

Monthly Wealth Digest

Your Edge. Our Insights.

July 2026



 **AmWealth**

Group Wealth Management



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MONTHLY FOCUS

Market Opportunities & Signals



The Next 10 Percent

A behavioural law that explains why bull markets quietly change what investors believe is enough.

Your 30-Second Briefing

- Bull markets don't just create wealth, they inflate investor expectations. Every achieved return quietly becomes the next minimum expected return for the next investment.
- The speed of today's markets has compressed years of expected returns into weeks, conditioning investors to chase faster gains while constantly moving their own finish line.
- The most dangerous stage of a bull market isn't excessive optimism. It's when investors ignore their investment thesis and start following their returns.

Every Bull Market Changes The Finish Line

Bull markets don't just make money, they quietly change how investors think about what "enough" looks like. At the start, an investor might enter a position with a clear goal: a 10% return. But once that target is reached, something subtle happens. Instead of taking profits, the focus shifts to the next milestone, 20%, then 30%, and sometimes even higher. Over time, the original investment idea fades, replaced by a simple mindset: *keep going because there might be more upside.*

This behaviour is what we call the **"Next 10 Percent Law."** It doesn't make investors suddenly greedy. Instead, it slowly convinces them that their previous target was never ambitious enough.



The hidden problem: expectation inflation

In normal economics, inflation refers to rising prices. In markets, bull runs create a different kind of inflation, rising expectations. A return that once felt strong (like 10%) starts to feel average after seeing others achieve 30% or more. Investors stop comparing results to their original plan and instead compare themselves to the market's latest winners. As a result, their definition of a "good return" keeps rising.

Why this cycle is faster today

This behaviour isn't new, but it is happening much faster now. In the past, it could take years to generate meaningful gains. Today, entire themes, especially in areas like AI, can surge within months or even weeks. Faster information, social media, and easy access to markets have compressed both returns and expectations into much shorter timeframes. Because of this, patience starts to feel like underperformance. Waiting a year for a 10% return feels difficult when another stock delivers 40% in a single month.

When returns replace discipline

As this mindset builds, the biggest risk emerges. Many investors believe they are staying invested because the fundamentals are still strong. They are often staying because they are emotionally tied to the idea of achieving the next level of returns.

At this stage:

- Valuation matters less
- Targets keep moving higher
- Risk management weakens

The investment thesis quietly shifts from *"this is a good investment"* to *"this can still go higher."*

The reality mismatch

There is a fundamental contradiction in markets:

- As prices rise → future returns typically fall
- But investor expectations move in the opposite direction

This creates a growing gap between reality and expectations. Eventually, something forces that gap to close, often in the form of a correction.

Why corrections feel sharp

Bull markets also lead investors into similar positions. Many people crowd into the same high-performing stocks and delay taking profits for the same reasons. When momentum breaks, the process reverses quickly. The same investors who stretched their targets higher during the rally suddenly rush to protect remaining gains. This causes corrections to feel sudden and aggressive, not just because prices fall, but because expectations reset all at once.

The discipline of knowing “enough”

The key difference between average and disciplined investors is simple.

Instead of asking “how much more can this go?”, disciplined investors ask:

Has the business improved? Is a higher valuation justified?

If the only reason for staying invested is the possibility of another 10% gain, then the return has replaced the original investment idea, and that is a warning sign.

Bottom line

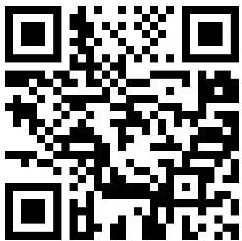
The biggest behavioural trap in investing is not greed, it is adaptation.

Bull markets slowly reset expectations until yesterday’s exceptional returns become today’s minimum standard. Investors don’t realise they are moving the goalpost; they simply get used to winning.

In the end, the challenge is not about chasing every opportunity. It is about recognising when the objective has already been achieved and having the discipline to take profits and reduce risk.

Weekly Wealth Solutions Highlight

Do scan the QR Code to access the AmBank Wealth Digest to receive our weekly wealth solutions highlight.



AmBank Wealth Digest



KEY DEVELOPMENTS

The Markets That Won't Settle

Markets this week are not short of positives, they are struggling to decide what "good enough" is.

The backdrop remains supportive. Global trade is improving, U.S. business activity continues to expand and wealth creation remains strong. These are not conditions associated with a weak economy, but one that continues to move forward.

Yet pressure points are building. Geopolitical tensions have resurfaced, with risks around the Strait of Hormuz and growing trade frictions highlighting an increasingly uncertain environment. At the same time, inflation is evolving rather than disappearing. The rapid buildout of data centres and digital infrastructure is creating fresh demand for energy, materials and labour which is creating scarcity and price increases, especially for energy.

Even AI, the market's most powerful growth story, is becoming more nuanced. Rising costs, intensifying competition and monetisation challenges are having investors continuously assess the viability and whether such investments can generate an appropriate return on investment.

Taken together, markets continue to climb on resilient fundamentals, but expectations are rising even faster than reality. Good news is no longer enough, it increasingly needs to exceed already high expectations.

That is the essence of the "**Next 10%**" dynamic. Every rally resets the benchmark. Strong returns become the new baseline; targets move higher and focus shifts from what has been achieved to what must happen next. The challenge today is not a lack of positives, but an increasingly demanding definition of success.





MACRO OVERVIEW

The Memorandum of Understanding (“MoU”) between the US and Iran signed in June remains fragile amid renewed attacks, while the Strait of Hormuz has partially re-opened, operating under restrictions and elevated security risks. Nevertheless, oil prices have rapidly come down as concerns tilt toward weakening demand, helping to ease some global cost pressures.

In the Eurozone, the latest survey showed a sharp decline in expectations for selling prices of both industry and services in June. Likewise, UK inflation for May 2026 rose slower than feared as an increase in transport costs was offset by easing food prices. In the US, the Fed’s trimmed mean PCE inflation – an inflation gauge preferred by new Fed Chair Kevin Warsh – stood at 2.4% in May, suggesting that underlying price pressures remain manageable.

Taken together, the MOU and the decline in expectations of price increases, has reduced the urgency for central banks to tighten monetary policy further, giving policymakers more time to assess how the US-Iran situation evolves before determining the future rate path. As such, we expect July 2026 – a heavy month for central bank meetings – to see most major central banks, including the Fed, the ECB and the BOE, keeping their rates steady.

As widely expected, the US Fed left its policy rate unchanged at 3.50–3.75% at its meeting on 17 June 2026 under new Chair Kevin Warsh. Market narrative sees the new Chair as leaning hawkish with the FOMC statement committing that “the Committee will deliver price stability”. At the same time, the Dot Plot turned more hawkish, with 9 officials expecting at least one rate hike in 2026, 8 expecting no change, and one projecting cuts in 2026, versus a dovish in April 2026 when no one expected hikes. However, while the new Fed Chair has committed to being an inflation hawk, he could still be a policy dove should inflation pressure ease.

US latest non-farm payrolls came in at 172,000 in May 2026 (April 2026: 179,000), well above expectations of only 88,000, while the unemployment rate held steady at 4.3% (April 2026: 4.3%). The strength was broad-based, led by robust hiring in leisure and hospitality as well as healthcare, but with continued weakness in the information sector amid continued tech sector layoffs. Together with upward revisions to prior months, the latest print marks the strongest three-month rolling average gain in the past two years. The overall picture is of a resilient labour market even though wage growth remains relatively subdued. Headline Consumer Price Index (“CPI”) inflation jumped again to 4.2% YoY in May 2026 (April 2026: 3.8% YoY, March 2026: 3.3% YoY) mainly due to a spike in energy prices amid Middle

East tensions. Energy accounted for over 40% of the YoY increase. Meanwhile, core inflation accelerated only marginally to 2.9% YoY in May 2026 (April 2026: 2.8% YoY, March 2026: 2.6% YoY) as inflation pressure did not broaden to essential goods, with economists suggesting that consumer caution was pushing back against price hikes in essential goods.

As expected, the European Central Bank (“ECB”) hiked rates for the first time in almost 3 years by 25bps at its 11 June 2026 meeting. The Deposit Rate now stands at 2.25%, Main Refinancing Rate at 2.40% and Marginal Lending Rate at 2.65%. The hike is the first policy reaction among the major Developed Market countries’ central banks to the elevated energy and commodity prices driven by the conflict in the Middle East. ECB President, Christine Lagarde cautions that inflation pressure is broadening, saying “throughout the economy, with direct costs being obvious, with indirect costs also showing up”. The ECB’s statement cautioned against the upside risk for inflation and downside risk for growth.

Eurozone headline inflation continued to rise sharply in May 2026 to 3.2% YoY (April 2026: 3.0% YoY, March 2026: 2.6% YoY). Energy prices remained a key driver, increasing 10.9% compared to a year earlier, slightly higher than April 2026’s 10.8% rise. Meanwhile core inflation also rose in May 2025 to 2.6% (April 2026: 2.2% YoY, March 2026: 2.3% YoY), driven by higher prices of airfares and package holidays.

Malaysia

Malaysia’s PPI rose to 7.8% YoY in May (April: 5.4%), extending its gains to a third consecutive month. This marked the fastest increase since June 2022, as producer-level cost pressures intensified amid ongoing disruptions linked to the West Asia conflict. Energy-related sectors saw the strongest pass-through effects, albeit at a slower pace with mining PPI accelerating to 52.6% (April: 53.4%) and electricity and gas costs rising to 10.0% (April: 10.6%) during the month. Nevertheless, on the consumer-level front, inflation remained manageable, with Consumer Price Index (“CPI”) rising 2.0% year-on-year in May 2026. Bank Negara Malaysia (“BNM”) attributed the increase partly to higher electricity costs arising from a surcharge following higher generation costs. The divergence between CPI and PPI suggests that subsidies and price controls have continued to limit the pass-through of rising costs to consumers.



Meanwhile, Malaysia's unemployment rate rose to 3.0% in April after holding steady at 2.9% in the previous five months. This could have been due to data from Social Security Organisation (PERKESO)'s Employment Insurance System (EIS), which showed that over 45,000 people lost their job for the first six months. However, we think that job losses remained under control as the figure is 5% lower compared to previous month (June: 7,406 people vs. May: 7,766 people) as of 28 June 2026. Additionally, the labour force participation rate (LFPR) remained unchanged at 70.9% in April, reflecting current economic stability. With that view, we think that BNM could maintain OPR level at 2.75% in its upcoming meeting on 9th July as the central bank may want to stick to its "gradual and measured" mantra to ensure an optimal level of sustainable economic growth and price stability.

Bank Negara Malaysia ("BNM") kept the Overnight Policy Rate ("OPR") unchanged at 2.75% for the fifth consecutive meeting, reflecting confidence in the economy's resilience despite elevated external uncertainties. In the latest Monetary Policy Statement, BNM maintained its overall growth outlook while noting downside risks to the domestic economy arising from external sector developments. Nevertheless, BNM projects inflation to remain within the 1.5% to 2.5% range, supported by the government's ongoing fuel subsidy measures.

Malaysia's 1Q 2026 GDP growth was revised slightly higher to 5.4% YoY from the advance estimate of 5.3% YoY. Economic expansion was driven by moderate growth in services and manufacturing sectors, supported by factors such as the ongoing AI upcycle, continued data center investments and festive-related demand.

Malaysia's manufacturing Purchasing Managers' Index ("PMI") fell to 49.9 in May 2026 (April 2026: 51.6), weighed by a decline in new orders and rising cost pressures. Meanwhile, the unemployment rate edged up to a six-month high of 3.0% in April 2026 (March 2026: 2.9%) as job losses outpaced hiring. Nevertheless, Department of Statistics Malaysia ("DOSM") noted that Malaysia's economic and labour market outlook remains favourable in the near term, supported by resilient domestic fundamentals, sustained investment momentum and ongoing development initiatives.

Malaysia's trade performance strengthened further in May 2026, with total trade reaching a new monthly record high of RM327.63 billion, up 29.8% year-on-year, the fastest pace in 44 months. The strong performance was driven by robust export growth across key products and major markets, with exports surging 45.3% year-on-year, providing continued support to near-term economic growth. Consequently, Malaysia's trade surplus widened to RM40.38 billion from RM29.23 billion previously, as import growth moderated to 14.1% year-on-year from 20.0% year-on-year in April 2026.

On the fiscal front, the government announced that diesel prices would be floated from 1 July 2026, while eligible Malaysians can continue purchasing subsidised diesel at RM2.10 per litre under the Budi Diesel programme. The government expects the programme to generate annual savings of approximately RM2 billion by reducing subsidy leakages and improving subsidy targeting.



US Treasury Market Overview

US Treasury Yields

US Treasury Tenor	30-Jun-26 (%)	Net Change MoM (bps)	Net Change YTD (bps)
1Y	3.97	+20.6	50.5
2Y	4.17	+16.8	69.9
5Y	4.23	+8.6	50.1
7Y	4.34	+5.5	39.7
10Y	4.47	+3	29.8
20Y	4.96	-0.6	16.7
30Y	4.95	-2.0	10.8

Source: Bloomberg, 1 July 2026. Past performance is not indicative of future results.

US Treasury (“UST”) yields bearish steepened going into the start of June 2026 as an outsized increase in Non-Farm Payroll (“NFP”) for May 2026 by 172,000 (Consensus: 88,000, April 2026: 179,000) and May 2026 headline (“CPI”) came in as expected at 4.2% YoY (April 2026: 3.8%) with core CPI at 2.9% YoY (April 2026: 2.8%). The data reinforced the market’s expectation of a higher-for-longer rate scenario to tackle inflation pressure and have priced in a 25bps hike by end 2026. Mid-June 2026 saw UST yields moving down after news of an interim peace deal between Iran and the US. This recovery reversed following hawkish shift as read by the market after the first Kevin Warsh-led FOMC meeting saw the Fed holding interest rates, as expected, but also saw policymakers taking out previous signalling of a potential rate cut going forward. The FOMC statement was shortened and Warsh is now likely to reform how the Fed provides guidance on policy going forward. The Fed hiked the median 2026 PCE inflation projection from 2.7% to 3.6%, while core PCE was hiked to 3.3% from 2.7%. The curve steepened with 2Y UST jumped 13bps to 4.19% and the 10Y UST rose 5bps to 4.49%

The Fed's hawkish sentiment continued to haunt the market for the rest of June 2026 despite some recovery in the UST yields after the interim peace deal was secured and oil prices fell to pre-war levels, easing inflation fears.

A mix of factors such as better-than-expected Job Openings and Labor Turnover Survey ("JOLTS") data report on job opening of 7.59 million in May 2026 (Consensus: 7.30 million, April 2026: 7.59 million) and doubts over the Iran-US peace deal weighted on the UST yields on the last day of the month, bringing up 2Y UST by 7bps to 4.17% and 10Y UST by 9bps to 4.47%.

Looking ahead, we expect volatility to continue in the UST market amid geopolitical uncertainty in the Middle East and we expect the Fed to hike once in 2026.

Asian Bond Indices Performance

Markit Asian USD Index	30-Jun-26	MoM	YTD
Asian Dollar Index	151.8	0.42%	1.05%
Asian Dollar IG Index	152.7	0.11%	0.67%
Asian Dollar HY Index	146.3	0.73%	3.09%
Asian Dollar Corp Index (ex-banks)	154.2	0.09%	1.12%

Source: Bloomberg, 1 July 2026. Past performance is not indicative of future results.

All Asian dollar bond indices rose in June 2026 due to spread compression, especially in the China Dollar bond market, and low issuance of Asian Dollar bonds in the market boosting demand. The Asian Dollar HY index outperformed as most high-yield bonds are shorter in duration and can take fuller advantage of the spread compression as its less impacted by the jump in US yields.

MALAYSIAN BOND MARKET

Malaysia: Local government bonds closed the June 2026 month moderately weaker (yields up 1-4 bps m/m amongst benchmark MGS and GII) as global yields rose amid central banks' hawkish tone. However, pent up demand near the end of the month, as global yields shifted down considerably, shoved MGS+GII yields lower by 1-3 bps as confidence of a more lasting ceasefire in the Middle East took hold. Malaysian macro data, in our opinion, contributed to local bond demand, including a surge in exports and a modest inflation reading. Malaysia's May 2026 CPI was printed at 2.0% y/y against 2.1% consensus and April's 1.9%.

The next Bank Negara Malaysia MPC meeting is on 9 July 2026. The MPC meeting in May saw policymakers signalling a neutral stance on rates by maintaining the OPR amid a muted inflation outlook. We expect no rate action in the next MPC meeting as well, and policymakers would likely remain neutral, in our opinion. As we expect an ongoing positive global market sentiment, topped by Malaysia's continued positive macro conditions, and Malaysia's fiscal health to remain well managed while crude oil prices moderate, we maintain our 3Q2026 10Y MGS target at 3.64%. Our end 2Q2026 10Y MGS target was 3.64% and the level was hovering near 3.60% on the last day of June 2026.

US Treasury Tenor	30-Jun-26 (%)	Net Change MoM (bps)	Net Change YTD (bps)
3Y	3.28	2.8	18.7
5Y	3.40	-0.5	9.7
7Y	3.55	2.2	15.7
10Y	3.64	2.9	11.0
15Y	3.84	-0.4	4.7
20Y	3.97	1.0	11.6
30Y	4.12	4.0	14.0

Source: Bond Pricing Agency Malaysia, 30 June 2026. Past performance is not indicative of future results.

In June 2026, the Malaysian Government Securities (“MGS”) curve bear-steepened, with yields higher across most tenors led by the front-end and long-end. Ringgit bonds began the month on a firm footing, with yields largely stable despite a weaker MYR, aside from mild upward pressure on the 3-year MGS due to auction supply. Sentiment softened in the second week amid a bearish global rates backdrop driven by elevated energy prices and geopolitical tensions, although this was partially cushioned by a rally in US Treasuries and strong demand at the 15-year GII auction. In the second half of the month, bonds traded modestly weaker overall, alongside a UST sell-off. Towards the end of the month, conditions turned mixed, with bonds finding some support in lighter trading on the back of a UST rally, though the broader bias remained slightly weaker.

Aside, in June 2026 the government completed following auctions:

- Reopening MYR5.0 billion in 3Y MGS (MGS 03/29) (BTC 1.928x),
- Reopening the 15Y GII at MYR3.5 billion (GII 07/40) (BTC 3.410x) on top of MYR1.5 billion private placement (PP),
- Reopening the 5Y MGS (MGS 06/31) at MYR5.0 billion (BTC 2.282x)
- And reopening of MYR3.0 billion for the 20Y GII (GII 05/45) at 3.135x BTC on top of MYR2.0 billion PP.

Sentiment was likely supported by the sharp decline in oil prices, alongside early reinvestment flows ahead of the heavy July 2026–September 2026 maturities. As it was also the end of 1H2026, for the half year, the government issued MYR95 billion in MGS+GII, and the average BTC came in at a firm 2.435x per auction across the 19 auctions during the period (full year 2025 BTC was 2.550x). As we forecast full year 2026 gross MGS+GII issuance at MYR185 billion, there would be another MYR90 billion to be issued in 2H2026 and this should be digested relatively comfortably by the market.

Meantime, foreign holdings of Ringgit bonds fell by RM4.3 billion in May 2026, reversing part of the strong inflows seen in previous months. The pullback was concentrated mainly in government bonds, likely reflecting profit-taking and softer regional risk appetite amid higher UST yields and a firmer USD. This brought total foreign holdings down to RM304.9 billion from a record high of RM309.2 billion.

Corporate bond trading activity, including quasi sovereign names, increased by 7.6% MoM in June 2026 to RM18.7 billion (May 2026: RM17.4 billion). The uptick was driven by a rebound in activity following the previous holiday-shortened month, alongside improved valuations in the secondary market as yields adjusted to more attractive levels.

Some notable domestic corporate issuances in June 2026 included RM970.0 million of Pengurusan Air SPV Berhad (AAA), RM700.0 million of CIMB Bank Berhad (AAA), RM640.0 million of Hong Leong Bank Berhad (AA1) and RM600.0 million of DRB-Hicom Berhad (A1). The 3-year, 5-year, 7-year and 10-year generic AAA corporate yield ended the month at 3.65% (+3bp MoM), 3.76% (+3bp MoM), 3.83% (+1bp MoM), 3.95% (+3bp MoM), respectively.

Strategy

Market Outlook

Malaysia's macroeconomic backdrop remains broadly supportive heading into July 2026, although market conditions are becoming increasingly nuanced amid evolving global and domestic developments. Domestic growth is expected to remain resilient, underpinned by steady private consumption, ongoing investment activity, and continued implementation of government development initiatives. However, external demand may face headwinds from a slower and less synchronised global growth environment, potentially tempering export momentum in the coming quarters.

Inflation remains generally contained, supported by easing cost pressures and stable domestic demand conditions. Nevertheless, lingering core inflation risks warrant continued monitoring. Against this backdrop, BNM is expected to maintain a data-dependent approach, balancing the need to support growth while preserving price stability.

For the bond market, global interest rate expectations remain the key driver of local sentiments. The pace and extent of policy tightening by major developed market central banks, alongside evolving geopolitical and trade-related developments, are likely to influence capital flows, investor risk appetite and local yield movements. While Malaysian Government Securities continue to benefit from supportive domestic liquidity and stable fundamentals, yields are expected to remain range-bound with periodic volatility arising from external developments and primary supply dynamics.

Investment Strategy

We maintain a cautious and defensive investment stance for July 2026. While market fundamentals remain broadly stable, current valuations in the secondary market appear less compelling, limiting opportunities for meaningful risk-adjusted returns. As such, we continue to favour liquidity preservation and capital flexibility, allowing us to respond effectively should more attractive entry points emerge.

Our preference remains firmly with the primary market, where new issuance continues to offer better relative value through attractive credit spreads compared with secondary bonds. We see selective opportunities to participate in primary issuances, particularly in high-quality credits where pricing adequately compensates investors for prevailing market uncertainty.



Global Equities

Global Equity Index Performance

Indices	30-Jun-26	MoM	YTD
S&P 500 Index	7,499.36	-1.06%	9.55%
Nasdaq Index	26,213.72	-2.81%	12.79%
MSCI Europe Index	215.04	2.92%	8.80%

Source: Bloomberg, 1 July 2026. Past performance is not indicative of future results.

The Standard & Poor’s (“S&P”) 500 Index concluded its best quarter since 2020 on a high note and clinching their best first half of a year since 2024. But the true winners were the Dow Jones Industrial Average (“DJ”), which climbed 8.85% in the last six months for its best start to a year since 2021, as investors rotated out of big tech and into safer, more conservative stock picks. While the Russell 2000 Index, which soared 21.1%, had its best first half since 1991, as the AI trade broadened from the Magnificent 7 into smaller chipmakers and semiconductor equipment manufacturers.

The Morgan Stanley Capital International (“MSCI”) Europe Index rose by 2.92% MoM in June 2026, buoyed by a powerful rally in technology stocks, driven by sustained AI optimism. Sentiment was also lifted by a preliminary US-Iran peace agreement that raised hopes for the reopening of the Strait of Hormuz, sending oil prices tumbling and providing relief to energy-sensitive sectors. However, the month wasn’t without headwinds, as the European Central Bank (“ECB”) raised key interest rates by 25 basis points in mid-June 2026 to counter energy-driven inflation.



Asia Pacific Equity Index Performance

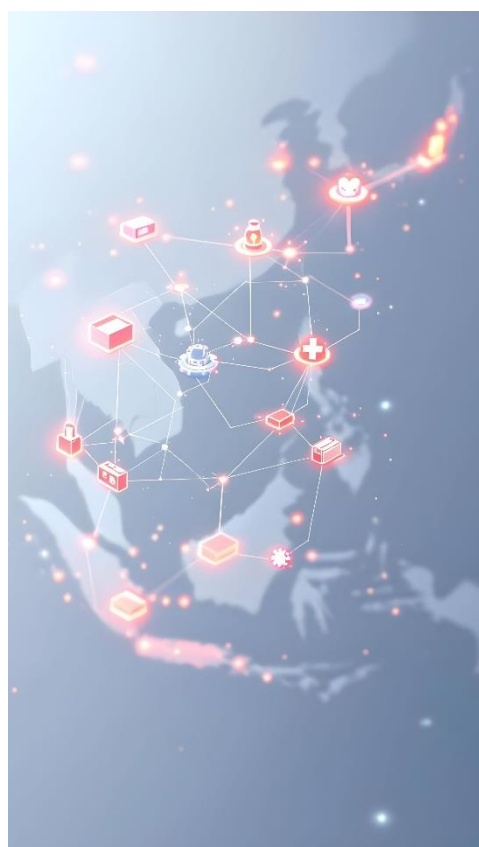
Index	Index level	Jun-26 (Local currency)	YTD (Local currency)
MSCI AC ASIA x JAPAN	1,143.34	-1.54%	25.17%
FTSE ASEAN	991.20	-1.30%	0.07%
CSI 300 INDEX	4,979.43	1.78%	7.55%
KOSPI INDEX	8,476.48	0.00%	101.14%
HANG SENG INDEX	22,881.02	-9.14%	-10.73%
S&P BSE SENSEX INDEX	76,478.67	2.28%	-10.26%
TAIWAN TAIEX INDEX	46,125.91	3.11%	59.25%

Source: Bloomberg, 30 June 2026. Past performance is not indicative of future results.

Chinese onshore equities rose 1.8% MoM supported by abundant liquidity and investor confidence in China’s AI ecosystem. Retail sales softened further, falling 0.6% YoY in May from increase of 0.2% YoY in April. Industrial production grew by 4.5% YoY in May (+4.1% YoY in April). Hang Seng Index declined 9.1% MoM amid deepening polarization between onshore vs. offshore, and AI vs. non AI trades with 3 factors reinforcing the widening divergence: 1) China’s domestic activity weakened further MoM leaving the non AI trade with a fading fundamental anchor; 2) the liquidity backdrop became less supportive after Warsh’s hawkish tilt at the June FOMC and 3) the step up in cross border capital controls added another headwind to offshore sentiment. Southbound recorded HKD27b net inflows in June (vs. HKD4b net outflows in May).

South Korea’s KOSPI ended flattish, but this was with volatility as the downside circuit breaker (on market-wide declines > 8%) was triggered twice. The 3 June 2026 local elections strengthened the ruling party’s position in local governments and maintained its legislative majority. Policy direction remains unchanged, with only minor leadership reshuffling possible. Fiscal and monetary policy are unaffected. Taiwan’s TWSE index rose 3.1% MoM amid still strong AI related sentiment rally although some profit taking started to emerge. Taiwan’s headline CPI surprised slightly to the upside, rising 2.2% YoY (April: +1.7% YoY) reflecting lingering effects of the oil/gas supply shock where energy CPI surged 13.6% YoY (April: +9% YoY).

India equities rose 2.3% MoM with Real Estate leading the way, while Tech and Materials lagged. Industrial production in May rose 5.1% YoY with strong gains in mining and electricity. Inflation was at 9.7% YoY in May, driven by higher fuel prices. The Reserve Bank of India kept policy rates on hold, defying market pricing that had priced in a 60% chance of a 25bp hike. With the rupee under pressure, it simultaneously announced several measures to attract capital inflows.



ASEAN Equity Index Performance

Index	Index level	Jun-26 (Local currency)	YTD (Local currency)
STRAITS TIMES INDEX STI	5,170.65	2.64%	11.29%
JAKARTA COMPOSITE INDEX	5,643.19	-7.90%	-34.74%
STOCK EXCH OF THAI INDEX	1,591.24	1.46%	26.32%
PSEi - PHILIPPINE SE IDX	6,037.17	4.65%	-0.26%
HO CHI MINH STOCK INDEX	1,860.01	-0.19%	4.23%
FTSE Bursa Malaysia KLCI	1,664.06	-1.13%	-0.96%

Source: Bloomberg, 30 June 2026. Past performance is not indicative of future results.

The Straits Times Index advanced in June, extending its strong year-to-date performance and continuing to exhibit defensive characteristics amid regional volatility. Gains were supported by the index's significant exposure to the banking sector, where earnings remained resilient amid stable asset quality and healthy capital positions. The market also benefited from sustained investor demand for defensive and income-generating assets, reinforcing Singapore's appeal as a relative safe haven within ASEAN. The SET Index recorded a modest gain in June, further extending its outperformance within ASEAN. Market sentiment was supported by improving earnings expectations, particularly in export-oriented sectors, while continued tourism recovery and stable domestic consumption provided additional support. However, gains were partially tempered by currency weakness, which weighed on USD-denominated returns despite positive local market performance. The PSEi Index rebounded strongly in June, recovering part of its earlier losses despite remaining marginally negative on a year-to-date basis. Improved risk appetite and bargain-hunting activities supported market performance, while easing concerns over inflation and expectations of a more accommodative policy environment provided a more constructive backdrop. Financial and consumer-related sectors were among the key contributors to the monthly recovery.



The Jakarta Composite Index declined sharply in June, remaining the weakest market in the region. Investor sentiment continued to be impacted by concerns over economic growth, persistent foreign fund outflows, and ongoing currency weakness. The depreciation of the rupiah further amplified losses for foreign investors, while elevated market uncertainty and tighter financial conditions continued to pressure risk assets.

The Vietnam stock market was broadly unchanged in June, consolidating gains achieved earlier in the year. Market sentiment remained supported by resilient domestic economic activity and a gradual recovery in external demand. While near-term momentum moderated following earlier gains, continued strength in manufacturing exports and ongoing foreign investment interest helped underpin overall market stability.

Malaysian Equities

The KLCI declined 1.1% MoM in June 2026, YTD -1.0%.

Malaysia's mid-cap and small-cap indices declined 3.1% and 0.4% MoM respectively. Plantation and Construction were the best performing sectors, gaining 4.2% and 1.7% MoM respectively. On the other hand, Property and Healthcare were the worst performing sectors, with a loss of 10.1% and 9.0% respectively. The top three best performers in KLCI component stocks were 99 Speed Mart (+7.0%), Petronas Dagangan (+6.5%) and IOI Corp (+5.8%), while the worst performing stocks were Petronas Chemicals (-22.3%), Press Metal (-14.7%) and CelcomDigi (-12.5%).

The US-Iran ceasefire memorandum saw a correction in Brent crude oil price, declining 20% MoM in June 2026 to USD72.92 per barrel and easing the shortage of aluminium concern. These drove down the share price of Petronas Chemicals and Press Metal.

Johor dissolved its state assembly on 1 June 2026, setting the stage for elections by August 2026 in what is widely seen as a crucial test for Prime Minister Anwar Ibrahim's governing coalition. Days later, Negeri Sembilan followed suit, with both states ultimately assigned polling dates of 11 July 2026 and 1 August 2026 respectively.

Foreign institutional investors were net sellers of RM2.4 billion in June 2026. Local institutional investors were net buyers of RM1.9 billion equities. Average daily trading value was RM3.4 billion, declining 10.5% MoM.

Strategy

We are turning more optimistic on global equities due to the earnings-driven uptrend led by AI and semiconductor demand. With US-Iran MOU and the continuation of talks, the reversal of the oil supply shock with the reopening of Straits of Hormuz could reaccelerate economic growth. While periods of volatility are likely following the strong year-to-date rally, the technology sector remains underpinned by robust and sustained global demand for AI hardware. We continue to favour exposure in AI/technology, notably Korea, Taiwan and US large-cap tech given their leading and critical roles within the global technology supply chain.

Within ASEAN, besides Malaysia we also prefer Singapore due to its solid fundamentals with strong fiscal buffers, a stable government with consistent policies and strong rule of law. Thailand, as a net energy importer, stands to benefit from easing geopolitical tensions and lower energy price risks, with the healthcare and hospitality sectors likely to recover.

Back home in Malaysia, the US-Iran 60-day ceasefire has lifted the cloud of uncertainty, providing some tailwinds for the local market as foreign shareholding remains near historical lows. In addition, the implementation of the recently announced Value Up program could be a catalyst in the coming months. Hence, we continue to be well invested into domestic centric and dividend yielding stocks.

Sector wise, the recent rebound in technology shares has repaired portfolio performance for many domestic institutions, with funds that were previously in negative territory now sitting anywhere between flat and low-double-digit positive returns. While we remain constructive on the sector's long-term AI-driven growth prospects, technology has increasingly become the market's consensus trade, with positioning turning crowded and valuations leaving less room for disappointment.

As optimism becomes more fully reflected in prices, selectivity becomes increasingly important. Bull markets often have a habit of pricing in profits before they are earned, treating optimistic forecasts as certainty rather than possibility. In such an environment, even minor earnings misses, or execution delays can trigger disproportionate reactions.

The recovery in portfolio returns also creates scope for profit-taking and portfolio rebalancing. We continue to see banks as a natural destination for redeployed capital, supported by undemanding valuations, resilient asset quality and capital management initiatives that align with the government's Value-Up programme.

Beyond financials, we see opportunities emerging in areas that remain under-owned. Potential weather disruptions associated with a Super El Niño event could tighten palm oil supply and provide upside to Crude Palm oil ("CPO") prices and plantation earnings, while energy remains one of the least crowded sectors despite improving domestic upstream spending potential and attractive cash returns among Malaysian OGSE names.

AmInvestment Bank Equity Research Top Picks

Company	Call	TP	Price
CIMB Group Holdings Bhd	Buy	10.30	7.41
Hong Leong Bank Bhd	Buy	28.00	21.40
SD Guthrie	Buy	7.34	5.98
Maxis Bhd	Buy	4.45	3.38
Hong Leong Financial Group Bhd	Buy	33.00	18.40
Greatech Technology Bhd	Buy	3.30	2.61
Keyfield International	Buy	1.80	1.53
VS Industry Bhd	Buy	0.70	0.20
Karex	Buy	0.60	0.48
Jati Tinggi	Buy	1.00	0.58

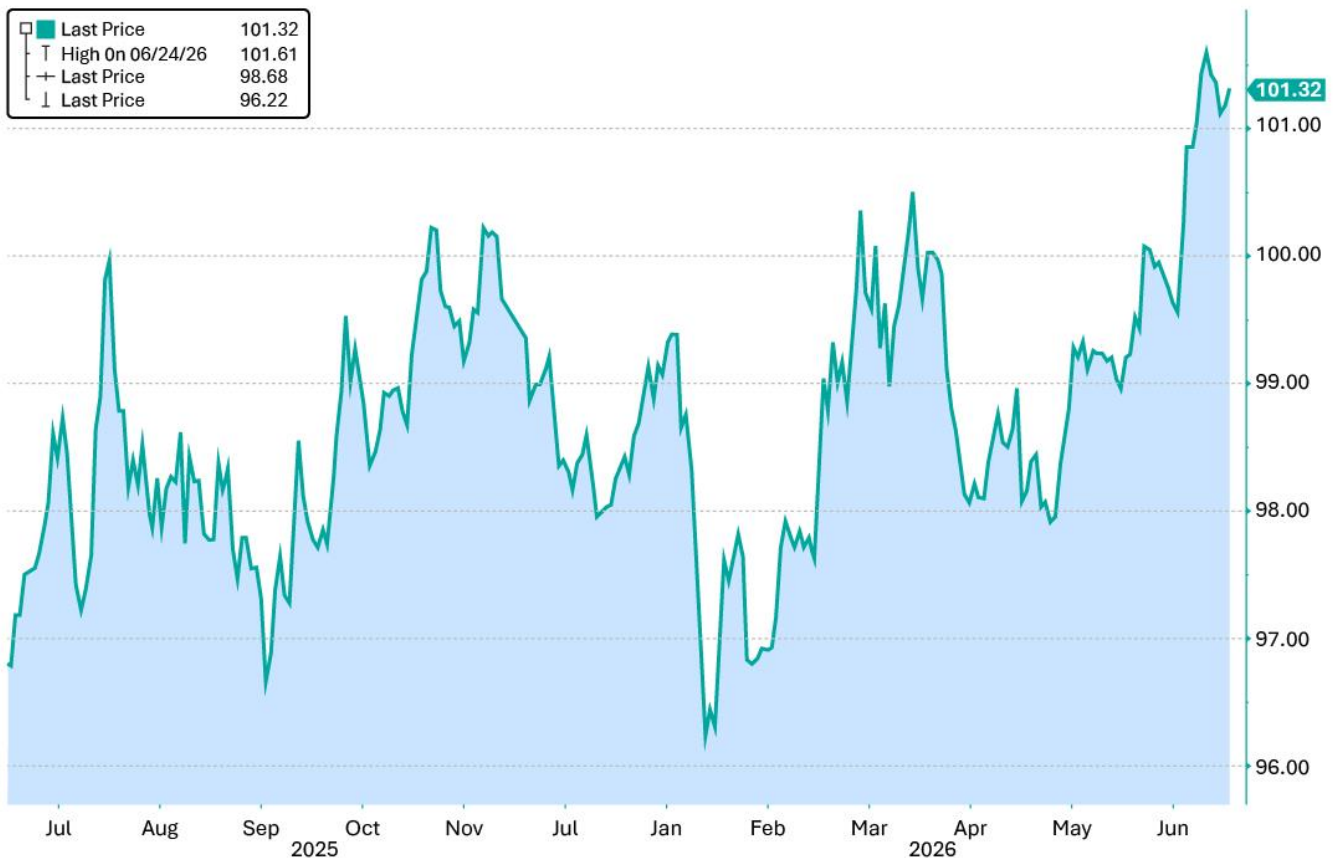


FOREIGN EXCHANGE

The United States Dollar Index

AmBank Economics: In June 2026, the United States Dollar Index rose 2.27% in the month to 101.187 driven by hawkish expectations in the rate market, with one rate hike priced in for 2026.

Chart 1: The United States Dollar Index



Source: Bloomberg, 1 July 2026

Foreign Exchange - Ringgit

AmBank Economics: The MYR closed 0.8% weaker vs. the USD in June. USD/MYR was seen trading within a wide 3.90-4.15 range for the month, with volatility seen in a few periods, including from mid-March to mid-April, in early May, and the month of June. Recently, the Ringgit also saw sustained pressure, driven by widening UST-MGS yield differentials, as front-end UST yields climbed amid a more hawkish-than-expected Fed FOMC meeting, supported by sticky core US PCE inflation, and signs of continued labour market resilience. This was later affirmed by BNM's Financial Market Committee ("FMC") statement attributing it (higher US policy rates) to recent Ringgit declines; alongside other factors – including equity rebalancing activities amid a revision of MSCI's Malaysia Index, and non-resident portfolios adopting a more neutral positioning for Malaysia ahead of state elections. Nevertheless, the FMC affirmed that Malaysia's macroeconomic fundamentals remain intact and that onshore FX markets remain healthy, which is expected to provide continued support for the Ringgit. The FMC also said ongoing measures to encourage inflows under its QRI program, as well as repatriation of income for GLCs, GLICs, and corporates, will also be intensified.

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