



WEEKLY ECONOMIC UPDATE

9 FEBRUARY 2026

ECONOMIC RESEARCH

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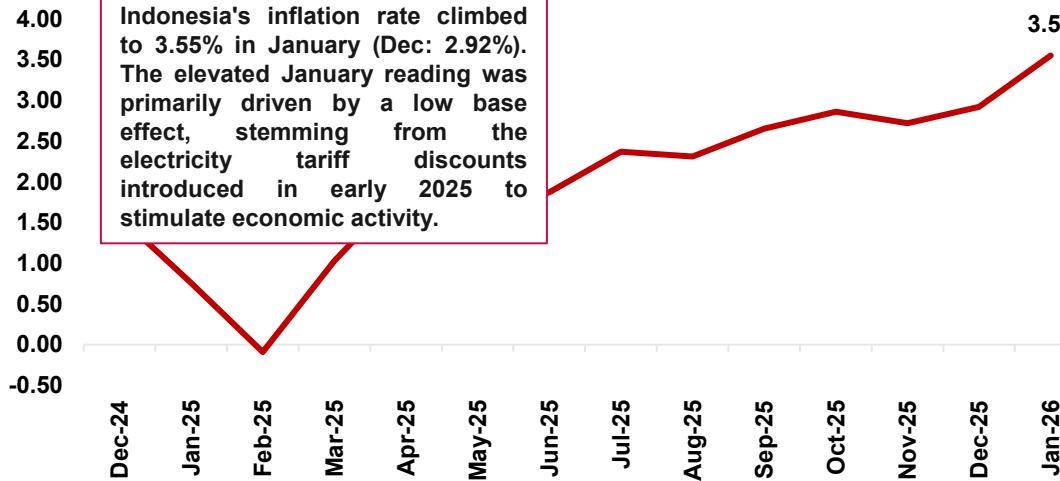
WEEKLY HIGHLIGHT: INDONESIA'S ECONOMIC GROWTH HITS THREE-YEAR HIGH

PUBLIC

BANK ISLAM

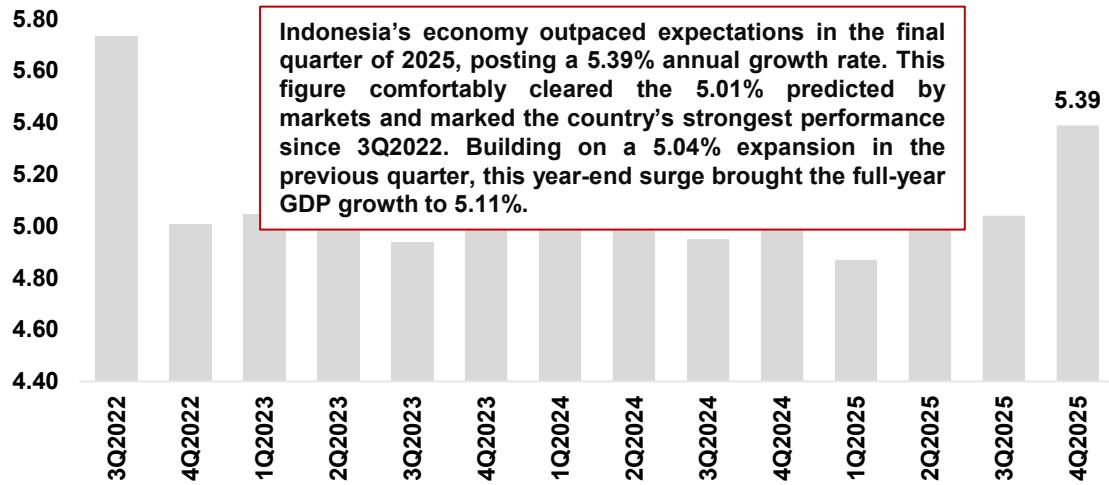
GLOBAL

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



Indonesia's inflation rate climbed to 3.55% in January (Dec: 2.92%). The elevated January reading was primarily driven by a low base effect, stemming from the electricity tariff discounts introduced in early 2025 to stimulate economic activity.

Indonesia - Real GDP, y-o-y%

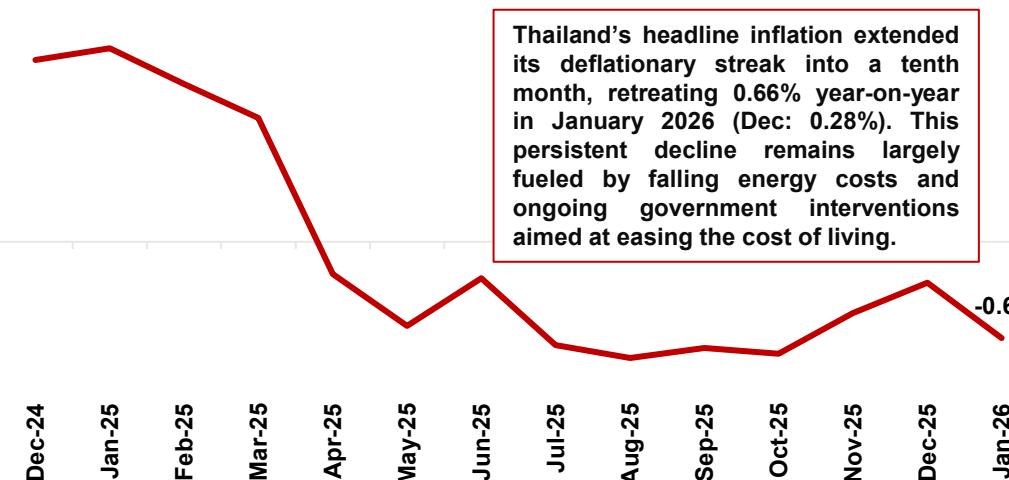


Philippines - CPI, y-o-y%



Philippines' inflation hit an 11-month high of 2.0% in January (Dec: +1.8%), primarily pushed upward by rising housing rents and utility costs. Despite the uptick, the rate remains stable enough that central bank policymakers are expected to maintain their current monetary stance.

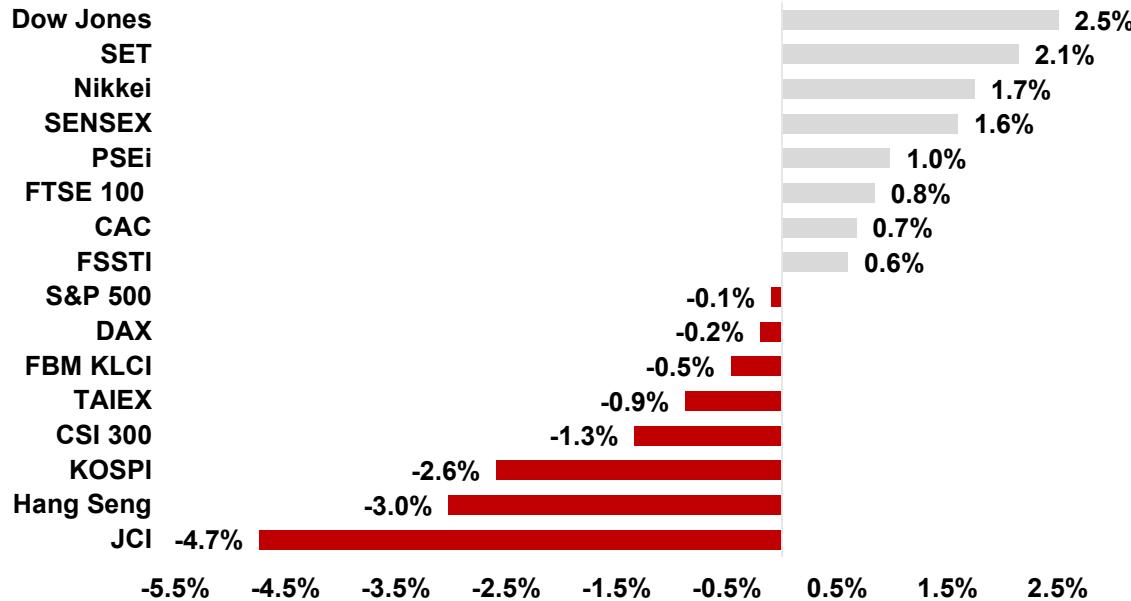
Thailand - Consumer Price Index (CPI), y-o-y%



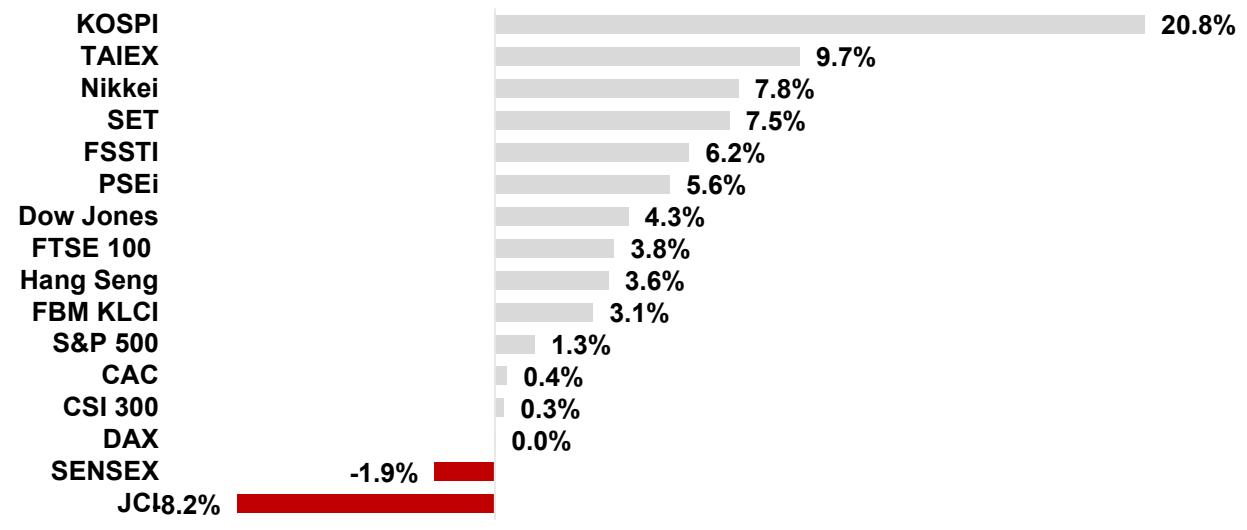
Thailand's headline inflation extended its deflationary streak into a tenth month, retreating 0.66% year-on-year in January 2026 (Dec: 0.28%). This persistent decline remains largely fueled by falling energy costs and ongoing government interventions aimed at easing the cost of living.

REGIONAL EQUITY: ASIA MARKETS END MIXED WEEK AMID GOVERNANCE AND CONFIDENCE HEADWINDS

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



YTD Gain/Loss of Major Equity Markets, %
(As of 6 February 2026)

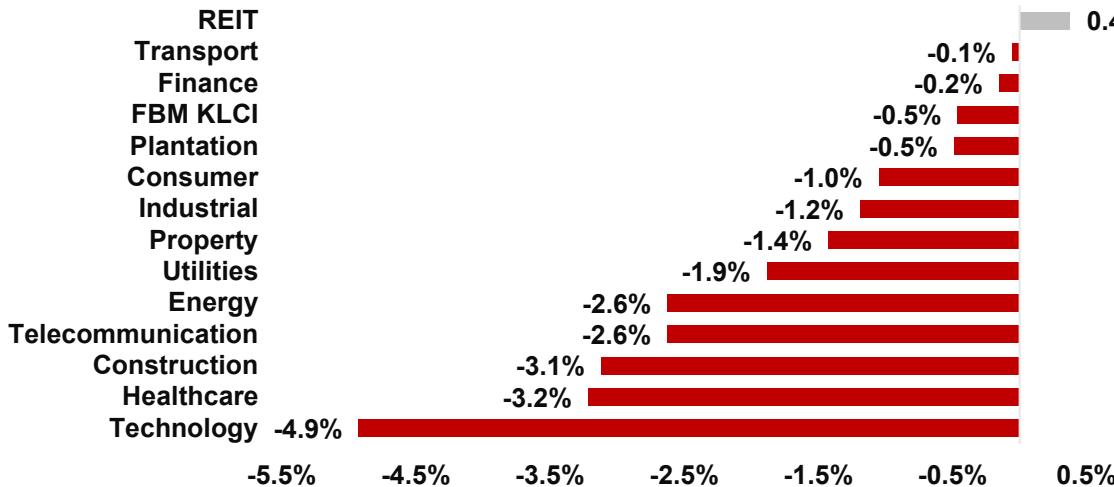


Sources: Bursa, CEIC Data

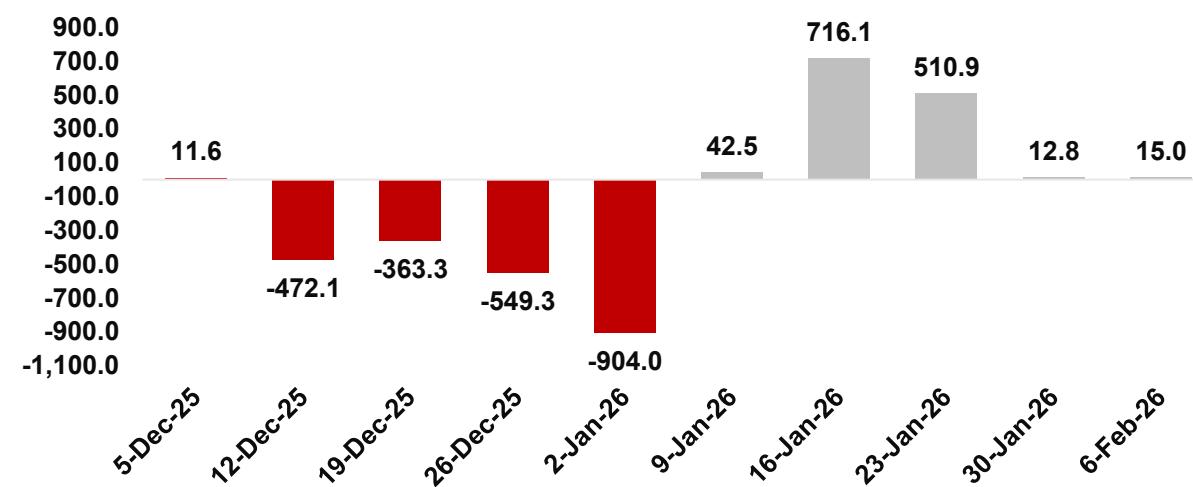
- The regional equity index were mixed for the week ending February 6. Indonesia's JCI was the biggest loser, declining by 4.7% as market confidence took a hit after Moody's shifted Indonesia's credit outlook from stable to negative. The agency pointed to a decline in policy predictability, raising flags over how effectively the government is being run. Moody's warned that if these governance issues persist, Indonesia risks permanently damaging its hard-earned financial reputation.
- In addition, Hong Kong's Hang Seng dipped by 3.0% amid market confidence was shaken by a three-day losing streak on Wall Street, fueled by concerns over AI-driven disruption to software earnings. This cautious mood extended to China, where stocks fell in anticipation of January inflation data and the potential inflationary impact of recent gold price fluctuations.
- In contrast, U.S.' Dow Jones (+2.5%), Thailand's SET (+2.1%) and Japan's Nikkei (+1.7%) were the major winner for the week ending February 6.

DOMESTIC EQUITY: LOCAL MARKET CLOSED IN THE RED AS GEOPOLITICAL TURMOIL DOMINATED SENTIMENTS

Weekly Bursa Sectoral Performance, w-o-w%



Weekly Foreign Fund Net Inflows/Outflows, RM Million



Sources: Bursa, CEIC Data

- Mirroring the regional weakness, the FBM KLCI declined by 0.5% w-o-w as risk aversion swept through global markets amidst heightened geopolitical concerns.
- Looking back, the local market marked the highest level since October 2018 (27 Jan 2026: 1,771.25 points), amid easing geopolitical concerns over the broader Arctic region. However, markets plunged back in the red as tensions surged between U.S. and Iran next, dragging investor confidence amid the probability a broader regional conflict.
- Nevertheless, risk aversion eased toward the end of the week as representatives from the two countries met in Oman on Friday. Discussions covering on topics of Iranian nuclear programs and ballistic missiles were held, the outcome of which was described positively by both sides. While markets experienced a slight rebound and investors unwound from defensive positions, lingering caution remained. The situation remained highly fragile given long-standing tensions between the two, exacerbated by Trump's latest tariff threat, suggesting that the conflict could tip into the negative once more.
- Foreign investors remained as net buyers for the fifth straight week, acquiring a total of RM15.0million worth of equities.

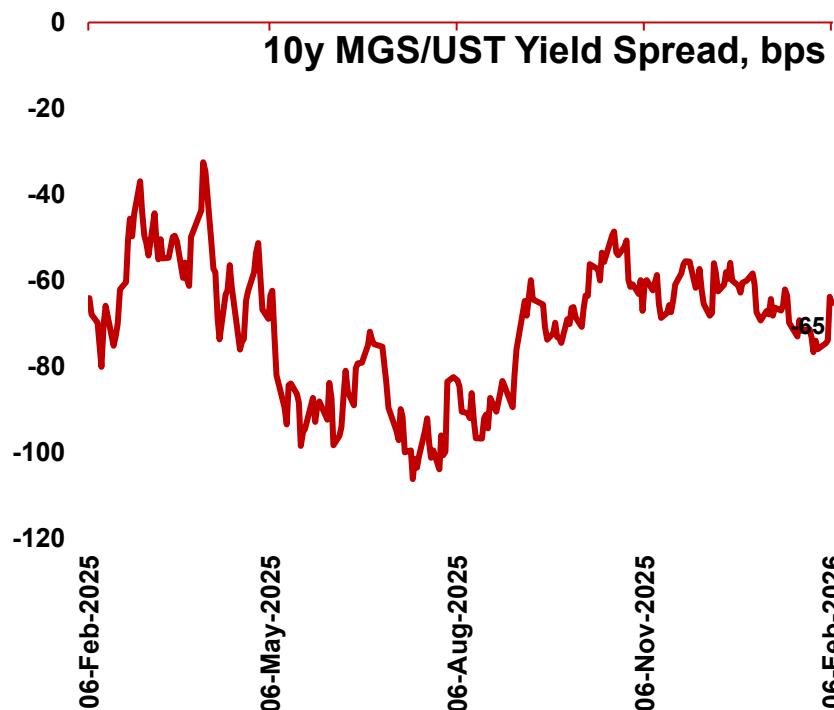
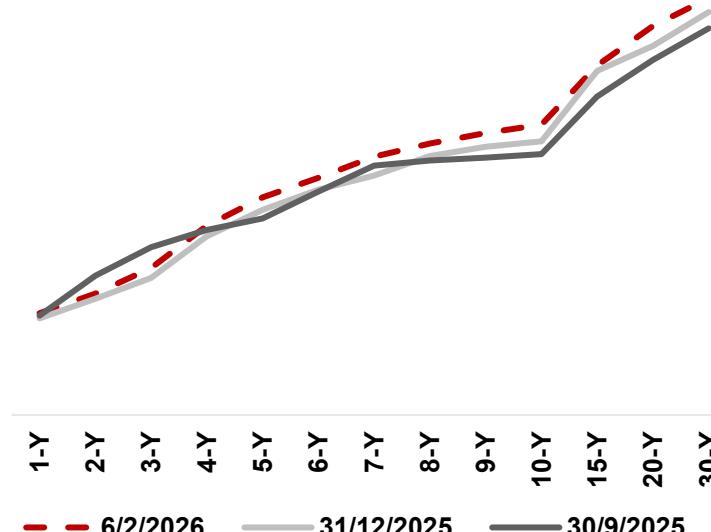
⁴ This had increased the cumulative net inflow thus far to RM1.1 billion.

FIXED INCOME: UST YIELDS SLIP AS WEAK LABOR DATA FUELS FED CUT EXPECTATIONS

Weekly Changes, basis points (bps)			
UST	Yields (%) 30-Jan-26	Yields (%) 6-Feb-26	Change (bps)
3-Y UST	3.60	3.57	-3
5-Y UST	3.79	3.76	-3
7-Y UST	4.01	3.98	-3
10-Y UST	4.26	4.22	-4
MGS	Yields (%) 30-Jan-26	Yields (%) 6-Feb-26	Change (bps)
3-Y MGS	3.03	3.04	1
5-Y MGS	3.28	3.30	2
7-Y MGS	3.44	3.45	1
10-Y MGS	3.50	3.57	7
GII	Yields (%) 30-Jan-26	Yields (%) 6-Feb-26	Change (bps)
3-Y GII	3.12	3.12	0
5-Y GII	3.27	3.28	1
7-Y GII	3.37	3.38	1
10-Y GII	3.53	3.55	2

Sources: BNM, Federal Reserve Board

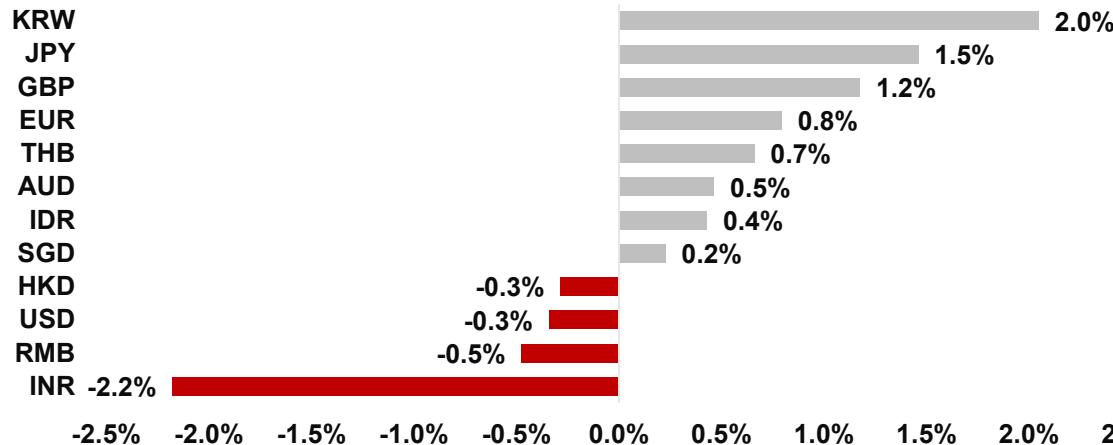
MGS Yield (%)



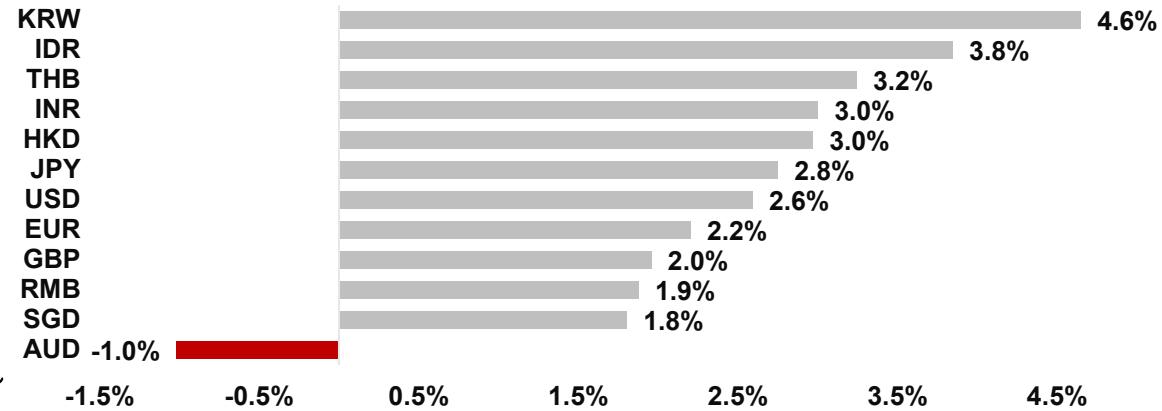
- The U.S. Treasury (UST) yields closed lower in the range of 3bps and 4bps for the week ending February 6 after a series of weak labor market indicators has bolstered expectations for multiple Federal Reserve (Fed) rate cuts this year. December's JOLTS report revealed job openings hitting a five-year low, while January saw the highest volume of job cuts since 2009, according to Challenger. Further dampening the outlook, initial jobless claims surged to a two-month high—exceeding forecasts—and the ADP report showed private-sector hiring falling significantly short of estimates. This cooling labor trend has solidified market bets on a first rate reduction in June, with a second likely to follow in September.
- Malaysian Government Securities (MGS) and Government Investment Issues (GII) closed higher, moving by between 1bp and 7bps, except for 3-Y GII which plateaued at 3.12%.
- The 10y MGS/UST yield spread narrowed in the negative territory at 65bps relative to -76bps in the previous week.

FX MARKET: RINGGIT ON TRACK FOR WEEKLY LOSS AS THE USD INDEX CLIMBED PAST THE 97-LEVEL

MYR Against Regional Currencies, w-o-w%



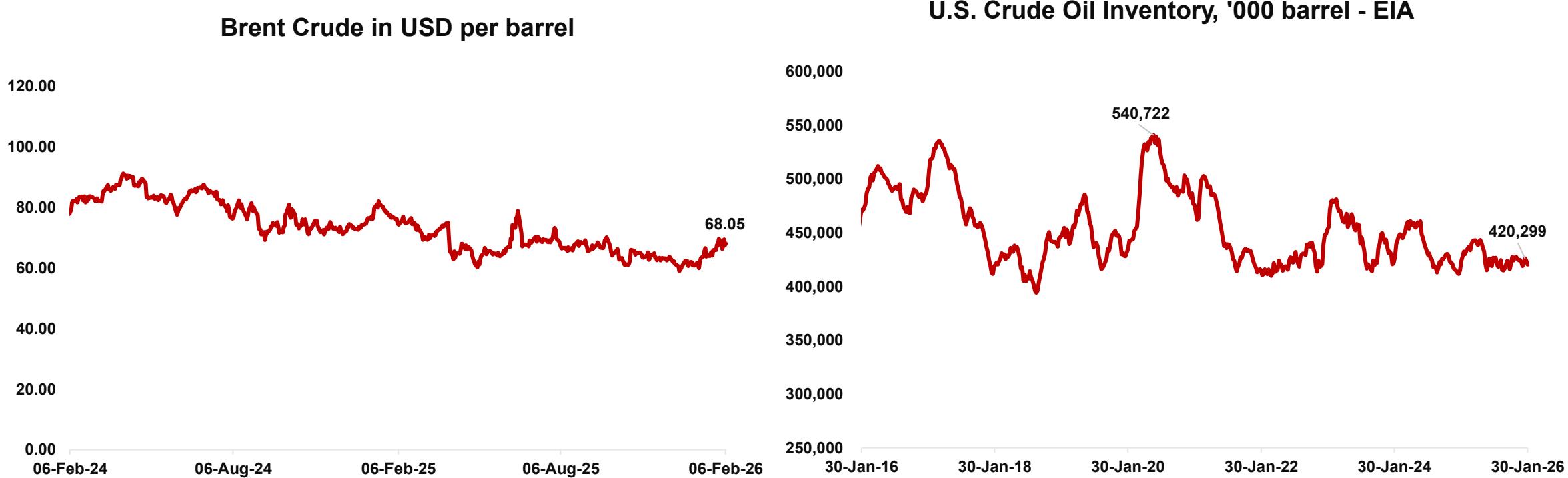
MYR Against Regional Currencies, YTD%
(As of 6 February 2026)



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

- The Ringgit depreciated by 0.3% w-o-w against the USD for the week ending February 6 as the USD index rebounded by 0.7%, climbing back above the 97-level during the week.
- The USD performance during the week was underpinned by an interplay of near-term policy expectations and concerns surrounding the U.S.-Iran conflict. On the former, markets appeared unperturbed by a slew of weaker than expected job market numbers, assigning greater consideration for a slower pace of Federal Reserve (Fed) cuts amid heightened policy volatility and broader uncertainties.
- Additionally, the exceptionalism of the U.S. economy, which expanded by 4.4% in 3Q2025, appeased investor confidence as it provided the Fed some flexibility in navigating its policy path, without risking growth. As such, the probability of an extended pause through March remained high, falling slightly to 76.8% from 86.6% a week prior.
- This had overshadowed the softer labour market releases when the December JOLTS job openings surprised to the downside, increasing by 6.5 million (Est: 7.2 million) and marking the lowest level since September 2020. Separate private job reports also reinforced the weakening momentum with private businesses adding only 22K jobs in January, less than half of the expected 48K, according to an ADP report.
- Furthermore, escalating tensions between U.S. and Iran spurred flight toward safe-haven assets, lending modest support to the USD's appreciation.

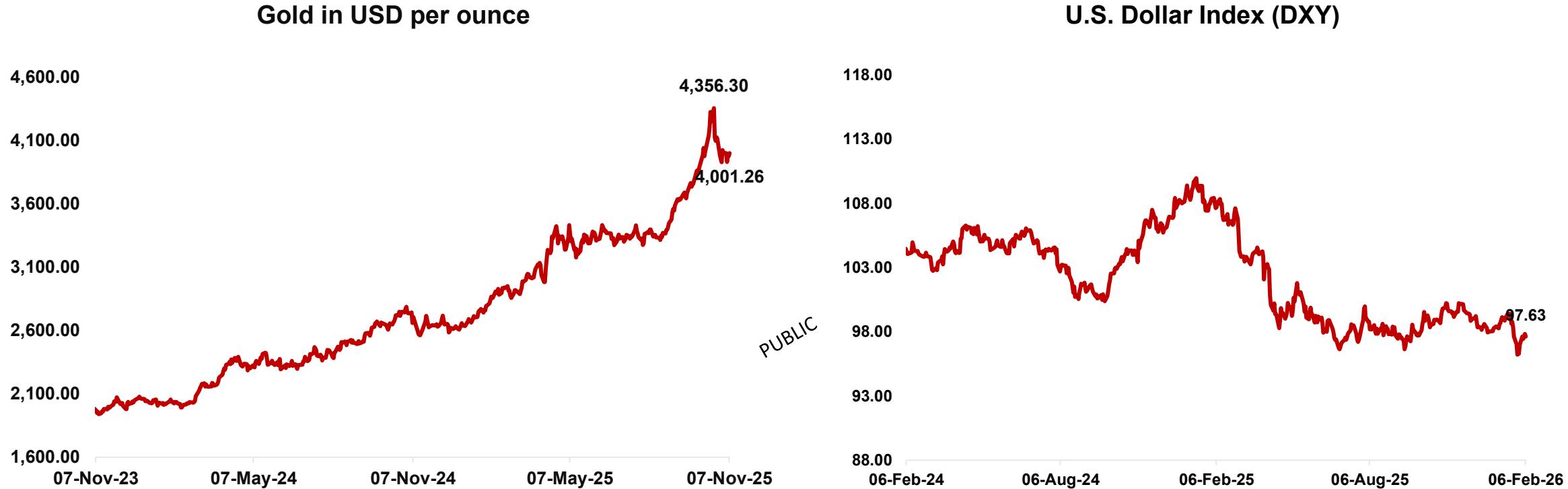
COMMODITY: OIL PRICES EDGED LOWER ON DIPLOMATIC SIGNALS



Sources: Bloomberg, Energy Information Administration (EIA)

- Brent oil reduced slightly last week, ending the week (February 6) at USD68.05 per barrel, down 1.8% w-o-w, marking the first weekly decline in six weeks as geopolitical tensions showed signs of thawing.
- The downturn was largely driven by scheduled diplomatic talks between the U.S. and Iran, which mitigated immediate fears of supply shocks from the OPEC producer, even as skepticism remains regarding a formal breakthrough.
- U.S. weekly crude inventories declined by 3.5 million barrels to 420.3 million for the week ending January 30.

COMMODITY: GOLD PRICE ON TRACK FOR WEEKLY LOSS AMID PROLONGED GOLD FATIGUE



Sources: Bloomberg, CEIC Data

- Gold price climbed by 1.4% last week, underpinned by safe-haven demand amid rising tensions between U.S. and Iran.
- The conflict escalated sharply during the week amid reports of a U.S. ship striking an Iranian drone, potentially evolving into a direct armed confrontation. However, both countries agreed to proceed with their scheduled diplomatic engagement, signaling readiness to reach an amicable conclusion.
- The outcome from the meeting, however, was mixed. Iran's Foreign Minister stated that the talks were “positive”, a sentiment echoed by U.S. President Trump who remarked that discussions were “very good”. Be that as it may, Trump's comments were interspersed with a threat that consequences would be “very steep” if they fail to reach a deal, followed by an announcement of 25% tariffs on nations doing business with Iran, leading to lingering caution among markets as they await further developments.

WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- This week, central to market attention will be the delayed January job report alongside a slew of other key U.S. economic indicators, including the Consumer Price Index (CPI), retail sales and jobless claims. The Nonfarm Payrolls (NFP) report, initially scheduled for release last week, was delayed due to the partial government shutdown, following the expiration of the short-term funding extension passed in November 2025 to effectively end the record-long 43-day shutdown. However, a breakthrough was finally achieved when the Senate narrowly approved the funding bill by a 217–214 vote, which President Trump subsequently signed into law, securing government funding through the end of the fiscal year in September. With federal operations now resuming, the backlog of economic data is set to be cleared with the NFP job report to be released on Wednesday, according to the Bureau of Labor Statistics (BLS). This will be highly anticipated as jittery markets seek further insights into the job market following a markedly weaker than expected JOTLS job openings (Dec: 6.5 million vs. Nov: 6.9 million), the lowest since September 2020.
- In the UK, markets will focus on the upcoming 4Q2025 GDP estimate for further insights in shaping their policy expectations. The Bank of England kept its Bank Rate steady at 3.75% last week, but what captured attention was the closely split vote within the Committee. The Committee voted 5-4 on the decision, underscoring a widening divide between policymakers as they weigh between the finely balanced risks posed to the economy. On one hand, inflation, which has been persistently above target, had edged up slightly to 3.4% in December, igniting concerns whether the central bank had jumped the gun. On the other hand, unemployment rate has touched the highest point since March 2021 while hiring momentum remained fragile, backing the case for further easing to support the economy. This view is reinforced by the BoE downgrading its 2026 growth outlook to 0.9%, compared to 1.2% forecasted previously, while unemployment rate is projected to rise to 5.3%. Thus, the preliminary 4Q2025 growth figures will offer a closer look into the health of the economy, granting more clarity into the BoE's policy easing path.
- In Malaysia, market focus this week will be on the upcoming 4Q2025 GDP release. Preliminary estimates projected the economy to expand by 5.7% y-o-y (3Q: 5.2%), underpinned by broad-based expansions across key economic sectors. The release highlighted a backdrop of resilient domestic demand, complemented by external demand which surprised to the upside, laying a solid foundation to prep markets for official figures this Friday. Distributive trade sales had remained solid during the quarter, reinforcing expectations of robust private consumption, while solid investment momentum is anticipated to be sustained amid ongoing infrastructure development alongside growing data centre demand. Malaysia's exports had surged by 11.0% in 4Q, driven by higher tech-related demand while rapid frontloading activities and trade diversion measures offset the risks stemming from supply chain uncertainties and broader trade disruptions. The manufacturing sector is expected to reflect the resilient external demand, accelerating by 6.0% in 4Q (3Q: 4.1%). In 2025, the economy is projected to grow by 4.9%, outperforming the official estimate between 4.0-4.8% and lifting optimism for Malaysia's growth prospects in 2026.



THANK YOU