

MARKET COMMENTARY

# Equity market review and outlook

April 2024



## Review

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- The Malaysian equity markets resumed its positive performance in April, outperforming Emerging Markets and Asia Ex-Japan, amidst the turbulence in the Middle East, recently exacerbated by the Iran-Israel conflict, and the US Fed renewed rhetoric of “higher for longer”. On the 13 April 2024, Iran launched dozens of drones towards Israel, escalating tensions and setting the state for a direct military confrontation between the two nations. Thankfully, on the intervention of their allies, this de-escalated quickly post the incident.
- Domestically, the news for the month was the launch of the Energy Exchange (ENEGEM) by the Ministry of Energy Transition and Water Transformation, inviting interested parties to participate in the inaugural auction for purchasing green electricity from Malaysia’s supply system to be supplied to Singapore. The auction will begin with a 100MW pilot run, utilizing the existing interconnection between Singapore and Peninsular Malaysia. On 25 April, EPF announced the restructuring of contributors’ accounts, to introduce a new Account 3, which will allow for the flexibility of withdrawals for those members below age 55 years old starting 11 May.
- The KLCI closed the month at 1,575.97, up 2.6% mom. The FBM Small Cap index gained 3.4% for the month, outperforming the KLCI. The best performing sectors were Utilities (+7.3%) and Healthcare (+6.4%). The worst performing sectors were Finance (-0.3%) and Construction (-0.3%). Average value traded on Bursa in April was RM3072m down by 4.7% mom.

## Outlook

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- Global political tensions continue to be in the limelight. The conflict in the Middle East still needs to be monitored closely as tensions could escalate easily, especially with Israel’s decision to enter into Hamas’ stronghold in Rafah. This was despite both parties were in talks for a temporary ceasefire. In addition we have the ongoing Russia-Ukraine conflict that has yet to see a resolution after more than 2 years. To add to the mix will be the closely watched US Presidential Elections in November 2024, and what the result could imply for US-China relations.
- Domestically, equity markets have performed well thus far, with investors sentiment improving running on themes relating to Johor, and NETR. Recent buying support to the equity market could be the result of funds flowing back to Malaysia with the intention to invest domestically, post the government and BNM’s encouragement of GLICs and GLCs to repatriate dividends to Malaysia. The recent EPF account 3 announcement may start seeing member withdrawals as soon as 12 May 2024 onwards which could boost consumer spending. However this could be mitigated by the expected petrol/diesel subsidy rationalization expected to be rolled out in 2H2024. The shape and form of this measure has yet to be announced. Overall we are cautious on the potential inflationary impact of the subsidy removals, and higher commodity prices resulting in companies raising prices. The Malaysian’s commitment to the boycott of goods and services from companies deemed to be in support of Israel has been strong, leading to F&B outlet closures, which may have a longer term negative impact for investment in Malaysia and on employment opportunities for Malaysians. Nevertheless, equity markets may still be buoyant driven by the ample liquidity. Any correction in the market will provide us the opportunity to accumulate fundamentally sound stocks.

## Index performance & movers

### FBM100 INDEX

START DATE	31-Mar-24	END DATE	30-Apr-24
START	11,217.57	END	11,502.73
NET CHG	<b>285.16</b>		<b>2.53%</b>

	Name	Price	Net Chg	% Chg		Name	Price	Net Chg	% Chg
1	Chin Hin Group Bhd	5.90	1.33	29.10 %	1	UEM Sunrise Bhd	1.07	-0.13	(10.94)%
2	YTL Power International Bhd	4.60	0.73	18.86 %	2	WCE Holdings Bhd	0.90	-0.10	(9.55)%
3	My EG Services Bhd	0.94	0.15	18.35 %	3	Velesto Energy Bhd	0.27	-0.02	(7.62)%
4	YTL Corp Bhd	3.10	0.47	17.87 %	4	DRB-Hicom Bhd	1.40	-0.08	(5.41)%
5	Press Metal Aluminium Holdings	5.37	0.72	15.48 %	5	Unisem M Bhd	3.65	-0.20	(5.19)%
6	Dagang NeXchange Bhd	0.40	0.05	12.86 %	6	Pentamaster Corp Bhd	4.27	-0.20	(4.47)%
7	Kossan Rubber Industries Bhd	2.20	0.25	12.82 %	7	Inari Amertron Bhd	3.09	-0.14	(4.33)%
8	Top Glove Corp Bhd	0.88	0.08	10.00 %	8	Greotech Technology Bhd	4.50	-0.19	(4.05)%
9	United Plantations BHD	25.20	2.22	9.66 %	9	Genting Bhd	4.52	-0.18	(3.83)%
10	Maxis Bhd	3.67	0.30	8.90 %	10	Berjaya Corp Bhd	0.29	-0.01	(3.33)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-23	31-Mar-24	30-Apr-24	+/-	%	+/-	%
FBM KLCI	1,454.66	1,536.07	1,575.97	39.90	2.60%	121.31	8.34%
FBM MES	5,322.03	4,897.06	5,076.70	179.64	3.67%	(245.33)	-4.61%
FBM 100	10,485.72	11,217.57	11,502.73	285.16	2.54%	1,017.01	9.70%
FBM 70	14,612.98	16,234.08	16,621.25	387.17	2.38%	2,008.27	13.74%
FBM SCAP	16,353.38	17,297.26	17,885.13	587.87	3.40%	1,531.75	9.37%
FBM EMAS	10,823.70	11,571.59	11,872.26	300.67	2.60%	1,048.56	9.69%
FBM SHA	10,988.71	11,643.52	12,085.94	442.42	3.80%	1,097.23	9.99%
FBM HIJRAH	11,783.61	12,227.55	12,776.71	549.16	4.49%	993.10	8.43%
FBM SCAPS	15,104.22	16,024.97	16,584.80	559.83	3.49%	1,480.58	9.80%
MSCI APxJ	528.89	537.27	539.04	1.77	0.33%	10.16	1.92%
MSCI ACWI	727.00	783.58	756.61	-26.97	-3.44%	29.61	4.07%

Source: Bloomberg

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