

**November 2025**

# Monthly MARKET OUTLOOK

Market Review | Equities | Fixed Income as at 31 October 2025

**Over the  
month**

## Equities

### Global

- October saw a vigorous re-acceleration of the global equity rally, driven by a major breakthrough in United States (US)-China trade negotiations.
- Markets finished the month strongly positive, with risk sentiment soaring as the prospect of crippling 100% US tariffs on Chinese goods was "effectively taken off the table".
- This diplomatic progress, combined with the Federal Reserve (Fed) delivering its second consecutive rate cut (to the 3.75%-4.00% range), cemented a globally supportive backdrop for equities and private markets.

### Asia Pacific

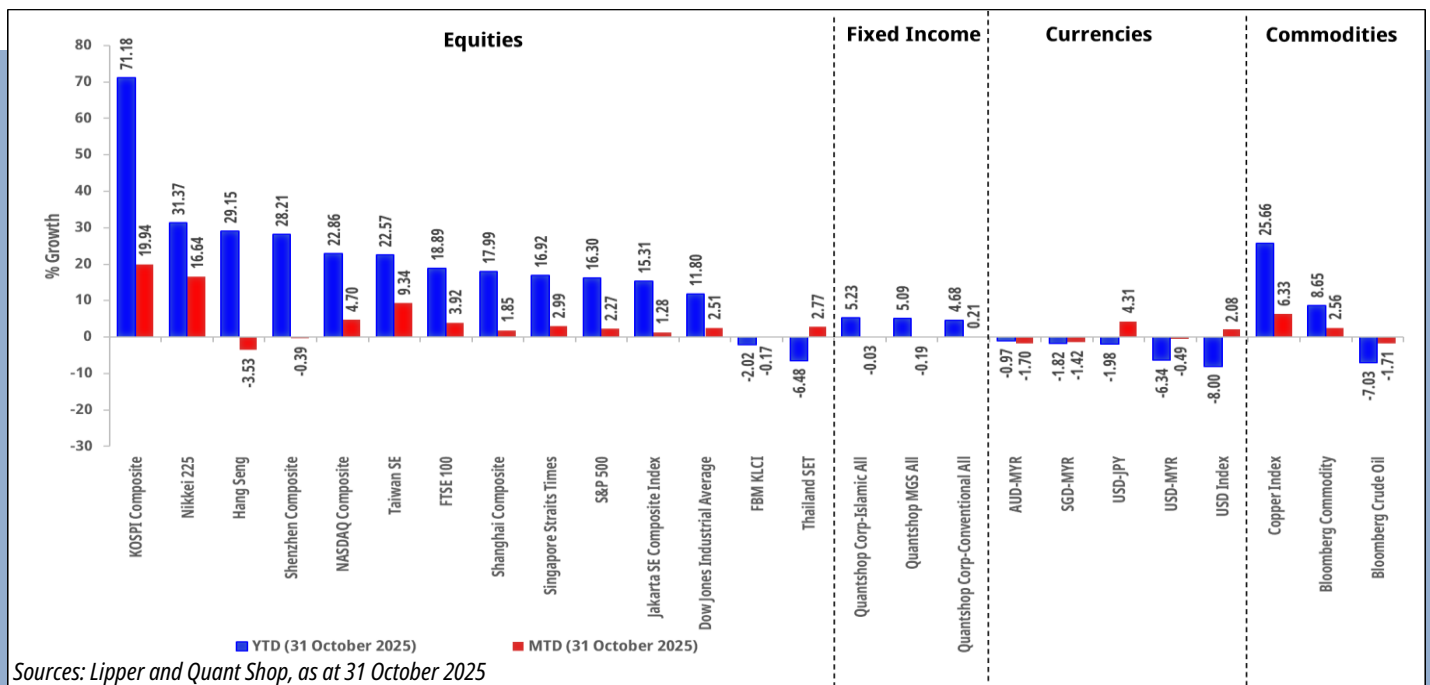
- Asian markets were the standout global performers, achieving substantial gains.
- The rally was spearheaded by Japan's Nikkei 225 Index surpassing the historic 50,000 mark and strong performances in South Korea and Taiwan, fuelled by the easing trade tensions and continued robust demand in the technology sector.
- The region benefited from expectations of a sustained weaker US Dollar (USD) and a significant reduction in geopolitical risk premium.

### Malaysia

- Bursa Malaysia's FBM KLCI extended its positive run in October.
- The main domestic catalyst was the tabling of the National Budget 2026, which provided a clear roadmap for fiscal consolidation and outlined significant Capital Expenditure (CapEx) for infrastructure and high-tech sectors.
- This clarity, combined with the positive global sentiment and continued foreign fund accumulation, reinforced the domestic market's resilience.

## Fixed Income

- The US Treasuries (UST) market initially rallied due to the US government shutdown, which delayed release of crucial economic data and led traders to anticipate earlier Fed interest rate cuts. The renewed US tariff threats on China that was prompted by China's rare earth export limits, and subsequent concerns over US regional banks further fuelled these gains. However, market subsequently reversed course as US-China trade tensions de-escalated after an "amazing" meeting between the two leaders at the Asia-Pacific Economic Cooperation (APEC) summit. Furthermore, Chair Powell cautioned against presumptions of another cut in December after delivering a 25 basis points (bps) cut in October Federal Open Market Committee (FOMC) as widely expected. Overall, 2Y and 10Y UST yields fell 4 bps and 7 bps month-on-month (MoM) to 3.57% and 4.08% respectively.
- Domestically, the bond market softened largely driven by weak demand for long-end government bonds auctions. Despite a mildly positive Budget 2026 with lower fiscal deficit and potential reduced government bond supply, it failed to significantly excite the market. Additionally, a stronger-than-expected 3Q 2025 Gross Domestic Product (GDP) of 5.2% (versus 4.2% consensus) and a weakening US market towards month-end further contributed to the weak sentiment. Consequently, the Malaysian Government Securities (MGS) curve bear steepened, with 3Y, 5Y and 10Y MGS yields ending the month at 3.13% (+1 bp), 3.25% (+3 bps) and 3.50% (+5 bps) respectively.



## Equities : Outlook & Strategy

### Global

- The global equity outlook for November is highly optimistic, supported by a constructive trade environment and a dovish Fed.
- However, caution is warranted due to the extreme concentration risk in major indices (the top 10 S&P 500 stocks account for a record 39% of the index).
- While the Fed is cutting rates, it faces a tough environment, and a looming US government shutdown (which started in October) adds short-term systemic uncertainty and data gaps.

### Asia Pacific

- Asian equities are poised for continued outperformance.
- The near-term focus is on the Trump-Xi meeting (scheduled for early November) to finalise the trade deal, which, if successful, could trigger a massive influx of capital.
- We favour sectors benefiting from the Artificial Intelligence (AI) supply chain and domestic reforms.
- We anticipate that a broader value factor rotation may gain traction as financial conditions ease.

### Malaysia

- Malaysia's equity market is set for a bullish final quarter, anchored by the Budget 2026 tailwinds.
- Key themes will be the execution of announced projects in infrastructure, utilities and green energy.
- While regional volatility may persist, investors should maintain a focused approach on quality companies with strong dividend policies and direct exposure to the themes outlined in the National Budget for sustained returns.

## Fixed Income : Outlook & Strategy

### Malaysia

- While there may still be volatility in UST in the short term, the longer-term trend for yields is expected to be downward as the cumulative effects of Trump tariffs and the still restrictive monetary policy become more apparent.
  - Domestically, Bank Negara Malaysia (BNM) is expected to hold Overnight Policy Rate (OPR) at 2.75% in the final Monetary Policy Committee (MPC) meeting in November.
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- With the lack of an immediate rate cut catalyst, coupled with year-end effect, the local bond market may continue to experience some weakness in the near term.
  - However, the broader outlook of a global growth slowdown and subdued inflation in Malaysia should help keep a lid on bond yields.
  - A modest market correction would present investment opportunities in the primary and secondary market.
  - We continue to favour high credit quality corporate bonds over government and government guaranteed papers for yield pickup.

*Notes: Q = Quarter  
Y = Year*

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