

REVIEW

- ▶ Global markets were mixed for the month of October, after a rally in September. In the Euro area, concerns are now growing over Spain and when they would officially ask for financial assistance, as the ECB cannot start buying Spanish bonds without the necessary agreements signed. The Spanish government has been delaying this request, as they are seeking guarantees from the ECB that the Spanish German 10-yr spread will narrow by about 200ps to help make the Spanish debt sustainable. Over in the US, the start of the current reporting season has so far been relatively disappointing in terms of both revenue and earnings growth. The US was also hit by Hurricane Sandy, in the middle of the US Presidential election campaign where ratings for both candidates are almost too close to call.
- ▶ Malaysia bucked the trend, and equity markets managed to scale new all time highs on numerous occasions during the month, driven by heavyweight stocks. Some of the results reported during the month were relatively in line with a few surprises from Tenaga, and a dividend surprise from Digi. Astro listed on Bursa Malaysia on the 19th October, when it reached a high of RM3.11 on day one, but subsequently fell on profit taking to close at IPO price of RM3.00. The KLCI ended the month higher by 2.22% to close at 1,673.1 points. The broader market outperformed the KLCI, with the FBM Emas Index gaining 2.34% in October. The KLCI underperformed FBM Small Cap Index which gained by 2.64%. Average value traded on Bursa in October declined 12% mom to RM1.5bn per day.
- ▶ The sector indices on the local bourse closed mostly up for October, with the best performing sectors being Consumer (+5.62%) and Property (+5.4%). The Plantation sector was the worst performing sector declining 1.08%, due to ongoing weak CPO prices and high reported inventory levels.

OUTLOOK

- ▶ As indicated earlier November will be a month with a lot of potential hiccups, starting with the US Presidential Elections to be held on the 6th November 2012. The outcome is still too close to call, and there are still the issues surrounding the impending fiscal cliff. Over in China, the 18th National Congress of the CPC will convene on 8th Nov 2012, where a new CPC Central Committee and a new central commission for discipline inspection will be elected at the congress. Whilst we expect the transition to be relatively smooth, there have been hints of some changes to the make-up of the Politburo Standing Committee.
- ▶ Domestically, November is a month of results reporting and we are expecting corporate earnings to be reported mostly inline, although the plantation sector may see more negative surprises. Market confidence should continue to build as a year-end election seems unlikely now, with the expectation now built around end of 1Q13. We remain cautious overall on equities but believe there is a small window of opportunity for the market to remain firm. 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

- ▶ The Malaysian government agreed to lower CPO export tax from the current 23% as a means to stem falling palm oil prices, but only effective 1 Jan 2013. Export taxes are expected to be cut to 4.5-8.5%, the duty free export quote will be abolished, biodiesel blends will be raised to 10% (from 5%) and the government will incentivise replanting.
- ▶ Sales of premium vehicles were down in September compared with a year earlier, mainly due to customers holding back their purchases in anticipation of lower prices. There had been speculation that something relating to excise duty cuts would be announced in Budget 2013.
- ▶ Green Packet is looking to exit the broadband service business by selling its entire 61% stake in Packet One Networks (P1). Five parties have submitted their bids for P1. Three of the bidders are foreign party and two local telcos. One of the rumoured local telcos is apparently Telekom.
- ▶ Both KFC and QSR announced the EGM in relation to the proposed disposal of assets and liabilities to Triple Platform Sdn Bhd, a wholly owned subsidiary of Massive Equity Sdn Bhd for cash.

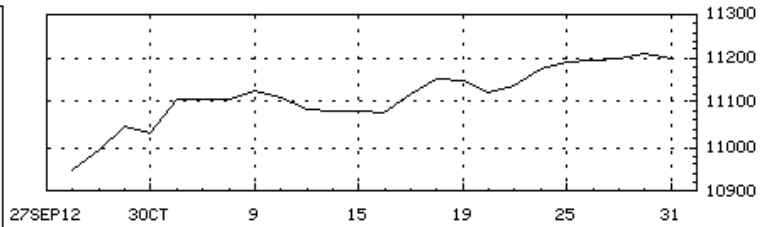
INDEX PERFORMANCE & MOVERS

RPT

Historical Equity Index Movers PAGE 1/ 4

FBM100 Change Pct Chg Start Price End Price
 FTSE BURSA MAL TOP 100 +254.15 +2.32% 10947.89 11202.04

Index Member Information
 Additions: 0 Up: 68
 Deletions: 0 Down: 30
 Current: 100 Unch: 2
 Sort: Index Points
 Order: Descending
 10/1/2012 - 10/31/2012



LEADING MOVERS

Security	End Price	Change	Index Pts
PBK MK	15.90	+1.52	+90.570
HLBK MK	14.68	+1.28	+16.378
PEP MK	13.46	+1.40	+14.000
CIMB MK	7.63	+.13	+12.226
ULHB MK	2.12	+.44	+9.627
TNB MK	6.95	+.13	+8.989
PTG MK	19.60	+.60	+8.012
SAKP MK	2.51	+.19	+8.009
ROTH MK	63.24	+2.84	+6.840
IJM MK	5.01	+.29	+6.722

LAGGING MOVERS

Security	End Price	Change	Index Pts
T MK	5.98	-.21	-9.506
KLK MK	21.42	-.64	-5.770
MMC MK	2.61	-.14	-2.877
PETD MK	22.08	-.42	-2.112
SIME MK	9.78	-.02	-1.518
YTLF MK	1.63	-.03	-1.474
GENP MK	8.98	-.22	-1.408
BOUS MK	5.01	-.19	-1.314
TCM MK	4.43	-.23	-1.304
IJMP MK	3.13	-.31	-1.247

+ 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	
	28-Sep-12	31-Oct-12	+/-	%
FBMKLCI	1636.7	1673.1	36.4	2.22%
FBMMES	4304.7	4308.1	3.4	0.08%
FBM100	10947.9	11202.0	254.2	2.32%
FBM70	11927.0	12254.0	327.0	2.74%
FBMSCAP	11746.9	12057.6	310.6	2.64%
FBMEMAS	11106.6	11366.1	259.5	2.34%
FBMFLG	9204.9	9425.2	220.3	2.39%
FBMSHA	11341.8	11488.4	146.6	1.29%
FBMHJRAH	12398.5	12537.7	139.2	1.12%
MSCI APxJ	441.3	443.2	1.9	0.44%