WEEKLY ECONOMIC UPDATE

17 NOVEMBER 2025

ECONOMIC RESEARCH

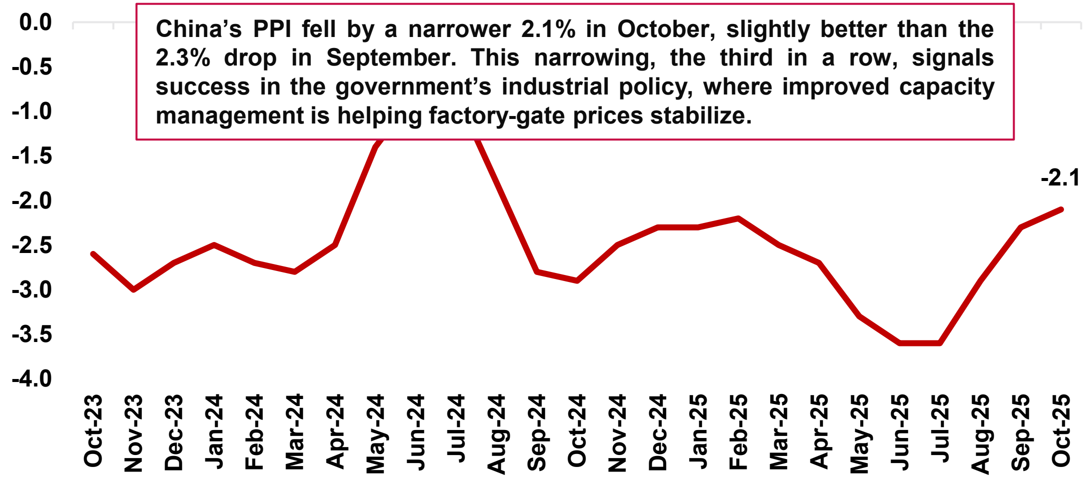
IMRAN NURGINIAS IBRAHIM
FARAH ZAZREEN ZAINUDIN
NOR LYANA ZAINAL ABIDIN
KHAYRIN FARZANA FAZLI

WEEKLY HIGHLIGHT: MALAYSIA'S ECONOMY GREW BY 5.2% IN 3Q2025, PROPELLED BY STEADY DOMESTIC DEMAND AND ELEVATED NET EXPORTS

BANK ISLAM

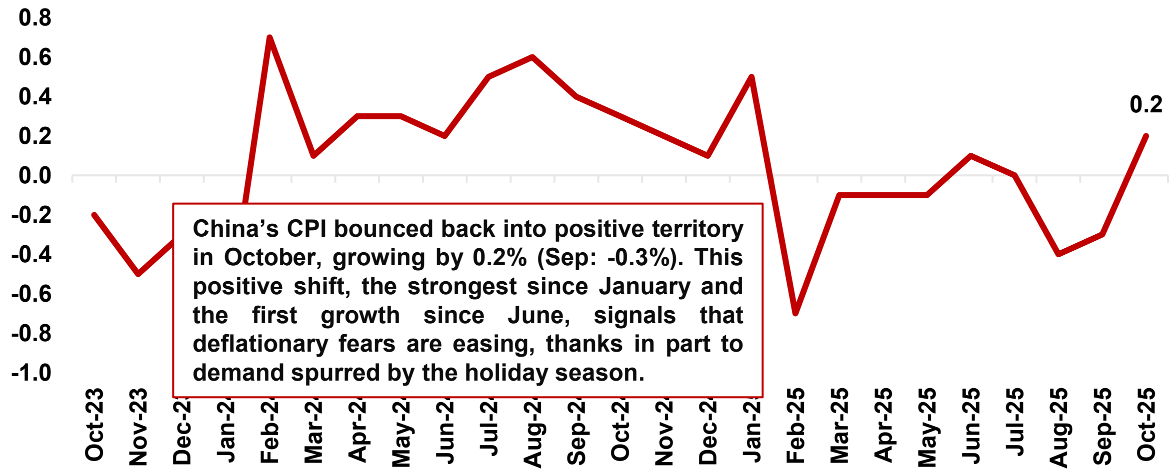
GLOBAL

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



China's PPI fell by a narrower 2.1% in October, slightly better than the 2.3% drop in September. This narrowing, the third in a row, signals success in the government's industrial policy, where improved capacity management is helping factory-gate prices stabilize.

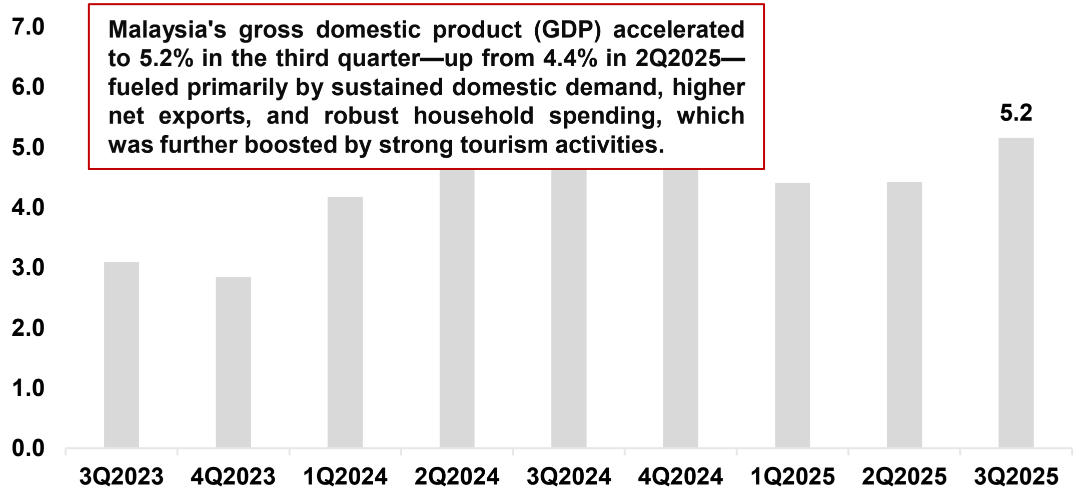
China - Consumer Price Index (CPI), y-o-y%



China's CPI bounced back into positive territory in October, growing by 0.2% (Sep: -0.3%). This positive shift, the strongest since January and the first growth since June, signals that deflationary fears are easing, thanks in part to demand spurred by the holiday season.

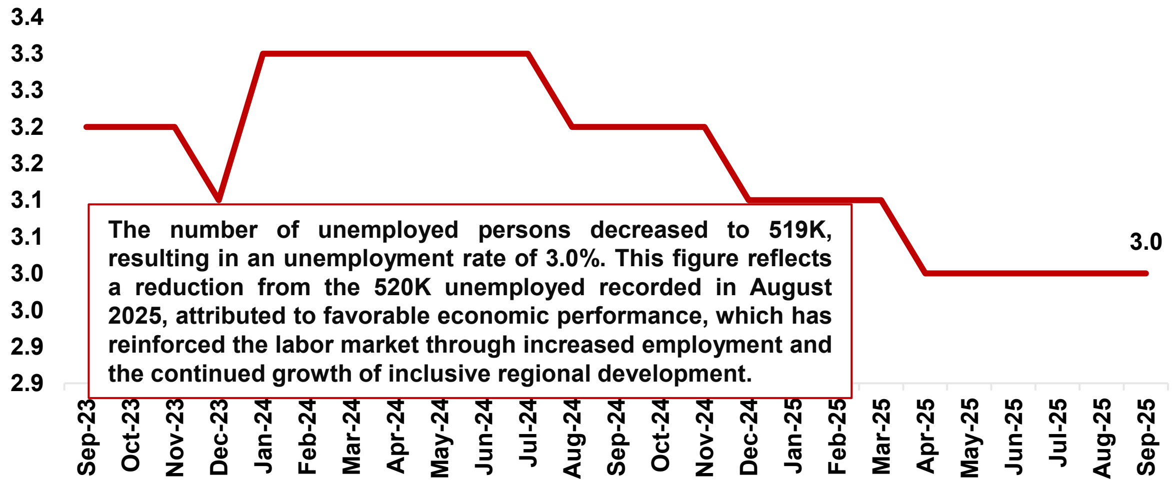
DOMESTIC

Malaysia - Real GDP growth, y-o-y%



Malaysia's gross domestic product (GDP) accelerated to 5.2% in the third quarter—up from 4.4% in 2Q2025—fueled primarily by sustained domestic demand, higher net exports, and robust household spending, which was further boosted by strong tourism activities.

Malaysia - Unemployment Rate, %

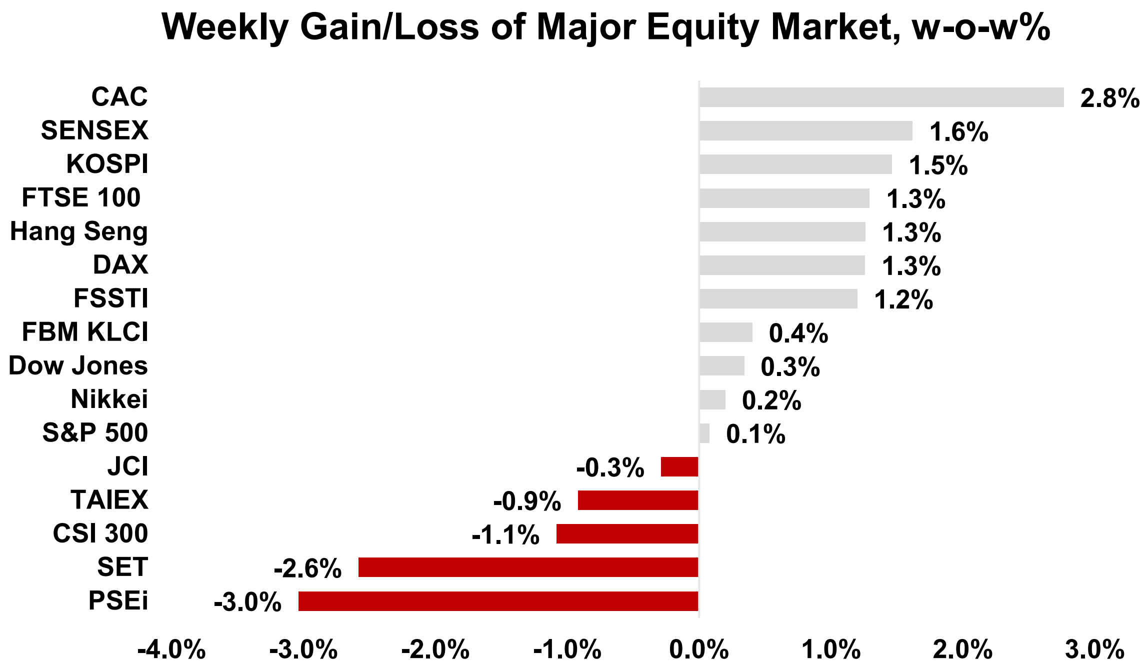


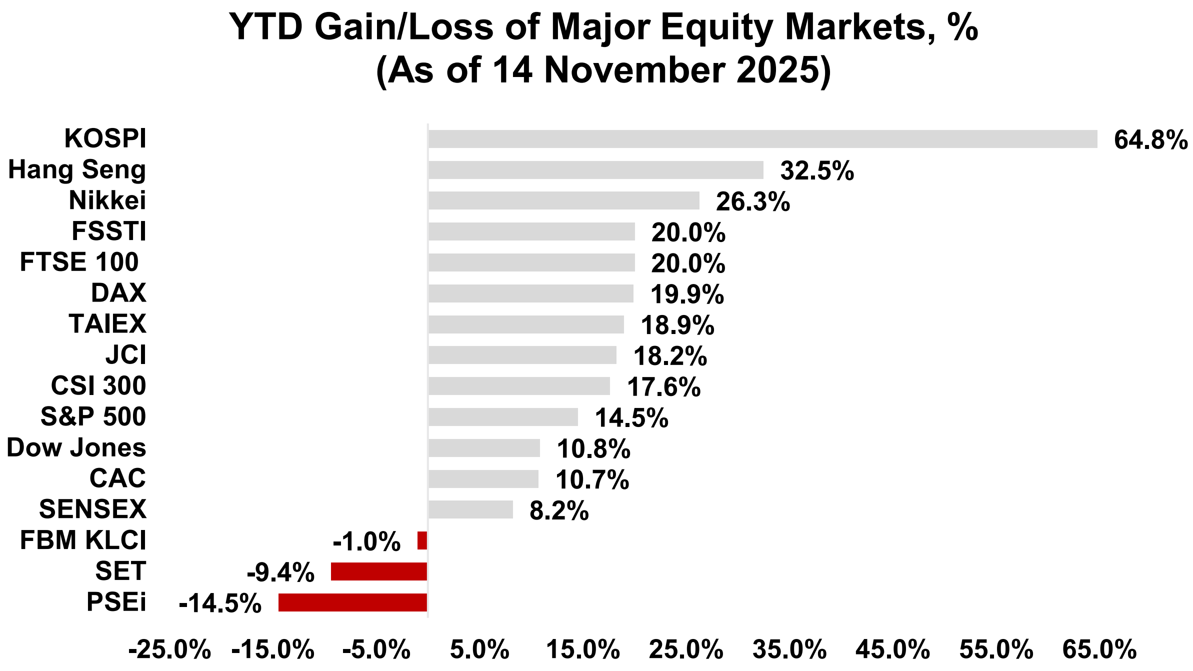
The number of unemployed persons decreased to 519K, resulting in an unemployment rate of 3.0%. This figure reflects a reduction from the 520K unemployed recorded in August 2025, attributed to favorable economic performance, which has reinforced the labor market through increased employment and the continued growth of inclusive regional development.

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

REGIONAL EQUITY: CAUTIOUS STOCKS MARKET AMID DELAYED U.S. DATA AND RATE UNCERTAINTY

BANK ISLAM





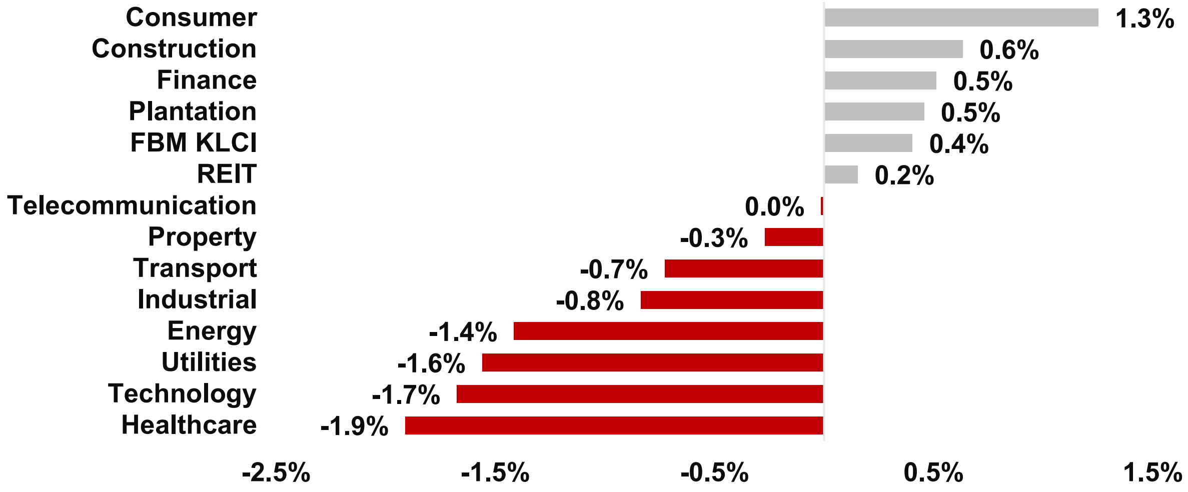
Sources: Bursa, CEIC Data

- The global stocks market were mixed for the week ending November 14 with France's CAC as the major gainer, expanding by 2.8%. The initial surge of market optimism following the end of the longest U.S. government shutdown, which promised the return of economic data, was quickly muted. Gains were capped as the early positive sentiment faded and investors grew concerned over stretched valuations in major technology stocks.
- U.S. stocks – Dow Jones (+0.3%) and S&P 500 (+0.1%) surged marginally as investors are reassessing the probability of a Federal Reserve (Fed) interest rate cut in December. While the end of the long government shutdown removed one key source of uncertainty, it simultaneously created a new problem of a lack of clear economic signals for traders due to delayed data releases. This environment of uncertainty and missing information, right before the next Fed decision, is maintaining market volatility as investors adjust their positions for year-end.
- In contrast, Philippines' PSEi (-3.0%), Thailand's SET (-2.6%) and China's CSI 300 were the biggest losers for the week ending November 14.

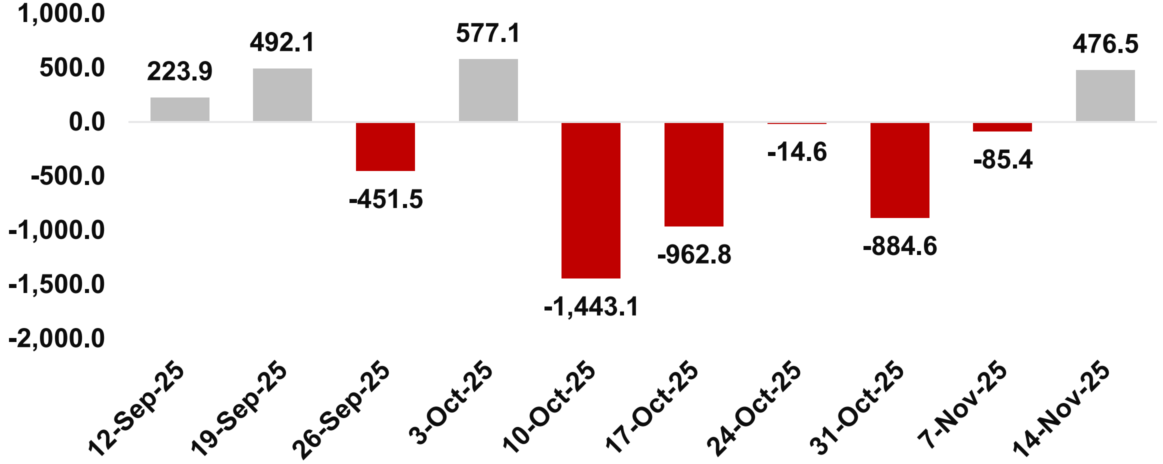
DOMESTIC EQUITY: THE FBM KLCI ENDED ON A POSITIVE NOTE FOLLOWING SOLID 3Q2025 GDP GROWTH

BANK ISLAM

Weekly Bursa Sectoral Performance, w-o-w%



Weekly Foreign Fund Net Inflows/Outflows, RM Million



Sources: Bursa, CEIC Data

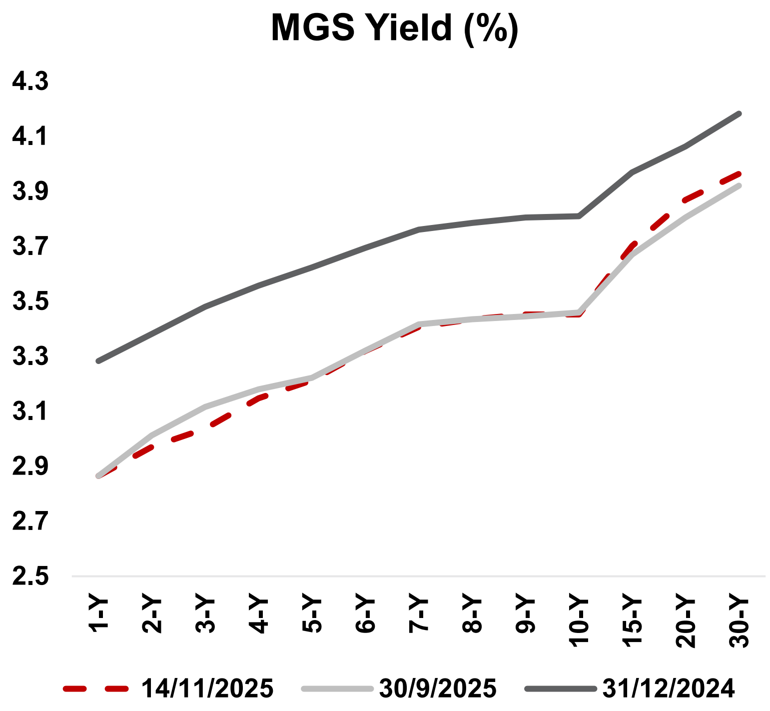
- The FBM KLCI climbed by 0.4% w-o-w for the week ending November 14 amid growing investor confidence surrounding Malaysia's economic outlook following the release of the 3Q2025 GDP figures.
- The economy had expanded by 5.2% y-o-y in the third quarter, in line with preliminary estimates, placing it on track to achieve the official growth target between 4.0-4.8%. Furthermore, the upbeat performance displayed across all economic sectors as well as robust domestic demand, as evidenced by the acceleration in private consumption (3Q2025: 5.0% vs. 2Q2025: 5.3%) and investment momentum (3Q2025: 7.4% vs. 2Q2025: 12.1%), is anticipated to prevail into 2026, casting a rosy glow over Malaysia's growth prospects next year.
- Looking closer, the Consumer indices topped the gainers as it surged by 1.3%, followed by the Construction (0.6%) index.
- On the flip side, the Healthcare index plunged by 1.9%, followed by the Technology and Utilities indices, which declined by 1.7% and 1.6%, respectively.
- Foreign investors returned into the local market after five straight weeks of net selling, acquiring a total of RM476.5 million worth of equities. This had decreased the cumulative net outflow thus far to RM19.3 billion.

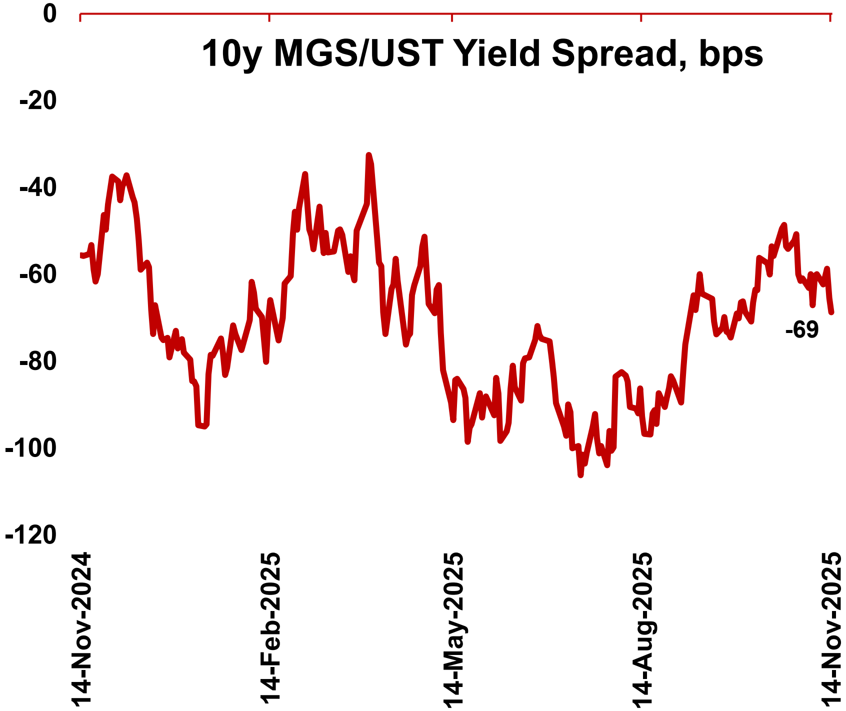
FIXED INCOME: UST YIELDS CLIMBED AS FED RATE CUT EXPECTATIONS PLUMMET AMID INFLATION, DATA UNCERTAINTY

BANK ISLAM

Weekly Changes, basis points (bps)

UST	Yields (%) 7-Nov-25	Yields (%) 14-Nov-25	Change (bps)
3-Y UST	3.57	3.61	4
5-Y UST	3.67	3.74	7
7-Y UST	3.87	3.92	5
10-Y UST	4.11	4.14	3
MGS	**Yields (%) 7-Nov-25**	**Yields (%) 14-Nov-25**	**Change (bps)**
3-Y MGS	3.11	3.04	-7
5-Y MGS	3.25	3.21	-3
7-Y MGS	3.46	3.41	-5
10-Y MGS	3.51	3.45	-6
GII	**Yields (%) 7-Nov-25**	**Yields (%) 14-Nov-25**	**Change (bps)**
3-Y GII	3.14	3.10	-4
5-Y GII	3.25	3.22	-2
7-Y GII	3.38	3.33	-5
10-Y GII	3.56	3.51	-5



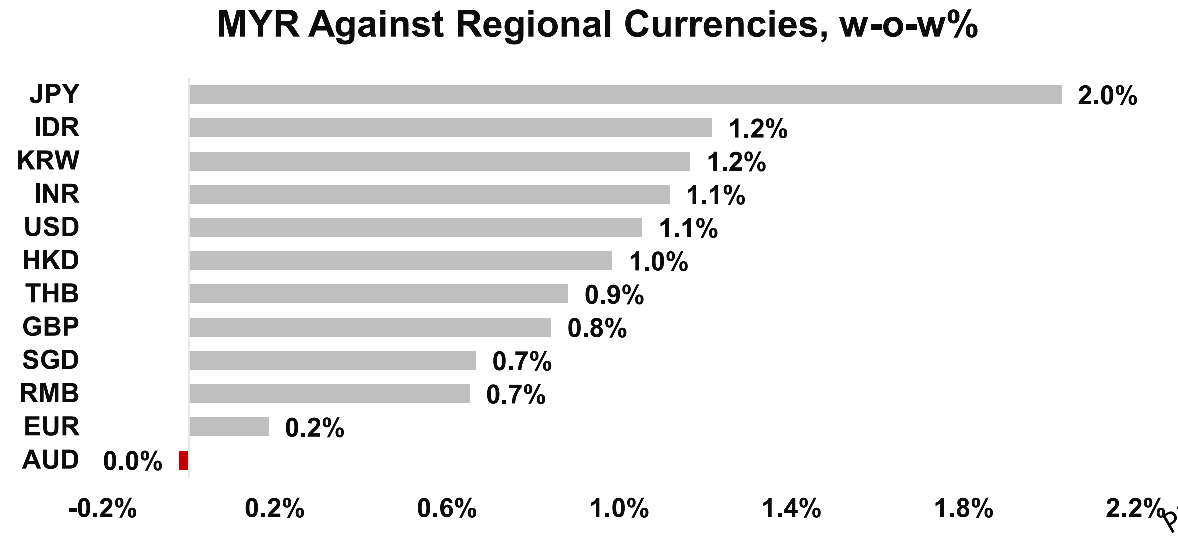


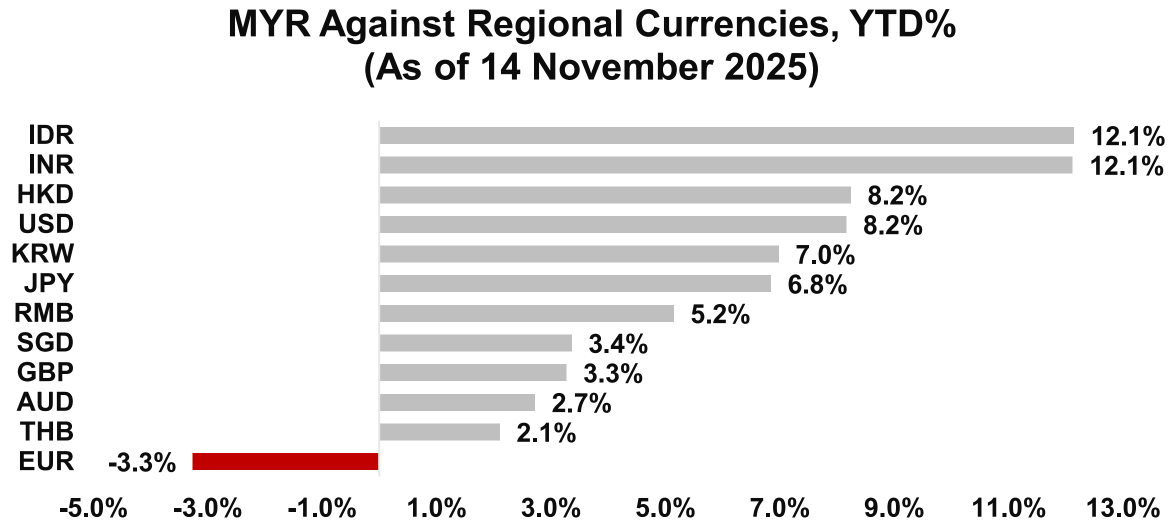
Sources: BNM, Federal Reserve Board

- The U.S. Treasury (UST) yields climbed in the range of 3bp and 7bps for the week ending November 14, as investor expectations for a Fed rate cut in December have sharply declined, with the perceived chance of a 25bp reduction plummeting from over 95% to about 44% in the past month, driven by persistent inflation worries and disagreement among Fed officials on the economic path forward. The resumption of government operations released a backlog of economic reports, but concerns are mounting that the upcoming data, some of which was delayed or potentially lost due to the shutdown, could reveal a slowdown in the economy.
- Meanwhile, Malaysian Government Securities (MGS) and Government Investment Issues (GII) yields ended lower by between 2bps and 7bps.
- The auction of 10-Y reopening of GII worth RM5.0 billion which was issued on November 12 drew a robust demand with a bid-to-cover (BTC) ratio of 2.6x, albeit marginally lower relative to the previous RM5.0 billion 10-Y reopening of GII in July 2025 with a BTC ratio of 2.7x.
- The 10y MGS/UST yield spread widened slightly in the negative territory at 69bps relative to -60bps in the previous week.

FX MARKET: RINGGIT APPRECIATED AS PRIVATE HIRING DATA SIGNALLED DETERIORATING U.S. JOB MARKET CONDITIONS

BANK ISLAM





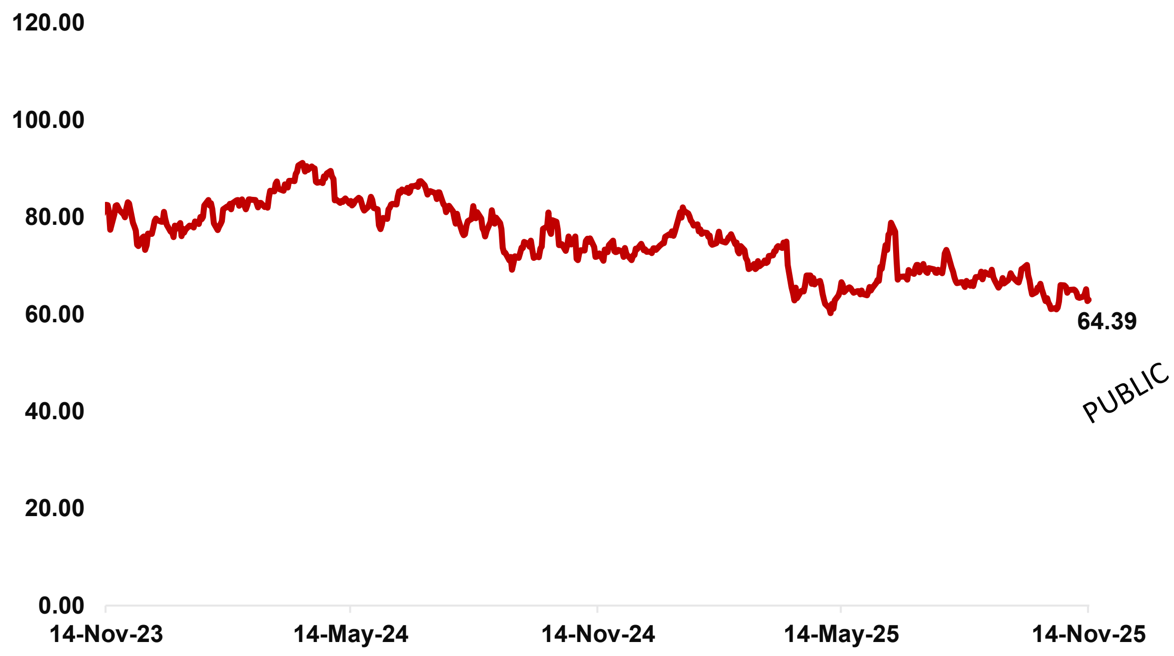
Sources: BNM, Federal Reserve Board (Fed), CEIC Data

- The Ringgit appreciated by 0.4% w-o-w against the USD last week, marking the strongest level since September 2024 on Wednesday (12th November: RM4.131), while the USD index slipped by 0.3%.
- Such performance was underpinned by expectations of narrowing rate differentials between the Overnight Policy Rate (OPR), which is maintained at 2.75%, and the U.S. Federal Funds Rate (FFR).
- Looking back, the data blackout following the U.S. government shutdown had placed greater weight on private sector hiring for insights into the health of the job market. Of note, private businesses slashed an average of 11.25K jobs per week for four weeks ending 25th October, according to ADP Research, while Challenger, Gray & Christmas Inc. reported that employers cut more than 153K jobs in October (September: 54.1K), marking the highest level since 2003. As such, the sharp slowdown in private job market figures had bolstered rate cut expectations, exerting pressure on the USD.
- Nevertheless, latest hawkish remarks from several Fed policymakers had shifted investors' expectations again, underscoring the highly delicate balance between fulfilling both sides of the central bank's dual mandate. Kansas City Fed President Jeffrey Schmid, who dissented in October in favour of keeping the FFR steady, and Boston Fed President Susan Collins both highlighted their concerns on upside risks to inflation, signaling hesitance to ease the FFR further.

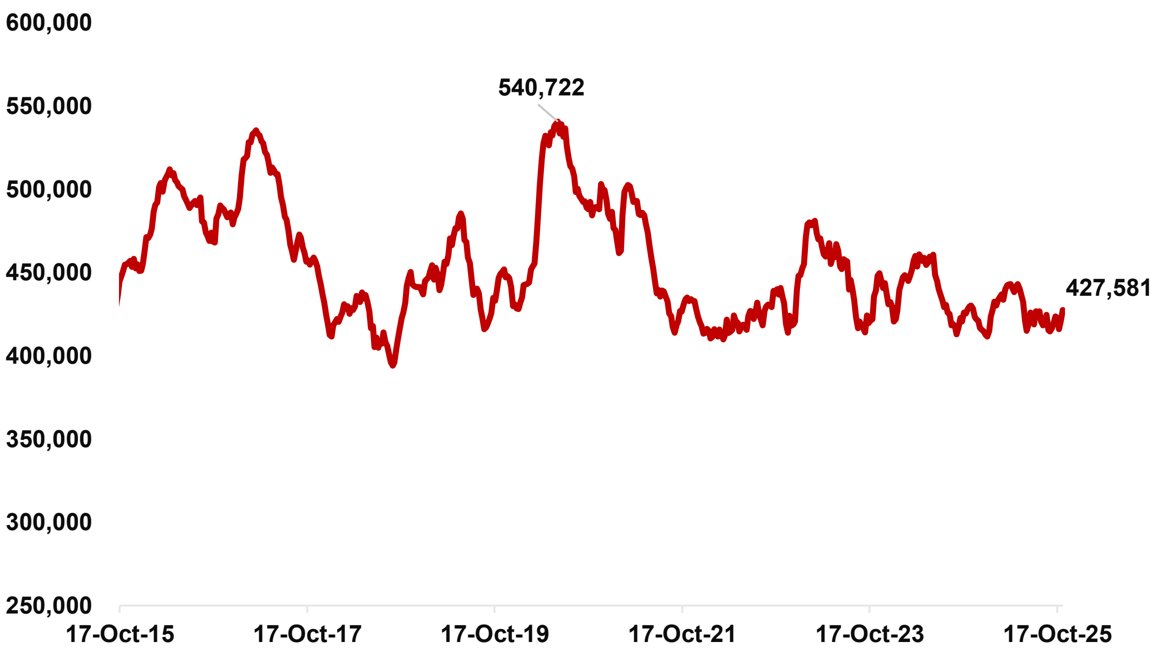
COMMODITY: OIL PRICES SURGES AFTER UKRAINE ATTACK DISRUPTS RUSSIAN EXPORT HUB, SUPPLY RISKS RISE

BANK ISLAM

Brent Crude in USD per barrel



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

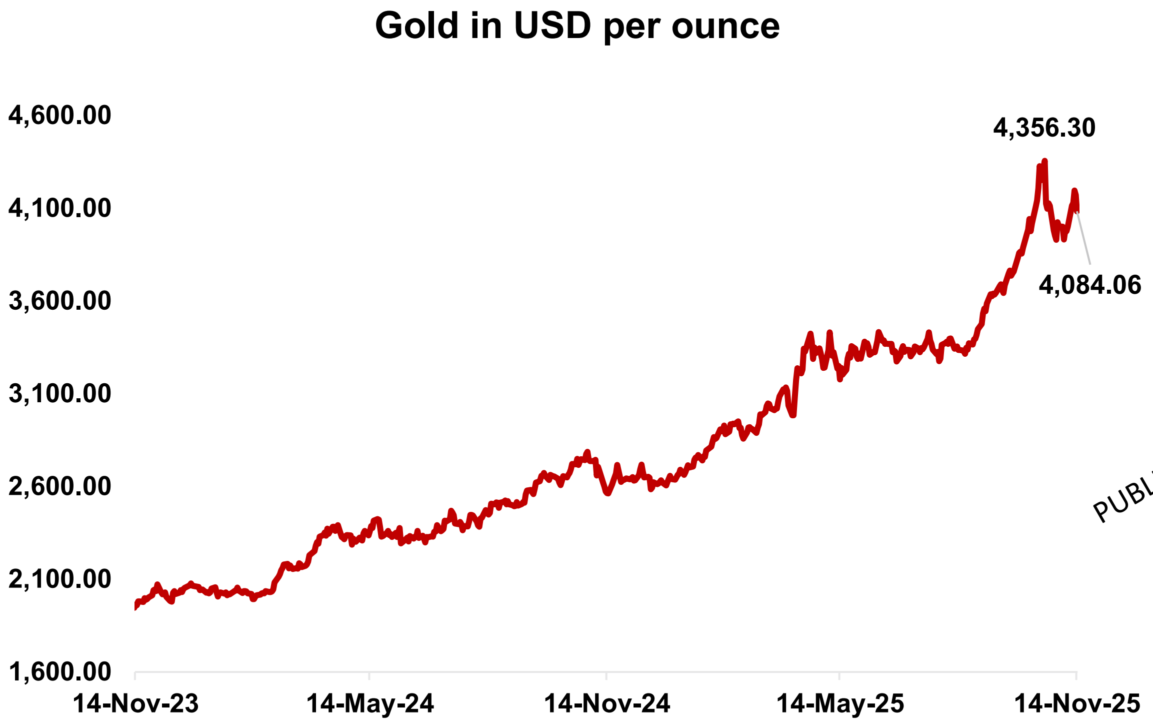


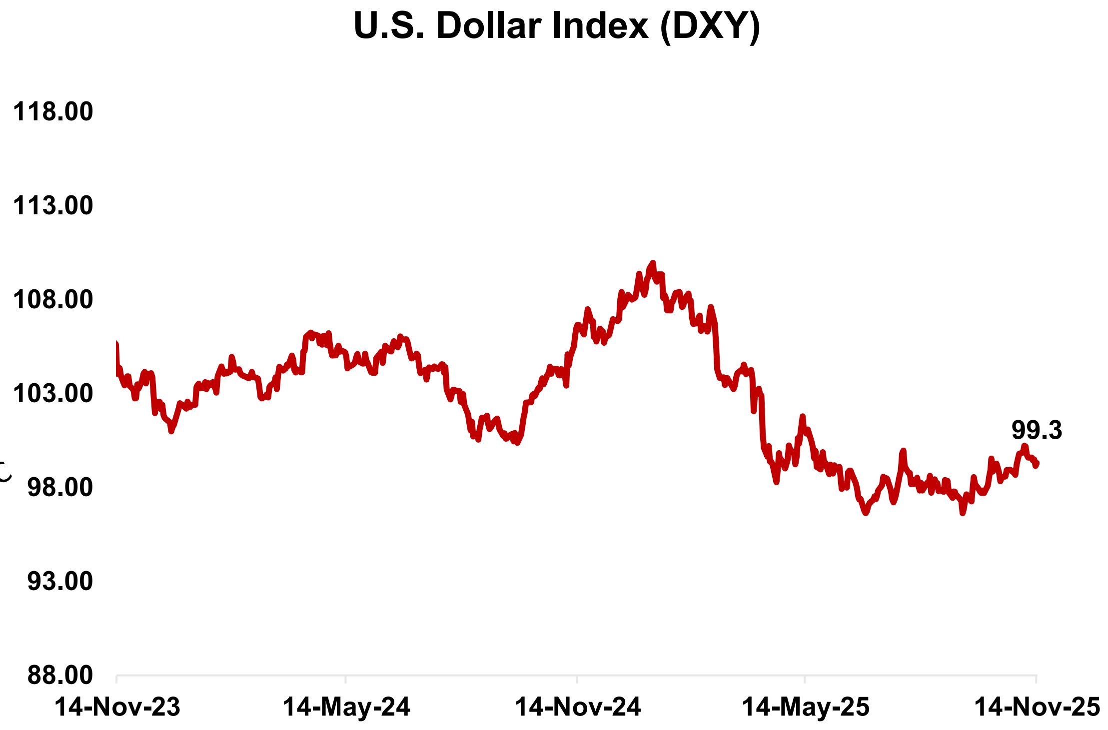
Sources: Bloomberg, Energy Information Administration (EIA)

- Brent oil prices rose by 1.2% w-o-w, reversing two consecutive weeks of decline, and surged by 2.2% on Friday (November 14) to settle at USD 64.39 per barrel.
- The increase was driven by supply concerns after a Ukrainian drone strike damaged an oil depot at Novorossiysk, a major export hub for Russian crude in the Black Sea, temporarily halting exports. The disruption affected roughly 2.2 million barrels per day of crude exports (about 2% of global oil supply),heightening immediate supply-risk worries.
- Despite the attack, U.S. crude stockpiles increased by 6.4 million barrels to 427.6 million barrels for the week ending November 7, suggesting that while supply risks are emerging, demand concerns and inventory pressure persist.

COMMODITY: GOLD PRICE REBOUNDED AS BARGAIN HUNTERS STEPPED IN ON ITS RECENT WEAKNESS

BANK ISLAM





Sources: Bloomberg, CEIC Data

- The bullion price recovered sharply by 2.1%, trending above USD4,100 since Monday on the back of rapid bargain-hunting activities before retreating to close at USD4,084.06.
- The higher demand had offset investors' recovering risk appetite as the end to the U.S. government shutdown – the longest in history – is within reach. On Wednesday, the House of Representatives approved the bill to extend government funding until 30th January 2026, sending it to President Trump's desk to be signed and end the shutdown.

WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- The market will closely watch the impact of the U.S. government's reopening, especially as delayed economic data is set to be released. Investor sentiment is expected to improve as the end of the shutdown restores some confidence and reduces policy uncertainty. With key agencies back in operation, markets will monitor reports such as jobs data, construction spending, international trade, and manufacturer shipments as all crucial in assessing the state of the economy. Particular attention will be on the jobs report and inflation readings, as they will influence the Federal Reserve's interest rate outlook. If the economic data points to stronger-than-expected numbers, it could delay policy easing. According to CME Group's Fedwatch tool, after 43 days without official data due to shutdown, traders pricing in nearly 46% probability of a 25bps cut in December, down from 66.9% last week. Equities may see short-term gains from optimism over the reopening, but their trajectory will largely depend on how sectors perform now that normal data reporting resumes.

- Meanwhile, Malaysian market will keep an eye on the 2025 Sabah state election, which is seen as a key indicator of the state's political direction and a potential influence on national political stability. All 73 state assembly seats are up for grabs in what is expected to be a tightly contested race, with key issues such as rising cost of living, basic infrastructure, and party divisions dominating voter concerns. Political uncertainty, especially with multiple coalitions and independent candidates may weigh on investor sentiment, particularly if the outcome results in a fragmented or unstable coalition. A clear majority win by one bloc could boost market confidence with expectations of more consistent development policies. However, a split mandate could raise questions about policy continuity and long-term investment.

- In Indonesia, Bank of Indonesia (BI) is likely to maintain its benchmark policy rate at 4.75% again on November 19, following its surprise pause in rate cuts at the October meeting. The central bank has already cut rates by 150 basis points since September 2024, but the central bank is now emphasizing the need to improve the transmission of those cuts into actual bank lending and household borrowing costs. One of the key reasons BI held off on further cuts is to support the rupiah and external trade uncertainties as a weaker currency would add inflation risk and undermine financial stability. Looking ahead, if BI provides forward guidance indicating room for further easing once transmission improves, that could be taken as a positive signal for growth but may weigh on the rupiah in the near term as markets price in looser policy. For the rupiah, the outlook hinges on capital flows and external conditions. If BI explicitly signals further easing and global conditions remain soft, we may see modest weakening of the currency.

THANK YOU