

MARKET COMMENTARY

Equity market review and outlook

February 2025



Review

- Malaysian equities fared better in February for the big cap stocks as the FBMKLCI managed to eke out a positive performance. The broader FBM100 index on the other hand was down by 0.7%, which may have been more representative of the overall sentiment. Regional markets were generally weak, with the exception of the positive performance in China and Hong Kong, spurred by the launch of Chinese startup Deepseek end January 2025 and saw a sell-off in stocks related to the AI trade. February was results reporting month, where a majority of companies reported their 2024 full year earnings. Overall, the plantation, banking and utilities companies reported earnings either in line or above. Whilst the disappointments came from the consumer, technology, gloves and oil and gas sectors. During the month, foreign investors were net sellers of equity yet again (the fifth consecutive month) of RM2.2b, and year to date foreign outflow of RM5.33b.
- The KLCI closed the month at 1,574.70, up 1.14% mom. The FBM Small Cap index declined 6.64% for the month, underperforming the KLCI. The best performing sectors were Plantations (+3.6%) and Financials (+2.51%). The worst performing sectors were Technology (-13.12%) and Healthcare (-10.45%). Average value traded on Bursa in Feb was RM2512m, lower by 8.2% mom.

Outlook

- Just six weeks into his second term, US President Trump has swiftly moved to fulfill his election promises, and his impulsive style has already introduced volatility to global markets. Despite the uncertainties surrounding a Trump presidency, we believe Malaysia's macro fundamentals remain resilient. Trump's policies on global growth and retaliatory tariff trade wars will undoubtedly impact Malaysia's economic growth.
- Foreign direct investment (FDI) into Malaysia continues to be strong, evidenced by increased construction activities and the acquisition of industrial properties by investors. Tourism is also on the rise, contributing positively to general consumption. Additionally, consumption is likely to get a boost from the civil servants' pay hike in December 2024 and the 13% minimum wage increase effective February 1, 2025.
- We remain constructive on Malaysia, as the domestic market is flush with liquidity. Any market corrections will provide opportunities to accumulate fundamentally strong stocks at more attractive valuations. However, we anticipate market volatility to be the norm under a Trump presidency, and we need to remain vigilant and be prepared for sudden changes.

Index performance & movers

FBM100 INDEX

START DATE	31-Jan-25	END DATE	28-Feb-25
START	11,575.90	END	11,496.57
NET CHG	- 79.33		-0.69%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 Sunway Construction Group Bhd	4.30	0.85	24.64 %	1 D&O Green Technologies Bhd	1.15	-0.62	(35.03)%
2 OSK Holdings Bhd	1.90	0.24	14.46 %	2 Hartalega Holdings Bhd	2.25	-1.06	(32.02)%
3 Eco World Development Group Bh	1.99	0.24	13.71 %	3 Top Glove Corp Bhd	0.91	-0.30	(24.58)%
4 ITMAX SYSTEM Bhd	3.90	0.45	13.04 %	4 Kossan Rubber Industries Bhd	1.78	-0.46	(20.54)%
5 United Plantations BHD	22.92	2.52	12.35 %	5 ViTrox Corp Bhd	3.10	-0.78	(20.10)%
6 TIME dotCom Bhd	5.11	0.46	9.89 %	6 Unisem M Bhd	2.16	-0.54	(20.00)%
7 Heineken Malaysia Bhd	26.68	2.36	9.70 %	7 Petronas Chemicals Group Bhd	3.72	-0.93	(20.00)%
8 Gamuda Bhd	4.36	0.37	9.14 %	8 Bermaz Auto Bhd	1.04	-0.24	(18.75)%
9 Hextar Global Bhd	0.94	0.07	8.09 %	9 Inari Amertron Bhd	2.07	-0.46	(18.18)%
10 Malayan Cement Bhd	4.96	0.35	7.59 %	10 MR DIY Group M Bhd	1.38	-0.30	(17.86)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-24	31-Jan-25	28-Feb-25	+/-	%	+/-	%
FBMKLCI	1,642.33	1,556.92	1,574.70	17.78	1.14%	(67.63)	-4.12%
FBMMES	5,380.44	5,195.07	4,756.99	-438.08	-8.43%	(623.45)	-11.59%
FBM100	12,265.96	11,575.90	11,496.57	-79.33	-0.69%	(769.39)	-6.27%
FBM70	18,841.13	17,587.02	16,636.63	-950.39	-5.40%	(2,204.50)	-11.70%
FBMSCAP	17,963.66	17,049.38	15,917.17	-1,132.21	-6.64%	(2,046.49)	-11.39%
FBMEMAS	12,585.51	11,883.71	11,736.32	-147.39	-1.24%	(849.19)	-6.75%
FBMSHA	12,590.57	11,737.14	11,411.79	-325.35	-2.77%	(1,178.78)	-9.36%
FBMHJRAH	13,409.12	12,543.28	12,343.95	-199.33	-1.59%	(1,065.17)	-7.94%
FBMSCAPS	16,744.61	15,845.87	14,736.84	-1,109.03	-7.00%	(2,007.77)	-11.99%
MSCI APxJ (USD)	569.41	576.64	577.03	0.39	0.07%	7.63	1.34%
MSCI ACWI (USD)	841.33	869.04	862.95	-6.09	-0.70%	21.62	2.57%

Source: Bloomberg

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