



Investment Insights

4Q 2025



Bite-Size Macro

- > August 1 marked the end of President Trump's tariff pause, but clarity returned as numerous bilateral trade agreements were reached ahead of the deadline. On February 1, US imposed a 25% tariff on all imports from Canada and Mexico, along with an additional 10% tariff on Chinese goods
- > US-China trade tensions eased with a 90-day truce extension from August 11, capping US tariffs at 30% and China's at 10%
- > The US Fed cut rates by 25bps in September, lowering the target range to 4.00 - 4.25%, in response to signs of labour market weakness. The Fed signalled up to two more cuts this year
- > Improved clarity in U.S. trade relations lifted market sentiment, helping financial markets close Q3 on a strong note
- > Strong corporate earnings and AI-driven momentum fueled a broad equity rally, with over 81% of S&P 500 companies beating Q2 estimates. The Dow, S&P 500, and Nasdaq all hit record highs, with the Nasdaq jumping 11.2% in Q3 alone



Bite-Size Micro

- > US Treasury yields were volatile but ended Q3 largely unchanged
- > In Europe, political instability deepened as France's government collapsed following Prime Minister Sébastien Lecornu's resignation, its 5th PM in two years, amid a worsening debt crisis



Bite-Size Malaysia

- > US tariffs on Malaysian exports were reduced from an initial 25% to 19% effective August 7, a level that is comparable to regional peers
- > The 13th Malaysia Plan was unveiled, outlining the socio-economic roadmap for 2026–2030, focused on structural transformation and equitable growth
- > GDP remained resilient, expanding 4.4% in Q2 2025, matching Q1's pace, supported by strong domestic demand, a robust labour market, and healthy household spending
- > Headline inflation remained below 1.5% throughout Q3, reflecting stable cost and demand conditions
- > BNM cut the OPR by 25bps to 2.75% in July, as a pre-emptive move to support growth amid moderate inflation prospects



Outlook & Strategy

- > We expect market volatility to persist in the near term due to external uncertainties
- > Within the region, the Malaysian equity market continues to stand out, supported by rising FDI, political stability, attractive valuations, healthy dividend yields, and a rebound in domestic consumption
- > On the policy front, we do not anticipate changes to Malaysia's OPR in 2025, given resilient economic growth and a benign inflation environment. Beyond 2025, we expect OPR decisions to be data-dependent
- > Our outlook on the local bond market is broadly neutral, though it could turn positive if growth data disappoints and prompts a more accommodative policy stance



BOLO: Be On The Lookout

- > Global trade uncertainties
- > Global growth and inflation
- > Geopolitical tensions
- > High government debt & fiscal pressure



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