



Bite-Size Macro

- Soft inflation prints and weak labour market data in the US raised expectations of faster and larger Fed rate cuts for most of 3Q 2024.
- Weak US macro data, dovish Fed speak and rate hike by the Bank of Japan triggered unwinding of JPY carry trade in early August, leading to massive sell-off in risk assets globally. Impact was short-lived as the market rebounded after.
- Bond market rallied from early July till mid-September, right before the Fed cut Fed Funds rate by a higher-than-expected 50 bps. Yields rose again after the cut.
- Rate cut expectations also buoyed equity markets in general.
- Biden announced his withdrawal from the 2024 US presidential elections, adding to market uncertainty.
- Bank of Japan increased interest rates to 0.25%, marking its first hike since 2007.
- Keir Starmer of the UK Labour Party was appointed UK's Prime Minister, ending the Conservatives' 14-year rule.
- China's Q2 GDP growth slowed to 4.7%, missing estimates due to disappointing housing and consumption data.
- In response, the PBoC announced a slew of measures, including rate cuts, RRR cuts, and structural monetary policies, to spur growth.



Bite-Size Malaysia

- GDP growth accelerated to 5.9% in Q2 2024, fastest growth rate in 18 months, driven by domestic demand, continued expansion in exports & higher household spending.
- Headline inflation held steady around 2% YoY June, July and August, reflecting broadly stable cost and demand conditions.
- BNM kept interest rates unchanged at 3.00% in Q2, implied future decisions would remain data-dependent.
- Positive net foreign fund flows reached nearly RM4bil YTD September 2024.
- PM Anwar announced that Malaysia approved RM160bil in investment inflows in 1H2024, an 18% increase from the same period last year.
- MoF launched the "Gear Up" initiative with six leading GLICs collectively pledging RM120mil in domestic direct investments over the next five years, with a combined AUM of over RM1.8tril.



Outlook & Strategy

- We believe that the local equity market will continue to stand out among regional peers, driven by ongoing infrastructure and data centre investments, effective domestic policy reforms as well as the expectations of a stronger MYR. Our investment strategy will continue to prioritize stock selection of quality names underpinned by strong fundamentals while maintaining a well-balanced portfolio.
- We maintain a neutral to mildly bullish outlook on the Malaysian bond market, driven by positive sentiment from the global rate cut cycle and expectations of a stronger MYR, encouraging foreign inflows. Short-term volatility in MGS may arise from the pace of US rate cuts, geopolitical tensions and the upcoming US elections.



BOLO: Be On The Lookout

- Malaysia Budget 2025
- Trajectory & pace of US rate cuts
- Upcoming US elections
- US growth & inflation prints
- China's economic data releases
- Russia-Ukraine, US-China, Israel-Hamas geopolitical developments



Disclaimer: Investing involves risks, including the potential loss of principal. Financial markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. These risks are magnified for investments made in emerging markets. Currency risk is the risk that fluctuations in exchange rates may adversely affect the value of a portfolio's investments.

The information provided does not take into account the suitability, investment objectives, financial situation, or particular needs of any specific person. You should consider the suitability of any type of investment for your circumstances and, if necessary, seek professional advice.

This material, intended for the exclusive use of the recipients who are allowable to receive this document under the applicable laws and regulations of the relevant jurisdictions, was produced by, and the opinions expressed are those of, Manulife Investment Management as of the date of this publication and are subject to change based on market and other conditions. The information and/or analysis contained in this material has been compiled or arrived at from sources believed to be reliable, but Manulife Investment Management does not make any representation as to their accuracy, correctness, usefulness, or completeness and does not accept liability for any loss arising from the use of the information and/or analysis contained. The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline, or other expectations, and is only as current as of the date indicated. The information in this document, including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Manulife Investment Management disclaims any responsibility to update such information.

Neither Manulife Investment Management or its affiliates, nor any of their directors, officers, or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein. All overviews and commentary are intended to be general in nature and for current interest. While helpful, these overviews are no substitute for professional tax, investment, or legal advice. Clients should seek professional advice for their particular situation. Neither Manulife, Manulife Investment Management, nor any of their affiliates or representatives is providing tax, investment, or legal advice. This material was prepared solely for informational purposes, does not constitute a recommendation, professional advice, an offer, or an invitation by or on behalf of Manulife Investment Management to any person to buy or sell any security or adopt any investment strategy, and is no indication of trading intent in any fund or account managed by Manulife Investment Management. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Diversification or asset allocation does not guarantee a profit or protect against a loss in any market. Unless otherwise specified, all data is sourced from Manulife Investment Management. Past performance does not guarantee future results.