eastspring investments

A Prudential plc company

Market commentary

Equity market review and outlook

October 2026



Review

- October was a challenging month for global and regional equities, with Malaysia also ending the month lower, albeit outperforming most regional markets. Domestically, attention was initially centred on Budget 2027, which was broadly viewed as a “people-friendly” budget, with measures aimed at supporting wages, easing the tax burden and addressing cost-of-living pressures. These initiatives should help underpin household consumption and provide a supportive backdrop for the domestic services sector.

- Nevertheless, investor sentiment towards Malaysian equities remained subdued. Foreign investors recorded net outflows of RM0.9bn in October, bringing year-to-date net selling to RM8.6bn. Consequently, foreign ownership of Malaysian equities fell to a new record low of 17.7% at end-October, highlighting the continued lack of foreign participation despite the relatively resilient domestic macroeconomic backdrop.

- The FBM KLCI ended October at 1,615.60, declining 2.15% MoM, while the FBM Small Cap Index fell 2.51%, modestly underperforming the benchmark. Sector performance was mixed, with Plantation (-5.4%) and Construction (-4.8%) the biggest laggards, while Healthcare (+6.3%) and Transport (+2.3%) outperformed. Trading activity also moderated, with average daily value traded on Bursa Malaysia declining 13.4% MoM to RM3.18bn, consistent with the more cautious investor sentiment during the month.

Outlook

- November is shaping up to be a politically eventful month, with elections both at home and abroad likely to influence investor sentiment. In the US, the 3 November mid-term elections saw the Democrats secure control of both the House of Representatives and Senate. Markets initially reacted negatively before recovering as President Donald Trump accepted the election outcome. The result also prompted a rotation in market expectations, with investors reassessing the policy outlook and its implications for different sectors.

- On the domestic front, political developments are similarly expected to remain a key focus. The Melaka state election will be held on 14 November, with Barisan Nasional seeking to retain control of the state after winning 21 of 28 seats in the previous election. Meanwhile, the Sarawak State Legislative Assembly was dissolved on 26 October, triggering a state election that must be held within 60 days, with the Election Commission yet to announce the polling date. As campaigning intensifies, investors may adopt a somewhat more cautious stance amid heightened political uncertainty. Beyond the individual state outcomes, the results will be closely scrutinised for signals on the broader political landscape and, importantly, the potential timing of Malaysia's 16th General Election.

- Notwithstanding the political noise, we are constructive on Malaysian equities. The domestic macroeconomic backdrop remains supportive, underpinned by resilient domestic demand and continued infrastructure investment. While near-term market direction could be influenced by election-related headlines and shifts in global risk appetite, we believe Malaysia's underlying fundamentals should continue to provide support to the equity market.

Index performance & movers

FBM100 INDEX

START DATE	30-Sep-26	END DATE	31-Oct-26
START	12,084.44	END	11,863.86
NET CHG -	220.58		-1.83%

	Name	Price	Net Chg	% Chg
1	Top Glove Corp Bhd	0.98	0.24	32.65 %
2	Mi Technovation Bhd	6.53	1.15	21.35 %
3	Hartalega Holdings Bhd	1.25	0.20	19.05 %
4	Kossan Rubber Industries Bhd	1.32	0.20	17.86 %
5	Petronas Chemicals Group Bhd	4.70	0.41	9.56 %
6	Pentamaster Corp Bhd	5.67	0.49	9.46 %
7	Sam Engineering & Equipment M	4.30	0.37	9.41 %
8	Dialog Group Bhd	2.13	0.18	9.23 %
9	ViTrox Corp Bhd	10.90	0.90	9.00 %
10	MISC Bhd	8.25	0.65	8.55 %

	Name	Price	Net Chg	% Chg
1	Zetrix AI Bhd	0.07	-0.10	(60.61)%
2	Genting Bhd	1.54	-0.34	(18.09)%
3	Genting Malaysia Bhd	1.25	-0.24	(16.11)%
4	AirAsia Group Bhd	0.44	-0.08	(14.71)%
5	ECO-Shop Marketing Bhd	1.26	-0.21	(14.29)%
6	MBSB Bhd	0.51	-0.06	(11.40)%
7	UEM Sunrise Bhd	0.48	-0.06	(11.21)%
8	CIMB Group Holdings Bhd	6.91	-0.87	(11.18)%
9	OSK Holdings Bhd	1.60	-0.20	(11.11)%
10	AEON Credit Service M Bhd	4.52	-0.53	(10.54)%

Source: Bloomberg

Indices	Last Price		+/-	%
	30-Sep-26	31-Oct-26		
FBMKLCI	1,651.17	1,615.60	-35.57	-2.15%
FBM EMES	5,534.28	5,403.91	-130.37	-2.36%
FBM 100	12,084.44	11,863.86	-220.58	-1.83%
FBM 70	17,574.67	17,420.69	-153.98	-0.88%
FBMSCAP	15,950.61	15,550.19	-400.42	-2.51%
FBMEMAS	12,292.02	12,061.73	-230.29	-1.87%
FBMSHA	12,176.35	12,082.91	-93.44	-0.77%
FBMHIJRAH	13,481.74	13,339.94	-141.80	-1.05%
FBMSCAPS	15,044.27	14,652.44	-391.83	-2.60%
MSCI APxJ (USD)	879.37	818.59	-60.77	-6.91%
MSCI ACWI (USD)	1,134.77	1,115.55	-19.22	-1.69%

Source: Bloomberg

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