



## OVERVIEW

Stock market performance globally was mixed in January. The FBM KLCI Index declined 3.61% whilst the FBM EMAS Shariah Index slipped 3.31%. Meanwhile, the FTSE All World Index rose 4.62%. The U.S. benchmarks showed solid performance, with the S&P 500 and Dow Jones Industrial Average rising 5.18% and 5.91%, respectively. The MSCI Emerging Markets Index also gained 1.33% over the month.

Malaysia's Foreign Exchange Reserves were marginally higher at US\$140.0 billion as of 15 January. Inflation moderated to 1.2% in December, after remaining stable at 1.3% during September and November. Bank Negara Malaysia kept the Overnight Policy Rate unchanged at 3.0%, highlighting its intention to maintain accommodative monetary policy to continue supporting growth amidst the downside risks emanating from rising external headwinds.

The Malaysian ringgit continued to depreciate, reaching 3.11 per USD from 3.06 at the end of December. Crude palm oil prices rebounded to RM 2,512 per tonne, still well below the one-year high of RM 3,655 per tonne on 10 April 2012. The price of crude oil climbed further to US\$97.49 at the end of January from US\$91.82 in December last year, but remains below the high of US\$109.49 that was reached in February last year.

In the U.S., the debt ceiling was extended to May 19 with the "No Budget, No Pay Act of 2013" now signed into law. Corporate earnings were strong, propelling the stock markets higher. The unemployment data improved on a sustained job creation, with 155,000 jobs being added in December last year. Retail sales gained 0.5% month-over-month in December.

The global economy improved but remained weak. On 15 January, the World Bank cut its global GDP growth forecast for 2013 to 2.4%, from its June forecast of 3.0%. In Europe, Purchasing Managers Index (PMI) for the manufacturing sector rose to 47.5 in January, after falling marginally to 46.1 in December and compared with 46.2 in November. This suggests that manufacturing activities in the region are still mired in contraction but at a slower pace. Meanwhile, China remains the bright spot with real GDP growth bouncing back to 7.9% in the fourth quarter (compared with 7.4% in the previous quarter), supported by higher retail sales and better industrial production.

## COMPANY REVIEW

Hartalega announced 3rd quarter earnings of 8.3 sen per share, a 19.0% increase year-over-year, helped by stronger demand and easing raw material prices.

*Continued on next page.*

January 2013



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**Bursa Malaysia ended the month lower upon profit taking activities ahead of looming general elections.**

Market Indicators	Current Value	1 Month	YTD	1 Year
FBM EMAS Shariah (RM)	11,113	-3.31% ▼	-3.31% ▼	9.84% ▲
FBM KLCI (RM)	1,628	-3.61% ▼	-3.61% ▼	10.92% ▲
S&P 500 (US\$)	1,498	5.18% ▲	5.18% ▲	16.78% ▲
Dow Jones Industrial Average (US\$)	13,861	5.91% ▲	5.91% ▲	12.75% ▲
FTSE All World (US\$)	234	4.62% ▲	4.62% ▲	15.67% ▲
MSCI Emerging Markets (US\$)	1,069	1.33% ▲	1.33% ▲	7.86% ▲

  

	Current	1 Month Ago	1 Year Ago
Ringgit per US\$	3.11	3.06	3.04
Crude oil (US\$)	\$ 97.49	\$ 91.82	\$ 98.48
Crude palm oil (RM)	RM 2512	RM 2320	RM 3075



## PORTFOLIO TACTICS

The Malaysian stock market ended the month lower upon profit taking activities ahead of looming Malaysia general elections. In fact, the stock market turned jittery on 21 and 22 January, falling as much as 3% after the Prime Minister indicated that he would soon announce the polling date. Uncertainties surrounding the upcoming general election and economic contraction in the developed countries may continue to weigh on the market. We continue to position towards Consumers (e.g., UMW Holdings), Health Care (e.g., KPJ & Hartalega) and Telco's (e.g., Axiata and Maxis).

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