

## Equity Market Review & Outlook

### REVIEW

- ▶ April was generally a positive month for most regional markets. US data points continue to be more positive, and over in Europe, Italy managed to install a new Prime Minister after much negotiation amongst the political parties. China released lower than expected 1Q13 GDP numbers of 7.7% and concerns over the H7N9 bird flu has so far been manageable.
- ▶ Malaysia continued its uptrend from the mid-March consolidation. Early in the month the Malaysian Prime Minister announced the dissolution of the parliament, paving way for the 13th General Elections to be held on the 5<sup>th</sup> May 2013. The KLCI ended the month on a new high at 1717.65 points, gaining 2.75% mom. The broader market slightly underperformed the KLCI as the FBM Emas gained 2.41% mom. FBM Small Cap index underperformed the KLCI declining by 0.54% during the month. Average value traded on Bursa in April increased 4% higher mom to RM1.85bn.
- ▶ The sector indices on the local bourse closed up for April, with the best performing sectors being Plantation (+2.66%) and Consumer (+1.91%). The worst performing sectors were the Technology (-2.47%), and Industrial (-0.93%).

### OUTLOOK

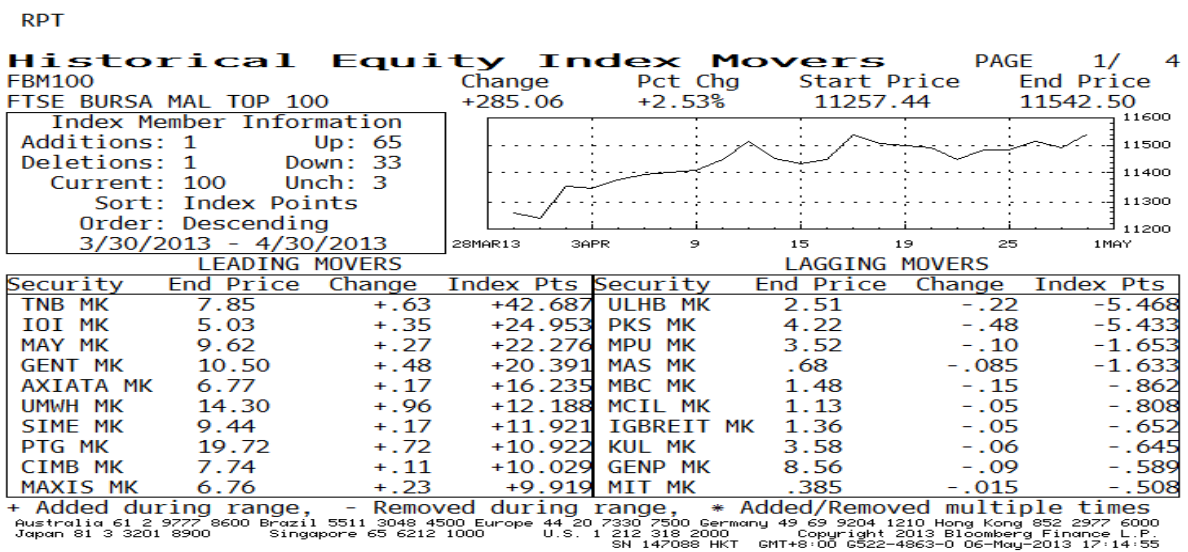
- ▶ Globally, investors will need to be mindful of upcoming events including the US debt ceiling issues which will need to be decided over the next couple of months, and Germany's Federal elections in September. Over in Asia, investors will monitor the data coming from China given recent concerns over slower than expected growth. Nevertheless, overall macro risk outlook for 2013 appears lower at this point in time given the abundant liquidity, which will have positive implications for the Malaysian equity market.
- ▶ With the 13<sup>th</sup> General Elections out of the way, a key overhang has been removed from the market. The results indicated a comfortable win by the incumbent which should provide a lift for the market. In the immediate term, we will be monitoring the forming of the Federal cabinet and the upcoming results season which many companies are expected to announce during the month of May for the quarter ending March. Consumer companies should report generally good results but other sectors may see some slowdown as decisions were held back waiting for the elections to be over and clarity to return. The comfortable win for the BN would mean continuity of policies, particularly the implementation of ETP projects, however, fiscal reforms such as subsidy removal and GST implementation may be delayed as the government is likely to continue with populist policies.
- ▶ We have turned more positive on the Malaysian equity market post the election results, and we will continue to accumulate fundamentally strong stocks selectively.

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### NEWS HIGHLIGHTS

- ▶ Petronas did not receive the 90% level of acceptance for its offer for MISC at a revised price of RM5.50, hence the offer lapsed on closing date at 5pm 19<sup>th</sup> April 2013.
- ▶ Gamuda and WCT are expected to take a hit totalling RM52.4m following an award to Bahrain Asphalt Establishment B.S.C (BAE) after an arbitration process. MMC Corp-Gamuda JV has been ordered to pay Wayss & Freytag (M) Sdn Bhd over RM105.3m in arbitration sum. Gamuda said it will have a RM77.8m impact on its earnings for the year ending July 31 2013. Total impact to Gamuda is expected to be RM119 to be recognised in 3Q.
- ▶ Sunway plans to raise up to RM1bn from its proposed rights issue of up to 594.5m shares at RM1.70/share. The rights issue will be on the basis of one rights share for every three shares (1-for-3) held. Sunway plans to utilise RM670m from the proceeds for capital expenditure and RM300m for repayment of borrowings.

### INDEX PERFORMANCE & MOVERS



Indices	Last Price		MoM Changes	
	29-Mar-13	30-Apr-13	+/-	%
FBMKLCI	1671.6	1717.7	46.0	2.75%
FBMMES	4008.3	3953.1	-55.3	-1.38%
FBM100	11257.4	11542.5	285.1	2.53%
FBM70	12625.9	12841.7	215.7	1.71%
FBMSCAP	12125.7	12060.8	-64.9	-0.54%
FBMEMAS	11420.5	11696.0	275.5	2.41%
FBMFLG	9218.6	9247.1	28.5	0.31%
FBMSHA	11357.1	11663.2	306.1	2.70%
FBMHIJRAH	12361.9	12762.7	400.8	3.24%
MSCI APxJ	472.7	484.2	11.5	2.43%