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WEEKLY ECONOMIC UPDATE

6 APRIL 2026

ECONOMIC RESEARCH

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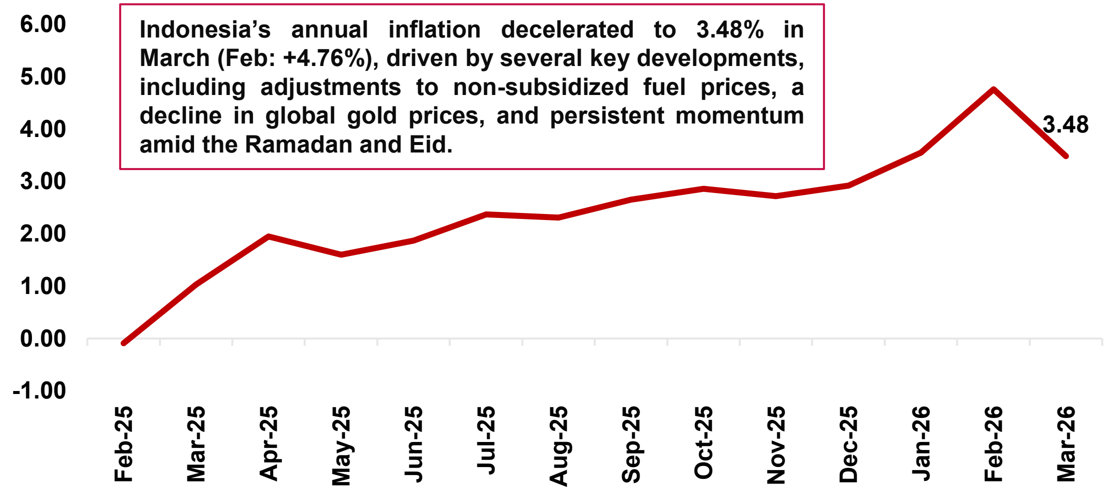
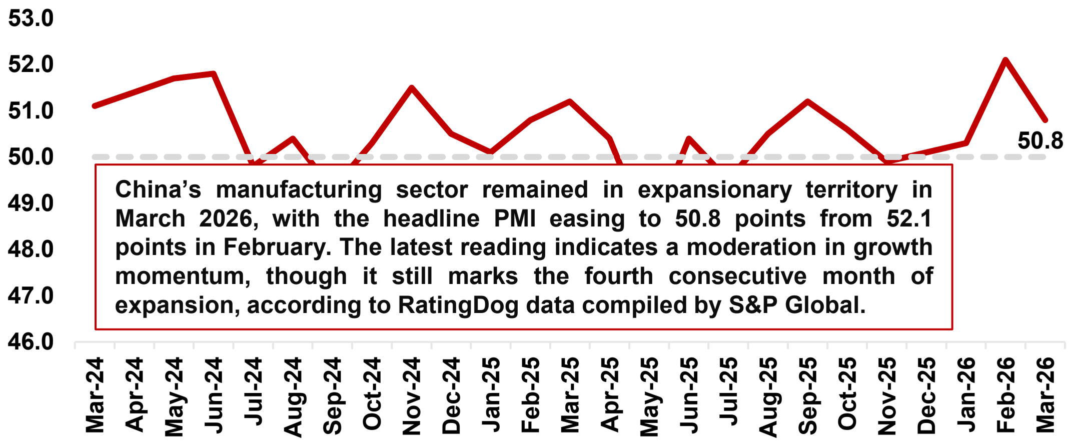
WEEKLY HIGHLIGHT: MALAYSIA'S MANUFACTURING PMI REBOUNDS INTO EXPANSION

GLOBAL

Indonesia - Consumer Price Index (CPI), y-o-y%

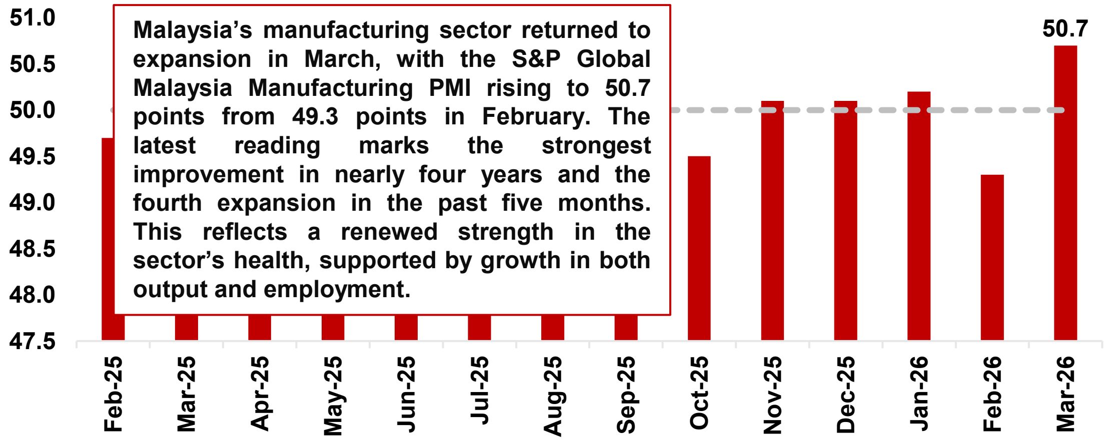


China - Manufacturing Purchasing Managers' Index (PMI), points

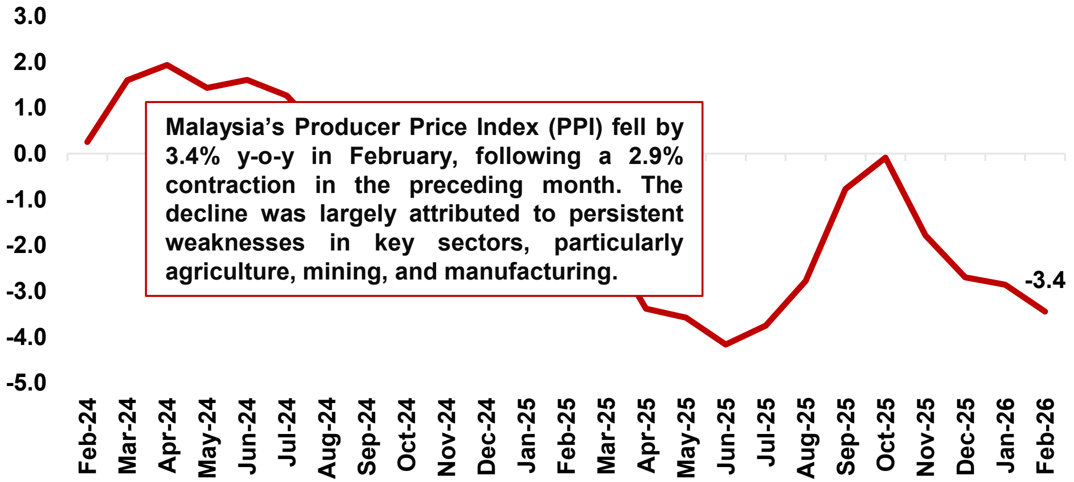


DOMESTIC

Malaysia - Manufacturing Purchasing Managers' Index (PMI), points



Malaysia - Producer Price Index (PPI), y-o-y%



Sources: Statistics Indonesia, Trade Policy and Strategy Office, S&P Global, BNM

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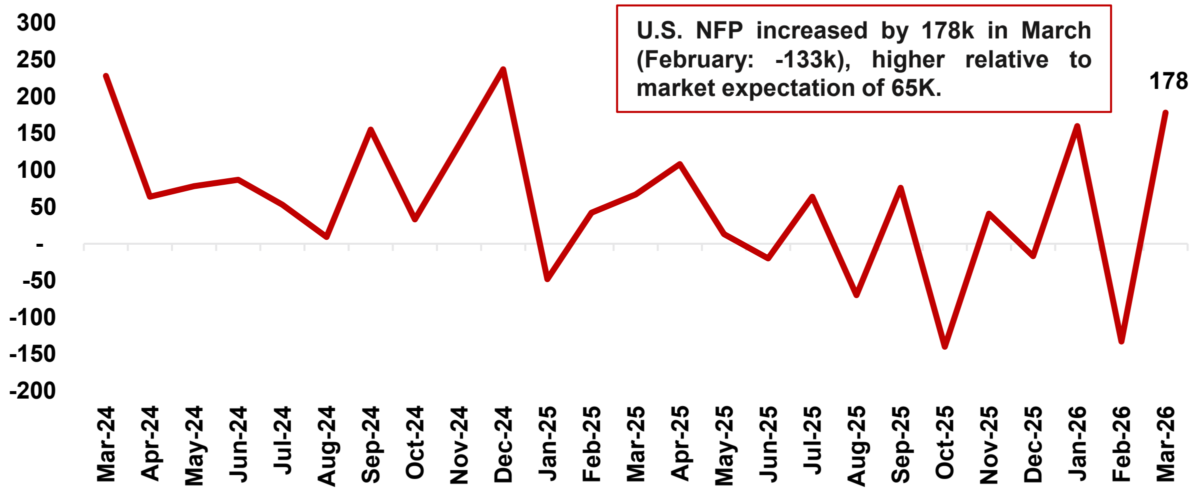
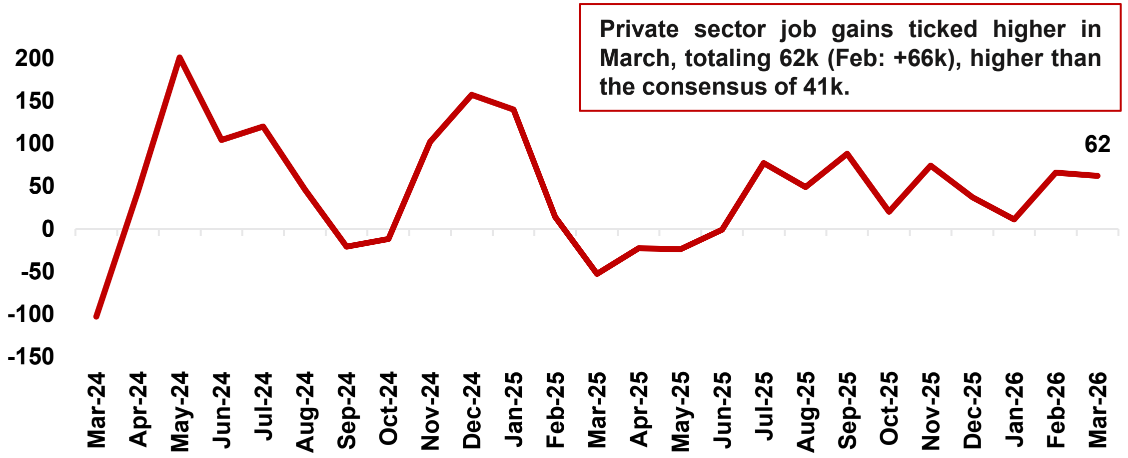
U.S. WEEKLY HIGHLIGHT: U.S LABOUR MARKET REBOUND IN MARCH DESPITE MIDDLE EAST RISKS

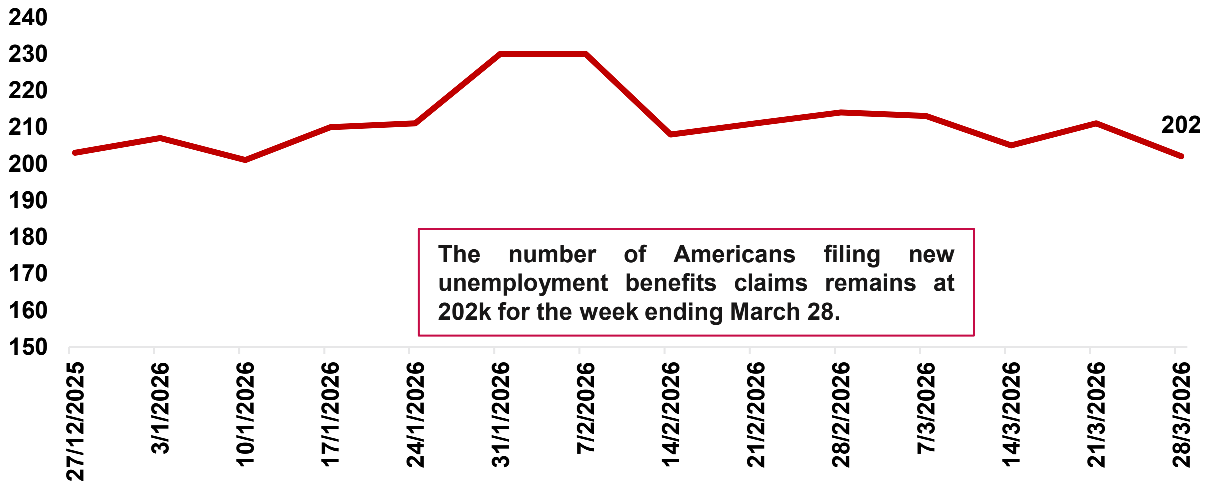
U.S. Non-Farm Payroll, m-o-m changes ('000)



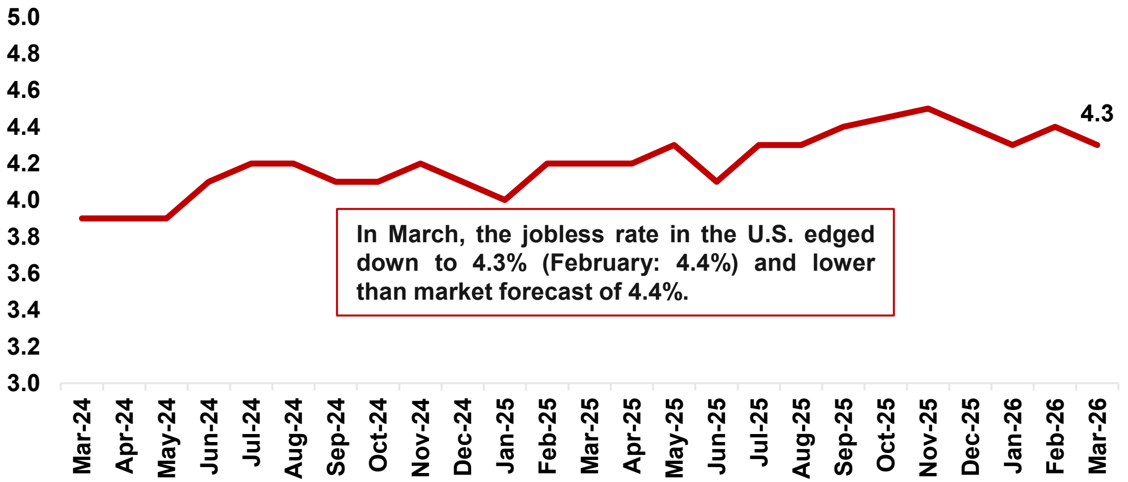
U.S. ADP Nonfarm Employment, m-o-m changes ('000)



U.S. Weekly Initial Jobless Claims (IJC), '000



U.S. Unemployment Rate, %



Sources: U.S Bureau of Labor Statistics, U.S. Department of Labor

REGIONAL EQUITY: GLOBAL EQUITIES RALLY DESPITE OIL SURGE AND MIDDLE EAST UNCERTAINTY

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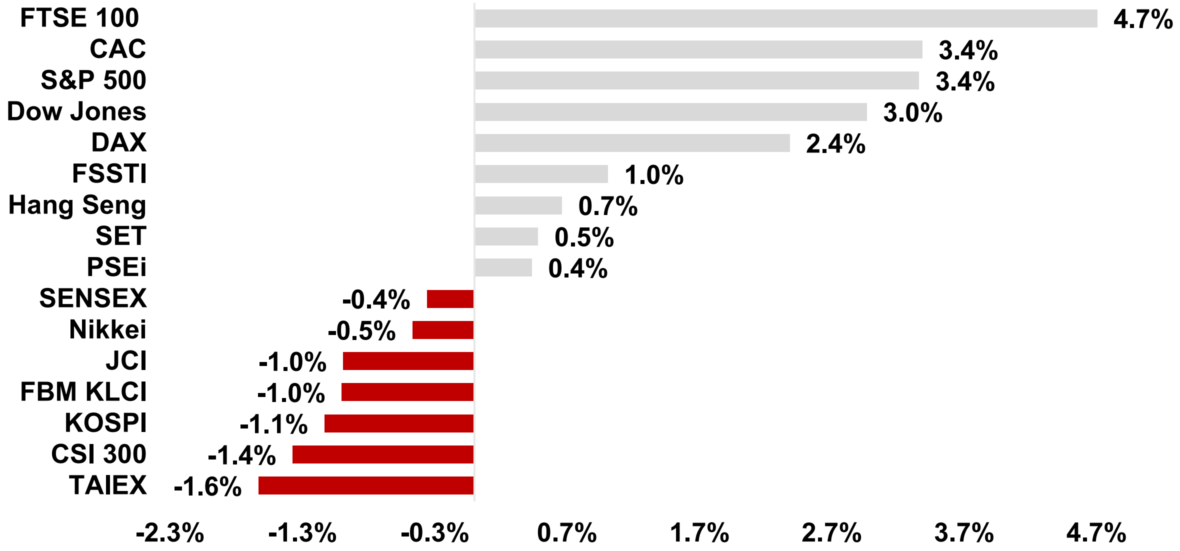
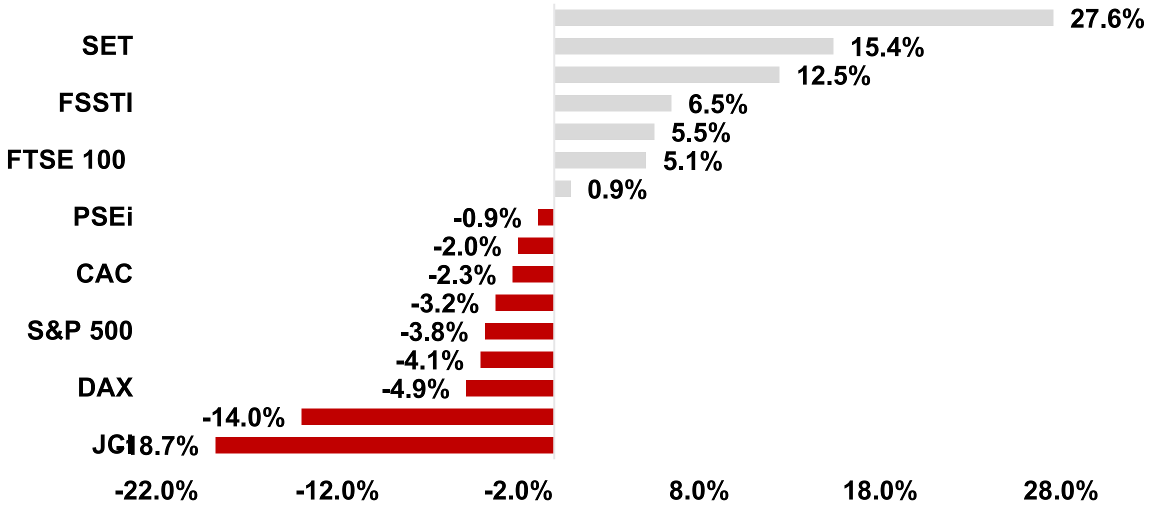
Weekly Gain/Loss of Major Equity Market, w-o-w%



YTD Gain/Loss of Major Equity Markets, % (As of 3 April 2026)



Sources: Bursa, CEIC Data

- The regional equity index mostly rallied for the week ending April 3 with U.K.'s FTSE 100 (+4.7%) as the major winner despite oil prices surged to around USD110 per barrel due to escalating geopolitical tensions. Meanwhile, reports indicated that Iran is drafting a protocol with Oman to regulate shipping traffic through the Strait of Hormuz, according to its Deputy Foreign Minister. The development followed President Donald Trump's latest address, which offered little clarity on a resolution to the Middle East conflict, leaving investors cautious.
- U.S. stocks – S&P 500 and Dow Jones inched higher as markets continued to assess the implications of surging energy prices on corporate earnings. Global crude oil prices spiked after President Trump issued formal warnings of intensified attacks on Iran in the coming weeks, triggering a retaliatory response from Tehran, with dated Brent reaching its highest level since 2008. Nonetheless, equities rebounded from session lows following reports that Iran and Oman are coordinating a transit toll for tankers exiting the Persian Gulf, helping to moderate the severity of the current energy shock.
- In contrast, Taiwan's TAIEX (-1.6%), China's CSI 300 (-1.4%) and South Korea's KOSPI (-1.1%) were the major loser for the week ending April 3.

DOMESTIC EQUITY: BURSA CLOSED MIX AS INVESTORS FAVORED DEFENSIVE STOCKS AMID PROLONGED GEOPOLITICAL CONCERNS

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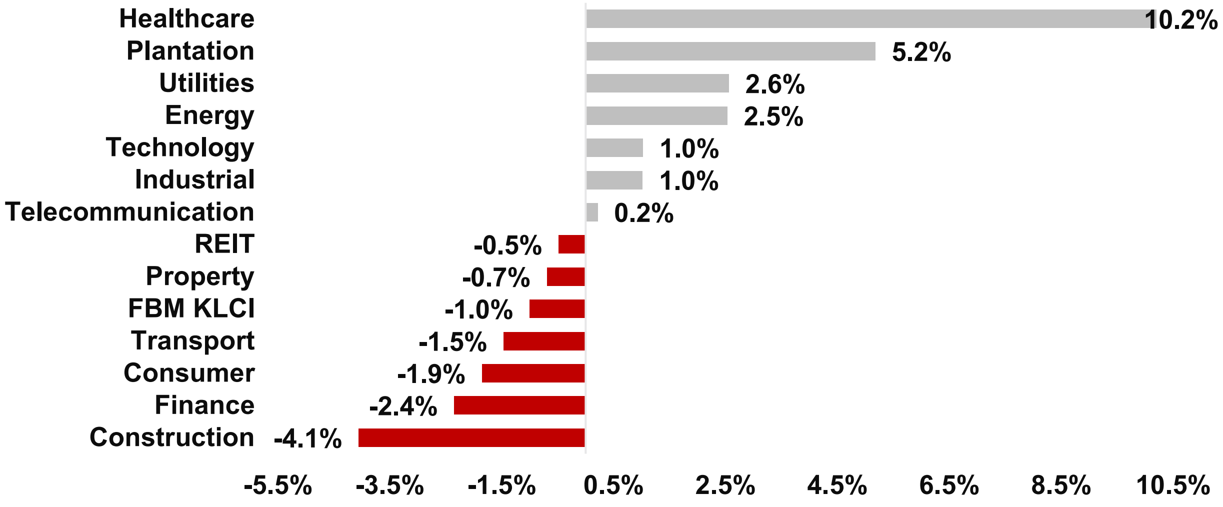
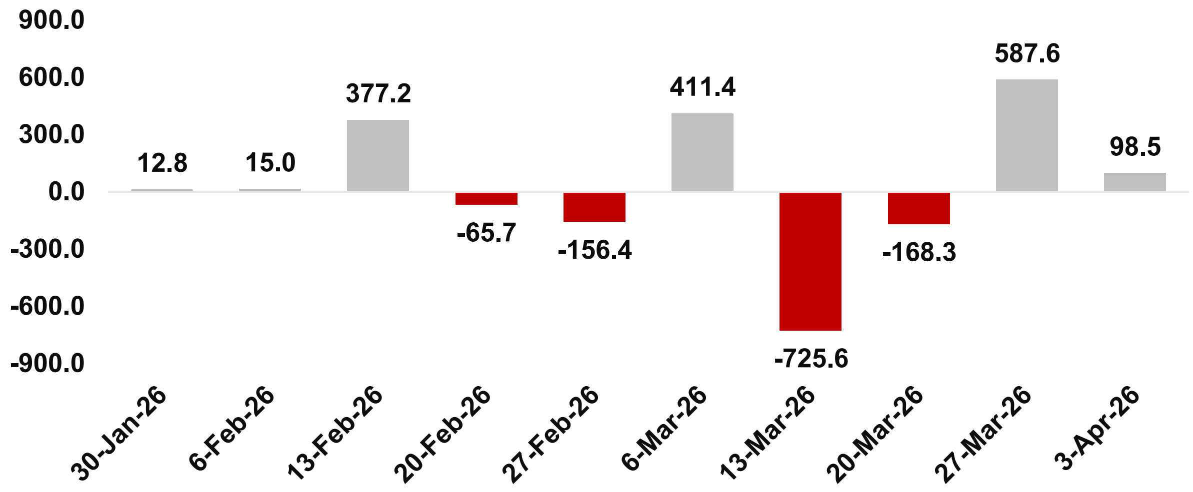
Weekly Bursa Sectoral Performance, w-o-w%



Weekly Foreign Fund Net Inflows/Outflows, RM Million



Sources: Bursa, CEIC Data

- The FBM KLCI slipped below the 1,700-level last Friday to close at 1,687.90, the lowest level in almost a month. Although investor sentiments rebounded midweek on tentative hopes for a resolution of the U.S.-Iran conflict, mixed signals from U.S. President Donald Trump soon rattled markets again. As such, investor risk appetite remained subdued and the FBM KLCI declined by 1.0% on a weekly basis.
- However, a closer look showed that buying interest was largely skewed towards defensive stocks with the Healthcare index jumping sharply (+10.2%). Additionally, demand for commodity-linked stocks were on the rise such as the Plantation (+5.2%), Utilities (+2.6%) and Energy (+2.5%) indices.
- On the flip side, the Construction index was the biggest loser, declining by 4.1% w-o-w, followed by the Finance index (-2.4%). Against the backdrop of prolonged geopolitical tensions, buying interest was subdued for cyclical sectors such as the Consumer (-1.9%) and Transport (-1.5%).
- Foreign investors remained net buyer for the second straight week, acquiring a total of RM98.5 million worth of equities. This had increased the cumulative net inflow thus far to RM1.4 billion.

FIXED INCOME: UST YIELDS EDGE LOWER AS INVESTORS ASSESS OIL SHOCK AND POLICY PATH

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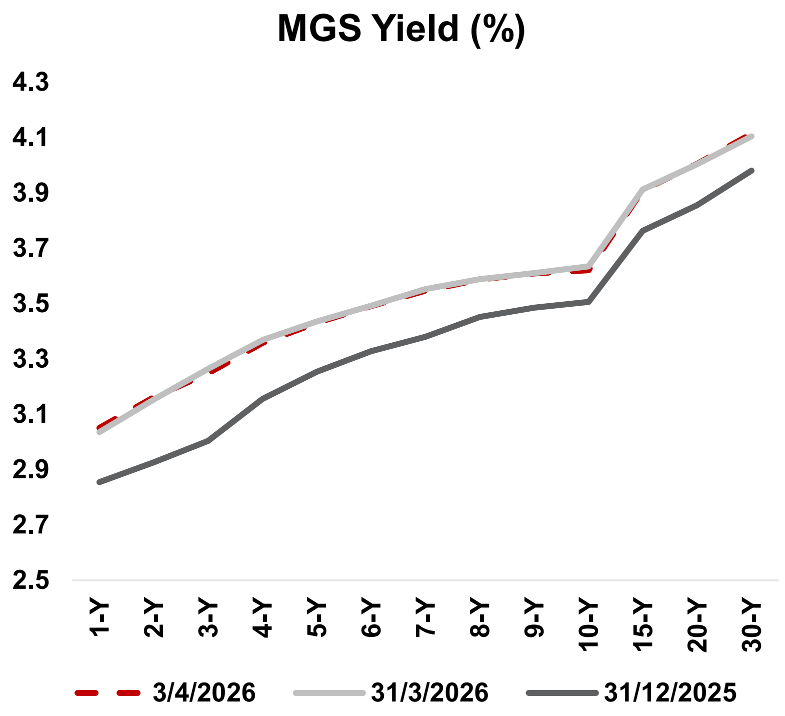
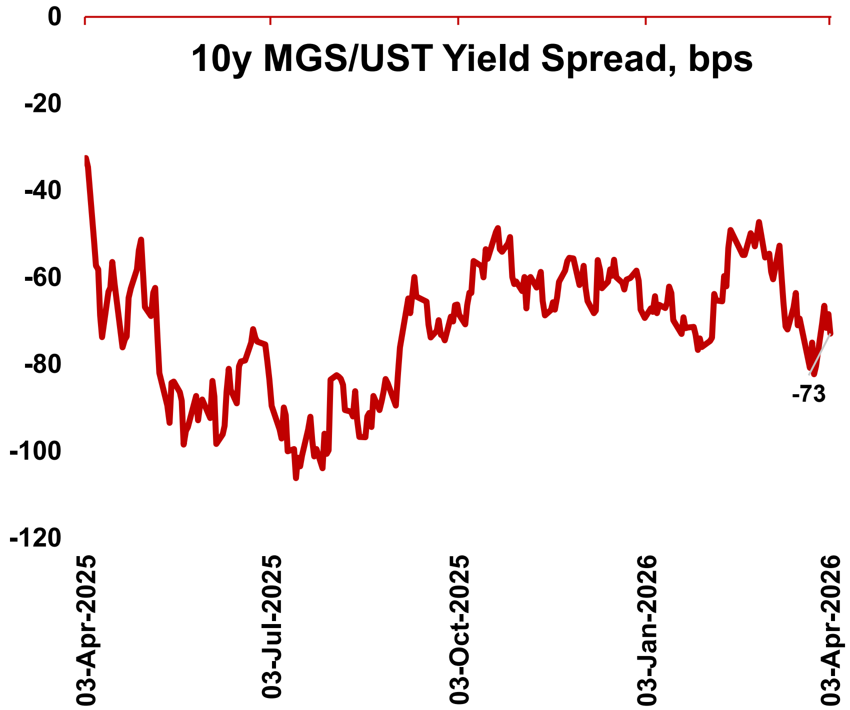
Weekly Changes, basis points (bps)

UST	Yields (%) 27-Mar-26	Yields (%) 3-Apr-26	Change (bps)
3-Y UST	3.94	3.88	-6
5-Y UST	4.06	3.99	-7
7-Y UST	4.25	4.17	-8
10-Y UST	4.44	4.35	-9
MGS	**Yields (%) 27-Mar-26**	**Yields (%) 3-Apr-26**	**Change (bps)**
3-Y MGS	3.26	3.25	-2
5-Y MGS	3.44	3.43	0
7-Y MGS	3.54	3.55	1
10-Y MGS	3.64	3.62	-2
GII	**Yields (%) 27-Mar-26**	**Yields (%) 3-Apr-26**	**Change (bps)**
3-Y GII	3.23	3.23	0
5-Y GII	3.40	3.40	0
7-Y GII	3.51	3.59	8
10-Y GII	3.61	3.63	2

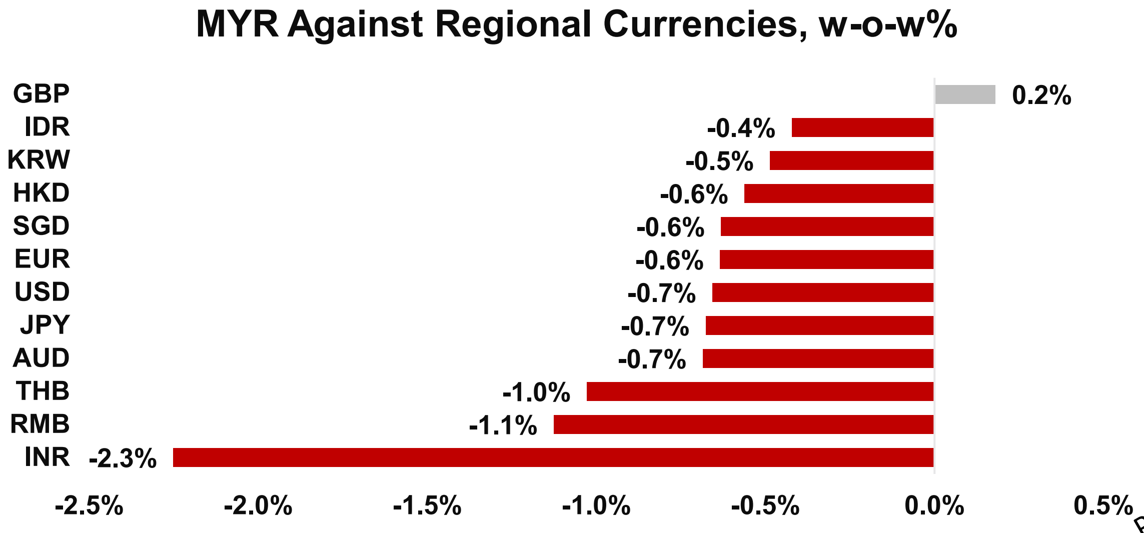
Sources: BNM, Federal Reserve Board

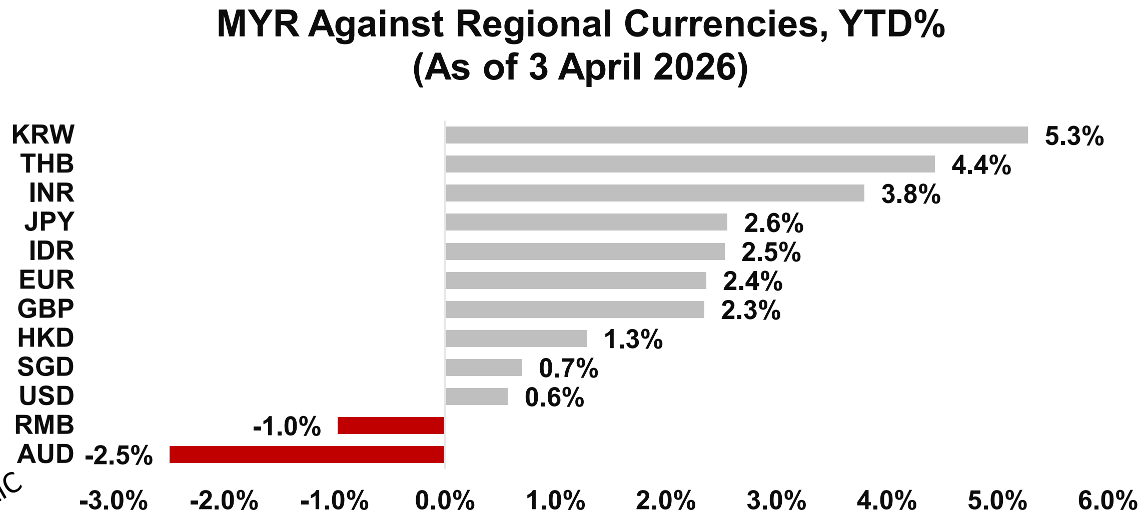




- The U.S. Treasury (UST) yields edged down in the range of 6bps and 9bps for the week ending April 3. Investors remained focused on evolving developments in the Middle East and their potential implications for the economy and monetary policy. U.S. President Donald Trump escalated his rhetoric against Iran, warning of possible strikes on key infrastructure such as bridges and power plants, while Iran reportedly carried out additional attacks on sites in Arab Gulf states. Rising energy prices are heightening concerns over a potential inflationary spiral, which may push the Fed toward a more hawkish stance. At present, markets are pricing in the Fed to keep the federal funds rate unchanged this year.
- On the other hand, Malaysian Government Securities (MGS) and Government Investment Issues (GII) yields were mixed by between -2bps and 8bps.
- The 10y MGS/UST yield spread narrowed slightly in the negative territory at 73bps relative to -80bps in the previous week.

FX MARKET: RINGGIT HIT THE WEAKEST LEVEL SINCE JANUARY AS TRUMP DASHED DE-ESCALATION HOPES





Sources: BNM, Federal Reserve Board (Fed), CEIC Data

- The Ringgit weakened against a basket of peers for the week ending April 3 as prolonged geopolitical jitters weighed on investor confidence. On a weekly basis, the Ringgit depreciated by 0.7% against the USD despite the USD index slipping by 0.1%.
- Notably, cautious trading was seen in the currency market ahead of Trump's White House address on Wednesday as investors seek further clarity on a potential de-escalation of U.S.-Iran tensions and the reopening of the Strait of Hormuz. On 31 March, the USD index slipped below the immediate support of 100.00 to close at 99.61 while the USDMYR currency pair touched 4.0512, the highest level since January, before closing at 4.0495.
- However, Trump's speech provided scant details of an exit strategy, only reiterating his earlier remarks that the conflict is "nearing completion" and military operations will conclude in two to three weeks. While the timeline remained unchanged, Trump signaled a significant escalation in military action which reinforced the likelihood of a prolonged, potentially broader conflict.
- Meanwhile, U.S. Nonfarm Payrolls (NFP) surprised to the upside as it rebounded sharply by 178K in March (Feb: -133K), almost triple the consensus estimate of 65K. Additionally, March unemployment rate eased to 4.3% (Feb: 4.4%), solidifying expectations of the Fed maintaining its Federal Funds Rate (FFR) at 3.50-3.75% in April. At the time of writing, the probability of such has surged to almost 100.0% while the likelihood of a steady Fed through December rose above 76.0%.

COMMODITY: OIL STEADY ON HOLIDAY PAUSE BUT SUPPLY RISKS KEEP UPSIDE PRESSURE INTACT

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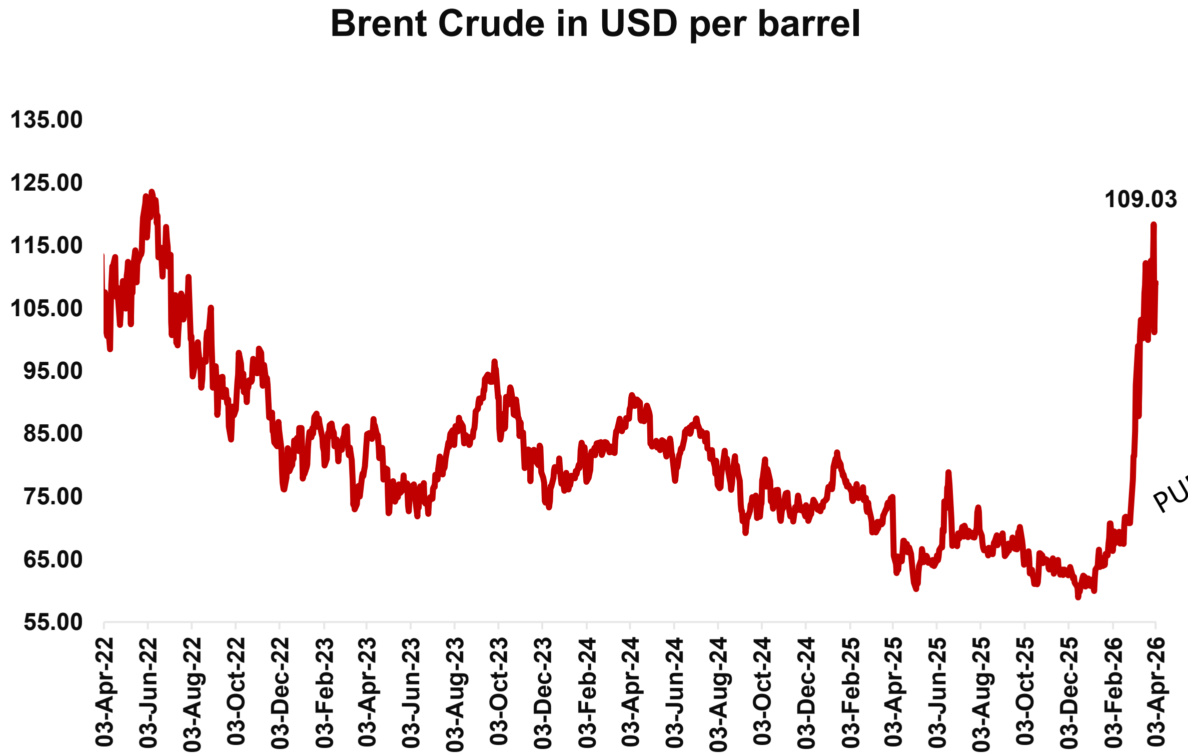

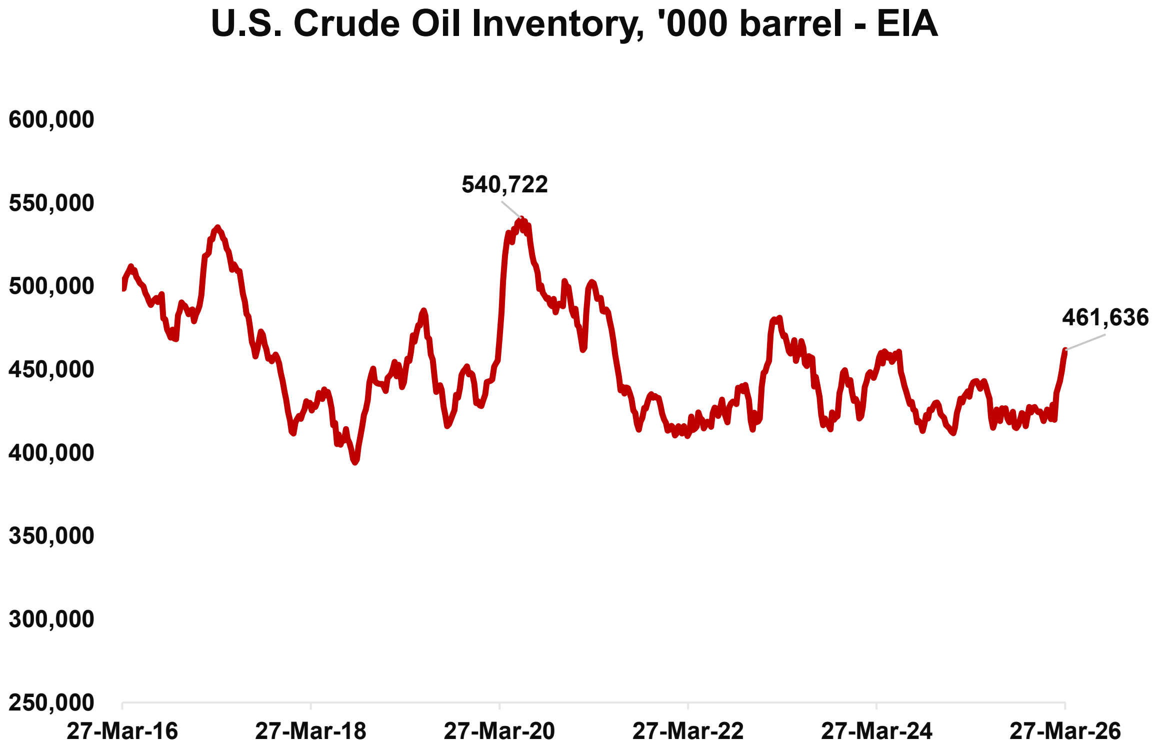

Sources: Bloomberg, Energy Information Administration (EIA)

- Brent oil prices were stable on Friday amid the Good Friday break, but the prices had surged sharply earlier in the week, closing at USD118.35/barrel on Tuesday (March 31). Geopolitical risks surrounding the Strait of Hormuz remain the key driver of rising oil prices, keeping risks premiums firmly embedded.
- Supply conditions remain tight, with ongoing disruptions to oil infrastructure and limited spare capacity among Middle Eastern producers, meaning that even small additional shocks could push prices significantly higher in the near term. If the conflict between U.S. and Iran is prolonged and disruption persist, oil prices could remain above USD100/barrel for longer period despite OPEC's recent decision to raise oil output quotas by 206,000 barrel per day for May.
- US crude oil inventories increased by 5.5 million barrels to 461.6 million for the week ending March 27.

COMMODITY: GOLD PRICE ON TRACK FOR WEEKLY GAIN, CLIMBING ABOVE USD4,600

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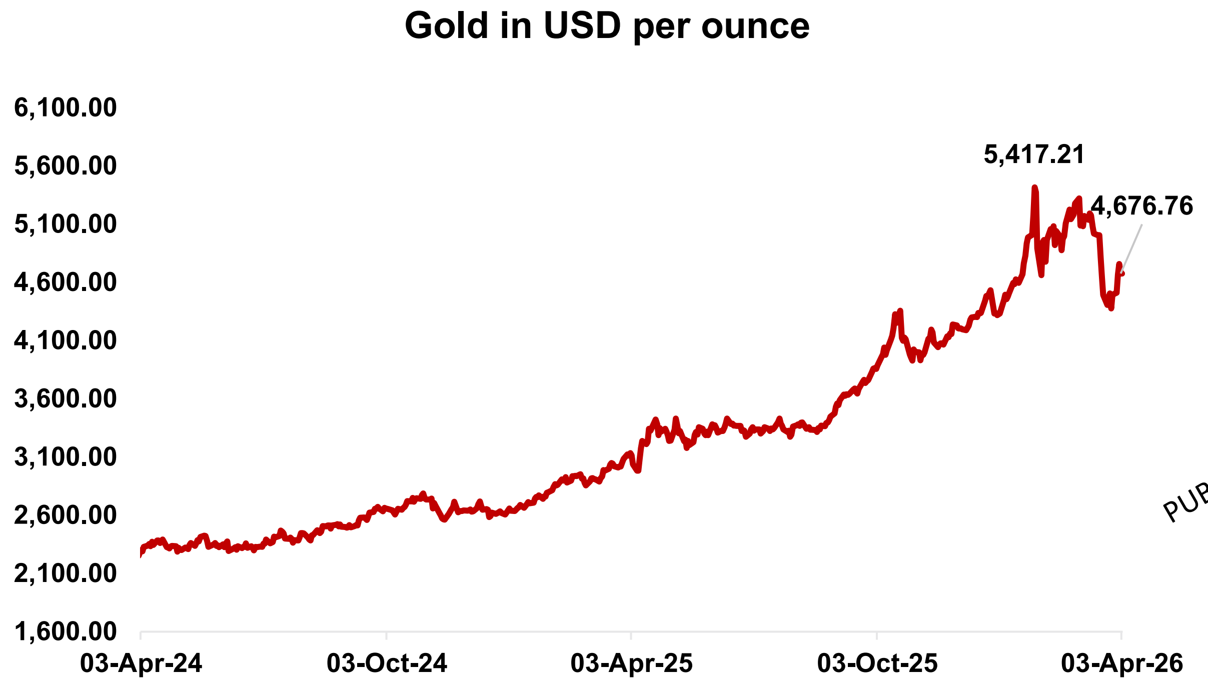

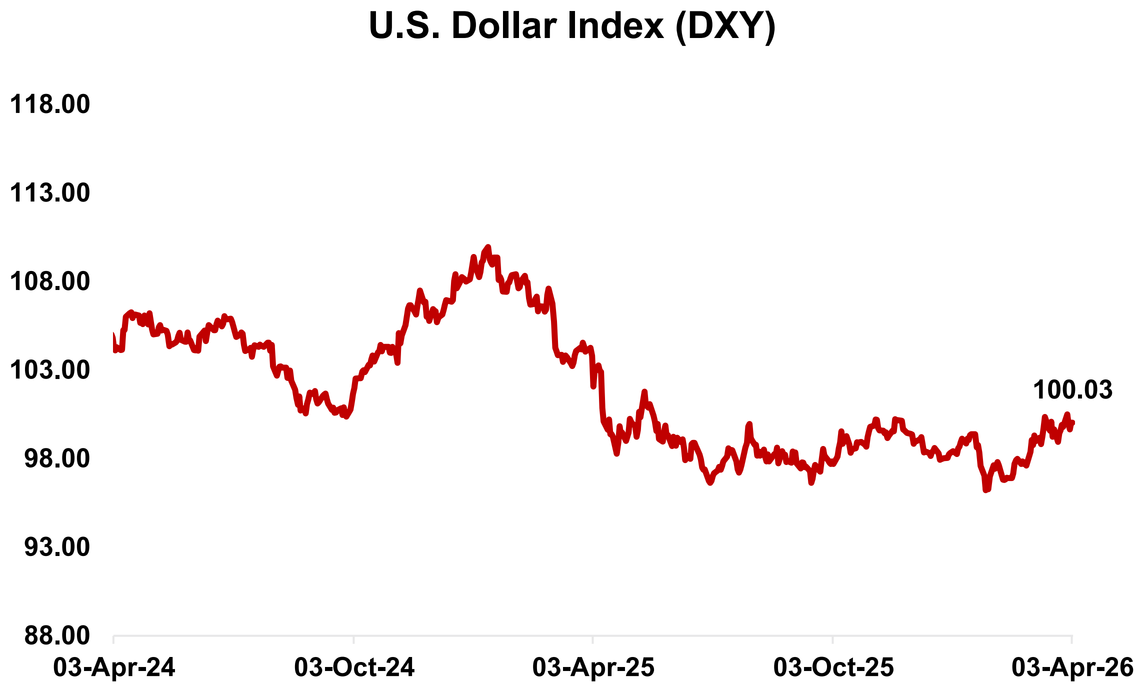

Sources: Bloomberg, CEIC Data

- Gold price rebounded sharply by 4.1% w-o-w last week, breaking decisively above the resistance zone of 4,600 on 31 March.
- Nevertheless, the bullion retreated slightly towards the end of the week as mixed signals from Trump suggested that the U.S.-Iran .conflict is far from over.
- Despite maintaining the timeline of two to three weeks of involvement, Trump warned that military activity will intensify significantly for that duration. The threat, coupled with the absence of an exit strategy, swiftly dashed hopes of a resolution while casting doubt over the viability of the projected timeline, triggering fresh fears of a protracted war.

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WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- This week, all eyes will be on the U.S. March CPI report on Friday, the most critical inflation data point that could either reinforce or derail hopes for Federal Reserve rate cuts in the first half of the year. A hotter-than-expected reading would likely push bond yields higher and pressure stocks, while a cooling figure might fuel a relief rally. Meanwhile, Thursday's PPI data will offer a further look at wholesale price pressures, and consumer sentiment surveys will round out the inflation picture. Geopolitically, any escalation regarding the U.S.-Iran war threat could send oil prices spiking, adding a fresh layer of inflation risk and market anxiety. Several Fed speakers are also due to take the podium, almost certainly reinforcing a patient, data-dependent stance. As a result, investors should brace for choppy trading, with the potential for sharp moves if inflation surprises or geopolitical tensions flare. Ultimately, the interplay between sticky prices, and external shocks will dictate market direction this week.

- The Reserve Bank of India (RBI) is widely expected to keep its repo rate unchanged at 5.25% in April's policy meeting that will be held on Wednesday, as policymakers remain cautious amid rising external uncertainties. Despite recent weakness in the Indian rupee, the central bank is unlikely to hike rates purely to defend the currency, given that current inflation pressures are largely supply-driven, particularly from higher global oil prices. Instead, the RBI is expected to rely more on liquidity management tools and targeted measures to stabilise financial conditions. The overall tone of the policy is likely to remain cautious, with markets closely watching any updates to inflation and growth forecasts. While geopolitical tensions and elevated crude prices may push inflation higher in the near term, they are not yet seen as severe enough to warrant immediate tightening. At the same time, downside risks to growth are increasing, which should keep the RBI focused on supporting economic activity rather than tightening policy prematurely. Nevertheless, markets may continue to price in the possibility of a rate hike later in the year if inflation rises beyond the central bank's tolerance band.

- Similarly, the Bank of Korea (BOK) is also anticipated to maintain the status quo on its policy rate at 2.50% this week, with markets pricing in a near-certain hold. However, the focus will be on its forward guidance, as the current pause may signal a shift in policy direction ahead. The decision is supported by stable inflation and resilient growth, particularly from strong semiconductor exports. At the same time, policymakers remain cautious due to financial stability risks, including a weak Korean won. However, the external factors such as rising oil prices and geopolitical tensions could still complicate the outlook.

THANK YOU