

# Monthly MARKET OUTLOOK

November 2024

Market Review | Equities | Fixed Income as at 31 October 2024

Over the  
month

## Equities

### Global

- Stronger-than-expected September jobs data has lowered the magnitude of rates cut by the Federal Reserve (Fed) in the remaining 2 Federal Open Market Committee (FOMC) meetings.
- United States (US) 10-Year yield Treasury rebounded to 4.2% from the low of 3.6% which led to a stronger Dollar performance.
- Market is also watching closely on the coming US Presidential Election, which a recent poll showed Trump is leading against Harris.

### Asia Pacific

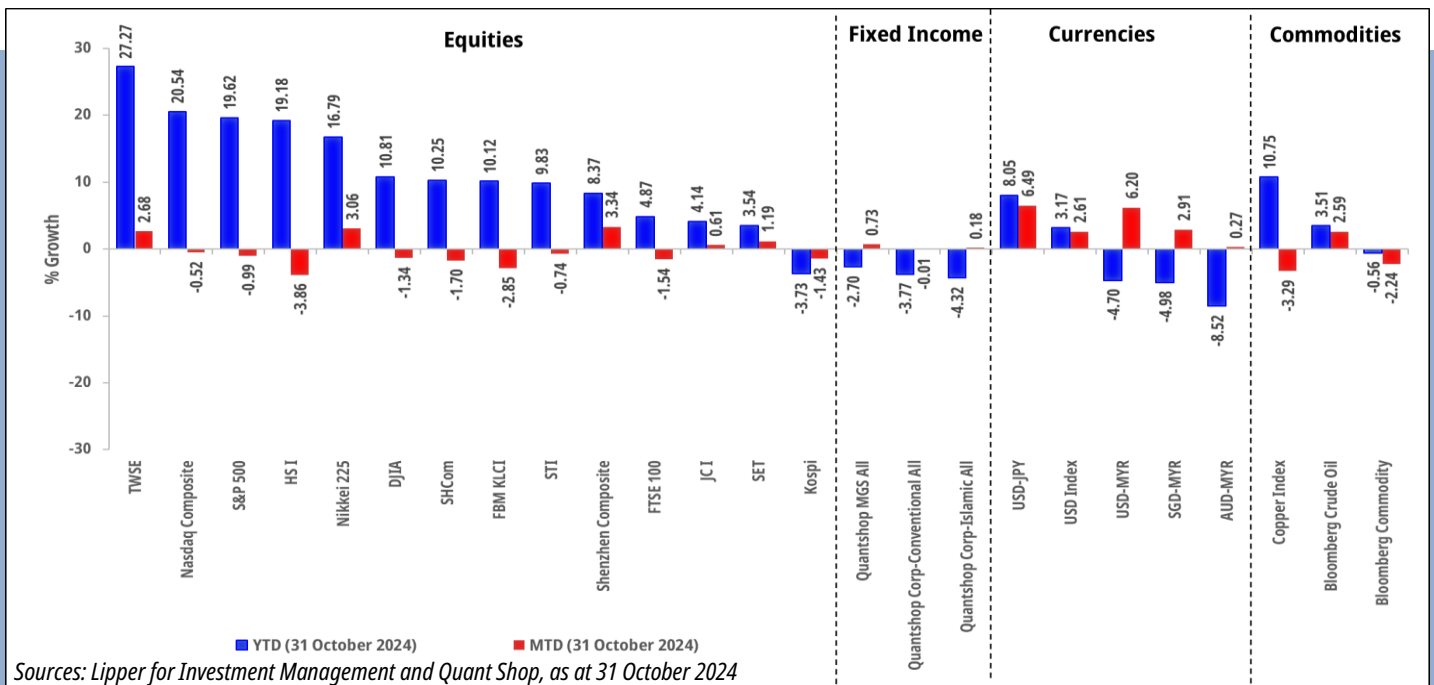
- China and Hong Kong markets corrected 10% after the peak performance in early October.
- Investors' interests waned after the subsequent stimulus measures being announced were below the expectations.
- Yet, the underlying economic statistics, such as industrial profits, home prices and youth unemployment continue to disappoint the markets.

### Malaysia

- The FTSE Bursa Malaysia (FBM) KLCI corrected by 1.9% in October as investors appeared to be taking profits on bank, telcos and utilities stocks.
- Ringgit faced steep correction by 5% in the month of October after the strong September job data in the US which lowered the probability of a soft-landing scenario.

## Fixed Income

- It was a relatively quiet week for macro data, but some indicators showed resilience. The US Composite Purchasing Managers' Index (PMI) came in stronger-than-anticipated, rising to 54.3 in October from a final 54.0 in September. These factors contributed to continued selling pressure in US Treasuries (UST), with the 10-Year yield opening at approximately 4.27% this week.
- Locally, the advance third quarter of 2024 Gross Domestic Product (GDP) report showed that Malaysia's economy continued to expand at a robust pace of 5.3% year-on-year (YoY) in the July-September quarter (vs +5.9% in the second quarter of 2024), topping market consensus (5.1%). The third quarter of 2024 final GDP data will be released on 15 November, together with the third quarter of 2024 current account data. The third quarter of 2024's real GDP growth was primarily underpinned by increased manufacturing production, robust construction works and resilient service activities amid higher import duties.



## Equities : Outlook & Strategy

### Global

- Pending the outcome of the coming US Presidential Election and uncertainties towards the magnitude of the rate cuts, we turned slightly cautious and raised cash to look for the opportunity to buy if there's a correction.

### Asia Pacific

- We are seeing profit takings in Hong Kong and China markets and turning their focus on the markets such as South Korea and Taiwan which are seeing decent earnings growth in 2025 and trading at lower multiples.

### Malaysia

- A neutral budget being presented which resulted in a muted market reaction. There were no new major taxes and no mega projects announced. Cash aid was the highest ever and coupled with higher minimum wages, Malaysians will be well cushioned ahead of the long awaited RON95 subsidy retargeting, expected by mid-2025.

## Fixed Income : Outlook & Strategy

### Malaysia

- Looking ahead, market attention remains focused on the upcoming US election results in early November, the upcoming Fed's meeting, as well as the latest Non-farm Payroll (NFP) report.
- In the event of a Trump victory, we anticipate further selling pressure on Treasuries, though not to the same degree as seen during the US Presidential Election in 2016, when Trump beat Hillary Clinton.
- In the latest Budget, Datuk Seri Anwar Ibrahim tabled his third national budget in October.
  - Budget 2025 targets a narrower fiscal deficit of RM79.9 billion or 3.8% of GDP (2024 estimate: 4.3% in 2024).
  - Even so, the budget was still expansionary with total expenditure projected to hit a record high of RM421 billion or 20.2% of GDP.
  - Higher expenditure was mainly from operating expenses (+4.2% to RM335 billion, 16.1% of GDP) while development expenditure was flat at RM86 billion or 4.1% of GDP.
  - To cover the budget bill, government targets a higher revenue collection of +5.5% to RM339.7 billion or 16.3% of GDP.
  - We expect no change in the Overnight Policy Rate (OPR) at 3.00% and on the Monetary Policy Committee (MPC) statement on policy stance.
  - We continue to monitor key indicators such as labour market conditions, inflation trends, housing activity and developments in both the business and consumer sectors to assess the health of the US economy.
  - These data will be crucial for us in spotting risks and opportunities for our fund positioning.
  - With overall bond yields remaining attractive compared to historical levels, we see opportunities for investors to lock-in higher yields.

Disclaimer: This market commentary has not been reviewed by the Securities Commission Malaysia. This publication shall not be copied, or relied upon by any person for whatever purpose. The information herein is given on a general basis without obligation and is strictly for information only. This publication is not an offer, solicitation, recommendation or advice to buy or sell any investment products, including any collective investment schemes or shares of companies mentioned within. Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this publication, Hong Leong Asset Management Bhd and its employees cannot be held liable for any errors, inaccuracies and/or omissions, howsoever caused, or for any decision or action taken based on views expressed or information in this publication. The information contained in this publication, including any data, projections and underlying assumptions are based upon certain assumptions, management forecasts and analysis of information available as at the date of this document and reflects prevailing conditions and our views as of the date of the document, all of which are accordingly subject to change at any time without notice.

Hong Leong Asset Management Bhd does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any errors, inaccuracies or omissions. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results. Nothing in this publication constitutes accounting, legal, regulatory, tax or other advice. The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. The investor may wish to seek advice from a professional or an independent financial adviser about the issues discussed herein or before investing in any investment products. Should the investor choose not to seek such advice, the investor should consider whether the investment in question is suitable for the investor. Investors shall also be aware of risks associated with the investment before making any investment decision. Hong Leong Asset Management Bhd, its associates, directors, connected parties and/or employees may from time to time have interest and/or underwriting commitments in the investment mentioned in this document.