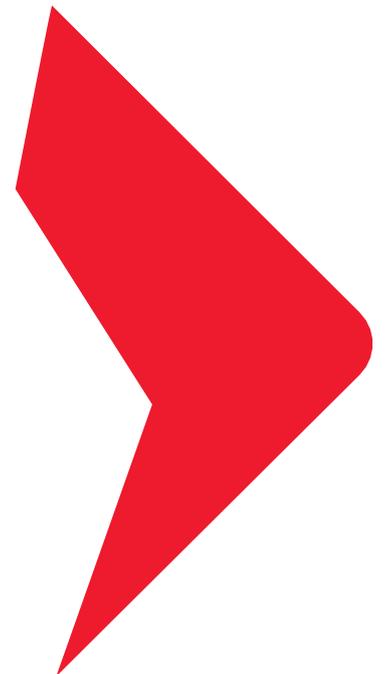


Market commentary

Equity market review and outlook

February 2026



Review

- ▶ Malaysian equities reversed earlier gains amid rising geopolitical tensions and US tariff uncertainties. Market sentiment was positive early on, buoyed by the stronger than expected 4Q25 GDP growth of 6.3% and a stronger ringgit at RM3.89/USD. However post the Chinese New Year holidays, investor sentiment weakened over concerns on valuations of technology stocks, rising geopolitical risks with the US and Israel launching a pre-emptive strike on Iran on the 28 Feb 2026. Domestically, sentiment was also dampened with the allegations involving the Malaysian Anti-Corruption Commission (MACC). It was results reporting season in February, where overall the earnings were generally in line with the exception of a few disappointments from companies like Petronas Chemical.
- ▶ The KLCI closed the month at 1,716.61, down 1.39% mom. The FBM Small Cap index was down 1.53% for the month, performing in line with the KLCI. The worst performing sectors were Telecommunication (-3.31%) and Utilities (-2.41%). The best performing sectors were Transport (+2.15%) and Property (+2.0%). Average value traded on Bursa in February was RM2674m down by 25% mom.

Outlook

- ▶ Geopolitical risk is now ratcheting up with the US/Israel -Iran conflict on its 6th day already, and the contagion effect very real as Iran is launching drones to neighbours with a US base or deemed US friendly. Whilst President Trump had indicated that this could be over within a few weeks, Russia equally thought so too when they initiated an attack on Ukraine 4 years ago. This US-Iran conflict is on top of the ongoing conflicts between Ukraine and Russia, in Gaza, and just coming out of the US threatening to take over Greenland. These remain part of the external headwinds that could potentially impact Malaysia's growth.
- ▶ Domestically, Malaysia is in a favourable position with relatively stable politics compared to some of our other ASEAN peers. Malaysia's GDP growth expectations for 2026 remains robust with official forecasts at 4-4.5%, whilst many economists expecting it to land at the higher end of the range. BNM will be releasing their Annual Report end of March which will also provide an update to the official 2026 GDP growth forecast. The economy continues to be supported by the FDI being realized, domestic direct investments, strong construction activities, solid consumption growth and robust tourism activities. Whilst the recent conflict in the Middle East needs to be closely monitored, Malaysia should be relatively in a better position than our peers, as a nation that is a net exporter of oil and gas. The negative impact of higher oil price though could result from higher subsidies the government will need to pay to maintain the current levels of subsidized petrol.
- ▶ We remain cautiously optimistic on the outlook for equities in 2026, keeping in mind the potential external headwinds. Nevertheless, we see any market weakness as opportunities to accumulate fundamentally strong stocks at attractive valuations.

Index performance & movers

FBM100 INDEX

START DATE	31-Jan-26	END DATE	28-Feb-26
START	12,562.02	END	12,433.82
NET CHG	-	128.20	-1.02%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 Greatech Technology Bhd	2.11	0.35	19.89 %	1 99 Speed Mart Retail Holdings	3.44	-0.56	(14.00)%
2 Sunway Construction Group Bhd	7.05	1.13	19.09 %	2 Natiogate Holdings Bhd	0.87	-0.13	(13.07)%
3 Tanco Holdings Bhd	1.59	0.23	16.91 %	3 YTL Power International Bhd	2.83	-0.40	(12.38)%
4 Hong Leong Industries Bhd	18.72	2.25	13.65 %	4 CTOS Digital Bhd	0.79	-0.11	(12.22)%
5 Sime Darby Bhd	2.44	0.28	12.96 %	5 UEM Sunrise Bhd	0.58	-0.08	(12.21)%
6 UWC BHD	4.50	0.41	10.02 %	6 Inari Amertron Bhd	1.42	-0.19	(11.80)%
7 IOI Properties Group Bhd	3.45	0.26	8.15 %	7 YTL Corp Bhd	1.84	-0.24	(11.54)%
8 Malayan Cement Bhd	8.60	0.60	7.50 %	8 Malaysian Resources Corp Bhd	0.31	-0.04	(11.43)%
9 Dialog Group Bhd	1.76	0.12	7.32 %	9 Hong Leong Bank Bhd	23.28	-2.52	(9.77)%
10 ECO-Shop Marketing Bhd	1.61	0.10	6.97 %	10 Farm Fresh Bhd	2.62	-0.24	(8.39)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-25	31-Jan-26	28-Feb-26	+/-	%	+/-	%
FBM KLCI	1,680.11	1,740.88	1,716.61	-24.27	-1.39%	36.50	2.17%
FBM MES	4,872.95	4,723.00	4,720.25	-2.75	-0.06%	(152.70)	-3.13%
FBM 100	12,107.41	12,562.02	12,433.82	-128.20	-1.02%	326.41	2.70%
FBM 70	16,803.39	17,509.58	17,542.47	32.89	0.19%	739.08	4.40%
FBM SCAP	15,772.11	16,007.51	15,762.99	-244.52	-1.53%	(9.12)	-0.06%
FBM EMAS	12,303.67	12,745.99	12,611.43	-134.56	-1.06%	307.76	2.50%
FBM SHA	12,096.29	12,275.32	12,217.56	-57.76	-0.47%	121.27	1.00%
FBM HIJRAH	13,292.13	13,373.51	13,286.00	-87.51	-0.65%	(6.13)	-0.05%
FBM SCAPS	14,932.99	15,049.94	14,708.13	-341.81	-2.27%	(224.86)	-1.51%
MSCI APxJ (USD)	722.19	779.69	826.18	46.49	5.96%	103.99	14.40%
MSCI ACWI (USD)	1,014.62	1,044.26	1,056.76	12.50	1.20%	42.14	4.15%

Source: Bloomberg

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