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MARKET REVIEW

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North Asian Semiconductor Stocks Rallied in February 2026

- **What happened:** The S&P 500 Index eased in February 2026 amid tariff uncertainties following the U.S. Supreme Court's ruling that tariffs imposed under the International Emergency Economic Powers Act (IEEPA) were not legal. Meanwhile, the Ringgit-based returns on U.S. Dollar (US\$)-denominated investments were dampened by the greenback's continued weakness during the month.
- Regional equity markets traded mixed in February 2026, with the South Korea and Taiwan markets rising to new highs, driven by gains in selected semiconductor stocks amid robust demand for advanced memory chips. On the other hand, the Chinese markets declined on selected profit-taking activities following the release of data indicating China's softer-than-expected manufacturing activities for January 2026.
- The ASEAN equity markets generally rose for a fifth consecutive month, led by strength in the Thailand market following the appointment of a new Prime Minister and the Thai central bank's interest rate cut. On the local front, the FBM KLCI traded lower amid profit-taking activities in the financial, telecommunications and utilities sectors.
- **What's next:** Looking ahead, investors will closely monitor U.S. trade policies and the economic impact of geopolitical developments in the Middle East. Markets may experience volatility in the near term due to higher oil prices as a result of disruptions in the global oil supply chain.
- Several countries have the fiscal and/or monetary policy tools to support their domestic economies. These could be in the form of additional fiscal spending, liquidity injections and/or interest rate cuts.
- Equity investors should adopt a long-term perspective and practise Ringgit-unit cost averaging to potentially benefit from a rebound in the markets when the Middle East tensions subside.

Comparison of Stock Markets' Performances

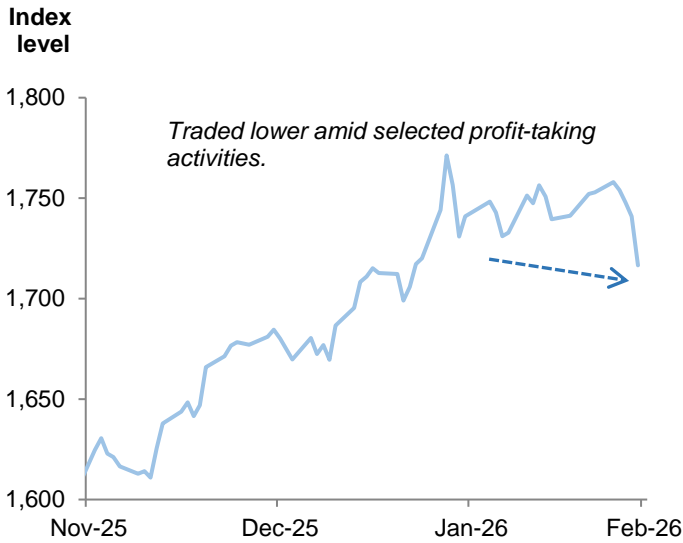
Countries	Index	Index Level (in LC) As at 27 February 2026	Performance (in Ringgit terms, %)						
			Jan'26	Feb'26	YTD	1-Year	3-Year	5-Year	10-Year
Malaysia	FBM EMAS Shariah	12,218	1.5	-0.5	1.0	7.1	13.1	-5.9	-0.3
	FBM KLCI	1,717	3.6	-1.4	2.2	9.0	18.0	8.8	3.7
	FBM Small Cap	15,763	1.5	-1.5	-0.1	-1.0	2.1	-3.8	4.3
Regional									
South Korea	Korea Composite	6,244	20.3	18.5	42.6	118.1	105.7	56.2	160.2
Taiwan	Taiwan Stock Exchange Weighted	35,414 [^]	7.5	9.6	17.9	41.3	95.1	90.3	314.2
Japan	Tokyo Stock Price	3,939	3.2	7.8	11.3	23.5	49.3	38.8	103.8
China	Shanghai SE Composite	4,163	1.4	1.0	2.5	16.0	11.4	7.6	37.3
India	S&P BSE SENSEX	81,287	-7.9	-1.8	-9.6	-6.9	8.7	29.2	145.8
China / Hong Kong	Hang Seng	26,631	3.6	-4.2	-0.8	0.7	17.3	-12.4	28.5
	Hang Seng China Enterprises	8,859	1.3	-6.3	-5.1	-8.7	17.3	-24.9	3.2
ASEAN									
Thailand	Stock Exchange of Thailand	1,528	2.2	15.5	18.0	22.1	-7.4	-4.3	22.1
Singapore	Straits Times	4,995	3.9	1.0	4.9	19.5	41.5	71.6	93.3
Vietnam	VN30	2,062	-1.5	-0.2	-1.7	30.1	61.0	49.2	186.9
Indonesia	Jakarta SE Composite	8,235	-6.4	-2.6	-8.8	12.8	-5.1	8.4	27.2
Other Developed Markets									
Australia	S&P/ASX 200	9,199	3.4	4.4	8.0	12.6	16.0	22.1	74.1
E.U.	STOXX Europe 50	5,294	1.7	2.2	4.0	10.3	31.5	59.4	90.8
U.S.	S&P 500	6,879	-1.4	-2.2	-3.6	0.8	50.4	73.5	230.4
	NASDAQ Composite	22,668	-1.8	-4.7	-6.4	4.9	71.8	65.2	361.5

Source: Bloomberg Data as at 27 February 2026 LC – Local currency [^]As at 26 February 2026

Update on Equity Markets

Malaysia

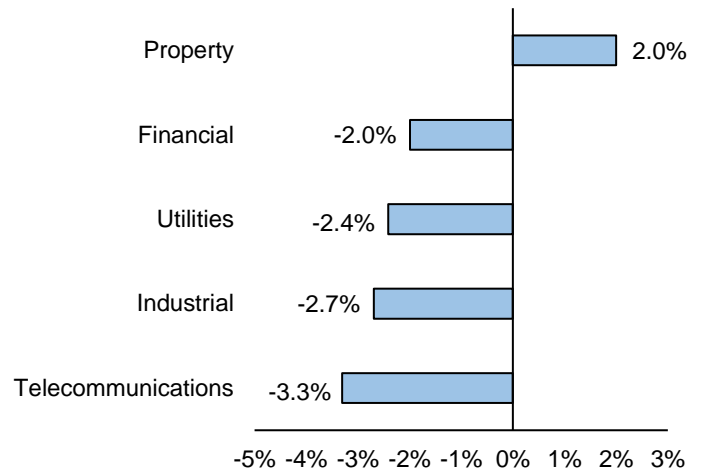
FBM KLCI



Source: Bloomberg

- After rallying by 8.5% over the last two months, the FBM KLCI traded lower in February 2026 amid selected profit-taking activities.

Top sector movers in Malaysia (February 2026)

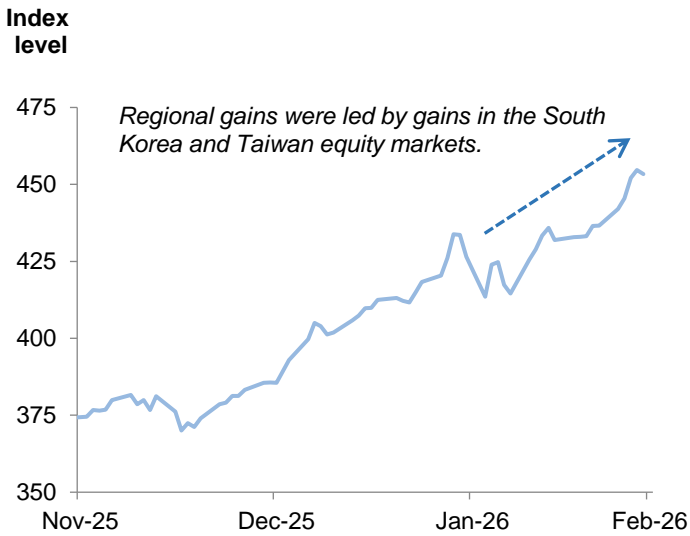


Source: Bloomberg

- The FBM KLCI's decline was led by the financial, telecommunications and utilities sectors.

Regional

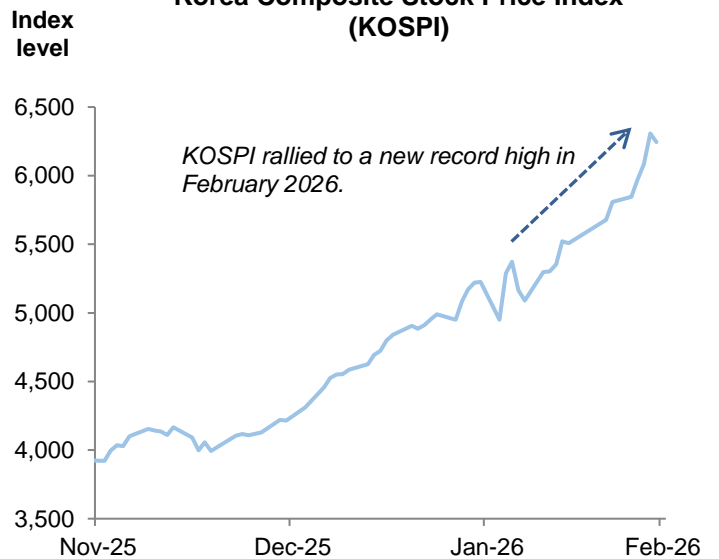
S&P Pan Asia Ex-JP, AU, NZ, IN Index*



* S&P Pan Asia Ex-Japan, Australia, New Zealand and India
Source: S&P Dow Jones Indices, LLC

- The S&P Pan Asia Index rose to a new high in February 2026, led by gains in the South Korea and Taiwan equity markets.

Korea Composite Stock Price Index (KOSPI)

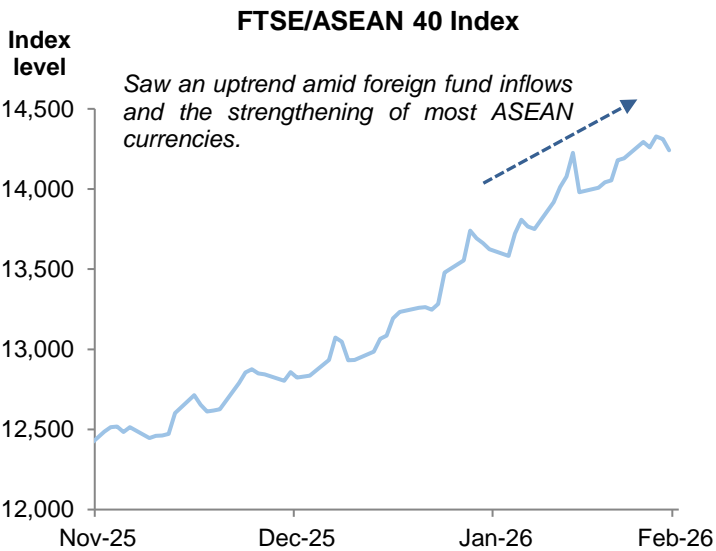


Source: Bloomberg

- South Korea's KOSPI rallied to a new record high, driven by gains in selected semiconductor stocks amid robust demand for advanced memory chips.

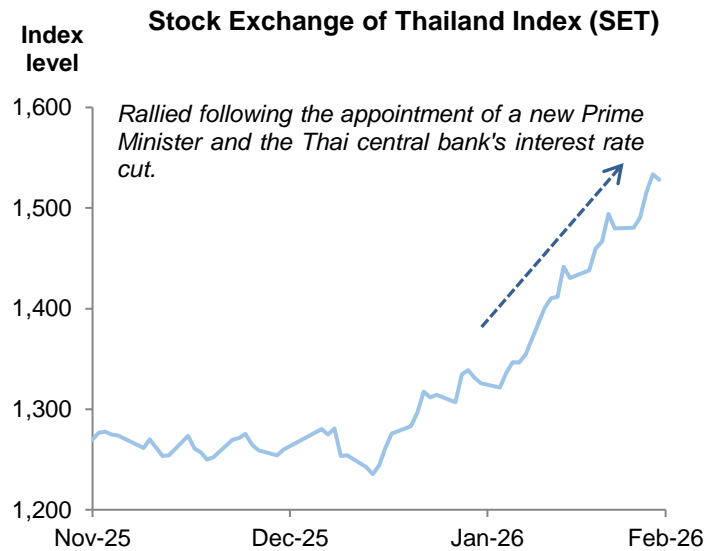
Update on Equity Markets

ASEAN



Source: Bloomberg

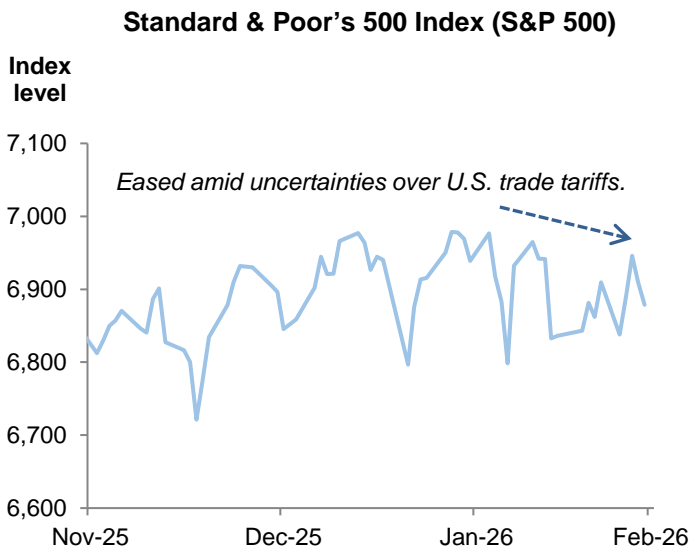
- The ASEAN equity markets, as proxied by the FTSE/ASEAN 40 Index, saw an uptrend amid foreign fund inflows and the strengthening of most ASEAN currencies against the US\$.



Source: Bloomberg

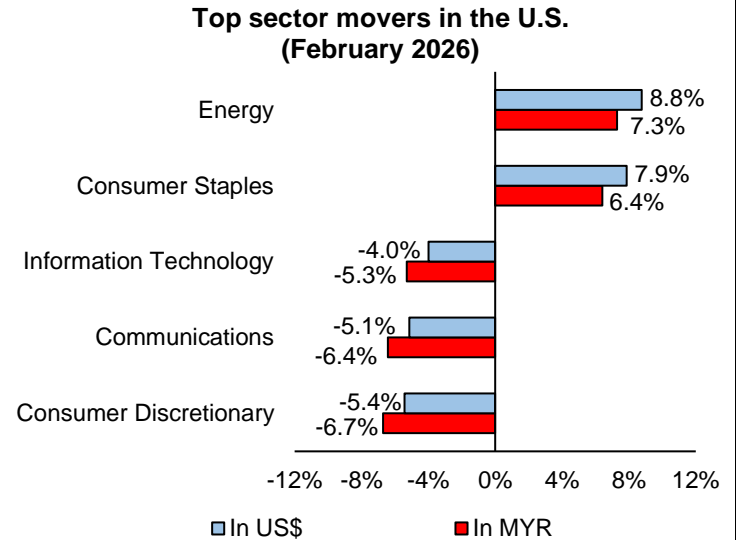
- Thailand's stock market rallied in February 2026 following the appointment of a new Prime Minister and the Thai central bank's interest rate cut.

United States (U.S.)



Source: Bloomberg

- The S&P 500 Index eased in February 2026 amid tariff uncertainties following the U.S. Supreme Court's ruling that tariffs imposed under the IEEPA were not legal.
- The Ringgit-based returns on US\$-denominated investments were dampened by the continued weakness of the US\$ during the month.



Source: Bloomberg

- The U.S. market was mainly weighed down by profit-taking activities in the information technology, communications and consumer discretionary sectors.
- On the other hand, the defensive consumer staples sector traded higher amid geopolitical uncertainties, while the energy sector posted gains in tandem with higher crude oil prices.

Update on Bond & Currency Markets

Bonds

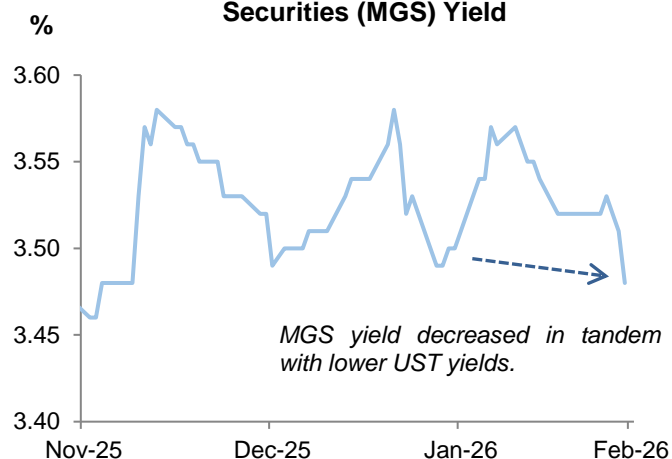
Monthly Bond Yield Movement

Tenure	January 2026 (%)	February 2026 (%)	Change* (bps)
3-Year Bonds			
U.S. Treasury Bond	3.59	3.38	-21
MGS	3.00	3.03	+3
10-Year Bonds			
U.S. Treasury Bond	4.24	3.94	-30
MGS	3.50	3.48	-2

Note: As at 27 February 2026 * In basis points (bps)
Source: Bloomberg, Bank Negara Malaysia (BNM)

- The 3-year and 10-year U.S. Treasury (UST) yields ended the month lower by 21 and 30 basis points (bps) respectively on benign U.S. inflation, tariff uncertainties and safe-haven demand.

10-Year Malaysian Government Securities (MGS) Yield



Source: BNM

- The 10-year MGS yield eased by 2 bps to 3.48% in tandem with lower UST yields.

Currencies

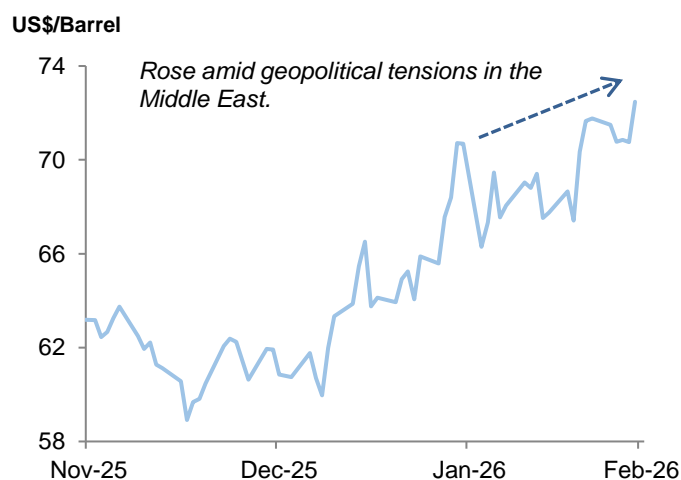
Monthly MYR Movement vs Selected Currencies

	January 2026 % change#	February 2026 % change#	MYR per currency*
Pound Sterling	+0.5	+3.4	5.25
100 Japanese Yen	+1.2	+2.6	2.50
Euro	+1.3	+2.4	4.59
U.S. Dollar	+2.9	+1.3	3.89
Singapore Dollar	+1.4	+1.2	3.08
Chinese Yuan	+2.4	-0.01	0.57
Australian Dollar	-1.8	-0.2	2.77

Note: * Data as at 27 February 2026
Change indicates the Ringgit's movement vs foreign currencies
Source: Bloomberg

- The Ringgit appreciated against the US\$ in February 2026 on the back of foreign portfolio inflows and rising crude oil prices.
- The Ringgit also strengthened against most other currencies, with gains ranging between 1.2% and 3.4%.

Brent Crude Oil Price



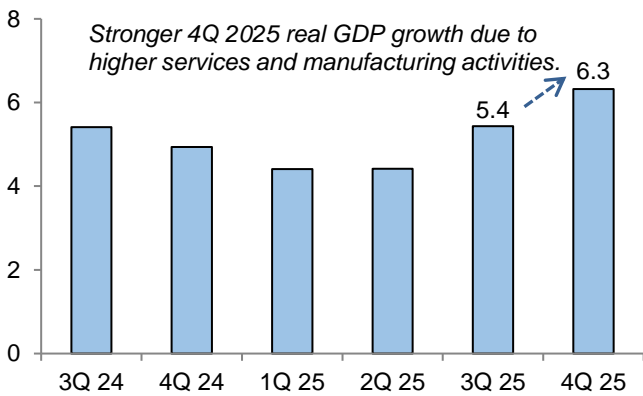
Source: Bloomberg

- The price of Brent crude oil rose by 2.5% to US\$72.5 per barrel in February 2026 amid geopolitical tensions in the Middle East.

Outlook

Malaysia

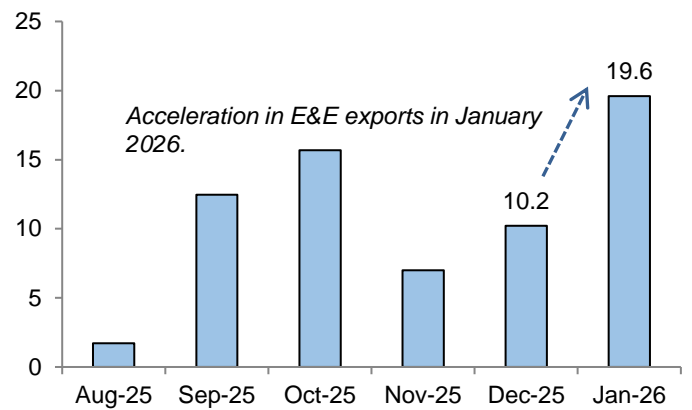
YoY % Malaysia's Quarterly Real GDP Growth



Source: Department of Statistics Malaysia (DOSM)

- Malaysia's real gross domestic product (GDP) growth grew by 6.3% in 4Q 2025 due to growth in the services and manufacturing sectors, which gained pace to 6.3% and 6.1% respectively over the same period.
- For the full year of 2025, the Malaysian economy expanded by 5.2% compared to 5.1% in 2024.

YoY % Malaysia's Export Growth



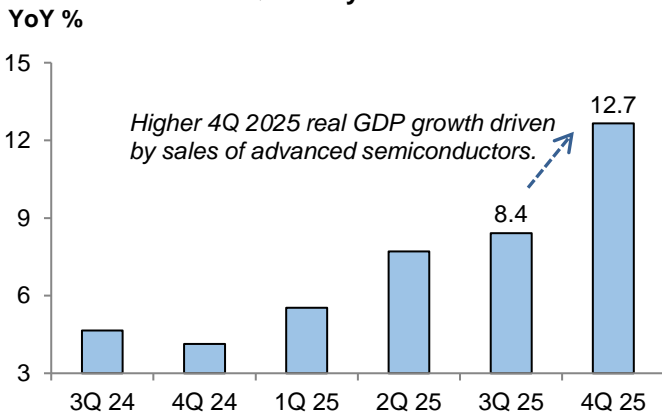
Source: DOSM

- Malaysia's export growth rose to 19.6% in January 2026 amid an acceleration in electrical & electronics (E&E) exports.
- With expertise in back-end services, particularly outsourced semiconductor assembly and testing, Malaysia's E&E exports stand to benefit from strong demand for AI-related semiconductors.

- The Ministry of Finance forecasts Malaysia's real GDP to expand by between 4.0% and 4.5% in 2026, supported by resilient domestic consumption and continued investment spending.

Regional

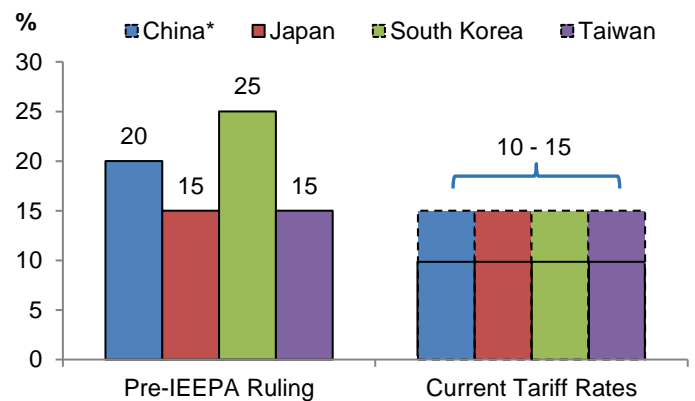
YoY % Taiwan's Quarterly Real GDP Growth



Source: Bloomberg

- Taiwan's real GDP growth accelerated to 12.7% in 4Q 2025, due to a 38.8% surge in exports driven by sales of advanced semiconductors for AI applications. For 2025, the Taiwan economy expanded by 8.7%.
- Taiwan's economy is envisaged to grow by 4.6% in 2026, based on market estimates.

U.S. Tariff Rates Post-Supreme Court Ruling



Source: U.S. White House *Excluding the pre-2025 tariffs

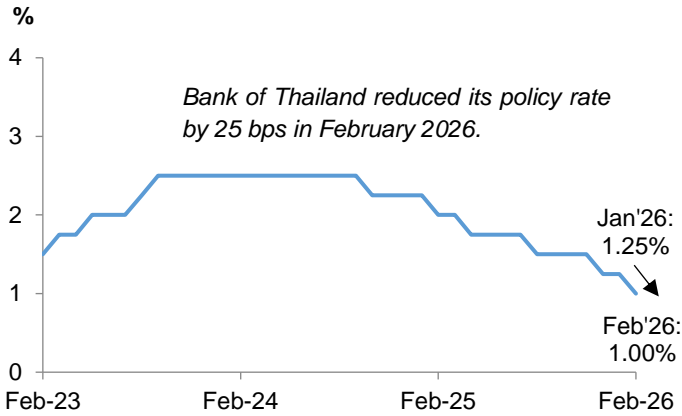
- Following the U.S. Supreme Court's reversal of the tariffs imposed under the IEEPA, the Trump administration imposed a temporary 10% - 15% tariff under the U.S. Trade Act, with permanent tariffs to be imposed after completing the formal investigation process.

- China's economic momentum will depend on the effectiveness of government policies in revitalising domestic consumer demand and accelerating investments in emerging technologies.
- South Korea and Taiwan continue to be the primary beneficiaries of the global AI boom, driven by sustained demand for advanced semiconductor chips vital for AI and high-performance computing.

Outlook

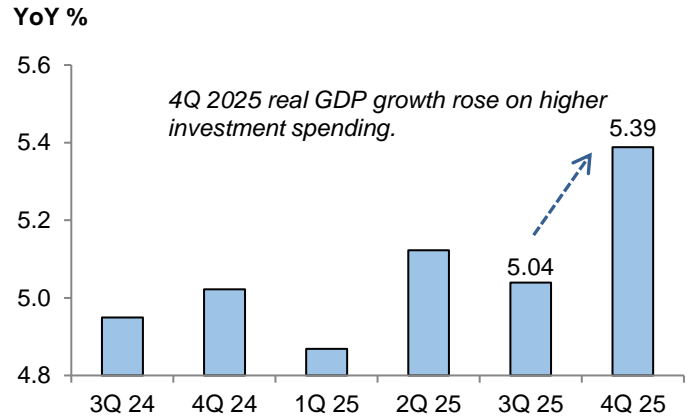
ASEAN

Thailand's 1-day Repurchase Rate



Source: Bank of Thailand

Indonesia's Quarterly Real GDP Growth



Source: Bloomberg

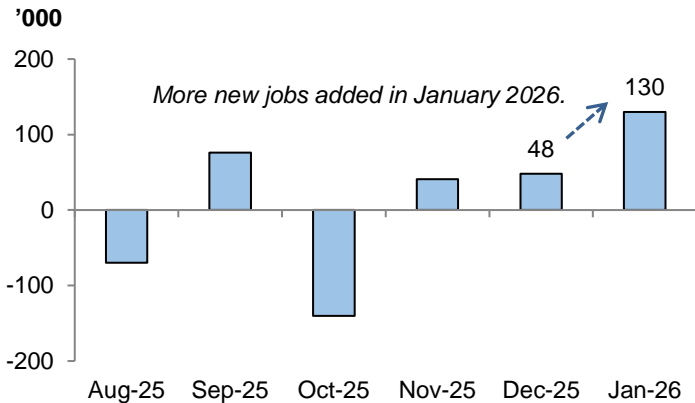
- The Bank of Thailand reduced its policy rate by 25 bps to 1.00% at its monetary policy meeting on 25 February 2026 to support the domestic economic recovery and to alleviate household debt service costs.
- Thailand's economy is anticipated to grow by 1.8% in 2026 (2025: 3.1%), based on market estimates.

- Indonesia's real GDP growth rose to 5.4% in 4Q 2025 on higher investment spending. For the full year of 2025, Indonesia's economy grew by 5.1% (2024: 5.0%).
- Indonesia's economy may expand at a similar rate of around 5.1% in 2026, according to market estimates.

- Looking ahead, ASEAN's economic growth prospects are generally underpinned by resilient domestic demand, tourism activities, and inflows of foreign direct investment. Selected ASEAN nations also have the policy space to implement further stimulus measures to offset any potential softening in external demand.

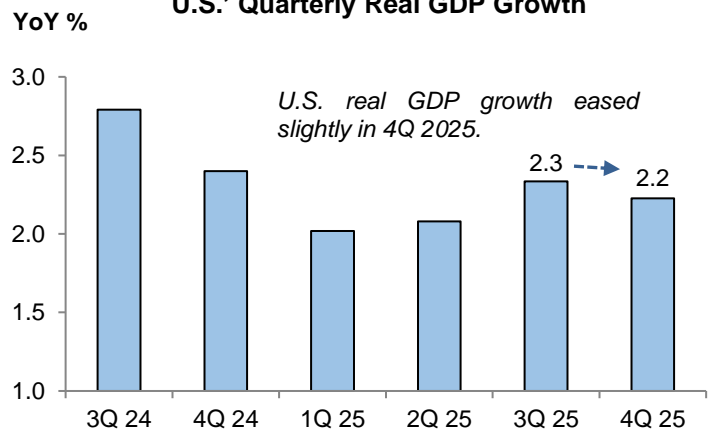
United States

U.S.' Non-Farm Payrolls



Source: Bloomberg

U.S.' Quarterly Real GDP Growth



Source: Bloomberg

- The U.S.' non-farm payrolls rose by a higher-than-expected 130,000 jobs in January 2026 on the back of increased hiring in the education and healthcare sectors.
- However, jobs added in 2025 were revised downward to 181,000 from the previously estimated 584,000 jobs.
- The U.S.' unemployment rate improved to 4.3% in January 2026 from 4.4% in December 2025.

- The U.S.' real GDP growth eased to 2.2% in 4Q 2025 due to slower consumer spending and lower government expenditure. For the full year of 2025, the U.S.' economy grew by 2.2% (2024: 2.8%).
- The U.S. economy is projected to grow by 2.3% for the full year of 2026, based on the Fed's economic projections in December 2025.

- Investors will closely monitor U.S. trade policies and the economic impact of geopolitical developments in the Middle East. Markets may experience volatility in the near term due to higher oil prices as a result of disruptions in the global oil supply chain.

Note: Q = Quarter

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