

MARKET COMMENTARY

EQUITY MARKET REVIEW AND OUTLOOK

May 2021





REVIEW

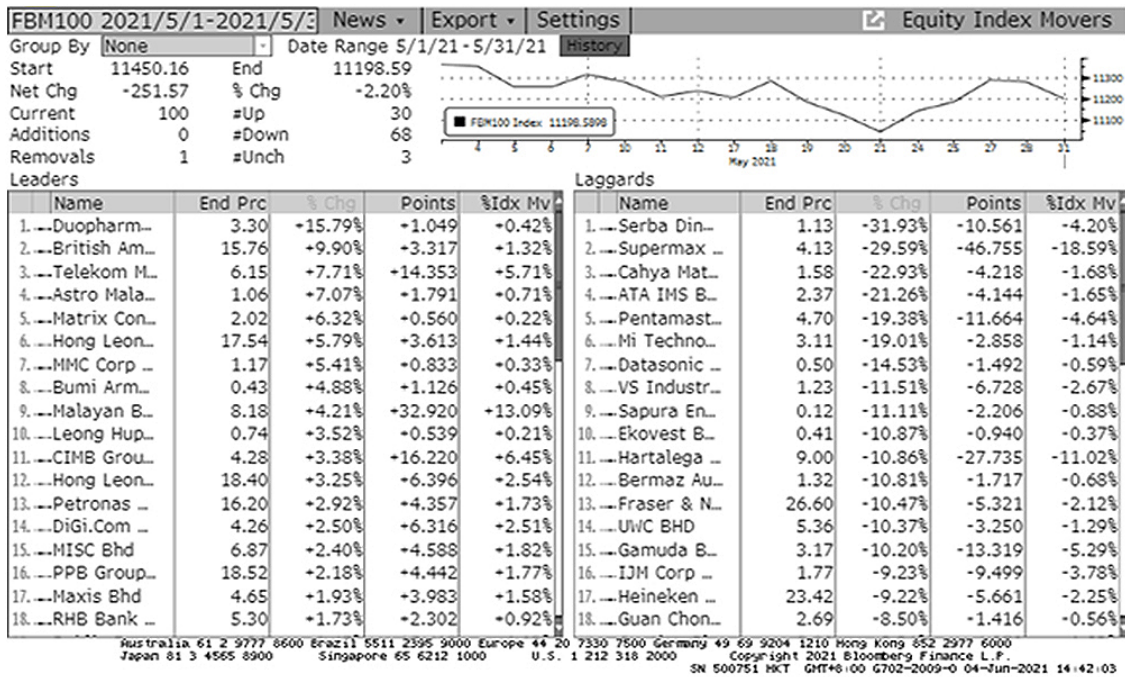
- Malaysian equity markets bucked the trend of the positive returns from regional markets in the month of May. COVID-19 cases reported in Malaysia grew 152% in May 2021, with 163,644 cases reported for the month (April : 64,916). Number of deaths from COVID-19 unfortunately grew 430% mom with 1,290 reported for the month of May. The government announced MCO 3.0 effective 10th May 2021, however restrictions for this lockdown was not as strict as MCO1. However, by 28 May 2021, the government announced that a strict nationwide lockdown will be enforced effective 1 June 2021 (MCO 3.0+) where only essential services would be allowed to operate. PERMAKASA plus stimulus package of RM40b was then announced following MCO 3.0+, of which RM5b would be via direct fiscal injection. Foreign investors continued to be net sellers of Malaysian equity of RM0.2b, totaling RM3.1b outflow for 2021 YTD.
- The KLCI declined 18.1 points in May to close at 1,583.55 points, down 1.13%. The FBM Small Cap index declined 7.01% for the month underperforming the KLCI. The best performing sector was Finance (+0.94%) and was the only sector with positive gains. The worst performing sectors were Energy (-9.0%) and Construction (-8.28%). Average value traded on Bursa in May was RM3580m down by 19% mom.

OUTLOOK

- COVID-19 new cases in Malaysia is trending in the wrong direction, remaining stubbornly high above 7000 a day currently. The re-imposition of MCO 3.0+ effective 1 June 2021 nationwide so soon after MCO 2.0, will likely have a less severe impact on the economy than previous MCOs. This is especially since only those in essential services can operate as long as they have approval from MITI. Of bigger concern, the supply of vaccines globally has seen delays. However, the Minister of Science and Technology in charge of the National Vaccination Program, has recently indicated that the government has managed to push up deliveries of Pfizer NBIotech (BioNTech) Covid vaccine, to ensure that Malaysia will receive 25m doses by the end of 3Q2021. Events that remain on our radar would include the delivery of vaccines and the inoculation progress in Malaysia; and increasing political risk perhaps in 3Q21. Despite the economic normalization being punctuated by rising Covid cases, we continue to recommend accumulating fundamentally sound stocks on weakness as the economy progresses tentatively on its recovery path.



INDEX PERFORMANCE & MOVERS



Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-20	30-Apr-21	31-May-21	+/-	%	+/-	%
FBM KLCI	1,627.21	1,601.65	1,583.55	(18.10)	(1.13)	(43.66)	(2.68)
FBM MES	10,734.69	8,846.02	7,681.26	(1,164.76)	(13.17)	(3,053.43)	(28.44)
FBM 100	11,501.99	11,450.16	11,198.59	(251.57)	(2.20)	(303.40)	(2.64)
FBM 70	15,142.84	15,576.14	14,762.90	(813.24)	(5.22)	(379.94)	(2.51)
FBM SCAP	15,565.49	17,198.26	15,992.21	(1,206.05)	(7.01)	426.72	2.74
FBM EMAS	11,761.93	11,798.29	11,495.81	(302.48)	(2.56)	(266.12)	(2.26)
FBM SHA	13,159.15	13,272.50	12,772.91	(499.59)	(3.76)	(386.24)	(2.94)
FBM HIJRAH	14,340.56	13,975.64	13,496.72	(478.92)	(3.43)	(843.84)	(5.88)
MSCI APxJ	662.14	696.37	704.75	8.38	1.20	42.61	6.44

Source: Bloomberg



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