

Market commentary

Equity market review and outlook

July 2025



Review

- Malaysian equity performance for big cap stocks were weak in July, given the uncertainties surrounding the US tariffs, post the 90-day pause which expired on 9 July 2025, and the new tariff which was announced for 14 countries that were not able to secure an agreement by then. The tariff on Malaysian products to the US as at the 9 July 2025 was 25% (vs 2 April 2025 at 24%). BNM at their July MPC announced a 25bps cut to OPR to 2.75%, and later announced their revised GDP growth forecasts for 2025 of 4%-4.8% (vs 4.5%-5.5%), taking into account various tariff scenarios. BNM also lowered its inflation outlook to 1.5%–2.3%, citing softer cost and demand pressures. The KLCI closed the month at 1,513.25, down 1.29% mom. The FBM Small Cap index was up 2.77% for the month, outperforming the KLCI. The best performing sectors were Construction (+4.2%) and Technology (+2.9%). The worst performing sectors were Health Care (-3.3%) and Finance (-2.8%). Average value traded on Bursa in July was RM3032m, higher by 41% mom.

Outlook

- 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 Aug 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. This was in line with market expectations that were looking at between 15-20% US tariff and provides some measure of relief to Malaysian exporters. The announcement is a relief to sectors such as the gloves and Electronics and Electrical components (E&E). For the glove players it allows Malaysia to compete on par with Thailand and Indonesia and has a miniscule advantage over Vietnam, where Chinese glove players had set up facilities. E&E should still be under the tariff exemption, but there is still a risk on sector specific tariffs which is expected to be announced later this year. The details of the trade agreement between the US and Malaysia are yet to be unveiled. Nevertheless, we expect investors' sentiment to improve on the back of this news. Malaysia's 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	30-Jun-25	END DATE	31-Jul-25
START	11,229.76	END	11,156.51
NET CHG	-73.25		-0.65%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 Axiata Group Bhd	2.70	0.48	21.62 %	1 Sunway Construction Group Bhd	5.24	-0.68	(11.49)%
2 UWC BHD	2.34	0.40	20.62 %	2 AEON Credit Service M Bhd	5.15	-0.63	(10.83)%
3 Pentamaster Corp Bhd	3.57	0.54	17.82 %	3 Hartalega Holdings Bhd	1.46	-0.17	(10.43)%
4 Nestle Malaysia Bhd	88.08	10.60	13.68 %	4 Tanco Holdings Bhd	0.84	-0.10	(10.22)%
5 Malakoff Corp Bhd	0.90	0.11	13.29 %	5 Guan Chong Bhd	1.14	-0.12	(9.52)%
6 Malaysian Resources Corp Bhd	0.54	0.06	12.63 %	6 Tenaga Nasional Bhd	13.02	-1.24	(8.70)%
7 Petronas Chemicals Group Bhd	3.88	0.43	12.46 %	7 PPB Group Bhd	9.43	-0.77	(7.55)%
8 Malayan Cement Bhd	5.60	0.61	12.22 %	8 CTOS Digital Bhd	0.87	-0.07	(7.45)%
9 Dialog Group Bhd	1.75	0.19	12.18 %	9 QIL Resources Bhd	4.25	-0.33	(7.21)%
10 UM Corp Bhd	2.86	0.31	12.16 %	10 Kossan Rubber Industries Bhd	1.37	-0.10	(6.80)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-24	30-Jun-25	31-Jul-25	+/-	%	+/-	%
FBMKLCI	1,642.33	1,532.96	1,513.25	-19.71	-1.29%	(129.08)	-7.86%
FBMMES	5,380.44	4,469.93	4,618.21	148.28	3.32%	(762.23)	-14.17%
FBM100	12,265.96	11,229.76	11,156.51	-73.25	-0.65%	(1,109.45)	-9.04%
FBM70	18,841.13	16,399.61	16,604.61	205.00	1.25%	(2,236.52)	-11.87%
FBMSCAP	17,963.66	15,300.65	15,723.79	423.14	2.77%	(2,239.87)	-12.47%
FBMEMAS	12,585.51	11,447.77	11,400.47	-47.30	-0.41%	(1,185.04)	-9.42%
FBMSHA	12,590.57	11,438.24	11,461.67	23.43	0.20%	(1,128.90)	-8.97%
FBMHJRAH	13,409.12	12,507.72	12,502.14	-5.58	-0.04%	(906.98)	-6.76%
FBMSCAPS	16,744.61	14,330.75	14,756.00	425.25	2.97%	(1,988.61)	-11.88%
MSCI APxJ (USD)	569.41	641.39	653.87	12.48	1.95%	84.47	14.83%
MSCI ACWI (USD)	841.33	917.89	929.62	11.73	1.28%	88.29	10.49%

Source: Bloomberg

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