

Equity Market Review & Outlook

REVIEW

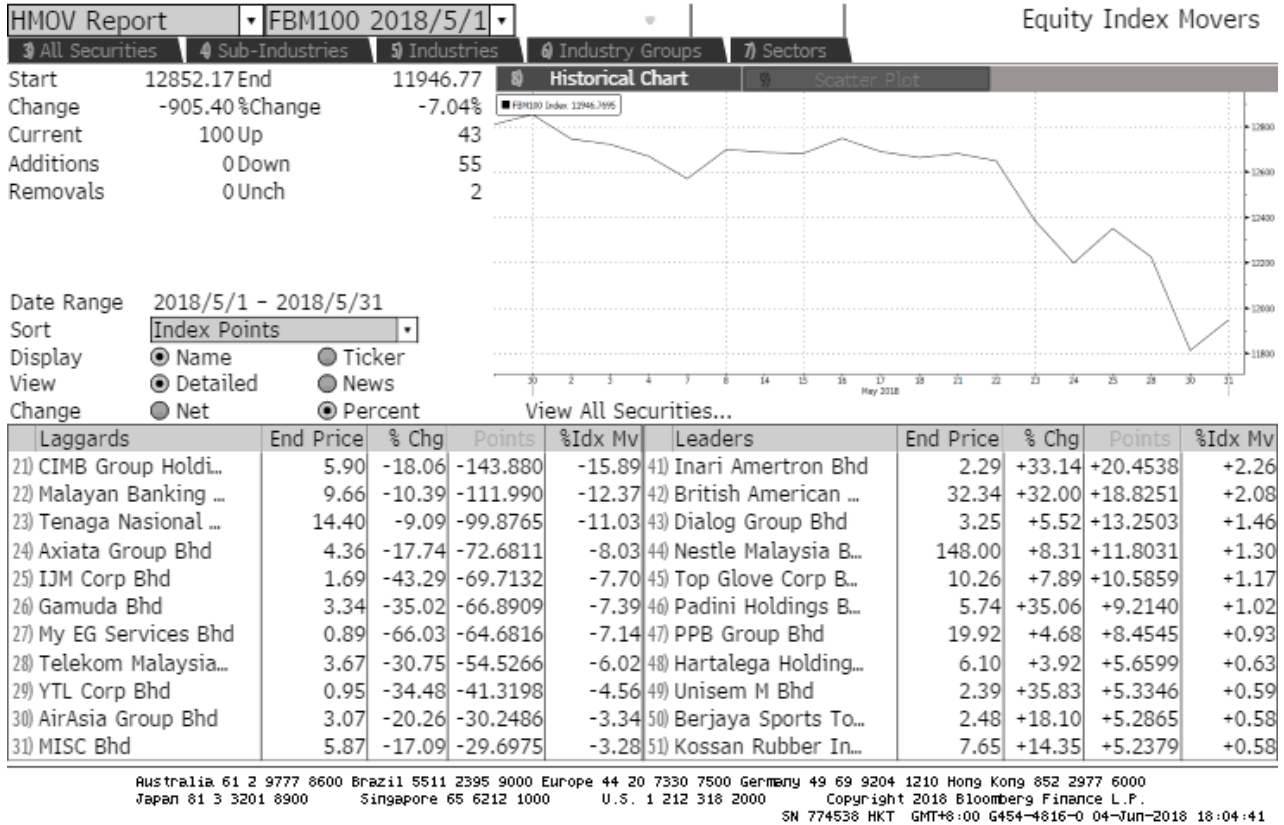
- ▶ May was a tumultuous month for Malaysia, starting with the 14th General Elections on the 9th May 2018, and the unexpected elections outcome. After 61 years of Barisan Nasional rule, Malaysia voted in a new government under the coalition of Pakatan Harapan(PH). The first two weeks post GE14 saw the swearing in of the new Prime Minister, Tun Mahathir, and then the subsequent swearing in of 12 cabinet ministers.
- ▶ May was a month of change for Malaysia, as the new government worked quickly to meet expectations as proposed in their 100-Day manifesto, starting with the announcement to set GST at 0% effective 1 June 2018 from the current 6%, and to prepare to roll out Sales and Services Tax by 1 September 2018. Malaysia's ringgit held up relatively well post GE14, supported by the firmer crude oil prices that stayed strong as US continued their rhetoric about imposing sanctions on Iran. The KLCI closed the month at 1740.62, down 6.94% mom. The worst performing sectors were Construction (-31.34%) and Property (-6.26%). The best performing sectors were Consumer (+6.28%) and Technology (+16.29%). Average value traded on Bursa in May was RM3,350m, an increase of 35% compared to April.

OUTLOOK

- ▶ Almost one month post GE14, and the new government has been keeping investors on their toes with lots of information. There are still another 16 cabinet posts yet to be announced, which may only happen later in the month of June, given the Prime Minister is expected to travel to Japan for a 3-day conference. Thereafter the first parliament sitting has been scheduled for 16th July 2018. Foreign investors remain net sellers month to date in June, after being net seller of RM5.6bn in May. We remain focused on fundamentally strong companies, and we believe any correction will be a good opportunity to accumulate.

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INDEX PERFORMANCE & MOVERS



Source: Bloomberg

Indices	Last Price		M o M Changes	
	30-Apr-18	31-May-18	+/-	%
FBM KLCI	1870.37	1740.62	-129.75	-6.94%
FBM MES	5285.52	4998.96	-286.56	-5.42%
FBM 100	12852.17	11946.77	-905.40	-7.04%
FBM 70	15452.99	14316.99	-1,136.00	-7.35%
FBM SCAP	14579.95	13800.69	-779.26	-5.34%
FBM EMAS	13033.69	12128.94	-904.75	-6.94%
FBM SHA	13169.14	12175.97	-993.17	-7.54%
FBM HIJRAH	15011.8	13730.66	-1,281.14	-8.53%
M S C I A P x J	569.08	562.22	-6.86	-1.21%

Source: Bloomberg