



PART 1
CAPITAL MARKET
REVIEW AND OUTLOOK

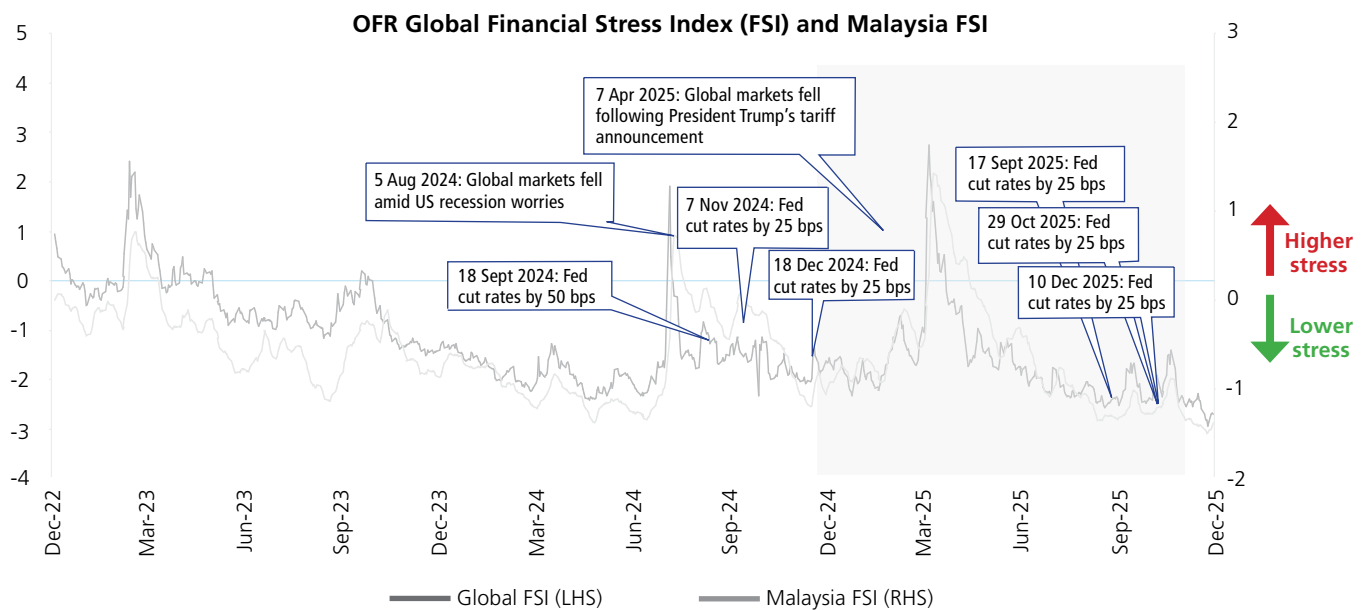
PART 1 CAPITAL MARKET REVIEW AND OUTLOOK

OVERVIEW

Despite the resilience of the global economy, 2025 was marked by heightened volatility in global capital markets. In the first half of the year, uncertainties over trade policies and escalating geopolitical tensions weighed on market performance. However, as trade tensions eased and investor optimism strengthened on the back of global artificial intelligence (AI) expansion, benchmark indices in several countries climbed to historical highs. Malaysia’s capital market followed a similar trajectory, with lower trading activity in the first half of the year before rebounding later, supported by resilient domestic economic conditions despite external headwinds. Looking ahead, the domestic capital market is expected to benefit from projected interest rate cuts by major central banks, amid easing inflationary pressures and efforts to sustain growth. This is likely to spur global fund flows into emerging markets, including ASEAN. On the domestic front, the continued realisation of investment projects under national master plans, coupled with supportive policies, strong corporate fundamentals, and ample domestic liquidity, is expected to further strengthen Malaysia’s capital market in 2026.

CHART 1

Global financial stress levels heightened in April 2025 amid global trade uncertainties



Note:

The Global FSI is from the Office of Financial Research, US Department of Treasury, while the Malaysia Financial Stress Index (MFSI) is internally estimated following similar methodology (see [Monin, 2017](#)). Value of FSI above zero indicates higher than historical average financial stress in the economy.

Source: US Office of Financial Research, SC.

GLOBAL DEVELOPMENTS IN 2025

The global economy grew stronger than expected in 2025. According to the International Monetary Fund's (IMF) *World Economic Outlook* (January 2026 update), global growth was revised upward to 3.3% for 2025, compared to 3.2% in its October 2025 projection. The upward revision was partly driven by China, where the economy was estimated to grow by 5.0% (October 2025 projection: 4.8%), attributable to supportive fiscal stimulus measures. The US also registered faster-than-anticipated expansions, primarily underpinned by a pickup in technology investment. Closer to home, the ASEAN-5 economies collectively expanded by 4.2% (October 2025 projection: 4.2%), in line with previous trajectories.

A major development during the year was the announcement of new US tariff measures on 2 April 2025. The announcement had a notable impact on global trade dynamics in the first half of 2025, as businesses engaged in significant frontloading of trade activities ahead of the tariff implementation to mitigate potential supply chain disruptions. Subsequent negotiations between various trading partners resulted in bilateral arrangements that led to downward revisions of tariff rates in certain countries.

Technological advancements in artificial AI also emerged as a defining theme during the year. Global semiconductor sales reached record highs in November 2025, driven by sustained demand for AI-enabled applications. These developments supported global trade activity and underscored the deepening interlinkages between technological innovation and international trade flows.

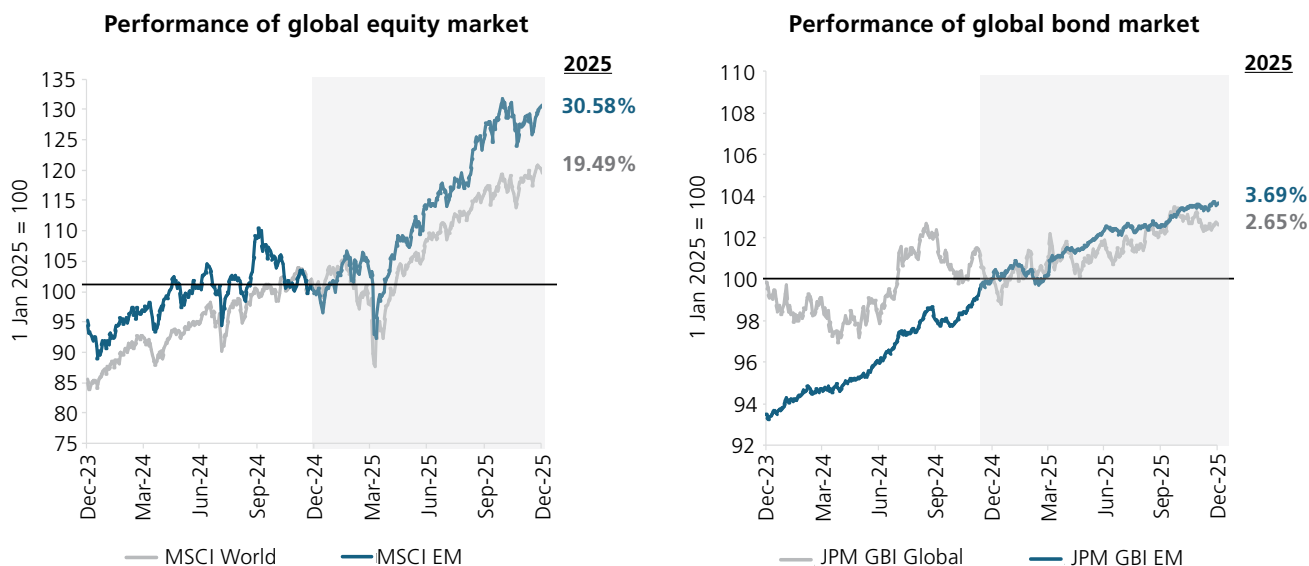
The year was further marked by a global monetary movement. The US Federal Reserve (Fed) shifted from restrictive stances to monetary easing amid signs of moderating growth. The Fed implemented its first 2025 policy rate reduction by 25 basis points (bps) in September 2025, citing concerns over labour market softness despite inflation remaining above the 2% target.

This was followed by two additional 25 bps cuts in its October and December 2025 meetings. Meanwhile, the People's Bank of China (PBoC) also reduced key lending rates by 10 bps in May 2025 and introduced stimulus measures to stabilise an economy weighed down by a prolonged property sector downturn and persistent deflationary pressures.

Global financial markets recorded broad-based gains in 2025, supported by the commencement of monetary policy easing in major economies and fuelled by investors' expectations of further rate cuts in the near term. The MSCI World Index rose by 19.49%, while the MSCI Emerging Markets Index advanced by 30.58%, reflecting stronger investor appetite for emerging markets (Chart 2). This was further reinforced by a weakening US dollar amid uncertainties surrounding US trade and monetary policies. Global market capitalisation expanded to US\$150.99 trillion in 2025 (2024: US\$123.61 trillion), underpinned by resilient corporate earnings and optimism over continued policy support. Despite the overall uptrend, 2025 was marked by episodes of heightened volatility, largely stemming from global trade frictions and geopolitical tensions. The VIX Index, an options-based gauge of market volatility, spiked to 52.33 points on 8 April 2025 — its highest level since the pandemic — reflecting elevated investor anxiety.

Nevertheless, investor sentiment remained broadly resilient. Technology-related stocks were the primary drivers of market gains, propelling major indices such as the S&P 500, Nasdaq and Japan's Nikkei 225 to record highs. In the US, sustained corporate earnings and significant capital expenditure commitments by leading technology firms bolstered optimism. In Asia, technology and semiconductor stocks rallied partly due to optimism around AI infrastructure and hardware supply-chain upgrades. China accelerated its move toward domestic AI application and semiconductor capability, spurred by US export restrictions and supportive government measures. This was illustrated by the launch and subsequent upgrades of DeepSeek's low-cost Chinese AI model, which leveraged domestic accelerators and highlighted growing competitiveness in the global AI landscape.

CHART 2
Global equities and bonds performances improved in 2025



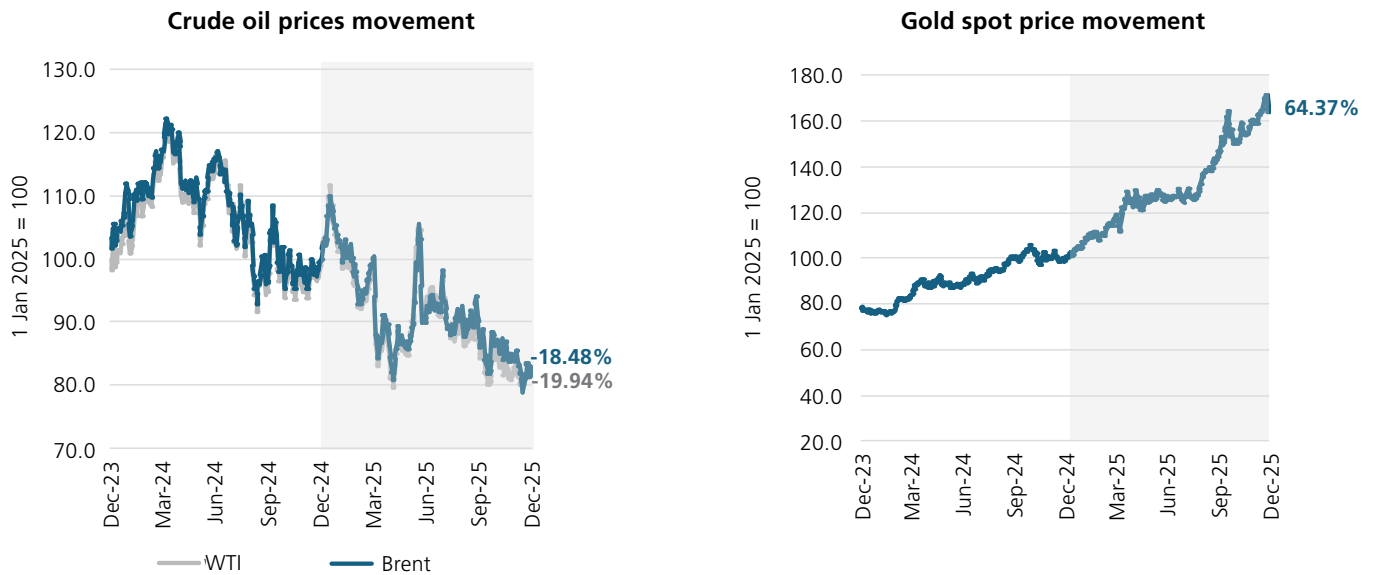
Source: Refinitiv Eikon Datastream, SC.

In the global bond markets, emerging economies slightly outperformed advanced economies, with the emerging bond index gaining 3.69% compared to a 2.65% increase in advanced market indices. The bond market in advanced markets were relatively volatile in the early part of the year, driven by the peak of global trade tensions. However, expectations of a global slowdown amid persistent trade frictions supported stronger demand for safe-haven securities. Meanwhile, as inflation pressures eased globally, major central banks including the Fed and the Bank of England began lowering policy rates to cushion the slowdown. The subsequent decline in yields lifted bond prices, further improving overall performance.

Looking at the global commodities markets, Brent crude oil price closed lower at US\$60.85 per barrel, down 18.48% from the previous 2024 year-end. However, crude prices saw a temporary mid-year surge on heightened geopolitical risks in the Middle East, though the rally quickly eased as tensions subsequently de-escalated. The overall decline was primarily driven by muted demand, coupled with increasing global supply as OPEC+ began unwinding output cuts and non-OPEC+ production hovered near record highs. Meanwhile, gold repeatedly set new all-time highs and closed 2025 at US\$4,341.10 per ounce, a 64.37% gain, propelled by safe-haven demand. In the first half of the year, the rally was strongly fuelled by uncertain global trade policies and persistent geopolitical tensions. As the year progressed, the rally received further momentum from the weakening of the US dollar and expectations of continued monetary easing (Chart 3).

CHART 3

Crude oil ended lower while gold surged in 2025



Source: Bloomberg.

MALAYSIAN CAPITAL MARKET DEVELOPMENTS IN 2025

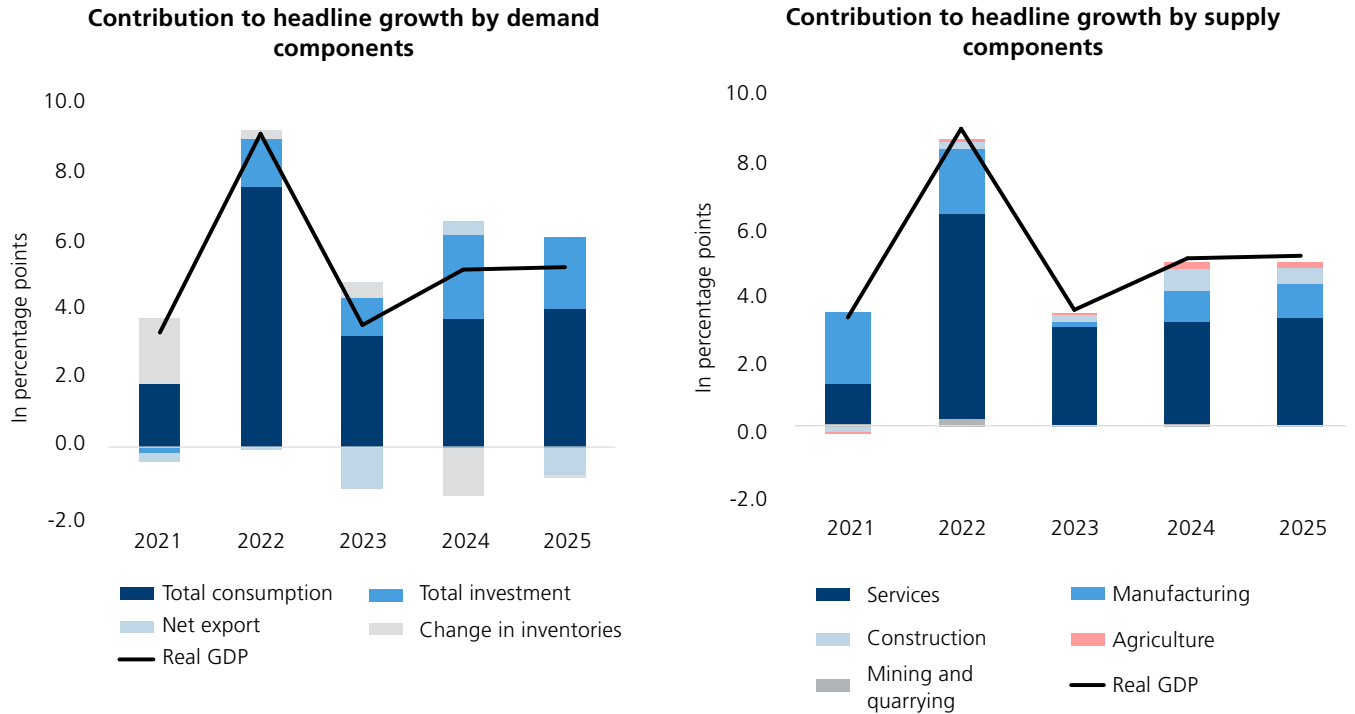
The domestic economy remained resilient in 2025 amid external uncertainties arising from global trade tensions and geopolitical risks, recording growth of 5.2%. This expansion was primarily supported by sustained private sector activity, with private consumption expanding steadily by 5.2% (2024: 5.1%), lowest unemployment rate in a decade (end-2025: 2.9%, 2015 – 2025 average: 3.6%) and wage growth outpacing inflation. Government assistance programmes, such as Penghargaan Sumbangan Asas Rahmah (SARA) and BUDI95, together with the public sector salary revision, have further supported household consumption amid a moderate inflation rate of 1.4% (2024: 1.8%) (Chart 5). Private investment also played a significant role in driving growth, maintaining a strong

growth of 9.4% in 2025 (2024: 12.3%), sustained by continued realisation of approved investments as well as the ongoing implementation of initiatives under national master plans (Chart 4).

By economic sector, services remained the key growth contributor with a stable growth of 5.5% in 2025 (2024: 5.3%), supported by resilient consumer spending and positive labour market conditions. On the monetary policy front, Bank Negara Malaysia (BNM) reduced the Overnight Policy Rate (OPR) for the first time since 2020 as a pre-emptive measure to support domestic economic activity, considering the downside risks to the economy from global trade tensions and moderating inflation. Nevertheless, with major central banks in the advanced economies starting their monetary easing cycles, the Malaysian ringgit strengthened significantly in 2025 to end at RM4.061/US\$ (2024: RM4.476/US\$) (Chart 5).

CHART 4

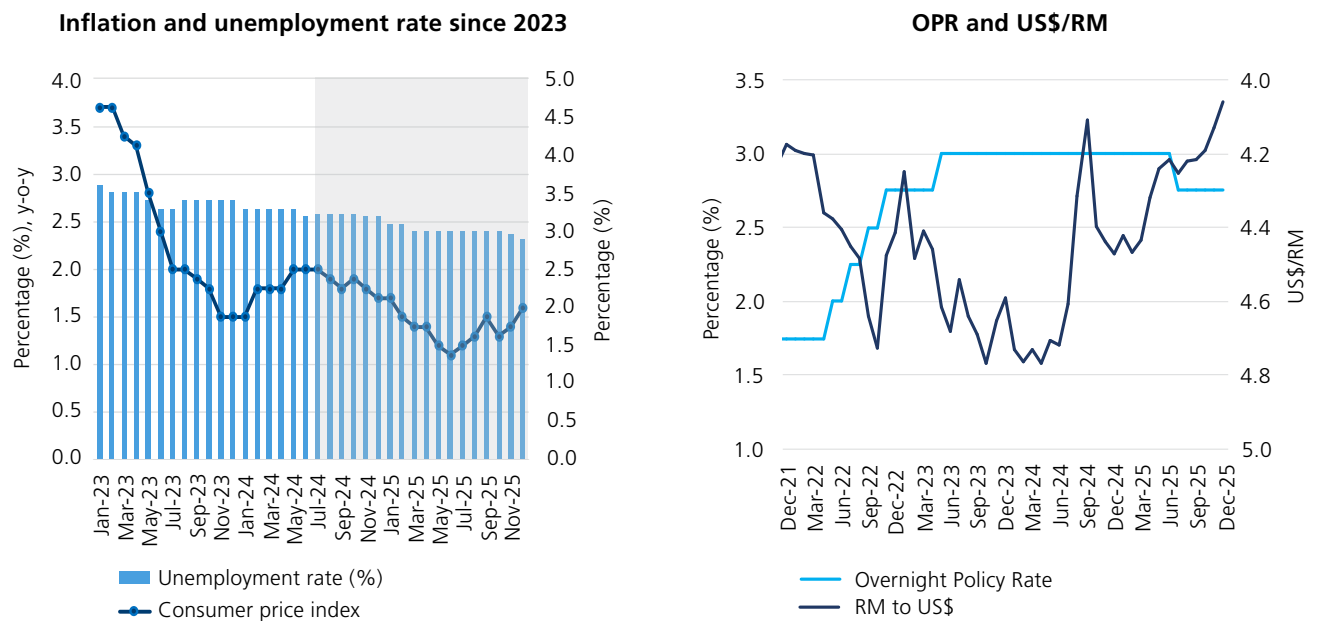
The Malaysian economy expanded substantially in 2025, supported by robust domestic demand amid dampened external demand



Source: Department of Statistics Malaysia, CEIC

CHART 5

Monetary policy rate was reduced by 25bps in 2025 amid moderating inflation conditions



Source: Department of Statistics Malaysia, CEIC.

The Domestic Capital Market Continued to Support the Real Economy

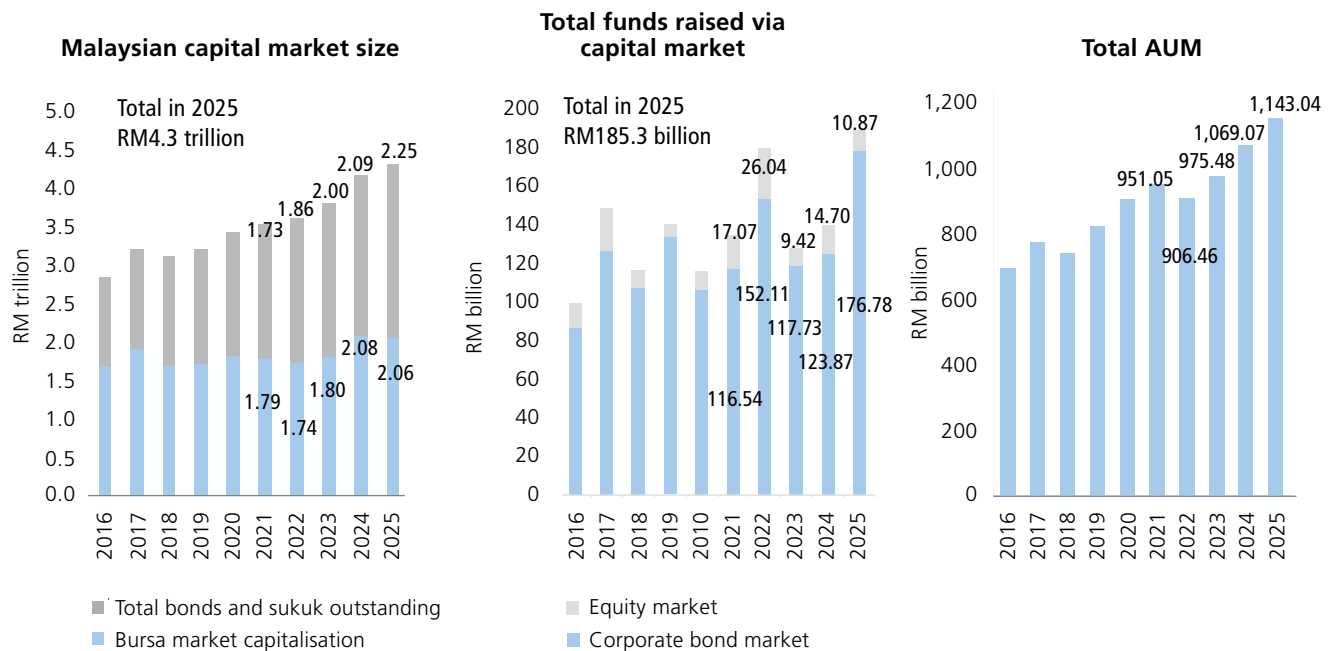
The **Malaysian capital market** demonstrated resilience in 2025, despite a volatile global landscape, as it continued to fulfil its fundamental role in facilitating capital raising for the domestic economy. The size of the capital market increased to RM4.31 trillion in 2025 (2024: RM4.17 trillion), as a slight decline in the equities market capitalisation was offset by higher bonds and sukuk outstanding. The fund management industry expanded, with total assets under management (AUM) rising to a record high of RM1.14 trillion in 2025 (2024: RM1.07 trillion), driven by increased demand for fixed income securities and higher valuations. The unit trust segment remained the largest source of funds, comprising 50.43% of total AUM in 2025 (2024: 51.12%). Total funds raised in the capital market stood

at RM187.65 billion in 2025 (2024: RM138.57 billion) (Chart 6). Meanwhile, alternative fundraising platforms, such as equity crowdfunding (ECF) and peer-to-peer financing (P2P financing) continued to promote financial inclusivity, particularly in supporting the funding needs of micro, small and medium-sized enterprises (MSMEs).

In the Malaysian equities market, total market capitalisation eased slightly to RM2.06 trillion in 2025 (2024: RM2.08 trillion), while the benchmark FBMKLCI's market capitalisation increased to RM1.19 trillion (2024: RM1.15 trillion). The market continued to see a strong initial public offering (IPO) run in 2025, recording 60 IPOs (2024: 55). Total funds raised amounted to RM10.87 billion in 2025 (2024: RM14.70 billion), of which RM5.96 billion was raised through the primary market (2024: RM7.44 billion), while RM4.90 billion was raised through the secondary market (2024: RM7.26 billion).

CHART 6

Size of the Malaysian capital market grew further in 2025, while AUM of the fund management industry continued to stay above the RM1 trillion mark



Source: Bursa Malaysia, SC.

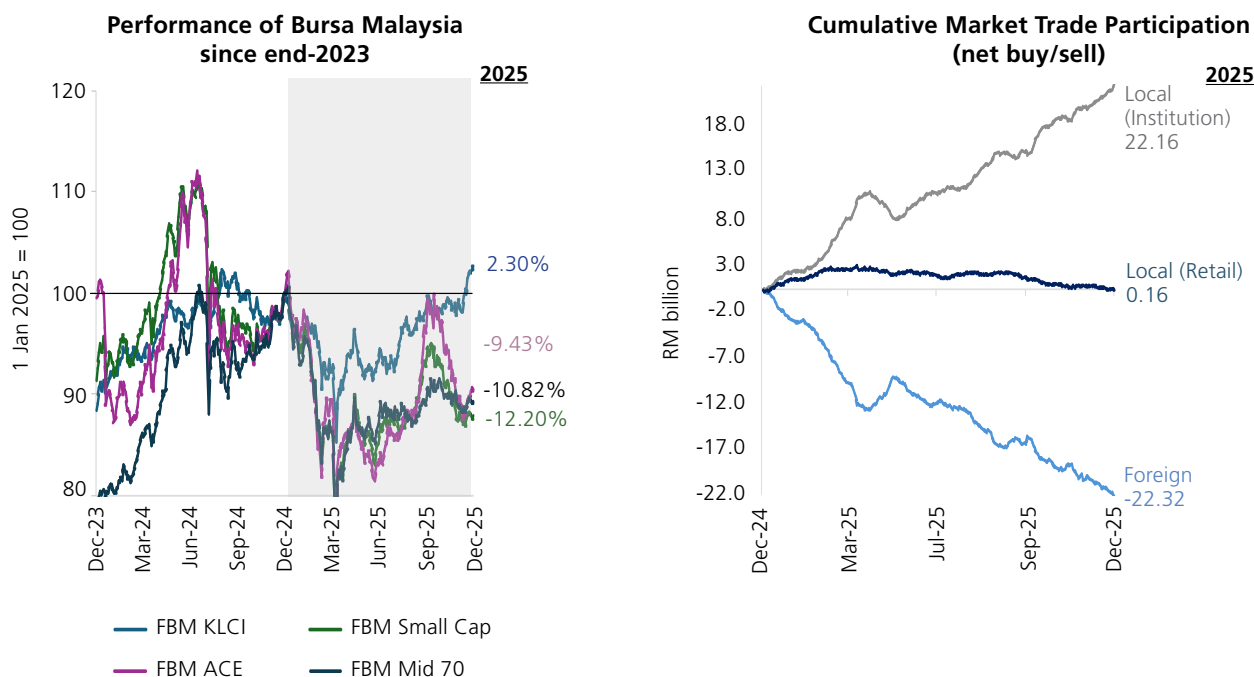
In terms of index performance, the FBMKLCI closed the year at 1,680.11 points, delivering a second consecutive year of positive returns (+2.30%), albeit at a more moderate pace (2024: +12.90%). Meanwhile, the FBM Mid 70 and FBM Small Cap indices experienced corrections of -10.82% and -12.20% (2024: +28.93% and +9.85%) to 16,803.39 points and 15,772.11 points, respectively. Investors in the equities market turned cautious this year amid global trade uncertainties. Despite these headwinds, the market rebounded strongly from the April drop, supported by ongoing national policies aimed at strengthening fiscal resilience and driving high-value sector growth. Elevated Crude Palm Oil (CPO) prices bolstered upstream earnings, lifting the plantation sector (+8.84%), while the real estate investment trust (+8.31%) sector benefited from the July 2025 OPR reduction and a broader rotation into defensive, yield-sensitive assets. In contrast, heightened

competition from global glove manufacturers and lingering macroeconomic uncertainties weighed on the healthcare sector (-35.87%).

Average daily trading volume fell to 3.39 billion units (2024: 4.29 billion units), with a lower average daily trading value of RM2.76 billion (2024: RM3.44 billion) (Chart 7). Non-residents remained net sellers of Malaysian equities, amounting to a total of -RM22.32 billion in 2025 (2024: -RM4.16 billion). Local retail investors reverted to net buyers, albeit with a small inflow of +RM0.16 billion (2024: -RM5.83 billion), while local institutional investors continued to support the market, accumulating a sum of +RM22.16 billion in 2025 (2024: +RM9.99 billion). Foreign investors' high net sell position corresponded to a larger average trade participation rate of 41.08% in 2025 (2024: 36.20%).

CHART 7

Malaysia's FBMKLCI Index recorded a second straight year of gains, with local institutions providing strong support for domestic equities



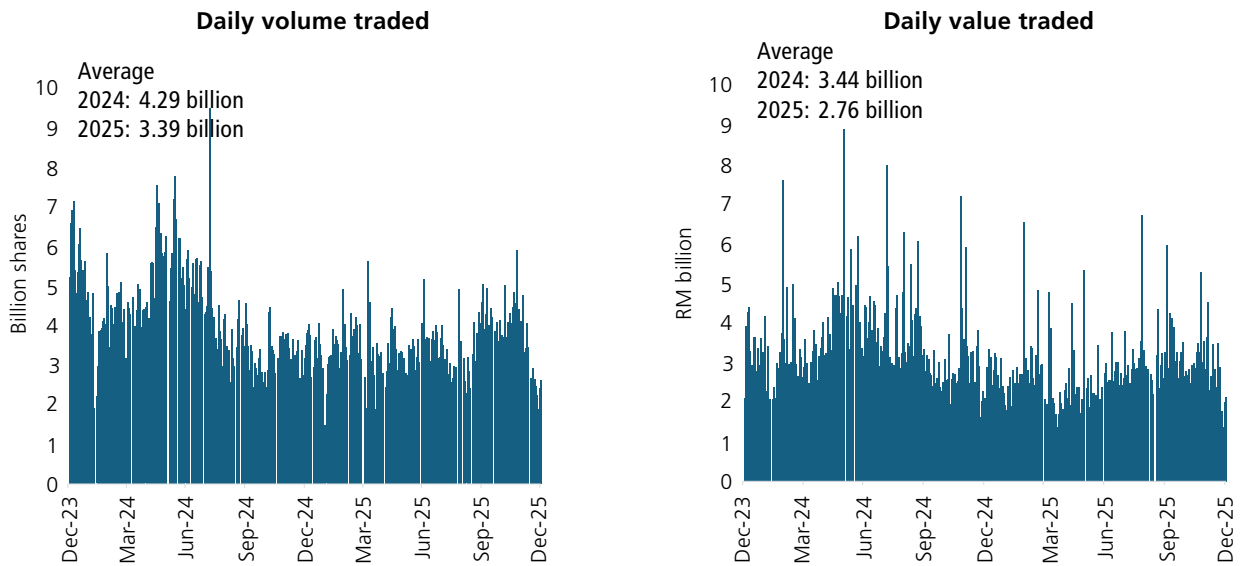
Note:

* FBM KLCI consists of the 30 largest companies ranked by full market capitalisation in the FTSE Bursa Malaysia EMAS Index, while FBM Mid 70 encompasses the next 70 largest companies. FBM Small Cap consists of all constituents of the FTSE Bursa Malaysia EMAS Index that are not constituents of the FTSE Bursa Malaysia Top 100 Index. FBM ACE includes companies listed on the ACE Market.

Source: Bloomberg, Bursa Malaysia, SC.

CHART 8

Equity daily trading volume and value moderated in 2025 amid global trade uncertainties



Note:

Daily trading values and volumes are inclusive of off-market transactions.

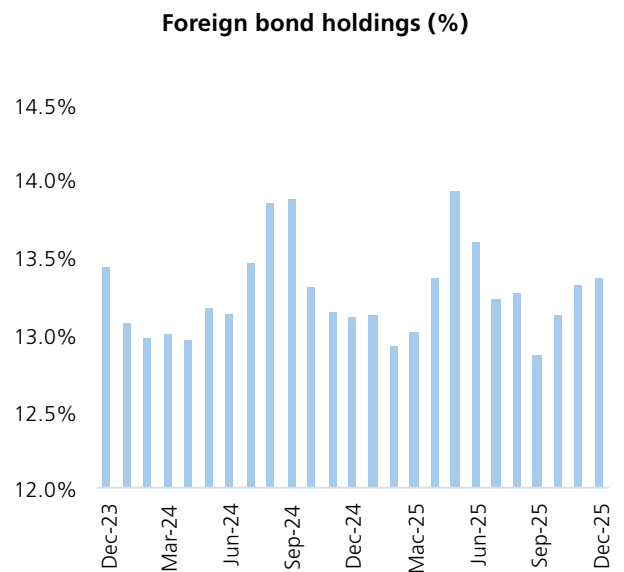
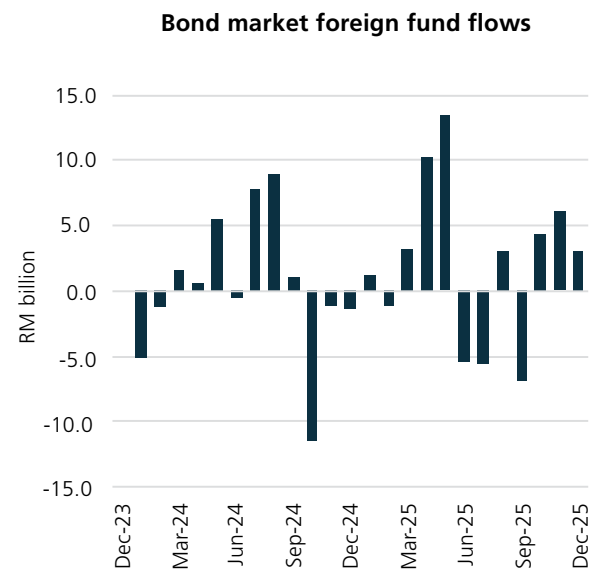
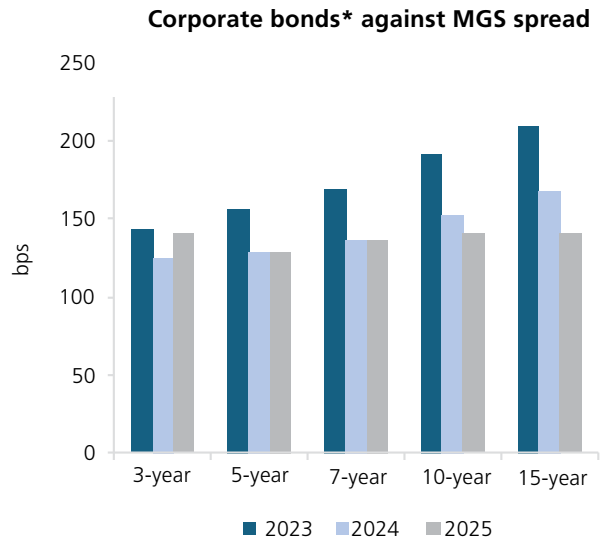
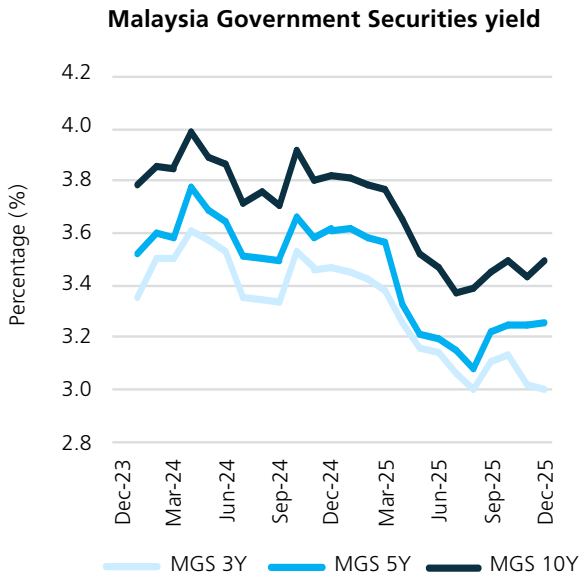
Source: Bursa Malaysia, SC.

In the Malaysian bond market, total bonds and sukuk outstanding grew to RM2.25 trillion (2024: RM2.10 trillion), supported mainly by lower redemptions of government bonds as well as higher issuances of corporate bonds. The overall Malaysian Government Securities (MGS) yield softened across all tenures during the year, with the benchmark 10Y MGS yield falling to 3.495% from 3.817% at the end of 2024. This was mainly driven by investors' cautious stance on the impact of global trade tensions on Malaysia and expectations of interest rate cuts by BNM in July.

The decline in MGS yields was also accompanied by a surge in foreign inflows into Malaysia's bond market, particularly in May 2025, when monthly inflows reached their highest level in a decade. For 2025, foreign investor participation in the domestic bond market improved, with net inflows amounting to RM25.58 billion (2024: RM4.78 billion). Meanwhile, the spread between corporate bonds and MGS widened for shorter tenures, while longer tenures registered a narrowing spread (Chart 9).

CHART 9

The MGS yield curve shifted lower, while foreign flow for the bond market was higher in 2025

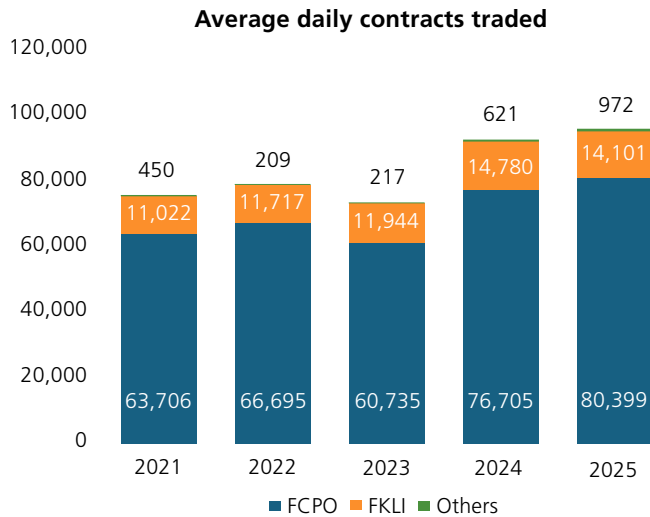


Note:

* Corporate bonds rated between AAA and BBB.

Source: Bloomberg, Refinitiv Eikon Datastream, SC.

CHART 10
Average daily contracts traded on the Malaysian derivatives market increased in 2025



Source: Bursa Malaysia.

The Malaysian derivatives market showed a robust performance in 2025, hitting a second consecutive year of record volume with 23.30 million contracts traded (2024: 22.75 million). Average daily contracts traded increased +3.65% to 95,472, largely driven by strong activity in Crude Palm Oil Futures contracts (FCPO), solidifying its role as the global benchmark for palm oil pricing. FCPO's average daily contracts traded rose +4.81% to 80,399. Q1 2025 saw elevated CPO prices trading at a premium to main competitor soybean oil, driven by supply concerns stemming from floods in Malaysia, along with Indonesia's move to raise its bio-diesel blending mandate to 40%. Speculation surrounding a potential B50 rollout, which was later postponed, provided additional upward momentum to benchmark prices. Prices fell over the next few months, weighed down by rising inventories and as a strong

Malaysian ringgit curbed export demand. A temporary recovery emerged in Q3 2025 as palm oil's price advantage to other vegetable oils stimulated demand, although a renewed surge in inventories towards the year-end led to further softening of CPO prices. Meanwhile, average daily contracts traded for FTSE Bursa Malaysia KLCI Futures Contract (FKLI) decreased by -4.59%.

OUTLOOK FOR 2026

The global economy is expected to remain challenging in 2026 as growth is projected at around 3.3% (IMF), and ongoing global trade tensions and policy uncertainty present downside risks. Although monetary policy easing might support some sectors, trade and investment flows may still face headwinds amid this complex backdrop. Nevertheless, resilient domestic consumption in several countries should provide some support to growth.

For Malaysia, the economy is projected to remain resilient in 2026, underpinned by stable domestic demand, particularly private consumption and investment anchored by national development priorities such as Budget 2026 and the 13th Malaysia Plan. That said, risks to external demand remain due to global trade uncertainties and the absence of the strong front-loading export activities seen previously.

In the domestic capital market, performance may be aided by global monetary easing, which could increase foreign portfolio flows into emerging markets like Malaysia. Moreover, technological advancements and rising AI-related investments are expected to spur regional market activity. Overall, the Malaysian capital market in 2026 appears supported by robust macro fundamentals, sound corporate performance, ample domestic liquidity, and well-established market infrastructure.

SIGNS OF RESILIENCE AMONG MALAYSIA'S PUBLIC-LISTED COMPANIES

INTRODUCTION

The year 2025 has been marked by significant global uncertainties, driven by trade tensions, the tightening of interest rates by major central banks and other external shocks that have tested economic resilience worldwide.¹ Malaysia has not been exempted from these challenges. As an open and trade-dependent economy,² the country has felt the ripple effects across financial markets, business sentiment and corporate performance.

Yet, as the year closed, the overall picture was more balanced than initially feared.³ Despite periods of volatility, Malaysia's capital market demonstrated notable strength throughout the challenging months. The FBMKLCI, which had retreated to a year-to-date low of 1,400.59 points (-14.72%) on 9 April 2025 following tariff-related announcements, gradually recovered and ended the year at 1,680.11 points (+2.30%), reflecting renewed investor confidence and improved market conditions.

However, stock price performance alone does not provide a complete assessment of corporate health.⁴ Beyond the movement of stock indices, it is essential to examine the underlying fundamentals of Malaysia's public-listed companies (PLCs). Evaluating their financial resilience, operational adaptability and strategic positioning offers a deeper understanding of how well these companies have navigated the turbulence of 2025.

Against this backdrop, this article assesses the resilience of Malaysian PLCs to shifts in the global trade landscape. Specifically, it examines:



1. Whether the fundamentals of Malaysian PLCs have changed during this period?



2. Do investors remain confident in Malaysian PLCs?

The analysis focuses on 43 export-oriented Malaysian PLCs with exposure to revenue from the US, categorised into Tier 1, Tier 2 and Tier 3 based on market capitalisation as of 31 December 2025. Further details on the selection criteria are outlined in the Methodology section.

¹ International Monetary Fund, 2025, *World Economic Outlook: Global Economy in Flux, Prospects Remain Dim*. <https://www.imf.org/-/media/files/publications/weo/2025/october/english/text.pdf>

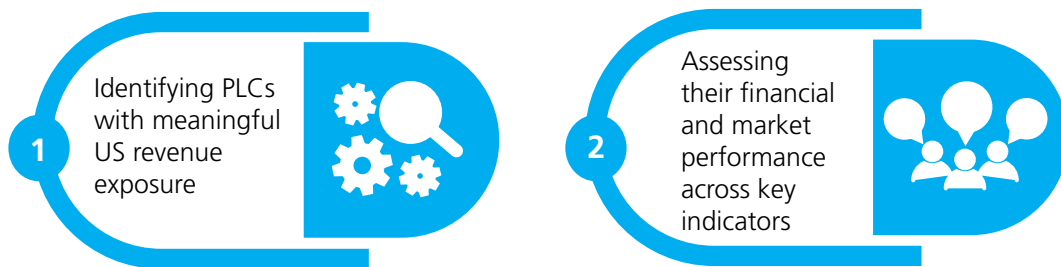
² According to TheGlobalEconomy.com, Malaysia's trade openness (exports plus imports as a percentage of GDP) was 137.37% in 2024, compared to the global average of 92.80% based on data from 133 countries. https://www.theglobaleconomy.com/Malaysia/trade_openness/

³ *Ibid.*

⁴ Shleifer, A., 2000, *Inefficient Markets: An Introduction to Behavioral Finance*. <https://doi.org/10.1093/0198292279.001.0001>

METHODOLOGY

This study assesses the resilience of Malaysian PLCs with significant revenue exposure from the US as of October 2025. A structured screening and analytical process was undertaken. The methodology involved two key steps:



The analysis started with more than 1,000 Malaysian PLCs. By using the latest available audited financial statements of 2024, in which PLCs disclose their revenue distribution by geography, companies with more than 15% of their total revenue originating from the US were shortlisted. Of the 46 companies that met this threshold, three were excluded because their US-related revenue was derived from services rendered within the US, while one company was excluded due to its recent listing, which meant prior-year financial data was unavailable for comparison. This resulted in a final sample set of 43 PLCs.

To capture differences in resilience and market behaviour across company sizes, the shortlisted PLCs were categorised into three market-capitalisation groups as at end Dec 2025:



Following this segmentation, several key indicators were examined to assess their financial resilience up to Q3 2025, based on these companies' quarterly financial results.

Gearing Ratio

The gearing ratio measures how much a company relies on debt relative to equity, which influences its ability to withstand challenging conditions. For PLCs with significant US revenue exposure, high gearing can heighten the pressure to meet fixed interest payments and strain cash flows during periods of softer external demand, increasing their financial vulnerability. In contrast, lower gearing reflects a stronger equity buffer and greater resilience to external shocks.⁵

Quick Ratio

The quick ratio assesses a company's ability to meet short-term obligations using its most liquid assets, an important consideration when revenue may decline due to shifting US demand. For PLCs exposed to external market volatility, low liquidity can constrain cash flow and limit the firm's ability to meet upcoming obligations, raising the risk of financial distress. Strong quick ratios therefore signal greater near-term resilience under external demand fluctuations.⁶

Gross Profit Margin

Gross profit margin indicates how effectively a company manages production costs relative to revenue and therefore, provides insight into its operational performance under changing market conditions. For PLCs with significant exposure to the US market, fluctuations in tariffs, raw material costs and supply chain disruptions may directly affect both sales revenue and the cost of goods sold. Variations in this margin highlight the firm's ability to manage external cost pressures and maintain profitability in the face of adverse trade conditions.⁷

Share Price

Share price movement reflects how investors react to new information about a company's prospects, including changes in US-related demand and global trade conditions. For PLCs with significant US revenue exposure, declining share prices can signal weaker investor confidence, particularly among foreign investors, while rising prices indicate improving sentiment. Because markets adjust rapidly to new information, share price trends provide a timely gauge of market expectations.⁸

⁵ Situm, M., 2014, *Inability of Gearing-Ratio as Predictor for Early Warning Systems*.

⁶ Ross, S.A., Westerfield, R.W. & Jordan, B.D., 2013, *Fundamentals of Corporate Finance*.

⁷ Mahruzal, M., & Khaddafi, M., 2020, *The Influence of Gross Profit Margin, Operating Profit Margin and Net Profit Margin on Stock Price*.

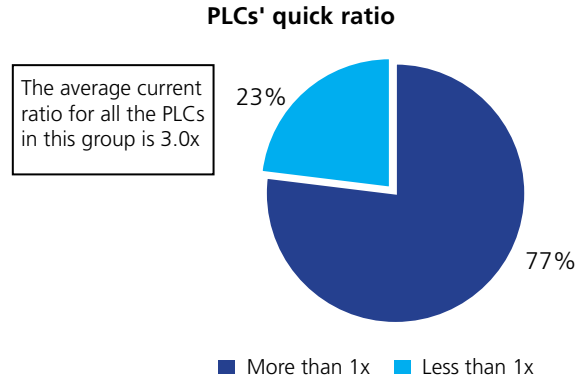
⁸ Malkiel, B. G., 2003, *The Efficient Market Hypothesis and Its Critics*.

KEY FINDINGS

Quick Ratio

Despite the increasingly challenging business environment, most PLCs demonstrated healthy liquidity positions, with nearly 80% maintaining a quick ratio above the prudent threshold of 1.0x. Furthermore, Although the average quick ratio rose marginally by 0.02 points, indicating a slight improvement in liquidity, with the overall average remained strong at 32.08x. Among the nineteen PLCs with a quick ratio below 1.0x, their current ratios were still mostly maintained above 1.0x (with two recording ratios above 0.9x), suggesting that although immediate liquidity pressures may be rising, short-term liquidity risks remain manageable, provided these firms are able to convert other short-term assets to meet their liabilities.

CHART 1
Quick ratio analysis

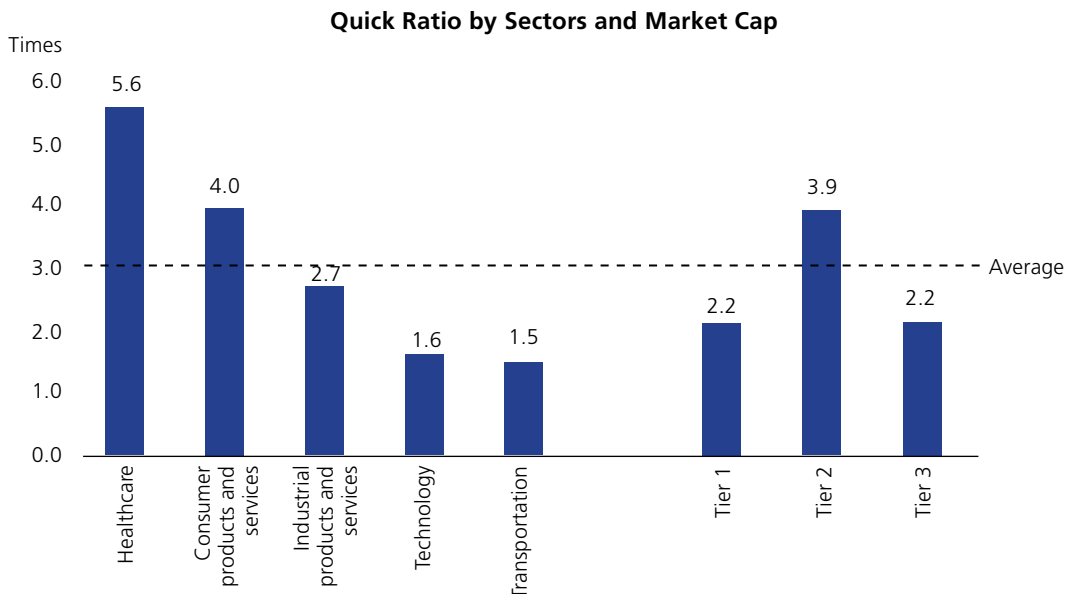


Source: Bloomberg, SC.

Across categories, Tier 2 PLCs exhibited the strongest liquidity profile, with an average quick ratio of 3.9x. Tier 3 PLCs recorded a relatively lower average of 2.2x, implying that smaller PLCs may face higher liquidity risks as their business fundamentals are still developing. Meanwhile, Tier 1 PLCs showed a slightly below-average quick ratio of 2.2x.

By sector, all industries reported average quick ratios above 1.0x. Healthcare and consumer products and services stood out with above-average ratios of 5.6x and 4.0x, respectively (Chart 2). This was followed by industrial products and services (2.7x), technology (1.6x) and transportation and logistics (1.5x).

CHART 2
Quick ratio analysis

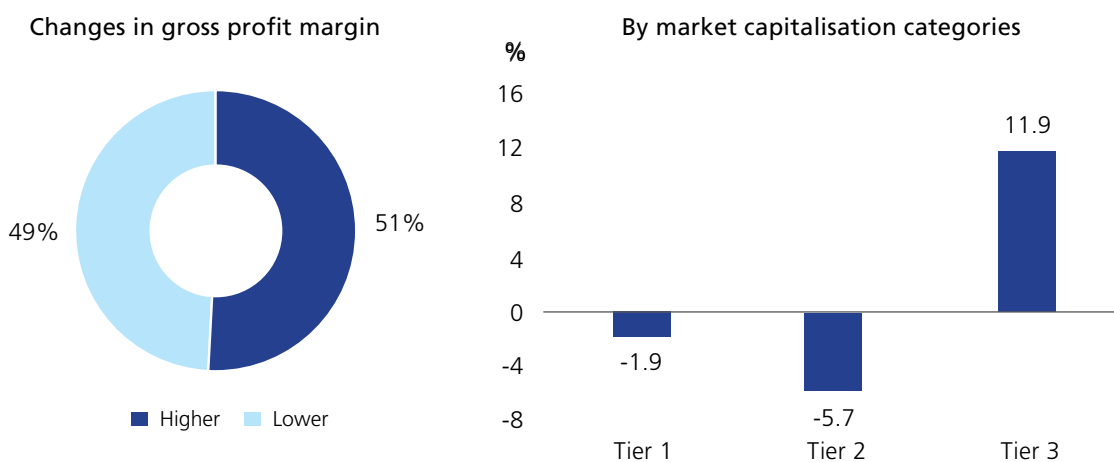


Source: Bloomberg, SC.

Gross Profit Margin

Regarding gross profit margins, approximately half of the PLCs reported improvements during the period. Despite a weaker US dollar, which could pressure revenue conversion for export-oriented companies, profitability remained resilient, underscoring the firms’ ability to manage external challenges.

CHART 3
Analysis on gross profit margin



Source: Bloomberg, SC.

By market capitalisation, Tier 3 PLCs (below RM200 million) showed notable resilience by delivering higher profit margins, supported mainly by consumer products and services and industrial products and services PLCs. In contrast, Tier 1 and Tier 2 PLCs recorded lower margins, with the decline most pronounced in Tier 2, dragged significantly by a technology PLC that reported quarterly losses after several profitable quarters.

Across Bursa Malaysia sectors, consumer products and services, industrial products and services and transportation and logistics shows improved gross margins. However, the healthcare sector experienced margin compression due to heightened competition in the regional glove industry.

TABLE 1
Changes in gross profit

Sector	Average Changes in Gross Profit
Consumer products and services	+10.0%
Transportation and logistics	+2.7%
Industrial products and services	+2.3%
Technology	-8.4%
Healthcare	-21.9%

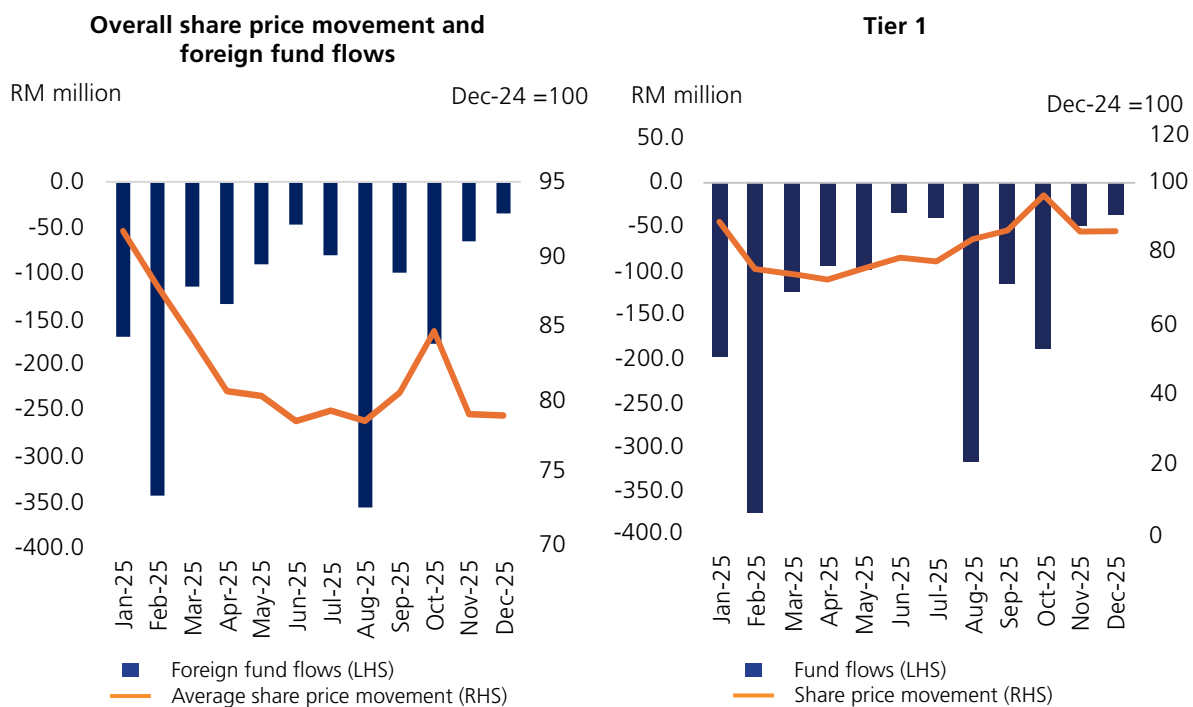
Source: Bloomberg, SC.

Share Price Performance and Foreign Fund Flows

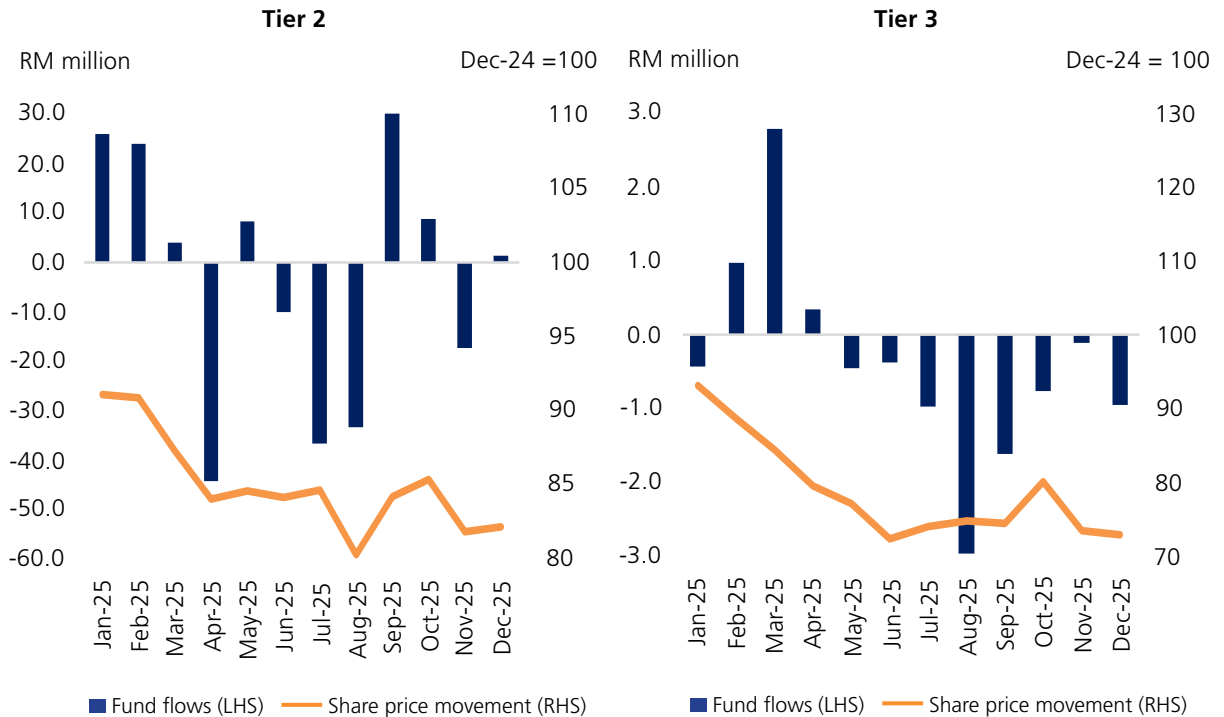
The share prices of these PLCs had already experienced significant declines before the broad-based global market sell-off during Liberation Day on 7 April 2025. As of end-April, approximately 93% of PLCs recorded negative YTD performance. However, sentiment improved thereafter, with 23% of the PLCs posting overall positive gains as at the end of 2025, as investor confidence returned. On average, share prices fell by nearly 20% YTD as of end-April and weakened further between June and August. Share prices recovered in September and October, but declined again in November onwards amid weakened market sentiment (Chart 6).

Notably, as share prices improved, foreign fund flows in these PLCs continued to record net selling, suggesting that the improvement in valuations was driven largely by domestic investor participation. However, the pace of foreign net selling eased in the latter part of the year, registering the smallest net outflow of 2025 in December.

CHART 6
Net selling momentum has subsided, while share prices remained broadly steady



Source: Bloomberg, SC.



Source: Bloomberg, DiBots, SC.

Key Takeaways and Conclusion

Corporate Malaysia Resilient to Shifting Trade Dynamics

The study finds that Malaysian PLCs with exposure to global trade uncertainty showed resilience during the study period. This resilience is fundamentally anchored in the operational strength and financial prudence of these companies.

While some companies, particularly smaller ones, face increased leverage and liquidity pressures, many maintained stable operational performance, demonstrating discipline by managing leverage and fortifying their balance sheets. This agility is vital for navigating the unpredictability of global trade conditions and cultivating investor confidence amid shifting business expectations.

Robust Fundamentals and Investor Confidence

Malaysian PLCs withstood external trade pressures, as evidenced by several key financial indicators:



However, the strength and resilience of the PLCs are not uniform across the market. Smaller PLCs appear more susceptible to external pressures due to thinner margins and a trend of rising leverage. Meanwhile, persistent net foreign outflows highlight the importance of local investors in supporting smaller companies to counteract the risk aversion among international investors.

CONCLUSION

Malaysia’s economic performance in 2025 has exceeded expectations. GDP growth reached 5.2%, surpassing initial forecasts and reflecting the nation’s ability to navigate global headwinds. This momentum is further validated by a landmark RM285.2 billion in approved investments for the first nine months of 2025, fueled by a remarkable 47.5% year-on-year surge in Foreign Direct Investment. These showcase Malaysia's appeal as an attractive investment destination.

Building on this macroeconomic strength, the resilience of Malaysian PLCs reflects a solid corporate foundation during a period of uncertainty. While a divergence in performance between large-cap corporations and smaller enterprises remains, this gap serves as a strategic roadmap for the market. By prioritising improved capital access and long-term scalability, Malaysia is well-positioned to ensure that every tier of the corporate ecosystem can capitalise on the nation’s growth trajectory.