

Weekly Wealth Digest

19 March 2026

Your Edge. Our Insights.

Market Insights To Power Your Next Move

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The Macro View

Markets Reprice Higher Inflation Risk As Energy Shock Meets Fed Caution

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Macro Overview

Fed Holds Firm As Inflation Pressures Re-emerge.

The Federal Reserve kept policy rates unchanged at 3.50–3.75% for a second consecutive meeting, with Chair Powell stressing that clearer progress on inflation is required before any further rate cuts are considered.

While economic growth remains solid, inflation risks have re-intensified, even before the escalation of the Middle East conflict. This was underscored by a sharp upside surprise in US PPI, driven by higher goods and services prices, particularly energy and food.

Updated Fed projections point to slightly stronger growth but higher inflation in 2026, reinforcing a more cautious policy stance.

In Malaysia, rising global oil prices are feeding into higher unsubsidised fuel prices, increasing fiscal pressures as the government absorbs the bulk of subsidy costs.

FX Overview

Dollar Breaks Higher As Policy Divergence Widens

The US dollar strengthened decisively, with the DXY reclaiming the 100 level, supported by a hawkish Fed message, hot inflation data, and surging energy prices.

Most G10 currencies weakened, with the yen, euro, and sterling falling ahead of their respective central bank meetings, while USD/JPY pushed closer to the sensitive 160 level.

Commodity-linked currencies showed mixed performance, but overall USD strength dominated. The ringgit edged slightly firmer, though gains are expected to be fragile given renewed dollar momentum and cautious positioning ahead of holidays.

BNM reiterated that FX movements remain market-driven and orderly

The Macro View

Markets Reprice Higher Inflation Risk As Energy Shock Meets Fed Caution

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Commodities

Energy Prices Surge As Conflict Escalates

Commodity markets were led by a sharp rally in energy prices, with Brent surging above USD107/bbl, as attacks on oil and gas infrastructure intensified and Iran warned that regional energy assets could become legitimate targets.

Despite earlier hopes that reserve releases and shipping waivers might ease supply risks, markets are now pricing in the possibility of prolonged disruptions, particularly to LNG exports.

In contrast, gold retreated, as rising yields and a stronger dollar outweighed safe-haven demand. CPO prices softened, reflecting profit-taking after recent gains and broader volatility across commodities.

Fixed Income

Global Bonds Sell Off, Local Bonds Find Support

Global bond markets weakened sharply, with US Treasury yields jumping, as investors repriced the path for rate cuts following the Fed's hawkish tone and stronger inflation data.

Powell acknowledged that while rate hikes are not the base case, nothing is off the table, pushing the 10-year yield back above 4.25%. European bonds also sold off amid heightened energy-driven inflation risks.

In contrast, Malaysian government bonds posted modest gains, supported by thinner holiday trading and hopes that geopolitical developments could ease supply bottlenecks, providing relative insulation from the global sell-off.

Market Shakers

Key Developments

19 March 2026

US- Iran

Diplomatic Off-Ramp Floated

President Trump signalled openness to a diplomatic end to the Iran conflict, calming markets in the short term, though uncertainty remains over strategy and Tehran's willingness to engage.

Artificial Intelligence

Trust, Not Jobs, Is the Bigger Fear

A large Anthropic survey shows users are more concerned about AI hallucinations and reliability than job losses, highlighting trust and accuracy as the key adoption bottlenecks.

China-US

Chinese IPOs Stall

Chinese companies are pulling back from US listings amid heightened scrutiny over alleged market manipulation, reinforcing financial decoupling pressures.

Rates

Investors Price in Higher US Yields

Markets are increasingly betting on US interest rate rises, reflecting renewed inflation concerns and a reassessment of the Fed's easing trajectory.

Macro

Stagflation Risks Back in Focus

Investors are questioning whether the global economy is drifting toward stagflation, with persistent inflation colliding with slowing growth.

China

Courting Global CEOs

China is positioning itself as a "harbour of stability" to global business leaders, contrasting its message with US political and geopolitical uncertainty.

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%	4.1%
Gold	-3.6%	-0.3%	13.1%	27.2%	64.6%	16.5%
US Equities	26.9%	-19.4%	24.2%	23.3%	16.4%	-3.1%
EM Equities	-4.6%	-22.4%	7.0%	5.1%	30.6%	4.6%
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%	-1.5%
Gbl ex US Eq	5.5%	-18.3%	12.6%	2.9%	29.2%	1.7%
Global IG Bond	-4.7%	-16.2%	5.7%	-1.7%	8.2%	-1.0%
Global HY Bond	1.0%	-12.7%	14.0%	9.2%	12.1%	-0.9%
China A-Shares	-5.2%	-21.6%	-11.4%	14.7%	17.7%	0.7%
MY Equities	-3.7%	-4.6%	-2.7%	12.9%	2.3%	1.0%
MY 12M FD	1.7%	2.7%	2.8%	2.5%	2.1%	2.1%

Market Prognosis

- **Gold:** With risk assets faltering, investors have leaned into gold as a primary hedge against uncertainty.
- **US:** After years of dominance, US equities are now dragging performance as valuations compress and leadership narrows.
- **Europe:** Returns have softened, but lower valuations reduce downside compared with other developed markets.
- **Asia ex-Japan:** Despite volatility, relative performance holds up as earnings dispersion favours selective EM exposures.
- **Japan:** While reforms support the long-term case, rate normalisation and yen dynamics pressure near-term returns.
- **IG Bonds:** Weak returns underline how duration still struggles to deliver protection in a high-carry environment.
- **HY Bonds:** Yield cushions declines, but tighter spreads leave little room for further upside

Source: AmBank Wealth Management (19 March 2026)

Weekly Focus

The Fed's Pivot

The Market's Next Inflection Point

19 March 2026

Your 30-Second Briefing

- Initial rate cuts usually reflect stress, not economic strength.
- Initial rate cuts historically signal rising stress, not economic strength or sustained market rallies.
- Market outcomes hinge on whether cuts follow orderly disinflation or sharper growth deterioration.

The Long-Read

In markets, the most important shifts rarely happens when the headlines say they do. The Federal Reserve has not yet cut interest rates. But in many ways, the market already has.

Over the past year, expectations have quietly shifted. What was once a “higher for longer” narrative is now evolving into a different question entirely: not whether rates will fall, but when, and more importantly, why.

That shift reflects a changing macro backdrop. Inflation, which peaked above 9% in 2022, has moderated toward the 3% range. Yet policy rates remain at 5.25%–5.50%, the highest level in over two decades.

In real terms, monetary policy is becoming increasingly restrictive, and historically, that is when the Fed begins to move.

The First Cut Is Often Misread

There is a natural tendency to view rate cuts as bullish. Lower rates reduce borrowing costs, support valuations and inject liquidity into the system. On the surface, it feels like a clear positive for risk assets.

But history tells a more nuanced story. The first rate cut is rarely a signal of strength. More often, it is a response to emerging weakness.

In 2001, the Fed cut as the technology bubble unravelled. In 2007, cuts followed cracks in the housing and credit markets.

Weekly Focus

Even in 2019, the Fed moved pre-emptively as global growth began to slow. Markets do not rally simply because rates fall. They rally when growth stabilises after the cuts begin.

A Cycle That Hasn't Broken - Yet

What makes this cycle different is the absence of a clear break.

On the surface, the economy remains resilient. Labour markets are still relatively tight, unemployment remains low by historical standards and corporate earnings, particularly in the United States, have held up better than expected.

But beneath that resilience, pressure is building.

Higher interest rates are gradually feeding through to households and businesses. Borrowing costs are rising, credit conditions have tightened and rate-sensitive sectors such as housing and commercial real estate are beginning to show signs of strain.

The system is not breaking. But it is no longer as comfortable as it was.

The Real Inflection Point

This is where the next phase of the market will be determined.

The critical question is not when the Fed cuts.

It is why.

If the Fed is able to cut rates because inflation continues to ease while growth slows in an orderly fashion, the outcome is constructive.

Lower real rates would support valuations, liquidity conditions would improve and earnings could remain intact.

But if rate cuts come in response to a sharper deterioration in growth, the path becomes more volatile. Earnings expectations would need to adjust, credit risks could rise and markets may need to reprice before finding a new equilibrium.

In both scenarios, the Fed cuts. But the market reaction is very different.

Weekly Focus

What This Means for Investors

This is why the next phase of the cycle will not look like the last.

The previous cycle was driven by the withdrawal of liquidity and the compression of valuations. The next will be defined by the return of liquidity, but only if earnings prove resilient.

That shifts the focus for investors.

It is no longer about simply positioning for lower rates. It is about identifying businesses that can navigate a more complex environment, companies with strong balance sheets, consistent cash flows and the ability to sustain growth even as conditions tighten.

Because in a world where interest rates are unlikely to return to the ultra-low levels of the past decade, quality matters more.

The Bottom Line

The Fed may be approaching a turning point.

But the pivot itself is not the opportunity.

It is the reason behind the pivot that will shape what comes next.

And in markets, that difference tends to matter more than the move itself.

Structured Investment Strategy

Enhance Yield Strategy

Ai Compute **Nvidia Corp**

Global leader in GPU's and
AI-driven Accelerated Computing

Bull

Sustained Ai spending,
data-center dominance, and
software ecosystem strength
support earnings visibility and
pricing power.

Optical Networking **Lumentum Holdings**

Optical & photonic components
for high speed networks.

Bull

AI data-center expansion is driving
demand for high-speed optical
components and margin recovery.

Bear

Valuation is demanding, with
downside risk if Ai CAPEX slows
or competition intensifies.

Bear

Cyclical telecom spending and
customer concentration
increases earnings volatility.

Autocallable Parameters		Autocallable Parameters	
Variant	EKI (At Maturity)	Variant	EKI (At Maturity)
Currency	MYR	Currency	MYR
Tenure	12 Months	Tenure	12 Months
Coupon	12.8% p.a.	Coupon	17.4% p.a.
Strike	100%	Strike	60.0%
Knock-Out	105%	Knock-Out	100%
Knock-In	80.0%	Knock-In	60.0%

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	
Nomura Global Shariah Semiconductor Equity By Nomura Asset Mgt MY		AmIncome & Growth By AmFunds Management Bhd	
3Y Ann Returns +74.3%	Fund Size RM 287 mn	3Y Ann Returns +10.9%	Fund Size RM 32.7 mn
3-year Volatility 29.8%	Risk Rating 5-Aggressive	3-year Volatility 7.0%	Risk Rating 5-Aggressive
Key Fund Features		Key Fund Features	
Structural Scarcity Advanced chips are scarce, strategic assets with pricing power in upcycles.		Cash-Flow First Combines dividend-paying equities and income assets for steady cash flow.	
Shariah Edge Shariah screening filters out highly levered names, resulting in cleaner balance sheets in a cyclical industry.		Downside Aware Actively manages drawdowns through diversified income and defensive positioning.	
AI Enablers Focus on AI enablers (logic, memory, equipment), not just headline AI-hype, capturing broader value creation.		Cycle-Buffer Income stream absorbs volatility during equity drawdowns, reducing forced selling at market lows.	

Bond Strategy

IG Bond Strategy

Financial Sector		Financial Sector	
BNP Paribas SA		Nomura Holdings	
6.198% 03 December 2036		2.608% 14 July 2031	
Ranking Subordinated	Coupon (%) 6.198%	Issuer Sr. Unsecured	Coupon (%) 2.608%
Next Coupon 03 Jun 2026	Maturity In 10.73 years	Next Coupon 14 July 2026	Maturity In 5.34 years
Currency AUD	Moody Rating Baa2	Currency USD	Moody Rating Baa1
Credit Outlook		Credit Outlook	
Positive		Positive	
BNP Paribas benefits from a strong European universal banking franchise, diversified earnings, and solid capital and liquidity buffers.		Nomura is supported by adequate capitalisation, strong domestic Japanese franchise, and a stable funding profile.	
Negative		Negative	
Credit profile is exposed to European economic cycles, regulatory changes, and capital intensity from its large corporate and investment banking activities		Earnings volatility from market-driven businesses and weaker global competitiveness constrain overall credit strength.	

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