



ANALYSTS REMAIN UPBEAT ABOUT BLUE CHIPS

Sentiment	Neutral	Frequency	Daily
Outlet Country	Malaysia	Outlet Language	English
Impressions	135,966	Circulation	67,983
PR Value	40,789	Pages	4, 5

Page Location



FBM KLCI CONSTITUENTS

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Malaysia's stock market valuation is still attractive and recent selling pressure presents a buying opportunity, they say

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AFTER closing 2024 on a high note, Malaysian blue chips have struggled to find their footing so far this year, with 27 out of the 30 bellwether stocks slipping between 1.46 per cent and 32.08 per cent since January.

This represents a collective loss of RM97.37 billion in market value, with CIMB Group Holdings Bhd alone shedding RM11.37 billion. The bank's market capitalisation now stands at RM75.88 billion, down

13.03 per cent from RM87.25 billion at the start of the year. The share price of the country's second-largest bank last traded at RM7.07, marking a RM1.06 drop from RM8.13 on Jan 2.

Leading the slump in percentage terms is Nestle (M) Bhd, which has seen nearly one-third of its market value erased in the 73-day period. The stock is now down 32.08 per cent to RM15.93 billion (RM67.92 per share) from RM23.43 billion (RM99.94 per share).

Trailing behind are YTL Power International Bhd (28.92 per cent),

MR DIY Group Bhd (28.34 per cent), YTL Corp Bhd (27.16 per cent), Axiata Group Bhd (24.16 per cent) and Petronas Chemicals Group Bhd (23.66 per cent), rounding out the steepest decliners.

The remaining 20 battered blue chips all saw losses below the 20 per cent mark, with Hong Leong Bank Bhd sitting at the bottom, down 0.6 per cent.

Of the 30 stocks that make up the benchmark FTSE Bursa Malaysia KLCI (FBM KLCI), three managed to buck the trend, expanding their market capitalisation. They are RHB Bank Bhd (6.2 per cent), Press Metal Aluminium Holdings Bhd (3.72 per cent) and Malayan Banking Bhd (1.37 per cent).

It is worth noting that RHB Bank, Malaysia's fourth-largest lender by assets, recently rewarded investors an all-time high dividend payout of 43 sen per share, fuelled by record-breaking earnings in its fourth quar-



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Rakuten Trade Sdn Bhd research head

ter and full-year 2024 results.

The struggles of FBM KLCI constituents did not emerge without warning. It follows a wave of global market turbulence amid heightened trade tensions between the world's economic superpowers, which rattled investors worldwide.

At the centre of it all is US President Donald Trump, whose unpredictable policy swings, particularly on tariffs, have kept markets on edge.

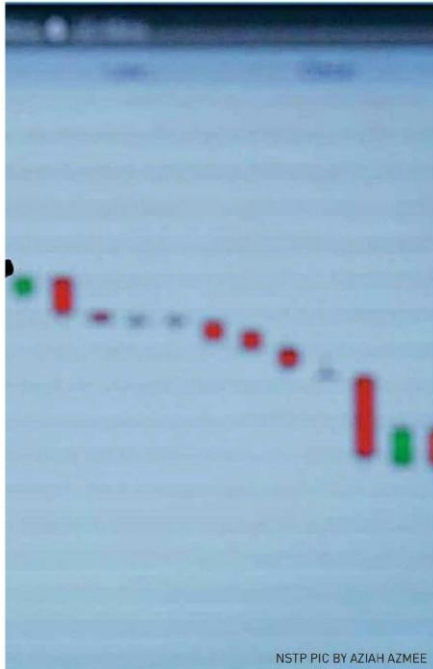
“Markets are going to go up, and they're going to go down. We have to rebuild our country,” Trump said at the White House last week, just days before a fresh wave of selloffs sent major US indices plunging to their lowest levels in at least six months.

Bursa Malaysia, like other Asian bourses, was not spared. Year-to-date, the FBM KLCI has fallen 7.39 per cent to 1,512.15. The index briefly dropped into the 1,400 region on March 12, its lowest level in a year, before rebounding slightly to pare some losses.

Despite most of the exchange's 30 premium stocks losing value this year, the majority still garner analyst confidence, with 20 rated as “outperform” and one as “buy”, according to Bursa Marketplace.

The remainder carry “hold” ratings, with Nestle being the only one tagged as “underperform”.

Yet, all 30 remain undervalued, trading below their consensus target prices.



NSTP PIC BY AZIAH AZMEE

Stockbroking firm Rakuten Trade Sdn Bhd believes that Malaysia's stock market valuation remains attractive.

Its research head Kenny Yee said the recent selling pressure presents a buying opportunity, especially for blue chips, and that the market is set to see brighter days ahead.

"Let's not bet too pessimistic about the market, there is light at the end of the tunnel," he said, adding that the firm has maintained its FBM KLCI target at 1,730 for this year.

At Rakuten Trade's virtual media briefing on the second-quarter market outlook last Friday, Yee said excessive speculation and Trump's policy shifts have overvalued the US market.

As a result, he said investors are looking for better opportunities in Asia.

"We have observed foreign funds gradually returning to Asia, with Hong Kong being the primary beneficiary. As a knee-jerk reaction, foreign investors have reduced their holdings in Southeast Asia, including Malaysia, in favour of Hong Kong. However, we expect spillover effects to benefit the Southeast Asian region in due course."

As of last week, foreign institutional investors have been net sellers on Bursa Malaysia for the 20th consecutive week, pushing year-to-date outflows to RM6.58 billion.

CIMB Securities Sdn Bhd said

some foreign ownership is strategic or "sticky", such as long-term stakes held by multinational parent companies in Malaysian subsidiaries like Nestle.

The firm estimated that around 28 per cent of total foreign holdings in the FBM KLCI could be strategic, implying that the remainder consist of free-float foreign holdings.

Based on this, it projected that every two per cent reduction in non-strategic foreign holdings could lower overall foreign ownership by one percentage point.

"However, such levels have not been observed in recent history, with the lowest recorded foreign ownership at 19.4 per cent. We estimate that every one percentage point drop in foreign ownership equates to roughly RM18 billion in equity sell-down."

Given that foreign ownership is already at record lows, CIMB Securities said most of the foreign fund inflows from 2024 have already exited.

This suggests that remaining foreign selling is limited unless a severe shock triggers outright foreign capitulation, similar to what occurred during the Covid-19 pandemic, which led to an annual net sell-down of RM24.6 billion.

The firm also pointed out that foreign ownership of Malaysian equities has been on a structural decline since peaking in 2018.

MARKET CAPITALISATION (RM BILLION)

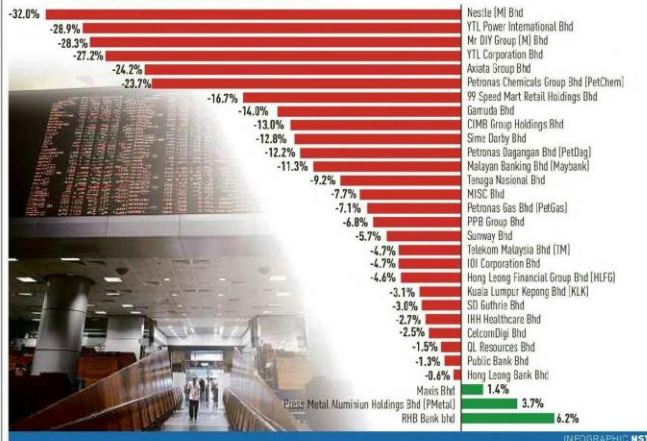
Stock	Jan 2 (RM billion)	March 14 (RM billion)	Changes (%)
99SpeedMart	28.83	17.22	-17.33
Axiata	22.04	16.71	-24.18
CelcomDigi	42.81	41.76	-2.45
CIMB	87.25	75.88	-13.03
Gamuda	26.78	23.82	-14.04
Hong Leong Bank	44.25	44.00	-0.59
HLFG	20.53	19.58	-4.63
IHH	64.34	62.58	-2.74
IOI Corp	24.32	23.19	-4.65
KLK	23.82	23.08	-3.11
Maxis	28.51	25.30	-11.26
Maybank	122.84	124.53	1.38
MISC	34.01	31.38	-7.73
Mr DIY	17.69	12.68	-28.32
Nestle	22.43	15.93	-32.01
PetChem	38.88	29.68	-23.65
PetDag	19.47	17.89	-12.22
PetGas	35.50	32.97	-7.13
PPB	17.64	16.45	-6.75
PMetal	39.79	41.28	3.74%
Public Bank	88.12	86.16	-1.32
QLResources	17.48	17.23	-1.43
RHB Bank	28.11	29.86	6.23
SD Guthrie	34.43	33.40	-2.99
Sime Darby	14.01	13.97	-12.74
Sunway	29.42	27.75	-5.68
TM	25.97	24.75	-4.70
Tenaga	85.79	77.89	-9.21
YTL Corp	29.42	21.43	-27.16
YTL Power	36.31	25.81	-28.92

Source: Bursa Marketplace

TARGET PRICES & RATINGS

Stock	Jan-2 (RM)	Mar-14 (RM)	Consensus Target Price (RM)	Rating
99 Speed Mart	2.46	2.05	2.57	Outperform
Axiata	2.40	1.82	2.74	Outperform
CelcomDigi	3.65	3.56	3.97	Hold
CIMB	8.13	7.07	8.84	Outperform
Gamuda	4.70	4.04	5.39	Outperform
Hong Leong Bank	28.42	20.30	25.43	Outperform
HLFG	18.14	17.30	23.15	Buy
IHH	7.30	7.10	8.25	Outperform
IOI Corp	3.87	3.69	4.19	Outperform
KLK	21.68	21.00	22.67	Hold
Maxis	3.64	3.23	3.87	Hold
Maybank	18.18	10.32	11.40	Outperform
MISC	7.62	7.63	8.57	Outperform
Mr DIY	1.87	1.34	1.93	Outperform
Nestle	99.94	67.92	83.64	Underperform
PetChem	4.86	3.71	4.50	Hold
PetDag	19.60	17.20	19.36	Hold
PetGas	17.94	16.66	18.45	Hold
PPB	12.40	11.56	14.16	Outperform
PMetal	4.83	5.01	6.27	Outperform
Public Bank	4.54	4.48	5.23	Outperform
QL Resources	4.79	4.72	4.92	Hold
RHB Bank	6.65	6.85	7.53	Outperform
SD Guthrie	4.98	4.83	5.12	Outperform
Sime Darby	2.35	2.05	2.79	Outperform
Sunway	4.73	4.46	4.95	Hold
TM	6.77	6.45	7.75	Outperform
Tenaga	14.76	13.40	16.24	Outperform
YTL Corp	2.65	1.93	3.78	Outperform
YTL Power	4.39	3.12	5.14	Outperform

YEAR-TO-DATE PERFORMANCE



INFOGRAPHIC: MST