

Market commentary

Equity market review and outlook

January 2026



Review

- Malaysian equities started 2026 on a strong footing supported by policy optimism, improving macro signals, foreign inflows of RM1.05bn, a stronger ringgit (+3.33% to RM3.9237/US\$1), and higher market liquidity. Sentiment was lifted by Malaysian Prime Minister Datuk Anwar Ibrahim's New Year 2026 address, which emphasised governance reforms, stronger execution, and near-term economic support, alongside better-than-expected 4Q25 advance GDP growth of 5.7%. Geopolitical tensions were also high at the start of January as the US carried out a large scale strike against Venezuela on 3 Jan 2026, which ended with the "capture" of President Nicolas Maduro and his wife, who were flown out of the country to face charges in the US. Then soon after, the US made overtures to take over Greenland, which was faced by opposition from other NATO allies. Thankfully the tensions de-escalated after pressure from Europe.
- The KLCI closed the month at 1,740.88, up 3.62% mom. The FBM Small Cap index was up 1.49% for the month, underperforming the KLCI. The best performing sectors were Property (+9.3%) and Finance (+9.2%). The worst performing sectors were Healthcare (-2.5%) and Construction (-2.2%). Average value traded on Bursa in January was RM3570m up by 25% mom.

Outlook

- Geopolitical tensions remain in focus as talk outcomes between the US and Iran remain uncertain, and could potentially escalate with any misstep. This 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. There was a bit of contagion effect from MSCI warning Indonesia to improve their free float and transparency of shareholding data or risk being classified as a frontier market. This seems to be specific to Indonesia stemming from concerns over tightly held shares and limited transparency. 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. The economy continues to be supported by the FDI being realized, domestic direct investments, strong construction activities, solid consumption growth and robust tourism activities. Consumption will be aided by another SARA RM100 cash aid in mid-February 2026, for Malaysians 18 years of age and above. 2026 will also be a year of sporting events such as the 2026 FIFA World Cup to be held 11 June – 19 July 2026 in the USA, Canada and Mexico. Commonwealth Games will be held 23 July – 2 Aug in Scotland, and the Asian Games will be held in Japan 19 Sept – 4 Oct. 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-Dec-25	END DATE	31-Jan-26
START	12,107.41	END	12,562.02
NET CHG	454.61		3.75%

Name	Price	Net Chg	% Chg	Name	Price	Net Chg	% Chg
1 SP Setia Bhd Group	0.99	0.25	34.01 %	1 Pentamaster Corp Bhd	3.25	-0.72	(18.14)%
2 IOI Properties Group Bhd	3.19	0.57	21.76 %	2 Gamuda Bhd	4.42	-0.63	(12.48)%
3 Mah Sing Group Bhd	1.15	0.20	21.05 %	3 Petronas Chemicals Group Bhd	3.23	-0.39	(10.77)%
4 UEM Sunrise Bhd	0.66	0.11	20.18 %	4 Axiata Group Bhd	2.30	-0.24	(9.45)%
5 MR DIY Group M Bhd	1.83	0.29	18.83 %	5 Frontken Corp Bhd	3.84	-0.36	(8.57)%
6 UM Corp Bhd	2.68	0.42	18.58 %	6 Guan Chong Bhd	0.69	-0.06	(7.38)%
7 Tanco Holdings Bhd	1.36	0.21	18.26 %	7 Kossan Rubber Industries Bhd	1.01	-0.08	(7.34)%
8 Hong Leong Bank Bhd	25.80	3.26	14.46 %	8 Hextar Global Bhd	0.84	-0.07	(7.18)%
9 AFFIN Bank Bhd	2.68	0.32	13.56 %	9 Malaysian Resources Corp Bhd	0.35	-0.03	(6.67)%
10 CTOS Digital Bhd	0.90	0.11	13.21 %	10 Johor Plantations Group Bhd	1.52	-0.10	(6.17)%

Source: Bloomberg

Indices	Last Price			MoM Changes		YTD Changes	
	31-Dec-25	31-Dec-25	31-Jan-26	+/-	%	+/-	%
FBMKLCI	1,680.11	1,680.11	1,740.88	60.77	3.62%	60.77	3.62%
FBMMES	4,872.95	4,872.95	4,723.00	-149.95	-3.08%	(149.95)	-3.08%
FBM100	12,107.41	12,107.41	12,562.02	454.61	3.75%	454.61	3.75%
FBM70	16,803.39	16,803.39	17,509.58	706.19	4.20%	706.19	4.20%
FBMSCAP	15,772.11	15,772.11	16,007.51	235.40	1.49%	235.40	1.49%
FBMEMAS	12,303.67	12,303.67	12,745.99	442.32	3.60%	442.32	3.60%
FBMSHA	12,096.29	12,096.29	12,275.32	179.03	1.48%	179.03	1.48%
FBMHJRAH	13,292.13	13,292.13	13,373.51	81.38	0.61%	81.38	0.61%
FBMSCAPS	14,932.99	14,932.99	15,049.94	116.95	0.78%	116.95	0.78%
MSCI APxJ (USD)	722.19	722.19	779.69	57.50	7.96%	57.50	7.96%
MSCI ACWI (USD)	1,014.62	1,014.62	1,044.26	29.64	2.92%	29.64	2.92%

Source: Bloomberg

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