



'Financial markets remain resilient amid external risks'

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PUBLICINVEST ANALYSIS

'Financial markets remain resilient amid external risks'

KUALA LUMPUR: Malaysia's financial markets continue to demonstrate resilience despite lingering concerns over potential external risks arising from United States (US) President Donald Trump's economic and foreign policies.

Public Investment Bank Bhd (PublicInvest) said Malaysia's long-term growth trajectory remained well-supported by fiscal policy reforms and strategic national initiatives implemented in recent years.

"This includes the National Semiconductor Strategy, Johor-Singapore Special Economic Zone, National Energy Transition Road-

map and the Malaysia Digital Economy Blueprint.

"In the near term, we believe market sentiment will continue to be dampened by global headwinds," it said.

Despite concerns that Malaysia's trade surplus with the US might make it vulnerable to Trump's tariff measures, PublicInvest believed the risk remained relatively low for the country compared with its regional counterparts.

"The tariff differentials between Malaysia and the US are minimal at only 0.7 per cent, compared with those of South Korea, India, Thailand and the Philippines.

"Furthermore, Malaysia's trade surplus with the US has been on a declining trend since 2021, shrinking from US\$41 billion to US\$24.8 billion last year," it said.

At the beginning of the year, PublicInvest's year-end 2025 FTSE Bursa Malaysia (FBM) KLCI target was the most conservative at 1,700 points (based on 14.5 times the 2026 price per earnings).

The research firm revised its target down to 1,630 points in view of the uncertainty in the global market that could affect investor appetite and stock valuations.

Nevertheless, PublicInvest said a trading-oriented strategy was

relevant and presented a good market-beating opportunity through a bottom-up approach and buying on weaknesses.

"We believe there could still be more downside to the FBM KLCI in the short term. Since 2000, the index had experienced five downturns that lasted for 11-14 months (with the exception of a prolonged downturn during the Covid-19 pandemic).

"The current downcycle started from its peak in August last year. If history repeats itself, this could probably end in the third quarter of this year," it said.

PublicInvest continues to

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favour companies that rely more on domestically driven growth, i.e., consumer, construction and utilities.

From its universe of coverage, the top picks are Telekom Malaysia Bhd, **Tenaga Nasional Bhd**, Gamuda Bhd, CIMB Group Holdings Bhd, CCK Consolidated Holdings Bhd,

Focus Point Holdings Bhd and Cloudpoint Technology Bhd.

"We also like the following stocks, which we featured in our report Small-Mid Cap Ideas (dated Jan 27), i.e., CBH Engineering Holding Bhd, BM Greentech Group, Farm Price Holdings Bhd, UUE Holdings Bhd and Alpha IVF Group Bhd."