

# Monthly Investment Outlook

February 2026

## Market Recap

- **Encouraging start to the year with broad-based market gains.** Global equities began 2026 strongly despite emerging geopolitical uncertainties involving Venezuela, Iran, and Greenland. Major markets closed higher, with Asia ex-Japan leading the gains. Sectors wise, materials and energy stocks outperformed while financials lagged.
- **Modest bond returns with stable credit spreads.** Bond returns were mildly positive with the 10-year (10Y) U.S. Treasury (UST) yield edging higher. Credit spreads remained stable but tight for both Investment Grade (IG) and High Yield (HY) bonds.
- **Gold and oil ended higher amid geopolitical concerns.** Gold surged more than 10% in January albeit with heightened price volatility. Oil also rebounded due to supply disruption fears.

## Macro Outlook and Asset Allocation

- **Macro environment still supportive despite Trump policy uncertainties.** We maintain a constructive stance on the macro outlook, which should continue to support market performance. While President Trump and his policies will remain a source of volatility, we would avoid over-reacting to every headline or remark.
- **Broadening of AI-related growth and lower interest rates remain key.** The broadening of AI-driven growth beyond a narrow group of chipmakers and hyperscalers remains a key market driver. Meanwhile, central banks are likely to stay accommodative and push interest rates lower. Still, rate expectations could shift amid the lingering inflation and fiscal risks. Hence, we would remain nimble on duration management and favour quality IG credits for more resilient income.
- **Maintain diversified portfolio with positive tilt towards equities and gold.** The robust earnings outlook should continue to underpin equity returns. In particular, we turn more constructive on Asia ex-Japan with China and ASEAN being our preferred markets. Meanwhile, we retain our preference for gold as a store of value despite the recent price volatility. Overall, we reiterate the importance of staying invested in a well-diversified portfolio to achieve optimised long-term returns.

Tactical Asset Allocation			
Asset Class *		Segment*	
Equity	+	U.S.	=
		Europe	=
		Japan	=
		Asia ex-Japan	+
Fixed Income	=	U.S. Treasuries	+
		Developed Market (DM) Investment Grade (IG)	=
		Developed Market High Yield (HY)	-
		Emerging Market (EM) Asia	=
Hedge Funds	=		
Gold	+		
Cash	-		

\* Overweight : +, Neutral : =, Underweight : -

Source: Maybank Group Wealth Management (GWM)

Asset Class	Changes to date (in USD currency)		
	1M	3M	2025
<b>MSCI AC World</b>	3.0%	4.1%	22.9%
<b>MSCI USA</b>	1.3%	1.3%	17.7%
<b>MSCI Europe</b>	4.5%	10.2%	36.3%
<b>MSCI Japan</b>	6.6%	6.4%	25.1%
<b>MSCI Asia ex-Japan</b>	8.2%	8.0%	33.0%
China	4.7%	0.9%	31.4%
Hong Kong	10.3%	12.6%	34.8%
Taiwan	11.2%	11.8%	39.8%
South Korea	28.1%	33.1%	100.8%
India	-5.1%	-4.7%	4.3%
Singapore	4.0%	5.4%	32.4%
Malaysia	7.1%	15.4%	15.4%
Indonesia	-4.7%	-4.1%	-1.7%
Thailand	6.6%	6.9%	7.2%
Philippines	5.0%	8.6%	0.5%
<b>BBG Multiverse</b>	1.0%	1.5%	8.4%
<b>BBG U.S. Treasury</b>	-0.1%	0.2%	6.3%
<b>BBG Global IG</b>	0.9%	1.7%	10.5%
<b>BBG Global HY</b>	1.0%	2.5%	12.1%
<b>BBG EM Asia</b>	0.3%	0.6%	8.3%
BBG EM Asia IG	0.0%	0.4%	8.1%
BBG EM Asia HY	1.9%	2.1%	9.5%
<b>Gold</b>	13.3%	22.3%	64.6%
<b>WTI Crude</b>	13.6%	6.9%	-19.9%
<b>Dollar Index (DXY)</b>	-1.4%	-2.8%	-9.4%

Source: Bloomberg | 31 January 2026



# Monthly Investment Outlook

February 2026

## Fixed Income Outlook

- **Fed to lower rates despite Warsh nomination.** The U.S. Federal Reserve (Fed) kept policy rates unchanged in January as expected. Notably, Fed Chair Powell signalled cautious optimism, citing “clear improvement” in the U.S. macro outlook. Still, we expect the Fed to ease policy rates to 3.00–3.25% by end-2026. While Fed Chair nominee Kevin Warsh was known to be hawkish in the past, he has voiced support for lower policy rates in recent speeches and opinion columns.
- **10Y UST yield to drift lower over time despite near-term volatility.** The lower Fed policy rate could gradually open room for 10Y UST yield to drift lower over time. That said, interest rates may still remain choppy in the near-term highlighting the need for investors to be nimble with duration exposure management. In addition, we continue to favour the more defensive IG bonds over HY credits for more stable and resilient carry.
- **Opportunities in quality Europe bank issues.** Within Europe banks, we maintain our preference for Tier 2 bonds over the Additional Tier 1 (AT1) instruments, given the former’s more attractive risk-reward. Notably, the Global Bank AT1 index yield is only at ~200 basis points (bps) above that of the Tier-2 bond index, well below the 10-year average of ~374 bps. Notwithstanding, we still see selected opportunities in high-quality Europe AT1s, particularly from G-SIB issuers with strong domestic market leadership. We also see incremental support for euro-denominated bonds including bank credits with investors looking to diversify exposure from USD assets.
- **Good carry in Indonesia quasi-sovereigns.** Indonesia’s sovereign credit ratings (Baa2/BBB/BBB) are expected to remain stable in 2026. The outlook is supported by the country’s resilient economic growth and prudent fiscal management despite external uncertainties. Meanwhile, we are likely to see more USD primary issuance opportunities with Indonesia’s sovereign wealth fund Danantara potentially expanding international investments, alongside higher government spending and increased financing needs from quasi-sovereign entities. The robust onshore demand and attractive all-in yields should continue to underpin investor appetite and performance of USD Indonesia quasi-sovereign bonds.
- **Seek stable income from Sukuk and sustainable bonds within GCC.** Sustainable bonds and Sukuk issuances from quasi-sovereigns and banks in the Gulf Cooperation Council (GCC) are set to accelerate as member countries ramp up decarbonisation and clean-energy investments. These issues would offer sustainability-focused investors attractive carry with clear impact.

**Figure 1: 10-year government bond yield forecasts for selected markets (%)**

Yield (%)	1Q26E	2Q26E	3Q26E	4Q26E
U.S.	4.00	3.75	3.90	3.75
Indonesia	6.10	5.90	6.10	5.75
Malaysia	3.45	3.35	3.45	3.35
Singapore	1.90	1.90	1.80	1.75

Source: Maybank IBG | 31 January 2026

**Figure 2: Seek quality income from Europe banks, Indonesia quasi-sovereigns and GCC Sukuk**

Regions	Preferred Sectors
Developed Markets	<ul style="list-style-type: none"><li>• Europe banks (Senior/Tier 2)</li><li>• Australia financials</li></ul>
GCC	<ul style="list-style-type: none"><li>• Banks (Senior/Tier 2)</li><li>• Sustainable-linked bonds</li><li>• Sukuk</li></ul>
Asia ex-Japan	<ul style="list-style-type: none"><li>• Hong Kong utilities/insurance</li><li>• China technology</li><li>• Macau gaming</li><li>• Indonesia quasi-sovereigns</li></ul>

Source: Maybank GWM | 31 January 2026

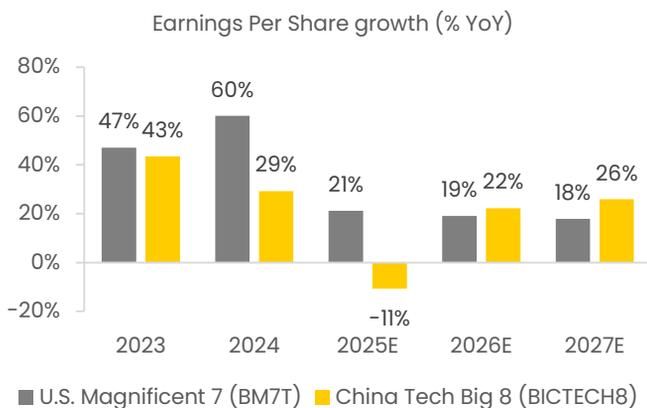
# Monthly Investment Outlook

February 2026

## Equity Outlook

- **Earnings matter in the U.S.; Improving risk reward for financials.** U.S. equities delivered positive returns but underperformed international markets as investors continue to seek exposure beyond the U.S. Elevated market valuation suggests less room for disappointment, making earnings delivery increasingly critical for returns. We do see improving risk reward for U.S. financials in view of the recent underperformance, as well as still resilient earnings outlook. We also see trading opportunities in energy stocks amid lingering oil supply risks. Meanwhile, we take profit on the materials sector as the risk reward is no longer as attractive.
- **Selected opportunities in Europe consumer discretionary.** Europe's economy is expected to remain stable, underpinned by ongoing fiscal spending. While MSCI Europe valuation is trading at slightly higher than the historical average, we continue to see selected opportunities in the consumer discretionary sector with support from the anticipated earnings recovery. We also see opportunities in utilities stocks in the region with data centres driving new power demand.
- **Favour Japan financials and industrials.** Japan is likely to see heightened volatility as investors assess the prospects of a stronger mandate for "Sanae-nomics" ahead of the 8 February snap election. Regardless of outcome, we see an attractive buying opportunity in financials post pullback as the sector stands to benefit from a reflating environment with a steeper yield curve. We also added industrials to our preferred sectors which will benefit from increased automation and defence investments.
- **Turning more positive on Asia ex-Japan; Focus on China and ASEAN.** We upgrade Asia ex-Japan to overweight with a focus on China and ASEAN markets. Notably, we are optimistic on China as the government will likely maintain a pro-growth stance. While policy makers have recently implemented tighter margin requirements, the aim is to curb excessive speculation to ensure a more sustainable equity market. Meanwhile, the tightening has not deterred a wave of high-profile semiconductor listings, which reinforces our constructive outlook on technology and industrials on the back of supporting "new quality productive forces" policies. Meanwhile, ASEAN is well-positioned amid the ongoing geopolitical uncertainty with initiatives such as the Johor-Singapore Special Economic Zone adding resilience to the regional economy. ASEAN market valuation also remains undemanding with Singapore and Malaysia standing out on the back of their stable policy and investor-friendly environments.

**Figure 3: China tech offers favourable risk reward with projected pick up in earnings**



Source: Bloomberg | 31 January 2026

**Figure 4: Adding U.S. Financials, Europe Utilities and Japan Industrials to our preferred sectors**

Regions	Preferred Equity Sectors
<b>U.S.</b>	<ul style="list-style-type: none"> <li>• Comm. Svs</li> <li>• Healthcare</li> <li>• Financials (New)</li> <li>• Utilities</li> </ul>
<b>Europe</b>	<ul style="list-style-type: none"> <li>• Cons. Disc.</li> <li>• Materials</li> <li>• Industrials</li> <li>• Utilities (New)</li> </ul>
<b>Japan</b>	<ul style="list-style-type: none"> <li>• Financials</li> <li>• Industrials (New)</li> </ul>
<b>Asia ex-Japan</b>	<ul style="list-style-type: none"> <li>• <b>China:</b> Comm. Svc, Financials, Industrials, and Technology</li> <li>• <b>Singapore:</b> Banks, Internet, REITs, Telco</li> <li>• <b>Malaysia:</b> Banks, Construction, Healthcare, REITs</li> </ul>

Source: Maybank GWM | 31 January 2026

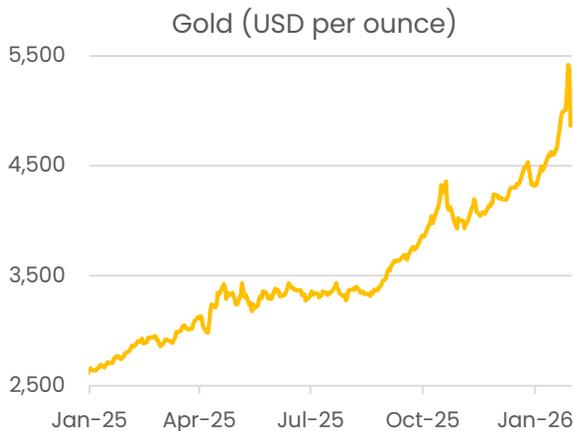
# Monthly Investment Outlook

February 2026

## Commodities Outlook

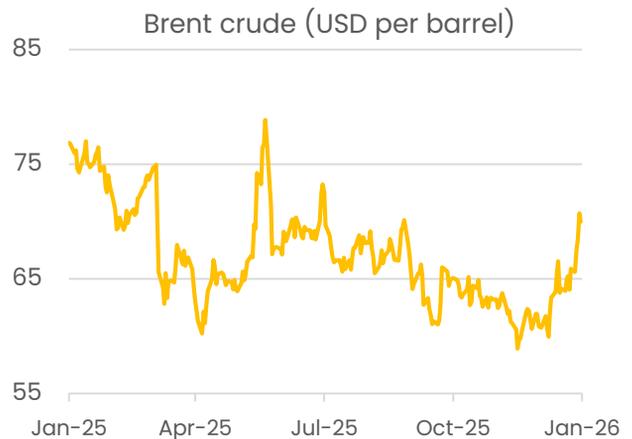
- **Gold will likely resume its climb after some consolidation.** Gold surged in January, briefly breaching USD 5,500 per ounce amid persistent concerns over geopolitical fragmentation and de-dollarisation. However, the precious metal subsequently saw profit-taking and ended the month below USD 5,000 per ounce. Notably, President Trump's nomination of former Fed governor Kevin Warsh as the next Fed Chair has eased concerns surrounding Fed independence and potential U.S. dollar debasement. Nevertheless, gold's fundamental demand remains intact, supported by the structural need for central banks to diversify reserves away from USD-denominated assets. As such, we retain our positive view on gold despite recent price volatility. While prices may consolidate further for now, we expect the medium-term uptrend to remain intact. Gold could re-test USD 5,500 per ounce and potentially advance towards USD 5,800 per ounce over the course of the year.
- **Oil fundamentals remain weak despite short-term supply risks.** Recent geopolitical developments – including the U.S. capture of Venezuela's president and rising unrest in Iran – have increased uncertainty over global oil supplies. Iran, which is producing around 3–4 million barrels per day, poses a far greater risk to oil markets than Venezuela, whose output is at only ~1 million barrels per day. With the U.S. threatening increased military actions in Iran, it could trigger a further spike in oil prices. However, the impact from such geopolitical shocks tended to be short-lived as witnessed in the Israel-Iran conflict in mid-2025 when Brent crude spiked to ~USD 80 per barrel before retreating. From a fundamental perspective, we continue to expect crude prices to remain subdued, reflecting still-unfavourable supply-demand dynamics.

**Figure 5: Gold witnessed heightened price volatility but still ended higher in January**



Source: Bloomberg | 31 January 2026

**Figure 6: Oil may spike further on supply risks but impact is unlikely to last**



Source: Bloomberg | 31 January 2026

## Disclaimer

This advertisement has not been reviewed by the Monetary Authority of Singapore or by the relevant authorities in Malaysia, Hong Kong and Indonesia.

This report is for information purposes only and under no circumstances is it or any part of it to be considered or intended as nor constitutes or forms the basis of an offer to sell or a solicitation of an offer to buy any of the securities, financial instruments or investment products referred to herein (each, a "Product", and collectively, "Products"), or an offer or solicitation to any person to enter into any transaction or adopt any investment strategy or enter into any legal relations, or an invitation to subscribe to any Products or an advice or a recommendation with respect to such Products. To the extent that any transaction is subsequently entered into between a recipient and Maybank, such transaction shall be entered into upon such terms as may be agreed by the parties in the relevant documentation.

Investments in collective investment schemes ("Fund(s)") are not obligations of, deposits in, or guaranteed by the distributors or any of their affiliates. Investors should read the Prospectus, obtainable from Maybank, before deciding whether to subscribe for units in the Fund(s). All applications for units in the Fund(s) must be made on the application forms accompanying the Prospectus.

Investors should note that income from and/or values of such Products, if any, may fluctuate and that each Product's price or value may rise or fall depending on market conditions. Accordingly, investors may receive back less than what they have originally invested or they may also not receive back anything at all from what they have originally invested (i.e. loss of the entire sum invested). All investments involve an element of risk, including capital and principal loss. Past performance is not necessarily a guide to or an indication of future performance. Any scenarios, assumptions, historical or simulated performances, indicative prices or examples of potential transactions or returns are for illustrative purposes only. Maybank does not guarantee the underlying investment, the principal or return on investments.

This report is prepared for Maybank's clients and is not intended for public circulation and/or distribution. It is not intended to provide personal investment advice and does not take into account the specific investment objectives, financial situation and particular needs of any particular recipient or reader and thus should be read with this in mind. Before acting on the information, an investor should therefore independently and separately evaluate and assess each Product and consider the suitability of the Product, the appropriateness of investing in the Product and the risks involved or the investment strategies discussed or illustrated in this report, taking into account the investor's specific investment objectives, financial situation, risk tolerance and particular needs, and seek independent financial, audit, tax, legal and/or other professional advice as necessary, before dealing, transacting and/or investing in any of the Products mentioned in this report or communicated to the investor as a follow-up to this report. Prior to any investment, it is the investor's own responsibility to obtain legal and/or tax opinions regarding the legal and tax consequences of the investment. All investments will be made solely upon and in reliance on the investor's own judgment and discretion, notwithstanding any opinion, commentary or recommendation this report, Maybank or its Relationship Managers/Client Advisors/Personal Financial Advisors/Appointed Representatives and/or its other employees may provide. Unless expressly agreed otherwise, Maybank offers no investment, financial, legal, tax or any other type of advice to recipients or readers of this report. Maybank has no fiduciary duty towards any such recipients and readers, and makes no representation and gives no warranty as to the results to be obtained from any investment, strategy or transaction, or as to whether any strategy, security or transaction described herein may be suitable for the financial needs, circumstances or requirements of the recipients and readers.

---

## Disclaimer

The information herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank and consequently no representation and/or warranty is made as to the accuracy or completeness of this report for any particular purpose by Maybank and it should not be relied upon as such. Maybank may have issued other documents, investment proposals, reports, analyses or emails expressing views different from the contents hereof and all views expressed in all documents, investment proposals, reports, analyses and emails are subject to change without notice. The information or opinions or recommendations contained herein are subject to change at any time without prior notice. Maybank and its officers, directors, associates, connected parties and/or employees, including persons involved in the preparation or issuance of this report, may from time to time have positions or be materially interested in the Products referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such Products and may also perform or seek to perform investment banking, advisory or other services in relation thereto. One or more directors, officers and/or employees of Maybank may be a director of any of the corporations of the Products mentioned in this report to the extent permitted by law. Accordingly, Maybank may have a conflict of interest that could affect the objectivity of this report.

This report may contain information such as valuation, performance, yield or the like, derived from a variety of valuation metrics, all of which may change at any time without notice and investors are cautioned not to place undue reliance on such information. This report may also contain forward looking statements which are often but not always identified by the use of words such as “anticipate”, “believe”, “estimate”, “intend”, “plan”, “expect”, “forecast”, “predict” and “project” and statements that an event or result “may”, “will”, “can”, “should”, “could” or “might” occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made by and/or information currently available to Maybank and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Investors are cautioned not to place undue reliance on these forward looking statements. This report is current as at the date of its publication and Maybank expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events. This report may also contain charts, diagrams or graphs, including sample portfolio overview, which may differ or vary from the actual charts, diagrams or graphs, including any portfolio overview, which an investor may receive separately.

In this report, references to “Maybank” mean Malayan Banking Berhad, Maybank Singapore Limited, PT Bank Maybank Indonesia Tbk and/or its/their subsidiaries, affiliates and related corporations<sup>1</sup> worldwide. The information herein and the contents of this report remain the intellectual property of Maybank. The contents of this report are confidential and its circulation and use are restricted. This report is prepared for the use of Maybank’s clients and/or prospective clients and may not be reproduced, altered in any way, copied, published, circulated, distributed or transmitted to any other party in whole or in part in any form or manner or by any means (including electronically, photocopying, recording or via any information storage and retrieval system) without the prior express written consent of Maybank. Maybank and its officers, directors, associates, agents, connected parties and/or employees accept no liability whatsoever for the actions of third parties in this respect and shall not be liable or responsible for any losses, costs or damages including costs on a solicitor–client basis suffered or incurred by the investor that may arise from the use of, reliance on or any action taken in connection with this report.

<sup>1</sup>As a prospect or client of Maybank Singapore Limited, no other Maybank affiliate or related corporation will be involved in your relationship with Maybank Singapore Limited.

---

## Disclaimer

This report is not directed to or intended for distribution to or use by any person or entity who/which is a citizen or resident of or is located in the United States, Canada as well as any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or where Maybank may become subject to new or additional legal or regulatory requirements. The Products described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers or warnings may apply based on the geographical location of the recipient of this report.

In the same regard, services rendered by Maybank in connection with the Products referred to herein will not be performed in any jurisdiction where Maybank is not licensed or authorised to provide such services or may become subject to new or additional legal or regulatory requirements.

### **Note to recipients and investors in Singapore –**

Maybank Singapore Limited is regulated only by the Monetary Authority of Singapore and no other regulatory or supervisory body.

For collective investment schemes which are included in the CPF investment scheme: An investor using CPF funds for investment should make reference to the CPF website or seek clarification from an appointed representative for the legislated annual interest rates on the Ordinary and Special Accounts in order to make an informed decision.

For collective investment schemes with dividend payouts: Actual dividend payment amounts of the Funds may be higher or lower than the potential dividend depending on market conditions. The actual dividend payment may be zero. Investors should note that dividend payments are not guaranteed and there is no guarantee that the potential dividend level can be achieved in any quarter or any dividend payments will be made.

Prohibition of sales to European Economic Area (“EEA”) Investors: Effective 1st January 2018, Maybank Singapore Limited prohibits any offer and/or sale of any Packaged Retail and Insurance Based Investment Products (“PRIIPS”) to investors in the EEA in accordance with the guidelines made to Regulation (EU) No 1286/2014. The EEA region includes the following countries: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

Prohibition of sales to the United Kingdom and Switzerland Investors: Subject to the same or similar PRIIPS regulations.

### **Note to recipients and investors in Hong Kong –**

This document is distributed in Hong Kong by Malayan Banking Berhad, a company incorporated in Malaysia with limited liability and acting through its Hong Kong Branch. It is registered as a Licensed Bank under the Banking Ordinance and regulated by the Hong Kong Monetary Authority. It is also registered with the Hong Kong Securities and Futures Commission to carry on the regulated activities of dealing in securities (Type 1) and advising on securities (Type 4) in Hong Kong.

---

## Disclaimer

### **Note to recipients and investors in Malaysia –**

In Malaysia, the purchase, sale or subscription of investment products is subject to governmental consent, regulatory approval or other formalities. This report is distributed in Malaysia solely for the benefit of and for the exclusive use of Maybank's clients and is not intended for public circulation and/or distribution.

By receiving this report and continuing to retain the same, the recipient is deemed to represent and warrant to Maybank that the disclaimers set out above are acknowledged and understood, and this report will not be relied upon and/or used in any manner not expressly authorised.

### **Note to recipients and investors in Indonesia –**

This document is distributed in Indonesia by PT Bank Maybank Indonesia Tbk, which is licensed and supervised by Indonesia Financial Services Authority (OJK). Investment products that are offered by PT Bank Maybank Indonesia Tbk are third party products. PT Bank Maybank Indonesia Tbk is a selling agent for third party products such as mutual funds and bonds. Investments in mutual funds and bonds are not covered by the deposit insurance program of the Indonesian Deposit Insurance Corporation (LPS).

Maybank Singapore Limited (UEN: 201804195C)

Malayan Banking Berhad, Hong Kong Branch (Incorporated in Malaysia with limited liability)  
(Company Number: F000679)

Malayan Banking Berhad (196001000142 (3813-K))

PT Bank Maybank Indonesia Tbk (8120016120953)

