

MARCH 2025

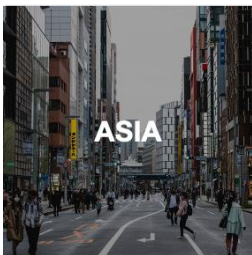
MONTHLY MARKET REVIEW

A brief on global markets and investment strategy

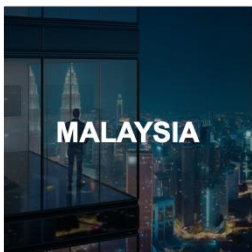
Key Highlights



- US equities fell in March (S&P 500: -5.75%) as trade policy uncertainty dampened sentiment and growth expectations.
- The Fed held rates steady, maintaining a dovish outlook with 2 cuts projected in 2025, despite sticky inflation. US 10Y yield ended flat at 4.21%, down 36 bps YTD.
- European equities rallied (MSCI Europe: +5.32%), driven by strong fiscal stimulus and defense spending plans.
- The euro strengthened, with bond yields rising across Europe.



- MSCI Asia ex-Japan ended flat (-0.16%), with mixed regional performance.
- India outperformed (Sensex: +5.76%) on monetary easing and stimulus optimism.
- China rose (MSCI China: +2.00%) after unveiling consumption-boosting measures and childcare subsidies.
- Weaker USD and rate cut expectations could support Asia, but risks remain if the US slowdown deepens.



- FBM KLCI declined 3.88%, dragged by persistent foreign outflows and rotation into China equities.
- Sentiment may turn if reform momentum continues, corporate earnings remain solid, and macro clarity on US trade policy improves.
- 10-year MGS yield slipped 2 bps to 3.77%.
- Bank Negara Malaysia kept the OPR unchanged at 3%, citing resilient domestic demand but noting external risks from geopolitics and policy shifts globally.

GLOBAL

US equities ended the first quarter of 2025 on a softer note, with the S&P 500 falling 5.75% in March amid heightened uncertainty over US trade policy. The constant back-and-forth on tariffs has left businesses hesitant, slowing capital expenditure and dampening on economic growth expectations.

This sense of caution is increasingly reflected in economic data, with downward revisions to GDP forecasts and weaker business and consumer sentiment indicators.

Against this backdrop, the US Federal Reserve (Fed) maintained its policy stance in March, keeping interest rates unchanged at its FOMC meeting. While inflation remains a concern, Fed Chair Jerome Powell downplayed near-term price pressures, calling them transitory.

More notably, the Fed reiterated its projection for 2 rate cuts this year despite acknowledging firmer inflationary trends—sending a dovish signal to markets. The US 10-year Treasury yield closed the month at 4.21%, unchanged from February but 36 basis points lower than at the start of the year.

In contrast, European equities outperformed, with the MSCI Europe Index rising 5.32% in the 1Q'25. A more forceful fiscal response has fuelled investor optimism, with the European Commission proposing a significant increase in defense spending under the new ReArm Europe initiative. Germany, too, has signaled an aggressive fiscal stance, with Friedrich Merz—the likely next chancellor—advocating a "whatever it takes" approach to infrastructure and defense. European bond yields have climbed, and the euro strengthened.

ASIA

In Asia, the MSCI Asia ex-Japan Index ended the month nearly flat at -0.16%, reflecting divergence in performance across the region. A weaker US dollar and expectations of lower global interest rates could provide support for Asian economies, particularly as investors look beyond the US for earnings growth. The short-term disruption in the US from tariffs and government spending policies may create opportunities for Asian equities—so long as it does not trigger a severe downturn in the US.

India stood out as a bright spot, with the Sensex surging 5.76% on the back of improving economic stability and renewed stimulus optimism. The Reserve Bank of India's latest monetary easing is expected to bolster bank lending and drive growth.

China also saw gains, with the MSCI China Index rising 2.00% following new stimulus measures aimed at boosting domestic consumption. Over the weekend, Beijing unveiled a "Special Action Plan to Boost Consumption," designed to expand domestic demand by increasing incomes and reducing financial burdens.

At the same time, China introduced a childcare subsidy scheme to counter its declining birth rate, which, if widely adopted, could provide an additional lift to consumer demand and broader economic growth.

MALAYSIA

Malaysia's FBM KLCI declined 3.88% in March, testing the 1,500 level amid persistent foreign outflows. The selloff was largely driven by a rotation into China equities by foreign funds.

MALAYSIA (CONT')

Though, a potential turning point for foreign inflows into Malaysia could emerge if reform momentum continues, corporate earnings hold up, and macroeconomic clarity particularly on US trade policy improves.

On the local fixed income front, the 10-year Malaysian Government Securities (MGS) yield edged 2 basis points lower to close the month at 3.77%. Bank Negara Malaysia maintained the overnight policy rate at 3%, citing continued global growth and resilient domestic demand while flagging risks stemming from geopolitical developments, trade uncertainties, and shifting policy directions in major economies.

MONTHLY INDEX PERFORMANCE

Developed Markets	YTD	1M
Dow Jones Industrial Index	-1.28	-4.20
Nasdaq Composite Index	-10.42	-8.21
S&P 500 Index	-4.59	-5.75
FTSE 100 Index	5.01	-2.58
Tokyo Stock Price Index	-4.53	-0.87

Regional Markets	YTD	1M
MSCI AC Asia (ex-Japan) Index	1.42	-0.16
FTSE Straits Times Index	4.88	1.97
Hang Seng Index	15.25	0.78
Shanghai Composite Index	-0.48	0.45
Shanghai Shenzhen CSI300 Index	-1.21	-0.07
MSCI China Index	14.84	1.99
Hang Seng China Enterprise Index	16.83	1.18
Taiwan Stock Exchange	-10.15	-10.23
Korean Stock Exchange	3.40	-2.04
S&P BSE Sensex Index	-0.93	5.76
Ho Chi Minh Stock Index	3.16	0.11
Thailand Stock Exchange Index	-16.15	-3.06
Jakarta Composite Index	-8.04	3.83
Philippines Composite Index	-5.33	3.05

Domestic	YTD	1M
FMBKLCI	-7.84	-3.88
FBM Small Cap	-13.28	-2.13
FBM EMAS Shariah	-11.64	-2.52
FBM Top 100	-9.48	-3.42

Index Chart: Bloomberg as at 31 March 2025. Quoted in local currency terms.

Disclaimer: This article has been prepared by AHAM Asset Management Berhad (hereinafter referred to as "AHAM Capital") specific for its use, a specific target audience, and for discussion purposes only. All information contained within this presentation belongs to AHAM Capital and may not be copied, distributed or otherwise disseminated in whole or in part without written consent of AHAM Capital. The information contained in this presentation may include, but is not limited to opinions, analysis, forecasts, projections and expectations (collectively referred to as "Opinions"). Such information has been obtained from various sources including those in the public domain, are merely expressions of belief. Although this presentation has been prepared on the basis of information and/or Opinions that are believed to be correct at the time the presentation was prepared, AHAM Capital makes no expressed or implied warranty as to the accuracy and completeness of any such information and/or Opinions. As with any forms of financial products, the financial product mentioned herein (if any) carries with it various risks. Although attempts have been made to disclose all possible risks involved, the financial product may still be subject to inherent risk that may arise beyond our reasonable contemplation. The financial product may be wholly unsuited for you, if you are averse to the risk arising out of and/or in connection with the financial product. AHAM Capital is not acting as an advisor or agent to any person to whom this presentation is directed. Such persons must make their own independent assessments of the contents of this presentation, should not treat such content as advice relating to legal, accounting, taxation or investment matters and should consult their own advisers. AHAM Capital and its affiliates may act as a principal and agent in any transaction contemplated by this presentation, or any other transaction connected with any such transaction, and may as a result earn brokerage, commission or other income. Nothing in this presentation is intended to be, or should be construed as an offer to buy or sell, or invitation to subscribe for, any securities. Neither AHAM Capital nor any of its directors, employees or representatives are to have any liability (including liability to any person by reason of negligence or negligent misstatement) from any statement, opinion, information or matter (expressed or implied) arising out of, contained in or derived from or any omission from this presentation, except liability under statute that cannot be excluded.