

Market commentary

Equity market review and outlook

May 2026



Review

- Malaysia's equity market corrected during the month despite the positive performance from the Asia Pacific ex Japan markets which did well on the back of the AI/Tech trade. Whilst Malaysia's technology sector posted gains, the main indices had little tech representation, and was dragged by the announcement of MSCI's month-end rebalancing activities which resulted in net outflow as there were many deletions for Malaysia. 1Q26 corporate results reported were abt underwhelming and not many companies reported positive surprises. Bank earnings came in weaker than expected, whilst strong revisions seen for petrochemicals and materials sectors. The KLCI closed the month at 1,683.07, down 2.26% mom. The FBM Small Cap index was down 0.97% for the month, outperforming the KLCI. The best performing sectors were Technology (+19%) and Utilities (+2.8%). The worst performing sectors were Oil & Gas (-7.4%) and Consumer (-5.9%). Average value traded on Bursa in May was RM3858m, higher by 9.8% mom.

Outlook

- The US–Iran conflict has entered its 14th week, with the ceasefire appearing increasingly fragile. Iran reportedly broke off talks on June 1 following escalating Israeli strikes in Lebanon and renewed US airstrikes, though Trump disputed this. The US and Iran exchanged heavy fire on Tuesday evening (June 3), with Iran launching retaliatory missile and drone strikes on Kuwait and Bahrain after the US struck Iranian targets. Iran's drone strike on Kuwait International Airport's passenger terminal killed one person and wounded more than 60, forcing the airport to close. Kuwait's military reportedly intercepted 13 missiles and 17 drones. In the last few days the conflict seem to have escalated, but as quickly as the skirmishes start, we get contradictory news from both sides on agreeing to a ceasefire, and it has come to the point where investors are becoming numb.
- On the local front, politics is in the lime light once again for Malaysia. Johor surprised everyone dissolving the Parliament on the 1 June 2026, and hence Johor state elections will need to be held within 60 days. Any hopes to hold the General Elections 16 (GE16) together with other State elections now dashed. With oil prices remaining higher, the oil subsidies borne by the government is increasing to levels where it is not sustainable for the government and hard decisions will need to be made soon. 2H2026 may potentially be a more challenging period as we see companies pass on cost increases with price hikes for their products, and supply chains may be affected if the conflict in the Middle East prolongs. Malaysia may be somewhat distracted by elections and the politicking that comes with it, which could affect good policy making.
- We remain cautiously constructive on equities and view periods of market weakness as opportunities to build exposure to fundamentally strong names at attractive valuations.

Index performance & movers

FBM100 INDEX

| | | | |
|------------|-----------|----------|-----------|
| START DATE | 30-Apr-26 | END DATE | 31-May-26 |
| START | 12,560.83 | END | 12,417.54 |
| NET CHG | - | | -1.14% |

| Name | Price | Net Chg | % Chg | Name | Price | Net Chg | % Chg |
|----------------------------------|-------|---------|---------|-------------------------------|-------|---------|----------|
| 1 Unisem M Bhd | 5.30 | 1.90 | 55.88 % | 1 UEM Sunrise Bhd | 0.57 | -0.12 | (17.52)% |
| 2 Mi Technovation Bhd | 4.82 | 1.42 | 41.76 % | 2 CTOS Digital Bhd | 0.62 | -0.11 | (14.58)% |
| 3 Malaysian Pacific Industries B | 49.06 | 11.32 | 30.00 % | 3 Dialog Group Bhd | 1.99 | -0.33 | (14.22)% |
| 4 Kelington Group Bhd | 7.63 | 1.48 | 24.07 % | 4 Petronas Dagangan Bhd | 17.74 | -2.56 | (12.61)% |
| 5 Sam Engineering & Equipment M | 4.90 | 0.93 | 23.43 % | 5 Tropicana Corp Bhd | 1.06 | -0.14 | (11.67)% |
| 6 ViTrox Corp Bhd | 6.77 | 1.27 | 23.09 % | 6 Nestle Malaysia Bhd | 91.00 | -11.90 | (11.56)% |
| 7 UWC BHD | 5.93 | 0.92 | 18.36 % | 7 Axiata Group Bhd | 2.00 | -0.25 | (11.11)% |
| 8 Natiogate Holdings Bhd | 0.88 | 0.14 | 18.12 % | 8 Johor Plantations Group Bhd | 1.63 | -0.20 | (10.87)% |
| 9 Guan Chong Bhd | 0.95 | 0.13 | 16.43 % | 9 Heineken Malaysia Bhd | 20.50 | -2.48 | (10.79)% |
| 10 Pentamaster Corp Bhd | 4.56 | 0.62 | 15.74 % | 10 Genting Bhd | 2.32 | -0.28 | (10.77)% |

Source: Bloomberg

| Indices | Last Price | | | MoM Changes | | YTD Changes | |
|-----------------|------------|-----------|-----------|-------------|--------|-------------|--------|
| | 31-Dec-25 | 30-Apr-26 | 31-May-26 | +/- | % | +/- | % |
| FBMKLCI | 1,680.11 | 1,722.02 | 1,683.07 | -38.95 | -2.26% | 2.96 | 0.18% |
| FBMMES | 4,872.95 | 4,618.11 | 4,763.81 | 145.70 | 3.15% | (109.14) | -2.24% |
| FBM100 | 12,107.41 | 12,560.83 | 12,417.54 | -143.29 | -1.14% | 310.13 | 2.56% |
| FBM70 | 16,803.39 | 18,085.97 | 18,484.33 | 398.36 | 2.20% | 1,680.94 | 10.00% |
| FBMSCAP | 15,772.11 | 15,612.69 | 15,460.75 | -151.94 | -0.97% | (311.36) | -1.97% |
| FBMEMAS | 12,303.67 | 12,723.74 | 12,580.12 | -143.62 | -1.13% | 276.45 | 2.25% |
| FBMSHA | 12,096.29 | 12,718.36 | 12,604.07 | -114.29 | -0.90% | 507.78 | 4.20% |
| FBMHJRAH | 13,292.13 | 13,993.75 | 13,717.30 | -276.45 | -1.98% | 425.17 | 3.20% |
| FBMSCAPS | 14,932.99 | 14,614.78 | 14,496.96 | -117.82 | -0.81% | (436.03) | -2.92% |
| MSCI APxJ (USD) | 722.19 | 821.89 | 902.09 | 80.19 | 9.76% | 179.90 | 24.91% |
| MSCI ACWI (USD) | 1,014.62 | 1,077.10 | 1,130.75 | 53.65 | 4.98% | 116.13 | 11.45% |

Source: Bloomberg

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