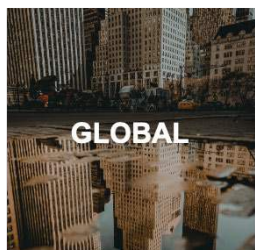


24 – 28 November 2025

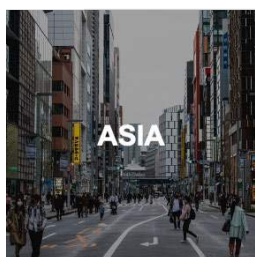
# WEEKLY MARKET REVIEW

A brief on global markets and investment strategy

## Key Highlights



- US equities rallied, with the S&P 500 up 3.7%, driven by dovish Fed signals and recovery in the AI space.
- Fed officials signalled the potential for rate cuts with markets now fully priced-in for a rate cut in December.
- The US 10-Year Treasury yield eased by 5 basis points to close at 4.01%.
- Key data was soft: retail sales rose 0.2%, and consumer confidence slipped to a 7-month low.
- Focus now shifts to labour and inflation data ahead of the 10 December FOMC meeting.



- The MSCI Asia ex-Japan index gained 2.6% buoyed by a weaker USD and rate cut optimism.
- Tech-heavy markets led gains: KOSPI gained 1.9%, Taiwan jumped 4.5%, boosted by a rebound in the AI space.
- Google's AI chip rollout and Meta's spending plans lifted sentiment in the region's tech supply chain.
- Asia IG segment widened by around 3 to 10 bps, while Asia HY widened by more than 20 bps.



- The KLCI fell 0.81%, dragged by banks, YTL Group, and PETRONAS-linked stocks.
- Corporate earnings were broadly in line with expectation. Consumer and plantation stocks outperformed, while oil & gas underperformed.
- Government bond market softened, with yields along the MGS curve rising by 1 to 4 bps.

## GLOBAL & REGIONAL EQUITIES

### U.S.

US equities surged, fuelled by renewed optimism around interest rate cuts and a recovery in the tech sector, with the S&P 500 jumping 3.7%.

Risk sentiment improved following dovish commentary from key Federal Reserve (Fed) officials. New York Fed President John Williams signalled that interest rates could fall further in the near-term, and Fed Governor Christopher Waller echoed that sentiment, noting that available economic data still points to a softening labour market consistent that warrants another 25bps rate cut.

The data backdrop remains thin as the US continues to work through a backlog of delayed releases, but the numbers that have trickled out have been weak. Retail sales rose just 0.2% in September after a stronger 0.6% in August and below forecasts of 0.4%. In addition, consumer confidence deteriorated with the Conference Board's index falling to 88.7, its lowest level since April. All of this added to the dovish tone overall.

Markets were also digesting central bank developments after media reports suggested that Kevin Hassett, director of the White House National Economic Council and a close Trump ally, has become the leading contender to succeed Jerome Powell as the next Fed Chair.

Hassett is widely viewed as dovish and aligned with Trump's preference for aggressive rate cuts, reinforcing expectations of a more accommodative Fed. However, this raises renewed concerns about the future independence of the US central bank, which subsequently weighed on the USD which weakened 0.70% w-o-w.

Treasuries strengthened with the US 10-Year yield falling 5 bps to 4.01%, as markets are now fully priced-in for a December rate cut. There are expectations of a cumulative 3 – 4 cuts, including December by the end of 2026.

Looking ahead, attention turns to a series of private sector labour indicators, including the ADP payroll data and another private survey from outplacement firm Challenger, Gray & Christmas. The Fed's preferred inflation gauge or core PCE is also slated to be released later in the week. These datapoints will be closely scrutinised ahead of Fed's FOMC meeting on 10 December.

### Asia

In Asia, the MSCI Asia ex-Japan rose 2.6% lifted by a softer USD as Fed rate cut expectations increased. Tech-heavy markets outperformed, with Korea's KOSPI gaining 1.9% and Taiwan jumping 4.5%, supported by a recovery in the global AI supply chain.

Google's rollout of its new AI chips spurred gains in the AI sector, reinforcing demand visibility and benefitting key suppliers across Korea and Taiwan. News reports that Meta is in talks to spend billions on Google's AI chips further boosted sentiment, with discussions reportedly covering both long-term purchases from 2027 and arrangements to rent Google's tensor processing units (TPUs).

After November's sharp sell-off and equally sharp rebound, tech stocks have effectively retraced their losses and are back to previous levels, bringing the focus back to whether earnings momentum can carry

## GLOBAL & REGIONAL EQUITIES (cont')

### Asia

through into 2026. Sustained upgrades will be critical for a follow-through rally into year-end.

For now, demand signals remain broadly intact and monetisation trends are progressing, albeit at a gradual pace. Still, the tech sector's sensitivity to shifts in Fed policy remains high and any reversal in rate-cut expectations could bring volatility.

On the macro front, China's latest PMI figures remained subdued at around 49, still below the 50-point threshold, pointing to ongoing softness in domestic conditions.

On portfolio positioning, cash levels held steady at around 5%, with only modest net buying in selected tech names to capitalise on the Google-related supply chain. Country positioning remains overweight China, neutral Taiwan, slightly overweight Korea, with smaller positions in India and a neutral stance on ASEAN.

### UPDATES ON MALAYSIA

Back home, the KLCI declined 0.81% last week. The banking sector was the key contributor to index performance, while YTL Group and the PETRONAS counters were the main laggards.

The week's focus centred on corporate earnings, with many large-cap companies reporting results. Overall, the results season unfolded largely as expected. Banks continued to demonstrate resilience despite the rate cut in the previous quarter. Earnings remained steady as several banks reported write-backs and lower-than-expected provisioning levels.

Among other sectors, plantation and consumer names delivered healthy results, also in line with expectations. Plantation companies benefited from firmer crude palm oil (CPO) prices, while large consumer players such as 99 Speedmart performed well, supported by spending under the MySARA assistance programme.

On the weaker side, technology companies saw softer earnings due to the stronger ringgit and certain company-specific operational challenges, such as slower production ramp-ups. The oil and gas sector also disappointed, with PETRONAS Chemicals Group Berhad among the notable decliners as the group continued to face headwinds from low petrochemical prices.

From a fund flow perspective, our internal portfolios were mainly involved in sector rotation, particularly within the banking space. Some funds added exposure to telecommunication names, while we took profit on selected material stocks such as Press Metal Aluminium Holdings Berhad and Malayan Cement Berhad. Overall, our portfolios remain highly invested, with positioning largely unchanged from previous weeks.

## FIXED INCOME UPDATES & POSITIONING

### Regional Fixed Income

Asian credit markets underperformed US credit indices last week. The Asia Investment Grade (IG) segment widened by around 3 to 10 basis points (bps), while Asia High Yield (HY) widened by more than 20 bps. The weakness was mainly due to negative headlines surrounding China Vanke, and year-end profit-taking.

## **FIXED INCOME UPDATES & POSITIONING (cont')**

### **Regional Fixed Income**

In the primary market, Asia ex-Japan saw about USD 2.7 billion in new issuances, representing a 40% week-on-week decline. Most deals came from Chinese state-owned enterprises (SOEs), industrial issuers, and China Asset Management Company (ChinaAMC). Year to date, the Asia-Pacific (APAC) gross supply has increased about 20% year-on-year but remains in net negative territory, with overall net negative supply at around USD 23 billion.

In terms of portfolio activity, our funds participated in one Singapore dollar (SGD) primary deal — a Tier 2 10-year non-call 5 issuance from Saudi National Bank (SNB), the largest commercial bank in Saudi Arabia. The deal was priced at 3.4% and traded around 50 cents higher post-launch. In the secondary market, we reduced duration exposure and rotated into shorter-dated papers offering better yield pickup.

On the geopolitical front, the US Department of Defense recommended that Alibaba Group Holding, Baidu Inc., and BYD Co. be added to the Chinese Military Companies (CMC) list, which identifies entities believed to support China's military. This follows earlier developments involving Tencent Holdings Ltd. While not an outright investment ban, this move may dampen near-term sentiment and trigger limited foreign outflows. Nonetheless, the credit impact is expected to be minimal given these firms' low foreign ownership levels and continued support from domestic investors.

In Australia, the Australian Prudential Regulation Authority (APRA) announced that, effective 1 February 2026, banks may only allocate up to 20% of new residential mortgage lending to loans with a debt-to-income (DTI) ratio above six times. This is a pre-emptive macroprudential step rather than a reaction to immediate risks. Currently, high-DTI loans (above six times income) represent only about 5.5% to 6% of total new lending, well below the new 20% limit. Hence, no material near-term impact is expected for major Australian banks.

On the macro front, the first release of Australia's monthly Consumer Price Index (CPI) showed another upside surprise, coming in at 3.3% year-on-year — the seventh consecutive month above 3%. Previously, CPI was published only quarterly. Despite limited seasonal adjustments in the new data series, the trend reinforces concerns that inflation remains sticky. As a result, the market has largely priced out expectations of rate cuts, with the Reserve Bank of Australia (RBA) likely to stay on hold.

Following the stronger CPI print, the Australian dollar strengthened and Australian Commonwealth Government Bond (ACGB) yields moved higher. The 10-year ACGB rose to 4.54%, the highest level in six months and within 10 bps of its year-to-date peak. While Australian credit bonds saw some net selling last week, the higher yields attracted retail interest, leaving spreads relatively stable, widening only about 2 bps. Overall, we continue to view Australian credit favourably given its sound fundamentals and attractive valuations, and we maintain our positions accordingly.

### **Domestic Fixed Income**

In Malaysia, the government bond market softened last week, with yields along the Malaysian Government Securities (MGS) curve rising by 1 to 4 basis points towards the week's end. The move was led by the three-, 10-, and 30-year tenors, driven by foreign profit-taking and month-end positioning by local bank dealers. Demand for ultra-long tenors remained uneven, leading to some softness at the 30-year point.

**FIXED INCOME UPDATES & POSITIONING (cont')****Domestic Fixed Income**

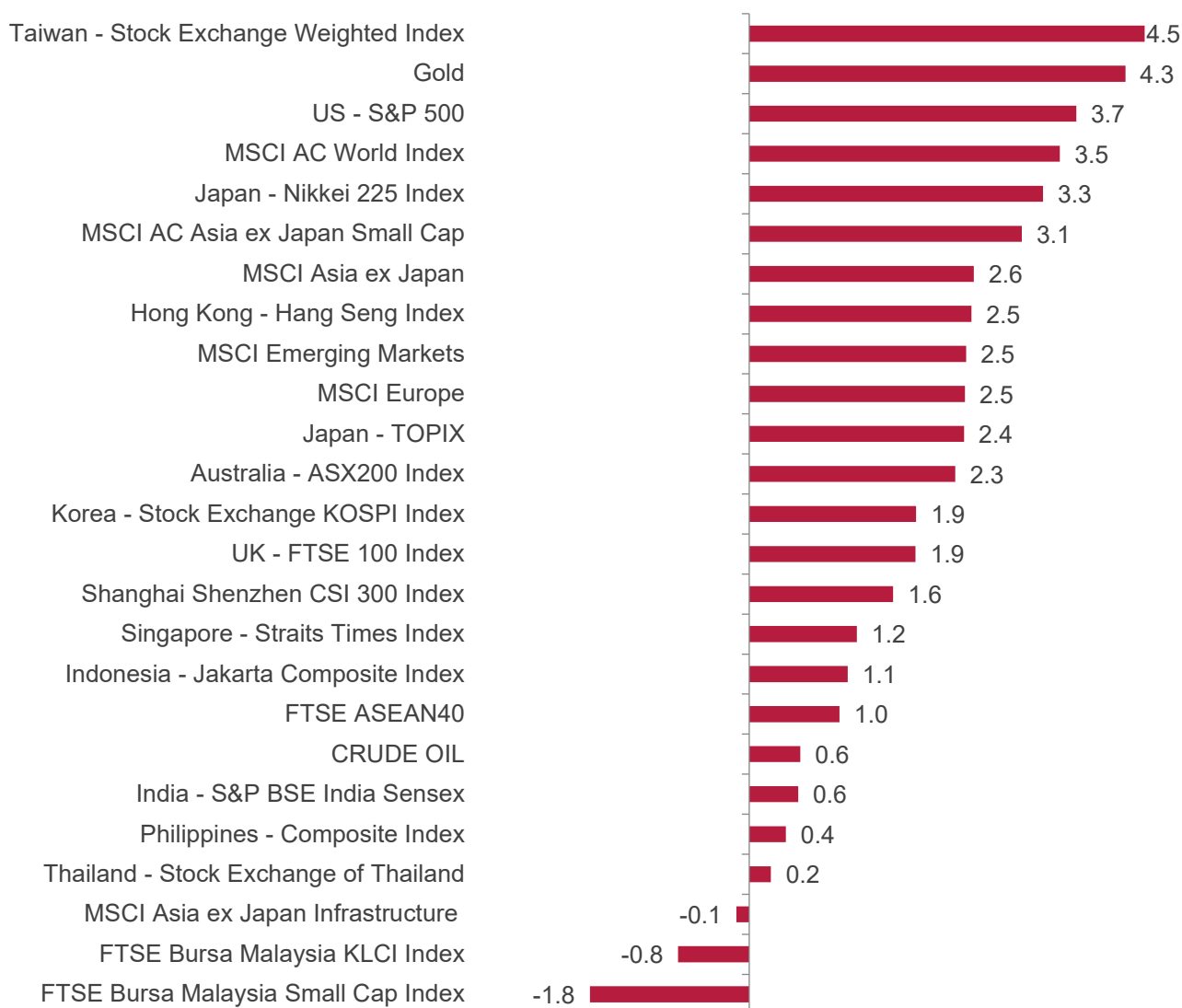
The three-year MGS yield rose by 3 bps to 3.04%, the 10-year climbed 4 bps to 3.47%, and the 30-year moved up 3 bps to 3.98%. The week also saw a reopening of the 20-year Government Investment Issue (GII 5/2045), with a total issue size of RM 3 billion and no private placement. The smaller issuance size aligned with expectations of a lower than targeted fiscal deficit this year. The auction drew solid demand with a bid-to-cover (BTC) ratio of 2.34 times and an average yield of 3.88%, with a short tail of 0.7 bps. Post-auction, the sukuk rallied slightly, closing one bp lower.

In the private debt securities (PDS) market, IJM Land Berhad issued a RM 400 million perpetual non-call 7 sukuk rated A2 at 4.18%, which was considered tight compared to Eco World Development Group Berhad's similar issuance in August (rated A2, priced at 4.5%). Our funds participated modestly, given the expectation of upcoming issuances in December from Yinson Holdings Berhad and WCT Holdings Berhad. Overall, December is expected to see light PDS supply, which should lend support to valuations.

From a portfolio standpoint, we were net sellers last week, taking profits from bonds trading at tight valuations and switching into both primary and secondary market opportunities with better yield carry. Funds remain fully invested with cash levels low at around 2% to 3%, and portfolio duration maintained between 6.5 and 8 years.

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## Index Performance | 24 – 28 November 2025



**Index Chart:** Bloomberg as at 28 November 2025. Quoted in local currency terms.

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