



January in ASEAN



- Non-oil domestic exports (NODX) decreased by 11.5% YoY for December 2023, missing market expectations of 13%, largely due to weaker-than-expected electronics exports, which fell by 11.7% YoY. This underscores a subdued GDP growth outlook for 2024.
- Both the FSSTI and the MSCI Singapore Index declined in January 2024, with broad-based weakness across sectors, except for Utilities.
- The key laggards were Consumer Goods (Dairy Farm International), REITs (KDC Reit - non-payment by tenants), and the Technology sector. Outperformers included Yangzijiang Shipbuilding (YZJSGD) and Sembcorp Industries (SCI), due to order wins, as well as Singapore Airlines (SIA), which saw positive carrier data points.



- Amid general weakness in Asia ex-Japan markets, Malaysia's index was generally among the outperformers, supported by foreign inflows. One of the positive factors for the Malaysian market in 2024 is its below-average valuation and the extremely low positioning by foreign investors.
- Throughout the month, there was a sell-down of a handful of stocks, mostly small-cap, reportedly due to margin calls. This affected the sentiment of other small-cap stocks, although the larger-cap FBMKLCI index remained largely unscathed. The FBM Small cap was volatile but finished the month higher. Towards the end of the month, some of the stocks at the center of the selling storm appeared to have stabilized.
- At the month's end, Sultan Iskandar from Johor was inaugurated as the 17th King of Malaysia.



- The Thai equity market did not experience the 'January effect.' Notably, the market rose significantly on the first trading day of the year, then moved down for the rest of the month.
- Among the ASEAN-5 markets, Thailand was the laggard.
- The market was weighed down by domestic factors including weaker than expected economy after the GDP growth print for 2023 and growing challenges to the government's Digital Wallet project.



- Despite a strong start, the market retracted slightly in January amid Rupiah weakness and reduced expectations of a Fed rate cut in March. Consumer Cyclicals, Banks, and Energy outperformed while Tech, Healthcare, and Consumer Non-Cyclical were laggards.
- Bank Indonesia kept its policy rate at 6%, reaffirming its commitment to Rupiah stability, characterizing the move as pre-emptive and forward-looking to ensure inflation remains within the 1.5-3.5% target for 2024.

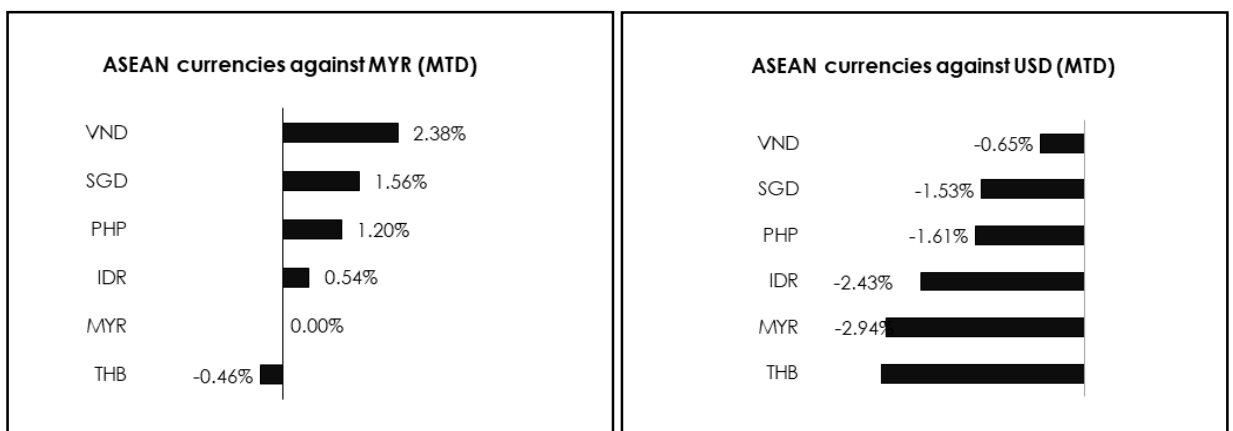


- Like Malaysia, the Philippines market was among the outperformers in Asia ex-Japan. The Philippines announced a GDP growth of 5.6% in 4Q23, bringing the full-year 2023 GDP growth to 5.6%. With that GDP print, the Philippines overtook Vietnam as ASEAN's fastest-growing economy in 2023. The National Economic and Development Authority expects the economy to expand by 6.5-7.5% in 2024, which would put the country at the top end of the region in terms of economic expansion.
- In capital market news, the Philippines Stock Exchange expects the number of Initial Public Offerings (IPO) to double in 2024.



- The Vietnam stock market experienced a strong January, posting a 3.0% gain on the VNINDEX, supported by macroeconomic data in January 2024.
- The banking sector spearheaded the rally, bolstered by strong fourth-quarter 2023 results and a positive outlook for 2024.
- Our focus would be on sectors likely to benefit from macroeconomic trends and government policy, including banking, telecommunications, industrial parks, software, and upstream energy. Additionally, we will monitor for a turnaround in the export and retail sectors.

ASEAN currencies: Riding the waves against USD and MYR



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