

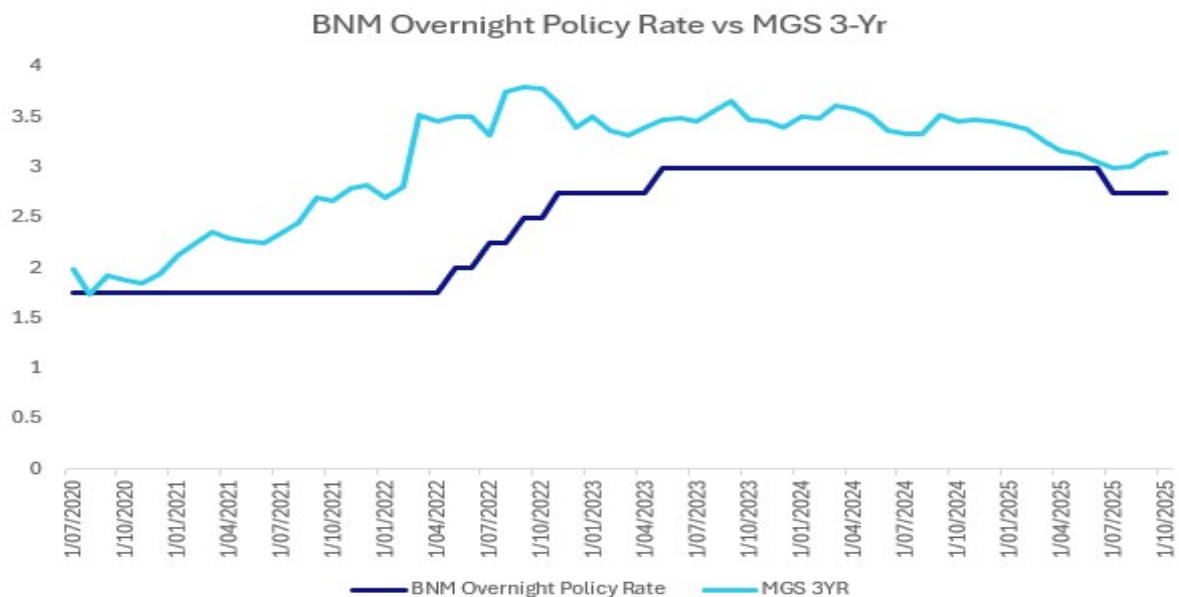


The Macro, Valuation, Sentiment and Technical Lens

Macro: The Bank Negara Malaysia holds its monetary policy committee meeting to decide on interest rates on November 6, with little expectation of a cut from markets. Advanced third quarter GDP estimates topped expectations and beating 2Q at 5.2% as the Southeast Asian nation's economy continues to power ahead. CPI remains at the bottom end of the BNM target range, yet the September result inched up moderately, thereby reducing the deflationary concerns of some. Industrial production jumped in August, and the September exports was one of the strongest results this year, rising +12.2%. In the mid part of the year, the 3-Yr government bond yield had converged on the BNM policy rate, but since the cut in July, has moved in opposite directions. In recent weeks, the 3-Yr MGS has edged higher in yields, widening the gap to the base rate, suggesting that bond markets have little expectations for rate cuts. We see the BNM on hold this week, with a neutral forward-looking stance suggesting that rates could be on hold for some time.

Other data releases will be September Industrial Production, which is forecast to remain in line with the prior month at 5.00%, manufacturing sales value and FX reserves.

Fig 1: BNM Overnight Policy Rate vs MGS 3-Yr



source: Bloomberg Finance LP / MNI

Valuation: Based on the last 5-Years, the equity market is nearing the top end of the range for P/E and current forecasts are for a moderation into 2026. The 10-Yr government bond is back at 2021 levels when rates were starting to climb from their COVID period lows, yet well-off all-time lows. The MYR is trending towards oversold, which likely contributed to the modest bounce last week.

Fig 2: FTSE Bursa Malaysia KLCI Index Valuation Analysis

FTSE Bursa Malaysia KLCI Index - Kuala Lumpur Composite Index Compare <Sec> Periodicity Annuals Cur FRC (MYR)								
1) Key Stats	2) Fundamentals	3) Custom	4) Shared					
1) Highlights	12) Valuation	13) Profitability	14) Leverage & Liquidity	15) Market Data				
12 Months Ending	2021 Y 12/31/2021	2022 Y 12/30/2022	2023 Y 12/29/2023	2024 Y 12/31/2024	Current 11/02/2025	2025 Y Est 12/31/2025	2026 Y Est 12/31/2026	
Valuation Metrics								
Price/Earnings	14.75	15.72	13.16	14.84	15.12	14.89	13.99	
Price/Earnings before ...	13.80	15.15	14.23	14.08	14.12	14.69	13.88	
Price/Earnings before ...	14.43	15.20	15.89	14.08	14.39			
Price/Book Value	1.57	1.44	1.31	1.49	1.47	1.42	1.36	
EV/Sales	2.84	2.65	2.69	2.61	2.55			
EV/EBIT	13.53	13.91	15.83	15.63	15.14			
EV/EBITDA	7.68	8.02	9.16	8.77	9.88	10.97	10.32	
Dividend Yield	4.47	4.19	4.54	3.93	4.10	4.14	4.40	

Source: Bloomberg Finance LP / MNI

Fig 3: USDMYR 14-day Relative Strength Index

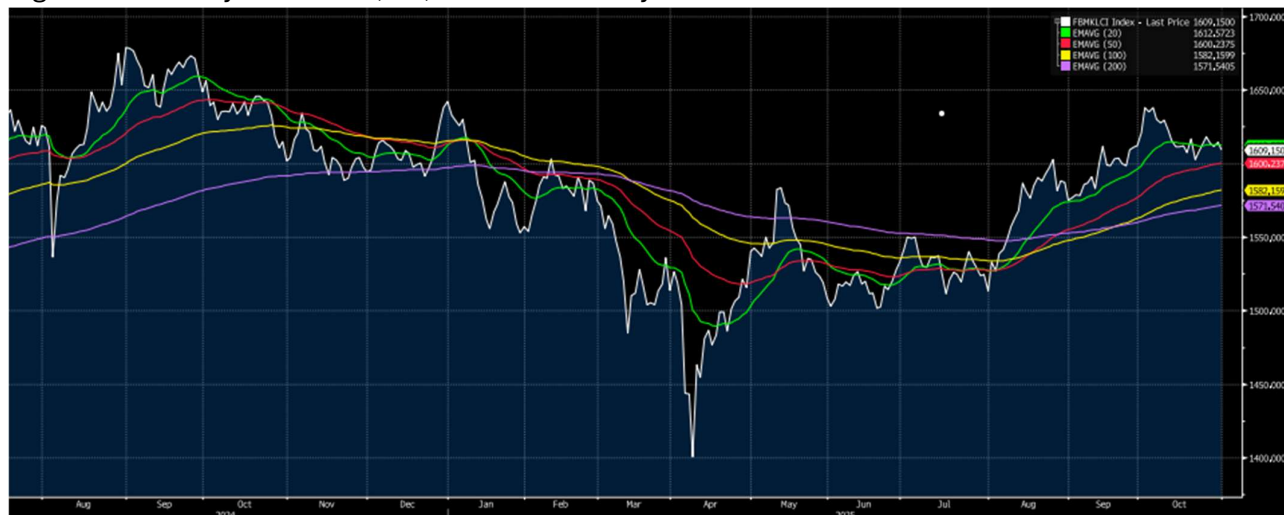


Source: Bloomberg Finance LP / MNI

Sentiment: Sentiment for the equity market has remained muted over recent months despite the economic data strength. Returns are negative for the FTSE Malay KLCI over one month, underperforming regional peers. For bonds, the 3-Yr MGS, it continues to yield 38bps more than base rates, suggesting that despite some local forecasters suggesting a rate cut in November from the BNM, the market may be thinking otherwise.

Technical: The underperformance of the FTSE Malay KLCI has seen recent falls take it below the 20-day EMA. Closing below it last week could put downward pressure on it this week and at 1,609 could bring the 50-day EMA of 1,600 into play.

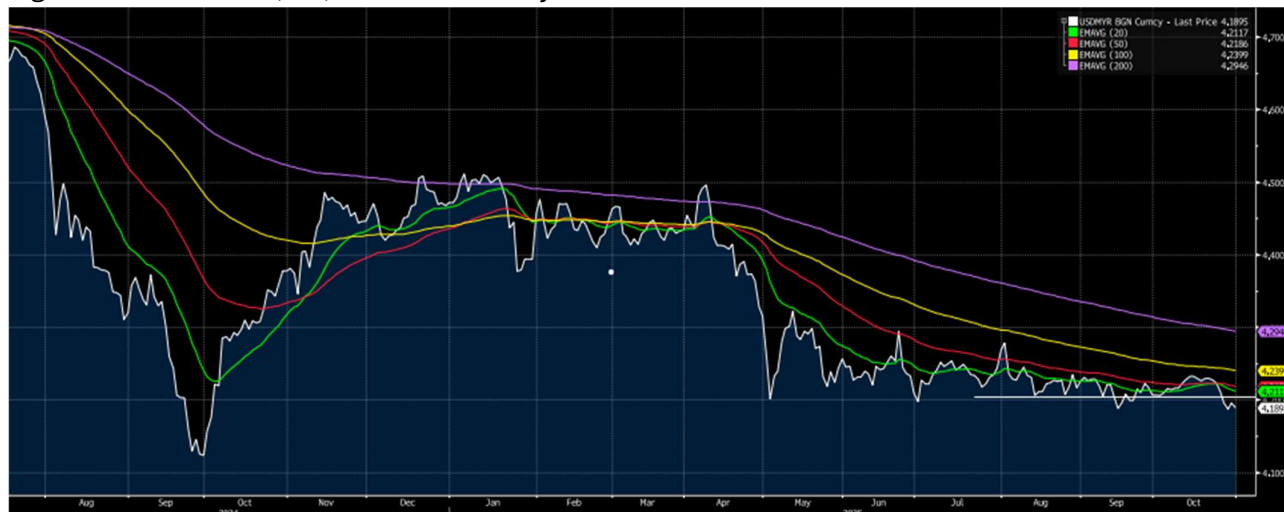
Fig 3: FTSE Malay KLCI vs 20, 50, 100 and 200-day EMA



Source: Bloomberg Finance LP / MNI

The Ringgit broke below a key resistance level of 4.2040 last week and held below. This level is below all major moving averages, and a resistance it has traded against several times since August. With no apparent technical support below a further rally brings September lows of 4.1240 into play.

Fig 4: USDMYR vs 20, 50, 100 and 200-day EMA



Source: Bloomberg Finance LP / MNI

For the week ahead, Malaysia has no auctions planned at present.

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