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RESEARCH

# MIDF Market Outlook 2025: **Could Be A Turbulent Ride**



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10 December 2024

MALAYSIA EQUITY

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# EXECUTIVE SUMMARY

## CY25 IN BRIEF

- The year 2024 was marked by significant volatility and dynamic shifts in the global equities market. Despite this, FBM KLCI seems to be on track to end the year at a higher level with +10.9%ytd returns (as of 6 December 2024).
- The Federal Reserve's rate cuts in September provided some relief, helped stabilize investor sentiment and led to a rebound in the stock market.
- However, the outcome of the U.S. presidential election saw the U.S. pulling investors away from other markets.
- We expect uncertainties and volatility we have observed thus far to continue in 2025, from increased sensitivity of investors to U.S. economic data, new U.S. policies on trade, tariff and tax, and downside from geopolitical conflicts.
- Therefore, we believe that 2025 will be a turbulent year for the economy and markets.

## COULD BE A TURBULENT RIDE

- The global economy is projected to maintain growth at +3.2% in 2025, according to the IMF projection, similar to this year and remain below the pre-pandemic average growth.
- As inflation is trending lower to more normal levels, central banks are expected to dial back the restrictive monetary policy setting.
- We foresee Malaysia's GDP to grow at a more normal level of +4.6% in 2025. The growth fundamentals on the domestic front still remain positive, underpinned by growing domestic spending by both consumers and businesses.
- On top of domestic demand, we anticipate continued growth in external trade, although we remain cautious of the tighter trade rules which will be imposed by the U.S.
- We expect OPR to stay at 3.00%, remaining supportive and accommodating.
- We foresee the Malaysian ringgit to strengthen next year in view of policy changes and anticipation of risk-on fund flows to the local market. On average, ringgit is projected to average RM4.23 in 2025, stronger than the estimated average of RM4.56 this year.

## FBM KLCI 2025 TARGET AT 1,800

- Going into next year, along with the baseline expectation of resilient macro performance, market consensus is forecasting the FBM KLCI to register a healthy +9.0%yoy earnings growth in 2025.
- Moreover, the expectation of further rate cuts by major central banks, together with additional stimulus by China authorities should be overall positive to the world's financial liquidity situation.
- Nonetheless, we continue to be mindful of potential externally driven downside risks to the 2025 outlook.
- Despite our baseline expectations next year of healthy earnings growth and an easing liquidity environment, we expect equity valuation to remain relatively stagnant.
- In view of the positive monetary (liquidity) and fundamental prospects:
- We introduce our FBM KLCI baseline target for 2025 at 1,800 points or PER25 of 15.4x,

* FBM Hijrah's baseline target for 2025 at 14,500 points or PER25 of 21.1x,

* FBM70 baseline target for 2025 at 20,400 points or PER25 of 17.4x.

**10 December 2024**

**KLCI (9/12/2024) : 1,611.43**
**2025 TARGET : 1,800.00**

## SECTOR VIEW

| | |
|---|---|
| **POSITIVE** | |
| Banking | Construction |
| Consumer | Healthcare |
| Oil & Gas | Plantation |
| Property | REITs |
| **NEUTRAL** | |
| Automotive | Gloves |
| Utilities | Technology |
| Telecommunication | Transportation |

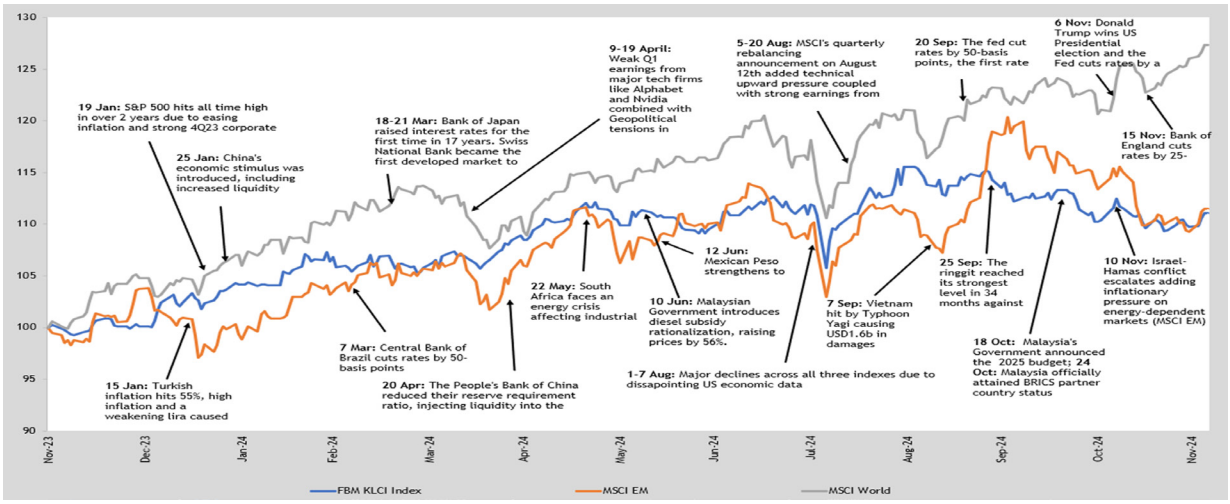
## TOP BUYS

| STOCK | Target Price (RM) | Total Return (%) |
|---|---|---|
| Leong Hup | 0.90 | 46.4% |
| Malayan Cement | 6.81 | 41.0% |
| Fraser & Neave | 36.77 | 33.6% |
| Axis REIT | 2.14 | 28.1% |
| Malayan Banking | 12.11 | 26.0% |
| Pet. Dagangan | 24.63 | 25.6% |
| Pavilion REIT | 1.69 | 19.7% |
| Public Bank | 5.16 | 16.9% |
| Hong Leong Bank | 22.76 | 14.2% |
| CIMB | 9.11 | 13.7% |

# A. MARKET PERFORMANCE

## I. MARKET REVIEW

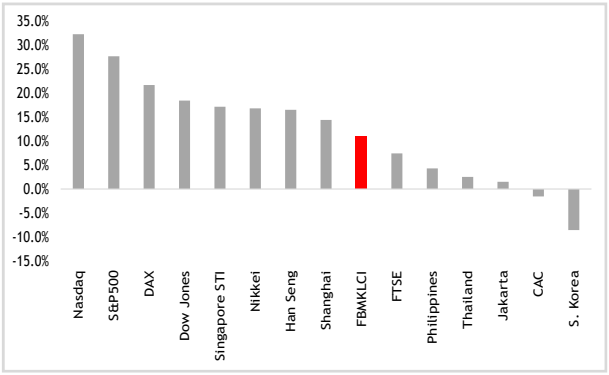
**Chart 1: Chronology of events (YTD as at 6 Dec 2024)**




Source: Bloomberg, Various, MIDFR

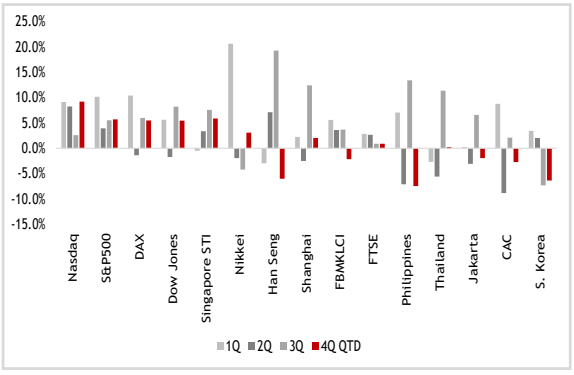
**A volatile year.** The year 2024 was marked by significant volatility and dynamic shifts in the global equities market, including the FTSE Bursa Malaysia KLCI (FBM KLCI). Several key factors influenced market movements, including the US Federal Reserve's rate decisions, concerns over economic growth and the US labour market, and the U.S. presidential elections. Despite this, FBM KLCI seems to be on track to end the year at a higher level with +10.9%ytd returns (as of 6 December 2024).

**Chart 2: Comparison of Performance of FBM KLCI and Regional Peers (YTD as at 6 Dec 2024)**




Source: Bloomberg, MIDFR

**Chart 3: Comparison of Quarterly Performance of FBM KLCI and Regional Peers (as at 6 Dec 2024)**




Source: Bloomberg, MIDFR

**Start of the year optimism waned.** The year began with high expectations for the U.S. Federal Reserve to implement rate cuts to combat slowing economic growth and inflation. Investors were initially expecting more aggressive cuts. However, the Fed's decision to delay these cuts created uncertainty in the markets. We observed that the market remains buoyed by the rate cut expectation in 1QCY24 but the lack of clues on U.S. rate cuts may have led to weaker markets in 2QCY24.

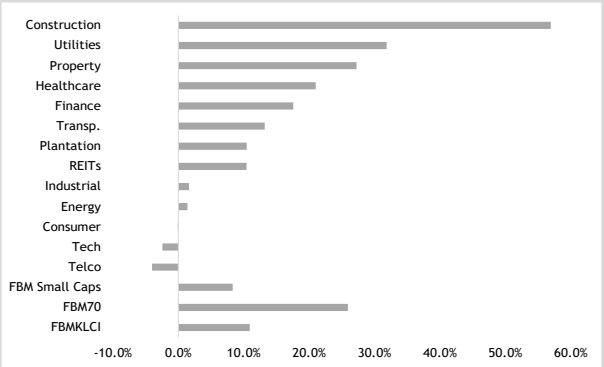
**Relief came in September.** The Federal Reserve's rate cuts in September provided some relief In September, the Federal Reserve finally implemented a significant half-percentage point rate cut, bringing the federal

funds rate to a target range of 4.75% to 5%. This move aimed to support economic growth amid moderating inflation and provided a boost to global markets, including Malaysia. The rate cut helped stabilize investor sentiment and led to a rebound in the stock market. Major indices like the Nasdaq and S&P 500 reached record highs, reflecting renewed investor confidence.

**Seems like the U.S. Fed has shifted to policy easing.** In November, the Fed implemented a further quarter-point cut, reducing the rate to a range of 4.50% to 4.75%. This decision was influenced by continued economic challenges and the need to support employment. The rate cuts aimed to stimulate economic activity by making borrowing cheaper for businesses and consumers, leading to increased job creation and economic growth over a six to twelve-month horizon.

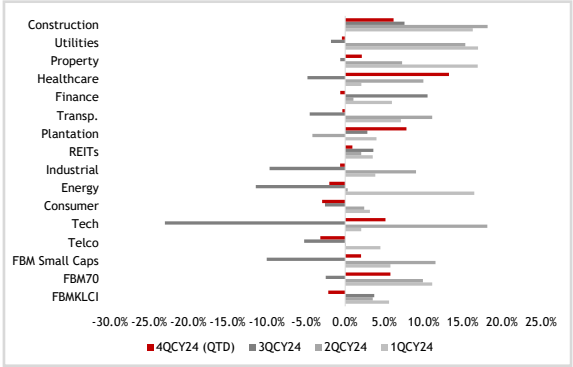
**The U.S. presidential election took the sails away from other markets.** The U.S. presidential election outcome in November with the election of former President Donald Trump had significant implications for global markets. A potential extension of the 2017 tax cuts, proposed by the GOP, could contribute to higher interest rates, impacting corporate profits and stock valuations. Tariffs and trade barriers could disrupt supply chains and exacerbate inflation. Nevertheless, U.S. stock indices continued to rise to new all-time highs post-election, suggesting investors were optimistic about the U.S. election outcome. The drawback was that it pulled capital from other markets to the U.S. Hence, we observed drawdowns in ASEAN markets (excluding Singapore) with FBM KLCI falling -2.2%qoq.

**Chart 4: Comparison of Performance of Bursa Malaysia Sectoral Indices (YTD as at 6 Dec 2024)**




Source: Bloomberg, MIDFR

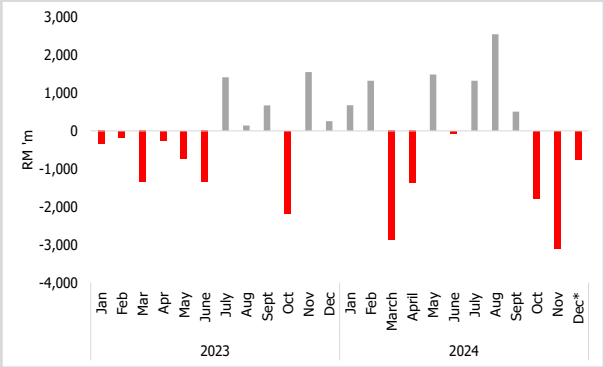
**Chart 5: Comparison of Quarterly Performance of Bursa Malaysia Sectoral Indices (as at 6 Dec 2024)**




Source: Bloomberg, MIDFR

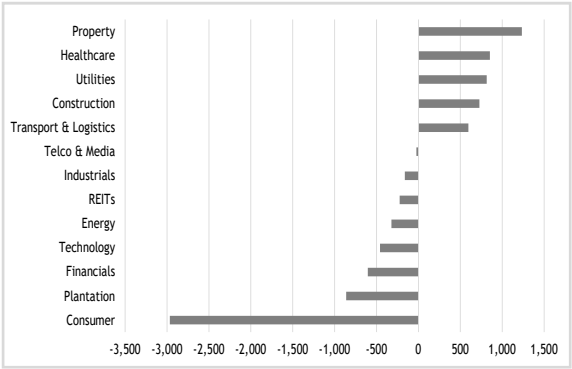
**As expected, the Construction, Utilities and Property sector did well this year.** From a sectoral point of view, the Construction, Utilities and Property sectors performed well. These are sectors that we had expected to outperform this year in our CY2024 outlook. However, diving into the quarterly performance, we could see similar patterns. For example, Construction is the only one out of the top three that continues to perform each quarter. On the other hand, Utilities had a good run in 1HCY24 but then started to see a little bit of weakness in 2HCY24. Meanwhile, Property performed well overall with a blip in 3QCY24. Given these sectors are mostly mid-caps, it is not surprising that FBM70 is outperforming FBM KLCI.

**Chart 6: Monthly Foreign Fund Flows into Bursa Malaysia**



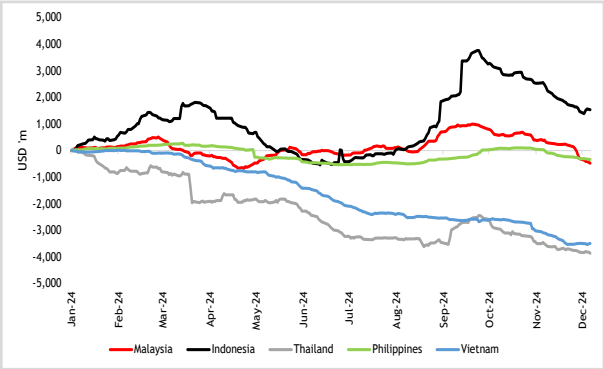

Source: Bursa Malaysia, MIDFR

**Chart 7: Foreign Fund Flows into Bursa Malaysia (Sectoral Breakdown)**



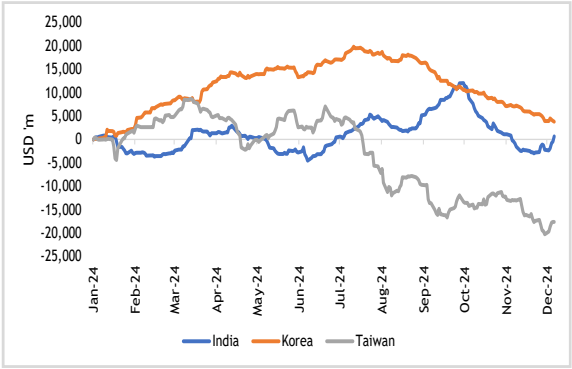

Source:Source: Bursa Malaysia, MIDFR

**Chart 8: Cumulative Foreign Fund Flows into ASEAN 5 (YTD as at 6 Dec 24)**




Source: Bloomberg, MIDFR

**Chart 9: Cumulative Foreign Fund Flows into Advanced Asian (YTD as at 6 Dec 24)**




Source: Bloomberg, MIDFR

**Foreign funds exit after first U.S. rate cuts, Trump could be a factor.** Foreign fund flows into Malaysian equities have been mixed this year. It seems to mirror the expectation and concern of rate cuts. For example, it started well with foreign fund inflows in the first two months of the year, in line with the expectations that the U.S. Fed would cut rates early. When this optimism faded, foreign funds exited. In 3QCY24, with the conviction of an eventual FFR cut, we saw the US dollar weaken, and this has engendered a wave of foreign funds flows into the Malaysian market. Nevertheless, this was short-lived with the election of Donald Trump as U.S. president for the second time, which saw the U.S. pulling investors away from other markets.

**More uncertainties can be expected.** We expect the uncertainties we have observed thus far to continue in 2025. Besides the increased sensitivity of investors to U.S. economic data, the election of Donald Trump has caused worry about the impact of his proposed policies on trade, tariffs and tax. Meanwhile, the downside risk from geopolitical conflicts remains. Any escalation in geopolitical conflict will likely result in limited upside but a huge downside to the economy and markets. Below are some of the areas we are concerned about:

1. **Trump policies:** In the realm of international trade, few figures have been as polarizing and influential as ex-President Trump. During his first term as US President from 2017 to 2021, Trump implemented a series of aggressive trade policies under the banner of "America First." His proposed policies promise to build on the foundation laid during his first term. A possible downside risk to the international trade outlook could come from higher import costs. At the same time, possible retaliation by other countries by imposing higher tariffs on imports from the US, and therefore further escalate the upward price

pressures on goods external from abroad. In other words, the price increases will constrain demand from both the US and other countries. A reduced demand from the US will hurt the global trade and manufacturing outlook at least in the short run. If this were to be the case, the world economy could experience another round of global reflation. On the other hand, a possible reduction in energy and commodity prices could ease the price pressures as Trump's support for exploration and extraction will help to boost the US oil & gas production. The decline in crude oil prices, however, will contribute to lower oil-related revenue for the government. At the same time, the performance of exports of commodities may be limited by the lower price.

2. **Ukraine-Russia conflict**: The current situation seems to suggest that Russia is gaining ground in the conflict. This is highlighted by the recent territorial gains, Ukraine's lack of manpower and material, and Russia's expansion of its military personnel and military industrial capacity. However, recent escalation and rhetoric have put the almost resolved conflict into a precarious position, threatening to spiral into a bigger conflict.

3. **Middle East conflict:** The conflict in the Middle East continues with Syria being the latest theatre of conflict. The situation remains fluid with the danger that it may bring in other participants such as the US and Iran.

4. **US-China conflict:** The rhetoric on the US-China tension has ratcheted up this year. One of the results of the increased tension has been the imposition of tariffs on certain Chinese products such as EVs. We can expect more hawkish policies towards China, especially in the realm of trade.

**Market volatility will be a defining feature of 2025.** Early in the year, volatility was high due to concerns over global economic growth and inflation. The uncertainty surrounding the US Federal Reserve's rate decisions added to this volatility. While this had decreased, the election of Donald Trump has seen uncertainty increasing again. Meanwhile, geopolitical tensions and economic slowdowns in Europe and China continued to contribute to market fluctuations. Therefore, we believe that 2025 will be a turbulent year for the economy and markets.

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## II. MACRO ECONOMIC OUTLOOK

### GLOBAL: SUSTAINED GROWTH AMID GEOPOLITICAL AND TRADE TENSIONS

**Global economy to sustain moderate growth.** The global economy is projected to maintain growth at +3.2% in 2025, according to the IMF projection. The pace of expansion will be similar to this year and remain below the pre-pandemic average growth of +3.5% between 2011 and 2019. As a group, growth for the advanced economies will be sustained at +1.8%. In particular, a more moderate growth of +2.2% in the U.S. will be offset by stronger growth in other advanced economies such as the euro area, the UK, and Japan. Meanwhile, growth prospects for the developing economies would be relatively more robust at +4.2%, although the pace of growth will also be more or less unchanged from this year. Although the growth outlook will be more encouraging in other developing economies, China and India, on the other hand, are forecasted to moderate to +4.5% and +6.5%, respectively.

**Table 1: GDP Growth Forecast for Selected Economies**

| | 2021 | 2022 | 2023 | 2024f | 2025f |
|---|---|---|---|---|---|
| **World** | **6.5** | **3.5** | **3.3** | **3.2** | **3.2** |
| Advanced Economies | 5.7 | 2.6 | 1.7 | 1.8 | 1.8 |
| USA | 5.8 | 1.9 | 2.9 | 2.8 | 2.2 |
| Euro Area | 5.9 | 3.4 | 0.4 | 0.8 | 1.2 |
| Japan | 2.6 | 1.0 | 1.7 | 0.3 | 1.1 |
| UK | 8.7 | 4.3 | 0.3 | 1.1 | 1.5 |
| Singapore | 9.7 | 3.8 | 1.1 | 2.1 | 2.3 |
| Developing Economies | 7.0 | 4.1 | 4.4 | 4.2 | 4.2 |
| China | 8.5 | 3.0 | 5.2 | 4.8 | 4.5 |
| India | 9.7 | 7.0 | 8.2 | 7.0 | 6.5 |
| Indonesia | 3.7 | 5.3 | 5.0 | 5.0 | 5.1 |
| Thailand | 1.5 | 2.5 | 1.9 | 2.8 | 3.0 |
| Philippines | 5.7 | 7.6 | 5.6 | 5.8 | 6.1 |
| Vietnam | 2.6 | 8.1 | 5.0 | 6.1 | 6.1 |

Source: IMF, National Sources, MIDFR

**Trade to grow amid ongoing challenges.** Global trade activity will continue to grow next year, underpinned by increased demand for technology products, automotive and raw materials. For 2025, the World Trade Organisation projected the volume of world merchandise goods is forecasted to expand by +3.0% (2024f: +2.7%). Recovery in the global E&E trade is expected to continue next year, as shown by the increased global semiconductor sales which turned to growth this year. Meanwhile, increased demand and consumption of other commodities like energy, foods and oils & fats will also support increased trade for the non-E&E sectors. Changes in commodity prices, however, have been influenced by the supply-demand dynamics of each commodity.

**Shifting to policy easing but balancing between inflation and growth.** As inflation is trending lower to more normal levels, central banks are expected to dial back the restrictive monetary policy setting. This will be a necessary move, especially for economies that face a greater risk of slowing growth momentum after raising interest rates to multi-year highs to contain inflationary pressures. However, in the U.S., the pace of rate cuts will be adjusted cautiously due to concerns over renewed price pressures given continued resilience in the economy and the job market.

**Sector-specific issues will affect commodity prices.** Energy prices could further contribute to global disinflation in view of the recent correction in crude oil prices. The potential boost to U.S. oil production could further contribute towards lower crude oil prices, although this may be limited by supply cuts by other oil producers. In view of the concerns over slower demand and still ample supply, the Brent crude oil prices will likely average lower at around USD78pb (2024e: USD82pb), based on our in-house projection. In contrast, palm oil prices could remain high going into 1HCY25 mostly because of the possibility of tighter supply disruptions as a result of climate change. Overall, CPO prices will remain elevated and are expected to average higher at RM4,300/tonne (2024e: RM4,200/tonne). Although global food prices have eased from the previous spikes because of geopolitical tensions, supply disruptions from extreme weather conditions and rising input costs could cause renewed price pressure.

**Brace for growing protectionism and another trade war.** Several downside risks could constrain global growth prospects. Higher inflation, driven by increased commodity prices due to supply constraints such as adverse weather conditions, potential disruptions to global trade flows, and worsening geopolitical and trade tensions, could hurt final demand. Additionally, financial market volatility might be triggered by changing policy outlooks; for example, resilience in the U.S. economy could delay further rate cuts by the Federal Reserve, potentially reversing expected fund flows to emerging markets and resulting in prolonged strength in the U.S. dollar. Conversely, growing cooperation and collaboration among emerging markets will help to mitigate the potential drag from weaker U.S. demand. Trading nations affected by U.S. protectionist trade rules are likely to turn to other countries for new sources of external demand. Despite concerns over the implications of the trade war, the adoption of the "China+1" strategy by multinational corporations in recent years is expected to cushion the impact of tighter trade rules. Ultimately, the outlook will depend on the decision by the new U.S. administration which has indicated plans to widen the scope of higher import tariffs on goods imported from China and other countries.

## U.S.: BALANCING BETWEEN ECONOMIC RESILIENCE AND INFLATION

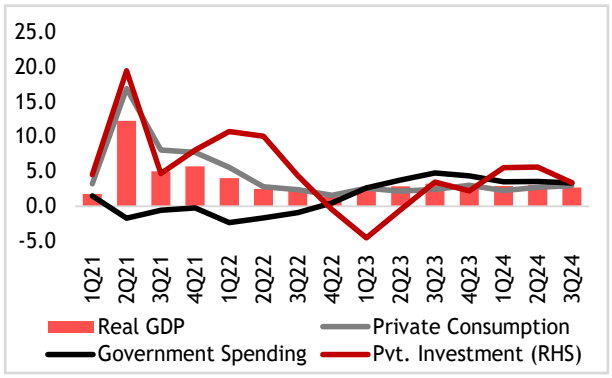
**Continued resilience in the broader economy.** The U.S. GDP growth is projected to ease to around +2.2% in 2025 (2024e: +2.8%), a more normal growth but still considered resilient despite the previous aggressive monetary tightening. Sustained growth in private consumption expenditures will remain the key growth driver, on the back of easing inflation and a still healthy job market (and rising wages). The recent data showed improved consumer confidence in line with moderate inflationary concerns, particularly because energy price inflation is expected to be lower next year, and more optimistic views on the economy and job availability. Moreover, the policy easing by the Fed will also provide relief to American households due to lower credit costs and repayments. With growth at around +2.0%, this solid growth means the U.S. economy would be able to avert a soft landing for another year.

**Renewed concerns over higher inflation.** The U.S. inflation remained broadly on a moderating trend, as both headline CPI and PCE inflation hovered around 3-year lows despite accelerating slightly to +2.6%yoy and +2.3%yoy in Oct-24. This signals the effectiveness of policy tightening and rebalancing in the U.S. job market, which also resulted in easing wage growth. However, there is a renewed concern over the possibility of higher inflation given the stickier inflation in the recent month, attributable to higher service charges. At the same time, the planned hikes in import tariffs will also add to higher import costs that will also contribute to higher inflation next year. The recent re-acceleration in core PCE inflation also underlined the possible upward price pressures

from resilient demand. The recent surveys also showed improved confidence among American consumers on the current economic conditions and the job market, in addition to easing inflation expectations. The Conference Board Consumer Confidence Index and the University of Michigan's U.S. Consumer Sentiment Index for Nov-24 increased to 111.7 and 73.0 from 109.6 and 70.5 in Oct-24 respectively.

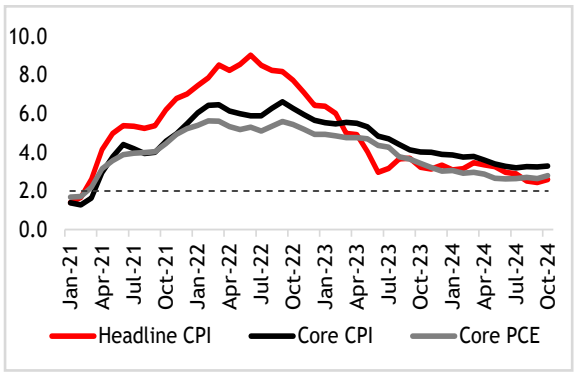
**More rate cuts are to come, but not too quickly.** The recent re-acceleration of inflation has led to market-reducing expectations for the pace of policy easing by the Fed next year. Anticipating an additional 2 more cuts in 2025 and another cut at the FOMC meeting this month, the cumulative rate cuts would reach -150bps since the Fed pivoted to policy easing in Sep-24. Looking at the overall resilience in the U.S. economy and the job market, we anticipate the Fed will not be in a hurry to reduce the Fed fund rate to prevent inflation from re-accelerating. If inflation turns out to be stickier and remains elevated, this may cause the Fed to delay for future easing, and likely shift back to maintain restrictive policy for a longer period. We believe there is room to further normalise the monetary policy setting given the broad moderation in inflation and positive real interest rates, although inflation is yet to reach the Fed's +2% longer-term target.

**Chart 10: U.S.: Real GDP Growth (YoY%)**



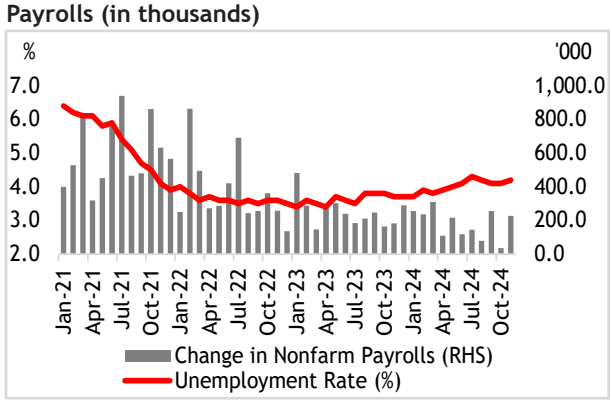

Source: Macrobond, MIDFR

**Chart 11: U.S.: CPI and Core PCE Inflation (YoY%)**



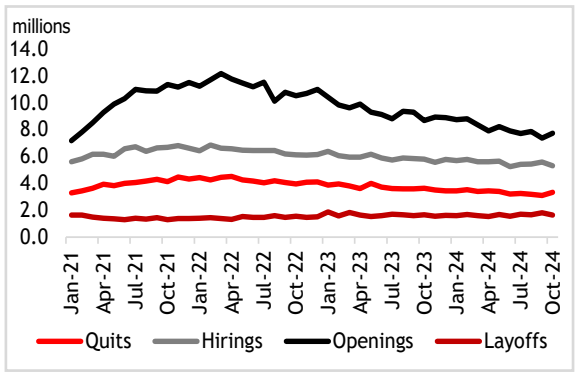

Source: Macrobond, MIDFR

**Chart 12: U.S.: Unemployment Rate (%) vs. Nonfarm Payrolls (in thousands)**




Source: Macrobond, MIDFR

**Chart 13: U.S.: Labour Turnover (in millions)**




Source: Macrobond, MIDFR

## CHINA: GROWTH TO MODERATE AMID CHALLENGES TO ENCOURAGE MORE SPENDING

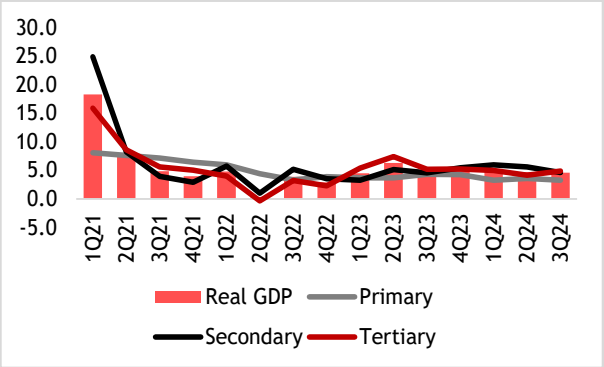
**More modest growth at +4.5%.** China's economy has been relying on the pick-up in consumer spending as the source of growth. This has basically led to China's economy recovering from the pandemic-induced economic slowdown. The IMF predicted that China will likely miss its official +5.0% growth target this year, the pace of growth is expected to moderate to +4.5% in 2025 (2024: +4.8%). Apart from consumption, growing business activity and a pick-up in overseas demand will also contribute to China's economic growth. However, China's exports will face greater challenges by the intensified trade tensions with the U.S. and European countries, where exports to

these markets will likely be constrained by the introduction of a protectionist trade policy.

**Policy interventions to counter slowdown risks.** Given the ongoing challenges in the economy, especially in the property market, we continue to anticipate more policy interventions will likely be rolled out by China's authorities to counter any slowdown risks. Thus far, there have been early signs of improvement in China's economic conditions, where retail sales accelerated for the second month to +4.8%yoy in Oct-24 (Sep-24: +3.2%yoy), and the unemployment rate dropped to 5.0% (Aug-24: 5.3%). In addition, surveys by the National Bureau of Statistics and Caixin/S&P Global both reported higher manufacturing PMIs in Nov-24, underpinned by improved demand and stronger output. Given the government's pledge to ensure support for the economy after a series of policy measures since late Sep-24, more support may be required given the still weak overall demand conditions amid persistent deflationary risk, with the recent inflation reading remaining below +1.0% despite turning positive since Feb-24.

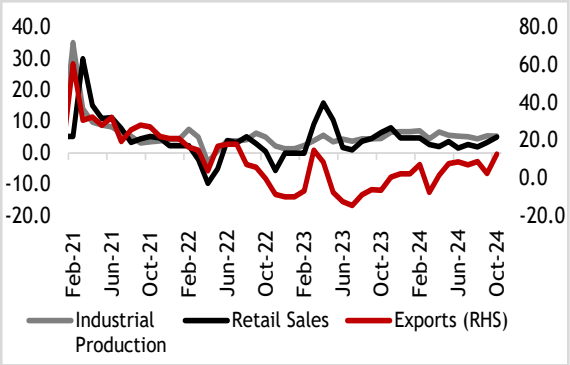
**More moderate growth going forward.** It is increasingly more challenging for China to sustain growth above +5.0% in the longer run with the IMF forecasting China's economy will grow around +3.8% in the next 5 years. While the lingering crisis in the housing market will likely take some time to normalise, China's ambition to be more inwardly driven and to reduce exposure to external vulnerabilities is also challenged by various issues such as high youth employment, high debts and an ageing population.

**Chart 14: China: Real GDP Growth (YoY%)**



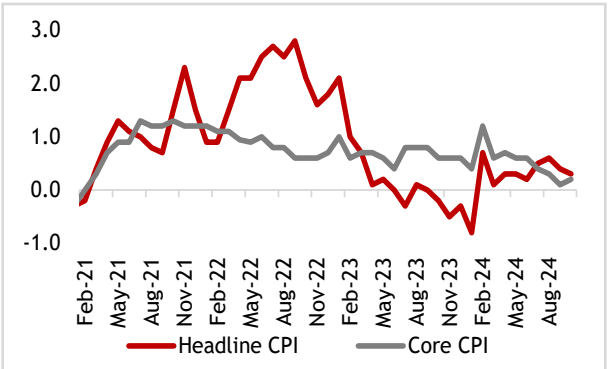

Source: Macrobond, MIDFR

**Chart 15: China: Selected Economic Indicators**



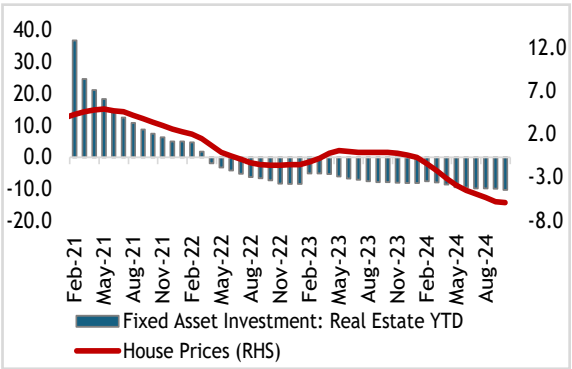

Source: Macrobond, MIDFR

**Chart 16: China: CPI Inflation (YoY%)**




Source: Macrobond, MIDFR

**Chart 17: China: House Price vs. Fixed Asset Investment in Real Estate (YoY%)**

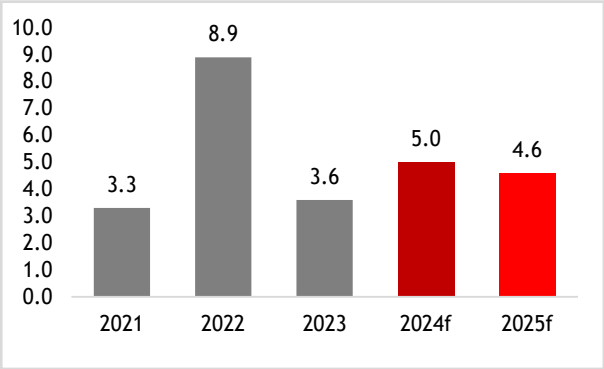



Source: Macrobond, MIDFR

## MALAYSIA: BACK TO MORE NORMALISED GROWTH

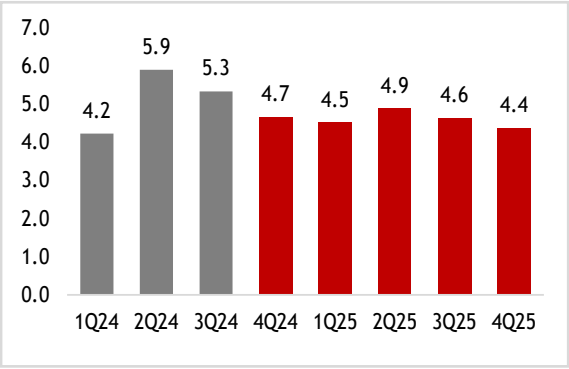
**GDP to grow at a more normalised pace.** We foresee Malaysia's GDP to grow at a more normal level at +4.6% in 2025 after surging to around +5.0% this year. The growth fundamentals on the domestic front still remain positive, underpinned by growing domestic spending by both consumers and businesses. This will continue to support economic growth next year. Apart from higher government spending, investment activities will be driven by the implementation of infrastructure projects. On top of domestic demand, we anticipate continued growth in external trade, although we remain cautious of the tighter trade rules which will be imposed by the U.S., which could adversely affect final demand from one of Malaysia's trading partners.

**Chart 18: GDP Growth Forecast (YoY%)**



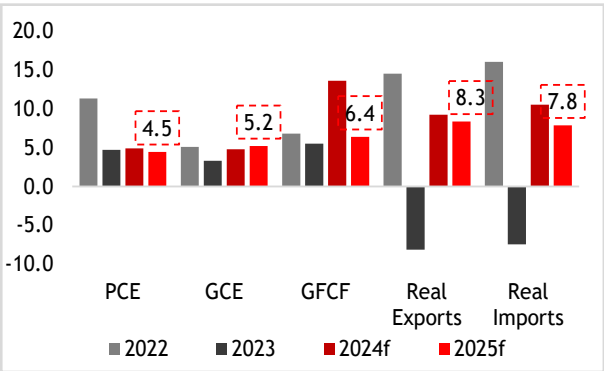

Source: Macrobond, MIDFR

**Chart 19: GDP Growth Quarterly Forecast (YoY%)**



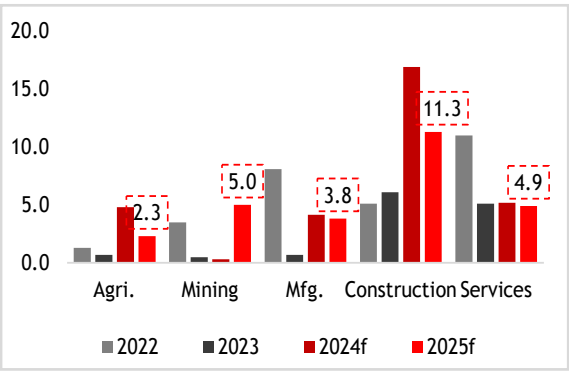

Source: Macrobond, MIDFR

**Chart 20: GDP Growth by Expenditure (YoY%)**




Source: Macrobond, MIDFR

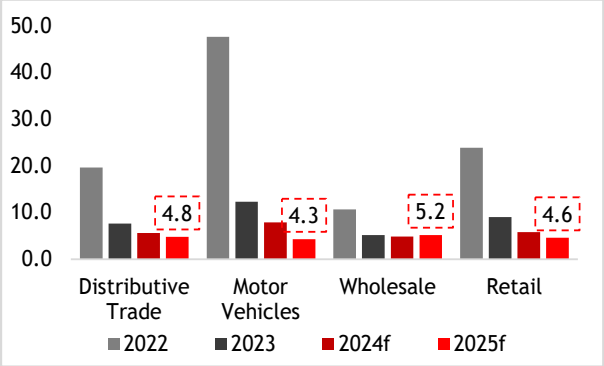
**Chart 21: GDP Growth by Supply (YoY%)**




Source: Macrobond, MIDFR

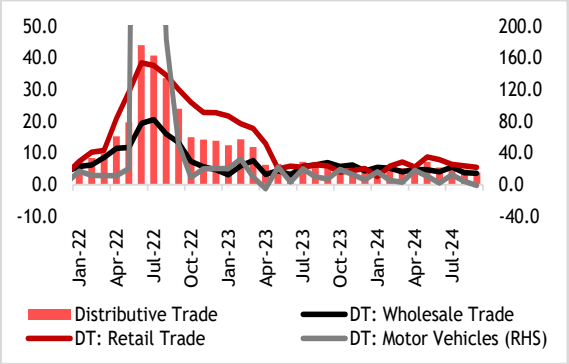
**Positive domestic spending outlook.** Domestic consumption will remain a key driver of Malaysia's economic growth. Conditions in the job market remain encouraging as more people entered the job market, with the labour force participation rate hovering at a high level of 70.5% as of Oct-24. To note, having increased by an average of +1.9% over the past 12 months, total employment increased to 16.7m as of Oct-24 (Oct-23: 16.4m). As more people get employed, the unemployment rate is expected to remain low at 3.2%. Apart from growing employment and income, continued cash assistance from the government, hikes in civil servant salaries and a continued rise in tourist arrivals will support consumption spending next year.

Chart 22: Distributive Trade Sales, DT (YoY%)



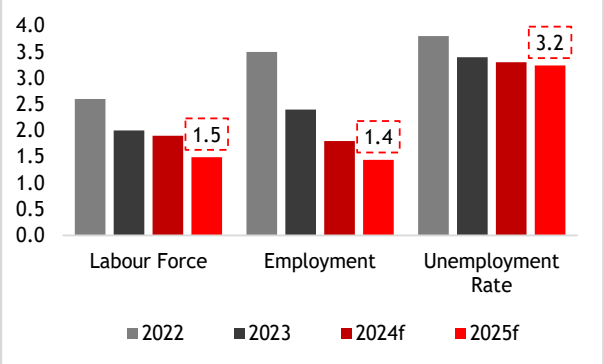

Source: Macrobond, MIDFR

Chart 23: Distributive Trade Sales Forecasts (YoY%)



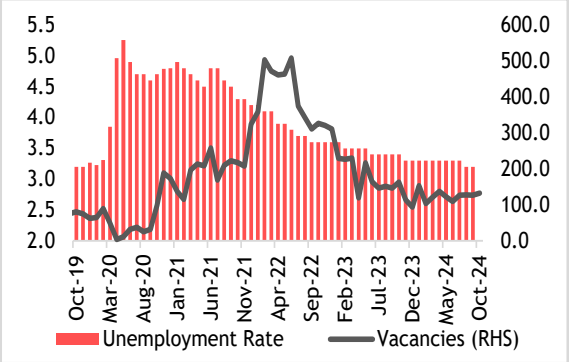

Source: Macrobond, MIDFR

Chart 24: Labour Market Forecasts (%)




Source: Macrobond, MIDFR

Chart 25: Employment Rate (%) vs. Vacancies (in

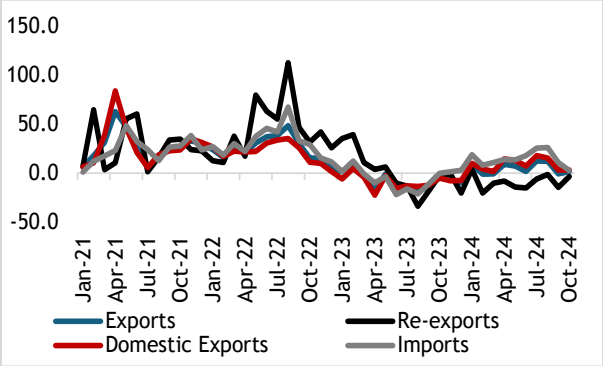



Source: Macrobond, MIDFR

**Most sectors recorded growth.** Most major economic sectors are projected to sustain growth next year. Growth in the services sector would be supported by growing household spending, including higher tourist spending. Manufacturing sector activities will benefit particularly from increased overseas demand and continued recovery in exports, in addition to increased demand from the domestic market. Meanwhile, the implementation of various infrastructure projects such as the Pan Borneo Highway, ECRL, airport expansion in Miri and Penang LRT will contribute towards another year of encouraging growth for the construction sector. In the mining sector, production activities will pick up next year driven mainly by the extraction of natural gas and a possible rebound in crude petroleum output. However, growth in the sector could be weighed down by relatively lower crude oil prices.

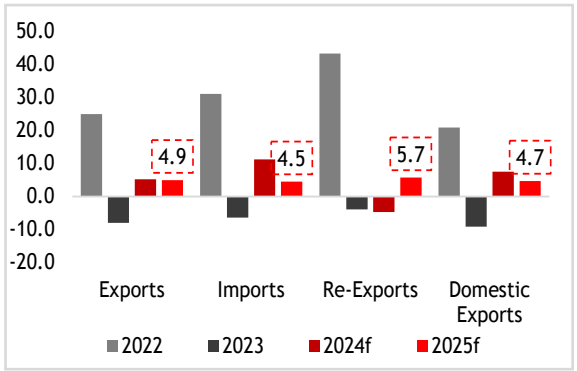
**Growing external demand to support export growth.** Despite intensified concerns over another trade war between China and the U.S., we expect Malaysia's trade sector will be able to sustain growth next year. Looking at the past experience during the previous U.S.-China trade war, the impact on Malaysia's exports in 2019 was limited, only falling by -1.0% in 2018-2019 (2017: +7.3%). Based on this year's performance, we believe the growing external demand will continue to support Malaysia's external trade. In 10MCY24, exports and imports have rebounded to +4.8%yoy and +14.6%yoy, respectively. This indicates a recovery from the decline of -8.0% for exports and -6.4% for imports in 2023. We foresee the continued recovery in the global demand for E&E and technology products as well as non-E&E commodities such as palm oil, rubber products, natural gas and even petroleum will support goods exports next year, which is projected to grow further at +4.9% (2024f: +5.2%). Meanwhile, we anticipate a more moderate growth in goods imports by +4.5% after the stronger-than-expected rise this year (2024f: +11.2%).

Chart 26: External Trade Performances (YoY%)




Source: Macrobond, MIDFR

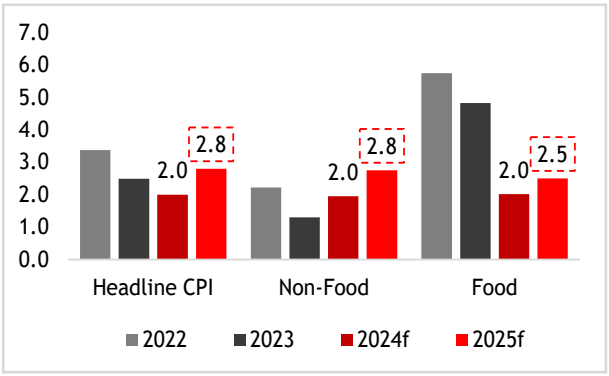
Chart 27: External Trade Forecasts (YoY%)




Source: Macrobond, MIDFR

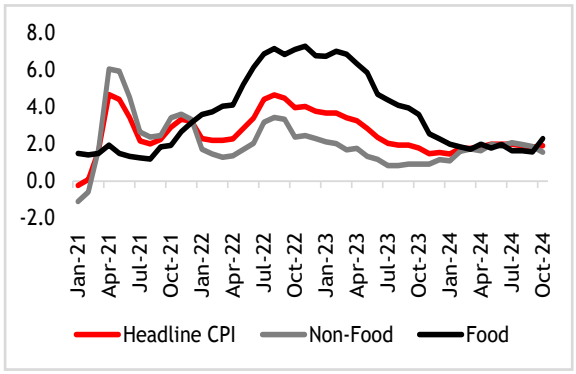
**Inflation to be influenced by policy changes.** Inflation pressures could pick up next year as we forecast inflation will increase to +2.8% (2024f: +2.0%) mainly due to changes in the supply-side factors. Policy changes such as a wider scope of SST coverage and increased minimum wage could lead to higher operating costs which could be passed on to the consumers. At the same time, consumers would be hit by higher transport charges, although the effect of higher retail petrol prices (following the expected introduction of targeted RON95 subsidy) will hit the T15 income earners. We also anticipate that the source of inflation will also come from higher food prices, underpinned by rising input costs and the spillover effect from higher non-food inflation.

Chart 28: Inflation Forecast (YoY%)




Source: Macrobond, MIDFR

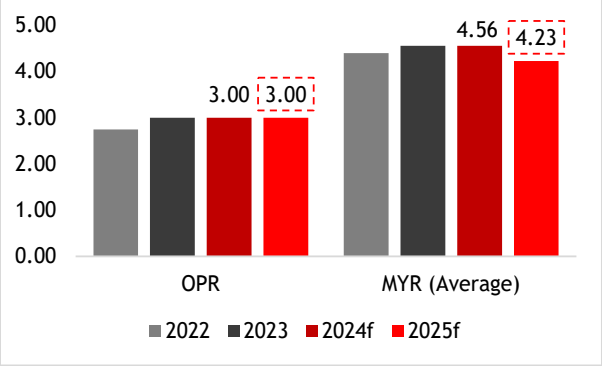
Chart 29: Inflation by Major Components (YoY%)




Source: Macrobond, MIDFR

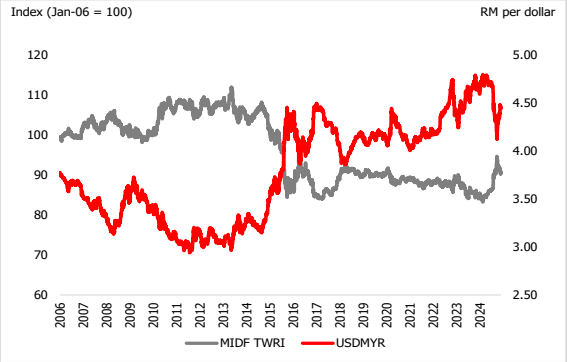
**OPR to be kept at 3.00%.** The current setting of monetary policy is expected to remain unchanged with OPR to be maintained at 3.00% throughout 2025. The source of inflation will be from supply-side adjustments, while demand pressures on inflation are expected to be contained as shown by the stable core inflation. On that note, we do not expect any need for BNM to raise OPR until there is clear evidence that the main source of price pressures is robust demand. The current level of OPR remains accommodative to economic growth sustainability.

**Chart 30: Monetary Policy & USDMYR Forecast (%)**




Source: Macrobond, MIDFR

**Chart 31: USDMYR vs MIDF Trade-Weighted Ringgit Index**

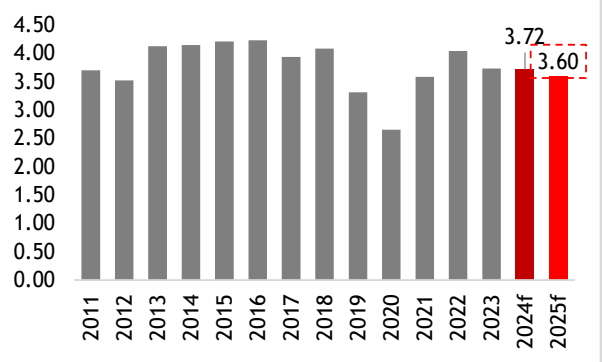



Source: Macrobond, MIDFR

**Narrowing interest rate differential to support ringgit.** We foresee the Malaysian ringgit to strengthen next year in view of policy changes and anticipation of risk-on fund flows to the local market. Despite the robust economic growth and the recent correction in crude oil prices, we conclude that developments in the financial markets had a greater influence on the ringgit's exchange rates in recent years. As we expect BNM to keep OPR unchanged and the Fed to carry out more rate cuts, the narrowing interest rate differential will support ringgit to appreciate next year. The positive economic fundamentals, with continued current account surplus, will also support the appreciation of local currency. We predict the ringgit to end stronger at RM4.03 by the end of next year from RM4.30 at the end of this year. On average, ringgit is projected to average RM4.23 in 2025, stronger than the estimated average of RM4.56 this year.

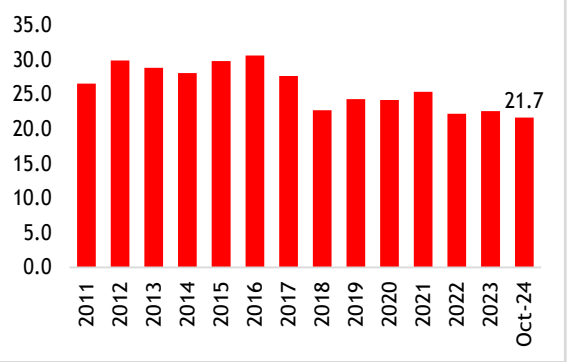
**10y MGS yield to reduce to 3.60% in 2025.** Apart from the return of foreign funds, we foresee the 10-year MGS yield will decline towards 3.60% next year tracking the movement in the U.S. treasury yields. The poll by Bloomberg indicates market expectations that the 10-year U.S. treasury yield will fall towards 4.05% by 4QCY25. We noticed that the renewed concerns recently have led to expectations of slower rate cuts by the Fed. On the domestic front, we foresee the improvement in yield will be supported by the success of the government's agenda to reduce fiscal deficits, reduce government borrowings and improve the overall fiscal position. On that note, we predict the government's fiscal deficit will narrow to -3.6% of GDP next year (2024f: -4.3%). Consequently, the smaller deficit will result in lower issuance of new debts, therefore reducing the size of outstanding government debts to around 60.4% of GDP (2024f: 62.5%).

**Chart 32: 10-Year MGS Yield Forecast (%)**




Source: Macrobond, MIDFR

**Chart 33: Share of Foreign Holdings of Total Outstanding Government Bonds (%)**




Source: Macrobond, Bondstream, MIDFR

**Risks to the growth outlook.** We foresee greater uncertainties on the external front which could derail the outlook for Malaysia's external trade performance and export-oriented sectors. Firstly, the tightening of trade rules (including the higher import tariffs) by the new U.S. administration could lead to weaker demand from the U.S. At this point, the impact remains uncertain because it will be subject to the rates and timing when it will be imposed. In addition, possible retaliation by other countries (imposing trade barriers against the U.S.) could also weaken global trade activity. Secondly, the global trade outlook could also be disrupted by the escalation of geopolitical tensions in the Middle East and Europe, as the conflicts could spread and involve other countries. Thirdly, there is a risk of a renewed spike in global inflation from disruption to the global supply chain, which can be triggered by trade tensions or rising commodity prices. On that note, the major central banks especially the Fed could delay more rate cuts or even shift back to a tightening stance, should inflation in the U.S. re-accelerate. The ringgit appreciation will also be constrained by rising safe-haven demand for the U.S. dollar in response to the escalation in geopolitical tensions and renewed growth concerns. On the domestic front, a sharper rise in inflation could be a destabilising risk that will hurt consumer sentiment and their purchasing power.

**Table 2: Macroeconomic Past Performances (%)**

| (YoY%) Unless Stated Otherwise | 2021 | 2022 | 2023 | 2024f | 2025f |
|---|---|---|---|---|---|
| Real GDP | 3.3 | 8.9 | 3.6 | 5.0 | 4.6 |
| Govt. Consumption | 6.4 | 4.5 | 3.3 | 4.8 | 5.2 |
| Private Consumption | 1.9 | 11.2 | 4.7 | 4.9 | 4.5 |
| Gross Fixed Capital Formation | (0.8) | 6.8 | 5.5 | 13.6 | 6.4 |
| Govt. Investment | (11.1) | 5.3 | 8.6 | 12.6 | 6.5 |
| Private Investment | 2.7 | 7.2 | 4.6 | 14.0 | 6.3 |
| Exports of goods & services; | 18.5 | 14.5 | (8.1) | 9.2 | 8.3 |
| Goods Exports | 21.4 | 11.1 | (12.7) | 6.6 | 8.2 |
| Services Exports | (8.2) | 56.8 | 33.0 | 24.4 | 9.0 |
| Imports of goods & services; | 21.2 | 15.9 | (7.4) | 10.5 | 7.8 |
| Goods Imports | 23.8 | 14.6 | (11.7) | 10.9 | 7.6 |
| Services Imports | 7.7 | 23.9 | 15.8 | 8.8 | 9.0 |
| Net Exports | (4.0) | (1.0) | (16.2) | (8.7) | 16.8 |
| Agriculture etc. | (0.1) | 0.1 | 0.7 | 4.8 | 2.3 |
| Mining & Quarrying | 0.9 | 2.6 | 0.5 | 0.3 | 5.0 |
| Manufacturing | 9.5 | 8.1 | 0.7 | 4.1 | 3.8 |
| Construction | (5.1) | 5.0 | 6.1 | 16.9 | 11.3 |
| Services | 2.2 | 10.9 | 5.1 | 5.2 | 4.9 |
| Exports of Goods (f.o.b) | 26.1 | 24.9 | (8.0) | 5.2 | 4.9 |
| Imports of Goods (c.i.f) | 23.3 | 31.0 | (6.4) | 11.2 | 4.5 |
| Headline CPI Inflation (%) | 2.5 | 3.4 | 2.5 | 2.0 | 2.8 |
| Current Account, % of GDP | 3.9 | 3.0 | 1.5 | 1.5 | 2.3 |
| Fiscal Balance, % of GDP | (6.4) | (5.6) | (5.0) | (4.3) | (3.6) |
| Federal Government Debt, % of GDP | 63.2 | 60.3 | 64.3 | 62.5 | 60.4 |
| Unemployment Rate (%) | 4.58 | 3.82 | 3.43 | 3.30 | 3.20 |
| Brent Crude Oil (Avg), USD per barrel | 71.5 | 102.0 | 82.2 | 82s.0 | 78.0 |
| Crude Palm Oil (Avg), MYR per tonne | 4,486 | 5,262 | 3,813 | 4,200 | 4,300 |
| USD/MYR (Avg) | 4.14 | 4.40 | 4.56 | 4.56 | 4.23 |
| USD/MYR (End-period) | 4.17 | 4.35 | 4.59 | 4.30 | 4.03 |
| MGS 10-Yr Yield (Avg) | 3.23 | 4.07 | 3.86 | 3.83 | 3.68 |
| MGS 10-Yr Yield (End-period) | 3.59 | 4.04 | 3.73 | 3.72 | 3.60 |
| Overnight Policy Rate (%) | 1.75 | 2.75 | 3.00 | 3.00 | 3.00 |

Source: Macrobond, DOSM, MIDFR

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## III. MARKET OUTLOOK

We begin our 2025 market outlook commentary with the following remarks:

- The secular direct relationship between equity price and earnings is empirically conclusive.
- Fundamental and situational factors influence (positively or negatively) the valuation ratio between price and earnings

**Figure 1: FBM KLCI: Price and Earnings**



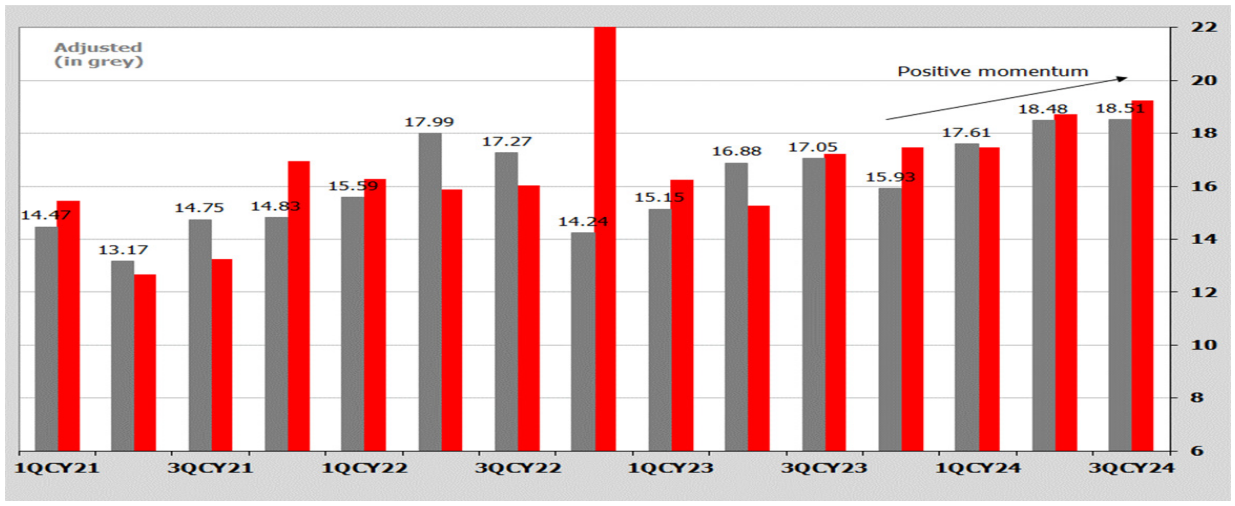

Source: MIDFR, Bloomberg (G644); *Note: Both Y-axes are scaled to Price/Earnings ratio of 16.5x

- In below, we shall discuss earnings performance and outlook as well as key valuation-related factors that would influence our baseline 2025 price targets.

EARNINGS

Earnings on positive momentum following post-Covid consolidation. Aggregate quarterly earnings of FBM KLCI constituents consolidated from 2022 to 2023 attributable to several factors, namely higher price pressure, rising interest rates, and a slowdown in external trades. As the aforesaid headwinds ebb, the aggregate quarterly earnings have shown positive momentum thus far in 2024 supported by earnings growth in key sectors such as financial services.

**Figure 2: FBM KLCI: Aggregate Quarterly Earnings (RM Billion)**




Source: MIDFR

**High single-digit earnings growth in the next financial year.** The consensus is currently projecting the FBM KLCI (free float-adjusted and liquidity screened) earnings to grow +9.0%yoy in 2025. In the broader market, based on our coverage universe of stocks listed on Bursa Malaysia as of early December 2024, the aggregate earnings growth is forecasted at +9.2%yoy over the next financial year. All sectors are expected to show positive earnings growth.

**Table 3: MIDFR Universe: Sectoral Earnings Forecasts (RM Million)**

| Sector | Current FY | Next FY | YoY (%change) |
|---|---|---|---|
| Construction | 2,121 | 2,405 | +13.4 |
| Consumer P&S | 4,890 | 6,371 | +30.3 |
| Energy | 1,771 | 1,830 | +3.3 |
| Financial Services | 40,030 | 42,841 | +7.0 |
| Healthcare | 2,575 | 3,044 | +18.2 |
| Industrial P&S | 3,488 | 3,735 | +7.0 |
| Plantation | 4,477 | 5,203 | +16.2 |
| Property | 1,842 | 2,073 | +12.5 |
| REITs | 2,345 | 2,497 | +6.5 |
| Technology | 1,262 | 1,479 | +17.2 |
| Telco & Media | 5,565 | 5,940 | +6.8 |
| Transport & Logistics | 3,957 | 4,480 | +13.2 |
| Utilities | 11,379 | 11,674 | +2.6 |

Source: Bloomberg, MIDFR; (FY) - Financial Year

**Financial to lead quantum and Consumer P&S to top percentage growth.** Financial Services, Consumer Products & Services (P&S) and Plantation sectors are expected to contribute the largest quantum of earnings increment. Moreover, the Consumer P&S, Healthcare, and Technology sectors are anticipated to generate the highest percentage of earnings growth.

**Downside risks loom.** However, we reckon there are downside risks to the quite buoyant 2025 earnings expectation. The downside risks are mainly externally driven, such as (i) unanticipated weakening of the U.S. economy, (ii) adverse impact on world trade consequent to President Trump's tariff policy, and (iii) major escalation in the ongoing geopolitical conflicts in Europe and the Middle East.

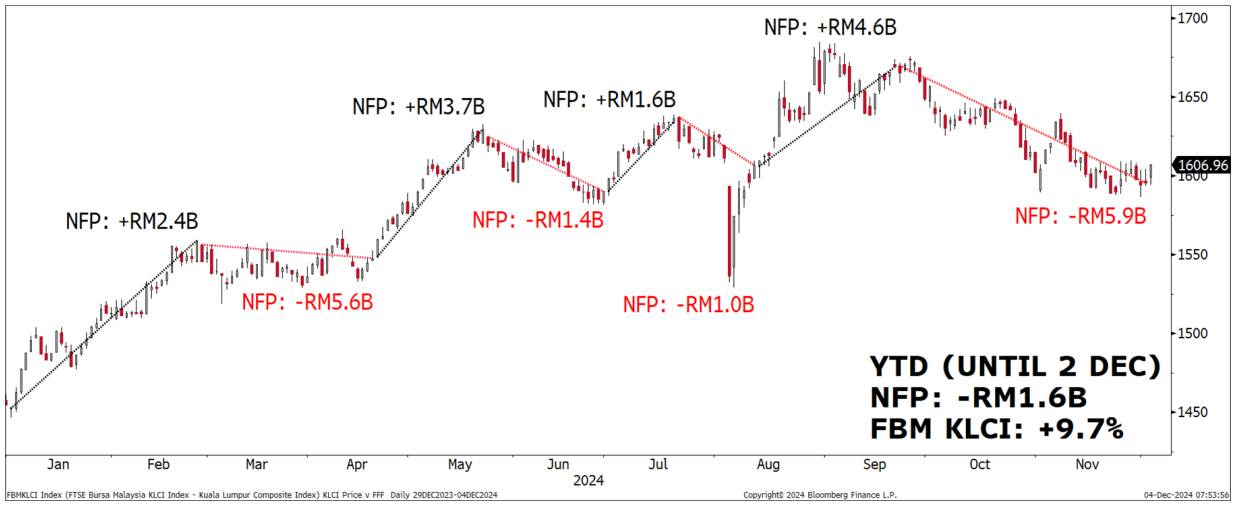
## VALUATION-RELATED FACTORS

In 2025, expect the market to gain further ground. The local equity market has performed relatively well thus far in 2024 with its main benchmark FBM KLCI recording a gain of +11.0%ytd (until 4 December). Going forward into 2025, we expect the local equity market to gain further ground:

1. driven by the inflow of foreign funds,
2. underpinned by positive macro and corporate earnings performance, and
3. backed by undemanding valuations.

**Market swings driven by foreign funds.** Foreign funds arguably played a major role in generating positive swings which drove up the local equity market thus far this year. In this regard, all upswings in the local market were empirically driven by positive Net Foreign Purchases (NFP). On the other hand, negative NFP resulted in either downswings or subdued market performance.

Figure 3: FBM KLCI & NFP of Local Equities




Source: MIDFR, Bloomberg (G734)

**Narrowing interest rate differential...** The BNM is expected to keep the OPR unchanged in 2025 while the U.S. Fed is anticipated to make further cuts. Hence, the interest rate differential between the Ringgit and the U.S. Dollar is anticipated to decline further.

**...and burgeoning U.S. Dollar liquidity...** Moreover, the expectation of additional rate cuts by the U.S. Fed (as well as other major central banks together with additional stimulus by China authorities) should be overall positive to the world's financial liquidity situation in 2025. We expect the local and broader ASEAN markets shall in due course receive their fair share of the growing (financial liquidity) pie.

**...to push USD/MYR lower toward 4.00 in 2025...** A narrowing interest rate differential and burgeoning U.S. Dollar liquidity are among the reasons why we believe the Ringgit shall strengthen vis-à-vis the U.S. Dollar over the next year. In this regard, the USD/MYR is forecasted to drop to circa 4.00 level in 2025.

**...and attract bouts of foreign fund inflow.** Empirically, a stronger Ringgit would attract a net inflow of foreign funds into the local equity market, and vice versa. Going forward into 2025, as the Ringgit is anticipated to strengthen vis-à-vis the U.S. Dollar, we expect bouts of foreign fund inflow into the equity market (with the investment case) underpinned by Malaysia's favourable economy and corporate earnings prospects.

**Market trend underpinned by healthy fundamentals.** While the local equity market swings are driven by the NFP, its trend is underpinned by market fundamentals. This explains why, year-to-date (until 2 December), the FBM KLCI gained +9.7% despite an NFP of -RM1.6 billion. Going forward into 2025, we expect the local equity market trend shall remain upward-sloping. The positive market trend next year will be (i) underpinned by a broader (both domestic and external) rise in economic activities amidst benign price pressure and healthy corporate earnings performance, as well as (ii) backed by undemanding equity valuation.

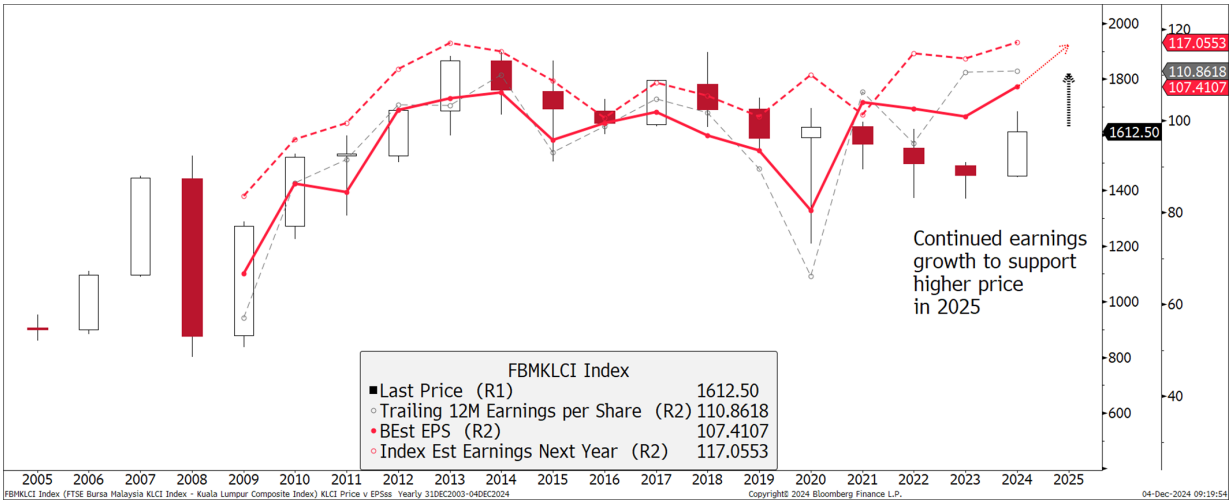
**Continued output growth in the U.S....** For the past three years, the U.S. economy confounded many sceptics as it has shown great resiliency amidst elevated price pressure and a sharp rise in interest rates. Arguably premised on this seemingly enduring strength with a fresh tailwind coming from the U.S. Fed via the recent commencement of the monetary easing cycle, the consensus is expecting the U.S. economic expansion to continue with GDP growth of +2.1% in 2025.

**...likewise in Malaysia...** Similarly, we expect Malaysia's economy to see continued expansion in domestic demand as well as benefit from the ongoing recovery in external trade. We estimate that Malaysia's GDP growth this year to be higher at +5.0% and normalised slightly to +4.6% in 2025.

**... while China's economic woes are not a major bane to the rest of the world.** China's economic performance remains beleaguered by its battered property market coupled with the exodus of foreign investments. Having said that, we opine that its economic slowdown is nearer its trough as the authorities in China continue to methodically inject adequate financial liquidity (both monetary and fiscal) to deter a broader economic fallout, i.e. seemingly to engineer a bottom rather than to provide a boost to the economy. Most importantly, this lifeline would also help to contain cross-border financial and economic contagions in the wider world.

**Continued growth in corporate earnings...** Thus far in 2024, the aggregate normalized quarterly earnings of FBM KLCI grew both quarter-on-quarter and year-on-year during all three quarterly reporting seasons. In the latest 3QCY24 period, it grew +0.2%qoq and +8.6%yoy respectively. In this regard, the consensus earnings of FBM KLCI are expected to grow by +3.1% (to 107.4 points) this year and +9.0% (to 117.1 points) next year. As the secular direct relationship between equity price and earnings is empirically conclusive, continued earnings growth shall likely support higher prices in 2025.

**Figure 4: FBM KLCI: Price & Earnings**




Source: MIDFR, Bloomberg (G655); *Note: Both Y-axes are scaled to Price/Earnings ratio of 16.5x

**...and empirically undemanding valuation.** Empirically, the FBM KLCI normally traded at between 16.0x to 17.0x current year earnings or a mean of 16.5x. The FBM KLCI is currently (as of 3 December) trading at 1,607 points or PER24 of 15.0x, a historically depressed valuation level. Accordingly, based on the consensus 2025 earnings forecast of 117.1 points, the 2025 target point would fairly range between 1,874 points to 1,991 points (or a potential upside of between +16.6% to +23.9% from the current level).

**But caution ahead.** Domestically and externally, the prevailing growth projections for next year remain positive both at the macro and corporate earnings levels. However, we would like to be mindful of potential externally driven downside risk to the 2025 outlook based on time-tested signals, namely (i) the U.S. Leading Economic Index (U.S. LEI), and (ii) the U.S. Treasury (UST) yield curve.

**U.S. LEI in negative territory.** The baseline consensus expectation points toward continued expansion in U.S. economic activities next year at a resilient pace of circa 2.1%. However, downside risk to the anticipated economic expansion is credible. Notably, the U.S. LEI has turned negative since the second half of 2022 and remains at well

below zero level thenceforth. It must be highlighted that the leading index has correctly forewarned past U.S. economic recessions such as the Global Financial Crisis (GFC) in 2008.

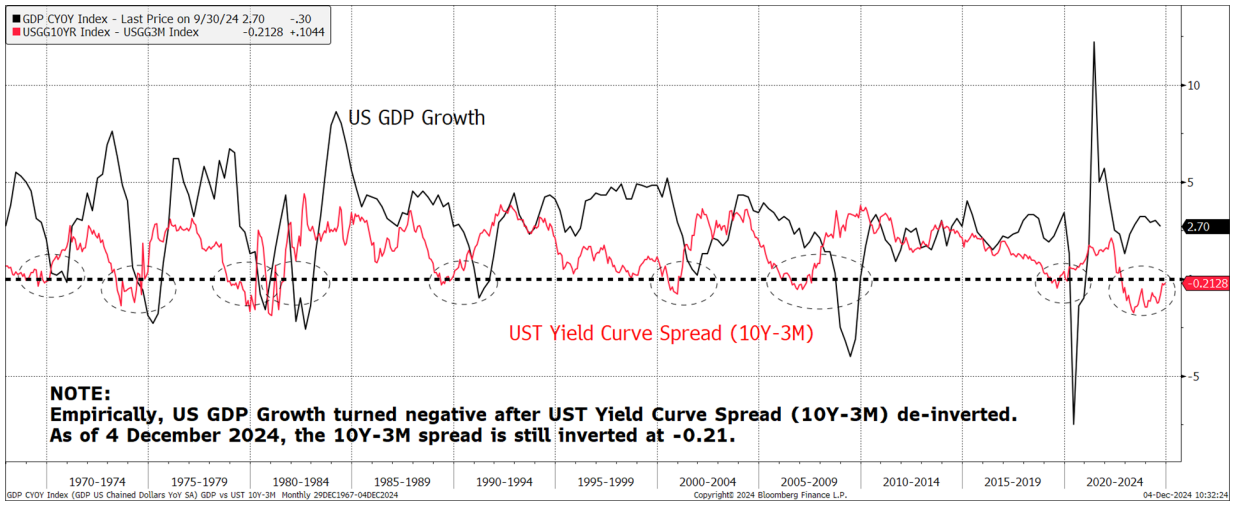
**Figure 5: U.S. LEI: A potent Leading Signal**




Source: MIDFR, Bloomberg (G728)

**Inversion of UST yield curve.** The aggressiveness of the U.S. Fed in raising the short-term policy rate in 2022 and 2023 has invariably resulted in a complete inversion of the bond yield curve. Looking at various long versus short maturity spreads of the UST, the last to invert was the 10-year against 3-month (10Y-3M) in late October 2022. The inversion of the 10Y-3M spread serves as a potent signal of an impending economic recession, empirically after the 10Y-3M spread de-inverted. It correctly predicted all U.S. recessions since at least the early 1970s. Going forward, the eventual de-inversion of the 10Y-3M spread could be forthcoming after one or two more policy rate cuts by the U.S. Fed.

**Figure 6:UST 10Y-3M Spread: Harbinger of Recession**




Source: MIDFR, Bloomberg (G705)

**Geopolitical conflicts...** The ongoing Russia-Ukraine conflict is expected to remain as that, an invasion by Russian military forces into Ukraine territory. This conflict is not foreseen to spread to other countries in the region. Similarly, the ongoing Israel-Hamas/Hezbollah war is expected to largely stay as that, an invasion by Israel military forces into the territories of Gaza and Southern Lebanon. Likewise, the recent flare-up of a civil war in Syria is

not expected to cross into the neighbouring countries. We believe other countries in the respective region shall also refrain from being directly and actively involved in these conflicts.

**…present limited upside but big downside.** So far, both conflicts in Europe and the Middle East have engendered limited impact on Malaysia's economic and corporate earnings performance. Thus, they exert limited bearing on the equity market performance. However, any major escalation that significantly broadens the theatres of war would substantially magnify the potential fallout to the wider world. Hence, the more prolonged the conflicts, the higher the chance that the untoward would happen.

## 2025 BASELINE TARGETS

**Our baseline scenario calls for continued macro and earnings growth…** Going into next year, we expect Malaysia's economy to remain healthy with our GDP growth forecast at +4.6% in 2025. Along with the baseline expectation of resilient macro performance, market consensus is forecasting the FBM KLCI to register a healthy +9.0%yoy earnings growth in 2025. Furthermore, the FBM Hijrah and FBM70 are projected to register quite robust +16.1%yoy and +9.7%yoy earnings growth next year, respectively.

**…as well as easing liquidity environment…** Moreover, the expectation of further rate cuts by major central banks (i.e. U.S. Fed and ECB) together with additional stimulus (both monetary and fiscal) by China authorities should be overall positive to the world's financial liquidity situation in 2025. The rising world's financial liquidity will progressively be flowing to regions that offer attractive economic risk/return trade-offs. We expect the local and broader ASEAN equity markets shall in due course receive their fair share of the growing (financial liquidity) pie.

**…amid recurring economic fears and geopolitical uncertainties.** Nonetheless, we continue to be mindful of potential externally driven downside risks to the 2025 outlook. Several time-tested leading signals such as US LEI and the (hitherto inverted) UST yield curve continue to point to potential danger ahead. Moreover, the early August equity market selloff in reaction to the underperformance of the U.S. Non-Farm Payrolls (U.S. NFP) figure was a stark reminder of how fickle investors could behave. On the geopolitical front, while not foreseen, any major escalation that significantly broadens the theatres of war in Europe and the Middle East would substantially magnify the potential economic fallout onto the wider world.

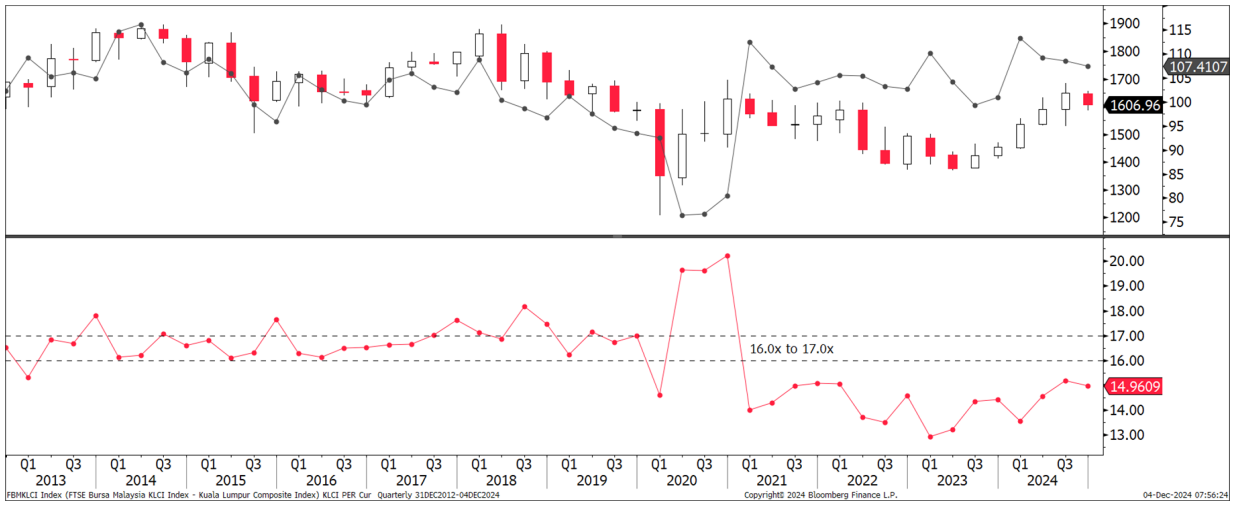
**Hence, expect a rather stagnant equity valuation.** Despite our baseline expectations next year of healthy earnings growth and an easing liquidity environment, we expect equity valuation to remain relatively stagnant. That is so as we believe the equity market would be beset by (i) recurring fears of U.S. economic slowdown coupled with uncertainties potentially engendered by President Trump's economic policy, particularly in regard to the weaponization of tariff, as well as (ii) the unsettling geopolitical situation in Europe and the Middle East which could escalate rather unexpectedly.

**Table 4: Consensus Forward Earnings**

| Calendar Year | Earnings (Points) | YoY (%change) |
|---|---|---|
| CY2025 (F) | 117.1 | +9.0 |

Source: Bloomberg, MIDFR

Figure 7: FBM KLCI: Price, Earnings & Valuation (Current Year) - 16.0x to 17.0x




Source: Bloomberg, MIDFR (G658)

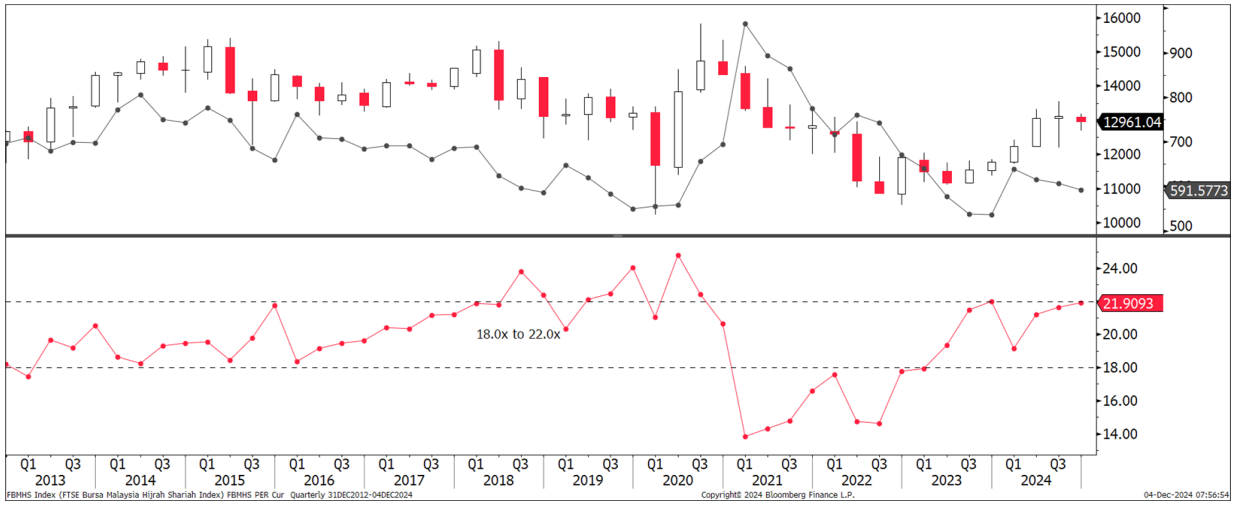
**FBM KLCI 2025 target at 1,800 points or PER25 of 15.4x.** At the time of writing (3 December), the FBM KLCI is trading at 1,607 points or PER24 of 15.0x. We expect it to close the current year at 1,660 points or PER24 of 15.4x. The benchmark is trading at a historically depressed level as, empirically, the FBM KLCI normally traded at between 16.0x to 17.0x current year earnings. Accordingly, the 2025 target point (based on the latest CY2025 earnings forecast of 117.1 points) would normally range between 1,874 points to 1,991 points. Nonetheless, as we foresee a limited upside to equity valuation due to the factors discussed above, our target valuation for FBM KLCI in 2025 is pegged at only 15.4x. We introduce our FBM KLCI end-2025 target at 1,800 points.

Table 5: FBM Hijrah: Consensus Forward Earnings

| Calendar Year | Earnings (Points) | YoY (%change) |
|---|---|---|
| CY2025 (F) | 686.7 | +16.1 |

Source: Bloomberg, MIDFR

Figure 8: FBM Hijrah: Price, Earnings & Valuation (Current Year) - 18.0x to 22.0x




Source: Bloomberg, MIDFR (G725)

**FBM Hijrah 2025 target at 14,500 points or PER25 of 21.1x.** At the time of writing (3 December), the FBM Hijrah is trading at 12,961 points or PER24 of 21.9x. We expect it to close the current year at 13,400 points or

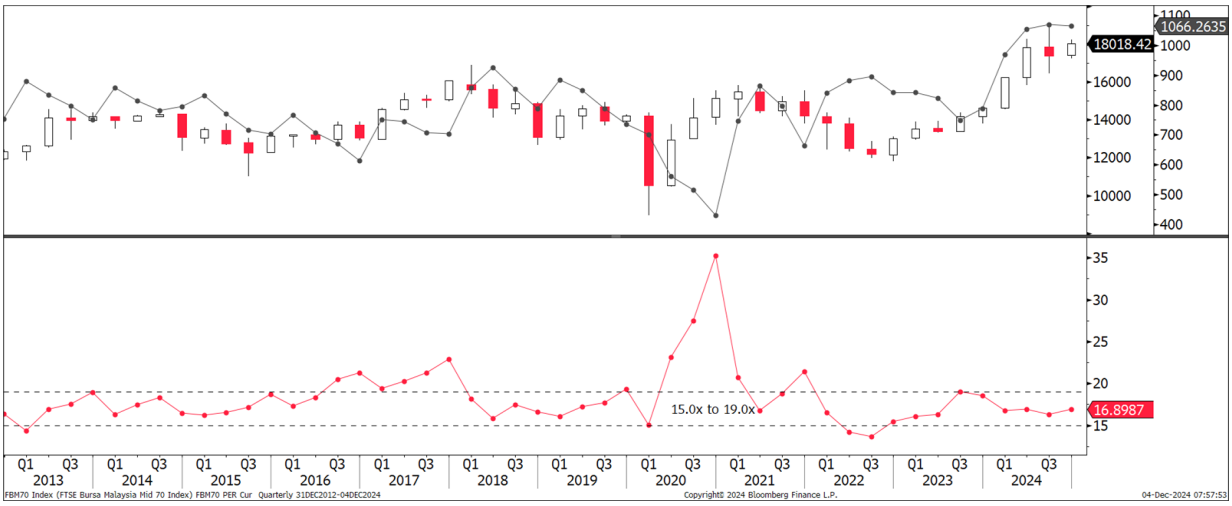
PER24 of 22.6x. The index is trading at the upper end of its historical range. Empirically, the FBM Hijrah normally traded at between 18.0x to 22.0x current year earnings. Accordingly, the 2025 target point (based on the latest CY2025 earnings forecast of 686.7 points) would range between 12,361 points to 15,107 points. Going forward, we expect the index valuation to decline toward the mean of its historical range. Hence, our target valuation for FBM Hijrah in 2025 is pegged at 21.1x. We introduce our FBM Hijrah 2025 target at 14,500 points.

**Table 6: FFBM70: Consensus Forward Earnings**

| Calendar Year | Earnings (Points) | YoY (%change) |
|---|---|---|
| CY2025 (F) | 1,169.5 | +9.7 |

Source: Bloomberg, MIDFR

**Figure 9: FBM70: Price, Earnings & Valuation (Current Year) - 15.0x to 19.0x**




Source: Bloomberg, MIDFR (G715)

**FBM70 2025 target at 20,400 points or PER25 of 17.4x.** At the time of writing (3 December), the FBM70 is trading at 18,018 points or PER24 of 16.9x. We expect it to close the current year at 18,600 points or PER24 of 17.4x. The index is trading at near the midpoint of its historical range. Empirically, the FBM70 normally traded at between 15.0x to 19.0x current year earnings. Accordingly, the 2025 target point (based on the latest CY2025 earnings forecast of 1,169.5 points) would range between 17,542 points to 22,220 points. Going forward, we foresee a limited upside to its valuation due to the factors discussed above. Hence, our target valuation for FBM70 in 2025 is pegged at 17.4x. We introduce our FBM70 2025 target at 20,400 points.

## IV. STOCK SELECTION

**Potentially more turbulent times ahead.** While we do foresee continued growth prospects in the economy and equities market, we are cognizant of the potential downside risks, mainly stemming from external factors. The first U.S. rate cuts have initially buoyed the financial markets, but U.S. election results have led to positive sentiment for the U.S. markets, at the expense of others. Nevertheless, we expect that the dust will eventually settle, and rate cuts will provide support to the market (as per our base case).

**Time to go on a more defensive stance.** Amid our expectation of bouts of increased volatility and uncertainty, we opine that a more defensive approach is more appropriate. At least until a clearer picture emerges from new U.S. policies and geopolitical situations. Defensive stocks, such as those in banking, REITs, utilities, healthcare, and consumer staples, tend to provide consistent dividends and stable earnings regardless of the overall market conditions. This stability and attractive dividend yields should moderate the downside risks, while not discounting the potential for price appreciation due to undervaluation.

**We continue to like the Banking and REITs and Consumer sectors**. For CY25, we are favouring sectors that provide good dividend yields and potential laggards. We believe that the Banking, REITs and Consumer sectors will be a beneficiary of Malaysia's economy which is expected to continue growing (albeit at a more normalised pace). Banks' loan book is expected to continue growing while its asset quality remains stable and improving. Similarly with REITs, where the earnings outlook is expected to remain stable, which will be supported mainly by organic growth. In addition, as rates is expected to soften, we expect investors may be looking for assets that will provide them with similar or higher yields. Banks and REITs tend to give quite good dividends. For example, the average yield of REIT under our coverage is 4.9% while MGS yield is hovering at 3.8%, translating to a yield spread of 110bps which we think remains attractive and that should support buying interest.

**Consumer sector as a potential laggard play.** We also like the Consumer sector as a potential laggard play. Consumer staples, in particular, are currently trading at a compelling valuation of 22.7x, significantly below the three-year forward PE average of 28.2x, signalling a rare window of undervaluation. We are optimistic for the consumer sector, supported by several key factors: (i) a stable labour market that continues to drive domestic consumption, (ii) sustained growth in consumer spending, buoyed by favourable private consumption and GDP growth, (iii) a strong domestic consumption outlook, bolstered by various incentives introduced in Budget 2025, and (iv) improved margins for food and beverage producers, benefiting from declining global commodity prices and a stronger ringgit.

**One recent change to sector calls.** We make no change to our sector calls in this report. However, we recently upgraded the Plantation sector to POSITIVE from NEUTRAL as a tactical call given the rise in CPO price. The summary of our sector calls is as follows.

**POSITIVE:** Banking, Construction, Consumer, Healthcare, Plantations, Property, Oil & Gas, REITs

**NEUTRAL:** Automotive, Gloves, Power, Technology, Telecommunication, Transportation

**NEGATIVE:** None

**Our top ten picks encapsulate our defensive view.** Our overall top picks are chosen mainly based on their defensive qualities and attractive dividend yields. However, certain limited stocks were also selected based on the strength of their earnings potential despite having lower dividend yields. For example, Malayan Cement (BUY, TP: RM6.81) given that we expect it to be a prime beneficiary of continuing construction sector growth. Our overall top picks for CY25 onwards are as follows:

**Table 7: Overall Top Stock Picks (Rank by Total Returns)**

| | Rec. | Price (RM) @ 6/12/24 | Target Price (RM) | Price Return | Dividend Yield | Total Returns | FBM ESG Rating | FTSE4Good? |
|---|---|---|---|---|---|---|---|---|
| Leong Hup | BUY | 0.64 | 0.90 | 40.6% | 5.8% | 46.4% | 2 | No |
| Malayan Cement | BUY | 4.90 | 6.81 | 39.0% | 2.0% | 41.0% | 3 | No |
| Fraser & Neave | BUY | 28.10 | 36.77 | 30.9% | 2.7% | 33.6% | 4 | Yes |
| Axis REIT | BUY | 1.74 | 2.14 | 23.0% | 5.1% | 28.1% | 3 | Yes |
| Malayan Banking | BUY | 10.16 | 12.11 | 19.2% | 6.8% | 26.0% | 4 | Yes |
| Pet. Dagangan | BUY | 20.40 | 24.63 | 20.7% | 4.9% | 25.6% | 3 | Yes |
| Pavilion REIT | BUY | 1.48 | 1.69 | 14.2% | 5.5% | 19.7% | 3 | No |
| Public Bank | BUY | 4.58 | 5.16 | 12.7% | 4.3% | 16.9% | 3 | Yes |
| Hong Leong Bank | BUY | 20.66 | 22.76 | 10.2% | 4.0% | 14.2% | 4 | Yes |
| CIMB | BUY | 8.17 | 9.11 | 11.5% | 2.2% | 13.7% | 4 | Yes |

Source: Companies, Bursa Malaysia, FTSE, Bloomberg, MIDFR

**Top ten picks amongst Shariah stocks.** We also have top picks for investors looking at Shariah stocks. Below are our top ten picks among Shariah-listed stocks:

**Table 8: Top Shariah Stock Picks (Rank by Total Return)**

| | Rec. | Price (RM) @ 6/12/24 | Target Price (RM) | Price Return | Dividend Yield | Total Returns | FBM ESG Rating | FTSE4Good? |
|---|---|---|---|---|---|---|---|---|
| Dialog Group | BUY | 1.80 | 2.72 | 51.1% | 2.9% | 54.1% | 3 | Yes |
| Malayan Cement | BUY | 4.90 | 6.81 | 39.0% | 2.0% | 41.0% | 3 | No |
| Samaiden | BUY | 1.21 | 1.69 | 39.7% | 0.8% | 40.5% | 3 | No |
| IJM Corp | BUY | 2.90 | 3.89 | 34.1% | 2.8% | 36.9% | 3 | No |
| Fraser & Neave | BUY | 28.10 | 36.77 | 30.9% | 2.7% | 33.6% | 4 | Yes |
| Spritzer | BUY | 2.84 | 3.54 | 24.6% | 2.6% | 27.3% | 2 | No |
| Pet. Dagangan | BUY | 20.40 | 24.63 | 20.7% | 4.9% | 25.6% | 3 | Yes |
| Mah Sing | BUY | 1.71 | 2.04 | 19.3% | 3.2% | 22.5% | 4 | Yes |
| Bank Islam | BUY | 2.64 | 3.06 | 15.9% | 5.8% | 21.7% | 3 | Yes |
| IOI Corp | BUY | 3.89 | 4.42 | 13.6% | 2.2% | 15.8% | 3 | Yes |

Source: Companies, Bursa Malaysia, FTSE, Bloomberg, MIDFR

**Top ten picks amongst FBM 70 and small-cap stocks.** Finally, in our opinion, it is still worthwhile for investors to look at FBM 70 and Small Caps more closely given the outperformance of the FBM 70 thus far this year. Below are our top ten picks among FBM70 and small-caps stocks:

*(This part is intentionally left blank)*

**Table 9: Top FBM 70 Stock Picks (Rank by Total Return)**

| | Rec. | Price (RM) @ 6/12/24 | Target Price (RM) | Price Return | Dividend Yield | Total Returns | FBM ESG Rating | FTSE4Good? |
|---|---|---|---|---|---|---|---|---|
| Dialog Group | BUY | 1.80 | 2.72 | 51.1% | 2.9% | 54.1% | 3 | Yes |
| Leong Hup | BUY | 0.64 | 0.90 | 40.6% | 5.8% | 46.4% | 2 | No |
| Malayan Cement | BUY | 4.90 | 6.81 | 39.0% | 2.0% | 41.0% | 3 | No |
| Samaiden | BUY | 1.21 | 1.69 | 39.7% | 0.8% | 40.5% | 3 | No |
| IJM Corp | BUY | 2.90 | 3.89 | 34.1% | 2.8% | 36.9% | 3 | No |
| Fraser & Neave | BUY | 28.10 | 36.77 | 30.9% | 2.7% | 33.6% | 4 | Yes |
| Axis REIT | BUY | 1.74 | 2.14 | 23.0% | 5.1% | 28.1% | 3 | Yes |
| Mah Sing | BUY | 1.71 | 2.04 | 19.3% | 3.2% | 22.5% | 4 | Yes |
| Bank Islam | BUY | 2.64 | 3.06 | 15.9% | 5.8% | 21.7% | 3 | Yes |
| Pavilion REIT | BUY | 1.48 | 1.69 | 14.2% | 2.2% | 16.4% | 3 | No |

Source: Companies, Bursa Malaysia, FTSE, Bloomberg, MIDFR

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# B. SECTORS OUTLOOK

## I. BANKING

**No Stress Expected.....Maintain POSITIVE**

*Analyst: **Imran** Yassin Yusof*

**Recap of CY24 earnings thus far.** We observed that NOII has been the main driver for banks' earnings this year with most banks reporting double-digit NOII growth. The main contributors to NOII growth have been fees & commissions due to active capital markets and treasury income. Meanwhile, NII growth has been stable as we observed NIM improvements either due to liability management (tapping capital markets for instance) or rebalancing of loan portfolio or rebalancing of deposits. Gross loan growth has been stable, normalising for effects of currency translation. In terms of asset quality, there was overall continued improvements in quarter-on-quarter and year-on-year basis. One concern that we have was the higher OPEX this year, but this was due to spending on IT for futureproofing.

**The direct beneficiary of economic growth.** The earnings performance of the banking sector is closely tied to the performance of the economy, being its backbone. Economic activities create demand for financial services such as productive loans for businesses, consumptive loans and transactional deposits. Our economics team is projecting Malaysia's GDP to continue growing, albeit at a more normalised level, at +4.6% next year. In general, we expect that; (i) NII growth will remain robust due to stable NIM and sturdy loan growth, (ii) normalisation of NOII growth, (iii) OPEX to come in at a more contained level, and (iv) asset quality to continue improving with no stress expected. For CY25, we are expecting the earnings of banks under our coverage to expand by +7%yoy.

**NII will continue to be robust...** This year, NII saw better performance as the prolonged deposit competition in CY23 waned. Going into CY25, we do not expect there will be significant changes from current trends. We expect that deposit competition (if any) will not be irrational. Therefore, we anticipate NIM to be fairly stable.

**...with loans book to continue growing.** With the continuation or commencement of major infrastructure projects and robust industrial construction demand, we foresee business loan demand to remain strong in CY25. On the other hand, retail loans have already seen some tapering off, as indicated by Oct-24 banking stats. We do expect higher-yield unsecured loans to remain popular as a means of NIM optimisation, as asset quality concerns continue to fade.

We observed that there has been segmentation of banks i.e. banks focusing on different segments and not competing on a broad front. For example, some banks have reduced focus on residential mortgages as it is no longer as attractive due to razor-thin margins. We opine that this somewhat allowed for NIM compression to be manageable thus far. Overall, we expect gross loans will continue growing due to robust economic activities, where we are forecasting system gross loan growth of +5%.

**NOII growth will likely normalise.** NOII this year was lifted by both fee and non-fee contributions. We opine that the growth pace may not be repeatable in CY25. However, having said that, we do expect growth will continue albeit at a more normalised level due to the base effect.

**More normalised OPEX, though be wary of elevated tech spend.** CY24 saw tech spending and Collective Agreement adjustments continue to dominate the OPEX space, elevating personnel and establishment costs. In contrast, we believe that CY25 should see more of a muted uptick, given the high base effects. This will support PPOP expansion with the normalisation of NOII growth.

**Asset quality will be stable and improving barring any unforeseen circumstances.** It seems that the worst is over (from an asset quality standpoint) based on our observation. The system GIL ratio was the best since Apr-21 at 1.53% as of Oct-24 and keeps on improving each month. We expect to see a stable GIL ratio throughout CY25 with some gradual improvements. As a result, we anticipate lower provisioning charges, with the brunt of banks already having boosted their LLCs to comfortable positions. Potentially there could be some writebacks but we are not imputing this as a source of earnings growth.

**As before, dividend prospects remain as bright as ever.** With several banks continuing to maintain their intention to increase dividend payouts, and more banks offering full cash dividends (a sign of banks being happy with their capital builds), we believe CY25's dividend outlook remains very bright. This is coupled with the expectation of earnings growth. Furthermore, we expect this dividend expectation and defensive feature of the banks will be a key proposition for the banks in CY25 given the possibility of the market remaining volatile next year. Hence, our POSITIVE stance on the banking sector.

**Top Picks are Maybank (BUY, TP: RM12.12)** due to its excellent dividend yield, P**ublic Bank (BUY, TP: RM5.16)** and **Hong Leong Bank (BUY, TP: RM22.76)** for its solid asset quality and domestic focus.

## II. CONSTRUCTION

**Heading Towards Optimum Levels.....Maintain POSITIVE**

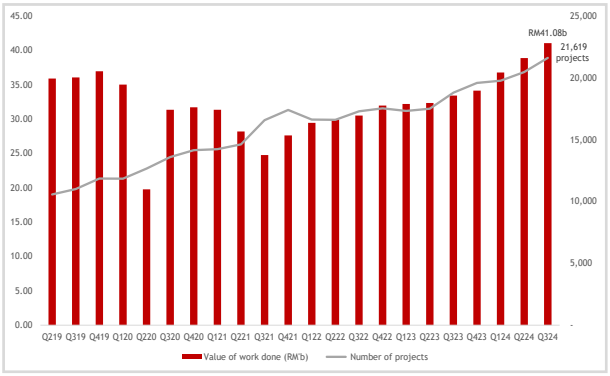
*Analyst:* ***Royce*** *Tan Seng Hooi*

**Cruising along.** The construction sector took off in 2024, driven by private sector jobs, especially data centres, in the absence of the much-expected rollout of mega infrastructure projects. We do not expect any upside surprises in terms of mega infrastructure announcements (as hinted by YAB Prime Minister in Budget 2025, "now is not the time to implement mega projects"), but we do expect the sector to continue cruising along in 2025 at the same pace it did in 2024, with industrial buildings such as data centres, warehouses, and previously committed infrastructures such as roads, rail, flood mitigation and airport expansion projects to dominate job flows.

**Operations at full capacity.** Our economics team forecast a +12.0% growth for the construction sector in 2025, a significant increase from the estimate of +5.5% in 2024 following the strong growth results of +16.9% as of Nov-24. Despite the reduction in development expenditure under Budget 2025 amounting to RM86b (-4.4%), it remains significant, with a focus on crucial projects. While it may seem that there is a lack of mega projects, what needs to be considered is the government's limited fiscal position as far as development expenditure is concerned and this is where the private sector comes in via public-private partnerships (PPPs) for infrastructures. Such projects include the MRT3 Circle Line and the KL-Singapore High-Speed Rail (HSR) for instance, which is envisioned to be entirely private-funded. In 2025, we expect the sector's growth to be driven by ongoing progress and works involving data centres, East Coast Rail Link (ECRL), Johor Bahru-Singapore Rapid Transit System (RTS) Link, Pan Borneo Highway, Sarawak-Sabah Link Road and upcoming projects such as the Penang LRT, Penang International Airport expansion, KL Sentral redevelopment, Bukit Jalil Stadium redevelopment, and the reinstatement of the five LRT3 stations. As a recap for 2024, the construction sector has recorded RM116.75b in terms of the value of work done in 9MCY24, a growth of +19.1%yoy. As of 3QCY24, the value of work done was at a record high of RM41.08b after posting its 12th consecutive quarter of increase, involving a total of 21,619 projects, also at a record high. In terms of projects awarded, this has grown +21.6 %yoy to RM185.85b with 15,613 projects. The value of projects has already surpassed the 2023 level at RM152.82b. We believe the value of projects awarded

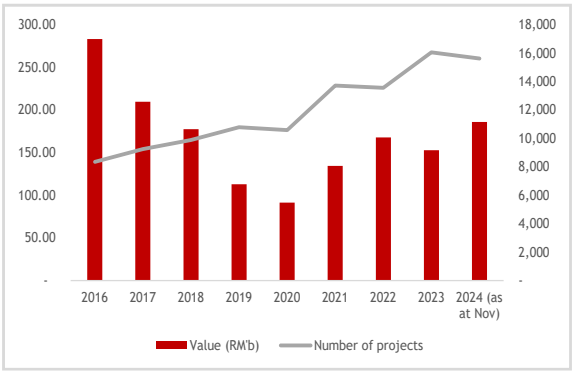
year-to-date may potentially rise to an eight-year high, surpassing the RM200b mark, thus setting the tone for 2025.

**Chart 34: Value of Construction Work Done**




Source: CIDB, MIDFR

**Chart 35: Value & Volume of Contracts Awarded**




Source: CIDB, MIDFR

**More data centre developments are expected.** Recent reports estimated that Malaysia is anticipated to see an incremental 3GW to 4GW of capacity over the next 10 years, which may translate into RM90b to RM120b of job flows, which is a boon for the construction sector. Recent announcements in the space that may translate to sizeable project awards in 2025 include additional data centre facilities at the Elmina Business Park following the signing of a new build-and-lease agreement between Sime Darby Property and Pearl Computing Malaysia Sdn Bhd on a 77-acre (31.2ha) site. Meanwhile, NTT Data also announced its proposed acquisition of 27.7ha of land in Gelang Patah where it aims to build a data centre with a planned 290MW capacity, which could be the largest data centre campus in Asia Pacific.

**Rollout of mega projects.** Topping the list for 2025 would be the Penang LRT with the impending rollout of Segment 1, the 24km elevated rail alignment from the upcoming Silicon Island to Komtar, which is expected to come up to the tune of about RM8.0b. Recall that Gamuda was offered Segment 1 via a single source request for proposal (RFP) through SRS Consortium Sdn Bhd (60% Gamuda subsidiary). Negotiations with project developer MRT Corp are expected to be in its final legs, with the official contract award by the end Dec-24 or Jan-25, as construction is expected to kick off in 2025. A portion of this could then be subcontracted to other players, generating more jobs for the sector. MRT Corp had on 28th November, called for an open tender for the systems package, which may indicate that the award for Segment 1 is drawing close. For Segment 2 (above sea alignment from Komtar to Penang Sentral), we expect the tender to be called after some progress is made for Segment 1. Among contractors eyeing Segment 2 are IJM Corp, Sunway Construction and MRCB. While mega projects are seemingly absent from Budget 2025, we remain cognisant that many of the larger projects, such as the proposed revival of the KL-Singapore HSR and the Subang Airport regeneration plan, would be off-Budget projects. The HSR, if given the green light, would provide a huge boost to the construction sector. There were also proposals for an LRT or ART system in Johor, with the latter being favoured by the state government. Recommendations have been submitted to the Cabinet, pending its decision. Three lines have been identified for the LRT/ART, which is expected to complement the RTS between Johor and Singapore, depending on the Federal Government's approval. As for the much-awaited MRT3 Circle Line, we opine that there will likely be a retender exercise, likely towards the later part of 2025. MRT Corp has recently completed the public inspection for the project, which should pave the way for the alignment to be finalised and allow MRT Corp to kickstart the land acquisition process, which could take up to 24 months. MRT Corp indicated that construction works may only begin in 2027.

**Cause for concern?** Under Budget 2025, the Government has proposed the introduction of a multi-tiered foreign worker levy, a rise in the minimum wage from RM1,500 to RM1,700 (will take effect on 1st February 2025) and a proposal for non-citizen employees to contribute to the EPF. We expect that this will likely be insignificant

for the larger contractors as they have been paying wages above those levels. Another cause for concern is the potential delays in high-rise project rollouts in the Klang Valley due to stringent requirements for more in-depth geotechnical studies/reports that have to be submitted following the fatal sinkhole incident on Jalan Raja Laut in Kuala Lumpur.

**Maintain POSITIVE.** We are reiterating our POSITIVE stance on the construction sector, backed by a strong pipeline of data centre and infrastructure projects. In terms of costs, figures from the Department of Statistics Malaysia (DOSM) indicate that average steel bar prices nationwide stood at RM3,832.9 per tonne as of Oct-24, with a +3.1%yoy increase but a -0.7%mom decrease. As for cement prices, the average prices for bulk cement have stabilised at RM380 per metric tonne. Nevertheless, stronger contractors were able to navigate through the higher costs and have shown to improve their margins in recent quarters. In the construction sector, we maintain our preference for large-cap market leaders with strong balance sheets and strong international exposure. Our top picks are the upcoming FBM KLCI constituent **Gamuda (BUY, TP: RM9.64)**, **IJM Corp (BUY, TP: RM3.89)** and **Malayan Cement (BUY, TP: RM6.81)**, the latter positioned as a prime beneficiary of the sector's growth. On overseas presence, Gamuda has been making great strides in Australia, with projects making up about 40% of its record-high order book of RM31b. Meanwhile, IJM Corp is in the midst of acquiring a 50% stake (effective stake 30%) in JRL Group Holdings Ltd, a diversified construction group in the UK that has a strong control of the supply chain in the UK at about 80%.

## III. CONSUMER

**Set to Thrive in 2025.....Maintain POSITIVE**

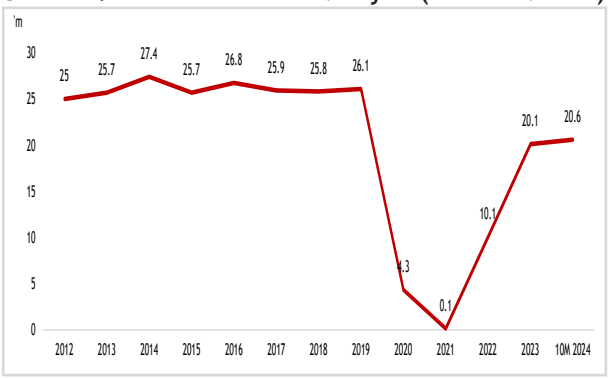
*Analyst: Ng Qing Rong,* ***Eunice***

**Retail spending sustains strong growth.** Malaysia's retail trade maintained a robust pace, growing +5.5%yoy in September 2024 to RM64.4b, bringing cumulative consumption to RM569.3b in 9MCY24, up from RM536.4b in the same period of 2023. This growth, underpinned by steady demand in F&B, tobacco, and nonspecialized stores, reflects a strong labour market with an unemployment rate of 3.2% and a slight uptick in labour force participation. Headline inflation moderated to +1.9%yoy in October, boosting purchasing power. Looking forward, we expect 2025 to witness further acceleration in retail sales growth, driven by stable employment, increased disposable income, and the implementation of various government measures, including enhanced cash assistance, minimum wage hikes, and salary adjustments for civil servants. These measures are expected to amplify domestic consumption, particularly among low- and middle-income households. Additionally, the gradual tourism recovery is anticipated to further fuel retail demand, benefiting consumer staples and general merchandise retailers. We see **Aeon (BUY, TP: RM1.67)** as particularly well-positioned to capture this growth, with resilient domestic consumption likely to support strong top-line expansion in CY25.

**Tourism revival to bolster consumer demand in 2025.** Malaysia's tourism sector continues to be a critical catalyst for the consumer market, with international tourist arrivals surging to 20.6m in the first ten months of 2024, compared to 16.1m in the same period of 2023. This marks a significant milestone, as the 10MCY24 figure has already surpassed the total tourist arrivals for 2023 (20.1m). Looking ahead, 2025 promises even greater momentum, fuelled by strategic government initiatives such as global promotions, infrastructure improvements, enhanced accessibility through improved connectivity, and a target of 31.4m visitors with RM125.5b in tourism revenue. Preparations for Visit Malaysia Year 2026, aiming to attract 35.6m tourists' arrival and RM147.1b in

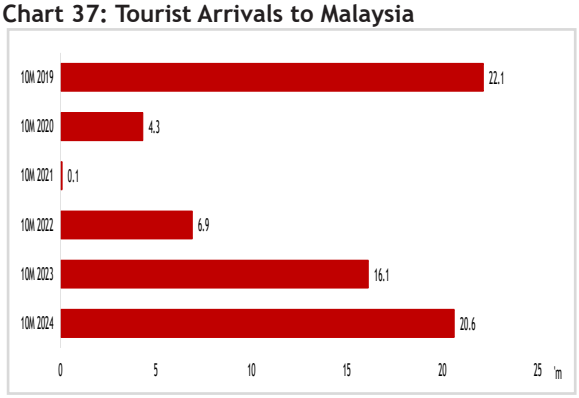
revenue, further amplify the sector's long-term potential. This resurgence is expected to drive significant growth in travel-related consumer markets, particularly benefiting the F&B and retail sectors. Companies like **Spritzer (BUY, TP: RM3.25)** are well-positioned to capitalize on the increased demand for bottled water, while Family Mart under **QL Resources (NEUTRAL, TP: RM4.83)** stands to gain from the rising demand for convenience food driven by the growing number of tourists. As Malaysia continues to attract tourists, consumer activity tied to travel, and hospitality will continue to provide a solid foundation for sector-wide growth.

**Chart 36: Tourist Arrivals to Malaysia (2012-10M2024)**




Source: Tourism Malaysia, MIDFR

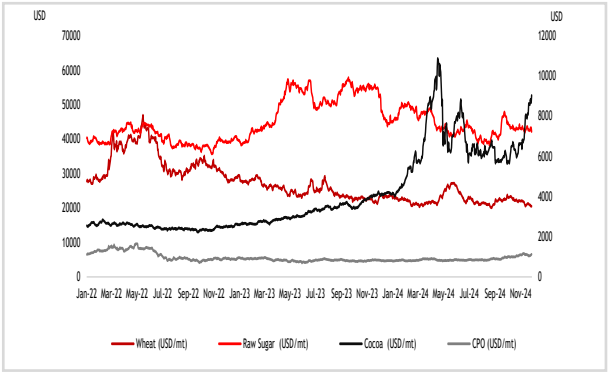
**Chart 37: Tourist Arrivals to Malaysia**




Source: Tourism Malaysia, MIDFR

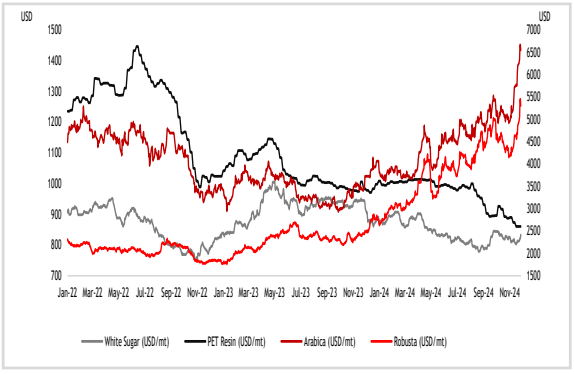
**Mixed Trends in F&B Commodity Prices as of November 2024.** The latest data reveals varied price movements for key F&B commodities. Cocoa (+92.3%yoy), arabica (+64.3%yoy), and robusta (+94.5%yoy) have seen significant price increases, posing challenges for coffee and chocolate producers. Crude palm oil (CPO) also rose by +32.9%yoy. In contrast, wheat prices declined by -4.4%yoy, alongside raw sugar (-21.9%yoy), white sugar (-13.5%yoy), and PET resin (-11.4%yoy), providing some cost relief for food producers. Despite elevated coffee prices, the overall effect remains manageable due to the broader downward trend in key commodities and strong brand equity enabling market players like Nestle to effectively pass on costs without significantly affecting demand. Looking ahead to 2025, the operating environment is expected to improve as commodity prices stabilize after a volatile 2024. While cocoa and coffee prices are likely to remain elevated, the continued decline in sugar, wheat, and PET resin costs will ease margin pressures for food and beverage producers, supporting a more balanced cost structure and steady earnings growth across the sector.

**Chart 38: Raw Material Futures Price Trend for Food Producers (USD/mt)**




Source: Bloomberg, MIDFR

**Chart 39: Raw Material Futures Price Trend for Beverage Producers (USD/mt)**




Source: Bloomberg, MIDFR

**Declining feed costs provide tailwinds for the poultry sector.** Feed costs, a major component of poultry production expenses, have been steadily falling since early 2024, largely due to stable prices for key ingredients like corn and soybean meal. As of Nov-24, average soybean prices have declined by -29.8%yoy to USD329/mt, while corn prices have dropped by -10.9%yoy to USD17,417/mt. Since feed accounts for 65-75% of poultry production costs, this reduction is a positive for the poultry sector, improving profit margins across the industry. We remain optimistic about continued low feed costs into 2025, supported by stable supply from major exporters. This reduction in input costs will likely boost margins for key industry players such as **QL Resources (NEUTRAL, TP: RM4.83)** and **Leong Hup International (BUY, TP: RM0.90)**, positioning them well to capitalize on cost efficiencies in the coming year.

**Ringgit's depreciated at a slower pace in Nov-24.** In November 2024, the Ringgit showed signs of stabilization, depreciating at a slower pace against the USD, with an average exchange rate of USD 1.00: RM 4.44. Although the MYR remains weaker compared to October 2024 (USD 1.00: RM 4.30), it has appreciated by 5.4%yoy from November 2023 (USD 1.00 = RM 4.69). This relative stability in the MYR exchange rate is expected to benefit F&B and poultry companies that import commodities priced in USD. Looking ahead to 2025, the ringgit is expected to strengthen further, with our economists projecting an average exchange rate of RM4.23/USD. This anticipated appreciation will likely create a favourable operating environment for domestic players, reducing input costs and improving margins for companies which depend heavily on imported raw materials. On the other hand, a firmer ringgit could challenge export-focused companies like **Asia File (SELL, TP: RM1.44)** and **Rhong Khen International (BUY, TP: RM1.60)**, as MYR strength would dampen USD revenue upon conversion.

**Strong growth prospects for Malaysia's consumer sector in 2025.** Looking forward to 2025, Malaysia's consumer sector is well poised for growth, underpinned by favourable economic conditions and strategic government policies. Key growth drivers include a strong labour market fostering positive income prospects and supporting steady consumer spending, continued demand for essential goods, particularly as households benefit from government support measures, targeted initiatives in Budget 2025 designed to support consumer spending, and increased tourist arrivals, which will contribute to sustained demand in both essential and discretionary goods. Retailers such as **Padini (NEUTRAL, TP: RM3.28)** and **Aeon (BUY, TP: RM1.67)** will likely see higher foot traffic and increased sales volumes, thanks to their strong reputations for quality and affordability. At the same time, companies like **QL Resources (NEUTRAL, TP: RM4.83)** and **Leong Hup International (BUY, TP: RM0.90)** will continue to thrive, benefiting from robust demand for everyday necessities. This combination of factors will provide a strong tailwind for the entire consumer sector, driving growth and heightened retail activity throughout 2025.

**Laggards and attractive valuation.** The consumer sector has trailed behind this year, with the FBM KLCI surging by +10.5%YTD as of 3 Dec 2024, while the consumer index has languished, falling by -0.8%YTD. However, we believe this lag presents an enticing opportunity for investors, as we anticipate earnings to improve and strong macroeconomic catalysts to drive growth in 2025. With the Malaysian government's proactive policies set to be implemented next year, the sector is well-positioned for revenue and earnings expansion. Consumer staples, in particular, are currently trading at a compelling valuation of 22.7x, significantly below the three-year forward PE average of 28.2x, signalling a rare window of undervaluation. Our top pick, F&N, is currently trading at a CY25F PER of 17.4x, notably lower than both its three-year historical average of 21x and the sector's forward three-year PE mean of 28.2x. This undervaluation, coupled with F&N's strong fundamentals, presents a rare investment opportunity. With these appealing valuations, the sector is poised to benefit from a favourable tailwind, making it an attractive prospect for investors in 2025.

**Maintain POSITIVE on the Consumer Sector.** Overall, we remain optimistic for the consumer sector, supported by several key factors: (1) a stable labour market that continues to drive domestic consumption, (2) sustained growth in consumer spending, buoyed by favourable private consumption and GDP growth, (3) a strong domestic

consumption outlook, bolstered by various incentives introduced in Budget 2025, and (4) improved margins for food and beverage producers, benefiting from declining global commodity prices and a stronger ringgit.

Our top pick for the consumer sector remains **F&N (BUY, TP: RM36.77)** and **Aeon (BUY, TP: RM1.67)**. F&N is well-positioned to capitalize on the rising demand for ready-to-go (RTG) beverages, particularly from increasing tourist traffic. The company's expansion into integrated dairy farming could further boost its revenue base. Aeon, with its strong presence in general merchandise and supermarkets, is poised to benefit from robust domestic demand for essential goods. Moreover, Aeon's Property Management Services segment is expected to thrive, driven by optimized tenant mixes and improved rental rates. With the positive economic backdrop, Malaysia's consumer sector is set for a prosperous 2025.

## IV. HEALTHCARE

### Strong Fundamentals For Healthcare Providers Amid Cost Pressures.....Maintain POSITIVE

*Analyst: MIDF Research Team*

**Aging population, tech advancement pushes for more value-based care.** Moving forward into CY25, the ageing population continues to be a key driver for the healthcare sector, as rising bed occupancy rates (BOR) and inpatient visits are expected to accompany increased demand for pharmaceutical products to treat non-communicable diseases (NCDs) and rare illnesses. Furthermore, the maturity of telehealth and the higher prevalence of AI and data analytics are expected to expand significantly, notably in underserved communities. AI-based technology is expected to increase the quality of healthcare services, reduce diagnosis and screening time, and reduce the doctor-to-patient ratio. These main trends will be focusing on patient outcomes and cost efficiency.

**In Malaysia, healthcare providers** are likely to capitalize on these trends through strategic asset management, facility expansion, and robust operational performance. This is also in line with Budget 2025's allocation for the sector, standing at RM43.5b, with emphasis on i) infrastructure upgrades, ii) subsidies for underserved communities, iii) better cost management including medical staff cost, iv) digital health improvements, and v) public healthcare awareness. Overall, we anticipate that the healthcare providers subsector will maintain its resilience in CY25 despite challenges such as i) shortages of medical personnel and nurses, ii) potential shifts in government policies and regulations, iii) the need for upskilling in AI and digital technologies, and iv) inflationary pressures affecting operational costs.

**Maintain POSITIVE.** All in all, we maintain our positive stance on the healthcare sector. Key trends to look out for in CY25 include: i) adoption of AI-driven diagnostics and wearable health monitoring, ii) improvements in rural healthcare and accessibility in accordance with Budget 2025, iii) continued focus of medical tourism in high-demand services like fertility and oncology, and iv) emphasis on preventive healthcare. We also believe there will be a growing demand for private care and medical tourism, in line with the increasing prevalence of NCDs and the ageing population in the country. However, downside risks still remain stemming from i) an unfavourable global economic environment, ii) increasing labour costs, iii) volatile raw material prices for pharmaceuticals and medical devices, and iv) geopolitical tensions and natural disasters.

Our **TOP PICK** for this sector is **KPJ Healthcare (BUY, TP: RM2.54)**. We expect that healthcare providers will continue to maintain their resiliency, amid the advancement of medical technology and the improvement of regulations. We are positive about KPJ Healthcare, on the strength of i) increasing demand for inpatient treatments,

surgeries and deliveries, ii) financial resiliency and emphasis on local patients, which mitigates external risks, iii) continuous lookout for opportunities to expand footprints to cater for local demands, and iv) continuous support by the government through Budget 2025 and partnerships with public healthcare providers.

## V. OIL & GAS

**Upstream, Midstream Remain Sanguine Amid Volatile Oil and Gas Prices.....Maintain POSITIVE**

*Analyst: MIDF Research Team*

**Oil-gas demand remains strong amid geopolitical risks.** Oil prices are expected to remain relatively high (within the range of USD70-78pb) and stable, driven by: i) continuous OPEC+ production cuts, ii) ongoing geopolitical tensions, and iii) a temporary slowdown in US crude production amid weather concerns. We also noted that the sector is transitioning and adapting its focus on carbon capture and storage (CCS), hydrogen fuel, biofuel and other carbon-efficient technologies. We expect that the transition will continue to be developed well into CY25-26, with greater emphasis on the Asia and Africa regions. Overall, we expect the sector to maintain its strong financial health in both conventional and low-carbon energy projects. We maintain our CY24 average Brent crude oil price at USD82pb (YTD24 average: USD81pb) while the CY25 average Brent crude oil price is expected at USD78pb. This is based on the: i) ongoing impact of geopolitical tensions, ii) potential OPEC+ production increase, iii) gradual demand growth for petroleum products from China and Japan, and iv) strong upstream production policies following Trump's presidency. Global oil demand is also expected to surpass 102mbpd in CY25, with global natural gas demand remaining sanguine on the back of the anticipated higher demand for LNG as a transitioning fuel.

UPSTREAM

We are expecting the geopolitical tensions in Eastern Europe to remain, if not slightly escalated from CY24, while the Middle East conflict may see gradual cessation following Trump's electoral victory for a second presidency, commencing in CY25. This scenario could impact the import and export of crude oil and natural gas from this region, causing uncertainties on the supply side as well as demand from other regions, notably East Asia. As such, we are expecting Brent crude oil price would hover below USD80pb and above USD76pb – lower than the CY24 forecasted average but a comfortable range for most oil and gas players in all divisions. Meanwhile, we expect Henry Hub to be higher than the CY24 forecast of USD2.22pMMBtu but remain below USD3pMMBtu. This is backed by the anticipation of a growing demand for natural gas and LNG, in tandem with growing investments in energy transition. We expect that upstream activities will remain focused on deepwater exploration and LNG projects, with a sustained crude price above USD70pb. Our local upstream is expected to continue its business as usual, in line with the contractual basis of its respective projects. In CY25, we are expecting more rig counts in the region considering the 19 discoveries of oil and gas reserves in CY23, and 7 discoveries in CY24 (to date); contributed by PETRONAS's Production Sharing Contracts (PSCs) with local and regional OGSE companies. To date, 1bboe in new resources are expected to be discovered within offshore Malaysia.

MIDSTREAM

By CY25, we are expecting a higher push into the gas market, in consideration of Malaysia's initiatives in energy transition. NETR had highlighted projects for carbon capture and storage (CCS), namely Kasawari, Lang Lebah and BIGST. While the full success of CCS in this region has yet to be achieved as of writing, case studies have supported that CCS not only reduces carbon emissions for oil and gas production fields but also increases the ESG value of the upstream oil and gas via offshore operations, development and transportation. Additionally, LCO2 and H2C are opportunities that can be tapped by the marine transportation segment in part of the CCS and hydrogen fuel projects. Meanwhile, we are expecting the demand for LNG to remain stronger, subsequently expanding LNG terminal capacity and elevating charter rates for carrier fleets. However, the risks remain to be the higher raw material prices required for retrofits, construction and maintenance. Pipelines and storage farms are expected to continue their resiliency, more so with crude oil pricing steadying to a range befitting for transporting, restocking and storage of both crude petroleum and petroleum products.

DOWNSTREAM

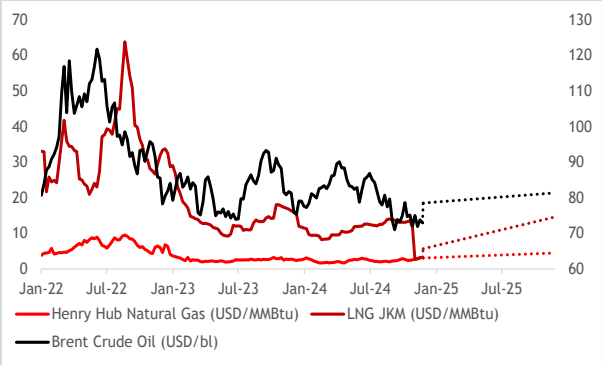
While NETR and NIMP 2030 had emphasised the commercial usage of natural gas and hydrogen for various industrial, commercial and residential applications for the sake of energy security within the nation, we still believe that petroleum products will remain in demand in the market. Coming into CY25, we expect the downstream division to pivot towards petrochemical production, biofuel and cleaner energy and refining solutions. With a lower forecasted average for crude oil prices, we expect that refined petroleum products and petrochemical products could give better profit margins for the downstream retailers. CY25 will continue to see a robust operation for the downstream division, although we opine that natural gas might take centre stage in CY25 instead of crude oil. We are expecting LNG prices to be boosted in parallel with the expected slowdown in crude oil prices, on the back of the clean fuel movement and the recovery of the petrochemical subsector. Malaysia's Refinery and Petrochemical Integrated Development (RAPID) will also remain a cornerstone of this division despite the volatile petrochemical feedstock prices and expected tight competition with Chinese and Middle Eastern refiners.

**Maintain POSITIVE with caution.** All in all, we remain POSITIVE for the oil and gas sector, with caution on several trends in CY25, including oil price volatility amid geopolitical risks and OPEC+ interventions, as well as the energy transition pressure on investment decisions for every oil and gas division moving forward. We believe the upstream division has the leverage on its long-term contractual operations despite volatility in crude oil and natural gas prices. With the continuous PSC awards by PETRONAS and increased interest in deepwater exploration, we expect the upstream division to remain sanguine, despite the potential lower average crude oil price in CY25. We also expect the midstream to see an increase in demand for storage farms and pipelines – notably for LNG – offset by high operational costs following volatile raw material prices and geopolitical risks. As for the downstream, the demand for cleaner fuel production and petrochemicals is expected to remain stable despite expected margin compression and higher competition in the region. We anticipate that the full recovery for the petrochemical subsector may only be visible near the second half of CY25.

Our forecasts remain subject to external risks, including: i) regional and local shifts in demand for crude petroleum and petroleum products, ii) inflationary pressures impacting raw material costs and charter rates, iii) geopolitical tensions in Eastern Europe, the Middle East, and East Asia, which heighten volatility in crude oil and natural gas prices, and iv) ongoing supply cuts by OPEC+. Furthermore, we are closely monitoring the sector's trajectory and its response to developments of the US energy policies coming into CY25, which could change the upstream and midstream environments in the long run, subsequently influencing the mid-to-long-term supply-demand dynamics for crude oil and natural gas.

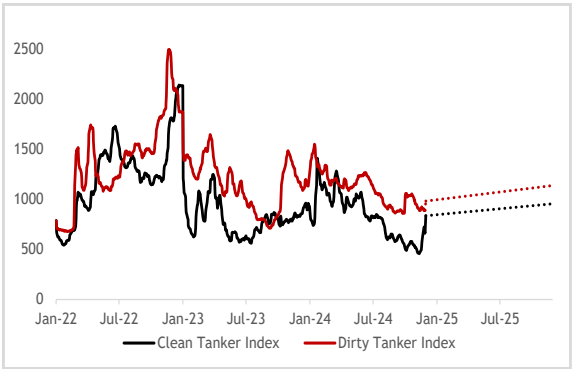
Our **TOP PICKS** for the sector are **Bumi Armada (BUY, TP: RM0.88)** for Upstream, **Dialog (BUY, TP: RM2.72)** for Midstream and **Petronas Dagangan (BUY, TP: RM24.63)** for Downstream. We like these companies for their: i) robust order book and balance sheet, ii) resilient operations amid high crude oil price volatility and other uncertainties, iii) strong business model, and iv) expectations of leveraging on-demand recovery for crude petroleum and petroleum products.

**Chart 40: Brent Crude Oil v Henry Hub Natural Gas v LNG Japan/Korea (Forecast)**




Source: Bloomberg, MIDFR

**Chart 41: Baltic Tanker Rates Index (Forecast)**




Source: Bloomberg, MIDFR

## VI. PLANTATION

**Renewed Catalyst.....Maintain POSITIVE**

*Analyst: MIDF Research Team*

Supply Side

**Malaysia prospects.** On a year-to-date basis, the oil palm industry has had a mixed performance, with the latest local PO production in October declining by -7.2%yoy, reaching 1.80m Mt, whilst the cumulative 10MCY24 saw an increase of +6.7%yoy. This suggests that estate activities have rather been mixed. In fact, October's production was the lowest since 2022, reflecting softer local FFB numbers received by mills, which amounted to 9.1m Mt (-6.5%yoy), largely due to reduced tonnage contributions from the eastern region. The country's average FFB yield decreased by -6.1%yoy to 1.55 tonne/ha, with a weaker OER of 20.03%, primarily due to FFB evacuation challenges during the month. Overall, while the performance in the 1HCY24 remained encouraging, it tapered off in 2HCY24 due to concerns in the eastern region, where biological tree rest issues, caused by the lagging impacts of El Niño, affected production in the remaining months.

Looking ahead, with closing stocks now nearly at 1.9m Mt (vs 10M18: 2.2m Mt), this marks -13.6% below from pre-pandemic level. We opine that biological tree rest and a slower-than-expected recovery in output will persist, with local production projected to grow by only +1.0%yoy to 19.5m Mt in CY25F (Table 10). The continuation of an adverse weather event, such as La Niña, could further impact crop productivity. According to the met Malaysia, the likelihood of this event occurring in the 1HCY25 remains high, at 57%, although this is a slight decrease from the previous 60% probability. As a result, peak production levels in the 2HCY25 are anticipated to be lower, which will likely support a high average CPO price trading during that period.

**Table 10: Malaysia PO Production, Exports and End stocks Forecast for CY24E-25F**

| million Mt | CY23 | CY24E | Diff | YoY% | CY25F | Diff | YoY% |
|---|---|---|---|---|---|---|---|
| Opening Stocks | 2.2 | 2.3 | 0.1 | 4.3 | 2.0 | -0.3 | -13.4 |
| **Production** | **18.6** | **19.3** | **0.7** | **4.0** | **19.5** | **0.2** | **1.0** |
| Imports | 0.9 | 0.4 | -0.5 | -54.7 | 0.5 | 0.1 | 25.0 |
| **Total Supply** | **21.6** | **22.0** | **0.4** | **1.6** | **22.0** | **0.0** | **-0.1** |
| Exports | 15.1 | 16.5 | 1.4 | 9.4 | 16.7 | 0.2 | 1.2 |
| Dom Usage | 4.3 | 3.5 | -0.8 | -17.8 | 3.5 | 0.0 | 0.0 |
| **Total Demand** | **19.3** | **20.0** | **0.7** | **3.4** | **20.2** | **0.2** | **1.0** |
| **End Stocks** | 2.3 | 2.0 | -0.3 | -13.4 | 1.8 | -0.2 | -10.7 |

Source: MPOB, MIDFR

**Indonesia prospects.** Comparatively, Indonesia PO production has been sluggish on a year-to-date basis, falling drastically to 38.9m tonnes (-4.6%yoy), as crop seasonality has been jeopardized by a rainfall deficit in key producing areas such as Sumatera and Kalimantan during 1HCY24. However, with the ENSO reading now stabilising to an ENSO-neutral Anomaly, based on BMKG data, this marks the end of dryness seasonality, putting the palm tree in a biological tree rest position. In the recent IPOC, GAPKI stated that the productivity decline is due to the low effectiveness of the community oil palm rejuvenation program (PSR) that has been running for the past few years. Despite the weather has been better now as opposed to 2HCY23, palm oil yield will not increase immediately.

Going into CY25, we anticipate production to grow by only +1.0%yoy to 52.6m Mt after taking into account prolonged La Niña weather until mid-year (based on BMKG forecast) and the continuation of the biological tree rest conditions. Additionally, the implementation of the B40 biodiesel blend rate is on track, with the start date in January 2025. This represents a +5% increase in the biodiesel blending rate (previously B35), which could lead to a potential drop in exports to meet local biodiesel mandates. Note that biodiesel exports account for 1% of total palm oil exports, while domestic consumption represents 45.8% of total palm oil usage.

**Table 11: Indonesia PO Production, Exports and End stocks Estimates for CY24E**

| million Mt | CY23 | CY24E | Diff | YoY% | CY25F | Diff | YoY% |
|---|---|---|---|---|---|---|---|
| Opening Stocks | 3.7 | 3.1 | -0.5 | -14.8 | 2.8 | -0.4 | -11.5 |
| **Production** | **54.8** | **52.1** | **-2.7** | **-5.0** | **52.6** | **0.5** | **1.0** |
| Imports | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.7 |
| **Total Supply** | **58.6** | **55.3** | **-3.3** | **-5.6** | **55.4** | **0.2** | **0.3** |
| Exports | 32.2 | 29.0 | -3.2 | -10.0 | 28.0 | -1.0 | -3.4 |
| Dom Usage | 23.2 | 23.5 | 0.3 | 1.2 | 24.4 | 0.9 | 3.8 |
| **Total Demand** | **55.4** | **52.5** | **-2.9** | **-5.3** | **52.4** | **-0.1** | **-0.2** |
| **End Stocks** | 3.1 | 2.8 | -0.4 | -11.5 | 3.0 | 0.3 | 9.4 |

Source: MPOB, MIDFR

Demand Side

**Mixed demand from the top 2 major importing countries.** For India, to date, ending stocks are relatively in line with the average over the past 5 years. With sufficient stock levels observed, there is no spike in demand as palm oil (PO) has become more expensive recently, and there may be a shift toward rival vegetable oils due to price discounts. India's GDP growth projection stands at +6.9%, supported by strong private consumption, which grew by 7.4% in 1QCY24 compared to a year earlier - a seven-quarter high. With inflation easing to 4.5%, rural consumption is rebounding, specifically in food. Despite India's move to increase the effective duty on crude palm oil (CPO) and refined oils by 12.7% (previously 5.5%) and 35.75% (previously 13.75%), we anticipate no significant impact on PO demand. This is mainly because the tax structure also affects rival oils such as soybean oil and sunflower oil.

**In China**, to date, ending stocks remain below average compared to pre-pandemic levels and the past three years. This is due to: i) low monthly average palm oil consumption of about 340,426 tonnes (-25.5%yoy) compared to 457,100 tonnes in 2023; ii) a build-up of soybean oil (SBO) stocks due to higher soybean crushing; and iii) slower replenishment, as deferred buyers have been importing less palm oil. Slower GDP growth, projected at less than 5%, and a recent stimulus focused primarily on banking liquidity and the property market have contributed to this situation. Inflation has fallen below the psychological 1% level, indicating demand is fragile. In fact, the Beijing Statistics Bureau reported an -88% drop in profits in the catering sector for 1HCY24. Restaurant company Din Tai Fung, which represents a broader trend in China's food and beverage (F&B) industry, is seeing more cautious consumer spending. This suggests that China's growth may remain subdued through next year, aligning with the estimates from the MPOC.

Overall, we estimate CY25F's export number to grow by only +1.2%yoy to 16.7m Mt (refer to Table 1), bringing the end stocks much lower at 1.8m Mt (-10.7%yoy) in CY25F. Our assumption of decent volume exports for CY25 was also based on the postponement of EUDR implementation and better Malaysia PO market share in the global veg-oils supply due to slower Indonesia PO production and SFO supply due to the renewal intensified Russia-Ukraine war.

**CPO Price to trend higher at least in the 1HCY25.** As outlined earlier, with the expected decline in ending stocks reaching 1.8m Mt (refer to Table 11), we have projected CY25F's average CPO price +2.4%yoy higher to approximately RM4,300/Mt (CY24: RM4,200/Mt). This CPO price target is made in light of the expectation of i) slower PO production growth in Malaysia and Indonesia due to La Niña and biological tree rest, ii) reduced PO export due to higher biodiesel blending rate (B40) in Indonesia and iii) potential PO export ban from Indonesia in 1QCY25 (in preparation of Eid festival). It is crucial to note that the potential PO export ban from Indonesia onset of the Raya festival could pose risks to PO supply availability in 1Q-2QCY25, we opine this could create a favourable trajectory for CPO prices, potentially driving them from RM5,000/Mt to nearly RM5,500/Mt in the 2QCY25.

**Tactically POSITIVE call on the sector at least until 1HCY25.** We maintain a POSITIVE outlook on the sector, but we foresee only a handful of players likely to benefit from elevated CPO prices. Unlike in 2022, current local CPO production (as of 3QCY24 results) is underperforming, with many small planters such as TSH, Ta Ann, and Sarawak Plantation unable to fully capitalize on higher CPO prices due to a contraction in CPO production and sales volume. This is mainly due to reduced external FFB purchases from smallholders, who have struggled due to factors such as lack of fertiliser application, inadequate upkeep and difficulty in evacuating FFB during wet weather, compounded by a lack of machinery. Hence, we recommend avoiding smaller players with significant exposure to external FFB purchases, as the aforementioned factors could risk their CPO production, particularly during the current biological tree rest environment. Instead, we suggest focusing on larger players like **IOI Corp (BUY, TP: RM4.42), SD Guthrie (BUY, TP: RM5.43)**, and **GENP (BUY, TP: RM6.10)**, whose CPO procurement (>50%) from their own estates offers more stability in realizing CPO prices.

# VII. PROPERTY

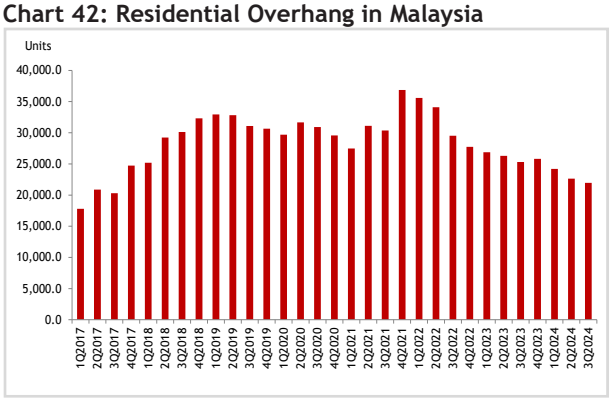
## Demand to Stay Healthy.....Maintain POSITIVE

*Analyst: **Jessica** Low Jze Tieng*

**Property overhang at the lowest level in 7 years.** Property overhang in Malaysia continues to improve as residential overhang declined to 21,968 units in 3QCY24 from 22,642 units in 2QCY24, which is at the lowest level in 7 years. Residential overhang in 3QCY24 was mainly contributed by Kuala Lumpur (3,273 units), Perak (3,039 units), Johor (3,030 units), Penang (2,570 units) and Selangor (2,304 units). Meanwhile, serviced apartment overhang in Malaysia was also on downtrend as overhang declined to 20,158 units in 3QCY24 from 21,913 units in 2QCY24, led by decline in serviced apartment overhang in Johor (11,810 units in 3QCY24 against 12,618 units in 2QCY24) and Kuala Lumpur (4,315 units in 3QCY24 against 4,504 units in 2QCY24). The declining property overhang in Malaysia could be attributed to inventory clearing of property developers and stronger demand for property. Hence, we expect the declining property overhang to keep the supply of property healthy and support buying sentiment on property.

**Buying interest remains encouraging.** Buying property interest is stronger in 2024 as data from Bank Negara Malaysia shows that loan application for the purchase of property in 10MCY24 was higher at RM532.4b (+4%yoy). The stronger buying interest could be attributed to the improving backdrop of the property sector, which was driven by lower property overhang, stable house price outlook, unchanged OPR at 3% and better economic outlook. Meanwhile, the total approved loan in 10MCY24 was also higher (+6.9%yoy), suggesting better new sales prospects for developers. Looking ahead, we expect buying interest on the property to be stronger in CY25 as the outlook for the property sector in Malaysia remains positive. That is expected to support new property sales growth and earnings growth of developers.

**Chart 42: Residential Overhang in Malaysia**




Source: NAPIC, MIDFR

**Booming Johor property market.** Johor property market saw recovery with declining residential and serviced apartment overhang due to stronger buying interest post-reopening of country border. Besides, the higher buying interest on property in Johor is also spurred by The Johor-Singapore Special Economic Zone (JS_SEZ) and The Johor Bahru-Singapore Rapid Transit System (RTS) Link. The Johor-Singapore SEZ and RTS link support buying interest in properties by locals and foreigners due to more economic activities in Johor and improved connectivity between Johor and Singapore. The RTS is on track to start operations in January 2027 and demand for a property should remain strong in CY25 ahead of operations of RTS.

**Maintain POSITIVE on the property sector.** We remain sanguine on the property sector as buying interest on the property is expected to be higher in CY25 due to declining property overhangs and catalysts such as JS-SEZ and RTS. That will support new property sales growth and earnings growth of property companies. Our top picks for the sector are **Mah Sing Group (BUY, TP: RM2.04)** and **Matrix Concepts (BUY, TP: RM2.48)**. We like Mah Sing Group as we are positive about the new sales outlook for Mah Sing as new sales will be driven by its strategy of selling affordable residential projects. Meanwhile, its JV with Bridge Data Centres at Mah Sing DC Hub @ Southville City will provide an upside to earnings growth in the long term. On the other hand, long-term prospects for Matrix

Concepts are positive with strong earnings visibility from MVV 2.0 land. MVV2.0 with total acreage of 2,382 acres and GDV of RM12b will propel property sales and earnings growth beyond FY27. Besides, the growing earnings contribution from the healthcare division will further support earnings growth.

## VIII. REITS

**Positive Outlook on Organic Growth.....Maintain POSITIVE**

*Analyst: **Jessica** Low Jze Tieng*

**Organic growth in CY25.** Most of the REITs recorded positive earnings growth in 9MCY24 and are likely to end CY24 with positive earnings growth. The earnings increase of REIT was largely attributed to better performance, particularly from the retail segment. The retail industry continues to recover in CY24 as people return to shop at shopping malls as well as higher tourist arrivals. Notably, most of the REITs reported positive rental reversion for malls in Klang Valley. Going forward, we expect earnings growth of REIT to remain positive in CY25, as we anticipate rental reversion of shopping malls to stay positive as shopper footfalls are encouraging.

**Hotel division to benefit from higher tourist arrivals.** REIT with hotel assets reported higher contributions from the hotel division in 9MCY24 as the hotel industry in Malaysia recovered from the pandemic. The recovery of the hotel industry was underpinned by more events at hotels and higher tourist arrivals. While Malaysia is poised for a higher tourist influx and as the government aims to attract more visitors for Visit Malaysia 2026 with RM400m allocation from Budget 2025, the hotel industry in Malaysia is expected to benefit from the higher tourist arrivals. That will support the average room rate (ARR) and occupancy rate of hotels. Overall, we see brighter prospects for the hotel industry in Malaysia in CY25.

**Active assets acquisition.** Aside from organic growth from positive rental reversion, REITs are also expanding their portfolio via asset acquisitions. REITs are expanding their asset portfolio via asset acquisitions due to the recovery of the retail industry while the industrial segment remains stable. Besides, the OPR is unchanged and accommodative at 3% which gives more stability in terms of financing cost to REIT hence making asset acquisitions viable. Notably, Sunway REIT completed the acquisition of six hypermarkets and 163 Retail Park (rebranded as Sunway 163 Mall) recently. Besides, the acquisition of Kluang Mall by Sunway REIT is expected to be completed soon. Elsewhere, Axis REIT continues to expand its industrial assets portfolio as it announced a slew of industrial assets acquisitions this year. Overall, the active asset acquisition of REIT will further propel the earnings and distribution yield of REIT.

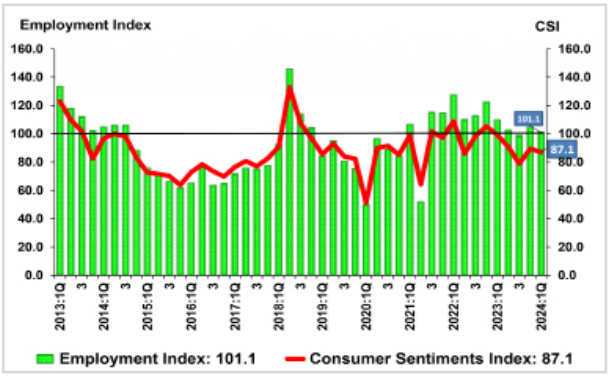
**Maintain POSITIVE on REIT.** Overall, we still see a positive outlook for REIT in CY25 as the earnings outlook for REIT is expected to remain stable, which will be supported mainly by organic growth. Besides, the average yield of REIT under our coverage is 4.9% while MGS yield is hovering at 3.8%. That translates into a yield spread of 110bps which we think remains attractive and that should support buying interest on REIT. All in all, we are maintaining our POSITIVE stance on REIT. Our top picks for the sector are **Sunway REIT (BUY; TP: RM1.98)** and **Pavilion REIT (BUY; TP: RM1.69)**. We are positive on Sunway REIT as earnings contribution from the retail division is expected to be lifted by higher rental contribution from Sunway Pyramid Mall's Oasis wing and Sunway Carnival Mall. Besides, the prospect for its hotel division is supported by higher room rates and occupancy rates due to higher tourist arrivals. Meanwhile, the distribution yield is decent at 4.9%. On the other hand, we like Pavilion REIT as the earnings outlook remains promising with a stable contribution from Pavilion KL Mall while the growing contribution from Pavilion Bukit Jalil provides an upside to the earnings growth. The distribution yield is also attractive at 5.5%.

# IX. AUTOMOTIVE

**Cautious amid peaking momentum.....Maintain NEUTRAL**

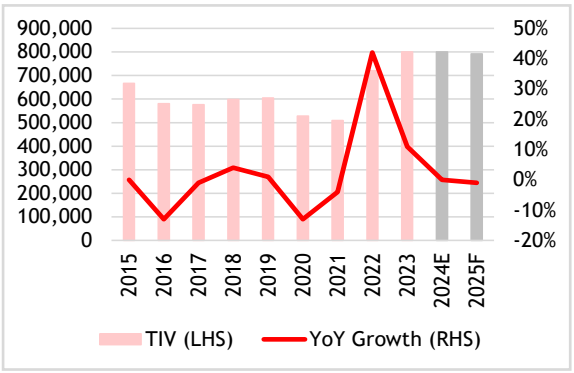
***Analyst:*** *MIDF Research Team*

**Chart 43: MIER Consumer Sentiment Index**




Source: MAA, BNM, MIDFR

**Chart 44: Annual TIV Trend**




Source: MAA, MIDFR

**TIV is expected to contract this year.** The total industry volume (TIV) reached 69,859 units in Oct-24, marking a +20.0%mom increase from Sep-24's 58,032 units but an -8.3%yoy decline compared to Oct-23's 76,173 units. Cumulatively, TIV for the first ten months of CY24 stood at 664,002 units, reflecting a +2.4%yoy growth from 648,130 units in the same period last year. The Malaysian Automotive Association (MAA) has recently revised its CY24 TIV forecast for new vehicle sales to 800,000 units or a flattish growth (CY23: 799,731 units), aligning with our expectations. This marks a +35,000-unit increase from the 765,000-unit projection made in Jul-24, which itself was a +25,000-unit upward adjustment from the initial estimate of 740,000 units in Jan-24. According to MAA, the revision reflects efforts to account for backorders, particularly for certain models predominantly from national car manufacturers. This was largely attributed to Perodua, which posted a year-to-date +10.1% increase in auto sales, while other major marques, except Honda (+6.7%), experienced declines.

**Shifting policies adds fluidity to the outlook.** Looking ahead, the outlook for the automotive sector remains fluid. One notable development is the government's planned revision of civil servant salaries, set to be implemented in two phases: the first on December 1, 2024, and the second on January 1, 2026. The salary adjustment for 1.6m civil servants is set to enhance their purchasing power, likely fueling greater demand in the automotive sector, especially within the affordable vehicle segment. On the other hand, the government's plan to rationalise the RON95 petrol subsidy is expected to increase car ownership costs. This policy may encourage affected consumers to switch to electric vehicles (EVs) or opt for more affordable car models, given the current limited availability of budget-friendly EVs in the market. We believe the extent of these shifts in consumer behaviour will largely depend on the specifics of the policy's implementation, particularly how the top 15% of income earners are defined.

**Is the high-value goods tax (HVGT) still in play?** The implementation of HVGT, initially slated for May-24, has been delayed, with no updates provided in Budget 2025. Details such as tax rates, value thresholds, and applicable items remain unclear, though proposed rates are expected to range from 5% to 10%, potentially targeting vehicles priced above RM200k, which could impact middle-to-high-income buyers more than ultra-high-income consumers. Moreover, the potential inclusion of EVs under the HVGT raises concerns about conflicting with the current policies aimed at promoting EV adoption. The overall impact on the automotive sector will hinge on how the HVGT is ultimately structured and implemented, should it move forward.

**Transitioning towards locally assembled EVs.** The cumulative total for new EV registrations in 9MCY24 reached 15,800 units, marking a +114%yoy increase. EVs now represent 2.5% of total car registrations in 9MCY24, up from 1.2%yoy in 9MCY23. The Malaysian government has extended import and excise duty exemptions for fully imported (CBU) EVs until Dec-25. However, Budget 2025 did not announce further extensions, indicating that these tax incentives will conclude as scheduled. This may lead to a surge in EV demand before the tax break expires. In contrast, exemptions for locally assembled (CKD) EVs remain effective until Dec-27. Perodua aims to launch its first EV production by end-CY25, priced between RM50k and RM100k. Similarly, Proton has introduced its inaugural EV, the e.MAS 7, developed in collaboration with Geely. These developments suggest that the government may focus on incentives to promote the local assembly of CKD EVs, aligning with Malaysia's goal to become a regional hub for affordable EVs.

**Favourable currency movements.** Year-to-date, the MYR has strengthened by +4.1% since the end of CY-23. The USDMYR is projected by our economics team to average 4.56 in CY24, with further appreciation expected in CY25, averaging 4.23. The sector benefits overall from a stronger MYR, as it lowers the cost of imported components. Non-national car manufacturers see the most advantage due to their significant reliance on imported CKD kits and CBUs. Conversely, national carmakers are less affected by currency fluctuations, given their high localisation rates of 90% to 95% for most models. **Tan Chong (SELL, TP: RM0.36)** is among the key beneficiaries, with over 90% of its purchases denominated in USD. Additionally, MYR's relative strength against the JPY, with +9.7% year-to-date appreciation, supports JPY-exposed players like **BAuto (BUY, RM3.03).**

**Maintain NEUTRAL.** We maintain our NEUTRAL outlook on the sector, reflecting the anticipated cyclical downturn. Year-to-date, the TIV figures account for 83% of both our full-year forecast and MAA's projections. Our preliminary estimate for CY25 TIV projects a slight decline of -1% to 792,000 units, driven by the anticipated reduction in order backlogs. **BAuto (BUY, RM3.03)** remains our only top pick for the sector due to its attractive valuation, trading at -1.0SD below its historical mean and offering an attractive dividend yield of 11.6%. With backlogs now at approximately a quarter of what they were during the same period last year, management anticipates a marginal -2.0%yoy decline in sales volume for FY25. The Kia Sportage (CBU), set to launch in 4QCY24, is expected to drive BAuto's volume, with projected sales of about 4,000 units – more than double the figures from the previous year.

## X. GLOVES

**A more favourable demand supply dynamic.....Maintain NEUTRAL**

*Analyst:* ***Martin*** *Foo Chuan Loong*

**Steady growth.** We are keeping our **NEUTRAL** recommendation on the glove sector. We anticipate the supply-demand conditions to be more favourable to the local glove companies. Apart from the anticipated gradual recovery in demand, the implementation of tariffs by the U.S. on Chinese glove companies serves as an impetus to further spur revenue growth in terms of uptick in volume and ASP. This will be further boosted by the current weakening of the Ringgit. However, we opine that this optimism could be partially negated by the potentially heightened competition in non-U.S. markets where we believe the Chinese glove companies would redirect their supply. In terms of operation, we expect production costs to remain high, led by elevated raw material and fuel costs as well as the potential increase in labour costs. On another note, looking at the share price performance trend of glove companies since the tariff announcement, we view that the bulk of the positivity has been priced in. The key upside risk would be higher-than-expected income generated from the U.S. market.

**Long-term demand remains intact.** On a base-case scenario, we expect steady demand growth in 2025. This is supported by the increase in restocking activities as existing stock produced during the COVID-19 pandemic drew closer to expiry. Note that natural rubber or latex gloves have a three-year lifespan or shelf life, while synthetic gloves like nitrile, neoprene, and vinyl can last five years in storage. In the medium to long term, demand for gloves is anticipated to grow steadily, supported by several factors. This includes amongst others: i) greater hygiene awareness, ii) growing importance of safety and security at the workplace iii) rising incidence of infectious diseases and viral outbreaks, and iv) population growth. Meanwhile, there has also been industry consolidation, capacity streamlining as well as the exit of newer entrants which further capped the downside risk.

**Further optimism coming from U.S. tariff implementation.** Nonetheless, the impending tariff by the US on Chinese glove players is expected to redirect some of the demand to the local glove players. To recall, The United States Trade Representative (USTR) announced a plan to raise tariffs on Chinese medical and surgical gloves from 7.5% currently to 50% in January 2025, with a further increase to 100% by January 2026.

While we expect higher demand from the U.S., we do not discount the possibility that competition to become intense outside in other markets as the Chinese glove companies may redirect their supply. Thus, any increase in ASP to the U.S. market could partially be negated by more competitive pricing for the other markets. On this note, we do not think that the Chinese glove companies would set up operations outside of China to recapture the U.S. market given the setup time and concern about production cost.

**Production cost to remain elevated.** As seen in the 3QCY24 financial results, there has been a record of higher production costs caused by higher material costs. Note that material cost typically accounts for up to 40% of the production cost. While the price of latex and nitrile has been stabilising, we view that these prices remain elevated. We expect a similar trend for natural gas which constitutes 10% to 15% of total production cost. Meanwhile, the labour cost which accounts for 10% to 15%, may face a similar uptrend to fuel pending the implementation of the revised minimum wage of RM1,700 from February 2025 onwards.

In addition, there may not be a huge improvement in utilisation rate as the glove companies may gradually turn on more production lines to meet the demand. This will need to be carefully implemented to ensure a steady utilisation rate.

**Stretched valuation.** When the new tariff announcement by the U.S. in September, we noted that glove companies under our coverage have shown an aggressive uptrend trajectory in anticipation of a higher pace of revenue growth in 2025. Since then, we tracked that the share price has increased by between 25% to 45%. In view of this, the valuation of these companies appears stretched, which is trading at between 35x to 55x. The key upside risk is higher-than-expected income generated from the U.S. market.

## XI. UTILITIES (POWER)

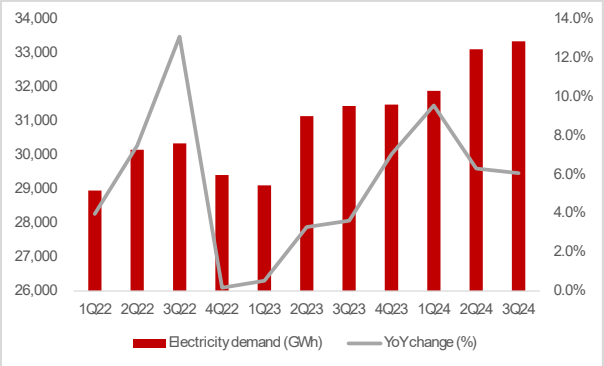
### Potential Bumper Year for Solar EPCC.....Maintain NEUTRAL

*Analyst:* ***Royce*** *Tan Seng Hooi*

Demand at an all-time high. Electricity demand continued to improve in 3QCY24, registering a +6.1%yoy increase to 33,358 GWh, the highest quarterly demand ever recorded. This was driven mainly by the industrial and commercial sectors, which were up by +3.1%yoy and +8.8%yoy respectively. The growth in demand, however, moderated slightly from +9.6%yoy in 1QCY24 and +7.1%yoy in 4QFY23. While still encouraging, we note that Tenaga Nasional

operates on a revenue-cap basis based on RP3 (2022-2024) projected demand growth of +1.7% per annum. The expected influx of data centres over the next decade is expected to be a big demand driver, but similarly, how much Tenaga gets to keep from this incremental revenue and earnings will be heavily dependent on its regulated asset base (RAB) and allowable returns in RP4 (2025-2027). For CY24, demand growth is expected to moderate to between +5.8% and +6.3% off a high base last year. During the period of 9MCY24, an interesting trend that can be observed is the strong growth in electricity demand of +7.3%yoy, which has outpaced Malaysia's GDP growth of +5.2%yoy as the two figures usually run in tandem. We believe this is attributable to the boom in the energy-intensive data centres, pushing electricity demand ahead of GDP growth.

**Chart 45: Quarterly Electricity Demand**

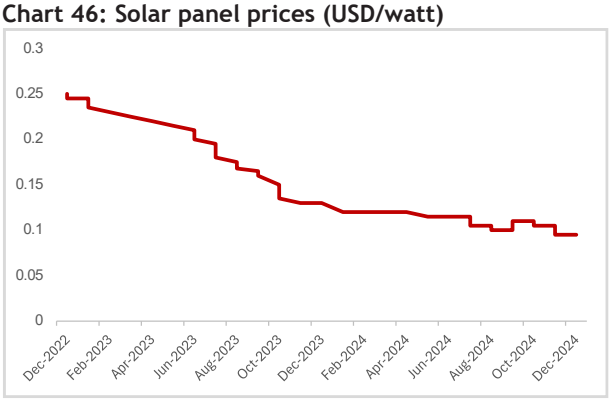



Source: TNB, MIDFR

**All eyes are on RP4.** The spotlight will be on the outcome of negotiations on the Regulatory Period 4 (RP4) that will run from 2025-2027, which is expected to be finalised by the end of 2024. We believe Tenaga Nasional's regulated capex could see significant expansion from accelerated grid investments to accommodate the aggressive renewable energy (RE) projections under the National Energy Transition Roadmap (NETR). Tenaga Nasional had preliminarily indicated a potential doubling in capex to RM90b between 2025-2030 from RM45b (2018-2024), which is a positive catalyst as this is expected to expand its RAB meaningfully going forward. The stronger electricity demand as seen in 9MCY24 necessitates the need for upward revisions in RAB in RP4. We have a **NEUTRAL** recommendation on **Tenaga Nasional (TNB)**, with a **target price** of **RM14.20**. Our projections already assume a step-up in regulated asset base growth to a CAGR of +7.7% in RP4 (vs. +4.2% in RP3) to reflect accelerated capex spending on the energy transition.

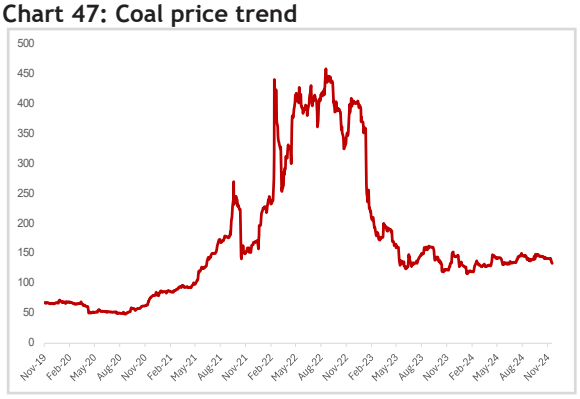
**No breathing space for RE EPCC, but a good problem to have.** Two main themes are expected to set the tone for 2025. These are the Corporate Green Power Programme (CGGP) and the fifth iteration of the Large-Scale Solar (LSS5), which are expected to flood the market with massive EPCC contracts. Quota allocations for the CGPP were done in two batches in 2023, with a total of 800MW while the upcoming LSS5 will see a total of 2GW being allocated. This is expected to give rise to a potential of RM8.4b to RM11.2b of EPCC jobs, which will keep the RE EPCC subsector busy until 2026. CGPP plants have to be completed no later than 2025 while the LSS5 has a commercial operation date (COD) deadline in 2026, as determined by the Energy Commission. This means that there would be little to no downtime for solar EPCC players next year, especially in 2HCY25. We reckon that at least half of the EPCC jobs for the CGPP have yet to be awarded and most of them are expected to come in by the end of the month (Dec-24). In addition to the stronger demand expected, margins are expected to be favourable, following the steep decline in solar module prices. The import duties imposed by the US on solar panels from Southeast Asia are not expected to affect the costs to our solar EPCC players as they import the panels directly from China.

**Chart 46: Solar panel prices (USD/watt)**




Source: Bloomberg, MIDFR

**Chart 47: Coal price trend**




Source: Bloomberg, MIDFR

Results of LSS5 bids. The outcome of the bidding for the fifth cycle of the Large-Scale Solar programme (LSS5) may potentially be announced by the end of the month as well. We believe this would give successful bidders sufficient time for financial close and plant construction in CY25, before the COD (commercial operation date) deadline in 2026 as set by the Energy Commission. A total of 2GW quota is allocated for LSS5 which is by far the largest for the LSS program compared to <1GW auctions in prior cycles.

Expansion of net energy metering (NEM). The extension of the Net Energy Metering (NEM) 3.0 to 30 June 2025 was announced by the Prime Minister when he tabled Budget 2025 in Parliament, which is set to further encourage the adoption of solar PV systems among residential consumers. There are three categories under NEM 3.0, namely NEM Rakyat (450MW), NEM GoMEn (100MW) and NEM Nova (1,400MW). The NEM Rakyat and NEM Nova recently received an additional quota of 50MW and 300MW respectively and applications for the quota are filling up fast, as per the table below.

**Table 12: NEM quota**

| Categories | Quota allocation (MW) | Quota applied (MW) | Quota balance (MW) | Quota balance (%) |
|---|---|---|---|---|
| NEM Rakyat Programme | 450.0 | 410.9 | 39.1 | 8.7% |
| NEM GoMEn Programme (Government Ministries and Entities) | 100.0 | 63.2 | 36.8 | 36.8% |
| NOVA Programme (Net Offset Virtual Aggregation | 1,400.0 | 1,087.4 | 312.6 | 22.3% |

Source: SEDA

**Clear and firm policies under NETR.** The CGPP, LSS5 and expansion of the NEM mentioned above are all aligned with the National Energy Transition Roadmap (NETR), a long-term, firm policy layout that is expected to provide a strong, multi-year catalyst for the power utilities sector. An overarching goal is raising the RE capacity mix to 70% by 2050 from 23% in 2020 which necessitates a more than quadrupling in annual RE installations to 2.2GW/ annum by 2050.

**Prefer solar EPCC players.** We reiterate our NEUTRAL recommendation on the Utilities sector given our NEUTRAL call on **Tenaga (TP: RM14.20)** and **SELL** call on **Ranhill Utilities (TP: RM1.07)** due to lofty valuations. Our preference lies in the solar EPCC subsector as the main immediate-term beneficiaries of RE initiatives. Prior to the COD of LSS5 plants in 2026, industry players will be kept busy with the development of CGPP solar plants which are expected to come on stream in 20Y25 based on the EC deadline. We have BUY recommendations on all the solar EPCC stocks under our coverage, namely – **Samaiden (TP: RM1.69)**, **Pekat (TP: RM1.32)** and

**Sunview (TP: RM0.64).** In the asset owner space, we like **YTL Power (BUY, TP: RM5.64)** for its earnings recovery at Wessex Water, stable margins from Power Seraya despite normalising earnings, expansion into data centres and a potential beneficiary of the strong RE growth trajectory under NETR, particularly for RE exports given its presence in the Singapore power sector.

## XII. TECHNOLOGY

**Awaiting the Next Wave.....Maintain NEUTRAL**

*Analyst:* ***Martin*** *Foo Chuan Loong*

**Not seeing a great rebound in end demand.** Looking forward to 2025, we continue our conservative stance that the industry will continue to recover at a tepid pace. To be more specific, the pace of recovery would vary according to which supply chain the semiconductor companies reside in. In the latest release of 2025 sales forecasts by WSTS, it has made a slightly higher revision to the 2025 sales forecast of +1.4% from its previous forecast shared in June 2024. However, the upgrades are not uniform across all product segments. This is also the case for different regions around the world. Meanwhile, we note that the escalating trade tensions between the U.S. and China create more uncertainty in the semiconductor supply chain. While the near-term impact is positive for ASEAN countries including Malaysia, it may lead to further decoupling of the supply chain.

Looking at the end market, we are of the view that there is not much bright spot except for hyperscale data centres which is supported by the application of AI. In this regard, we think that the full potential of AI-powered smartphones has yet to be seen. Outlook for the automotive market remains challenging, in view of the profit warnings by various global automotive players. These would translate into depressed production volume and pressure on the ASP.

**Different pace of recovery in 2025.** In the latest 2025 sales project, the World Semiconductor Trade Statistics (WSTS) is expecting overall market growth to hit +11.2%yoy to USD697m. Regionally, growth will be mainly supported by the Americas and Asia Pacific region at +15.4%yoy and +10.4%yoy respectively. The European market is expected to grow at a slower pace of +3.3%yoy only. In terms of product segment, growth will primarily come from logic and memory at +16.8%yoy and +13.4%yoy respectively. Notably in absolute terms, these two product segments made up more than 60% of total product sales anticipated for 2025. In the absence of these two segments, other product segments are expected to grow by +5.1%yoy only.

We would also like to highlight that the revised 2025 forecast released in early December 2024 represents only a minimal revision of +1.4% as compared to the previous 2025 sales forecast which was shared in June 2025. Despite this, we see some shifts in the forecast assumptions. Regionally, we note that the Americas market is anticipated to grow at a bigger quantum while WSTS now expects minimal growth for the European market. In terms of product segments, Logic is expected to grow at a faster pace, as opposed to analogue and memory products which have been adjusted downward. This signifies that not all product segments are expected to show commendable growth.

**Table 13: Annual PO Production, Exports & End Stocks Forecast for CY23-24**

| Fall 2024 | Amounts in US$M | | | | Year on Year Growth in % | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 (Revised) | 2025 (Revised @ Dec 2024) | 2025 (Previous @ June 2024) | 2023 | 2024 | 2025 (Revised) | Changes in 2025 forecast (%) |
| **Americas** | **134,377** | **186,635** | **215,309** | **192,941** | -4.8 | 38.9 | 15.4 | 11.6 |
| **Europe** | **55,763** | **52,031** | **53,736** | **60,901** | 3.5 | -6.7 | 3.3 | -11.8 |
| **Japan** | **46,751** | **47,410** | **51,866** | **50,578** | -2.9 | 1.4 | 9.4 | 2.5 |
| **Asia Pacific** | **289,994** | **340,792** | **376,273** | **382,961** | -12.4 | 17.5 | 10.4 | -1.7 |
| **Total Words - $M** | **526,885** | **626,869** | **697,184** | **687,380** | -8.2 | 19.0 | 11.2 | 1.4 |
| | | | | | | | | |
| **Discrete Semiconductors** | **35,530** | **31,546** | **33,377** | **35,310** | 4.5 | -11.2 | 5.8 | -5.5 |
| **Optoelectronics** | **43,184** | **42,092** | **43,705** | **44,232** | -1.6 | -2.5 | 3.8 | -1.2 |
| **Sensors** | **19,730** | **18,732** | **20,034** | **19,414** | -9.4 | -5.1 | 7.0 | 3.2 |
| **Integrated Circuits** | **428,442** | **534,499** | **600,069** | **588,425** | -9.7 | 24.8 | 12.4 | 2.0 |
| **Analog** | 81,225 | 79,433 | 83,157 | 83,344 | -8.7 | -2.2 | 4.7 | -0.2 |
| **Micro** | 76,340 | 79,291 | 83,723 | 81,611 | -3.5 | 3.9 | 5.6 | 2.6 |
| **Logic** | 178,589 | 208,723 | 243,782 | 218,189 | 1.1 | 16.9 | 16.8 | 11.7 |
| **Memory** | 92,288 | 167,053 | 189,407 | 204,281 | -28.9 | 81 | 13.4 | -7.3 |
| **Total Products - $M** | **526,885** | **626,869** | **697,184** | **687,380** | -8.2 | 19.0 | 11.2 | 1.4 |

Source: WSTS, MIDFR

**No reprieve in the U.S.-China trade wars.** In 2HCY24, we observed that the trade wars between the U.S. and China intensified as the former locked in steep tariff hikes on Chinese imports, including a 100% duty on electric vehicles, to boost protections for strategic industries from China's state-driven industrial practices. There is also a 50% duty on Chinese semiconductors which include silicon wafers and polysilicon used in solar panels that will commence in 2025. A new 25% tariff on lithium-ion batteries, minerals and components, with those for EVs taking effect on 27 September 2024, and those for all other devices on 1 January 2026.

In response to the above measures, the Chinese government has "encouraged' local companies to source locally to support their local semiconductor industry and counter U.S. sanctions. According to Newswire, in China, there is an unwritten rule that locally made tools should comprise at least 70% of their production lines, especially in the case of wafer fabs. This is in line with their vision of "Made in China 2025".

On a more recent note, the Biden administration further expanded the curbs to include the sale of two dozen types of semiconductor-making equipment and restrictions on numerous Chinese companies from accessing American technology. Subsequently, China banned the export of several rare minerals such as gallium, germanium, antimony and so-called superhard materials to the U.S. while the sale of graphite will be subjected to stricter review. According to the US Geological Survey, China produces 98% and 60% of the world's supply of Gallium and germanium respectively.

The industry is now concerned that President-elect Donald J. Trump may plan more stringent policies during his coming term in office. In the foreseeable, this growing trade tension will continue to benefit local semiconductor companies that adopt the "China for China" strategy. However, should this prolong, it may lead to total decoupling of the supply chain.

**Lack of catalyst to drive smartphone replacement cycle.** According to Digitimes, the global smartphone shipments will hit 1,181.4m units in 2024 which translates into a growth of +4.9%yoy. The momentum will continue in 2025, albeit at a slower pace of +3.6%yoy, to 1,223.9m units. This is in line with our expectation of a tepid improvement in demand. Our view is mainly predicated on the lack of a killer app to drive smartphone replacement. We are of the opinion that AI in smartphones is still at the very nascent stage as the integration of AI into various applications and services has yet to become prevalent.

**Challenging outlook for iPhone.** In the latest quarterly earnings, Apple shared that iPhone sales grew by +5.5%yoy as compared to +2.8%yoy when the iPhone 15 was launched. Moving forward, we are taking a more conservative view on the demand for iPhone. This was mainly in view of the challenging outlook in China caused by heightened competition from the local competitors notably Huawei, Oppo, Xiaomi and Vivo. Notably, the iPhone market share in China has been on the decline. This was also seen in October 2024 whereby the market share has reduced to slightly below 20% from more than 30% in 2023. In addition, the growing tension between the U.S. and China has encouraged the switch from Apple to Huawei, especially for the premium segment. We also understand that Huawei has been aggressively rolling out a series of new smartphone models with attractive propositions.

On another note, in the case of the iPhone, we view that there is a mismatch between the hardware and software. While the hardware has been built to support AI function, the iOS update that comes with the AI capability will be gradually rolled out in three tranches over the next few months up to March 2025. This further provides another competitive edge to the Chinese smartphone companies.

**Challenging outlook for the global automotive industry to persist.** 2024 has been a challenging year for the automotive year. This was due to a combination of weakened demand and high interest rates. The only growing segment is electronic vehicles (EVs), mainly supported by the China market. Moving to 2025, we expect a stabilisation in the global automotive market volume. In this regard, Fitch Ratings is anticipating the global light vehicle sales to increase by approximately +2% only. The muted outlook was mainly predicated on the ongoing trade tensions, macroeconomic challenges and shift in market dynamics. The ongoing trade tensions between the US and China have led to a flurry of tariffs and disruption to automobile parts, including bans on raw materials.

The EV market may only be the only bright spot in the industry. However, this may differ according to region. The U.S. and European regions may continue to face challenges, owing to consumers' concern on range, and declining resale value due to the rapid changes in technology and competition. Meanwhile, we anticipate China's EV market to continue to grow given the aggressive rollout by various Chinese EV makers with competitive pricing packages. This, however, may not necessarily bode well for semiconductors companies as the Chinese EV makers are now requesting their suppliers to reduce the product prices by as much as 10% in a bid to remain competitive. According to Newswire, BYD and SAIC, Maxus Automotive are among the EV makers who made the request.

On another note, we have observed a wave of troubling news among the global automotive marque with restructuring and cost-cutting measures being executed. Some notable names include Stellantis, Aston Martin, GM, Mercedes, Volkswagen, BMW, Ford and Nissan.

**The proliferation of AI is still at a nascent stage.** AI is expected to drive growth across the various segments of the semiconductor value chain or ecosystem in the coming years. The amount of data processed and stored by AI applications is massive. Thus, this will shape the semiconductor design and production. With the continuous breakthrough in AI technology, we can expect even more innovative and ground-breaking AI applications in the future.

However, we view that the application of AI is rather limited at this juncture. We see that AI is currently making an incredibly positive impact on high-performance computing and hyperscale data centres. As such, much of the

focus is on the use of high-performance graphics processing units for new AI workloads. We reckon that the main beneficiary now is rather limited to notable names such as Nvidia Corp., Taiwan Semiconductor Manufacturing Corp., Broadcom Inc. and Qualcomm Inc. On the contrary, we have yet to see the proliferation of AI for consumer electronics. Currently, available AI-powered smartphones and PCs are still in their infancy, in our view. In due time, we should also see AI being incorporated into other devices.

## XIII. TELECOMMUNICATION

**In Support of 5G.....Maintain NEUTRAL**

*Analyst:* ***Martin*** *Foo Chuan Loong*

**Lacking the impetus for earnings growth.** We maintain our **NEUTRAL** view on the telecommunication sector. In 2024, we have seen further progress on 5G with the completion of the share subscription agreement (SSA) between Digital National Bhd (DNB) and the four main telcos. This also paves the way for the announcement of U Mobile which has been tasked to rollout the second 5G network. Nonetheless, the commencement date for the network deployment remains uncertain pending the full repayment of funding to the Government for the set-up and operation of DNB. Thus, we could expect considerable cash outlay from the telcos in the near term. This would cause the telcos to remain vigilant in their respective capex spending. We understand that it has been an uphill task to maintain a healthy free cash flow due to the limited growth in revenue at this juncture with some reprieve from stringent cost control. Thus, we continue to view that there is a lack of rerating catalysts for the industry.

Following our recent downgrade on CelcomDigi to NEUTRAL during the latest results season, our BUY recommendations for the sector only reside with Maxis. This also denotes that Maxis is our top pick for the sector. We view that the group has done commendably well to grow its revenue as compared to its peers, especially in the area of postpaid and home fibre segment. Moreover, careful cost management and stringent deployment of capex have led to better free cash flow. All these trickle down to healthy earnings growth. The dividend yield is also attractive at around 4.5%.

**Selection for second 5G network completed**... In November 2024, the Malaysian Communications and Multimedia Commission (MCMC) announced U Mobile as the winner of Malaysia's second 5G network bid. To recall, when the application information package was issued in July 2024, four bids were submitted. This includes CelcomDigi, Maxis, U Mobile and Telekom Malaysia. MCMC mentioned that U Mobile's selection to deploy the second 5G network is based on various considerations, including the business and technical proposals submitted. In addition, U Mobile's history of customer satisfaction and complaint rates, along with its performance in executing other infrastructure projects, were also key factors in the decision.

Subsequent to this, U Mobile said that it is seeking other telecommunications companies such as CelcomDigi and Telekom Malaysia to roll out 5G advanced services. In addition, it is also seeking to reduce its foreign majority shareholding to 20% to ensure Malaysian control and invite participation from local investors. Note that a 48.3% stake in U Mobile is currently owned by Singapore-based Mobile Investments Pte Ltd.

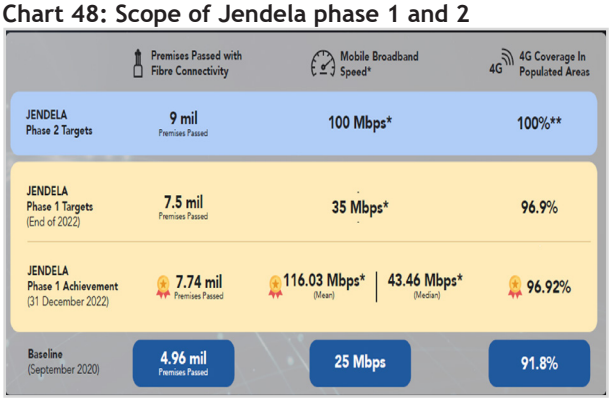
**..but, the network deployment date remains a question.** While U Mobile has been mandated to roll out the second 5G network, the commencement date is still unclear at this juncture. The Digital Minister, YB Gobind Singh Deo, mentioned that the government's total funding of RM950m and bank loans guaranteed by the government will

be taken over and repaid back by the telcos as part of Malaysia's process to transition from a 5G single wholesale network to a dual network model. Thus, the second 5G network will not be implemented until the funding by the Ministry of Finance into DNB is returned.

A step closer to Jendela Phase 2. To recall, Jendela phase 1 was completed in December 2022 its targets being exceeded. This includes 7.74m premises with fibre connections, 96.92% 4G population coverage and average mobile network speeds of more than 116.0Mbps. These achievements have set a good foundation for Jendela Phase 2.

However, to this date, phase 2 has yet to take off. The delay was primarily due to the shift from a single wholesale network to a dual wholesale network. We view that there should be better clarity upon the commencement of the second 5G network.

**Chart 48: Scope of Jendela phase 1 and 2**




Source: MCMC

**Less time to recoup 5G investment?** Given the conundrum surrounding 5G, we are of the view that there could be less time for the telco to recoup its investment. This is mainly due to the impending arrival of 6G. While the country is in the midst of deploying 5G and 5G-advanced networks commercially, works on the next-generation networks, i.e. 6G, have commenced. While there has been no agreed definition of 6G, 6G is expected to push the boundaries of 5G/5.5G even further. According to the Global Mobile Suppliers Association (GSA), the 6G networks are not expected to be commercialised before 2030. This would translate into a time gap of around six years. Nonetheless, several countries including China, South Korea, The United States, The European Union and Japan have actively allocated resources for research and development on 6G. The development raises our concern that the telcos may not have enough time to fully recoup their investment in 5G and/or 5.5G.

**Revenue growth remains a concern.** Taking a cue from the 9MFY24 financial performance of the telcos, we expect the CY25 service revenue growth rate to be at the mid-single digit at best. The growth will predominantly come from postpaid as well as the home fibre segment. For these segments, we expect Maxis to continue to outperform its peers given its value proposition which encapsulates "positive discounting". Meanwhile, the prepaid segment is anticipated to steadily contract as the telcos constantly promote pre-to-post conversion.

These will be fortified with the bundling proposition which not only helps in reducing churn rate but leads to improvement in ARPU and revenue. This is also completed by having proactive customer care, improving customer experience, employing big data analytics as well and having customised offerings to different customer cluster which needs to be constantly revisited. While Maxis has been at the forefront, we view that its peers have a proactive role in bridging the gap. Thus, winning and retaining customers has always been a moving target. This is especially so in the case of 5G whereby all telcos currently share the same network provided by DNB. Previously, given the liberty to roll out networks independently, the telcos could declare that they have network supremacy over the others. Even with the rollout of the impending second 5G network, we view that network sharing will be bound to take place.

**More emphasis on the enterprise business.** Subsequent to the rollout of 4G networks which target consumers, we view that the consumer market has relatively matured. With this, we view that the introduction of 5G is more of a value proposition for the enterprise. This would open up new opportunities for the telcos to expand their

income stream. Apart from the provision of mobile services to the enterprise customer, the opportunities lie in offering connectivity and connectivity-plus services. Note that based on 9MFY24 financial results, the enterprise segments constitute less than 20% of both Maxis and CelcomDigi respectively. In the case of Telekom Malaysia, TM One contributes approximately 25% to the group revenue. This shows that there is ample room to grow the enterprise business.

To improve the revenue contribution from the enterprise segments, various strategic collaborations have been made with equipment providers and solutions providers to expand their offerings. Coupled with tailored offerings for different types of enterprise customers, we view that the telcos would have a better chance of securing more business wins.

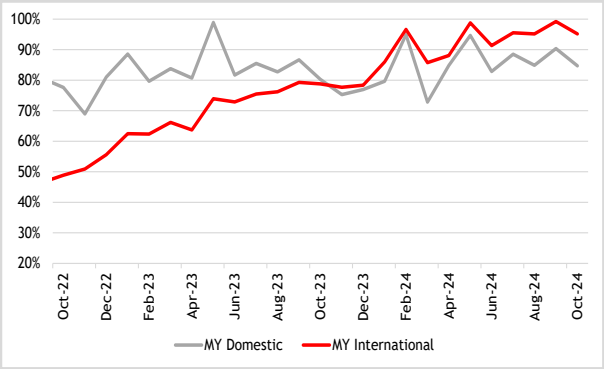
**More stringent cost control and capital management.** With limited growth in revenue, having the right cost structure as well as an optimum capex plan plays a vital role in determining the profitability and sustainability of the telcos. We have seen efforts by the telcos to drive down cost in a sustainable manner which led to a more favourable cost structure. In addition, while the telecommunication industry has a heavy capex requirement, the telcos have been more selective in where investment is poured. This primarily revolves around improving internal processes and increasing the infra-asset portfolio as well as the backbone. In this regard, Maxis and Telekom Malaysia have shown a considerable reduction in capital spending for 9MFY24. We view that this could also better prepare the telcos for upcoming 5G investment in relation to DNB and/or the second 5G network.

## XIV. TRANSPORTATION

**Progressing despite the hurdles.....Maintain NEUTRAL**

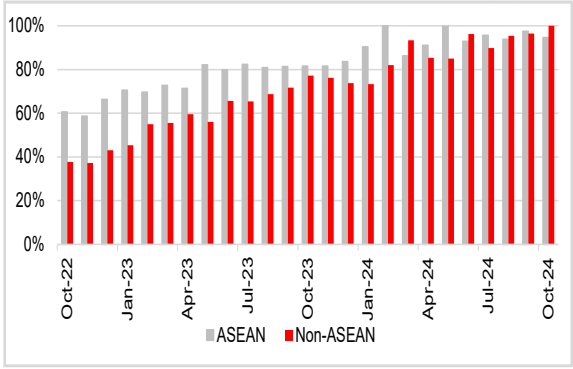
*Analyst: MIDF Research Team*

**Chart 49: Recovery of Passenger Traffic (%)**




Source: MAHB, MIDFR

**Chart 50: Recovery of ASEAN & Non-ASEAN (%)**




Source: MAHB, MIDFR

**Recovery powered by international travel.** Malaysia's passenger traffic achieved a 90% recovery in Oct-24 (domestic: 85%, international: 95%), bringing the 10MCY24 recovery rate to 89% (domestic: 86%, international 93%). To date, existing airlines have launched 52 new services, while 13 new airlines have commenced operations in Malaysia, with two more (JiangXi Air and HK Express) set to begin in 4QCY24. Notably, the recovery of the international sector has consistently surpassed the domestic sector since Nov-23. Visa-free travel policies were a key factor behind the international sector's strong performance. In Sep-24, arrivals from China and India reached 123% and 90% of their respective 2019 levels. Meanwhile, the domestic sector has lagged with recovery rates in the 80% range, likely due to limited aircraft availability (estimated to be -17% lower than pre-pandemic) restricting

seat capacity, prompting airlines to strategically prioritise international routes with higher demand. Passenger traffic for 10MCY24 now accounts for approximately 78% of our full-year estimates, with a full-year recovery projected to reach 94%. Our estimates suggest that full passenger traffic recovery could be achieved in CY25, with a preliminary projected growth of +4.0% above 2019 levels. However, downside risks persist, particularly due to ongoing delays in aircraft deliveries, as well as shortages of parts and labour.

**A turn for the better.** Despite the challenges, the operating environment for local airlines has improved, supported by the appreciation of the MYR against the USD and a decline in jet fuel prices. Approximately 70% of operating expenses in the airline industry are USD-denominated, with a significant portion attributed to jet fuel purchases. Recent data shows that the spot price of jet fuel has decreased by approximately -19.0% year-to-date, with the crack spread returning to pre-COVID levels, falling below USD20 per barrel. Our projections indicate that a 5.0% appreciation in our USDMYR assumption could boost **Capital A's (NEUTRAL, TP: RM0.99)** earnings by +7.0% to +10.0%, while a USD1 decline in jet fuel prices could result in a +5.0% to +7.0% increase in earnings. On the other hand, the load factor is anticipated to stay strong as demand continues to exceed capacity recovery. This trend is also evident in Malaysia AirAsia (MAA), with its load factor consistently exceeding 85% since 2QCY22. Moreover, average airfares are expected to remain higher than pre-COVID levels due to capacity constraints. Capital A's average airfares have increased to RM245 in 9MFY24, reflecting a +37.0% rise compared to FY19. To note, an RM1 upward adjustment in our average airfare assumption would lead to a +3.0% to +4.0% increase in Capital A's earnings.

Port & Logistics

**Resilience in global trade.** One of the key metrics we frequently track is the World Trade Organization's (WTO) Goods Trade Barometer, which consolidates multiple trade-related indices into a single composite measure. This index highlights critical turning points in global merchandise trade and provides short-term directional insights, helping us better understand port activity trends. As of Jul-24, the barometer index stands at 103.0, reflecting continued growth in merchandise trade through 3QCY24. Notably, the component index for container shipping is at 104.3, exceeding the trend line. Growth has averaged +0.7%qoq over the past two quarters, equating to an annualised increase of +2.7%yoy. This aligns with the WTO's Apr-24 projection of +2.6%yoy growth in global merchandise trade for the year (CY23: -1.2%yoy). The report also noted uneven trade performance across regions. Europe underperformed, potentially due to the Red Sea crisis, while other regions exceeded expectations. Looking ahead, WTO has issued a preliminary forecast of +3.3%yoy growth for CY25, suggesting continued positive momentum in global trade. Additionally, easing monetary policies in major economies could improve consumer demand, potentially driving increased interregional container movement.

**Potential escalation into Trade War 2.0.** The potential impact of a Trump presidency on the sector will hinge on the trade policies enacted. Trade War 2.0 could prompt exporters to frontload shipments to the U.S. in anticipation of additional tariffs. Such actions may result in a temporary uptick in local port throughput, especially transhipment volumes. A short-term rise in ocean shipping costs on U.S.-bound trade routes could also occur, similar to the market spike seen during Trump's previous term, though the scale of the impact may differ. Moreover, the ongoing shift toward the China +1 strategy benefits port and logistics operators, with more multinational corporations (MNCs) establishing operations in Malaysia. This trend is likely to drive higher production and, subsequently, increased gateway volumes. The ability of industry players to capitalise on these opportunities will depend on their operational readiness and capacity to meet growing demand.

**Warehousing to drive earnings growth.** The warehousing segment is set to become a major earnings driver for the sector, underpinned by strong demand for strategically located spaces near ports and industrial parks. This demand is fueled by businesses seeking to safeguard their supply chains, creating opportunities for expansion.

Under our coverage, **Swift Haulage (NEUTRAL, TP: RM0.46)** currently has a new Perai warehouse (+200,000 sq ft) in Penang under construction, which is due for completion in 3QFY25. This will increase its owned/leased and operated warehouse portfolio to 1.9m sq ft (+12.0%) by the end of next year. Meanwhile, Tasco is poised to benefit from full-year revenue contributions of its recently added +870,000 sq ft warehouse space, now fully occupied as customers settle in. Despite the ongoing increase in capacity, rental rates have remained stable. As these new warehouses move toward optimal utilisation, integrated logistics players are well-positioned to capitalise on the growth by offering additional value through cross-selling transportation services. We also expect the recently announced tax incentive for Smart Logistics Complexes (SLCs) under Budget 2025 will play a key role in driving future expansion plans for logistics players.

**Maintain NEUTRAL. Tasco (BUY, TP: RM1.00)** remains the only top pick for the sector due to its attractive valuation, trading at -1.0SD of its 5-year historical mean. Ocean freight rates are projected to be on a downtrend due to weaker global demand, despite efforts by shipping lines to sustain rates through the use of blank sailings. Conversely, air freight rates originating from Malaysia have only risen slightly entering 4QCY24 and are expected to remain stable due to limited belly cargo capacity and steady demand. Customers' preference for short-term contracts of 3 to 6 months currently provides a degree of earnings visibility for Tasco. We understand that Tasco has implemented a clause starting from Jul-24 that allows for price revisions if market rates rise by more than +10% above the tendered prices, providing a safeguard against fluctuations.

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## APPENDIX Table i: MIDF RESEARCH STOCK UNIVERSE as at 6 December 2024

| | FYE | Rec. | Price (RM) | Target Price | Net Profit (RM m) | | | EPS (sen) | | | EPS (% chg) | | | PER | | | DPS | | | Yield (%) | | | PBV | BV / share (RM) | Net margin (%) | ROA (%) | ROE (%) | No of shares (m) | Market cap (RM m) | 52-week Price | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | FY23 | FY24F | FY25F | FY23 | FY24F | FY25F | FY23 | FY24F | FY25F | FY23 | FY24F | FY25F | FY23 | FY24F | FY25F | FY23 | FY24F | FY25F | FY23 | | | | | | | High (RM) | Low (RM) |
| **CONSTRUCTION** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cahya Mata Sarawak | Dec | BUY | 1.24 | 1.53 | 287.1 | 114.4 | 139.3 | 26.7 | 10.7 | 13.0 | 40.2 | -60.2 | 21.7 | 4.6 | 11.6 | 9.6 | 2.0 | 3.0 | 3.0 | 1.6 | 2.4 | 2.4 | 0.40 | 3.10 | 9.65 | 2.45 | 3.23 | 1,074.8 | 1,332.8 | 1.50 | 0.91 |
| Gamuda | Jul | BUY | 9.24 | 9.64 | 806.2 | 1,838.4 | 1,298.6 | 31.9 | 69.9 | 45.8 | 36.1 | 119.5 | -34.5 | 29.0 | 13.2 | 20.2 | 12.0 | 12.0 | 20.0 | 1.3 | 1.3 | 2.2 | 2.26 | 4.10 | 13.77 | 6.90 | 15.96 | 2,837.1 | 26,214.5 | 9.38 | 4.36 |
| IJM Corp | Mar | BUY | 2.90 | 3.89 | 794.9 | 158.3 | 583.8 | 22.2 | 4.5 | 16.7 | 86.3 | -79.8 | 270.8 | 13.1 | 64.6 | 17.4 | 6.0 | 6.0 | 8.0 | 2.1 | 2.1 | 2.8 | 1.01 | 2.88 | 2.68 | 0.74 | 1.40 | 3,506.2 | 10,167.9 | 3.76 | 1.84 |
| MRCB | Dec | BUY | 0.54 | 0.67 | 64.8 | 101.0 | 73.0 | 1.5 | 2.3 | 1.6 | 302.8 | 55.9 | -27.7 | 37.2 | 23.9 | 33.0 | 1.0 | 1.0 | 1.0 | 1.9 | 1.9 | 1.9 | 0.52 | 1.03 | 3.98 | 1.14 | 2.20 | 4,467.5 | 2,412.5 | 0.74 | 0.43 |
| Sunway Construction | Dec | NEUTRAL | 4.42 | 4.46 | 135.2 | 145.1 | 178.7 | 10.5 | 11.3 | 13.9 | 20.0 | 7.3 | 23.2 | 42.2 | 39.3 | 31.9 | 5.5 | 6.0 | 8.0 | 1.2 | 1.4 | 1.8 | 6.79 | 0.65 | 5.43 | 4.71 | 16.27 | 1,289.4 | 5,699.0 | 5.18 | 1.81 |
| WCT | Dec | NEUTRAL | 0.94 | 0.97 | 128.7 | -254.1 | 60.1 | 9.1 | -17.9 | 3.9 | 31.6 | -297.5 | -121.5 | 10.4 | n.a. | 24.4 | 0.5 | 0.5 | 0.0 | 0.5 | 0.5 | 0.0 | 0.42 | 2.23 | -14.83 | -2.93 | -6.89 | 1,558.9 | 1,465.4 | 1.35 | 0.46 |
| **CONGLOMERATE** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| YTL Corp | Jun | BUY | 2.25 | 3.93 | 695.1 | 1,095.7 | 2,114.7 | 6.3 | 10.0 | 19.2 | -287.6 | 57.6 | 91.7 | 35.5 | 22.5 | 11.7 | 2.5 | 3.0 | 4.5 | 1.1 | 1.3 | 2.0 | 1.60 | 1.41 | 3.68 | 1.23 | 4.54 | 11,040.6 | 24,841.4 | 3.92 | 1.52 |
| **TELECOMMUNICATIONS** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Axiata | Dec | NEUTRAL | 2.36 | 2.44 | 9,751.1 | -1,994.8 | 698.4 | 106.3 | -21.7 | 7.6 | 1,094.4 | -120.4 | -135.0 | 2.2 | n.a. | 31.0 | 9.0 | 10.0 | 11.0 | 3.8 | 4.2 | 4.7 | 1.03 | 2.29 | -9.09 | -2.54 | -7.06 | 9,182.8 | 21,671.4 | 2.94 | 2.18 |
| CelcomDigi | Dec | NEUTRAL | 3.67 | 3.53 | 1,552.0 | 1,623.0 | 1,883.0 | 18.6 | 14.8 | 16.0 | 13.7 | -20.5 | 8.6 | 18.1 | 22.8 | 21.0 | 13.2 | 10.3 | 11.2 | 3.9 | 3.1 | 3.3 | 2.64 | 1.39 | 12.35 | 4.30 | 9.52 | 11,731.5 | 43,054.6 | 4.43 | 3.25 |
| Maxis | Dec | BUY | 3.47 | 4.47 | 1,152.0 | 993.0 | 1,463.3 | 14.7 | 12.7 | 18.7 | -12.0 | -13.6 | 47.1 | 23.6 | 27.3 | 18.6 | 20.0 | 16.0 | 16.0 | 5.8 | 4.6 | 4.6 | 4.62 | 0.75 | 9.75 | 4.36 | 17.29 | 7,833.1 | 27,180.9 | 4.00 | 3.22 |
| Telekom Malaysia | Dec | NEUTRAL | 6.58 | 6.78 | 1,143.3 | 1,870.5 | 1,668.9 | 30.2 | 48.9 | 43.5 | 27.4 | 61.9 | -11.1 | 21.8 | 13.5 | 15.1 | 16.5 | 25.0 | 17.0 | 2.5 | 3.8 | 2.6 | 2.70 | 2.44 | 15.26 | 8.16 | 20.06 | 3,837.7 | 25,252.1 | 7.19 | 5.23 |
| **TECHNOLOGY** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D & O Green Tech | Dec | NEUTRAL | 2.04 | 2.07 | 70.2 | 44.1 | 48.8 | 5.7 | 3.6 | 3.9 | -35.7 | -37.1 | 10.3 | 35.9 | 57.1 | 51.8 | 1.3 | 0.0 | 1.3 | 0.6 | 0.0 | 0.6 | 3.74 | 0.55 | 4.34 | 2.49 | 4.68 | 1,239.5 | 2,528.5 | 3.97 | 1.83 |
| Datasonic | Mar | BUY | 0.41 | 0.58 | 10.2 | 76.4 | 97.7 | 0.4 | 2.7 | 3.5 | 28.6 | 644.4 | 31.0 | 112.5 | 15.1 | 11.5 | 0.4 | 1.3 | 3.0 | 0.9 | 3.1 | 7.4 | 3.19 | 0.13 | 20.73 | 16.31 | 20.79 | 2,782.2 | 1,126.8 | 0.58 | 0.38 |
| Inari Amertron | Jun | NEUTRAL | 2.95 | 3.08 | 390.9 | 323.5 | 337.3 | 10.7 | 8.7 | 8.9 | 6.4 | -18.5 | 2.6 | 27.7 | 34.0 | 33.1 | 10.0 | 2.6 | 7.4 | 3.4 | 0.9 | 2.5 | 4.12 | 0.72 | 21.88 | 9.10 | 10.19 | 3,788.6 | 11,176.4 | 4.03 | 2.71 |
| My E.G. | Dec | BUY | 0.92 | 1.14 | 398.7 | 487.6 | 665.8 | 5.4 | 6.6 | 8.8 | 22.5 | 21.9 | 34.6 | 17.1 | 14.0 | 10.4 | 2.0 | 1.9 | 2.7 | 2.1 | 2.1 | 2.9 | 2.55 | 0.36 | 62.98 | 15.15 | 22.16 | 7,530.4 | 6,928.0 | 1.15 | 0.76 |
| Unisem | Dec | SELL | 3.00 | 3.43 | 385.4 | 80.2 | 112.2 | 23.9 | 5.0 | 7.0 | 93.9 | -79.2 | 40.0 | 12.6 | 60.4 | 43.1 | 2.0 | 8.0 | 8.0 | 0.7 | 2.7 | 2.7 | 2.18 | 1.38 | 5.57 | 2.69 | 3.36 | 1,613.1 | 4,839.2 | 4.44 | 2.88 |
| **PLANTATION** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FGV | Dec | NEUTRAL | 1.18 | 1.16 | 1,329.2 | 101.6 | 205.6 | 36.4 | 2.8 | 5.6 | 13.7 | -92.3 | 101.3 | 3.2 | 42.1 | 20.9 | 11.0 | 3.0 | 3.0 | 9.3 | 2.5 | 2.5 | 0.73 | 1.62 | 0.52 | 0.59 | 1.34 | 3,648.2 | 4,304.8 | 1.60 | 1.04 |
| Genting Plantations | Dec | NEUTRAL | 5.86 | 6.10 | 471.4 | 253.5 | 281.8 | 52.5 | 28.3 | 31.4 | 9.1 | -46.2 | 11.2 | 11.2 | 20.7 | 18.7 | 34.0 | 12.0 | 21.0 | 5.8 | 2.0 | 3.6 | 1.04 | 5.65 | 8.55 | 2.96 | 4.66 | 897.2 | 5,257.4 | 6.39 | 5.21 |
| IOI Corp | Jun | BUY | 3.89 | 4.42 | 1,725.3 | 1,114.2 | 1,165.3 | 27.7 | 18.0 | 18.8 | 24.6 | -35.3 | 4.6 | 14.0 | 21.7 | 20.7 | 14.0 | 11.0 | 8.5 | 3.6 | 2.8 | 2.2 | 2.04 | 1.91 | 11.60 | 6.21 | 9.28 | 6,203.7 | 24,132.4 | 4.14 | 3.67 |
| KL Kepong | Sep | BUY | 21.80 | 23.63 | 2,166.3 | 834.3 | 1,212.9 | 200.9 | 77.4 | 110.6 | -4.0 | -61.5 | 42.9 | 10.9 | 28.2 | 19.7 | 100.0 | 100.0 | 62.0 | 4.6 | 4.6 | 2.8 | 1.74 | 12.50 | 3.75 | 2.73 | 5.56 | 1,096.4 | 23,901.6 | 23.40 | 19.74 |
| PPB Group | Dec | NEUTRAL | 12.90 | 13.18 | 2,196.8 | 1,394.3 | 1,189.6 | 154.4 | 98.0 | 83.6 | 46.8 | -36.5 | -14.7 | 8.4 | 13.2 | 15.4 | 28.0 | 42.0 | 35.0 | 2.2 | 3.3 | 2.7 | 0.73 | 17.63 | 24.40 | 4.74 | 5.01 | 1,422.6 | 18,351.5 | 16.10 | 12.68 |
| Sarawak Plantation | Dec | NEUTRAL | 2.45 | 2.15 | 96.7 | 64.4 | 61.6 | 34.7 | 23.1 | 22.1 | -24.3 | -33.4 | -4.4 | 7.1 | 10.6 | 11.1 | 15.0 | 10.0 | 0.1 | 6.1 | 4.1 | 0.0 | 0.85 | 2.89 | 11.29 | 6.75 | 8.68 | 279.0 | 683.6 | 2.67 | 2.04 |
| SD Guthrie | Dec | BUY | 5.01 | 5.43 | 2,488.1 | 1,860.0 | 1,248.5 | 36.0 | 26.9 | 18.1 | 10.4 | -25.2 | -32.9 | 13.9 | 18.6 | 27.8 | 16.0 | 9.3 | 11.0 | 3.2 | 1.9 | 2.2 | 1.80 | 2.78 | 10.10 | 5.83 | 9.11 | 6,915.7 | 34,647.7 | 5.19 | 4.15 |
| TSH Resources | Dec | NEUTRAL | 1.20 | 1.24 | 456.4 | 95.1 | 106.9 | 33.1 | 6.9 | 7.7 | 169.5 | -79.2 | 12.4 | 3.6 | 17.4 | 15.5 | 8.0 | 2.5 | 2.0 | 6.7 | 2.1 | 1.7 | 0.84 | 1.42 | 8.92 | 3.34 | 4.13 | 1,379.9 | 1,655.9 | 1.28 | 0.96 |
| **HEALTHCARE** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hartalega | Mar | NEUTRAL | 3.77 | 3.29 | 3,234.5 | -235.1 | 191.3 | 94.6 | -6.9 | 5.6 | 12.1 | -107.3 | -181.5 | 4.0 | n.a. | 67.3 | 53.5 | 53.5 | 3.5 | 14.2 | 14.2 | 0.9 | 2.73 | 1.38 | -12.79 | -4.47 | -5.06 | 3,413.3 | 12,868.0 | 3.83 | 2.29 |
| IHH Healthcare | Dec | NEUTRAL | 7.32 | 7.56 | 1,496.2 | 2,951.9 | 1,726.0 | 17.0 | 33.5 | 19.6 | -15.8 | 97.2 | -41.6 | 43.1 | 21.8 | 37.4 | 7.0 | 9.0 | 16.7 | 1.0 | 1.2 | 2.3 | 2.26 | 3.24 | 14.10 | 5.88 | 9.12 | 8,811.8 | 64,502.7 | 7.56 | 5.76 |
| Kossan | Dec | NEUTRAL | 2.63 | 2.14 | 157.1 | 13.3 | 109.4 | 6.2 | 0.5 | 4.3 | -94.5 | -91.6 | 724.5 | 42.7 | 505.8 | 61.3 | 14.5 | 0.0 | 8.0 | 5.5 | 0.0 | 3.0 | 1.75 | 1.50 | 0.84 | 0.32 | 0.35 | 2,551.6 | 6,710.8 | 2.76 | 1.56 |
| KPJ | Dec | BUY | 2.52 | 2.54 | 167.0 | 263.4 | 338.1 | 3.8 | 6.0 | 7.7 | 222.7 | 57.3 | 28.3 | 65.6 | 41.7 | 32.5 | 2.0 | 3.1 | 3.6 | 0.8 | 1.2 | 1.4 | 4.59 | 0.55 | 7.70 | 3.64 | 10.42 | 4,364.3 | 10,998.0 | 2.54 | 1.30 |
| Pharmaniaga | Dec | NEUTRAL | 0.36 | 0.48 | -629.9 | -80.2 | 73.0 | -48.1 | -5.9 | 5.1 | -465.7 | -87.8 | -186.4 | n.a. | n.a. | 7.0 | 6.9 | 0.0 | 2.0 | 19.4 | 0.0 | 5.6 | -2.93 | -0.12 | -2.35 | -4.19 | 29.25 | 1,441.2 | 511.6 | 0.47 | 0.30 |
| Top Glove | Aug | SELL | 1.32 | 0.82 | 225.6 | -925.2 | 137.1 | 2.8 | -11.6 | 1.7 | -97.1 | -509.6 | -114.8 | 46.8 | n.a. | 77.1 | 1.2 | 0.0 | 0.7 | 0.9 | 0.0 | 0.5 | 1.83 | 0.72 | -36.77 | -13.36 | -15.90 | 8,011.8 | 10,575.6 | 1.33 | 0.78 |
| **CONSUMER (F&B, Retail)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AEON Co. | Dec | BUY | 1.54 | 1.67 | 111.2 | 114.8 | 138.0 | 7.9 | 8.2 | 9.8 | 30.5 | 3.3 | 20.2 | 19.4 | 18.8 | 15.7 | 4.0 | 4.0 | 4.3 | 2.6 | 2.6 | 2.8 | 1.13 | 1.37 | 2.78 | 2.20 | 6.18 | 1,404.0 | 2,162.2 | 1.61 | 1.07 |
| Asia File | Mar | SELL | 1.74 | 1.44 | 43.4 | 31.6 | 29.5 | 22.3 | 16.2 | 15.6 | -6.9 | -27.1 | -4.1 | 7.8 | 10.7 | 11.2 | 2.0 | 3.5 | 5.9 | 1.1 | 2.0 | 3.4 | 0.43 | 4.02 | 10.75 | 3.71 | 3.99 | 189.4 | 329.5 | 2.37 | 1.73 |
| Fraser & Neave | Sep | BUY | 28.10 | 36.77 | 383.2 | 536.9 | 600.4 | 104.5 | 146.5 | 163.7 | -3.1 | 40.2 | 11.7 | 26.9 | 19.2 | 17.2 | 60.0 | 60.0 | 77.0 | 2.1 | 2.1 | 2.7 | 2.88 | 9.75 | 10.24 | 9.81 | 14.97 | 366.8 | 10,306.5 | 33.80 | 27.04 |
| Hup Seng | Dec | NEUTRAL | 1.21 | 1.04 | 26.1 | 45.1 | 53.3 | 3.3 | 5.6 | 6.7 | -4.4 | 73.0 | 18.1 | 37.1 | 21.5 | 18.2 | 2.0 | 3.5 | 5.3 | 1.7 | 2.9 | 4.4 | 5.68 | 0.21 | 12.62 | 18.89 | 27.80 | 800.0 | 968.0 | 1.32 | 0.74 |
| Leong Hup | Dec | BUY | 0.64 | 0.90 | 218.9 | 301.7 | 438.8 | 6.0 | 8.3 | 12.0 | 156.4 | 37.8 | 45.3 | 10.7 | 7.7 | 5.3 | 0.0 | 3.0 | 3.6 | 0.0 | 4.7 | 5.6 | 1.00 | 0.64 | 3.16 | 4.62 | 10.21 | 3,651.7 | 2,337.1 | 0.78 | 0.51 |
| MSM | Dec | NEUTRAL | 1.20 | 1.24 | -178.7 | -49.9 | 40.3 | -25.4 | -7.1 | 5.7 | -242.6 | -72.1 | -180.7 | n.a. | n.a. | 20.9 | 0.0 | 0.0 | 3.0 | 0.0 | 0.0 | 2.5 | 0.59 | 2.03 | -1.61 | -1.73 | -3.40 | 703.0 | 843.6 | 3.70 | 1.03 |
| Nestlé | Dec | NEUTRAL | 95.80 | 101.90 | 620.3 | 659.9 | 572.6 | 265.0 | 281.0 | 244.2 | 9.1 | 6.0 | -13.1 | 36.2 | 34.1 | 39.2 | 262.0 | 268.0 | 232.0 | 2.7 | 2.8 | 2.4 | 39.28 | 2.44 | 9.36 | 18.49 | 97.77 | 234.5 | 22,465.1 | 130.00 | 92.02 |
| Padini | Jun | NEUTRAL | 3.28 | 3.28 | 154.1 | 222.7 | 150.0 | 23.4 | 33.9 | 22.8 | 184.9 | 44.5 | -32.6 | 14.0 | 9.7 | 14.4 | 10.0 | 11.5 | 12.0 | 3.0 | 3.5 | 3.7 | 1.96 | 1.68 | 11.61 | 12.17 | 20.04 | 657.9 | 2,157.9 | 3.95 | 3.15 |
| QL Resources | Mar | NEUTRAL | 4.85 | 4.83 | 217.3 | 346.8 | 541.7 | 6.0 | 9.3 | 14.8 | -30.8 | 55.5 | 59.1 | 80.8 | 52.0 | 32.7 | 2.3 | 4.7 | 5.4 | 0.5 | 1.0 | 1.1 | 5.85 | 0.83 | 5.21 | 6.33 | 10.85 | 3,650.3 | 17,704.0 | 4.90 | 3.63 |
| Rhong Khen International | Jun | BUY | 1.23 | 1.60 | 35.5 | 22.6 | 20.9 | 18.0 | 12.0 | 10.7 | -35.7 | -33.3 | -10.9 | 6.8 | 10.3 | 11.5 | 10.0 | 4.0 | 3.2 | 8.1 | 3.3 | 2.6 | 0.37 | 3.36 | 4.33 | 2.78 | 3.25 | 195.6 | 240.6 | 1.40 | 1.16 |
| Spritzer | Dec | BUY | 2.84 | 3.25 | 37.0 | 49.5 | 74.1 | 11.8 | 15.5 | 23.3 | 52.8 | 32.3 | 49.8 | 24.2 | 18.3 | 12.2 | 8.3 | 11.8 | 6.8 | 2.9 | 4.1 | 2.4 | 1.60 | 1.77 | 10.09 | 7.19 | 9.39 | 318.4 | 904.2 | 3.00 | 1.78 |
| **BANKING** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Affin Bank | Dec | SELL | 2.92 | 2.35 | 1,178.5 | 402.2 | 495.0 | 54.4 | 17.3 | 20.6 | 117.8 | -68.2 | 19.2 | 5.4 | 16.9 | 14.2 | 0.0 | 0.0 | 6.3 | 0.0 | 0.0 | 2.2 | 0.61 | 4.80 | 10.94 | 0.38 | 3.62 | 2,400.5 | 7,009.4 | 3.43 | 2.00 |
| Alliance Bank | Mar | NEUTRAL | 4.88 | 4.64 | 572.8 | 677.8 | 732.0 | 37.0 | 43.8 | 47.3 | 59.5 | 18.4 | 8.0 | 13.2 | 11.1 | 10.3 | 18.5 | 22.0 | 21.3 | 3.8 | 4.5 | 4.4 | 1.02 | 4.79 | 20.50 | 0.88 | 9.45 | 1,548.1 | 7,554.8 | 5.05 | 3.36 |
| AMMB | Mar | NEUTRAL | 5.52 | 5.18 | 1,502.7 | 1,708.8 | 1,825.0 | 45.5 | 51.6 | 55.2 | -135.8 | 13.4 | 6.9 | 12.1 | 10.7 | 10.0 | 5.0 | 18.3 | 22.1 | 0.9 | 3.3 | 4.0 | 0.92 | 6.03 | 20.23 | 0.87 | 8.79 | 3,308.8 | 18,264.4 | 5.58 | 3.92 |
| Bank Islam | Dec | BUY | 2.64 | 3.06 | 491.7 | 553.1 | 602.0 | 22.9 | 24.6 | 26.6 | -11.2 | 7.5 | 8.1 | 11.5 | 10.7 | 9.9 | 10.4 | 12.6 | 15.2 | 3.9 | 4.8 | 5.8 | 0.77 | 3.43 | 13.23 | 0.61 | 7.47 | 2,266.5 | 5,983.5 | 2.81 | 2.18 |
| CIMB | Dec | BUY | 8.17 | 9.11 | 5,439.9 | 6,981.0 | 7,509.0 | 52.2 | 65.5 | 70.0 | 21.7 | 25.5 | 7.0 | 15.7 | 12.5 | 11.7 | 26.0 | 43.0 | 47.9 | 3.2 | 5.3 | 5.9 | 1.31 | 6.26 | 19.92 | 0.95 | 10.00 | 10,721.7 | 87,596.5 | 8.50 | 5.60 |
| Hong Leong Bank | Jun | BUY | 20.66 | 22.76 | 3,289.3 | 3,818.2 | 4,476.0 | 160.6 | 186.4 | 206.5 | 15.0 | 16.1 | 10.8 | 12.9 | 11.1 | 10.0 | 55.0 | 59.0 | 76.4 | 2.7 | 2.9 | 3.7 | 1.16 | 17.78 | 35.58 | 1.28 | 10.24 | 2,167.7 | 44,785.1 | 21.88 | 18.46 |
| Hong Leong Financial | Jun | BUY | 18.44 | 23.13 | 2,452.2 | 2,880.9 | 3,263.0 | 216.3 | 254.0 | 284.9 | 8.3 | 17.4 | 12.2 | 8.5 | 7.3 | 6.5 | 46.0 | 49.0 | 57.5 | 2.5 | 2.7 | 3.1 | 0.70 | 26.28 | 24.48 | 0.86 | 6.49 | 1,145.2 | 21,118.3 | 20.18 | 16.08 |
| Malayan Banking | Dec | BUY | 10.16 | 12.11 | 7,960.5 | 9,349.8 | 9,694.0 | 66.5 | 77.6 | 80.3 | -4.6 | 16.7 | 3.5 | 15.3 | 13.1 | 12.6 | 58.0 | 59.0 | 64.3 | 5.7 | 5.8 | 6.3 | 1.35 | 7.51 | 20.87 | 0.91 | 9.57 | 12,067.0 | 122,600.2 | 11.04 | 8.83 |
| Public Bank | Dec | BUY | 4.58 | 5.16 | 6,119.5 | 6,649.3 | 6,774.0 | 31.5 | 34.3 | 34.9 | 8.2 | 8.7 | 1.9 | 14.5 | 13.4 | 13.1 | 17.0 | 19.0 | 18.5 | 3.7 | 4.1 | 4.0 | 1.60 | 2.86 | 28.79 | 1.30 | 11.79 | 19,410.7 | 88,901.0 | 4.84 | 3.98 |
| RHB Bank | Dec | NEUTRAL | 6.51 | 6.60 | 2,678.4 | 2,806.2 | 2,857.0 | 64.0 | 65.7 | 65.5 | -1.1 | 2.7 | -0.2 | 10.2 | 9.9 | 9.9 | 40.0 | 40.0 | 39.3 | 6.1 | 6.1 | 6.0 | 0.88 | 7.40 | 20.51 | 0.85 | 9.08 | 4,359.5 | 28,380.3 | 6.83 | 5.38 |
| **FINANCE** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bursa Malaysia | Dec | NEUTRAL | 8.63 | 8.80 | 226.6 | 252.4 | 301.7 | 28.0 | 31.2 | 37.3 | -36.2 | 11.4 | 19.5 | 30.8 | 27.7 | 23.1 | 23.0 | 29.0 | 35.4 | 2.7 | 3.4 | 4.1 | 8.68 | 0.99 | 42.57 | 7.69 | 30.61 | 809.3 | 6,984.3 | 10.10 | 6.71 |
| Allianz | Dec | BUY | 20.52 | 25.76 | 442.1 | 528.0 | 767.0 | 248.5 | 296.7 | 427.1 | -7.9 | 19.4 | 44.0 | 8.3 | 6.9 | 4.8 | 16.0 | 31.5 | 106.3 | 0.8 | 1.5 | 5.2 | 0.72 | 28.56 | 10.64 | 2.04 | 10.27 | 179.6 | 3,684.8 | 23.68 | 18.14 |
| LPI Capital | Dec | BUY | 12.70 | 14.52 | 276.6 | 313.7 | 345.0 | 69.4 | 78.8 | 86.6 | -19.8 | 13.4 | 10.0 | 18.3 | 16.1 | 14.7 | 70.0 | 66.0 | 73.5 | 5.5 | 5.2 | 5.8 | 2.15 | 5.90 | 25.27 | 6.87 | 13.74 | 398.4 | 5,059.5 | 13.64 | 11.68 |
| Syarikat Takaful | Dec | BUY | 3.89 | 4.97 | 282.9 | 346.9 | 389.0 | 33.8 | 41.4 | 46.5 | -31.6 | 22.5 | 12.1 | 11.5 | 9.4 | 8.4 | 13.5 | 14.0 | 16.3 | 3.5 | 3.6 | 4.2 | 1.65 | 2.36 | 11.23 | 2.36 | 20.24 | 837.3 | 3,257.1 | 4.02 | 3.48 |

Source: Company, MIDFR

## Table i: MIDF RESEARCH STOCK UNIVERSE as at 6 December 2024 (cont'd)

| | FYE | Rec. | Price (RM) | Target Price | Net Profit (RM m) | | | EPS (sen) | | | EPS (% chg) | | | PER | | | DPS | | | Yield (%) | | | PBV | BV / share (RM) | Net margin (%) | ROA (%) | ROE (%) | No of shares (m) | Market cap (RM m) | 52-week Price | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | FY23 | FY24F | FY25F | FY23 | FY24F | FY25F | FY23 | FY24F | FY25F | FY23 | FY24F | FY25F | FY23 | FY24F | FY25F | FY23 | FY24F | FY25F | FY23 | | | | | | | High (RM) | Low (RM) |
| **OIL & GAS** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bumi Armada | Dec | BUY | 0.64 | 0.88 | 732.4 | 332.1 | 868.6 | 12.4 | 5.6 | 14.7 | 27.1 | -54.7 | 161.2 | 5.1 | 11.3 | 4.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.66 | 0.97 | 15.57 | 2.99 | 5.95 | 5,927.9 | 3,764.2 | 0.64 | 0.45 |
| Deleum | Dec | BUY | 1.38 | 1.97 | 42.1 | 45.7 | 76.5 | 10.5 | 11.4 | 19.1 | 146.8 | 8.6 | 67.3 | 13.2 | 12.1 | 7.2 | 2.0 | 5.7 | 5.8 | 1.4 | 4.1 | 4.2 | 1.26 | 1.10 | 5.77 | 7.37 | 10.24 | 401.6 | 554.1 | 1.69 | 0.94 |
| Dialog Group | Jun | BUY | 1.80 | 2.72 | 508.0 | 510.5 | 666.1 | 9.0 | 9.1 | 11.8 | -6.5 | 0.6 | 30.4 | 20.0 | 19.9 | 15.2 | 3.4 | 3.7 | 5.0 | 1.9 | 2.1 | 2.8 | 1.62 | 1.11 | 16.20 | 5.59 | 7.85 | 5,642.7 | 10,156.8 | 2.64 | 1.72 |
| Gas Malaysia | Dec | BUY | 4.47 | 4.09 | 389.5 | 383.4 | 455.0 | 30.0 | 30.0 | 35.4 | 57.9 | 0.0 | 18.1 | 14.9 | 14.9 | 12.6 | 22.8 | 22.8 | 24.8 | 5.1 | 5.1 | 5.5 | 4.12 | 1.09 | 4.75 | 11.96 | 28.03 | 1,284.0 | 5,739.5 | 4.55 | 3.08 |
| MMHE | Dec | BUY | 0.41 | 0.72 | 67.8 | -484.2 | 142.7 | 4.2 | -30.3 | 8.9 | -125.1 | -813.7 | -129.5 | 9.7 | n.a. | 4.6 | 0.0 | 0.0 | 1.3 | 0.0 | 0.0 | 3.2 | 0.47 | 0.88 | -14.63 | -13.27 | -38.20 | 1,600.0 | 656.0 | 0.53 | 0.39 |
| Petronas Chemicals | Dec | NEUTRAL | 4.88 | 4.89 | 6,322.0 | 1,696.0 | 1,907.0 | 79.0 | 21.2 | 23.8 | -13.9 | -73.2 | 12.4 | 6.2 | 23.0 | 20.5 | 48.0 | 13.0 | 15.0 | 9.8 | 2.7 | 3.1 | 1.05 | 4.67 | 5.92 | 2.82 | 4.03 | 8,000.0 | 39,040.0 | 7.36 | 4.50 |
| Petronas Dagangan | Dec | BUY | 20.64 | 24.63 | 776.6 | 943.1 | 1,063.3 | 78.2 | 94.9 | 107.0 | 46.7 | 21.4 | 12.8 | 26.4 | 21.7 | 19.3 | 62.0 | 80.0 | 96.0 | 3.0 | 3.9 | 4.7 | 3.44 | 6.00 | 2.51 | 8.21 | 16.16 | 993.5 | 20,504.9 | 23.08 | 16.70 |
| Petronas Gas | Dec | BUY | 17.86 | 19.23 | 1,645.4 | 1,819.6 | 1,922.0 | 83.2 | 92.0 | 97.1 | -17.2 | 10.6 | 5.6 | 21.5 | 19.4 | 18.4 | 72.0 | 72.0 | 72.9 | 4.0 | 4.0 | 4.1 | 2.55 | 7.00 | 28.23 | 9.42 | 13.17 | 1,978.7 | 35,340.2 | 18.80 | 16.68 |
| **PROPERTY & REITS** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Al 'Aqar Healthcare REIT | Dec | NEUTRAL | 1.40 | 1.29 | 60.1 | 60.7 | 65.0 | 8.2 | 7.5 | 7.7 | -18.2 | -8.8 | 3.9 | 17.1 | 18.8 | 18.1 | 8.1 | 7.9 | 7.1 | 5.8 | 5.6 | 5.1 | 1.10 | 1.27 | 49.85 | 3.27 | 5.66 | 839.6 | 1,175.4 | 1.42 | 1.23 |
| Axis REIT | Dec | BUY | 1.74 | 2.14 | 190.4 | 217.8 | 155.0 | 11.6 | 12.5 | 7.7 | -15.8 | 7.6 | -38.3 | 15.0 | 13.9 | 22.6 | 9.8 | 8.7 | 7.8 | 5.6 | 5.0 | 4.5 | 1.08 | 1.62 | 75.12 | 4.81 | 7.71 | 2,010.5 | 3,498.3 | 1.96 | 1.71 |
| Eco World | Oct | NEUTRAL | 2.04 | 1.84 | 157.2 | 189.3 | 301.0 | 5.3 | 6.4 | 10.2 | -14.0 | 20.4 | 58.7 | 38.2 | 31.7 | 20.0 | 3.0 | 6.0 | 6.0 | 1.5 | 2.9 | 2.9 | 1.23 | 1.66 | 8.50 | 2.13 | 3.97 | 2,948.8 | 6,015.6 | 2.07 | 0.99 |
| Glomac | Apr | NEUTRAL | 0.41 | 0.39 | 37.9 | 31.5 | 21.2 | 4.9 | 4.1 | 2.8 | 35.4 | -16.8 | -32.6 | 8.2 | 9.9 | 14.7 | 1.0 | 1.0 | 1.3 | 2.5 | 2.5 | 3.2 | 0.26 | 1.57 | 11.77 | 1.59 | 2.54 | 767.5 | 310.8 | 0.48 | 0.34 |
| IGB REIT | Dec | NEUTRAL | 2.08 | 2.10 | 396.2 | 517.6 | 373.0 | 11.1 | 14.4 | 10.3 | 97.0 | 30.3 | -28.4 | 18.8 | 14.4 | 20.2 | 9.9 | 10.5 | 9.5 | 4.7 | 5.0 | 4.6 | 1.87 | 1.11 | 85.66 | 9.40 | 12.82 | 3,615.4 | 7,520.0 | 2.25 | 1.70 |
| IOI Prop | Jun | NEUTRAL | 2.14 | 2.04 | 686.7 | 1,393.0 | 494.0 | 12.5 | 25.3 | 9.0 | 4.0 | 102.9 | -64.5 | 17.2 | 8.5 | 23.9 | 4.0 | 5.0 | 5.0 | 1.9 | 2.3 | 2.3 | 0.51 | 4.19 | 47.39 | 3.03 | 5.74 | 5,506.1 | 11,783.2 | 2.55 | 1.63 |
| KLCCP Stapled | Dec | NEUTRAL | 8.02 | 7.80 | 279.4 | 396.7 | 818.0 | 15.5 | 22.0 | 45.3 | 121.0 | 42.0 | 106.2 | 51.8 | 36.5 | 17.7 | 38.0 | 40.5 | 38.4 | 4.7 | 5.0 | 4.8 | 2.70 | 2.97 | 24.50 | 2.16 | 2.58 | 1,805.3 | 14,478.8 | 8.21 | 6.90 |
| Mah Sing | Dec | BUY | 1.71 | 2.04 | 180.1 | 215.3 | 239.0 | 6.5 | 8.9 | 9.3 | 48.1 | 36.5 | 5.2 | 26.3 | 19.3 | 18.3 | 5.7 | 3.0 | 5.1 | 3.3 | 1.8 | 3.0 | 1.13 | 1.51 | 8.27 | 3.36 | 5.76 | 2,560.1 | 4,377.8 | 1.97 | 0.78 |
| Matrix Concepts | Mar | BUY | 2.34 | 2.48 | 205.2 | 207.2 | 264.0 | 13.0 | 19.7 | 21.1 | -37.9 | 51.5 | 7.1 | 18.0 | 11.9 | 11.1 | 2.7 | 10.8 | 10.6 | 1.1 | 4.6 | 4.5 | 1.34 | 1.75 | 15.42 | 7.73 | 9.76 | 1,251.3 | 2,928.2 | 2.38 | 1.61 |
| Pavilion REIT | Dec | BUY | 1.48 | 1.69 | 397.8 | 431.8 | 310.0 | 13.0 | 12.7 | 8.5 | 217.0 | -2.7 | -33.2 | 11.4 | 11.7 | 17.5 | 8.4 | 9.0 | 8.2 | 5.7 | 6.1 | 5.5 | 1.12 | 1.32 | 59.66 | 4.80 | 8.76 | 3,660.7 | 5,417.8 | 1.59 | 1.17 |
| S P Setia | Dec | BUY | 1.39 | 1.67 | 304.4 | 298.6 | 499.0 | 7.5 | 4.8 | 10.0 | 6.9 | -35.8 | 107.8 | 18.6 | 29.0 | 13.9 | 1.5 | 1.3 | 1.5 | 1.1 | 1.0 | 1.1 | 0.51 | 2.75 | 6.83 | 1.03 | 1.91 | 5,002.5 | 6,953.4 | 1.80 | 0.73 |
| Sunway REIT | Dec | BUY | 1.86 | 1.98 | 323.6 | 338.2 | 360.0 | 8.9 | 9.3 | 10.5 | 188.6 | 5.0 | 13.0 | 21.0 | 20.0 | 17.7 | 9.2 | 9.3 | 8.9 | 5.0 | 5.0 | 4.8 | 1.19 | 1.56 | 47.25 | 3.55 | 6.13 | 3,424.8 | 6,370.1 | 1.88 | 1.49 |
| Sunway | Dec | NEUTRAL | 4.85 | 4.92 | 668.6 | 737.9 | 924.0 | 10.5 | 11.6 | 15.0 | -76.8 | 9.9 | 29.4 | 46.1 | 42.0 | 32.4 | 3.5 | 5.5 | 7.0 | 0.7 | 1.1 | 1.4 | 2.35 | 2.07 | 12.02 | 2.58 | 4.92 | 6,178.0 | 29,963.1 | 5.10 | 1.93 |
| UOA Development | Dec | BUY | 1.86 | 2.06 | 219.9 | 279.6 | 215.0 | 0.1 | 11.0 | 8.2 | -99.1 | 12,122.2 | -25.5 | 2,066.7 | 16.9 | 22.7 | 10.0 | 30.0 | 10.0 | 5.4 | 16.1 | 5.4 | 0.88 | 2.11 | 69.99 | 4.60 | 5.00 | 2,623.8 | 4,880.2 | 2.07 | 1.72 |
| **TRANSPORT** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| *- Aviation* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital A | Dec | NEUTRAL | 1.00 | 0.99 | -3,238.0 | 336.8 | -497.7 | -79.9 | 8.0 | -11.5 | 1.1 | -110.0 | -243.8 | n.a. | 12.5 | n.a. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.63 | -1.60 | 2.29 | 1.18 | -3.17 | 4,326.5 | 4,326.5 | 1.09 | 0.64 |
| Malaysia Airports | Dec | ACCEPT OFFER | 10.60 | 11.00 | 129.7 | 485.7 | 716.0 | 7.8 | 29.2 | 42.9 | -115.7 | 273.0 | 47.1 | 135.5 | 36.3 | 24.7 | 3.9 | 10.8 | 19.0 | 0.4 | 1.0 | 1.8 | 2.47 | 4.29 | 9.88 | 2.37 | 6.07 | 1,668.6 | 17,686.7 | 10.70 | 7.06 |
| *-Logistics* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CJ Century Logistics | Dec | CEASE COVERAGE | 0.23 | 0.25 | 28.2 | 11.7 | 7.1 | 4.8 | 2.0 | 1.2 | 320.0 | -58.2 | -39.6 | 4.8 | 11.4 | 18.8 | 1.5 | 0.0 | 0.0 | 6.5 | 0.0 | 0.0 | 0.30 | 0.78 | 1.59 | 1.56 | 2.60 | 581.9 | 133.8 | 0.43 | 0.22 |
| Suria Capital | Dec | SELL | 1.88 | 1.60 | 50.6 | 34.3 | 52.6 | 14.6 | 9.9 | 15.2 | 28.1 | -32.2 | 53.2 | 12.8 | 18.9 | 12.4 | 2.5 | 2.0 | 4.6 | 1.3 | 1.1 | 2.4 | 0.58 | 3.23 | 12.33 | 2.38 | 3.07 | 345.8 | 650.1 | 2.32 | 1.70 |
| Swift Haulage | Dec | NEUTRAL | 0.45 | 0.46 | 48.5 | 61.7 | 30.5 | 5.5 | 7.0 | 3.5 | -26.4 | 28.2 | -50.5 | 8.1 | 6.3 | 12.8 | 2.0 | 1.8 | 1.2 | 4.5 | 4.0 | 2.7 | 0.54 | 0.83 | 9.19 | 3.59 | 8.77 | 879.6 | 391.4 | 0.63 | 0.44 |
| Tasco | Mar | BUY | 0.71 | 1.00 | 65.2 | 90.8 | 55.3 | 8.2 | 11.4 | 6.9 | 58.1 | 39.1 | -39.1 | 8.7 | 6.3 | 10.3 | 1.0 | 3.5 | 2.1 | 1.4 | 4.9 | 3.0 | 0.91 | 0.78 | 8.46 | 5.43 | 12.99 | 800.0 | 568.0 | 1.02 | 0.69 |
| *- Ports* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Westports | Dec | NEUTRAL | 4.42 | 4.30 | 699.6 | 779.4 | 843.6 | 20.5 | 22.9 | 24.7 | -13.4 | 11.4 | 8.2 | 21.5 | 19.3 | 17.9 | 14.4 | 16.9 | 0.2 | 3.3 | 3.8 | 0.0 | 4.23 | 1.04 | 36.22 | 14.60 | 22.14 | 3,410.0 | 15,072.2 | 4.78 | 3.50 |
| *- Shipping* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MISC | Dec | BUY | 7.44 | 8.95 | 1,822.9 | 2,123.5 | 2,251.9 | 40.8 | 47.6 | 50.4 | -0.5 | 16.7 | 6.0 | 18.2 | 15.6 | 14.7 | 33.0 | 36.0 | 0.4 | 4.4 | 4.8 | 0.0 | 0.94 | 7.92 | 14.88 | 3.26 | 5.31 | 4,463.7 | 33,210.3 | 8.97 | 7.05 |
| **UTILITIES** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pekat | Dec | BUY | 0.95 | 1.32 | 10.0 | 13.7 | 17.4 | 1.6 | 2.1 | 2.7 | -41.4 | 36.5 | 26.7 | 60.6 | 44.4 | 35.0 | 0.0 | 1.0 | 0.0 | 0.0 | 1.1 | 0.0 | 4.03 | 0.23 | 6.03 | 7.53 | 10.03 | 645.0 | 609.5 | 1.06 | 0.40 |
| Ranhill Utilities | Jun | SELL | 1.46 | 1.07 | 95.3 | 52.8 | 55.0 | 7.4 | 4.1 | 4.2 | 183.8 | -44.5 | 4.0 | 19.9 | 35.8 | 34.4 | 0.8 | 3.5 | 3.4 | 0.5 | 2.4 | 2.3 | 2.39 | 0.61 | 2.32 | 1.78 | 5.26 | 1,295.9 | 1,892.1 | 1.75 | 0.78 |
| Samaiden | Jun | BUY | 1.21 | 1.69 | 11.9 | 10.1 | 21.7 | 3.2 | 2.6 | 5.2 | 73.5 | -18.7 | 98.6 | 37.7 | 46.4 | 23.3 | 0.0 | 0.5 | 1.5 | 0.0 | 0.4 | 1.2 | 3.76 | 0.32 | 4.44 | 4.86 | 7.50 | 418.6 | 506.5 | 1.42 | 1.00 |
| Sunview | Mar | BUY | 0.47 | 0.64 | 8.9 | 13.0 | 10.5 | 734.0 | 3.0 | 1.8 | 7.2 | -99.6 | -38.4 | 0.1 | 15.5 | 25.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.69 | 0.27 | 2.79 | 3.43 | 9.26 | 567.7 | 264.0 | 0.81 | 0.38 |
| Tenaga Nasional | Dec | NEUTRAL | 13.52 | 14.20 | n.a. | 2,770.3 | 3,766.3 | 60.4 | 48.0 | 64.8 | -5.8 | -20.5 | 35.0 | 22.4 | 28.2 | 20.9 | 46.0 | 46.0 | 50.0 | 3.4 | 3.4 | 3.7 | 1.32 | 10.23 | 5.22 | 1.35 | 4.54 | 5,812.9 | 78,591.1 | 15.24 | 9.85 |
| YTL Power | Jun | BUY | 3.73 | 5.64 | 1,476.8 | 2,028.0 | 3,066.4 | 18.2 | 25.0 | 37.3 | -1,090.8 | 37.3 | 49.2 | 20.5 | 14.9 | 10.0 | 4.5 | 6.0 | 7.0 | 1.2 | 1.6 | 1.9 | 1.64 | 2.28 | 9.10 | 3.04 | 10.18 | 8,211.2 | 30,627.8 | 5.47 | 2.24 |
| **AUTO** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bermaz | Apr | BUY | 2.05 | 3.03 | 155.1 | 305.8 | 345.3 | 13.4 | 26.3 | 29.5 | 15.9 | 96.9 | 12.3 | 15.4 | 7.8 | 6.9 | 6.3 | 14.5 | 23.7 | 3.0 | 7.1 | 11.6 | 3.20 | 0.64 | 7.82 | 16.21 | 33.66 | 1,169.4 | 2,397.2 | 2.60 | 2.00 |
| MBM | Dec | NEUTRAL | 6.80 | 5.87 | 280.4 | 331.2 | 318.9 | 71.7 | 84.7 | 81.6 | 63.7 | 18.1 | -3.7 | 9.5 | 8.0 | 8.3 | 37.0 | 66.0 | 57.1 | 5.4 | 9.7 | 8.4 | 1.19 | 5.74 | 13.71 | 12.76 | 13.65 | 390.9 | 2,658.0 | 6.84 | 4.00 |
| Tan Chong | Dec | SELL | 0.48 | 0.36 | -51.1 | -128.7 | -189.0 | -7.8 | -19.8 | -29.0 | 232.2 | 151.9 | 46.9 | n.a. | n.a. | n.a. | 3.0 | 1.0 | 1.0 | 6.3 | 2.1 | 2.1 | 0.12 | 3.93 | -5.08 | -2.52 | -4.70 | 651.6 | 312.8 | 1.02 | 0.47 |
| **BUILDING MATERIAL** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| *- Cement* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Malayan Cement | Jun | BUY | 4.90 | 6.81 | 83.5 | 159.0 | 468.6 | 6.8 | 12.1 | 35.0 | 702.4 | 78.0 | 188.6 | 71.8 | 40.4 | 14.0 | 0.0 | 6.0 | 10.0 | 0.0 | 1.2 | 2.0 | 1.02 | 4.82 | 3.58 | 1.49 | 2.52 | 1,337.5 | 6,554.0 | 5.95 | 4.09 |
| *- Timber* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ta Ann | Dec | NEUTRAL | 4.40 | 4.34 | 320.5 | 157.2 | 194.7 | 72.8 | 35.7 | 44.2 | 0.9 | -50.9 | 23.8 | 6.0 | 12.3 | 10.0 | 40.0 | 25.0 | 20.0 | 9.1 | 5.7 | 4.5 | 1.01 | 4.34 | 9.36 | 5.76 | 7.84 | 440.5 | 1,938.0 | 4.67 | 3.40 |

Source: Company, MIDFR

**Table ii: Performance of various markets in Local Currency (% change)**

| In Local Currency | Index point | 4Q23 | 2023 | 1Q24 | 2Q24 | 3Q24 | 4Q24* | 2024* |
|---|---|---|---|---|---|---|---|---|
| Taiwan Weighted | 23,193.27 | 9.6% | 26.8% | 13.2% | 13.5% | -3.5% | 4.4% | 29.3% |
| Dow Jones | 44,642.52 | 12.5% | 13.7% | 5.6% | -1.7% | 8.2% | 5.5% | 18.4% |
| Straits Times | 3,796.16 | 0.7% | -0.3% | -0.5% | 3.4% | 7.6% | 5.9% | 17.2% |
| Nikkei 225 | 39,091.17 | 5.0% | 28.2% | 20.6% | -1.9% | -4.2% | 3.1% | 16.8% |
| Hang Seng | 19,865.85 | -4.3% | -13.8% | -3.0% | 7.1% | 19.3% | -6.0% | 16.5% |
| Shanghai Composite | 3,404.08 | -4.4% | -3.7% | 2.2% | -2.4% | 12.4% | 2.0% | 14.4% |
| Mumbai Sensex 30 | 81,709.12 | 9.7% | 18.7% | 2.0% | 7.3% | 6.7% | -3.1% | 13.1% |
| **FBM KLCI** | **1,613.25** | **2.1%** | **-2.7%** | **5.6%** | **3.5%** | **3.7%** | **-2.2%** | **10.9%** |
| Philippines Composite | 6,729.14 | 2.0% | -1.8% | 7.0% | -7.1% | 13.4% | -7.5% | 4.3% |
| SET Index | 1,451.96 | -3.8% | -15.2% | -2.7% | -5.6% | 11.4% | 0.2% | 2.6% |
| Jakarta Composite | 7,382.79 | 4.8% | 6.2% | 0.2% | -3.1% | 6.6% | -1.9% | 1.5% |
| KOSPI | 2,428.16 | 7.7% | 18.7% | 3.4% | 1.9% | -7.3% | -6.4% | -8.6% |

Source: Bloomberg
*as at 6th December 2024

**Table iii: Performance of various markets in US Dollar (% change)**

| In US Dollar | Index point | 4Q23 | 2023 | 1Q24 | 2Q24 | 3Q24 | 4Q24* | 2024* |
|---|---|---|---|---|---|---|---|---|
| Taiwan Weighted | 23,193.27 | 15.6% | 27.5% | 8.2% | 11.9% | -1.1% | 2.0% | 22.1% |
| Dow Jones | 44,642.52 | 12.5% | 13.7% | 5.6% | -1.7% | 8.2% | 5.5% | 18.4% |
| Hang Seng | 19,865.85 | -4.0% | -13.9% | -3.2% | 7.4% | 19.9% | -6.1% | 17.0% |
| Straits Times | 3,796.16 | 4.3% | 1.2% | -2.7% | 2.9% | 13.7% | 1.2% | 15.1% |
| **FBM KLCI** | **1,613.25** | **4.5%** | **-6.7%** | **2.6%** | **3.7%** | **18.6%** | **-8.8%** | **15.1%** |
| Shanghai Composite | 3,404.08 | -1.7% | -6.4% | 0.5% | -3.0% | 16.4% | -1.5% | 11.7% |
| Mumbai Sensex 30 | 81,709.12 | 9.6% | 18.0% | 1.8% | 7.3% | 6.1% | -4.1% | 11.1% |
| Nikkei 225 | 39,091.17 | 11.4% | 19.3% | 12.3% | -7.8% | 7.7% | -1.6% | 9.7% |
| SET Index | 1,451.96 | 2.9% | -14.0% | -8.5% | -6.6% | 26.6% | -4.9% | 2.9% |
| Philippines Composite | 6,729.14 | 4.4% | -1.2% | 5.4% | -10.6% | 18.1% | -10.2% | -0.1% |
| Jakarta Composite | 7,382.79 | 5.4% | 7.0% | -2.8% | -6.0% | 14.9% | -6.2% | -1.5% |
| KOSPI | 2,428.16 | 13.6% | 16.4% | -1.0% | -0.6% | -2.8% | -13.6% | -17.3% |

Source: Bloomberg
*as at 6th December 2024

# APPENDIX

**Table iv: Performance by sectors (% change)**

| | Index point | 4Q23 | 2023 | 1Q24 | 2Q24 | 3Q24 | 4Q24* | 2024* |
|---|---|---|---|---|---|---|---|---|
| Construction | 301.17 | 4.0% | 25.8% | 16.3% | 18.2% | 7.6% | 6.2% | 56.9% |
| Utilities | 1,739.93 | 17.4% | 51.4% | 16.9% | 15.3% | -1.8% | -0.4% | 31.8% |
| Property | 1,096.75 | -1.5% | 34.5% | 16.9% | 7.3% | -0.6% | 2.1% | 27.2% |
| Healthcare | 2,303.68 | 14.2% | 9.3% | 2.1% | 10.0% | -4.8% | 13.2% | 21.0% |
| Financial Services | 19,165.61 | 2.4% | -1.2% | 6.0% | 1.1% | 10.5% | -0.6% | 17.6% |
| Transport & Logistics | 1,053.21 | 0.6% | 7.8% | 7.1% | 11.1% | -4.5% | -0.4% | 13.2% |
| Plantation | 7,740.26 | 1.9% | -1.1% | 4.0% | -4.2% | 2.8% | 7.8% | 10.4% |
| REITs | 863.81 | 0.8% | 1.2% | 3.5% | 2.0% | 3.6% | 0.9% | 10.4% |
| Industrial Products & Services | 175.80 | 0.9% | -4.8% | 3.8% | 9.0% | -9.6% | -0.7% | 1.6% |
| Energy | 829.13 | -8.5% | 5.4% | 16.5% | 0.3% | -11.4% | -2.0% | 1.4% |
| Consumer Products & Services | 553.07 | 0.2% | -5.6% | 3.1% | 2.4% | -2.6% | -2.9% | -0.1% |
| Technology | 61.85 | 0.8% | -0.1% | 2.0% | 18.1% | -23.0% | 5.1% | -2.4% |
| Telecommunications & Media | 546.12 | -0.7% | -3.5% | 4.5% | 0.1% | -5.2% | -3.2% | -4.0% |
| | | | | | | | | |
| FBM KLCI | 1,613.25 | 2.1% | -2.7% | 5.6% | 3.5% | 3.7% | -2.2% | 10.9% |
| FBM 100 | 12,027.70 | 2.4% | 0.6% | 7.0% | 5.2% | 1.9% | 0.0% | 14.7% |
| FBM EMAS | 12,346.90 | 2.3% | 1.1% | 6.9% | 5.6% | 0.9% | 0.2% | 14.1% |
| FBM Small Cap | 17,709.82 | 1.0% | 9.6% | 5.8% | 11.5% | -10.0% | 2.0% | 8.3% |

Source: Bloomberg
*as at 6th December 2024

**Table v: Regional earnings and valuations**

| | EPS Growth (% change) | | | | | PER | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 (est as of) | | 2025 (f'cast as of) | | 2023 | 2024 (est as of) | | 2025 (f'cast as of) | |
| | | Sep-24 | Dec-24 | Sep-24 | Dec-24 | | Sep-24 | Dec-24 | Sep-24 | Dec-24 |
| Nikkei 225 | -25.7% | 39.7% | 48.6% | 11.6% | 4.5% | 30.3 | 21.1 | 20.4 | 18.9 | 19.5 |
| Taiwan Weighted | -37.5% | 46.1% | 45.6% | 13.8% | 14.5% | 27.2 | 17.9 | 18.7 | 15.7 | 16.3 |
| Hang Seng | 4.7% | 8.0% | 8.5% | 6.0% | 4.2% | 10.2 | 10.0 | 9.4 | 9.5 | 9.0 |
| **FBM KLCI** | **16.2%** | **-2.0%** | **-2.2%** | **9.1%** | **8.4%** | **14.6** | **15.2** | **14.9** | **14.0** | **13.8** |
| Jakarta Comp. | -16.5% | 48.5% | 54.7% | 6.2% | 5.0% | 19.0 | 13.1 | 12.3 | 12.3 | 11.7 |
| SET Index | -10.9% | 10.8% | 6.3% | 12.9% | 12.9% | 17.9 | 16.1 | 16.9 | 14.3 | 14.9 |
| Philippines Comp. | 3.0% | 17.3% | 17.8% | 10.2% | 10.6% | 13.4 | 12.4 | 11.4 | 11.2 | 10.3 |
| Shanghai Comp. | -1.5% | 5.3% | 5.7% | 10.9% | 10.3% | 14.4 | 13.4 | 13.6 | 12.0 | 12.3 |
| Straits Times | 13.7% | 6.7% | 7.8% | 1.8% | 2.4% | 12.8 | 11.4 | 11.9 | 11.2 | 11.6 |
| Mumbai Sensex 30 | 15.0% | 21.4% | 20.8% | 16.5% | 13.9% | 28.2 | 23.9 | 23.3 | 20.5 | 20.5 |
| DJIA | -3.4% | 13.2% | 6.8% | 11.7% | 13.0% | 25.4 | 21.3 | 23.8 | 19.0 | 21.1 |

Source: Bloomberg
*as at 6th December 2024

## Table vi: Performance of MIDFR's stocks under coverage

| OUT-PERFORMERS | Share Price (RM) | | % Change | TP |
|---|---|---|---|---|
| | 6/12/2024 | 30/9/2024 | | |
| Kossan | 2.63 | 1.87 | 40.6% | 2.14 |
| Hartalega | 3.77 | 2.79 | 35.1% | 3.29 |
| Bumi Armada | 0.64 | 0.47 | 35.1% | 0.88 |
| Top Glove | 1.32 | 1.00 | 32.0% | 0.82 |
| KPJ | 2.52 | 2.12 | 18.9% | 2.54 |
| Hup Seng | 1.21 | 1.02 | 18.6% | 1.04 |
| Samaiden | 1.21 | 1.02 | 18.6% | 1.69 |
| Gas Malaysia | 4.47 | 3.80 | 17.6% | 4.09 |
| Matrix Concepts | 2.34 | 2.00 | 17.0% | 2.48 |
| Petronas Dagangan | 20.64 | 17.86 | 15.6% | 24.63 |
| Sunway | 4.85 | 4.20 | 15.5% | 4.92 |
| MBM | 6.80 | 5.89 | 15.4% | 5.87 |
| Gamuda | 9.24 | 8.08 | 14.4% | 9.64 |
| Eco World | 2.04 | 1.79 | 14.0% | 1.84 |
| Ranhill Utilities | 1.46 | 1.29 | 13.2% | 1.07 |
| Sarawak Plantation | 2.45 | 2.17 | 12.9% | 2.15 |
| Ta Ann | 4.40 | 3.90 | 12.8% | 4.34 |
| Genting Plantations | 5.86 | 5.24 | 11.8% | 6.1 |
| S P Setia | 1.39 | 1.25 | 11.2% | 1.67 |
| AMMB | 5.52 | 5.00 | 10.4% | 5.18 |
| Alliance Bank | 4.88 | 4.45 | 9.7% | 4.64 |
| Spritzer | 2.84 | 2.59 | 9.7% | 3.25 |
| Sunway REIT | 1.86 | 1.70 | 9.4% | 1.98 |
| TSH Resources | 1.20 | 1.10 | 9.1% | 1.24 |
| FGV | 1.18 | 1.09 | 8.3% | 1.16 |
| Al-'Aqar Healthcare | 1.40 | 1.30 | 7.7% | 1.29 |
| KL Kepong | 21.80 | 20.54 | 6.1% | 23.63 |
| RHB Bank | 6.51 | 6.18 | 5.3% | 6.6 |
| Affin Bank | 2.92 | 2.78 | 5.0% | 2.35 |
| SD Guthrie | 5.01 | 4.79 | 4.6% | 5.43 |
| QL Resources | 4.85 | 4.68 | 3.6% | 4.83 |
| Westports | 4.42 | 4.27 | 3.5% | 4.3 |
| IOI Corp | 3.89 | 3.76 | 3.5% | 4.42 |
| MSM | 1.20 | 1.16 | 3.4% | 1.24 |
| My E.G. | 0.92 | 0.89 | 3.4% | 1.14 |
| Rhong Khen International | 1.23 | 1.19 | 3.4% | 1.6 |
| Pavilion REIT | 1.48 | 1.44 | 2.8% | 1.69 |
| IHH Healthcare | 7.32 | 7.16 | 2.2% | 7.56 |
| YTL Power | 3.73 | 3.66 | 1.9% | 5.64 |
| Inari Amertron | 2.95 | 2.90 | 1.7% | 3.08 |
| CIMB | 8.17 | 8.05 | 1.5% | 9.11 |
| Malaysia Airports | 10.60 | 10.46 | 1.3% | 11 |
| AEON Co. | 1.54 | 1.52 | 1.3% | 1.67 |
| UOA Development | 1.86 | 1.84 | 1.1% | 2.06 |
| Allianz | 20.52 | 20.30 | 1.1% | 25.76 |
| WCT | 0.94 | 0.93 | 1.1% | 0.97 |
| Capital A | 1.00 | 0.99 | 1.0% | 0.99 |
| IOI Prop | 2.14 | 2.12 | 0.9% | 2.04 |
| Pekat | 0.95 | 0.94 | 0.5% | 1.32 |
| Public Bank | 4.58 | 4.56 | 0.4% | 5.16 |
| KLCCP Stapled | 8.02 | 8.00 | 0.2% | 7.8 |
| Syarikat Takaful | 3.89 | 3.90 | -0.3% | 4.97 |
| Mah Sing | 1.71 | 1.72 | -0.6% | 2.04 |
| Petronas Gas | 17.86 | 18.00 | -0.8% | 19.23 |
| IJM Corp | 2.90 | 2.93 | -1.0% | 3.89 |
| CelcomDigi | 3.67 | 3.72 | -1.3% | 3.53 |
| Sunway Construction | 4.42 | 4.50 | -1.8% | 4.46 |
| LPI Capital | 12.70 | 12.94 | -1.9% | 14.52 |
| Telekom Malaysia | 6.58 | 6.72 | -2.1% | 6.78 |
| Bank Islam | 2.64 | 2.70 | -2.2% | 3.06 |

Source : MIDF, Bloomberg (as at 6th December 2024)

## Table vi: Performance of MIDFR's stocks under coverage (Cont'd)

| UNDER-PERFORMERS | Share Price (RM) | | % Change | TP |
|---|---|---|---|---|
| | 6/12/2024 | 30/9/2024 | | |
| Tan Chong | 0.48 | 0.64 | -24.4% | 0.36 |
| Dialog Group | 1.80 | 2.15 | -16.3% | 2.72 |
| CJ Century Logistics | 0.23 | 0.27 | -14.8% | 0.25 |
| Petronas Chemicals | 4.88 | 5.64 | -13.5% | 4.89 |
| Maxis | 3.47 | 3.95 | -12.2% | 4.47 |
| PPB Group | 12.90 | 14.46 | -10.8% | 13.18 |
| YTL Corp | 2.25 | 2.51 | -10.4% | 3.93 |
| Datasonic | 0.41 | 0.45 | -10.0% | 0.58 |
| Fraser & Neave | 28.10 | 31.22 | -10.0% | 36.77 |
| Tasco | 0.71 | 0.79 | -9.6% | 1.00 |
| Bursa Malaysia | 8.63 | 9.52 | -9.3% | 8.80 |
| Pharmaniaga | 0.36 | 0.39 | -9.0% | 0.48 |
| Asia File | 1.74 | 1.91 | -8.9% | 1.44 |
| Cahya Mata Sarawak | 1.24 | 1.36 | -8.8% | 1.53 |
| Leong Hup | 0.64 | 0.70 | -8.6% | 0.90 |
| Bermaz | 2.05 | 2.24 | -8.5% | 3.03 |
| MRCB | 0.54 | 0.59 | -8.5% | 0.67 |
| Swift Haulage | 0.45 | 0.49 | -8.2% | 0.46 |
| Nestlé | 95.80 | 104.00 | -7.9% | 101.90 |
| MMHE | 0.41 | 0.45 | -7.9% | 0.72 |
| Padini | 3.28 | 3.56 | -7.9% | 3.28 |
| Tenaga Nasional | 13.52 | 14.44 | -6.4% | 14.20 |
| Axiata | 2.36 | 2.52 | -6.3% | 2.44 |
| Malayan Cement | 4.90 | 5.20 | -5.8% | 6.81 |
| Sunview | 0.47 | 0.49 | -5.1% | 0.64 |
| Axis REIT | 1.74 | 1.83 | -4.9% | 2.14 |
| MISC | 7.44 | 7.80 | -4.6% | 8.95 |
| Hong Leong Financial | 18.44 | 19.32 | -4.6% | 23.13 |
| D & O Green Tech | 2.04 | 2.13 | -4.2% | 2.07 |
| Hong Leong Bank | 20.66 | 21.56 | -4.2% | 22.76 |
| Unisem | 3.00 | 3.12 | -3.8% | 3.43 |
| Suria Capital | 1.88 | 1.94 | -3.1% | 1.60 |
| Malayan Banking | 10.16 | 10.48 | -3.1% | 12.11 |
| Deleum | 1.38 | 1.42 | -2.8% | 1.97 |
| Glomac | 0.41 | 0.42 | -2.4% | 0.39 |
| IGB REIT | 2.08 | 2.13 | -2.3% | 2.10 |
| | | | | |
| **FBM KLCI** | **1613.25** | **1648.91** | **-2.2%** | **1,660.00** |
| **FBM HIJRAH** | **13077.77** | **13111.03** | **-0.3%** | **13,400.00** |
| **FBM 70** | **18400.21** | **17398.53** | **5.8%** | **18,600.00** |

Source : MIDF, Bloomberg (as at 6th December 2024)

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| **MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS** | |
|---|---|
| **STOCK RECOMMENDATIONS** | |
| BUY | Total return is expected to be >10% over the next 12 months. |
| TRADING BUY | Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow. |
| NEUTRAL | Total return is expected to be between -10% and +10% over the next 12 months. |
| SELL | *Negative* total return is expected to be -10% over the next 12 months. |
| TRADING SELL | Stock price is expected to *fall* by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow. |
| **SECTOR RECOMMENDATIONS** | |
| POSITIVE | The sector is expected to outperform the overall market over the next 12 months. |
| NEUTRAL | The sector is to perform in line with the overall market over the next 12 months. |
| NEGATIVE | The sector is expected to underperform the overall market over the next 12 months. |




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