

MARKET COMMENTARY

# Equity market review and outlook

January 2024



## Review

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- Malaysian equities started 2024 well, outperforming regional markets as one of the best performing markets. During January, the Johor-Singapore Special Economic Zone (JS-SEZ) MoU was signed between Malaysia and Singapore. The agreement with details to develop the economic zone will be signed at the Malaysia-Singapore Leader's Retreat taking place end of 2024. The key initiatives mentioned as part of this SEZ include the formation of a one-stop business/investment services centre in Johor to facilitate the application process of various approvals and licences necessary for Singapore businesses to set up in Johor; an adoption/ implementation of a passport-free QR code clearance system on both sides; adoption of digitized processed for cargo clearance at land checkpoints; and facilitate the cooperation for renewable energy. On the 31 January 2024, Malaysia saw the installation of a new King, the Sultan of Johor, Sultan Ibrahim, with Sultan Nazrin (the ruler of the state of Perak) was re-elected as deputy King.
- The KLCI closed the month at 1,512.98, up 4.01% mom. The FBM Small Cap index gained 2.25% for the month, underperforming the KLCI. The best performing sectors were Utilities (+17.3%) and Oil & Gas (+9.5%). The worst performing sectors were Technology (-2.2%) and Consumer (+0.7%). Average value traded on Bursa in January was RM3,517m higher by 24.7% mom.

## Outlook

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- 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 expecting a soft landing in the US. The conflict in the Red Sea which is a major trade route for many European countries, could result in growing inflationary pressures as shipping delivery times get delayed. Note that 2024 will be a year of many elections taking place globally, hence something for investors to monitor, as the outcomes may change the current geo-political situation.
- Domestically, equity markets have started the new year positive, with investors sentiment improving running on themes relating to Johor, and NETR. 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 indicative time for the details of the petrol subsidy may only be released in 2H2024. Investors are getting impatient waiting for more details on the various policies announced. 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 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-Dec-23	END DATE	31-Jan-24
START	10,485.72	END	10,903.82
NET CHG	418.1		3.99%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 YTL Power International Bhd	4.11	1.57	61.81 %	1 Dagang NeXchange Bhd	0.34	-0.06	(15.00)%
2 Malaysian Resources Corp Bhd	0.65	0.21	46.07 %	2 Pentamaster Corp Bhd	4.04	-0.56	(12.17)%
3 Sunway Bhd	2.68	0.62	30.10 %	3 Dialog Group Bhd	1.83	-0.24	(11.59)%
4 Eco World Development Group Bh	1.32	0.29	28.16 %	4 Lotte Chemical Titan Holding B	1.20	-0.15	(11.11)%
5 Dayang Enterprise Holdings Bhd	2.05	0.45	28.13 %	5 VS Industry Bhd	0.72	-0.09	(11.09)%
6 AFFIN Bank Bhd	2.63	0.55	26.44 %	6 UWC BHD	3.17	-0.35	(9.94)%
7 UEM Sunrise Bhd	1.03	0.22	26.38 %	7 Guan Chong Bhd	1.66	-0.17	(9.29)%
8 YTL Corp Bhd	2.34	0.45	23.81 %	8 Astro Malaysia Holdings Bhd	0.36	-0.04	(8.86)%
9 OSK Holdings Bhd	1.52	0.28	22.58 %	9 D&O Green Technologies Bhd	3.40	-0.22	(6.08)%
10 Hextar Global Bhd	0.95	0.17	21.94 %	10 Petronas Chemicals Group Bhd	6.77	-0.39	(5.45)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-23	31-Dec-23	31-Jan-24	+/-	%	+/-	%
FBMKLCI	1,454.66	1,454.66	1,512.98	58.32	4.01%	58.32	4.01%
FBMMES	5,322.03	5,322.03	4,755.03	-567.00	-10.65%	(567.00)	-10.65%
FBM100	10,485.72	10,485.72	10,903.82	418.10	3.99%	418.10	3.99%
FBM70	14,612.98	14,612.98	15,185.92	572.94	3.92%	572.94	3.92%
FBMSCAP	16,353.38	16,353.38	16,721.01	367.63	2.25%	367.63	2.25%
FBMEMAS	10,823.70	10,823.70	11,243.33	419.63	3.88%	419.63	3.88%
FBMSHA	10,988.71	10,988.71	11,278.09	289.38	2.63%	289.38	2.63%
FBMHIJRAH	11,783.61	11,783.61	12,040.24	256.63	2.18%	256.63	2.18%
FBMSCAPS	15,104.22	15,104.22	15,381.81	277.59	1.84%	277.59	1.84%
MSCI APxJ	528.89	528.89	503.42	-25.47	-4.82%	(25.47)	-4.82%

Source: Bloomberg

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