

Equity Market Review & Outlook

REVIEW

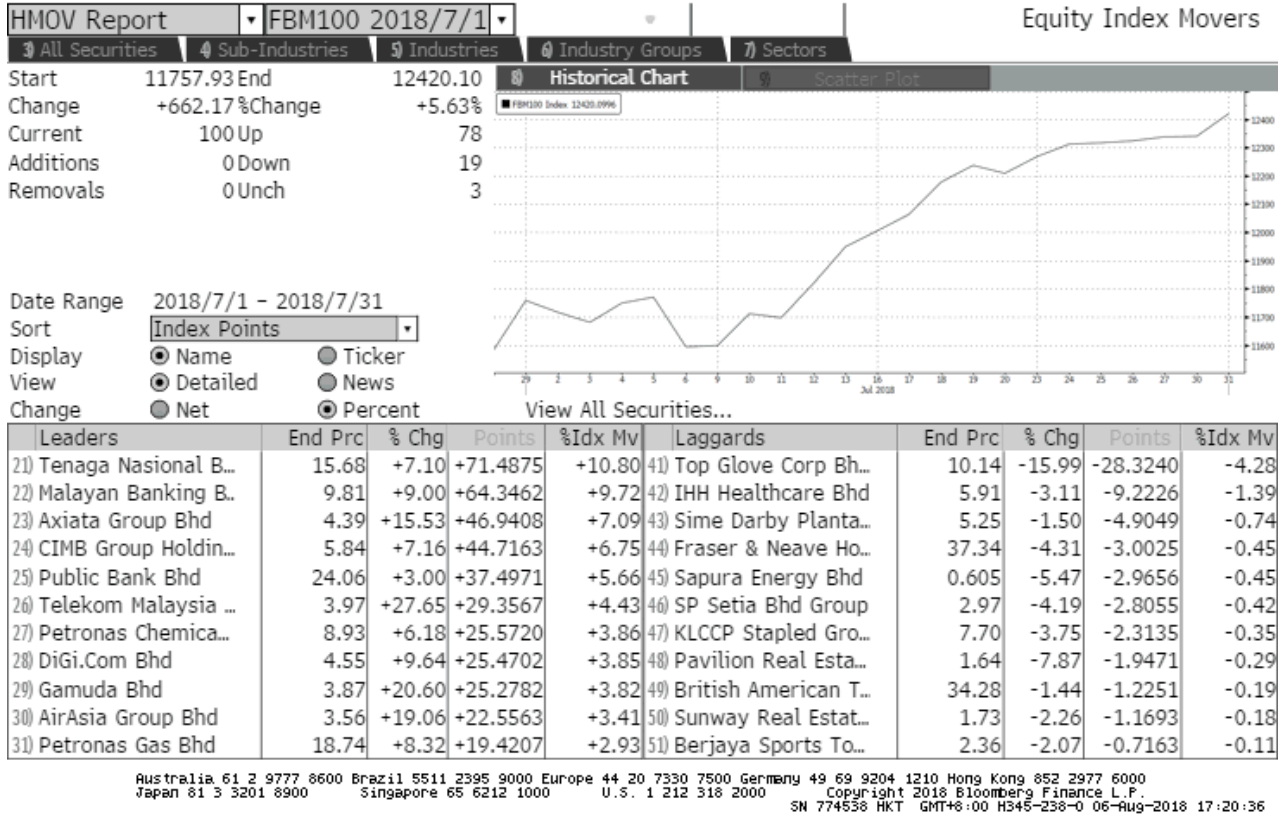
- ▶ The month of July was a positive one for the Malaysian equity market, recovering in tandem with emerging markets and investors looking to bottom fish. Asia Pacific equity markets reported weaker gains as the Korean and Chinese markets were impacted by fears in relation to the US-China trade tensions, slower growth in China and yuan depreciation. During the month, the Malaysian central bank (BNM) kept overnight policy rates on hold at 3.25%, and Malaysia convened its 14th Parliament under the new Pakatan Harapan Government.
- ▶ The KLCI closed the month at 1,784.25 points, up 5.48% mom, the first monthly gain since GE14. Foreign investors continued to be net sellers for July of RM 1.7b, the third consecutive month. The best performing sectors were Construction (+10.68%) and Technology (+9.0%). Construction stocks rebounding from lows the previous month as investors sold down on uncertainty regarding contracts post GE14. The worst performing sectors were Consumer (+0.18%) and Plantation (+1.26%). Average value traded on Bursa in July was RM2711m slightly higher at 2.8% mom than June's RM2636m.

OUTLOOK

- ▶ Nearing the 100 days of the Pakatan Harapan Government, we should take stock of how far we have come as a nation in such a short time frame. Efforts to be more transparent and more tolerant and accepting of differing views has been refreshing and should continue to be encouraged. The new government has shocked the nation with the unearthing of more "scandals" and have an uphill task ahead of them to look for solutions to unwind the debt undertaken, and implement potentially unpopular austerity measures to get our economy's balance sheet back on track. The equity market needs positive catalysts to continue its upward trend, which is why investors will be looking for cues including the coming Budget 2019 for direction and hopefully more clarity for all stake holders. Hence, whilst we are cautiously optimistic for the long term outlook, the short term view remains challenging, complicated with the ongoing US trade war tensions and rising rate environment. 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-Jun-18	31-Jul-18	+/-	%
FBM KLCI	1691.5	1784.25	92.75	5.48%
FBM MES	5127.53	5400.26	272.73	5.32%
FBM 100	11757.93	12420.1	662.17	5.63%
FBM 70	14627.06	15515.94	888.88	6.08%
FBM SCAP	14012.5	14773.95	761.45	5.43%
FBM EMAS	11960.93	12633.15	672.22	5.62%
FBM SHA	12092.55	12810.75	718.20	5.94%
FBM HIJRAH	13594.48	14308.69	714.21	5.25%
MSCI APxJ	539.08	542.67	3.59	0.67%

Source: Bloomberg