



OVERVIEW

April 2012

Stock markets pared back the previous two months of gains in April. FBM KLCI declined 1.12% while FBM EMAS Shariah fell 0.73%, bringing their year to date gains to 3.79% and 4.76% respectively. The FTSE All World Index declined 1.11%, for year to date performance of 10.85%. The U.S. benchmarks showed mixed performance, with the S&P 500 declining 0.63% while the Dow rose 0.16%, bringing year to date returns for these indices to 11.88% and 9.01% respectively. The MSCI Emerging Markets Index continued to track downwards, falling a further 1.16% in April, pulling year to date performance down to 12.67%.

Malaysia's Foreign Exchange Reserves ended April unchanged at US \$135bn. Inflation continued to moderate at 2.1% in March, down from 2.2% in February, led by softer food price inflation and a favourable base effect. The introduction of a minimum wage of RM 900 per month was announced in April, and will impact approximately 26% of total employment (or 3.2 million private sector workers). This may lead to a moderate uptick in inflation over time, and is expected to be largely positive in feeding consumption growth and productivity. Bank Negara left the Overnight Policy Rate unchanged at 3%, leaving it flexibility to respond if global growth takes a downward shift in 2012.

The Malaysian ringgit strengthened to US \$3.03 from 3.06 at the end of March. Crude palm oil prices moderated to RM 3,472 per tonne after reaching a 1-year high of RM 3,655 per tonne on 10th April. The price of Crude oil rose to US \$104.87 at month-end from \$103.02 in March.

In the U.S., GDP slowed to 2.2% in the March quarter from 3% in the previous quarter, below expectations. Higher consumption contributed to growth while lower government spending and slower business investment dragged on growth. ISM manufacturing rose more than expected to 54.8 in April from 53.4 in March, led by growth in new orders. Retail sales rose 0.8% month-over-month in March after rising 1.1% month-over-month in February, led by purchases of building materials, household items, electronics, and autos.

Central banks continued to maintain loose monetary policy settings with concerns focusing on the potential impact that severe European fiscal austerity measures and deteriorating confidence in the region will have on global growth. A strong uptick in Spanish and Italian borrowing costs further propagated the uncertainty, culminating in S&P's downgrade of Spanish debt by two notches to BBB+ at the end of the month.

COMPANY REVIEW

Tenaga Nasional Berhad reported Q2 earnings for 2012 of RM 0.12 per share (excluding extraordinary items).



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The introduction of a minimum wage will impact about 26% of total employment (or 3.2 million private sector workers).

Market Indicators	Current Value	1 Month	YTD	1 Year
FBM EMAS Shariah	RM 10,721	-0.73% ▼	4.76% ▲	7.86% ▲
FBM KLCI	RM 1,571	-1.12% ▼	3.79% ▲	6.12% ▲
S&P 500	US \$1,398	-0.63% ▼	11.88% ▲	4.76% ▲
Dow Jones Industrial Average	US \$13,214	0.16% ▲	9.01% ▲	5.98% ▲
FTSE All World	US \$216	-1.11% ▼	10.85% ▲	-5.46% ▼
MSCI Emerging Markets	US \$1,026	-1.16% ▼	12.67% ▲	-12.44% ▼

	Current	1 Month Ago	1 Year Ago
Ringgit	3.03	3.06	2.96
Crude oil	US \$104.87	US \$103.02	US \$113.93
Crude palm oil	RM 3472	RM 3480	RM 3370

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PORTFOLIO TACTICS

The Malaysian stock market sold off later in the month upon profit taking and uncertainty surrounding a public demonstration for clean elections, which was held on the 28th April. Global markets may remain volatile in light of slower growth, high unemployment, and intensive political debates focusing the spotlight on policy changes being made to address the economic imbalances remaining within Europe. Improved corporate earnings from the U.S. and robust growth figures from China have been helping to buffer against a more depressed global outlook. We continue to position towards Plantations (e.g., Sime and United Plantations), Consumers (e.g., UMW Holdings), Medical (e.g., KPJ & Top Glove), Technology (e.g., UEM Land) and Telco's (e.g., Axiata).

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