Market commentary

Equity market review and outlook

March 2026

Review

- Malaysian equities continued to correct in March due to the US-Iran conflict which started on 28 February 2026, and is entering its sixth week. In retaliation to US and Israel's attack, Iran has effectively closed the Straits of Hormuz allowing only certain vessels to pass, impacting global oil and gas supply, as approximately 20% of global supply comes through the Straits of Hormuz. In Malaysia, unsubsidized fuel at the pump has been feeling the brunt of the US-Iran conflict, as unsubsidized RON95 prices has increased by 52% to RM3.87/litre, whilst diesel at the pump which is unsubsidized is priced at RM6.02/litre up 101% versus before the conflict. In addition, the government has reduced the monthly subsidized petrol quota under the BUDI95 scheme from 300 litres to 200 litres beginning April 2026. During the month, Sunway Healthcare IPO listed on Bursa Malaysia, and was immediately added into the FBMKLCI index.

- The KLCI closed the month at 1,690.36, down 1.53% mom. The FBM Small Cap index was down 7.09% for the month, underperforming the KLCI. The worst performing sectors were Construction (-11.2%) and Technology (-9.6%). The best performing sectors were Plantation (+8.6%) and Oil & Gas (+5.8%). Average value traded on Bursa in March was RM3912m higher by 46% mom.

Outlook

- The US-Iran conflict could escalate over the next week as US President Trump threatens to bomb power infrastructure and bridges if Iran does not concede to the US President's demands. Putting boots on the ground would be a serious escalation, and could potentially prolong the conflict and put at risk more oil and gas facilities in the Middle East region, as Iran retaliates, looking to strike the US where it hurts the most via oil and gas prices.

- Domestically, the Malaysian government has started to take pre-emptive measures to address the oil and gas supply shocks. Policy measures such as BUDI95 enables Malaysians to get access to subsidized petrol, and allowing certain civil servants and GLCs to work from home in an effort to reduce petrol consumption. However Diesel prices at the pump is unsubsidized and already double in price from five weeks ago. This will have a large impact on any sectors that rely on heavy machinery and do not have allowance for subsidized diesel, which could potentially have secondary inflationary effects the longer the war prolongs. Consumer spending will also be kept in check as it bites into household disposable income, and civil servants working from home would be negative for small businesses and reduce consumption and economic activities. Nevertheless, 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 in higher subsidies the government will need to bear. BNM's latest Annual Report GDP growth forecast for 2026 widened to 4-5.0% and cites resilient domestic consumption, but mindful of the external headwinds.

- We remain cautiously optimistic on the outlook for equities in 2026. Any market weakness as opportunities to accumulate fundamentally strong stocks at attractive valuations.

Index performance & movers

FBM100 INDEX			
START DATE	28-Feb-26	END DATE	31-Mar-26
START	12,433.82	END	12,174.91
NET CHG	- 258.91		-2.08%

	Name	Price	Net Chg	% Chg		Name	Price	Net Chg	% Chg
1	Petronas Chemicals Group Bhd	6.07	3.10	104.64 %	1	Malayan Cement Bhd	6.05	-2.48	(29.09)%
2	Sunway Healthcare Holdings bhd	2.00	0.55	37.93 %	2	Nationgate Holdings Bhd	0.65	-0.21	(24.54)%
3	Hartalega Holdings Bhd	1.15	0.27	29.94 %	3	UEM Sunrise Bhd	0.46	-0.12	(20.87)%
4	Gas Malaysia Bhd	6.00	1.20	25.00 %	4	CTOS Digital Bhd	0.62	-0.16	(20.46)%
5	Dialog Group Bhd	2.19	0.43	24.43 %	5	ECO-Shop Marketing Bhd	1.29	-0.32	(19.88)%
6	Sarawak Oil Palms Bhd	4.70	0.85	22.08 %	6	Genting Bhd	2.23	-0.54	(19.63)%
7	Johor Plantations Group Bhd	1.85	0.33	21.73 %	7	Unisem M Bhd	2.61	-0.52	(16.58)%
8	Top Glove Corp Bhd	0.69	0.11	18.97 %	8	Mi Technovation Bhd	2.56	-0.50	(16.34)%
9	Kossan Rubber Industries Bhd	1.20	0.19	18.81 %	9	Sunway Bhd	4.80	-0.93	(16.23)%
10	KPJ Healthcare Bhd	3.42	0.50	17.18 %	10	Mah Sing Group Bhd	1.00	-0.17	(14.53)%

Source: Bloomberg

	Last Price			MoM Changes		YTD Changes	
Indices	31-Dec-25	28-Feb-26	31-Mar-26	+/-	%	+/-	%
FBMKLCI	1,680.11	1,716.61	1,690.36	-26.25	-1.53%	10.25	0.61%
FBMMES	4,872.95	4,720.25	4,246.91	-473.34	-10.03%	(626.04)	-12.85%
FBM100	12,107.41	12,433.82	12,174.91	-258.91	-2.08%	67.50	0.56%
FBM70	16,803.39	17,542.47	16,864.69	-677.78	-3.86%	61.30	0.36%
FBMSCAP	15,772.11	15,762.99	14,645.84	-1,117.15	-7.09%	(1,126.27)	-7.14%
FBMEMAS	12,303.67	12,611.43	12,304.38	-307.05	-2.43%	0.71	0.01%
FBMSHA	12,096.29	12,217.56	12,117.21	-100.35	-0.82%	20.92	0.17%
FBMHIJRAH	13,292.13	13,286.00	13,410.51	124.51	0.94%	118.38	0.89%
FBMSCAPS	14,932.99	14,708.13	13,645.61	-1,062.52	-7.22%	(1,287.38)	-8.62%
MSCIAPxJ (USD)	722.19	826.18	714.97	-111.21	-13.46%	(7.22)	-1.00%
MSCIACWI (USD)	1,014.62	1,056.76	978.94	-77.82	-7.36%	(35.68)	-3.52%

Source: Bloomberg

Disclaimer