

REVIEW

- ▶ January was a choppy month for the Asia regional markets but the US equity market benefited from the respite given with most of the Congressional Budget Office recommendations adopted, thereby averting a fiscal cliff, but the debate will now be on the issue of the fiscal debt ceiling. The Japanese Yen has been on a steady depreciation since end of 4Q12, and hit a low of ¥91.71/USD as at 31 Jan 2013, a level last seen mid 2010. Newly elected Prime Minister Shinzo Abe vowed to resuscitate the economy through more monetary easing and strong fiscal expansion. The weakening Yen will hopefully arrest the deflationary cycle in Japan.
- ▶ Equity markets in Malaysia lagged regional performances by the end of the month, after a sharp run in the first half of the month. Concerns over the timing of the general elections continued to haunt the equity markets and investors remained jittery, with active profit taking activity on negative newsflow. The KLCI declined 3.64% mom in January to close at 1,627.6 points. The broader market outperformed the KLCI, with the FBM Emas Index declining by a smaller 3.24% in January. The KLCI underperformed FBM Small Cap Index which only declined by 0.16%. Average value traded on Bursa in January increased 29% mom to RM1.75bn per day.
- ▶ The sector indices on the local bourse closed mostly down for January, with the best performing sectors being Technology (+4.14%) and Property (+0.95%). The worst performing sectors were the Industrial Production (-4.42%), and Plantation (-3.77%).

OUTLOOK

- ▶ The next two months will likely face more volatility as the US tries to agree on the raising of the debt ceiling before March, and whilst there could be some agreement made, it may likely be measures that delay or buy them time, as it will be difficult for "final" agreement to be reached. The automatic sequestrations kick in on 1 March triggering USD85bn of across the board spending cuts split equally between defence expenditure and non-discretionary non-defence budgets. This may kick in given the difficulty in the negotiations, but is expected to last temporarily, but nevertheless will weigh down on the US economy at least for the 1Q. The Euro zone debt crisis will likely grind on without much significant developments until after the German General Elections due in September/early October. Immediate risks in the Euro zone may come from news flow leading up to the Italian elections which should conclude end February.
- ▶ Domestically, we remain cautious overall on equities in 1H13, and with Chinese New Year festivities around the corner, the window for potential trading opportunities before the general elections is called has narrowed substantially. We think that the 13th Malaysian General Elections is likely to be held end 1Q13 or early 2Q13, and as such, expect markets to be very volatile with downside risk during this period. Assuming a relative status quo in terms of election results, we expect that the Malaysian markets to move in tandem with the global markets thereafter. With the expectation of global economic recovery in 2H13, the global equity markets may move higher when investors have higher risk appetite for equities.

Equity Market Review & Outlook

NEWS HIGHLIGHTS

- India raised the base import price of crude palm oil (CPO) by nearly 80% to US\$802 per tonne, the government said on Thursday, as part of efforts to curb overseas purchases and protect domestic oilseed farmers. The government also slapped a 2.5% import tax on crude vegetable oils.
- Tune Insurance Holdings Bhd launched its IPO in January, and closed with good demand at the higher end of its price range at RM1.35.
- The RM5.2bn privatisation of KFC Holdings (M) Bhd and its parent QSR Brands Bhd was completed end January, subsequently paving the way for the delisting of both firms.

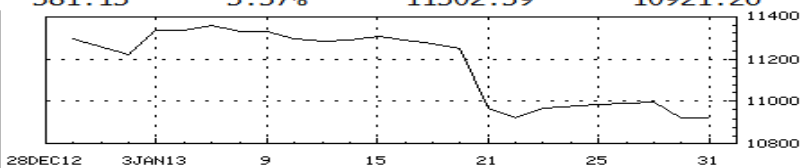
INDEX PERFORMANCE & MOVERS

RPT

Historical Equity Index Movers

FBM100 Change -381.13 Pct Chg -3.37% Start Price 11302.39 End Price 10921.26
 FTSE BURSA MAL TOP 100

Index Member Information	
Additions: 2	Up: 34
Deletions: 2	Down: 67
Current: 100	Unch: 1
Sort: Index Points	
Order: Ascending	
1/2/2013 - 1/31/2013	



LAGGING MOVERS				LEADING MOVERS			
Security	End Price	Change	Index Pts	Security	End Price	Change	Index Pts
PBK MK	15.52	-.76	-44.646	GENT MK	9.50	+.30	+13.794
CIMB MK	7.21	-.42	-38.957	PEP MK	12.46	+.86	+8.455
DIGI MK	4.92	-.37	-35.886	GENM MK	3.67	+.12	+5.908
MAY MK	8.88	-.32	-32.474	TNB MK	7.00	+.06	+4.138
AXIATA MK	6.30	-.29	-30.589	MAHB MK	5.51	+.30	+3.012
PCHEM MK	5.95	-.45	-23.948	HLFG MK	13.76	+.56	+2.933
YTL MK	1.65	-.25	-22.065	UMWH MK	12.14	+.20	+2.891
T MK	5.55	-.49	-21.864	GAM MK	3.72	+.08	+2.741
KLK MK	21.70	-2.30	-20.429	BURSA MK	6.62	+.40	+2.650
AMM MK	6.36	-.44	-16.538	MSGB MK	2.28	+.21	+2.177

+ 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 2013 Bloomberg Finance L.P.
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Indices	Last Price		MoM Changes	
	31-Dec-12	31-Jan-13	+/-	%
FBMKLCI	1689.0	1627.6	-61.4	-3.64%
FBMMES	4214.2	4114.8	-99.3	-2.36%
FBM100	11302.4	10921.3	-381.1	-3.37%
FBM70	12334.1	12054.5	-279.7	-2.27%
FBMSCAP	11480.2	11462.0	-18.2	-0.16%
FBMEMAS	11438.1	11067.6	-370.6	-3.24%
FBMFLG	9264.3	9129.4	-134.9	-1.46%
FBMSHA	11520.7	11113.0	-407.8	-3.54%
FBMHIJRAH	12674.9	12183.1	-491.8	-3.88%
MSCI APxJ	466.0	478.2	12.1	2.60%