

### REVIEW

- ▶ September provided the market with positive news flow, as Germany's constitutional court gave the green light for Germany's participation in ESM providing additional conditions were met. The Euro area saw some reprieve with ECB's plan of Outright Monetary Transactions (OMT) where it will buy unlimited amount of short term government bonds, with remaining maturities of up to three years, of countries facing difficulties to maintain their debt obligations. However, as this plan comes with caveats that the countries affected has to abide the conditions set for them, including the EFSF/ESM austerity conditions, it is not the quick fix but at least a step in the right direction.
- ▶ Over in the US, the FOMC announced QE3, where the committee introduced an open ended MBS purchase program at a monthly rate of US\$40bn, and stepped away from calendar-based guidance in favor of linking policy to labor market outlook.
- ▶ Malaysia was weaker and more volatile during the month of September, as speculations of a November general elections spooked the market. The global positive sentiment from quantitative measures announced lasted for only a few days for Malaysia, before the market came under selling pressure again. The Budget 2013 was indeed a pre-election budget with many consumer friendly measures. The KLCI ended the month lower by 0.57% to close at 1,636.7 points. The broader market underperformed the KLCI, with the FBM Emas Index declining 1.1% in September. The KLCI outperformed FBM Small Cap Index which declined by 3.63%. Average value traded on Bursa in September increased 12% mom to RM1.7bn per day.
- ▶ The sector indices on the local bourse closed mostly down for September, with the worst performing sectors being Technology (-12.15%) and Consumer (-4.90%). The Finance sector performed relatively better declining only 1.4%.

### OUTLOOK

- ▶ The quantitative easing measures proposed and announced in the Euro Area and US provided the reprieve the market needed, but the impact to cyclical sectors is obviously less than earlier QE measures. The ECB's unlimited bond buying comes with a lot of conditions that can be politically difficult for countries to accept, whilst Germany has to balance the level of commitment to aid with the expectations of the electorate.
- ▶ With slightly more than one month to the US presidential elections, there will be a lot of market noise from US and the issues surrounding the impending fiscal cliff. In addition, China's power transition may not be as smooth as we would like with recent hints of some leadership reshuffle possible.
- ▶ Domestically, October should be a fairly quiet month, and market confidence should build if the likelihood of a November election becomes dimmer. However, global issues will be on the radar and will have an impact on Malaysia. Whilst we remain cautious overall on equities, we believe there is a small window of opportunity for the market to remain fairly active, with the likelihood of the General Elections to be called in early 2013. Nevertheless, we expect global issues to keep cropping up, as there are many moving parts to the Euro debt crisis. However these events create opportunities for outperformance over the longer term, and as such we would accumulate fundamentally sound stocks on weakness.

## NEWS HIGHLIGHTS

- ▶ IGB REIT IPO listed with a decent gain of 11.2% to its offer price of RM1.25, on its first day of listing.
- ▶ PT Lion Group signed a joint venture agreement with National Aerospace & Defence Industries (NADI) to form Malindo Airways, a low cost carrier operating out of Malaysia, potentially negatively affecting AirAsia from potential price wars in the future.
- ▶ Astro opened for subscription during the month with an indicative price range of RM2.70-3.00 per share for institutional investors for its IPO.
- ▶ The PM unveiled a people friendly Budget 2013 on 28<sup>th</sup> September, which saw another round of cash handouts to the lower income groups and civil servants also received another bonus of 1.5 months. In addition, income tax rates were reduced for the income received for the first RM2,500-RM50,000, resulting in tax savings of up to RM425. Budget 2013 will help consumer spending continue to be resilient for the coming year.

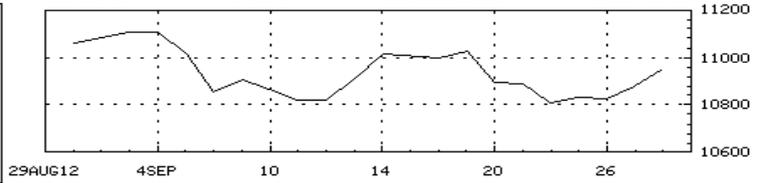
## INDEX PERFORMANCE & MOVERS

RPT

### Historical Equity Index Movers PAGE 1/ 4

FBM100 Change Pct Chg Start Price End Price  
 FTSE BURSA MAL TOP 100 -107.31 -.97% 11055.20 10947.89

**Index Member Information**  
 Additions: 0      Up: 23  
 Deletions: 0      Down: 74  
 Current: 100      Unch: 3  
 Sort: Index Points  
 Order: Descending  
 9/3/2012 - 9/28/2012



#### LEADING MOVERS

Security	End Price	Change	Index Pts
AXIATA MK	6.50	+.51	+54.517
DIGI MK	5.28	+.47	+46.254
MMC MK	2.75	+.30	+6.171
T MK	6.19	+.11	+4.967
PBK MK	14.38	+.06	+3.577
LMC MK	8.90	+.30	+2.152
MCIL MK	1.64	+.10	+1.424
PKS MK	4.82	+.14	+1.292
DLG MK	2.39	+.04	+1.217
PREIT MK	1.40	+.06	+.911

#### LAGGING MOVERS

Security	End Price	Change	Index Pts
CIMB MK	7.50	-.29	-27.309
PEP MK	12.06	-1.84	-18.428
AIRA MK	3.02	-.43	-15.029
GENT MK	8.71	-.31	-14.512
MAY MK	9.01	-.14	-13.912
IOI MK	4.98	-.16	-13.001
KLK MK	22.06	-1.18	-10.654
IJM MK	4.72	-.42	-9.736
YTL MK	1.72	-.09	-8.352
ROTH MK	60.40	-3.38	-8.150

+ 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 HKT GMT+8:00 HI70-2537-0 01-Oct-2012 09:35:21

Indices	Last Price		MoM Changes	
	30-Aug-12	28-Sep-12	+/-	%
FBMKLCI	1646.1	1636.7	-9.4	-0.57%
FBMMES	4591.6	4304.7	-287.0	-6.25%
FBM100	11055.2	10947.9	-107.3	-0.97%
FBM70	12252.5	11927.0	-325.5	-2.66%
FBMSCAP	12189.2	11746.9	-442.3	-3.63%
FBMEMAS	11229.5	11106.6	-123.0	-1.10%
FBMFLG	9388.3	9204.9	-183.4	-1.95%
FBMSHA	11377.7	11341.8	-36.0	-0.32%
FBMHIJRAH	12310.6	12398.5	87.9	0.71%
MSCI APxJ	417.4	441.3	23.9	5.74%