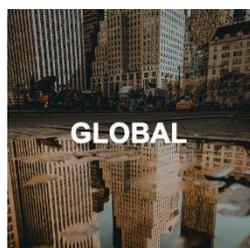


9 – 13 March 2026

# WEEKLY MARKET REVIEW

A brief on global markets and investment strategy

## Key Highlights



- US equities slipped, with the S&P 500 down 1.6%, as the US-Israel and Iran war enters its third week. Brent crude surged above USD 100 mark and lifted the USD.
- Ceasefire odds have deteriorated, with betting markets cutting the likelihood of an April resolution to 36% amid sustained missile and drone exchanges.
- Latest inflation releases show easing but remains sticky. US 4Q'25 GDP was cut to 0.7% below expectations.
- All eyes on the Fed, which is expected to hold rates steady this week. Markets will be closely scrutinising the latest dot plot on whether the FOMC will still signal at least 1 cut this year.



- Asia ex-Japan fell 2%, with net oil importers such as India, Indonesia and the Philippines dropping 5%–6% amid rising energy costs.
- Korea and Taiwan saw profit-taking, as crowded AI-related trades unwound after strong YTD gains, while China A-shares held firmer
- Tech catalysts dominate this week, with NVIDIA's GTC expected to spotlight technological advances in AI, alongside earnings from Micron, Tencent and Alibaba.
- Asian IG spreads were relatively resilient, finishing broadly flat, while Asian HY spreads widened by roughly 10–20 bps.



- FBM KLCI slipped 1.10%, falling back below the 1,700 level driven by heavier selling in Tenaga and QL Resources ahead of its removal from the index and replacement by Sunway Healthcare.
- Healthcare and plantations outperformed, lifted by momentum around Sunway Healthcare's upcoming IPO and a rebound in glove makers.
- Foreign investors turned net sellers, offloading roughly RM400 million and reversing earlier inflows, while local institutions continued to anchor the market as net buyers.
- MGS yields rose broadly across the curve with 3-year, 10-year, and 30-year MGS yields closing at 3.24%, 3.57%, and 4.01%, respectively.

## GLOBAL & REGIONAL EQUITIES

### U.S.

US equities weakened last week as tensions in the Middle East continued to escalate, with the S&P 500 closing about 1.6% lower. The rise in geopolitical risk has pushed oil prices above the USD 100 mark, while the US dollar strengthened as investors sought safe haven assets. Despite the stronger dollar environment, the Malaysian ringgit has held up relatively well compared with several other regional currencies.

The US-Israel and Iran war has now entered its third week — with continued missile and drone attacks by Iran, followed by retaliatory strikes from the US and Israel. At this stage, the prospects for a near-term ceasefire appear limited, as Iran has taken a hardline stance and continues to escalate its responses.

This shift in sentiment is also reflected in betting markets, where the probability of a ceasefire or resolution by the end of April has fallen significantly from about 60% previously to around 36% now.

A key issue remains the Strait of Hormuz, which remains effectively closed. Another immediate concern is that insurers are largely unwilling to provide coverage for vessels transiting the area. As a result, shipping traffic has slowed dramatically, which continues to disrupt global energy flows.

While Donald Trump could potentially pivot toward de-escalation, it is far less clear how Iran would respond. From Tehran's perspective, allowing oil shipments to continue through certain channels, such as China, could still generate sufficient revenue to sustain its position.

At the same time, Iran may see limited downside in prolonging tensions, particularly given that higher oil and gasoline prices in the US could feed into inflation and increase political pressure domestically as the US moves closer to its upcoming elections.

On macro data, most economic releases were broadly in line with expectation. Core consumer price index (CPI) rose 2.50% y-o-y, while the Fed's preferred inflation gauge, core Personal Consumption Expenditures (PCE), came in at 3.10%. This reinforces the view that inflation is gradually moderating but still sticky enough to keep the Fed cautious.

US 4Q'2026 GDP surprised to the downside with growth revised downwards to 0.70% on an annualized basis, significantly below the earlier estimate of 1.40%. The softer revision was largely driven by weakness in the services sector.

US 10-year Treasury yield climbed to around 4.28% as markets priced in potential inflationary risks linked to energy markets and broader risk sentiment.

Looking ahead, the key focus for markets this week will be the upcoming Fed monetary policy meeting. We expect the Fed to keep the policy rate unchanged within the current range of 3.50% to 3.75%. An important signal will come from the Fed's updated dot plot projections, which provide insight into policymakers' expectations for the policy path ahead.

To recap, the median dot projection as of December last year pointed to around 25basis points of rate cuts in 2026. Markets will be watching closely to see whether the Fed maintains its projection for at least 1 rate cut this year or shifts toward a more hawkish stance.

## GLOBAL & REGIONAL EQUITIES (cont')

Similarly, in Europe, markets have begun to price in the possibility of further tightening by the European Central Bank (ECB), although we expect the ECB to hold rates steady at this meeting. Similarly, the Bank of England is also likely to remain on hold as policymakers assess the trajectory of inflation and growth. In contrast, the Reserve Bank of Australia (RBA) may lean toward further tightening, given persistent domestic inflation pressures.

### Asia

In Asia, the MSCI Asia ex-Japan Index declined around 2.00% last week. Markets most exposed to higher oil prices underperformed, with net energy importers such as India, Indonesia and the Philippines falling by roughly 5%–6% over the week.

Korea and Taiwan also experienced notable outflows during the week following their strong performance YTD. Both markets have been among the most crowded beneficiaries of the AI-driven technology rally over the past. In contrast, Chinese equities particularly the onshore A-share market proved more resilient.

Looking ahead, the technology sector will remain in focus with several key catalysts in the coming week. The NVIDIA GPU Technology Conference (GTC) begins this week and will be closely watched by global investors. The conference has historically served as an important bellwether for developments within the AI ecosystem, and this year's event is expected to focus on agentic AI, physical AI and next-generation accelerated computing infrastructure

In the same vein, Micron Technology is scheduled to report earnings, which will provide another important read-through for the global memory cycle. Similarly, Tencent and Alibaba are also slated to report their results this week.

On portfolio positioning, we continue to maintain cash levels close to 10%. We remain underweight India as well as several ASEAN markets, particularly the Philippines, Thailand and Indonesia, which could see growth dragged down by higher energy prices.

At the same time, we continue to see selective opportunities within the commodities space, particularly aluminium, where supply-demand dynamics remain supportive. The Middle East accounts for roughly 9% of global aluminium supply, and the ongoing geopolitical tensions have heightened concerns around potential supply disruptions.

## UPDATES ON MALAYSIA

The FBM KLCI declined by 1.10% last week, slipping below the 1,700-point level after trading above it for approximately 8 weeks. The pullback was largely driven by heavier selling in the banking sector as well as Tenaga Nasional Berhad, while QL Resources Berhad was also a notable detractor as it is set to be removed from the FBMKLCI. The stock will be replaced by Sunway Healthcare Group Berhad, ahead of its initial public offering (IPO) scheduled for this Wednesday.

## UPDATES ON MALAYSIA (cont')

On the positive side, the top gainers were seen in the healthcare and plantation sectors. The healthcare sector benefited from positive sentiment surrounding the upcoming listing of Sunway Healthcare Group Berhad, alongside a rebound in glove manufacturers. Meanwhile, plantation stocks were supported by stronger commodity prices, with crude palm oil (CPO) prices rising to around RM4,500 per tonne.

On a year-to-date basis, both the FBM KLCI and FBM100 remain higher by around 1% to 2%. In contrast, FBMAE has declined by approximately 10%, indicating that the bulk of the market drawdown has been concentrated within the small-cap segment.

In terms of fund flows, foreign investors were net sellers last week to the tune of about RM400 million, reversing the month-to-date inflows recorded earlier, while local institutional investors continued to provide market support as net buyers.

From a portfolio perspective, funds continued to raise cash during the week. Positions were trimmed in selected technology, utilities and construction names, while exposure to plantation stocks was increased.

Cash levels currently range between approximately 10% and 20% for Shariah funds, and around 10% for conventional funds.

## FIXED INCOME UPDATES & POSITIONING

### Regional Fixed Income

Credit spreads widened across most markets last week, particularly in the high-yield segment, although markets remained broadly functional. US Investment Grade (IG) spreads ended the week 9 basis points wider at 90 bps, largely reflecting the heavy weight of supply rather than a material deterioration in fundamentals. US High Yield (HY) spreads also widened by approximately 10–20 bps week on week.

In Asia, IG spreads were relatively resilient, finishing broadly flat, while Asian HY spreads widened by roughly 10–20 bps. As of Monday morning, Asian spreads are slightly wider, reflecting ongoing market caution. Australia followed a similar trend, with credit spreads softening by approximately 5–10 bps amid supply pressures, affecting both corporate bonds and hybrid securities.

Primary issuance in the US IG market was very active, with USD 115 billion printed last week—driven mainly by Amazon.com, Inc. (USD 37 billion across 11 tranches, peak order book USD 125 billion) and Salesforce, Inc. (USD 25 billion across eight tranches). Together, these deals accounted for almost half of total US IG issuance, highlighting strong investor demand despite market volatility.

In the APAC region, USD primary issuance remained constrained at approximately USD 8 billion for the week, mainly from Japanese and Chinese financial issuers. In Australia, primary markets reopened cautiously. NBN Co., an Australian government-backed broadband provider, issued AUD 850 million 10-year sustainability bonds at 100 bps over the Australian swap curve, while Verizon Communications Inc. priced AUD 1.3 billion of hybrid bonds. All bonds were trading near re-offer levels at the start of the week.

## Regional Fixed Income (cont')

From a portfolio perspective, our funds were net buyers of credit last week, concentrating on high-quality, low-beta Investment Grade securities. Cash levels across portfolios remain around 2% to 5%, with selective participation in primary markets to capture attractive all-in yields, while avoiding higher-beta issuances.

## Domestic Fixed Income

Last week, the Malaysian Government Securities (MGS) market traded slightly weaker, with benchmark yields rising across the curve amid a global rate sell-off and heightened geopolitical risks, which lifted global inflation concerns. On a weekly basis, the 3-year, 10-year, and 30-year MGS yields ended at 3.24%, 3.57%, and 4.01%, respectively. The 3-year yield rose 14 bps following the issuance of a new benchmark, replacing the April 2028 series. The ten-year yield moved up 2 bps, while the 30-year yield was largely unchanged, down 1 bp from the previous week.

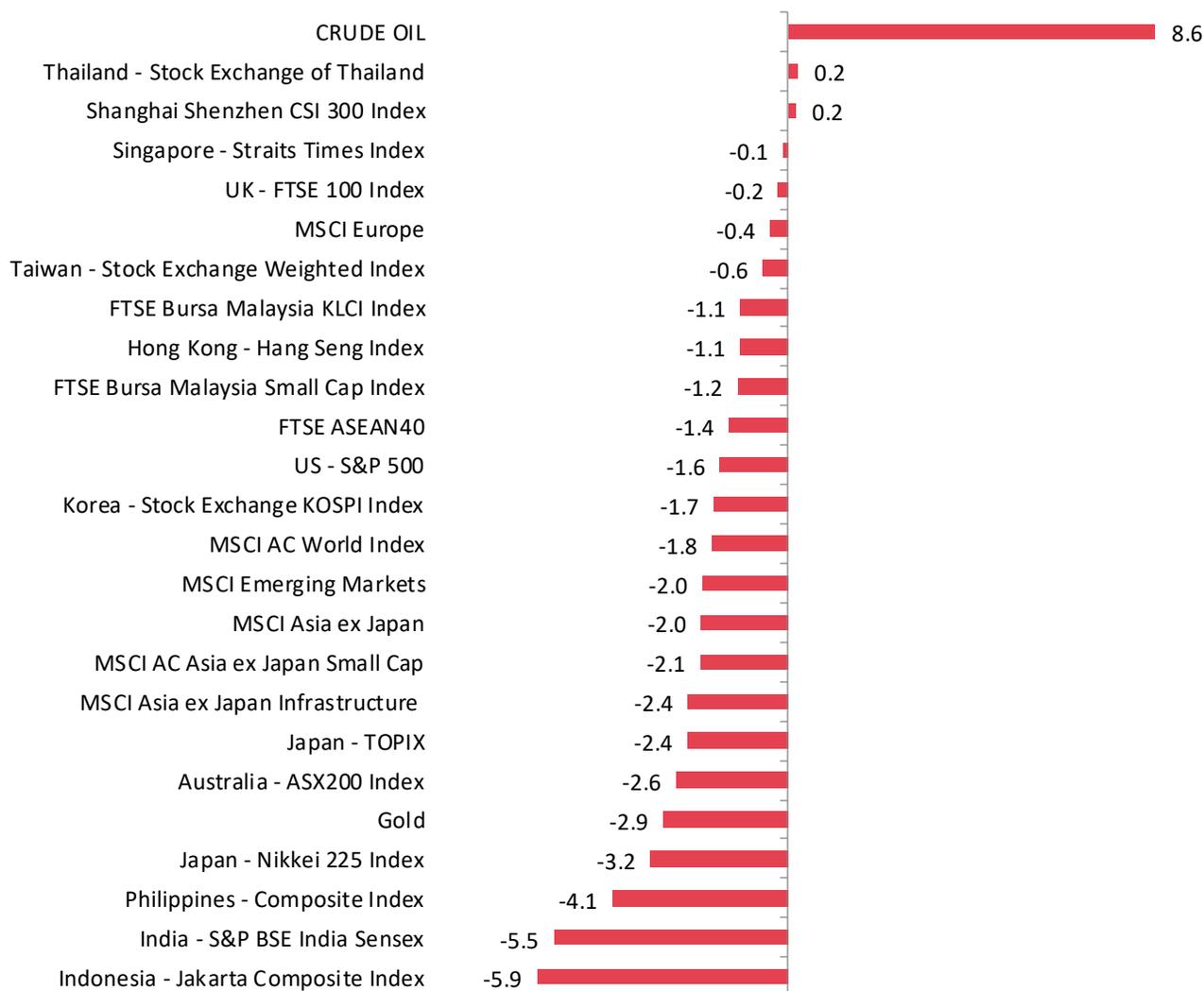
Two government bond auctions were conducted last week. On Monday, the reopening of the 15-year Government Investment Issue (GII) 7/2040 totaled RM5 billion, comprising RM3.5 billion for public bidding and RM1.5 billion for private placement. The auction was well-received, with a bid-to-cover ratio of 2.3 times and an average yield of 3.895%. On Friday, the new three-year MGS benchmark of 3.29% was issued for RM5 billion, with a bid-to-cover ratio of 2.2 times and an average yield of 3.237%.

In the corporate private debt securities (PDS) space, there were two notable issuances. YTL Power International Berhad completed a private placement of 15-year tenor with the size of RM270 million on Monday, the yield of the issuance is 4.10% with a coupon of 4.13%, selldown of 3bps, with a spread tightening from 30 bps to 27 bps over the government curve. CelcomDigi Berhad issued RM900 million across five- and seven-year tenors, priced at 3.65% and 3.77% respectively, with spreads of approximately 29 bps.

On portfolio action, during the week, we selectively rebalanced the portfolio across government securities and corporate PDS, realising profits on selected holdings while enhancing portfolio carry through targeted purchases and disposals. Cash levels currently range between 3-4%.

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Index Performance | 9 – 13 March 2026



**Index Chart:** Bloomberg as at 13 March 2026. Quoted in local currency terms.

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