eastspring investments
A Prudential plc company

Market commentary

Equity market review and outlook

August 2026

Review

- Malaysia's political landscape remained fluid in August as Prime Minister Anwar Ibrahim's administration faced electoral setbacks, coalition tensions, and intensifying political competition. Pakatan Harapan's weaker-than-expected performance in the Negeri Sembilan state election underscored Barisan Nasional's growing influence within the unity government, while the resignation of another PKR MP highlighted lingering internal divisions. Nevertheless, coalition stability improved after the Democratic Action Party voted overwhelmingly to remain in government, reducing the immediate risk of a political rupture. Market concerns over a near-term snap election also eased amid growing expectations that the next general election could be deferred to 2H27. In a move widely viewed as politically supportive ahead of the next election cycle, Prime Minister Anwar announced on 30 August that subsidized fuel quotas would be restored to previous levels from 1 September, with gasoline quotas increased to 300 litres per month from 200 litres and diesel quotas raised to 400 litres from 300 litres.

- On the economic front, Malaysia's 2Q26 GDP expanded by 6.0% year-on-year, surpassing both the advance estimate and market expectations. Growth was broad-based across key sectors, led by manufacturing (+7.3%), mining (+9.2%), construction (+6.5%), and services (+5.9%). The stronger-than-expected outcome was driven by robust exports linked to the AI-related technology upcycle and resilient domestic demand.

- The KLCI closed the month at 1,725.88, almost flat +0.06% mom. The FBM Small Cap index was up 2.62% for the month, outperforming the KLCI. The best performing sectors were Utilities (+7.9%) and Construction (+6.6%). The worst performing sectors were Consumer (-1.6%) and Telecommunication (-0.7%). Average value traded on Bursa in August was RM3340m higher by 9.6% mom.

Outlook

- The US-Iran conflict has now persisted for more than six months, with tensions re-escalating following renewed US strikes on Iran and retaliatory attacks by Iran on US military bases in Jordan, Kuwait, and Bahrain. Closer to home, political developments are expected to remain in focus as the Malacca State Legislative Assembly is likely to be dissolved soon, paving the way for state elections. As campaigning intensifies, investors may adopt a more cautious stance amid heightened political uncertainty. The election outcome will be closely watched for clues on the timing of Malaysia's 16th General Election, including the possibility of an earlier-than-expected national poll.

- Attention will also turn to Budget 2027, scheduled to be tabled on 9 October 2026, which is expected to be very people friendly. Against this backdrop, we remain cautiously constructive on equities and view periods of market weakness as opportunities to accumulate fundamentally sound companies at attractive valuations.

Index performance & movers

FBM100 INDEX

START DATE	31-Jul-26	END DATE	31-Aug-26
START	12,585.11	END	12,574.85
NET CHG	- 10.26		-0.08%

	Name	Price	Net Chg	% Chg		Name	Price	Net Chg	% Chg
1	YTL Power International Bhd	5.75	1.52	35.93 %	1	Zetrix Ai Bhd	0.30	-0.39	(57.02)%
2	YTL Corp Bhd	2.48	0.56	29.17 %	2	AirAsia Group Bhd	0.80	-0.27	(25.00)%
3	Ranhill Utilities Bhd	2.51	0.50	24.88 %	3	Tanco Holdings Bhd	0.19	-0.06	(24.49)%
4	Inari Amertron Bhd	2.56	0.44	20.75 %	4	Heineken Malaysia Bhd	16.02	-3.28	(16.99)%
5	Sime Darby Bhd	2.60	0.44	20.37 %	5	KPJ Healthcare Bhd	2.70	-0.42	(13.46)%
6	Kerjaya Prospek Group Bhd	2.96	0.46	18.40 %	6	MR DIY Group M Bhd	1.38	-0.21	(13.00)%
7	Mah Sing Group Bhd	1.18	0.17	16.83 %	7	Petronas Chemicals Group Bhd	4.25	-0.55	(11.46)%
8	Guan Chong Bhd	1.40	0.20	16.67 %	8	Carlsberg Brewery Malaysia Bhd	14.36	-1.64	(10.25)%
9	IJM Corp Bhd	2.82	0.40	16.53 %	9	Farm Fresh Bhd	2.04	-0.22	(9.73)%
10	ViTrox Corp Bhd	9.23	1.23	15.38 %	10	SP Setia Bhd Group	0.83	-0.09	(9.34)%

Source: Bloomberg

Indices	Last Price 31-Jul-26	31-Aug-26	+/-	%
FBMKLCI	1,724.90	1,725.88	0.98	0.06%
FBMMES	4,974.68	5,249.38	274.70	5.52%
FBM100	12,585.11	12,574.85	-10.26	-0.08%
FBM70	18,135.79	18,046.89	-88.90	-0.49%
FBMSCAP	15,706.91	16,118.07	411.16	2.62%
FBMEMAS	12,751.79	12,764.63	12.84	0.10%
FBMSHA	12,596.29	12,552.09	-44.20	-0.35%
FBMHIJRAH	13,893.80	13,837.94	-55.86	-0.40%
FBMSCAPS	14,805.41	15,239.89	434.48	2.93%
MSCI APxJ (USD)	864.14	890.17	26.04	3.01%
MSCI ACWI (USD)	1,120.51	1,149.22	28.71	2.56%

Source: Bloomberg

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