

Monthly Investment Outlook

March 2026

Market Recap

- **Global peers rally leaves U.S. equities behind.** U.S. stocks underperformed in February as artificial intelligence (AI) disruption fears sparked volatility, particularly in the software sector. In contrast, Japan and Thailand markets rallied following positive election outcomes. South Korea and Taiwan equities also outperformed amid optimism around technology hardware.
- **Bonds held up on lower yields and stable spreads.** Bonds witnessed positive returns on lower U.S. Treasury (UST) yields and stable credit spreads. Notably, the 10-year (10Y) UST yield dipped below 4% in tandem with declining Japanese Government Bond (JGB) yields following Prime Minister (PM) Sanae Takaichi's election victory.
- **Gold and oil gained amid escalating geopolitical tensions.** After a brief correction in early February, gold and oil prices bounced back amid escalating geopolitical conflicts between the U.S. and Iran as well as renewed tariff threats from U.S. President Donald Trump.

Macro Outlook and Asset Allocation

- **Global growth holding up despite a rising wall of worries.** Trump's new global tariffs have increased trade uncertainty but are not expected to disrupt global growth. While AI progress may pressure selected firms, it should continue to support the broader economy. New signs of stress in private credit bear watching, though risks remain contained for now.
- **Intensifying Middle East conflict may drive near term risk-off.** The joint U.S.-Israel strikes on Iran, alongside strong Iranian retaliation, are likely to affect risk sentiment in the near term. While the conflict appears more intense than last June, a full-blown prolonged oil crisis may still be averted.
- **Increase focus on building resilience and margin of safety.** We stay engaged in risk assets including equities but would look to add portfolio resilience through diversification and downside protection. We continue to favour U.S. Treasuries and gold as buffers against lingering uncertainties. While oil may still serve as a tactical hedge, we would avoid over-extending exposure as sentiment can shift swiftly should the Middle East tensions de-escalate.

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
MSCI AC World	1.3%	5.5%	4.3%
MSCI USA	-0.9%	0.4%	0.4%
MSCI Europe	3.3%	12.1%	7.9%
MSCI Japan	8.6%	16.4%	15.7%
MSCI Asia ex-Japan	5.9%	17.7%	14.6%
China	-5.8%	-2.5%	-1.3%
Hong Kong	2.6%	12.7%	13.3%
Taiwan	12.8%	32.7%	25.3%
South Korea	22.1%	76.3%	56.4%
India	1.4%	-4.2%	-3.7%
Singapore	0.8%	6.0%	4.8%
Malaysia	-0.4%	13.6%	6.6%
Indonesia	-1.1%	-6.3%	-5.8%
Thailand	20.6%	32.0%	28.5%
Philippines	7.3%	14.0%	12.7%
BBG Multiverse	1.1%	2.4%	2.1%
BBG U.S. Treasury	1.8%	1.4%	1.7%
BBG Global IG	0.8%	2.1%	1.8%
BBG Global HY	0.2%	2.2%	1.2%
BBG EM Asia	1.3%	1.7%	1.6%
BBG EM Asia IG	1.4%	1.4%	1.4%
BBG EM Asia HY	0.7%	3.5%	2.7%
Gold	7.9%	24.5%	22.2%
WTI Crude	2.8%	14.5%	16.7%
Dollar Index (DXY)	0.6%	-1.9%	-0.7%

Source: Bloomberg | 28 February 2026

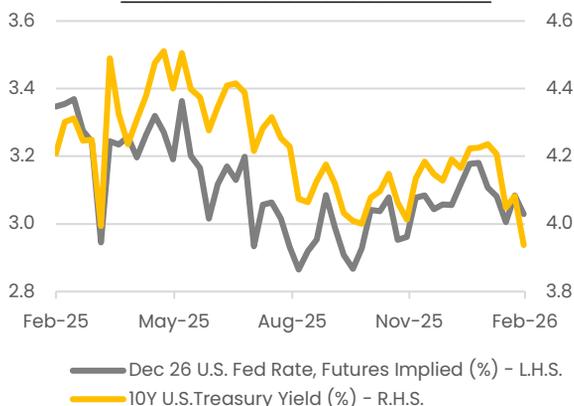
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Fixed Income Outlook

- **U.S. economy to remain resilient.** The U.S. economy is expected to remain in expansion, albeit at a more moderate pace in 2026, with both U.S. manufacturing and services Purchasing Managers' Index (PMI) data holding above 50. Inflation continues to ease, with January consumer price index (CPI) moderating to 2.4%, down from 2.7% in the prior month. Meanwhile, the labour market remains resilient as payroll growth and jobless claims continue to signal firm demand.
- **Lower rates to support bond performance.** The 10Y UST yield retreated in February amid benign inflation and mixed growth data. While it may remain choppy, we expect the yield to trend gradually lower towards 3.75% alongside the anticipated Fed easing. Within credit, we continue to favour investment-grade (IG) over high yield (HY) credits for more resilient carry. Diversifying into non-USD denominated bonds could also add value to overall portfolio.
- **Seek quality in European credits.** We continue to seek defensive income in high-quality European bank credits including senior and Tier 2 bonds as well as selected opportunities in Additional Tier 1 issues (ATI) with solid franchises. In addition, investor demand for IG corporates in the region should stay resilient despite tight spreads, supported by robust fundamentals and elevated household savings. We favour selected subordinated corporate perpetuals for yield pick up, especially those with attractive coupon reset profiles, noting they avoid mandatory loss-absorption clauses embedded in the ATIs.
- **Take profit on weak SGD credits.** In the SGD corporate bond market, demand for new issuances remained firm, with bid-to-cover ratios averaging around 2x despite heavy supply since the start of 2026. Still, the secondary market performance of these new issues remained mixed. We see opportunities for investors to demand decent SGD launched yield during primary issue stage, particularly in high yield credits, corporate or bank perpetuals. We also advocate to take profit in weaker Singapore credits and rotate into higher quality government-linked issuers.
- **Middle East tensions could open up opportunities in quality GCC credits.** The escalation in Middle East tensions may weigh on GCC credits. That said, any indiscriminate sell-off would suggest an entry opportunity, particularly in Sukuk and GCC banks with strong fundamentals. Notably, GCC banks should continue to anchor regional supply in 2026, reflecting their central role in funding national vision programs and sovereign-linked projects. Within the bank capital structure, beyond senior bonds, we see opportunities in the Tier 2s for yield pick-up.

Figure 1: 10-year UST yield may decline further with lower Fed rates



Source: Bloomberg | 28 February 2026

Figure 2: Added focus on Europe corporate and Singapore government-linked credits

Regions	Preferred Sectors
Developed Markets	<ul style="list-style-type: none"> • Europe banks • Europe corporates • Australia financials
GCC (Gulf Co-operation Council)	<ul style="list-style-type: none"> • Banks • Sustainable-linked bonds • Sukuk
Asia ex-Japan	<ul style="list-style-type: none"> • China technology • Hong Kong utilities/insurance • SG Government-linked/REITs issuers • Indonesia quasi-sovereigns

Source: Maybank GWM | 28 February 2026

Monthly Investment Outlook

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Equity Outlook

- **Buying opportunities in selected U.S. financials.** The U.S. market was pressured by a sell off in software and megatech stocks amid competitive threats from AI start-up Anthropic, despite a solid earnings season. Notably, capital is rotating towards the healthcare and industrial sectors, suggesting investors' preference for earnings visibility over demanding valuations. Meanwhile, we see selected buying opportunities in financials, as recent weakness driven by spillover concerns from Blue Owl Capital and AI disruption fears appears overdone relative to fundamentals.
- **Favour Europe industrials and consumer discretionary.** Europe equities continued to show resilience, supported by solid corporate earnings and a pickup in euro-area activity. Meanwhile, MSCI Europe's earnings are expected to grow by 11.3% in 2026, underpinned by the recovery in consumer discretionary, materials and communication services sectors. Nevertheless, earnings delivery will remain key with the market trading above its historical average valuation.
- **Japan industrials anchored by security theme.** Japan rallied after PM Takaichi secured a strong mandate in the recent election. While the prospect of a more stable political backdrop is supportive, the current risk-reward is broadly balanced. Nonetheless, her win reinforces the structural themes around national and economic security, including defence and energy transition, which should continue to underpin solid growth in the industrials sector.
- **Attractive entry point for China tech.** China tech stocks fell amid the global technology sell off, creating an attractive entry point given undemanding valuations and improving earnings prospects. Notably, more policy support may be announced in the upcoming "Two Sessions" in March. We remain constructive on communication services, as fears of tax hikes on online gaming firms appear overdone, with the sector expected to deliver robust earnings growth.
- **Positive on Singapore and Malaysia.** ASEAN markets exhibited notable divergence, with Thailand outperforming as PM Anutin Charnvirakul's convincing win strengthened expectations for a more conducive policy environment. In contrast, Indonesia declined after MSCI flagged governance and market accessibility risks, raising investor concerns. Meanwhile, we remain constructive on Singapore and Malaysia, supported by political and policy stability. Notably, we deem Singapore's latest budget to be positive for the financials sector and capital market.

Figure 3: MSCI Europe's earnings to rebound from -3.1% in 2025E to 11.3% in 2026E

Sectors	2025E	2026E
Communication Services	-28.7%	44.7%
Consumer Discretionary	-34.4%	43.6%
Consumer Staples	6.6%	6.7%
Energy	-0.2%	10.9%
Financials	7.3%	3.9%
Healthcare	14.8%	9.5%
I.T.	14.8%	20.4%
Industrials	10.6%	9.8%
Materials	-9.9%	27.4%
Real Estate	13.2%	1.0%
Utilities	-16.5%	14.3%
MSCI Europe	-3.1%	11.3%

Source: Bloomberg | 28 February 2026

Figure 4: We continue to broaden exposure beyond U.S. megatech stocks

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

Source: Maybank GWM | 28 February 2026

Monthly Investment Outlook

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Commodities Outlook

- **Gold demand remains intact amid lingering macro uncertainties.** Gold witnessed heightened price volatility over the past month. After briefly dipping below USD 4,500 per ounce in early February, the yellow metal rebounded to above USD 5,200 per ounce. Prices were further supported by the U.S. Supreme Court's decision to strike down most of Donald Trump's reciprocal tariffs, which was followed by a retaliatory 15% global tariff under Section 122. The latest escalation of tensions in the Middle East also pushed prices higher. Over the longer term, strong central bank demand, renewed investor interest and persistent geopolitical uncertainties should continue to support gold prices towards USD 5,500 per ounce by year end.
- **Oil may serve as a tactical hedge but avoid over-extending the trade.** Brent crude oil rose above USD 70 per barrel again amid renewed concerns over escalating U.S.–Iran tensions. In particular, the latest joint U.S.–Israel strikes on Iran should prompt a spike in oil prices. The U.S. appears to be intensifying efforts toward regime change in Iran, raising the risk of a strong retaliation from Iran. With the death of Supreme Leader Ayatollah Ali Khamenei, all eyes will be on the new Iranian leadership to see if it will take more forceful retaliation beyond attacks on U.S. bases in the Middle East. Notably, Iran's Islamic Revolutionary Guard Corps (IRGC) has reportedly disrupted traffic through the Strait of Hormuz, a critical energy chokepoint through which about 20–30% of global oil shipments transit.

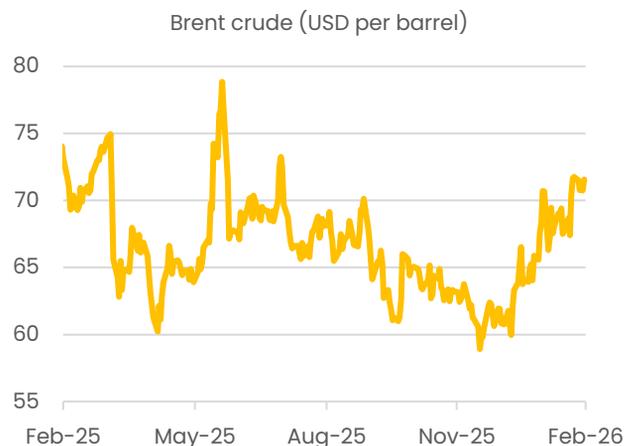
These developments could trigger sharper oil price reactions than those seen during last June's episode. At that time, when U.S.–Israel tensions with Iran escalated, Brent crude rallied from around USD 60 to USD 80 per barrel within just over a month, before retracing as geopolitical risk premiums faded. While the current situation warrants close monitoring, a de-escalation remains possible, as seen in past episodes. OPEC+'s latest decision to implement larger than expected output hike may also cushion potential supply disruptions, limiting the scope for sustained upside in oil prices. Hence, while oil may serve as a tactical hedge, we would avoid over-extending the trade barring any unexpected escalation into a prolonged conflict and full-scale oil crisis for the world.

Figure 5: Gold resumed its climb after heightened price volatility in early Feb



Source: Bloomberg | 28 February 2026

Figure 6: Brent crude rose above USD 70 per barrel again amid Middle East tensions



Source: Bloomberg | 28 February 2026

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