

ECONOMICS & GLOBAL FOREIGN EXCHANGE HIGHLIGHTS

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THE LONGEST U.S. GOVERNMENT SHUTDOWN IN HISTORY KEEPS RATE CUT HOPES ALIVE

A beat of optimism in the job market as private businesses saw an uptick in hiring. As the prolonged U.S. government shutdown – now the longest shut down in history – had essentially delayed key economic data, the ADP employment data gained significant interest among investors as they search for hints in shaping policy expectations. Latest figures showed that private businesses in the U.S. added 42K jobs in October (September: -29K), marking the first increase in hiring since July and surpassing consensus estimates of 25K. Furthermore, the number of job cuts in September was revised upwards to 29K from 32K previously, injecting some optimism in the markets. This indicated that job market conditions may not be as gloomy as feared. Nevertheless, the broader dovish sentiments remain as downside risks to growth are still prevalent while the pace of hiring remains sluggish, keeping markets largely rallying for another quarter-point Federal Funds Rate (FFR) cut in the Federal Open Market Committee (FOMC)'s final meeting of the year.

Markets remain dovish despite cautious policymakers and the private hiring. Looking back, the FOMC had reduced the FFR by 25 bps in October to 3.75-4.00%, citing growing risks to its full employment mandate. However, the 7-2 vote split highlighted that policymakers are increasingly divided on the appropriate pace of easing with Governor Stephen Miran favouring a deeper 50 bps cut while Kansas City Fed Jeffrey Schmid voted to keep the interest rate steady. Additionally, Fed Chair Jerome Powell had remarked that a December cut is far from a foregone conclusion, maintaining a high degree of caution amid the extended data blackout. While this had caused markets to dial back their rate cut hopes, it appears that investors were very shaken by the rapidly cooling job market conditions as reported earlier, expecting the central bank to deliver another cut as a hedge against further slowdown. At the time of writing, the probability of a 25 bps cut in December, bringing the FFR to the 3.50-3.75% range, had risen to almost 70.0% from 63.0% previously, according to the CME FedWatch tool.

Upcoming Events: Key Economic Data Release

Monday	Bank of Japan Summary of Opinions, Malaysia Retail Sales & Unemployment Rate (September)
Tuesday	Australia Business Confidence (October), UK Labour Market Data (September)
Wednesday	Australia Home Loans (3Q2025)
Thursday	UK Preliminary 3Q2025 GDP, Japan Producer Prices (October), Australia Labour Market Data (October), Euro Area Industrial Production (September)
Friday	Malaysia 3Q2025 GDP, China Industrial Production, Retail Sales & Unemployment Rate (October), Euro Area 3Q2025 GDP & Employment Change

Table 1: Selected Currencies Overview

	24-Oct	31-Oct	7-Nov	WoW	YTD
DXY Index	98.95	99.80	99.60	-0.2%	-8.2%
USDMYR	4.22	4.19	4.18	-0.3%	-6.6%
XAUUSD	4,113.05	4,002.92	4,001.26	0.0%	52.5%
EURUSD	1.16	1.15	1.16	0.3%	11.7%
GBPUSD	1.33	1.32	1.32	0.1%	5.2%
AUDUSD	0.65	0.65	0.65	-0.8%	4.9%
USDSGD	1.30	1.30	1.30	0.0%	-4.7%
USDJPY	152.86	153.99	153.42	-0.4%	-2.4%
USDCNY	7.12	7.12	7.12	0.0%	-2.4%

Sources: Bloomberg, Bank Islam

Commentaries

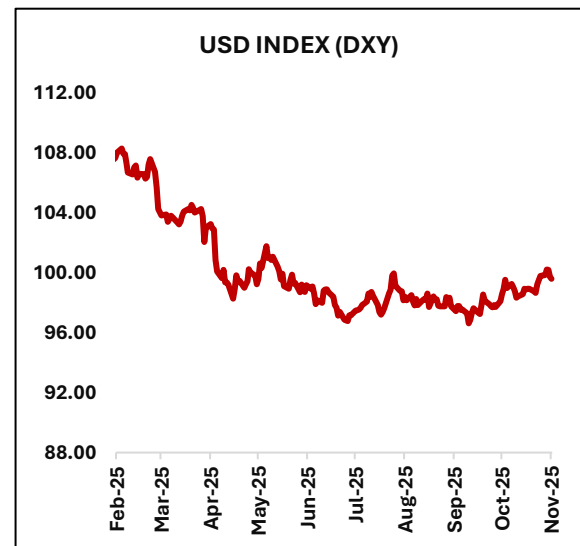
DXY: USD slipped amid bets of another 25 bp cut in December

The USD index dipped by 0.2% w-o-w for the week ending November 7 as investors maintained their dovish sentiments, backing the case for another 25 bps Fed rate cut against a backdrop of softer than expected inflationary pressures and downside risks to employment. Furthermore, the manufacturing sector had extended its weakness as the ISM Manufacturing Purchasing Managers' Index (PMI) marked an eighth straight month in the red territory, falling to 48.7 points in October from 49.1 points in September. Looking closer, production is reported to decline sharply (October: 48.2 points vs. September: 51.0 points) while new orders (October: 49.4 points vs. September: 48.9 points), employment (October: 46.0 points vs. September: 45.3 points) and inventories (October: 45.8 points vs. September: 47.7 points) recorded another month of contractions. The downbeat manufacturing sector performance is weighing on the economic outlook, adding to concerns of weakened business confidence which would potentially spill over into the job market and exacerbate its slowdown. As such, this backs the case for further policy easing by the Fed, exerting downward pressure on the USD.

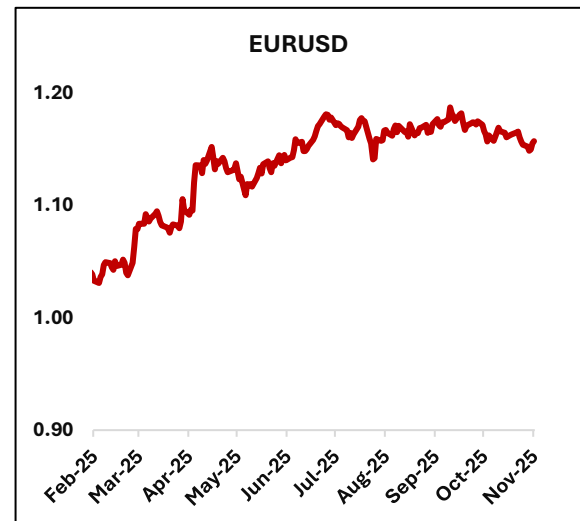
Short-term outlook: While key consumer and producer inflation measures as well as retail sales figures are scheduled for this week, the prolonged shutdown is casting a dark cloud over these releases and complicating the policy outlook moving forward. Thus, we expect the USD to trade on a cautious note, likely fluctuating within a 98.50–99.90 range in the near term.

EURUSD: Euro appreciated amid surprise uptick in the services sector

The Euro edged up by 0.3% w-o-w amid clearer signs of expansions across the manufacturing and services sector, lifting investor confidence on the region's outlook. Latest figures showed that the Services PMI rose to 53.0 points in October (September: 51.3 points), slightly higher than the preliminary estimate of 52.6 points and marking the highest level since May 2024. Furthermore, the Manufacturing PMI rebounded to 50.0 points in October from 49.8 points in September amid increases in output and new orders. Such performance added to the optimism surrounding the economy's resilience thus far amid an interplay of solid labour market conditions, moderating inflation and easing labour market conditions, bolstering the EUR's appreciation. However, business confidence had reportedly slipped, suggesting that business owners remained cautious about the outlook amid prolonged global trade volatility and weakening domestic demand. Notably, retail sales growth extended its downtrend to mark the slowest pace since July 2024 (September: 1.0% y-o-y vs. August: 1.6% y-o-y) as broader uncertainties and fiscal concerns weighed on consumer spending. On a monthly basis, retail sales declined by 0.1% as recorded in August, missing expectations of a slight 0.2% rebound.



Source: Bloomberg



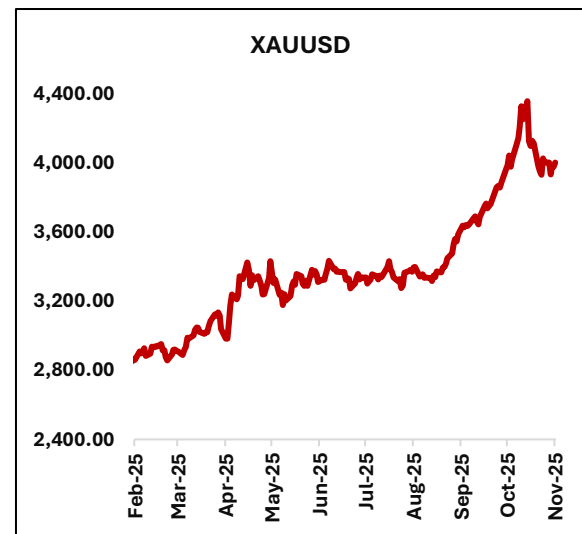
Source: Bloomberg

Short-term Outlook: Moving forward, the ECB is well positioned to keep its interest rates steady as risks to both sides of the scale remain closely matched. Market participants will be on high alert for the second estimate of the region's 3Q2025 GDP print to gauge the overall health of the economy. Additionally, the industrial production figures are slated to be released on Thursday, providing further insights into the manufacturing sector. Taking cues from the favourable Manufacturing PMI as well as recovering demand amid easing trade tensions with the U.S., investors are optimistic on the prospects of the sector. We anticipate the EURUSD to trade with a slightly bullish bias given the dynamics of positive growth drivers and expectations of a steady ECB, foreseeing the pair to trade between the range of 1.1590 and 1.1660.

XAUUSD: Gold price fluctuated within limited range as cautiousness dominated sentiments

Gold price was little changed last week, trading within the USD3,930-USD4,010 range as profit-takers locked in recent gains while bargain hunters stepped in on dips. Furthermore, demand for the safe haven asset has cooled considerably as investors' risk appetite recovers following easing global trade uncertainties and geopolitical tensions as well as the recent trade agreement between U.S. and China, exerting downward pressure on the XAU. Nevertheless, underlying demand for gold remains supported by ongoing global macroeconomic uncertainty, the longest U.S. government shutdown in history, moderate inflation expectations, and continued central bank diversification away from U.S. assets.

Short-term Outlook: Looking ahead, we anticipate the bullion price to remain slightly under pressure as investors positioned themselves for the short term. Following the XAU correction in recent weeks, investors may be cautiously reserved on the asset which will oversee prolonged subdued demand. However, the overall trajectory of the XAU remains bullish as technical indicators suggest that the gold price remains well supported and there are no signs of a structural shift undermining the broader uptrend. In the near term, support for the XAU emerges at \$3,920 and resistance around \$4,075.

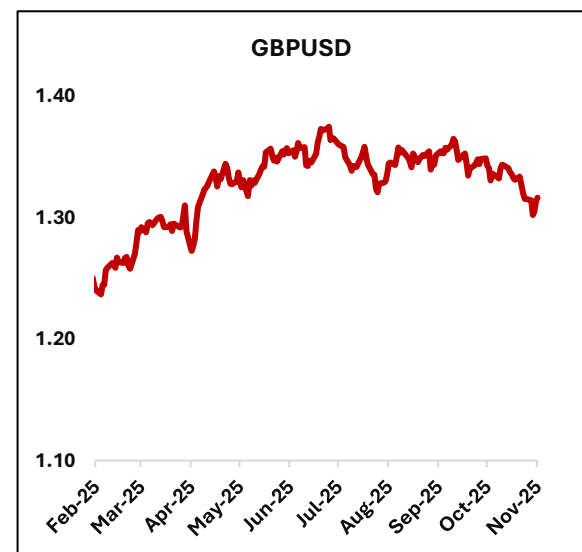


Source: Bloomberg

GBPUSD: British Pound edged up as the Bank of England (BOE) kept its bank rate steady

The British pound (GBP) appreciated by 0.1% w-o-w as the BOE maintained its bank rate at 4.00% in its November meeting, in line with expectations. The decision underscored by a 5-4 split in votes with four participants in favour of a 25 bps reduction, signalling growing inclination between policymakers to ease its monetary policy further and reinforcing markets' dovish expectations. Furthermore, policymakers noted that inflation has peaked while underlying price pressures are gradually moderating against a backdrop of sufficiently restrictive interest rate environment, easing services inflation and cooling labour market conditions. As labour market conditions deteriorate further and the disinflation trend continues, the central bank is expected to deliver more rate cuts as a buffer against weakening economic activities. Of note, headline inflation remained constant at 3.8% y-o-y in September, as recorded in the previous two months, lower than consensus estimates of 4%. Meanwhile, core inflation rose by 3.5% y-o-y, compared to 3.6% y-o-y in August, missing expectations of an uptick to 3.7%. Notably, both measures remained flat on a monthly basis, suggesting that price pressures are gradually loosening.

Short-term Outlook: Moving forward, it will be a relatively heavy data week for the UK with preliminary 3Q2025 growth figures scheduled to be released on Thursday, giving fresh insights into the overall health of the economy. The economy is anticipated to regain some momentum (2Q: 0.3% q-o-q vs. 1Q: 0.7% q-o-q) following easing trade uncertainties and recovering external demand but a stronger than expected expansion would cause markets to reprice their rate cut



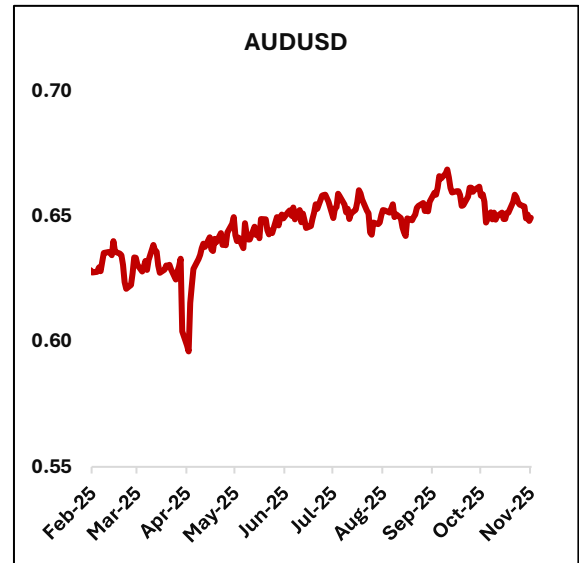
Source: Bloomberg

hopes amid shifting risks of demand-driven price pressures. On top of that, UK's unemployment rate and earnings data are also on the dock, which would provide crucial clues in shaping BOE's policy outlook ahead. Thus, we maintain a mildly bullish view on GBPUSD, expecting the pair to trade within the 1.3160–1.3265 range.

AUDUSD: Australian Dollar depreciated despite steady cash rate

The Australian dollar weakened by 0.8% w-o-w despite the Reserve Bank of Australia (RBA) maintaining its cash rate at 3.6%, highlighting ongoing uncertainties in both domestic and external outlooks. The downbeat AUD performance was dragged by rising risk averse sentiments among investors amid the global selloffs in tech-related stocks following growing concerns of overvaluation of the Artificial Intelligence (AI) sector. Furthermore, while the central bank maintained a hawkish undertone following the inflation uptick in September (3.5% y-o-y, August: 3.0% y-o-y) while foreseeing underlying inflation to rise above 3% in the near term, the labour market weakness is spreading. September's unemployment rate rose to 4.5% (August: 4.3%), marking the highest level since November 2021, while the number of unemployed persons rose to the highest point in four years. As such, fears of a slowing economy seeped through markets, reinforcing bets of further easing by the central bank and keeping the AUD under pressure. On the factory front, the Manufacturing PMI fell to 49.7 points in October (September: 51.4 points), recording the first contraction in manufacturing activity this year. Looking closer, volume of new orders declined at the fastest pace in ten months while export demand weakened, particularly from other Asia-Pacific markets. Employment also contracted for the first time in eight months, adding to job market jitters. The rising downside risks to Australia's growth outlook is painting a more distressing picture than expected, causing market expectations to diverge from the central bank's hawkish signals.

Short-term Outlook: The RBA is trading a fragile balance between reignited inflationary pressures and softening labour market conditions, complicating its policy path moving forward. As such, markets are eagerly awaiting the job market and consumer confidence figures this week to gather more clues on the state of domestic demand. Meanwhile, greater trade policy clarity following the U.S.-Australia bilateral trade deal is anticipated to provide crucial support to its export-related sectors, injecting some optimism into Australia's outlook. We are neutral to mildly bullish on the AUDUSD and expect the pair to trade between the range of 0.6460 – 0.6570.

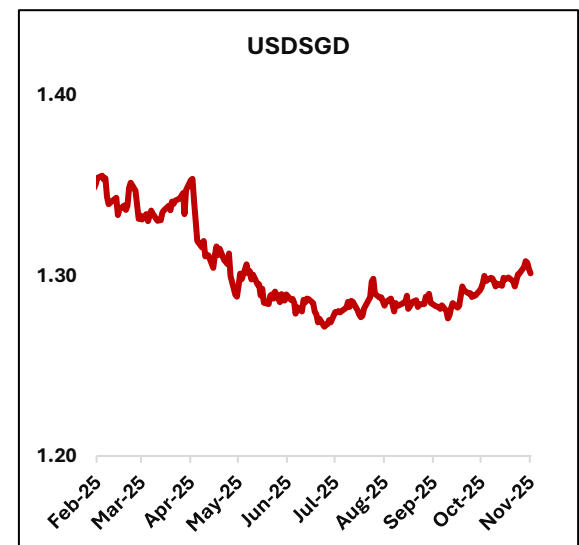


Source: Bloomberg

USDSGD: Singaporean Dollar ended flat as consumer spending slowed

The Singaporean dollar declined by a marginal 0.02% w-o-w, gaining a little push on the back of a weak USD but remained largely under downward pressure following clearer signs of sluggish consumer spending. Latest figures showed that Singapore's retail sales grew by 2.8% y-o-y in September, slower compared to the 5.2% y-o-y growth in August. Such performance was dampened by deeper declines across petrol service stations (September: -8.0% vs. August: -5.0%), wearing apparel and footwear (September: -3.6% vs. August: -0.6%), and others (September: -11.4% vs. August: 1.0%) while retail activity for furniture and household equipment (September: 0.3% vs. August: 7.2%), computer and telecommunications equipment (September: 2.8% vs. August: 7.7%), and supermarkets & hypermarkets (September: 5.1% vs. August: 8.8%) recorded softer increases. On a monthly basis, retail sales slumped by 1.4% in the same month compared to 0.7% in August, marking the lowest level since March. This suggested that domestic demand momentum remains persistently weak due to muted consumer confidence amid an environment of elevated costs-of-living, tight financial conditions and volatile global policy shifts.

Short-term Outlook: It is a relatively light calendar week on the data front this week which would see the SGD trading with a bearish bias. Despite the



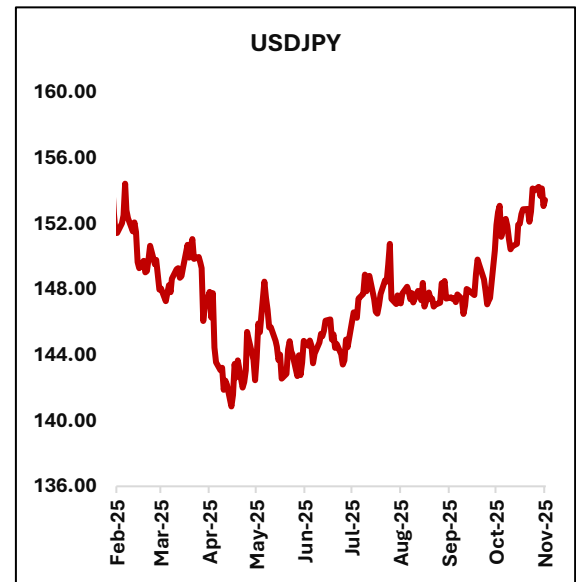
Source: Bloomberg

restabilising global trade landscape and Singapore facing relatively low U.S. tariffs compared to its peers (10% while the rest of ASEAN ranges from 19%-20%), its trade performance was highly volatile, underscoring the economy's vulnerability to external shocks. This poses as a persistent downside risk to its growth outlook while the aforementioned weakness in domestic demand is also weighing on the prospects of the economy. As such, we are bullish on USDUSD, with the pair likely to trade within a 1.2960–1.310 range.

USDJPY: Japanese Yen appreciated amid rising rate hike hopes

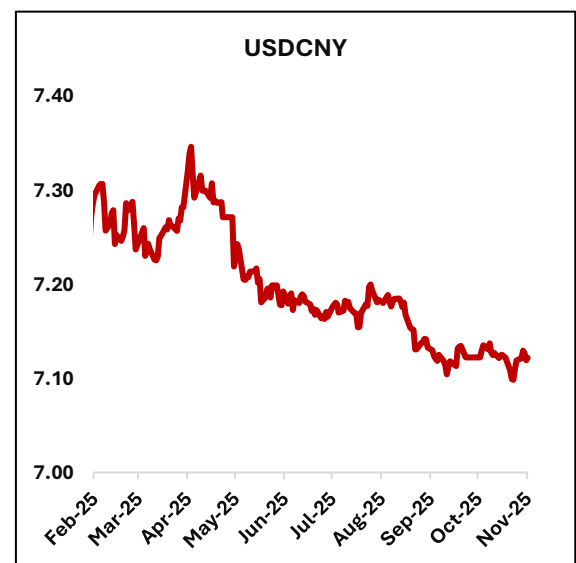
The Japanese Yen climbed by 0.4% w-o-w last week following the Bank of Japan (BOJ)'s policy decision earlier, fuelling bets that the central bank is on track to deliver further rate hikes. The BOJ maintained its benchmark policy rate at 0.5% in October, in line with market expectations, and reaffirming its commitment to continue raising borrowing costs if the economy follows its projected GDP path of 0.7% in 2025, 0.7% in 2026 and 1.0% in 2027. Thus far, the economy appeared on track to achieve the growth target as it expanded by 0.5% in 2Q2025 from 0.1% in 1Q2025, driven by strong private consumption and a rebound in exports. Moreover, the decision underscored a 7-2 split with Naoki Tamura and Hajime Takata favouring a 25 bp hike to 0.75%, signalling that the central bank is edging closer to resuming its policy normalization cycle amid elevated price pressures and resilient economic momentum. Furthermore, the accompanying quarterly outlook showed that the central bank projected core inflation to increase at 2.7% in 2025 before easing to 1.8% in 2026, reinforcing market expectations of more rate hikes on the horizon.

Short-term Outlook: Moving forward, the Japanese economy is anticipated to remain resilient amid recovering external demand following the trade deal with the U.S. and domestic demand gaining steam under Prime Minister Sanae Takaichi's administration. Greater fiscal policy support is expected to curb the emerging weakness in consumer demand as latest household spending print missed estimates, rising by 1.8% y-o-y in September (August 2.3%, Est: 2.5%). As such, the broader trajectory of the BOJ's policy path remains tilted to the upside, giving the JPY an edge in the near term. This week, markets will be digesting the central bank's Summary of Opinions, getting a closer look at policy deliberations behind closed doors. We are mildly bearish on USDJPY and foresee a possible trading range of 152.80 – 154.25.



USDCNY: Chinese Yuan recorded a marginal decline following surprise decline in export growth

The Chinese yuan slipped by 0.04% on a weekly basis as China's export contracted sharply by 1.1% y-o-y in October from an 8.3% y-o-y growth in the previous month, well below consensus estimates of a 3.0% gain. This marked the first decline since February this year as outbound shipments and external new orders slowed following months of robust profit-taking activities, suggesting that the elevated trade tensions have finally trickled into China's economy. Looking closer, exports to the U.S. plunged by 25.2% while shipments to South Korea and Japan declined by 13.1% and 5.7%, respectively, amid spillover effects from cautious business sentiments. As such, the softening external demand could potentially derail China's economic outlook, causing the CNY to stage a retreat. Reflecting the trade performance, RatingDog's Manufacturing PMI eased to 50.6 points in October from 51.2 points in September (Est: 50.9 points). Business owners reported slower increases in both volume of new orders and output levels while export sales plunged to the lowest level since May. Nevertheless, it is not all doom and gloom. Manufacturing employment marked an increase following seven months of decline with job growth reaching its fastest pace in more than two years while purchasing activity rose for the fourth straight month, indicating upbeat business confidence over the medium term following the recent trade agreement between U.S. and China whereby their tariff truce will be extended for another year, among others.



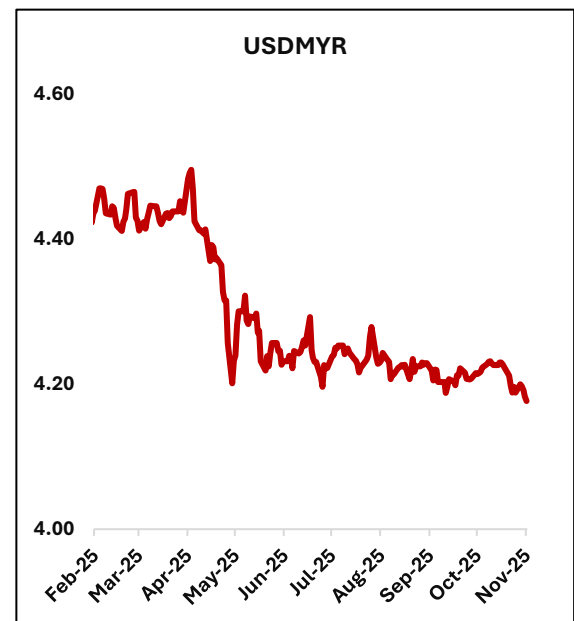
Source: Bloomberg

Short-term Outlook: While China's exports had unexpectedly fell in October, business sentiments remained optimistic as trade tensions with the U.S. cooled further following U.S. President Trump and Chinese President Xi Jinping's recent discussions. China had agreed to suspend retaliatory tariffs on U.S., lift export controls on critical rare earth minerals and terminate investigations targeting U.S. companies as announced earlier, on top of boosting purchases of U.S. soybeans and other agricultural goods. In exchange, the U.S. pledged to lift certain sector-specific restrictions alongside 10% of the fentanyl tariffs on China as well as suspending investigations into China's maritime, shipbuilding and logistics industries. Additionally, Trump left the door open for further reduction to his tariffs, stating that he would roll back another 10% on the tariff rate if China made progress in tackling the fentanyl trade. The positive development is anticipated to provide some much-needed boost to slowing external demand, bolstering the economy throughout the extension of the truce period. In addition to this, investors will be on the lookout for China's industrial production and retail sales data this week, hoping to glean some insights into the current state of the economy in shaping its outlook. Thus, we remain neutral to slightly bullish on USDCNY in the near term and foresee the pair to trade between 7.1105-7.1290.

USDMYR: The Ringgit appreciated on growing optimism surrounding Malaysia's outlook

The ringgit strengthened by 0.3% w-o-w against the USD last week, touching the strongest level in over a year on Friday at RM4.18. Such performance was propelled by narrowing interest rate differentials between the Overnight Policy Rate (OPR) and U.S. FFR, as Bank Negara Malaysia (BNM) maintained the OPR at 2.75% in its final meeting of the year while the Fed slashed its FFR by 25 bps in October, bringing it to the 3.75-4.00% range. Although the outcome was largely anticipated by investors, the MYR strengthened further, supported by expectations of continued Fed policy easing into 2026 and a resulting narrowing of interest rate differentials. Positive sentiment toward Malaysia's economic prospects also reinforced the view that BNM is likely to maintain the OPR at its current level for the foreseeable future. Of note, preliminary estimates projected the economy to expand by 5.2% y-o-y in 3Q2025, up from 4.4% y-o-y in 2Q2025, driven by growths across the Services (3Q: 5.1% vs. 2Q: 5.1%), Manufacturing (3Q: 4.0% vs. 2Q: 3.7%), Construction (3Q: 11.2% vs. 2Q: 12.1%) and Agriculture (3Q: 0.4% vs. 2Q: 2.1%) sectors alongside a sharp rebound in the mining sector (3Q: 10.9% vs. 2Q: -5.2%). This places the economy on track to achieve the official growth target between 4.0-4.8% in 2025, underscoring its resilience in the face of global headwinds. and bolstering its prospects moving forward (2026 Target: 4.0-4.5%).

Short-term Outlook: The solid growth momentum is expected to carry into 2026, albeit moderating slightly in line with the broader global moderation. This should keep the government's 2026 growth target of 4.0-4.5% within reach. The ongoing policy divergence between BNM and the Fed is also likely to lend further support to the MYR. Looking ahead, market attention will turn to upcoming data releases, including Malaysia's unemployment rate on Monday, followed by construction output and retail sales figures. These releases are expected to remain resilient, setting the stage for the official 3Q2025 GDP report due on Friday. With optimism likely to stay elevated, we maintain a bearish outlook on the USD/MYR, expecting the pair to trade within the 4.1650-4.1950 range.



Source: Bloomberg

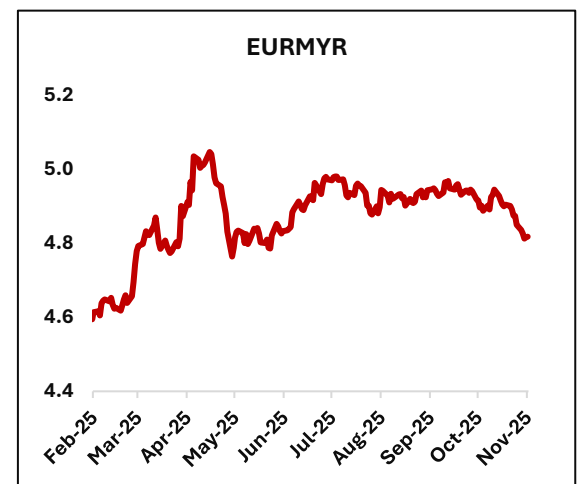
Table 2: Selected Currencies Overview (MYR Crosses)

	24-Oct	31-Oct	7-Nov	WoW	YTD
USDMYR	4.2233	4.1885	4.1768	-0.3%	-6.6%
EURMYR	4.9039	4.8496	4.8177	-0.7%	3.4%
GBPMYR	5.6260	5.5052	5.4705	-0.6%	-2.6%
SGDMYR	3.2502	3.2212	3.2031	-0.6%	-2.5%
JPYMYR	2.7581	2.7202	2.7215	0.0%	-4.4%
AUDMYR	2.7432	2.7399	2.7076	-1.2%	-2.6%
CNYMYR	0.5929	0.5887	0.5862	-0.4%	-4.3%

Sources: Bloomberg, Bank Islam

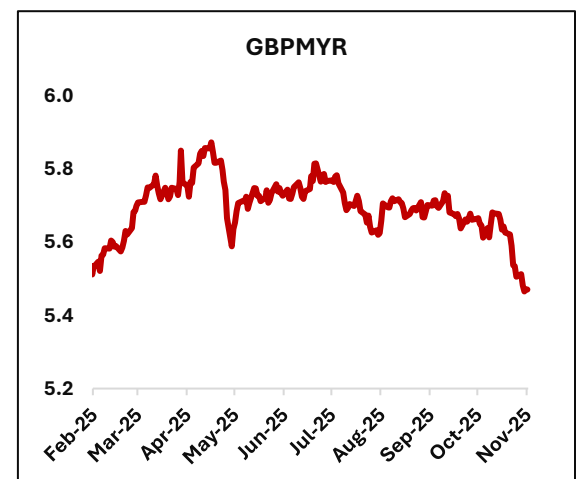
Short Term Outlook for Ringgit Pairs

The outlook for EUR/MYR remains bearish ahead of the release of 3Q2025 growth figures from both economies. While the Euro Area is expected to record another quarter of modest yet resilient expansion, supported by recent improvements in Services and Manufacturing PMIs, Malaysia's economy is projected to deliver stronger and more broad-based growth. Investor confidence in the EU's recovery remains fragile, as the region continues to show greater vulnerability to external demand shocks compared to Malaysia's domestically driven growth model. This contrast is likely to give the MYR a mild advantage over the EUR, making it a relatively more attractive currency in the near term. Nonetheless, the EUR may find some support from the prevailing interest rate differentials between the ECB's policy rate and OPR.



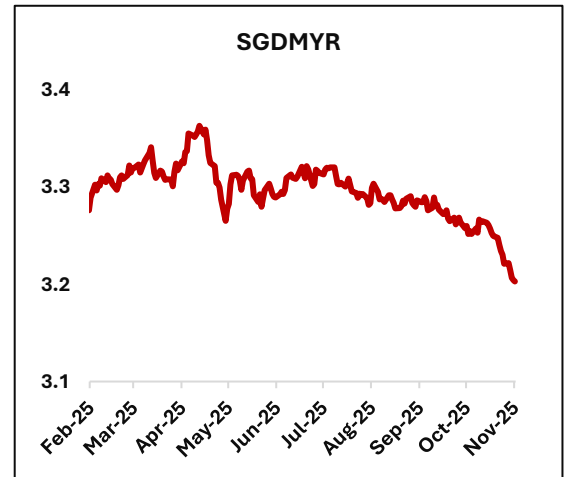
Source: Bloomberg

The outlook for GBP/MYR remains bearish amid clearer signals that the BOE will ease its bank rate further following growing dissensions between policymakers on the appropriate pace of easing against a backdrop of softening labour market conditions and easing inflationary pressures. Similar to the easing cycle in other advanced economies, the narrowing rate differentials will favour the MYR's rise. Additionally, we anticipate the GBP to trade cautiously as markets will be on high alert for the UK's 3Q2025 GDP print as well as its unemployment rate and earnings data. In light of this, the MYR has room to bank in on the GBP's limited range.



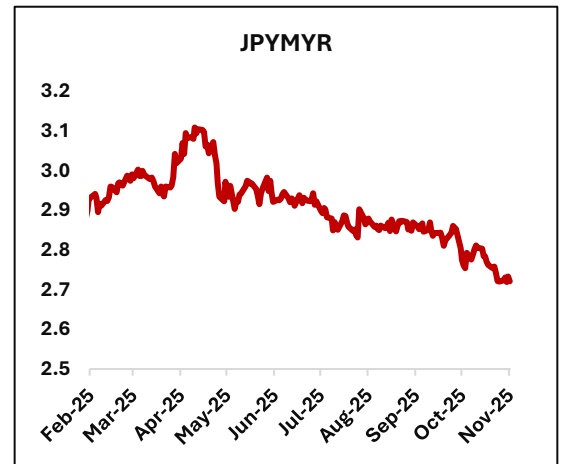
Source: Bloomberg

The outlook for SGD/MYR remains mildly bearish, as Singapore’s consumer spending continues to lose momentum while its trade performance remains volatile, highlighting the fragility of the economic outlook. In contrast, Malaysia’s consumer spending is expected to stay resilient, supported by subdued inflation, a firm labour market, and continued policy support. These factors should keep the MYR on a relatively stronger footing than the SGD, supporting its appreciation.



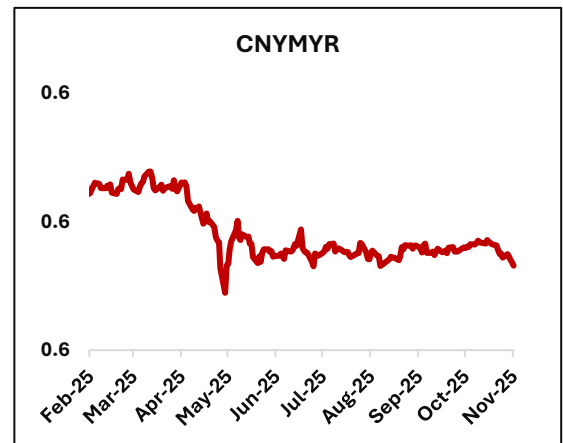
Source: Bloomberg

The outlook for JPY/MYR is neutral-to-slightly bullish amid intensifying bets of further policy tightening by the BOJ. In its latest meeting, policymakers are divided 7-2 with two board members voting for a 25 bps hike, signalling growing inclination for the central bank to resume its tightening cycle. On the macroeconomic data front, this view is supported by an uptick in both headline and core inflations to 2.9% y-o-y in September (August: 2.7%) alongside a stronger than expected economy (2Q2025: 2.2% y-o-y vs. 1Q2025: 0.3% y-o-y). Following the uptrend, the Japanese economy is projected to see another quarter of expansion, making the JPY more appealing compared to the MYR.



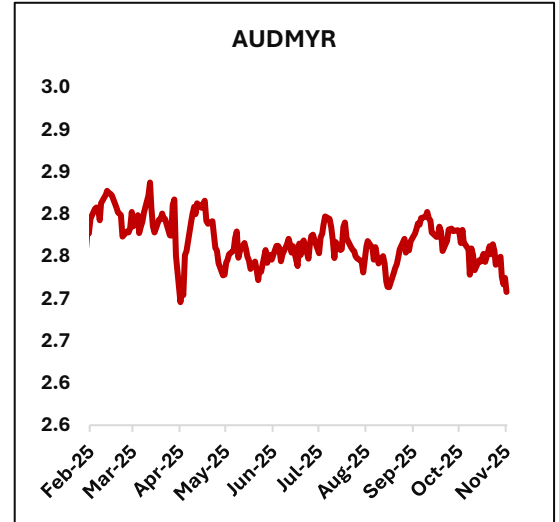
Source: Bloomberg

The outlook for CNY/MYR remains neutral-to-slightly bearish ahead of the release of China’s industrial production and retail sales figures as investors remain cautious on the CNY/MYR trading pair. Market participants are eager to gather more insights into the health of the Chinese economy before the impact of greater trade policy clarity materializes, guiding them in shaping the economic and policy outlook. In particular, China’s exports had unexpectedly slumped in October amid fading effects from the rapid front-loading activities which would weigh on its growth prospects. In light of this, the MYR will gain the slightest edge over the CNY, underpinned by Malaysia’s strong economic fundamentals.



Source: Bloomberg

The AUD/MYR outlook is bearish given the delicate balance that the RBA must navigate in curbing elevated price pressures without risking growth. Despite the RBA's cautiously hawkish signals during its last meeting, investors are betting for further policy easing to address the rapidly cooling labour market conditions and weakening manufacturing sector. Of note, Australia's PMI contracted for the first time this year in October, adding to jitters of slowing economic activities, while sticky inflationary pressures weighed on the other half of the scale. Meanwhile, BNM is comfortably positioned to wait on the OPR as the current level appears sufficiently accommodative to support growth. As such, the AUD appears dimmer compared to the MYR and we expect the AUD/MYR pair to trade with a bearish bias.



Source: Bloomberg

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