

DECEMBER 2024

MARKET REVIEW

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Most Equity Markets Rose in 4Q 2024 and Registered Gains for 2024

- **What happened:** The U.S. equity markets extended their gains in 4Q 2024 following the release of positive 3Q 2024 corporate earnings results by selected technology companies and Donald Trump's re-election as the 47th U.S. President. For 2024, the S&P 500 Index rallied, led by gains in technology-related sectors.
- Regional markets generally rose (in Ringgit terms) in 4Q 2024, supported by the announcement of further fiscal stimulus by the Chinese government to mitigate concerns of potentially higher tariffs on Chinese goods by U.S. President-elect Trump in 2025. For 2024, the Hang Seng China Enterprises Index (HSCEI) rose following intensified stimulus measures by the Chinese government.
- The ASEAN equity markets traded mixed in 4Q 2024 due to foreign portfolio outflows amid a stronger U.S. Dollar (US\$) and higher U.S. Treasury (UST) yields. On the domestic front, the FBM KLCI rose by 12.9% in 2024, driven by gains in the utilities, financial and construction-related sectors.
- **What's next:** Based on its projections as at December 2024, the U.S. Federal Reserve (Fed) expects 2 additional interest rate cuts in 2025, which is revised down from 4 rate cuts expected earlier in September 2024. Further Fed rate cuts remain dependent on the inflation, job market and economic trend in the U.S. Investors will also be closely monitoring the impact of the incoming U.S. administration's policies pertaining to import tariffs, taxes and fiscal spending.
- China's economic momentum in 2025 will depend on the strength of its exports and the impact of the Chinese government's stimulus measures to bolster domestic consumer spending.
- The ASEAN economies are envisaged to be supported by resilient domestic spending, sustained growth in tourism revenue and increased foreign direct investments amid the relocation of regional manufacturing supply chains.

Comparison of Stock Markets' Performances

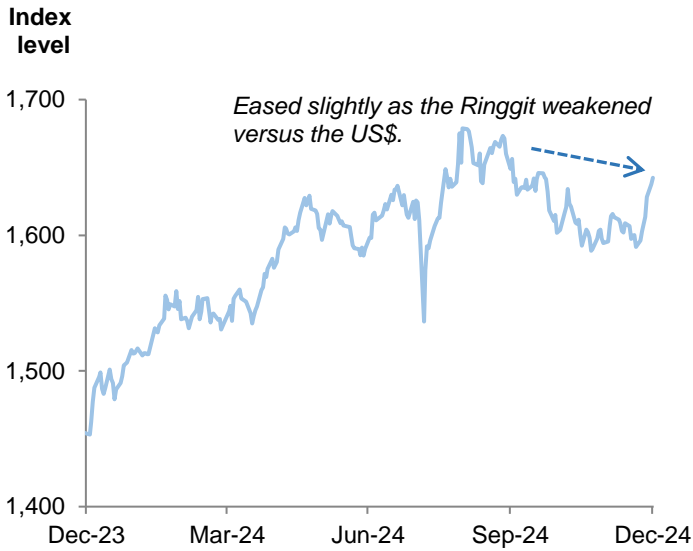
Countries	Index	Index Level (in LC) As at 31 December 2024	Performance (in Ringgit terms, %)					
			3Q 24	4Q 24	2024	3-Year	5-Year	10-Year
Malaysia	FBM Small Cap	17,964	-10.0	3.5	9.8	14.0	26.8	19.5
	FBM EMAS Shariah	12,591	-2.5	2.8	14.6	2.7	5.4	0.7
	FBM KLCI	1,642	3.7	-0.4	12.9	4.8	3.4	-6.8
Regional								
Taiwan	Taiwan Stock Exchange Weighted	23,035	-13.6	8.6	16.7	14.3	91.5	204.9
China / Hong Kong	Hang Seng China Enterprises	7,290	4.2	5.3	23.8	-4.4	-28.4	-22.4
	Shanghai SE Composite	3,352	1.8	4.8	6.8	-13.7	14.6	12.6
Japan	Tokyo Stock Price	2,785*	-7.5	3.7	2.6	9.5	21.8	92.0
China / Hong Kong	Hang Seng	20,060	4.8	3.0	15.3	-7.4	-22.0	8.4
India	S&P BSE SENSEX	78,139	-7.2	-1.6	2.5	25.6	72.4	168.2
South Korea	Korea Composite	2,399*	-15.0	-10.6	-23.5	-30.4	-6.8	19.0
ASEAN								
Singapore	Straits Times	3,788	-0.6	7.5	9.9	28.6	26.4	39.3
Vietnam	VN30	1,345	-4.2	4.0	10.3	-15.6	52.1	139.5
Thailand	Stock Exchange of Thailand	1,400*	10.6	-1.1	-4.3	-12.0	-15.7	14.7
Indonesia	Jakarta SE Composite	7,080*	0.4	-4.6	-10.0	1.3	5.0	32.5
Other Developed Markets								
U.S.	NASDAQ Composite	19,311	-10.3	15.2	25.4	32.8	135.3	420.9
	S&P 500	5,882	-7.7	10.7	20.2	32.8	99.1	264.9
E.U.	STOXX Europe 50	4,309	-9.8	-2.6	-4.1	10.3	27.6	56.7
Australia	S&P/ASX 200	8,159	-3.2	-4.6	-5.2	0.2	17.5	45.9

Source: Bloomberg Data as at 31 December 2024 LC – Local currency * As at 30 December 2024

Update on Equity Markets

Malaysia

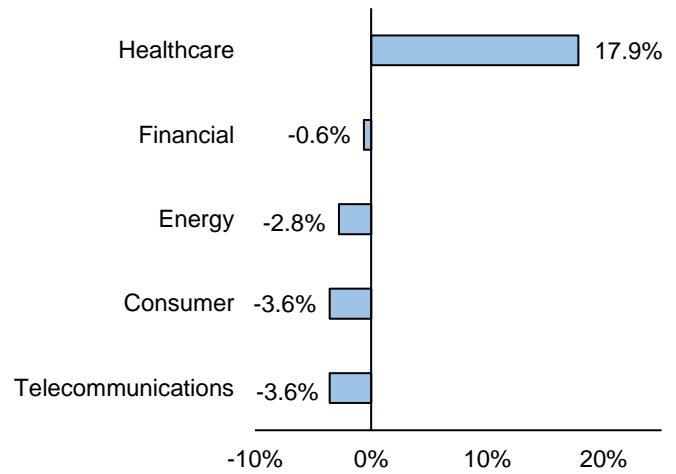
FBM KLCI



Source: Bloomberg

- The FBM KLCI eased slightly by 0.4% in 4Q 2024 amid foreign fund outflows as the Ringgit weakened versus the US\$ during the quarter.
- The FBM KLCI rose by 12.9% in 2024, driven by gains in the utilities, financial and construction-related sectors.

Top sector movers in Malaysia (4Q 2024)

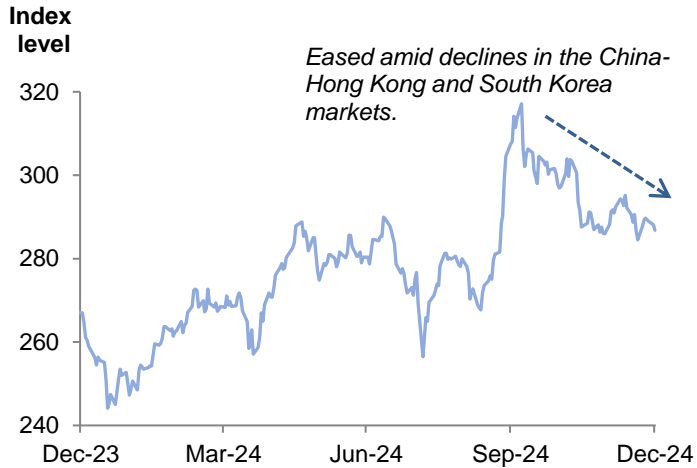


Source: Bloomberg

- Gains within the healthcare sector were offset by selected profit-taking activities in the financial, energy, consumer and telecommunications sectors.

Regional

S&P Pan Asia Ex-JP, AU, NZ, IN Index*



* S&P Pan Asia Ex-Japan, Australia, New Zealand and India
Source: S&P Dow Jones Indices, LLC

- The S&P Pan Asia Index eased in 4Q 2024 amid declines in the China-Hong Kong and South Korea markets. For 2024, the S&P Pan Asia Index rose by 7.4% in local currency terms.

Hang Seng China Enterprises Index (HSCEI)

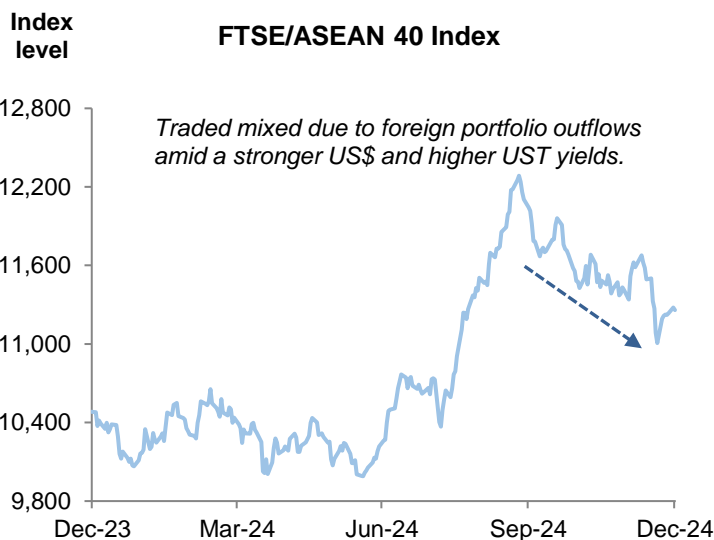


Source: Bloomberg

- In local currency terms, HSCEI retraced in 4Q 2024 on concerns over potentially-higher U.S. tariffs on Chinese goods under U.S. President-elect Trump's administration.
- For 2024, the HSCEI rose by 26.4% in local currency terms following intensified stimulus measures by the Chinese government.

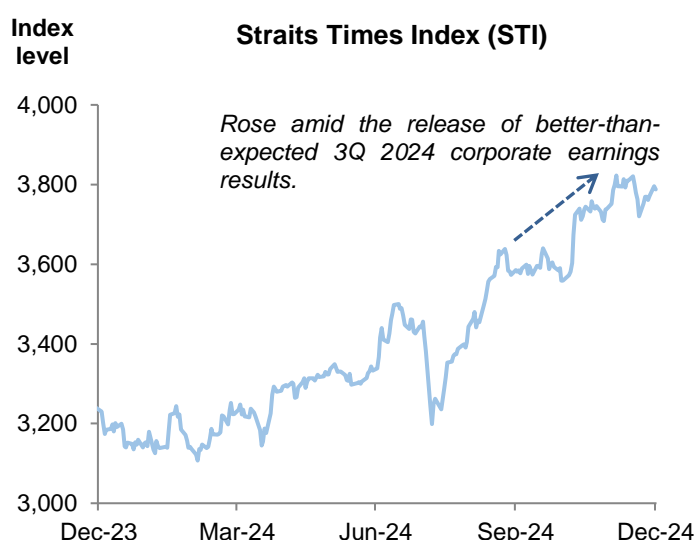
Update on Equity Markets

ASEAN



Source: Bloomberg

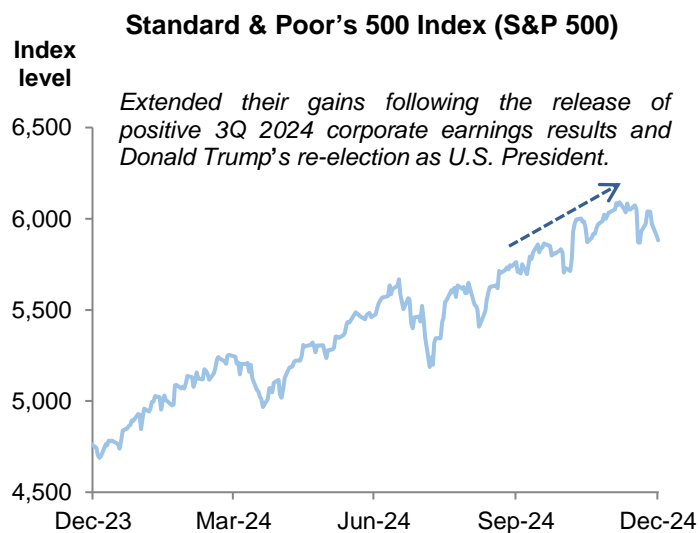
- The ASEAN equity markets traded mixed in 4Q 2024 due to foreign portfolio outflows amid a stronger US\$ and higher UST yields.
- For the full year of 2024, the FTSE/ASEAN 40 Index rose by 7.4%, led by gains in the Vietnam, Singapore and Malaysia markets.



Source: Bloomberg

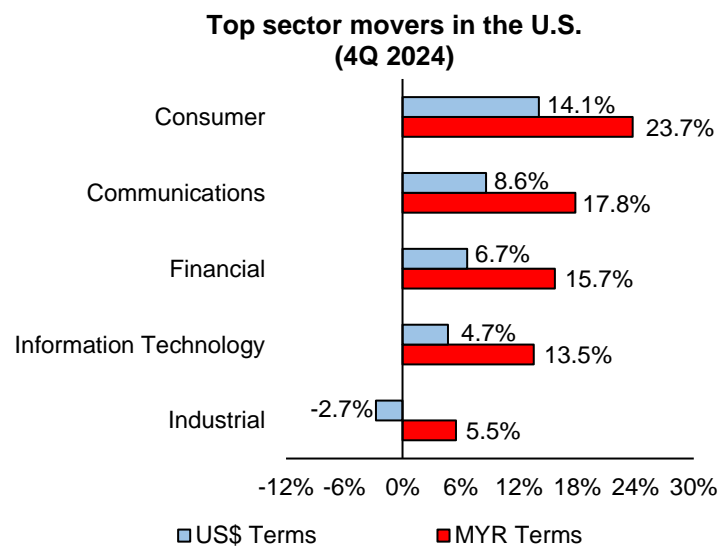
- In 4Q 2024, the Singapore equity market rose amid the release of better-than-expected 3Q 2024 corporate earnings results by selected financial companies.
- For 2024, the STI registered a gain of 16.9% in local currency terms.

United States (U.S.)



Source: Bloomberg

- The U.S. equity markets extended their gains in 4Q 2024 following the release of positive 3Q 2024 corporate earnings results by selected technology companies and Donald Trump's re-election as the 47th U.S. President.
- For 2024, the S&P 500 Index rallied by 23.3% in local currency terms, led by gains in technology-related sectors.



Source: Bloomberg

- Gains in the S&P 500 Index in 4Q 2024 were mainly driven by the consumer, communications, financial and information technology sectors.

Update on Bond & Currency Markets

Bonds

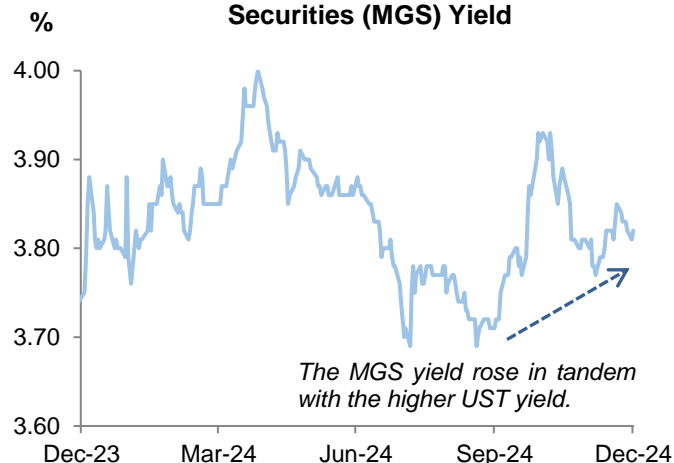
Quarterly Bond Yield Movement

Tenor	3Q 2024 (%)	4Q 2024 (%)	Change* (bps)
3-Year Bonds			
U.S. Treasury Bond	3.55	4.27	+72
MGS	3.33	3.48	+15
10-Year Bonds			
U.S. Treasury Bond	3.78	4.57	+79
MGS	3.71	3.82	+11

Note: As at 31 December 2024 * In basis points (bps)
Source: Bloomberg, Bank Negara Malaysia (BNM)

- The yields of 3-year and 10-year UST rose by 72 basis points (bps) and 79 bps respectively in 4Q 2024 amid a resilient U.S. economy and persistent inflation. For 2024, the 10-year UST yield rose by 69 bps to end the year at 4.57%.

10-Year Malaysian Government Securities (MGS) Yield



Source: BNM

- The 10-year MGS yield rose by 11 bps in 4Q 2024 in tandem with the higher UST yield.
- For 2024, the 10-year MGS yield rose by 8 bps to close at 3.82%.

Currencies

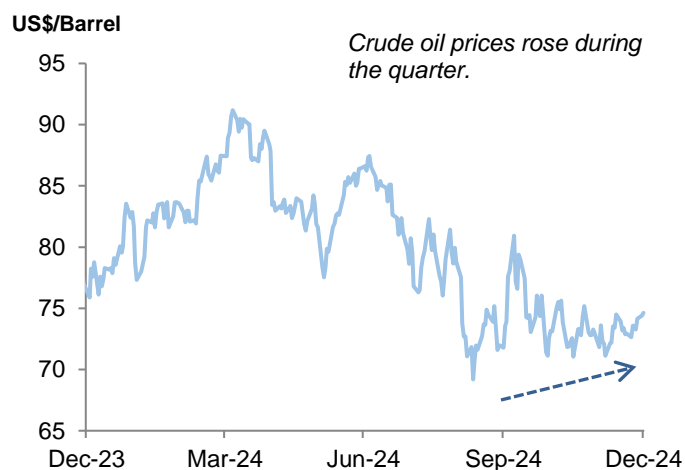
Quarterly MYR Movement vs Selected Currencies

	3Q 2024 % change#	4Q 2024 % change#	MYR per currency*
Australian Dollar	+10.2	+2.7	2.78
Japanese Yen	+1.7	+1.4	2.85 [^]
Euro	+9.5	-0.9	4.66
Pound Sterling	+8.0	-1.5	5.61
Singapore Dollar	+8.1	-2.0	3.28
Chinese Yuan	+10.5	-4.1	0.61
U.S. Dollar	+14.4	-7.8	4.47

Note: * Data as at 31 December 2024 [^] Per 100 Yen
Change indicates the Ringgit's movement vs foreign currencies
Source: Bloomberg

- The Ringgit depreciated by 7.8% against the US\$ in 4Q 2024 amid higher UST yields.
- The Ringgit generally strengthened against most other currencies in 2024.

Brent Crude Oil Price

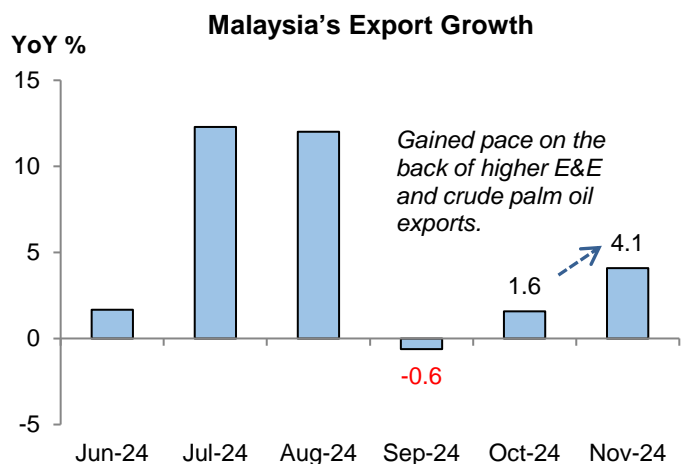


Source: Bloomberg

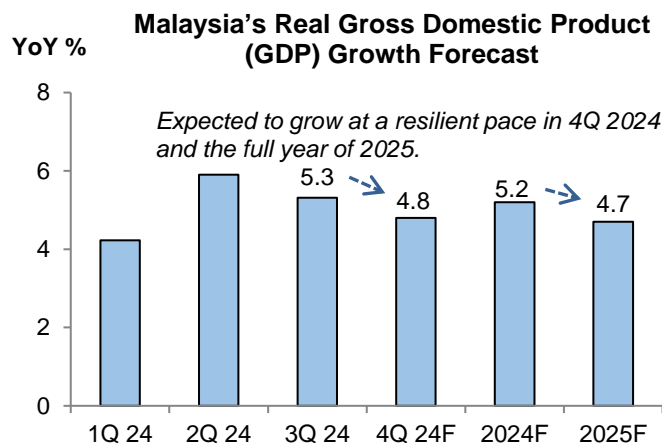
- The price of Brent crude oil rose by 4% to US\$74.6 per barrel during the quarter. For 2024, Brent crude oil prices fell by 3%.

Outlook

Malaysia



Source: Department of Statistics Malaysia



Source: Bloomberg

- Malaysia's export growth gained pace in November 2024 on the back of higher electrical & electronics (E&E) and crude palm oil exports.

- According to market estimates, Malaysia's real GDP is expected to grow at a resilient pace in 4Q 2024 and the full year of 2025.

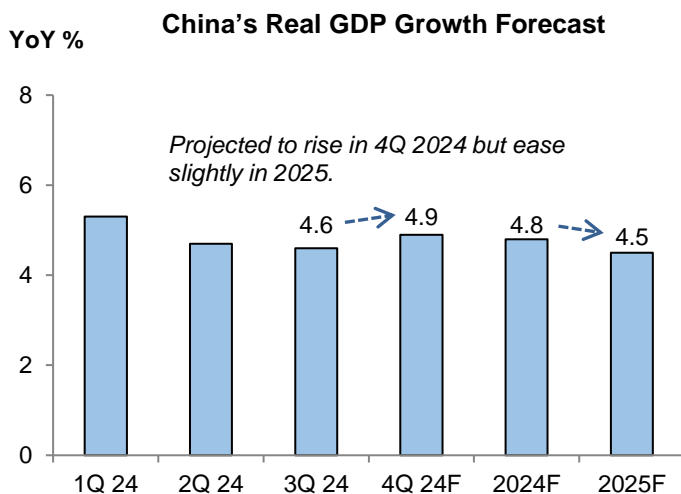
- According to projections by the Ministry of Finance (MOF), Malaysia's real GDP growth is expected to range between 4.8% and 5.3% in 2024, and by between 4.5% and 5.5% in 2025, supported by resilient domestic consumption and increased private investments.

- Meanwhile, with the proposed rationalisation of RON95 petrol prices around mid-2025, the MOF projects the inflation rate to range between 2.0% and 3.5% in 2025 compared to this year's range of 1.5% to 2.5%.

Regional



Source: Bloomberg



Source: Bloomberg

- China's export growth moderated in November 2024 amid slower exports of mechanical & electrical and high-tech products.

- Based on market estimates, China's real GDP growth is projected to rise to 4.9% in 4Q 2024.
- However, China's economic growth is envisaged to ease slightly to 4.5% in 2025.

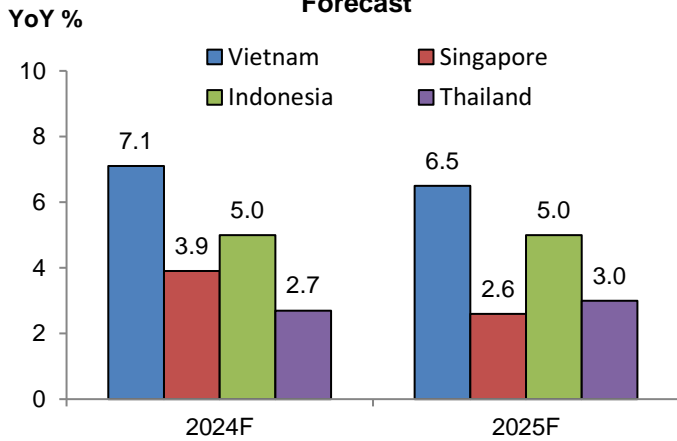
- China's economic momentum in 2025 will depend on the strength of its exports and the effectiveness of potential stimulus measures aimed at boosting consumer spending.

- Over the medium to long term, the technology sector in Taiwan and South Korea is well-positioned to capitalise on the growing global demand for advanced semiconductors which are used in artificial intelligence applications and high-performance computing devices.

Outlook

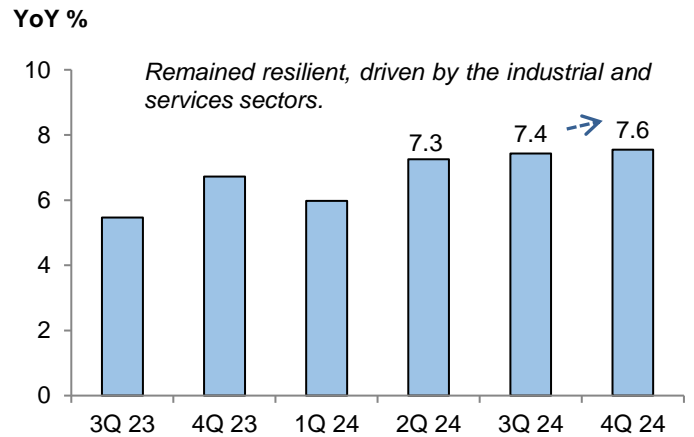
ASEAN

Selected ASEAN Real GDP Growth Forecast



Source: Bloomberg

Vietnam's Real GDP Growth



Source: Bloomberg

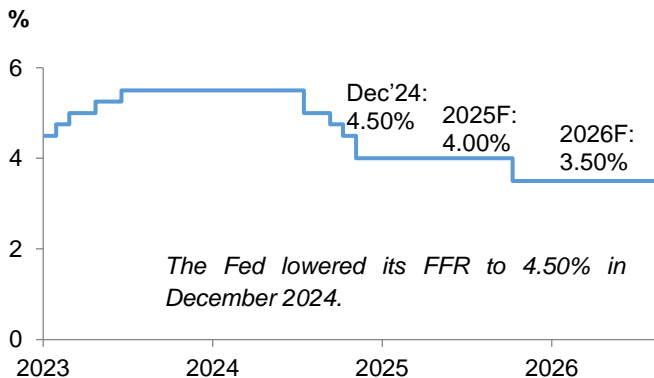
- Based on market estimates, the ASEAN economies are forecast to expand by between 2.7% and 7.1% in 2024 and by between 2.6% and 6.5% in 2025.

- Vietnam's real GDP growth remained resilient at 7.6% in 4Q 2024, driven by the industrial and services sectors.

- The ASEAN economies are envisaged to be supported by resilient domestic spending, sustained growth in tourism revenue and increased foreign direct investments amid the relocation of regional manufacturing supply chains.

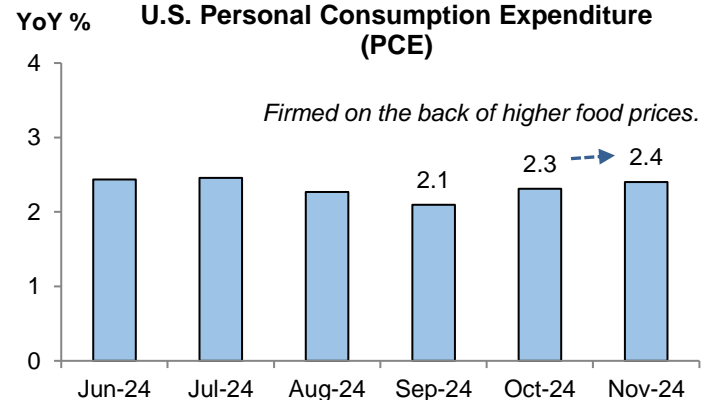
U.S.

Federal Funds Rate (FFR) (Upper Bound)



Source: Based on FOMC projections at the December 2024 meeting

U.S. Personal Consumption Expenditure (PCE)



Source: Bloomberg

- In December 2024, the Fed cut the FFR by another 25 bps to 4.25%-4.50%, bringing the total rate reduction to 100 bps for 2024.

- The U.S. PCE inflation firmed to 2.4% in November 2024 on the back of higher food prices.
- Meanwhile, the core PCE remained unchanged at 2.8% in November 2024.

- On 15 December 2024, the Fed projected two interest rate cuts in 2025 compared to four rate cuts expected at its September 2024 meeting. Looking ahead to 2025, investors will be closely monitoring the impact of the incoming U.S. administration's policies on import tariff rates, taxes and fiscal spending.
- Meanwhile, the Fed revised up its 2025 projection for the PCE inflation to 2.5% (from 2.1% previously), while its projection for the U.S.' economic growth has been revised higher to 2.1% from its earlier forecast of 2.0%.

Note: Q = Quarter

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