

ASEAN Resilient; Reflation Trades Outperformed



Chan Han Chin
Analyst, Quantitative Strategy

ASEAN financials, energy & consumer discretionary outperformed

On a YTD basis (USD terms), MSCI AC ASEAN lost only 3.7%, outperforming S&P500, MSCI AxJ and MSCI China which lost 11.8%, 13.5% and 17.6% respectively. Positive performance in MSCI Indonesia (+8.9%) and MSCI Thailand (+0.6%) has helped buoy ASEAN's performance.

Boosted by high commodity prices and pandemic reopening themes, Energy (+16.6%) and Consumer Discretionary (+11.6%) stood out as the best performing sectors in ASEAN. Top-performing stocks in these sectors include Adaro Energy Indonesia (+52.2%), PT United Tractors (+45.1%), PTT Exploration & Production (+40.4%), Astra International (+30.1%) and Minor International (+15.9%).

Financials, which made up more than one-third of MSCI AC ASEAN's weight returned 2.9%. This was led by Indonesian banks (+6.9%) and Malaysian banks (+4.1%) including Bank Negara Indonesia (+31.5%), Bank Mandiri (+20.4%) and AMMB Holdings (+12.5%).

MSCI AxJ & S&P 500 YTD performance



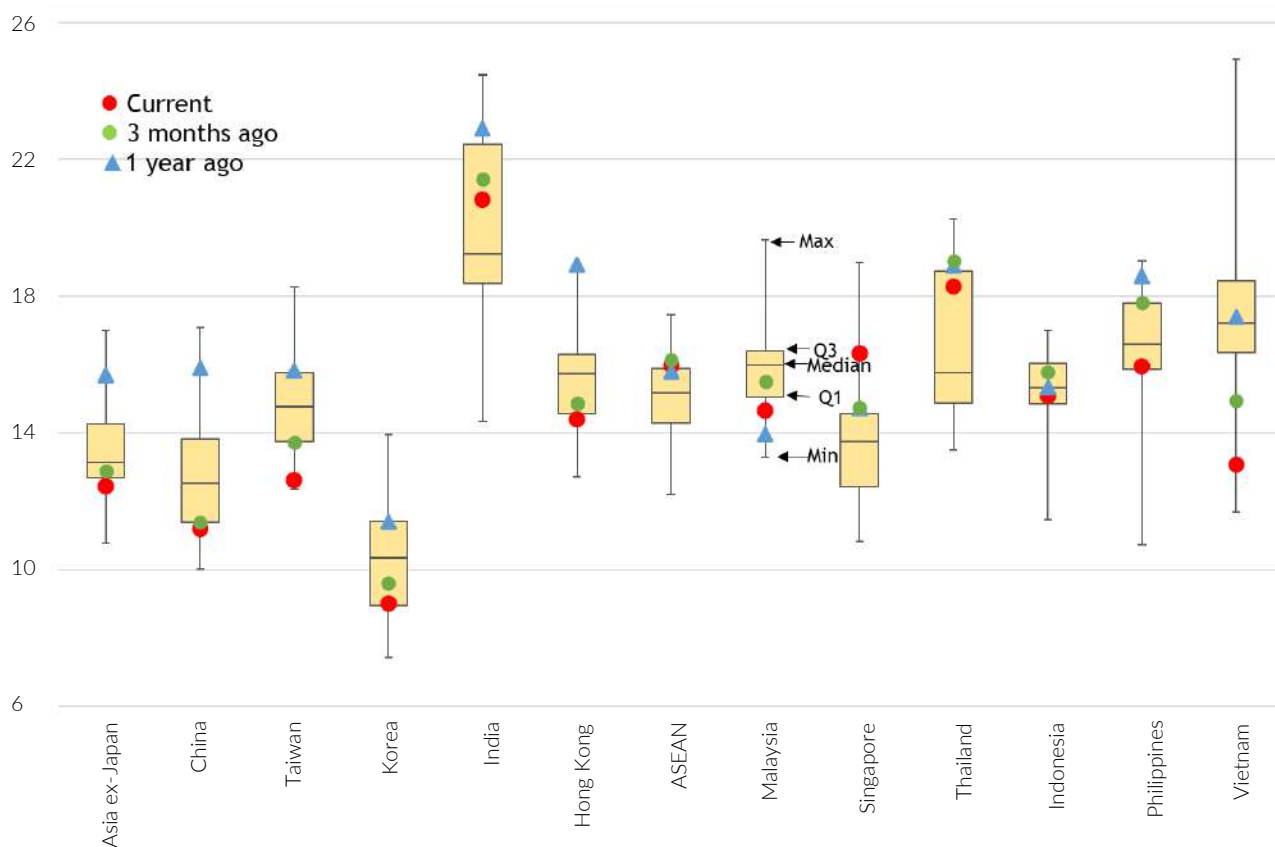
Source: Factset, MSCI, Maybank IBG Research; USD total return data as of 2 June 2022

MSCI ASEAN YTD performance



Source: Factset, MSCI, Maybank IBG Research; USD total return data as of 2 June 2022

Asia ex-Japan 12month forward PE box plot (by countries)



Source: Factset, MSCI, Maybank IBG Research; 5-year data as of 31 May 2022

Note: A box plot displays the five-number summary of a dataset, namely minimum, 1st quartile, median, 3rd quartile and maximum (Min, Q1, Median, Q3, Max)

Valuations attractive in Greater China, Malaysia & Vietnam

MSCI AxJ has returned a negative 13.5% year to date. In terms of 12m forward PE valuation, all countries covered in this index have been de-rated on both three months and 1-year basis except for Malaysia and Singapore. Only India, Singapore and Thailand trade above their historical median forward PE.

China, Taiwan, Hong Kong, Malaysia and Vietnam are trading at attractive levels with forward PE at 11.2x, 12.6x, 14.4x, 14.7x and 13.1x, compared to their historical median of 12.5x, 14.8x, 15.7x, 16x and 17.2x respectively.