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Rising ringgit to raise appeal of Malaysian stocks, benefit importers, says Public Investment

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KUALA LUMPUR (Jan 26): A strengthening ringgit will raise the appeal of Malaysian equities, benefiting index stocks and importers, said Public Investment Bank.

Funds rotation would see capital being diverted from the developed markets into higher-growth and more fiscally-disciplined emerging economies such as Malaysia, the research house said in a note, as the ringgit appreciated past 4.00 per US dollar for the first time in more than seven years.

“Policy predictability and solid economic growth [have] attracted international investors into Malaysian financial assets, particularly the government bonds,” the research house said. “This has partially led to the strengthening of the ringgit in 2025, and the momentum is expected to continue into 2026.”

The ringgit gained as much as 0.8% on Monday to 3.9750 per dollar, its strongest level since June 2018. Kenanga Investment Bank expects the ringgit could touch 3.95 against the dollar before the year end while MARC Ratings said the local currency could hit 3.93 by the middle of this year.

The ringgit is still one of the best performing major Asian currencies in the first weeks of 2026. The appreciation since the start of the year adds to the more than 10% gain against the US dollar in 2025.

“We continue to favour companies that

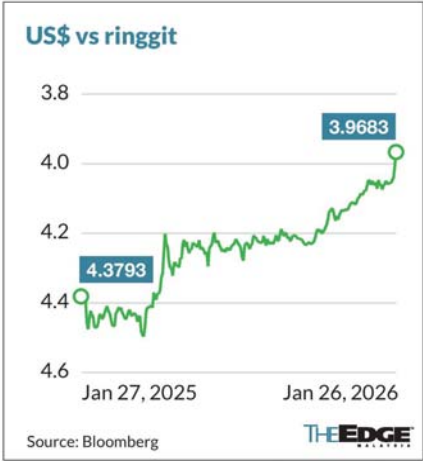
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rely on imported raw materials as their profit margins are likely to improve on lower translated cost of production as well as those that borrow extensively in USD-denominated currency, though this may also be offset by lower translated revenue,” Public Investment said.

Malaysia’s main stock index FBM KLCI, which tended to fall when the ringgit rose in the past, has also increased in recent months due to higher investment flows into the local market, the research house said.

Public Investment favours KLCI constituents such as Malayan Banking Bhd (KL:MAYBANK), CIMB Group Holdings Bhd (KL:CIMB), Tenaga Nasional



Bhd (KL:TENAGA) and Telekom Malaysia Bhd (KL:TM). Among consumer stocks, Public Investment likes Spritzer (KL:SPRITZER) and CCK Consolidated Holdings (KL:CCK).

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