

REVIEW

- ▶ After the EU Summit in late June, and the ECB rate cut in July, the global markets seem to be in a wait-and-see mode, with Greece's delayed aid tranche moved to September. Given this scenario, global markets were choppy during the month and succumbed to some profit taking when the IMF revised down global GDP forecasts to 3.5% for 2012 and to 3.9% for 2013. By month-end, equity markets rejoiced on ECB President's comments that, within the ECB's mandate, the ECB would do whatever it takes to preserve the Euro.
- ▶ The Malaysian equity markets managed to trend up for the month of July, and the KLCI scaled new all time highs during the month. Investors increased their exposure in the Malaysian equity markets on expectation that the Malaysian General Elections would be delayed to later in the year potentially. Excitement surrounding the successful listing of Felda Global Ventures Holdings end of June, continued into July, and the successful listing debut of IHH on Bursa Malaysia and the SGX, helped buoy investor sentiments. IHH debut with a 10.35% gain from the IPO price of RM2.80 on the first day.
- ▶ The KLCI ended the month higher by 32.4 points or 2.03% to close at 1,631.6 points. The broader market out performed the KLCI, with the FBM Emas Index gaining 2.36% in July. The FBM Small Cap Index out performed the KLCI, gaining 3.19% for the month. Average value traded on Bursa in July increased 19% mom to RM1.82bn per day.
- ▶ The sector indices on the local bourse closed up for July, with the best performing sectors being Plantation (+3.68%) and Property (+3.63%). The worst performing sectors were Technology (0.55%) and Construction (0.67%).

OUTLOOK

- ▶ ECB President's statements made end of July raised market's expectations, however, post ECB's announcement on the 2 Aug 2012, there was not much reassurance from the details provided by Draghi during the Q&A session of the announcement. As such, we expect the Euro debt crisis issues will continue to crop up, and looking forward, September can potentially be a hazardous month, given the known events to occur such as the next Troika report on Greece due in September, and Germany's constitutional courts will vote regarding the ratification of ESM, and fiscal compact may prove difficult. Any clarity on the so-called US "fiscal cliff" of sweeping tax increases and spending cuts scheduled for 2013 may also provide some direction for the markets.
- ▶ Domestically, the Malaysian economy remains resilient, with the government ensuring consumer demand strength with targeted cash handouts to lower income groups. Positive investor sentiment from the FGVH and IHH listing should provide the equity market some lift, boosted by a few decent sized IPOs in the pipeline, looking to list before the year end. The general election may well be delayed until early 2013, although the window for holding the elections is getting slimmer with the deadline being March 2013. Other upcoming domestic events to monitor include the 2013 Budget scheduled to be announced on 28 September 2012.
- ▶ 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. We expect global issues to keep cropping up, as there are many moving parts to this debt crisis. However these events create opportunities for out performance over the longer term, and as such would accumulate fundamentally sound stocks on weakness.

NEWS HIGHLIGHTS

- ▶ Khazanah Nasional Bhd and Temasek Holdings have kicked off their property alliance in the island republic with a S\$7bn (RM17.6bn) central business district project.
- ▶ Bank Indonesia (BI) has announced a 40% cap on foreign ownership of financial institutions but has also stipulated exceptions to the rule. Previously foreign entities were allowed ownership of up to 99%.
- ▶ PM Datuk Seri Najib Tun Razak announced a half-month bonus, with a minimum payment of RM500, for civil servants and a special payment of RM500 for government pensioners. The payments will be made on 9 Aug, and is not expected to increase the country's targeted fiscal deficit of 4.7% for 2012.

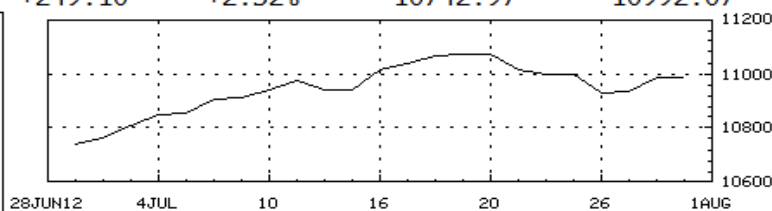
INDEX PERFORMANCE & MOVERS

RPT

Historical Equity Index Movers PAGE 1/ 4

FBM100 Change Pct Chg Start Price End Price
 FTSE BURSA MAL TOP 100 +249.10 +2.32% 10742.97 10992.07

Index Member Information
 Additions: 0 Up: 69
 Deletions: 0 Down: 29
 Current: 100 Unch: 2
 Sort: Index Points
 Order: Descending
 7/2/2012 - 7/31/2012



LEADING MOVERS

LAGGING MOVERS

Security	End Price	Change	Index Pts	Security	End Price	Change	Index Pts
AXIATA MK	5.86	+.39	+42.189	YTL MK	1.86	-.16	-15.160
PBK MK	14.36	+.60	+36.173	GENM MK	3.37	-.23	-11.519
CIMB MK	7.85	+.28	+26.662	PEP MK	15.20	-.78	-7.895
DIGI MK	4.44	+.19	+18.911	SIME MK	9.83	-.06	-4.599
HLBK MK	13.66	+1.22	+15.799	MMC MK	2.40	-.20	-4.157
IOI MK	5.34	+.15	+12.320	BC MK	.73	-.055	-2.997
SAKP MK	2.45	+.25	+10.665	CSL MK	1.01	-.41	-2.505
ROTH MK	59.74	+3.74	+9.112	ULHB MK	1.99	-.09	-1.991
KLK MK	23.76	+.82	+7.484	BAB MK	3.92	-.08	-1.199
PTG MK	18.50	+.50	+6.759	TWI MK	8.41	-.54	-1.093

+ 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.
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Indices	Last Price		MoM Changes	
	29-Jun-12	31-Jul-12	+/-	%
FBM KLCI	1599.2	1631.6	32.4	2.03%
FBM MES	4354.7	4420.3	65.6	1.51%
FBM 100	10743.0	10992.1	249.1	2.32%
FBM 70	11919.4	12343.5	424.1	3.56%
FBM SCAP	11965.6	12346.8	381.1	3.19%
FBM EMAS	10917.6	11175.2	257.6	2.36%
FBM FLG	9195.0	9375.5	180.5	1.96%
FBM SHA	11003.2	11278.6	275.4	2.50%
FBM HIJRAH	11853.1	12109.9	256.9	2.17%
MSCI APxJ	406.9	421.3	14.4	3.55%