Monthly Wealth Digest

Your Edge. Our Insights. **September 2026**

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Global inflationary pressures continue to prove more persistent than expected. The US core Personal Consumption Expenditure ("PCE") inflation – Federal Reserve ("Fed") preferred inflation gauge – remained sticky at 3.3% YoY in July 2026, while inflation in the UK and Eurozone edged higher to 2.9%, indicating that progress towards the 2% target may have stalled. Meanwhile, Japan's inflation accelerated to 1.9% in July 2026, bringing it closer to the 2% target.

Despite lingering inflation risks, the current environment does not point to imminent recessionary concerns. The latest macroeconomic data suggest that the US and European economies are resilient to disruptions stemming from the West Asia conflict, supported in part by long-announced fiscal stimulus.

Likewise, the European Central Bank ("ECB") is widely expected to raise interest rates in September 2026, with market pricing implying near certainty, following hawkish signals from policymakers. The Bank of Japan is also expected to deliver a rate hike this month amid mounting pressure to support the Yen, including calls from US Treasury Secretary Scott Bessent for Japan to normalise interest rates.

US

US monetary policy expectations turned more hawkish in August 2026 following comments from Federal Reserve Chair Kevin Warsh at the Jackson Hole Symposium. Warsh indicated that the Fed remains prepared to raise interest rates from the current 3.50%-3.75% range should inflation fail to moderate further, noting that persistently elevated price pressures have become increasingly concerning. Reflecting this shift in sentiment, the two-year Treasury yield rose by 9bps during the month, while futures markets increased the probability of a rate hike at the September 2026 FOMC meeting to above 50%.

At the same time, labour market conditions continued to soften. Non-Farm Payroll ("NFP") declined by 23,000 in July 2026, compared with consensus expectations for a gain of 20,000 and June 2026 increase of 57,000, marking the fourth consecutive month of decelerating employment growth. The weakness was concentrated in local government education and retail trade, although continued hiring in the healthcare sector provided some offset. Meanwhile, the unemployment rate edged lower to 4.1% from 4.2% in June 2026. However, this improvement largely reflected a decline in labour force participation rather than stronger underlying employment conditions, suggesting that labour demand is gradually cooling.

Inflation data were more encouraging. Headline Consumer Price Index ("CPI") moderated to 3.4% YoY in July 2026 from 3.5% in June 2026, while core inflation eased to 2.5%, indicating continued progress in the disinflation process. Lower energy prices contributed to the moderation in headline inflation, although shelter costs remained a key source of stickiness. Nevertheless, inflation remains well above the Fed's 2% target, reinforcing the Fed's cautious stance despite emerging signs of labour market softness.

In Europe, economic activity remained resilient despite elevated energy prices stemming from ongoing geopolitical tensions in the Middle East. Eurozone GDP expanded by 0.4% QoQ in 2Q2026, exceeding consensus expectations of 0.2%. Growth was led by Spain (+0.7% QoQ), while Germany and France both recorded positive growth of 0.2%. The stronger-than-expected outcome suggests that domestic demand, services activity and fiscal support continue to cushion the impact of higher energy costs.

However, inflationary pressures have re-emerged. Eurozone headline inflation accelerated to 3.3 YoY in August 2026 from 2.9% in July 2026, reaching its highest level since September 2023, largely due to higher energy prices. Encouragingly, underlying inflation trends remained contained, with core inflation easing to 2.4% from 2.5% and services inflation moderating to 3.0%. This suggests that the recent rise in inflation is primarily energy-driven rather than indicative of broader price pressures across the economy.

Malaysia

Malaysia's official 2Q 2026 GDP came in at 6.0% YoY, exceeding the 5.8% advance estimate and bringing the first-half growth to 5.7% (1H 2025: 4.5%). This was supported by the stronger outturn to resilient household spending — supported by steady income growth and ongoing policy support — alongside robust exports and firm investment in structures and machinery and equipment. On the supply side, manufacturing accelerated to 7.3% on export-oriented Electrical & Electronics (“E&E”) clusters underpinned by AI-related demand, mining and quarrying rebounded to 9.2% on stronger natural gas output, services grew 5.9% (ICT and data-centre activity), and construction moderated to 6.5%, while agriculture contracted 3.7%.

On the trade front, Malaysia set fresh records in July 2026, with total trade, exports and imports all reaching monthly highs. Total trade rose 37.3% YoY to RM364.74 billion, as exports surged 38.0% to RM193.60 billion and imports grew 36.4% to RM171.14 billion, producing a trade surplus of RM22.46 billion. Export strength was broad-based, led by semiconductor and E&E demand. For the first seven months of 2026, total trade expanded 24.7% to RM2.16 trillion (crossing the RM2 trillion mark two months earlier than in 2025), with exports up 29.2% to RM1.165 trillion and the cumulative trade surplus more than doubling to RM170.50 billion.

On inflation, CPI eased to 1.8% YoY in July 2026 (June 2026: 1.9%), its lowest reading since March 2026, on softer transport inflation (1.4%, from 2.8% in June 2026) and a sharp moderation in insurance and financial services (1.1%, from 5.7%); core inflation likewise slipped to 1.8% (June: 1.9%). In contrast, the Producer Price Index ("PPI") accelerated further to 9.7% YoY in July 2026 (June: 9.2%), a fourth consecutive monthly increase and the highest so far this year, driven by mining (+30.5%, on a 39.6% rise in crude petroleum extraction) and manufacturing (+8.2%, on coke and refined petroleum products at 30.4% and computer, electronic and optical products at 10.5%).

On the fiscal and policy front, the government unveiled a package of cost-of-living measures in the Prime Minister's National Day address on 30 August 2026, effective 1 September 2026. Chief among them, the monthly quota under the Budi Madani RON95 ("BUDI95") programme was restored to 300 litres from 200 litres — reversing the temporary reduction implemented on 1 April 2026 amid the West Asia conflict and elevated global crude prices — while the subsidised RON95 price was maintained at RM1.99 per litre. The shared Budi Madani Diesel quota was correspondingly raised, with eligible owners of diesel-powered pick-up trucks and jeeps entitled to up to 400 litres per month (from 300 litres previously) at the subsidised RM2.10 per litre. The accompanying measures — also effective 1 September 2026 — included a 50% increase in the 2027 school maintenance allocation to RM1.5 billion, a RM200 million Sejahtera MADANI grant for hawkers, small traders, night-market operators and home-based businesses, an increase in microfinancing facilities to RM6 billion from RM5 billion for 2026, a rise in the e-Invoice exemption threshold to RM3 million from RM1 million in annual turnover, and an expansion of the "AI For the People" programme to youth aged 18–30.

Bond Market Overview

US Treasury Yields

US Treasury Tenor	28-Aug-26 (%)	Net Change MoM (bps)	Net Change YTD (bps)
1Y	4.13	+9.5	+65.7
2Y	4.34	+5.2	+87.0
5Y	4.48	+3.0	+75.4
7Y	4.59	0.0	+65.0
10Y	4.72	-1.7	+55.1
20Y	5.20	-8.5	+41.1
30Y	5.21	-6.7	+36.2

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

US Treasury ("UST") yields rallied going into the month of August 2026 with falling oil prices resulting from the de-escalation of the Iran war and an unexpected 23,000 drop in the July 2026 NFP (Consensus: +80,000) figures, with downward revision in the June 2026 and May 2026 numbers by a total of 103,000 as well. The short-end of the curve maintained its rally going into mid-August 2026 on weaker retail sales data of a 0.6% drop (Consensus: +0.1%), lowering rate hike expectations, while the long-end yield rose on deficit financing concerns.

The long-end briefly rallied after the US Treasury announced plans to at least double the buy-back of 10-Year to 30-Year bonds, but the gains were reversed following rising oil prices and buoying inflation concerns. The month ended with a bearish flattening of the yield curve after Fed Chair Kevin Warsh reiterated his commitment to tame inflation at a speech at Jackson Hole and the market speculates over the possibilities of a possible cut by the US Treasury on sales of long-tenor bonds.

The 2Y UST yield went up 5.2bps to 4.34% and the 10Y UST yield fell 1.7bps to 4.72%.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	31-August-26	MoM	YTD
Asian Dollar Index	150.6	0.26%	0.25%
Asian Dollar IG Index	151.6	0.47%	-0.02%
Asian Dollar HY Index	148.1	1.19%	4.36%
Asian Dollar Corp Index (ex-banks)	153.6	0.33%	0.72%

Source: Bloomberg, 2 September 2026. Past performance is not indicative of future results.

The overall Asian Dollar Bond Index saw moderately positive performance in August 2026 driven by a mix of strong outperformance in the high yield space but weaker performance for the rest of the Asian Dollar Bond space. Asian Dollar High Yield Index outperformed sharply in August 2026, returning +1.19% MoM and extending its YTD led to +4.36% — consistent with the broader Emerging Market ("EM") carry trade narrative, where investors continued to favour higher-yielding assets. Meanwhile, the Asian Dollar IG Index lagged on a MoM basis (+0.47%) and is essentially flat YTD (-0.02%), reflecting headwinds from elevated US Treasury yields that were c.4.73% mid-month, and rate uncertainty in key markets.

Malaysian Bond Market

MGS Benchmark Tenors	28-Aug-26 (%)	Net Change MoM (bps)	Net Change YTD (bps)
3Y	3.42	6.9	32.9
5Y	3.61	10.1	31.2
7Y	3.82	16.3	42.9
10Y	3.91	15.7	37.9
15Y	4.07	11.2	27.1
20Y	4.20	21.2	34.8
30Y	4.26	13.6	28.2

Source: Bond Pricing Agency Malaysia, 28 Aug 2026. Past performance is not indicative of future results.

In August 2026, the Malaysian Government Securities ("MGS") saw yields increase across the board, led by the 20Y followed by the belly of the curve. This tracked the movement of core rates in the US as sentiment remained pessimistic over increased expectations of US Federal Reserve hiking rates in September 2026.

There were four sovereign bond and sukuk auctions totalling RM20 billion in August 2026 comprising of the reopening of a 5-year Malaysian Government Investment Issue ("MGII") (RM5.0 billion), followed by a 30-year MGS (RM5 billion), 7-year MGII (RM5 billion) and a 20-year MGS (RM5 billion).

The bid-to-cover ("BTC") ratio ranged between 1.63x to 2.40x, reflecting subdued demand in Malaysia Government bonds.

Meantime, foreign holdings of Ringgit bonds decreased by RM5.6 billion in July 2026, reversing the inflow of RM4.9 billion experienced in June 2026. This was most likely due to the widening of rates differential in the US Treasury and MGS motivating investors to shift funds into US fixed-income assets. This brought total foreign holdings down to RM304.2 billion from a previous month's foreign holdings' of RM309.8 billion.

Some notable domestic corporate issuances in August 2026 included RM1 billion of Gamuda Berhad (AA3), RM 1.68 billion of CIMB Islamic Bank Berhad (AAA), RM 300 million of SunREIT Bond Berhad (AA1), and RM 4.8 billion of Malayan Banking Berhad's (AA1). The 3-year, 5-year, 7-year and 10-year generic AAA corporate yield ended the month at 3.72% (+4bp MoM), 3.88% (+11bp MoM), 4.02% (+15bp MoM), 4.19% (+20bp MoM), respectively.

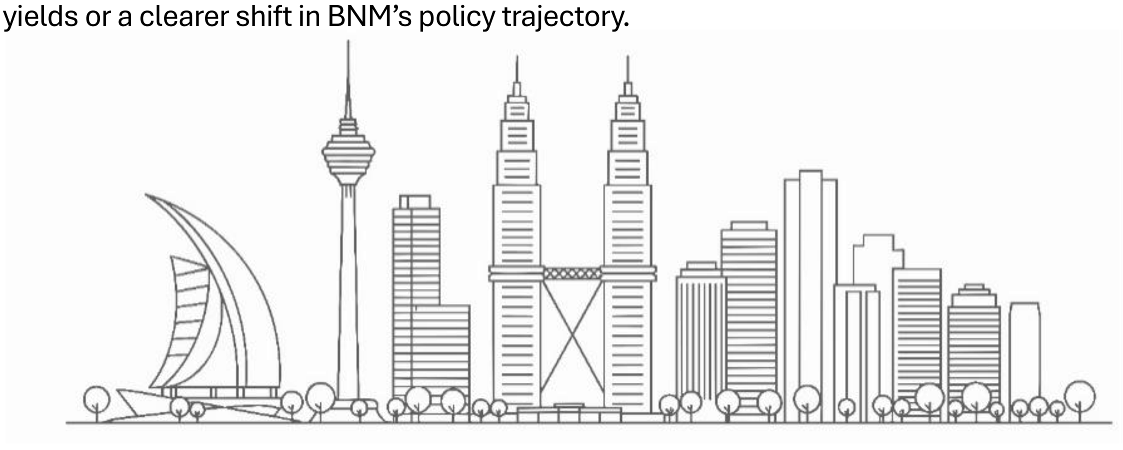
Market Outlook

Malaysia's macroeconomic backdrop remains broadly constructive heading into September 2026, supported by resilient domestic consumption, sustained investment activity and the continued implementation of public-sector development projects. Growth momentum remains firm, while inflation appears manageable. Nevertheless, the environment for Malaysian government bonds has become more challenging as external rate pressures and heavier domestic supply increasingly dominate near-term market direction.

The recent sell-off in MGS and GII has been driven primarily by the rise in US Treasury yields, which has reduced the relative appeal of duration across regional fixed-income markets. Higher global risk-free rates have also raised the hurdle for foreign participation and contributed to a broader repricing of term premia. At the same time, an increase in domestic bond supply has added pressure to the local market, particularly across the intermediate and longer ends of the yield curve.

Domestic monetary conditions also warrant close attention. Although BNM has maintained the OPR at 2.75%, elevated money-market rates suggest that financial conditions are less accommodative than the policy rate alone would indicate. With economic activity remaining resilient, there is limited urgency for BNM to shift towards monetary easing. Consequently, the local bond market is likely to remain sensitive to changes in global yields, primary issuance and domestic liquidity conditions.

Looking ahead, we expect market sentiment to remain cautious in the near term. The combination of elevated US Treasury yields, heavier sovereign bond supply and limited prospects for an immediate policy-easing catalyst is likely to keep MGS and GII yields under upward pressure. While Malaysia's stable macroeconomic fundamentals and institutional domestic demand should reduce the likelihood of a disorderly adjustment, a sustained bond-market rally will be difficult without a meaningful decline in global yields or a clearer shift in BNM's policy trajectory.



Investment Strategy

Against this backdrop, we are maintaining a defensive portfolio stance. We favour running shorter duration and raising liquidity to preserve flexibility amid elevated market volatility. Capital preservation and portfolio resilience take priority while the market continues to absorb higher global yields and increased domestic supply.

Within the curve, preference remains for short-dated and selected intermediate-maturity securities, where carry and roll-down opportunities can still be captured with lower exposure to duration and supply-related volatility. Longer-dated positions should remain limited and highly selective, given their greater sensitivity to movements in US Treasury yields.

Higher liquidity will allow portfolios to respond opportunistically should valuations improve further. However, we would require clearer evidence of stabilisation in US Treasury yields, better absorption of domestic issuance and a more supportive monetary-policy outlook before adding duration meaningfully.

In summary: Our strategy is to remain cautious, maintain a short-duration bias and hold higher liquidity. We will prioritize income and resilience over directional duration exposure, while retaining sufficient flexibility to redeploy capital when risk-reward conditions become more compelling.

Global Equities

Global Equity Index Performance

Indices	Index level	Aug-26	YTD
S&P 500 Index	7,711.76	2.62%	12.28%
Nasdaq Index	29,433.43	4.18%	16.66%
MSCI Europe Index	217.54	0.26%	10.07%

Source: Bloomberg, 31 August 2026. Past performance is not indicative of future results.

The Standard & Poor's ("S&P") 500 regained momentum in August 2026 after companies in the S&P delivered an outstanding set of second-quarter results. Aggregate earnings per share ("EPS") rose 53% YoY, while revenue increased nearly 16%, marking the strongest earnings growth for the index since 2021. The Magnificent Seven led the charge, reporting earnings growth of 118.5% in 2Q 2026. The headline figure was boosted by sizeable investment gains at Amazon and Alphabet. Even excluding these two companies, the group's earnings growth still came in at an impressive 43.2%, reflecting continued momentum in AI adoption and investment. Corporate results also received a boost from tariff refunds, which provided a meaningful one-off windfall during the quarter. At the same time, consumer spending remained resilient despite months of weak confidence surveys. Higher oil prices also supported earnings, with the energy sector recording revenue growth of 42.5% YoY, the strongest among all S&P 500 sectors.

The Morgan Stanley Capital International ("MSCI") Europe Index rose 0.26% MoM in August 2026, supported by improving economic activity across the euro area despite heightened volatility stemming from ongoing conflicts in the Middle East. Investor sentiment toward the Information Technology ("IT") and Industrial sectors improved as continued AI-related spending supported a positive outlook, while markets increasingly priced in a potential rate hike amid rising inflationary pressures ahead of the European Central Bank's ("ECB") September 2026 policy meeting.

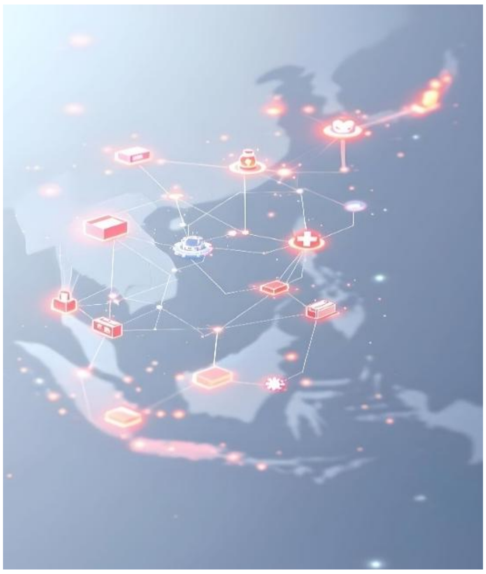
Asia Pacific Equity Index Performance

Index	Index level	Aug-26 (Local currency)	YTD (Local currency)
MSCI AC ASIA x JAPAN	1,138.52	3.16%	24.64%
FTSE ASEAN	1,060.80	2.08%	7.10%
CSI 300 INDEX	4,625.09	0.80%	-0.10%
KOSPI INDEX	6,820.02	3.40%	61.84%
HANG SENG INDEX	25,566.99	-1.23%	-0.25%
S&P BSE SENSEX INDEX	76,957.27	-1.46%	-9.70%
TAIWAN TAIEX INDEX	46,128.47	6.98%	59.26%

Source: Bloomberg, 31 August 2026. Past performance is not indicative of future results.

Chinese onshore equities rose as August 2026 marked a broad-based recovery in the A-share market, reversing the sharp style rotation and deleveraging seen in July 2026. Industrial production moderated to 4.5% YoY amid sluggish domestic demand, down from 5.3% YoY in June 2026, even as export performance stayed resilient supported by AI-linked supply chain shipments. Retail sales moderated to +0.6% YoY in July 2026 from +1.0% YoY in June 2026. Both CPI and PPI softened in July 2026. Headline CPI eased to 0.5% YoY in July 2026 from +1.0% YoY in June 2026 while PPI increased 3.5% YoY in July 2026 (+4.1% YoY in June 2026). Hang Seng Index declined MoM as markets contended with a tighter global liquidity narrative, rising long-end UST yields, hawkish remarks from Kevin Warsh at Jackson Hole, and an unfavourable positioning backdrop. Cross-border regulatory attention in August 2026 centred on the taxation of offshore trusts and HK insurance-related income. Southbound recorded HKD10b net inflows in August 2026 (vs. HKD63b net inflows in July 2026).

South Korea's Korea Composite Stock Price Inde ("KOSPI") recovered in August 2026 after a major correction in July 2026. The Bank of Korea raised rates 25bps (to 3.0%) for a second straight hike, in line with expectations. But calls to assess prior hikes, one hold dissent and a 3.25% six-month median rate projection suggest no urgent October 2026 hike. The baseline remains gradual tightening, with hikes expected in November 2026, February 2027 and May 2027 to a 3.75% terminal rate. Taiwan's TWSE index rose MoM after market correction in July 2026. Taiwan's July 2026 headline industrial production rose 2.9% MoM after 4.5% MoM jump in June 2026 which marked the sixth consecutive monthly increase. The strength was led by tech output (+3.4% MoM), with computers, electronic and optical products up 4.3% MoM and electronic parts and components rising 2.0% MoM.



India equities declined MoM pressured by rising crude oil prices linked to US-Iran tensions, persistent IT sector weakness led by Infosys and HCL Tech, and declines in heavyweights like Reliance, HDFC Bank, and Adani. Higher US Treasury yields further dampened emerging market sentiment throughout the month. 2Q 2026 GDP growth came in strong and above consensus at 7.8% YoY. Industrial production in July 2026 remained strong and above consensus in July 2026 at 6.7% YoY (+7.3% YoY in June 2026).

ASEAN Equity Index Performance

Index	Index level	Aug-26 (Local currency)	YTD (Local currency)
STRAITS TIMES INDEX STI	5,755.36	2.25%	23.87%
JAKARTA COMPOSITE INDEX	6,525.48	4.64%	-24.53%
STOCK EXCH OF THAI INDEX	1,595.16	-1.75%	26.63%
PSEi - PHILIPPINE SE IDX	5,956.33	-4.49%	-1.60%
HO CHI MINH STOCK INDEX	1,832.12	5.55%	2.67%
FTSE Bursa Malaysia KLCI	1,725.88	0.06%	2.72%

Source: Bloomberg, 31 August 2026. Past performance is not indicative of future results.

The Straits Times Index ("STI") continued to outperform most ASEAN markets in August 2026, gaining 2.25% and extending its year-to-date return to 23.87%. Investor sentiment remained supported by Singapore's resilient banking sector, strong corporate fundamentals and defensive market characteristics, which continued to attract investors seeking stability amid regional market volatility. Indonesia's Jakarta Composite Index ("JCI") rebounded strongly in August 2026, advancing 4.64%, making it one of the best-performing ASEAN markets during the month. Despite the recovery, the market remained deeply negative with a year-to-date loss of 24.53%, reflecting lingering concerns over economic growth, foreign fund outflows and currency weakness.

Thailand's Stock Exchange of Thailand ("SET") Index declined in August 2026, although it remained one of the strongest-performing ASEAN markets with a year-to-date gain of 26.63%. Investor sentiment was weighed down by profit-taking activities and continued weak Thai baht. Nevertheless, the market remained well supported by resilient domestic consumption, ongoing recovery in tourism activities and expectations of improving corporate earnings, helping to sustain confidence in Thailand's economic outlook. The Philippines' PSEi Index fell in August 2026, bringing its year-to-date return to -1.60%. Investor sentiment was affected by profit-taking activities and external market uncertainties. Additionally, Bangkok Sentral ng Pilipinas ("BSP") continued monetary tightening to address elevated inflation weighed on risk appetite, although resilient domestic consumption and banking sector fundamentals continued to provide support to the broader market.

Malaysian Equities

The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBMKLCI") gained 0.1% MoM in August 2026, bringing YTD gains to 2.7%.

Malaysia's mid-cap and small-cap indices declined 0.5% and gained 2.6% MoM respectively. Utilities and Construction were the best performing sectors, gaining 7.9% and 6.6% MoM respectively. On the other hand, REITs and Consumer were the worst performing sectors, with a loss of 3.8% and 1.6% respectively. The top three best performers in FBMKLCI component stocks were YTL Power (+37.6%), YTL Corp (+27.8%) and Sunway Healthcare (+9.8%), while the worst performing stocks were Mr DIY (−12.7%), Petronas Chemicals (−11.1%) and Axiata (−8.5%).

Prime Minister Anwar announced six measures to ease cost-of-living pressures of households and businesses, Among the key measures include: 1) restoring the Budi95/RON 95 eligibility to 300 litres from 200 litres for 16 million users. Also, raising the subsidised diesel quota to 400 litres for 500,000 eligible pickup truck and four-wheel owners; 2) raising the e-invoice exemption threshold to RM3 million in annual sales from RM1 million; 3) increasing microfinancing facilities by RM1 billion to RM6 billion in 2026; 4) allocating RM1 billion to improve digital infrastructure across public hospitals and clinics.

Foreign institutional investors turned net sellers of RM2.0 billion in August 2026, bringing YTD foreign outflows to RM4.5 billion. Local institutional investors were net buyers of RM1.6 billion equities. Average daily trading value was RM3.3 billion, gaining 38% MoM.

Malaysia's Development:

- The FBMKLCI is set to be expanded to 50 constituents in the benchmark index's upcoming December 2026 review. The 20 newly added constituents will be included at 50% of their final index weight in the review, according to a joint statement from Bursa Malaysia and the index provider FTSE Russell.
- YTL Power announced a strategic partnership with JLand Group to develop a new gigawatt-scale data centre campus at Sedenak Tech Park West (STeP West), Johor. Through its subsidiary SIPP Power, YTL will initially acquire about 145 acres, with the option to expand the site significantly. The Sedenak campus has planned capacity up to 1.2GW, complement the YTL Green Data Center Park in Kulai, with a combined capacity up to 2.4GW. Data Centres contributed 14% to YTL Power's FY26 pre-tax profit.
- ITMAX System Bhd secured Malaysian Communications and Multimedia Commission ("MCMC") approval for a RM134.3 million Kota Kinabalu Smart City communications infrastructure project.

Investment Strategy

We maintain our positive outlook on global equities due to the resilient corporate earnings growth. The technology sector remains underpinned by robust and sustained global demand for AI hardware due to the rapid advancement of AI technologies and increasing adoption of AI solutions across industries. We continue to favour exposure in AI/technology, China as a value/rotational play backed by broad-based earnings growth and Singapore due to its stability. However, inflationary pressure remains a concern due to the lingering conflict in the Straits of Hormuz and global central banks remain on a tightening bias. Tighter liquidity and elevated interest rates would pressure equity valuations.

For domestic equities, the recently concluded 2Q 2026 earnings season results were generally mixed, but companies exposed to AI, data centres and semiconductors delivered stronger outlooks than expected as management teams in these sectors remain optimistic about demand for AI infrastructure to remain robust. In addition, the implementation of the recently announced Value Up Program could act as another catalyst in the months ahead by encouraging companies to improve shareholder returns and corporate governance. Hence, we continue to be well invested into domestic centric and dividend-yielding stocks.

AmInvestment Bank Equity Research: Malaysia's equity market continues to be defined by a scarcity of credible alternatives, reinforcing the There Is No Alternative ("TINA") trade despite modest profit-taking in July 2026. While technology positioning eased 1.2 ppt MoM, we view this as a healthy consolidation rather than a shift in sentiment. Strong 2Q 2026 earnings from Tech, Mechanical, Electrical & Plumbing ("MEP") and power infrastructure contractors reaffirmed the structural AI and data centre investment theme, with incremental buying from insurers and Government-Linked Investment Companies ("GLICs"). Early investors in Tech remain reluctant sellers given the lack of compelling alternatives.

Outside Tech, investor interest has rotated selectively into Plantations and Consumer, although both appear to be tactical rather than structural allocations. Plantations have benefited from stronger Crude Palm Oil ("CPO") prices approaching RM5,000/tonne on El Niño-related supply concerns, with flows concentrated in larger, more liquid names. Meanwhile, Consumer is gaining attention ahead of Budget 2027, as expectations of further cost-of-living support measures, including a possible expansion of the SARA programme, could benefit value-oriented retailers.

Despite resilient earnings, traditional value sectors remain under-owned. Banks and Telcos continue to serve as the primary funding source for investors' overweight positions in Tech, resulting in portfolio weights that remain well below their FTSE Bursa Malaysia Top 100 Index ("FBM100") benchmarks. This persistent underweight leaves both sectors well positioned for a positioning-led rebound should market leadership broaden beyond AI, as fund managers would likely need to rebuild benchmark exposure.

AmInvestment Bank Equity Research Top Picks

Company	Call	TP	Price
CIMB Group Holdings Bhd	Buy	9.80	7.96
Hong Leong Bank Bhd	Buy	28.00	23.50
Hong Leong Financial Group Bhd	Buy	33.00	19.00
Greatech Technology Bhd	Buy	3.60	2.60
Keyfield International	Buy	1.76	1.40
VS Industry Bhd	Buy	0.70	0.225
Karex	Buy	0.60	0.485
Jati Tinggi	Buy	1.00	0.94

Source: AmInvestment Bank Equity Research, 28 August 2026.

AmWealth Group Wealth Management

The United States Dollar Index

The DXY index fell 0.8% MoM with most Group of Ten ("G10") currencies rallying against the USD in July 2026, reversing their earlier depreciation in June 2026. Broad-based USD weakness can be primarily attributed to the US Treasury's announcement that it will increase liquidity support for long-dated USTs, which will presumably be funded by larger issuances of short-dated bonds and bills. The Treasury's move raises the outlook for dollar liquidity in the global financial system, thereby reducing its value, while active intervention efforts to suppress yields also place pressure on the USD via higher risk premiums on fiscal dominance and via carry channels. Meanwhile, US data points presented traders with a mixed outlook. While July 2026 labour market readings (such as nonfarm payrolls), retail sales and University of Michigan consumer sentiment all pointed to a cooling economy, sticky headline and core PCE inflation at +3.7% and +3.3% YoY, respectively, suggest little room for lower Fed rates in the near term. Meanwhile, against a backdrop of hawkish Fed FOMC minutes (from its July 2026 meeting) and divergent assessments of the economic/inflation outlook among FOMC members, Fed Chairman Warsh reiterated his commitment to tame inflation at a speech at Jackson Hole.

Foreign Exchange - Ringgit

The MYR strengthened 1.5% vs. the USD in July 2026 – a performance comparable with regional peers (THB, SGD, IDR) for the month, suggesting that US-centric developments remain the primary driver of the Ringgit's performance. Nevertheless, domestic developments were plentiful. The final 2Q 2026 GDP reading was revised upward to 6.0% YoY (from a preliminary 5.8% YoY reading), with an upside surprise primarily driven by services. BNM later noted that growth has exceeded its estimates over the past three quarters, prompting it to adjust 2026 full-year growth forecast to around 5%. Headline inflation eased to 1.8% YoY in July 2026 (June 2026: 1.8%), though BNM also warned that Malaysian businesses are still absorbing a larger proportion of higher input costs rather than passing them on, which has helped to keep consumer inflation contained. While Prime Minister Anwar indicated that studies are underway for a more progressive and efficient taxation system, we do not expect a meaningful review in the coming Budget 2027, as Malaysia is already in the second half of its political cycle. Meanwhile, with the OPR expected to be kept unchanged at 2.75% for BNM's next Monetary Policy Committee ("MPC") meeting on 3 September 2026, the next major domestic catalyst would be the announcement of Budget 2027 on 9 October 2026.

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