

MARKET COMMENTARY

Equity market review and outlook

February 2024



Review

- Malaysian equity markets continued its up trend, reporting a gain for the second month in 2024, and has been reporting monthly gains for the last 5 consecutive months. The Lunar New Year holidays was in February, making a short month even shorter. February also saw corporate earnings reported which was a bit mixed, with weak earnings from plantations and petrochemicals companies. The changes to the MSCI indices as a result of their quarterly index rebalance saw YTL Corp and YTL Power added to the MSCI Asia Pacific Index, whilst Dialog was deleted. The Malaysian Ringgit hit a 26-year low versus the US dollar during the month, at levels last seen during the Asian Financial Crisis.
- The KLCI closed the month at 1,551.44, up 2.54% mom. The FBM Small Cap index gained 0.35% for the month, underperforming the KLCI. The best performing sectors were Technology (+4.2%) and Consumer (+3.7%). The worst performing sectors were Health care (-4.2%) and Utilities (-0.5%). Average value traded on Bursa in February was RM2805m, lower by 20.2% mom given the shorter month.

Outlook

- Global political issues continue to fester, without any resolution on the Russia-Ukraine conflict, and US-China relations remain tense. The ongoing Palestine-Israel conflict has added complications to the mix, resulting in the Red-Sea conflict that has an impact adding to sea-based transport. 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 expecting a soft landing in the US. Note that 2024 will be a year of many elections taking place globally, hence something for investors to monitor but so far elections results have been within expectations.
- Domestically, equity markets have started the new year positive note so far, with investors sentiment improving running on themes relating to Johor, and NETR. We have some concerns on the roll out of PADU where registrations have been poor, which may impact the timing of execution (originally 2H2024) of rolling out the subsidy rationalization, increasing the risk of policy execution for the various new measures and policies as announced by the government. Persistent inflation will likely continue to be a bug-bear for the market especially in the 2H2024 when the targeted petrol subsidies is expected to rollout, and tighter household disposable incomes will continue to plague demand. The Palestine-Israel conflict has also resulted in boycotts of sales of those deemed to be supporting Israel, such as many fast food and coffee franchises. This may have an impact on employment and wages from these businesses if this boycott continues for long. 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	31-Jan-24	END DATE	29-Feb-24
START	10,903.82	END	11,158.20
NET CHG	241.34		2.21%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 Dayang Enterprise Holdings Bhd	2.33	0.44	23.28 %	1 Hextar Global Bhd	0.83	-0.13	(13.16)%
2 ITMAX SYSTEM Bhd	2.27	0.37	19.47 %	2 Top Glove Corp Bhd	0.81	-0.12	(12.50)%
3 Dialog Group Bhd	2.10	0.26	14.13 %	3 RCE Capital Bhd	2.79	-0.38	(11.99)%
4 YTL Corp Bhd	2.67	0.28	11.72 %	4 Supermax Corp Bhd	0.83	-0.11	(11.23)%
5 United Plantations BHD	22.12	2.30	11.60 %	5 Mi Technovation Bhd	1.83	-0.19	(9.41)%
6 Sime Darby Bhd	2.71	0.27	11.07 %	6 OSK Holdings Bhd	1.41	-0.14	(9.03)%
7 Malaysia Airports Holdings Bhd	8.48	0.82	10.70 %	7 Hartalega Holdings Bhd	2.51	-0.24	(8.73)%
8 Chin Hin Group Bhd	3.88	0.35	9.92 %	8 Heineken Malaysia Bhd	22.66	-2.08	(8.41)%
9 MR DIY Group M Bhd	1.56	0.14	9.86 %	9 Berjaya Corp Bhd	0.29	-0.03	(7.94)%
10 Bank Islam Malaysia Bhd	2.46	0.22	9.82 %	10 Malaysian Resources Corp Bhd	0.59	-0.05	(7.87)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-23	31-Jan-24	29-Feb-24	+/-	%	+/-	%
FBM KLCI	1,454.66	1,512.98	1,551.44	38.46	2.54%	96.78	6.65%
FBM MES	5,322.03	4,755.03	4,768.13	13.10	0.28%	(553.90)	-10.41%
FBM 100	10,485.72	10,903.82	11,158.20	254.38	2.33%	672.48	6.41%
FBM 70	14,612.98	15,185.92	15,446.15	260.23	1.71%	833.17	5.70%
FBM SCAP	16,353.38	16,721.01	16,780.35	59.34	0.35%	426.97	2.61%
FBM EMAS	10,823.70	11,243.33	11,491.82	248.49	2.21%	668.12	6.17%
FBM SHA	10,988.71	11,278.09	11,527.99	249.90	2.22%	539.28	4.91%
FBM HIJRAH	11,783.61	12,040.24	12,330.79	290.55	2.41%	547.18	4.64%
FBM SCAPS	15,104.22	15,381.81	15,482.73	100.92	0.66%	378.51	2.51%
MSCI APxJ	528.89	503.42	525.23	21.81	4.33%	(3.66)	-0.69%

Source: Bloomberg

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