

# *Monthly Wealth Digest*

Your Edge. Our Insights.

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 **AmWealth**

Group Wealth Management



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# MACRO OVERVIEW

The Organisation for Economic Co-operation and Development (“OECD”), in its latest Interim Economic Outlook, projected global Gross Domestic Product (“GDP”) growth of 2.9% in 2026 and 3.0% in 2027. While near-term global growth is expected to remain undermined by stronger price pressures, weaker real income growth and higher interest rates, robust Artificial Intelligence (“AI”) related investment and an assumed easing of energy prices in line with futures markets next year are anticipated to strengthen activity through 2027. Inflation forecasts have been revised higher to reflect persistently high commodity prices, prompting the OECD to suggest that some further, albeit modest, monetary policy tightening may still be needed.

Expectations of further rate hikes have been reinforced by the latest Purchasing Managers’ Index (“PMI”) data, which indicated a further improvement in economic activity across the United States of America (“US”), eurozone and China in September 2026. The US led the expansion in both manufacturing output and services activity, while recording the strongest employment growth in just over four years. Increasing AI-related investment, rising defence spending and a pick-up in consumer spending are cited as having helped drive the expansion, with the latter underscoring the resilience of demand despite higher energy prices.

Rising inflation expectations and renewed prospects of further rate hikes have pushed global bond yields higher, rekindling concerns over fiscal sustainability. The International Monetary Fund (“IMF”) has cautioned that higher debt-servicing costs could undermine efforts by developing and low-income economies to rein in their own debts. Budgetary strains could be exacerbated as many governments continue to provide support to shield households and businesses from elevated energy prices. These costs come on top of growing defence spending needs as trade and political uncertainty pose greater security risks.

## US

September 2026 proved to be a month of shifting market narratives, as central bank hawkishness collided with emerging signs of disinflation and labour market moderation.

In the US, the Federal Reserve (“Fed”) raised the federal funds rate by 25 basis points (“bps”) to 3.75%–4.00% at its 15–16 September 2026 meeting, marking its first rate increase since 2023 and signalling a renewed focus on returning inflation to target. The accompanying Summary of Economic Projections carried a distinctly hawkish tone, with 16 of 18 policymakers anticipating at least one additional rate hike before year-end 2026, implying a terminal policy rate of 4.00%–4.25%.

Market expectations initially aligned with the Fed’s guidance. Following the September 2026 meeting, Chicago Mercantile Exchange (“CME”) Group’s FedWatch futures markets implied more than a 70% probability of another 25bps increase at the 28 October 2026 Federal Open Market Committee (“FOMC”) meeting. However, that conviction weakened considerably as subsequent data releases suggested easing inflationary pressures and a cooling labour market. By month-end September 2026, market-implied odds of an October 2026 hike had declined to just 22.1%.

Inflation data released in the final week of September 2026 suggested that price pressures could be moderating. Headline Personal Consumption Expenditures (“PCE”) inflation slowed to 3.4% year-on-year (“YoY”) in August 2026 from 3.7% previously, while core PCE, the Fed’s preferred inflation measure, decelerated more sharply to 3.0% from 3.3%. Both readings undershot consensus expectations and added to evidence that disinflation could be intact. While inflation remains above the Fed’s 2% target, the pace of improvement has reduced the urgency for additional near-term tightening.

Labour market indicators subsequently strengthened the case for policy patience. Non-Farm Payroll (“NFP”) growth slowed markedly to 29,000 in September 2026 from a revised 133,000 in August 2026, well below market expectations. The unemployment rate edged higher to 4.2%, reflecting a rise in labour force participation, while wage growth moderated to 3.1% YoY. Taken together, the data points to a labour market that is gradually rebalancing, easing concerns that persistent wage pressures could impede the inflation normalisation process.

## Eurozone

In Europe, the European Central Bank (“ECB”) continued its tightening cycle, raising all three key policy rates by 25bps at its 10 September 2026 meeting. The move marked the ECB’s second rate increase since June 2026 and followed a pause in July 2026. Policymakers accompanied the decision with upward revisions to both inflation and growth forecasts, reflecting expectations that the inflation shock will prove more persistent than previously anticipated. Headline and core inflation projections for 2027 and 2028 were revised higher, while the 2027 growth outlook was also upgraded.

Although ECB President Christine Lagarde reiterated the Governing Council’s data-dependent and meeting-by-meeting approach, markets interpreted the revised macroeconomic projections as a hawkish signal. The combination of more resilient growth expectations and a slower expected return of inflation to target suggests that policy rates in the Eurozone are likely to remain restrictive for longer, even as global growth momentum continues to moderate.

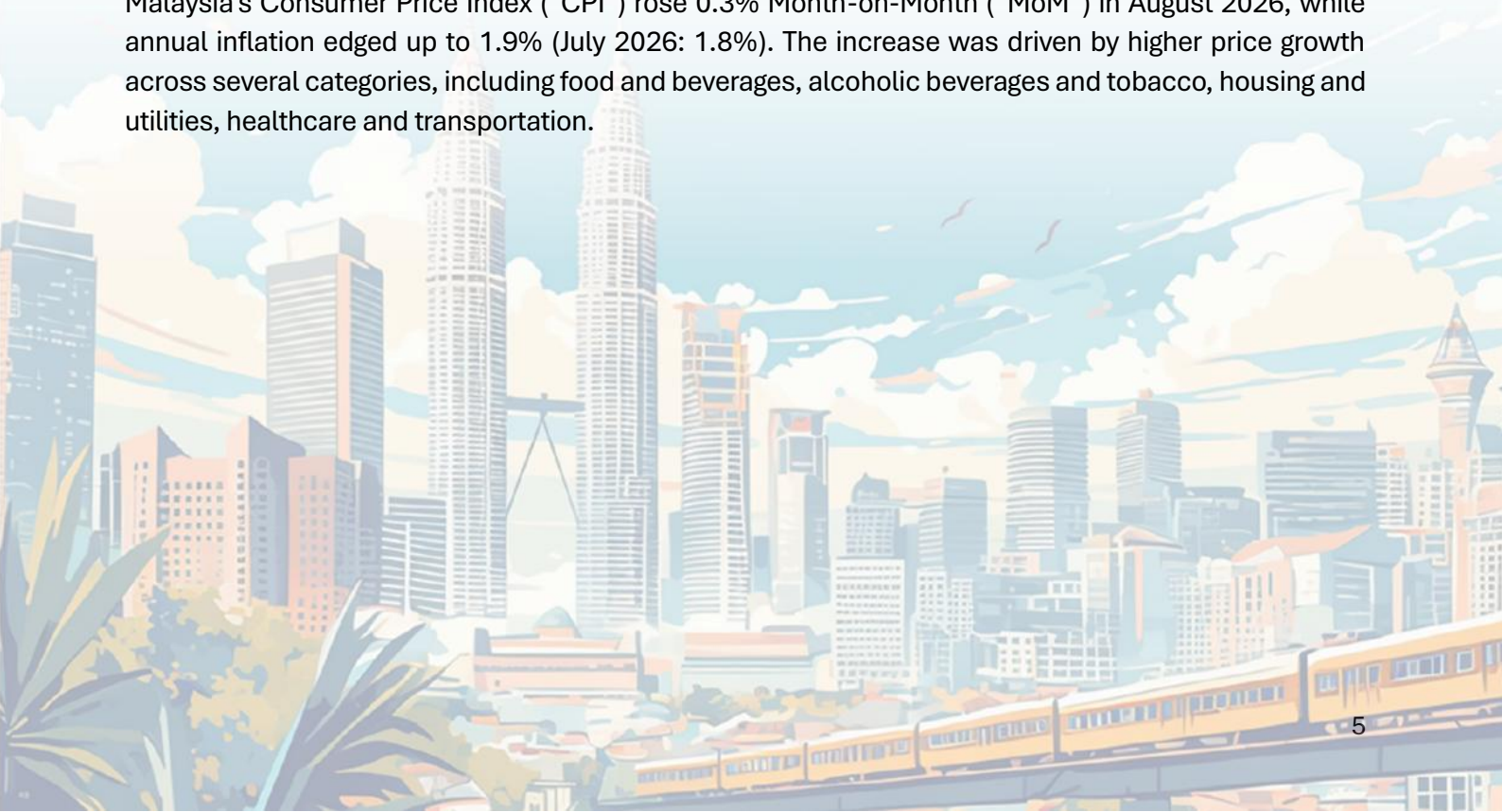
## Malaysia

Standard & Poor's ("S&P") Global Ratings reaffirmed Malaysia's A- sovereign credit rating with a stable outlook in September 2026, underscoring confidence in the country's resilient economic fundamentals, ongoing fiscal consolidation and credible policy framework. The rating agency projects Malaysia's economy to expand by 5.5% in 2026, supported by robust Electrical and Electronics ("E&E") exports, AI-driven investments, higher energy exports and sustained domestic demand. However, downside risks stem from escalating geopolitical tensions, global trade uncertainties and potential supply-side disruptions that could dampen growth momentum. Persistently elevated oil prices may also increase subsidy obligations and constrain fiscal consolidation efforts, while rising private-sector external borrowings could heighten external vulnerabilities. Nonetheless, the stable outlook reflects S&P's view that Malaysia's growth trajectory and policy settings remain supportive of macroeconomic and fiscal stability over the medium term.

In September 2026, Bank Negara Malaysia maintained the Overnight Policy Rate ("OPR") at 2.75% for the seventh consecutive Monetary Policy Committee ("MPC") meeting. MPC considers the monetary policy stance to be consistent with the outlook of continued price stability and sustained economic growth. Economic activity moderated, with Malaysia's industrial production growth easing to 4.7% YoY in July 2026 (June 2026: 6.5%), moderating primarily due to slower growth in the manufacturing sector. Indeed, manufacturing sentiment softened, with the S&P Global Manufacturing Malaysia PMI slipping into contraction territory to 49.9 in September 2026 (August 2026: 50.2), reflecting weaker overall new orders despite continued growth in export demand.

Retail sales also softened slightly to 6.4% YoY (June 2026: 6.6%), reflecting slower growth across several categories, including automotive fuel, information and communication equipment, household equipment, food and beverages and recreational goods. Meanwhile, the unemployment rate remained stable at 3.0% in July 2026, although the number of unemployed persons edged higher to 520.3k (June 2026: 517.8k). Despite signs of softness in the labour market, the services sector remained the key contributor to overall employment growth.

Malaysia's Consumer Price Index ("CPI") rose 0.3% Month-on-Month ("MoM") in August 2026, while annual inflation edged up to 1.9% (July 2026: 1.8%). The increase was driven by higher price growth across several categories, including food and beverages, alcoholic beverages and tobacco, housing and utilities, healthcare and transportation.



Meanwhile, Malaysia's external trade performance remained robust in August 2026, with total trade expanding by 43.4% YoY (July: 37.2%) to RM354.0 billion (July 2026: RM364.6 billion), supported by strong growth in both exports and imports. Exports surged by 45.5% (July 2026: 38.0%) to RM191.0 billion (July 2026: RM194.0 billion), driven largely by higher shipments of E&E products (August 2026: 66.5%, RM92.5 billion vs. July 2026: 51.0%, RM95.7 billion), while imports rose by 41.1% (July 2026: 36.3%) to RM163.0 billion (July 2026: RM171.0 billion) amid increased demand for intermediate and capital goods. As a result, the trade surplus widened significantly by 77.1% (July 2026: 52.4%) to RM28.1 billion (July 2026: RM22.5 billion), marking the 76th consecutive month of trade surplus since May 2020. On a cumulative basis, total trade grew by 27.0% in 8M2026 (8M2025: 3.9%), with exports and imports rising by 31.2% (8M2025: 4.1%) and 22.4% (8M2025: 3.7%), respectively. We believe the continued strength in trade activity underscores resilient external demand and will remain a key support for Malaysia's economic growth outlook in 2026.



# FIXED INCOME

## Bond Market Overview

### US Treasury Yields

| US Treasury Tenor | 30-September-2026 (%) | Net Change Month-on-Month ("MoM") (bps) | Net Change Year-to-Date ("YTD") (bps) |
|-------------------|-----------------------|-----------------------------------------|---------------------------------------|
| 1Y                | 4.54                  | +39.8                                   | +106.8                                |
| 2Y                | 4.89                  | +54.6                                   | +141.4                                |
| 5Y                | 5.09                  | +58.6                                   | +136.1                                |
| 7Y                | 5.19                  | +57.4                                   | +124.9                                |
| 10Y               | 5.28                  | +53.5                                   | +111.8                                |
| 20Y               | 5.67                  | +43                                     | +87.9                                 |
| 30Y               | 5.63                  | +38.6                                   | +78.5                                 |

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

US Treasury ("UST") yields rose going into the month of September 2026 on the back of better-than-expected August 2026 NFP of +162,000 (Consensus: +55,000), which reinforced market expectations of a Fed rate hike in September 2026. Yields shot up further going into mid-month as the first Treasury buyback operation announced purchase of just USD5.19 billion of 10Y-20Y bonds, lower than the USD6 billion maximum limit. A surge in oil price to above USD100 and +3.4% in US CPI for August 2026 worked further to push up the 10Y UST yield by 15bps to 4.97% and the 30Y to 5.35%.

The Fed raised the Federal Funds Rate by 25bps to 3.75%-4.00% at its September 2026 FOMC meeting, in line with expectations. Treasury yields initially declined as investors interpreted the policy decision and accompanying statement as less hawkish than anticipated. However, these gains were short-lived. The US Treasury market subsequently sold off on renewed inflation concerns, driven by elevated oil prices, the breakdown of Iran negotiations and stronger-than-expected US PMI data. Manufacturing PMI rose to 57.0 (August 2026: 53.3), while Services PMI increased to 58.7 (August 2026: 56.5), reinforcing expectations that interest rates may remain higher for longer. As a result, Treasury yields resumed their climb, with the 30Y yield breaking above 5.53% and the 10Y yield rising past 5.22%.

The 2Y UST yield ended September 2026 at 4.89% and the 10Y UST yield rose to 5.28%. 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 more in 2026.

### Asian Bond Indices Performance

| Markit Asian USD Index             | 30-September-26 | MoM    | YTD    |
|------------------------------------|-----------------|--------|--------|
| Asian Dollar Index                 | 147.5           | -2.08% | -1.84% |
| Asian Dollar IG Index              | 148.4           | -2.12% | -2.14% |
| Asian Dollar HY Index              | 146.3           | -1.22% | 3.09%  |
| Asian Dollar Corp Index (ex-banks) | 150.9           | -1.76% | -1.05% |

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

The overall Asian Dollar Bond Index declined in tandem with the US bond market selloff in September 2026, falling 2.08% MoM. The Investment Grade (“IG”) Index recorded the largest decline at 2.12% MoM, reflecting its longer duration profile and greater sensitivity to rising yields.

Meanwhile, the High Yield (“HY”) Index outperformed, declining by a comparatively smaller 1.22% MoM. This was largely attributable to its shorter duration composition, which made it less vulnerable to the sharp rise in US Treasury yields compared to the longer-duration IG segment.

### Malaysian Bond Market

| MGS Benchmark Tenors | 30-September-26 (%) | Net Change MoM (bps) | Net Change YTD (bps) |
|----------------------|---------------------|----------------------|----------------------|
| 3Y                   | 3.56                | 13.6                 | 46.5                 |
| 5Y                   | 3.81                | 20.2                 | 51.4                 |
| 7Y                   | 4.02                | 19.6                 | 62.5                 |
| 10Y                  | 4.10                | 19.0                 | 56.9                 |
| 15Y                  | 4.21                | 14.6                 | 41.7                 |
| 20Y                  | 4.31                | 10.9                 | 45.7                 |
| 30Y                  | 4.42                | 15.4                 | 43.6                 |

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

In September 2026, Malaysian Government Securities (“MGS”) yields moved higher across the curve, with the largest increase seen in the belly segment (5Y-10Y). This mirrored developments in the US Treasury market, where the Fed delivered a widely anticipated 25bps rate hike. Fed Chairman Warsh characterised the move as a “removal of accommodation” rather than an active tightening of policy, with the objective of achieving a timelier decline in inflation.

There were three sovereign bond and sukuk auctions totalling RM15 billion in September 2026 comprising the reopening of a 10-year Malaysian Government Investment Issue (“MGII”) (RM5.0 billion), followed by a 7-year MGS (RM5 billion) and a 30-year MGII (RM5 billion out of which RM2 billion was privately placed).

The bid-to-cover (“BTC”) ratio was healthy, ranging between 2.01x to 2.29x, reflecting renewed demand in Malaysian Government bonds amid higher yields.

Meantime, foreign holdings of Ringgit bonds rebounded by RM15.9 billion in August 2026, reversing the outflow of RM5.6 billion experienced in July 2026. This is attributed to foreigners quickly shifting stance amid weakness in developed market bonds. This brought total foreign holdings up to RM320.1 billion from a previous month’s foreign holdings of RM304.2 billion.

Some notable domestic corporate issuances in September 2026 included RM2.5 billion of Maybank AT1 (AA3), RM1.2 billion of Malaysian Rail Link (GG), RM1.875 billion of PTPTN (GG), and pricing of RM625 millions of Pengurusan Air Selangor Sdn. Bhd. (AAA). The 3-year, 5-year, 7-year and 10-year generic AAA corporate yield ended the month at 4.13% (+41bp MoM), 4.28% (+40bp MoM), 4.42% (+40bp MoM), 4.50% (+31bp MoM), respectively.

## Market Outlook

Volatility is likely to persist in October as MGS and GII remain exposed to sharp moves in US Treasury yields and expectations of further US rate hikes. The Fed raised its policy-rate target to 3.75%–4.00% in September, reinforcing the risk that global yields remain elevated.

Locally, investors have largely stayed on the sidelines during the sell-off. Market liquidity can dry up quickly when risk appetite weakens, amplifying price movements even in the absence of a material change in Malaysia’s underlying fundamentals. Bank Negara Malaysia’s decision to hold the OPR at 2.75% provides policy stability, but it does not, on its own, insulate the bond market from external rate pressure.

That said, we are beginning to see signs of stabilization. In our view, the recent repricing has brought yields closer to a cyclical bottom in bond prices, although it is too early to call an all-clear. We expect a choppy recovery rather than a sustained rally; renewed US Treasury volatility or weak absorption of local supply could still test market confidence. The key distinction is that valuations are becoming more attractive, even as near-term trading conditions remain fragile.



## Investment Strategy

We will maintain a cautious stance, but we believe it is now appropriate to look selectively for bargains rather than remain entirely on the sidelines. Our preference is for bonds with less than 7 years to maturity, where we see a more balanced opportunity to capture income and potential price recovery without taking excessive long-end duration risk.

Portfolio duration will remain short, with liquidity preserved to take advantage of further market dislocation. We will add positions gradually, focusing on securities whose yields adequately compensate for liquidity and interest-rate risk, rather than pursuing duration simply because prices have fallen. Longer-dated MGS and GII will remain a lower priority until US Treasury yields show more durable stability and local market depth improves.

In short, we believe the worst of the repricing may be behind us, but the path to recovery is unlikely to be smooth. Our approach is to stay defensive in overall duration while using periods of weakness to build selective sub-seven-year exposure at more compelling valuations.



## Global Equities

### Global Equity Index Performance

| Indices           | Index level | September 2026 | YTD    |
|-------------------|-------------|----------------|--------|
| S&P 500 Index     | 7,651.54    | -0.45%         | 11.73% |
| Nasdaq Index      | 30,408.50   | 3.23%          | 20.43% |
| MSCI Europe Index | 212.18      | -2.46%         | 7.36%  |

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

The S&P 500 traded largely sideways in September 2026 as the conflict in the Middle East reignited concerns over sticky inflation, driving risk-free rates higher and keeping them near multi-decade highs. Despite growing discussion around “pacing the frontier” among leading AI labs, the AI trade continued to advance, supported by the successful launch of Meta’s Muse AI, which sparked a fresh re-rating across the agentic AI value chain. While AI-related momentum remains robust, resistance to large-scale data centre expansion in the US is becoming increasingly pronounced. Public opposition to new data centre developments has turned into a politically sensitive issue, creating additional hurdles for operators seeking to build out capacity. Oracle’s recent invocation of Force Majeure may be an early indication of the execution challenges confronting the sector as developers grapple with power, permitting and infrastructure constraints. Importantly, the AI investment thesis continues to be constrained by supply rather than demand, as the pace of deployment is increasingly dictated by the industry’s ability to scale compute capacity.

The Morgan Stanley Capital International (“MSCI”) Europe Index declined 2.46% MoM in September 2026, despite continued signs of improving economic activity across the region. Market sentiment was pressured by heightened volatility arising from the ongoing conflicts in the Middle East, which reignited concerns over a potential resurgence in inflation and pushed sovereign bond yields higher.

The resulting repricing of risk-free rates weighed on equity valuations, particularly growth stocks, as investors reassessed the outlook for monetary policy and discount rates.

### Asia Pacific Equity Index Performance

| Index                | Index level | September 2026<br>(Local currency) | YTD<br>(Local currency) |
|----------------------|-------------|------------------------------------|-------------------------|
| MSCI AC ASIA x JAPAN | 1,131.81    | -0.59%                             | 23.91%                  |
| FTSE ASEAN           | 1,022.49    | -3.61%                             | 3.23%                   |
| CSI 300 INDEX        | 4,357.62    | -5.78%                             | -5.88%                  |
| KOSPI INDEX          | 6,838.04    | 0.26%                              | 62.26%                  |
| HANG SENG INDEX      | 24,613.27   | -3.73%                             | -3.97%                  |
| S&P BSE SENSEX INDEX | 72,480.29   | -5.82%                             | -14.95%                 |
| TAIWAN TAIEX INDEX   | 47,940.13   | 3.93%                              | 65.52%                  |

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

Chinese onshore equities declined in September 2026, reversing the rebound in August 2026 amid concerns over G3 policy tightening and softening domestic demand. Retail sales moderated to +0.4% YoY in August 2026 from +0.6% YoY in July 2026. Both CPI and Producer Price Index (“PPI”) increased in August 2026. Headline CPI stabilized at 0.8% YoY in August 2026 from 0.5% YoY in July 2026 while PPI increased 3.8% YoY in August 2026 (+3.5% YoY in July 2026) driven by higher oil, chemicals, non-ferrous metals and coal related prices. Hang Seng Index declined MoM amid a restrictive Fed backdrop, escalating tech trade frictions, and persistent domestic weakness. Notably, China AI stocks failed to participate in the US AI rally, marking a departure from the earlier pattern. Investor sentiment was weighed down by concerns over potential US restrictions on China's optical transceiver exports, a more cautious second-half 2026 earnings expectations for localization players, and still-unfavourable positioning following the July 2026 sell-off. Southbound recorded HKD61 billion inflows in September 2026 (vs. HKD10 billion net inflows in August 2026).

South Korea's KOSPI further rebounded in September 2026 after a major correction in July 2026. This leaves the KOSPI still about 25% below the June 2026 highs. Korea's industrial production fell 4.8% MoM in August 2026, mainly due to a temporary, technical adjustment in autos, after strong gains in June 2026 and July 2026. Taiwan's TWSE index rose MoM amid continued strength in the tech rally. Taiwan's August 2026 industrial production came in softer than expected, falling 1.1% MoM and snapping a 6-month streak of gains. The weakness was concentrated in the tech industrial production segment, particularly computers, electronics and optical products, although the underlying trend remained solid.

India equities declined MoM pressured by rising crude oil prices linked to US-Iran tensions, and higher US Treasury yields. Foreign investors remain broadly underweight India (with foreign institutional investors ownership at a c.15-year low), but a shift back to neutral positioning could imply substantial potential inflows if sentiment improves. Industrial production in August 2026 beat expectations at 8% YoY (+7.4% YoY in July 2026).

## ASEAN Equity Index Performance

| Index                    | Index level | September-2026<br>(Local currency) | YTD<br>(Local currency) |
|--------------------------|-------------|------------------------------------|-------------------------|
| STRAITS TIMES INDEX      | 5,675.88    | -1.38%                             | 22.16%                  |
| JAKARTA COMPOSITE INDEX  | 6,071.14    | -6.96%                             | -29.79%                 |
| STOCK EXCH OF THAI INDEX | 1,559.01    | -2.27%                             | 23.76%                  |
| PSEi - PHILIPPINE SE IDX | 5,679.48    | -4.65%                             | -6.17%                  |
| HO CHI MINH STOCK INDEX  | 1,768.62    | -3.47%                             | -0.89%                  |
| FTSE Bursa Malaysia KLCI | 1,651.17    | -4.33%                             | -1.72%                  |

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

Singapore's Straits Times Index ("STI") eased 1.38% in September 2026 but remained one of the region's strongest-performing markets with a YTD gain of 22.16%. Investor sentiment continued to be supported by the resilience of Singapore's banking sector, healthy corporate earnings and the market's defensive characteristics.



Thailand's Stock Exchange of Thailand ("SET") Index declined 2.27% in September 2026, trimming its YTD return to 23.76%. Market sentiment was weighed by profit-taking activities and continued weakness in the Thai baht. Nevertheless, the market remained supported by resilient domestic consumption, recovering tourism activity and expectations of improving corporate earnings, which continued to underpin confidence in Thailand's medium-term economic outlook.

Indonesia's Jakarta Composite Index ("JCI") weakened significantly in September 2026, falling 6.96%. The decline brought its YTD loss to 29.79%, making it one of the weakest-performing ASEAN markets in 2026. Investor sentiment remained challenged by concerns over economic growth, persistent foreign fund outflows and currency weakness. Despite these headwinds, valuations have become increasingly attractive, which

could support selective bargain-hunting should macroeconomic conditions stabilize.

## Malaysian Equities

The FTSE Bursa Malaysia KLCI (“FBM KLCI”) declined 4.3% MoM in September 2026 (YTD: -1.7%).

Malaysia’s mid-cap and small-cap indices declined 2.6% and 1.0% MoM, respectively. Energy and Construction were the best performing sectors, gaining 8.6% and 7.1% MoM, respectively. On the other hand, Property and Consumer were the worst performing sectors, with a loss of 7.5% and 6.5%, respectively. The top three best performers in KLCI component stocks were Gamuda (+14.9%), Telekom (+3.8%) and YTL Power (+2.8%), while the worst performing stocks were IOI Properties (-14.6%), Sunway (-13.8%) and RHB Bank (-13.6%).

King Sultan Ibrahim Iskandar granted former Prime Minister Najib Razak house arrest for the remainder of his jail term, conditional on payment of a MYR 50 million fine tied to his 1Malaysia Development Berhad (“1MDB”) sentence. The decision triggered immediate political fallout. Transport Minister Anthony Loke announced his resignation from cabinet in protest. United Malays National Organisation (“UMNO”) President Dato’ Seri Ahmad Zahid Hamidi, who is also Deputy Prime Minister, called for the 16th general election to be expedited during his presidential address at the UMNO general assembly.

Foreign institutional investors were net sellers of RM1.7 billion in September 2026, bringing YTD foreign outflows to RM6.2 billion. Local institutional investors were net buyers of RM0.2 billion in equities. Average daily trading value was RM3.3 billion, flattish MoM.

### Malaysia’s Development:

- The largest Merger & Acquisition (“M&A”) deal in September 2026 was a proposed cash transaction valued at c. MYR529.6 million involving Insas and Inari. The stake, comprising 218.05 million shares in the Outsourced Semiconductor Assembly and Test provider (“OSAT”), is to be sold in the open market or via direct business transactions to third-party buyers yet to be identified over a 12-month period. Insas expects the shares to be priced at no more than a 10% discount to the five-day volume-weighted average market price (“VWAP”) of Inari Amertron shares immediately preceding the transaction date.
- UMS Integration is seeking to raise up to RM450m through a placement for projects in Penang and expansion in Vietnam and Singapore.
- Kelington Group won a RM172 million engineering and early-stage infrastructure job in Kuching and a provisional RM1.83 billion contract, its largest ever.

## Investment Strategy

We remain constructive on global equities heading into the fourth quarter of 2026, although investors should expect greater market volatility and wider dispersion of returns. The outlook is underpinned by still-positive global economic growth, stronger-than-expected corporate earnings, continued early-stage investment in AI infrastructure and generally reasonable valuations outside a handful of US mega-cap technology stocks. Nonetheless, risks remain, including potential Fed rate hikes, elevated bond yields, geopolitical tensions affecting energy markets, increasingly crowded positioning in AI-related stocks and the possibility that AI commercialisation progresses more slowly than anticipated. In the US, investors should focus on high-quality technology, semiconductor and digital infrastructure leaders with strong balance sheets, sustainable cash flows and proven AI revenue streams, while also finding opportunities in power infrastructure, electrical equipment, financials and healthcare. In Asia, South

Korea and Taiwan remain key beneficiaries of AI-related demand, particularly in semiconductors and advanced packaging. Chinese equities offer a compelling value and rotation opportunity supported by improving earnings, pro-growth policy measures and investment in infrastructure, AI and industrial upgrading, while healthcare provides diversification. Within ASEAN, Singapore remains the preferred market due to its strong banking sector, attractive dividends and defensive qualities. Thailand continues to benefit from tourism recovery, while Indonesia, despite a recent rebound and attractive valuations, remains more tactical given ongoing concerns over currency stability, foreign flows and inflation.

Domestically, resilient economic growth, technology-driven exports and continued institutional support underpin a constructive market outlook with the domestic market continuing to offer attractive opportunities relative to its ASEAN peers. While positioning defensively, we continue to favour AI and Data Centre-related plays, with periods of investor caution providing bargain-hunting opportunities to build positions within the preferred sectors. Meanwhile, higher bond yields may create headwinds for dividend-yielding sectors as higher yields reduce their relative income appeal. For Real Estate Investment Trusts (“REITs”), valuations become increasingly important and need to factor in the current environment with rates being higher for longer.

**AmInvestment Bank Equity Research:** Rising US Treasury yields are raising the hurdle for growth stocks, while year-end fund raising and profit-taking could limit liquidity. Budget 2027 and a potential minimum wage hike may add pressure on labour-intensive sectors. Overall, we expect the market to remain range-bound into year-end 2026.

Domestic institutional cash levels have fallen to 6.6% of Assets Under Management (“AUM”), with upcoming placements and Initial Price Offerings (“IPOs”) expected to absorb another RM6–7 billion of liquidity. At the same time, fund managers are likely to turn more defensive after a strong year, particularly those with meaningful gains in Tech and Industrials, reducing appetite to deploy fresh capital.

The US 10-year Treasury yield has risen to 5.3%, reducing valuations for long-duration growth stocks. In contrast, commodities typically perform better in such an environment. We see scope to revisit plantations, as a prolonged Super El Niño could tighten palm oil supply and support Crude Palm Oil (“CPO”) prices. Current sector valuations also imply a CPO price below our forecast (end-2026: 4,400; 2027: 4,800), leaving room for upside.

We expect Budget 2027 to focus on targeted cost-of-living measures and infrastructure spending despite tighter fiscal conditions. Consumer names remain beneficiaries of continued cash assistance. However, a potential minimum wage review could create margin pressure for labour-intensive businesses, even as it supports household spending.

#### AmlInvestment Bank Equity Research Top Picks

| Company                        | Call | TP    | Price |
|--------------------------------|------|-------|-------|
| CIMB Group Holdings Bhd        | Buy  | 9.80  | 7.79  |
| Hong Leong Bank Bhd            | Buy  | 28.00 | 23.14 |
| Hong Leong Financial Group Bhd | Buy  | 33.00 | 18.74 |
| Greatech Technology Bhd        | Buy  | 3.60  | 2.55  |
| Keyfield International         | Buy  | 1.76  | 1.37  |
| VS Industry Bhd                | Buy  | 0.70  | 0.28  |
| Karex                          | Buy  | 0.60  | 0.44  |
| Jati Tinggi                    | Buy  | 2.00  | 1.39  |

Source: AmlInvestment Bank Equity Research, 30 September 2026.



# FOREIGN EXCHANGE



## The United States Dollar Index

The US Dollar Index (“DXY”) climbed 2% MoM in September 2026, with broad-based USD strength seen vs all Group of Ten (“G10”) currencies during the month. Markets consolidated positions amid persistently hawkish messaging from the Fed, even after the recent Fed FOMC meeting, which saw an unexpected unanimous vote by members agreeing for its first Fed Funds Rate hike in three years, to a 3.75-4.00% range. Fed Chairman Warsh’s acknowledgement of inflation risks also supported the greenback, which is a further catalyst for the USD, given earlier sentiment that Warsh may be a holdout in support of Trump’s preference for a slower hiking cycle. With energy prices now at elevated levels while prospects of a successful US-Iran dialogue look slim, this had also further supported the USD via hawkish Fed expectations as well as a stronger energy trade surplus for the US. While we think economic conditions are rife for both the US and Iran to seek de-escalations in the current juncture, US political distractions (ahead of US mid-term elections) may mean a deal would be reached later, rather than sooner.

## Foreign Exchange - Ringgit

The MYR weakened 1.4% MoM against the USD, underperforming most of its Asian cohort but by only a mild margin. Ringgit weaknesses during the month came amid a sharp rise in UST yields and USD strength in September 2026, piling pressure on all other currencies as well. A strengthening of the JPY amid a likely exit of Japanese investor funds from local bonds, as well as a slightly hawkish BNM MPC meeting were also bearish factors for the Ringgit. While the OPR was kept unchanged at 2.75% as expected, the statement leaned slightly more cautious on the inflation outlook, even as it reaffirmed its revised 2026 YoY growth projections of around 5%. Key on investors' radar ahead is the tabling of Budget 2027 on 9 October 2026, ahead of other US-centric developments in the coming months.

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