



## OVERVIEW

Global stock markets resumed an upward trend in November. The FTSE All World Index rose 1.45% month-over-month, led by strong US performance. The S&P 500 and Dow Jones Industrial Average rose 3.05% and 3.82%, respectively. Year-to-date, the two indices have gained 29.12% and 25.64%, respectively. Surprisingly, however, the MSCI Emerging Markets Index declined 1.46% over the month, dragged by uninspiring market performance in Brazil and South Africa. Meanwhile, the Malaysian stock market moved mildly higher for the month, with the FBM KLCI Index gaining 0.67%, whilst the FBM EMAS Shariah Index rose 0.12%. Year-to-date, the indices have gained 10.86% and 13.69%, respectively.

## Malaysia

Economic growth gained traction to reach 5% year-over-year in the third quarter, exceeding the 4.8% consensus forecast. This growth was supported by strong domestic demand, with private consumption and total investment expanding 8.2% and 8.6%, respectively. Foreign Exchange Reserves, however, fell by US\$0.4 billion in the first half of November to US\$136.7 billion due to capital reversals as a result of growing concerns that the US Federal Reserve may taper its quantitative easing programme ("QE") sooner than later. At the current level, the reserves are sufficient to finance 9.7 months of retained imports and cover 3.7 times the short-term external debt. Subsequent to the 20 sen fuel price hike on 3 September, inflation accelerated to 2.8% year-over-year in October from 2.6% in September. Despite higher inflation, Malaysia's central bank, Bank Negara Malaysia, has opted to maintain the Overnight Policy Rate unchanged at 3%.

The Malaysian ringgit remained weak at 3.22 per USD (versus 3.16 per USD a month ago). The price of crude oil also dropped to US\$92.72 a barrel at the end of November from US\$96.38 a month ago. The crude palm oil price, however, rebounded to RM2,615 per tonne on improved industry outlook. Year-to-date, the crude palm oil price is up 22%.

## United States

Economic growth gained momentum, with real GDP growth accelerating to an annualised rate of 2.8% in the third quarter (from a revised 2.5% a quarter ago). The US ISM manufacturing PMI also improved, registering 57.3 in November, the highest reading since January. Meanwhile, consumer spending remained resilient, growing 0.2% month-over-month in September, after gaining 0.3% in August and 0.1% in July. Economic data appears encouraging, but investors are increasingly interested in budget negotiations that fall in December, the timing of QE tapering, the new debt ceiling, etc.

Market Indicators	Current Value	1 Month	YTD	1 Year
FBM EMAS Shariah (RM)	12,734	0.12% ▲	13.69% ▲	19.93% ▲
FBM KLCI (RM)	1,813	0.67% ▲	10.86% ▲	16.44% ▲
S&P 500 (US\$)	1,806	3.05% ▲	29.12% ▲	30.29% ▲
Dow Jones Industrial Average (US\$)	16,086	3.82% ▲	25.64% ▲	26.63% ▲
FTSE All World (US\$)	265	1.45% ▲	21.29% ▲	24.28% ▲
MSCI Emerging Markets (US\$)	417	-1.46% ▼	-1.17% ▼	3.66% ▲

  

	Current	1 Month Ago	1 Year Ago
Ringgit per US\$	3.22	3.16	3.18
Crude oil (US\$)	\$92.72	\$96.38	\$84.96
Crude palm oil (RM)	RM 2,615	RM 2,623	RM 2,992

November 2013



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