

## Equity Market Review & Outlook

### REVIEW

- After a good run up in February, March was a month of consolidation for most global markets, as investors witnessed some containment of the European debt crisis, improving US economic indicators and quantitative easing in Europe. Both the ECB and the US Federal Reserve remain committed to easy monetary conditions, which have led to expectations of inflationary pressures going forward. This is amidst the question mark that still remains over Spain and Italy's ability to achieve their refinancing needs and the possibility of Greece succumbing to austerity fatigue.
- Domestically, Malaysia continued to play catch up to its regional and global peers in March. The FBM KLCI came close to its all-time intra-day highs of 1,597 points twice during the month, but concerns over the potential general elections being called held the market back.
- The KLCI ended the month gaining 26.7 points or 1.7% to close at 1,596.3 points. The broader market under performed the KLCI, with the FBM Emas Index gaining 0.71% in March. The FBM Small Cap Index under performed the KLCI, declining -3.15% for the month. Average value traded on Bursa in March contracted 21% mom to RM1.81bn per day (RM2.3bn previous month).
- The sector indices on the local bourse closed generally higher for March, with the best performing sectors being Finance (+2.17%) and Consumer (+1.51%). The worst performing sectors were Construction (-3.21%) and Property (-2.4%).

### OUTLOOK

- We expect volatility to persist in 1H2012, although we are seeing some semblance of stability externally. We expect markets will have to stomach additional potential uncertainties on the political front as quite a few countries will be having their elections in the 1H. Liquidity remains abundant aided by the easy monetary conditions extended by the US Federal Reserve and ECB.
- Domestically, consumer spending should remain fairly resilient for now, although government hand outs from the 2012 Budget will be quickly used up. As long as commodity prices do not experience major fluctuations, we expect corporate earnings to hold up well. Catalysts for the next few months include the potential for the General Election to be called (expected to be in 1H12). 2012 will likely see the listing of Khazanah's healthcare unit, Felda Global Ventures, amongst others. M&A's will also continue to be a theme in 2012.
- Whilst we believe corporate earnings should remain resilient, we remain cautious on Malaysian equities given the high potential for the Malaysian general elections to be called in the next 6 months. This event in itself is unfortunately creating a drag on the market.
- Current global issues seemingly have been contained for now, but have not completely been resolved, hence expect issues to pop up once in a while. In addition, there are a number of elections scheduled in 2012 globally which can complicate matters. However these events create opportunities for out performance over the longer term, and as such would accumulate fundamentally sound stocks on weakness.

### NEWS HIGHLIGHTS

- 1Malaysia Development (1MDB) confirmed reports of its acquisition of Tanjong Energy Holdings for RM8.5bn.
- MMC Corp Bhd has asked for more time to complete the proposed listing of Gas Malaysia Bhd on the Main Market but still expects the exercise to be completed by the second quarter of this year.
- The government will move ahead with the proposed listing of FELDA Global Ventures Holdings (FGVH), likely to be without the 51% stake in commercial arm FELDA Holdings held by settlers of the federal land development scheme.
- MRT Corp announced that MMC-Gamuda JV won the tunnelling job for the MRT SBK line with its bid of RM8.2bn,

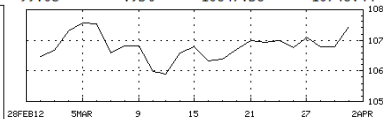
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### INDEX PERFORMANCE & MOVERS

RPT

**Historical Equity Index Movers** PAGE 1/  
 FBM100 Change +99.08 Pct Chg +.93% Start Price 10647.36 End Price 10746.44  
 FTSE BURSA MALAY TOP 100

Index Member Information  
 Additions: 0 Up: 46  
 Deletions: 0 Down: 52  
 Current: 100 Unch: 2  
 Sort: Index Points  
 Order: Descending  
 3/1/2012 - 3/30/2012



LEADING MOVERS				LAGGING MOVERS			
Security	End Price	Change	Index Pts	Security	End Price	Change	Index Pt
CIMB MK	7.69	+53	+50.091	DLG MK	2.17	-25	-7.8
MAY MK	8.87	+12	+11.504	AIRA MK	3.45	-21	-7.3
GENT MK	10.84	+24	+11.256	IJM MK	5.63	-25	-5.8
ROTH MK	56.62	+4.42	+10.678	IOI MK	5.34	-05	-4.9
KLK MK	24.60	+1.18	+10.668	KUL MK	4.18	-35	-3.7
TNB MK	6.43	+15	+10.317	PEP MK	16.90	-30	-3.0
AMM MK	6.31	+18	+6.889	TOPG MK	4.50	-37	-2.8
HLBK MK	12.62	+52	+6.671	MRC MK	1.90	-11	-2.5
MAXIS MK	6.09	+17	+6.478	HART MK	7.95	-40	-2.4
T MK	5.32	+13	+5.901	WCT MK	2.44	-22	-2.2

+ Added during range, - Removed during range, \* Added/Removed multiple times  
 Australia 61 2 3077 8600 Brazil 5511 3049 4830 Europe 44 20 7230 7530 Germany 49 69 9204 1210 Hong Kong 692 2977 690  
 Japan 81 3 3201 5500 Singapore 65 6212 1000 U.S. 1 212 219 2000 Copyright 2012 Bloomberg Finance L.P.  
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Indices	Last Price		MoM Changes	
	29-Feb-12	30-Mar-12	+/-	%
FBMKLCI	1569.7	1596.3	26.7	1.70%
FBMMES	4711.0	4583.8	-127.2	-2.70%
FBM100	10647.4	10746.4	99.1	0.93%
FBM70	12271.1	12026.0	-245.0	-2.00%
FBMSCAP	12766.2	12364.4	-401.8	-3.15%
FBMEMAS	10862.8	10939.6	76.9	0.71%
FBMFLG	9509.3	9389.5	-119.8	-1.26%
FBMSHA	10814.0	10816.2	2.3	0.02%
FBMHJRAH	11459.1	11530.6	71.5	0.62%
MSCI APxJ	453.8	439.4	-14.4	-3.18%

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