

Equity Market Review & Outlook

REVIEW

- ▶ A mixed month for Malaysia as the KLCI scaled new highs during the month, but succumbed to profit taking. Investors sold down ahead of the Bersih 3.0 rally held on the 28 April 2012. April was also a month of some consolidation for the Asian markets, whilst the US markets dipped in the first week of the month on poorer than expected jobs data, raising concerns over the sustainability of the recovery. However the US markets rebounded later in the month amid better than expected reported corporate earnings and housing data.
- ▶ The KLCI ended the month lower by 25.7 points or 1.61% to close at 1570.6 points. The broader market out performed the KLCI, with the FBM Emas Index declining 1.42% in April. The FBM Small Cap Index out performed the KLCI, declining 0.52% for the month. Average value traded on Bursa in April contracted 15% mom to RM1.54bn per day.
- ▶ The sector indices on the local bourse closed generally lower for April, with the best performing sectors being Technology (+10.95%) and Consumer (+0.5%). The worst performing sectors were Property (-3.9%) and Construction (-3.5%).

OUTLOOK

- ▶ We expect volatility to persist in 1H2012. Markets will have to stomach additional potential uncertainties on the political front as quite a few countries will be having their elections this year. The recent political development in Greek and France is not market friendly. However, liquidity remains abundant aided by the easy monetary conditions extended by the US Federal Reserve and ECB.
- ▶ Domestically, consumer spending should remain fairly resilient for now, as the handouts from the 2012 Budget should have been distributed fully by now. As long as commodity prices do not experience major fluctuations, we expect corporate earnings to hold up relatively well. There are a number of IPOs in 2H12, which include Felda Global Ventures and Khazanah's healthcare unit. M&A's will also continue to be a theme in 2012.
- ▶ Whilst we believe corporate earnings should remain resilient, we remain cautious on Malaysian equities given the high potential for the Malaysian general elections to be called in the next 6 months. This event in itself is unfortunately creating a drag on the market.
- ▶ Current global issues seemingly have been contained for now, but have not completely been resolved, hence expect issues to pop up once in a while. In addition, there are a number of elections scheduled in 2012 globally which can complicate matters. However these events create opportunities for outperformance over the longer term, and as such we plan to accumulate fundamentally sound stocks on market weakness.

NEWS HIGHLIGHTS

- ▶ Singapore's DBS Bank Ltd has obtained the nod from Bank Negara to commence discussions involving the acquisition of Temasek's stake in Alliance Finance Group (AFG).
- ▶ The government is considering raising the minimum floor prices of houses foreigners are allowed to buy to RM1m from the current RM500,000 in an effort to control the rise in property prices.
- ▶ Khazanah Nasional Bhd is expected to list its healthcare assets in Kuala Lumpur and Singapore in the second half, a deal that could fetch US\$1.5bn (RM4.64bn).

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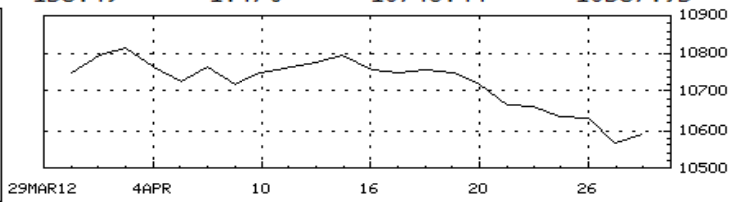
INDEX PERFORMANCE & MOVERS

RPT

Historical Equity Index Movers PAGE 1/ 4

FBM100 Change Pct Chg Start Price End Price
 FTSE BURSA MALAY TOP 100 -158.49 -1.47% 10746.44 10587.95

Index Member Information
 Additions: 1 Up: 34
 Deletions: 1 Down: 63
 Current: 100 Unch: 4
 Sort: Index Points
 Order: Descending
 4/2/2012 - 4/30/2012



LEADING MOVERS

LAGGING MOVERS

| Security | End Price | Change | Index Pts | Security | End Price | Change | Index Pts |
|-----------|-----------|--------|-----------|----------|-----------|--------|-----------|
| AXIATA MK | 5.31 | +.11 | +11.739 | CIMB MK | 7.41 | -.28 | -26.560 |
| UMWH MK | 7.87 | +.57 | +8.443 | GENT MK | 10.34 | -.50 | -23.623 |
| JCYH MK | 1.56 | +.40 | +4.165 | MAY MK | 8.63 | -.24 | -23.425 |
| PBK MK | 13.70 | +.06 | +3.583 | YTL MK | 1.62 | -.17 | -14.020 |
| CAB MK | 11.56 | +1.26 | +3.273 | PCHEM MK | 6.53 | -.21 | -11.433 |
| T MK | 5.39 | +.07 | +3.172 | IOI MK | 5.22 | -.12 | -9.854 |
| DLG MK | 2.26 | +.09 | +2.748 | KLK MK | 23.64 | -.96 | -8.715 |
| KEPB MK | 3.30 | +.15 | +2.534 | BC MK | .80 | -.15 | -8.141 |
| PETD MK | 19.36 | +.42 | +2.135 | YTLP MK | 1.72 | -.13 | -6.441 |
| SCRES MK | 5.07 | +.19 | +2.066 | BAB MK | 3.99 | -.41 | -6.136 |

+ Added during range, - Removed during range, * Added/Removed multiple times
 Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2012 Bloomberg Finance L.P.
 SN 147088 GMT+8:00 H160-403-1 02-May-2012 10:45:07

| Indices | Last Price | | MoM Changes | |
|-----------|------------|-----------|-------------|--------|
| | 30-Mar-12 | 30-Apr-12 | +/- | % |
| FBMKLCI | 1596.3 | 1570.6 | -25.7 | -1.61% |
| FBMMES | 4583.8 | 4517.2 | -66.6 | -1.45% |
| FBM100 | 10746.4 | 10588.0 | -158.5 | -1.47% |
| FBM70 | 12026.0 | 11916.1 | -110.0 | -0.91% |
| FBMSCAP | 12364.4 | 12300.1 | -64.3 | -0.52% |
| FBMEMAS | 10939.6 | 10783.8 | -155.9 | -1.42% |
| FBMFLG | 9389.5 | 9356.0 | -33.4 | -0.36% |
| FBMSHA | 10816.2 | 10721.4 | -94.8 | -0.88% |
| FBMHJRAH | 11530.6 | 11522.7 | -8.0 | -0.07% |
| MSCI APxJ | 439.4 | 441.2 | 1.8 | 0.40% |

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