28 November 2025

# Weekly Market Recap

Principal®
In alliance with CIMB

## Market Data

| Asset Class | Currency | 1-wk | 1-mth | YTD | 2024 |
|---|---|---|---|---|---|
| **Equities** | | | | | |
| MSCI World | USD | 3.7% | -0.6% | 18.7% | 17.0% |
| S&P 500 | USD | 3.7% | -0.6% | 16.5% | 23.3% |
| Nasdaq | USD | 4.9% | -2.2% | 21.1% | 24.9% |
| Russell 2000 | USD | 5.5% | -0.2% | 12.1% | 10.0% |
| Stoxx 600-Europe | EUR | 2.6% | 0.2% | 13.7% | 6.0% |
| Nikkei 225 | JPY | 3.3% | 0.1% | 25.8% | 19.1% |
| MSCI Asia Pac ex-Japan | USD | 2.7% | -3.3% | 23.6% | 7.6% |
| ASEAN | USD | 1.5% | -0.3% | 10.1% | 7.7% |
| Shanghai Shenzhen CSI 300 Index | CNY | 1.5% | -3.6% | 15.0% | 14.7% |
| Hang Seng Index | HKD | 2.5% | -1.8% | 29.1% | 17.5% |
| Shanghai Stock Exchange Composite Index | CNY | 1.4% | -2.5% | 16.0% | 12.7% |
| FBMKLCI | MYR | -0.8% | -0.7% | -2.4% | 12.8% |
| **Fixed Income** | | | | | |
| Bberg Barclays Global Agg Index | USD | 0.7% | -0.6% | 7.9% | -1.7% |
| JPM Asia Credit Index-Core | USD | 0.2% | -0.1% | 8.7% | 6.0% |
| Asia Dollar Index | USD | 0.5% | -0.4% | 2.4% | -4.1% |

| Top Performing Principal Funds | 1-mth as of (30 October 2025) | YTD as of (30 October 2025) |
|---|---|---|
| **Equities** | | |
| Principal Biotechnology Discovery USD | 12.53 | 37.62 |
| Principal Islamic Asia Pacific Dynamic Equity MYR | 9.87 | 17.97 |
| Principal DALI Global Equity MYR | 9.60 | 20.56 |
| **Balanced** | | |
| Principal Asia Pacific Dynamic Mixed Asset MYR | 4.20 | 12.30 |
| Principal Heritage Balanced MYR Hedged | 3.56 | 13.24 |
| Principal Emerging Markets Multi Asset USD | 3.43 | 21.93 |
| **Fixed Income** | | |
| Principal Islamic Global Sukuk USD | 0.50 | 5.34 |
| Principal Lifetime Bond | 0.33 | 4.62 |
| Principal Deposit | 0.27 | 2.94 |

Source: Bloomberg, market data is as of 28 November 2025.
*As we emphasise a long-term focus, the top performing funds were selected based on monthly performance.
*The numbers may show as negative if there is no positive return for the period under review.
The fund performance was referenced from the daily performance report, data was extracted from Lipper.
The performance figures are based on the fund's respective currency class.
*Past performance is not an indication of future performance.

## Market Review [1]

1. This week, global financial markets were largely positive. In developed markets, the United States led the gains, followed by Japan and Europe.

2. Across Asia, markets exhibited positive performances. The Taiwan region led the gains, followed by the onshore and offshore markets in China. Meanwhile, in Malaysia, the FBMKLCI ended the week with a marginal decline.

3. In the bond market, the yield on the 10-year US Treasury remained in the 4.02% range as investors look ahead to next week's release of the personal consumption expenditures index, which will offer key insights ahead of the Federal Reserve's interest rate decision at its December meeting. (It's worth noting that bond prices move inversely to bond yields)

## Macro Factors

1. In the United States, markets are now looking at an 85% chance of a 25 basis point cut in December, a sharp jump from about 30% a week ago. Three additional cuts are also being priced in by the end of 2026. Those expectations strengthened after reports that White House National Economic Council Director Kevin Hassett is the leading contender for the next Fed chair, a choice investors view as aligned with President Donald Trump's preference for lower rates. Meanwhile, latest data showed initial jobless claims unexpectedly declined and durable goods orders beat forecasts.[2]

2. In Europe, the HCOB Eurozone Composite PMI came in at 52.4 in November 2025, just below October's 52.5 and broadly in line with market expectations, preliminary data showed. Growth continued to be driven by the services sector, while manufacturing activity expanded only marginally. On the monetary policy front, ECB policymakers agreed that keeping interest rates unchanged remained appropriate amid elevated uncertainty, with some members even suggesting that no additional easing may be necessary, according to the minutes of the October 29–30 meeting. [3]

3. In China, property market is bracing for a worsening crisis at state-backed China Vanke Co, as the builder struggles to convince investors it can avoid default in the months ahead without clearer signs of government support. On macro, FDI fell by 10.3% to CNY 621.93 billion on the year to October of 2025, extending the two-and-a-half-year ongoing streak of contractions, albeit at the softest magnitude since December of 2023. Meanwhile, investors are looking ahead to the upcoming Politburo meeting and the Central Economic Work Conference (CEWC) in December for possible insights into next year's economic strategy and policy direction. [4]

4. In Malaysia, Johor is emerging as a regional data centre hub, is raising the bar for new projects as authorities seek to curb the heavy water use that's straining local supplies. The government will stop approving applications for lower tier centres that have more basic infrastructure as they could use as much as 50mn litres of water a day, which could strain local water supplies. On macro, producer prices fell 0.1% year-on-year in October 2025, easing from a 0.8% decline in the previous month and marking the mildest drop in an eight-month streak of decreases. [5]

## Investment Strategy [6]

With more policy easing expected, investors should ensure appropriate exposure aligned with their financial plans. We anticipate the US central bank will cut rates twice by early 2026, creating a favourable environment for equities and quality bonds.

Historically, US stocks perform well during Fed rate cuts when the economy avoids recession, supported by fiscal measures and strong balance sheets, while tariff impacts fade. Falling yields also boost capital gains for quality bonds, offering attractive risk-reward and steady income amid slowing growth.

Investors are advised to keep sight of longer-term investing principles that can boost risk-adjusted rates of return **through *portfolio diversification*** and **a phased- in strategy.** This can help to manage the risk of poor timing, reduce the influence of emotion, and provide more opportunities to benefit from market dips and rebounds. Our strategy emphasized focusing on companies that demonstrate the attributes of **quality growth, with earnings that are more domestically focused.** Additionally**, quality bonds have historically offered portfolio stability,** especially in times of uncertainty.

Sources:

[1] Bloomberg, 28 November 2025
[2] Bloomberg, Bureau of Labor Statistics (BLS), ISM, S&P Global, US Federal Board, 28 November 2025
[3] S&P Global, ECB, Factset, Bank of England (BoE), 28 November 2025
[4] Bloomberg, National Bureau of Statistic China, CEWC, 28 November 2025
[5] Department of Statistic Malaysia, S&P Global, 28 November 2025
[6] Principal view, 28 November 2025

*SEZ refers to Special Economic Zone
*PMI refers to Purchasing Manufacturing Index
*HCOB refers to Hamburg Commercial Bank
*NBS PMI refers to official data released by National Bureau of Statis in China
*Caixin PMI refers to data published by Caixin Media and ISH Markit. It provides alternative gauge focusing on smaller and medium-sized enterprises.
*ECB refers to European Central Bank
*PBOC refers to People's Bank of China
*PCE refers to Personal Consumption Expenditure
*FOMC: Federal Open Market Committee
*y-o-y refers to year on year
*m-o-m refers to month on month
*UST refers to United States Treasury
*BNM refers to Bank Negara Malaysia
* Caixin decided to end its title sponsorship of the S&P Global China Purchasing Managers' Index (PMI) as of July 2025. This decision was part of a "strategic adjustment" for Caixin, aligning with its long-term development needs. Caixin had been the title sponsor since 2015, using it as a way to expand into the data sector and analyze China's economic transformation. Following Caixin's departure, RatingDog (Shenzhen) Information Technology Co., Ltd., a Chinese credit research and bond rating company, successfully acquired the exclusive naming rights for the "S&P Global China PMI". Starting with the August 2025 data release, the index was officially renamed the "RatingDog China PMI". S&P Global continues to be responsible for compiling and releasing the monthly report.