



# **WEEKLY ECONOMIC UPDATE**

**17 SEPTEMBER 2025**

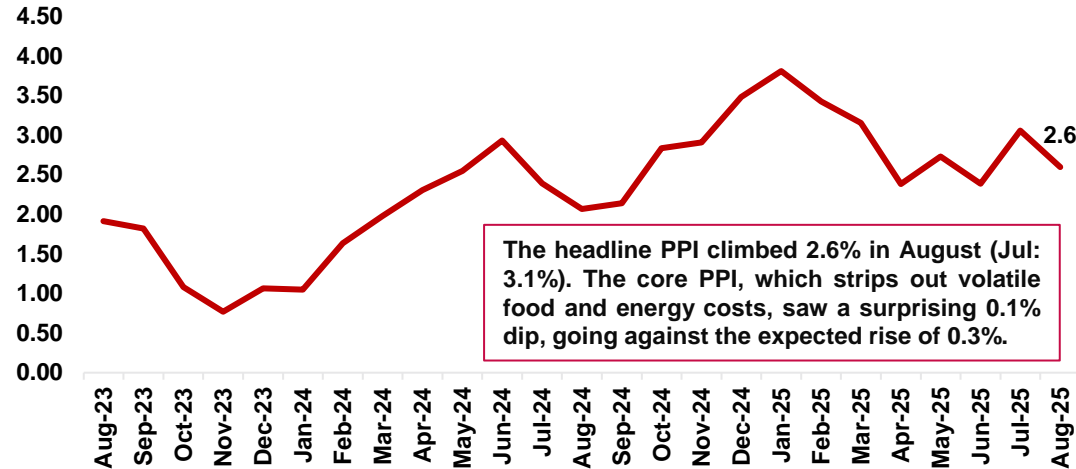
**ECONOMIC RESEARCH**

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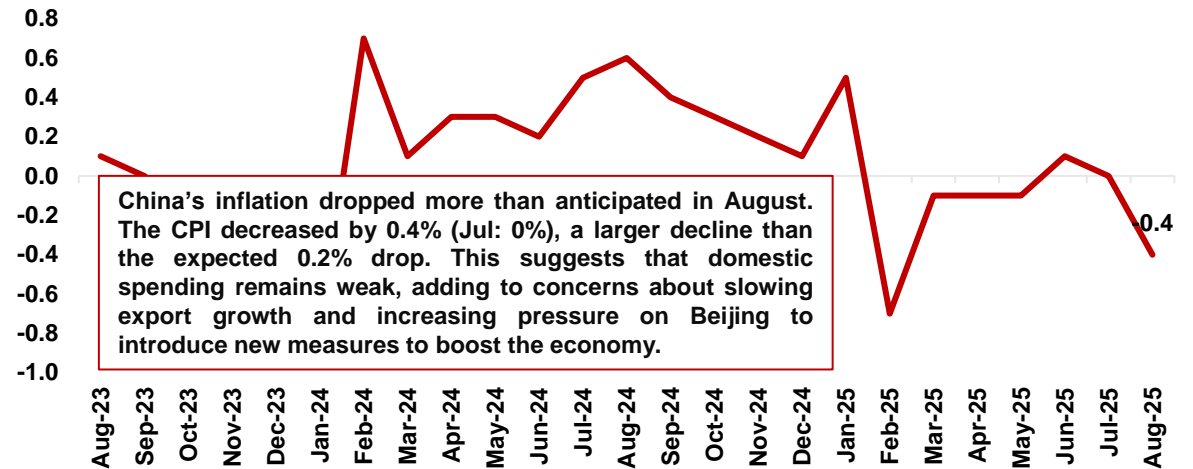
# WEEKLY HIGHLIGHT: MALAYSIA'S JOBLESS RATE PLATEAU AT A DECADE-LOW OF 3.0%

GLOBAL

## U.S. - Producer Price Index (PPI), y-o-y%

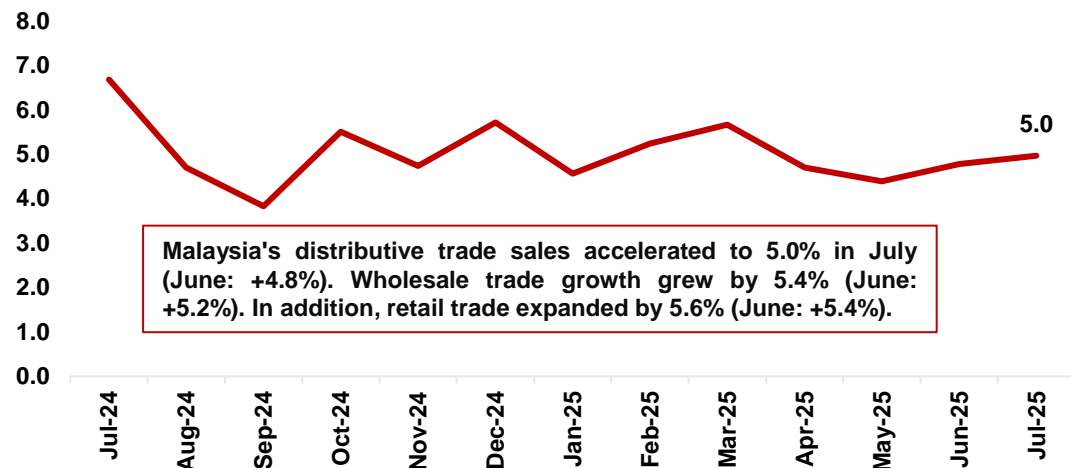


## China - Consumer Price Index (CPI), y-o-y%

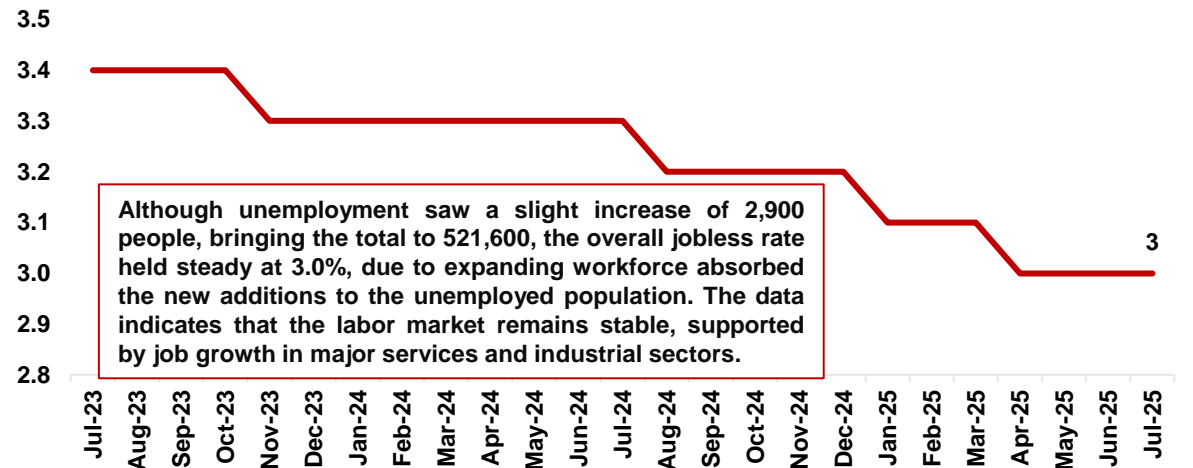


DOMESTIC

## Malaysia - Distributive Trade Sales, y-o-y%

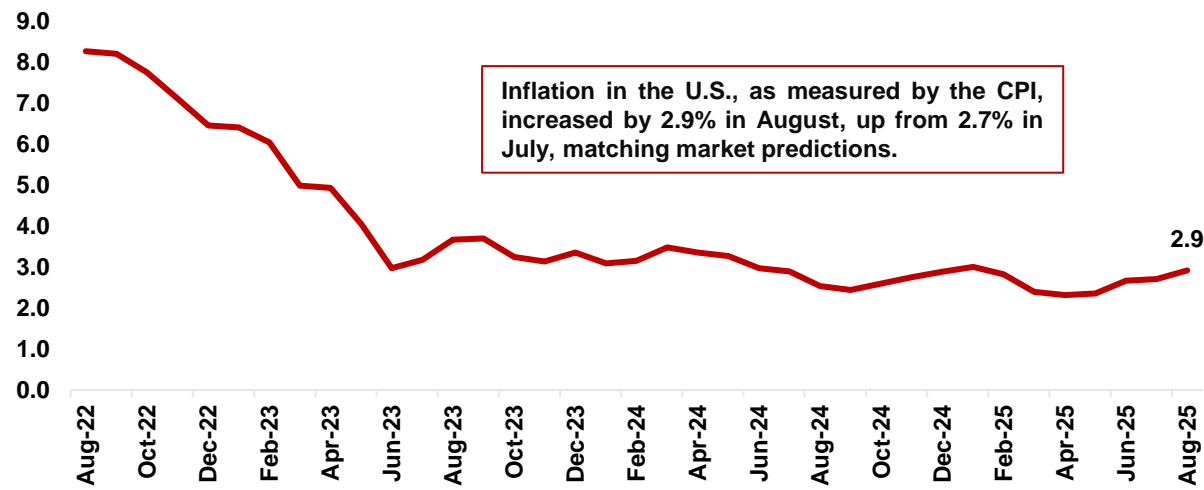


## Malaysia - Unemployment Rate, %

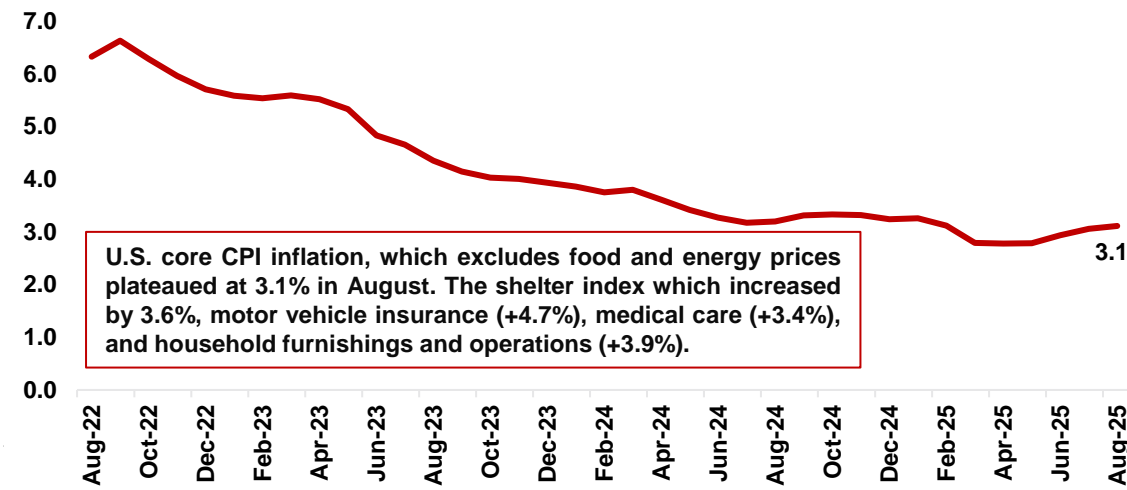


# U.S. WEEKLY HIGHLIGHT: U.S. CPI GREW IN LINE WITH EXPECTATIONS, KEEPING THE FED ON TRACK TO CUT RATES

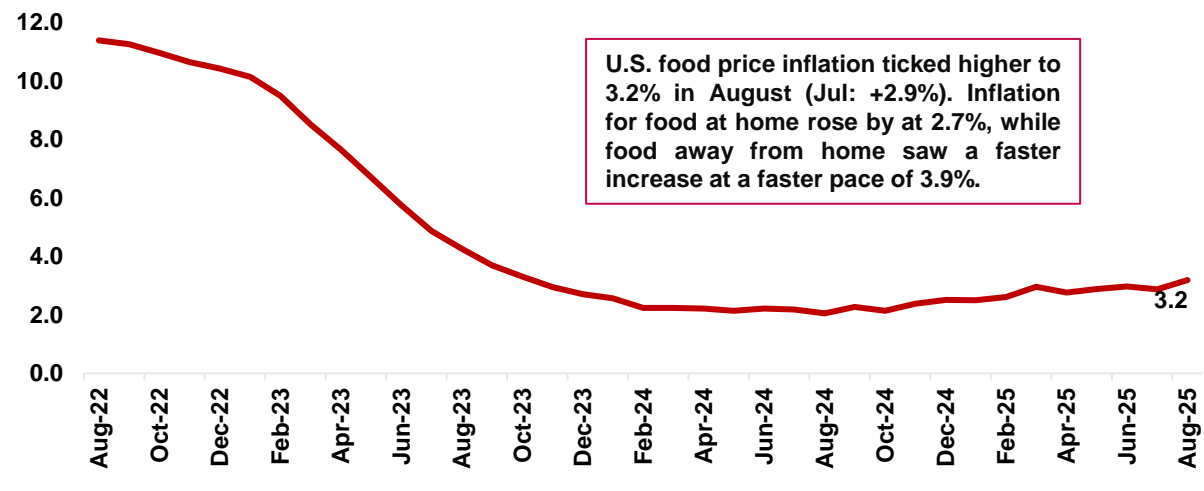
U.S. CPI, y-o-y%



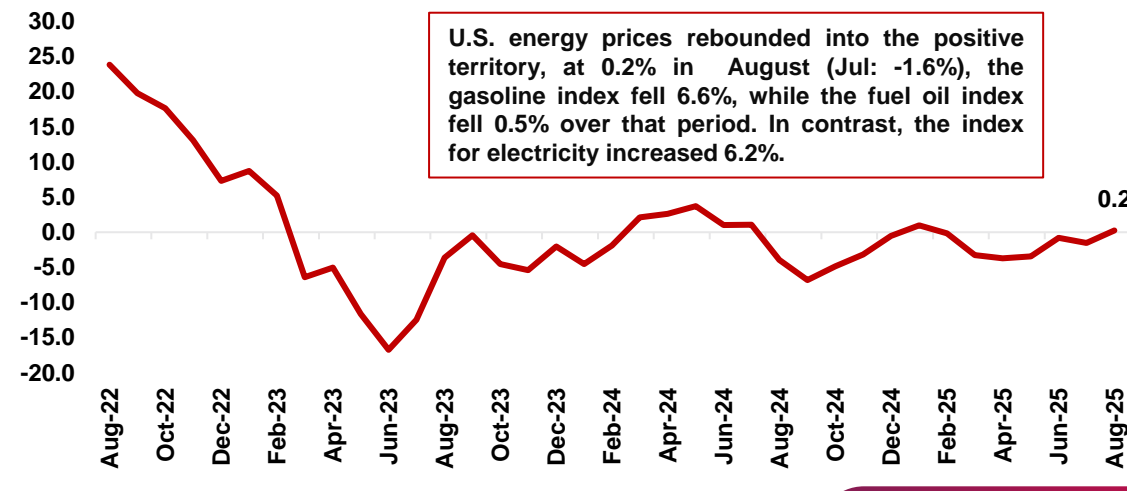
U.S. CPI (All Items less Food and Energy), y-o-y%



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



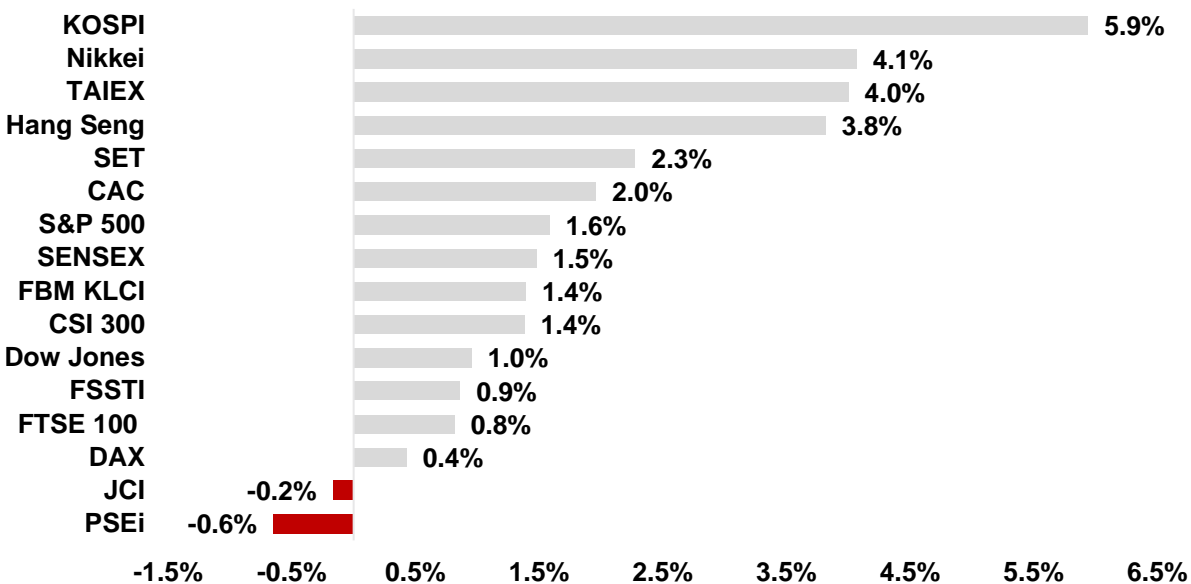
U.S. CPI (Energy), y-o-y%



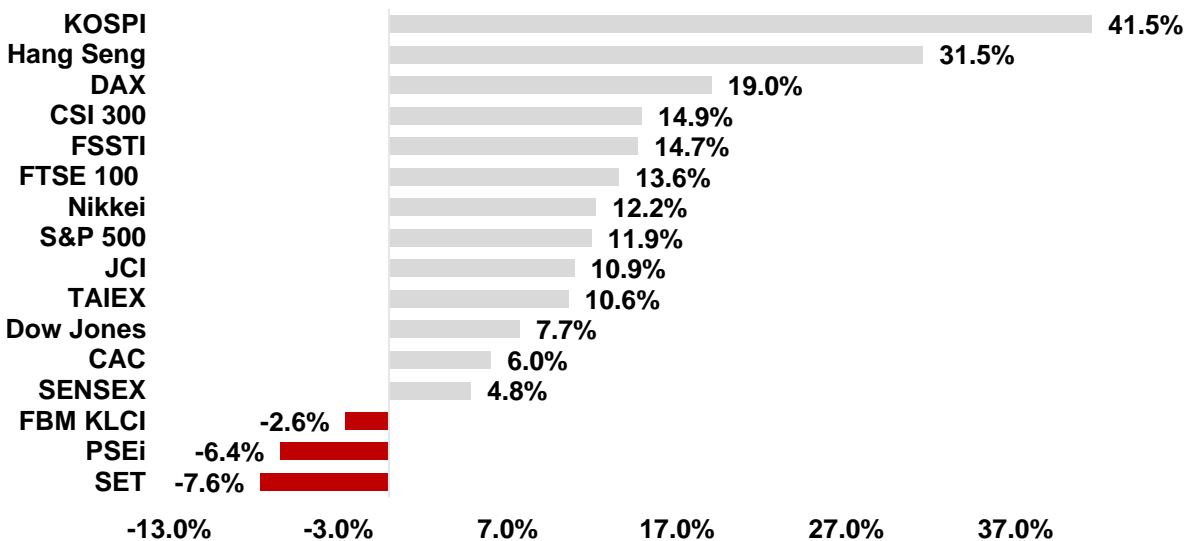
# REGIONAL EQUITY: POLICY SHIFTS AND RATE CUT HOPES DRIVE GLOBAL MARKET GAINS



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



YTD Gain/Loss of Major Equity Markets, %  
(As of 12 September 2025)



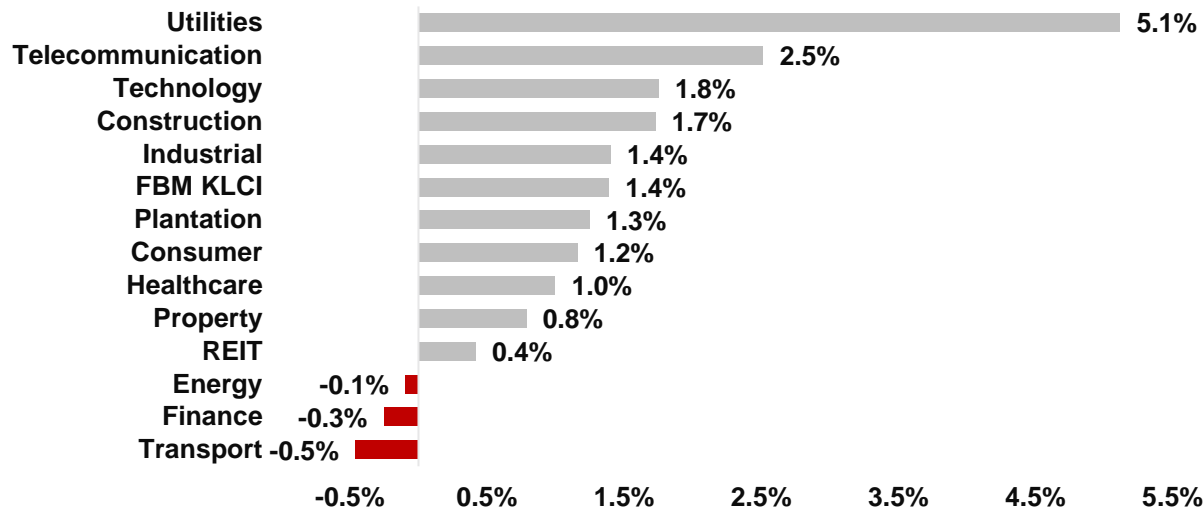
Sources: Bursa, CEIC Data

- Global equity markets ended mostly in positive territory for the week ending September 12, with South Korea’s KOSPI leading gains at +5.9%. Investor sentiment in South Korea was further buoyed after President Lee Jae Myung scrapped a plan to revise the capital gains tax on stock investments. The proposal, which sought to redefine “large shareholders,” had previously sparked backlash from retail investors. Its cancellation eased policy uncertainty and provided a strong lift to the market.
- U.S. stocks – S&P 500 (+1.6%) and Dow Jones (+1.0%) surged as investors believe that the Fed may cut interest rates on September 17 following the recent weak U.S. jobs data and low inflation. Investors felt more confident after seeing the CPI inflation report. While August inflation was still above the Federal Reserve’s (Fed’s) 2.0% goal, the moderate increase was seen as a sign the Fed might change its policy, especially given recent signs of a weaker job market.
- In contrast, Philippines’ PSEi (-0.4%) and Indonesia’s JCI (-0.2%) were the biggest losers for the week ending September 12.

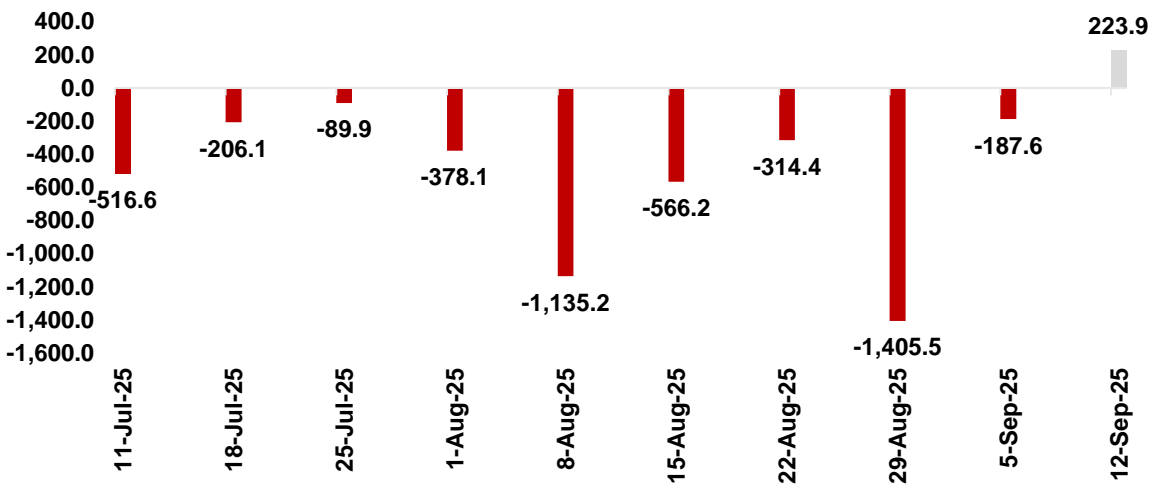
# DOMESTIC EQUITY: FBM KLCI CLOSED ON A POSITIVE NOTE AS FOREIGN INVESTORS RETURNED TO THE LOCAL MARKET



Weekly Bursa Sectoral Performance, w-o-w%



Weekly Foreign Fund Net Inflows/Outflows, RM Million



Sources: Bursa, CEIC Data

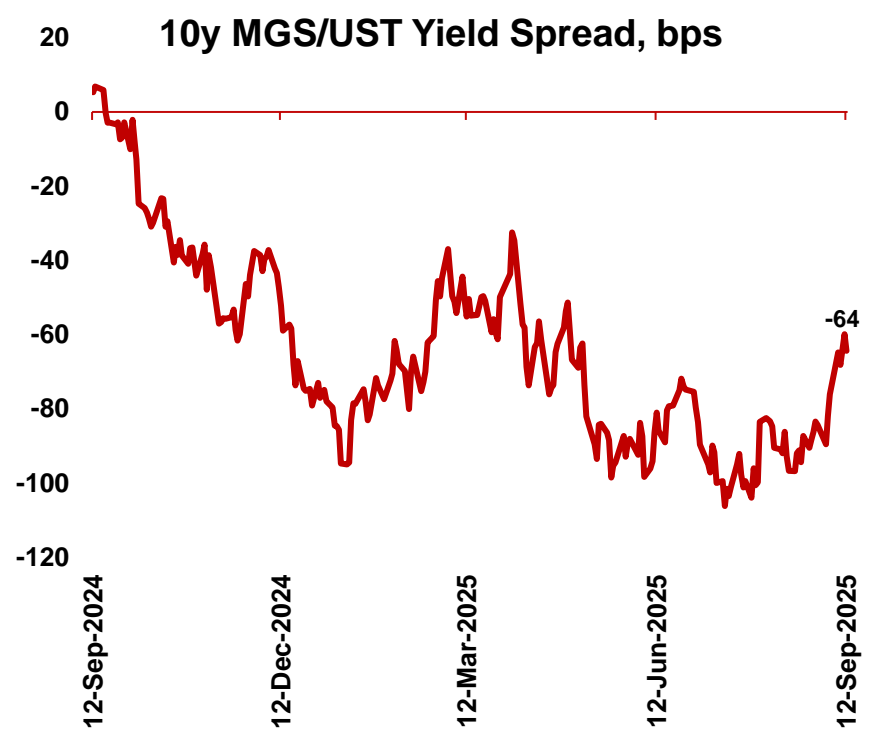
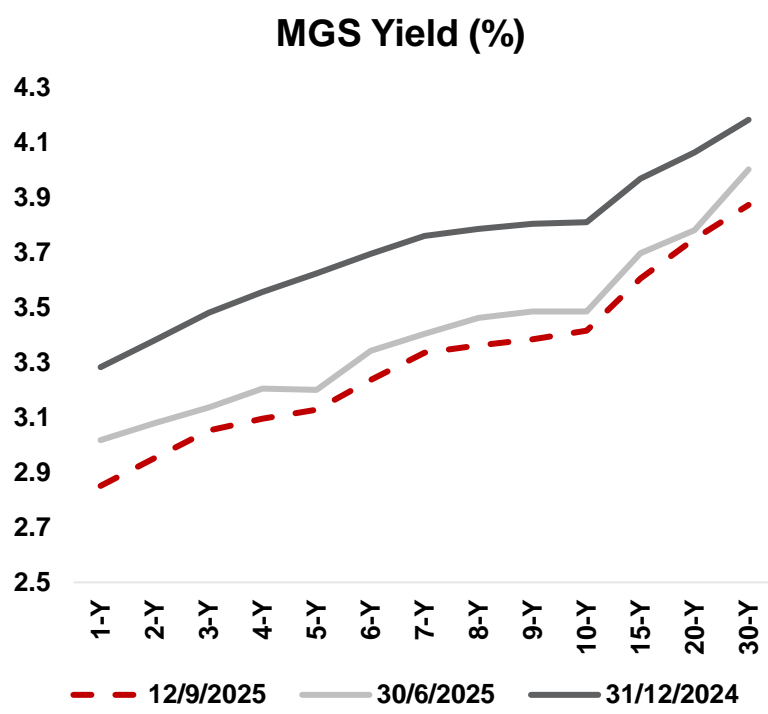
- The FBM KLCI increased by 1.4% w-o-w for the week ending September 12, driven by strong bargain hunting activities as traders positioned themselves ahead of a shorter trading week in conjunction with the Malaysia Day holidays.
- Investor sentiments were also lifted by expectations of a Fed rate cut following signs of a rapidly cooling U.S. job market while inflation appeared to follow a gradual uptrend, shifting buying interest towards emerging market assets instead.
- Most Bursa indices closed in the green with the Utilities index topping the gainers as it surged by a whopping 5.1%, marking the highest level since early January 2025. This was followed by the Telecommunications (+2.5%) and Technology (+1.8%) indices.
- Meanwhile, the Energy index slipped by 0.1%, followed by the Finance (-0.3%) and Transport (-0.5%) indices.
- Foreign investors acquired a total of RM223.9 million worth of equities, marking the first week of net inflow after nine consecutive week of net selling. This had reduced the cumulative net outflow thus far to RM17.0 billion.

# FIXED INCOME: UST YIELDS EDGED UP BUT 10-Y DIPPED AS FED RATE CUT LOOMS



Weekly Changes, basis points (bps)			
UST	Yields (%) 5-Sep-25	Yields (%) 12-Sep-25	Change (bps)
3-Y UST	3.48	3.52	4
5-Y UST	3.59	3.63	4
7-Y UST	3.80	3.81	1
10-Y UST	4.10	4.06	-4
MGS	Yields (%) 4-Sep-25	Yields (%) 12-Sep-25	Change (bps)
3-Y MGS	3.03	3.05	2
5-Y MGS	3.11	3.13	2
7-Y MGS	3.32	3.34	1
10-Y MGS	3.41	3.42	1
GII	Yields (%) 4-Sep-25	Yields (%) 12-Sep-25	Change (bps)
3-Y GII	3.06	3.07	1
5-Y GII	3.14	3.16	1
7-Y GII	3.28	3.28	0
10-Y GII	3.43	3.43	0

Sources: BNM, Federal Reserve Board

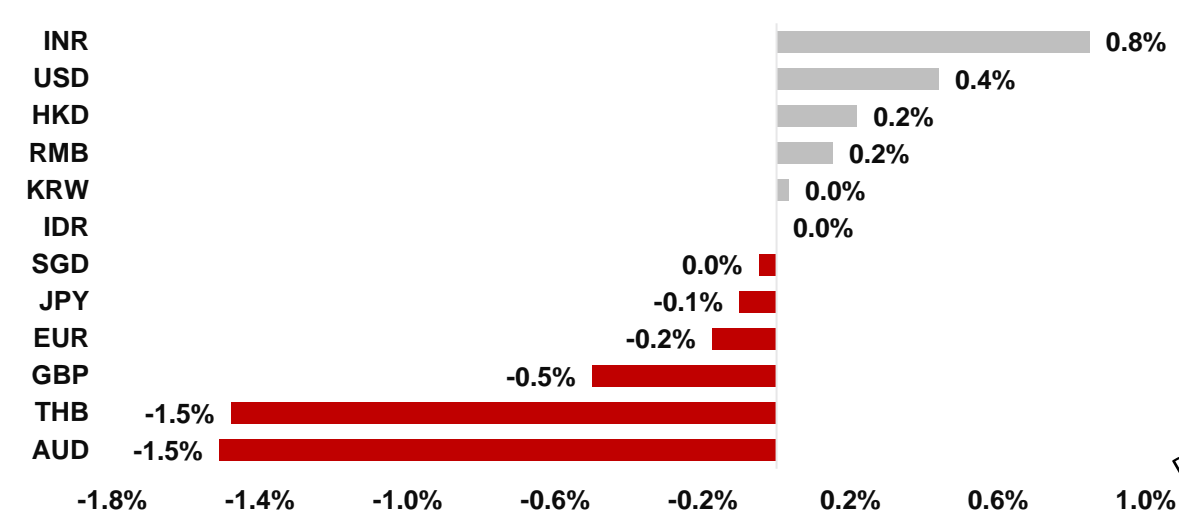


- The U.S. Treasury (UST) yields climbed in the range of 1bp and 4bps for the week ending September 12, while 10-Y UST yield dipped by 4bps to end at 4.06% as investors awaited the Fed’s policy decision this week. Markets are pricing in about a 96% chance of a 25bp cut on Wednesday and around a 4% probability of a larger half-point move, after recent U.S. data signaled a cooling labor market and subdued inflation. Traders were also watching whether Stephen Miran would be confirmed as a Fed governor in time for the meeting.
- Malaysian Government Securities (MGS) and Government Investment Issues (GII) yields closed higher by between 1bp and 2bps.
- The auction of 30-Y reopening of GII worth RM5.0 billion which was issued on September 16 drew a decent demand with a bid-to-cover (BTC) ratio of 1.9x, albeit significantly lower relative to the previous RM5.0 billion 30-Y reopening of GII in March 2025 with a BTC ratio of 3.1x.
- The 10y MGS/UST yield spread narrowed slightly in the negative territory at 64bps relative to -76bps in the previous week.

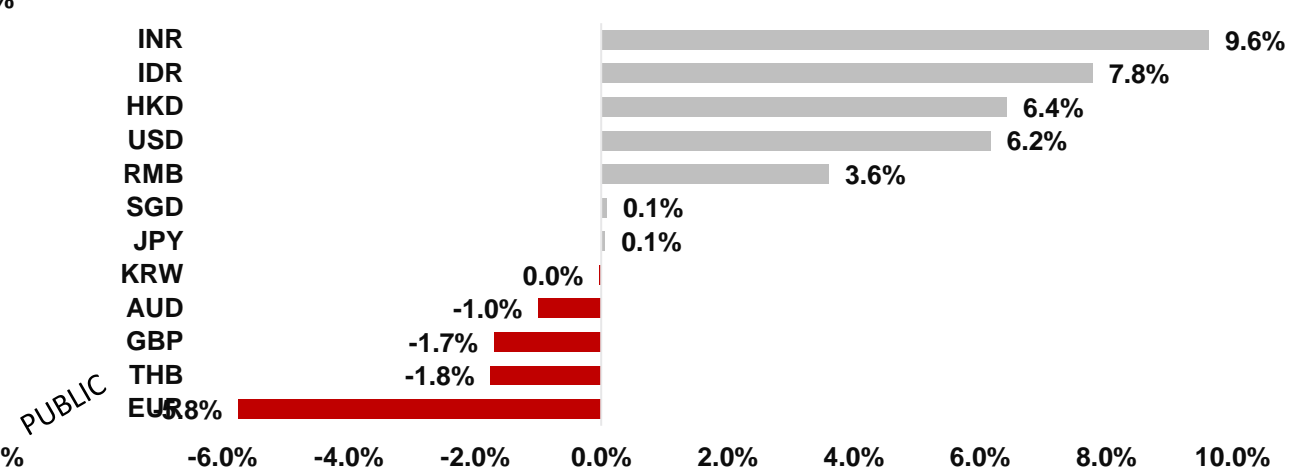
# FX MARKET: RINGGIT TO TRADE CAUTIOUSLY AHEAD OF THE FED'S POLICY DECISION ON SEPTEMBER 17



MYR Against Regional Currencies, w-o-w%



MYR Against Regional Currencies, YTD%  
(As of 12 September 2025)



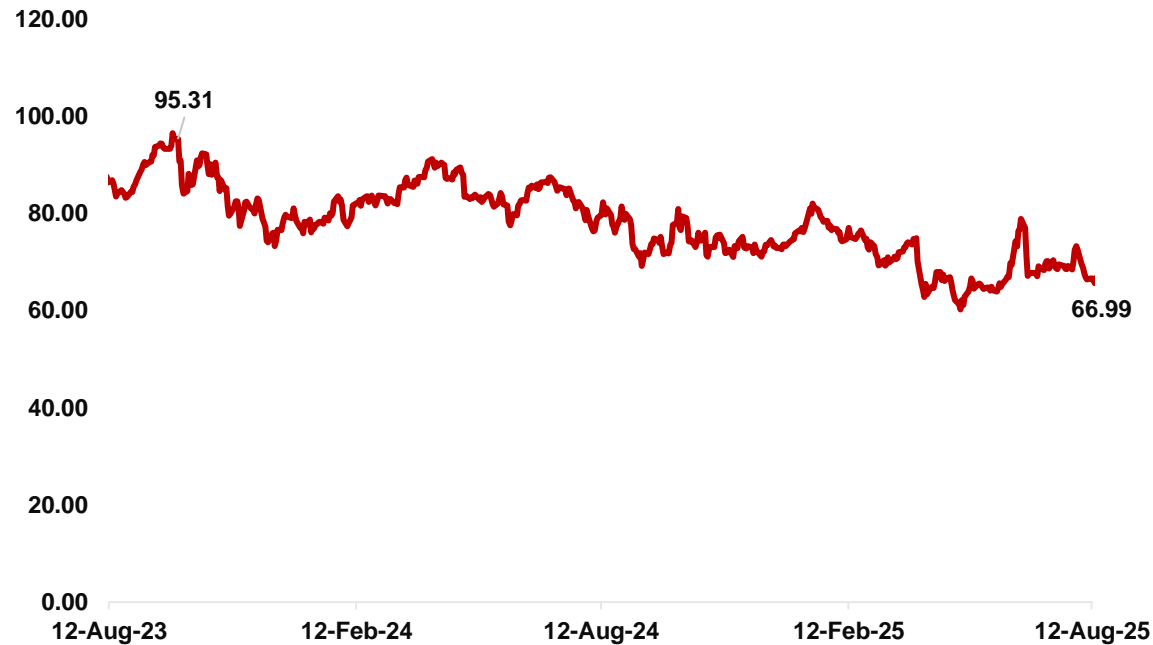
Sources: BNM, CEIC Data

- The Ringgit appreciated by 0.4% w-o-w for the week ending September 12 as the USD index weakened by 0.2% w-o-w, dragged by markets fully pricing in a rate cut in the upcoming Federal Reserve Board (Fed) meeting.
- Latest preliminary benchmark revisions by the U.S. Bureau of Labor Statistics (BLS) showed that the economy added 911K less jobs than initially reported in the 12 months to March 2025, bringing the actual figure to only 847K. This figure is markedly less than half of the initial 1.76 million jobs, painting a more alarming picture of the job market conditions whereby the momentum of job growth is substantially weak, even before the turbulence surrounding Trump's policies were added to the mix.
- Coupled with Trump's trade, immigration and bureaucratic restructuring policies, concerns of a further cooldown in the job market intensified, solidifying the case for the central bank to initiate its policy easing cycle.
- Beyond the job market, the gradual increase in price pressures offers the Fed some wiggle room to move with headline inflation ticking up by 2.9% y-o-y in August (July: 2.7% y-o-y), in line with consensus estimates, while core inflation plateaued at 3.1% y-o-y as seen in July.

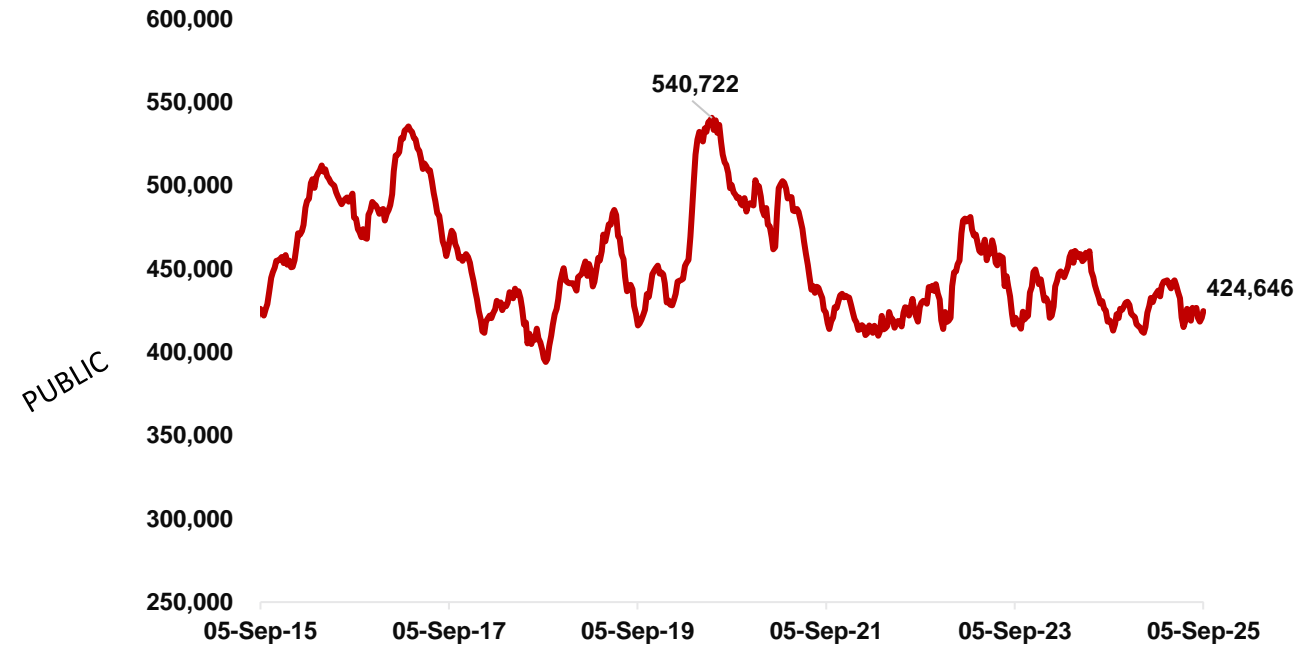


# COMMODITY: BRENT CRUDE PRICE REBOUNDS, BUT GAINS CAPPED BY U.S. DEMAND CONCERNS

Brent Crude in USD per barrel



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



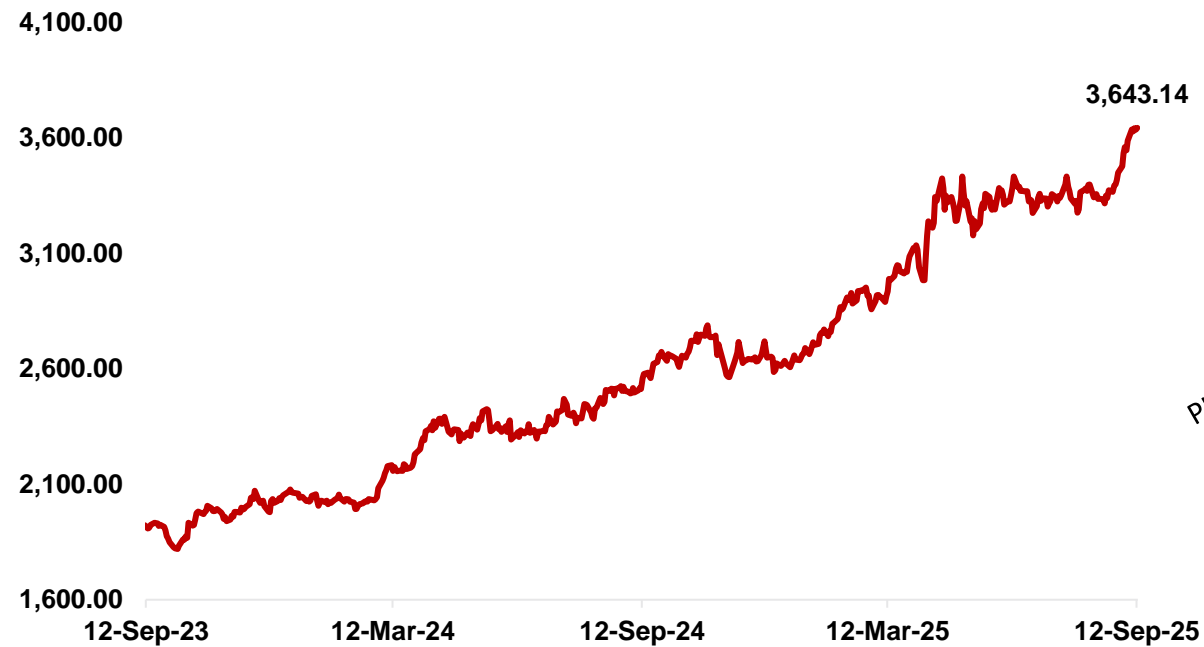
Sources: Bloomberg, Energy Information Administration (EIA)

- Brent crude oil prices rebounded by 2.3% w-o-w, closing at USD66.99 per barrel on Friday (September 12), after declining 3.8% the previous week. The uptick was driven by a Ukrainian drone attack that disrupted loading operations at Russia's Primorsk port, tightening supply.
- However, the increase were limited as traders remain cautious over the U.S. demand outlook, with recent weak job market data undermining confidence in a sustained oil price rally. Additionally, global supply concerns persist, especially with OPEC+ planning to increase output.
- Meanwhile, U.S. crude stockpiles rose by 3.9 million barrels to 424.6 million for the week ending September 05.



# COMMODITY: GOLD PRICE REMAINED UNDEFEATED, MARKED FRESH HIGH OF USD3,643.14 ON FRIDAY

Gold in USD per ounce



U.S. Dollar Index (DXY)



Sources: Bloomberg, CEIC Data

- The bullion price extended its winning streak, soaring by 1.6% w-o-w last week to mark an all-time high of USD3,643.14 on Friday.
- Such performance was propelled by heightened bets of the Fed delivering its first rate cut this Wednesday, making the bullion more appealing vis-à-vis the USD. Meanwhile, the European Central Bank (ECB) is widely expected to keep its interest rates steady after reducing them by 235 bps cumulatively since June 2024, lending further support to the XAU.

## WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- This week, all eyes are on the Federal Reserve as it is widely expected to deliver its first interest rate cut of 2025 during Wednesday's FOMC meeting, a move that could mark a pivotal shift in the central bank's policy stance. However, the focus will not only be on the rate cut itself, but also on the content of Chair Jerome Powell's remarks, which are expected to shed light on the Fed's outlook for inflation, employment, and the pace of future rate adjustments. Beyond the Fed, several key U.S. economic indicators, particularly retail sales, housing starts, and jobless claims will be closely watched to gauge the underlying strength of the consumer and labor market amid signs of slowing momentum. Altogether, it's a data-packed week that could influence both market sentiment and the economic narrative heading into the final quarter of the year.
- Meanwhile, the Bank of England (BoE) is widely expected to keep its key interest rate unchanged at 4.0% during its upcoming policy meeting on Thursday. The decision comes amid conflicting economic signals, which while the labour market shows signs of softening with job vacancies down 5.8% and unemployment steady at 4.7%, inflation remains stubbornly high. The Consumer Prices Index (CPI) rose to 3.8% in July, well above the BoE's 2% target, mainly due to rising food and drink prices. Given the persistent inflationary pressure, despite slower job market momentum, the BoE is expected to maintain a cautious stance. Governor Andrew Bailey has recently signaled uncertainty over when rate cuts might begin, suggesting that policy will remain tight for longer. Investors will also watch for fresh inflation data due Wednesday, which could influence the tone of the BoE's statement and future rate expectations.
- In Indonesia, markets are closely watching Bank Indonesia's (BI) policy decision, with expectations pointing toward a pause in its recent easing cycle. The move comes amid renewed pressure on the rupiah, following the sudden removal of Finance Minister Sri Mulyani Indrawati, which rattled investor confidence and erased much of the currency's gains from a mid-July U.S. trade deal. Despite expectations that the U.S. Federal Reserve may cut rates just hours later, BI is likely to hold its benchmark rate steady to stabilize the rupiah and avoid further capital outflows. Historically, BI had adopted a more accommodative stance earlier this year, cutting its benchmark interest rate twice—first in July, and again in August, bringing it down to 5.00%. These rate cuts were aimed at supporting economic growth while keeping inflation and exchange rate volatility in check. However, the recent political shift and renewed currency weakness have prompted a more cautious approach heading into this week's decision.

BANK ISLAM

**THANK YOU**