



OVERVIEW

Global stock markets were marginally lower in March. The FTSE All World Index declined -1.46% month-over-month. On the back of a weaker economic outlook, the S&P 500 declined -1.58% while the Dow Jones Industrial Average closed -1.85% lower. The Dow Jones ASEAN Islamic Total Return Index (MYR-denominated), meanwhile, closed unchanged, outperforming the broader market due to strong Indonesian equity performance.

Malaysia

Foreign reserves fell to US\$109.2 billion as at 13 March from US\$110.5 billion a fortnight ago. In ringgit terms, foreign reserves dropped to RM381.5 billion, but are still sufficient to finance 7.8 months of retained imports and were equal to 1.1 times the short-term external debt. The trade surplus for February 2015 was RM4.52 billion, the lowest since October 2014, as commodity prices continued to be weak. In the month of March, foreign investors and local retailers continued to be net sellers of equity, despite a reversal of foreign investor selling in the third week of March. Local institutions, meanwhile, remain net buyers, and as a result the FBM KLCI ended 0.73% higher for the month and 4.56% higher during the first quarter.

Indonesia

Exports contracted -16.0% year-over-year in February 2015, falling from the -8.1% year-over-year in January. Exports continue to be dragged by declining commodity prices, namely the sharp fall in global oil prices. Net-net, the trade account came in at a surplus of US\$738 million, slightly lower than a surplus of US\$744 million in January 2015. Separately, the headline inflation in March 2015 rose slightly to 6.4%, from 6.3% in February, in line with higher retail gasoline prices, housing and utilities, and processed foods. Foreign investors were US\$413 million net sellers of equity, but the rally in the last four trading days of the quarter lifted the index, and the Jakarta Composite Index was up 1.17% for the month and up 0.53% for the quarter.

Philippines

Economic data were marginally positive. Headline exports growth contracted -0.5% year-over-year in January 2015, compared to a -3.2% contraction in December 2014, driven down by weaker demand in manufactured goods and lower sales from petroleum products. Remittances from overseas Filipino workers (OFWs) meanwhile came in 0.5% higher year-over-year at US\$1.8 billion for

March 2015



**Padharmendren
Annadorai**
Equity Analyst

**Global stock
markets were
marginally lower
in March.**

Market Indicators	Current Value	1 Month	YTD	1 Year
FBM EMAS Shariah (RM)	13,122	0.20% ▲	5.43% ▲	2.69% ▲
FBM KLCI (RM)	1,831	0.73% ▲	4.56% ▲	2.18% ▲
Dow Jones ASEAN Islamic (RM)	8,550	0.17% ▲	6.10% ▲	12.30% ▲
S&P 500 (US\$)	3,805	-1.58% ▼	0.95% ▲	12.73% ▲
Dow Jones Industrial Average (US\$)	17,776	-1.85% ▼	0.33% ▲	10.57% ▲
FTSE All World (US\$)	280	-1.46% ▼	2.50% ▲	6.14% ▲
MSCI All Country World Index (US\$)	425	-1.49% ▼	2.45% ▲	6.04% ▲
MSCI Emerging Markets (US\$)	411	-1.42% ▼	2.24% ▲	0.44% ▲

	Current	1 Month Ago	1 Year Ago
Ringgit per US\$	3.70	3.60	3.26
Crude oil (US\$)	\$47.60	\$49.76	\$101.58
Crude palm oil (RM)	RM2,136	RM2,193	RM2,718

Continued on next page.



the month of January. Foreign direct investment for 2014 marked a record high inflow of US\$6.2 billion, a 65.9% increase from a year ago. Foreign investors continued to flock to the equity market, acquiring US\$167 million of equity and pushing the Philippine Stock Exchange Index up 1.93% for the month and 10.78% for the quarter.

Singapore

March manufacturing PMI came in at 49.6, down -0.1 points from February, and remains in contraction. The electronics index meanwhile provided a sliver of optimism when it posted an expansion at 50.1, up 0.3 points. Headline inflation for the month of February contracted by -0.4% year-over-year, mainly on lower transport and housing costs. Industrial production declined -3.6% year-over-year in February, compared to an increase of 0.9% in January, as production around the Lunar New Year tends to be volatile. Singapore's equity market edged 0.68% higher in March driven by the Telecommunications sector. For the first quarter of 2015, the Straits Times Index was down -0.84%.

Thailand

Thailand's factory output ended its trend of decline in February 2015 when output climbed 3.6% year-over-year, lifting hopes for an economic recovery. The Automotive sector was a positive contributor but was countered by distress from the Technology sector. Tech exports declined -6.0% year-over-year in February, driven again by a decline in electronics shipments. Private consumption declined -2.6% year-over-year in February from a revised -1.0% in January as consumers remained cautious due to political uncertainty. As a result of macroeconomic concerns, the Stock Exchange of Thailand Index closed -4.95% lower even as foreign investors continued to be net buyers. March's sell-down impacted the performance for the first quarter, and the Index was up only 2.54%.

COMPANY REVIEW

Siam City Cement's (SCCC TB) share overhang seems to have been removed after its major shareholder Holcim sold its entire 27.5% stake to Jardine Cycle and Carriage for a sum of US\$681 million. Holcim's inability to build up a majority stake was cited as a reason for the sale.

PORTFOLIO TACTICS

Economic data across the globe has not been very encouraging, and this is prompting governments to embark on various stimulus packages in order to revive their economies. A few central banks have lowered their respective interest rates, among other measures. The US, on the other hand, was expected to increase rates, but weak jobs data of late has sparked a debate about whether it is still too early to do so. The timing of an interest rate hike in the US remains critical to the direction of financial markets. Against this headwind, we continue to be selective in picking stocks, focusing on companies that have solid and long-term growth profiles, such as Consumers (e.g., Universal Robina and Jollibee Foods), Health Care (e.g., Bangkok Dusit and KPJ), Building Materials (e.g., Indocement), and Telcos (e.g., Advanced Info Service).

The information in this report has been obtained from sources which we believe to be reliable. We do not guarantee its accuracy or completeness. No liability can be accepted for any loss arising from the use of this report. All opinions and estimates expressed herein reflect our judgment as of this date and are subject to change without notice. This report is for the information of clients only. We, our directors, associates, clients and/or employees may have an interest in the securities mentioned herein.