

## Equity Market Review & Outlook

### REVIEW

- ▶ Global markets corrected sharply in the month of August as the normalization scare from the potential US tapering picked up momentum during the month, with renewed focus on the emerging markets debt and equity investments. The US Dollar strength against emerging Asian currencies (in particular India and Indonesia), coupled with the pressure from the fact that both countries have a twin deficit issues (a budget deficit and a current account deficit), saw their currencies depreciate sharply. Investors were also jittery over the possible US military intervention in Syria, which saw oil prices creeping higher.
- ▶ Malaysia rebounded in the first half of the month post Fitch Rating's change in outlook for Malaysia to "Negative" from "Stable", but gains were given up in the second half of the month as regional stock markets corrected sharply on the back of macro concerns, and the currencies of Indonesia, India, Thailand and Malaysia against other major currencies. Market observers were closely monitoring the release of Malaysia's 2Q13 GDP and BOP data, where expectations were high for a weak set of data. Corporate results announced in August were generally weaker and uninspiring. The KLCI ended the month at 1,727.6 points, declining 2.54% mom or 45.0 points. The broader market underperformed the KLCI as the FBM Emas declined 362.8 point or 2.94% mom. FBM Small Cap index underperformed the KLCI declining 2.9% during the month. Average value traded on Bursa in August increased 11% mom to RM2.27bn.
- ▶ The sector indices on the local bourse closed lower for August, with the best performing sectors being Plantation (-1.39%) and Financials (-3.24%). The worst performing sectors were the Property (-5.7%), and Technology (-4.90%).

### OUTLOOK

- ▶ The government has already received a wake-up call from the Fitch Rating outlook on Malaysia, and this should drive them to announce more fiscal prudent measures in the upcoming Budget 2014 to be held on 25 Oct 2013. Some of the measures that may be addressed include subsidy rationalization, and there could be a re-prioritizing of infrastructure projects, although key Economic Transformation Program projects may continue such as the MRT. The implementation of Goods and Service Tax may still be on the agenda to be implemented but actual roll-out is likely to be in 2015.
- ▶ Some milestones to monitor in the next few months: Permandu's ETP update (scheduled for next week), US FOMC meeting (scheduled 17-18 September 2013), UMNO elections (scheduled 19th October 2013), and Budget 2014 (scheduled for 25 October 2013).
- ▶ Our strategy has not changed, and we remain cautious on the Malaysian equity market in the short term, largely due to the global macro concerns, as well as US Quantitative Easing (QE) tapering which may result in foreign money outflows from this region, including Malaysia. However, we see any correction in the market as an opportunity to accumulate selective fundamentally strong stocks with attractive valuations.

### NEWS HIGHLIGHTS

- ▶ Maybank announced that Datuk Abdul Farid bin Alias, aged 45, will be appointed president and CEO of Maybank. Datuk Farid has been Maybank's deputy president and head of its global banking business since Jul 10.
- ▶ Petronas posted a 3.6% drop in net profit yoy to RM15.26bn in 2Q13. The lower net profit was due to lower margins primarily due to higher operating expenses and lower gain on disposal of investments.

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- ▶ A breakthrough has been achieved between the Federal Government and the Selangor Government over the Langat 2 water treatment plant. Deputy Energy, Green Technology and Water Minister Datuk Seri Mahadzir Khalid said both parties had agreed to put aside their political differences and work towards resolving the anticipated water supply crisis to hit Klang Valley by 2017.

## INDEX PERFORMANCE & MOVERS

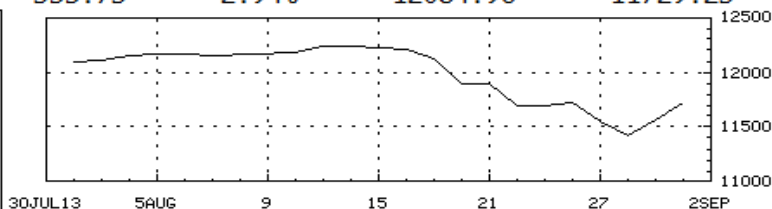
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### Historical Equity Index Movers

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FBM100 Change Pct Chg Start Price End Price  
 FTSE BURSA MAL TOP 100 -355.73 -2.94% 12084.96 11729.23

Index Member Information  
 Additions: 0 Up: 22  
 Deletions: 0 Down: 74  
 Current: 100 Unch: 4  
 Sort: Index Points  
 Order: Descending  
 8/1/2013 - 8/30/2013



#### LEADING MOVERS

#### LAGGING MOVERS

| Security | End Price | Change | Index Pts | Security | End Price | Change | Index Pts |
|----------|-----------|--------|-----------|----------|-----------|--------|-----------|
| T MK     | 5.41      | +0.14  | +6.724    | CIMB MK  | 7.28      | -0.59  | -54.372   |
| PETD MK  | 27.80     | +1.00  | +5.635    | AIRA MK  | 2.58      | -0.58  | -22.680   |
| DIGI MK  | 4.70      | +0.05  | +3.529    | MAY MK   | 10.00     | -0.26  | -21.167   |
| HLBK MK  | 14.10     | +0.30  | +3.441    | GENT MK  | 9.33      | -0.50  | -20.956   |
| KLK MK   | 21.52     | +0.32  | +3.233    | MISC MK  | 4.72      | -0.72  | -20.052   |
| HART MK  | 6.99      | +0.49  | +2.963    | SAKP MK  | 3.59      | -0.27  | -18.662   |
| GENM MK  | 4.21      | +0.05  | +2.801    | PEP MK   | 13.34     | -1.56  | -17.482   |
| MAHB MK  | 6.98      | +0.24  | +2.745    | UMWH MK  | 12.58     | -1.28  | -16.034   |
| SUCB MK  | 2.36      | +0.29  | +2.305    | MAXIS MK | 6.84      | -0.27  | -13.400   |
| ROTH MK  | 62.14     | +0.84  | +2.266    | AMM MK   | 7.43      | -0.40  | -13.221   |

+ 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.  
 SH 147088 HKT GMT+8:00 6734-1312-0 02-Sep-2013 09:42:24

| Indices   | Last Price |           | MoM Changes |        |
|-----------|------------|-----------|-------------|--------|
|           | 31-Jul-13  | 31-Aug-13 | +/-         | %      |
| FBMKLCI   | 1772.6     | 1727.6    | -45.0       | -2.54% |
| FBMMES    | 4999.0     | 4929.8    | -69.1       | -1.38% |
| FBM100    | 12085.0    | 11729.2   | -355.7      | -2.94% |
| FBM70     | 14157.0    | 13539.5   | -617.5      | -4.36% |
| FBMSCAP   | 14880.1    | 14447.9   | -432.2      | -2.90% |
| FBMEMAS   | 12331.4    | 11968.6   | -362.8      | -2.94% |
| FBMFLG    | 10905.2    | 10647.9   | -257.4      | -2.36% |
| FBMSHA    | 12373.7    | 12046.9   | -326.8      | -2.64% |
| FBMHJRAH  | 13437.7    | 13103.9   | -333.9      | -2.48% |
| MSCI APxJ | 440.1      | 435.1     | -5.0        | -1.14% |

Source: Bloomberg