

Equity Market Review & Outlook

REVIEW

- ▶ The surprise win by Mr Trump in the US Presidential Elections gave rise to global uncertainties, which saw the Asia Pacific regional markets correct sharply, in anticipation potential negative trade policies to be enacted. The US equity market, after a brief but sharp decline, rallied to all-time highs as investors are hopeful that talks of a corporate tax cut and increased fiscal spending will stimulate the economy to register higher levels of economic growth and the illusive inflation. China's central bank set the midpoint for the renminbi's trading band against the US dollar at its lowest level in more than six years following the election of Donald Trump as President of United States. Emerging market currencies took a tumble against the US Dollar, with the Malaysian ringgit depreciating against the USD by 6.49% in the month of November 2016, Indonesia's Rupiah -3.73%, Philippine's Peso -2.58%, and China's RMB -1.67% against the USD. The Japanese Yen on the other hand depreciated by 8.27% against the US dollar.
- ▶ Malaysian equities corrected more sharply than regional equity markets making it one of the worst performing markets in the month of November. Foreign investors' concerns were heightened when Bank Negara reiterated that onshore banks are not to facilitate offshore banks with non-deliverable forwards (NDFs) which they attributed speculation on the ringgit and the highly volatile movements in the exchange rate of late. Some slight reprieve was provided when the OPEC meeting held on the 30 November 2016 concluded with the agreement to implement a new production target of 32.5mb/d, effective 1 January 2017, to accelerate the ongoing drawdown of the stock overhang. 3Q results reporting by corporates were again uninspiring, with the expectation for 2016 to end with negative earnings growth again of between 2-4%.
- ▶ The KLCI declined 3.19% mom in November to close at 1,619.12 points. The broader market declined 3.65% underperforming the KLCI. All sectors registered negative performances with the worst performing sectors Property -5.84%, and Consumer -4.82%. The FBM Small Cap Index declined by 6.61%. Average value traded on Bursa in November was up 4% mom to RM2.05bn.

OUTLOOK

- ▶ We expect global markets to end the year on an optimistic note, especially during this transition period for the US President Elect. Already we are seeing some snippets of the US President Elect's stance on foreign policy, which has China on edge, and the reiteration that he will scrap the Trans-Pacific Partnership Agreement (TPPA) much to the dismay of many of the emerging market partner countries. The last FOMC meeting for the year to be held on 13-14 December 2016 is still expected to come away with a rate hike with probability at 100%, indicating the US economy is on a firm footing and on the road to recovery.
- ▶ Malaysia's blossoming relationship with China will likely have a bigger influence on the construction and property sector in the months to come – although the ultimate multiplier effect on the Malaysian economy has yet to be determined. The finer details as to which portions will be farmed out to local contractors have yet to be unveiled. Consumption should hold up, going into 2017 with higher BR1M payments to more recipients. The higher crude oil prices will help provide some relief to the government's fiscal balance. However with consumer the resilient driver of growth, a sharply weaker ringgit will have a negative impact on disposable incomes as much of our food and beverage items are imported.
- ▶ Coming to the end of a tumultuous year 2016, 2017 will likely be another year of volatility. Mr Trump's inauguration will be held on 20 January 2017, just before the Chinese New Year holidays. 2017 is slated to witness many elections some of the key ones to monitor include: Hong Kong's Chief Executive Election, France's Presidential Election, Iran's Presidential Election,, and South Korea's Presidential Election. Malaysia may also elect for an early general election as well, with the deadline end April/early May 2018.

Equity Market Review & Outlook

- ▶ We remain relatively cautious, looking for opportunity to accumulate fundamentally sound stocks on weakness.

INDEX PERFORMANCE & MOVERS

HMOV Report | **FBM100 2016/11/** | [1\) History](#) | [2\) Refresh](#)

[3\) All Securities](#) | [4\) Sub-Industries](#) | [5\) Industries](#) | [6\) Industry Groups](#) | [7\) Sectors](#)
[8\) Historical Chart](#) | [9\) Scatter Plot](#)

Equity Index Movers

Start	11490.44	End	11092.02
Change	-398.42	%Change	-3.47%
Current	100	Up	22
Additions	1	Down	77
Removals	1	Unch	2

Date Range: **2016/11/1 - 2016/11/30**

Sort: **Index Points**

Display: Name Ticker

View: Detailed News

Change: Net Percent

[10\) View All Securities...](#)

Laggers	End Price	%Chg	Points↓	%Idx Mv	Leaders	End Price	%Chg	Points↑	%Idx Mv
21) Axiata Group Bhd	4.19	-14.84	-58.4174	-14.66	41) IHH Healthcare Bh	6.60	+3.12	+9.8199	+2.46
22) CIMB Group Holdi	4.57	-9.15	-45.1793	-11.34	42) Top Glove Corp B	5.28	+6.67	+4.7539	+1.19
23) Tenaga Nasional	14.04	-2.09	-18.5936	-4.67	43) Genting Bhd	7.96	+1.53	+4.6760	+1.17
24) Felda Global Vent	1.54	-23.38	-15.3722	-3.86	44) Dialog Group BHD	1.60	+3.23	+3.7784	+0.95
25) Public Bank Bhd	19.58	-1.41	-15.2992	-3.84	45) Press Metal Bhd	1.67	+7.25	+3.3906	+0.85
26) Telekom Malaysia	6.17	-5.66	-14.4217	-3.62	46) HAP Seng Consoli	7.94	+1.93	+1.7059	+0.43
27) Petronas Gas Bhd	20.98	-4.64	-14.1920	-3.56	47) RHB Bank Bhd	4.90	+1.45	+1.3764	+0.35
28) YTL Corp Bhd	1.44	-9.43	-13.7374	-3.45	48) wCT Holdings Bhd	1.77	+4.12	+1.2301	+0.31
29) SapuraKencana Pe	1.44	-11.11	-13.6524	-3.43	49) Ta Ann Holdings B	3.77	+6.80	+0.9566	+0.24
30) British American	44.20	-10.74	-13.3519	-3.35	50) Scientex BHD	6.74	+3.37	+0.7085	+0.18
31) Sime Darby Bhd	7.96	-2.81	-13.3018	-3.34	51) Inari Amertron Bh	3.41	+1.79	+0.6830	+0.17

Australia 61 2 9777 8600 Brazil 5511 2395 9000 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 2016 Bloomberg Finance L.P.
 SN 147088 HKT GMT+8:00 H233-2706-2 02-Dec-2016 12:26:19

Source: Bloomberg

Indices	Last Price		MoM Changes	
	31-Oct-16	30-Nov-16	+/-	%
FBM KLCI	1,672.46	1,619.12	-53.34	-3.19%
FBM MES	5,021.98	4,713.25	-308.73	-6.15%
FBM 100	11,490.44	11,092.02	-398.42	-3.47%
FBM 70	13,724.56	13,133.29	-591.27	-4.31%
FBM SCAP	15,345.71	14,331.50	-1,014.21	-6.61%
FBM EMAS	11,785.47	11,355.80	-429.67	-3.65%
FBM SHA	12,384.01	11,901.19	-482.82	-3.90%
FBM HIJRAH	13,814.78	13,331.26	-483.52	-3.50%
MSCI APxJ	443.28	432.51	-10.78	-2.43%

Source: Bloomberg