

## Equity Market Review & Outlook

### REVIEW

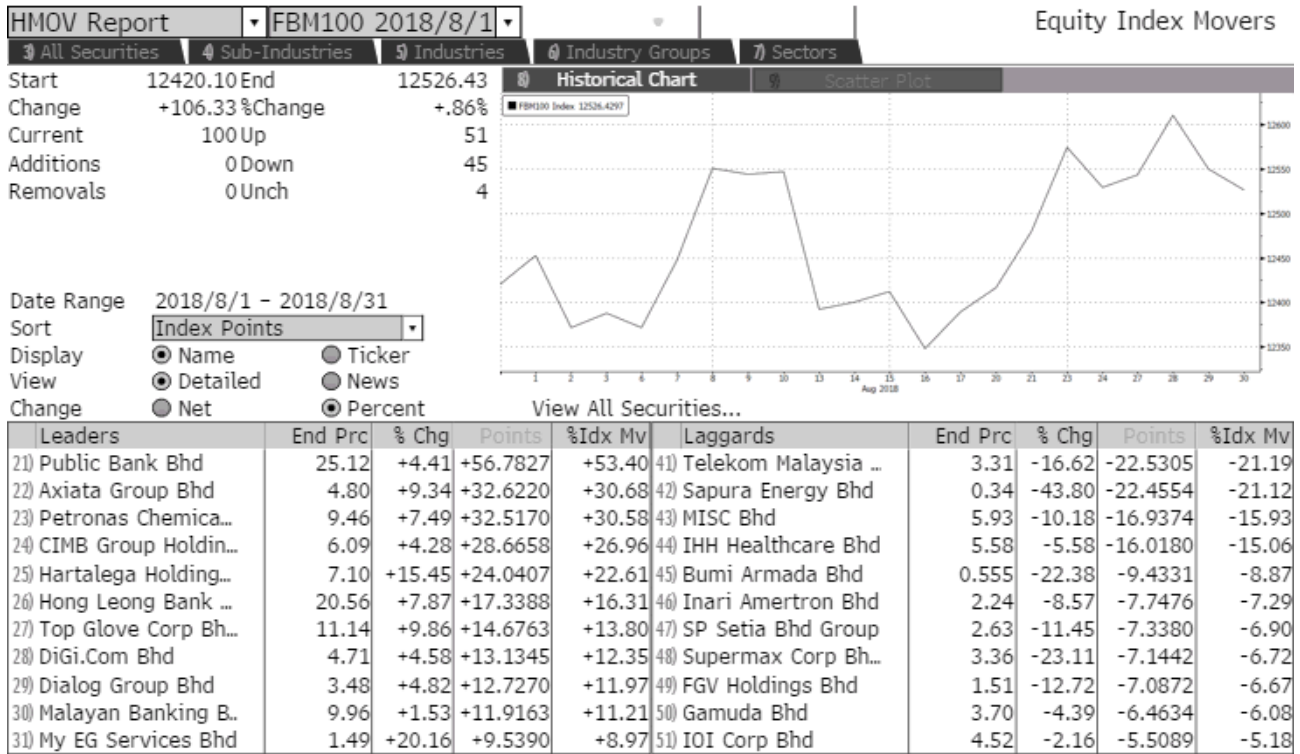
- ▶ Malaysian equities managed to maintain its positive performance for August for the second consecutive month. 100 days anniversary of the Pakatan Harapan government passed without much fanfare. Investor sentiment was weighted down by the escalation of trade tensions, the sharp sell-off in Turkish assets and subsequent selling pressure on emerging market currencies. The Turkish Lira fell by 40% year-to-date, raising fears of contagion effects for other vulnerable emerging market economies. The Indonesian Rupiah fell to its weakest level against the USD in 20 years and continues to see pressure from widening current account deficits, and high foreign ownership in bonds. In Malaysia, we witnessed the first parliamentary sitting under the PH government. Prime Minister Mahathir also made an official visit to Japan, and then to China in August.
- ▶ The KLCI closed the month at 1,819.66 points, up 1.98% mom, whilst the FBM Small Cap Index declined 2.17% mom. Foreign investors was slight net sellers for August of RM 0.1b. The best performing sectors were Technology (+5.74%) and Industrial Production (+3.72%). The worst performing sectors were Construction (-5.76%) and Property (-4.74%). Average value traded on Bursa in August was RM2572m lower by 5.1% mom.

### OUTLOOK

- ▶ Expect investors to remain focused on emerging markets especially those who are more vulnerable with twin deficits. Malaysia on the other hand is blessed with exposure to commodities such as oil and gas related products and palm oil. The immediate concern would be mainly fiscal issues for the country. The domestic 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. The implementation of the SST effective 1 September came with some confusion, and hence expect some impact on general consumer spending and possibly and up-tick in inflation for the months of September and October. 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



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 2018 Bloomberg Finance L.P.  
 SN 774558 HKT GMT+8:00 H170-657-0 03-Sep-2018 10:10:04

Source: Bloomberg

Indices	Last Price		MoM Changes	
	31-Jul-18	31-Aug-18	+/-	%
<b>FBM KLCI</b>	<b>1784.25</b>	<b>1819.66</b>	<b>35.41</b>	<b>1.98%</b>
<b>FBM MES</b>	<b>5400.26</b>	<b>5283.71</b>	<b>-116.55</b>	<b>-2.16%</b>
<b>FBM 100</b>	<b>12420.1</b>	<b>12526.43</b>	<b>106.33</b>	<b>0.86%</b>
<b>FBM 70</b>	<b>15515.94</b>	<b>15126.05</b>	<b>-389.89</b>	<b>-2.51%</b>
<b>FBM SCAP</b>	<b>14773.95</b>	<b>14453.18</b>	<b>-320.77</b>	<b>-2.17%</b>
<b>FBM EMAS</b>	<b>12633.15</b>	<b>12719.42</b>	<b>86.27</b>	<b>0.68%</b>
<b>FBM SHA</b>	<b>12810.75</b>	<b>12807.07</b>	<b>-3.68</b>	<b>-0.03%</b>
<b>FBM HIJRAH</b>	<b>14308.69</b>	<b>14367.45</b>	<b>58.76</b>	<b>0.41%</b>
<b>MSCI APxJ</b>	<b>542.67</b>	<b>534.78</b>	<b>-7.89</b>	<b>-1.45%</b>

Source: Bloomberg