



Bite-Size: Macro

- 4Q 2023 started with widespread selloff in global equity and bond markets as resilient growth and sticky inflation reinforced Fed's "higher for longer" stance
- Below-expectation inflation and weaker job data in the US caused the Fed to turn dovish in November. Both equity and bond markets reversed dramatically, resulting in a massive rally in the last 2 months of 2023
- Oil prices surged above \$90 in October as the Israel-Hamas conflict escalated, then retreated back down in November and December as supply concerns eased
- US-China tensions deepened as the US imposes an export ban on AI chips to China
- PBoC intervened to urge financial institutions to support the struggling property sector through bank loans, debt, and equity financing for a whitelist of 50 property developers
- Malaysia and China implemented a reciprocal 30-day visa-free entry policy, effective 1 December 2023



Bite Size Malaysia

- Budget 2024 was announced with the goal of reducing fiscal deficit to 4.3% of GDP in 2024 through targeted subsidy cuts
- Q3 GDP growth surpassed forecasts, reaching 3.3% YoY driven by services, construction and agriculture
- BNM anticipates a 4% expansion in GDP for 2023, followed by an improvement to 4% - 5% in 2024
- Headline inflation remains below 2% for YoY October and November, expected to average between 2.5% - 3% in 2023
- BNM kept interest rates unchanged at 3.00% in Q4, implied future decisions would be data-dependent



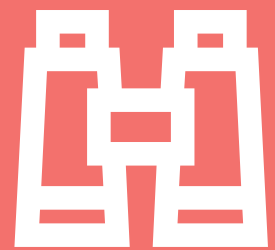
Outlook & Strategy

- Malaysia equity market is poised for a comeback in 2024, closing the gap with regional peers. Our focus is on attractively-valued dividend-yielding stocks with strong fundamentals & sound ESG practices
- Positive medium term outlook for the bond market, as global interest rates are likely to fall in 2024. Caution is advised for short-term volatility in MGS, influenced by movements in the UST and global/regional risk sentiment changes



BOLO: Be On The Lookout

- Malaysia government subsidies review
- US labour market, inflation level & debt concerns
- China's economic data releases
- Russia-Ukraine, US-China, Israel-Hamas geopolitical developments



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