



WEEKLY ECONOMIC UPDATE

9 JUNE 2025

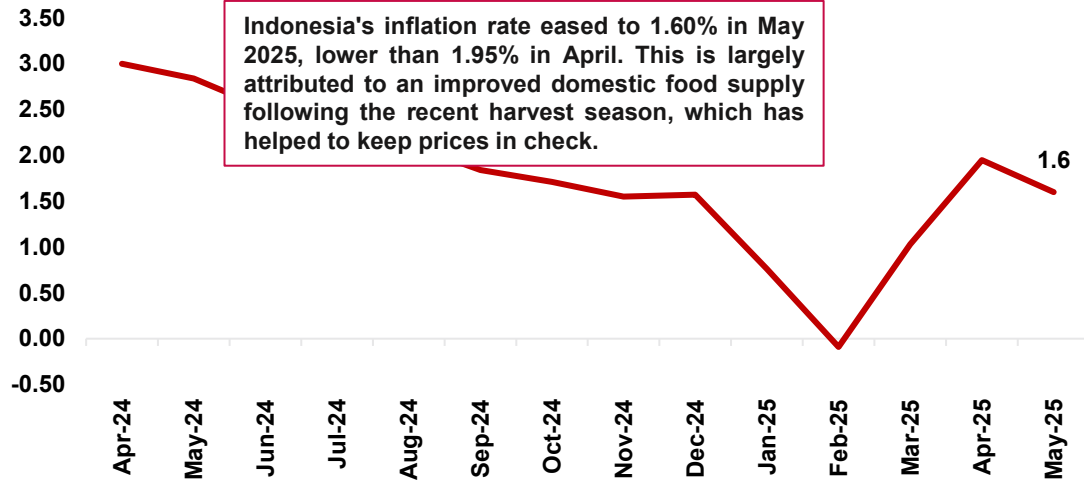
ECONOMIC RESEARCH

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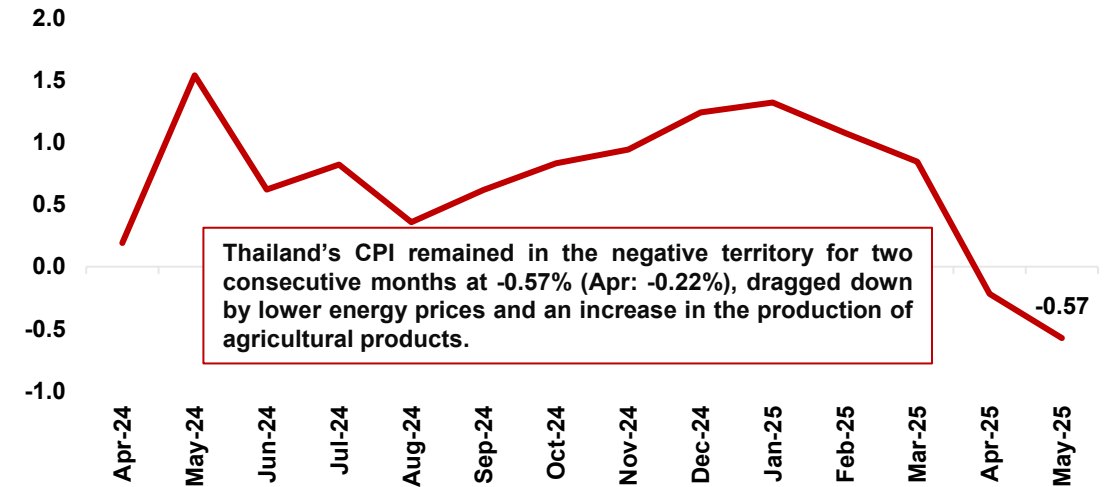
WEEKLY HIGHLIGHT: THAILAND'S REMAINED IN DEFLATION MODE, EXPECTATIONS OF BOT'S RATE CUT HEIGHTENED

GLOBAL

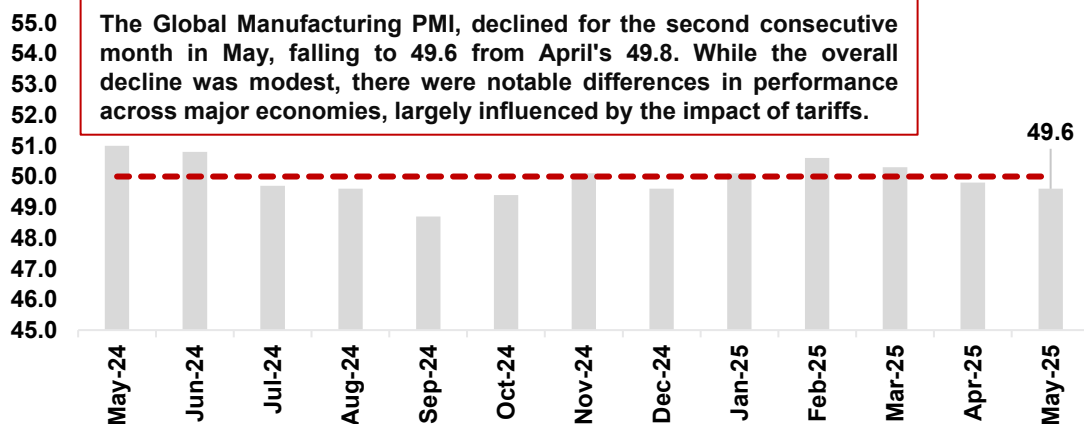
Indonesia - Consumer Price Index (CPI), y-o-y%



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



Global Manufacturing Purchasing Managers' Index (PMI), points



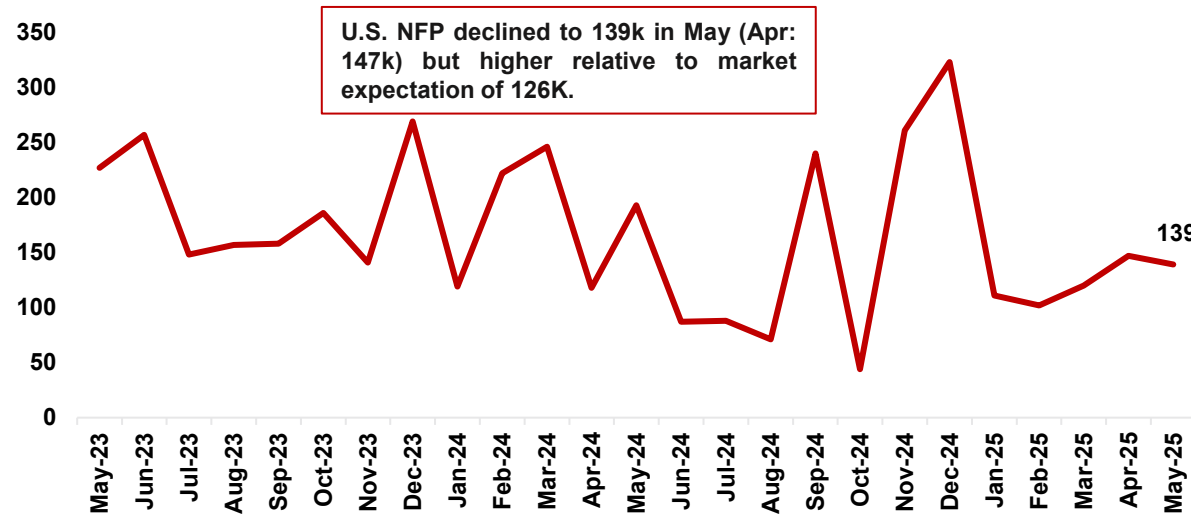
China Manufacturing Purchasing Managers' Index (PMI), points



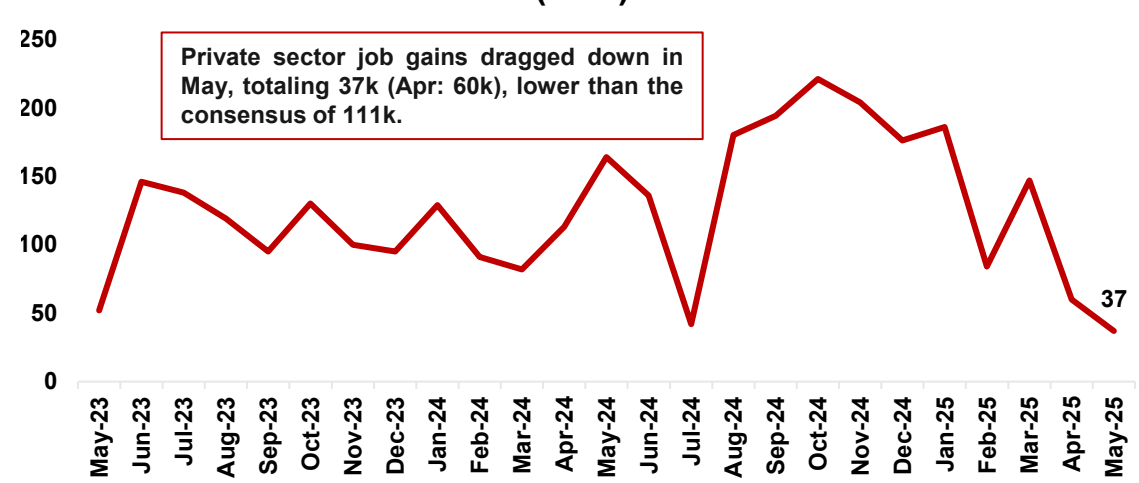
U.S. WEEKLY HIGHLIGHT: SOLID LABOUR MARKET WITH STRONG EMPLOYMENT GROWTH AND STABLE UNEMPLOYMENT



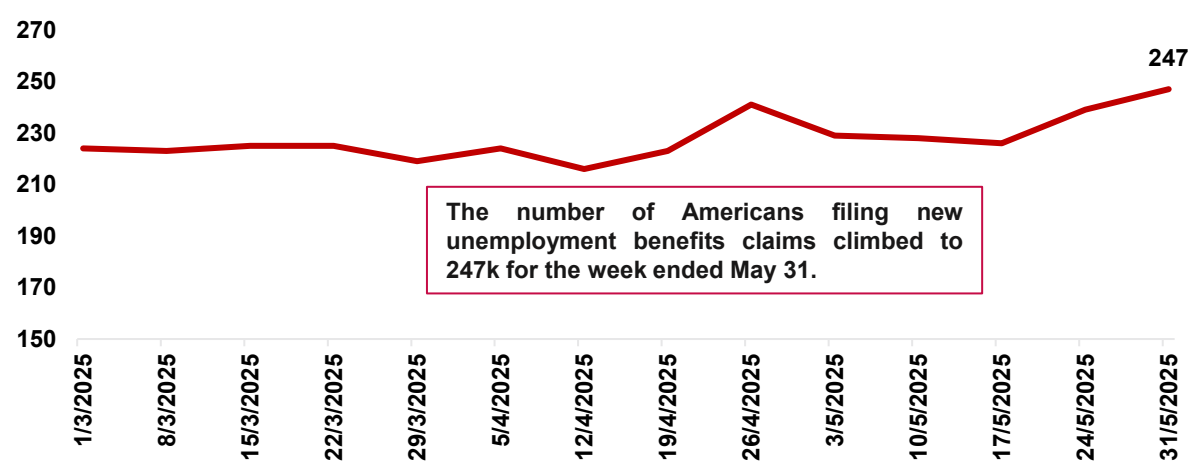
U.S. Non-Farm Payroll, m-o-m changes ('000)



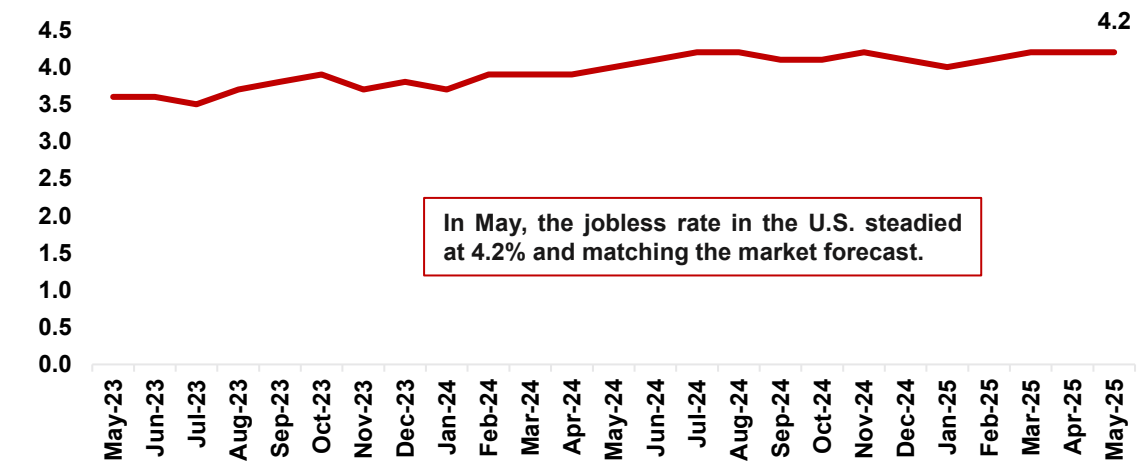
U.S. ADP Nonfarm Employment, m-o-m changes ('000)



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



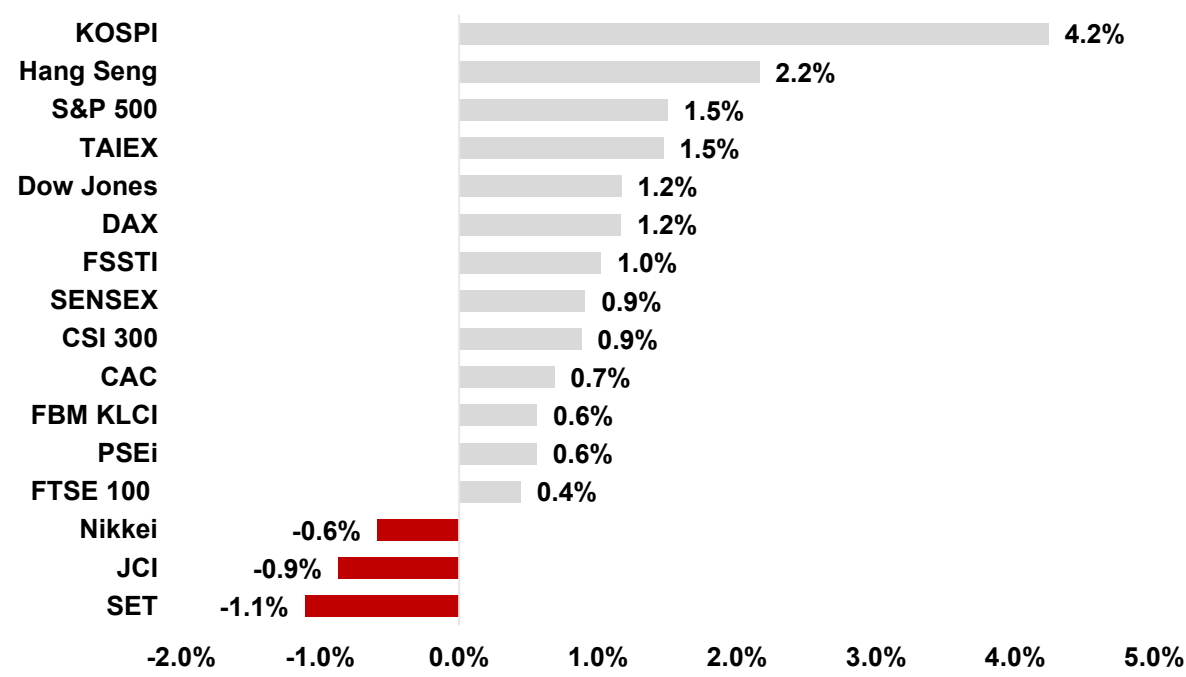
U.S. Unemployment Rate, %



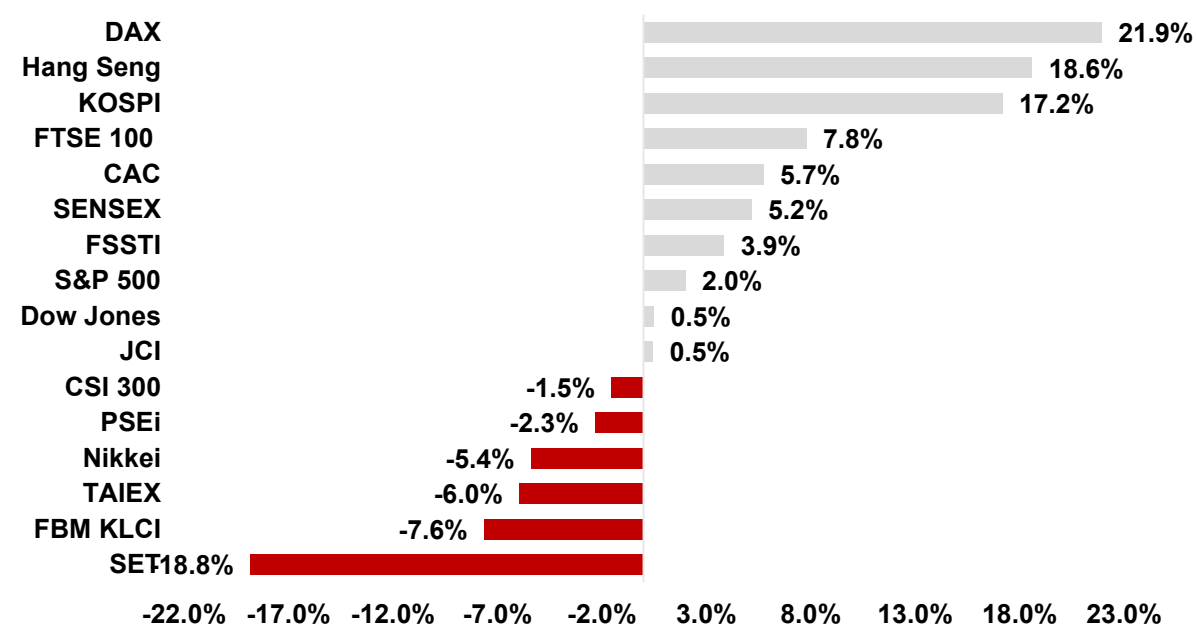
REGIONAL EQUITY: STOCKS MARKETS CLIMBED ON SOLID U.S. JOBS REPORT AND OPTIMISM ON U.S.-CHINA TRADE NEGOTIATIONS



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



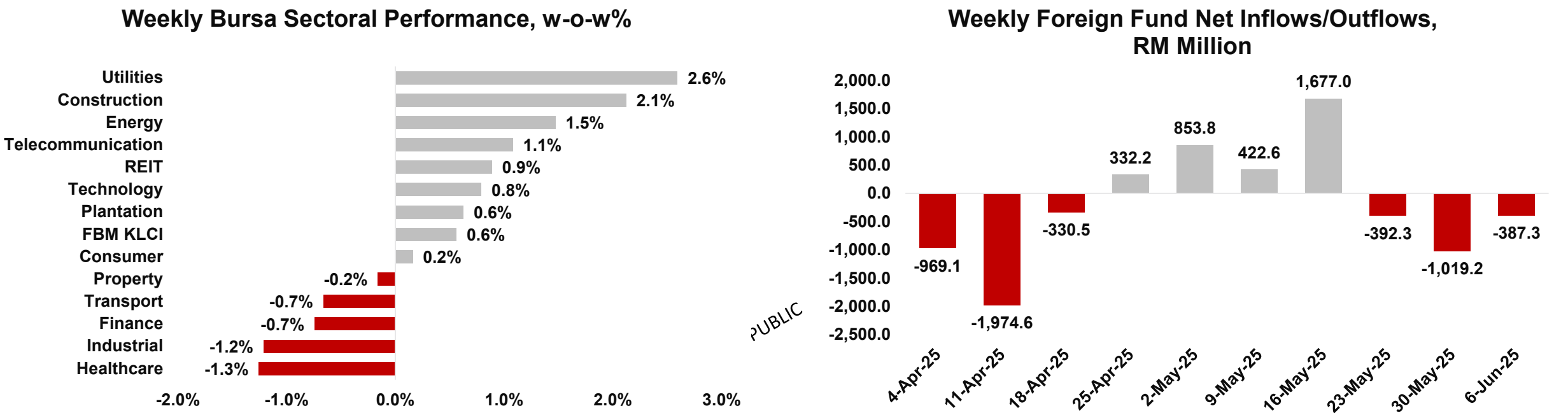
YTD Gain/Loss of Major Equity Markets, %
(As of 6 June 2025)



- Sources: Bursa, CEIC Data
- The regional equity index mostly in the green for the week ending June 6 with South Korea’s KOSPI as the major gainer, expanding by 4.2%. This surge was primarily driven by a sharp rebound in semiconductor exports, which soared over 50% to USD13.4 billion amid strong global demand for memory and high-performance chips, an encouraging sign of recovery in the previously disrupted semiconductor industry. Market sentiment was further boosted by optimism ahead of the APEC 2025 summit in Gyeongju and sustained innovation investments from major technology firms.
 - U.S. stocks – S&P 500 (+1.5%) and Dow Jones (+1.2%) surged as markets were buoyed by a robust jobs report and a resurgence of optimism surrounding the upcoming U.S.-China trade negotiations in London. Nevertheless, Trump maintained his calls for aggressive monetary policy, publicly demanding Fed Chairman Powell to implement a full percentage point rate cut, calling it 'rocket fuel' for economic growth.
 - In contrast, Thailand’s SET (-1.1%), Indonesia’s JCI (-0.9%) and Japan’s Nikkei (-0.6%) were the only losers for the week ending June 6.

DOMESTIC EQUITY: LOCAL MARKET CLOSED MIX, INVESTOR SENTIMENTS LIFTED FOLLOWING U.S.-CHINA CALL

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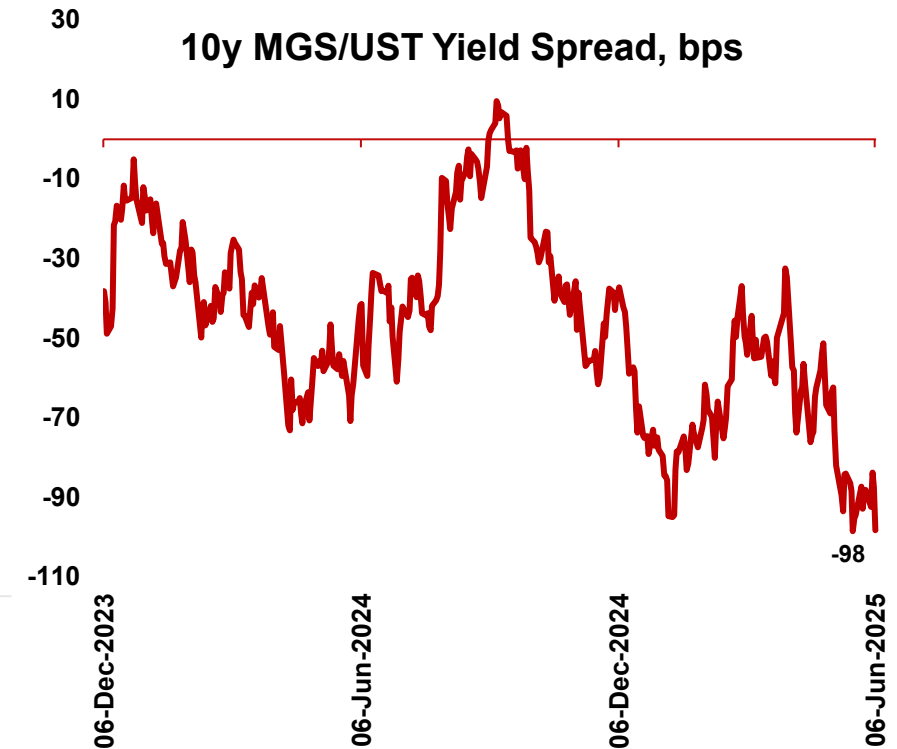
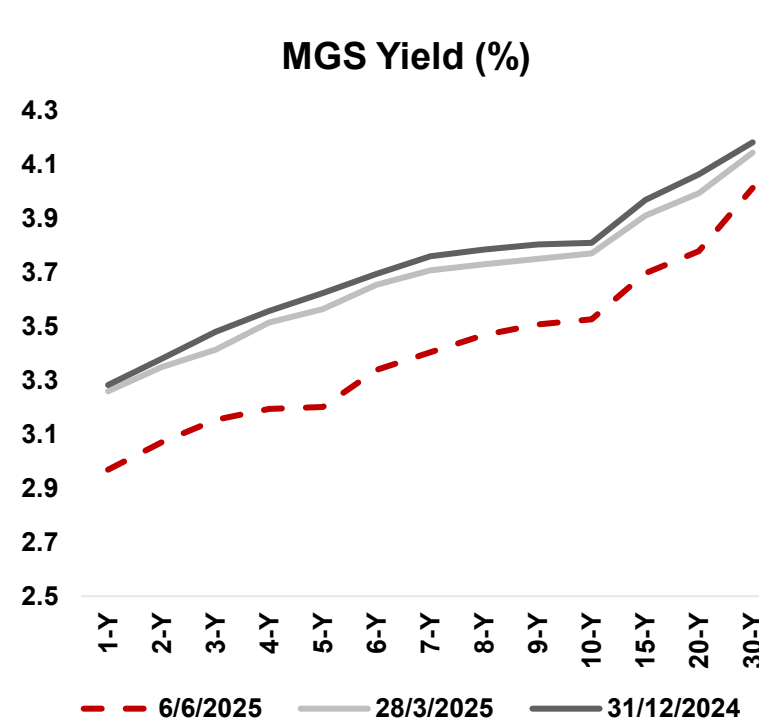
Sources: Bursa, CEIC Data

- The FBM KLCI increased by 0.6% w-o-w for the week ending June 6 amid bargain hunting activities following a weak opening performance.
- Previously, investor sentiments were dampened by global policy uncertainties as Trump made a slew of contradictory moves on the U.S. foreign policy front, sending jitters throughout the market. Nevertheless, investors' buying interest had recovered following a call between Trump and China's President Xi, the outcome of which were described positively by Trump.
- The Bursa indices closed mix last week with the Utilities index soaring by 2.6%, followed by the Construction (+2.1%) index, which marked the highest level since mid-January 2025.
- Meanwhile, the Healthcare index was the biggest loser as it slipped by 1.3%, followed by the Industrial (-1.2%), Finance (-0.7%) and Transport (-0.7%) indices.
- Foreign investors persisted as net sellers for the third consecutive week, shedding a total of RM387.3 million worth of equities. This had increased the cumulative net outflow thus far to RM11.8 billion.

FIXED INCOME: UST YIELDS SURGED FOLLOWING THE SOLID U.S. JOBS REPORT

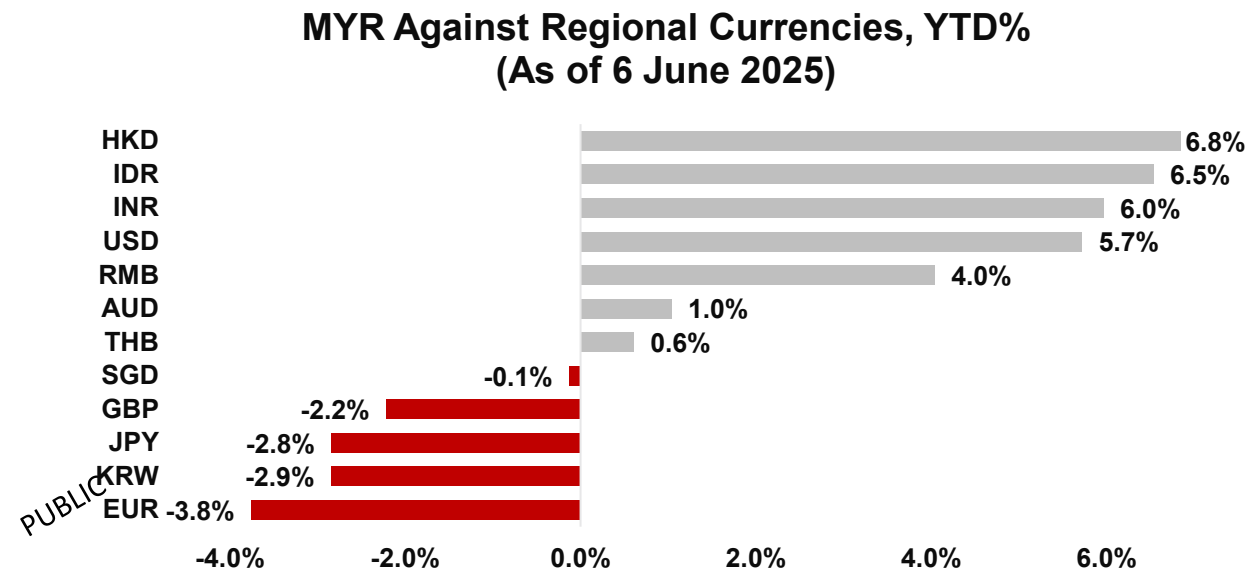
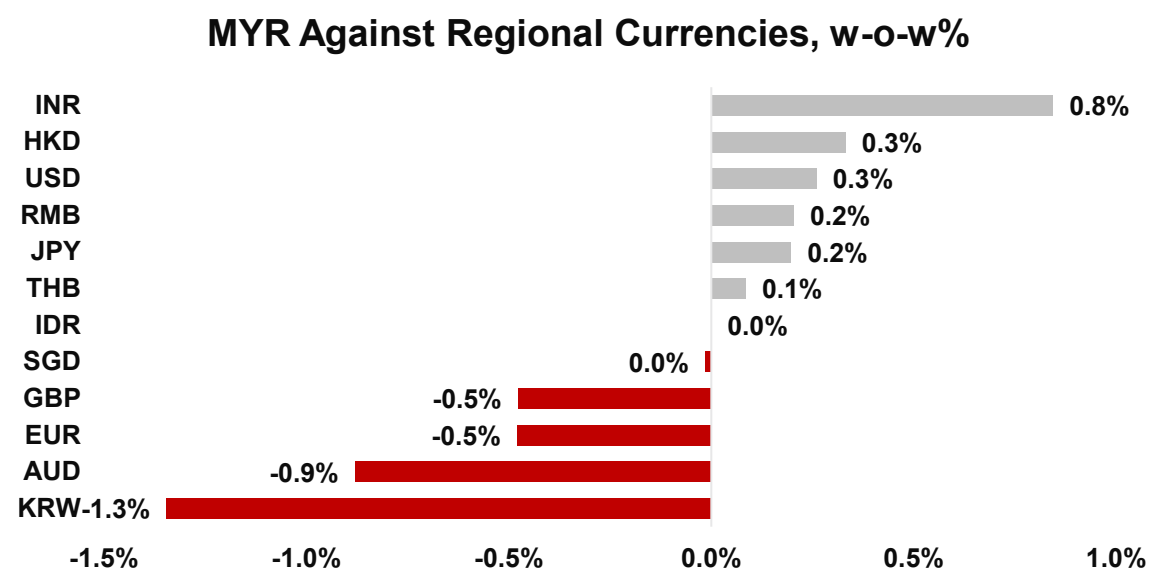
Weekly Changes, basis points (bps)			
UST	Yields (%) 30-May-25	Yields (%) 6-Jun-25	Change (bps)
3-Y UST	3.87	4.02	15
5-Y UST	3.96	4.13	17
7-Y UST	4.18	4.31	13
10-Y UST	4.41	4.51	10
MGS	Yields (%) 30-May-25	Yields (%) 6-Jun-25	Change (bps)
3-Y MGS	3.15	3.15	0
5-Y MGS	3.19	3.20	1
7-Y MGS	3.39	3.40	1
10-Y MGS	3.53	3.53	0
GII	Yields (%) 30-May-25	Yields (%) 6-Jun-25	Change (bps)
3-Y GII	3.17	3.16	-1
5-Y GII	3.29	3.29	0
7-Y GII	3.40	3.41	0
10-Y GII	3.53	3.53	-1

Sources: BNM, Federal Reserve Board



- The U.S. Treasury (UST) yields soared by between 10bps and 17bps as the recent jobs report, signaling a labor market that is losing some heat but remains sturdy, modestly adjusted down predictions for Federal Reserve (Fed) interest rate reductions.
- Meanwhile, Malaysian Government Securities (MGS) and Government Investment Issues (GII) yields were mostly muted except for 5-Y and 7-Y MGS yields which increased by 1bp and 3-Y and 10-Y GII yields which edged down by 1bp.
- The 10y MGS/UST yield spread widened slightly in the negative territory, reaching -98bps relative to -88bps in the previous week.

FX MARKET: RINGGIT TO TRADE CAUTIOUSLY AHEAD OF KEY U.S. INFLATION FIGURES



Sources: BNM, U.S. Bureau of Labor Statistics (BLS), CEIC Data

- The Ringgit appreciated by 0.3% w-o-w against the USD for the week ending June 6 (RM4.228) as the USD index slipped by 0.1%.
- A month ago, the USD had gained momentum as tensions between the U.S. and its trade partners appeared to ease. However, renewed concerns on the trade front have since dampened market sentiment, reversing the USD’s earlier recovery.
- Such concerns were exacerbated due to Trump’s unpredictability where he had threatened 50% tariffs on European Union (EU) imports before granting a 90-day window for negotiations, doubling the levies on steel and aluminum (with an exception to the United Kingdom) to 50% and accusing China of non-compliance in their trade deal. However, the high-level talks between U.S. and China seemed to conclude positively, leading to a small rebound of the greenback.
- Furthermore, latest mixed figures on the job market had caused markets to reprice their Fed rate cuts bets as the economy added more jobs than expected in May (Act: 139K vs. Est: 130K). Similarly, private businesses payrolls also exceeded estimates (Act: 140K vs. Est: 120K), signaling a more resilient than expected job market.
- Nevertheless, cracks from Trump’s protectionist policies are showing as the NFP figures for March and April were revised lower by 95K cumulatively, raising concerns of looming employment woes.

COMMODITY: BRENT OIL EDGES HIGHER ON TRADE HOPES AND GEOPOLITICAL RISKS, BUT SUPPLY CONCERNS LINGER

Brent Crude in USD per barrel



U.S. Crude Oil Inventory, '000 barrel - EIA

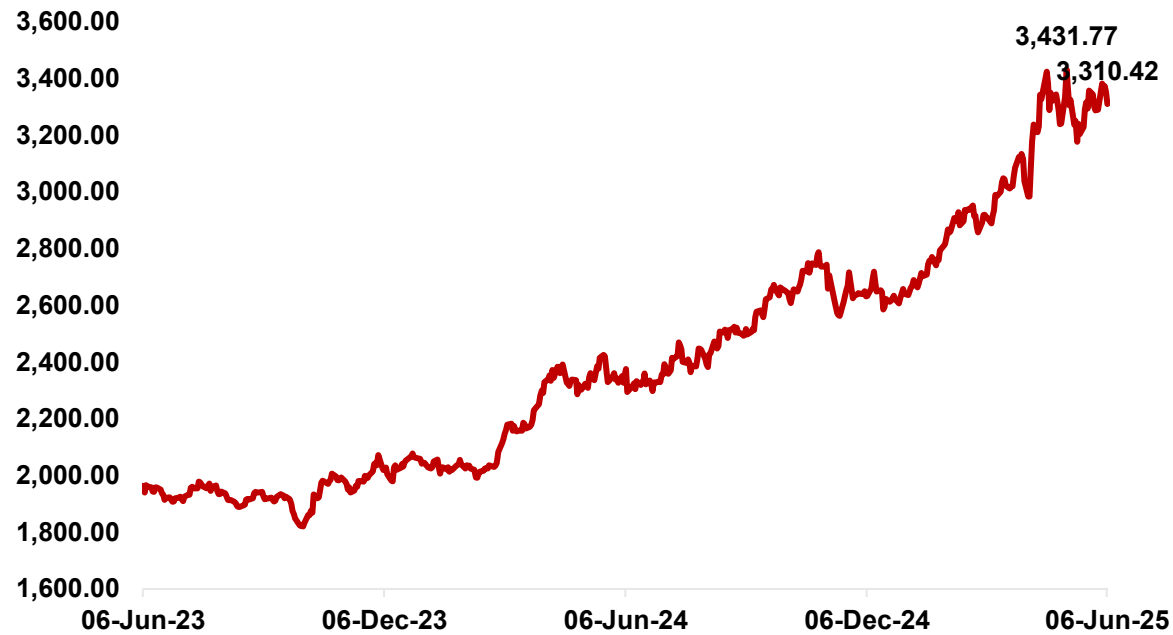


Sources: Bloomberg, Energy Information Administration (EIA)

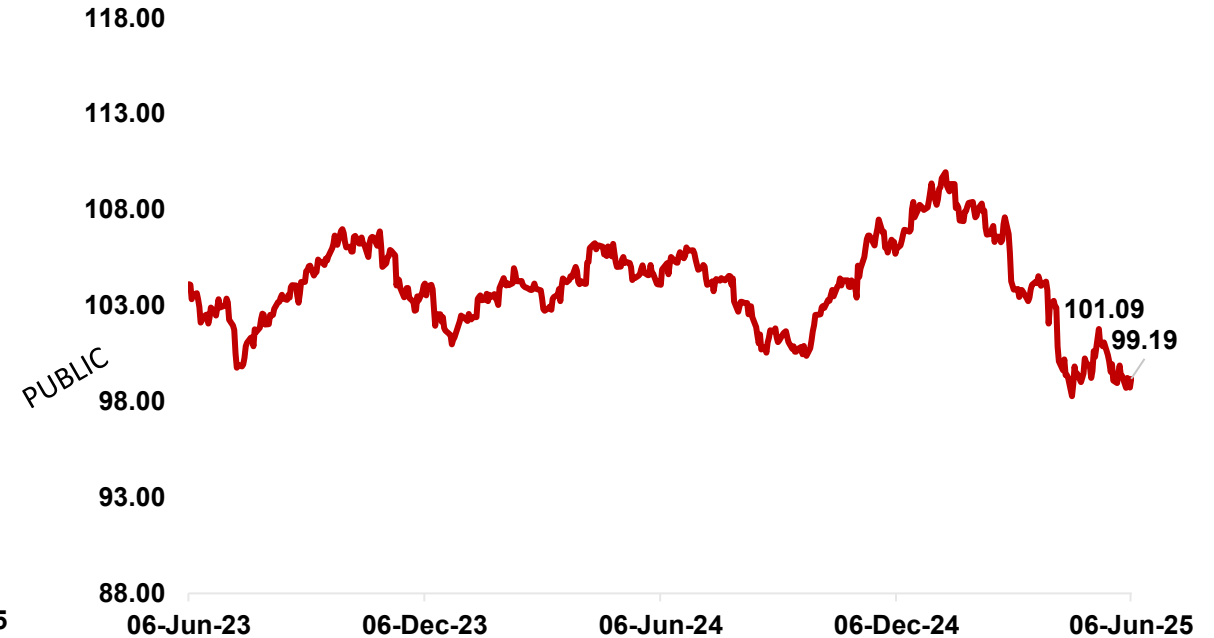
- On Friday (June 6), Brent crude oil closed at USD64.47 per barrel, recording a weekly gain of 4.0% w-o-w, following the resumption of trade talks between the U.S. and China that boosted market optimism and raised hopes for global economic growth and increased oil demand. Additionally, the potential escalation in U.S. sanctions on Venezuela, which could curb crude exports, along with the risk of an Israeli strike on Iranian infrastructure, presents additional upside risks to oil prices. However, downside risk persist due to increased production from both OPEC+ and non-OPEC producers.
- U.S. crude stockpiles declined by 4.3 million barrels, reaching 436.1 million barrels for the week ending May 30.

COMMODITY: GOLD PRICE ON TRACK FOR WEEKLY GAINS AMID GLOBAL TRADE UNCERTAINTIES

Gold in USD per ounce



U.S. Dollar Index (DXY)



Sources: Bloomberg, CEIC Data

- The bullion price climbed by 0.6% w-o-w for the week ending June 6, underpinned by safe haven demand amid persistent uncertainties surrounding the global trade environment.
- Last week, concerns of stalled negotiations between the U.S. and its counterparts, the EU and China, as well as latest moves by Trump on his trade policies had caused unease throughout global markets.

WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- This week, all eyes will be on the U.S. CPI as the market is waiting for the initial impact of imposed U.S. tariffs on Chinese goods, which might be reflected in the prices passed to U.S. consumers. Federal Reserve Governor Adriana Kugler emphasized that inflation remains a more significant concern than employment weakness, citing the impact of President Trump's tariff increases. At this stage, she views inflation as posing greater upside risks, with potential downside risks to employment and output growth, which reinforces her stance to keep the FOMC's policy rate unchanged if inflationary pressures remain. A hotter-than-expected reading could reinforce expectations of prolonged monetary tightening, lifting the dollar and bond yields. In contrast, a softer inflation figure may revive hopes of a September rate cut. While the Fed may view tariff-induced price increases as temporary supply-side shocks, persistent inflation from such disruptions could delay policy easing.
- The trade discussion between the U.S. and China in London, scheduled for June 8 – 13, 2025 is also expected to be the centre stage this week. The talk is believed to address several unresolved and escalating issues that have strained bilateral relations including the technology and exports controls, rare earth mineral exports and visa restrictions on Chinese students. Previously, both nations have agreed to a 90-day suspensions of most tariffs, reducing rates from 145% to 30% for the U.S. and from 125% to 10% for China. Despite the truce reducing tariffs temporarily, both sides remain at odds over permanently removing or lowering these duties. The U.S. has tightened export controls on Chinese tech companies, especially targeting advanced AI chips, citing national security concern. Thus, Chinese government views these as unfair restrictions limiting its tech development. On top of this, China's new licensing rules on rare earth exports which critical for electronics and green tech, have raised global supply concerns and added tension. At the same time, the U.S. revoked visas for Chinese students, particularly those linked to sensitive technology fields.
- In the Asia-Pacific region, attention this week will turn to several key economic data releases. China will reveal its trade and inflation numbers, following weaker trade activity registered in May 2025, as reflected in both official and Caixin PMI surveys. Likewise, India's inflation report will provide further insight into price pressures and policy direction. Meanwhile, Japan's economy recorded zero growth in 1Q2025, but surpassing market expectations and the earlier estimate of -0.2%. Malaysia is set to release key economic data, including industrial production, manufacturing sales, labor market statistics, and distributive trade figures.

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THANK YOU