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**US :** The Federal Reserve's policy shift from '2% inflation target' to 'average inflation target of 2%' means that inflation will be allowed to exceed 2% for some time before considering raising interest rates. Hence the 'lower for longer' theme is now in play. Two months before US elections and Covid19 continue to affect US economy. The market is pricing in **zero US interest rates well into 2022.**

**China:** China's recovery is gaining momentum leading many economists to upgrade China's growth rate. Despite the occasional lockdowns even where there are single digit cases discovered, life has largely returned to normal. With the ongoing spat with the US, China chooses to retain an array of options readily available. They may **still cut rates in the months ahead (either Long Term Policy Rate or Reserve Requirement Ratios).**

**Malaysia:** The pause in early September by BNM is in line with their stance that they will allow the 1.25% cut so far this year to run through the economy and generate data before conclusively decide on further stimulus required. There **remains the possibility of 1 more cut before the year is up** if commercial activities does not pick up sufficiently. Loan cost and employment remains a concern as well.