many restrictions were relaxed during the latter part of MCO 2.0. MoF's GDP forecast for 2021 of +6.5-7.5% is under review, as BNM will be releasing their Annual Report in the final week of March, with likely bias towards the lower end of that range. Corporate earnings recovery for 2021 will be cut to take into account of MCO 2.0 in 1Q21, hence we may only see recovery beyond pre-Covid levels in 2022 onwards. Events that are on our radar would include the delivery of vaccines and the inoculation progress in Malaysia; and increasing political risk perhaps in 3Q21 as calls for Parliament to resume grows louder. 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 | | YTD Changes | |
|------------|------------|-----------|-----------|-------------|-------|-------------|-------|
| | 31-Dec-20 | 31-Jan-21 | 28-Feb-21 | +/- | % | +/- | % |
| FBM KLCI | 1,627.21 | 1,566.40 | 1,577.75 | 11.35 | 0.72 | (49.46) | -3.04 |
| FBM MES | 10,734.69 | 11,032.94 | 10,873.52 | (159.42) | -1.44 | 138.83 | 1.29 |
| FBM 100 | 11,501.99 | 11,104.93 | 11,302.00 | 197.07 | 1.77 | (199.99) | -1.74 |
| FBM 70 | 15,142.84 | 14,747.34 | 15,461.17 | 713.83 | 4.84 | 318.33 | 2.10 |
| FBM SCAP | 15,565.49 | 15,179.33 | 16,377.28 | 1,197.95 | 7.89 | 811.79 | 5.22 |
| FBM EMAS | 11,761.93 | 11,363.81 | 11,614.17 | 250.36 | 2.20 | (147.76) | -1.26 |
| FBM SHA | 13,159.15 | 12,870.86 | 12,979.15 | 108.29 | 0.84 | (180.00) | -1.37 |
| FBM HIJRAH | 14,340.56 | 13,992.80 | 13,609.09 | (383.71) | -2.74 | (731.47) | -5.10 |
| MSCI APxJ | 662.14 | 684.80 | 693.59 | 8.79 | 1.28 | 31.45 | 4.75 |

Source: Bloomberg



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