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Foreign investors' stake sees slight shift

The Star, Malaysia

Foreign investors' stake sees slight shift

Domestic buyers contribute to market resilience

STOCK MARKET

PETALING JAYA: Foreign investors' shareholding by market capitalisation on Bursa Malaysia hit a new all-time low, slipping to 18.7% in September from 18.8% a month earlier.

This is likely due to the underperformance of equities with high foreign ownership relative to the broader market, said CIMB Research.

The research house said foreign investors also turned net buyers in September with a net inflow of RM76mil, which is the only other monthly net buying activity year-to-date besides May's RM1bil.

"This slightly trimmed cumulative net outflow to RM16.4bil for the nine months of 2025 (9M25), which is still 3.9 times higher than RM4.2bil recorded for the whole of 2024," the research house added.

In September, foreign selling was concentrated in the financial services, utilities and healthcare sectors, with CIMB Group Holdings Bhd, Public Bank Bhd and Tenaga Nasional Bhd (TNB) being the top net sells.

Meanwhile, local institutional investors were the largest net buyers in September, with net inflows of RM580mil, an 82.8% month-on-month (m-o-m) drop in value.

This lifted their cumulative net purchases to RM13.6bil in 9M25, surpassing the RM11.6bil recorded for the whole of 2024, CIMB Research said, adding that "their biggest net-buying sectors were financial services and utilities, with CIMB, Public Bank and TNB as the top three net buys."

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>
> CIMB Research

The FBM KLCI rose 2.3% m-o-m in September to close at 1,612 points, supported by the US Federal Reserve's rate cut, the reduction in the RON95 price by six sen to RM1.99 per litre (with a cap of 300 litres per month for eligible Malaysians) effective Sept 30 and net foreign fund inflows.

After two consecutive months of rebound, the FBM KLCI has narrowed its year to date losses to just 1.9% for 8M25.

Historically, the FBM KLCI has averaged a gain of 0.2% in October over the past decade and 1.1% over the past 47 years.

"We maintain our end-2025 FBM KLCI target of 1,605 points, supported by liquidity, political stability, and lower interest rates," added the research house.

The key themes in the coming months include consumption, tourism, infrastructure, dividend yields, and value plays.

CIMB Research said "our top picks remain CelcomDigi Bhd, TNB, Gamuda Bhd, Public Bank, RHB Bank Bhd, SD Guthrie Bhd, Inari Amerton Bhd, Dialog Group and 99 Speed Mart Retail Holdings Bhd.

Among the key events to watch in October are the tabling of Budget 2026 on Oct 10, Malaysia's third quarter of financial year 2025 Advance Gross Domestic Product release on Oct 17, the US Federal Open Market Committee meeting on Oct 28 to Oct 29 and the 47th Asean Summit from Oct 26 to Oct 28.