

Weekly Wealth Digest

21st January 2026

Your Edge. Our Insights.

Market Insights To Power Your Next Move

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The Macro View

Malaysia 2026: Still Strong

What It Means for Malaysia

January 2026

Growth: Moderation, not deterioration

AmBank Economics expects Malaysia's economy to grow 4.5% in 2026, a mild slowdown from 4.8% in 2025. The key drag is external: the full impact of higher US tariffs and a fading "front-loading" effect that previously pulled exports forward.

But the slowdown is expected to be contained because Malaysia still has cyclical and structural supports: an AI-driven semiconductor upcycle and improved market access via the Malaysia-US Agreement on Reciprocal Trade (ART).

What's doing the heavy lifting: domestic demand. Private consumption is expected to remain the mainstay, supported by a strong labour market - unemployment at 3.0% (Oct 2025) - and investment activity tied to NIMP 2030, NETR, the data-centre boom, and the continued realization of large approved private investments.

Inflation: Contained Enough to Keep Policy Steady

The Economics Unit forecasts inflation at 1.8% in 2026, up modestly from 1.4% in 2025.

The rise is not framed as demand overheating - it's mostly base effects and lagged pass-through (water tariff adjustments, SST expansion).

Offsetting forces include softer commodity prices and lower import costs helped by a stronger ringgit.

Central bank link: This inflation profile gives Bank Negara Malaysia room to stay patient.

BNM: OPR on Hold, Because the Data Doesn't Force a Move

AmBank's base case is clear: OPR stays at 2.75% throughout 2026. With a tight labour market and manageable inflation, they see no compelling reason for BNM to adjust stance.

The Macro View

Malaysia 2026: Still Strong

January 2026

Policy remains accommodative and supportive of steady growth, while the banking sector benefits from resilient loan growth and macro stability.

The Bottom Line: 2026 Is a “Central Bank Reality Check” Year

If you want one anchor idea: central banks are still in control of the narrative - but they're choosing optionality over promises.

- **The Fed** is cautious and politically “noisier” due to leadership transition risk.
- **The BOE** is easing, but reluctant to declare victory on inflation.
- **The BOJ** is normalizing, but carefully.
- **BNM** likely holds steady, supported by contained inflation and solid domestic demand.

In this environment, the most sensible posture is to treat 2026 not as a straight-line rate-cut year, but as a dispersion year - where outcomes vary by region, and central bank sequencing matters more than ever.

Market Shakers

Key Developments

21 January 2026

Tariffs Called Off

Trump cancels planned Europe tariffs after announcing a “framework” deal on Greenland with NATO’s Secretary General, abruptly easing geopolitical tensions.

Tariff Threats Erupt

Days earlier, Trump threatened 10–25% tariffs on eight European nations, prompting immediate EU countermeasure planning and fears of a major standoff.

Fed Chair Uncertainty

Trump publicly signals reluctance to appoint Kevin Hassett as the next Fed Chair, reopening uncertainty around leadership succession.

UNCTAD Warns of Slowing Global Trade

UNCTAD notes global growth stuck near 2.6%, with rising protectionism, shifting supply chains, and WTO reform gridlock marking 2026 as a pivotal year for global commerce.

Powell Probe Deepens Instability

A criminal investigation involving current Fed Chair Jerome Powell amplifies concerns over policy stability during a sensitive transition period.

U.S.–Taiwan Chip Deal

A major pact commits Taiwanese semiconductor firms to invest US\$250B in the U.S., reshaping global tech supply chains and signalling deeper strategic alignment.

IMF Sees Surprising Global Resilience

The IMF says global growth is holding at 3.3% despite U.S. tariff shocks, helped by fiscal support and booming AI investment, though rising corporate leverage is a mounting risk.

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 (%)

2022	2023	2024	2025	YTD 2026
2.71% MY 12M FD	24.23% US Equities	27.22% Gold	64.58% Gold	3.33% EM Equities
-0.28% Gold	21.77% DM Equities	23.31% US Equities	30.58% EM Equities	2.82% Gold
-4.60% MY Equities	20.09% Global Equities	17.00% DM Equities	29.20% Gbl ex US Eq	2.07% MY 12M FD
-12.71% Global HY Bond	14.04% Global HY Bond	15.73% Global Equities	20.60% Global Equities	2.06% Gbl ex US Eq
-16.25% Global IG Bond	13.10% Gold	14.68% China A-Shares	19.49% DM Equities	1.90% China A-Shares
-18.30% Gbl ex US Eq	12.55% Gbl ex US Eq	12.90% MY Equities	17.66% China A-Shares	1.32% Global Equities
-19.44% US Equities	10.89% Global REITs	9.19% Global HY Bond	16.39% US Equities	1.07% DM Equities
-19.46% DM Equities	7.04% EM Equities	5.05% EM Equities	12.06% Global HY Bond	0.83% US Equities
-19.80% Global Equities	5.72% Global IG Bond	2.92% Gbl ex US Eq	8.44% Global REITs	0.15% Global REITs
-21.63% China A-Shares	2.78% MY 12M FD	2.77% Global REITs	8.17% Global IG Bond	0.11% Global HY Bond
-22.37% EM Equities	-2.73% MY Equities	2.54% MY 12M FD	2.30% MY Equities	0.01% MY Equities
-23.71% Global REITs	-11.38% China A-Shares	-1.69% Global IG Bond	2.07% MY 12M FD	-0.08% Global IG Bond

Market Prognosis

- **Gold:** Haven demand firm; policy tensions persistent.
- **US Equities:** AI strong; political noise drives swings.
- **Japan:** Trade tensions linger; stay quality-focused.
- **Europe:** Soft growth; ECB mostly sidelined; quality preferred.
- **Asia ex-Japan:** China steadies; ASEAN demand holds.
- **IG Bonds:** Carry solid; quality bias stays.
- **HY Bonds:** Yields attractive; upside capped by risks..

Weekly Focus

Why Gold Keeps Rising

The Hidden Economics Behind the Shine

21st January 2026

Your 30-Second Briefing

“Gold’s long-term momentum is strengthening, driven by new Chinese institutional demand, enduring Shanghai price premiums, modernized and more robust global market infrastructure, and its rising status as a trusted, cross-cycle safe-haven asset.”

The Long-Read

If gold were a person, it wouldn’t be the loud guy at the party shouting about inflation.

It would be the quiet one in the corner who somehow leaves with the biggest deal - not because he talked the most, but because he understood how the room really works.

Gold’s strength today isn’t about headlines. It’s about the weird incentives, structural twists, and invisible market mechanics that economists love.

Here are four counterintuitive forces quietly pushing gold somewhere very interesting.

1/ China Accidentally Created a New Gold Super-Buyer

Economists love incentives, and China just introduced a big one. In February 2025, regulators gave 10 major insurance companies the green light to invest in gold for the first time ever.

That’s like suddenly telling pension funds they can buy Bitcoin - behaviour changes overnight.

Even with a tiny 1% allocation cap, analysts estimate insurers could eventually deploy up to 200 billion yuan (US\$27.4B) into gold.

The key point: Insurers aren’t speculators. They buy slow, steady, and in size - year after year.

Our take: Gold demand didn’t rise because anyone wanted it to. It rose because a regulator changed a rule.

That’s structural, not sentimental - and structural demand sticks.

Weekly Focus

2/ Shanghai Is Paying More for Gold Than London - and That's a Big Signal

In economics, prices tell stories. And right now, Shanghai is telling a juicy one. China's gold price has been trading at a premium to London's.

This means Chinese buyers are willing to pay extra to get their hands on physical metal.

The World Gold Council notes these premiums have been accompanied by rising gold withdrawals from the Shanghai Gold Exchange.

The LBMA adds that China's import controls - used to support the renminbi - sometimes restrict supply and push premiums even higher.

Our take: A high premium doesn't mean scarcity is bad. It means demand is so strong that local buyers pay more than the global benchmark. Imagine paying above sticker price for a car.

It means you really want it - not that you're walking away.

3/ Gold's Market Plumbing Got Upgraded - and Liquidity Loves Good Plumbing

If you've ever wondered why some markets boom while others stall, look at the infrastructure.

The LBMA Gold Price - once a whisper-and-handshake benchmark - is now set through a fully electronic, transparent auction run by ICE Benchmark Administration.

At the same time, Basel III reforms forced gold-market banks to hold more stable funding, pushing the entire system toward stronger balance-sheet backing. LBMA and the World Gold Council both note that while regulations increased costs, they also made the system more resilient and trustworthy.

Our take: When markets look cleaner and safer, big money joins the party. Gold didn't just become shinier - its pipes got reinforced.

That's the kind of structural shift institutions love.

Weekly Focus

4/ Gold Broke Up With Interest Rates - and That Makes It More Powerful

For decades, gold obeyed a simple rule:

Real yields up → gold down.

But rules bend when incentives change. And since 2022, the World Gold Council shows gold rising even as real yields climbed.

Why? Because gold wasn't competing with rates anymore - it was competing with fiscal anxiety, geopolitical stress, and central-bank diversification.

Add in the fact that central banks bought over 1,000 tonnes of gold in 2024, for the third straight year, and you start seeing a new identity emerging.

Our take: Gold isn't an "inflation hedge" anymore. It's a trust hedge. And trust is in short supply globally.

Where Gold Goes Next

Put these four dynamics together and gold starts to look less like a commodity and more like a growing network.

New participants. New rules. New incentives.

The funny thing is, gold's rise isn't being driven by fear - it's being driven by design.

- A regulator changed a rule.
- A city paid a premium.
- A benchmark went digital.
- A macro relationship broke.

Each shift nudged incentives in gold's favor. Together, they nudged the entire market.

Gold isn't just sustaining its move - it's migrating upward into a new regime.

Structured Investment Strategy

Enhance Yield Strategy

Ai Hardware Arista Networks Leading cloud networking provider powering next-gen Ai infrastructure.		US Defense Tech Kratos Defence & Security Advanced defence & security contractor for unmanned systems.	
Bull: → Leadership in high performance data center networking critical for Ai workloads. → Surging demand from cloud hyperscalers, enterprise Ai build-outs and strong operation execution. Bear: → Exposure to cloud capex cycles and timing of hyperscaler spending. → Increasing competition in AI-optimized networking gear and elevated valuation risks.		Bull: → Strong momentum in drone systems, tactical AI, and satellite communications. → Beneficiary of rising defense modernization budgets, autonomous systems demand, and multi-year government programs. Bear → Pressure from contract timing, budget approval delays, and margin variability in defense programs.	
Autocallable Parameters		Autocallable Parameters	
Variant	EKI (At Maturity)	Variant	EKI (At Maturity)
Currency	MYR	Currency	MYR
Tenure	12 Months	Tenure	6 Months
Coupon	14.2% p.a.	Coupon	16.3% p.a.
Strike	100%	Strike	97%
Knock-Out	105%	Knock-Out	97%
Knock-In	80%	Knock-In	70%

Source: AmBank Wealth Management (21 January 2026)

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 AHAM WS Japan Growth By AHAM Asset Management		Income Focused RHB Asian Income By RHB Asset Management	
3Y Ann Returns +24.1%	Fund Size RM 119 mn	3Y Ann Returns +8.89%	Fund Size RM 1.2 bn
3-year Volatility 9.8%	Risk Rating 5-Aggressive	3-year Volatility 6.2%	Risk Rating 3-Moderate
Key Fund Features		Key Fund Features	
Japan Growth Focus Target undervalued Japanese companies with strong upside potential.		Steady Asian Income Designed to deliver stable payouts with growth potential.	
Consistent Outperformance Demonstrated superior long-term returns vs TOPIX.		Multi-Asset Strategy Balanced mix of Asian equities and income assets for lower volatility.	
Quality Exposure Concentrated in industrials, consumer leaders and financial innovators.		Proven Manager Backed by Schroder's long-running Asian income Strategy.	

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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