# Monthly Investment Outlook

November 2026

## Market Recap

- **AI trade comes under pressure.** AI-related stocks fell in October amid growing concerns over AI monetisation and funding. In contrast, "old economy" sectors such as energy, consumer staples and healthcare held up better. Markets wise, Asia ex-Japan led the decline with South Korean equities being a key drag.

- **Bonds provided diversification.** Global bonds gained, with the 10-year (10Y) U.S. Treasury (UST) yield dipping below 5% after the U.S. Federal Reserve (Fed) held rates unchanged. Investment-grade (IG) credit also posted positive returns but high yield (HY) bonds came under pressure.

- **Oil surged further while gold continued to languish.** Brent and WTI surged more than 10% amid elevated geopolitical tensions. In contrast, Gold and Bitcoin both declined, while the U.S. dollar strengthened modestly.

## Macro Outlook and Asset Allocation

- **Expand the equity opportunity set.** AI capex growth is moderating but remains solid, though rising funding costs are driving greater differentiation between winners and losers. We do see the recent pullback as an opportunity to add leading AI-related names. Amid heightened volatility, investors can also use structured strategies to stay invested while enhancing downside protection. Meanwhile, we continue to broaden our sector preferences, adding healthcare alongside technology, financials and industrials.

- **Focus on quality carry as a growth hedge.** Competing forces from growth, inflation, fiscal pressures and bond supply should keep UST yields elevated but range-bound. Even so, bonds remain a useful hedge against growth risks. We reiterate our preference for IG over HY bonds and diversified currency exposure beyond U.S. dollar credits.

- **Maintain strategic gold exposure while watching oil risks.** U.S. midterm uncertainty should fade after the elections, allowing fundamentals to regain focus. Higher oil prices remain a growth risk but could reverse quickly if peace prospects improve. Gold may remain under pressure near term but continued central bank demand should strengthen prices back above USD 4,000 per ounce.

| 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** | -1.6% | 0.0% | 11.5% |
| **MSCI U.S.** | -1.0% | 1.3% | 11.5% |
| **MSCI Europe** | 0.4% | -1.2% | 7.0% |
| **MSCI Japan** | -4.2% | 1.7% | 17.9% |
| **MSCI Asia ex-Japan** | -8.2% | -8.4% | 15.7% |
| China | -7.0% | -3.5% | -17.9% |
| Hong Kong | 0.4% | 7.1% | 6.1% |
| Taiwan | -8.4% | -3.8% | 56.4% |
| South Korea | -15.6% | -23.5% | 67.4% |
| India | 1.2% | -4.4% | -13.7% |
| Singapore | -7.9% | 4.5% | 13.9% |
| Malaysia | -2.0% | -0.1% | 0.6% |
| Indonesia | -13.8% | -11.3% | -47.6% |
| Thailand | -2.7% | -7.5% | 16.1% |
| Philippines | -1.8% | -6.8% | -5.1% |
| **BBG Multiverse** | 1.3% | -1.1% | -1.2% |
| **BBG U.S. Treasury** | 2.4% | -0.7% | -0.5% |
| **BBG Global IG** | 1.2% | -2.3% | -2.1% |
| **BBG Global HY** | -0.2% | -2.4% | -0.4% |
| **BBG EM Asia** | 1.1% | -1.2% | -0.1% |
| **Gold** | -6.8% | -3.3% | -10.2% |
| **Brent Crude** | 15.7% | 55.5% | 86.4% |
| **WTI Crude** | 15.2% | 49.8% | 81.3% |
| **Dollar Index (DXY)** | 0.4% | 0.7% | 3.6% |
| **Bitcoin** | -7.6% | 31.8% | -11.9% |

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

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## Fixed Income Outlook

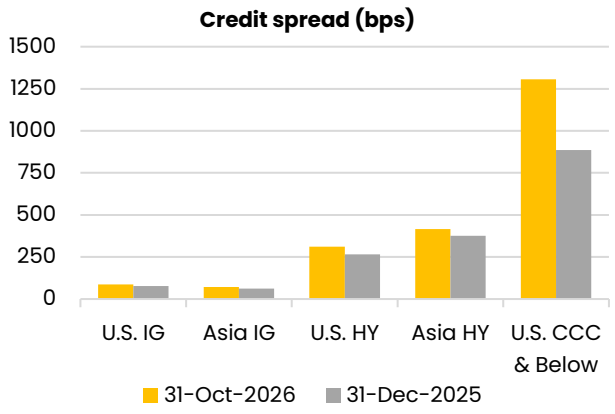
- **Elevated rates trigger concerns on borrowers with weak credit profile.** USTs staged a modest rebound as rising AI-related growth concerns drove investors towards safe-haven assets. The risk aversion also sparked a widening in credit spreads, in particular lower-rated credits. Notably, credit spreads of U.S. CCC and below rated high yield bonds widened by more than 400 bps year-to-date amid concerns over leverage and debt servicing capacity, while higher quality credits outperformed.

- **Opportunities emerging but stay up the credit quality spectrum.** We expect UST yields to trade range-bound in the near term amid shifting rate expectations and potential growth risks from AI disappointment. While we expect the Fed to hike 25 bps in December, further tightening will likely be measured and data-dependent. With limited scope for a sustained rally in rates, we would keep duration below 10 years. Carry remains an important source of returns, with the wider credit spreads creating opportunities to add high-quality investment grade credits which have lower default risk than high yield bonds.

- **Favour European and Australian financials, alongside Asian insurers.** We continue to favour European banks, with profitability supported by solid loan growth and resilient asset quality. However, we reiterate our preference for senior and Tier 2 bonds over Additional Tier 1 (AT1s) given the latter's tight valuation and greater sensitivity to a deterioration in risk sentiment, particularly amid lingering political and fiscal uncertainty in Europe. Meanwhile, Australian financials and major Asian insurers offer diversification, supported by stable credit fundamentals.

- **Defensive positioning in European telecommunication and Asian infrastructure.** Outside financials, we favour the defensive European telecommunication and Asian infrastructure sectors that offer a good balance of attractive yield and robust credit metrics. Selected European telecommunication companies benefit from strong recurring revenues and improving free cash flow that will provide resilience across economic cycles. Meanwhile, Asian infrastructure credits benefit from long-duration contracted cash flows and government-linked support. Separately, selected Singapore REITs still look attractive, particularly perpetuals with short-call dates and high reset terms.

**Figure 1: Credit spreads widening highlight concerns over vulnerable borrowers**




Source: Bloomberg, FRED | 31 October 2026

**Figure 2: Add Europe telecommunication and Asia infrastructure for defensive qualities**

| Regions | Preferred Credit Sectors |
|---|---|
| **Europe & Australia** | • Europe banks (senior/Tier 2)<br>• Europe telecommunication<br>• Australia financials |
| **Asia** | • Asia insurers<br>• Asia infrastructure<br>• Singapore REITs |

Source: Maybank GWM | 31 October 2026

# Monthly Investment Outlook

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## Equity Outlook

- **Market leadership to broaden in the U.S.** Investors rotated into non-technology equities in October amid greater scrutiny of AI spending and valuations. We view the rotation as a healthy broadening of market leadership, with positive earnings revisions extending beyond AI-related companies. We retain our preference for financials, industrials and I.T., while adding healthcare on improving earnings prospects, attractive valuations and potential AI-driven efficiency gains.

- **Position defensively in Europe amid political headwinds.** In Europe, political instability, social tensions and elevated bond yields remain key headwinds, particularly for domestically-oriented consumer sectors. We maintain a defensive bias towards communication services and healthcare, while seeing renewed opportunities in financials, where the recent pullback has improved valuations despite still-solid fundamentals.

- **Stay constructive on Japan despite recent weakness.** We view the correction in Japanese equities as an attractive entry opportunity. Further policy normalisation should benefit financials amid upside inflation risks, while improved valuations are creating selective opportunities across AI and semiconductor names. We also favour industrials, where robust demand from the global AI investment cycle should continue to support earnings.

- **Selective on China amid lacklustre earnings growth.** China's 3Q earnings season started on a soft note, reflecting subdued demand and intense competition. With limited scope for fresh stimulus, earnings pressure could persist. We remove industrials from our preferred sectors amid rising margin risks. Conversely, we retain our preference for communication services, supported by defensive telecommunication dividends and resilient internet earnings. We also remain positive on tech, where solid fundamentals are creating selective buy-on-dip opportunities.

- **Favour resilience in Singapore and Malaysia.** We favour Singapore amid elevated volatility, supported by economic stability, resilient earnings and attractive dividend yields, particularly in financials following the recent correction. Malaysia also offers defensive qualities, supported by supply-chain diversification and its growing role as a regional manufacturing hub. In contrast, we remain cautious on Indonesia amid the risk of MSCI reclassification to Standalone Market status, which could trigger sizeable foreign outflows and prolong market volatility.

**Figure 3: Healthcare and industrials to lead U.S earnings growth alongside I.T. in 2027**

| S&P 500 Sectors | Earnings growth (% YoY) | |
|---|---|---|
| | CY 2026E | CY 2027E |
| I.T | 53.8% | 42.0% |
| Healthcare | 1.1% | 22.9% |
| Industrials | 12.4% | 15.9% |
| Materials | 37.8% | 12.4% |
| Financials | 14.9% | 8.8% |
| Utilities | 13.1% | 8.7% |
| Consumer Staples | 7.4% | 6.8% |
| Real Estate | 10.0% | 6.2% |
| Consumer Discretionary | 35.2% | -3.4% |
| Energy | 108.1% | -7.3% |
| Comm. Services | 58.1% | -10.2% |
| **S&P 500** | **33.1%** | **16.0%** |

Source: Factset I 23 October 2026

**Figure 4: Adding healthcare as one of our preferred sectors in the U.S. and Europe**

| Regions | Preferred Equity Sectors |
|---|---|
| U.S. | • Financials • Healthcare • Industrials • I.T. |
| Europe | • Comm. Services • Financials • Healthcare |
| Japan | • Financials • Industrials • I.T. |
| Asia ex-Japan | • **China**: Comm. Services, Financials, and I.T.<br>• **Singapore:** Banks, Industrials, Internet<br>• **Malaysia**: Banks, Construction, Healthcare Technology |

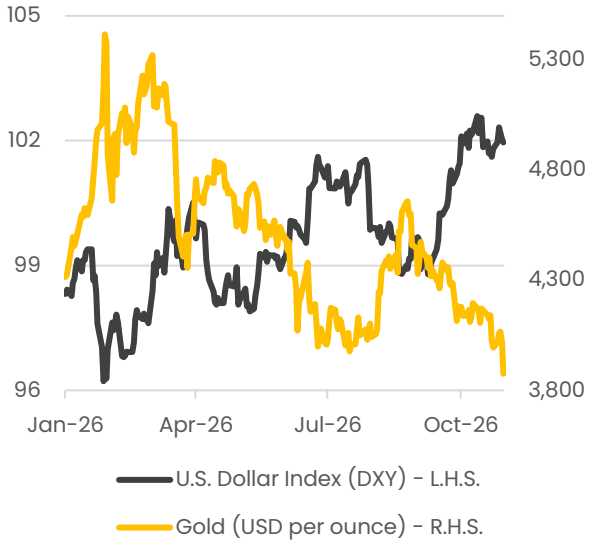
Source: Maybank GWM | 31 October 2026

## Commodities Outlook

- **Staying constructive on gold despite the dip.** Gold's weakness persisted in October, weighed down by a firmer U.S. dollar and elevated energy prices, which reinforced expectations that the Fed could keep rates higher for longer. Higher Treasury yields also increased the relative appeal of U.S. government bonds as a safe haven. Nevertheless, we remain constructive on gold as a strategic portfolio diversifier and would use the pullback to gradually build positions. Notably, central banks globally continue to add positions into gold, with China stepping up its purchases. The People's Bank of China added 23 tonnes of gold in September, its largest monthly purchase since October 2023, according to the World Gold Council. Sustained central bank demand should provide further support for gold over the medium term, while any renewed weakness in the U.S. dollar could provide an additional catalyst for a meaningful rebound in gold prices.

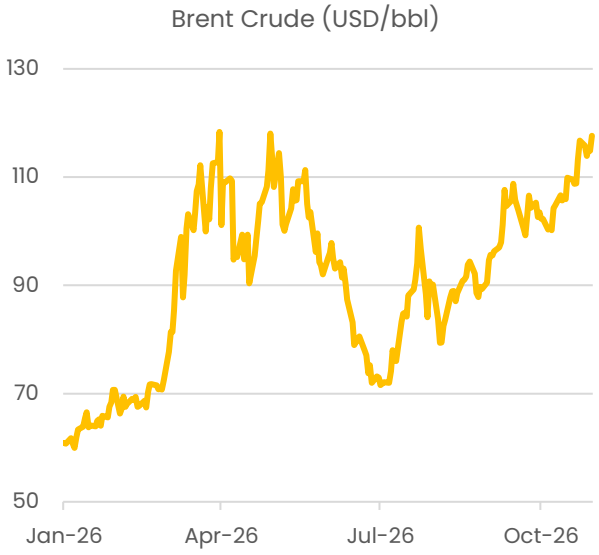
- **Oil risks remain two-sided.** Oil prices rose in October, with Brent crude nearing USD 120 per barrel at one point as Middle East tensions continued to threaten regional supply. While flows through the Strait of Hormuz have shown signs of recovery, shipping disruptions and risks to Saudi Arabia's energy infrastructure remain key concerns. With global inventories already depleted after months of conflict, further supply disruptions could keep oil prices elevated. However, softer demand expectations and potential stockpile releases should cap further gains. Attention now turns to what happens after the U.S. midterm election, with President Trump saying it is "getting to decision time" on Iran, while Tehran has warned it is prepared to respond to any U.S. strikes. The uncertainty could keep oil prices elevated for now though any breakthrough in U.S.-Iran negotiations could trigger a sharp reversal.

**Figure 5: Gold weakness persists amid firmer U.S. Dollar and elevated energy prices**




Source: Bloomberg I 30 October 2026

**Figure 6: Oil prices near USD 120 per barrel amid ongoing tensions in the Middle East**




Source: Bloomberg I 30 October 2026

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