

Weekly Wealth Digest

29th January 2026

Your Edge. Our Insights.

Market Insights To Power Your Next Move

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USD Weakness Turns Structural: Positioning for a New Macro Regime

Global markets are undergoing a decisive shift- one that is no longer merely cyclical, but increasingly structural. What began as a tactical pullback in the U.S. dollar has now broadened into a full-scale, multi-asset realignment of expectations around U.S. policy direction, geopolitical risk, and capital flows.

The current environment is not one where macro conviction matters more than speed, and where asymmetric opportunities are emerging across FX, fixed income, and commodities.

A Structural Dollar Repricing Is Underway

The market is no longer simply responding to data - it is discounting a policy doctrine. President Trump's recent commentary, reversing course toward tolerance for USD depreciation, has fundamentally reset expectations.

The administration's implicit preference for a softer dollar - aimed at enhancing U.S. export competitiveness and reducing import reliance - has unleashed a wave of one-way selling pressure across FX markets.

This narrative has been reinforced by the sharp deterioration in U.S. consumer confidence, falling to 84.5, the lowest in a decade. Markets rarely ignore sentiment readings this weak; they represent the "soft data" that typically foreshadow turning points in growth and employment trajectories.

Add in the persistent threat of a government shutdown, a fluid tariff/trade posture, and speculation around BOJ intervention - and the USD now faces layered, multidimensional headwinds.

The outcome: a broad and aggressive USD selloff that is no longer confined to cyclical currencies.

The Macro View

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Malaysia: Resilience with Strategic Intent

Against this backdrop, Malaysia enters the narrative as a relative anchor of stability.

MITI's GDP growth outlook of 3–5% for 2026 reflects both pragmatism and confidence, supported by RM45.4 billion in export commitments.

Equally important is the government's proactive stance: a comprehensive cost-benefit analysis of the ART agreement with the U.S. signals a willingness to recalibrate trade architecture in line with global realignments.

This is not a passive response - it is strategic positioning ahead of a shifting geopolitical order.

FX Markets: The USD Loses Altitude, MYR Gains Lift

The USD Index's 0.8% drop is only the headline. What matters is breadth:

- G10 currencies advanced 1.0–2.1% against the USD.
- The JPY strengthened 1.3%, signalling a revival of safe-haven flows.
- The SGD gained 0.7%, reflecting regional capital resilience.
- The MYR traded stronger at 3.92–3.94, underpinned by robust portfolio inflows and improved volatility conditions.

A market that buys EM FX into uncertainty is a market that is reallocating structurally - not tactically.

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Fixed Income: A Tale of Two Markets

The UST curve steepened, driven by soft demand and creeping concerns about the sustainability of fiscal trajectory. Long-end yields rising by 6 bps may appear benign - but the message is not: the long end is losing faith in the policy anchor.

The Fed remains data-dependent, but the market is increasingly narrative-driven. That divergence is widening.

In Malaysia, MGS trades were mixed, with investors distinguishing sharply between duration exposure and credit selection. Meanwhile, PDS markets saw healthy demand - particularly for higher-quality names - as geopolitical uncertainty and global volatility redirected flows toward EM credit with robust fundamentals.

This is a classic late-cycle positioning pattern: quality over beta, fundamentals over carry.

Commodities: A Conviction Trade Reawakening

We are seeing the clearest expression of “debasement trades” since the early post-pandemic cycle.

Gold rallied 3.4%, Silver surged 8.0%, Oil climbed another 3.0% amid U.S. winter-related supply disruptions of up to 2 mbpd.

The commodity complex is responding not just to weather - but to policy uncertainty, currency debasement fears, and renewed demand for macro hedges.

Natural gas retraced due to warmer forecasts, but the broad commodity trend remains structurally constructive.

Market Shakers

Key Developments

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Fed Holds Rates Steady

The US Federal Reserve kept interest rates unchanged at 3.50% - 3.75%, signalling solid economic activity and early signs of unemployment stabilization – pushing US markets to a mixed but resilient close.

Tech Earnings Drive Market Volatility

Big Tech remained the key catalyst: Meta surged on stronger guidance, Tesla beat expectations while Microsoft dropped on slowing cloud growth – shaping futures and after-hours price action.

Chip Stocks Surge On Ai Demand

Ai-linked semiconductor names lifted broader tech sentiment. Seagate jumped 19% on strong Ai-driven storage demand, while ASML reported record orders tied to the Ai boom (though shares later reversed).

Gold Hits Fresh Highs as Safe-Haven Demand Jumps

Gold prices surged again, hitting new records amid geopolitical tension and rate-cut uncertainty, prompting rotation into safe assets even as equities traded mixed.

Mortgage Applications Jump as US Rates Fall

US mortgage applications climbed 14.1%, driven by the lowest 30-year mortgage rates in 16 months – supporting risk sentiment and housing linked equities.

Geopolitics Cool Slightly After Trump's Davos Speech

Trump's Davos remarks eased fears around Greenland-related tensions and tariff escalation – removing some geopolitical risk premium that had supported safe-havens like gold. Markets interpreted this as a softening of stance, lowering immediate tail 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%	24.23%	27.22%	64.58%	3.33%
MY 12M FD	US Equities	Gold	Gold	EM Equities
-0.28%	21.77%	23.31%	30.58%	2.82%
Gold	DM Equities	US Equities	EM Equities	Gold
-4.60%	20.09%	17.00%	29.20%	2.07%
MY Equities	Global Equities	DM Equities	Gbl ex US Eq	MY 12M FD
-12.71%	14.04%	15.73%	20.60%	2.06%
Global HY Bond	Global HY Bond	Global Equities	Global Equities	Gbl ex US Eq
-16.25%	13.10%	14.68%	19.49%	1.90%
Global IG Bond	Gold	China A-Shares	DM Equities	China A-Shares
-18.30%	12.55%	12.90%	17.66%	1.32%
Gbl ex US Eq	Gbl ex US Eq	MY Equities	China A-Shares	Global Equities
-19.44%	10.89%	9.19%	16.39%	1.07%
US Equities	Global REITs	Global HY Bond	US Equities	DM Equities
-19.46%	7.04%	5.05%	12.06%	0.83%
DM Equities	EM Equities	EM Equities	Global HY Bond	US Equities
-19.80%	5.72%	2.92%	8.44%	0.15%
Global Equities	Global IG Bond	Gbl ex US Eq	Global REITs	Global REITs
-21.63%	2.78%	2.77%	8.17%	0.11%
China A-Shares	MY 12M FD	Global REITs	Global IG Bond	Global HY Bond
-22.37%	-2.73%	2.54%	2.30%	0.01%
EM Equities	MY Equities	MY 12M FD	MY Equities	MY Equities
-23.71%	-11.38%	-1.69%	2.07%	-0.08%
Global REITs	China A-Shares	Global IG Bond	MY 12M FD	Global IG Bond

Market Prognosis

- **Gold:** Still hitting record highs on safe-haven flows.
- **US Equities:** Choppy but supported by earnings.
- **Japan:** Strong momentum with reforms and stimulus.
- **Europe:** At record highs; tech/defence leading.
- **Asia ex-Japan:** EM strength broadens on weaker USD.
- **China A-Shares:** Fundamentals improving but sentiment soft.
- **IG Bonds:** Income attractive; rates steady.
- **HY Bonds:** High yields; risk-selective.

Weekly Focus

China's Catch-Up:

The Industrial Strategy Reshaping Competition

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Your 30-Second Briefing

China isn't trying to beat the US everywhere - it's targeting the industries that drive the modern economy. Despite structural risks, Beijing has shifted from brute-force growth to strategic strength.

Growth is slower, but industrial power is rising. The US still leads in frontier tech, but China is rapidly closing the industrial gap.

The Long-Read

For a long time, China was described in familiar terms: the master replicator, the world's factory, the efficient scale-up artist who followed the innovations of others. That story once made sense - but it's ageing fast.

Across EVs, batteries, solar, power electronics, robotics and the hardware backbone of AI, China is no longer simply catching up. It's accelerating into a different lane.

And the most striking part?

None of this was spontaneous. It was built.

The Great Pivot: Moving Beyond the Property Machine

China's old growth model was powered by concrete, cranes and leverage. Entire cities rose in years, millions joined the middle class and GDP surged.

But the system eventually hit diminishing returns: too much credit, too much speculation, too many apartments nobody really needed. Instead of propping up the old model, Beijing decided to retire it - slowly, painfully, deliberately.

In its place came a new industrial strategy focused on upstream resilience and supply-chain leverage: batteries, motors, inverters, semiconductors, automation, robotics, specialised materials and the electrification ecosystem.

The goal isn't to beat the US in every frontier technology.

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The goal is to control the strategic bottlenecks everyone else relies on.

- The US is still the brain of global tech.
- China is rapidly becoming the muscle.
- And muscles, once trained, compound.

Scale: China's Most Underestimated Weapon

The real engine behind China's rise isn't low cost - it's industrial scale. Tight supply chains, dense manufacturing clusters and brutal iteration cycles let China turn ideas into products with extraordinary speed.

Look at EVs.

The US produced the vision - but China built the universe around it.

CATL didn't just make batteries; it built chemistry pipelines, materials refinement, pack architecture, recycling loops and grid storage - an entire industrial spine.

BYD integrated batteries, motors, electronics and vehicle design under one roof. The pace of iteration is something legacy manufacturers still struggle to comprehend.

This playbook mirrors the arcs that once made Japan unstoppable in autos and Korea dominant in memory chips - except China is running it across multiple strategic sectors simultaneously.

Facing Risks - Without Freezing

It's tempting to paint China's rise as inevitable, but the reality is messier.

- Property stress is real.
- Demographics are tightening.
- Private-sector sentiment has been bruised.
- The US has thrown serious export controls at semiconductors and AI hardware.

Yet China's ability to absorb shocks - without ideological paralysis - is what's kept the broader strategy intact.

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- **Property** is deflating slowly, not explosively.
- **Entrepreneurs**, once rattled by regulatory crackdowns, are being nudged back into industrial tech.
- **Weak consumption** is being countered by automation, not hopes of a baby boom.
- **Geopolitical pressure** has pushed China to diversify toward the Global South and accelerate domestic substitution.

None of these problems are “solved.” But none have derailed the transition either.

Slower Growth, Sharper Edge

China’s headline GDP numbers are lower - but the composition of growth has changed dramatically.

A China growing at 4% with dominance in solar, EVs, batteries, grid hardware and industrial robotics is strategically far more consequential than an 8% China building empty apartments.

The US absolutely still leads in frontier chips, AI models, enterprise software and biotech. But China is compressing the industrial gap quickly - in the domains where scale beats brilliance.

This isn’t China overtaking the US. **It’s China reshaping the parts of the economy that run the modern world.**

The Global South: China’s New Demand Engine

Tariffs, export controls and reshoring didn’t blunt China’s industrial momentum.

They rerouted it.

Southeast Asia, the Middle East, Africa and Latin America are adopting Chinese energy and mobility hardware because it’s affordable, abundant and infrastructure-ready today.

Chinese EV platforms, power electronics, solar components and grid systems are being deployed at speeds Western manufacturers can’t match.

Weekly Focus

This gives China something powerful: a vast, politically diverse demand base that is not tied to Western economic-cycles.

And it accelerates electrification and industrialisation in regions that were once priced out of the transition.

A Race Unlike Any Before

The US–China rivalry isn’t Cold War 2.0 - it’s a competition for industrial command.

It’s not about ideology.

It’s not about GDP headlines.

It’s about building and controlling the systems that will define the next era:

- energy grids
- mobility platforms
- AI hardware
- autonomous systems
- advanced materials
- defence and dual-use automation

Investors often ask, “Who wins?”

That’s the wrong question.

The real question is:

Who leads where - and how does that shift pricing power, supply chains and capital flows?

Because that’s where this becomes not just a geopolitical story, but an investable one.

Structured Investment Strategy

Enhance Yield Strategy

Semiconductor Foundry Taiwan Semiconductor Mfg World's leading advance-node chip manufacturer powering global AI & high performance ecosystems.		Precious Metals Mining Hecla Mining Major US silver producer supporting industrial, technology and strategic materials demand.	
Bull: → Massive investments in US and Japan fabs enhance supply-chain resilience and secure long-term demand from key AI clients like Nvidia, AMD and Apple under government incentive programs.		Bull: → Hecla achieved record 17million oz silver production in 2025. Strong output reinforces cost efficiency, strengthens cash flow and positions Hecla to benefit directly from rising silver demand.	
Bear: → Q2 demand was boosted by early orders; Q3 expected to be flat or slightly weaker.		Bear → Hecla's earnings are highly exposed to sharp silver price corrections.	
Autocallable Parameters		Autocallable Parameters	
Variant	EKI (At Maturity)	Variant	EKI (At Maturity)
Currency	MYR	Currency	MYR
Tenure	12 Months	Tenure	9 Months
Coupon	10.0% p.a.	Coupon	22.80% p.a.
Strike	100%	Strike	92%
Knock-Out	105%	Knock-Out	92%
Knock-In	80%	Knock-In	75%

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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