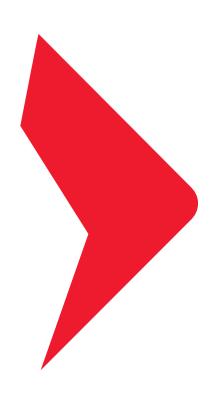


## MARKET COMMENTARY

# EQUITY MARKET REVIEW AND OUTLOOK

October 2021





#### REVIEW

- Malaysian equity markets closed the month of October higher, in tandem with regional markets. Commodity prices surged during the month, which was a boon for energy and plantation stocks. Brent crude oil prices rose 7.75% in October, whilst crude palm oil (CPO) prices rose 12.15% and remained above RM5000/tonne. Malaysia allowed inter-state and international travel effective 10 Oct 2021 for fully vaccinated residents, as Malaysia reached the target of inoculating 90% of its adult population. Budget 2022 was announced on the last Friday of the month, and prior to its unveiling, construction and property stocks rallied on the back of Budget 2022 expectations. Foreign investors were net buyers of Malaysian equities of RM1.6b, the third consecutive month of net buy. YTD 2021, foreign investors are still net sellers of Malaysian equities of RM2.2b.
- The KLCI gained 24.51 points in October to close at 1,562.31 points, up 1.59%. The FBM Small Cap index gained 6.95% for the month outperforming the KLCI. The best performing sectors were Property (+8.7%) and Energy (+7.85%). The worst performing sectors were Health Care (-4.1%) and Utility (+0.27%). Average value traded on Bursa in October was RM3055m lower by 11.3% mom.

#### **OUTLOOK**

- Malaysia Budget 2022, themed as "Keluarga Malaysia, Makmur Sejahtera", was tabled on 29 October 2021. Focusing on the three key pillars of strengthening recovery, building resilience and driving reforms, this is the largest budget to date, with an allocation of RM332.1b (+3.6% YoY). Specifically, the economy is projected to grow 3.0% to 4.0% in 2021 and 5.5% to 6.5% in 2022, underpinned by higher public and private investments, consumer spending and healthy net exports. 2022 will continue to record a fiscal deficit, projected to reduce to 6.0% of GDP compared to 6.5% of GDP in 2021. The unexpected announcement of Cukai Makmur, resulted in a negative knee-jerk reaction for the Malaysian equity market. To recap, companies with chargeable income up to the first RM100 million will be subjected to the income tax rate of 24%, whilst the remaining chargeable income above RM100 million will be subject to the higher income tax rate of 33% for the year of assessment of 2022. With the Cukai Makmur, we expect Malaysia's corporate earnings recovery to be delayed by another year. Although the prosperity tax is a one-off windfall tax, it also presents the increased policy risk investors will have to face, given Malaysia's limited scope to broaden their current tax revenue base, coupled with the limited fiscal headroom. Corporate earnings will mostly be hit in assessment year 2022, dampening earnings growth, and Malaysia's valuations versus our regional peers may not be as attractive.
- Nevertheless, Malaysia's macro outlook should be more positive for 2022, given the high level of Covid vaccination rates amongst adults, and good trends for the adolescent age group. If Covid cases continue to trend down, reopening plays may continue to perform well. Political tensions may ease until mid-2022 the PH party had agreed to a "cease-fire" at least until then.



### **INDEX PERFORMANCE & MOVERS**

FBM100 2021/1	0/1-2021	/1( New	s + Expo	ort • Se	ttings		≧ Equ	ity Index	Movers
Group By None	-	Date Rang	e 10/1/21	-10/31/21	History				
Start 10998.0	2 End	1118					<b></b>		
Net Chg +191.0			.74%						
Current 10	_	_	66						
Additions	0 #Dow	n	32	/					
Removals	0 #Unch	n	2				s	3 3 7	3 3
Leaders					Laggards				
Name	End Prc	% Chg	Points	%Idx Mv	Name	End Prc	% Chg	Points	%Idx Mv
1SP Setia B	1.56	+26.83%	+7.127	+3.73%	1 Supermax	1.92	-19.67%	-12.498	-6.54%
2Dialog Gro	2.83	+18.41%	+33.584	+17.58%	2 Sapura Ene	0.10	-13.04%	-2.219	-1.16%
3AEON Credi	13.98	+15.51%	+3.021	+1.58%	3 Duopharma	1.69	-6.63%	-0.387	-0.20%
4Sime Darb	4.01	+14.12%	+29.546	+15.46%	4 Malaysia Ai	6.48	-6.09%	-6.216	-3.25%
5Cahya Mat	1.43	+13.49%	+1.522	+0.80%	5 Syarikat T	3.97	-5.92%	-1.378	-0.72%
6My EG Serv	1.04	+13.31%	+8.974	+4.70%	6QL Resourc	5.05	-5.51%	-5.293	-2.77%
7Sime Darb	0.73	+12.22%	+4.646	+2.43%	7 DiGi.Com B	4.23	-4.94%	-13.443	-7.04%
8Bumi Arma	0.51	+10.87%	+2.834	+1.48%	8Hartalega	5.86	-4.72%	-7.287	-3.81%
9AirAsia Gro	1.16	+10.48%	+4.177	+2.19%	9 Top Glove	2.72	-3.75%	-9.351	-4.89%
10FGV Holdin	1.50	+10.29%	+1.617	+0.85%	10ATA IMS Bhd	2.51	-3.70%	-0.628	-0.33%
11Serba Dina	0.35	+9.37%	+0.602	+0.32%	11 MR DIY Gro	3.77	-3.33%	-2.132	-1.12%
12CIMB Grou	5.22	+9.21%	+51.292	+26.84%	12 Press Meta	5.56	-3.14%	-11.418	-5.98%
13UMW Holdin	3.41	+8.95%	+3.143	+1.64%	13 Pentamast	5.35	-2.55%	-1.455	-0.76%
14Gamuda Bhd	3.24	+7.64%	+8.565	+4.48%	14IHH Health	6.54	-2.39%	-7.939	-4.16%
15Kuala Lum	21.62	+7.46%	+11.785	+6.17%	15 Astro Mala	1.00	-1.97%	-0.515	-0.27%
16Alliance Ba	2.75	+7.00%	+3.303	+1.73%	16 KPJ Health	1.14	-1.72%	-0.787	-0.41%
17British Am	15.10	+6.94%	+2.304	+1.21%	17 ViTrox Cor	19.68	-1.60%	-0.731	-0.38%
18UEM Sunris	0.40	+6.76%	+0.643	+0.34%	18 D&O Green	5.64	-1.40%	-0.913	-0.48%
Australi Japan 81	a 61 2 9777 8 3 4565 8900	600 Brazil 5 Singapo	511 2395 9000 re 65 6212 10	Europe 44 2 00 U.S.	7330 7500 Germany 49 6 1 212 318 2000 Co SN 7745	9 9204 1210 H eyright 2021 38 HKT GMT+8	ong Kong 852 810omberg Fir :00 G652-2044	2977 6000 mance L.P. F-1 01-Nov-20	21 17:00:17

Source: Bloomberg

		Last Price	MoM Changes		YTD Changes		
Indices	3 1-De c-20	30-Sep-21	31-Oct-21	<del>4</del> -	%	+1-	%
FBMKLCI	1,6 27.21	1,537.80	1,5 62.31	24.51	1.59 %	(64.90)	-3.99%
FBMMES	10,734.69	7,158.90	7,096.17	-6 2.7 3	-0.88%	(3,638.52)	-33.89%
FBM100	11,5 0 1.99	10 ,99 8.0 2	11,189.09	19 1.0 7	1.74 %	(312.90)	-2.72%
FBM70	15,142.84	14,980.76	15,302.37	321.61	2.15 %	159.53	1.05 %
FBMSCAP	15,565.49	16,078.70	17,196.36	1,117.66	6.95%	1,630.87	10 .48 %
FBMEM A S	11,7 6 1.93	11,311.08	11,559.00	247.92	2.19%	(202.93)	-1.73 %
FBMSHA	13 ,159 .15	12,359.01	12,591.59	23 2.5 8	1.88 %	(567.56)	-4.31%
FBMHIJRAH	14,340.56	12,769.19	12,9 14.96	14 5.7 7	1.14 %	(1,425.60)	-9.94%
FBMSCAPS	14,589.08	14,884.64	16,0 15.77	1,131.13	7.60%	1,426.69	9.78%
MISCIAPXJ	662.14	636.63	647.46	10.8 4	1.70 %	(14.68)	-2.22%

Source: Bloomberg



#### **Disclaimer**

This document is prepared for information purposes only and may not be published, circulated, reproduced or distributed in whole or part, whether directly or indirectly, to any other person without the prior written consent of Eastspring Investments Berhad. It should not be construed as an offer or solicitation for the subscription, purchase or sale of any securities mentioned herein. Whilst we have taken all reasonable care to ensure that the information contained in this document is not untrue or misleading at the time of publication, we cannot guarantee its accuracy or completeness. Any opinion or estimate contained in this document is subject to change without notice. Investors may wish to seek advice from a professional adviser before making a commitment to invest in units of any of our funds. Eastspring Investments Berhad and its related and affiliated corporations together with their respective directors and officers may have or may take positions in the securities mentioned in this document and may also perform or seek to perform other investment services for the corporations whose securities are mentioned in this document as well as other parties. The graphs or charts are included for illustrative purposes only. Past performance is not necessarily a guide to future performance. The predictions, projections, or forecast on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of Eastspring Investments Berhad or any funds managed by Eastspring Investments Berhad. The value and any income accruing to the investments, if any, may fall as well as rise. An investment is subject to investment risks, including the possible loss of the principal amount invested. Prudential plc, incorporated and registered in England and Wales. Registered office: 1 Angel Court, London EC2R 7AG. Registered number 1397169. Prudential plc is a holding company, some of whose subsidiaries are authorized and regulated, as applicable, by the Hong Kong Insurance Authority and other regulatory authorities. Eastspring Investments companies (excluding JV companies) are ultimately wholly-owned/indirect subsidiaries of Prudential plc of the United Kingdom. Eastspring Investments companies (including JV companies) and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America or with the Prudential Assurance Company Limited, a subsidiary of M&G plc (a company incorporated in the United Kingdom).