

Market Review and Outlook

November 2025

Market Review

The MSCI World Index remained flattish in November 2025, inching slightly by +0.18% mom. The US' Dow Jones Index and its broader S&P500 indices rose by +0.32% and +0.13% mom, respectively. After a sharp mid-month decline, global and US equities ended the month roughly flat as sentiment swung between strong earnings and rising skepticism about the durability of the AI-driven rally. Despite Nvidia's record results, investors are now seeking clearer proof that the massive AI capex cycle across data centres, chips, robotics, and cloud infrastructure can generate sustainable long-term returns. Meanwhile, the S&P Global US Composite Purchasing Managers Index (PMI) rose to 54.6 in October 2025 from 53.9 in September.

Europe's Stoxx 50 Index moved in a similar trend, edging up just +0.11% mom in November. Eurozone data for October were slightly mixed, with the HCOB Manufacturing PMI improving to 50.0 from 49.8 in September. The unemployment rate ticked up to 6.4% compared with 6.3% in the previous month, while Core CPI held steady at 2.4% YoY (September: 2.4%), slightly above the 2.3% forecast.

In China, the Shanghai Composite Index fell 1.67% mom in November, ending a six-month streak of gains. The decline was driven in part by a sell-off in tech and semiconductor stocks following news of potential U.S. approval for Nvidia H200 chip sales, which raised concerns for domestic chip makers, alongside broad risk-off sentiment amid global tech weakness. CPI rose to +0.2% YoY in October, up from -0.3% YoY in September, while China's Manufacturing PMI improved to 49.2 in November from 49.0 in October.

During the month under review, Brent crude oil fell 2.9% mom to USD63.20/bbl. OPEC+ forecasted that global oil supply would roughly match demand in 2026, a shift from prior forecasts of a supply deficit, and also paused further production increases, signaling caution amid potential oversupply concerns. Similarly, crude palm oil (CPO) price slipped 2.1% mom to RM4099/MT as Malaysian palm oil stocks rose to a six-year high, with inventories increasing 10% mom to 2.71 MT, the highest since April 2019 and 47% above last year. Additionally, exports also weakened in the month.

On the ASEAN front, the Stock Exchange of Thailand declined 4.0% mom in November, largely due to Thailand's slower economic growth of +1.2% yoy in 3Q25, down from +2.8% yoy in 2Q25. The slowdown was driven by weaker exports and tourism, reduced government consumption and investment, and a stronger baht, which weighed on sales revenues across nearly all sectors. Investor sentiment was further dampened by unexpected flooding in Southern Thailand. Moving onto Indonesia, the Jakarta Composite Index rose +4.2% mom in November. The rally in November 2025 was largely driven by strong gains in conglomerate, energy, and telecommunications stocks. In November 2025, foreign investors were net buyers, accumulating IDR 12.20 trillion in Indonesian equities. As for Malaysia, the FBMKLCI slipped slightly by 0.29% mom. In line with global equity trends, the lack of fresh domestic catalysts, coupled with lackluster performance in the US markets kept sentiment muted, leaving the index range-bound and investors trading cautiously. Lastly, Singapore's Straits Times Index rose +2.2% mom, reaching a new high of 4,575.91 on 13 November. This was supported by SGX and MAS reforms, which includes the introduction of a dual-listing bridge with Nasdaq which boosted investor sentiment. Meanwhile, its October Non – Oil Domestic Exports (NODX) grew by +22.2% YoY, exceeding survey of +7.5% yoy.

In November, US Treasury (UST) yields lowered by 1 – 9 bps mom across the 3yr – 20yr tenors while the 30yr tenor rose minimally by 1 bp as the delayed release of September's jobs report revealed unexpectedly higher unemployment rate, which increased to 4.4% (Survey and August: 4.3%), marking the highest level since October 2021 even though jobs growth was higher – than – expected at +119k mom (Survey: +51k mom, August revised: -4k mom). In addition, the delayed release of September's retail sales rose modestly by +0.2% mom (Survey: +0.4% mom, August: +0.6% mom) primarily due to reduced spending in discretionary categories like electronics, clothing, and sporting goods. Fed fund futures as of end – November indicated a higher implied rate cut of 21 bps in December, up from 17 bps as of end – October.

The movement of Malaysian Government Securities (MGS) yields was mixed, with the 3yr, 10yr, 20yr and 30yr tenors lowered by 4 – 11 bps mom, while the 7yr tenor rose slightly by 1 bp amidst greater market activity which coincided with a strong performance of the Malaysian Ringgit, which strengthened to RM4.1325 per USD as of end – November from RM4.1895 per USD as of end – October, alongside a lower – than – expected CPI. The 5yr and 15yr MGS remained unchanged at 3.25% and 3.74% respectively. During the final Monetary Policy Committee (MPC) meeting of 2025 held in November, Bank Negara

Malaysia (BNM) kept the Overnight Policy Rate (OPR) unchanged at 2.75% and reiterated that the current monetary policy stance to be appropriate and supportive of the economy amid price stability. Meanwhile, October's CPI moderated to +1.3% yoy (Survey and September: +1.5% yoy), largely attributable to slower price increases in food and housing – related costs.

Foreign funds net bought Ringgit bond holdings in November with net inflows of RM6.1b (October: net inflows of RM4.4b). The foreign share of both MGS and MGS+MGII rose to 33.9% (October: 33.3%) and 21.4% (October: 21.3%) respectively. Malaysia's foreign reserves expanded by USD0.3b to USD124.1b as of end – November (October: USD123.8b).

Market Outlook

On the global front, investors are closely watching the tech and AI sectors amidst growing concerns of an “AI bubble,” as lofty valuations and heightened expectations for AI-driven returns raise the risk of a market correction. Locally, investors are closely watching the ringgit's strength, export demand for electronics and commodities, and monitoring on-going government and central bank policies.

Amidst the volatility currently permeating markets, we remain cautious and adhere to our dogma of investing in fundamentally good investments over long – term investment horizons. As always, we will seek opportunities to engage in trading activities to capitalize on any prevailing market volatility. Nevertheless, we will keep constant watch over any potential geopolitical and other risks that may necessitate gravitation towards new strategies to adjust to the ever-volatile market conditions.

In the US, dovish remarks from Fed officials Williams and Waller reignited expectations of a rate cut in December FOMC. This recent shift in sentiments compared to no rate cut a month ago has been reinforced by a series of softer economic indicators, including a moderation in September retail sales growth, a sharp decline in the November Consumer Confidence Index, and rising unemployment rate.

Locally, at the recent November MPC, BNM noted that Malaysia's 3Q25 economic growth enjoyed sustained domestic demand, resilient electrical and electronics (E&E) exports, and a recovery in commodity production. It further highlighted that resilient domestic demand would continue to support growth in 2026. Whilst the domestic economy appeared to exude a degree of strength, bond markets could continue to experience bouts of volatility owing to the ongoing trade tariff uncertainties as well as the tentative pace of the US rate cut trajectory. To that end, BNM also stated that they would continue to monitor ongoing developments and assess the balance of risks surrounding the outlook for domestic growth and inflation. We would selectively accumulate bonds at reasonable valuations while prioritizing good quality names.

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