

Weekly Wealth Digest

15 May 2026

Your Edge. Our Insights.

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Weekly Focus

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From Fiction To Reality?

Why Price and Value Are Drifting Apart

Your 30-Second Briefing

- Markets price the future, but this rally asks: how far out are investors stretching to justify today's valuations?
- AI leaders deserve premiums, but multiples now imply years of near-perfect execution pulled forward.
- When pricing leans on distant perfection arriving fast, even small delays can drive sharp volatility.

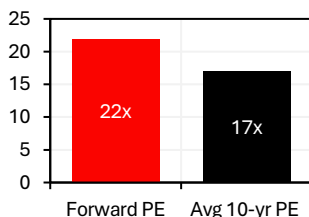
The Long-Read

Stocks have always traded on future expectations. Investors buying NVIDIA or Microsoft are not valuing current earnings alone, they are pricing future AI demand, future ecosystem dominance, and future margin expansion. That is rational.

The problem is that markets are increasingly compressing years of expected success into today's price action. The S&P 500 trades around 22x forward earnings versus a historical average of 17x, while many AI-linked names trade substantially above that.

At some point, investors stop paying for growth. They start paying for perfection.

S&P 500 Is At A Premium



Source: J.P. Morgan

When Great Companies Become Fragile Stocks

This does not mean these are bad businesses. Many are exceptional.

But there is a difference between: a great company and a stock priced for flawless execution

The stronger the rally, the higher the expectations quietly embedded into the valuation.

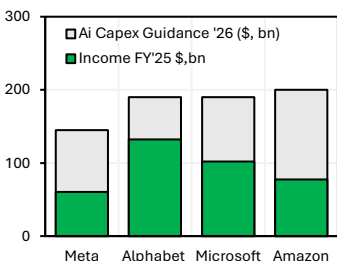
A company can report excellent earnings and still decline sharply because the market was already expecting something even stronger.

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The market is no longer comparing results to the past. It is comparing them to an increasingly ambitious version of the future.

Ambitious Capex Raises Questions On Earnings Growth



Source: Bloomberg, Yahoo!

The Concentration Problem

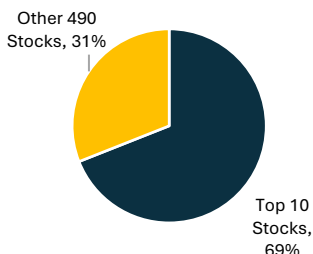
This dynamic is being reinforced structurally. The top 10 stocks now drive a disproportionate share of index performance, amplified by passive inflows and benchmark concentration.

Rising prices attract larger index weights, which attract more buying, which pushes valuations higher still.

Momentum becomes self-reinforcing. That works extremely well while narratives remain intact.

But it also creates markets that feel simultaneously powerful and fragile, where leadership narrows and expectations become increasingly difficult to exceed.

10 Stocks Contributed The Most Returns To The S&P 500 Index



Source: Nomura

The Real Risk

The risk today is not necessarily that these companies fail.

The risk is that markets are assuming:

- growth arrives faster than reality allows
- margins expand smoothly
- AI monetisation scales without interruption

History rarely moves in straight lines. Even transformational companies experience pauses, competition, and slower adoption cycles.

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Cisco became one of the defining winners of the internet era. The business succeeded spectacularly.

But investors who bought near peak valuations still waited years for fundamentals to catch up with the expectations embedded into the stock price. That is the nuance markets repeatedly forget.

The Bottom Line

Markets price the future, but when too much gets priced in too early, time becomes the risk.

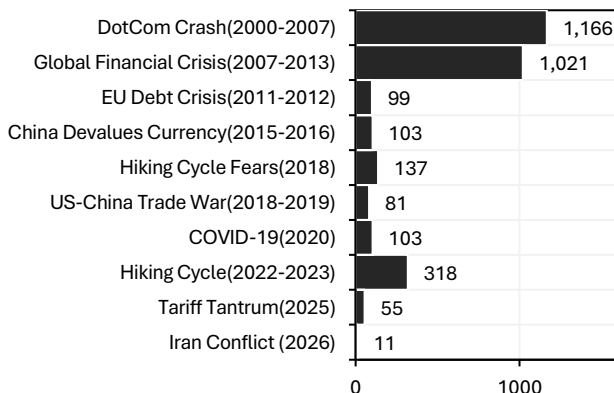
Fast recoveries (2025 Tariff Tantrum: 55 days; 2026 Iran selloff: 11 days) have trained investors to buy every dip and accept higher valuations.

But not all drawdowns snap back. Major crises like the Dot-Com bust and GFC took over 1,000 trading days to recover. When markets lean too heavily on momentum and expectations, investors underestimate how long and painful a reset can be.

Eventually, narratives have to catch up with earnings.

Not All Crashes Are Built The Same

Days to recover a >10% Loss In the S&P 500



Source: J.P. Morgan, Bloomberg Finance

Source: AmBank Wealth Management (15 May 2026)

Strategy In Focus

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The Puzzle This Week

Markets are still pricing a strong future, but increasingly too quickly and too perfectly. When expectations get pulled forward, even good outcomes can disappoint, making volatility more likely.

The focus now shifts to earning returns without relying on perfection.

Structured Investments

Autocallable: Sterling Infrastructure, Advantest Corp



Sterling Infrastructure and Advantest sit in strong structural themes but carry high expectations and volatility. Autocallables convert this into up to 19% income, allowing investors to monetise expectations even as markets slow.

Momentum Funds

RHB Asian Income & Hong Kong Tech Index



As markets reassess valuations, RHB Asian Income provides steady cash flow through diversified sources, helping smooth uneven returns. At the same time, the Hong Kong Tech Index offers exposure to beaten-down names at discounts, where expectations are already reset, balancing income with upside potential.

Fixed Income

Investment-Grade Bonds: Visa & Macquarie Bank



With expectations high and outcomes uncertain, predictable income becomes more valuable. Bonds like Visa (4.3%) and Macquarie Bank Tier 2 (6.15%) offer stable coupons backed by strong balance sheets, helping anchor portfolios as equity markets adjust to more realistic growth paths.

The Macro View

15 May 2026

Inflation Spikes, Growth Risks Build

Markets are turning cautious. Inflation remains sticky, growth risks are building, and unresolved geopolitics are keeping investors selective rather than taking strong directional bets.

MACRO OVERVIEW

US producer inflation surprised sharply to the upside, with PPI rising 1.4% m/m, its highest since the Russia-Ukraine shock, driven by energy and services costs, reinforcing concerns that inflation remains sticky.

At the same time, US-China discussions on potential USD30bn tariff cuts signal a possible easing in trade tensions, but outcomes remain uncertain.

In Malaysia, a more worrying development is emerging, with warnings that factory stoppages could begin as early as June due to shortages in key inputs such as chemicals, metals, and packaging materials, highlighting growing supply-side constraints on growth.

FX OVERVIEW

The USD remained firm, extending its uptrend as inflation surprises and policy uncertainty continue to support demand, even as US Treasury yields softened slightly and oil prices eased.

European currencies and the yen remained under pressure, reflecting weaker regional growth dynamics and policy divergence.

Meanwhile, the ringgit strengthened modestly, supported by improved flows and elevated trading volumes, suggesting that positioning rather than fundamentals may be driving near-term moves

The Macro View

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Inflation Spikes, Growth Risks Build

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COMMODITY OVERVIEW

Oil prices pulled back by around 1–2% after a strong rally, but this appears more like a pause than a reversal. Structural tightness remains, with declining global inventories and reduced Saudi output, while disruptions and geopolitical risks continue to limit supply visibility.

The International Energy Agency flagged potential severe supply shortages into peak summer demand, keeping volatility elevated.

Gold and CPO also edged lower, reflecting profit-taking and softer near-term risk premiums rather than a change in the broader trend.

FIXED INCOME OVERVIEW

Global bond markets faced renewed pressure, particularly at the long end, as stronger than expected inflation data pushed UST yields to their highest levels in months and dampened expectations for near-term easing.

Weak demand at the 30-year auction further underscored investor caution.

In Malaysia, bonds closed slightly weaker, with active two-way flows ahead of a key GII auction, reflecting a market that is not under stress, but increasingly cautious on duration.

Market Shakers

15 May 2026

AI Is Booming, Jobs Aren't, and the Fed's Stuck

Markets right now are being driven by one big theme: transition, across technology, policy, and global competition, all at once.

At the centre is AI. Big Tech is ramping up borrowing to fund massive expansion, while businesses rapidly adopt AI tools. This is boosting productivity and earnings, but also showing its downside, tech unemployment is rising, as efficiency gains start to translate into job losses.

This shift is unfolding alongside intensifying US–China competition. While Trump and Xi are meeting and signalling cooperation, China continues pushing its “industrial policy of everything,” strengthening exports and state support. At the same time, legal challenges to US tariffs show how difficult it is to unwind global trade links, even as tensions rise.

All of this feeds into the Fed's dilemma. US inflation has climbed to 3.8%, driven by energy, undermining earlier expectations for rate cuts. Inside the Fed, divisions are becoming clearer, with some officials warning inflation risks remain high and even flagging a rate-hike scenario.

Put simply, the earlier narrative of “cooling inflation → rate cuts” is breaking down. Instead:

- AI is boosting growth but cutting jobs
- China is strengthening its industrial base
- Trade tensions persist despite diplomacy
- Inflation remains sticky
- The Fed is divided and cautious

Bottom line: markets are adjusting to multiple transitions happening at once. It's not one risk driving volatility, but several forces pulling in different directions.

Structured Strategy

15 May 2026

Structured Investments Ideas

Structured investments offer predefined, market-linked returns designed for targeted upside, protection, or yield.

AUTOCALLABLE		AUTOCALLABLE	
Yield Enhancement		Yield Enhancement	
Sterling Infrastructure Inc		Advantest Corp	
Strike 100%	Knock-Out Barrier 102%	Strike 95%	Knock-Out Barrier 95%
Knock-In Barrier 70.0%	Coupon 16.1%	Knock-In Barrier 67.9%	Coupon 19.0%
Tenure 12 months	Currency MYR	Tenure 6 months	Currency MYR
Underlying Drivers		Underlying Drivers	
Bull Case ▲ Strong US infrastructure and data-centre construction demand supports a robust order book and earnings growth visibility.		Bull Case ▲ AI-driven demand for advanced chip testing supports order momentum and earnings upside.	
Bear Case ▼ Execution risk, project timing delays, and margin sensitivity to input costs could drive volatility.		Bear Case ▼ Extremely high capex intensity, customer concentration, and Taiwan geopolitical risk remain key structural overhangs.	

Note: Indicative pricing. Please speak to an AmBank RM.

Source: AmBank Wealth Management (15 May 2026)

Fund Strategy

15 May 2026

Unit Trust Ideas

Unit trusts pool's investors funds to enter markets at more efficient average prices and benefitting from professional diversified management.

INCOME

RHB Asian Income

By RHB Asset Management Sdn Bhd

3Y Ann Returns
+7.25% p.a.

Fund Size
RM 1.1 bil

Volatility
10.5% p.a.

Risk Rating
3-Moderate

MOMENTUM

Hong Kong Tech Index

By AmFunds Management Bhd

3Y. Returns
+3.46% p.a.

Fund Size
RM 318 mn

Volatility
21.2% p.a.

Risk Rating
5-Aggressive

Fund Pitch

Steady Asian Income

Designed to deliver stable payouts with growth potential from Asian markets.

Multi-Asset Strategy

Balance mix of Asian equities and income assets to lower overall volatility.

Upside Potential

Asia is highly favoured by global investors, leading to capital rotation into the region.

Fund Pitch

China's Tech Behemoths

Easily capture the alpha of China's top 30 tech companies through a single fund.

Cheapest Big Tech Block

Valuation wise, Hong Kong Tech trades at a steep discount to US big-tech.

Balance Sheet Recovery

Post reforms, firms focus on cost discipline, profitability & shareholder returns.

Bond Strategy

15 May 2026

Fixed Income Ideas

Bonds generate stable income by lending to government's and corporates, earning regular interest payments.

Financial Sector		Financial Sector	
Investment Grade		Investment Grade	
Visa Inc 4.3% 14/12/2045		Macquarie Bank Ltd 6.1456% 29/05/2040 Tier 2	
Ranking Sr Unsecured	Coupon 4.30%	Ranking Subordinated	Coupon 6.15%
Next Coupon 14 Jul 26	Maturity In 19.6 years	Next Coupon 29 May 26	Maturity In 14.05 years
Moodys Rating Aa3	Currency USD	Moodys Rating A3	Currency AUD
Credit Outlook		Credit Outlook	
Positive ▲ Visa's asset-light model, dominant global payments network, and strong cash generation support a highly resilient credit profile.		Positive ▲ Macquarie benefits from diversified earnings, strong capital discipline, and robust liquidity supporting its financial flexibility.	
Negative ▼ Very long maturity and reliance on global transaction volumes expose credit to economic slowdowns and regulatory pressure on fees.		Negative ▼ Subordinated Tier 2 structure and exposure to market-driven earnings introduce higher volatility during periods of financial stress.	

Note: Indicative pricing. Please speak to an AmBank RM.

Source: Global Treasury Markets, AmBank WM, Bloomberg (15 May 26)

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