QUARTERLY MARKET INSIGHTS

Quarter 2, 2025

Source: Bloomberg, RHBAM, April 2025
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 Morgan Stanley Capital International ("MSCI") All Country World Index, dropped 4.1% in March 2025. United States ("US") equities reported a drop of -6.0% while Europe equities fell -0.6%. Japan equities fell by -0.7% in US Dollar ("USD") terms during the period. The Asia Pacific ex-Japan region ("APAC") fell 0.7% (in USD terms), with India , Indonesia and the Philippines registering gains of 9.4%, 5.8% and 5.0% respectively. Detractors were Taiwan (-11.7%), Australia (-3.9%) and Malaysia (-3.4%) in USD terms.

Trade uncertainties continued to loom large, with US President Trump announcing new tariffs and frequently changing his stance. The 25% tariffs on Canada and Mexico, initially announced on 1 February 2025, were suspended until 4 March 2025. On 4 March 2025, the 25% tariff was imposed on non-United States-Mexico-Canada Agreement ("non-USMCA") compliant goods, while USMCA compliant goods are set to be affected from 2 April 2025. Sectoral tariffs included 25% tariffs on steel and aluminum, effective 12 March 2025, and upcoming tariffs on automobile, semiconductor, and pharmaceutical imports from 2 April 2025. Copper and timber/lumber could be next on the list. On 26 February 2025, Trump announced a 25% tariff on European Union ("EU") auto and other imports, sparking fears of a global trade war. On 13 March 2025, he warned of a 200% tariff on European alcoholic beverages if the EU proceeded with its planned 50% counter-tariff on US whisky. Additionally, an extra 10% tax on Chinese imports was imposed on 4 March 2025, following a similar tax on 4 February 2025. Trump has also set to implement worldwide reciprocal tariffs from 2 April 2025, which could further erode market sentiment. Some clarity on tariffs is expected in early April 2025, but high uncertainty remains regarding the measures and their implementation speed.

Despite these trade tensions, the US economy has yet to show immediate risk of stagflation but downrisk to growth has increased. The labor market added 151,000 jobs, with an unemployment rate of 4.1% in February 2025. Initial jobless claims remained stable at 223,000 during the week of 15 March 2025, while continuing claims increased slightly to 1,892,000. Hard data continued to suggest ongoing resilience in the US labor market despite possible headwinds from escalating trade tensions and Trump's administration's push to downsize the federal government. The Institute for Supply Management ("ISM") Manufacturing index fell modestly to 50.3 in February 2025, remaining in expansion territory for the second consecutive month but this may be due to front loading. Both consumer and producer prices rose at a slower-than-expected rate in February 2025, easing some inflation concerns. The headline Consumer Price Index ("CPI") was 2.8% Year-on-Year ("YoY"), cooling from 3.0% in January 2025, while core CPI stood at 3.1% YoY, down from 3.3% in January 2025. The Producer Price Index ("PPI") rose by 3.2% YoY, compared to 3.7% in January 2025.

US consumer confidence deteriorated for the third straight month in February 2025, as households worried about the impact of tariffs and inflation. This added to concerns about the economy following weaker data, including softer retail sales and Michigan Consumer Sentiment readings, which pressured Treasury yields.

The Federal Open Market Committee (“FOMC”) left the policy rate unchanged at its March 2025 meeting, signaling 50 basis points (“bps”) of cuts this year. The overall message from Powell and the FOMC was dovish, with core Personal Consumption Expenditures (“PCE”) inflation revised up to 2.8% and the unemployment rate at a relatively low 4.4%. Despite these figures, the Federal Reserve (“Fed”) plans to cut rates twice this year, with Powell explaining that price increases associated with tariffs are expected to be transitory. He emphasized that the economy and labor market remain solid, and while soft data is weakening, hard data still looks favorable. The FOMC is well-positioned to wait for more clarity before adjusting policy. Nonetheless, when FOMC members are asked about the risks to their outlooks, they respond that they are worried about upside risks to unemployment and inflation.

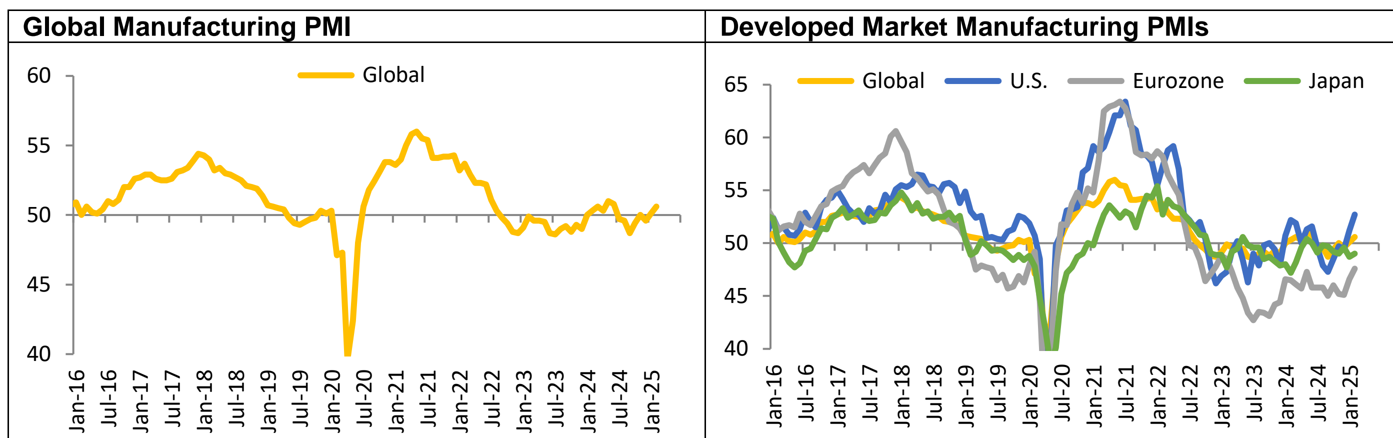
In Europe, the US's threat of swingeing tariffs has forced the region to reconsider its defense spending. European Commission President Ursula von der Leyen declared "this is Europe's moment," as the European Commission relaxed fiscal rules to potentially allow for extra defense spending worth up to 1.5% of Gross Domestic Product (“GDP”). Germany's fiscal policy has entered a new era, with the German parliament passing a historical package of constitutional reforms. This allows the incoming Friedrich Merz government to sharply scale up defense spending and launch a €500 billion funding package to boost Germany’s infrastructure investment. The combined military and infrastructure package will total €1.0 trillion over the next 12 years. In the face of uncertainty, the European Central Bank (“ECB”) is likely to cut rates again at its April 2025 meeting. The rise in the Euro area Purchasing Managers Index (“PMI”) was driven by the Manufacturing sector (+1.8 points to 50.7) while the services activity index declined 0.3 point to 50.4. The rebound in the manufacturing PMI in recent months moved the Manufacturing sector out of contraction but could be tempting to look at the recent manufacturing PMI rebound as frontloading linked to tariffs (or potential tariffs).

In Japan, the Bank of Japan (“BOJ”) kept its policy rate at 0.50% in its March 2025 meeting, as widely expected. The CPI showed slightly higher-than-expected inflation, supporting the BOJ's stance to continue raising interest rates this year. National CPI grew by 3.7% YoY in February 2025, with core CPI at 3% YoY. Governor Kazuo Ueda indicated no immediate concern about the country's government bond yields reaching their highest level since 2008, attributing the rise to market views on the economy and inflation. Ueda's remarks suggest the BOJ is unlikely to intervene in the bond market, even after benchmark yields breached 1.5%, as he believes the market should determine yield levels.

We remain cautiously optimistic, though markets may prove to be bumpier in the coming months due to uncertainty surrounding the Trump administration's trade policies. The equity market will be weighed down abelit any escalation and retaliation, driven by concerns over a potential US recession and the risk of China entering a prolonged period of deflation. The implementation speed and duration of the tariffs abeit delay and negotiation add to the uncertainty and thus market volatility. Nations with stronger fiscal positions are expected to provide policy support if necessary. With a cautious view on the external environment, including trade policy uncertainty, nations continue to move towards protectionism and nationalism. Ongoing geopolitical tensions, China's policy moves, global rate cut expectations, and inflation reality checks add to the list of uncertainties. We continue to reiterate our strategy towards quality names amid rising market volatility.

Economic Highlights

Global Purchasing Managers Index ("PMI")

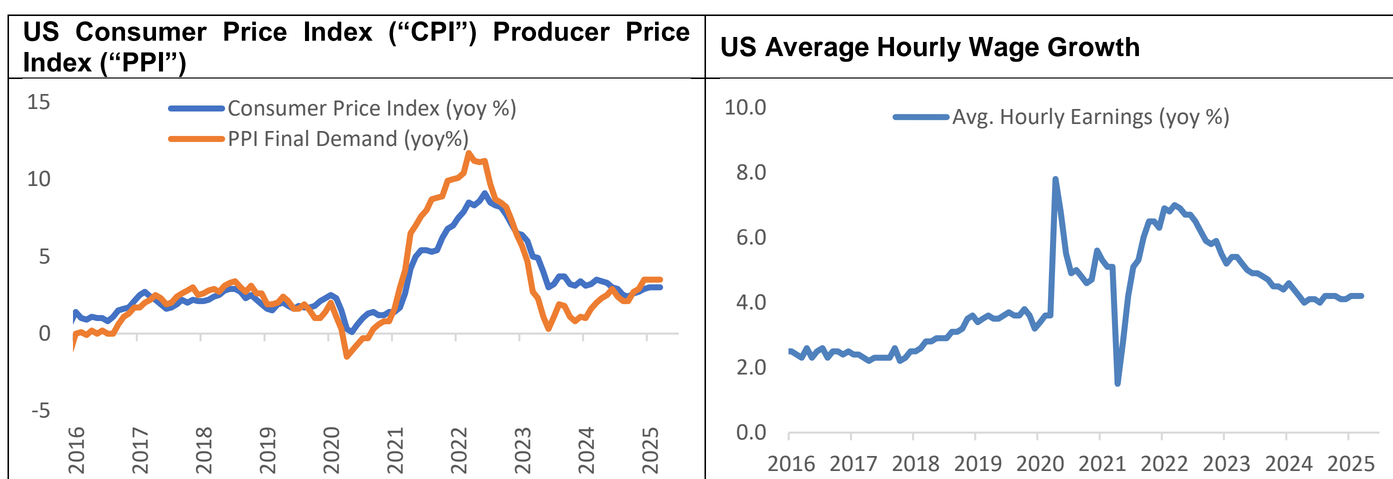


Source: Bloomberg, RHBAM, 25 March 2025

- Global Manufacturing PMI improved to 50.6 in February 2025 from 49.6 in December 2024. This is the second consecutive month in the expansionary territory.

- The US Standard & Poor's ("S&P") manufacturing PMI improved to 52.7 in February 2025 from 49.4 in December 2024. Japan manufacturing PMI eased to 49.0 in February 2025, down from 49.6 in December 2024. The Eurozone manufacturing PMI improved to 47.6 in February 2025, from 45.1 in December 2024.

US

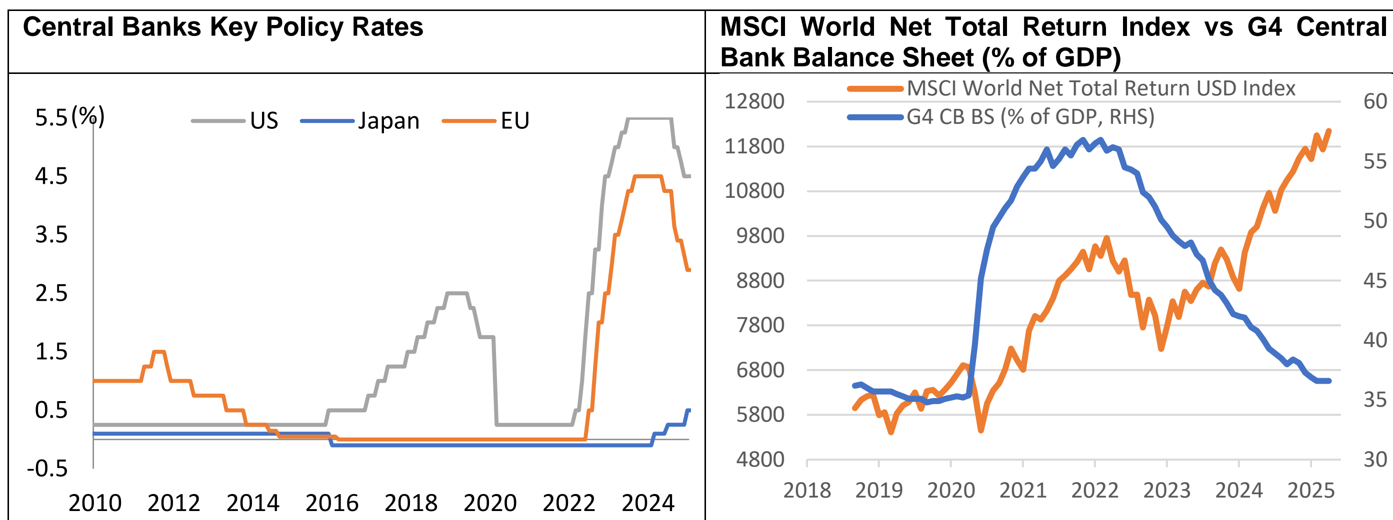


Source: Bloomberg, RHBAM, 25 March 2025

- US inflation rose by 2.8% in February 2025, eased from 2.9% in December 2024, but still dropped from an average of 3.0% in 2024.

- Unemployment rate remained at 4.1% in February 2025 vs December 2024 while it averaged at 4.0% in 2024 and US hourly wage growth remained resilent at 4.1% in February 2025.

Global

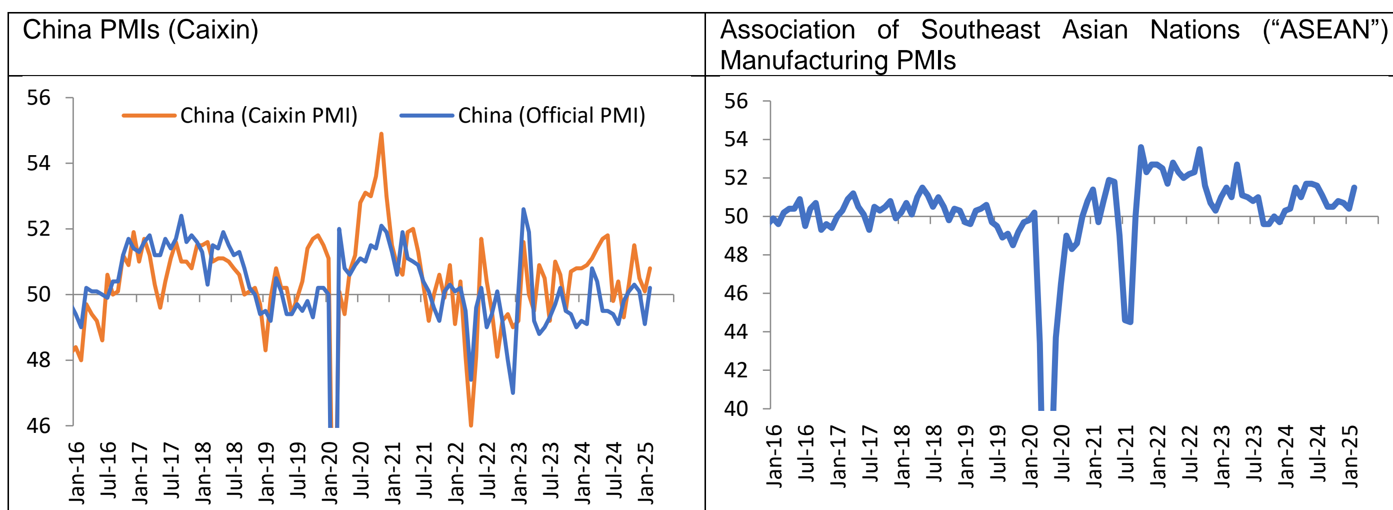


Source: Bloomberg, RHBAM, 25 March 2025

- At the March 2025 FOMC meeting, the Fed delivered a dovish hold with fund rates at 4.25%-4.50%. The Dots showed an additional 50bps cut in 2025, 50bps cut in 2026 and 25bps cut in 2027 to a terminal rate of 3%.
- The ECB lowered its benchmark rate by 25bps for the sixth time to 2.50% in March 2025. With rising uncertainty, ECB President said, "we will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary-policy stance. We are not pre-committing to a particular rate path."

China

ASEAN



Source: Bloomberg, RHBAM, 25 March 2025.

- The Caixin Manufacturing PMI improved to 50.8 in Febraruy 2025, from 50.5 in December 2024 and official PMI improved to 50.2 in February 2025, from 50.1 in December 2024. Both in expansionary terriroty.
- ASEAN's manufacturing PMI remained in expansionary territory and improved to 51.5 in February 2025 from 50.7 in December 2024.

China/Hong Kong

The MSCI China Index (“MXCN”) experienced a significant rally in February 2025, climbing 11.7% in USD terms, bringing the first quarter (“Q1”) 2025 return to 14.7%. This surge was largely driven by optimism in the Artificial Intelligence (“AI”) and robotics sectors, leading to a re-rating of Information Technology and Internet stocks. Chinese Technology and Internet stocks surged, fueled by growing optimism about the country's AI capabilities following the release of DeepSeek R1 in late January 2025. President Xi's meeting with top technology executives, including Jack Ma, on 17 February 2025, the first such meeting since November 2018, further bolstered confidence. Other catalysts include Alibaba's better-than-expected fourth quarter (“Q4”) 2024 results and projected AI capital expenditures, new home prices in Tier-1 cities appear to be stabilizing and restructuring of China Vanke Co Ltd helped ease market concerns for a potential fallout.

China's economy had a robust start to the Year of the Snake. Manufacturing activity exceeded expectations in February 2025, with the PMI rising to 50.2, compared to a consensus of 50.0 and the previous month's 49.1. Non-manufacturing activities also saw an uptick, with the PMI increasing to 50.4, surpassing the expected 50.3 and January 2025's 50.2. These figures reflect the positive impact of ongoing stimulus measures on local businesses.

The annual National People's Congress (“NPC”) meeting commenced with the release of the 2025 Government Work Report on 5 March 2025. The central government maintained its GDP growth target at "around 5%" and lowered the inflation target to "around 2%," compared to the previous year's actual 0.2% and target of 3%. In response to rising US tariff pressures, the fiscal deficit/GDP ratio was raised to around 4%, above the conventional 3% ceiling, to support increased spending. Additionally, the Chinese government has pledged further support to stimulate technology consumption, including AI products. The People's Bank of China (“PBOC”) committed to developing innovative macroprudential tools to aid economic recovery.

Key policy focuses include:

1. Boosting domestic demand with accommodative fiscal and monetary policies.
2. Stabilizing the Property market.
3. Resolving Local Government Financing Vehicle (“LGFV”) debt risks.
4. Promoting AI adoption in electric vehicles, personal computers, smartphones, and robotics.
5. Rectifying excessive industry competition.
6. Encouraging new births with increased subsidies.

Following the central government's commitment to promoting birth rates and providing childcare subsidies at the Two Sessions meeting, local governments have begun implementing substantial measures. Major provinces have introduced better-than-expected subsidies for the first child and extended subsidy periods for the second and third children. These recurring and larger subsidies are expected to have a stronger impact on stimulating birth rates compared to previous one-time, smaller subsidies.

The US government released the "America First Investment Policy" on 21 February 2025, calling for new or expanded restrictions on US outbound investment in China, particularly in leading technology areas such as semis, AI, quantum, biotech, aerospace, advanced manufacturing and hypersonics. This policy aligns with the Department of Defense's recent addition of Tencent Holdings Ltd and Contemporary Amperex Technology Co Ltd to its Chinese Military Companies list in January 2025. Although the directive has no immediate legal implications and it is not as enforceable as an Executive Order, it has negatively impacted sentiment towards China. Additionally, on 27 February 2025, Trump proposed an additional 10% tariff on Chinese imports, effective 4 March 2025, on top of the 10% tariff implemented on 4 February 2025.

In light of the government's shift in tone on 24 September 2024, to arrest falling property prices and provide unemployment support, there is a tilt towards a higher beta consumer-led recovery play. Private enterprises are expected to contribute to the economic rebound. With accelerated AI infrastructure demand post-DeepSeek, there are anticipated benefits such as reduced costs of training and inference, driving demand for AI in electronic applications. Nonetheless, the focus remains on aligning state-owned enterprises' operations with China's strategic goals, particularly self-sufficiency in technology, energy, and food supply, with an emphasis on return on equity and operating cash flows as key performance indicators.

ASEAN

MSCI ASEAN fell by 2.2% in first quarter 2025. Performance within ASEAN markets was mixed. Singapore gained while Indonesia and Thailand fell sharply. Malaysia and Phillipines equities also fell -7.7% and -1.7% respective in first quarter 2025.

The Monetary Authority of Singapore (“MAS”) loosened its policy settings recently in January 2025 despite a strong and accelerating growth print in fourth quarter 2024. The MAS, which primarily uses the exchange rate as its policy tool, announced a slight reduction in the slope of its policy band for the first time since 2020. There was no change to the width of the band or the level at which it is centered. This move was accompanied by a downward revision of the core inflation forecast to 1%-2% for the year, from the previous estimate of 1.5%-2.5%. The MAS cited a quicker-than-expected moderation in core inflation and expressed confidence in the path of disinflation. “While an escalation of trade frictions could be inflationary for some economies, their impact on import prices is likely to be offset” by weaker global demand, the MAS said. Looking ahead, the MAS is likely to further ease its Foreign Exchange (“FX”) policy in April 2025 with another slight slope reduction.

Bank Negara Malaysia (“BNM”) kept the Overnight Policy Rate (“OPR”) unchanged at 3.0% in March 2025, aligning with market expectations. The domestic economy is projected to remain strong, driven by resilient domestic spending, higher wage growth, and increased investment in multi-year infrastructure projects. Exports to moderate given higher global trade uncertainty with a partial offset from the tech upcycle. BNM acknowledged downside risks to growth from global trade uncertainties and potential declines in commodity production. Whether BNM continues to hold rates steady in 2025 is looking less certain with US tariff announcements on reciprocal tariffs and chips being targeted.

Bank of Thailand (“BOT”) delivered a 25bps policy rate cut in February 2025, against the consensus for no change, to provide growth support and ease financial conditions. The vote split swung to 6-1, from a unanimous hold, likely reflecting the shift in the policy priority to provide much-needed policy support from preserving policy space. According to the policy statement, the BOT cited “structural impediments in manufacturing production” as a key factor contributing to the weaker-than-expected growth outlook, but now also flagged “heightened risks from trade policies of major economies”. The larger remaining phase of the digital-wallet giveaway is planned for second quarter 2025 with boost to growth will be short-lived. The tourism sector continues to struggle from a lack of demand from China, historically the single largest visitor group. Concerns about potential US reciprocal tariffs add to the uncertainty.

Bank Indonesia held its policy rate steady at 5.75% in March 2025, following a rate cut in January 2025. The decision comes amid concerns over the rupiah's stability and the government's fiscal position, highlighted by an unusual early-year budget deficit and a significant drop in revenues. Investor sentiment has been negatively impacted by worries over President Prabowo's costly welfare programs. While the easing cycle is expected to continue, the timing of further rate cuts will depend on the rupiah's stability.

The Bangko Sentral ng Pilipinas (“BSP”) surprised markets in February 2025 by leaving its policy rate unchanged at 5.75%, citing "unusually high" global policy uncertainty. Shortly thereafter, BSP announced a 200bps reduction in the Reserve Requirement Ratio (“RRR”) to 5%, effective end-March 2025, slightly ahead of market expectations. This move indicates BSP's comfort with the inflation outlook, which remains the primary policy driver. GDP growth is anticipated to be supported by private consumption, investment, and a strong push for infrastructure projects, bolstered by the upcoming midterm elections.

In the short term, the strong USD will be a headwind for ASEAN countries and political unstability in Indonesia with President Probowo’s policies and Thailand’s economic woes are still lingering despite market-rescue efforts. However in the longer term, 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

Majority of global equity indices fell sharply especially US equities due to fear of US recession. President Donald Trump has pursued an economic agenda of broad tariffs on US trading partners, including Canada, China and Mexico with the aims to protect targeted US domestic industries. Other countries also response in retaliation to US tariff which likely leading to higher production costs for many businesses.

The ongoing recovery in external demand, supported by the global technolgy upcycle and firm domestic spending aided by stable job market and income will provide support to the economy. Investment activities will be driven by further progress of multi-year investment projects by both the public and private sectors. Malaysia's growth will be underpinned by steady improvement in the labour market, income-boosting measures, continued tourism recovery, and execution of approved investments whilst inflation is forecasted to rise to +2.5% YoY in 2025 (2024 estimation: +1.9%), with potential upward pressure hinging on the timing of RON95 subsidy reforms, likely to be introduced in second half 2025. As the inflation uptick is supply side driven, alongside rising external risks from Trump's tariff plans, BNM to stay put on the OPR at 3.0% for 2025.

Household spending would be underpinned by improving income and employment. Government policies from income boosters with minimum wage increase, civil servants pay hike and Employees' Provident Fund ("EPF") Account 3. The country's monthly minimum wage will be raised to RM1,700 from RM1,500 effective 1 February 2025. Civil servants get salary increments of between 7% and 15% under the new Public Service Remuneration System ("SSPA"). Civil servants in top management will receive 7% wage hike while those categorized as implementers, managers and professional will get a 15% pay increase. The increments will be implemented in phases where Phase 1 will be in December 2024 and Phase 2 in January 2026. Withdrawal for EPF's members below age of 55 from the Flexible Account 3. EPF account is now divided into 3 accounts which are Retirement Account (75%), Sejahtera Account (15%) and Flexible Account (10%).

Despite strong economy, Malaysia equity market suffered Year-to-Date ("YTD"). The small cap stocks suffered a lot more than the bigger cap stocks. Not even a single sector recorded positive return YTD. Valuation is cheap as index is trading at below mean valuation. Corporate earnings were downgraded after weak fourth quarter 2024 results but remains decent. The earnings yield is at 7.5%. Despite the downgrades, we still expect corporate to deliver decent growth at between 6%-7%

Malaysia equity market were weighed down by strong negative sentiment, driven by concerns over a potential US recession and the risk of China entering a prolonged period of deflation. Foreign investors have offloaded more than RM13 billion worth of Malaysian equities since late October 2024, bringing foreign shareholdings to historical lows. Our market including ASEAN and India also become the funding source for better performance in North Asia in particular Hong Kong and China. We believe the recent news on Data Center, AI thematics as well as tariff announcements have impacted the sentiment on Malaysia, but we think the impact should be neutral as there are not many tech companies are involved in AI and Malaysia actually benefited from the tariff imposed on China and other countries. Strong domestic liquidity could lend support to the market.

We believe the downside is fairly limited at current levels. We still expect meaningful expansion in forward earnings multiples and our Kuala Lumpur Composite Index ("KLCI") do not justify valuations to at the lower end of historical ranges, in our view. There are few compelling reasons to expect a meaningful expansion in forward earnings multiples in 2025 forecast. We opined the government to continue with its favorable and a progressive policy backdrop and will led to robust domestic demand and earnings growth.

We do expect market sentiment to remain weak in the near term, with a more sustained recovery likely only after a US Fed rate cut. For 2025, we remain cautiously optimistic on Malaysia's equity outlook, supported by the government's structural reforms aimed at fostering long-term sustainable economic growth. Key investment themes for the year are 1) Implementation of large-scale infrastructure projects, 2) Malaysia's positioning as a beneficiary of global trade shifts 3) Stable domestic consumption trends and 4) Continued supply chain relocation under the China+1 strategy.

Global Fixed Income Market Review and Outlook

US Treasuries ("UST") and G10 Bonds

The main focus for the first quarter 2025 immediately following the US Elections last quarter were the actions re-elected President Trump following his inauguration on 21 January 2025, might carry out, particulary as his campaign consisted on implementation of pro-growth, tax cuts and fiscally expansionary policies which investors worried would likely drive inflation higher, creating a challenging environment for the Fed. Trump has historically been pushing for lower interest rates often clashing with the Fed. A return to protectionist trade policies could impact global supply chains, potentially affecting inflation and bond yields. Trump has so far, at the time of writing, announced 25% tariffs on Canada and Mexico and another 10% on China's imports but the 25% tarfiffs were subsequently postponed by 30days. Further to this 25% tariffs on Steel and Aluminium products imported into the US went into effect 12 March 2025 and further possible tariffs on autos likely amounting to 25% from early April 2025.

In terms of monetary policy actions, post the cumulative 100bps cut by the conclusion of 2024, the Fed has paused over the first 2 meetings in first quarter 2025, maintaining the target rate at 4.25%-4.50% and signaled expectations for slower US growth and higher inflation. Although the Fed Dot Plots (or interest rate projections) for the near to medium term remain unchanged, with 50bps of cuts expected this year and another 50bps in 2026, in the statement and press-conference following the March 2025 FOMC, Chair Powell alluded that the Fed is prepared to "look-through" inflation generated by tariffs, cutting policy rates even if inflation stays well above target. The Fed also revised the Summary of Economic Projections to lower GDP expectations down to 1.7% from 2.1%, increase unemployment rate from 4.3% to 4.4% and Core Personal Consumption Expenditure ("PCE") to 2.8% from 2.5% and Fed would slow the balance sheet runoff from 1 April 2025, reducing the monthly redemption limit on Treasury securities from $25 billion to $5 billion per month. The level of policy uncertainty meant there was little reason to change assumptions made at the December 2024 Meeting. All in all, market consensus read the FOMC overall as dovish, and market is currently pricing in around 66bps of cuts (between 2-3 rate cuts) for 2025, slightly more than what the Fed Dot Plots projections.

The US Treasury ("UST") curve bull steepened overall in the first quarter 2025, with the benchmark 2-year, 5-year, 10-year, 20-year and 30-year UST last traded as of 26 March 2025 at 4.02% (December 2024: 4.24%; -22bps), 4.10% (4.38%; -28bps), 4.35% (4.57%; -22bps), 4.73% (4.86%; -13bps) and 4.70% (4.78%; -8bps) respectively.

Outlook and Strategy

The January 2025 International Monetary Fund ("IMF") World Economic Outlook Update is broadly unchanged from the October 2024 update; IMF is projecting global growth at 3.3% for both 2025 and 2026, primarily on account of an upward revision in the US growth offsetting downward revisions in other major economies. Global headline inflation is expected to decline to 4.2% in 2025 and further to 3.5% in 2026, converging back to target earlier in advanced economies than in emerging market and developing economies. Nevertheless, IMF still views medium term risks to the baseline tilting toward the downside on elevated policy uncertainty to weight between inflation and supporting growth.

In the US, we amidst the first 100 days of Trump's second presidential term, and it has so far been volatile, with numerous executive orders, and policy changes. On 1 February 2025, Trump signed three executive orders imposing a 25% tariff on all goods from Mexico and Canada and a 10% tariff on China, originally due to take effect on 4 February 2025. On 3 February 2025, Trump announced that the tariffs on both Mexico and Canada would be paused for one month after the countries agreed to take further steps to prevent the trafficking of drugs into the US. A lower 10% tariff was announced for all energy exports from Canada, including electricity, natural gas, and oil. In response, representatives from Mexico and Canada announced intentions to impose retaliatory tariffs on the US, which if implemented could lead to an increase in tariff rates in accordance with a clause reportedly included in the orders signed by Trump.

Following the 100bps of rate cuts in 2024, we scale back on expecting the same quantum of cuts for 2025, but expect 1-2 rate cuts, the view being highly dependent on macro events and data releases. In the current market environment, we are still biased towards allocation into higher quality credit issuers given rates still arguably remain elevated. While 2024's view of being a "bond year" did not materialise to the extent most investors have expected, with the total return of the UST index as flattish, our strategy for 2025 is to position more for carry given a number of external factors (potentially looser fiscal policies, divergence of monetary policy, etc) could heighten volatility and stifle the potential upside in fixed income.

Malaysia Fixed Income Market Review and Outlook

Ringgit Sovereign Bond

Malaysian fixed income market had a solid quarter, with most benchmark indices on track to deliver a YTD return of approximately +1.40%. The positive returns were primarily driven by income accruals from underlying fixed income assets, while bond prices saw an uptick, supported by sustained demand from local investors. BNM continued to maintain a steady policy, leaving the OPR unchanged at 3.00%. This created a conducive and stable interest rate environment for fixed income assets to perform. Malaysia's fiscal position has also been improving, which has boosted investor confidence. The government successfully narrowed its fiscal deficit from a high of over 6.0% of the country's GDP to about 4.0% in 2024, below the official target of 4.3%. The government has also set a target to further reduce the deficit to 3.8% in 2025. Indeed, this combined factors of sustained local demand, steady BNM OPR and an improving fiscal position has contributed to the positive performance and shielded the local market from rising volatility seen in the global market – making the Malaysian fixed income market as one of the safe haven for investors who want stable returns amidst volatile markets.

In terms of economic numbers, Malaysia's growth remained strong, with the full-year 2024 GDP growth recorded at 5.1% YoY mainly driven by robust private consumption (e.g. hotels, restaurants, transport) and strong private investments as private investment growth tripling to 12.3% (from 4.6% recorded in 2023). Meanwhile, Malaysia's headline CPI continued to moderate with the latest reading at 1.5% YoY in February 2025 due to lower inflation rates in housing, housing equipments and health care cost in recent months.

A summary of the movement in yield levels of Malaysian Government Securities ("MGS") and Malaysian Government Investment Issues ("GII"):

Benchmark	MGS yield (%)			GII yield (%)		
	31-Dec-24	27-Mar-25	Change	31-Dec-24	27-Mar-25	Change
3-Year	3.481	3.410	-7 bps	3.423	3.506	+8 bps
5-Year	3.624	3.557	-7 bps	3.625	3.581	-4 bps
7-Year	3.761	3.699	-6 bps	3.742	3.704	-4 bps
10-Year	3.810	3.767	-4 bps	3.830	3.770	-6 bps
15-Year	3.969	3.906	-6 bps	3.977	3.902	-7 bps
20-Year	4.064	3.995	-7 bps	4.064	4.009	-5 bps
30-Year	4.183	4.140	-4 bps	4.185	4.143	-4 bps

Source: FAST BNM and Bond Pricing Agency Malaysia. Data as at 27 March 2025

Ringgit Corporate Bond

Ringgit Corporate Bonds had a positive quarter as well, with investors piling into this segment of the market to generate higher income accrual as compared to the MGS or GII market. The strong demand had further compressed credit spreads with the average credit spreads compiled by the Bond Pricing Agency Malaysia ("BPAM") for AAA rated and AA rated bonds with 7-year tenures hitting a fresh low of just 15bps and 30bps (previously was 20bps and 33bps respectively) above the prevailing MGS levels.

In terms of corporate rating action, the notable moves in the domestic corporate bond market were (1) The revision of outlook on MCIS Insurance Berhad ("MCIS")'s A1 rating to negative as the rating agency raised concern on the persistent earnings pressure arising from high medical claim and MCIS increasing reliance on single premium products and lack of scale in an increasingly competitive industry, (2) The revision of outlook for YTL Group of Companies (YTL Power and YTL Corp) to AA1/Positive from AA1/Stable previously as the group saw strong performance improvements in its key metrics particularly on cashflow and its earnings, which RAM opines that the metrics commensurate with a AAA rating. Its related company, Malayan Cement Berhad ("MCement") saw a 2 notch upgrade by RAM to AA1/Stable, from AA3/Positive previously as the Company's financial profile saw significant improvements in revenue, profit and gearing while RAM also applied an uplift based on the expected parental support from MCement's parent - YTL Corp.

Outlook and Strategy

Our base case is unchanged where we expect BNM to hold the OPR unchanged at 3.00% for a prolonged period of time as Malaysia's inflation rate is now firmly below the 2% level. In our opinion, the risks to OPR change is tilted towards BNM cutting rate eventually as inflation concerns from RON95 subsidy rationalisation are likely to be more contained now, while the central bank focus have shifted towards managing the risks of a potential deeper slowdown arising from the now full-blown trade war between the US and China where the two countries have now implemented tit-for-tat tariffs on each other's key exports.

The factors that supported the positive performance in the first quarter i.e. strong domestic demand and improving fiscal conditions by the government are also likely to continue into the second quarter providing a tailwind for the Malaysian fixed income assets to continue to perform positively. These factors, coupled by the increasing uncertainty about global growth which in turn would increase the appeal for fixed income assets in our view could shape up to be a strong year for fixed income assets to perform strongly in 2025.

In summary, we are positive on the fixed income market and we advocate portfolios to stay invested with increased allocation whenever any exacerbated selling occurs given heightened volatility by Trump 2.0.

Commodity Market Review and Outlook

Oil (Brent)

Source: Bloomberg, RHBAM, 25 March 2025.

Crude Oil (Brent) price has been volatile for first quarter 2025 due to 1) geopolitical risks as US tightened its sanction for Iran and Venezuela, 2) lower oil demand in key markets such as China and 3) Organization of the Petroleum Exporting Countries Plus ("OPEC+) confirmed its intention to increase production.

The US Energy Information Administration's ("EIA's") March 2025 Short-Term Energy Outlook ("STEO") was bullish as the agency now expects the overall oil market in 2025 will be closely balanced. The agency cut its OPEC+ crude output by 0.3 million barrels per day due to decreasing crude oil production in Iran and Venezuela. Excluding the three exempted countries (Iran, Venezuela and Libya), the EIA raised OPEC+ output growth under production agreements by 50 thousands barrels per day. However the agency still expects the oil market balance to shift to a surplus starting from second half of 2025. For 2026, the EIA projects a moderate surplus of 0.5 million barrels per day vs previously 1.0 million barrel per day. Meanwhile, the International Energy Agency ("IEA") suggested global oil supply may still exceed demand by around 600 thousands barrels per day for 2025 as risks to the market outlook remain rift and uncertainties abound. OPEC's March 2025 Monthly oil Market Report is neutral for both 2025 and 2026 as the agency kept oil market outlook unchanged. On 3 March 2025, OPEC+ announced it was planning to bring back 138 thousands barrels per day of its 2.2 million barrels per day of curtailed production starting in April 2025. They plan to bring back 138 thousands barrels per day each month going forward subject to market conditions. When it was announced, the oil price declined due to bearish outlook for crude.

All in all, oil prices are expected to remain range bound/slight decline 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, 25 March 2025.

Gold prices extended its climb by around 15% for 2025 YTD to reach new highs of above 3000, despite USD and US Fed rates staying elevated. Concerns of a US recession and global macroeconomic slowdown from President Trump's tariff stole the limelight, with increasing flows into Gold to hedge uncertainties. From a fundamental perspective, discipline cost controls had enabled gold miners to benefit from stronger cash margins from gold operations. Demand for gold stood robust, buoyed by Emerging Market ("EM") central banks purchase of physical good and higher Gold Exchange-Traded Fund ("ETF") flows. We expect Gold prices to hover around the 3000 levels for the near term as tariff uncertainties persist.

Copper

Source: Bloomberg, RHBAM, 25 March 2025.

Copper prices recovered steadily by around 14% in first quarter 2025 to reach a high of 9950 USD per tonne, on the back of favourable supply and demand dynamics. Copper supply had been tighter since second half 2024, while demand had improved meaningfully since the start of 2025. Stronger copper prices could be largely attributed to excess inventory built up in the US, due to the possible implementation of 25% tariffs on copper imports. Global manufacturing remains lukewarm, hence copper demand is mainly held up by structural energy-transition and AI-related demand. Global supply

should remain tight due to constraints from Congo and Chile. As such, we expect copper prices to hold up above 9500 levels for 2025.

Key Takeaways

Source: Bloomberg, RHBAM, March 2025.
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	Neutral	While recent information has increased the likelihood of a stagflation outcome (weak survey data, soft consumer spending, large tariff increases and Department of Government Efficiency ("DOGE") cuts) and weighed on the growth outlook, the US isn't in nor at immediate risk of stagflation. Tactically cautious on risk assets in the near term as uncertainty increased going into 2 April 2025 when "America First Trade Policy" Executive Order are due.
Fixed Income	Overweight	As broadly expected, the Fed held rates steady for second time at the 4.25%-4.50% range with the update dot plot showing 2 cuts this year (no change). According to the Summary of Economic Projection, real GDP for 2025 was revised down to 1.7% (versus 2.1% prior) with higher inflationary forecasts (core PCE for 2025 up to 2.8% versus 2.5% prior) and unemployment rate (4.4% versus 4.3% prior). Notably, risk to growth is on the downside with uncertainty around trade policy
Cash	Neutral	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	Tactical Slight Underweight	Policy uncertainty may weigh on growth and stocks in the near term. Real GDP growth was revised down by Fed to 1.7% for 2025. 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 in the second half of this year.
Europe	Tactical Slight Overweight	Rising defense spending as well as potential fiscal loosening and de-escalation in the Ukraine war are possible catalyst.
Japan	Neutral	Corporate reforms are driving improved earnings and shareholders returns. However, a stronger Yen dragging earnings is a risk as Bank of Japan may raise rates in June/July 2025.
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	Underweight	Strong USD will be a headwind for ASEAN countries. Political unstability in Indonesia with President Probowo's policies and Thailand's economic woes are still lingering despite market-rescue efforts.
China	Neutral	AI and technology excitement could keep driving returns. Chinese official will adopt a more proactive fiscal policy for the coming year, including plans to issue more government bonds to support the growth target. The National People's Congress meeting set the official fiscal deficit ratio target has been raised to 4.0% of GDP in 2025 from 3.0% in 2024, and the quotas for central and local government special bond issuance have been set at Renminbi ("RMB") 1.3 trillion and RMB4.4 trillion (versus RMB1.0 trrillion and RMB4.3

Countries	Outlook	Rationale
		trillion in 2024). Trump announced another set of 10% tariffs on 27 February 2025, effective 4 March 2025 on top of the 10% effective 4 February 2025. We turned neutral on China given tariff risks and structural challenges.
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 with cautious on trade policy.
Taiwan	Neutral	Growth remain strong going into 2025 with the thematic AI and technology support. Central Bank of China ("CBC") kept its policy rate at 2.0% in its March 2025 meeting. Its official GDP growth forecast was slightly downgraded to 3.05% YoY. CBC also thinks core inflation is gradually moderating. The CBC Governor also explicitly said there is no room to ease, given AI-related exports and investment resiliency, unless growth spillovers from global trade issues worsen substantially. Uncertainty circled around the potential 25% tariff hike on US semiconductor imports.
South Korea	Neutral	The Bank of Korea ("BOK") continued the easing path as it lowered its policy rate by 25bps to 2.75% in its February 2025 meeting. This marks the first time since the financial crisis in 2009 the BOK cut its policy rate when inflation was above its target. The BOK likely remains more concerned about the growth outlook. The Constitutional Court dismissed the impeachment of Prime Minister Han Duck-soo, reinstating him as acting president in the ongoing turmoil over suspended President Yoon Suk Yeol's brief imposition of martial law. Korea's constitutional court will also rule whether to uphold Prime Minister's impeachment will bring politics back into focus ahead of the short sell ban lift 31 March 2025. Financial Times Stock Exchange ("FTSE") Russell announced that South Korea will be included into their flagship World Government Bond Index ("WGBI") as of November 2025.
India	Neutral	After a weak third quarter 2024, India's economic growth rebounded in fourth quarter 2024. Real GDP rose 6.2% YoY, up from an upwardly revised 5.6% in third quarter 2024. Although headline inflation has been around the bank's 4% midpoint target, price pressures on core elements of the consumption basket have picked up recently. After the Reserve Bank of India delivered a 25bps repo rate cut at its February 2025 meeting, the policy rate will be kept on hold at the next meeting in early April 2025 as pressures on the rupee remain high given Trump's ongoing tariff threats. Downside risks to economic growth from a potential trade war and the threat of reciprocal tariffs have increased.
Australia	Neutral	The Bank of Australia ("RBA") cut cash rate by 25bps in its February 2025 meeting to 4.10%. This is the first change in the cash rate since November 2023, when they hiked rates 25bps to a cycle peak which lasted 15 months. RBA Governor Michelle Bullock's press conference was on the hawkish side and explicitly pushed back against market pricing. Australian flash PMIs for March 2025 showed a further pick-up in output and new orders. The budget surprised on the upside wooing households ahead of the election with a surprise tax cut and ongoing subsidy measures to ease cost of living. All eyes will be focusing on the Australian federal election, which has to be held by 17 May 2025 for the 48th Parliament of Australia.
Singapore	Slight Overweight	The Monetary Authority of Singapore ("MAS") loosened its policy settings recently in January 2025, despite a strong and accelerating growth print in fourth quarter 2024. The MAS "reduce slightly" the slope of its policy band, the first time since 2020. The MAS revised its forecast lower for core inflation to average 1%-2% this year from a previous estimate of 1.5%-2.5%. "While an escalation of trade frictions could be inflationary for some economies, their impact on import prices is likely to be offset" by weaker global demand, the MAS said. MAS is likely to ease its FX policy in its April 2025 meeting with another "slight" slope reduction. Singapore's general election has to be held by November this year.
Thailand	Slight Underweight	Bank of Thailand ("BOT") delivered a 25bps policy rate cut in February 2025, against the consensus for no change, to provide growth support and ease

Countries	Outlook	Rationale
		financial conditions. The vote split swung to 6-1, from a unanimous hold, likely reflecting the shift in the policy priority to provide much-needed policy support from preserving policy space. According to the policy statement, the BOT cited "structural impediments in manufacturing production" as a key factor contributing to the weaker-than-expected growth outlook, but now also flagged "heightened risks from trade policies of major economies". The larger remaining phase of the digital-wallet giveaway is planned for second quarter 2025 with boost to growth will be short-lived. The Tourism sector continues to struggle from a lack of demand from China, historically the single largest visitor group. But uncertainty remains high regarding whether Thailand will become a target of reciprocal tariffs from the US.
Indonesia	Slight Underweight	Bank Indonesia held its policy rate at 5.75% in its March 2025 meeting after a cut in January 2025 amid the weakness of the rupiah. Concerns over the government's fiscal position have resurfaced after the country posted an unusual early-year budget deficit, with revenues plunging 20% in the first two months of 2025. Investor sentiment has soured due to concerns that President Prabowo's costly welfare programs will strain the budget. We still expect the easing cycle to continue, but the timing of rate cuts will depend on the stability of the Rupiah.
Philippines	Slight Overweight	The Bangko Sentral ng Pilipinas ("BSP") surprised in February 2025 by leaving its policy rate unchanged at 5.75%, citing "unusually high" global policy uncertainty. However, shortly after that, BSP announced another 200bps RRR reduction to 5%, effective end-March 2025, which is slightly earlier than market expectation of April 2025. This suggests BSP remains comfortable with the inflation outlook, which is still the biggest policy driver for BSP. GDP growth to be supported by private consumption and investment aided by lower inflation and policy rates. The government's strong push for more progress on infrastructure projects, with an added impetus from the midterm elections.
Malaysia	Slight Overweight	Bank Negara Malaysia ("BNM") left the Overnight Policy Rate ("OPR") at 3.0% in March 2025, in line with consensus. On the domestic front, economic activity to remain strong in 2025 driven by resilient domestic spending, higher wage growth and higher investment realization, including in ongoing multi-year infrastructure projects. Exports to moderate given higher global trade uncertainty with a partial offset from the tech upcycle. BNM sees downside risks to growth from potentially slower global growth and lower-than-expected commodity production. Whether BNM continues to hold rates steady in 2025 is looking less certain with US tariff announcements on reciprocal tariffs and semiconductors being targeted.
Malaysia Small Cap	Neutral	Attractive valuation couple with strong domestic would benefit the small cap companies.

Fixed Income

Asset Class	Outlook	Rationale
Global Bonds (Rates)	Overweight	As broadly expected, the Fed held rates steady for second time at the 4.25%-4.50% range with the update dot plot showing 2 cuts this year (no change). According to the Summary of Economic Projection, real GDP for 2025 was revised down to 1.7% (vs 2.1% prior) with higher inflationary forecasts (core PCE for 2025 up to 2.8% vs 2.5% prior) and unemployment rate (4.4% vs 4.3% prior). Notably, risk to growth is on the downside with uncertainty around trade policy.
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.

Asset Class	Outlook	Rationale
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 in the view that the curve could steepen if the tariff tit-for-tat continues.
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 just 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. In our opinion, the risks to OPR change is tilted towards BNM cutting rate eventually as inflation concerns from RON95 subsidy rationalisation are likely to be more contained now, while the central bank focus have shifted towards managing the risks of a potential deeper slowdown.

Commodities

Asset Class	Outlook	Rationale
Gold	Overweight	Gold prices extended its climb by around 15% for 2025 YTD to reach new highs of above 3000, despite USD and US Fed rates staying elevated. Concerns of a US recession and global macroeconomic slowdown from President Trump's tariff stole the limelight, with increasing flows into Gold to hedge uncertainties. From a fundamental perspective, discipline cost controls had enabled gold miners to benefit from stronger cash margins from gold operations. Demand for gold stood robust, buoyed by EM central banks purchase of physical good and higher Gold ETF flows. We expect Gold prices to hover around the 3000 levels for the near term as tariff uncertainties persist.
Crude Oil	Neutral	Crude Oil (Brent) price has been volatile for first quarter 2025 due to 1) geopolitical risks as US tightened its sanction for Iran and Venezuela, 2) lower oil demand in key markets such as China and 3) Organization of the Petroleum Exporting Countries Plus ("OPEC+) confirmed its intention to increase production. The US Energy Information Administration's ("EIA's") March 2025 STEO was bullish as the agency now expects the overall oil market in 2025 will be closely balanced. The agency cut its OPEC+ crude output by 0.3 million barrels per day due to decreasing crude oil production in Iran and Venezuela. Excluding the three exempted countries (Iran, Venezuela and Libya), the EIA raised OPEC+ output growth under production agreements by 50 thousands barrels per day. However the agency still expects the oil market balance to shift to a surplus starting from second half of 2025. For 2026, the EIA projects a moderate surplus of 0.5 million barrels per day vs previously 1.0 million barrel per day. Meanwhile, the International Energy Agency ("IEA") suggested global oil supply may still exceed demand by around 600 thousands barrels per day for 2025 as risks to the market outlook remain rift and uncertainties abound. OPEC's March 2025 Monthly oil Market Report is neutral for both 2025 and 2026 as the agency kept oil market outlook unchanged. On 3 March 2025, OPEC+ announced it was planning to bring back 138 thousands barrels per day of its 2.2 million barrels per day of curtailed production starting in April 2025. They plan to bring back 138 thousands barrels per day each month going

Asset Class	Outlook	Rationale
		forward subject to market conditions. When it was announced, the oil price declined due to bearish outlook for crude. All in all, oil prices are expected to remain range bound/slight decline 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 is expected to maintain its strength through second quarter 2025 and the rest of the year, driven by the relatively resilient US economic conditions and a cautious Fed approach to rate cuts with some members now signalling that they are worried on the potential of tariff impact towards inflation in the US. The USD rates is also relatively high at about 4.0% compared to its peers and hence should continue to support the USD as a safe-haven currency amid global uncertainties. Geopolitical tensions, such as those in the Middle East, and potential US tariffs under Trump's policies, further bolster the USD.
EUR	Negative	EUR is forecasted to weaken through 2025 due to the ECB's dovish stance, having already cut rates earlier this year and possibly more in later half of 2025 to stimulate the sluggish Eurozone economy. Weak manufacturing and services data from Germany and France, combined with a declining trade surplus add pressure on the EUR. Potential US tariffs targeted at European exports and the recently announced tariff on Automotive imports should blunt the confidence in Europe further.
GBP	Slight Negative	GBP is expected to face mild downward pressure in second quarter 2025 due to the strong USD but we expect some slight recovery later in the year. This is as United Kingdom inflation remains above the Bank of England's ("BOE") 2.0% target (currently at 3.40%) which should trigger the BOE to maintain a more hawkish approach in terms of its monetary policy. While the new fiscal budget increasing business costs (e.g., higher social insurance contributions from April 2025) may constrain growth, we expect BOE to keep interest rate high to contain inflation.
JPY	Negative	JPY is likely to remain weak through 2025 due to the persistent interest rate differential with the US. The BOJ's hawkish commentary has not translated into significant rate hikes, with rates expected to stay low (below 1%) to support Japan's fragile recovery. Trump's tariff threats and a stronger USD continue to pressure the JPY, though any BOJ rate hikes could provide temporary support. The lack of major policy shifts keeps the JPY on a downward trajectory.
CNH	Negative	CNH is expected to weaken further driven by ongoing US tariff risks and China's fragile economic recovery. Despite stimulus efforts, China's trade balance remains under pressure, and the yuan faces depreciation risks, potentially reaching 7.30 eventually. Technical indicators suggest continued downward momentum, with limited support unless China implements more aggressive stimulus measures.
AUD	Negative	AUD is forecasted to weaken through 2025 due to its strong correlation with the CNH and commodity price volatility. Australia's economic growth may slow as global demand weakens, particularly with China's economic challenges. The Reserve Bank of Australia is likely to maintain steady rates, although that would offer little support to the AUD. A stronger USD further pressure the AUD, with a bearish outlook persisting through the year.
SGD	Slight Negative	SGD is expected to weaken slightly against the USD in 2025 due to regional economic headwinds in Asia, as well as a broadly stronger USD. Singapore's status as a regional safe-haven currency provides some resilience, but the

Asset Class	Outlook	Rationale
		Monetary Authority. That said the SGD's downside is limited by Singapore's strong economic fundamentals.
MYR	Slight Negative	MYR is likely to face depreciation pressures due to its linkage to the CNH and regional trade dynamics. BNM is expected to keep rates steady, but with increasing growth risks, BNM may eventually decide to cut rates to support growth considering that inflation is relatively benign. However, domestic stability such as the strong growth and consolidation of fiscal deficit should help to provide stability and prevent a sharper decline of the MYR.

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