

MARKET COMMENTARY

Equity market review and outlook

June 2025



Review

- Malaysian equity markets managed to rebound in the month of June. Sentiment was weak early in the month as investors were concerned over the potential impact from the expanded SST. The surprise attack by Israel on Iran's key military and nuclear facilities on 13 June 2025 resulted in oil prices spiking. However, the US joined Israel and launched airstrikes on three Iranian sites on 21 June 2025, and thereafter on the 24 June 2025, Iran and Israel agreed to a ceasefire, easing investor sentiments. Towards the end of the month, equity markets trended higher, supported by signs of positive progress in US-Malaysia import tariff negotiations, strengthening of the MYR, and renewed foreign fund inflows.
- The KLCI closed the month at 1,532.96, up 1.63% mom. The FBM Small Cap index was down 0.9% for the month, underperforming the KLCI. The best performing sectors were Utilities (+4.3%) and Oil & Gas (+3.8%). The worst performing sectors were Health Care (-5.4%) and Finance (-1.1%). Average value traded on Bursa in June was RM2153m lower by 16.3% mom.

Outlook

- The current tariff pause is set to expire on the 8 July 2025, after which we may see the reinstatement of higher tariffs. To recap the US government implemented a 90-day reciprocal tariff pause on 9 April 2025, which applied to most countries except China. This pause was intended to provide a window for negotiating new trade deals and reassessing trade strategies. Trade talks between the US and many countries are ongoing, and so far the US has signed a deal with the UK at the G7 summit. This deal lowers US tariffs on British cars and aerospace parts, but levies on steel, aluminium and pharmaceuticals are still being finalized. On the 2 July 2025, President Trump announced that a deal with Vietnam has been finalized, having agreed on 20% tariff rate (versus a 46% reciprocal tariff rate announced in April). After weeks of tit-for-tat between China and the US, the two have reached a partial agreement on a trade framework with the goal of easing tech restrictions and opening access to rare earth minerals. Chinese goods, which were temporarily subject to levies of as high as 145%, are currently subject to 30% across-the-board tariffs. Given the complexity of trade deals, the market is expecting the US to likely extend the tariff pause period for some nations that they are still negotiating with.
- In the meantime, external headwinds will continue to be prevalent with global trade noticeably slower post the earlier pre-emptive inventory build ahead of the Trump tariff implementation. Major currencies have been reacting to this uncertainty in the US and on global growth, and US dollar strength may continue to wane.
- Domestically, 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. Corporate earnings going forward has increased downside risks, which should not be a surprise given the slower GDP growth expectations for Malaysia for 2025. Economists have been revising down 2025 GDP estimates to 4%, versus BNM's official growth forecast of 4.5-5.5%. Nevertheless, we see any market weakness as opportunities to accumulate fundamentally strong stocks at attractive valuations.

Index performance & movers

FBM100 INDEX

START DATE	31-May-25	END DATE	30-Jun-25
START	11,061.00	END	11,229.76
NET CHG	168.76		1.53%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 YTL Corp Bhd	2.32	0.50	27.47 %	1 Bermaz Auto Bhd	0.76	-0.27	(25.98)%
2 YTL Power International Bhd	3.98	0.82	25.76 %	2 Hartalega Holdings Bhd	1.64	-0.24	(12.77)%
3 Westports Holdings Bhd	5.40	0.86	18.94 %	3 Top Glove Corp Bhd	0.71	-0.10	(12.35)%
4 Pentamaster Corp Bhd	3.07	0.47	18.08 %	4 D&O Green Technologies Bhd	1.08	-0.15	(12.20)%
5 Yinson Holdings BHD	2.35	0.35	17.50 %	5 RCE Capital Bhd	1.09	-0.14	(11.08)%
6 Mah Sing Group Bhd	1.19	0.17	16.67 %	6 Kossan Rubber Industries Bhd	1.48	-0.18	(10.84)%
7 Unisem M Bhd	2.27	0.30	15.23 %	7 Guan Chong Bhd	1.24	-0.12	(9.01)%
8 Axiata Group Bhd	2.31	0.26	12.68 %	8 PPB Group Bhd	10.28	-1.00	(8.87)%
9 Pavilion Real Estate Investmen	1.59	0.16	11.42 %	9 Tanco Holdings Bhd	0.92	-0.09	(8.50)%
10 ViTrox Corp Bhd	3.52	0.34	10.57 %	10 AFFIN Bank Bhd	2.54	-0.15	(5.58)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-24	31-May-25	30-Jun-25	+/-	%	+/-	%
FBMKLCI	1,642.33	1,508.35	1,532.96	24.61	1.63%	(109.37)	-6.66%
FBMMES	5,380.44	4,551.03	4,469.93	-81.10	-1.78%	(910.51)	-16.92%
FBM100	12,265.96	11,061.00	11,229.76	168.76	1.53%	(1,036.20)	-8.45%
FBM70	18,841.13	16,201.51	16,399.61	198.10	1.22%	(2,441.52)	-12.96%
FBMSCAP	17,963.66	15,439.74	15,300.65	-139.09	-0.90%	(2,663.01)	-14.82%
FBMEMAS	12,585.51	11,299.80	11,447.77	147.97	1.31%	(1,137.74)	-9.04%
FBMSHA	12,590.57	11,256.26	11,438.24	181.98	1.62%	(1,152.33)	-9.15%
FBMHJRAH	13,409.12	12,187.15	12,507.72	320.57	2.63%	(901.40)	-6.72%
FBMSCAPS	16,744.61	14,361.76	14,330.75	-31.01	-0.22%	(2,413.86)	-14.42%
MSCI APxJ (USD)	569.41	608.94	641.39	32.45	5.33%	71.98	12.64%
MSCI ACWI (USD)	841.33	879.50	917.89	38.39	4.36%	76.56	9.10%

Source: Bloomberg

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