

Q2'2025 Market Outlook

Adapting With A New Playbook



Prepared by: AHAM Asset Management Berhad

After a volatile first quarter marked by heightened trade tensions and geopolitics, markets are entering a new phase of uncertainty. Tariff risks, and shifts in central bank policies are forcing investors to rethink their strategies.

In our latest Fundamental Flash, we highlight where opportunities are emerging across global, Asian, and Malaysian markets — and how investors can recalibrate their portfolios for a more resilient 2025. Read on to navigate the challenges ahead with greater agility and clarity.

Q2'2025 MARKET OUTLOOK

Equities

Region	Views
United States / Global	<ul style="list-style-type: none"> Economic weakness persists, with tariff uncertainty weighing on business and consumer confidence. Corporate earnings could face downward revisions. Valuations have corrected but remain elevated. A comprehensive trade deal will take time to materialise, suggesting that while tariff pessimism may have peaked, a full resolution remains some way off.
Asia	<ul style="list-style-type: none"> Downside risks in the region are contained if the US does not tip into a recession. India remains a relative haven from trade uncertainty, while Taiwan and Korea face near-term pressures from peak AI. Neutral on China as risk appetite remains restrained until clearer signs of US-China compromise emerge, coupled with more substantive stimulus. ASEAN opportunities led by defensive telcos, Indonesian banks and consumers, and Singapore REITs amid lower bond yields.
Malaysia	<ul style="list-style-type: none"> Growth outlook downgraded due to tariff uncertainty impacting exports. Forecasts for 2025 earnings growth have been revised from 10% to 5% – 6%, following softer 1Q'25 results. However, external risks are policy-driven and could reverse with progress on trade talks, offering a potential boost to sentiment. High cash levels and early signs of foreign and government-linked fund inflows offers ample dry powder and support for market recovery.

Fixed Income

Region	Views
United States / Global	<ul style="list-style-type: none"> Prolonged trade and tariff uncertainty raises recession risks. Inflation impact from tariffs to be more visible in the US, leading to a cautious Fed stance. But rate cuts are unlikely without a sharp rise in unemployment. Global central banks expected to maintain accommodative stance Credit spreads may widen as growth slows. US dollar weakening trend likely to continue with the fading of US exceptionalism.
Singapore	<ul style="list-style-type: none"> SGD rates expected to outperform US Treasuries. Maintaining a defensive approach by adding exposure to sovereign rates and IG credits. MAS' easing bias expected to continue amid downside growth risks. Strong technical support for SGD credits, particularly in corporate bonds.
Malaysia	<ul style="list-style-type: none"> Domestic growth expected to moderate as trade tensions escalate. Potential shift in BNM's policy direction in the 2H'25, contingent on developments around tariffs, inflation, and subsidy rationalisation. Credit spreads expected to widen modestly due to increased primary issuances. Maintaining overweight duration through government and high-quality corporate bonds.

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