QUARTERLY MARKET INSIGHTS

Quarter 1, 2025

Source: Bloomberg, RHBAM, December 2024
Note: The opinions expressed are as of date and are subject to change at any time due to changes in market or economic conditions. Any performance information shown refers to the past and should not be seen as an indication of future returns. This is not intended to be relied upon as a forecast, research or investment advice and is not a recommendation, offer or solicitation to buy or sell any investments or to adopt any investment strategy.

Global Equity Market Review and Outlook

Global equity performance, as measured by the MSCI All Country World Index, gained by +3.6% during November 2024. United States ("US") equities reported a gain of 6.1%, Europe lost -1.8% and Japan gained +0.6% in US Dollar ("USD") terms during the period. Asia Pacific ex-Japan ("APAC") lost -2.4% (in USD terms), with only Singapore and Australia registering gain of 7.4% and 3.0% respectively. Detractors are the Philippines (-8.2%), Indonesia (-8.0%), Korea (-5.7%) and Thailand (-4.5%) in USD terms.

The second Trump administration is expected bring about higher tariffs, lower immigration, fresh tax cuts, and regulatory easing. If so, the US economy should grow 2.5% in 2025, outperforming other developed economies for the third year in a row. The fundamental dollar uptrend remained intact as the US economy is in a sweet spot. With President-elect Trump likely to follow through with his plans to enact tariffs after his inauguration on 20 January 2025, we expect that inflationary impulses will keep the Federal Reserve ("Fed") from cutting rates as much as they otherwise would have, which should boost the strength of the USD. The Trump Administration is in a position to deliver on its promise to slash taxes and restrict immigration, for at least the next two years until the 2026 midterm elections. Expectations of a lower corporate tax rate and a wave of deregulation should boost foreign portfolios and Foreign Direct Investment ("FDI") flows to the US and lift growth. But before any tax cuts take effect, the tariff/immigration impacts (which would raise domestic costs) risk a growth-inflation trade-off. The looser fiscal policy and limited Fed easing room bodes well for a stronger dollar. However, the biggest risk is a large across-the-board tariff, which could likely hurt global growth.

The Fed delivered a hawkish rate cut in its December 2024 meeting and reduced the funds rate 25 basis points ("bps") to 4.25%-4.50% (widely expected) but signaled a slower pace of easing. The Federal Open Market Committee ("FOMC") raised the projected policy path with 2025 median Dots increased to 3.875% (consensus 3.625%) vs 3.375% in September 2024, implying 50bps cuts (previously 100bps) next year and the longer run median Dots increased to 3.00% vs 2.875% in September 2024, matching consensus. The decision to cut rates was not unanimous as Cleveland Fed president Beth Hammack dissented in favor of keeping rates on hold. In fact, Fed Chair Jay Powell confirmed during the press conference that the decision to cut rates "was a closer call." Powell emphasized the FOMC can be "more cautious as we consider further adjustments to our policy rate." Indeed, the FOMC raised 2025 Personal Consumption Expenditures ("PCE") inflation forecast 0.4 points to 2.5% and pushed-out the timing of when PCE inflation hits 2% from 2026 to 2027. The FOMC also lowered 2025 unemployment projection 0.1 points to 4.3% and raised 2025 real Gross Domestic Product ("GDP") growth forecasts 0.1 points to 2.1%. The relative monetary policy dynamic between the Fed and other major central banks continue to support the USD uptrend.

Following on the heels of a large 50bps cut from the Bank of Canada in response to a deteriorating labor market and easing inflation, the Swiss National Bank ("SNB") surprised markets with a similarly large 50bps cut (consensus estimate was for a 25bps cut) in December 2024. The policy rate now stands at just 0.5% against a backdrop of inflation

approaching the lower end of the SNB's 0%-2% target range. The case for the European Central Bank (“ECB”) cuts is more complicated. While there are clear and worrying signs of weakening growth, Eurozone inflation is still increasing at 2.2% in November 2024 amid base effect. As a result, the ECB lowered its benchmark rate by 25bps for a fourth time in December 2024, bringing the policy rate to 3.0%. ECB forecast revised down GDP growth to 0.7% in 2024 and 1.1% in 2025 from previous forecasts of 0.8% in 2024 and 1.3% in 2025. Inflation, on the other hand, is expected to hover around 2% - at 2.4% in 2024 and 2.1% in 2025. The ECB decided to not act preemptively on US trade policy risks where growth could be further hit by trade policy uncertainty on top of its ongoing structural headwinds.

German Chancellor Scholz lost a confidence vote on 16 December 2024 and President Steinmeier is expected to announce new elections for 23 February 2025, but the formation of a new coalition government could time. Historically, it took 60 days, on average, to form a coalition after the elections, which would point to the end of April 2025 as a possible date for the election of a new chancellor. German election may create a short-term sentiment boost rather than offering an antidote to its growth weakness if the most likely outcome is a coalition of Christian Democratic Union (“CDU”) and Social Democratic Party of Germany (“SPD”), led by the more business-friendly CDU. This will likely help sentiment as the CDU will aim to push for deregulation and corporate tax cuts, though with the SPD as a coalition partner, it is unclear how forceful any CDU-led policy measures will end up being. French President Macron named centrist François Bayrou as his fourth prime minister this year, following the collapse of Michel Barnier's administration. But most likely France is facing political paralysis until July 2025, when new legislative elections can be held. Macron's gamble in calling snap elections last summer was clearly a mistake and it appears he will be a lame duck for much of his second term, which ends in May 2027. Moody’s cut its rating on France to Aa3 from Aa2 as "the country's public finances will be substantially weakened over the coming years." France's rating had already been lowered to equivalent levels by Standard & Poor's and Fitch.

Political, economic, and fiscal strains continued to hurt the core countries, namely Germany and France. Until a new government are in place next year, the monetary policy will have to do the heavy lifting to support the Eurozone economy. As a result, we continue to see the ECB cutting rates and the Euro can drift lower against most major currencies. Lagarde see the US-European Union (“EU”) trade war could be inflationary in short term and called for the EU to negotiate with US rather than retaliate with tariffs. ECB President Christine Lagarde reiterates that more rate cuts are in the pipeline while Governing Council member Martins Kazaks sounded cautious.

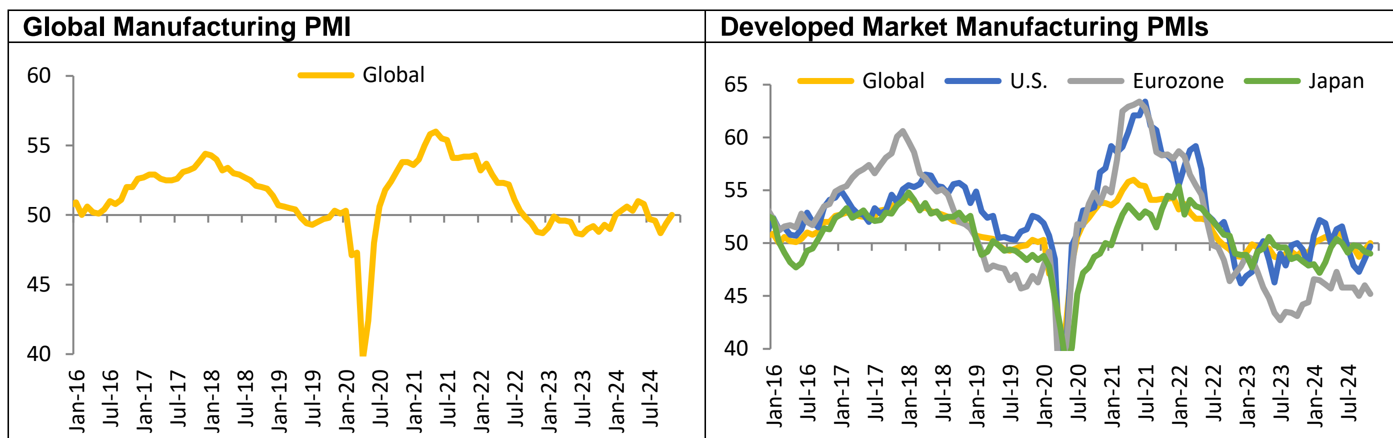
In its December 2024 meeting, the Bank of Japan (“BOJ”) kept its policy rate unchanged at 0.25%, in line with consensus, with the vote 8-1. BOJ Governor Ueda reiterated the bank will continue to raise rates if the outlook for economic activity and prices will be realized. However, Ueda cautioned that the BOJ is in no rush to resume normalizing rates singling-out high US policy uncertainties. Governor Ueda was more dovish than expected as he added the big picture of wage trend will be clear in March 2025 or April 2025, suggesting the BOJ could wait until then to raise rates again. The Bank of Japan (BOJ) will hold its quarterly branch managers’ meeting on January 9. If the branch managers’ meeting confirms a proactive stance on wage increases at SMEs, then this would provide support for a rate hike decision in January.

Separately, Prime Minister Shigeru Ishiba pledged more than $65 billion of support for the nation’s Semiconductor and Artificial Intelligence (“AI”) sector over the next decade. The parliament has also enacted a JPY13.9 trillion ($90 billion) supplementary budget for the current fiscal year through March 2025 to finance a new economic package, including inflation relief steps and disaster reconstruction costs. With the supplementary budget, Ishiba's administration will implement an economic package featuring subsidies to curb higher energy bills and one-off cash handouts to low-income households.

Market volatility remains elevated amid the uncertainties over Donald Trump’s trade policy. According to 25 November 2024 posts on his social media platform Truth Social, President-elect Donald Trump announced plans to impose a 25% tariff on imports from Mexico and Canada, while raising an additional 10% on all Chinese goods entering the US. Trump hinted that such measures could be implemented as soon as he takes office on 20 January 2025. We are cautiously optimistic, though markets may prove to be bumpy and volatile in the coming months as markets will need to contend with uncertainty with the Trump administration. With more nations moving towards protectionism (energy, food and technology security) and nationalism, markets should prepare for an extended period of heightened volatility. We continue to reiterate our strategy towards quality names amid rising market volatility. With soft landing as our base scenario, we continue to be positive on the market.

Economic Highlights

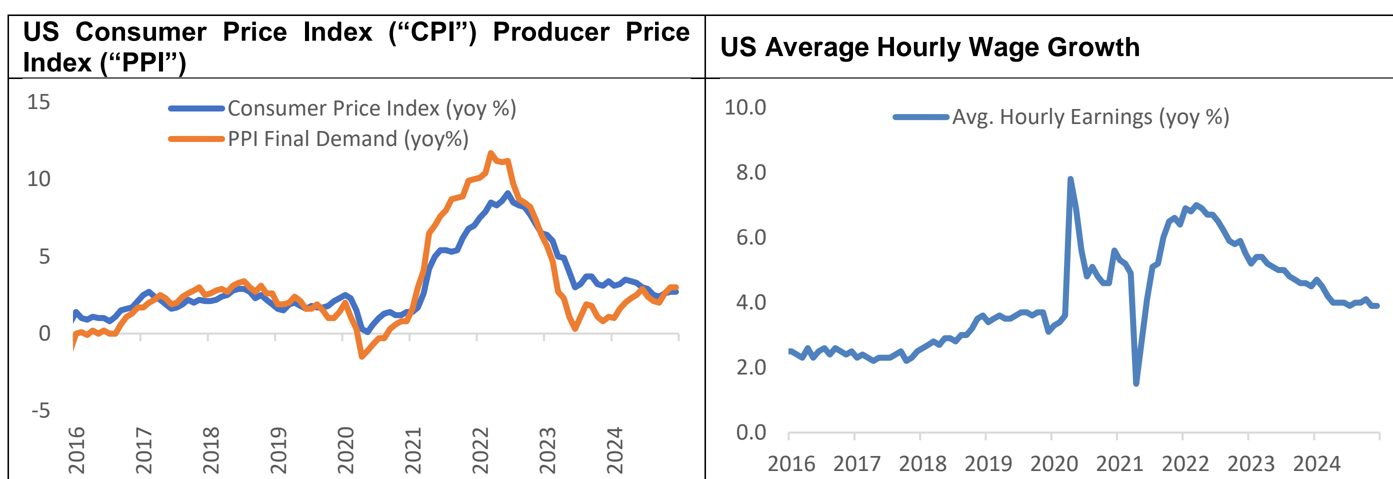
Global Purchasing Managers Index ("PMI")



Source: Bloomberg, RHBAM, 12 December 2024

- Global Manufacturing PMI improved to 50.0 in November 2024 from 48.7 in September 2024. This is the first month in the expansionary territory.
- The US S&P manufacturing PMI improved to 49.7 in November 2024, from 47.3 in September 2024. Japan manufacturing PMI eased to 49.0 in November 2024, down from 49.7 in September 2024. The Eurozone manufacturing PMI improved to 45.2 in November 2024, from 45.0 in September 2024.

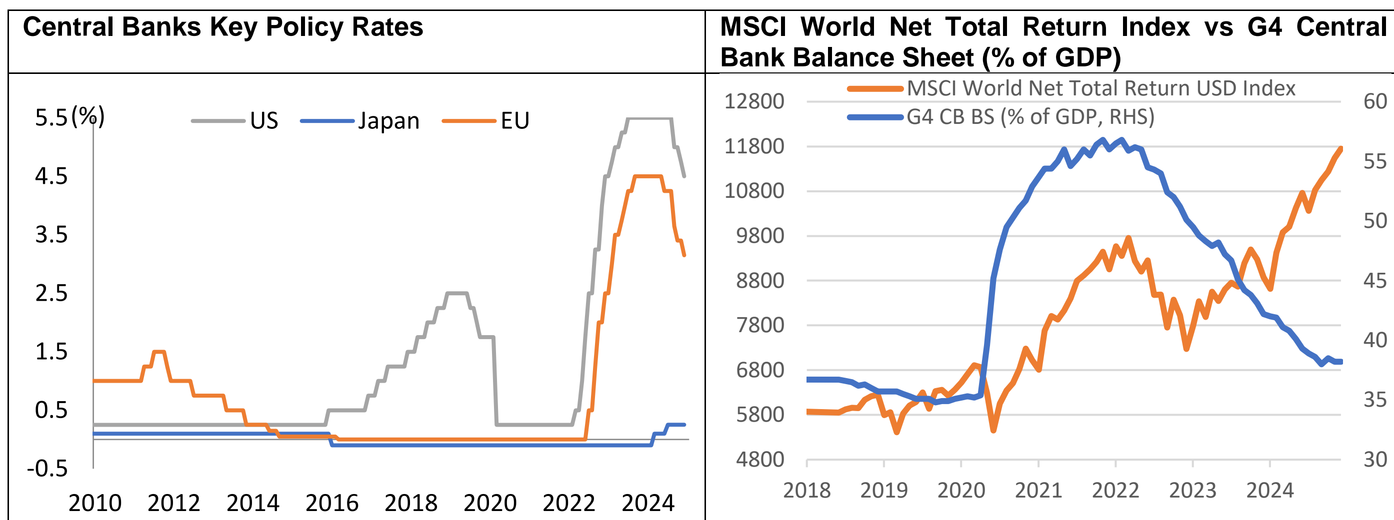
US



Source: Bloomberg, RHBAM, 12 December 2024

- US inflation rose by 2.7% in November 2024, inched up from 2.4% in September 2024, but still dropped from an average of 4.1% in 2023.
- Unemployment rate inched up to 4.2% in November 2024 from 4.1% in September 2024 vs an average of 3.6% in 2023 and US hourly wage growth eased to 3.9% in November 2024.

Global

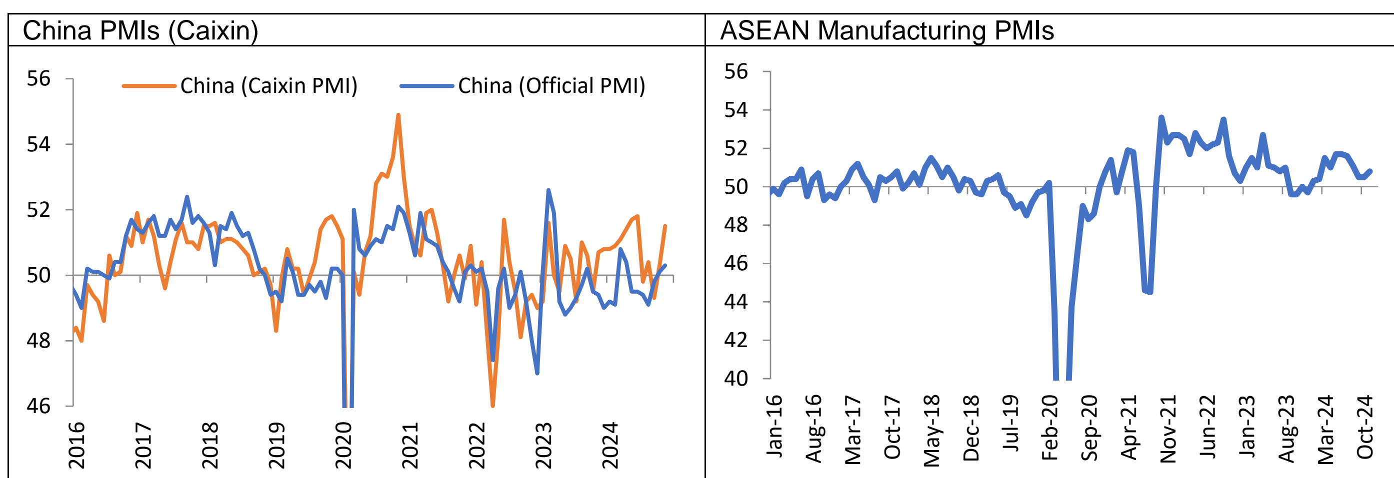


Source: Bloomberg, RHBAM, 20 December 2024

- At the December 2024 FOMC meeting, the Fed delivered a hawkish rate cut, slashing its fund rates by 25bps to 4.25%-4.50%. The Dots showed an additional 50bps cut (vs 100bps in September 2024's Dots) in 2025, 50bps cut in 2026 and 25bps cut in 2027 to a terminal rate of 3.125% (revised up from 2.875%).
- The ECB lowered its benchmark rate by 25bps for a fourth time this year. ECB forecast revised down GDP growth to 0.7% in 2024 and 1.1% in 2025 from previous forecasts of 0.8% in 2024 and 1.3% in 2025. Inflation, on the other hand is expected to hover around 2% - at 2.4% in 2024 and 2.1% in 2025.

China

ASEAN



Source: Bloomberg, RHBAM, 12 December 2024.

- The Caixin Manufacturing PMI improved to 51.5 in November 2024, from 49.3 in September 2024 and official PMI improved to 50.3 in November 2025, from 49.8 in September 2024. Both in expansionary terriroty.
- ASEAN's manufacturing PMI remained in expansionary territory and improved to 50.8 in November 2024 from 50.5 in September 2024.

China/Hong Kong

The MSCI China Index (“MXCN”) recorded front-ended gains in November 2024 on high expectations of the National People's Congress (“NPC”) Standing Committee meeting on 8 November 2024, followed by a retreat on limited news on domestic stimulus, concerns over US-China tension and a strong USD.

The highly-anticipated December 2024 Politburo meeting and Central Economic Work Conference (“CEWC”). During the Politburo of the Chinese Communist Party in December 2024, in preparation for the CEWC, policymakers strengthened their pro-growth stance, focused more on domestic demand, households' livelihood and local officials' incentives, and pledged to stabilize the property and stock markets. Relative to the low market expectations before the meeting, the policymakers vowed to strengthen "unconventional counter-cyclical policy adjustments" and "comprehensively expand domestic demand", and changed the monetary policy stance to "moderately loose" from "prudent" previously. The previous time when the People's Bank of China (“PBOC”) characterized its monetary policy stance as "moderately loose" was dated back to 2009-2010.

The Annual CEWC concluded on 12 December 2024. At the beginning of the CEWC statement, it said that major social and economic development goals in 2024 will be achieved. The key tasks and economic policies laid out for 2025 were: 1) Boost domestic demand by supporting consumption and improving investment efficiency; 2) technology innovations and industry upgrades; 3) promote structural reform; 4) stabilizing foreign trade and foreign investment; 5) ensuring the housing market stops falling (including managing the risk of small to medium-sized financial institutions), 6) promoting rural revitalization and ensure stable production and supply of grain and important agricultural products; 7) enhancing regional coordinative development, 8) promotion green development and 9) protecting and improving peoples livelihoods. Boosting consumption and expanding domestic demand, which ranked second after technology and innovation last year, became the number one priority in this year's CEWC readout. It is encouraging that boosting domestic demand has moved up to become the top priority task and consumption supportive measures receive higher attention.

Regarding macro policies, the CEWC reiterated to implement more proactive macro policies. Fiscal policy will be more proactive, by increasing the budget fiscal deficit, increasing ultra-long Treasury bond and special local government bond quotas, and improving the structure of fiscal expenditure. Monetary policy will be moderately loose. We expect more concrete demand-side stimulus measures will be unveiled early next year. Chinese leaders reportedly agreed on raising the fiscal budget deficit to 4% of GDP in 2025. In addition, China will reportedly maintain an unchanged GDP growth target of around 5% in 2025. Although such dovish rhetoric is encouraging, markets await concrete measures.

China delivered pro-growth policies at its politburo meeting, which included relaxation for sectors such as Property, Capital Markets, Education and Consumers. In response, we will be moving towards focusing on State-Owned Enterprises (“SOE”) reforms as another theme for the rest of the year while also maintaining our infrastructure theme, where we continue to be aligned to the Politburo’s policies in the technology, energy and food supply space, along with an additional focus on return on equity and operating cash flows as Key Performance Indicators (“KPIs”). Due to the big change in the Government’s tone since 24 September 2024, to arrest the property prices fall and provide some unemployment support, we are tactically tilting the portfolio towards more a higher beta consumer led recovery play.

ASEAN

MSCI ASEAN was relatively flat in November 2024. Performance within ASEAN markets was mixed. Singapore rallied strongly while Indonesia, Thailand and the Philippines saw a pullback. Most ASEAN currencies depreciated against the USD.

Singapore's third quarter 2024 ("3Q24") final GDP came in at 5.4% Year-on-Year ("YoY"), ahead of the 3.0% in second quarter 2024 ("2Q24"). The Ministry of Trade and Industry ("MTI") announced that Singapore's GDP growth is projected to come in at "around 3.5%" in 2024 and "1.0% to 3.0%" in 2025. The Singapore banks rallied following Trump's election win, with expectations of interest rates staying higher for longer (inflationary policies). Additionally, DBS Bank and UOB Bank announced share buyback plans alongside the release of their 3Q24 results, which excited the market.

The Bank of Thailand ("BOT") kept its key interest rate at 2.25% during its final meeting of 2024 after a surprise 25bps reduction in October 2024, as widely expected. The decision came amid an acceleration in inflation and GDP growth and safeguarding long-term macro-financial stability. Inflation remained below the central bank's target for most of this year but rose to a six-month high of 0.95% in November 2024, edging closer to its lower-end target range of 1%-3%. Meanwhile, headline inflation in 2024 and 2025 is estimated to be 0.4% and 1.1%, respectively. The economy is expected to grow by 2.7% in 2024 and 2.9% in 2025, each boosted by tourism, domestic demand, and improved exports of electronic products. However, recovery remains uneven, with the recovery for Small and Medium Enterprises ("SMEs") and certain manufacturing industries facing pressures from declining competitiveness.

Malaysia's third quarter GDP print came in at 5.3%, in line with consensus expectations after it was raised from 5.1% after October 2024's advanced GDP print came in at 5.3% as well. Exports grew by 4.1% YoY to MYR126.6 billion in November 2024, exceeding market expectation of 1.3%, driven by strengthening foreign demand.

The Bank of Indonesia maintained its benchmark interest rate at 6% during its December 2024 meeting, in line with market expectations. This decision reflected the central bank's commitment to keeping inflation under control within the target range of 2.5% ± 1% for 2024 and 2025, as well as stabilizing the Rupiah amid heightened global uncertainties. Indonesia's headline inflation cooled to a 40-month low of 1.55% in November 2024 (vs 1.71% in October 2024), although prices rose at a faster pace of +0.3% Month-on-Month ("MoM") (vs +0.1% in October 2024) in MoM terms. Headline inflation is now at the bottom of Bank Indonesia's 1.5%-3.5% target range.

The Bangko Sentral ng Pilipinas ("BSP") decided to cut key policy rates by 25bps, lowering the overnight Target Reverse Repurchase ("RRP") rate to 5.75% in its December 2024 meeting, in line with market expectation. The overnight lending rate and overnight deposit rate were also cut by 25bps each to 6.25% and 5.25%, respectively. The BSP expects economic growth to remain strong driven by firm domestic demand. Consumption should be aided by the tailwinds of falling inflation and solid labour income growth. Food prices, especially rice, have more room to fall due to ample harvests, easing rice export prices and lower rice import tariffs. Headline inflation is expected to average 3.3% in 2025, slightly higher than 3.2% expected previously but still within the BSP inflation target of 2%-4%. In the Q&A session, the BSP noted that at the current juncture, monetary policy is still tight and the BSP continue to prefer easing in "baby steps" assuming there are no big shocks in the upcoming data.

We remain optimistic that Asia and especially ASEAN will emerge as the region with relatively stronger growth than the rest of the world. ASEAN with the structural advantage in demographics will emerge as the complimentary piece both to the US and China. Adding on to the commitments by the governments in Asia/ASEAN towards infrastructure development, the region will feature prominently as the place for equity investments.

Malaysia Equity Market Review and Outlook

The FBMKLCI has corrected by close to 6.0% after touching its high of 1,684 on 29 August 2024. However, this was in line with the regional market performance. We believe that there is more room for the FBMKLCI Index to go higher due to robust economy. Positive economic prospects and domestic structural reforms, complemented by ongoing initiatives to encourage foreign exchange flows, will continue to support stable ringgit and the index.

The economy is likely to show better performance going forward due to the increased investment activities. Investment activities are supported by the ongoing progress of multi-year projects in both the private and public sectors, the implementation of initiatives under the national master plans, as well as the higher realisation of approved investments. In addition, Malaysian companies would likely to benefit from the relocation of manufacturing facilities from China as Chinese companies would try to bypass US tariffs.

In addition, Malaysia will likely gain from China's recent stimulus measures, which includes interest rate cuts and property market support measures, as a stronger economy spurs demand for goods and services and more disposable income for the Chinese to travel. Sectors such as Tourism, Manufacturing and Commodities would benefit if China recovers well though it may take a while due to the weaknesses in China real estate markets as bulk of China's citizen wealth resided in the Property sector.

Our base case remains for a US soft-landing, and the US Fed would likely to act fast to avoid recession. We reiterate our positive stance on Malaysian equities due to the Improving domestic economy. Execution of catalyst projects in line with national masterplans (New Industrial Masterplan 2030, National Energy Transition Roadmap, 12th Malaysia Plan) and the significant interest in Malaysia as a global supply chain realignment alternative should encourage investment activity.

The FBMKLCI is currently trading at 13.8 times forward earnings Price-to-Earnings (“PE”) ratio which is lower relative to its historical PE of 16 times to 18 times. However, we are of the opinion that the market needs stronger booster in terms of earnings so as to sustain its uptrend. The corporate earnings are expected to grow decently between 8%-9% in 2025 and provide the justification for further upside to the index.

In addition, domestic liquidity is strong to support the market even though foreign investors are net seller of Malaysia equities year to date November 2024 of RM1.32 billion. Moreover, foreign shareholdings of Malaysia equities are low at 20.1%. Domestic liquidity will likely continue to support stocks, due to relatively larger allocations by local asset owners to Malaysian stocks.

Global Fixed Income Market Review and Outlook

US Treasuries ("UST") and G10 Bonds

The main focus of fourth quarter 2024 ("4Q24") was the 2024 US Elections on 5 November 2024, which saw Donald Trump win a second term as president, beating out democrat candidate and incumbent Vice President Kamala Harris by 312 to 226 votes and Republican control of both the Senate (53:47) and the House (220:214). The result was arguably unexpected and initially led to a selloff in the rates markets as investors feared that the Republican Sweep would largely be reflationary for the market.

In terms of monetary policy actions, post the larger than expected 50bps cut in September 2024, the Fed cut rates 25bps in each of the last 2 meetings of the year to 4.25% - 4.50%, a cumulative 100bps cut this year. While inflation has shown some progress in recent months, it has seemed to stall and is above the Fed's 2% target. The Fed cut rates by 25bps in the December 2024 FOMC meeting, but was more hawkish than the market expected as they updated the Fed's Summary of Economic Projections ("SEP") with just two 25bps rate cuts implied for 2025, from four 25bps rate cuts previously. The Fed's base case is that the unemployment rate will not rise further allowing officials to take their time in lowering rates as inflation gradually cools from 3% to 2%. For 2026, the Fed rate projection was similary revised higher by 50bps to 3.375%, with the longer term target rate revised from 2.875% to 3.00%.

The UST curve bear steepened post the hawkish December 2024 FOMC, with the benchmark 2-year, 5-year, 10-year, 20-year and 30-year UST last traded as of 19 December 2024 at 4.30% (September 2024: 3.64%; +66bps), 4.40% (3.56%; +84bps), 4.56% (3.78%; +78bps), 4.84% (4.17%; +67bps) and 4.75% (4.12%; +63bps) respectively.

Outlook and Strategy

The October 2024 International Monetary Fund ("IMF") World Economic Outlook Update is broadly unchanged where IMF is expecting global growth at 3.2% for both 2024 and 2025. IMF expects global growth to remain stable yet underwhelming. Given the overall trend of data, disinflation should likely lead to a smooth or even no-landing scenario. However, the balance of risks is tilted to the downside: geopolitical tensions could flare up; sudden eruptions in financial market volatility could tighten financial conditions; problems in China's Property sector could generate global spill overs via their effect on global trade. Recent upside surprises in inflation data could possibly prevent central banks from easing monetary policy in line with guidance, adding challenges to fiscal policy and financial stability.

We envisage with the change in presidency, volatility will hinge on Trump's next moves, which may likely include campaign promises to implement a corporate tax cut, and a 10%-20% across-the-board tariff. Most of his key policies, if successfully implemented may have the potential to drive inflation higher. In the current market environment, we are biased towards allocation into higher quality credit issuers on higher rates. Market will now be looking for signs from the near term inflation and labor market data to gauge overally positioning.

The outlook for fixed income market in 2025 still remains positive in our view despite the shallower rate cut path from the Fed, and a softening of labor market data and/or inflationary pressure could pressure the Fed to cut at a faster pace than is currently priced in by the market over first quarter 2025 ("1Q25").

Malaysia Fixed Income Market Review and Outlook

Ringgit Sovereign Bond

Malaysia fixed income market delivered steady positive returns in 2024 with most MYR fixed income indices on track to provide a return about 4.0% return this year. The stable returns were largely driven by Bank Negara Malaysia's ("BNM") steady policy of maintaining the Overnight Policy Rate ("OPR") unchanged at 3.00% - providing a conducive and stable interest rate environment for fixed income assets to perform well. There were however a couple of relatively volatile periods particularly in the month of April 2025 as market repriced the extent of Fed rate cuts due to stickier inflation, and volatility also increased in October 2024 ahead of US Presidential Election. Nonetheless, the sell-off in the local market was a lot more subdued than global markets as domestic factors such as growing local institutional investors' demand and lower government bonds net issuances (due to lower fiscal deficit) kept the local market supported. Notably, the re-emergence of Malaysia as one of the preferred spot for FDI have also supported sentiments which had led to the MYR emerging as the best performing currency in Asia, gaining about 3% this year vs the USD when many other currencies were under depreciation pressure.

Benchmark	MGS yield (%)			GII yield (%)		
	31-Dec-23	16-Dec-24	Change	31-Dec-23	16-Dec-24	Change
3-Year	3.470	3.472	0bps	3.496	3.413	-8bps
5-Year	3.571	3.628	6bps	3.601	3.632	3bps
7-Year	3.722	3.775	5bps	3.761	3.773	1bps
10-Year	3.731	3.817	9bps	3.783	3.824	4bps
15-Year	3.991	3.948	-4bps	3.951	3.951	0bps
20-Year	4.102	4.052	-5bps	4.118	4.089	-3bps
30-Year	4.247	4.180	-7bps	4.314	4.179	-14bps

Source: FAST BNM and Bond Pricing Agency Malaysia. Data as at 16 December 2024.
MGS represent Malaysia Government Securities and GII represent Government Investment Issues.

In terms of economic numbers, Malaysia's growth remained strong, with the final 3Q24 GDP recorded at 5.3% YoY. The growth was led by continued strong momentum in the Construction sector (+19.9% YoY), Private Investments (+15.5% YoY) and Manufacturing (+5.6% YoY). The growth numbers are broadly on track with the Ministry of Finance's projection range of 4.5%-5.5% for 2024. Meanwhile, Malaysia's headline CPI was recorded at 1.9% YoY in October 2024 (from 1.8% in September 2024) led by increases in food prices and personal care items. Core inflation reading which excludes fresh food and price-administered goods remained stable at 1.8%, unchanged from the month before. Notably, the inflation numbers are below BNM's forecast range of 2.0%-3.5% which would provide the central bank the flexibility to keep OPR unchanged and support economic growth.

Government bond auctions slowed in 4Q24, where there were only 7 total auctions conducted as the government cancelled one of the auctions (3-year Malaysia GII ("MGII")) presumably due to fiscal outperformance – translating into lower funding requirements. With the reduction in issuances in fourth quarter 2024, the full-year MGS and MGII net issuance amounts to only RM77 billion, significantly lower than economists' estimates of RM85 billion and the RM105 billion recorded in 2023.

Issue	Issue Date	Size (RM billion)	Average Yield	Bid-to-Cover ("BTC")	High	Low
3-Year MGS (MGS 3.502% 05/27)	08-Oct-24	4.5	3.426%	1.60x	3.44%	3.414%
10-Year MGII (MGII 4.119% 11/34)	15-Oct-24	4.5	3.832%	1.60x	3.845%	3.800%
20-Year MGS (MGII 4.180% 05/44)	22-Oct-24	3.0 + 2.0(PP)	4.136%	2.04x	4.149%	4.120%
7-Year MGII (MGII 3.804% 10/31)	30-Oct-24	5.0	3.914%	1.99x	3.925%	3.900%
15-Year MGS (MGS 4.054% 04/39)	12-Nov-24	3.0 + 2.0(PP)	4.015%	2.67x	4.026%	3.999%
5-Year MGII (MGII 4.130% 07/29)	19-Nov-24	4.5	3.657%	2.01x	3.665%	3.642%
10-Year MGS (MGS 3.828% 07/34)	09-Dec-24	2.0	3.776%	2.02x	3.781%	3.760%

Source: FAST BNM. 16 December 2024. PP refers to Private Placement.

Ringgit Corporate Bond

Ringgit Corporate Bonds had a similarly positive year in-line with the overall MYR bond market as institutional investors continue to pile into the segment in search of higher yield vs government bonds. Based on the Bond Pricing Agency Malaysia ("BPAM") aggregate corporate yield compilation, the average credit spreads remain near all-time low, with the 7-year AAA, AA at just 21bps and 34bps above the MGS rates.

In terms of rating action, notable moves in 4Q24 were (1) Downgrade of Tan Chong Motor's rating to A/Stable from A+/Negative by MARC due to declining yearly vehicle sales, reduced domestic market share and overall weakening in financial position [None of our funds has exposure to Tan Chong Motors], and (2) Upgrade of Point Zone (M) Sdn. Bhd, the funding vehicle for KPJ Healthcare Berhad ("KPJ") from AA- to AA with stable outlook by MARC due to KPJ's sustained improvement in its operating performance where the hospital group's revenue and Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") growing by circa 17% in its most recent financial reports.

Outlook and Strategy

Our base case is unchanged for Malaysia where we expect BNM to hold the OPR unchanged at 3.00% for a prolonged period of time as Malaysia's inflation rate remain stable and whilst GDP growth momentum is strong. The risks to OPR change is roughly balanced with inflation potentially reaccelerating next year following the civil service salary hike and RON95 subsidy rationalisation while risks to growth have now turned decisively negative arising from Trump's potential trade policies. Notably, the Bank of Korea had lowered its interest rate last week, the first cut since 2020, citing slowdown in growth and the increased uncertainty following Trump's election victory. In our opinion, this could pivot BNM towards a rate cut bias which would bode well for Malaysia fixed income market.

In addition, the technical conditions are also highly conducive for Malaysia fixed income to perform well. Investors demand had been growing steadily in 2024, primarily from institutional investors and we expect this trend to continue in 2025 as the job market remain strong and wage growth translating into savings and demand for investment products including fixed income assets. Meanwhile, the government is also pursuing lower fiscal deficit by widening its tax bracket and removing subsidies (e.g. diesel and RON95) which would mean that net government issuances will continue to reduce. This combination of increasing demand and tight supply creates a natural support for domestic fixed income assets backing our projection for yet another positive return in 2025.

In summary, we are positive on the Malaysia fixed income market in 2025 buoyed by the 3 main factors of stable OPR, growing investors' demand and lower government budget deficit. Meanwhile, the risks to OPR are roughly balanced although growth risk may intensify once President Trump is sworn-in next year and implement the planned proctectionist trade policies, triggering central banks including BNM to cut rates to support growth momentum and benefitting fixed income assets. We advocate portfolios to stay invested in the fixed income space and increase allocation whenever any exacerbated selling occurs.

Commodity Market Review and Outlook

Oil (Brent)

Source: Bloomberg, RHBAM, December 2024.

Crude Oil (Brent) price moved sideways for the most part of 4Q24, as lower oil demand in key markets such as China as well as expectations of an increase in Organization of the Petroleum Exporting Countries Plus ("OPEC+") production kept prices weak as compared to the earlier part of the year. Prices were also impacted by the conclusion of the US elections and improving sentiment on the geopolitical tensions in the Middle East, which earlier gave support to the oil prices.

Going into 2025, the US Energy Information Administration ("EIA") lowered its 2025 global oil demand growth forecast to 1.2 million barrels per day from 1.5 million barrels per day previously, citing concerns of weakening economic activity in China and muted industrial production and manufacturing growth in US. Meanwhile, the International Energy Agency ("IEA") upgraded its 2025 demand growth forecast slightly to 1.1 million barrels per day citing the impact of China's recent stimulus measures, while the OPEC+ expects a stronger 1.74 million barrels per day jump. On the supply side, the IEA said the world oil market will be "comfortably supplied in 2025," even as OPEC+ extended its supply cuts and given non-OPEC nations are expected to boost supply by about 1.5 million barrels per day next year, driven by the US, Canada, Guyana, Brazil and Argentina. Recall OPEC+ recently pushed back the start of oil output rises to April 2025, and extended its full unwinding of supply cuts by a whole year until the end of 2026 due to weak demand and production increase outside of the group.

All in all, oil prices are expected to remain range bound with a relatively bearish outlook compared to 2024. This is against the backdrop of weak fundamentals, as the US and global growth outlook is likely to be tested by higher US tariffs on imports especially Chinese goods, with the additional tit-for-tat retaliation tariffs by China and the rest of the world to be a risk to global trades and economic growth. Meanwhile, an escalation in geopolitical tensions especially in the Middle East remains a key upside risk.

Gold

Source: Bloomberg, RHBAM, 18 December 2024.

Gold prices continued to soar in early 4Q24 but pulled back sharply post the US elections at the start of November 2024. News of a possible red sweep, coupled with expectations of USD strengthening alongside a higher for longer interest rate scenario, led to around 8% decline in gold price from the peak of 2787. Gold prices should pick up gradually going into first half 2025 ("1H25"), given the uncertainties and volatilities ahead. Investors continue to allocate strategically into Gold as part of portfolio diversification, while further central banks official purchases will support gold prices at elevated levels or even test fresh highs in 1H25.

Copper

Source: Bloomberg, RHBAM, 17 December 2024.

Copper prices slid by as much as 10% from 3Q24 peak of 10000 USD per ton, coming under significant pressure after the US elections. Expectations of USD strength and higher for longer Fed fund rates should weigh heavily on copper prices for 1H25. In addition, risks and uncertainty of US tariff hikes and China fiscal stimulus may add further pressure to the price recovery of copper prices. On the other hand, supply and demand dynamics should improve for copper, moving from an oversupply in 2024 to a balanced refined copper market in second half 2025 ("2H25"). Demand growth

from decarbonisation and infrastructure grid should be broadly matched slower mine supply growth. As such, we expect copper prices to hover at 9000 USD per ton levels for 1H25 before recovering towards the end of 2025.

Key Takeaways

Source: Bloomberg, RHBAM, December 2024.

Note: The opinions expressed are as of date and are subject to change at any time due to changes in market or economic conditions. Any performance information shown refers to the past and should not be seen as an indication of future returns. This is not intended to be relied upon as a forecast, research or investment advice and is not a recommendation, offer or solicitation to buy or sell any investments or to adopt any investment strategy.

Broad Asset Class

Asset Class	Outlook	Rationale
Global Equity	Slight Overweight	Tactically positive for equities as global economic growth coincides with interest rate cuts. The labour market remains resilient even as the average hourly wage growth eased. While household spending holds well, lower-income households show some signs of weakness. Banking system stress looks contained for now thus we do not see systemic risks. Volatility remains elevated amid 1) geopolitics uncertainty, 2) policy mistakes, 3) financial stability; 4) inflation (oil and food).
Fixed Income	Slight Overweight	The Fed delivered a 25bps rate cut in December 2024. The FOMC raised the projected policy path with 2025 median Dots increased to 3.875% (consensus 3.625%) vs 3.375% in September 2024, implying 50bps cuts (previously 100bps) next year. We expect the Fed to continue delivering rate cuts but slowing the pace. Powell emphasized the FOMC can be "more cautious as we consider further adjustments to our policy rate." Indeed, the FOMC raised 2025 PCE inflation forecast 0.4 points to 2.5% and pushed-out the timing of when PCE inflation hits 2% from 2026 to 2027. We expect rate cut normalisation from all G10 central banks except the BOJ in 2025.
Cash	Underweight	Looking at money market flows as yield curve un-invert although still relatively attractive yields. Continue to be nimble on cash to take advantage of any tactical opportunity trades amid elevated market volatility in the short to medium term as geopolitical risk has clouded the outlook.

Equity

Countries	Outlook	Rationale
United States	Slight Overweight	US economy grew at a slightly stronger pace with the market upgrading its growth forecast. While a Trump win resulted in uncertainty in future policy and a lower immigration and higher tariffs put a drag on US growth, a less stringent regulatory backdrop (Tax Cuts and Job Act and other tax reductions) should yield positive sentiments. The net impact on growth will be relatively unchanged. But we will see a rebound of US inflation in 2025, fueled by broad-based tariffs which we expect the US to impose in 1H25. FOMC minutes pointed to a gradual pace of rate cuts in contrast to ECB support for the Dollar.
Europe	Slight Underweight	Political, economic, and fiscal strains continued to hurt the core countries, namely Germany and France. Until a new government are in place next year, the monetary policy will have to do the heavy lifting to support the Eurozone economy. The outlook for Europe remains weaker than other Developed Markets as it is held back by soft consumption and a structurally weak German economy. ECB Lagarde in an Financial Times interview say US-EU trade war could be inflationary in short term and called for EU to negotiate with US rather than retaliate with tariffs. Lagarde reiterates that more rate cuts are in the pipeline while Governing Council member Martins Kazaks sounded cautious.
Japan	Neutral	In its December 2024 meeting, the BOJ kept its policy rate unchanged at 0.25%, in line with consensus, with the vote 8-1. BOJ Governor Ueda reiterated the bank will continue to raise rates if the outlook for economic

Countries	Outlook	Rationale
		activity and prices will be realized. However, Ueda cautioned that the BOJ is in no rush to resume normalizing rates singling-out high US policy uncertainties. Governor Ueda was more dovish than expected as he added the big picture of wage trend will be clear in March 2025 or April 2025, suggesting the BOJ could wait until then to raise rates again. Separately, Prime Minister Shigeru Ishiba pledged more than $65 billion of support for the nation's Semiconductor and AI sector over the next decade. The parliament has also enacted a JPY13.9 trillion ($90 billion) supplementary budget for the current fiscal year to finance a new economic package, including disaster reconstruction costs and subsidies to curb higher energy bills and one-off cash handouts to low-income households.
Asia ex Japan	Neutral	Slower Fed rate cuts and stronger USD pointed to weakness in the region. However, valuations are attractive for selective markets. Trade policy remains the key concern for the market and staying neutral for more clarity.
ASEAN	Neutral	Strong USD will be a headwind for ASEAN countries. However, valuations are attractive for selective markets e.g Philippines and Indonesia. Markets will look at the new government execution and policies post elections in various ASEAN countries.
China	Neutral	We turned neutral on China as growth for 2025 is likely to slow amidst a hit from tariffs and ongoing Property sector slowdown. We believe sequential growth could drop in first quarter 2025, which will prompt Beijing to implement supportive measures, especially fiscal ones, to boost growth at its annual NPC gathering in March 2025. Chinese official will adopt a more proactive fiscal policy for the coming year, including plans to issue more government bonds. Meanwhile, the PBOC has indicated it has room to further lower the Required Reserve Ratio ("RRR") to support an economic turnaround.
Hong Kong	Neutral	Hong Kong's economic performance is more correlated with China, but its monetary policy has to follow the US. Policy rate cut may lend some support to businesses of a few interest-rate sensitive sectors. Looking ahead, we expect the economy to be supported from supportive measures in China and easing on financial condition.
Taiwan	Slight Overweight	Growth remain strong going into 2025 with the thematic AI and technology support. We expect Central Bank of China ("CBC") to hold rates in 2025. CBC kept its policy rate at 2.0% in its December 2024 meeting following a surprise hike in March 2024. The decision was unanimous and is in line with market expectation. The CBC nudged up its forecasts, offering a sanguine outlook on exports, investment & consumption, but flagged tariff risks. In September 2024, the CBC again tightened selective credit control measures (lowered loan-to-value limits by 10 percentage point) and raised the RRR by 25bps to cool down housing markets.
South Korea	Neutral	President Yoon's impeachment is a double edged sword for stocks as less uncertainty but more policy risk. As the Constitutional Court continues to deliberate on President Yoon's impeachment, the government unveiled measures to stimulate corporate investment, aiming to mitigate the economic effects of the political crisis. The Constitutional Court will have to make a decision within 180 days and then hold a presidential election within 60 days. Thus realistically, the election will take place in April 2025-May 2025. The Bank of Korea ("BOK") continued the easing path as it lowered its policy rate by 25bps to 3.0% in its November 2024 meeting. The BOK cited the likely policies of the incoming US administration as a factor driving heightened uncertainties for the global economy in its post-decision statement. It also lowered its growth forecast for 2025 below 2% and trimmed its projection for this year. FTSE Russell announced that South Korea will be included into their flagship World Government Bond Index ("WGBI") as of November 2025.
India	Slight Overweight	Since charting new highs in the 3Q24, India equities saw a correction mainly due to foreign fund outflows and profit-taking activities. Given the surprise weak second quarter 2025 ("2Q25") GDP print, the Reserve Bank of India ("RBI") panel led by outgoing Governor Das revised India's GDP growth outlook for fiscal year 2025 to 6.60% from 7.20%, while expectedly maintaining

Countries	Outlook	Rationale
		the benchmark interest rate at 6.50% following a surge in October 2024 inflation numbers. All in all, India equities are expected to remain attractive given resilient structural trends, as well as a defensive play among the Emerging Markets region amidst rising US trade tensions with key markets such as China. Key risk in the near term are valuation derating if corporate earnings fail to sustain its momentum, as well as high oil price environment due to escalation of geopolitical tensions.
Australia	Slight Underweight	Market expectations for the first Reserve Bank of Australia ("RBA") rate cut have since been brought forward, as signs of slowing economic activity emerge. A private survey earlier this week revealed a drop in Australian consumer confidence for December 2024, as sentiment turned more pessimistic about the economic outlook. The RBA kept rates unchanged at 4.35% in its last meeting. The December 2024 RBA Board meeting surprised markets due to the changed tone of the RBA statement turning more dovish and indicating the RBA Board was growing more confident inflation is moving back towards the central bank's target. Governor Michelle Bullock also cited several moderating economic factors for the RBA's shift in thinking. The flash composite PMI fell back below 50 to 49.9 in December 2024 after staying above 50 for two straight months with manufacturing fell over a point to 48.2 and services fell a tick to 50.4.
Singapore	Neutral	The Monetary Authority of Singapore ("MAS") kept its Singapore dollar nominal effective exchange rate ("SGD NEER") policy parameters unchanged in October 2024, amid strong growth and ongoing disinflation. This was the sixth hold decision since April 2023. The MAS expects core inflation to ease to the mid-point of its 1.5%–2.5% forecast range in 2025. MAS sees closing of slightly negative output gap by end 2024, with growth "currently forecast" at close to potential in 2025, but with "significant" uncertainties from external risks. While the upswing in global electronics cycle and interest rate cuts expectation materialized, MAS's statement took a slightly more cautious tone on global growth, which was seen broadly "resilient". We expect MAS to keep its monetary policy parameters unchanged in January 2025.
Thailand	Slight Underweight	GDP growth to improve in 2025 as stimulus kick in with an acceleration of government investment and improving tourism receipts. The Bank of Thailand ("BOT") kept its key interest rate at 2.25% during its final meeting of 2024 after a surprise 25bps reduction in October 2024, as widely expected. The decision came amid an acceleration in inflation and GDP growth and safeguarding long-term macro-financial stability. Inflation remained below the BOT's target for most of this year but rose to a six-month high of 0.95% in November 2024, edging closer to its lower-end target range of 1%-3%. Meanwhile, headline inflation in 2024 and 2025 is estimated to be 0.4% and 1.1%, respectively. The economy is expected to grow by 2.7% in 2024 and 2.9% in 2025, each boosted by tourism, domestic demand, and improved exports of electronic products. However, recovery remains uneven, with the recovery for SMEs and certain manufacturing industries facing pressures from declining competitiveness.
Indonesia	Slight Underweight	The Bank of Indonesia ("BI") maintained its benchmark interest rate at 6% during its December 2024 meeting, in line with market expectations. This decision reflected the central bank's commitment to keeping inflation under control within the target range of 2.5% ± 1% for 2024 and 2025, as well as stabilizing the Rupiah amid heightened global uncertainties. Headline inflation cooled to a 40-month low of 1.55% in November 2024 (vs 1.71% in October 2024) at the bottom of BI's 1.5%-3.5% target range.
Philippines	Slight Overweight	The BSP cut key policy rates by 25bps in its December 2024 meeting as expected. BSP expects economic growth to remain strong driven by firm domestic demand. Private consumption should be aided by the tailwinds of falling inflation and solid labour income growth. Headline inflation is expected to average 3.3% in 2025, slightly higher than 3.2% expected previously but still within its inflation target of 2%-4%. The BSP noted that monetary policy is still tight and prefer easing in "baby steps" assuming there are no big shocks in the upcoming data.

Countries	Outlook	Rationale
Malaysia	Slight Overweight	Earnings expected to recover along with the improvement in the economy. The economy is likely to maintain its momentum going forward which would likely to be translated into better corporate earnings outlook. Attractive valuation couple with strong domestic would benefit the equity market.
Malaysia Small Cap	Slight Overweight	Corporate earnings are expected to recover along with the improvement in the local and global economy. Attractive valuation couple with strong domestic would benefit the small cap companies.

Fixed Income

Asset Class	Outlook	Rationale
Global Bonds (Rates)	Overweight	The Fed Funds Target rate has been cut by 100bps cumulatively for 2024 to 4.25%-4.50%, amidst decelerating inflation and labor market cooling. However, the latest December 2024 FOMC meeting dot plots released show just two more 25bps rate cuts in 2025 from the initial four further rate cuts projected from the September 2024 FOMC, with the longer term rate expectations also revised 0.125% higher to 3%. We continue to maintain our outlook as overweight on global bonds for 2025, but back to cautious on duration as inflation while half of what it was in 2023 has seen progress stalling toward the Fed's 2% target. We watch for data in the near future especially on inflation and labor market in order to position appropriately.
Asian High Yield Credit	Neutral	Credit Selection is the key consideration here, as an overall asset class, these would be more sensitive toward recessionary risk, but on the upside we are still positive on some names that have been undervalued that may see significant upside if the regulatory, fiscal and monetary landscape is supportive. We advocate holding on to current positions in the portfolio however especially in China as we look to firmer policy support to shore up the economy.
Asian Investment Grade Credit	Overweight	Investment Grade bonds are benchmarked as a spread against UST yields. The scope for credit spreads to tighten has been somewhat diminishing as we have been consistently seeing new lows, but we are advocating overweight on a total yield basis. The focus remains on credit quality, relative value against peers, and coupon income. In the Investment Grade space, we still prefer Asian Investment Grade bonds given the resilience against other Emerging Markets peers but are positioned more defensively in the higher quality credit. We are more cautious in terms of duration on the basis that the Trump presidency and the Republican sweep in the November 2024 elections could likely be more reflationary and thus cause the Fed rate cut path to be a lot shallower than projected.
China Fixed Income	Neutral	China growth has been largely underwhelming as Property sector revival concerns remain an overhang. The main theme to watch here are further stabilisation measures and policy support from the government to boost demand and restore confidence in the market. We remain cautious in this space pending the outcome of markets but prefer to remain nimble on potential opportunities especially since 10 Year China Government bonds are now yielding below 1.8% at the time of writing.
Malaysia Fixed Income	Overweight	Malaysia fixed income assets are expected to generate positive returns in 2025 buoyed by 3 main factors of (1) A stable OPR (2) Growing domestic investors' demand and (3) Lower government budget deficit resulting in lower net issuance. The risks to OPR are roughly balanced although growth risk may intensify once President Trump is sworn-in next year and implement the planned proctectionist trade policies. We advocate portfolios to stay invested in the fixed income space and increase allocation whenever any exacerbated selling occurs.

Commodities

Asset Class	Outlook	Rationale
Gold	Overweight	Gold prices continued to soar in early 4Q24 but pulled back sharply post the US elections at the start of November 2024. News of a possible red sweep, coupled with expectations of USD strengthening alongside a higher for longer interest rate scenario, led to around 8% decline in gold price from the peak of 2787. Gold prices should pick up gradually going into 1H25, given the uncertainties and volatilities ahead. Investors continue to allocate strategically into Gold as part of portfolio diversification, while further central banks official purchases will support gold prices at elevated levels or even test fresh highs in 1H25.
Crude Oil	Neutral	Crude Oil (Brent) price moved sideways for the most part of 4Q24, as lower oil demand in key markets such as China as well as expectations of an increase in Organization of the Petroleum Exporting Countries Plus ("OPEC+") production kept prices weak as compared to the earlier part of the year. Prices were also impacted by the conclusion of the US elections and improving sentiment on the geopolitical tensions in the Middle East, which earlier gave support to the oil prices. Going into 2025, the US EIA lowered its 2025 global oil demand growth forecast to 1.2 million barrels per day from 1.5 million barrels per day previously, citing concerns of weakening economic activity in China and muted industrial production and manufacturing growth in US. Meanwhile, the IEA upgraded its 2025 demand growth forecast slightly to 1.1 million barrels per day citing the impact of China's recent stimulus measures, while the OPEC+ expects a stronger 1.74 million barrels per day jump. On the supply side, the IEA said the world oil market will be "comfortably supplied in 2025," even as OPEC+ extended its supply cuts and given non-OPEC nations are expected to boost supply by about 1.5 million barrels per day next year, driven by the US, Canada, Guyana, Brazil and Argentina. Recall OPEC+ recently pushed back the start of oil output rises to April 2025, and extended its full unwinding of supply cuts by a whole year until the end of 2026 due to weak demand and production increase outside of the group. All in all, oil prices are expected to remain range bound with a relatively bearish outlook compared to 2024. This is against the backdrop of weak fundamentals, as the US and global growth outlook is likely to be tested by higher US tariffs on imports especially Chinese goods, with the additional tit-for-tat retaliation tariffs by China and the rest of the world to be a risk to global trades and economic growth. Meanwhile, an escalation in geopolitical tensions especially in the Middle East remains a key upside risk.

Foreign Exchange

Asset Class	Outlook	Rationale
USD	Positive	USD outlook is positive led by US economic exceptionalism as growth remain stronger than most of the other developed economies and as high nominal US rates of about 4.0% remain attractive vs the rest of the world. Trump's policies of mass deportation, tariffs and fiscal spending are also highly reflationary which would reduce the amount of Fed rate cuts and support the USD.
EUR	Negative	EUR is expected to remain weak due to the monetary policy divergence as the ECB cut rates to support Eurozone's growth, in contrast with the US which is expected to only have a 'shallower' rate cut trajectory. Potential tariff on Eurozone exports by the US is also another risk for the EUR, while policitical uncertainties such as the recent France budget impasse going to diminish the prospects for EUR.
GBP	Slight Negative	GBP is forecasted to remain supported as the United Kingdom ("UK") economy had been more robust than initially expected. In particular, UK wage growth had been picking up with headline weekly earnings and the ex-bonus measure accelerated again above 5.0% - which would likely allow the Bank of England ("BOE") to keep interest rate at a high level of 4.75%. Nonetheless, the GBP is still expected to depreciate slightly against USD as it tracks the general movement of the EUR.
JPY	Negative	JPY is expected to be under pressure as long term US rates move higher, widenining the interest rate differential between the two economies. Typically, the JPY suffers during period of high US rates especially as the BOJ is expected to keep its benchmark unchanged at about 0.25% to support the nascent recovery in Japan's job market and wages.
CNH	Negative	CNH is expected to remain weak as US tariff risk looms on China's exports. Indeed Reuters quoted the PBOC intention to weaken the yuan to counter the potential tariffs from the US. The overall recovery of China's economy is also lacklustre despite the large stimulus unleashed earlier.
AUD	Negative	AUD is expected to suffer from the weaker prospects of the Chinese yuan amid the US tariff risk. Trump's plan to accelerate US brent crude production is also likely to result in weaker commodity prices which would hurt Australia's terms of trade.
SGD	Slight Negative	The MAS maintained a mild appreciation policy for the SGD vs a basket of its peers currencies. This would keep the SGD supported especially as Singapore is also widely considered as the regional safe-haven currency in the current backdrop of looming tariff risk. Nonetheless, we still expect SGD to weaken slightly against the USD as the broader major and Asian currency space weakens.
MYR	Slight Negative	Ringgit's outlook is slightly negative as the weak Chinese yuan amid US tariff risk takes a toll on the Ringgit. That said, we expect Malaysia's strong economic momentum to cushion the sell-off and as a MYR remain one of the undervalued currencies in the region. We forecast the MYR level to hover around 4.50 next year.

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