

MARKET COMMENTARY

Equity market review and outlook

May 2025



Review

- The month of May saw Malaysian equities underperforming regional markets, despite seeing some de-escalation in the US Tariff trade war. Malaysia's corporate results reporting season in May came in rather underwhelming with more companies disappointing or inline, and only a few surprising on the upside. Those that disappointed were in the telco, oil and gas, auto, gaming, healthcare and utilities sectors. Post the results reporting season, consensus has downgraded earnings from above 6% to below 3% for 2025, with further downside risk to earnings as more analysts start to cut their earnings for the banks. During the month, BNM maintained OPR at 3% but cut the Statutory Reserve Requirement from 2% to 1% releasing RM19b of liquidity into the banking system. BNM was clear to state that changes to the SRR is an instrument to manage liquidity and is not a signal on the stance of monetary policy.
- The KLCI closed the month at 1,508.35, down 2.07% mom. The FBM Small Cap index rose 0.69% for the month, outperforming the KLCI. The best performing sectors were Construction (+9.0%) and Property (+3.8%). The worst performing sectors were Health Care (-5.2%) and Consumer (-4.2%). Average value traded on Bursa in May was RM2576m higher by 7.1% mom.

Outlook

- Trade talks between the US and many countries are ongoing, but the one global markets closely monitor is between China and US, which in recent days has some negative rhetoric from both sides as tensions seem to be heating up. 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, with ongoing rhetoric of "end of US exceptionalism" and de-dollarisation being bandied about, which could explain the weakness in the US Dollar versus most currencies. 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	30-Apr-25	END DATE	31-May-25
START	11,184.44	END	11,061.00
NET CHG	- 123.44		-1.10%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 Sunway Construction Group Bhd	5.90	1.45	32.58 %	1 Sime Darby Bhd	1.70	-0.38	(18.27)%
2 Greatech Technology Bhd	1.70	0.25	17.24 %	2 Hartalega Holdings Bhd	1.88	-0.35	(15.70)%
3 Tanco Holdings Bhd	1.00	0.14	16.28 %	3 Nestle Malaysia Bhd	78.60	-8.40	(9.66)%
4 Sime Darby Property Bhd	1.40	0.16	12.90 %	4 Mah Sing Group Bhd	1.02	-0.11	(9.42)%
5 Natiogate Holdings Bhd	1.51	0.15	11.03 %	5 Kossan Rubber Industries Bhd	1.66	-0.17	(9.29)%
6 UJM Corp Bhd	2.50	0.23	10.13 %	6 Top Glove Corp Bhd	0.81	-0.07	(7.95)%
7 Malaysian Resources Corp Bhd	0.51	0.05	9.78 %	7 PPB Group Bhd	11.28	-0.86	(7.08)%
8 Frontken Corp Bhd	3.78	0.28	8.00 %	8 99 Speed Mart Retail Holdings	2.07	-0.16	(7.02)%
9 Gamuda Bhd	4.57	0.33	7.78 %	9 Petronas Chemicals Group Bhd	3.42	-0.25	(6.81)%
10 Yinson Holdings BHD	2.00	0.14	7.49 %	10 YTL Power International Bhd	3.20	-0.22	(6.43)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-24	30-Apr-25	31-May-25	+/-	%	+/-	%
FBMKLCI	1,642.33	1,540.22	1,508.35	-31.87	-2.07%	(133.98)	-8.16%
FBMMES	5,380.44	4,628.66	4,551.03	-77.63	-1.68%	(829.41)	-15.42%
FBM100	12,265.96	11,184.44	11,061.00	-123.44	-1.10%	(1,204.96)	-9.82%
FBM70	18,841.13	15,945.37	16,201.51	256.14	1.61%	(2,639.62)	-14.01%
FBMSCAP	17,963.66	15,333.31	15,439.74	106.43	0.69%	(2,523.92)	-14.05%
FBMEMAS	12,585.51	11,407.78	11,299.80	-107.98	-0.95%	(1,285.71)	-10.22%
FBMSHA	12,590.57	11,274.29	11,256.26	-18.03	-0.16%	(1,334.31)	-10.60%
FBMHJRAH	13,409.12	12,317.40	12,187.15	-130.25	-1.06%	(1,221.97)	-9.11%
FBMSCAPS	16,744.61	14,189.67	14,361.76	172.09	1.21%	(2,382.85)	-14.23%
MSCI APxJ (USD)	569.41	581.02	608.94	27.92	4.81%	39.53	6.94%
MSCI ACWI (USD)	841.33	833.54	879.50	45.96	5.51%	38.17	4.54%

Source: Bloomberg

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