EQUITY MARKET REVIEW

Global equities extended its rally for a third straight month, as positive sentiment on a dovish Fed and a potential US-China trade deal trumped yield curve inversion concerns as well as mixed economic prints coming out from the US.

Despite the positive backdrop, the bellwether FBM KLCI Index fell 3.8% to close at 1,644 points on stock-specific factors. The index detractors included Malaysia Airport Holdings Bhd and banking names which saw weakness on increased expectation of a potential rate cut by Bank Negara Malaysia (BNM).

Meanwhile, the broader market FBM Emas Index fell 2.3% to close at 11,554 points while the FBM Small Cap Index added 1.3% to close at 12,711 points. Among regional bourses, China was the outperformer while Malaysia and South Korea were laggards.

For the month, the Ringgit weakened against the US Dollar, slipping 0.4% against the US Dollar to 4.0820. Brent crude oil futures gained 3.6% to US$68/bbl while palm oil futures fell 4.2% to close at RM1,867/MT.

BNM released its 2018 annual report and projected the Malaysian economy to grow between 4.3% – 4.8%, lower than the 4.9% estimated in the government's budget released in November. The lower number is mainly premised on moderation in global demand and ongoing trade tensions.

BOND MARKET REVIEW

Ringgit government debts rallied in March taking cue from a dovish US Federal Reserve and weak global economic data. In addition, strong buying momentum emerged on increased expectations of potential monetary easing by Bank Negara Malaysia after the central bank revised down its forecasts for economic growth and inflation for 2019. Headline inflation declined for a second month by 0.4% in February from a 0.7% contraction in January. The deflation was mainly due to lower transport cost and high base effects. Meanwhile, the Ringgit weakened 0.4% to 4.08 against the US Dollar during the month. At month end, the 3-, 5-, 7-, 10- and 20-year MGS benchmark yields fell by 13 to 18 bps to 3.39%, 3.54%, 3.72%, 3.77% and 4.31% respectively.