

MARKET COMMENTARY

Equity market review and outlook

October 2023



Review

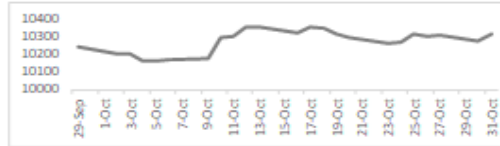
- ▶ Malaysian equities outperformed regional markets in the month of October, for the fourth consecutive month. October was a fairly eventful month, with the announcement of Budget 2024 which investors took to be fairly neutral. Within the Budget, subsidies are lower for 2024 at 10% of operating expenditures (versus 14% in 2023), and the announcement of additional infrastructure goodies were announced such as the restoration of LRT3 stations and extension of LRT to mainland. Not long after this, a slew of economic data released in the US, continued to highlight the strength of the US economy, withstanding the surge in interest rates thus far. Investors speculated that this would be a risk for the US Federal Reserve to remain hawkish on their interest rate policy, providing strength to the US Dollar. The MYR traded at Asian Financial Crisis lows at RM4.79/USD on the 24 Oct 2023, lowest level in more than 25 years.
- ▶ The KLCI closed the month at 1,442.14, up 1.26% mom. The FBM Small Cap index declined by 2.01% for the month, underperforming the KLCI. The best performing sectors were Finance (+2.1%) and Construction (+0.9%). The worst performing sectors were Property (-3.2%) and Oil and Gas (-2.8%). Average value traded on Bursa in Oct was RM2462m, higher by 2.64% mom.

Outlook

- ▶ Global political issues continue to fester, without any resolution on the Russia-Ukraine conflict, and US-China relations remain tense. The recent Palestine-Israel conflict has thrown uncertainty into the mix. There are still some diverging views on the risk of a recession, but for now given the continued resilience of the US economic data, and the persistent stickiness of inflation, investors are now accepting that interest rates in the US will be higher for longer.
- ▶ Domestically, equity markets were relatively resilient in October versus our regional peers. We are seeing more messaging from the government in regards to the petrol subsidy rationalization, and snippets of information on the energy exchange to be set up. However, more details are needed and this piecemeal information is not very conducive for investors, as patience will wear thin. There is also downside risk from policy execution of the various new measures and policies as announced by the government. Persistent inflation will likely continue to be a bug-bear for the market, tighter household disposable incomes will continue to plague demand. Nevertheless, we remain cautiously optimistic, and any correction in the market will provide us the opportunity to accumulate fundamentally sound stocks.

Index performance & movers

FBM100 Index
 Start Date 29-Sep-23 End Date 31-Oct-23
 start 10244.5 End 10315.36
 net chg 70.86 0.69%



1	KPJ Healthcare Bhd	1.28	0.14	12.28 %	SK P Resources Bhd	0.79	-0.21	(20.60) %
2	Gas Malaysia Bhd	3.29	0.31	10.22 %	SP Setia Bhd Group	0.84	-0.19	(18.45) %
3	Syarikat Takaful Malaysia Kel	3.68	0.20	5.75 %	Axiata Group Bhd	2.18	-0.31	(12.45) %
4	Greatech Technology Bhd	4.62	0.25	5.72 %	VS Industry Bhd	0.89	-0.12	(12.29) %
5	CIMB Group Holdings Bhd	5.71	0.28	5.16 %	Astro Malaysia Holdings Bhd	0.42	-0.05	(9.78) %
6	Gamuda Bhd	4.64	0.21	4.74 %	Berjaya Food Bhd	0.68	-0.07	(9.33) %
7	Press Metal Aluminium Holdi	4.92	0.21	4.46 %	Unisem M Bhd	2.96	-0.30	(9.20) %
8	Westports Holdings Bhd	3.36	0.13	4.02 %	Mah Sing Group Bhd	0.82	-0.08	(8.89) %
9	Hartalega Holdings Bhd	2.07	0.08	4.02 %	Hong Leong Capital Bhd	4.66	-0.44	(8.61) %
10	Malaysia Airports Holdings Bl	7.39	0.26	3.65 %	Malaysian Resources Corp Bhd	0.43	-0.03	(6.52) %

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-22	30-Sep-23	31-Oct-23	+/-	%	+/-	%
FBM KLCI	1,495.49	1,424.17	1,442.14	17.97	1.26%	(53.35)	-3.57%
FBM MES	5,308.33	5,175.24	5,017.41	-157.83	-3.05%	(290.92)	-5.48%
FBM 100	10,419.80	10,244.50	10,315.36	70.86	0.69%	(104.44)	-1.00%
FBM 70	13,015.02	14,193.27	14,037.87	-155.40	-1.09%	1,022.85	7.86%
FBM SCAP	14,924.41	16,188.42	15,862.55	-325.87	-2.01%	938.14	6.29%
FBM EMAS	10,701.55	10,582.27	10,638.59	56.32	0.53%	(62.96)	-0.59%
FBM SHA	10,938.55	10,874.52	10,841.59	-32.93	-0.30%	(96.96)	-0.89%
FBM HIJRAH	11,908.79	11,544.10	11,586.08	41.98	0.36%	(322.71)	-2.71%
FBM SCAPS	13,607.15	14,880.99	14,581.01	-299.98	-2.02%	973.86	7.16%
MSCI APxJ	505.64	492.10	471.87	-20.23	-4.11%	(33.77)	-6.68%

Source: Bloomberg

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