

Equity Market Review & Outlook

REVIEW

- ▶ Global concerns over the US Federal Reserves' likelihood of tapering QE and a potential credit crunch in China resulted in interest rates rising and some funds flowing out of Emerging Markets. Asian currencies saw sharp corrections against the USD which led to fears of capital flight and potential contagion effects.
- ▶ Malaysia was not spared from the correction, but managed to rebound towards the end of the month as global markets stabilized and recovered. The KLCI ended the month at 1,773.5 points, gaining 0.24% mom or 4.3 points. The broader market underperformed the KLCI as the FBM Emas declined 0.59% mom. FBM Small Cap index sharply underperformed the KLCI declining 4.49% during the month. Average value traded on Bursa in June declined 14% mom to RM2.46bn.
- ▶ The sector indices on the local bourse closed up for June, with the best performing sectors being Plantation (+2.45%) and Finance (+0.21%). The worst performing sectors were the Property (-8.58%), and Construction (-2.39%).

OUTLOOK

- ▶ Global concerns regarding the "tapering" of QE will likely continue going forward, which will weigh on regional markets, and the short term correction may not be over yet. Malaysia was not spared as bond yields rose and the Ringgit weakened, and we may see more volatility given the high levels of foreign ownership of MGS (the highest in ASEAN). Compared to our neighboring markets, Malaysia may be relatively more resilient given the ample domestic liquidity and the support provided by the large pension funds and local institutions. Nevertheless besides the macro concerns, investors will also be mindful of the upcoming UMNO General Assembly for which a date has yet to be set (expected 4Q 2013). Fiscal reforms such as subsidy removal and GST implementation may be delayed as the government is likely to continue with populist policies at least until 2014, although the pressure to reduce subsidies has increased with the recent QE "tapering" concerns.
- ▶ We have turned cautious on the Malaysian equity market largely due to the global macro concerns, and view any correction in the market as an opportunity to accumulate fundamentally strong stocks.

NEWS HIGHLIGHTS

- ▶ Petronas's net profit in 1Q13 slipped 2.73% to RM20.37bn due to lower fuel prices and higher costs.
- ▶ AirAsia X's public offering of 150m shares was oversubscribed by 3.83x at a price of RM1.25 per share. Listing is on the 10th July.
- ▶ Gamuda announced the acquisition of 14 parcels of land from TPPT Sdn Bhd for RM620m. TPPT is a property developer established by Bank Negara in 1990 to manage a special fund for affordable housing. The parcels of leasehold land measures 293.1 ha in total and is located in Mukim Rawang, Gombak in Selangor

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INDEX PERFORMANCE & MOVERS

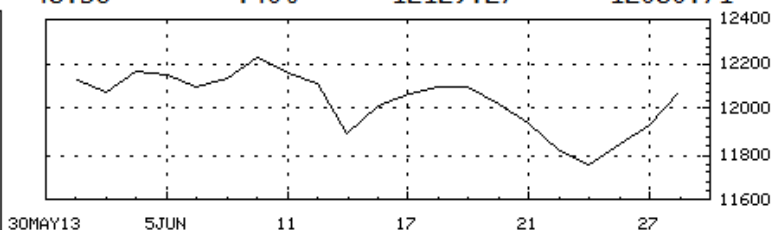
RPT

Historical Equity Index Movers

PAGE 1/ 5

FBM100 Change Pct Chg Start Price End Price
 FTSE BURSA MAL TOP 100 -48.56 -.40% 12129.27 12080.71

Index Member Information
 Additions: 6 Up: 39
 Deletions: 6 Down: 64
 Current: 100 Unch: 3
 Sort: Index Points
 Order: Descending
 6/3/2013 - 6/28/2013



LEADING MOVERS

LAGGING MOVERS

| Security | End Price | Change | Index Pts | Security | End Price | Change | Index Pts |
|----------|-----------|--------|-----------|-----------|-----------|--------|-----------|
| IOI MK | 5.44 | +.34 | +23.997 | SAKP MK | 4.09 | -.41 | -26.805 |
| MAY MK | 10.40 | +.22 | +17.953 | AXIATA MK | 6.63 | -.12 | -11.432 |
| GENT MK | 10.44 | +.32 | +13.374 | ROTH MK | 59.60 | -3.94 | -10.742 |
| SIME MK | 9.58 | +.16 | +9.212 | UEMS MK | 3.12 | -.38 | -9.216 |
| AFG MK | 5.30 | +.33 | +6.891 | MAS MK | .305 | -.075 | -7.180 |
| PEP MK | 14.16 | +.56 | +6.285 | DLG MK | 2.82 | -.18 | -6.156 |
| KLK MK | 21.72 | +.54 | +5.465 | ASTRO MK | 3.03 | -.20 | -5.964 |
| MAXIS MK | 6.87 | +.11 | +5.059 | SPSB MK | 3.35 | -.34 | -5.468 |
| YTLP MK | 1.60 | +.08 | +4.968 | PTG MK | 20.90 | -.34 | -5.158 |
| HART MK | 6.40 | +.88 | +4.751 | CAB MK | 15.30 | -1.76 | -5.122 |

+ Added during range, - Removed during range, * Added/Removed multiple times
 Australia 61 2 9777 8600 Brazil 5511 3048 4500 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 2013 Bloomberg Finance L.P.
 SN 147088 HKT GMT+8:00 6734-906-0 01-Jul-2013 11:31:09

| Indices | Last Price | | MoM Changes | |
|-----------|------------|-----------|-------------|--------|
| | 31-May-13 | 30-Jun-13 | +/- | % |
| FBMKLCI | 1769.2 | 1773.5 | 4.3 | 0.24% |
| FBMMES | 4713.0 | 4684.5 | -28.4 | -0.60% |
| FBM100 | 12129.3 | 12080.7 | -48.6 | -0.40% |
| FBM70 | 14478.9 | 14108.5 | -370.4 | -2.56% |
| FBMSCAP | 14971.1 | 14299.6 | -671.5 | -4.49% |
| FBMEMAS | 12377.8 | 12304.9 | -72.9 | -0.59% |
| FBMFLG | 10770.4 | 10545.9 | -224.5 | -2.08% |
| FBMSHA | 12403.8 | 12294.5 | -109.3 | -0.88% |
| FBMHJRAH | 13432.1 | 13357.3 | -74.8 | -0.56% |
| MSCI APxJ | 461.4 | 432.2 | -29.2 | -6.33% |

Source: Bloomberg