



The Macro, Valuation, Sentiment and Technical Lens

Macro: The last week key data out was the August CPI on Tuesday, which at +1.3% was forecast to remain below BNM targets, but in line with July. Also released was FX Reserves, followed for signs that reserves are being used to support the Ringgit; which at present is not needed as the Ringgit has been stable. For the week ahead there is only one data release, the S&P Global Malaysia PMI Manufacturing for September. Malaysia's Manufacturing PMI has not printed above 50 since 50.2 and markets will be watching to see if it can move into expansion.

Fig 1: Malaysia Manufacturing PMI SA



Valuation: Based on the last 5-Years, the equity market is nearing the top end of the range for P/E and current forecasts are for a moderation into 2026. The 10-Yr government bond is back at 2021 levels when rates were starting to climb from their COVID period lows, yet well-off all-time lows. The MYR is at the mid-point of a 14-day Relative Strength Index suggesting it is at fair value.

Fig 2: FTSE Bursa Malaysia KLCI Index Valuation Analysis

FTSE Bursa Malaysia KLCI Index - Kuala Lumpur Composite Index Compare <Sec> Periodicity Annuals Cur FRC (MYR)									
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12 Months Ending		2021 Y	2022 Y	2023 Y	2024 Y	Current	2025 Y Est	2026 Y Est	
		12/31/2021	12/30/2022	12/29/2023	12/31/2024	09/28/2025	12/31/2025	12/31/2026	
Valuation Metrics									
	Price/Earnings	14.75	15.72	13.16	14.84	15.13	14.90	14.03	
	Price/Earnings before ...	13.80	15.15	14.23	14.08	14.14	14.73	13.98	
	Price/Earnings before ...	14.43	15.20	15.89	14.08	14.42			
	Price/Book Value	1.57	1.44	1.31	1.49	1.47	1.42	1.36	
	EV/Sales	2.84	2.65	2.69	2.61	2.55			
	EV/EBIT	13.53	13.91	15.83	15.63	15.07			
	EV/EBITDA	7.68	8.02	9.16	8.77	9.82	10.69	10.08	
	Dividend Yield	4.47	4.19	4.54	3.93	4.04	4.14	4.38	
Fundamentals									
	Gross Margin	52.43	41.74	36.76	41.93	35.69	36.43	37.16	
	Operating Margin	20.98	19.02	17.02	16.68	16.93	20.00	20.51	
	Profit Margin	16.32	12.89	15.57	13.46	13.52	13.45	13.63	
	Return on Assets	1.74	1.43	1.54	1.59	1.52	1.61	1.72	
	Return on Equity	10.44	8.95	9.83	9.97	9.73	9.55	9.75	

Source: Bloomberg Finance LP / MNI

Sentiment: Sentiment for the equity market has improved over the last with returns over the last month now positive, and at the mid-part of the range for regional peers. For rates, we anticipated that with the BNM remaining on hold and the mini rate rally in the 10-Yr we saw leading into it, had the potential to unwind. This has now occurred suggesting that sentiment has normalized in rates with the 10-Yr MGS back at 3-month wides. For the 3-Yr MGS, it now yields more than base rates, suggesting limited expectations there for now.

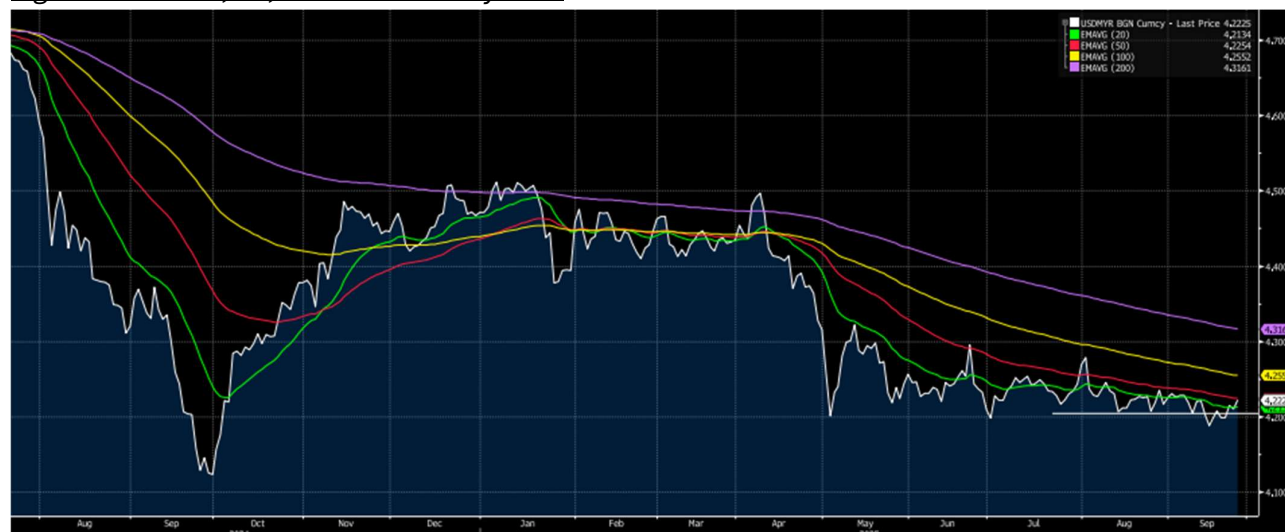
Fig 3: MGS 3-Yr yield vs BNM Overnight Rate



Source: Bloomberg Finance LP / MNI

Technical: The currency had been one of the handful of regional currencies that had produced gains over the last month, last week trading through a key technical level of 4.2070 that it had bounced off three times prior. However, it gave back those gains as the week went on and traded back above that level, the 20-day EMA and is now near the 50-day EMA

Fig 4: MYR vs 20, 50, 100 and 200-day EMA



Source: Bloomberg Finance LP / MNI

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