

# Monthly Investment Outlook

June 2026

## Market Recap

- **Equities mostly higher despite a volatile May.** Global equities advanced, supported by strong corporate earnings and AI-driven momentum despite lingering geopolitical uncertainties and inflation concerns. Asia ex-Japan and the U.S. led gains while Indonesia was the key detractor.
- **Bonds pulled back amid inflation concerns.** U.S. Treasury (UST) yields rose across the board on renewed inflation concerns and a repricing of Federal Reserve (Fed) interest rate expectations. The 10-year UST yield rose to an intraday high of 4.69% before consolidating around 4.50% levels.
- **Oil prices soften and gold remains pressured.** Oil prices eased below USD 100 per barrel amid some progress towards a peace agreement with Iran. Meanwhile, rising yields amid inflation concerns continue to weigh on gold.

## Macro Outlook and Asset Allocation

- **Macro landscape remains supportive.** We continue to expect an eventual de-escalation of Middle East tensions amid ongoing U.S.-Iran negotiations. This should help cap oil prices and limit upside risks to inflation and rates. While the upcoming major IPO may temporarily absorb some market liquidity, we would view any resulting pullback as an opportunity to add exposure.
- **Seek equity upside via valuation discipline.** While the ongoing adoption of AI is set to benefit semiconductors and related infrastructure names, there are merits in broadening equity exposure to other sectors such as financials, industrials, and utilities. We also continue to identify laggard opportunities within China technology, alongside selected software and cybersecurity plays.
- **Opportunities to lock in more attractive carry.** The recent surge in yields has made high-quality bonds increasingly attractive. However, given ongoing rate volatility, active duration management remains essential and we continue to favour investment grade over high yield credit.
- **Manage downside risk through diversification, including gold.** Despite near-term headwinds, we remain constructive on gold given its important role in a well-diversified portfolio.

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	YTD
<b>MSCI AC World</b>	5.2%	7.7%	12.4%
<b>MSCI U.S.</b>	5.3%	4.2%	5.5%
<b>MSCI Europe</b>	2.8%	-0.1%	4.4%
<b>MSCI Japan</b>	5.0%	4.0%	10.8%
<b>MSCI Asia ex-Japan</b>	11.3%	6.3%	15.0%
China	-3.0%	-9.9%	-5.6%
Hong Kong	-1.1%	-0.8%	9.5%
Taiwan	16.5%	23.9%	37.8%
South Korea	35.3%	25.9%	61.3%
India	-0.6%	-5.8%	-10.6%
Singapore	3.9%	-1.8%	2.1%
Malaysia	-1.7%	-0.2%	6.8%
Indonesia	-12.7%	-22.4%	-26.1%
Thailand	5.2%	14.0%	21.5%
Philippines	-1.0%	-9.5%	-5.0%
<b>BBG Multiverse</b>	0.4%	-0.8%	0.2%
<b>BBG U.S. Treasury</b>	0.1%	0.0%	-0.1%
<b>BBG Global IG</b>	0.6%	-0.9%	0.1%
<b>BBG Global HY</b>	0.7%	0.2%	1.2%
<b>BBG EM Asia</b>	0.5%	0.2%	0.5%
<b>Gold</b>	-1.4%	-7.4%	5.6%
<b>Brent Crude</b>	-15.6%	59.3%	81.4%
<b>WTI Crude</b>	-14.6%	61.1%	83.0%
<b>Dollar Index (DXY)</b>	0.9%	1.1%	-0.3%
<b>Bitcoin</b>	-3.9%	-9.3%	-12.8%

Sources: Bloomberg (BBG), Factset | 31 May 2026



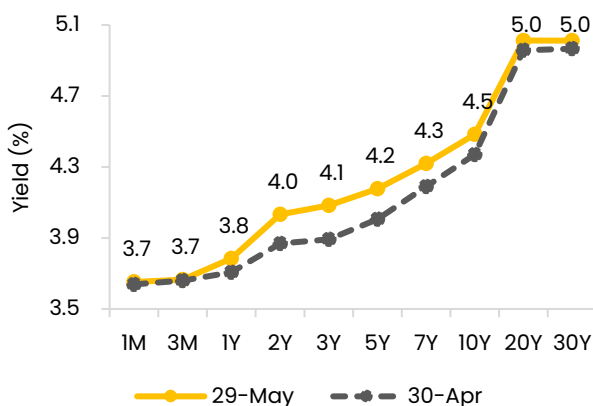
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## Fixed Income Outlook

- **Expect the Fed to hold rates unchanged in 2026.** We expect bond yields to spike from time to time amid shifting inflation expectations and policy uncertainty surrounding new Fed leadership under Kevin Warsh, who favours scaling back forward guidance. While the headline inflation has risen from 2.4% year-on-year (YoY) in January to 3.8% in April, a repeat of the sharp inflation surge seen in 2022 appears unlikely. Crucially, U.S. core inflation (excluding food and energy) remains relatively well anchored. We now expect the Fed to hold rates unchanged through 2026 at 3.50-3.75%, versus our previous expectation of a 25 basis point cut.
- **Elevated UST yields present attractive entry window.** UST yields rose sharply in mid-May, with the 10-year yield reaching an intraday high of 4.69%. While yields have since moderated, current levels still offer attractive all-in yields and stable income opportunities. That said, ongoing rate volatility warrants more active duration management, and credit selection remains critical as spreads across both investment grade and high yield bonds remain tight.
- **Quality prevails in European banking.** We continue to favour high-quality European banks, with a bias towards more senior positioning in the capital structure, where risk-reward remains more compelling relative to the Additional Tier 1s (AT1s). Notably, the yield premium of global bank AT1s over Tier 2 has compressed to well below its long-term average, indicating diminished compensation for subordination risk. That said, we see opportunities in selected European Global Systemically Important Bank (G-SIB) AT1s - particularly those with short-call dates and attractive reset terms, which support the case for early redemption.
- **Opportunities in Singapore and Australia banks.** Singapore banks' credit spreads are expected to remain stable, underpinned by strong fundamentals. In particular, we see value in their SGD-denominated AT1s where technicals are favourable - limited SGD AT1s supply continues to support valuations. In addition, their non-call risks remain relatively low given the ample capital buffer headroom these banks maintain. Apart from Singapore banks, we also favour Australia bank bonds for the attractive yield pickup they offer relative to similarly rated global peers.
- **Remain selective in Gulf Cooperation Council (GCC) credits.** GCC credit valuations remain attractive with spreads continuing to offer a premium over similarly rated global peers. Within the region, we reiterate our preference for high-quality GCC credits, particularly quasi-sovereigns and banks with solid fundamentals.

**Figure 1: The UST yield curve has shifted higher, suggesting more attractive carry**



Source: Bloomberg | 31 May 2026

**Figure 2: Added focus on Asia technology and Singapore banks for diversification**

Regions	Preferred Sectors
<b>Developed Markets</b>	<ul style="list-style-type: none"> <li>• Europe banks</li> <li>• Australia financials</li> </ul>
<b>Asia ex-Japan</b>	<ul style="list-style-type: none"> <li>• Asia technology</li> <li>• Hong Kong utilities</li> <li>• Hong Kong insurers</li> <li>• Singapore REITs</li> <li>• Singapore government-linked issuers</li> <li>• Singapore banks</li> </ul>

Source: Maybank GWM | 31 May 2026

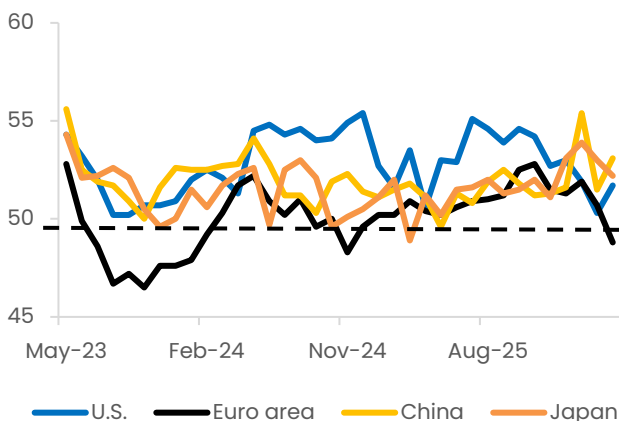
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## Equity Outlook

- **Focus on areas with margin of safety.** The U.S. 1Q earnings season has been stellar, with the S&P 500 blended earnings growth rate at 28.4% YoY. That said, the weak U.S. consumer sentiment index points to fragile household confidence ahead and we are also seeing crowded positioning in the AI space. Hence, we prefer to be selective in the AI space and would focus on areas with better margin of safety – particularly industrials and financials.
- **Prefer European financials, industrials and materials.** Europe’s macro backdrop is becoming increasingly challenging. The composite Purchasing Managers’ Index (PMI) is pointing to softening growth expectations while inflation pressures continue to build. With the European Central Bank likely to resume hiking rates in June, financials could benefit from a steeper rate path, while materials and industrials offer inflation pass-through and structural demand support.
- **Opportunities in Japan real estate.** Japanese corporates have delivered strong fiscal 4Q results and are projecting high-single-digit earnings growth in FY27. That said, the outlook is increasingly uneven, with gains concentrated in technology and AI-related infrastructure names that are now trading at stretched valuations. Against this backdrop, we favour companies with greater margin of safety, and stay positive on financials, industrials, and real estate – a sector that has seen weakness despite resilient underlying earnings.
- **Attractive value in China internet.** China internet companies’ results were mixed, with strong cloud and AI growth offset by elevated investment costs. Nevertheless, we remain constructive, as these investments should drive medium-term earnings growth, with AI monetisation a key re-rating catalyst. Selected industrials would also benefit from AI-related spillover demand across automation, power equipment, data centres and supply chain upgrading.
- **Singapore and Malaysia continue to lead ASEAN.** Singapore and Malaysia have held up well in May due to stronger policy visibility. Investors have gravitated towards Singapore banks amid expectations of higher interest rates, while Malaysia has benefitted from continued strength in domestic investment activity. In contrast, Indonesia has underperformed due to regulatory crackdowns on companies with concentrated shareholdings, alongside concerns surrounding its commodity export policies.

**Figure 3: The composite PMI data suggests weaker Eurozone growth ahead**



Source: Bloomberg | 31 May 2026

**Figure 4: Focus on long-term growth themes and areas with a margin of safety**

Regions	Preferred Equity Sectors
U.S.	<ul style="list-style-type: none"> <li>• Comm. Svs</li> <li>• Industrials</li> <li>• Financials</li> <li>• Utilities</li> </ul>
Europe	<ul style="list-style-type: none"> <li>• Financials</li> <li>• Materials</li> <li>• Industrials</li> <li>• Utilities</li> </ul>
Japan	<ul style="list-style-type: none"> <li>• Financials</li> <li>• Real Estate</li> <li>• Industrials</li> </ul>
Asia ex-Japan	<ul style="list-style-type: none"> <li>• <b>China:</b> Comm. Svs, Financials, Industrials, and selected Technology names</li> <li>• <b>Singapore:</b> Banks, Internet, Telco</li> <li>• <b>Malaysia:</b> Banks, Construction, Healthcare</li> </ul>

Source: Maybank GWM | 31 May 2026

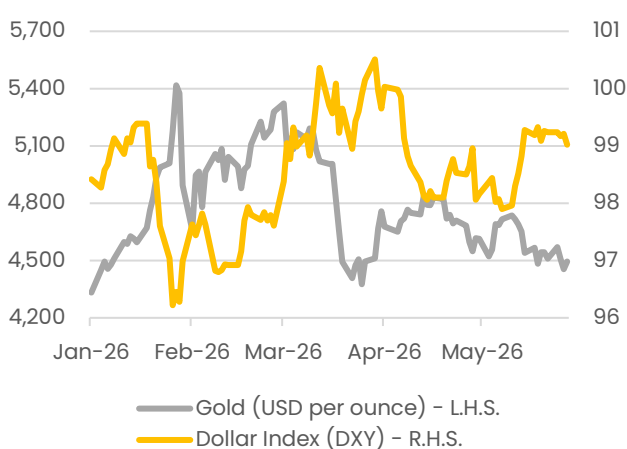
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## Commodities Outlook

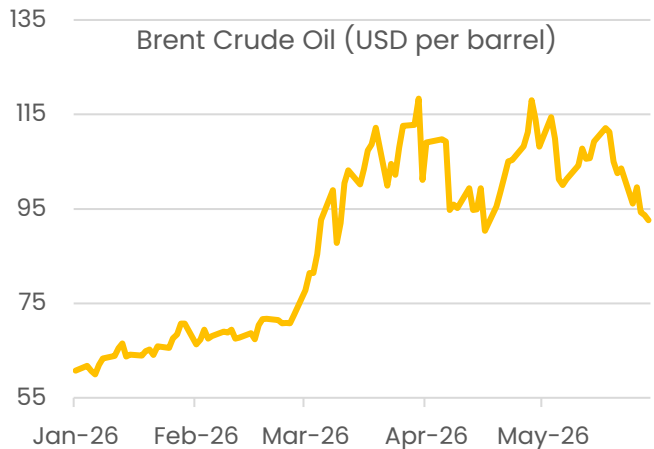
- **Gold continues to play an important role in building a well-diversified portfolio.** The precious metal experienced further profit-taking in May, pulling back from January's record highs amid a stronger U.S. dollar, elevated bond yields and reduced expectations of interest rate cuts. While certain market segments are pricing in the possibility of a rate hike, we believe the Fed is more likely to hold rates steady for the remainder of the year. Looking ahead, gold's appeal as a portfolio diversifier remains intact despite near-term consolidation. Furthermore, we expect the precious metal to be supported by sustained structural demand from central banks, with China reportedly stepping up its gold purchases in April.
- **Oil prices to trade range-bound until a peace deal is signed.** It has now been just over three months since the outbreak of the conflict in the Middle East. Crude oil prices have retreated from their historical highs, falling below the USD 100 per barrel level on the back of progress in the U.S.-Iran peace negotiations. Nevertheless, the all-important Strait of Hormuz remains closed and continues to be the primary driver behind elevated oil prices. While disruptions to key infrastructure and shipping routes are expected to take time to normalise, a potential truce and the eventual reopening of the Strait of Hormuz could see oil prices retreat towards USD 80 per barrel or lower. In the interim, we expect prices to remain range-bound between USD 90 and USD 120 per barrel.

**Figure 5: Gold may re-test USD 5,000 per ounce with sustained central bank demand**



Source: Bloomberg | 31 May 2026

**Figure 6: Brent crude eases back below USD 100 per barrel on promising negotiations**



Source: Bloomberg | 31 May 2026

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