Market commentary

Equity market review and outlook

July 2026

Review

- Malaysia's equity market delivered a strong performance in July, supported by improving domestic macroeconomic fundamentals, a return of foreign investor inflows, and encouraging corporate earnings results. These positive factors helped offset persistent external uncertainties and underpinned broad market resilience. A key domestic development during the month was the Johor State Election, where Barisan Nasional strengthened its mandate by securing 48 of 56 seats, up from 40 seats in the 2022 election. Malaysia outperformed most regional markets, particularly North Asia, where equities corrected sharply amid growing concerns over the sustainability of AI-related capital expenditure and earnings expectations. In South Korea, margin calls further amplified the sell-off and weighed on investor sentiment across the region.

- Meanwhile, geopolitical developments remained a source of volatility. Renewed tensions between the US and Iran periodically unsettled markets, although investors appeared increasingly desensitised to the rapidly changing news flow, limiting the impact on risk appetite compared with previous episodes.

- pThe KLCI closed the month at 1,724.90, up 3.66% mom. The FBM Small Cap index was up 2.02% for the month, outperforming the KLCI. The best performing sectors were Plantation (+4.9%) and Finance (+3.7%). The worst performing sectors were Utilities (-1.9%) and Property (-1.4%). Average value traded on Bursa in July was RM3047.6 lower by 7% mom.

Outlook

- The US Iran war ceasefire was shortlived, as attacks from both sides restarted not long after the ceasefire MoU was signed. Tensions has intensified as passage through the Red Sea is not free flowing, with certain vessels being targeted by the Houthis. Domestically politics continue to remain a key market focus. Negeri Sembilan's state election scheduled on 1 August 2026 saw an informal electoral pact between BN and PN which helped them to secure a combined 25 of the 36 seats, comprising of 18 seats for BN, and 7 for PN, while PH won 11 seats. Malacca is also expected to call its state election before year-end. As electoral activity intensifies, investors are likely to remain cautious amid rising political uncertainty. The outcomes of these state elections will be closely watched, particularly for any implications on the timing of the 16th General Election, with the possibility of an earlier-than-expected national poll. On the positive side, lower oil prices should ease pressure on the government's subsidy bill, potentially creating greater fiscal flexibility for targeted cash assistance measures ahead of Budget 2027 in October, 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	30-Jun-26	END DATE	31-Jul-26
START	12,215.04	END	12,585.11
NET CHG	370.07		3.03%

	Name	Price	Net Chg	% Chg		Name	Price	Net Chg	% Chg
1	Tanco Holdings Bhd	0.26	0.12	79.31 %	1	AirAsia Group Bhd	1.05	-0.16	(13.22)%
2	Westports Holdings Bhd	7.13	1.09	18.05 %	2	Sam Engineering & Equipment M	4.55	-0.53	(10.51)%
3	Petronas Chemicals Group Bhd	4.78	0.73	18.02 %	3	Greatech Technology Bhd	2.38	-0.24	(9.16)%
4	ViTrox Corp Bhd	8.70	1.17	15.54 %	4	Malaysian Pacific Industries B	46.00	-3.10	(6.31)%
5	Mi Technovation Bhd	5.58	0.74	15.29 %	5	YTL Corp Bhd	1.94	-0.13	(6.28)%
6	ECO-Shop Marketing Bhd	1.47	0.17	13.08 %	6	Hong Leong Industries Bhd	17.72	-1.12	(5.94)%
7	Johor Plantations Group Bhd	2.00	0.22	12.36 %	7	Genting Malaysia Bhd	1.75	-0.11	(5.91)%
8	CELCOMDIGI BHD	2.98	0.31	11.61 %	8	Axiata Group Bhd	1.99	-0.12	(5.69)%
9	Sarawak Oil Palms Bhd	5.11	0.52	11.33 %	9	Sime Darby Property Bhd	1.35	-0.07	(4.93)%
10	Pentamaster Corp Bhd	5.29	0.51	10.67 %	10	KPJ Healthcare Bhd	3.10	-0.15	(4.62)%

Source: Bloomberg

	Last Price			
Indices	30-Jun-26	31-Jul-26	+/-	%
FBMKLCI	1,664.06	1,724.90	60.84	3.66%
FBMMES	4,823.43	4,974.68	151.25	3.14%
FBM100	12,215.04	12,585.11	370.07	3.03%
FBM70	17,917.46	18,135.79	218.33	1.22%
FBMSCAP	15,396.27	15,706.91	310.64	2.02%
FBMEMAS	12,385.11	12,751.79	366.68	2.96%
FBMSHA	12,283.85	12,596.29	312.44	2.54%
FBMHIJRAH	13,442.88	13,893.80	450.92	3.35%
FBMSCAPS	14,513.66	14,805.41	291.75	2.01%
MSCI APxJ (USD)	886.70	864.14	-22.57	-2.55%
MSCI ACWI (USD)	1,120.46	1,120.51	0.05	0.00%

Source: Bloomberg

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