

Equity Market Review & Outlook

REVIEW

- ▶ Global markets performed well, as the US equity markets rebounded from earlier trepidation over President Trump's meeting with China's Premier Xi Jin Ping. By the end of the US-China summit, President Trump declared that China as not a currency manipulator despite his election rhetoric that said otherwise. President Trump continued to surprise the market with relatively aggressive stance taken on Afghanistan unleashing the "Mother of all Bombs" on them, amidst rising tensions with North Korea. The US market ended the month close to its all-time high as President Trump was to unveil his tax reform proposal – but its announcement on the 26 April was unfortunately short on details. The French elections were also in the limelight as the remaining Presidential candidates at the finishing line were from two very opposing views, with the likely winner Independent Candidate, Macron.
- ▶ Malaysia ended on a strong note in April as the KLCI rose to 22-month highs on the back of an appreciating ringgit, recovering corporate earnings prospects and continued foreign fund flows. Interest in Malaysian equities was sustained with the proposed merger between Sp Setia and I&P, and news of Lotte Chemical Korea listing their Malaysian wholly owned Lotte Chemical Titan on Bursa Malaysia by 3Q2017. The KLCI ended the month higher at 1.61% mom to close at 1,768.08 points. The broader market gained 2.18% outperforming the KLCI. The best performing sectors were Technology (+7.95%) and Construction (+5.2%), whilst the worst performing sectors were Plantation (-1.28%) as outlook for the sector deteriorated on the back of growing supply concerns and potential policies implemented by the European Union on the use of bio-fuel. The FBM Small Cap Index gained 3.4%. Average value traded on Bursa in April was down 23% to RM2.69bn as March saw a large increase in participation by foreign investors, nevertheless April value was still higher than the average registered in 2016..

OUTLOOK

- ▶ After an eventful 100-days of US President Trump, and the earlier surprising lack of support by the Republicans to repeal and replace Obamacare, resulted in the Republican's voting on the replacement bill to repeal key parts of the Affordable Care Act, succeeding to get it passed by the party. However, winning approval for the bill in the Senate will likely be more difficult. This sets the stage for rising risk of Trump not being able to pull off his promises of a tax reform which was to be the catalyst for driving inflation and growth for the US economy. All eyes will be on the French Presidential election which comes to an end on the 7th May, seen as the most important election for France in decades with two diametrically opposing views at the finishing line. A National Front's Le Pen win would seek to close borders and quit the euro currency, while independent Macron who has never held elected office, wants closer European cooperation and an open economy. Hot on the heels of the French election, the UK will go to the polls on 8 June as UK's Prime Minister Theresa May seeks to strengthen her mandate and continue the Brexit negotiations.
- ▶ After successfully wooing investment from China, Saudi Arabia, and India, the surprised termination of agreement between TRX and IWH-CREC for the 60% stake in Bandar Malaysia unnerved investors. Speculation as to the health of the Malaysia-China relationship was questioned, although initial reports seemed to indicate that this was an isolated issue, and the other G-to-G investments in rail and ports would likely be unaffected. Prime Minister Najib is expected to attend China's OBOR summit mid-May, which should shed more light on the status and expectations of continued China investments in Malaysia.
- ▶ Equity markets have had a good rally year to date, and whilst fundamentals of the economy remaining relatively positive, we are turning cautious, but as always look to accumulate fundamentally strong stocks on weakness. We are also cognizant of the growing risk that investors may lose patience with Trump's efforts to stimulate the US economy. We expect the stable Malaysian ringgit, increasing capital market deals from restructuring efforts and IPO pipe line will help sustain interest in Malaysian equities.

INDEX PERFORMANCE & MOVERS

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HMOV report 47 has completed

HMOV Report | FBM100 2017/4/3

Start 12006.69 End 12259.26

Change +252.57 %Change +2.10%

Current 100 Up 65

Additions 0 Down 32

Removals 0 Unch 3

Date Range 2017/4/3 - 2017/4/28

Sort Index Points

Display Name Ticker

View Detailed News

Change Net Percent

Equity Index Movers

10 View All Securities...

Leaders	End Price	%Chg	Points	%Idx Mv	Laggers	End Price	%Chg	Points	%Idx Mv
21) Malayan Banking ...	9.58	+7.40	+65.1302	+25.79	41) Petronas Chemica...	7.30	-5.19	-20.2776	-8.03
22) AMMB Holdings Bhd	5.48	+17.85	+28.1833	+11.16	42) Petronas Gas Bhd	18.48	-6.48	-17.8329	-7.06
23) Genting Malaysia ...	5.87	+7.71	+20.9605	+8.30	43) Top Glove Corp Bh..	4.57	-7.11	-5.0490	-2.00
24) CIMB Group Holdin..	5.74	+3.05	+16.9842	+6.72	44) IOI Corp Bhd	4.59	-1.29	-3.5382	-1.40
25) Sapura Energy Bhd	2.00	+10.95	+15.0863	+5.97	45) Malaysian Resourc..	1.52	-10.59	-3.3285	-1.32
26) Dialog Group BHD	1.95	+10.17	+14.0697	+5.57	46) Kossan Rubber In...	5.71	-8.35	-2.9266	-1.16
27) Tenaga Nasional B..	13.94	+1.60	+13.7898	+5.46	47) Maxis Bhd	6.38	-0.93	-2.7723	-1.10
28) My EG Services Bh...	2.13	+15.71	+11.2143	+4.44	48) YTL Corp Bhd	1.47	-1.34	-1.7047	-0.67
29) Sime Darby Bhd	9.33	+1.85	+10.5741	+4.19	49) Berjaya Corp Bhd	0.35	-7.89	-1.6505	-0.65
30) Malaysia Airports ...	7.60	+9.35	+10.2510	+4.06	50) Genting Plantation..	11.42	-2.23	-1.6302	-0.65
31) Genting Bhd	9.84	+2.61	+9.7542	+3.86	51) Kuala Lumpur Kep...	24.52	-0.65	-1.5050	-0.60

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Source: Bloomberg

Indices	Last Price		M o M Changes	
	31-Mar-17	30-Apr-17	+/-	%
FBM KLCI	1,740.09	1,768.06	27.97	1.61%
FBM MES	5,827.48	6,242.16	414.68	7.12%
FBM 100	12,006.69	12,259.26	252.57	2.10%
FBM 70	14,550.47	15,080.97	530.50	3.65%
FBM SCAP	17,080.58	17,661.72	581.14	3.40%
FBM EMAS	12,361.69	12,631.52	269.83	2.18%
FBM SHA	12,811.34	12,972.49	161.15	1.26%
FBM HIJRAH	14,101.96	14,200.27	98.31	0.70%
MSCI APxJ	479.33	486.56	7.23	1.51%

Source: Bloomberg