Market commentary

Equity market review and outlook

August 2025

Review

- Malaysia's equity market outperformed most regional markets in August. On 1 Aug 2025, the US White House released adjusted reciprocal tariff rates covering imports from a range of trading partners, aimed at narrowing trade deficits. The revised duties are scheduled to take effect in 12.01am 7 August 2025 and range from 10% to 41%. Malaysia managed to secure a US tariff of 19% which is lower than the 25% announced after the 90-day pause in July 2025, and a rate which is on par with our ASEAN neighbours Indonesia, Thailand and Philippines. However, details regarding sector specific tariffs that would affect semiconductors sector still unknown. Malaysia's 2Q25 GDP growth came in at 4.4% yoy, unchanged from 1Q25, but slightly below consensus estimates and advance estimates of 4.5%. Malaysia saw the second largest YTD outflow in August, partly a result of the MSCI rebalancing. For the month of August foreign investors were net sellers of equity of RM3.4b, and YTD outflow cumulatively is RM16.6b.
- The KLCI closed the month at 1,575.12, up 4.09% mom. The FBM Small Cap index was up 0.1% for the month, underperforming the KLCI. The best performing sectors were Construction (+5.9%) and Technology (+5.6%). The worst performing sectors were Health Care (-5.3%) and Telecommunication (-2.4%). Average value traded on Bursa in Aug was RM3195m, higher by 5.3% mom.

Outlook

- September month has historically recorded negative performance for the KLCI in nine out of the last ten years, hence will 2025 buck the trend? The last time September reported a positive performance was in 2015. Overall, the Malaysian equity markets have digested the 2Q25 results season, which were generally in line with some pockets of disappointments. The month of September should be fairly quiet on the news front given the abundance of public holidays and long weekends this month. We may see the roll out of RON95 targeted subsidy measures at the end of the month, although the media recently reported that the petrol stations are still in varying level of preparedness. It would be better for the terminals to be fully available before they launch the rollout, to avoid inconvenience and disruption to the rakyat. We will likely start hearing more rhetoric regarding what to expect and the wish lists for Budget 2026 to be held 10 October 2025. Malaysia may also be in the limelight again as we will be hosting another ASEAN Summit in October 2025, to which US President Trump had indicated that he will be attending. Domestically, Malaysia is in a favourable position with relatively stable politics compared to some of our other ASEAN peers. The economy continues to be supported by the FDI being realized, domestic direct investments, strong construction activities, solid consumption growth and robust tourism activities. The domestic equity market remains flush with liquidity and dividend yield is attractive. We see any market weakness as opportunities to accumulate fundamentally strong stocks at attractive valuations.

Index performance & movers

FBM100 INDEX

START DATE	31-Jul-25	END DATE	31-Aug-25
START	11,156.51	END	11,474.57
NET CHG	318.06		2.85%

	Name	Price	Net Chg	% Chg
1	Malaysian Pacific Industries B	26.86	7.46	38.45 %
2	UWC BHD	2.83	0.62	28.05 %
3	Greatech Technology Bhd	2.09	0.45	27.44 %
4	Sime Darby Bhd	2.07	0.41	24.70 %
5	Sunway Construction Group Bhd	6.33	1.09	20.80 %
6	Unisem M Bhd	2.66	0.36	15.65 %
7	Farm Fresh Bhd	2.02	0.26	14.77 %
8	CIMB Group Holdings Bhd	7.43	0.88	13.44 %
9	Dialog Group Bhd	1.87	0.18	10.65 %
10	99 Speed Mart Retail Holdings	2.52	0.24	10.53 %

	Name	Price	Net Chg	% Chg
1	Guan Chong Bhd	0.92	-0.21	(18.30)%
2	Bumi Armada Bhd	0.37	-0.08	(17.98)%
3	Tanco Holdings Bhd	0.71	-0.13	(15.57)%
4	Hartalega Holdings Bhd	1.18	-0.21	(15.11)%
5	Heineken Malaysia Bhd	20.22	-3.50	(14.76)%
6	Nationgate Holdings Bhd	1.30	-0.21	(13.91)%
7	Top Glove Corp Bhd	0.59	-0.09	(12.69)%
8	Carlsberg Brewery Malaysia Bhd	16.16	-1.92	(10.62)%
9	Malaysian Resources Corp Bhd	0.48	-0.06	(10.38)%
10	VS Industry Bhd	0.67	-0.06	(8.90)%

Source: Bloomberg

	Last Price			MoM Changes		YTD Changes	
Indices	31-Dec-24	31-Jul-25	31-Aug-25	+/-	%	+/-	%
FBMKLCI	1,642.33	1,513.25	1,575.12	61.87	4.09%	(67.21)	-4.09%
FBMMES	5,380.44	4,618.21	4,722.02	103.81	2.25%	(658.42)	-12.24%
FBM100	12,265.96	11,156.51	11,474.57	318.06	2.85%	(791.39)	-6.45%
FBM70	18,841.13	16,604.61	16,476.24	-128.37	-0.77%	(2,364.89)	-12.55%
FBMSCAP	17,963.66	15,723.79	15,739.94	16.15	0.10%	(2,223.72)	-12.38%
FBMEMAS	12,585.51	11,400.47	11,702.89	302.42	2.65%	(882.62)	-7.01%
FBMSHA	12,590.57	11,461.67	11,649.08	187.41	1.64%	(941.49)	-7.48%
FBMHIJRAH	13,409.12	12,502.14	12,747.96	245.82	1.97%	(661.16)	-4.93%
FBMSCAPS	16,744.61	14,756.00	14,832.20	76.20	0.52%	(1,912.41)	-11.42%
MSCI APxJ (USD)	569.41	653.87	662.90	9.02	1.38%	93.49	16.42%
MSCI ACWI (USD)	841.33	929.62	951.57	21.95	2.36%	110.24	13.10%

Source: Bloomberg