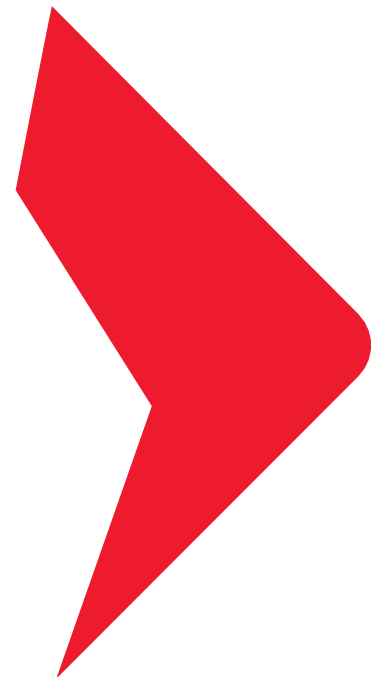


MARKET COMMENTARY

EQUITY MARKET REVIEW AND OUTLOOK

March 2021





REVIEW

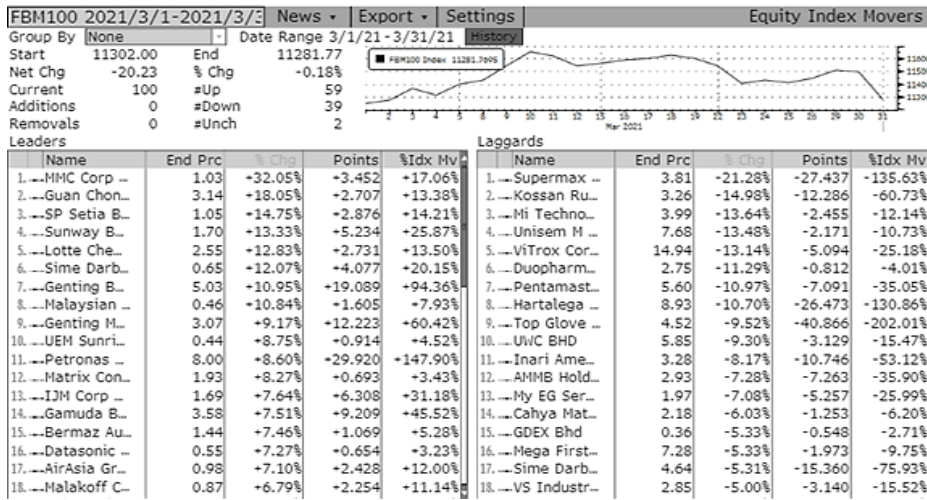
- ▶ Regional Asia Pacific ex-Japan markets ended the month of March lower by 2.3% mom, but Malaysia managed to close the month down slightly by 0.3%. Improvement in investor sentiment at the start of the month was disrupted by concerns over rising bond yields and political instability towards the end of March. The government announced that Selangor, Johor, Penang and Kuala Lumpur will exit MCO and enter CMCO from 5 Mar, given the number of new Covid-cases have fallen. On 8 Mar, crude oil prices rallied toward USD70 a barrel, after OPEC+ chose not to relax supply curbs even as the global economy recovers. The Malaysian government also unveiled a RM20bn stimulus package, dubbed PERMERKASA, of which RM11bn is a direct fiscal injection.
- ▶ The KLCI declined by 4.24 points in March to close at 1,573.51 points, down 0.27%. The FBM Small Cap index gained 2.27% for the month outperforming the KLCI. The best performing sectors were Property (+8.37%) and Construction (+6.09%). The worst performing sectors were Healthcare (-9.4%) and Technology (-6.14%). Average value traded on Bursa in March was RM5875m up by 23% mom.

OUTLOOK

- ▶ Whilst Covid-19 new cases remain stubbornly high above 1000 a day, the imposition of CMCO from MCO has enabled more businesses to reopen. BNM's GDP forecast for 2021 has widened to the range of 6-7.5%, as expected, reducing the lower end of the range from 6.5-7.5% (MoF Budget 2021). 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 grow 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	28-Feb-21	31-Mar-21	+/-	%	+/-	%
FBM KLCI	1,627.21	1,577.75	1,573.51	(4.24)	-0.27	(53.70)	-3.30
FBM MES	10,734.69	10,873.52	10,065.80	(807.72)	-7.43	(668.89)	-6.23
FBM 100	11,501.99	11,302.00	11,281.77	(20.23)	-0.18	(220.22)	-1.91
FBM 70	15,142.84	15,461.17	15,473.57	12.40	0.08	330.73	2.18
FBM SCAP	15,565.49	16,377.28	16,749.53	372.25	2.27	1,184.04	7.61
FBM EMAS	11,761.93	11,614.17	11,614.56	0.39	0.00	(147.37)	-1.25
FBM SHA	13,159.15	12,979.15	12,848.17	(130.98)	-1.01	(310.98)	-2.36
FBM HIJRAH	14,340.56	13,609.09	13,349.71	(259.38)	-1.91	(990.85)	-6.91
MSCI APxJ	662.14	693.59	677.61	(15.97)	-2.30	15.48	2.34

Source: Bloomberg



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