

# PART 01 CAPITAL MARKET REVIEW AND OUTLOOK

## OVERVIEW

The world experienced an unparalleled public health emergency in 2020, triggering an economic shock across economies globally. Against this backdrop, the Malaysian capital market witnessed significant volatility but continued to remain orderly. More importantly, the domestic capital market continued to play its vital role in financing economic activity and intermediating savings despite the challenging environment. In terms of performance, both the domestic equity and bond markets registered encouraging returns for the year, with the former experiencing a notable shift in sentiments towards smaller to mid-cap companies, especially in the healthcare and technology sectors. Going forward, the Malaysian economy is expected to rebound in 2021, in tandem with a recovery in global demand. Although the domestic capital market will continue to be influenced by key global developments, it is expected to remain resilient and orderly, underpinned by Malaysia's strong macroeconomic fundamentals, ample domestic liquidity and supportive policy environment.

## GLOBAL DEVELOPMENTS IN 2020

The global economy experienced one of the largest shocks in modern history in 2020. The emergence and rapid spread of COVID-19 at the beginning of the year threatened to overwhelm public health systems,

contending with rising infection rates and death tolls in many parts of the world. To avert a public health disaster, governments in both advanced and emerging economies implemented strong containment measures, triggering concurrent supply and demand shocks across the globe.