

Malaysia market update

What are the *key takeaways* as we approach end-2022?



Macro

- The International Monetary Fund slashed 2022 global GDP forecasts to 3.2%
- Hopes of a dovish pivot by the US Fed dashed by 40-year high US inflation of above 8%
- US Fed hiked Fed Funds rate by another 75bps, adding up to a staggering cumulative 375bps rate hike YTD October 2022
- Recession fears sparked safe havens flow, driving prices of safe haven assets up while pushing prices of risky assets down
- US Dollar Index continued climbing to new highs, reaching +19.3% at its peak in 2022
- Energy driven stock indices such as India's SENSEX and Indonesia's JCI were the region's best performing indices in Q3 2022



GDP = Gross Domestic Product
bps = basis points
YTD = Year To Date

Malaysia

- Upbeat GDP print of +8.9% yoy for 2Q 2022, thanks to strong domestic demand, supported by robust reopening progress
- Headline inflation accelerated above 4.0% yoy in July, August and September
- BNM raised OPR four times this year, bringing rates to end at the 2.75% handle in 2022
- Positive foreign inflow into Malaysia equity market (+ RM5.76 billion YTD 4 November 2022)



yoy = year-on-year
BNM = Bank Negara Malaysia
OPR = Overnight Policy Rate

Outlook & strategy

- Challenging near-term prospects for local equity market. Will stay defensive, focusing on attractively valued dividend-paying stocks with firm fundamentals to build positions for 2023
- Neutral on local bond market outlook, with heightened volatility and plenty of external risks. Recent rise in bond yields allows for healthier and more sustainable income return for bond investments



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Be on the lookout

- Inflation and interest rate policy worldwide
- Geopolitical tensions related to US-Russia conflict and US-China tech war
- China's policy on "COVID-Zero" strategy
- Malaysia General Election



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[Q3 2022 Malaysia market review](#)

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