

## Equity Market Review & Outlook

### REVIEW

- ▶ Global markets generally recorded positive equity performance in January 2017, on the expectations that Trump's policies for the US will be reflationary in nature, focused on tax cuts and corporate tax overhaul, infrastructure spending in the US, and increased protectionism. The Dow Jones Index rallied above the 20,000 mark post Trump's inauguration but trended lower by month end. The strength of the US Dollar weakened a little mid-month when Trump, then as President-Elect, stated that the dollar was too strong. China surprised the market by raising their 6-month and 1-year Medium-term Lending Facility (MLF) by 10 basis points each to 2.95% and 3.1% respectively. This was the first of such increases in nearly six years.
- ▶ Malaysian equities ended the month on a higher footing, on the back of growing interest by investors with the announcements of various PNB related companies such as UMW Holdings and UMW Oil and Gas, and Sime Darby's intentions to spin-off various divisions. The ringgit weakness seem to have bottomed early in the month, hitting intra-day levels above RM4.50/USD, above levels during the taper tantrum of 2015 and at levels not seen since the Asian Financial Crisis. However, the ringgit has been trending stronger versus the US Dollar in January with firmer oil prices (as the OPEC cuts are being adhered to), much stronger crude palm oil prices, and efforts by BNM to clamp down on currency speculation. The KLCI ended the month higher at 1.82% mom to close at 1,671.54 points. The broader market gained 2.4% outperforming the KLCI. All sectors registered positive performances during the month, with the best performing sector being Technology (+10.33%), benefiting from the strong US dollar sales, and Property (+3.82%). The worst performing sector was Consumer (+1.73%). The FBM Small Cap Index gained 4.84%. Average value traded on Bursa in January was up 8.7% mom to RM1.928bn despite being a shorter trading month with the Chinese New Year holidays.

### OUTLOOK

- ▶ As expected post the inauguration of President Trump on the 20 Jan 2017, his first 100 days will indeed be eventful. Already he has come out to terminate the Trans-Pacific Partnership (TPP), rolling back the Dodd-Frank Act that was passed after the financial crisis, and is now embroiled in legal hurdles after issuing an executive order to deny refugees and immigrants from certain Muslim majority countries entry into the United States. All in line with President Trump's "America First" focus, which include rising US trade protectionism, tougher immigration rules and a reassessment of US foreign policy position. 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, Italy and Germany's Election. The UK Supreme Court ruled that Theresa May cannot withdraw Britain from the EU alone and must get the approval from MPs and peers first, and is being debated in UK's parliament. Italy's recent constitutional court ruling disputing the legality of an electoral law, may pave the way for an early elections in 2017. The growing populist movement in Euro can result in major shifts in ruling political parties in the coming European elections.
- ▶ 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, complemented by the much higher crude palm oil prices and improved production as El Nino should be behind us. However although consumer spending remains 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, and dampen consumer confidence in general.
- ▶ We have changed our stance to be more optimistic on the market, as restructuring efforts amongst government linked companies will help spur much needed interest in our market, supported by the expectation that the Malaysian ringgit has limited downside.

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### INDEX PERFORMANCE & MOVERS

HMOV Report
FBM100 2017/1/3-
1) History 2) Refresh
Equity Index Movers

3) All Securities
4) Sub-Industries
5) Industries
6) Industry Groups
7) Sectors

Start	11189.09	End	11440.67
Change	+251.58	%Change	+2.25%
Current	100	Up	76
Additions	0	Down	22
Removals	0	Unch	2

Date Range **2017/1/3 - 2017/1/31**

Sort **Index Points**

Display  Name  Ticker

View  Detailed  News

Change  Net  Percent

8) Historical Chart
9) Scatter Plot

10) View All Securities...

Leaders	End Price	%Chg	Points	%Idx Mv	Laggers	End Price	%Chg	Points	%Idx Mv
21) Sime Darby Bhd	8.91	+10.00	+49.3789	+19.63	41) Tenaga Nasional	13.40	-3.60	-31.1085	-12.37
22) CIMB Group Holdi	4.97	+10.20	+46.0720	+18.31	42) Petronas Gas Bhd	20.88	-1.97	-5.8657	-2.33
23) Genting Malaysia	5.04	+10.04	+23.0139	+9.15	43) Malakoff Corp Bhd	1.28	-6.57	-4.0502	-1.61
24) Public Bank Bhd	20.10	+1.93	+20.8419	+8.28	44) Hong Leong Bank	13.18	-2.37	-3.7711	-1.50
25) Press Metal Bhd	2.05	+28.93	+13.8715	+5.51	45) YTL Power Interna	1.43	-4.03	-3.1866	-1.27
26) UMW Holdings Bhd	5.65	+23.63	+12.6245	+5.02	46) YTL Corp Bhd	1.52	-1.94	-2.5637	-1.02
27) AirAsia Bhd	2.55	+11.35	+10.2479	+4.07	47) KLCCP Stapled Gro	7.99	-3.73	-2.4699	-0.98
28) Felda Global Vent	1.85	+19.35	+9.8507	+3.92	48) IHH Healthcare Bh	6.30	-0.79	-2.4638	-0.98
29) AMMB Holdings Bh	4.58	+6.26	+9.1905	+3.65	49) Westports Holding	4.17	-3.02	-2.4247	-0.96
30) DiGi.Com Bhd	4.96	+2.69	+8.5617	+3.40	50) UMW Oil & Gas Co	0.70	-20.00	-2.1364	-0.85
31) Maxis Bhd	6.15	+2.84	+7.8748	+3.13	51) Hartalega Holding	4.72	-2.28	-1.4015	-0.56

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 2017 Bloomberg Finance L.P.  
 SN 147088 HKT GMT+8:00 6735-971-1 03-Feb-2017 12:17:07

Source: Bloomberg

Indices	Last Price		M o M Changes	
	31-Dec-16	31-Jan-17	+/-	%
<b>FBM KLCI</b>	<b>1,641.73</b>	<b>1,671.54</b>	<b>29.81</b>	<b>1.82%</b>
<b>FBM MES</b>	<b>4,780.71</b>	<b>4,941.78</b>	<b>161.07</b>	<b>3.37%</b>
<b>FBM 100</b>	<b>11,189.09</b>	<b>11,440.67</b>	<b>251.58</b>	<b>2.25%</b>
<b>FBM 70</b>	<b>13,035.11</b>	<b>13,513.45</b>	<b>478.34</b>	<b>3.67%</b>
<b>FBM SCAP</b>	<b>14,715.51</b>	<b>15,428.28</b>	<b>712.77</b>	<b>4.84%</b>
<b>FBM EMAS</b>	<b>11,466.54</b>	<b>11,741.29</b>	<b>274.75</b>	<b>2.40%</b>
<b>FBM SHA</b>	<b>12,014.42</b>	<b>12,227.59</b>	<b>213.17</b>	<b>1.77%</b>
<b>FBM HIJRAH</b>	<b>13,427.77</b>	<b>13,606.82</b>	<b>179.05</b>	<b>1.33%</b>
<b>MSCI AP xJ</b>	<b>426.67</b>	<b>451.38</b>	<b>24.71</b>	<b>5.79%</b>

Source: Bloomberg