

SEPTEMBER 2026

MARKET REVIEW

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Selected Equity Markets Reached New Highs on Gains in Technology Sector

- **What happened:** The U.S.' S&P 500 and Nasdaq Composite Indices rose to new record highs in 3Q 2026 on positive corporate earnings growth, particularly among technology companies benefitting from increased artificial intelligence (AI) spending. This was despite an 81-basis point (bp) surge in the 10-year U.S. Treasury (UST) yield amid higher global crude oil prices during the quarter.
- Regional equity markets traded mixed in 3Q 2026, with the decline in the South Korea market partially offsetting gains in the China 'H' share, Hong Kong and Taiwan equity markets. The South Korean market retraced on selected profit-taking and deleveraging activities, whilst the Taiwan market rose further amid continued demand for semiconductor chips. The China 'H' share market rebounded on expectations of more stimulus measures to support domestic demand.
- The ASEAN equity markets generally rose during the quarter, led by gains in the Singapore and Indonesia markets. Meanwhile, the FBM KLCI edged lower amid foreign fund outflows as global bond yields rose on renewed Middle East tensions.
- **What's next:** The U.S. Federal Reserve (Fed) highlighted resilient U.S. economic conditions and reaffirmed its commitment to delivering price stability. The Fed's median projection points to another 25-bp hike by end-2026 to curb persistent inflationary pressures.
- Investors will closely watch the upcoming fifth plenary session of China's 20th Central Committee in late October 2026 for policy signals to bolster domestic demand. Meanwhile, the ASEAN region's economic growth is generally supported by resilient domestic demand, higher electronics exports and capital investments.
- Equity investors are advised to adopt a long-term investment horizon, and practise regular investing via Ringgit-cost averaging to navigate near-term market volatility.

Comparison of Stock Markets' Performances

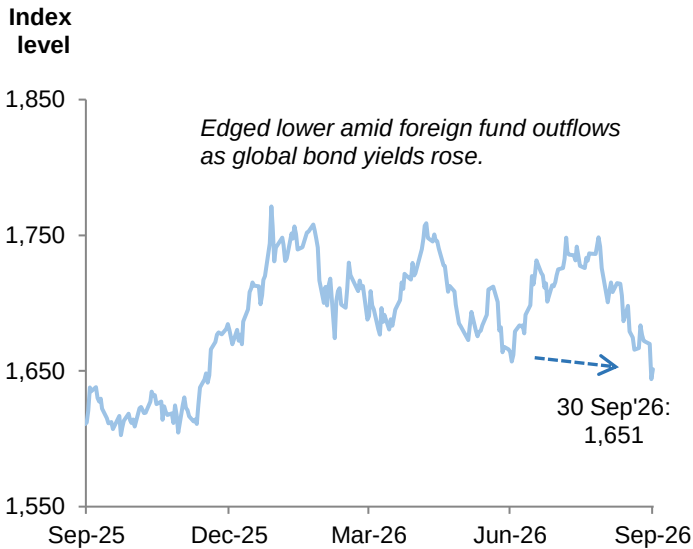
Countries	Index	Index Level (in LC) As at 30 Sept 2026	Performance (in Ringgit terms, %)						
			2Q 2026	3Q 2026	YTD	1-Year	3-Year	5-Year	10-Year
Malaysia	FBM Small Cap	15,951	5.1	3.6	1.1	-4.2	-1.5	-0.8	3.6
	FBM KLCI	1,651	-1.6	-0.8	-1.7	2.4	15.9	7.4	-0.1
	FBM EMAS Shariah	12,176	1.4	-0.9	0.7	1.3	12.0	-1.5	-1.4
Regional									
China / Hong Kong	Hang Seng China Enterprises	8,220	-9.0	8.6	-8.0	-17.3	15.9	-8.9	-16.2
	Hang Seng	24,613	-6.9	7.4	-4.2	-11.9	19.8	-3.2	3.2
Japan	Tokyo Stock Price	4,109	12.6	6.3	20.7	19.3	46.0	39.8	98.0
Taiwan	Taiwan Stock Exchange Weighted	47,940	47.6	3.8	64.1	72.2	157.1	140.9	407.6
China	Shanghai SE Composite	3,842	7.8	-5.1	1.4	1.9	16.5	0.8	25.6
India	S&P BSE SENSEX	72,480	7.5	-6.7	-19.9	-18.9	-17.2	-7.6	78.4
South Korea	Korea Composite	6,838	65.6	-8.0	73.7	100.5	140.7	89.8	168.1
ASEAN									
Singapore	Straits Times	5,676	6.2	11.1	23.7	29.2	63.9	90.7	108.6
Indonesia	Jakarta SE Composite	6,071	-23.7	7.6	-33.9	-31.9	-34.3	-24.7	-18.7
Thailand	Stock Exchange of Thailand	1,559	8.8	-3.2	16.6	14.6	0.2	-5.1	7.0
Vietnam	VN30	1,907	10.1	-3.3	-4.4	1.0	33.2	12.1	142.1
Other Developed Markets									
U.S.	NASDAQ Composite	26,861	22.4	2.4	16.2	15.0	76.6	81.2	399.7
	S&P 500	7,652	15.8	1.9	12.4	10.9	55.1	73.1	248.7
Australia	S&P/ASX 200	8,789	4.8	0.6	5.7	1.2	16.9	12.6	44.9
EU	STOXX Europe 50	5,323	11.2	-2.4	5.1	7.5	26.5	45.3	86.8

Source: Bloomberg Data as at 30 September 2026 LC – Local currency

Update on Equity Markets

Malaysia

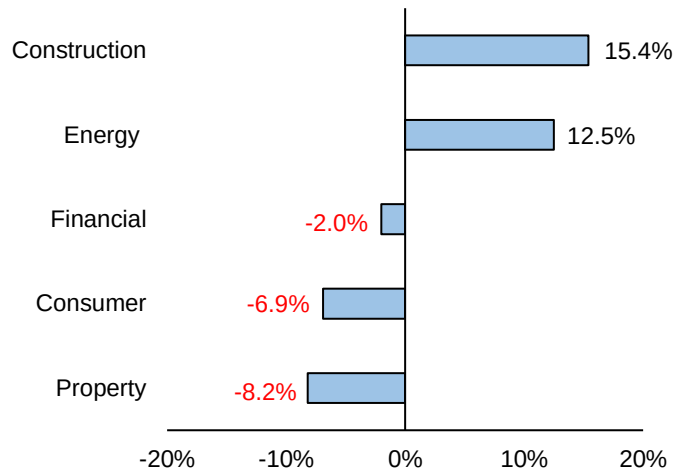
FBM KLCI



Source: Bloomberg

- The FBM KLCI edged lower in 3Q 2026 amid foreign fund outflows as global bond yields rose on renewed Middle East tensions.

Top sector movers in Malaysia (3Q 2026)

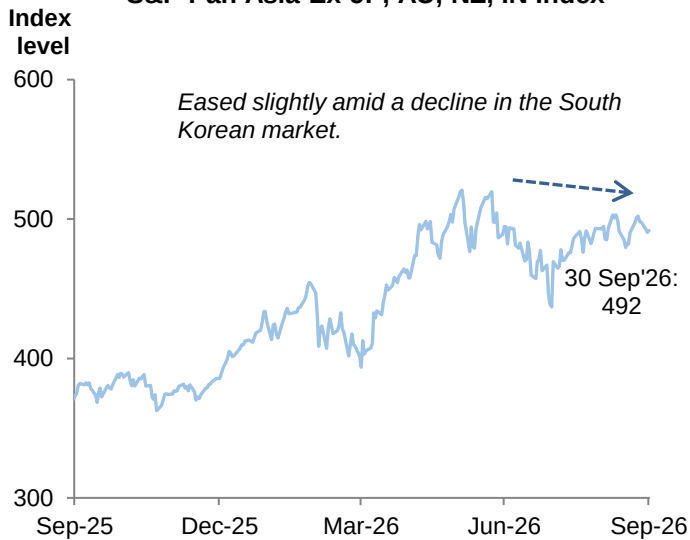


Source: Bloomberg

- The property and consumer sectors led the declines in the local stock market in 3Q 2026, partially offsetting gains in the construction and energy sectors.

Regional

S&P Pan Asia Ex-JP, AU, NZ, IN Index*

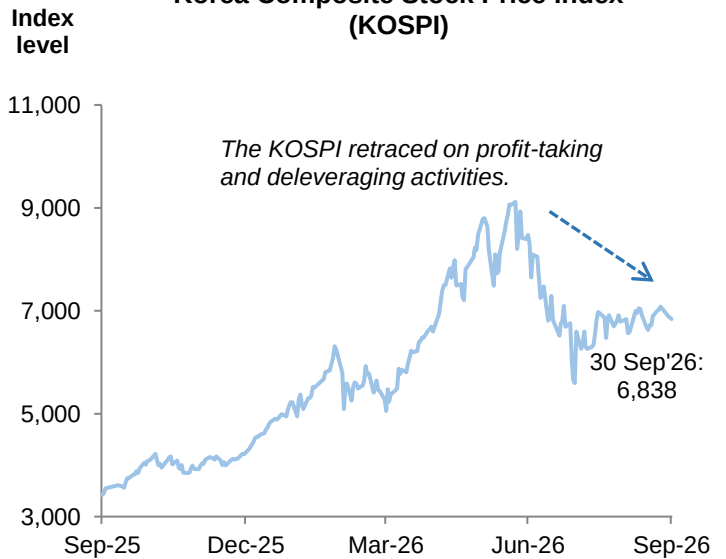


* S&P Pan Asia Ex-Japan, Australia, New Zealand and India

Source: S&P Dow Jones Indices, LLC

- The S&P Pan Asia Index eased slightly in 3Q 2026, with the decline in the South Korea market partially offsetting gains in the China 'H' share, Hong Kong and Taiwan equity markets.

Korea Composite Stock Price Index (KOSPI)



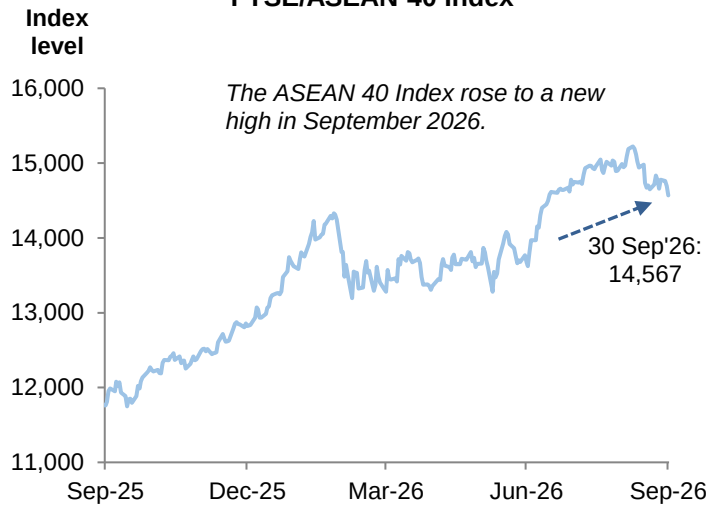
Source: Bloomberg

- South Korea's KOSPI retraced in 3Q 2026 on selected profit-taking and deleveraging activities.

Update on Equity Markets

ASEAN

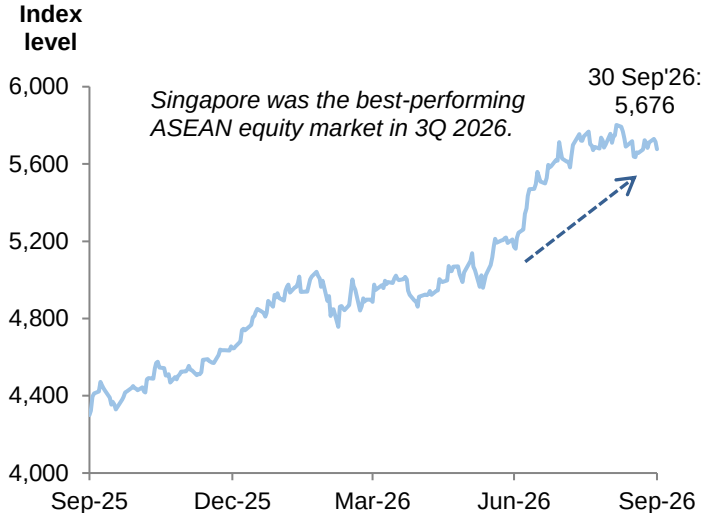
FTSE/ASEAN 40 Index



Source: Bloomberg

- The ASEAN equity markets, as proxied by the FTSE/ASEAN 40 Index, rose during the quarter amid gains in the Singapore and Indonesia markets.

Singapore's Straits Times Index (STI)

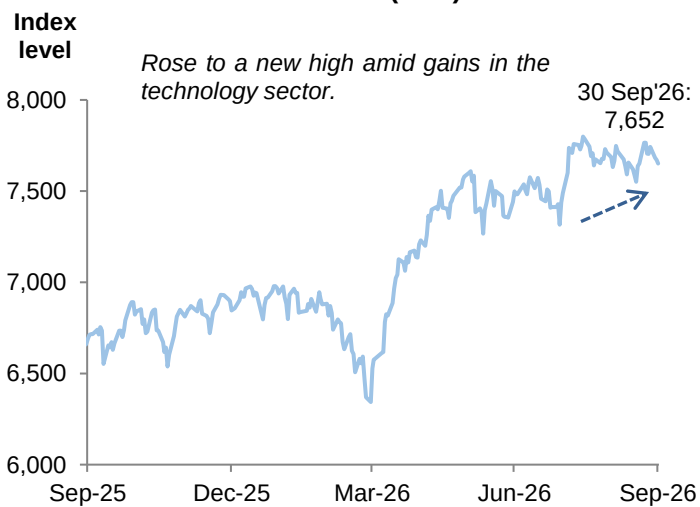


Source: Bloomberg

- Singapore's STI rose in 3Q 2026, driven by strong earnings across the banking sector and the country's better-than-expected real gross domestic product (GDP) growth of 5.9% year-on-year (yoy) in 2Q 2026.

United States (U.S.)

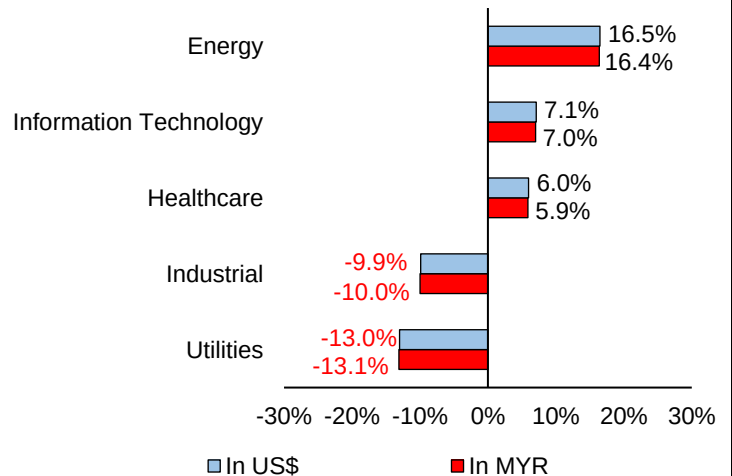
Standard & Poor's (S&P) 500 Index



Source: Bloomberg

- The S&P 500 Index rose to a new record high in 3Q 2026 on positive corporate earnings growth, particularly among technology companies benefitting from increased AI spending.

Top sector movers in the U.S. (3Q 2026)



Source: Bloomberg

- The energy and information technology sectors led the gains in the U.S. equity market in 3Q 2026 amid higher global crude oil prices and increased AI infrastructure investments.

Update on Bond & Currency Markets

Bonds

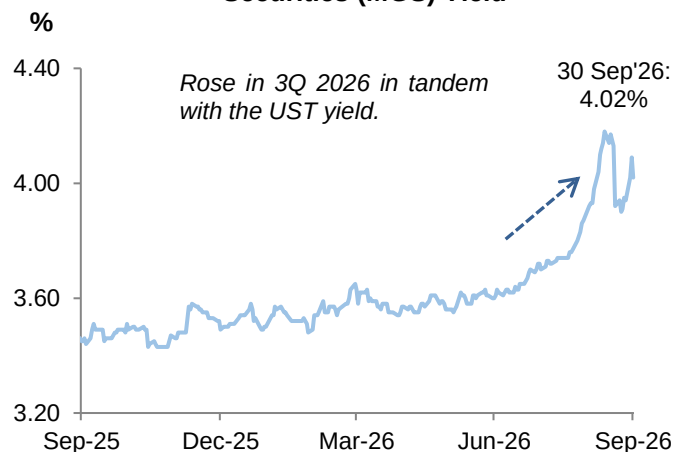
Quarterly Bond Yield Movement

Tenor	2Q 2026 (%)	3Q 2026 (%)	Change* (bps)
3-Year Bonds			
U.S. Treasury Bond	4.18	5.00	+82
MGS	3.25	3.47	+22
10-Year Bonds			
U.S. Treasury Bond	4.47	5.28	+81
MGS	3.60	4.02	+42

Note: As at 30 September 2026 * In basis points (bps)
Source: Bloomberg, Bank Negara Malaysia (BNM)

- The yields of the 3-year and 10-year UST rose sharply by 82 and 81 bps respectively in 3Q 2026.
- The surge was driven by the Fed's 25-bp rate hike in September 2026, expectations of further monetary policy tightening, rising U.S. federal debt and persistent inflationary pressures from higher oil prices.

10-Year Malaysian Government Securities (MGS) Yield



Source: BNM

- The yield of 10-year MGS rose by 42 bps in 3Q 2026, in tandem with the sharp rise in the 10-year UST yield and heavy local corporate bond issuances.

Currencies

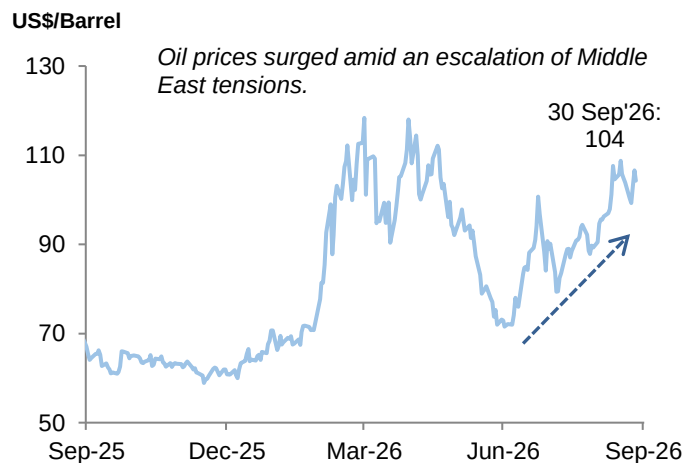
Quarterly MYR Movement vs Selected Currencies

	2Q 2026 % change#	3Q 2026 % change#	MYR per currency*
Euro	-0.4	+0.5	4.64
U.S. Dollar	-0.8	+0.1	4.08
Pound Sterling	-1.2	-0.3	5.42
Chinese Yuan	-2.6	-1.1	0.61
Australian Dollar	-1.4	-1.1	2.85
Singapore Dollar	-0.6	-1.2	3.20
100 Japanese Yen	+0.7	-3.1	2.60

Note: * Data as at 30 September 2026
Change indicates the Ringgit's movement vs foreign currencies
Source: Bloomberg

- The Ringgit edged higher by 0.1% against the U.S. Dollar (US\$) in 3Q 2026.
- The Ringgit eased against most other currencies, with declines ranging between 0.3% and 3.1%.

Brent Crude Oil Price



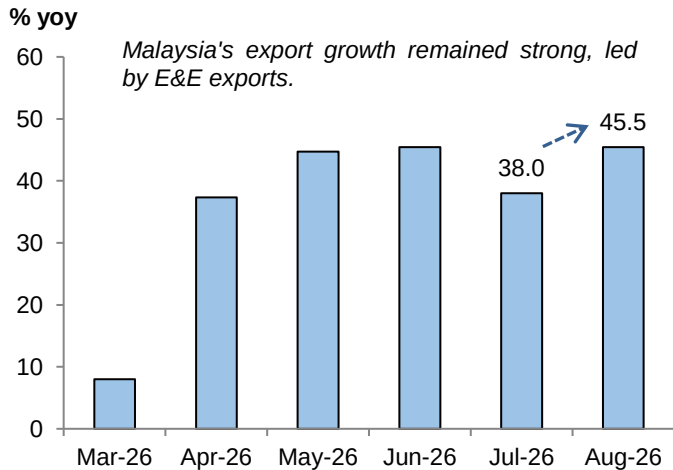
Source: Bloomberg

- The price of Brent crude oil surged by 42% to US\$104 per barrel in 3Q 2026 amid an escalation of Middle East tensions.

Outlook

Malaysia

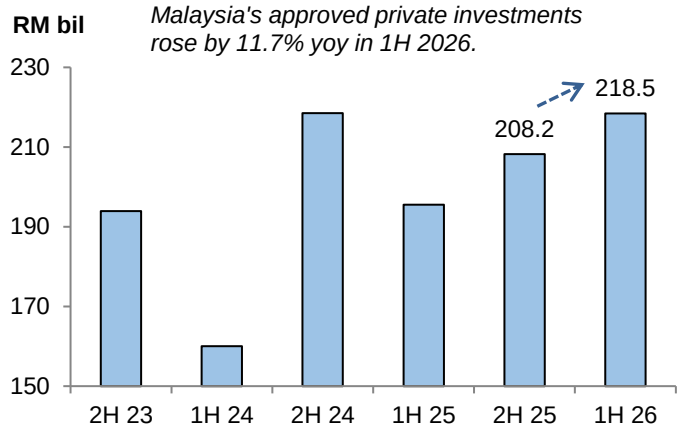
Malaysia's Export Growth



Source: Department of Statistics Malaysia (DOSM)

- Malaysia's export growth surged to 45.5% yoy in August 2026, driven by stronger exports of electrical & electronic (E&E) products.

Malaysia's Approved Private Investments



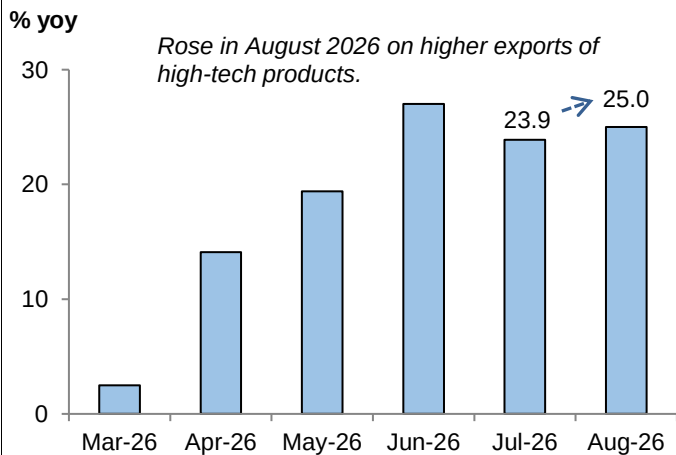
Source: Malaysian Investment Development Authority (MIDA)

- Malaysia's approved private investments rose by 11.7% yoy in 1H 2026, driven largely by digital infrastructure projects such as data centers and cloud services.

- Bank Negara Malaysia may maintain the Overnight Policy Rate (OPR) at 2.75% at the upcoming November 2026 monetary policy meeting, according to most market estimates. However, the OPR may be raised in 2027 should the U.S.-Malaysia interest rate differential widens further.

Regional

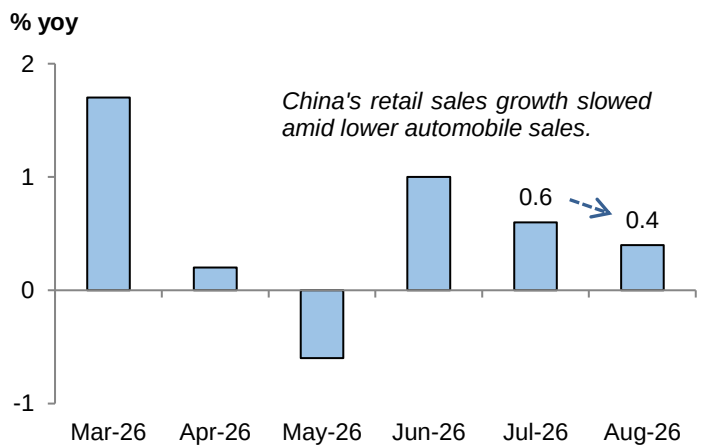
China's Monthly Export Growth



Source: Bloomberg

- China's export growth rose to 25.0% yoy in August 2026 on higher exports of high-tech products (computer-related products & parts) and integrated circuits.

China's Retail Sales Growth



Source: Bloomberg

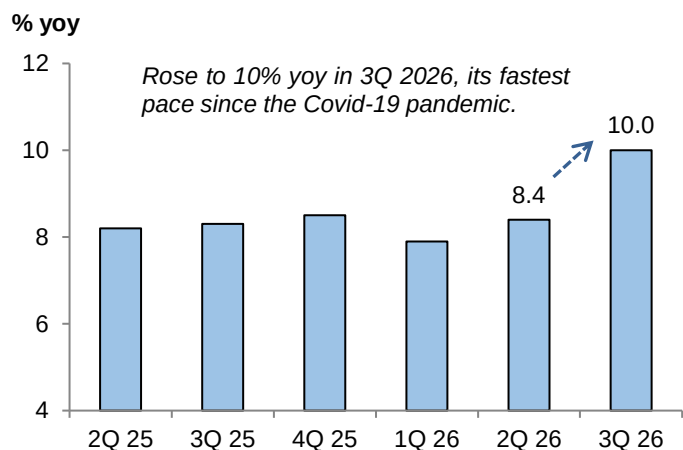
- China's retail sales growth slowed to 0.4% yoy in August 2026, mainly due to a decline in automobile sales.

- Investors will closely watch the upcoming fifth plenary session of China's 20th Central Committee in late October 2026 for policy signals to bolster domestic demand.
- The long-term growth outlook for the technology sector in Taiwan and South Korea is underpinned by global demand for advanced semiconductors used in AI and high-performance computing applications.

Outlook

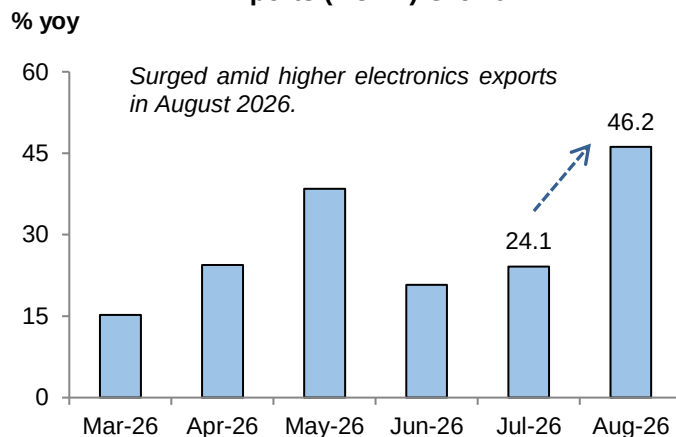
ASEAN

Vietnam's Quarterly Real GDP Growth



Source: General Statistics Office of Vietnam

Singapore's Non-Oil Domestic Exports (NODX) Growth



Source: Bloomberg

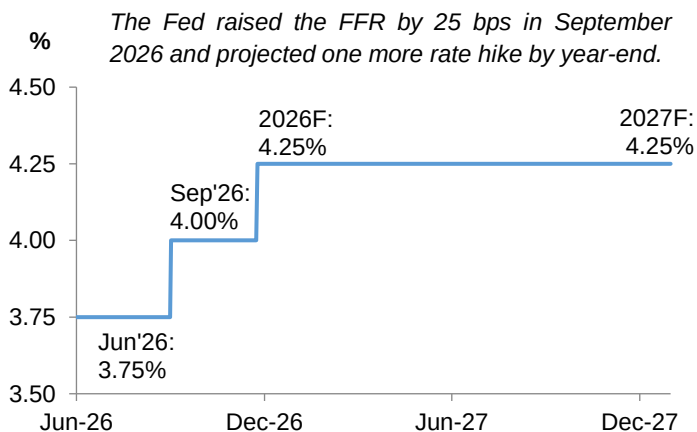
- Vietnam recorded its fastest quarterly economic growth since the Covid-19 pandemic, with its real GDP expanding by 10% yoy in 3Q 2026, driven by higher exports and investment spending.

- Singapore's NODX growth surged to 46.2% yoy in August 2026, mainly due to higher electronics exports.

- The ASEAN economies are projected to grow by between 1.9% and 7.6% yoy in 2026, based on consensus estimates. The growth is generally supported by resilient domestic demand, higher electronics exports and capital investments.

U.S.

Federal Funds Rate (FFR) (Upper Bound)



Source: Fed projections at the September 2026 meeting

Fed's 2026 U.S. Economic Projections

	Median	
	Jun-26	Sep-26
Real GDP (% yoy)	2.2	2.3
Unemployment rate (%)	4.3	4.1
PCE* inflation (% yoy)	3.6	3.7
Core PCE inflation (% yoy)	3.3	3.4
FFR at end-2026 (%)	3.80	4.10

Source: Fed projections at the September 2026 meeting
*Personal Consumption Expenditures (PCE) Price Index

- The Fed raised the FFR by 25 bps to a target range of 3.75%-4.00% at the Federal Open Market Committee meeting in September 2026, marking its first rate hike in over three years.

- The Fed raised its forecasts for the U.S.' real GDP growth to 2.3% yoy for 2026 and 2.4% yoy for 2027.
- The Fed also raised its forecast for the U.S.' 2026 core PCE inflation rate to 3.4% yoy from its previous estimate of 3.3% yoy.

- The Fed highlighted resilient U.S. economic conditions and reaffirmed its commitment to delivering price stability. The Fed's median projection points to another 25-bp hike by end-2026 to curb persistent inflationary pressures.

Note: Q = Quarter

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