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WEEKLY ECONOMIC UPDATE

9 MARCH 2026

ECONOMIC RESEARCH

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WEEKLY HIGHLIGHT: OPR HELD AT 2.75% AMID GEOPOLITICAL HEADWINDS

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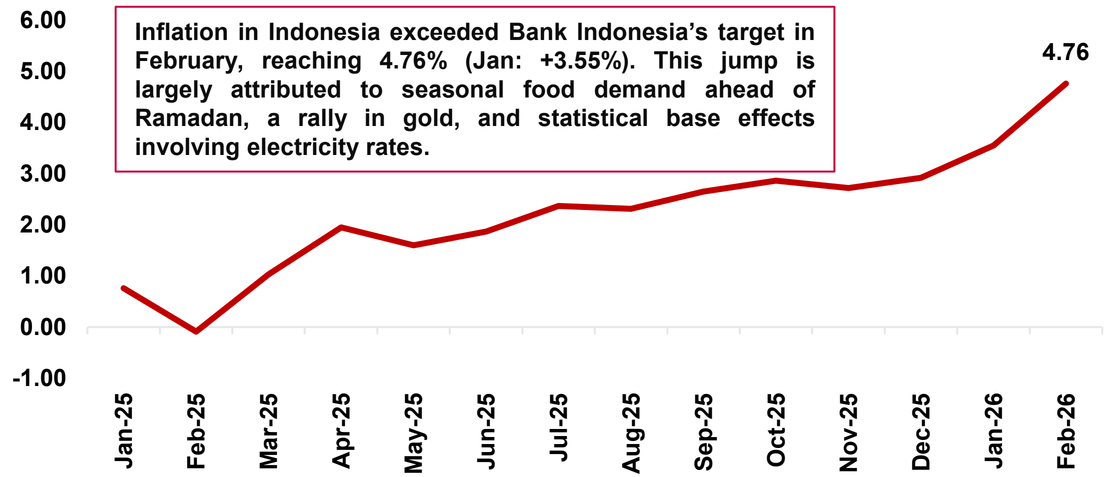
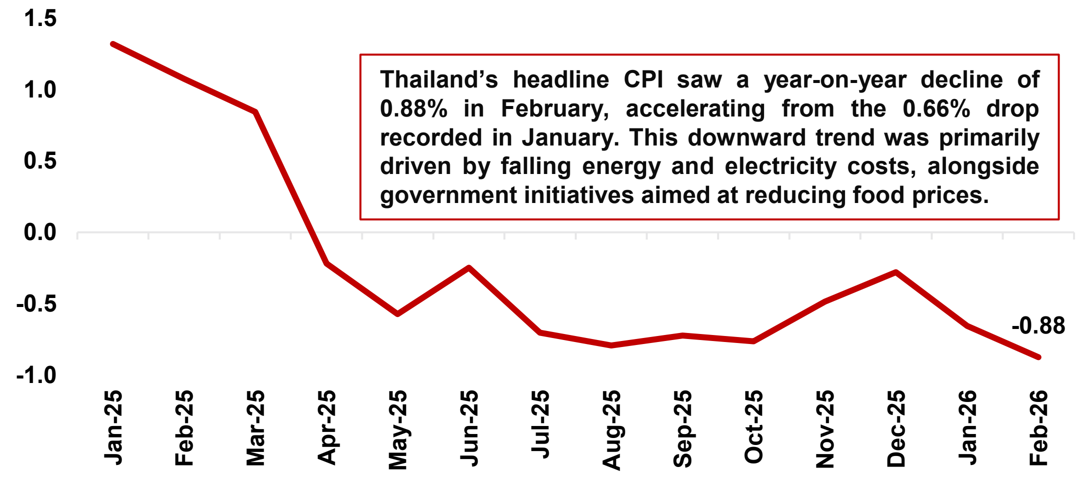
GLOBAL

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

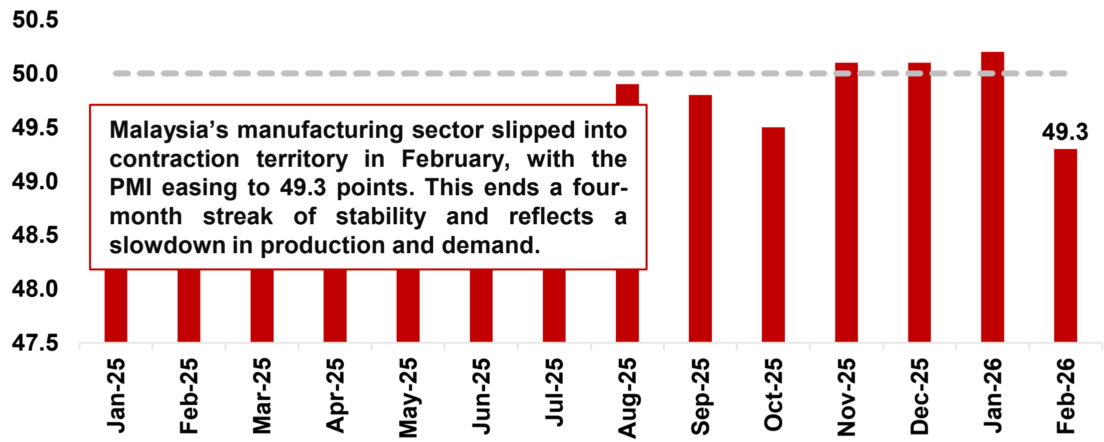


Thailand - Consumer Price Index (CPI), y-o-y%

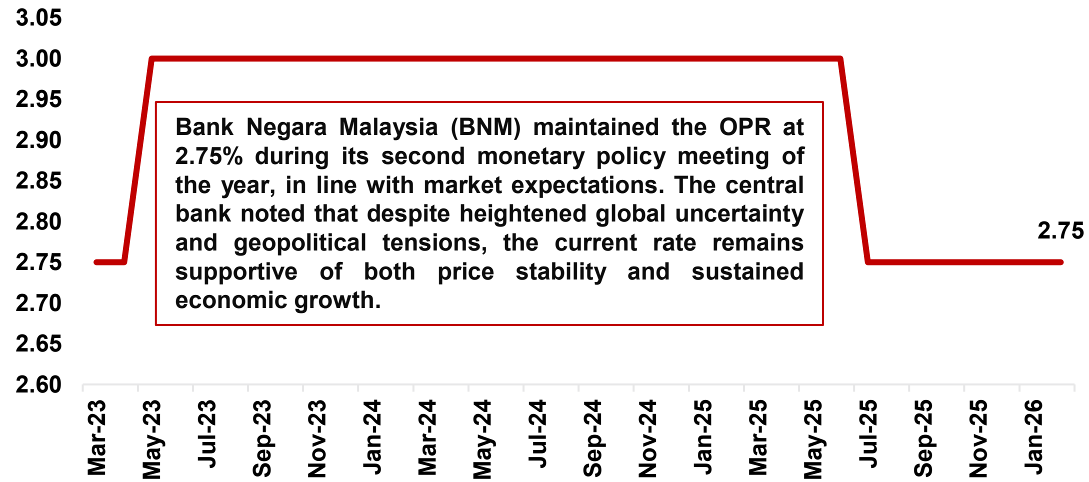


DOMESTIC

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



Malaysia - Overnight Policy Rate (OPR), %



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

U.S. WEEKLY HIGHLIGHT: U.S LABOUR MARKET WEAKENED IN FEBRUARY

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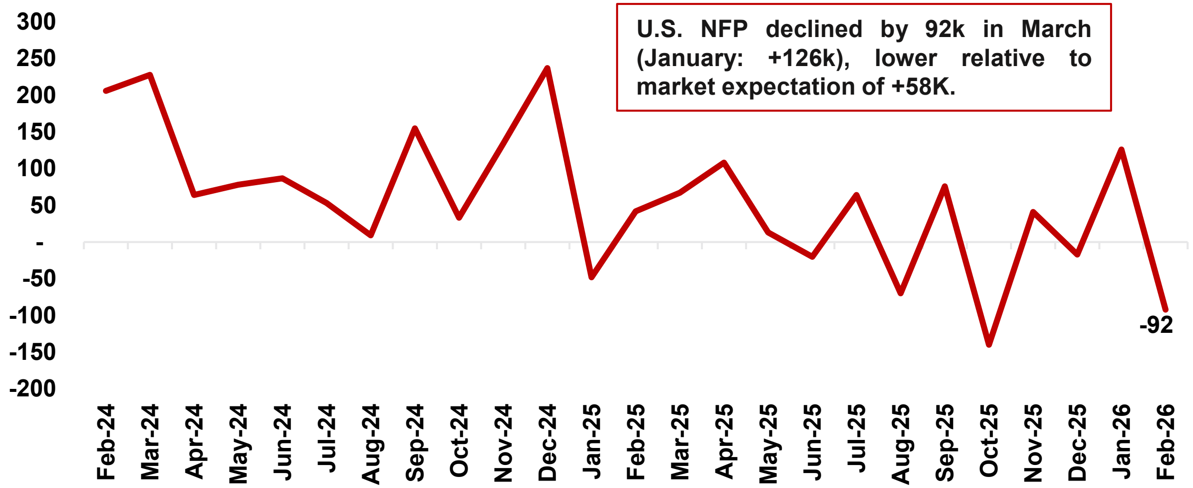
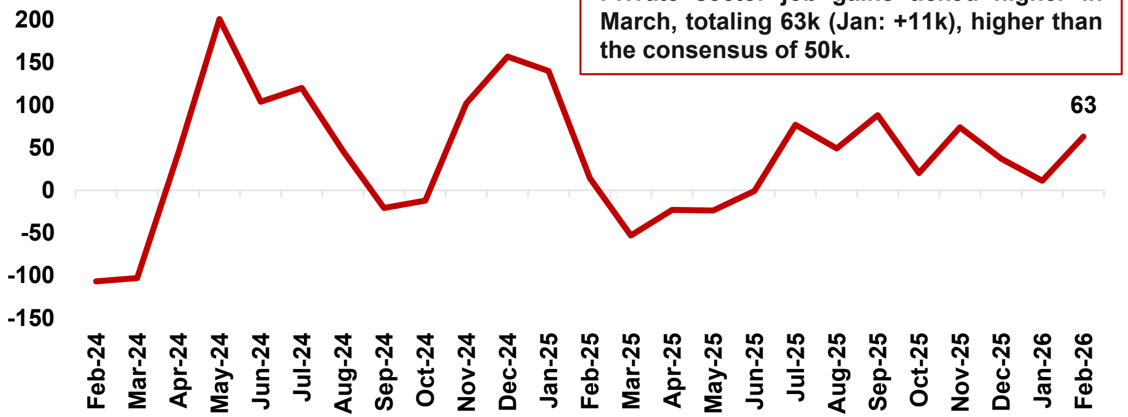
U.S. Non-Farm Payroll, m-o-m changes ('000)



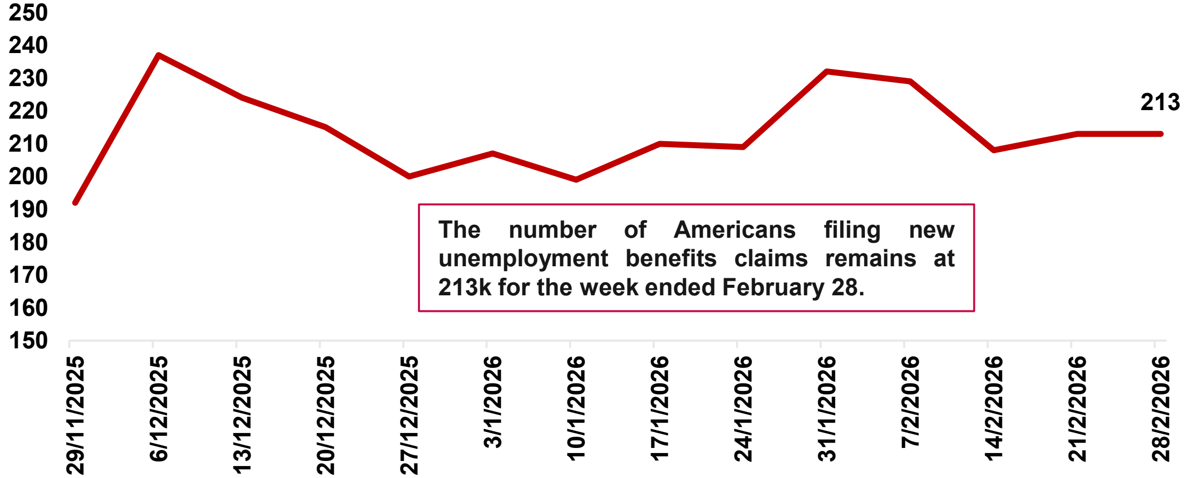
U.S. NFP declined by 92k in March (January: +126k), lower relative to market expectation of +58K.

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



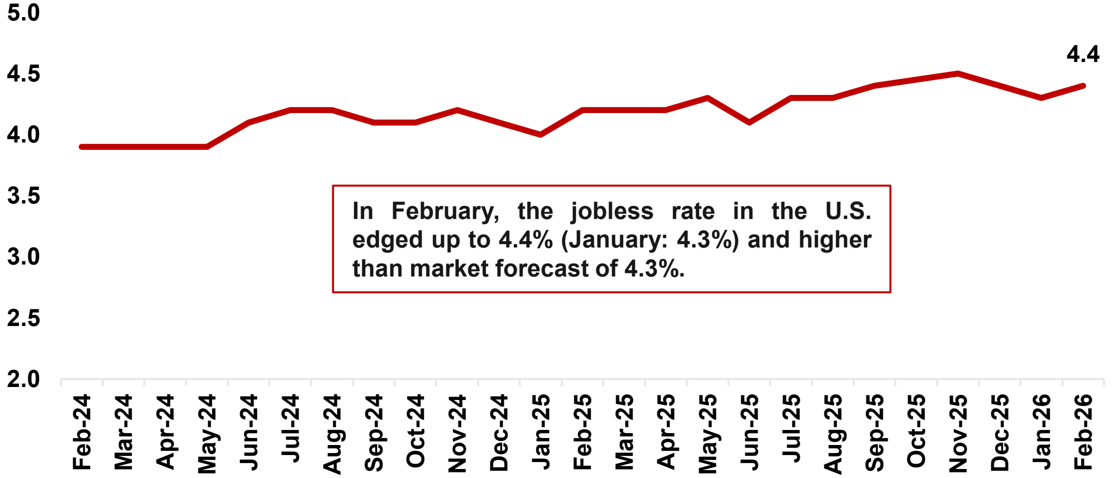
Private sector job gains ticked higher in March, totaling 63k (Jan: +11k), higher than the consensus of 50k.

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



The number of Americans filing new unemployment benefits claims remains at 213k for the week ended February 28.

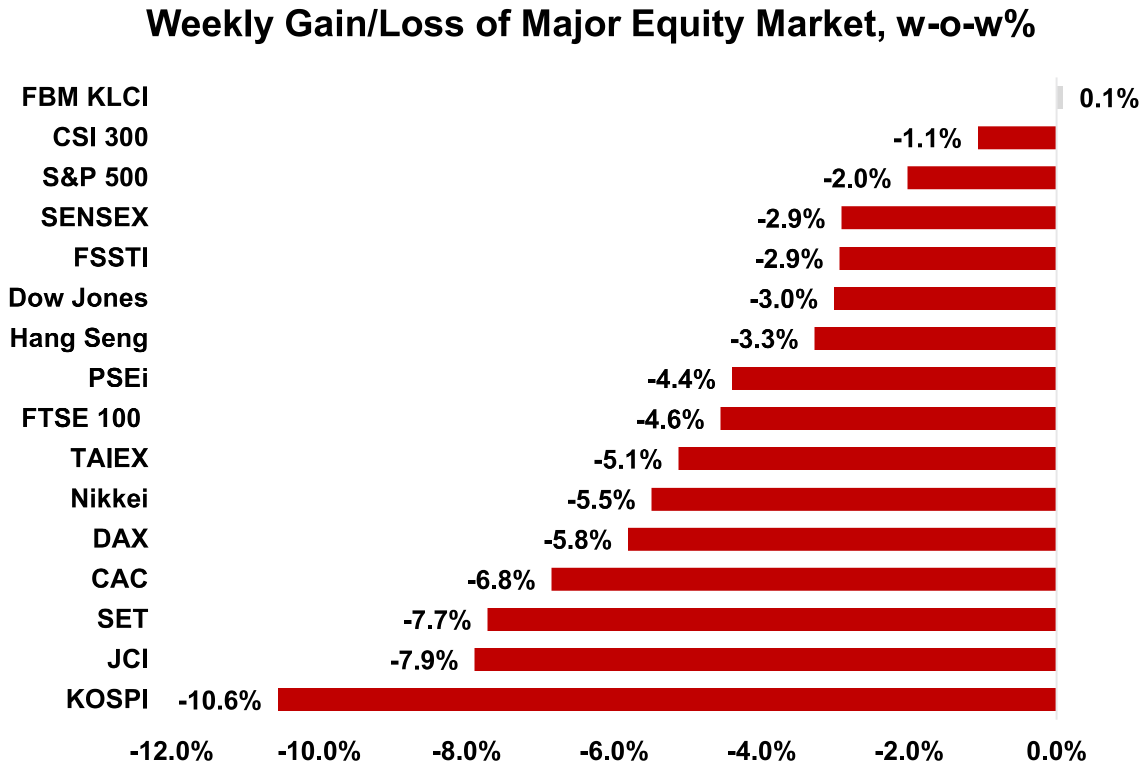
U.S. Unemployment Rate, %

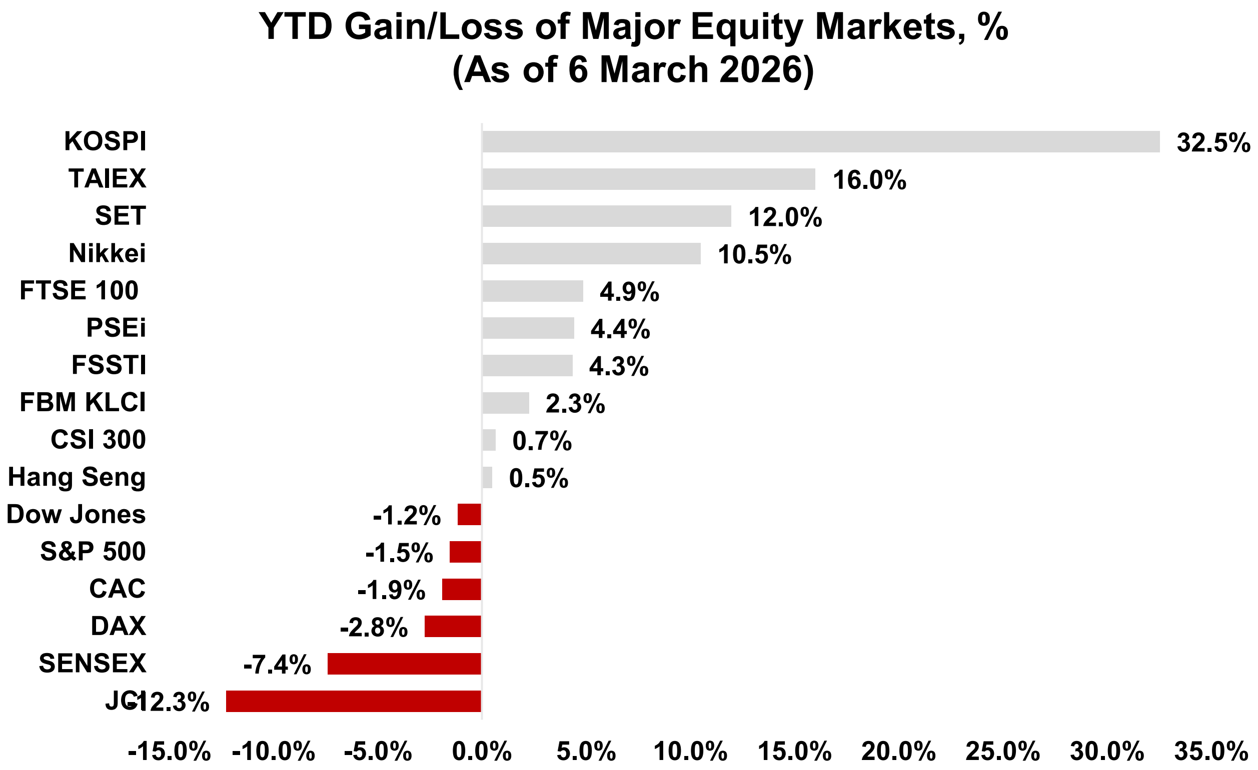


In February, the jobless rate in the U.S. edged up to 4.4% (January: 4.3%) and higher than market forecast of 4.3%.

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

REGIONAL EQUITY: RISING OIL PRICES AND GEOPOLITICAL RISKS TRIGGER MARKET RISK-OFF MOOD





Sources: Bursa, CEIC Data

- The regional equity index were mostly in the red sea for the week ending March 6, with South Korea' KOSPI (-10.6%) as the major loser.
- Markets retreated as surging oil prices and a shift toward risk-aversion dampened investor sentiment. Heightened geopolitical tensions involving Iran have sparked fears of Middle Eastern supply disruptions, driving crude prices significantly higher. This spike has reignited inflation concerns, particularly for energy-dependent nations like South Korea, where domestic authorities have already issued an energy supply alert to monitor fuel market volatility.
- In contrast, Malaysia's FBM KLCI (+0.1%) was the only gainer for the week ending March 6.

DOMESTIC EQUITY: LOCAL MARKET CLOSED IN A SEA OF RED AMID U.S.-IRAN CONFLICT

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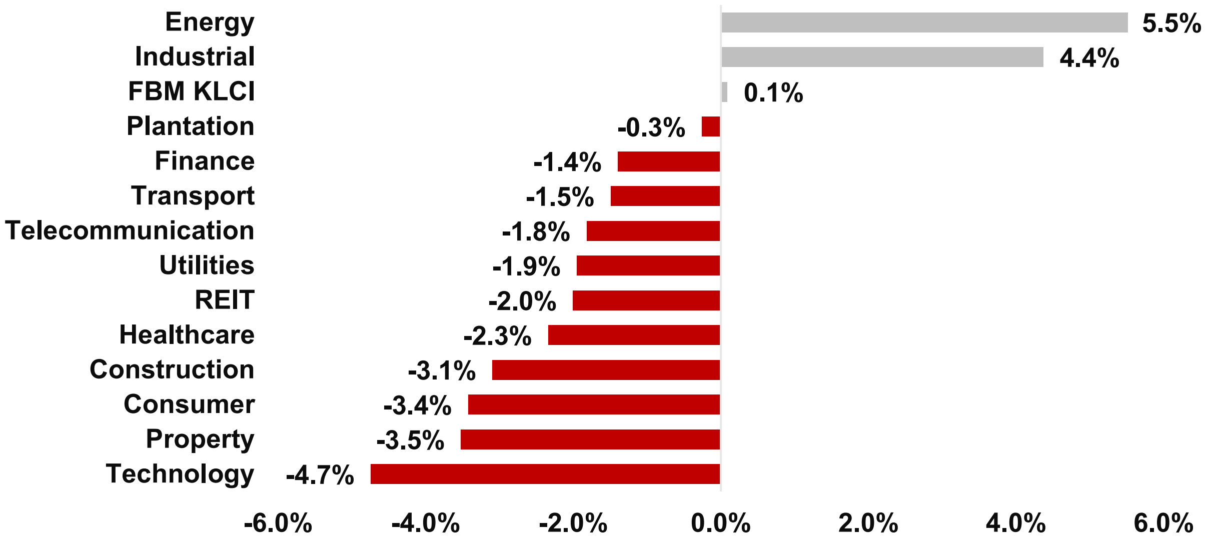

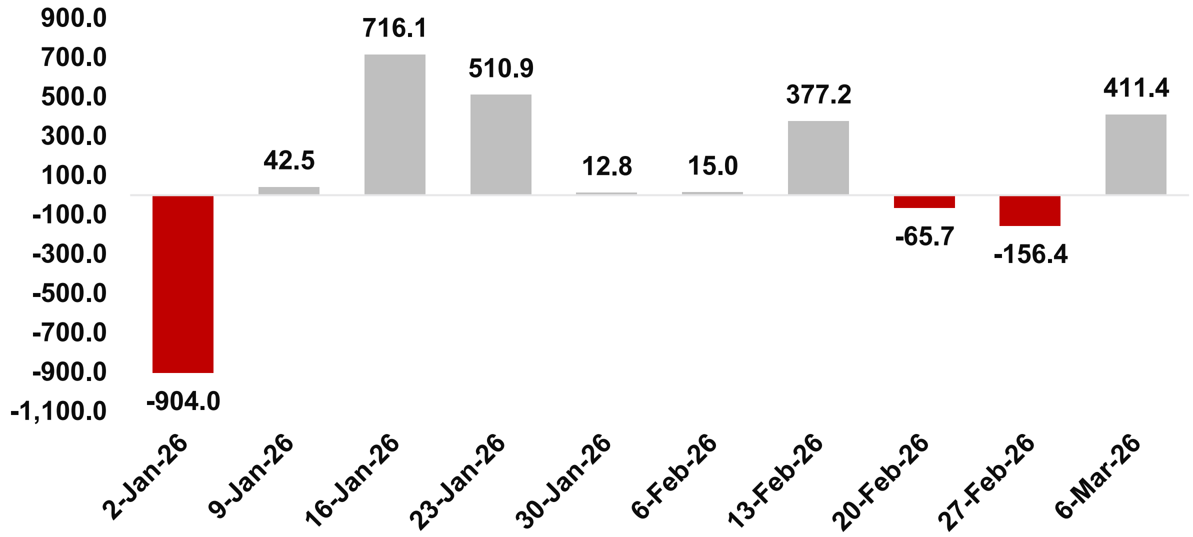

Sources: Bursa, CEIC Data

- The FBM KLCI rose slightly by 0.1% w-o-w for the week ending March 6 as risk aversion dominated investor sentiments.
- Reflecting regional unease, investors began to shed riskier holdings and swiftly moved to safe-haven assets, leading to subdued buying interest for emerging market assets. However, rising global energy prices, with brent crude price touching above USD90.0 pb on Friday, fueled demand for energy-related stocks which led to the Energy index climbing by 5.5%. Domestically, it was a relatively light calendar week, shifting investor focus fully on the unfolding conflict in the Middle East.
- Most Bursa indices closed in the red with the Technology index emerging as the biggest loser, declining by 4.7%. This was followed by the Property (-3.5%), Consumer (-3.4%) and Construction (-3.1%) indices.
- Foreign investors returned after two weeks of net selling, acquiring a total of RM411.4 million worth of equities. This had increased the cumulative net inflow thus far to RM1.6 billion.

FIXED INCOME: UST YIELDS SURGE AMID MIDDLE EAST ENERGY CRISIS AND WEAK U.S. LABOR DATA

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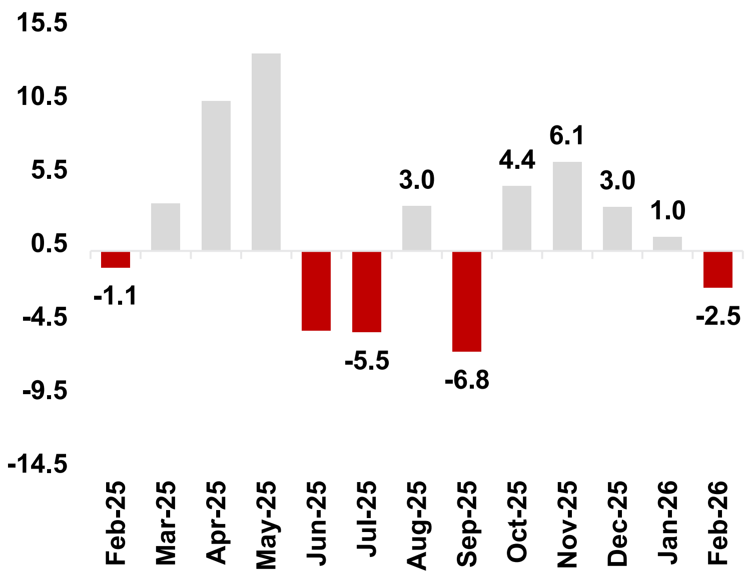
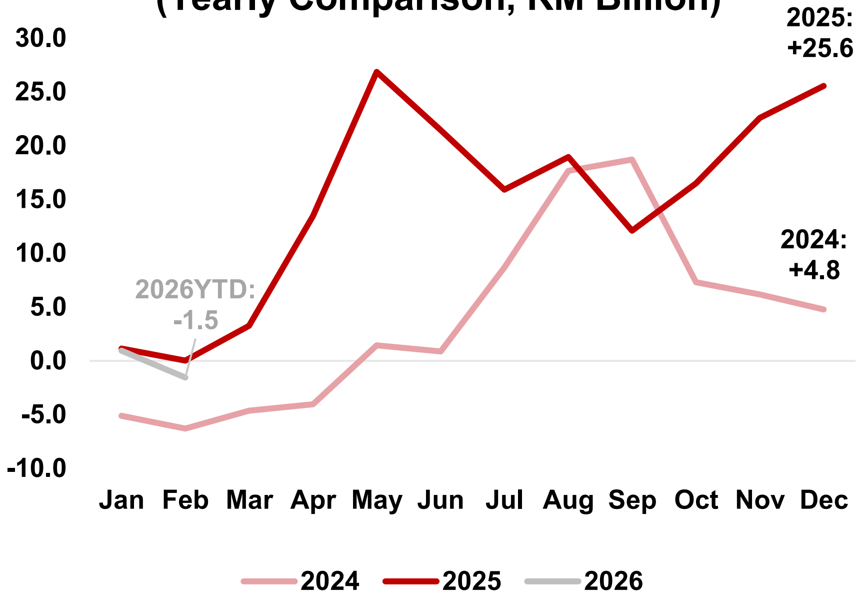
Weekly Changes, basis points (bps)

UST	Yields (%) 27-Feb-26	Yields (%) 6-Mar-26	Change (bps)
3-Y UST	3.39	3.59	20
5-Y UST	3.51	3.72	21
7-Y UST	3.72	3.93	21
10-Y UST	3.97	4.15	18
MGS	**Yields (%) 27-Feb-26**	**Yields (%) 6-Mar-26**	**Change (bps)**
3-Y MGS	3.06	3.11	5
5-Y MGS	3.31	3.35	3
7-Y MGS	3.42	3.45	3
10-Y MGS	3.50	3.55	5
GII	**Yields (%) 27-Feb-26**	**Yields (%) 6-Mar-26**	**Change (bps)**
3-Y GII	3.10	3.14	4
5-Y GII	3.27	3.30	3
7-Y GII	3.36	3.37	2
10-Y GII	3.51	3.54	2

Sources: BNM, Federal Reserve Board





- The U.S. Treasury (UST) yields climbed in the range of 18bps and 21bps as global markets are currently caught between a severe energy shock and a weakening U.S. economy. The surge in oil price is fueled by the conflict with Iran, with oil supply further threatened as Kuwait begins production cuts and Qatar warns of potential regional shutdowns. These inflationary pressures have largely overshadowed a dismal U.S. labor report.
- Malaysian Government Securities (MGS) and Government Investment Issues (GII) yields mostly edged higher by between 2bps and 5bps.
- Foreign fund flows in the local bond market recorded a net foreign outflow of RM2.5 billion in February (Jan: +RM1.0 billion). Consequently, local govvies' foreign shareholdings to total outstanding reduced to 21.2% in February (Jan: 21.5%).
- As of the first two months 2026, the local bond market recorded the cumulative net foreign outflows of RM1.5 billion, lower than the inflows of RM28 million in the same period in the previous year.

FX MARKET: RINGGIT ON TRACK FOR WEEKLY LOSS AS THE USD IS SET TO TEST THE 99-LEVEL

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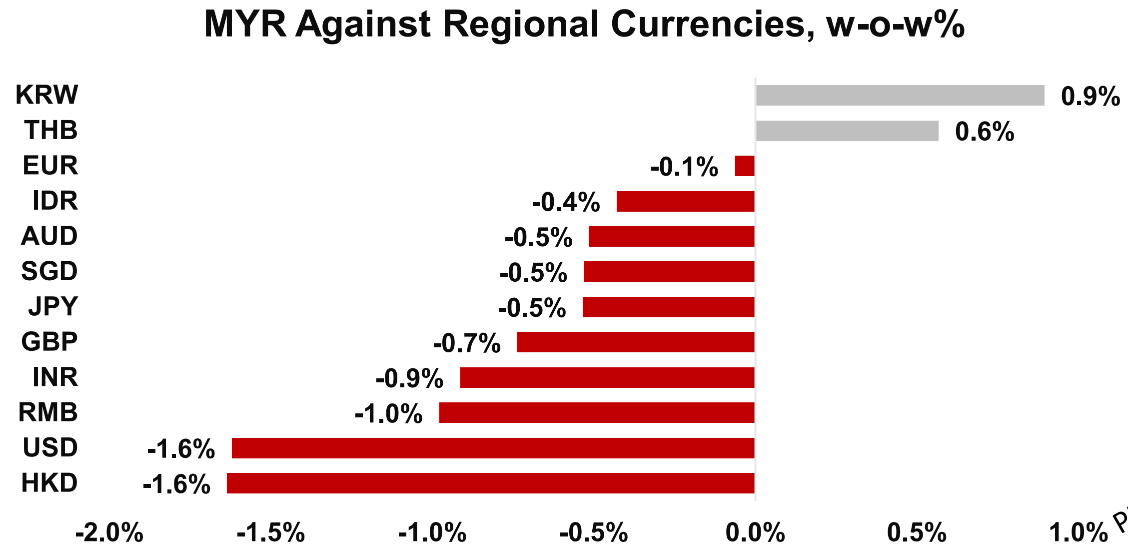

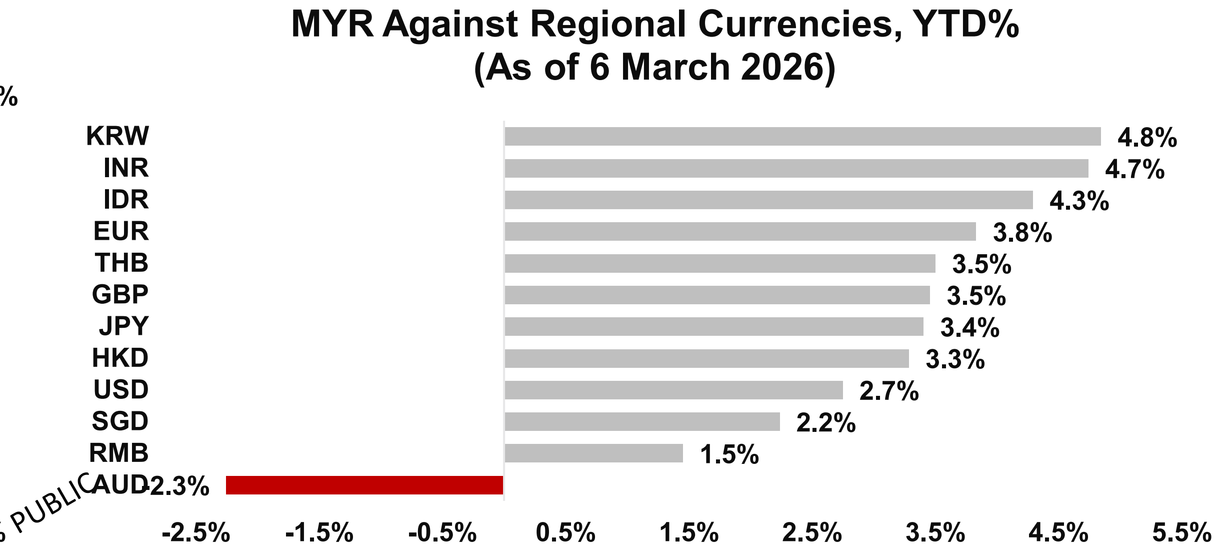

Sources: BNM, Federal Reserve Board (Fed), CEIC Data

- The Ringgit depreciated by 1.6% w-o-w against the USD for the week ending March 6, remaining under pressure as the USD index rose by 1.4%. Key tails driving the USD's appreciation stem from the U.S.-Iran conflict and expectations of a higher for longer Fed.
- Markets have increasingly pushed back expectations for a Federal Reserve (Fed) rate cut, amid persistent inflation and a labour market that has slowed less sharply than anticipated. This reassessment has helped keep the USD anchored above the 97.00 level, positioning the currency to potentially gain further bullish momentum.
- Following the joint U.S.-Israel attack on Iran and subsequent Iranian retaliatory strikes across the Middle East, global risk aversion surged with investors swiftly seeking the safety of USD-denominated assets. At market open on 2 March, the USD approached the immediate resistance level, breaking decisively past 98.00.
- Furthermore, increased security risk premia for shipping vessels around the Persian Gulf and surrounding area triggered concerns of an oil supply shock, causing energy prices to jump. The situation deteriorate quickly when Iran announced the closure of the Strait of Hormuz, driving energy prices higher and reinforcing expectations of a resurgence in price pressures. This would further delay the Fed's easing and markets swiftly recalibrated their expectations, not anticipating a cut throughout June.

COMMODITY: BRENT CRUDE HITS TWO-YEAR HIGH AS U.S.-IRAN TENSIONS FUEL SUPPLY DISRUPTION FEARS

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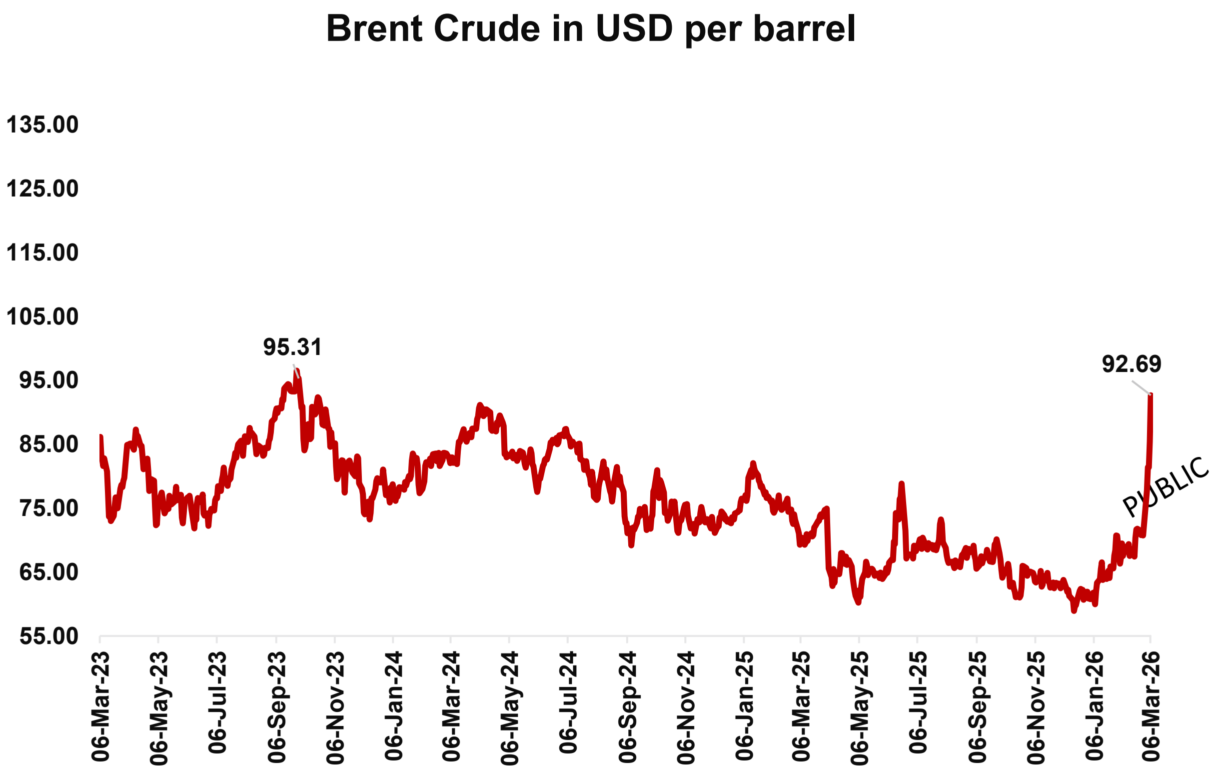
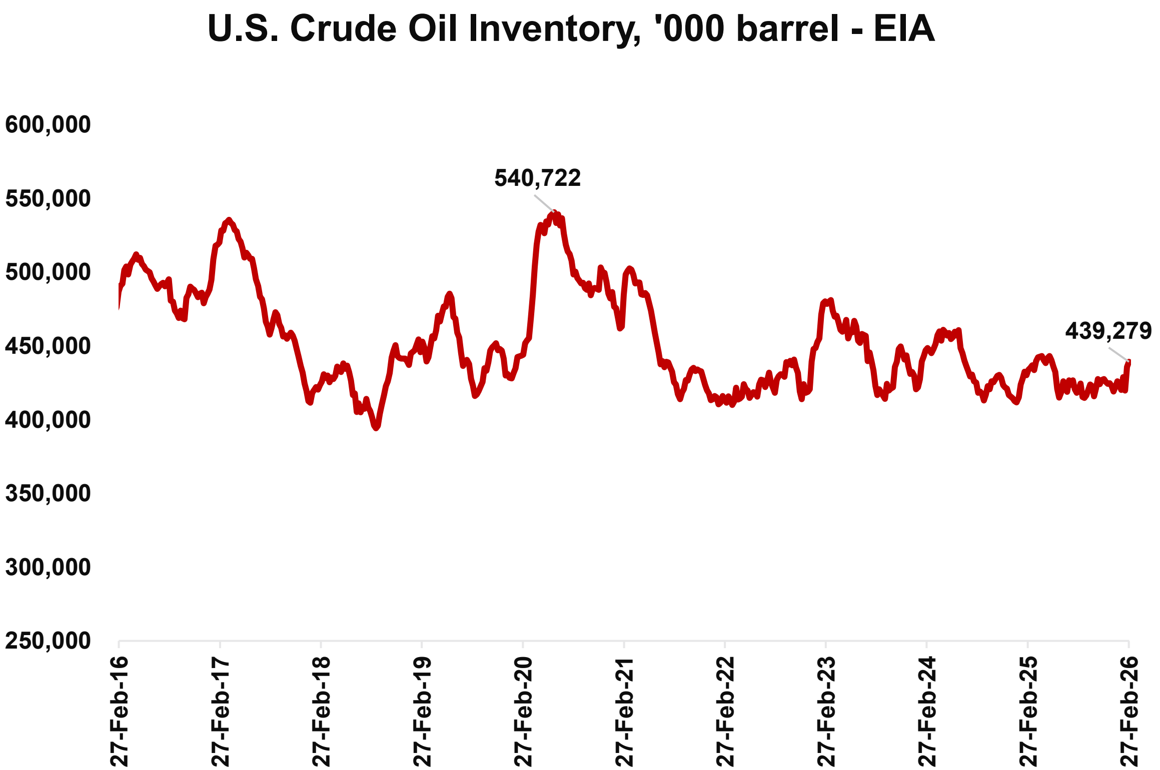
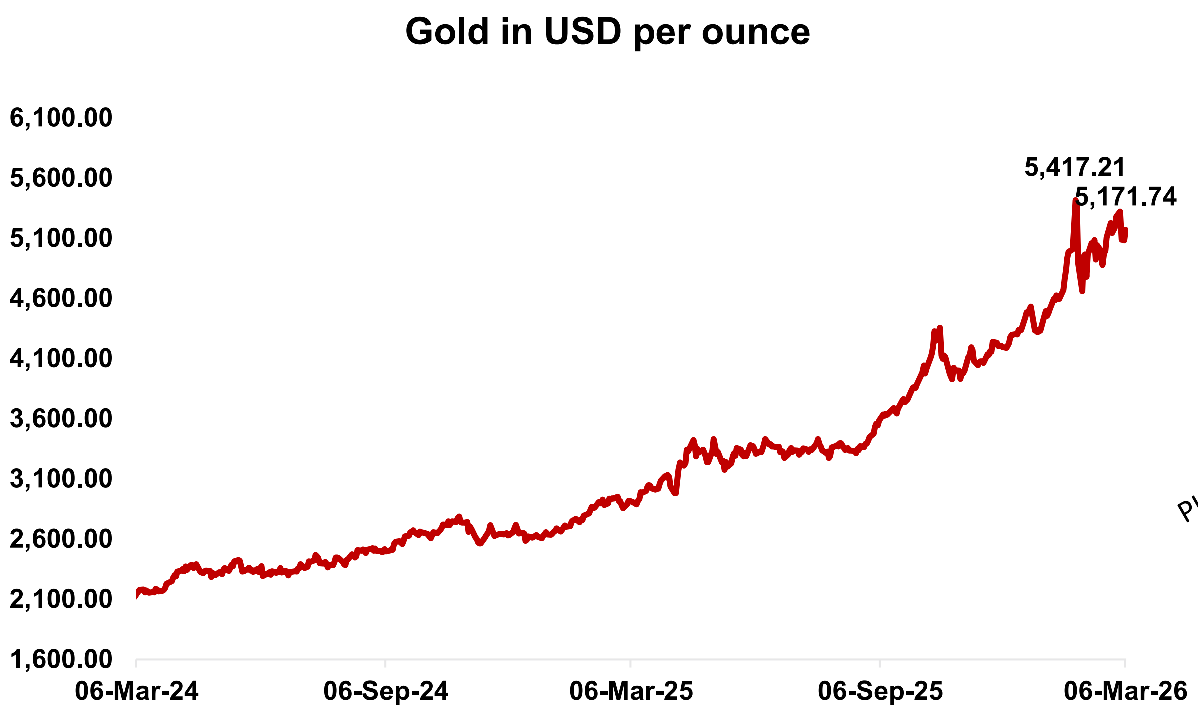


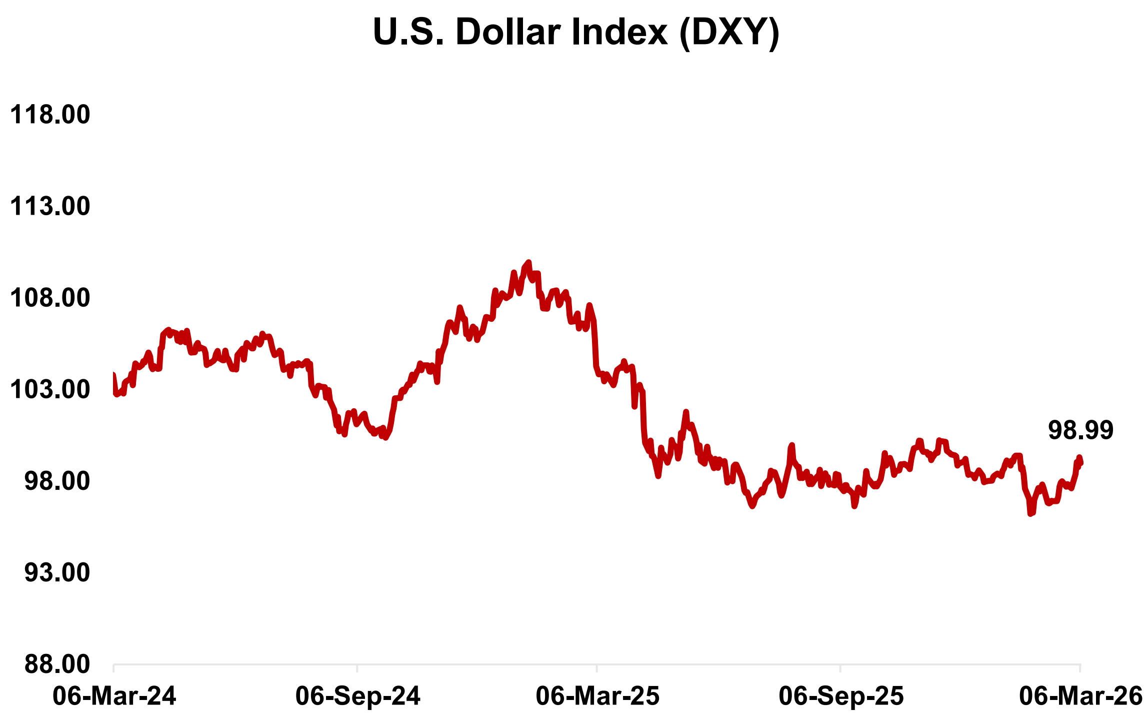


Sources: Bloomberg, Energy Information Administration (EIA)

- Brent oil prices closed higher on Friday (March 6), rising sharply to USD 92.69/barrel, marking its highest level in more than two years as escalating Middle East tensions raised fears of a major supply disruption. On week-on-week basis, oil price skyrocketed by 27.9%.
- Oil prices are likely to remain elevated and, as of Monday, have surged above USD100/barrel level as supply disruptions from the U.S.-Iran war, combined with production cuts by Gulf producers tighten global oil supply. Prices could surge further towards USD120-150/barrel if the conflict escalates or if shipping through the Strait of Hormuz remains severely disrupted. For now, oil volatility is expected to remain very high, with prices reacting quickly to military developments.
- US crude oil inventories rose by 3.5 million barrels to 439.3 million for the week ending February 27.

COMMODITY: USD REESTABLISHED ITS SAFE-HAVEN DRAW WHILE GOLD PRICE DIPPED





Sources: Bloomberg, CEIC Data

- Gold price (XAU) declined by 2.0% w-o-w, under pressure against the USD's appeal. On 2 March, increased demand fueled the XAU with momentum to break above the USD5,400, touching a high of USD5,419.11.
- However, the bullion lost its footing just a day after, opening lower at USD5,335 before slipping below the immediate support floor at 5,300. This led the XAU on a slide past consecutive support zones and the currency failed to regroup its momentum, closing the week at a modest USD5,171.74.

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WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- Geopolitical tensions in West Asia and movements in crude oil prices are expected to be the main drivers of global stock markets this week. Escalating conflict in the region has pushed oil prices above USD100/barrel, raising concerns about potential supply disruptions. If crude prices continue to rise, it could pressure equities, particularly in countries that rely heavily on oil imports. Higher oil prices may also fuel inflation worries, which could make investors more cautious about risk assets. Market sentiment will likely remain volatile as investors react to developments in the crisis. Foreign investor flows will also be closely watched, as geopolitical uncertainty often triggers shifts in capital between markets. In addition, investors will keep an eye on key global economic indicators and policy signals that could influence interest-rate expectations. Overall, markets are expected to trade cautiously this week, with crude oil prices and geopolitical headlines shaping the near-term direction.

- All eyes will be on upcoming U.S. inflation data this week, particularly the CPI, as investors reassess the outlook for Federal Reserve interest rate cuts this year. The data will be closely scrutinized for signs of whether inflation remains sticky or continues to moderate. A stronger-than-expected reading could dampen expectations for rate cuts and lift the U.S. dollar. Markets will also monitor housing indicators, including housing starts and building permits, for clues on the resilience of the U.S. property sector. In addition, the University of Michigan's consumer sentiment survey will provide insight into how households view inflation and the broader economic outlook. Investors will also keep an eye on weekly jobless claims and other secondary data releases for further clues on U.S. economic strength. Overall, the combination of key inflation data, housing indicators, and consumer sentiment is likely to shape market sentiment and expectations for the Federal Reserve's next policy moves.

- In Australia, stronger-than-expected economic growth has reinforced expectations that the Reserve Bank of Australia (RBA) may keep a hawkish stance in upcoming policy meetings. Recent data showed the economy expanding faster than forecast, with GDP growth reaching 2.6% annually in 4Q2025 (3Q2025: 2.1%), suggesting economic activity remains resilient despite previous tightening. Inflation also remains elevated at around 3.8%, above the RBA's 2–3% target range, while the labour market remains tight with unemployment near 4.1%. This combination of strong growth, persistent inflation, and a resilient labour market strengthens the case for the central bank to consider further rate hikes or maintain restrictive policy for longer. However, policymakers are expected to remain cautious given risks to household consumption and global uncertainty.

THANK YOU