

## Review

- After a correction in December, the month of January saw global equity markets rally, on the back of better economic data coming out of the US. Mid January, sentiment in the Euro area was hit briefly when S&P downgraded several euro area sovereigns, which include France being downgraded by one notch to AA+.
- Domestically, Malaysia underperformed the Asian region in general, as foreign investors took positions in higher beta markets. Although the key index was flattish in January, second and third liners were actively traded and enjoyed strong gains.
- The KLCI ended the month declining 9.4 points or -0.62% to close at 1,521.3 points. The broader market out performed the KLCI, with the FBM Emas Index gained 0.94% in January. The FBM Small Cap Index out performed the KLCI gaining 8.35% for the month. Average value traded on Bursa in January jumped 44% mom to RM1.87bn per day (RM1.3bn previous month).
- The sector indices on the local bourse closed higher for January, with the best performing sectors being Technology (+18.16%) and Plantation (+6.94%). The worst performing sectors were Financial (-1.9%) and Consumer (+0.71%).

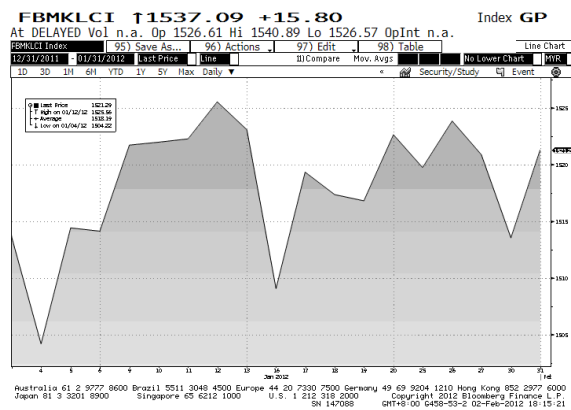
## Outlook

- We expect volatility to persist in 1H2012, given the external uncertainties that continue to persist, and markets will have to stomach additional potential volatilities on the political front as quite a few countries will be having their elections in the 1H. Nevertheless, the optimism from the potential “January effect” seems to have some legs for now, given that liquidity is still abundant, and investors remain fairly cashed up.
- Domestically, consumer spending should remain fairly resilient for now, backed by the government handouts from the 2012 Budget. The corporate reporting season has started and so far the companies that have reported results have been fairly in line, with no major surprises. We expect corporate earnings to be reported in the coming month to exhibit some resilience. Catalysts for the next few months include the potential for the General Election to be called (expected to be in 1H12). 2012 will potentially see the listing of Khazanah’s healthcare unit, Felda Global Ventures, amongst others. M&A’s will also continue to be a theme in 2012.
- Whilst we believe that corporate earnings growth may be near a bottom, we remain cautious on Malaysian equities going into 2012 given the outstanding global uncertainties.
- Current global volatilities are going to take awhile to resolve and will likely be further complicated with additional complications, potentially in the form of political changes. However these events create opportunities for out performance over the longer term.

## News Highlights

- Permodalan Nasional Bhd (PNB) raised its offer for SP Setia by five sen per share to RM3.95 for the remaining stock it does not already own and bought in SP Setia’s CEO Tan Sri Liew Kee Sin as a bidding partner.
- Khazanah Nasional Bhd plans to have a primary and secondary listing of its healthcare care unit Integrated Healthcare Holdings, most likely in Malaysia and Singapore respectively.
- Kulim has received a letter dated 30 Dec 11 from Dewan Perniagaan Melayu Malaysia which is making an offer to acquire all QSR shares held by Kulim at RM6.90/share. This offer was subsequently rejected by Kulim.

## Index Performance & Movers



Indices	Last Price		MoM Changes	
	30-Dec-11	31-Jan-12	+/-	%
FBMKLCI	1530.7	1521.3	-9.4	-0.62%
FBMMES	4068.6	4496.6	428.0	10.52%
FBM100	10312.7	10367.5	54.8	0.53%
FBM70	11575.9	12159.9	584.0	5.04%
FBMSCAP	11670.1	12644.3	974.2	8.35%
FBMEMAS	10489.1	10587.2	98.1	0.94%
FBMFLG	8722.4	9221.5	499.1	5.72%
FBMSHA	10300.3	10498.9	198.6	1.93%
FBMHJURAH	11022.6	11085.8	63.2	0.57%
MSCI APXJ	392.8	432.8	40.0	10.18%

FBM KLCI Index		MTD	FBM KLCI Index		MTD
LEADING MOVERS			LAGGING MOVERS		
Name		31-Jan-12	Name		31-Jan-12
		% chg			% chg
1	KUALA LUMPUR KEPONG BHD	13.22%	1	AXIATA GROUP BERHAD	-9.14%
2	PETRONAS CHEMICALS GROUP BHD	7.58%	2	CIMB GROUP HOLDINGS BHD	-7.12%
3	GENTING MALAYSIA BHD	5.48%	3	MALAYAN BANKING BHD	-4.43%
4	PUBLIC BANK BERHAD	1.20%	4	AIRASIA BHD	-5.84%
5	MAXIS BHD	4.20%	5	TELEKOM MALAYSIA BHD	-3.23%
6	DIGI.COM BHD	2.06%	6	SIME DARBY BERHAD	-0.65%
7	TENAGA NASIONAL BHD	1.69%	7	AMMB HOLDINGS BHD	-1.68%
8	PETRONAS GAS BHD	3.16%	8	RHB CAPITAL BHD	-4.81%
9	HONG LEONG BANK BERHAD	4.22%	9	MALAYSIA MARINE AND HEAVY EN	-5.30%
10	GENTING BHD	1.09%	10	BUMI ARMADA BERHAD	-3.66%

FBM100		MTD	FBM100		MTD
LEADING MOVERS			LAGGING MOVERS		
Name		31-Jan-12	Name		31-Jan-12
		% chg			% chg
1	KUALA LUMPUR KEPONG BHD	13.22%	1	AXIATA GROUP BERHAD	-9.14%
2	PETRONAS CHEMICALS GROUP BHD	7.58%	2	CIMB GROUP HOLDINGS BHD	-7.12%
3	DRB-HICOM BHD	38.73%	3	MALAYAN BANKING BHD	-4.43%
4	GAMUDA BHD	9.14%	4	AIRASIA BHD	-5.84%
5	GENTING MALAYSIA BHD	5.48%	5	TELEKOM MALAYSIA BHD	-3.23%
6	PUBLIC BANK BERHAD	1.20%	6	SIME DARBY BERHAD	-0.65%
7	MAXIS BHD	4.20%	7	AMMB HOLDINGS BHD	-1.68%
8	HARTALEGA HOLDINGS BHD	23.63%	8	RHB CAPITAL BHD	-4.81%
9	DIGI.COM BHD	2.06%	9	MALAYSIA MARINE AND HEAVY EN	-5.30%
10	TENAGA NASIONAL BHD	1.69%	10	LAFARGE MALAYAN CEMENT BHD	-4.57%

FBM Shariah Emas		MTD	FBM Shariah Emas		MTD
LEADING MOVERS			LAGGING MOVERS		
Name		31-Jan-12	Name		31-Jan-12
		% chg			% chg
1	KUALA LUMPUR KEPONG BHD	13.22%	1	AXIATA GROUP BERHAD	-9.14%
2	PETRONAS CHEMICALS GROUP BHD	7.58%	2	AIRASIA BHD	-5.84%
3	GAMUDA BHD	9.14%	3	TELEKOM MALAYSIA BHD	-3.23%
4	MAXIS BHD	4.20%	4	SIME DARBY BERHAD	-0.65%
5	HARTALEGA HOLDINGS BHD	23.63%	5	MALAYSIA MARINE AND HEAVY EN	-5.30%
6	DIGI.COM BHD	2.06%	6	LAFARGE MALAYAN CEMENT BHD	-4.57%
7	TENAGA NASIONAL BHD	1.69%	7	BUMI ARMADA BERHAD	-3.66%
8	PETRONAS GAS BHD	3.16%	8	UEM LAND HOLDINGS BHD	-4.13%
9	GENTING PLANTATIONS BHD	9.30%	9	UMW HOLDINGS BHD	-1.29%
10	EASTERN & ORIENTAL BHD	19.29%	10	IJM LAND BHD	-4.78%

FBM Small Cap		MTD	FBM Small Cap		MTD
LEADING MOVERS			LAGGING MOVERS		
Name		31-Jan-12	Name		31-Jan-12
		% chg			% chg
1	UNISEM (M) BERHAD	43.12%	1	PERDANA PETROLEUM BHD	-6.37%
2	PUNCAK NIAGA HOLDINGS BHD	60.62%	2	FABER GROUP BHD	-3.35%
3	HIBISCUS PETROLEUM BHD	58.73%	3	PETRA ENERGY BHD	-14.04%
4	TDM BHD	24.47%	4	MASTERSKILL EDUCATION GROUP	-3.33%
5	COASTAL CONTRACTS BHD	19.17%	5	INTEGRAX BHD	-3.01%
6	WTK HOLDINGS BERHAD	16.13%	6	KYM HOLDINGS BERHAD	-7.69%
7	CB INDUSTRIAL PRODUCT HLDG	10.86%	7	C.I. HOLDINGS BERHAD	-49.90%
8	KUMPULAN PERANGSANG SELANGOR	29.67%	8	JAVA BHD	-14.48%
9	EVERGREEN FIBREBOARD BHD	13.51%	9	DJAYA CORPORATION BHD	-2.17%
10	LINGUI DEVELOPMENTS BHD	17.05%	10	FORMIS RESOURCES BHD	-6.98%