WEEKLY ECONOMIC UPDATE

13 APRIL 2026

ECONOMIC RESEARCH

IMRAN NURGINIAS IBRAHIM

FARAH ZAZREEN ZAINUDIN

NOR LYANA ZAINAL ABIDIN

KHAYRIN FARZANA FAZLI

WEEKLY HIGHLIGHT: CHINA'S PPI TURNED POSITIVE BUT CPI REMAINED SUBDUED

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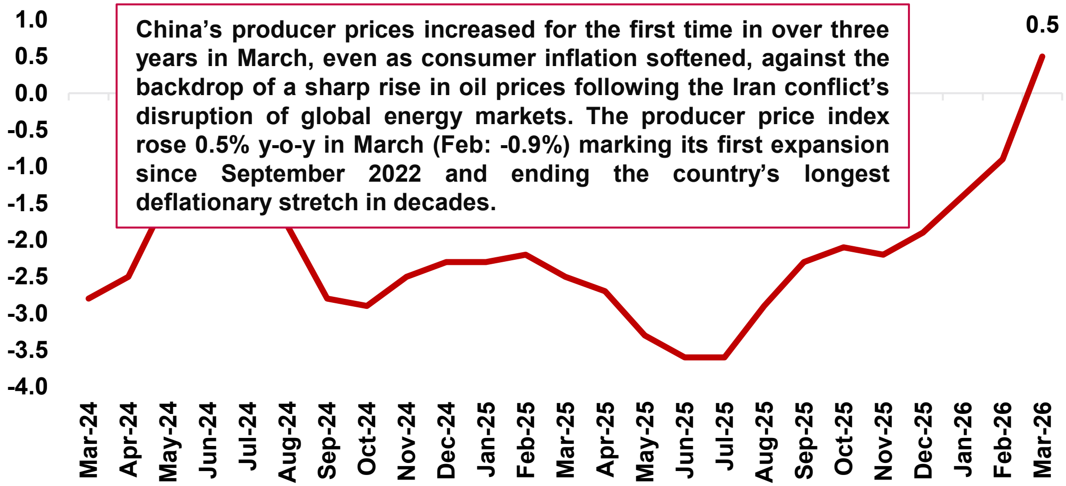
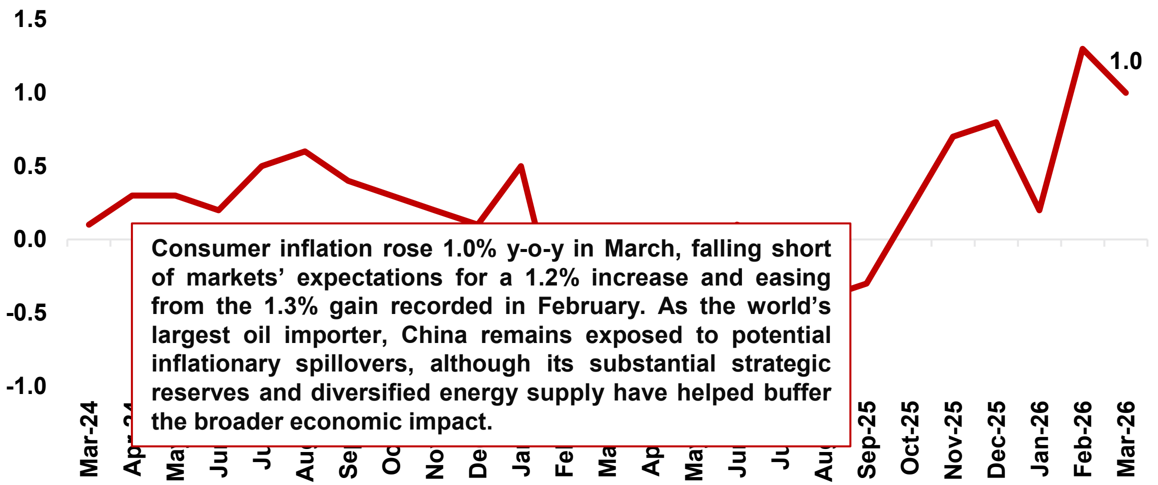
GLOBAL

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



China's producer prices increased for the first time in over three years in March, even as consumer inflation softened, against the backdrop of a sharp rise in oil prices following the Iran conflict's disruption of global energy markets. The producer price index rose 0.5% y-o-y in March (Feb: -0.9%) marking its first expansion since September 2022 and ending the country's longest deflationary stretch in decades.

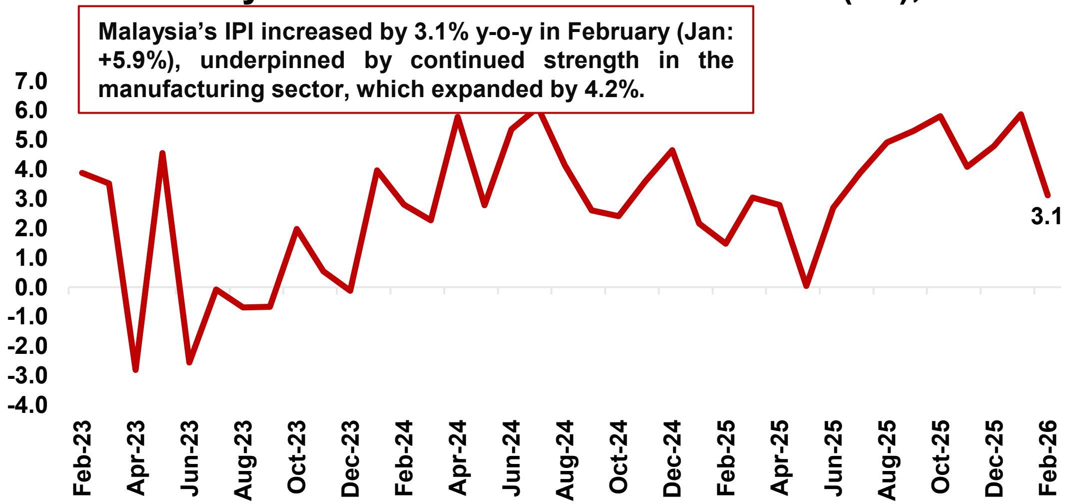
China - Consumer Price Index (CPI), y-o-y%



Consumer inflation rose 1.0% y-o-y in March, falling short of markets' expectations for a 1.2% increase and easing from the 1.3% gain recorded in February. As the world's largest oil importer, China remains exposed to potential inflationary spillovers, although its substantial strategic reserves and diversified energy supply have helped buffer the broader economic impact.

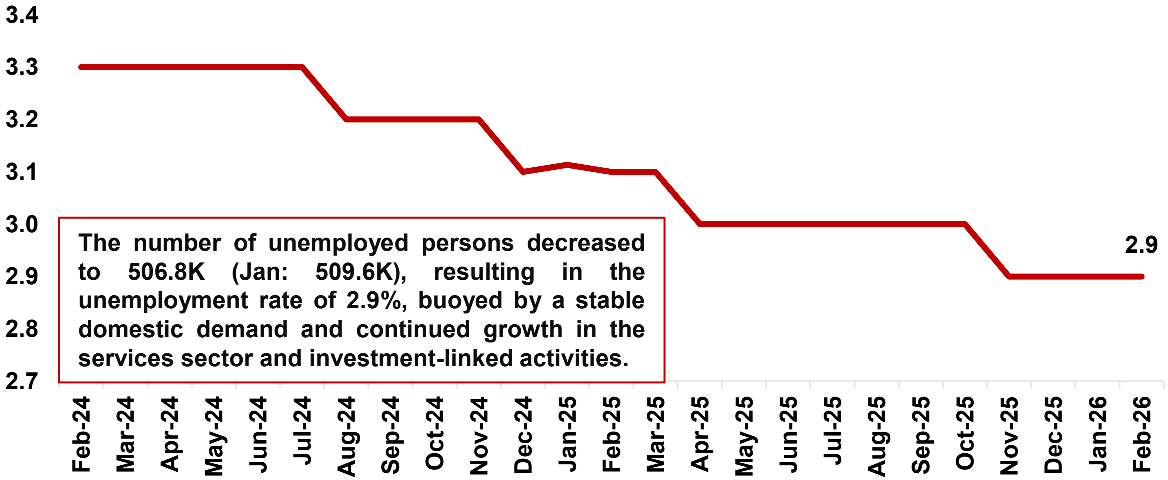
DOMESTIC

Malaysia - Industrial Production Index (IPI),



Malaysia's IPI increased by 3.1% y-o-y in February (Jan: +5.9%), underpinned by continued strength in the manufacturing sector, which expanded by 4.2%.

Malaysia - Unemployment Rate, %



The number of unemployed persons decreased to 506.8K (Jan: 509.6K), resulting in the unemployment rate of 2.9%, buoyed by a stable domestic demand and continued growth in the services sector and investment-linked activities.

Sources: Department of Statistics Malaysia (DOSM), CEIC Data

U.S. WEEKLY HIGHLIGHT: U.S. INFLATION JUMPED IN MARCH AMID HEIGHTENED UNCERTAINTY FROM IRAN CONFLICT

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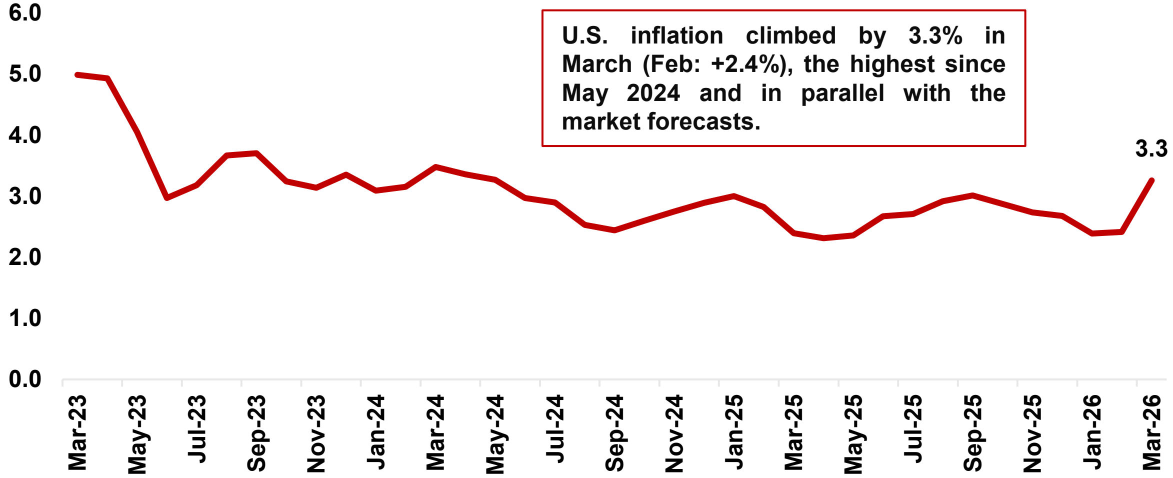
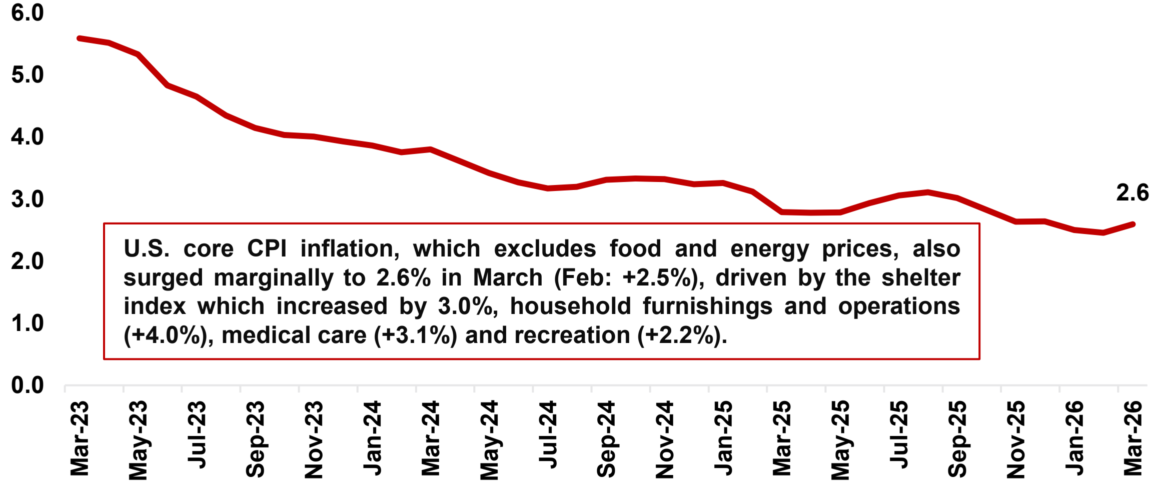
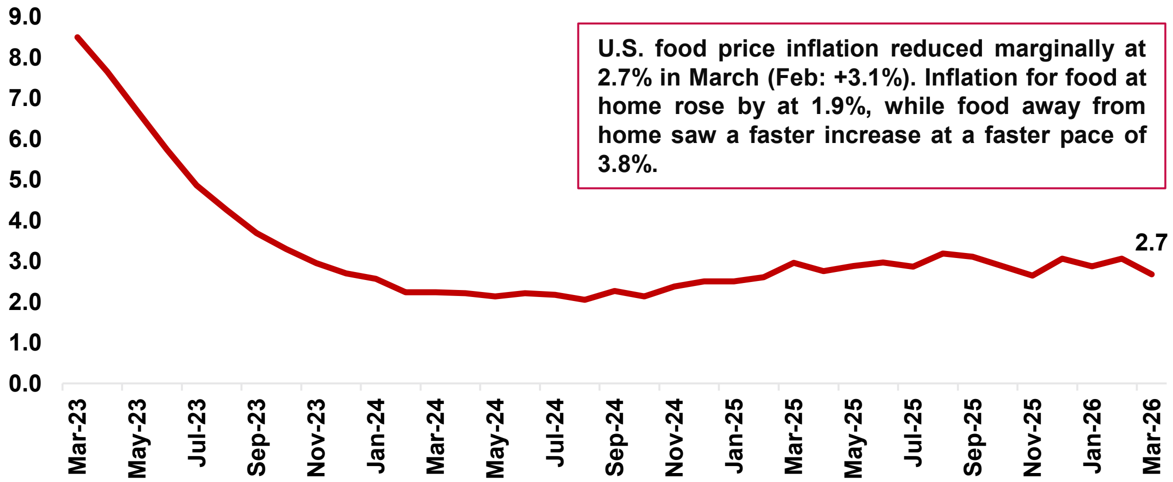
U.S. CPI, y-o-y%



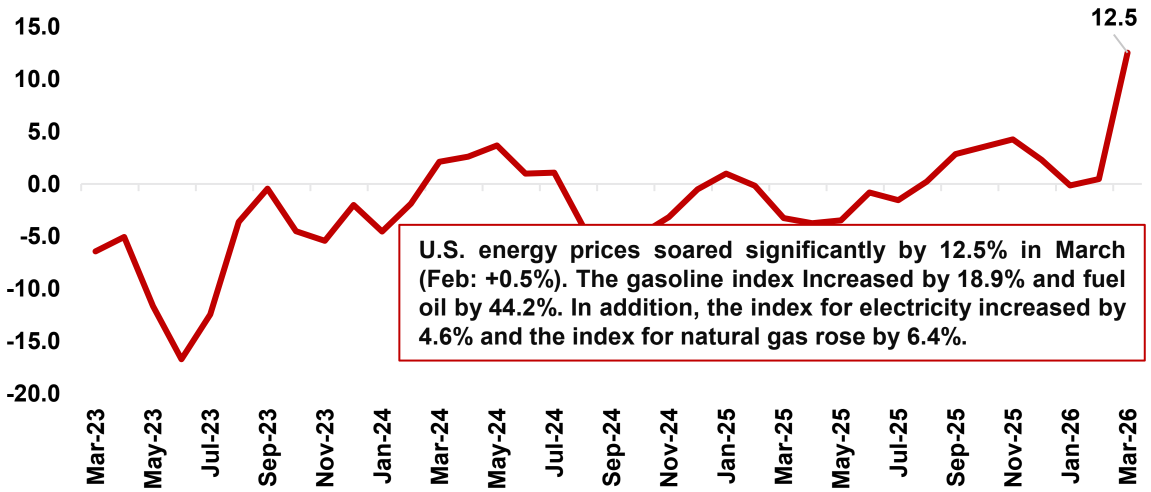
U.S. CPI (All Items less Food and Energy), y-o-y%



U.S. CPI (Food), y-o-y%



U.S. CPI (Energy), y-o-y%



Source: U.S. Bureau of Labor Statistics (BLS)

REGIONAL EQUITY: GLOBAL EQUITIES FIND SUPPORT FROM DE-ESCALATION HOPES DESPITE ELEVATED OIL PRICES

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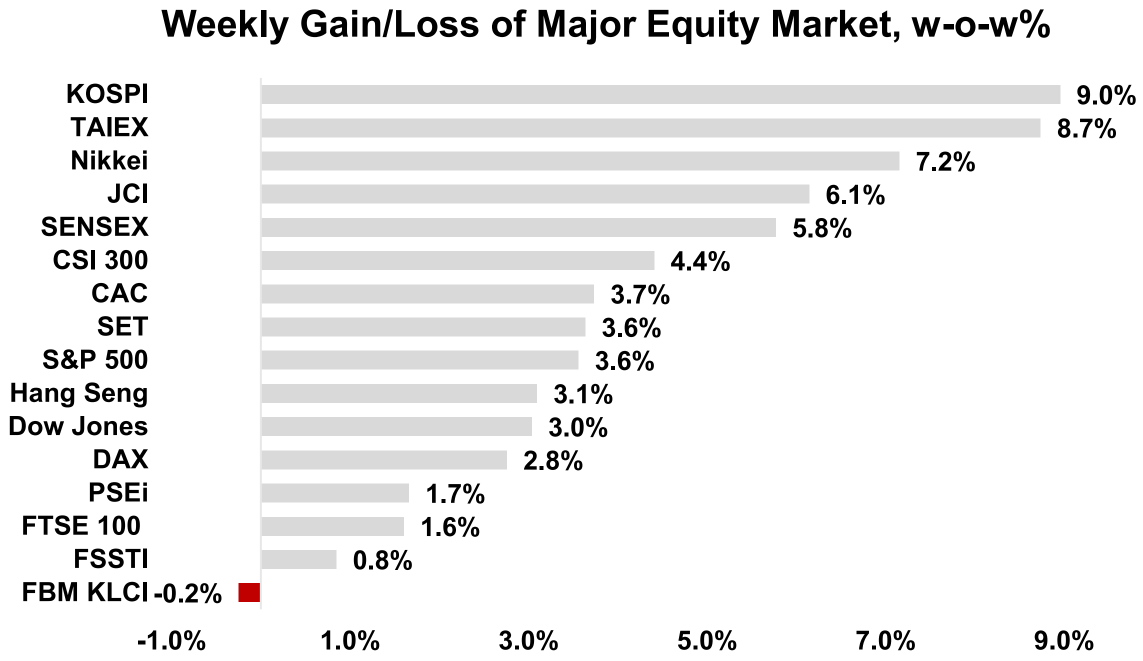

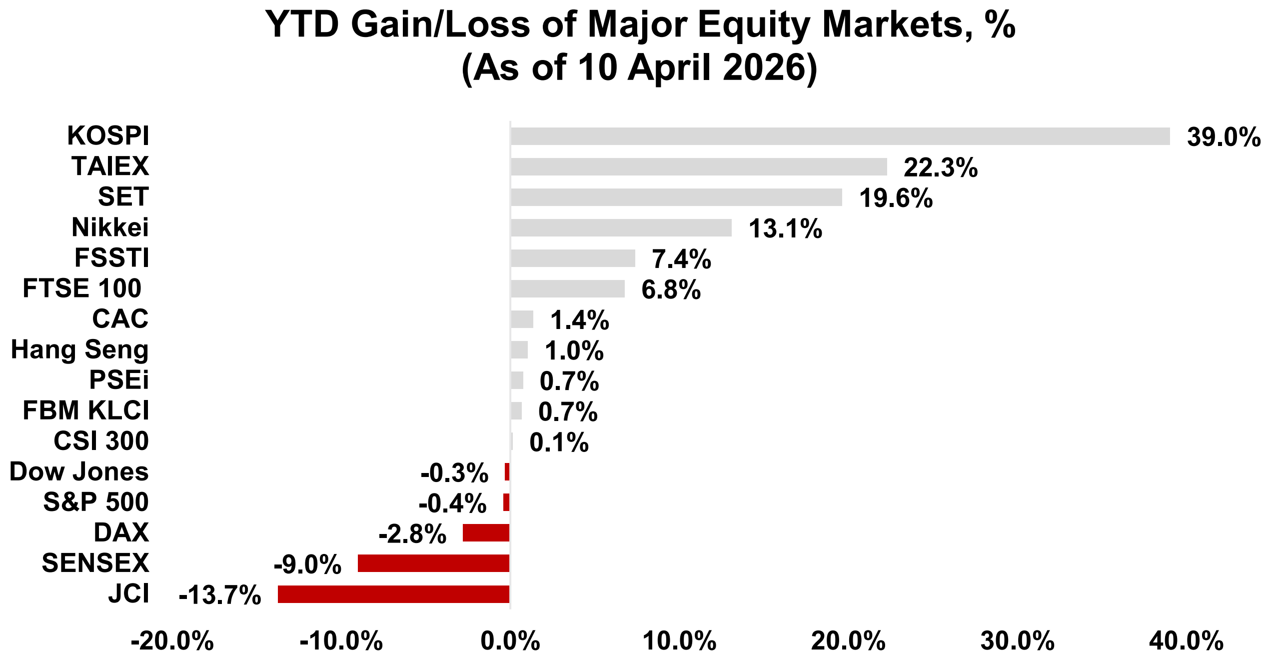

Sources: Bursa, CEIC Data

- The global stocks market were mostly in the green sea for the week ending April 10 with South Korea's KOSPI as the major gainer, closing higher by 9.0% as sentiment was supported by an improvement in regional risk appetite, despite persistent geopolitical and energy-related headwinds. Markets continued to weigh a tentative de-escalation, with the Strait of Hormuz only partially reopened, while South Korean equities recorded their strongest weekly gain in over 17 years, underpinning broader risk appetite. The Bank of Korea's decision to keep its policy rate unchanged at 2.5% further helped anchor expectations. However, upside was restrained by elevated oil prices hovering near USD100 per barrel and ongoing shipping disruptions, which sustained import-cost and inflationary pressures.
- In addition, U.S. stocks – S&P 500 (+3.6%) and Dow Jones (+3.0%) climbed amid improving signals on tanker traffic through the Strait of Hormuz have helped to ease concerns over energy-driven inflation shocks to the global economy, which have weighed on equities since early March. While elevated energy prices pushed U.S. inflation to a near two-year high in March, oil and gas prices are expected to moderate if shipping flows from the Persian Gulf continue to normalize.
- On the other hand, Malaysia's FBM KLCI was the only loser, declining by 0.2% for the week ending April 10.

DOMESTIC EQUITY: BURSA CLOSED MIXED AHEAD OF ADVANCED 1Q2026 GDP NUMBERS THIS WEEK

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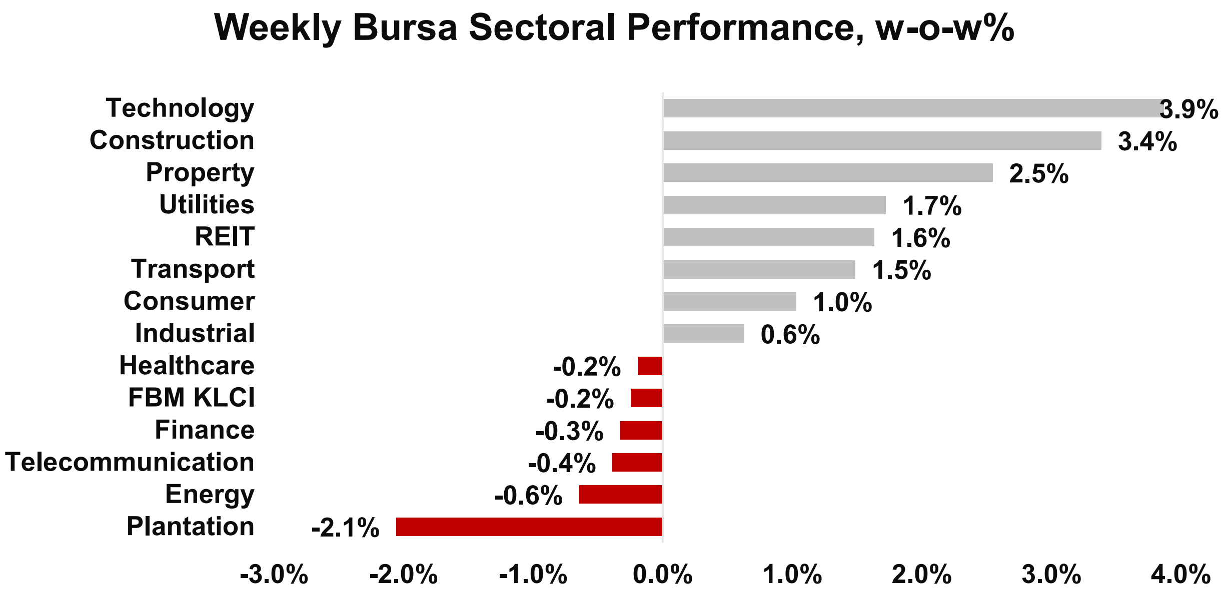

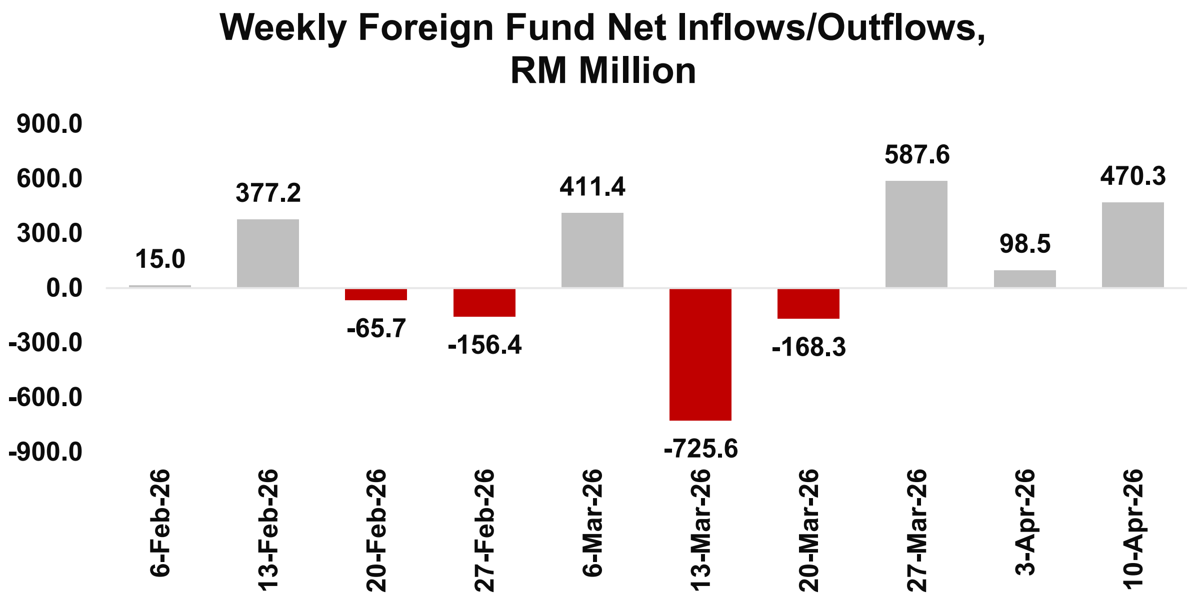

Sources: Bursa, CEIC Data

- The FBM KLCI declined by 0.2% w-o-w for the week ending April 10 despite a slew of solid economic releases and improving investor sentiments following easing geopolitical tensions in the Middle East.
- Of note, the unemployment rate held steady at 2.9% in February while the Labour Force Participation Rate (LFPR) remained at a record-high of 70.9%, signaling robust job market conditions. Meanwhile, distributive trade sales grew by 5.3% in February, underpinned by broad based expansions in Wholesale (+5.7%) and Retail (+7.7%) trade while sales of Motor Vehicles declined by 5.3%.
- Bursa indices closed mixed with the Technology index topping the gainers, surging by 3.9% w-o-w. This was followed by the Construction (+3.4%) and Property (+2.5%), indicating that investor risk appetite has improved following the U.S.-Iran ceasefire.
- On the flip side, the Plantation index was the biggest loser, declining by 2.1% w-o-w, followed by the Energy index (-0.6%) and Telecommunications (-0.4%) indices.
- Foreign investors remained net buyers for the third straight week, acquiring a total of RM470.3 million worth of equities. This had increased the cumulative net inflow thus far to RM1.4 billion.

FIXED INCOME: UST YIELDS DRIFTED LOWER ON U.S.-IRAN CEASEFIRE HOPES

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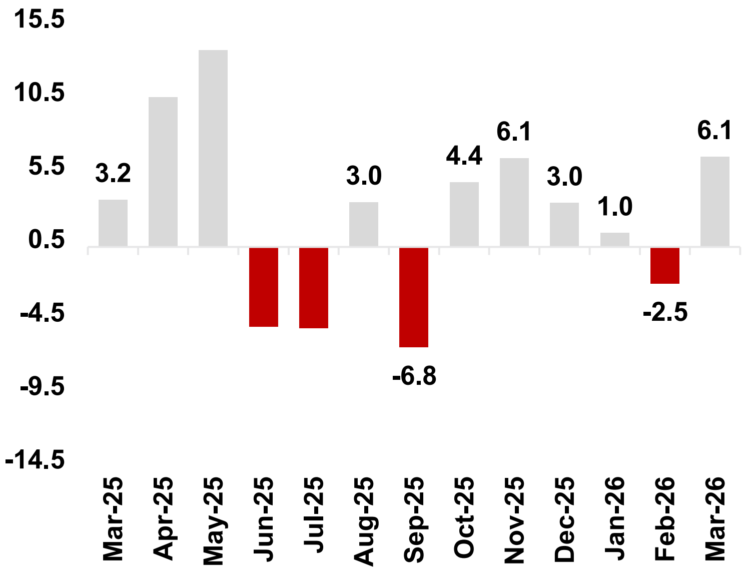
Weekly Changes, basis points (bps)

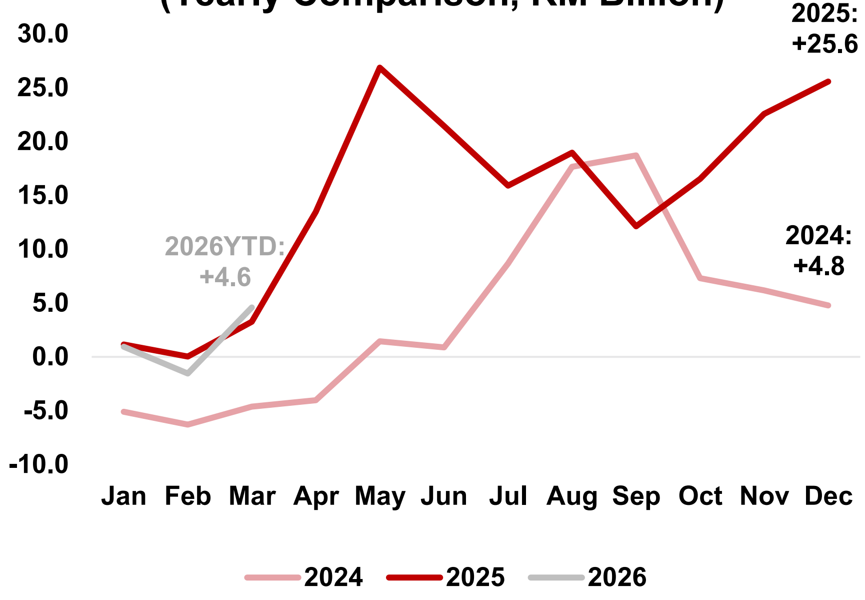
UST	Yields (%) 3-Apr-26	Yields (%) 10-Apr-26	Change (bps)
3-Y UST	3.88	3.80	-8
5-Y UST	3.99	3.94	-5
7-Y UST	4.17	4.12	-5
10-Y UST	4.35	4.31	-4
MGS	**Yields (%) 3-Apr-26**	**Yields (%) 10-Apr-26**	**Change (bps)**
3-Y MGS	3.25	3.23	-2
5-Y MGS	3.43	3.39	-4
7-Y MGS	3.55	3.52	-2
10-Y MGS	3.62	3.60	-2
GII	**Yields (%) 3-Apr-26**	**Yields (%) 10-Apr-26**	**Change (bps)**
3-Y GII	3.23	3.22	-1
5-Y GII	3.40	3.37	-2
7-Y GII	3.59	3.54	-4
10-Y GII	3.63	3.61	-2

Sources: BNM, Federal Reserve Board

Foreign Fund Flows in Local Bond Market, RM Billion



Cumulative Net Foreign Flows in Local Bonds (Yearly Comparison, RM Billion)



- The U.S. Treasury (UST) yields dipped in the range of 4bps and 8bps as investors remained focused on developments in the Middle East while digesting the latest U.S. inflation data. The effects of the conflict with Iran are already beginning to filter into prices as the annual headline CPI reached 3.3% in March, its highest level since May 2024 and in line with market expectations. By contrast, core inflation edged up only slightly to 2.6% from 2.5%, indicating that the full pass-through from higher energy costs has yet to be reflected in underlying price pressures. In addition, markets currently price in little likelihood of a further Fed rate cut in 2026.
- Malaysian Government Securities (MGS) and Government Investment Issues (GII) yields also edged lower by between 1bp and 4bps.
- Foreign fund flows in the local bond market recorded a net foreign inflow of RM6.1 billion in March (Feb: -RM2.5 billion). Consequently, local govvies' foreign shareholdings to total outstanding surged to 21.5% in March (Feb: 21.1%).
- As of the first three months 2026, the local bond market recorded the cumulative net foreign inflows of RM4.6 billion, higher than the inflows of RM3.3 billion in the same period in the previous year.

FX MARKET: RINGGIT REBOUNDED TO RM3.96 AMID EASING MIDDLE EAST GEOPOLITICAL TENSIONS

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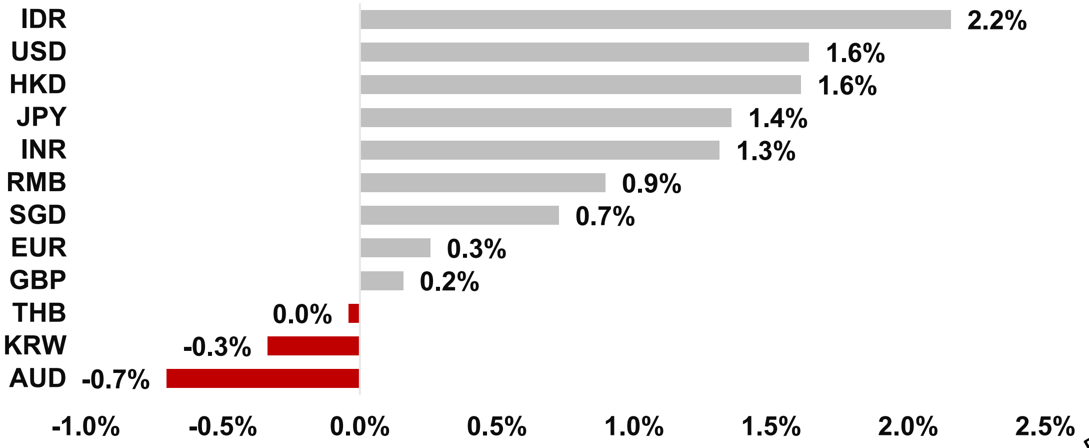

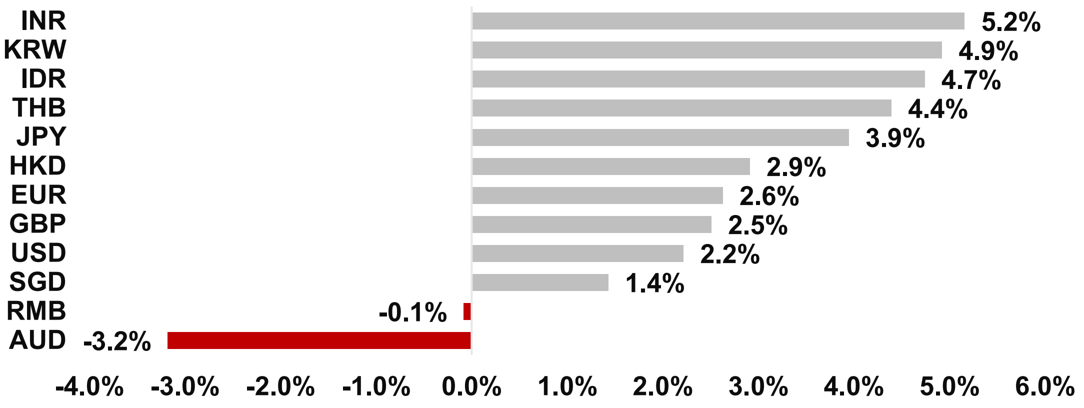

Sources: BNM, Federal Reserve Board (Fed), CEIC Data

- The Ringgit staged a rebound as it appreciated by 1.6% w-o-w against the USD last week, while the USD index slipped by 0.4%.
- Currency markets began the week on a cautious note as investors reacted to U.S. President Trump's increasingly aggressive rhetoric over the weekend, in which he warned that a significant escalation will occur if a peace deal isn't reached within 48 hours.
- However, markets swiftly rallied following the announcement of a ceasefire between U.S. and Iran last Tuesday. Trump stated that he had agreed to Iran's 10-point proposal, paving the way for negotiations over a lasting peace agreement. As investors unwound defensive positions, the USD slipped below the 100.00 support level, granting momentum for the Ringgit to rebound below RM4.00.
- Nonetheless, higher for longer Fed policy expectations provided modest support to the USD. The Fed is adopting a cautious and more balanced approach against the backdrop of growing inflationary risks with its March Summary of Economic Projections (SEP) pointing to only one cut in 2026, in contrast to two cuts projected earlier.
- The latest FOMC minutes suggested that most policymakers expect progress toward the 2% inflation target to be slower than anticipated. Despite easing geopolitical tensions, higher energy prices have likely fed into underlying inflation, exacerbating persistent price pressures from past tariff increases. Evidently,

COMMODITY: OIL PRICES SLIDE TO WEEKLY LOW AS U.S.-IRAN CEASEFIRE HOPES EASE SUPPLY FEARS

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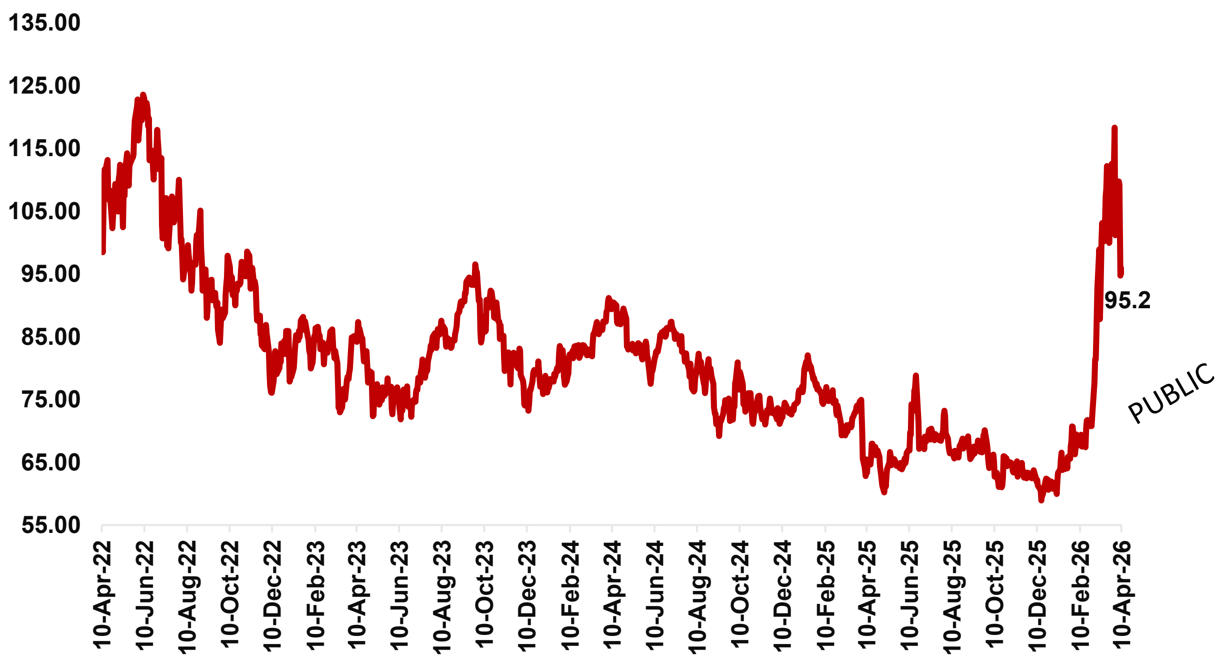
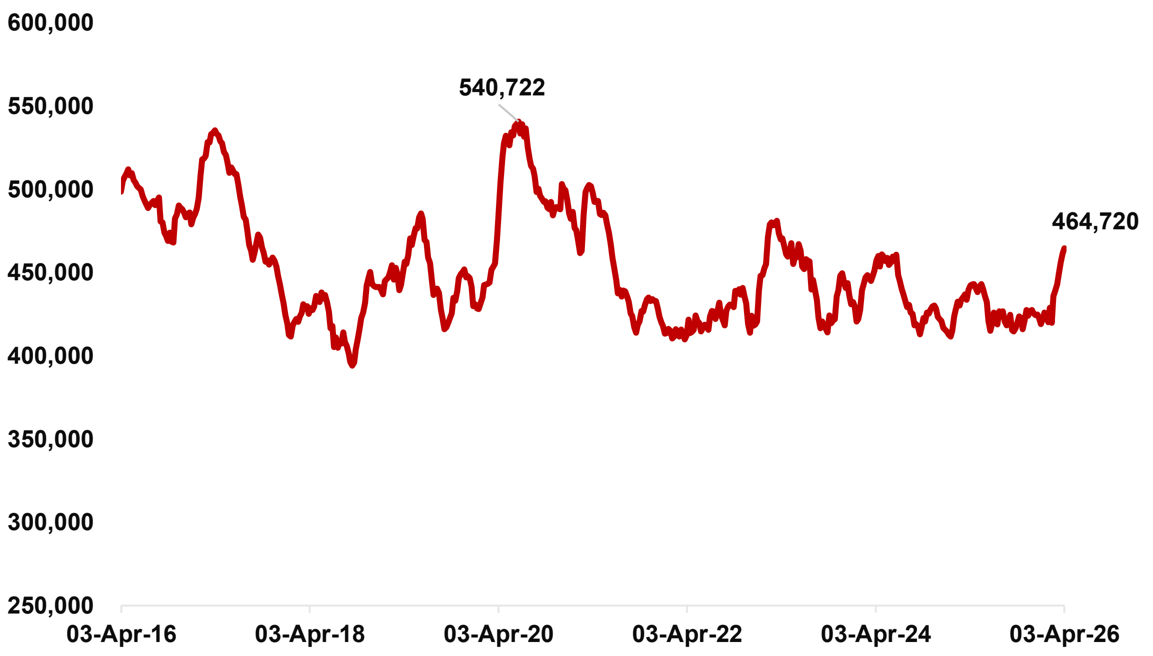
Brent Crude in USD per barrel



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



Sources: Bloomberg, Energy Information Administration (EIA)

- Brent oil prices closed at USD95.2/barrel on Friday (April 10) and dropped by 12.7% w-o-w, mainly due to expectations of improved supply and reduced geopolitical risk from ceasefire negotiations, even though actual disruptions were still ongoing. Traders anticipated that a peace deal could restore oil flows through the Strait of Hormuz, increasing supply and lowering prices.
- Nevertheless, the failure of peace talk over the weekend is expected to cause the oil prices to stay elevated above $100 this week, driven by the U.S. blockade of Iranian ports and heightened risks of supply disruption through key routes like the Strait of Hormuz. However, expect sharp volatility, with prices likely to spike further on any escalation but only ease meaningfully if there is a surprise diplomatic breakthrough.
- US crude oil inventories increased by 3.1 million barrels to 464.7 million for the week ending April 3.

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

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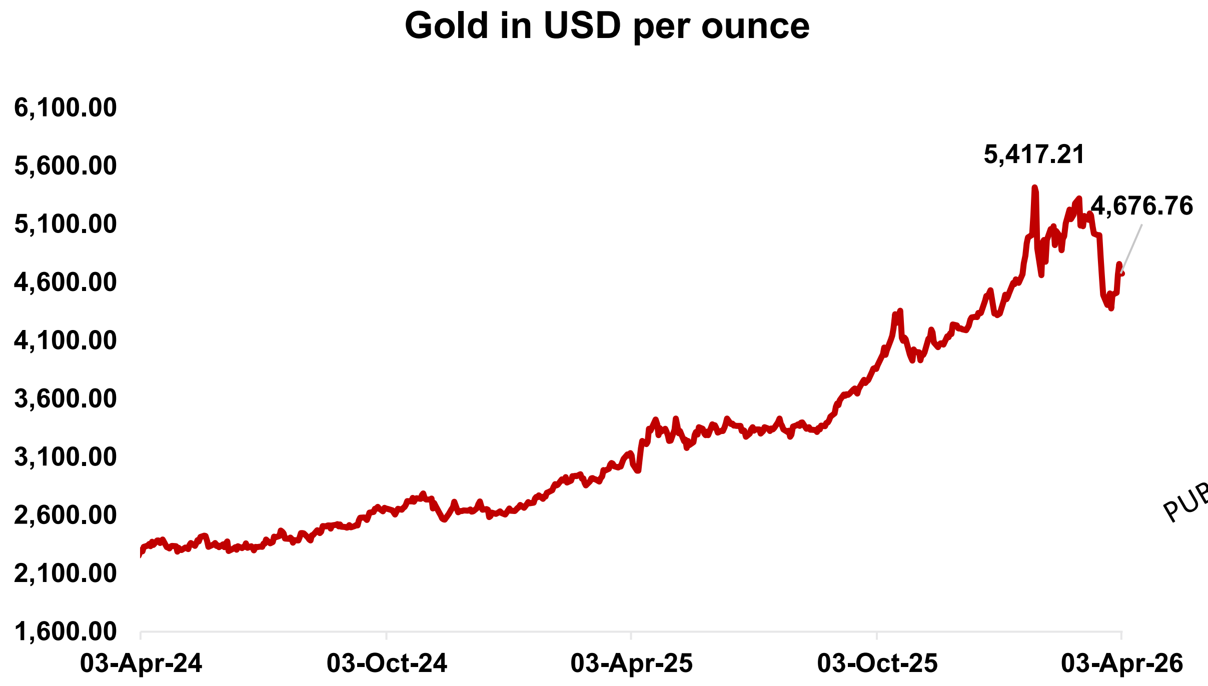

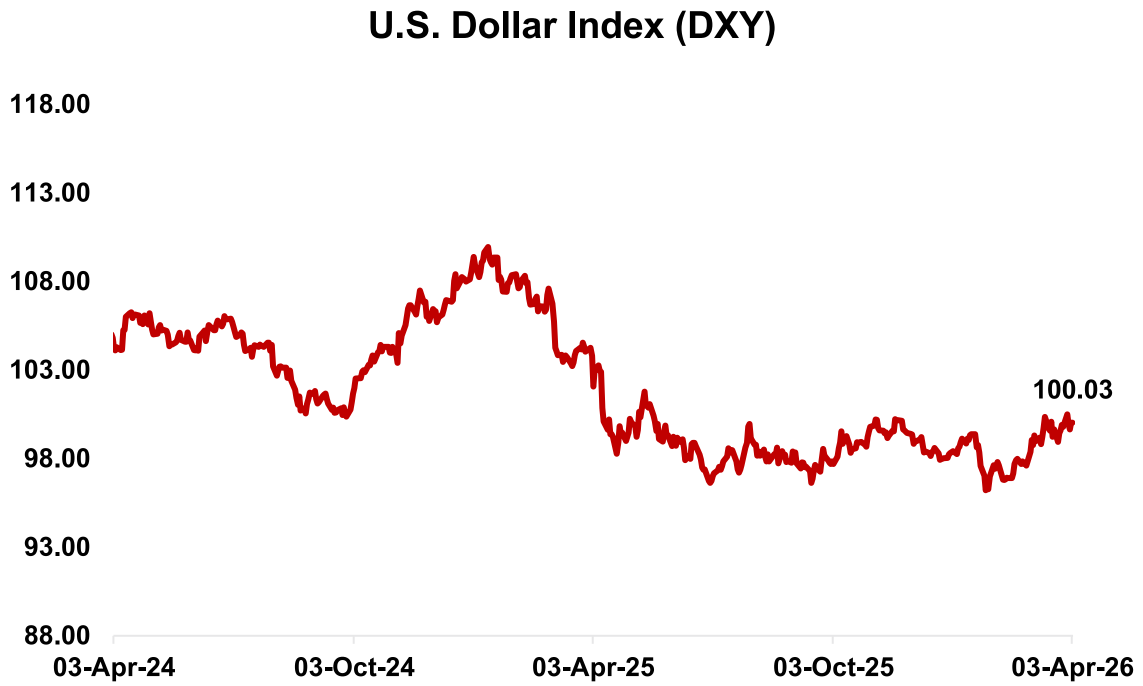

Sources: Bloomberg, CEIC Data

- Gold price rebounded sharply by 1.6% last week, breaching decisively over the 4,700.00 resistance on 7 April following the announcement of a two-week U.S.-Iran ceasefire.
- Initially, risk sentiments deteriorated over the weekend when Trump escalated his threats, warning that more severe military operations will be carried out if Iran does not agree to a peace deal, which includes the reopening of critical oil chokepoint, the Strait of Hormuz.
- However, as Trump's 48-hour deadline approached, he announced that the U.S. has accepted Iran's 10-point proposal and both parties have agreed to a two-week ceasefire. Investors recalibrated their positions, prompting capital rotation back into risk and alternative assets as delegations from both sides are due to meet for negotiations in Pakistan on Friday.

WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- The situation between the U.S. and Iran has worsened after the weekend peace talks failed. The latest talks in Islamabad ended with no agreement, mainly due to disagreements over Iran's nuclear program. Following this failure, the immediate outcome is escalation rather than de-escalation. The U.S. has moved toward a naval blockade targeting Iranian-linked shipping, signaling a much more aggressive stance. Meanwhile, Iran has indicated no intention to continue peace talks, reducing the chance of a near-term diplomatic solution. This directly raises risks around the Strait of Hormuz, where tensions could disrupt oil flows. Markets have already reacted, with oil prices jumping sharply on the news on Sunday. Overall, instead of partial peace, the outcome is a breakdown in diplomacy and a shift toward military and economic confrontation, meaning higher volatility and sustained geopolitical risk this week.

- This week marks the start of the U.S. 1Q2025's earnings season, and it is shaping up to be the biggest near-term market driver. Major banks like JPMorgan and Goldman Sachs are among the first to report, giving early signals on lending, consumer strength, and credit conditions. Investors will be watching closely whether corporate earnings can stay strong despite rising geopolitical risks and energy costs. Expectations are still relatively optimistic, with strong earnings growth projected for 2026. However, markets have already rallied recently, so results will need to beat expectations to sustain momentum. Tech and AI-linked companies are especially important, as they are expected to deliver outsized earnings growth. Any disappointment, particularly in guidance could quickly reverse the recent rebound. At the same time, strong results could reinforce the idea that the economy remains resilient despite external shocks. The key question is whether earnings strength can offset inflation and geopolitical uncertainty. Overall, this week's earnings could determine whether markets extend gains or turn volatile again.

- In terms of economic data, this week will be rather light. The industrial production numbers for March are accompanied by survey data from the NFIB as well as New York and Philly Feds for April. However, a key focus will be on producer price data. Based on last week's U.S. CPI showing a pickup in headline inflation at 3.3% in March, which largely driven by energy, this week's U.S. PPI is likely to come in firm to higher, reflecting rising upstream cost pressures. Energy and commodity-related components are expected to remain the main drivers, especially given recent geopolitical tensions. If PPI surprises to the upside, it will reinforce concerns that inflation is not easing as quickly as expected. This would support a "higher-for-longer" stance from the Federal Reserve, potentially delaying rate cuts. Markets will also watch whether producer costs are starting to pass through more strongly into consumer prices. Overall, the risk is skewed toward sticky inflation, which could weigh on sentiment.

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WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- The key European data is the Feb industrial production data from Eurozone. Other notable data include official GDP data update for the UK, where projection is for UK's February GDP to rise 0.1% MoM, following a flat print in January. As for Japan, the data calendar will be relatively light and the key data will be Feb core machine orders

- In Asia, upcoming data releases will provide a timely read on China's growth momentum. March trade figures due Tuesday are expected to show continued strength in exports. The focus then turns to Thursday's data dump, including 1Q GDP and key activity indicators. Consensus expects GDP growth to accelerate to 5.0% YoY from 4.5% in 4Q25. Markets will be watching whether growth remains export- and manufacturing-led or whether domestic demand is showing firmer signs of recovery. A key risk is that export-driven momentum could soften in 2Q amid rising Middle East geopolitical risks that may disrupt trade and weigh on global demand.

- Key event from Singapore will be the Monetary Authority of Singapore's (MAS) Apr Quarterly Monetary Policy Statement (MPS) which will be released on 14 April together with the Ministry of Trade & Industry's (MTI) advance 1Q26 GDP data. MAS is expected to tighten monetary policy in the April 2026 MPS

- Domestically, March CPI will be released on Friday and is expected to show a pickup in inflation. Headline CPI is forecast to rise to 1.8% YoY from 1.4% in February, driven mainly by higher fuel-related costs following the oil price shock. The weaker ringgit has also likely added to imported inflation pressures. Separately, Malaysia's advance 1Q26 GDP estimate is scheduled for release on 17 March.

THANK YOU