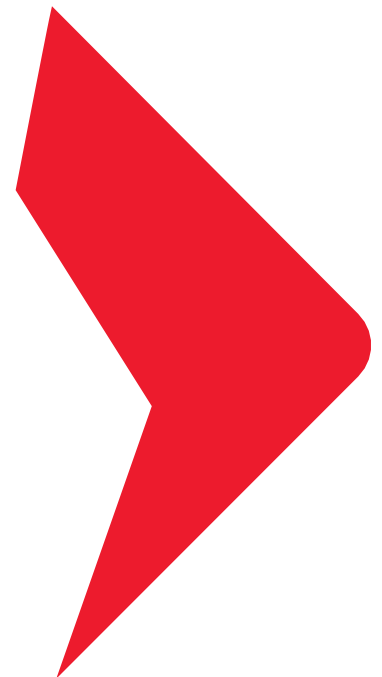


MARKET COMMENTARY

EQUITY MARKET REVIEW AND OUTLOOK

September 2021





REVIEW

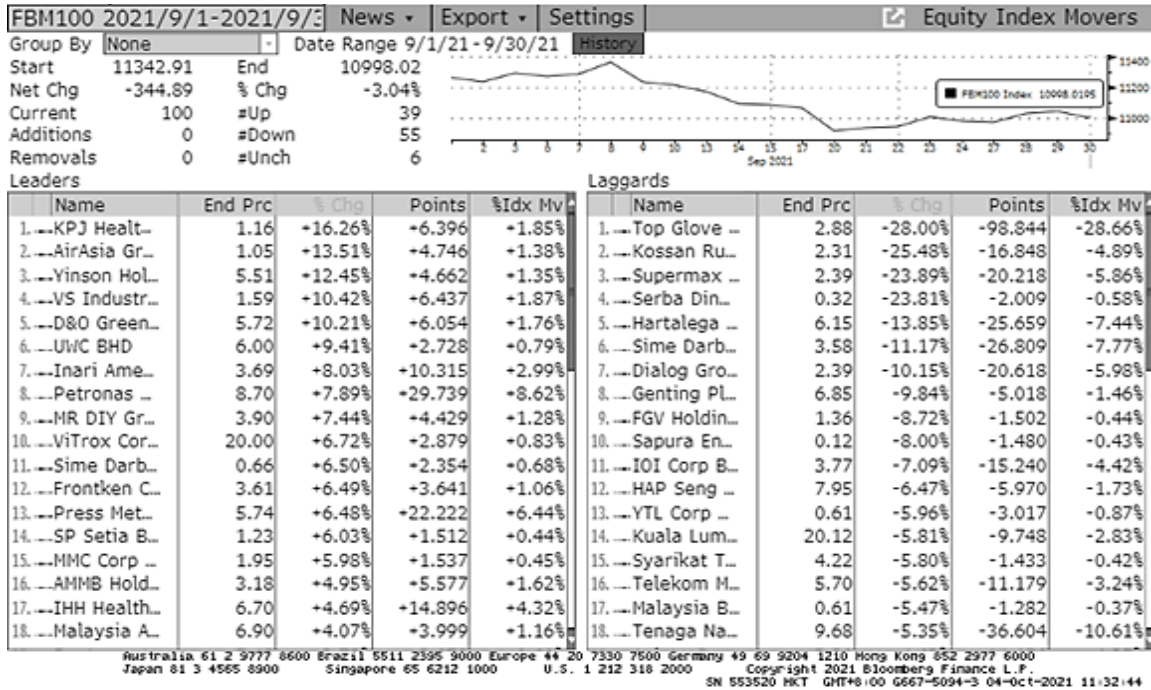
- Malaysian equity markets closed the month of September lower, dragged by the sell-off in China and US markets. Investors were spooked by the series of negative developments in China and the recent spike in US bond yields. In Malaysia, investors were concerned over news of government plans to waive three months of interest for low-income borrowers, and the new windfall taxes and capital gains tax currently considered. Covid cases in Malaysia has been trending down as Klang Valley moved to Phase 2 of the National Recovery Plan on 10th Sept, and is expected to move to Phase 3 as at 1 Oct 2021. By the end of Sept 2021, 86% of Malaysia's adult population has been fully vaccinated. Foreign investors were net buyers of Malaysian equity of RM0.7b for September, the second consecutive month.
- The KLCI declined 63.58 points in September to close at 1,537.8 points, down 3.97%. The FBM Small Cap index gained 0.83% for the month outperforming the KLCI. The best performing sectors were Technology (+5.23%) and Transport (+1.04%). The worst performing sectors were Health Care (-9.2%) and Plantation (-6.3%). Average value traded on Bursa in September was RM3445m up by 27% mom.

OUTLOOK

- Daily new cases of COVID-19 in Malaysia has managed to come off from the peak of 24,599 in August, to below 8,817 a day as at 5 Oct 2021. On the 26 Sept 2021, 60% of Malaysia's population was fully vaccinated, and projected to hit 80% by 15 Nov 2021. As at 21 Sept 2021, 80% of Malaysia's adult population was fully vaccinated, and projected to hit 100% by 26 Oct 2021. With the Klang Valley moving to Phase 3 of the NPR, and more restrictions have been relaxed, the economy should see some much needed boost. Travel bubble to Langkawi saw good demand for those tired of staying at home. Should the pace of new cases continue its downtrend, supported by the high vaccination rates and low hospitalization rates, we should expect more restrictions lifted. The Prime Minister indicated that once vaccinations hit 90% of Malaysian adults, he would be inclined to lift the inter-state travel restrictions. Whilst Malaysia prepares to treat COVID as endemic, appropriate precautions and social distancing still need to be taken, as cases can spike quickly, given the Singapore example faced currently. Political tensions seemed to have faded to the background, at least for the next 9 months, assuming the MoU with the PH party holds. We are more optimistic of an economic recovery having traction with the high level of vaccination rates, hence turning more bullish.



INDEX PERFORMANCE & MOVERS



Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-20	31-Aug-21	30-Sep-21	+/-	%	+/-	%
FBM KLCI	1,627.21	1,601.38	1,537.80	-63.58	-3.97%	(89.41)	-5.49%
FBM ME \$	10,734.69	7,244.90	7,158.90	-86.00	-1.19%	(3,575.79)	-33.31%
FBM 100	11,501.99	11,342.91	10,998.02	-344.89	-3.04%	(503.97)	-4.38%
FBM 70	15,142.84	15,023.46	14,980.76	-42.70	-0.28%	(162.08)	-1.07%
FBM SCAP	15,565.49	15,945.83	16,078.70	132.87	0.83%	513.21	3.30%
FBM EMA \$	11,761.93	11,627.87	11,311.08	-316.79	-2.72%	(450.85)	-3.83%
FBM SHA	13,159.15	12,750.46	12,359.01	-391.45	-3.07%	(800.14)	-6.08%
FBM HJ RAH	14,340.56	13,388.42	12,769.19	-619.23	-4.63%	(1,571.37)	-10.96%
FBM SCAP \$	14,589.08	14,754.06	14,884.64	130.58	0.89%	295.56	2.03%
MSCI APXJ	662.14	665.30	636.63	-28.67	-4.31%	(25.51)	-3.85%

Source: Bloomberg



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