

Equity Market Review & Outlook

REVIEW

- ▶ The US equity market ended the month of June on a higher note, hitting new highs again during the month. The June FOMC meeting outcome was as expected with the continued taper, although The US Federal Reserve Chairperson, Janet Yellen continued to indicate that there is no urgency to step back from the highly accommodative monetary policy.
- ▶ The month of June was generally an uptrend for the KLCI, which once again hit new highs during the month, but some gains were given back by month end. The annual Invest Malaysia conference was held during the month, however the financial related announcements made by the PM this year, failed to excite the market. The KLCI ended the month at 1,882.7 points, gaining 0.5% mom or 9.3 points. The broader market outperformed the KLCI slightly as the FBM Emas Index gained 104 points or 0.8% mom. FBM Small Cap index outperformed the KLCI gaining 2.75% during the month. Average value traded on Bursa in June declined 20% mom to RM1.86bn.
- ▶ The sector indices on the local bourse closed generally higher for June, with the best performing sectors being Technology (5.22%) and Construction (3.69%). The worst performing sectors were the Finance (-1.21%) and Consumer (0.27%).

OUTLOOK

- ▶ Global markets will likely take their cue from the expected improvement in economic data from the US and euro area. Investors seem rather complacent given the improving global growth prospects and accommodative policies, and even despite the ongoing geopolitical tensions in Iraq.
- ▶ With the abundance of liquidity in the system, the domestic equity markets should remain well supported. The month of July may again be fairly uneventful, as investors continue to be distracted with the 2014 FIFA World Cup ending mid July 2014. Nevertheless we expect economic data for Malaysia to continue to show improvements and resilience, especially in comparison to our regional neighbours. We expect the focus on cost of living issues to continue to remain in the limelight as the government prepares for Budget 2015, scheduled to be tabled on 10 Oct 2014, with the theme: Accelerating growth, Ensuring Fiscal Sustainability, and Prospering the Rakyat.
- ▶ Any corrections in the market would serve as an opportunity to accumulate selective fundamentally strong stocks with attractive valuations.

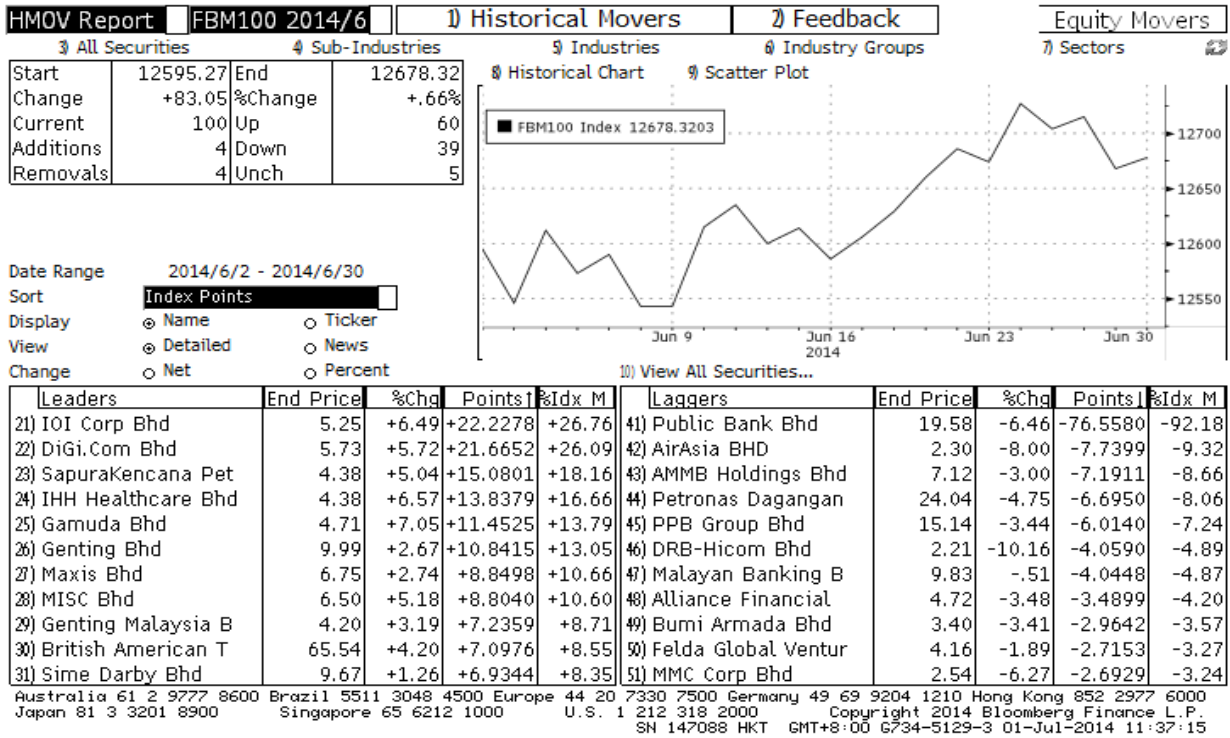
NEWS HIGHLIGHTS

- ▶ Alliance Financial Group announced that Mr Sng Seow Wah has decided not to renew his employment contract as Group CEO due to family reasons.
- ▶ Public Bank shareholders have approved the proposed rights issue of 350.2m new shares to raise RM4.83bn, at an issue price of RM13.80, representing a discount of 33%.
- ▶ IJM Corp proposed to acquire the remaining 36% stake it does not own in IJM Land for RM1.98bn to be satisfied with 0.5 IJM Corp new shares and 20 sens in cash per 1 IJM Land share held.

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INDEX PERFORMANCE & MOVERS

<HELP> for explanation.



Source: Bloomberg

Indices	Last Price		MoM Changes	
	31-May-14	30-Jun-14	+/-	%
FBMKLCI	1873.4	1882.7	9.3	0.50%
FBMMES	6581.3	6668.8	87.5	1.33%
FBM100	12595.3	12678.3	83.0	0.66%
FBM70	14045.2	14216.7	171.5	1.22%
FBMSCAP	17452.3	17931.9	479.6	2.75%
FBMEMAS	12945.8	13049.8	104.0	0.80%
FBMSHA	13136.0	13387.3	251.3	1.91%
FBMHJRAH	14446.1	14718.7	272.5	1.89%
MSCI APxJ	487.5	493.8	6.3	1.30%

Source: Bloomberg