

Weekly Wealth Digest

03 February 2026

Your Edge. Our Insights.

Market Insights To Power Your Next Move

AmBank Economics

The Macro View

What You've Probably Missed

Market Shakers

Q4 2025 Themes

The 4 Key Pillars

Weekly Focus

Gold Didn't Blink; Investors Did

Peak Ahead

Our Foresight

YTD Performance Of Key Assets

Asset Class Performance Heatmap

Our Best Curated Ideas

Structured Strategy

Next Gen Investment Platform & Ai Networking

Allocation Strategy

Income & Growth

Bond Strategy

Quality Over Yields

The Macro View

Markets Reset: Dollar Drops, Bonds Re-Steepen, Commodities Lead

03 February 2026

Global markets begin February navigating intensified policy uncertainty, uneven currency movements, and sharp shifts in the commodity complex.

Kevin Warsh's emergence as President Trump's preferred candidate for the next Federal Reserve Chair has triggered a meaningful reassessment of rate expectations and liquidity conditions.

At the same time, Malaysia's domestic macro landscape continues to firm, supported by stronger tax compliance and improving manufacturing dynamics.

In this environment, investors are adjusting positioning across FX, fixed income, and commodities as they re-evaluate the next phase of the global macro cycle.

Fed Watch: Warsh Emerges, Policy Mix Uncertain

Kevin Warsh's emergence as Trump's preferred Fed Chair has forced a rethink in rate and liquidity expectations.

Warsh brings a history of caution on inflation, yet supports using balance-sheet reduction to create room for lower rates - a policy mix that neither fits the standard "dovish" nor "hawkish" framework.

This ambiguity softened the USD and injected volatility into global rate markets.

The brief U.S. shutdown ending offers only temporary relief, while the USD12bn critical minerals stockpile signals a longer-term U.S.-China strategic decoupling theme that markets must price in.

The Macro View

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03 February 2026

Malaysia Macro: Fiscal Strength and a Real Manufacturing Uptick

Malaysia's IRB continues to tighten compliance, uncovering MYR1.4bn in undeclared income and adding MYR290m in tax revenue through e-invoicing enforcement.

Over MYR10bn in offshore non-compliant accounts has also been flagged - a sign that revenue mobilisation is improving without raising taxes, which strengthens policy credibility.

Meanwhile, the manufacturing PMI rising to 50.2 - the highest in 20 months - reflects stabilising demand, increasing production, and easing input cost pressure.

This combination points to firmer domestic momentum despite global uncertainty.

FX: USD Loses Momentum as G10 Gains; Ringgit Anchored

The USD Index slipped 0.2% as the market reassessed the Warsh implications.

G10 currency performance was led by the AUD after the RBA surprised with a 25bps hike to 3.85%, signalling persistent inflation pressures in Australia. EUR and GBP also firmed ahead of policy meetings.

Regionally, USD/MYR stayed stable around 3.93 despite volatile DM FX, supported by healthy liquidity.

MITI reinforced that Malaysia will not use the currency as a policy tool - an important anchor for investor confidence and EM FX stability.

The Macro View

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Rates: UST Yields Ease Slightly; Local Bonds Adjust to New Supply

U.S. Treasury yields dipped as investors weighed the implications of a Warsh-led Fed, especially the possibility of rate cuts paired with QT.

The delay in U.S. labour data after the shutdown also contributed to softer yields.

In Malaysia, govies saw mild pressure as markets positioned ahead of a MYR5bn 10-year MGS reopening, with WI quoted at 3.548%, a few basis points above MTM.

Swap rates nudged 1–2 bps higher, reflecting cautious positioning rather than fundamental weakness.

Commodities: Metals Correct Hard, Oil Supported

Precious metals saw substantial profit-taking: gold fell 8% and silver plunged 26% as markets unwound positions priced on expectations of a softer Fed stance. The Warsh news accelerated the reversal.

Oil prices, however, climbed - Brent up 1.6% and WTI up 1.7% - supported by ongoing supply tightness and resilient demand indicators.

This divergence highlights how different commodities are responding to the evolving macro narrative.

Market Shakers

Key Developments

03 February 2026

U.S. Government Shutdown

The U.S. is in a partial government shutdown after Congress failed to agree on a funding package. The Senate passed a multi-bill funding deal, but the House remains divided, mainly over immigration enforcement and DHS funding.

Trump to Create \$12 bn Rare Earth Stockpile to Beat China

The U.S. government plans to build a \$12 billion strategic reserve of rare-earth minerals in response to China's leverage over global supply chains. The move aims to reduce U.S. dependence after Beijing used its dominance in these critical materials to pressure American industries.

SpaceX and xAI Merge into a \$1.25 Trillion Company

Elon Musk is combining SpaceX with xAI, creating a massive \$1.25 trillion entity that brings together space-launch technology and artificial-intelligence operations under one corporate structure.

U.S. Will Cut Tariffs on India to 18% in Trade Deal

The U.S. plans to lower tariffs on Indian goods to 18% as part of a new trade agreement. According to the announcement, President Trump stated that Prime Minister Narendra Modi agreed to stop purchasing Russian oil and increase American energy imports, forming the basis of the revised trade terms.

U.S. Manufacturing Is in Retreat, and Tariffs Aren't Helping

U.S. manufacturing continues to weaken despite import tariffs intended to revive the sector. The policies have not delivered the expected rebound, and the decline persists.

RBA Delivers Rate Hike, Signals More to Come

The Reserve Bank of Australia raised interest rates and indicated that further hikes may be needed. The bank highlighted persistent inflation pressures and signalled a willingness to tighten policy further to ensure price stability.

The 4 Key Pillars

Quarterly Themes

Jan – Mar 2026

Real Economy Ai Trade

Traditional Sectors Applying Ai

The next phase of Ai winners will be users, not builders – companies using Ai to cut costs, optimize operations and expand margins quietly.



State Directed Capital

China & Japan's Fiscal Firepower

When consumers slow, governments step in. Growth increasingly follows policy, fiscal spending and reform agendas, not free markets.



Neutrality Premium

Asia's Role As Economic Connectors

Global trade hasn't stopped - it's re-routing. Neutral connector economies benefit by enabling trade between China and the US.



Shock Absorbers

Income & Defense

In volatile market's, portfolio's need stabilisers – income delivers cash flow, while gold and precious metals protect purchasing power.



Peak Ahead

Our Foresight

Jan – Mar 2026

What We Think The Future Holds

Q1 2026	Cashflow Therapy  Income is resilient as volatility fatigue sets in.
	Gold & Beyond  Central bank buying, industrial purchases, low supplies.
	Japan's Quiet Comeback   Corp. reforms & rising wages attract long-term capital.
	Sovereign Capital Boost   Gov's spend to boost economic competitiveness.
Q2 2026	Old Industries, New (Ai) Edge  Tangible Ai gains, unlocking value in traditional sectors.
Q3 2026	Crypto Grows Up   Growing institutional adoption as supplies tighten.
	Asia's Economic Connectors  Asia's export hubs & connectors drive trade recovery.
Q4 2026	Mid-Term Elections  Markets hedge against US political uncertainty.

Performance Heat Map

Asset Class Performance Annually (%)

	2021	2022	2023	2024	2025	2026
Global REITs	32.6%	-23.7%	10.9%	2.8%	8.4%	2.1%
Gold	-3.6%	-0.3%	13.1%	27.2%	64.6%	17.3%
US Equities	26.9%	-19.4%	24.2%	23.3%	16.4%	1.5%
EM Equities	-4.6%	-22.4%	7.0%	5.1%	30.6%	7.5%
DM Equities	20.1%	-19.5%	21.8%	17.0%	19.5%	2.3%
Global Equities	16.8%	-19.8%	20.1%	15.7%	20.6%	2.9%
Gbl ex US Eq	5.5%	-18.3%	12.6%	2.9%	29.2%	5.5%
Global IG Bond	-4.7%	-16.2%	5.7%	-1.7%	8.2%	0.9%
Global HY Bond	1.0%	-12.7%	14.0%	9.2%	12.1%	1.1%
China A-Shares	-5.2%	-21.6%	-11.4%	14.7%	17.7%	1.4%
MY Equities	-3.7%	-4.6%	-2.7%	12.9%	2.3%	4.5%
MY 12M FD	1.7%	2.7%	2.8%	2.5%	2.1%	2.1%

Market Prognosis

- **Gold:** Rebounded after a steep two-day selloff, helped by dip buying despite lingering uncertainty on interest rates and geopolitics.
- **US Equities:** Ended mostly lower as renewed scrutiny of AI spending triggered tech weakness and pressured major indices.
- **Europe:** Posted modest gains, extending its monthly winning streak amid steady sentiment and resilience across major indices.
- **Asia ex-Japan:** Mixed performance, but EM momentum stayed positive, supported by broader global risk appetite earlier in January.
- **Japan:** Benefited from continued cyclical strength and broader equity participation beyond US tech, aligning with January's strong Japan outperformance.
- **IG Bonds:** Largely flat as rates held steady and risk appetite favored equities over duration.
- **HY Bonds:** Slight weekly dip, reflecting selective risk-taking as markets balanced strong earnings with macro volatility.

Weekly Focus

Gold Didn't Blink, Investors Did:

Weak Hands Out, Long-Term Capital Still In

03 February 2026

Your 30-Second Briefing

Gold's drop came from Fed repricing, margin-call liquidations, and crowded trades unwinding - not weaker fundamentals.

With leverage cleared and central-bank buying steady, the structural support remains. As real yields and the dollar stabilize, gold's long-term hedge story stays intact

The Long-Read

Gold's sharp drop over the weekend was unsettling in speed and scale.

But for long-term allocators, the more important question is not what just happened, but what changed - and what didn't. The answer matters because violent corrections often mark turning points in ownership, not the end of a thesis.

This was a reset, not a regime shift.

What Caused Gold's Drop

The sell-off was driven by three overlapping forces, none of which invalidate gold's longer-term role.

First, a sudden repricing of Fed expectations. The nomination of Kevin Warsh initially triggered a knee-jerk interpretation that the future Fed path could skew more hawkish.

That pushed the US dollar and real yields higher, prompting profit-taking after a very strong rally.

Second, margin calls amplified what should have been a normal pullback. Gold and silver had become crowded, leveraged trades. As prices fell, exchanges raised margin requirements triggering stop-losses.

Forced liquidation followed - selling driven by capital constraints, not conviction. This mechanical pressure spilled across precious metals, exaggerating the drop.

Weekly Focus

Third, positioning was stretched.

Momentum indicators were extended and speculative long positioning was elevated.

Once selling began, liquidity thinned quickly. What could have been a controlled correction turned into a sharp air pocket.

In short, this was a positioning and mechanics-driven move, sparked by policy uncertainty - not a collapse in gold's fundamentals.

Why Those Pressures Are Now Fading

Each of the drivers behind the sell-off is already easing.

On the Fed narrative, the initial hawkish interpretation is softening.

Warsh has begun signalling a more pragmatic, data-dependent stance, keeping the path to rate cuts open rather than closed.

Markets are shifting from "no cuts" to "cuts later" - a subtle but meaningful change for gold.

On forced selling, margin-driven liquidation is self-limiting. Once leverage is flushed out, selling pressure tends to fade quickly.

Historically, these episodes mark exhaustion, not the start of prolonged bear phases.

On the dollar, the recent rebound reflects uncertainty rather than a new structural bull cycle.

Fiscal pressures, debt dynamics and global fragmentation still limit sustained USD upside.

Central Banks: The Structural Bid That Hasn't Gone Away

One of the most important confirmations for gold lies away from daily price moves: central bank behaviour.

Central banks have been consistent net buyers of gold, driven by reserve diversification, sanctions risk, and declining confidence in single-currency dominance.

Weekly Focus

This demand is strategic, slow-moving, and largely insensitive to short-term volatility.

When central banks continue to accumulate during corrections, it confirms that gold demand is institutional, not speculative.

This matters because institutional momentum is durable. It doesn't chase rallies - it builds positions quietly.

China: From Retail Momentum to Institutional Accumulation

China adds a second, underappreciated layer of support.

Historically, Chinese gold demand was dominated by retail buyers and jewellery flows. That profile is changing.

As property loses its role as a reliable store of wealth and equities remain volatile, Chinese institutions are increasingly stepping into gold.

Insurance companies, asset managers and quasi-sovereign entities are now allocating to gold as a balance-sheet stabiliser.

Capital controls limit offshore diversification, and gold offers something rare: a domestic, liquid, politically neutral asset.

This institutional shift matters because it is:

- less price-sensitive
- persistent through volatility
- counter-cyclical rather than momentum-driven

When Chinese institutional demand aligns with central bank buying, it creates a structural floor under gold that speculative flows alone cannot provide.

For investors, confirmation is behavioural - not narrative-driven.

The key signal to watch is gold stabilising or rising even when "bad news" persists.

Specifically:

- real yields peak or flatten
- the US dollar stops rising
- forced margin liquidation
- ETF outflows stabilise
- central bank and Chinese institutional buying continues

Weekly Focus

When gold refuses to fall further despite negative headlines, it signals that weak hands have exited and longer-term allocators are stepping in.

Some of gold's strongest rallies historically began after violent corrections - once leverage was cleared and expectations stopped tightening at the margin.

Levels and Scenarios:

Rather than focusing on precise price points, CIOs tend to think in zones and behaviour.

Base case (most likely): consolidation, then grind higher. Gold trades sideways, rebuilds a base, and gradually resumes an uptrend as real rates stabilise and institutional demand persists.

Bull case: faster momentum rebuild. Policy expectations soften further, central bank accumulation accelerates, and Chinese institutional flows strengthen.

Risk case: extended range-bound phase. Real yields rise further and the dollar remains firm.

Across scenarios, the emphasis is on ownership quality, not short-term price targets.

Bottom Line

What we witnessed was a violent reset, not a thesis break.

Gold fell because policy expectations shifted abruptly, leverage was forced out, and positioning was crowded.

It can recover because the forces that matter - central bank buying, geopolitical risk, China's institutional accumulation, and long-term diversification needs - remain intact.

Corrections like this tend to change who owns gold, not whether gold should be owned.

When speculative holders exit and strategic buyers step in, we see a quiet build-up in momentum. That is the phase gold is now entering.

Structured Investment Strategy

Enhance Yield Strategy

Next Gen Investment Platform

Robinhood Markets

A fintech platform built for commission free trading

Bull

Robinhood's fundamentals remain strong with Q3 revenue up 100% YoY and ARPU up 82%, supported by new products like prediction markets and AI-powered tools that can boost engagement.

Bear

Valuation is elevated (P/E ~44) and revenue is highly exposed to volatile crypto activity, while prediction markets still face regulatory uncertainty.

Autocallable Parameters

Variant	EKI (At Maturity)
Currency	MYR
Tenure	12 Months
Coupon	15.0% p.a.
Strike	100%
Knock-Out	102%
Knock-In	63.8%

Ai Networking

Broadcom Inc

A chipmaker focused on networking, data centre & wireless connectivity.

Bull

Broadcom enters 2026 with major AI momentum, expecting AI semiconductor revenue to double YoY and building on FY25's strong earnings surge (EPS +288%).

Bear

Shares are considered "very expensive," and heavy reliance on AI chips increases downside risk if hyperscaler demand softens.

Autocallable Parameters

Variant	EKI (At Maturity)
Currency	MYR
Tenure	12 Months
Coupon	14.0% p.a.
Strike	100%
Knock-Out	103%
Knock-In	79.7%

Allocation Strategy

2 Key Strategies

- **Income Focused:** Income is valuable now as high rates and uncertainty favour steady, lower-risk returns over growth.
- **Returns Accelerator:** Boosts returns through top equity exposure and added income - ideal for yield and growth seekers.

Returns Accelerator		Income Focused	
RHB Dynamic Ai Allocator		Principal Singapore Equity Trust	
By RHB Asset Management		By Principal Asset Management	
6M Returns -32.5%	Fund Size RM 48.6 mn	1Y Returns +18.8%	Fund Size RM 130 mn
3-year Volatility -	Risk Rating 5-Aggressive	3-year Volatility -	Risk Rating 3-Moderate
Key Fund Features		Key Fund Features	
AI Bitcoin Signal Use AI models to adjust allocations for better risk-adjusted returns		Attractive Yields Singapore's market offers strong dividend yields (~4.5%)	
Regulatory Clarity New US crypto-legislation & clear rules to unlock more investors		Safe-Haven Status Singapore benefits from its reputation as a stable financial hub.	
Macro Tailwinds Potential Fed cuts and inflation hedging to boost "digital-gold" appeal		Policy Tailwinds Gov/MAS initiatives are boosting liquidity and attracting more capital.	

Bond Strategy

IG Bond Strategy

Financial Sector		Real Estate Sector	
HSBC Holdings PLC 5.402% 11/08/2033		UEM Sunrise Bhd 5.45% 18/06/2027	
Ranking Sr. Unsecured	Coupon (%) 5.40%	Issuer Sr. Unsecured	Coupon (%) 5.45%
Next Coupon 11 Feb 2026	Maturity In 7.56 years	Next Coupon 22 Jun 2026	Maturity In 1.4 years
Currency USD	Moody Rating A3	Currency MYR	MARC Rating AA-is
Credit Outlook		Credit Outlook	
Positive Strong global balance sheet and diversified funding support credit strength.		Positive Government linked backing and valuable landbank underpin credit resilience.	
Negative Regulatory burdens and geopolitical exposures pressure earnings stability.		Negative soft property demand and high development cost strain cash flows.	

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