

MARKET COMMENTARY

Equity market review and outlook

March 2025



Review

- ▶ Malaysian equity markets corrected in March as foreign outflows continued, the 6th consecutive month of net foreign outflow since Oct 2024, we have had foreign investors selling net RM17.7b. YTD 2025 foreign investors have sold RM10b in equities so far. Investor sentiment was overall weak for the month given the ongoing policy announcements by US President Trump, the rhetoric on retaliatory tariffs, and the devastating 7.7 earthquake that hit Myanmar, but the effects were felt as far out as Bangkok Thailand. During the month Bank Negara released their annual report for 2024, keeping to their GDP forecast of 4.5-5.5% for 2025. Global growth forecast was at 2.8-3.3% with potential headwinds from severe trade restrictions, escalation in geopolitical conflicts and tighter financial conditions.
- ▶ The KLCI closed the month at 1,513.65, down 3.88% mom. The FBM Small Cap index declined 2.13% for the month, outperforming the KLCI. The best performing sectors were Oil & Gas (+0.5%) and Utilities (+0.2%). The worst performing sectors were Telecommunications (-6.4%) and Finance (-4.9%). Average value traded on Bursa in March was RM2863m higher by 14% mom.

Outlook

- ▶ On 2nd April, US President Trump announced an executive order to implement reciprocal tariffs targeting all US-trading partners. There will be a minimum 10% tariff on imports from all US trading partners and then there will be a higher tariff imposed on countries with large goods trade surpluses with the US, have higher relative tariffs and what were assessed as significant non-tariff barriers. The 10% tariff will kick on 5 April 2025, whilst the additional reciprocal tariffs will become effective 9 April 2025. The reciprocal tariff on Malaysia was at 24%, and implementation of these tariffs will have a potentially major implication for Malaysia's export sector, with some exemptions. The list of exemptions includes copper, pharmaceuticals, semiconductors, lumber and certain critical minerals and energy and energy products that are not available in the US. Malaysia is scheduled to seek talks with US officials in May 2025 while continuing to emphasize its "centrality stand" in the tariff war, along with plans to expand its trading markets, enhance supply chain resiliency and promote localization.
- ▶ For Malaysia, with the exemptions in place, the direct impact could be minimal for now, but broader negative impact likely to be felt via consumers holding off purchases in light of the uncertainty. Malaysia could still benefit from the tariff gap with this announcement, given the announced tariff for Malaysia was lower than most of our ASEAN peers and the ASEAN and Asian average. For now, we see minimal downside impact as the Malaysian economy will continue to be supported by strong foreign direct investment (FDI) and direct domestic investment (DDI), increased construction activities, solid consumption growth and rising tourism activities. The Malaysian equity market continues to be in correction mode, triggered by foreign fund outflow, US tariff concerns and poor market sentiment. While the markets may continue to be very volatile, valuations are getting more attractive following recent corrections. The domestic equity market remains flush with liquidity and dividend yield is attractive. Hence, we see any market weakness as opportunities to accumulate fundamentally strong stocks at more attractive valuations.

Index performance & movers

FBM100 INDEX

START DATE	28-Feb-25	END DATE	31-Mar-25
START	11,496.57	END	11,103.12
NET CHG	-393.45		-3.42%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 Tanco Holdings Bhd	2.01	0.26	14.86 %	1 Natiogate Holdings Bhd	1.34	-0.65	(32.66)%
2 Dayang Enterprise Holdings Bhd	1.96	0.23	13.57 %	2 Genting Malaysia Bhd	1.66	-0.65	(28.06)%
3 AEON Credit Service M Bhd	6.23	0.51	8.92 %	3 UWC BHD	2.17	-0.55	(20.22)%
4 KPJ Healthcare Bhd	2.66	0.18	7.30 %	4 Hartalega Holdings Bhd	1.89	-0.46	(19.57)%
5 Gas Malaysia Bhd	4.31	0.24	5.90 %	5 UEM Sunrise Bhd	0.76	-0.18	(18.82)%
6 RHB Bank Bhd	6.84	0.35	5.45 %	6 Nestle Malaysia Bhd	74.30	-13.70	(15.57)%
7 PPB Group Bhd	11.50	0.54	4.93 %	7 VS Industry Bhd	0.87	-0.16	(15.20)%
8 YTL Power International Bhd	3.33	0.15	4.72 %	8 ViTrox Corp Bhd	3.01	-0.49	(14.00)%
9 D&O Green Technologies Bhd	1.46	0.06	4.29 %	9 Axiata Group Bhd	1.79	-0.28	(13.53)%
10 Farm Fresh Bhd	1.75	0.07	4.17 %	10 Alliance Bank Malaysia Bhd	4.62	-0.70	(13.16)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-24	28-Feb-25	31-Mar-25	+/-	%	+/-	%
FBMKLCI	1,642.33	1,574.70	1,513.65	-61.05	-3.88%	(128.68)	-7.84%
FBMMES	5,380.44	4,756.99	4,808.92	51.93	1.09%	(571.52)	-10.62%
FBM100	12,265.96	11,496.57	11,103.12	-393.45	-3.42%	(1,162.84)	-9.48%
FBM70	18,841.13	16,636.63	16,276.09	-360.54	-2.17%	(2,565.04)	-13.61%
FBMSCAP	17,963.66	15,917.17	15,578.53	-338.64	-2.13%	(2,385.13)	-13.28%
FBMEMAS	12,585.51	11,736.32	11,348.04	-388.28	-3.31%	(1,237.47)	-9.83%
FBMSHA	12,590.57	11,411.79	11,124.41	-287.38	-2.52%	(1,466.16)	-11.64%
FBMHIJRAH	13,409.12	12,343.95	11,973.76	-370.19	-3.00%	(1,435.36)	-10.70%
FBMSCAPS	16,744.61	14,736.84	14,416.93	-319.91	-2.17%	(2,327.68)	-13.90%
MSCI APxJ (USD)	569.41	577.03	572.95	-4.08	-0.71%	3.55	0.62%
MSCI ACWI (USD)	841.33	862.95	827.15	-35.80	-4.15%	(14.18)	-1.69%

Source: Bloomberg

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