QUARTERLY MARKET INSIGHTS

Quarter 4, 2025

Source: Bloomberg, RHBAM, September 2025
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Global Equity Market Review and Outlook

Global equities continued their momentum in the third quarter of 2025 (“3Q2025”), building on the resilience seen earlier in the year. The Morgan Stanley Capital International (“MSCI”) All Country World Index advanced 6.4% over the quarter to date, with strong contributions from United States ("US") and Asia. US equities gained 7.1%, while European markets rose 2.2%, and Japanese equities advanced 7.4% in US dollar ("USD") terms. The Asia Pacific ex-Japan region ("APAC") outperformed with an 8.5% gain (USD terms), led by China (+16.5%), Taiwan (+12.1%), Korea (+10.2%), and Thailand (17.0%). In contrast, Indonesia (-2.5%), Philippines (-6.4%), and India (-7.0%) were notable underperformers in the region.

US economic growth provided a bright spot, with Gross Domestic Product (“GDP”) expanding at an annualized 3.8% in the second quarter, a sharp rebound from the 0.5% contraction in first quarter. The figure marked an upward revision from the initial 3.0% and second estimate of 3.3%, underscoring the resilience of the US economy. Stronger business investment, particularly in technology and infrastructure, played a central role, with artificial intelligence (“AI”)-driven capex providing a new source of growth momentum.

By contrast, the US labor market showed clear signs of cooling with two consecutive months of weak nonfarm payrolls. August 2025 payrolls rose just 22,000 after July 2025’s 73,000. The unemployment rate edged up to 4.3%. Although the increase was modest, it highlighted that labor demand is softening relative to supply, and the slowdown is not solely because of the slower population growth. Weakness was broad-based. Outside of healthcare’s 31,000 gain, sectors such as mining, oil and gas, wholesale trade, manufacturing, and government all lost momentum. Weekly jobless claims remain elevated despite some easing after the September 2025 Federal Open Market Committee ("FOMC”), and consumer surveys show rising expectations of unemployment. In addition, the Bureau of Labor Statistics’ preliminary benchmark revision revealed payrolls were 911,000 lower in the year through March 2025 than previously reported, suggesting that the labor slowdown began earlier and has been more pronounced than headline data implied. While these data do not yet point to a recession, they reinforce a soft-landing base case.

Inflation remains sticky but not accelerating. Headline Consumer Price Index (“CPI”) rose 2.9% Year-on-Year (“YoY”) in August 2025, up from 2.7% in July 2025, while core inflation held steady at 3.1%. The persistence is concentrated in services. Shelter costs remained the primary driver, while categories like medical care and recreation offered some offsets. Goods prices show only limited tariff pass through so far. The sticky CPI figures didn’t deter the rate cut in September 2025, but make it tougher for the Federal Reserve (“Fed”) to achieve its dual mandate.

Fed policy has shifted toward risk management as growth slows. The FOMC cut the funds rate by 25 basis points (“bp”) in September 2025, inaugurating a cautious easing cycle that prioritizes downside risks to employment over inflation. While the cut was widely expected, internal dispersion was notable. One dovish dissent called a 50bp move. The dots also reveal unusually wide disagreements about the 2025 path, ranging from rate hike to multiple cuts. The median projections imply two more cuts in 2025 and a glide toward a slightly higher new neutral around 3.125% by 2027. The FOMC statements and dots were more dovish than expected, but Powell's press conference struck a balanced tone. He emphasized uncertainty and framed the move as insurance rather than the start of aggressive easing. He also highlighted the challenging situation between inflation and job growth.

Concerns about the Fed's longstanding independence have grown louder. Trump's economic adviser, Stephen Miran, was narrowly confirmed to the Board of Governors just ahead of the September 2025 FOMC. The administration's efforts to remove Governor Lisa Cook and public calls for structural reforms to the Fed also heightened fears of political interference. The unusually wide dispersion of FOMC views may reflect this backdrop. In addition, market participants are worried the Trump administration may be seeking greater influence over the long end of the Treasury curve following Miran's reference to Fed's third mandate. While rate cuts may be supportive for markets in the near term, perceptions of diminished independence risk raising premia on US asset.

Tariffs, the dominant market driver earlier this year, have eased as a headline risk following a wave of trade agreements in August 2025. While tail risks remain, particularly in sensitive sectors such as semiconductors and pharmaceuticals, the broader tariff landscape is now more stable. Inflation data show only limited pass through to consumer prices, as US corporates have absorbed much of the cost burden. This is reflected in the regional Fed surveys data and the most recent Purchasers Manufacturing Index ("PMI") data. However, a rising share is likely to be passed over to the US consumer over time.

AI investment has emerged as both a macro cushion and a structural equity driver. In the first half of 2025, investment in information processing equipment contributed as much to GDP growth as household spending. It reflects a powerful capex upcycle led by US hyperscalers and supported by global supply chains across memory, foundry, advanced packaging, and power systems. Consensus capex expectations for US cloud service providers continue to move higher, while earnings guidance from AI hardware and component suppliers remains constructive.

Europe delivered strong equity gains in recent months, supported by expectations of fiscal expansion and improving PMI readings. The European Central Bank ("ECB") paused its rate-cutting cycle in September 2025, signaling the policy rate has reached its terminal level near 2%, with inflation already back within target. Structural headwinds, however, remain evident. Consumption is soft, political instability in France has raised fiscal credibility risks, and US tariffs on European Union ("EU") exports remain a headwind. Optimism rests on initiatives such as Germany's fiscal expansion and EU defense spending, which could provide medium-term support but are unlikely to deliver a near-term boost. With European equities having outperformed year-to-date, sustaining momentum may prove challenging without new catalysts.

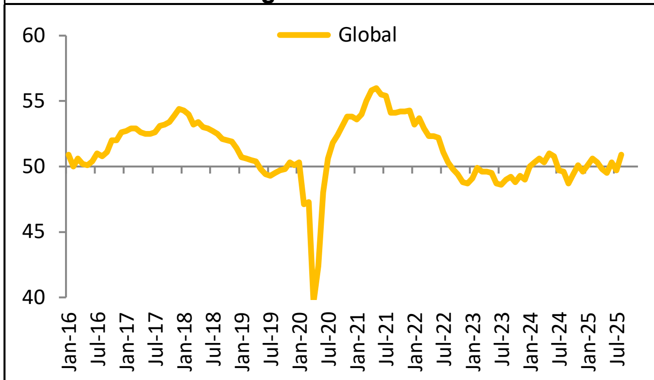
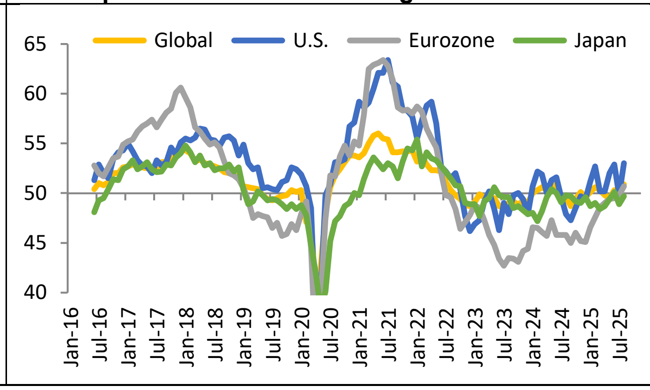
Japan has also outperformed, with equities rallying strongly over the summer. Its GDP revised higher to 2.2% YoY in second quarter, aided by resilient consumption. Headline inflation has cooled to 2.7% in August 2025, though it remains above the Bank of Japan's 2% target. The Bank of Japan ("BOJ") has held rates steady at 0.5% while beginning to unwind its Exchange-Traded Fund ("ETF") and Real Estate Investment Trust ("REIT") holdings, signaling gradual normalization. Political uncertainty following Prime Minister Shigeru Ishiba's resignation has added near-term risk, though the leadership transition within the Liberal Democratic Party ("LDP") is expected to bring only incremental policy changes. Fiscal expansion could modestly increase under some candidates, but monetary policy is likely to remain accommodative.

Across Asia, performance has been steady, with ex-Japan equities advancing broadly in line with global markets. In China, liquidity and sentiment have driven rallies despite weak underlying fundamentals, while Korea and Taiwan remain key beneficiaries of the global AI investment cycle. India faces new risks from escalating trade tensions with the US, while Association of Southeast Asian Nations ("ASEAN") markets are muted amid political and fiscal uncertainties. A weaker US dollar and the geographical diversification theme provide support for Asia as a whole, though performance remains fragmented across markets. Specific sectors such as AI-linked supply chains continue to offer more compelling upside.

Looking ahead to fourth quarter of 2025 ("4Q2025"), volatility is likely to remain elevated as investors navigate competing narratives. On one side, accommodative monetary policies, resilient corporate fundamentals, and structural growth themes such as AI supports equity resilience. On the other, persistent inflation, cooling job market, political uncertainties, and an unsettled trade backdrop create downside risks. Our stance remains cautiously optimistic, favoring quality exposures with strong balance sheets and secular growth drivers, while preparing for periods of heightened volatility as the policy environment remains in flux.

Economic Highlights

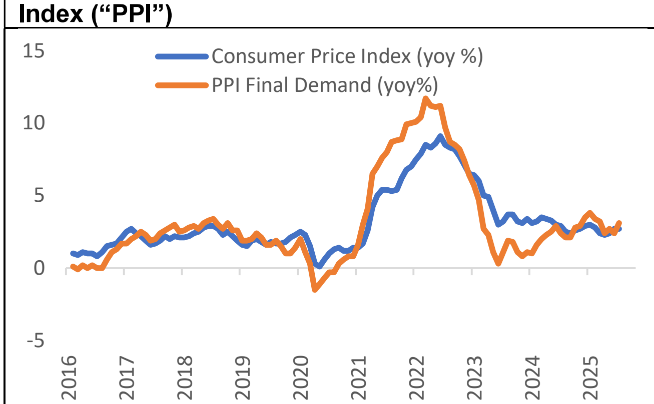
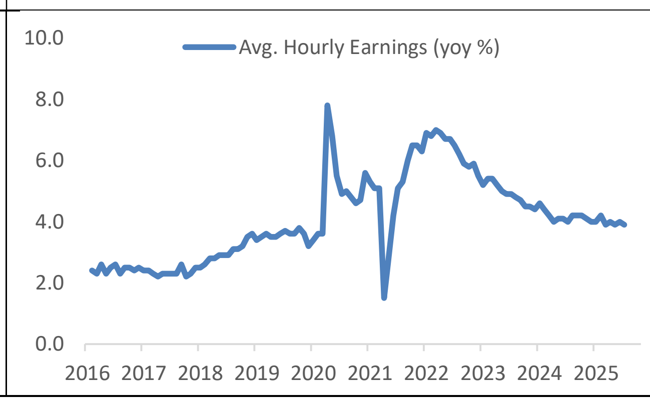
Global Purchasing Managers Index ("PMI")

Global Manufacturing PMI	**Developed Market Manufacturing PMIs**
	

Source: Bloomberg, RHBAM, 29 September 2025

- Global Manufacturing PMI improved to 50.9 in August 2025 from 49.7 in July 2025.
- The US Standard & Poor's ("S&P") manufacturing PMI improve to 53 in August 2025 from 49.8 in July 2025. Japan manufacturing PMI softened to 48.4 in August 2025 from 49.7 in July 2025. The Eurozone manufacturing PMI dropped to 49.5 in August 2025, from 50.7 in March 2025.

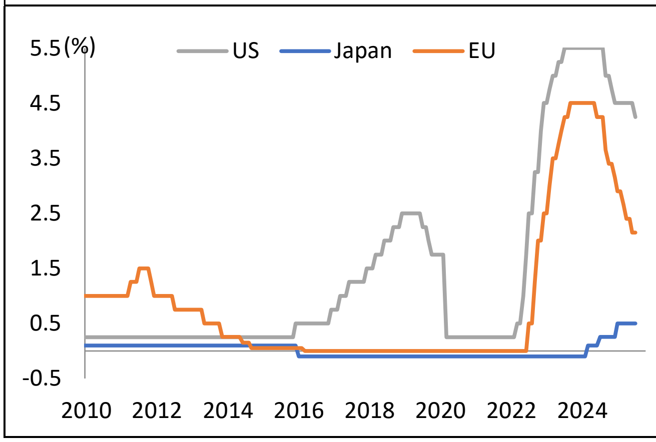
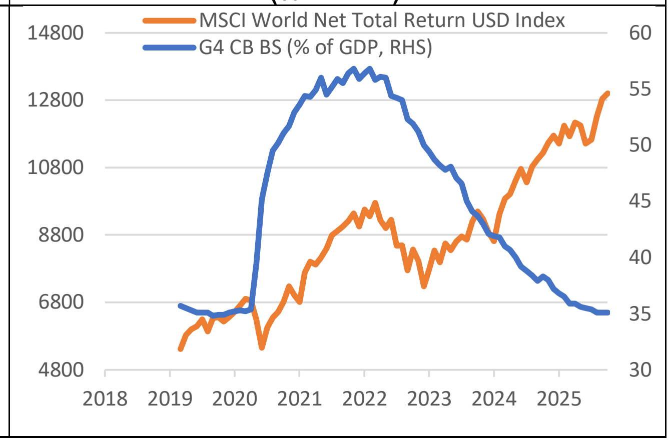
US

US Consumer Price Index ("CPI") Producer Price Index ("PPI")	**US Average Hourly Wage Growth**
	

Source: Bloomberg, RHBAM, 29 September 2025

- US inflation rose by 2.9% in August 2025, increased from 2.7% in July 2025, but still lower than an average of 3.0% in 2024.
- Unemployment rate edged up to 4.3% in August 2025 vs 4.2% in July 2025 while it averaged at 4.0% in 2024 and US hourly wage growth remained resilent at 3.9% in August 2025.

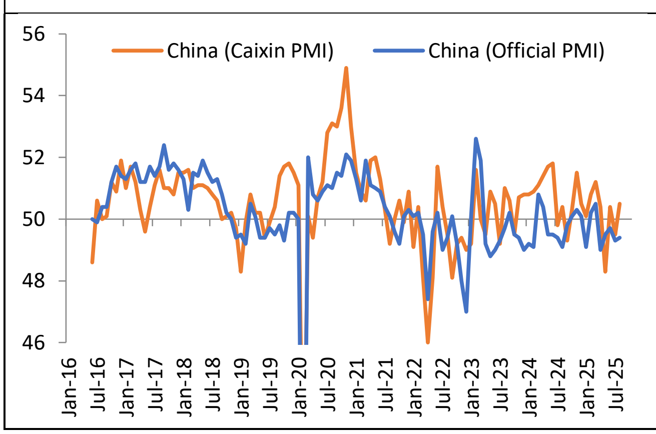
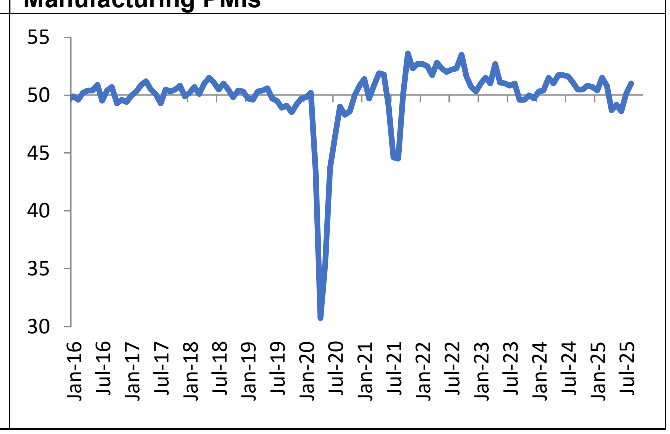
Global

Central Banks Key Policy Rates	**MSCI World Net Total Return Index vs G4 Central Bank Balance Sheet (% of GDP)**
	

Source: Bloomberg, RHBAM, 29 September 2025

- Fed cut the federal funds rate by 25bps to 4.00% - 4.25% in September 2025. The Dots showed an additional 50bps cut in 2025, 25bps cut in 2026 and 25bps cut in 2027 to a terminal rate of around 3.13%.
- The ECB left its benchmark rate unchanged at 2.00% in September 2025. It indicated done with cutting rates at terminal rate of 2%.

China | **ASEAN**

China PMIs (Caixin)	**Association of Southeast Asian Nations ("ASEAN") Manufacturing PMIs**
	

Source: Bloomberg, RHBAM, 29 September 2025

- The Caixin PMI improved to 50.5 in August 2025, from 49.5 in July 2025 and official manufacturing PMI edged up to 49.4 in August 2025, from 49.3 in July 2025.
- ASEAN's manufacturing PMI improved of 51.0 in August 2025 from 50.1 in July 2025.

China/Hong Kong

China's equity market rallied as one of the best-performing markets globally, even as underlying macro data remain uneven. The MSCI China Index rose 16.5% in USD terms in 3Q2025. The rally has been driven by liquidity and market sentiment around a more stable US-China relationship and China's supportive policy measures.

August 2025 activity data underscored the ongoing challenges, with retail sales, industrial production, and fixed asset investment all missing expectations. Demand-side indicators remain weak, particularly retail sales and property related investment. The property sector continues to drag, with home sales and prices slipping further despite localized easing measures in major cities. Fiscal expenditure growth also slowed, curbing infrastructure investment momentum. Exports added another layer of complexity. Shipments to the US falling sharply on fading frontloading effects, but exports to ASEAN and the EU remained resilient.

Despite these headwinds, equity performance has been buoyed by ample domestic liquidity. Household savings of Renminbi ("RMB") 160 trillion, including an estimated RMB26.5 trillion of excess savings accumulated during the pandemic, are beginning to unlock as deposit rates decline and time deposits mature. This creates a significant pool of potential equity inflows, reinforced by rising A-share account openings and surging Non-Bank Financial Institution ("NBFI") deposits into brokerage accounts. At the same time, weaker returns from fixed income products such as money market funds and life insurance policies have pushed households and institutions toward equities. Trading volumes reflect this shift, with turnover surpassing RMB3 trillion on several occasions. Importantly, valuations remain relatively low, and geopolitical stability has lent further support.

Investor sentiment has also benefited from a calmer US-China relationship, which has encouraged a reassessment of China's risk premium. The recent call between Xi and Trump struck a constructive tone and raised hopes for stability ahead of their expected meeting at the October 2025 Asia-Pacific Economic Cooperation ("APEC") summit. With most Emerging Markets ("EM") funds still underweight China, even a shift to neutral positioning could translate into meaningful mechanical inflows. As long as the diplomatic tone remains stable, liquidity is more likely to add than subtract.

Domestic policy is another key driver of market sentiment. Anti-involution emerged as the core supply side framework to restore industry profitability and curb destructive price competition. While the approach echoes the 2015 supply side reforms, it extends deeper into downstream sectors such as Electric Vehicles ("EVs") , solar, healthcare, food delivery, and services, where capacity rationalization and higher standards can improve returns on investments. Though such measures may restrain near-term investment and output, they are intended to enhance longer-term profitability and equity market sustainability.

Unlike the prior cycle's supply only tilt, the current policy mix is broadening to include demand support. On the investment side, a pipeline of targeted infrastructure and industrial projects underpins medium-term capex. On the consumption side, measures such as trade in programs, childcare support, consumption loan subsidies, elderly care vouchers, and free preschools are being rolled out. None of these are transformative, but the direction is incrementally supportive.

The upcoming 15th Five-Year Plan will be pivotal in anchoring China's medium-term policy trajectory. Authorities are expected to continue prioritizing new productive forces such as AI, robotics, advanced manufacturing, and clean energy, while also signaling a greater willingness to strengthen the social safety net and rebalance the growth mix toward services consumption. Such rebalancing is critical to meeting longer-term developmental goals.

For Hong Kong, the rally has been supported by spillovers from mainland markets and a reassessment of investability by global investors. As the primary conduit for international flows into onshore themes, Hong Kong stands to benefit from policy support in China as well as recovering interest EM allocators. The city is also well placed to capture gains from services trade liberalization, particularly in finance and professional services, as mainland consumption rebalances.

Looking ahead, investors will closely watch the October 2025 Fourth Plenum for policy direction, particularly on rebalancing and service consumption, as well as developments in the Xi Trump meeting. While fundamentals remain fragile, the combination of liquidity, sentiment, and incremental policy support suggests that the rally could extend. Accelerated AI infrastructure demand following DeepSeek is also expected to lower training and inference costs and boost adoption of AI in electronics. Nonetheless, we still favour the theme of aligning of consumption recovery and China's strategic goals of self-sufficiency in technology, energy and food supply.

ASEAN

MSCI ASEAN rose 6.7% in USD terms in 3Q2025 and performance within ASEAN markets was mixed. Singapore (+7.1%), Malaysia (+4.2%) and Thailand (+17.0%) gained while Indonesia (-2.5%) and Philippines (-6.4%) fell.

Singapore remains the relative bright spot in ASEAN, benefiting from its safe-haven status and a more stable policy environment. The ruling party’s stronger mandate at the recent election provides political continuity, while the Monetary Authority of Singapore (“MAS”) has maintained sufficient policy flexibility with two rounds of easing earlier this year. Growth surprised on the upside in the second quarter, with GDP expanding 4.4% YoY, led by wholesale trade, manufacturing, finance & insurance, and transportation & storage sectors. The Ministry of Trade & Industry subsequently raised its full year GDP growth forecast to 1.5%-2.5%. Firm AI related demand continues to support exports. Inflation remains subdued, and valuations are not overstretched, attracting steady capital inflows.

Malaysia's economy remains supported by resilient domestic demand. Economic activity held steady in the first half of 2025, supported by domestic demand and strong investment realization of ongoing multi year infrastructure projects. Inflation has stayed modest, aided by watered down fuel subsidy rationalisation. Bank Negara Malaysia (“BNM”) delivered a pre-emptive rate cut in July 2025 to cushion expected tariff impact. Malaysia has been more exposed to tariff risks than some of its ASEAN peers, particularly in semiconductors and electronics, which account for nearly half of its exports to the US. Nonetheless, with consumption and investment providing a buffer, Malaysia’s outlook is stable in the near term.

Thailand has seen some near-term stability with the election of Bhumjaithai leader Anutin as prime minister and the formation of a minority government. His policy agenda to lower living costs, provide debt relief, and boost household income is domestically supportive. However, the government’s short four month mandate limits the scope for meaningful reforms. The Bank of Thailand has already cut rates three times this year to support the economy, though the effectiveness of monetary transmission remains limited. Domestic liquidity has supported equities in recent weeks, leaving the near-term outlook less bearish than earlier in the year. Still, structural challenges and political fragmentation keep Thailand slight underweight in regional allocations.

Indonesia faces a more unsettled policy environment under President Prabowo, who has pursued populist measures including liquidity injections into state-owned banks and the appointment of a new finance minister with a limited fiscal track record. While GDP growth remains strong, underpinned by consumption and commodity exports, concerns over fiscal credibility and central bank independence have weighed on sentiment. Bank Indonesia’s surprise rate cut in September 2025 was interpreted negatively by markets, adding to perceptions of policy inconsistency. Although valuations remain attractive, uncertainty over the direction and execution of Prabowo’s reforms, along with potential changes to the fiscal deficit cap, have kept investors cautious into year end.

The Philippines offers a mixed picture, with consumption-driven growth continuing to provide resilience while structural imbalances remain. Current account deficits and weak Foreign Direct Investment (“FDI”) inflows continue to weigh on external stability, but domestic demand, accounting for over three-quarters of GDP, has shielded the economy from tariff shocks. The Bangko Sentral ng Pilipinas (“BSP”) has begun a modest easing cycle with three cuts so far this year, though inflation concerns and peso volatility will limit the pace of further reductions. Equity valuations remain among the cheapest in the region, but the lack of clear catalysts has capped investor enthusiasm. Growth should hold within the lower end of the government’s medium-term target range, but external vulnerabilities remain a key risk into 2026.

Looking ahead, ASEAN is likely to remain weighed down in the near term by political uncertainty and the drag from tariffs, keeping foreign investor interest muted relative to other regions. The underperformance of several key markets this year underscores how governance concerns and trade frictions have overshadowed cyclical growth drivers. Yet the longer-term outlook remains constructive. The region retains strong structural advantages in its young demographics, rising middle class, and government commitments to infrastructure upgrades and green development. Fiscal and monetary policies are generally supportive, with most governments prepared to lean on stimulus while central banks retain room to ease as inflation stays contained. While short-term headwinds argue for continued caution, ASEAN’s fundamentals suggest that once political risks stabilize and global trade conditions improve, the bloc is well placed to reassert its growth premium over the medium term.

Malaysia Equity Market Review and Outlook

Malaysia's economy is expected to remain supported by resilient domestic demand, which includes stable employment, income-enhancing measures like targeted cash transfers, and strong private investment.

The tourism sector would be bolstered by the Visit Malaysia 2026 campaign, is expected to be a significant contributor to services growth.

Malaysia’s GDP growth sustained at +4.4% from a year ago YoY in second quarter of 2025, marginally lower than the advance estimate of +4.5% YoY. Net exports contributed negatively but was supported by the services sector.

Over to the economy, BNM released a revise GDP forecast for 2025. The Malaysian economy remains on a strong footing and is projected to expand between 4.0% and 4.8% in 2025. BNM mentioned that the forecast remains subject to uncertainties surrounding the global economy, both on the downside and upside. Meanwhile, Headline inflation is projected to remain moderate, averaging between 1.5% and 2.3% in 2025. 13th Malaysia Plan was also announced with overall plans to level up Malaysia, leveraging on current initiatives and developments.

Malaysia's fiscal balance is projected to improve with the deficit narrowing to an estimated 3.8% of GDP in 2025 and targeting a reduction to below 3% of GDP by 2030, according to the 13th Malaysia Plan. This trend of fiscal consolidation is driven by measures like the diesel subsidy retargeting and improved tax collections, aiming to reduce the government's debt load and improve long-term financial health.

Although the index remained below the neutral mark, the August 2025 reading indicated that manufacturing conditions were moving closer to expansion after months of contraction. It suggests Malaysia’s economy is maintaining growth momentum in the third quarter.

The Industrial Production Index (“IPI”) growth accelerated to +3.0% YoY in June 2025 from May 2025 of +0.3% YoY. This came significantly higher than consensus' estimate of +0.5% YoY. Growth was broad-based, lifted by stronger manufacturing production electricity and mining production. Stronger growth in the manufacturing sector was supported by a pick-up in both domestic-oriented and export-oriented sectors. The International Monetary Fund has revised up GDP projection for Malaysia to 4.5% from 4.1%, which they projected few months ago.

Corporate earnings growth is expected to recover in 2026. Corporates are expected to deliver earnings growth of 6% to 7% on the back of the recovery in the economy and restart of capital expenditure after a year of slowdown due to tariff uncertainty. Visit Malaysia year is likely to benefit the economy. Consumer related sectors, property and banking sectors are expected to benefit from rate cut. Whilst construction sector to benefit from the award of the infrastructure projects.

Foreign investors have been consistently net sold Malaysian equities since October 2024. Year-to-Date (“YTD”) foreign investors sold Ringgit Malaysia (“RM”) 14.1 billion worth of Malaysian equities. The market has been supported by strong liquidity. Malaysia might benefit if the USD weakens further as Fed starts to cut rate. Asia would likely to receive more portfolio monies should USD weakens.

Global Fixed Income Market Review and Outlook

US Treasuries ("UST") and G10 Bonds

The tariffs announced at the start of second quarter of 2025 ("2Q2025") , alongside the subsequent 90day pause a week later meant that limited pass through into data was seen. The US CPI rose to 2.9% YoY (+0.3% Month-on-Month ("MoM")) for August 2025, while the Core CPI, which excludes food and energy, also rose to 3.10% YoY (+0.3% MoM) for August 2025. Personal Consumption Expenditures ("PCE") deflator, the Fed's preferred measure for inflation, which is released after the CPI data, rose to 2.70% YoY (+0.3% MoM) for August 2025, while Core PCE also rose slightly to 2.9% YoY (+0.2% MoM). The data breakdown showed the increase in inflation was due to core services as tariff pass through to goods still continue to be limited. The In terms of the labour market, The Non-Farm Payroll ("NFP") report for August 2025 was much lower than expected, with just 22 thousand jobs created versus median consensus of 75 thousand. Unemployment rate also edged up to 4.3% (versus 4.2% prior) in August 2025 and average hourly earnings increased modestly at 3.7% YoY (+0.3% MoM). In August 2025 in the lead up toward the annual Jackson Hole Symposium, where Chair Powell addressed the shifting balance of risks in the labor market, the Bureau of Labor Statistics ("BLS") made relatively large revisions to the labor market data from March 2024-2025 where the US Created 911,000 fewer jobs than earlier estimates. With the revised data, average monthly job growth in 2025 so far is now at approximately 44,000 a month. With the Fed almost singular focus on sticky inflation earlier in 2025, the sudden softness in the labor market was the key factor behind the Fed's decision to resume the rate cut in September 2025.

The Institute of Supply Management ("ISM") PMI for August 2025 improved slightly by 0.7 to 48.7, but still showing the sixth consecutive month of contraction this year. There was a pullback in production due to higher import duties (likely from tariffs).

In terms of monetary policy actions, The US FOMC resumed their rate cuts after pausing 5 consecutive meetings since December 2025, with the Fed Fund Rate reduced by 25bps to 4.00%-4.25% in their latest FOMC meeting on 17 September 2025 with the sole dissenter Miran favouring a 50bps cut instead. The decision was motivated by the recent signs of a weakening labor market and higher unemployment. The Fed also indicated it would continue to reduce Quantitative Tightening at a pace of USD 5 billion per month of treasuries and USD 35 billion in agency mortgage-backed securities. The Summary of Economic Projections ("SEP") showed that the FOMC were a bit more upbeat on growth ahead , still cautious on inflationary pressure from traiffs and overall presented a more dovish outlook on rates versus the June 2025 FOMC. The median GDP forecast was upgrade for 2025 (1.6% from 1.4%) and 2026 (1.8% from 1.6%) while the forecast for core PCE inflation and the unemployment remain unchanged for 2025 (3.1% and 4.5%) but Fed sees slightly lower unemployment rate further on in 2026/2027. The updated Fed "dot plots" was updated to show a lower median forecast (of 2 further 25bps cut for the remainder of 2025). The median dots for 2026 and 2027 has also shifted lower by 25bps to 3.50% and 3.25% respectively indicating a total 100bps future cumulative easing.

The US Treasury ("UST") curve bull steepened overall in the third quarter 2025 on a more dovish Fed, though the overall move was capped toward the end of the quarter on some bear flattening as investors started to price out the recent cut as a "risk-management" cut; The benchmark 2-year, 5-year, 10-year, 20-year and 30-year UST last traded as of September 2025 at 3.62% (June 2025: 3.72%; -10bps), 3.73% (3.80%; -7bps), 4.14% (4.23%; -9bps), 4.69% (4.77%; -8bps) and 4.71% (4.77%; -6bps) respectively.

Outlook and Strategy

The July 2025 International Monetary Fund ("IMF") World Economic Outlook Update saw a slight upgrade of growth forecasts from the bearish April 2025 update; IMF is projecting global growth at 3.0 percent for 2025, unchanged from the April 2025 update and 3.1% for 2026, a slight upward revision primarily reflecting front-loading ahead of tariffs, lower effective tariff rates, better financial conditions, and fiscal expansion in some major jurisdictions. Global inflation is still expected to decline but the US inflation is predicted to stay above target. Nevertheless, IMF still sees downside risks from potentially higher tariffs, elevated uncertainty and geopolitical tensions.

Following the cumulative 125bps of rate cuts since 2024, and current "dovish-leaning" Fed committee, we expect 1 to 2 more rate cuts to come starting from October 2025, though this is still likely to be data-dependent. For Global Fixed Income, we are still biased towards allocation into higher quality credit issuers as rates still arguably remain elevated and the risk of slower than expected growth has risen in light tariffs. We continue to be neutral duration, we favour the intermediate part of the curve and remain cautious on the long end on elevated fiscal concerns due to Trump's "big beautiful bill". The strategy for 2025 is to position 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

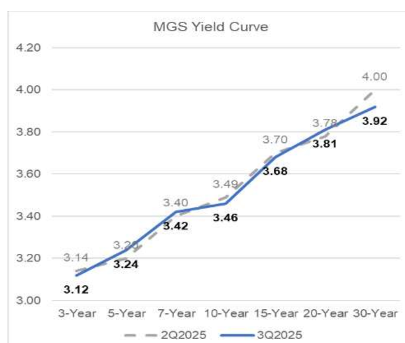
On 9 July 2025, BNM cut the Overnight Policy Rate ("OPR") by 25 basis points to 2.75% as expected by us and around half of the economists surveyed by Bloomberg. The accompanying policy statement struck a neutral tone where the central bank described the move as pre-emptive and reiterated its commitment to support domestic economic momentum amid a moderate inflation outlook. The OPR cut coupled by BNM's earlier cut in Statutory Reserve Requirement ("SRR") - a key tool that allows the release of liquidity into the banking system liquidity triggered a strong wave of positive momentum on the overall Malaysian bond market.

Nevertheless, the sentiment reversed towards the end of 3Q2025 as profit-taking flows, rising corporate bonds issuances and foreign selling cancelled out the impact of BNM's rate cut, resulting in a mixed quarter-on-quarter performance for the domestic bond market. Indeed, economic releases such as the GDP growth and consumer spending continue to point to a resilient Malaysian economy, diminishing the need for an imminent second OPR cut by BNM to support the economy. The lack of catalyst encouraged investors to lock-in profit with foreign flows particularly recording a large net outflow of about RM11.0 billion in the 3 months ending August 2025.

In terms of economic releases, Malaysia Final 2Q2025 GDP grew by 4.4% YoY (first quarter of 2025 ("1Q2025"): 4.4%; consensus: 4.5%), slightly less than forecasted. The growth was primarily supported by strong domestic demand, particularly private consumption (+5.3%) as favourable labour market conditions and income-related policy measures (civil service salary increase) bolstered domestic driven growth. Meanwhile, Malaysia's CPI rose 1.3% YoY in August 2025 (previous: 1.2%), in line with the consensus estimate of 1.3%. The increase in CPI was primarily supported by a surge in the restaurant and hotel services (August 2025: 3.5%, July 2025: 3.1%), insurance and financial services group (August 2025: 5.6%, July 2025: 5.5%), as well as education (August 2025: 2.4%, July 2025: 2.2%). It was partially mitigated by a slowdown in housing, utilities and other fuels price inflation (August 2025: 1.2%, July 2025: 1.3%).

As a result, the Financial Times Stock Exchange ("FTSE") Bond Pricing Agency Malaysia ("BPAM") Government Bond Index delivered a modest return of 1.04% mainly driven by coupon returns from the bonds. This brings the YTD gains to 4.91% - on track to outperform last year's index performance. A summary of the yield levels of Malaysian Government Securities ("MGS") and the quarterly change in yield below:

Benchmark	MGS yield (%)		
	2Q2025	3Q2025	Change
3-Year	3.14	3.12	-2 bps
5-Year	3.20	3.24	+4 bps
7-Year	3.40	3.42	+2 bps
10-Year	3.49	3.46	-3 bps
15-Year	3.70	3.68	-2 bps
20-Year	3.78	3.81	+3 bps
30-Year	4.00	3.92	-8 bps



Source: FAST BNM and Bond Pricing Agency Malaysia. Data as at 29 September 2025.

Ringgit Corporate Bond

The corporate bond market had a decent quarter where the FTSE BPAM Corporate Bond Index delivered a return of 1.29% in 3Q2025 - outperforming the government bonds index.return mainly due to the higher carry accruals of the corporate bond index. Nevertheless, YTD performance for the corporate bond index continues to trail its government bond counterpart where the corporate bond index YTD return is only at 4.72%, about 0.19% lower than the government bond due to the lagging performance of the corporate bond performance due to higher issuances this year.

Indeed, the first 9 months of 2025 saw RM109 billion of corporate bond issuances vs. RM90 billion recorded in the first 9 months of 2024, translating to nearly RM20 billion of additional issuances mainly driven by higher issuances by financials and government-guaranteed corporates. Meanwhile, pipeline of upcoming corporate bond issuances is also quite heavy, with at least RM20 billion to go for the 4Q2025 driven by property refinancing and power sector financing, resulting in cautious sentiment amongst investors.

Credit conditions in the local bond market remained stable, where there was no rating downgrade during the 3Q2025 as of writing (i.e.29 September 2025), while several issuers were upgraded. Notable upgrade includes: (1) Alliance Bank Group where Rating Agency Malaysia (“RAM”) upgraded the banking group rating to AA3 from A1 previously premised on strong asset quality and the bank’s solid position in the Small and Medium Enterprises (“SME”) segment, and (2) Maju Expressway ("MEX”) I Capital Berhad which was received a multi-notch upgrade by RAM to AA2 from A1 previously backed by the highway’s sustained traffic and revenue outperformance, and increase in cash reserves due to the ringfencing of MEX I’s cashflow for sukuk repayments.

Outlook and Strategy

Looking ahead, the Malaysian bond market is poised for a period of consolidation in 4Q2025 as the backdrop of interest rate cuts by global central banks, particularly the US provides support, while short term technical factors such as higher corporate bond issuances is slowly digested by the local investors as domestic liquidity remains ample. Meanwhile, Government’s sustained efforts to pursue fiscal consolidation amidst falling domestic inflation also create a strong tailwind for bonds to perform positively. Foreign flows into the Malaysian bond market are also expected to turn net inflow as rate cut in the US should increase the appeal of the MGS market.

In terms of monetary policy, we think BNM is likely to maintain the OPR unchanged in the near future as per communicated. Nonetheless, the risks are still tilted firmly to the downside in our opinion as the slowdown in global economy dampens the outlook for the external demand for Malaysia’s economic growth and the discussion could shift anytime towards a second rate cut in first half of 2026 (“1H2026”).

Under this environment of potential rate cuts and supportive global factors, fixed income are expected to perform positively as investors can lock in higher yields for their respective portfolios while benefitting from the capital appreciation arising from the revaluation of the bonds in a lower interest rate environment. Conversely, cash returns are expected to decline, widening the gap between bond vs. cash returns.

As a result our asset allocation strategy remains overweight bonds vs. cash, with a preference for high quality corporate and government bonds. We also advocate maintaining a slight long in duration led by the attractive roll-down amid a reasonably steep yield curve, while focusing on income generation via corporate bonds carry/accruals.

In summary, we are positive on Malaysian fixed income space and we advocate portfolios to stay invested with increased allocation whenever any exacerbated selling occurs.

Commodity Market Review and Outlook

Oil (Brent)

Source: Bloomberg, RHBAM, 30 September 2025.

Crude Oil (Brent) price has been stable for third quarter 2025. Apart from the spike in July 2025 due to optimism surrounding US trade negotiations and the significant decline in US crude inventories. The oil price hovered in the range of USD60-USD69 per barrel as the market balanced the newsflow between Organization of the Petroleum Exporting Countries Plus ("OPEC+") ramping up production vs disruption on Russia export due to drone strikes by Ukraine and tariffs/sanctions.

The US Energy Information Administration's ("EIA's") September 2025 Short-Term Energy Outlook ("STEO") signalled additional bearish pressure from stronger supply, partly offsetting the upward revision in demand driven by base effects. The agency now projects the oil market to be 0.1 million barrels per day looser than previously with surpluses of 1.7 million barrels per day in 2025 and 1.6million barrels per day in 2026. The agency lowered its demand growth forecasts by 85 thousands barrels per day for 2025 to 0.9 million barrels per day, mainly due to a weaker US outlook. For 2026, the demand growth estimate was raised by 90 thousands barrels per day to 1.3 million barrels per day with stronger growth in the US and The Organisation of Economic Co-operation and Development ("OECD") Europe, which more than offsets softer non-OECD demand growth. OPEC's September 2025 Monthly Oil Market Report kept the oil market balance broadly unchanged for both 2025 and 2026, with the projected call on OPEC+ crude production steady at 0.4 million barrels per day in 2025 and 0.6 million barrels per day for 2026. Demand growth forecasts were left unchanged at 1.3 million barrels per day in 2025 and 1.4 million barrels per day in 2026. In August 2025, crude output from OPEC-9 and its partners rose by 529 thousands barrels per day MoM to 36.95 million barrels per day, this is far above the planned increase. Meanwhile, the International Energy Agency ("IEA") presented a bearish outlook with higher supply. The agency now projects the market balance loosening by 200 thousands barrels per day for 2025 and 340 thousands barrels per day with surpluses of 2 million barrels per day in 2025 and 3.3 million barrels per day in 2026. The IEA rise its global oil demand growth estimates for 2025 by 52 thousands barrels per day to 0.7 million barrels per day while keeping 2026 broadly unchanged at 0.7 million barrels per day. The upward revision for 2025 reflects stronger proejctsion for OECD demand.

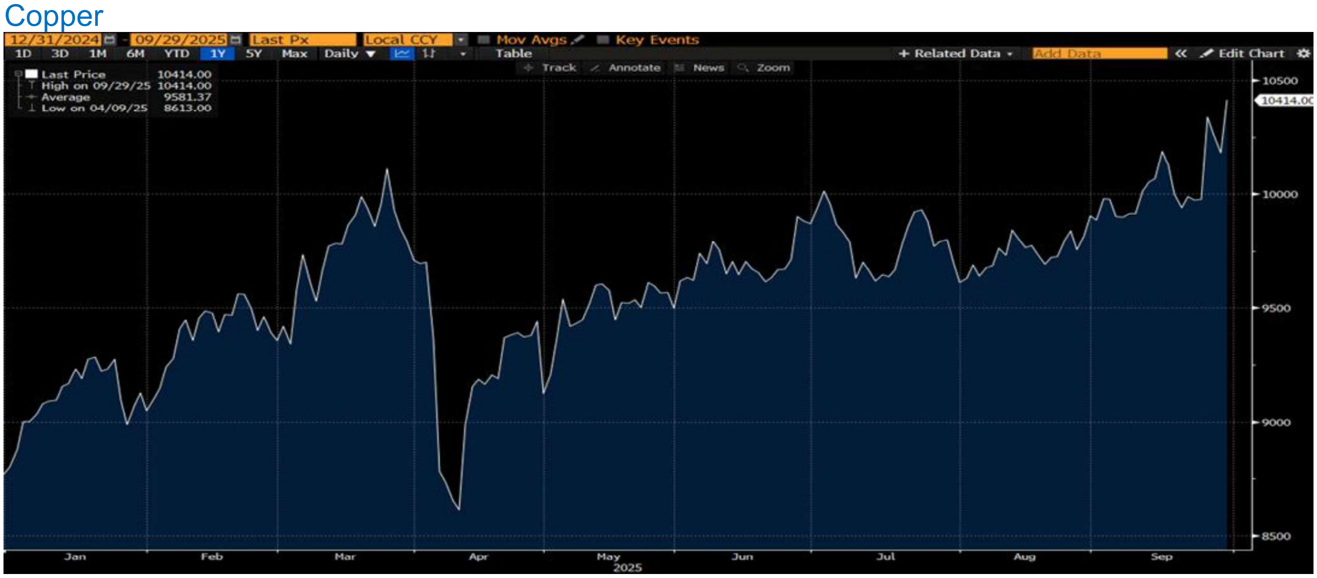
All in all, oil prices are expected to remain range bound with a relatively bearish fundamental outlook compared to 2024.This is against the backdrop of weak fundamentals, as the US and global growth outlook is likely to be tested by higher US tariffs on imports, and the rest of the world to be a risk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

Gold

Source: Bloomberg, RHBAM, 30 September 2025.

Gold prices continued its climb in 3Q2025 and the upward momentum looks to persist for the near term. Renewed concerns of the US labour market weakening and US equity market downside risks had been cyclical factors leading to increasing Gold investments as a hedge. In addition, with the weakening of USD had led to a diversification of foreign reserves away from the dollar and towards gold. Fundamentally, demand for gold remains robust buoyed by the sustained inflows from ETFs, retail and central banks. Jewellery demand had been surprisingly resilient despite the elevated gold prices. With the expectation of Fed rate cuts over the next quarters, we expect gold prices move higher towards 3800-3900 and may even reach 4000.

Copper



Source: Bloomberg, RHBAM, 30 September 2025.

Copper prices stood resilient and stronger than expected for 3Q2025, despite the normalization of US copper imports and weaker China demand. Copper reached 10,000 USD per ton in early July 2025 and hovered above approximately 9800 USD per ton levels throughout most of 3Q2025, until news of Grasberg mine disruptions brought about a spike above 10,000 USD per ton. Freeport announced that Grasberg mine will be disrupted for much longer than expected. Grasberg mine which accounts for up to approximately 770 Kilotonnes of copper or approximately 3% of global supply, further adds to the global copper supply deficits from earlier disruptions from Congo and Chile. We expect copper prices to move higher towards 10,500-11,000 USD per ton for 4Q2025 due to the supply tightness, while Fed rate cuts should further support copper price escalation.

Key Takeaways

Source: Bloomberg, RHBAM, September 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	Valuations remain elevated in the US, though other major markets look more reasonable. Earnings momentum is trending upward across key global markets, while tariff headline risks have eased significantly. A stable US-China trade relationship reduces global recession risks and provides scope for equities to rebound. Investors should remain diversified amid lingering uncertainties. Opportunistically overweighting AI related sectors as a structural, long-term growth theme with profound implications for the global economy.
Fixed Income	Overweight	After pausing for 5 consecutive meetings in 2025, the Fed cut rates by 25bps to 4.00%-4.25% range with the updated dot plots showing a more dovish rate path of 2 more cuts this year and 1 cut each in 2026 and 2027. Recent revisions to the Summary of Economic Projections, show a more upbeat outlook on growth, adding to convictions on a "soft-landing" though inflation continue to remain a concern.
Cash	Underweight	Maintain a nimble cash allocation to capitalize on tactical opportunities amid elevated short term volatility.

Equity

Countries	Outlook	Rationale
United States	Slight Overweight	Labor market indicators are not yet at recessionary levels, while AI and technology themes continue to drive markets. As long as a soft landing remains the baseline, risk appetite is likely to be supported by Fed rate cuts. Growth expectations for 2025 were revised upward from 1.4% to 1.6% by the Fed. Exceptional growth rates have normalized, and tax cut benefits are expected to materialize later. Tariff impacts are more gradual than expected, as corporates are only slowly passing through costs to consumers.
Europe	Slight Underweight	Europe has outperformed YTD but lacks near-term catalysts. Political instability in France poses new risks for the broader eurozone, though optimism persists on fiscal stimulus. The "Make Europe Grow Again" ("MEGA") initiative, driven by German fiscal expansion and increased EU defense spending, marks a historic shift that should support equities over the longer run. The ECB left rates unchanged in September 2025, signaling it may be done cutting with the terminal rate at 2%. Inflation stood at 2.0% in August 2025, within target, though geopolitics and trade barriers remain risks.
Japan	Neutral	GDP revised higher to 2.2% YoY in second quarter, aided by resilient consumption. Inflation has cooled to 3.1%, though it remains above the Bank of Japan ("BOJ")'s 2% target. The BOJ has held rates steady at 0.5% in September 2025 while beginning to unwind its ETF and REIT holdings, signaling gradual normalization. Political uncertainty following Prime Minister Shigeru Ishiba's resignation has created near-term risk, though the leadership transition within the LDP is expected to bring only incremental policy changes. Export showing risk from tariff uncertainties. BOJ Governor emphasized the need to monitor increased uncertainties related to trade policies. Japanese companies are steadily upping share repurchases.
Asia ex Japan	Overweight	The weakness in USD provides support for Asian markets when investors are seeking geographical diversification. Most regional central banks are easing from relatively high policy levels, while fiscal policy is broadly supportive. Earnings revisions are trending upward across more markets, and tariff headline risks are lower following recent trade agreements.

Countries	Outlook	Rationale
ASEAN	Underweight	Absence of catalysts and trade tariffs overhang. Political unstability in Indonesia with President Probowo's policies and Thailand's new government formation along with economic woes are still lingering despite market-rescue efforts.
China	Slight Overweight	Our earlier Overweight call has performed well. We now shift to Slight Overweight to lock in some gains and reduce risk exposure. China's economy has shown resilience but still faces structural challenges, with August 2025 retail sales, industrial output, and fixed-asset investment all below expectations. Equity performance remains supported by ample liquidity, high household savings, stable US-China relations, and domestic policies. Perception on China's ability to innovate turned around.
Hong Kong	Slight Overweight	Positive earnings revisions and a weaker Hong Kong Dollar relative to the RMB are boosting tourism and retail. Hong Kong is also benefiting from spillovers from mainland markets and a reassessment of investability by global investors.
Taiwan	Neutral	Growth has held up on tariff front loading. AI and technology remain strong thematic supports into 2025. Inflation is stable and below target. The Central Bank of China ("CBC") has held its policy rate at 2.0% since March 2025, with Governor Yang signaling no room to ease further. The sharp Taiwan Dollar appreciation was allowed strategically to reset markets. Alpha opportunities remain, but valuations are fair.
South Korea	Slight Overweight	Corporate governance reforms are ongoing with further measures expected. It has limited geopolitical headwinds and potential upside from its new leadership's policy reforms. The Bank of Korea ("BOK") paused in August 2025 after cutting 25bps in May 2025. It upgraded its GDP forecast for 2025 from 0.8% to 0.9%. Inflation is forecast at 2.0% in 2025 and 1.9% in 2026. Tariffs on Korean goods to the US were lowered to 15% from 25% in exchange for investment pledges, while fiscal stimulus is being ramped up. Attractive sectors include AI, defense, EVs, and medical beauty. Valuations remain reasonable. South Korea will be included into FTSE Russell World Government Bond Index ("WGBI") as of November 2025.
India	Neutral	Economy growth remains strong, aided by tax cuts and state-level welfare measures. However, US tariffs pose downside risks. Valuations are rich at 22 times Price-to-Earnings Ratio ("PE"). The Reserve Bank of India ("RBI") cut rates by a larger than expected 50bps in June 2025 to 5.5%, and shifted its monetary policy stance from accommodative to neutral. US tariffs pose downside risks to Indian Rupee.
Australia	Neutral	The Bank of Australia ("RBA") cut cash rate by 25bps in August 2025 to 3.60%. This is the third rate cut since November 2023, when they hiked rates 25bps to a cycle peak which lasted 15 months. The RBA sees inflation running around target but the unwinding of electricity and energy rebates is expected to push up prices in the near term. Australia's GDP grew 0.6% in 2Q2025. The annual GDP growth reached 1.8%, surpassing previous forecasts. The RBA Governor expressed a generally positive view on the economy but cautioned about global uncertainties. Unemployment is low, though productivity constraints are capping wage growth.
Singapore	Slight Overweight	Relatively more stable than ASEAN counterparts, benefiting from its safe-haven status and a more stable policy environment. The ruling party's stronger mandate at the recent election provides political continuity, while the Monetary Authority of Singapore ("MAS") has retained sufficient policy flexibility with two rounds of easing earlier this year. Growth surprised on the upside in the second quarter, with GDP expanding 4.4% YoY. Front loading in export oriented sectors performed better than expected, prompting the Ministry of Trade & Industry to raised its full year GDP growth forecast to 1.5%-2.5%. Inflation remain subdued amid lower oil prices and stable food inflation.

Countries	Outlook	Rationale
Thailand	Slight Underweight	Thailand's parliament elected Bhumjaithai ("BJT") leader Anutin as prime minister, forming a minority government with limited ability to implement reforms. The BJT reached an agreement with the People's Party to dissolve parliament in four months. Anutin prioritizes reducing the cost of living, debt relief and boosting income, but the minority government is unlikely to be able to deliver meaningful economic policies over such a short period. Bank of Thailand ("BOT") delivered a 25bp policy rate cut in August 2025 to support the economy. Further easing is uncertain due to limited transmission effectiveness.
Indonesia	Slight Underweight	President Prabowo replaced respected Finance Minister Sri Mulyani Indrawati with Purbaya Yudhi Sadewa, raising concerns over budget execution and fiscal credibility. Bank Indonesia ("BI") delivered a surprise 25bp cut in September 2025 while growth takes a higher priority, taking the policy rate to 4.75%. Fiscal spending is rising, with the 2026 budget revised from 2.48% of GDP earlier to 2.68%. The revised fiscal deficit projection stays below the 3% limit. But Parliament add the State Finance Law to the 2026 priority legislation list, indicating the likelihood of increase in the fiscal deficit ceiling beyond 3% as early as next year. Local sentiment is weak on Prabowo government.
Philippines	Slight Underweight	The consumption driven economy continues to provide resilience while structural imbalances remain. Current account deficits and weak FDI inflows weigh on external stability, but payback from frontloading is likely to be limited as domestic consumption is around 77% of GDP, the highest among ASEAN. The Bangko Sentral ng Pilipinas ("BSP") cut its policy rate for a third time in a row to 5% in August 2025. It signaled further easing if peso conditions allow. Headline inflation has fallen in 2025 on the back of low electricity and rice prices but may normalize in 2026 and 2027. Equity valuations remain among the cheapest in the region, but the lack of clear catalysts has capped investor enthusiasm.
Malaysia	Neutral	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 technology 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	Strong domestic economy and attractive valuation would likely to benefit benefit small cap companies.

Fixed Income

Asset Class	Outlook	Rationale
Global Bonds (Rates)	Overweight	After pausing for 5 consecutive meetings in 2025, the Fed cut rates by 25bps to 4.00%-4.25% range with the updated dot plots showing a more dovish rate path 2 cuts this year and 1 in 2026 and 2027. Recent revisions to the Summary of Economic Projections, show a more upbeat outlook on growth, adding to convictions on a "soft-landing" though inflation continue to remain a concern.
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 in the upcoming "Five-Year Plan" in the October 2025 Plenum.
Asian Investment Grade Credit	Overweight	Investment Grade bonds are benchmarked as a spread against UST yields. Credit spreads have tightened significantly this year but has continued to remain stable, and we are advocating the overweight on a total yield /carry

Asset Class	Outlook	Rationale
		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 more on fiscal concerns.
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 property policy support from the government to boost demand and restore confidence in the market given the drop in sales volumes by Top 100 developers as policy support measures from 2024 fades. We remain cautious in this space pending the outcome of markets but prefer to remain nimble on potential opportunities.
Malaysia Fixed Income	Overweight	Malaysian bond market is poised for a period of consolidation in 4Q2025 as the backdrop of interest rate cuts by global central banks, particularly the US provides support, while short term technical factors such as higher corporate bond issuances is slowly digested by the local investors as domestic liquidity remains ample. Meanwhile, Government's sustained efforts to pursue fiscal consolidation amidst falling domestic inflation also create a strong tailwind for bonds to perform positively. Foreign flows into the Malaysian bond market are also expected to turn net inflow as rate cut in the US should increase the appeal of the MGS market. BNM is likely to maintain the OPR unchanged in the near future as per communicated. Nonetheless, the risks are still tilted firmly to the downside in our opinion as the slowdown in global economy dampens the outlook for the external demand for Malaysia's economic growth and the discussion could shift anytime towards a second rate cut in 1H2026.

Commodities

Asset Class	Outlook	Rationale
Gold	Overweight	Gold prices continued its climb in 3Q2025 and the upward momentum looks to persist for the near term. Renewed concerns of the US labour market weakening and US equity market downside risks had been cyclical factors leading to increasing Gold investments as a hedge. In addition, with the weakening of USD had led to a diversification of foreign reserves away from the dollar and towards gold. Fundamentally, demand for gold remains robust buoyed by the sustained inflows from ETFs, retail and central banks. Jewellery demand had been surprisingly resilient despite the elevated gold prices. With the expectation of Fed rate cuts over the next quarters, we expect gold prices move higher towards 3800-3900 and may even reach 4000.
Crude Oil	Neutral	Crude Oil (Brent) price has been stable for third quarter 2025. Apart from the spike in July 2025 due to optimism surrounding US trade negotiations and the significant decline in US crude inventories. The US Energy Information Administration's ("EIA's") September 2025 Short-Term Energy Outlook ("STEO") signalled additional bearish pressure from stronger supply. The agency lowered its demand growth forecasts by 85 thousands barrels per day for 2025 to 0.9 million barrels per day, mainly due to a weaker US outlook. All in all, oil prices are expected to remain range bound with a relatively bearish fundamental 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, and the rest of the world to be a risk to global trades and economic growth. Meanwhile, an escalation in geopolitical tensions remains a key upside risk.

Foreign Exchange

Asset Class	Outlook	Rationale
USD	Neutral to Mild Positive	The US Dollar Index ("DXY") remains supported by sticky inflation, cautious Fed easing, and global risk aversion. Despite rate cuts, the Fed's "modestly restrictive" stance signals a slow pivot, keeping the dollar attractive. Trade tensions and geopolitical uncertainty are fueling safe-haven flows, while resilient US growth data limits downside pressure. DXY is consolidating near key technical levels with upside potential.
EUR	Mild Positive	The Euro ("EUR") is staging a mild recovery as the ECB pauses rate hikes and Eurozone data shows signs of stabilization. Improved business sentiment and easing energy concerns are helping EUR regain ground. However, political fragmentation and sluggish consumer demand remain headwinds. The currency's performance hinges on inflation moderation and the ECB's ability to maintain credibility without tightening further.
GBP	Mild Negative	Sterling faces modest downside as the Bank of England ("BoE") shifts toward rate cuts amid weak growth and softening inflation. The United Kingdom economy continues to struggle with stagnant productivity and fiscal constraints. While labor market resilience offers some support, investor sentiment remains cautious. Great British Pound is likely to trade in a narrow range, vulnerable to downside if BoE signals deeper easing.
JPY	Positive	The yen is strengthening as the BOJ edges away from ultra-loose policy. Rising inflation and wage growth have prompted speculation of a full exit from yield curve control. Safe-haven demand amid global uncertainty also supports Japanese Yen ("JPY"). However, any delay in BOJ normalization or renewed USD strength could cap gains. Volatility remains elevated in USD/JPY.
CNH	Negative	The offshore yuan remains under pressure due to slowing Chinese growth, weak consumer demand, and persistent trade tensions. US tariffs and capital outflows are weighing on sentiment, while the People's Bank of China ("PBOC")'s targeted stimulus has yet to deliver a sustained rebound. Chinese Yuan Offshore("CNH") may face further depreciation unless Beijing unveils stronger policy support or global risk appetite improves.
AUD	Neutral to Mild Positive	The Australian Dollar ("AUD") is stabilizing after a soft patch, supported by commodity prices and a less aggressive RBA. Rate cuts are largely priced in, and China's stimulus efforts could boost demand for Australian exports. However, domestic consumption remains weak, and global risk aversion limits upside. AUD is likely to trade sideways with a mild bullish bias if external conditions improve.
SGD	Neutral	The Singapore Dollar ("SGD") remains steady, anchored by Monetary Authority of Singapore ("MAS")'s neutral policy stance and strong fiscal fundamentals. While regional trade headwinds and USD strength pose challenges, SGD benefits from low inflation and resilient services growth. The currency is expected to hold its range, with limited volatility unless global risk sentiment shifts dramatically or MAS surprises with policy tweaks.
MYR	Neutral to Mild Positive	The Malaysian Ringgit ("MYR") is showing signs of stabilization with a mild bullish bias in Q42025. While external headwinds persist, including US tariffs and China's slowdown, MYR is supported by steady Bank Negara policy, resilient domestic demand, and improving commodity prices. A rebound in tourism and regional investment flows could further lift sentiment, keeping MYR range-bound with upside potential.

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