Market commentary

Equity market review and outlook

June 2026

Review

- Malaysia's equity market declined for the second consecutive month. Investor sentiment remained weak as the US-Iran conflict continued to be a key overhang on the markets. However towards the end of the month the US-Iran ceasefire helped ease some of the downside risks, but this came with the reversal of the "War Trade" in Malaysia, as oil prices declined, and the MYR weakened against the USD. Domestic news was dominated with the dissolution of the Johor Parliament, paving way for State Elections. Days later, Negeri Sembilan also followed suit, setting the stage for another State elections. This event saw investors price in rising political uncertainty, alongside a more hawkish US Federal Reserve.

- The KLCI closed the month at 1,664.06, down 1.13% mom. The FBM Small Cap index was down 0.42% for the month, outperforming the KLCI. The best performing sectors were Plantation (+4.2%) and Construction (+1.7%). The worst performing sectors were Property (-10.1%) and Health Care (-9.0%). Average value traded on Bursa in June was RM3276m lower by 15.07% mom.

Outlook

- The US-Iran Memorandum of Understanding (MoU) signed on 18 June 2026 marked the beginning of a 60-day ceasefire, although the situation remains fragile and susceptible to renewed tensions. Following the latest ceasefire announcement, Brent crude oil prices retraced sharply as investors unwound the geopolitical risk premium embedded in the "war trade".

- Domestically, politics is expected to remain a key market focus. Johor heads to the polls on 11 July, while Negeri Sembilan's state election is scheduled for 1 August 2026. 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. 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-May-26	END DATE	30-Jun-26
START	12,417.54	END	12,215.04
NET CHG	- 202.50		-1.63%

	Name	Price	Net Chg	% Chg		Name	Price	Net Chg	% Chg
1	CTOS Digital Bhd	0.73	0.11	17.89 %	1	Tanco Holdings Bhd	0.18	-1.58	(90.00)%
2	Guan Chong Bhd	1.10	0.16	17.45 %	2	Petronas Chemicals Group Bhd	4.05	-1.16	(22.26)%
3	ViTrox Corp Bhd	7.76	1.00	14.81 %	3	Hartalega Holdings Bhd	0.99	-0.27	(21.43)%
4	UWC BHD	6.63	0.70	11.80 %	4	Kossan Rubber Industries Bhd	1.03	-0.21	(16.68)%
5	Sarawak Oil Palms Bhd	4.62	0.48	11.46 %	5	Nationgate Holdings Bhd	0.74	-0.14	(15.63)%
6	Kerjaya Prospek Group Bhd	2.43	0.25	11.21 %	6	Top Glove Corp Bhd	0.69	-0.12	(14.91)%
7	Tropicana Corp Bhd	1.16	0.10	9.43 %	7	Press Metal Aluminium Holdin	7.68	-1.29	(14.43)%
8	Johor Plantations Group Bhd	1.78	0.15	9.20 %	8	CELCOMDIGI BHD	2.67	-0.34	(11.36)%
9	99 Speed Mart Retail Holdings	3.53	0.25	7.70 %	9	Unisem M Bhd	4.75	-0.55	(10.38)%
10	Petronas Dagangan Bhd	18.90	1.34	7.60 %	10	AirAsia X Bhd	1.20	-0.13	(9.77)%

Source: Bloomberg

	Last Price			
Indices	31-May-26	30-Jun-26	+/-	%
FBM KLCI	1,683.07	1,664.06	-19.01	-1.13%
FBM MES	4,763.81	4,823.43	59.62	1.25%
FBM 100	12,417.54	12,215.04	-202.50	-1.63%
FBM 70	18,484.33	17,917.46	-566.87	-3.07%
FBM SCAP	15,460.75	15,396.27	-64.48	-0.42%
FBM EMAS	12,580.12	12,385.11	-195.01	-1.55%
FBM SHA	12,604.07	12,283.85	-320.22	-2.54%
FBM HIJRAH	13,717.30	13,442.88	-274.42	-2.00%
FBM SCAPS	14,496.96	14,513.66	16.70	0.12%
MSCI APxJ (USD)	902.09	886.70	-15.38	-1.71%
MSCI ACWI (USD)	1,130.75	1,120.46	-10.29	-0.91%

Source: Bloomberg

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