



WEEKLY ECONOMIC UPDATE

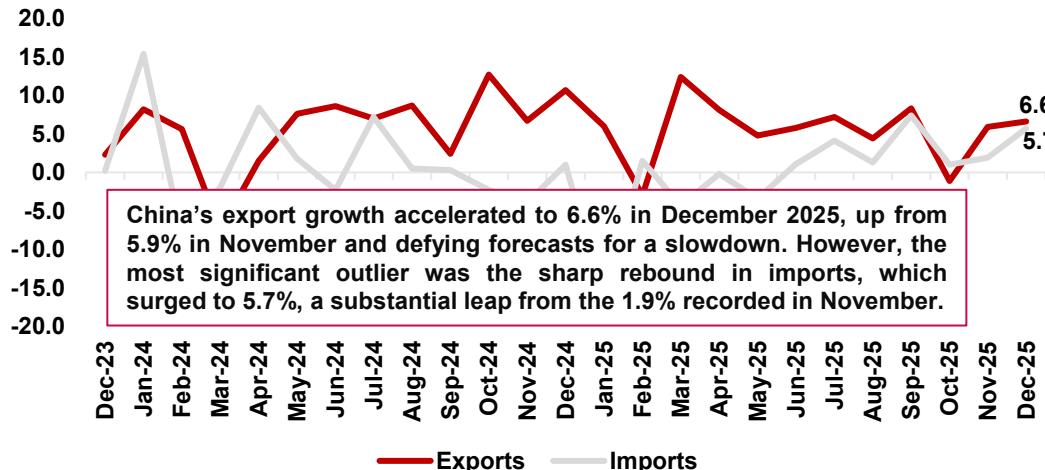
19 JANUARY 2026

ECONOMIC RESEARCH

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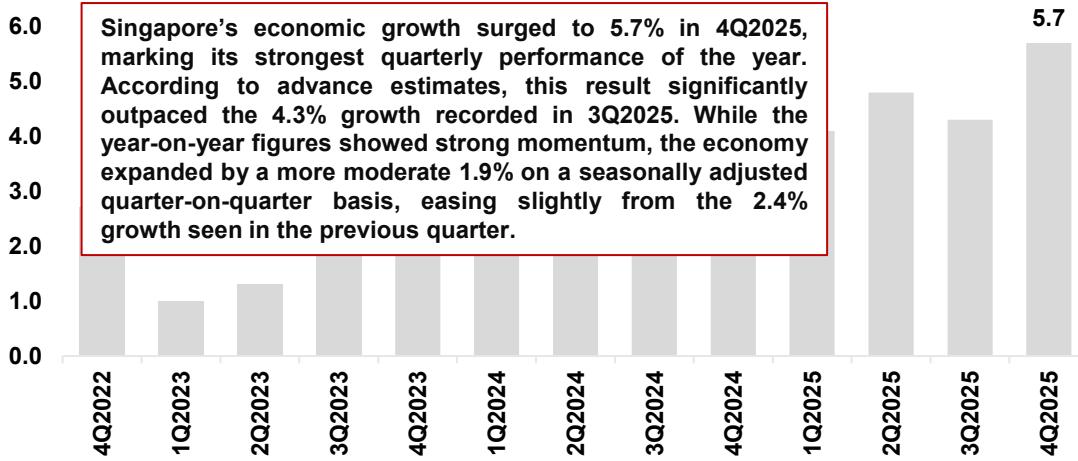
WEEKLY HIGHLIGHT: MALAYSIA'S 2025 ECONOMIC PERFORMANCE EXCEEDS OFFICIAL TARGETS AMID 4Q2025 SURPRISE

China - Exports and Imports, y-o-y%



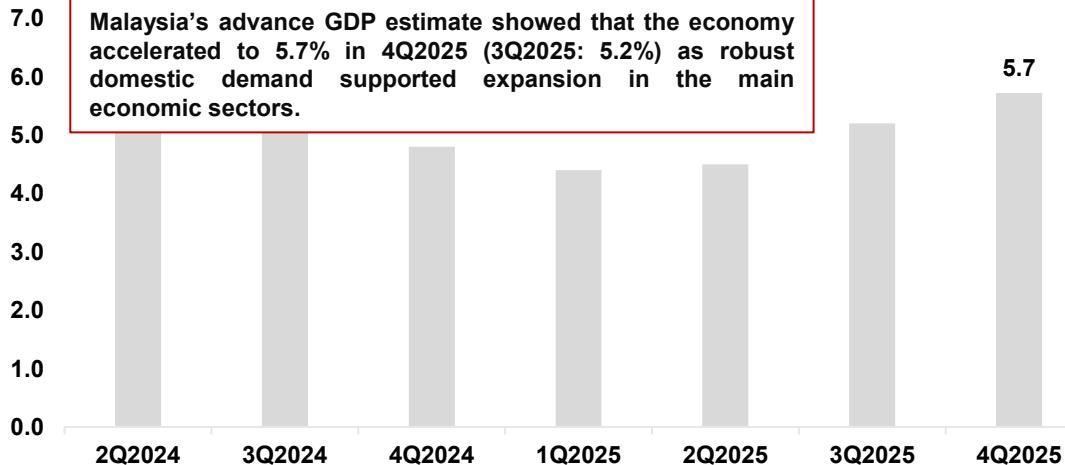
China's export growth accelerated to 6.6% in December 2025, up from 5.9% in November and defying forecasts for a slowdown. However, the most significant outlier was the sharp rebound in imports, which surged to 5.7%, a substantial leap from the 1.9% recorded in November.

Singapore - Real Gross Domestic Product (GDP), y-o-y%



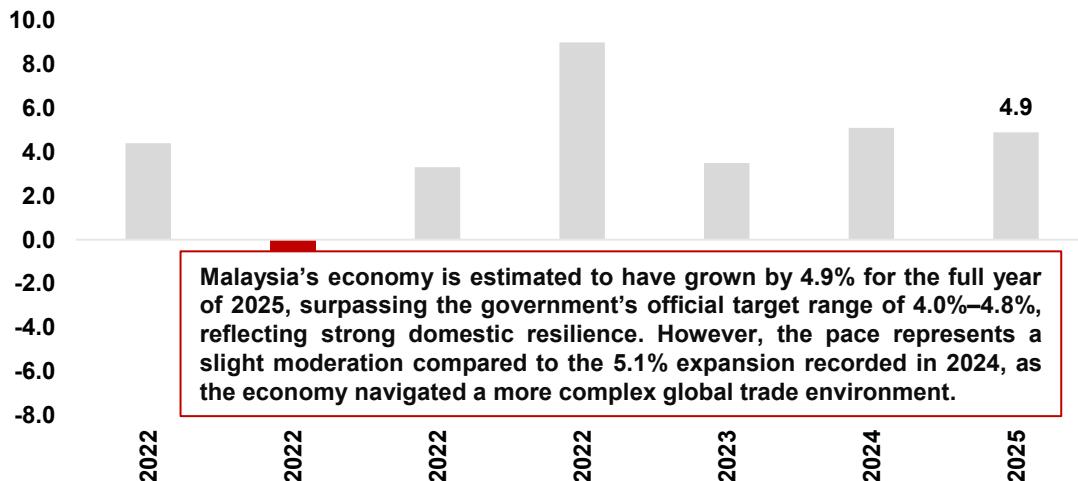
Singapore's economic growth surged to 5.7% in 4Q2025, marking its strongest quarterly performance of the year. According to advance estimates, this result significantly outpaced the 4.3% growth recorded in 3Q2025. While the year-on-year figures showed strong momentum, the economy expanded by a more moderate 1.9% on a seasonally adjusted quarter-on-quarter basis, easing slightly from the 2.4% growth seen in the previous quarter.

Malaysia – Advance Real GDP Estimate, y-o-y%



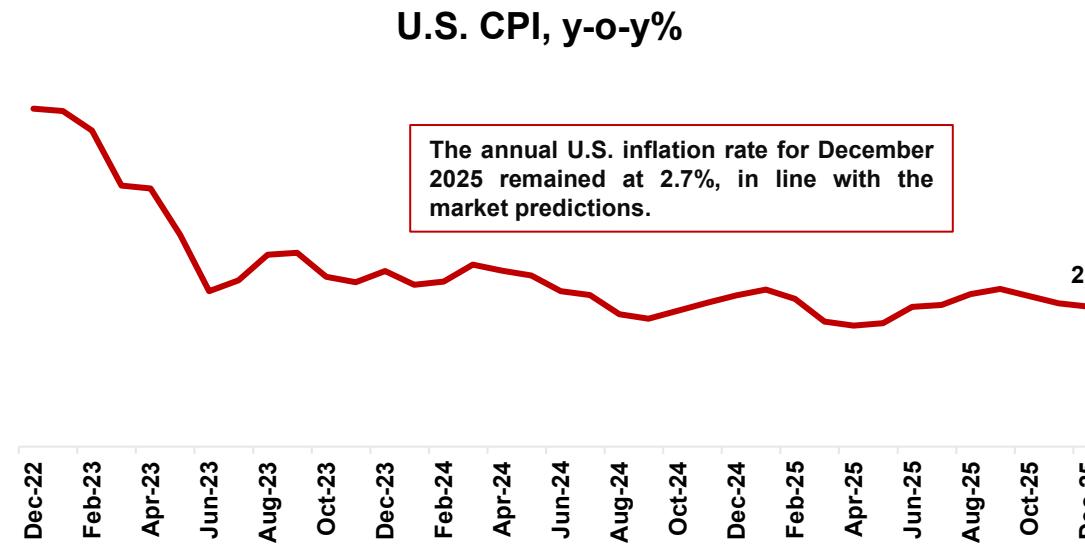
Malaysia's advance GDP estimate showed that the economy accelerated to 5.7% in 4Q2025 (3Q2025: 5.2%) as robust domestic demand supported expansion in the main economic sectors.

Malaysia - Real GDP, y-o-y%

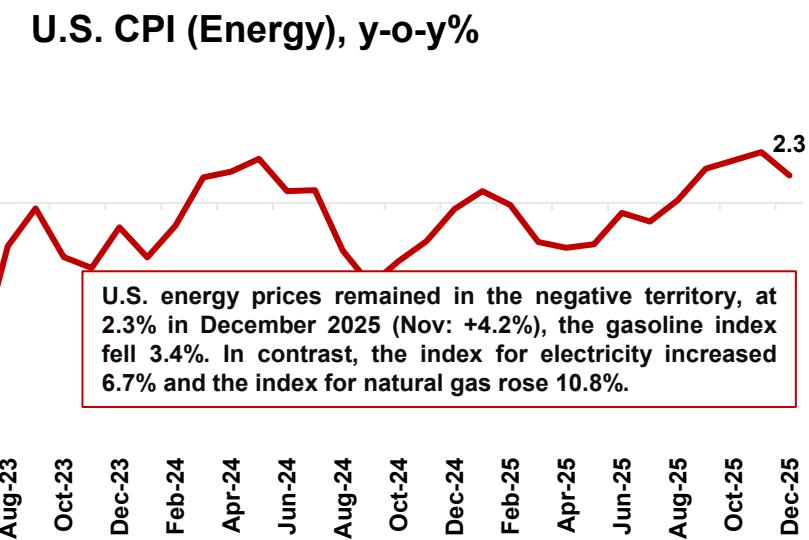
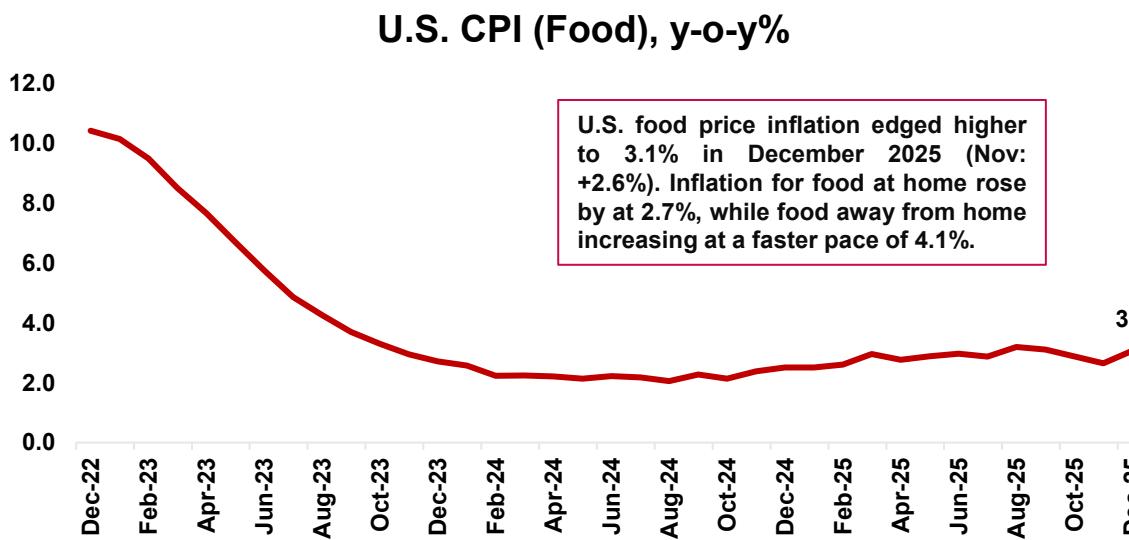
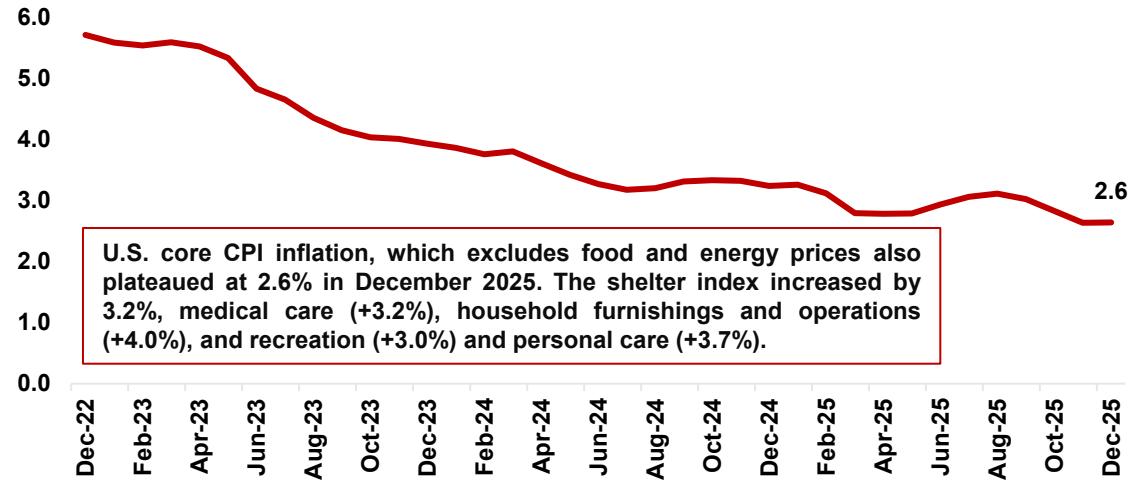


Malaysia's economy is estimated to have grown by 4.9% for the full year of 2025, surpassing the government's official target range of 4.0%–4.8%, reflecting strong domestic resilience. However, the pace represents a slight moderation compared to the 5.1% expansion recorded in 2024, as the economy navigated a more complex global trade environment.

U.S. WEEKLY HIGHLIGHT: U.S. CPI REMAINED AT 2.7%, SUGGESTING COST PRESSURES ARE BEING CONTAINED

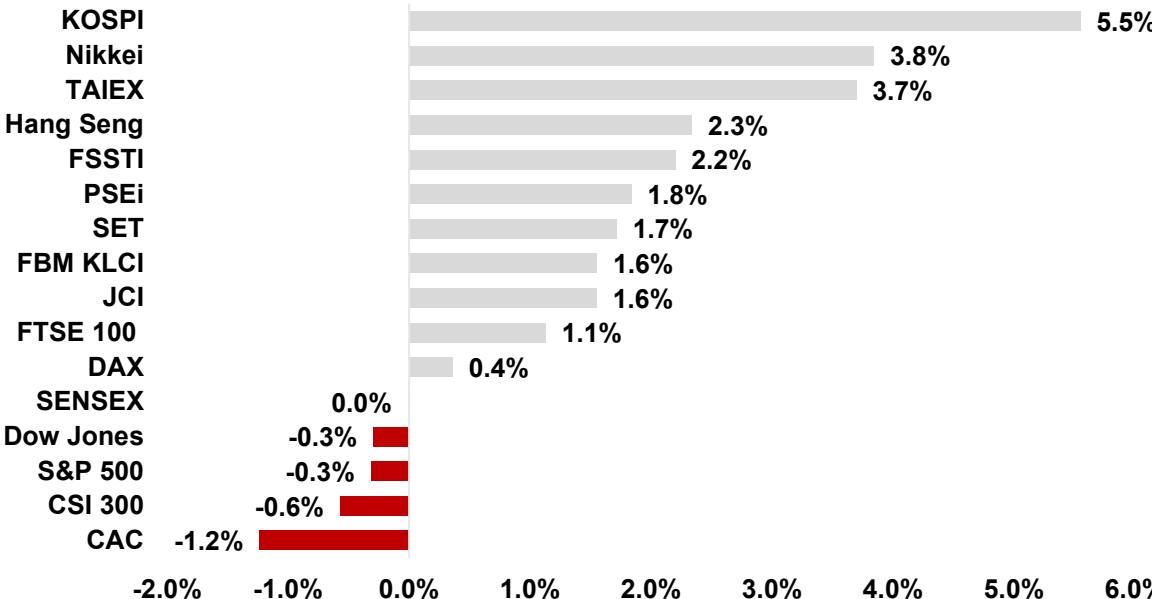


U.S. CPI (All Items less Food and Energy), y-o-y%

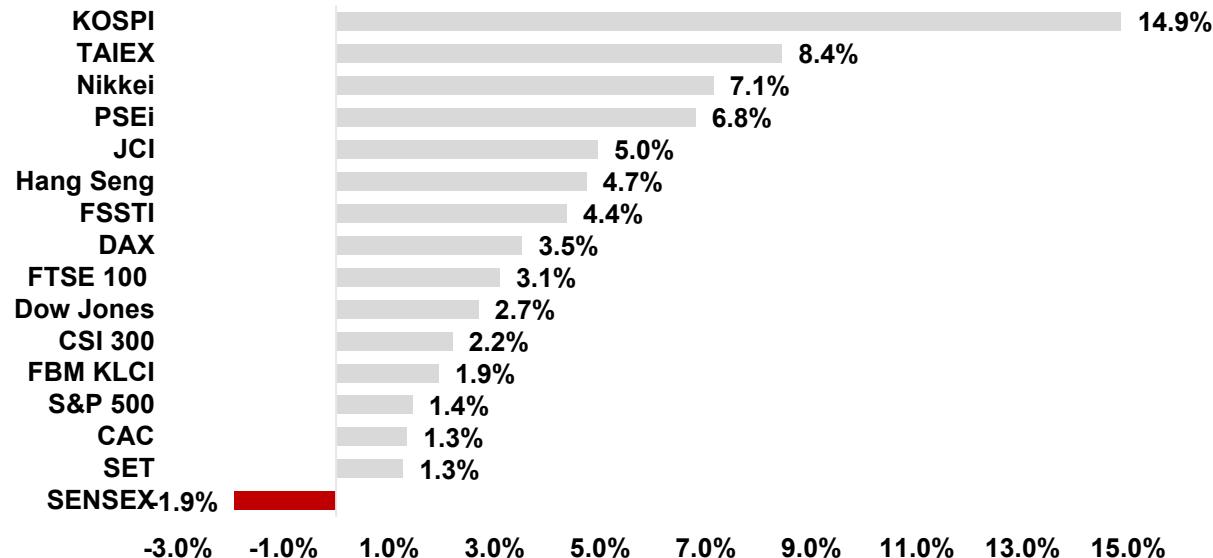


REGIONAL EQUITY: TECH CONVICTION SUPPORTS RISK APPETITE DESPITE RISING POLICY UNCERTAINTY

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



YTD Gain/Loss of Major Equity Markets, %
(As of 16 January 2026)

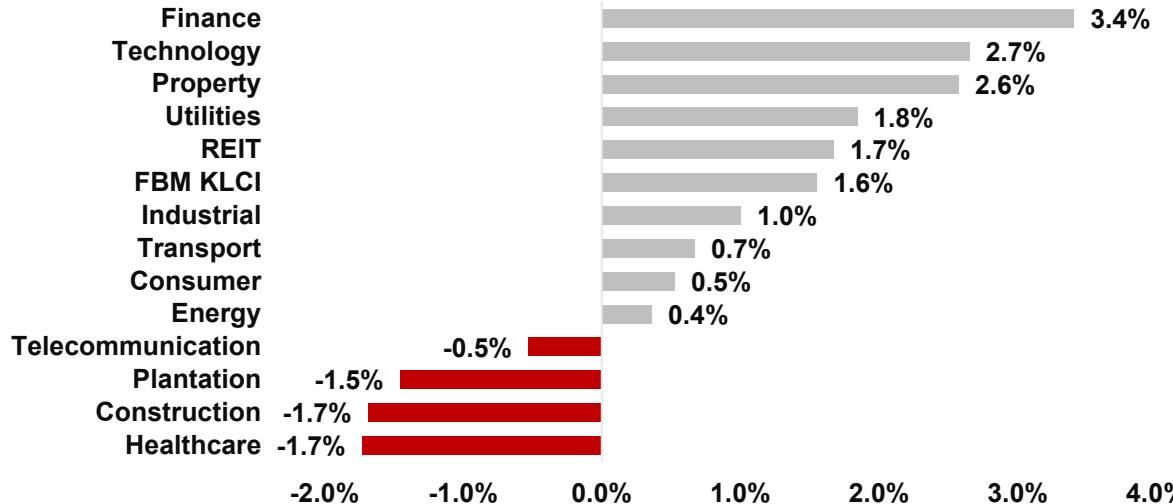


Sources: Bursa, CEIC Data

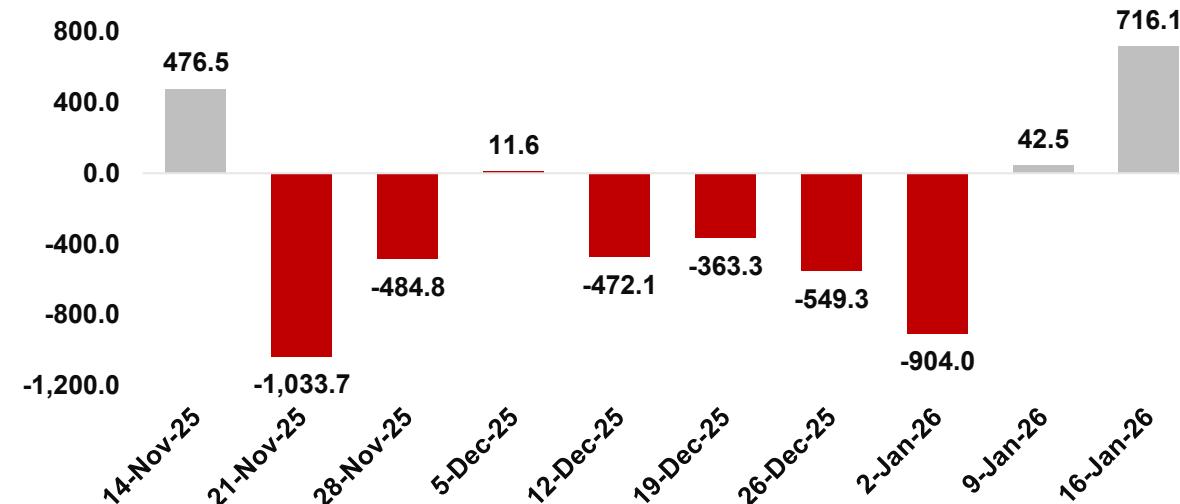
- The global stocks market were mostly in the green sea for the week ending January 16 with South Korea's KOSPI as the major gainer, driven by Taiwanese semiconductor giant, TSMC outperformed earnings estimates, solidifying the market's belief in the enduring growth of AI infrastructure and advanced chip technology. Market sentiment was further bolstered by the Bank of Korea's decision to maintain its benchmark rate at 2.5% for the fifth consecutive meeting. By signaling a pivot from easing toward financial stability, the central bank provided a sense of predictability. Investors found the stance supportive, even as the bank navigates the dual challenges of a depreciating won and lingering inflation risks.
- In contrast, France's CAC (-1.2%) and China's CSI 300 (-0.6%) were the major losers last week.
- U.S. stocks – Dow Jones (-0.3%) and S&P 500 (-0.3%) also slumped, dragged down by Federal Reserve (Fed) uncertainty. President Trump has indicated that Kevin Hassett may remain in his current capacity as an economic adviser. This move shifts the spotlight toward former Fed Governor Kevin Warsh as the potential frontrunner for the Fed chairmanship.

DOMESTIC EQUITY: FBM KLCI HIT THE HIGHEST LEVEL IN ALMOST SIX YEARS AHEAD OF PRELIMINARY 4Q2025 GDP RELEASE

Weekly Bursa Sectoral Performance, w-o-w%



Weekly Foreign Fund Net Inflows/Outflows, RM Million



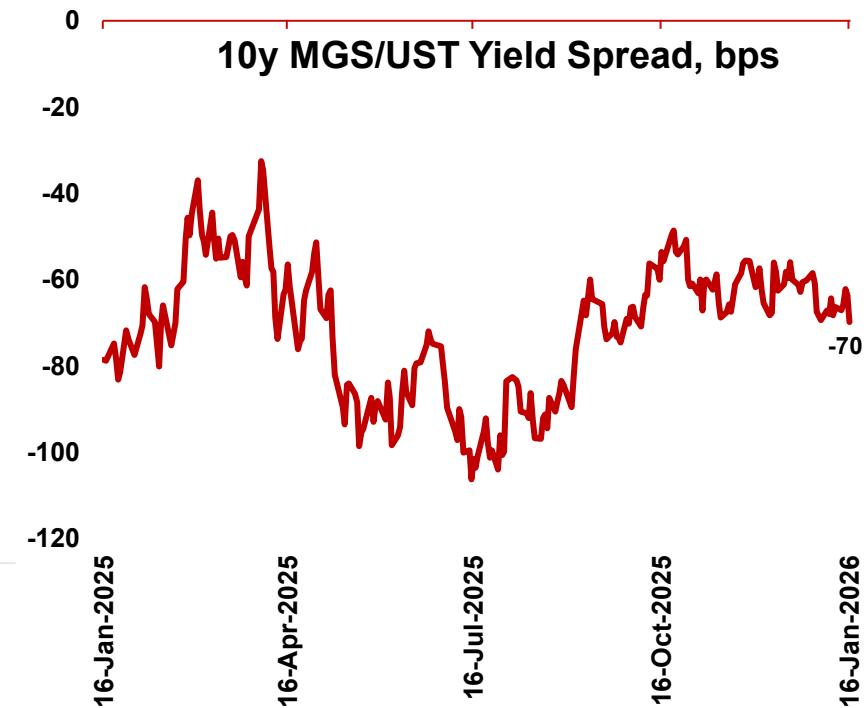
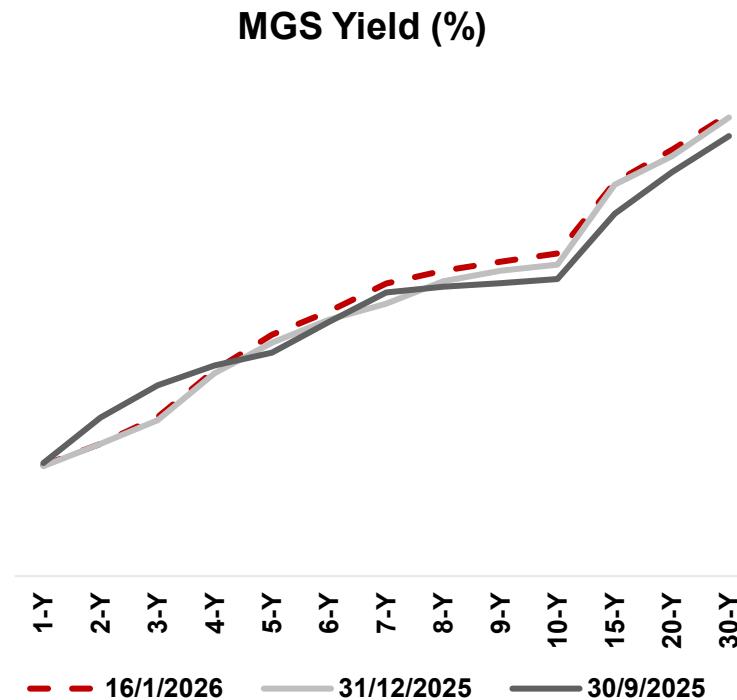
Sources: Bursa, CEIC Data

- The FBM KLCI marked the highest close in almost six years last Thursday at 1,715.16 points, propelled by bargain hunting activities ahead of official preliminary 4Q2025 Gross Domestic Product (GDP) figures on Friday. On a weekly basis, the benchmark index closed higher by 1.6%.
- Optimism surrounding Malaysia's growth outlook was riding high, spurred by solid readings across key economic indicators for the first two months of the final quarter. As widely anticipated, the economy is projected to expand by 5.7% y-o-y in 4Q, bringing the full year growth to a promising 4.9% despite persistent external headwinds.
- Most Bursa indices ended in the positive territory with the Finance index leading the gainers as it jumped by 3.4%, followed by the Technology (+2.7%) and Property (+2.6%) indices.
- On the other hand, the Healthcare and Construction indices both declined by 1.7%, followed by the Plantation (-1.5%) and Telecommunications (-0.5%) indices.
- Foreign investors extended their net buying streak for the second straight week, acquiring a total of RM716.1 million worth of equities. This has increased the 2026 cumulative net inflow thus far to RM526.6 million.

FIXED INCOME: UST YIELDS SURGED AS FED INDEPENDENCE COMES INTO QUESTION

BANK ISLAM

Weekly Changes, basis points (bps)			
UST	Yields (%) 9-Jan-26	Yields (%) 16-Jan-26	Change (bps)
3-Y UST	3.59	3.67	8
5-Y UST	3.75	3.82	7
7-Y UST	3.95	4.02	7
10-Y UST	4.18	4.24	6
MGS	Yields (%) 9-Jan-26	Yields (%) 16-Jan-26	Change (bps)
3-Y MGS	3.00	3.01	1
5-Y MGS	3.25	3.28	3
7-Y MGS	3.40	3.45	5
10-Y MGS	3.52	3.54	2
GII	Yields (%) 9-Jan-26	Yields (%) 16-Jan-26	Change (bps)
3-Y GII	3.09	3.11	1
5-Y GII	3.26	3.28	2
7-Y GII	3.34	3.36	1
10-Y GII	3.52	3.54	2



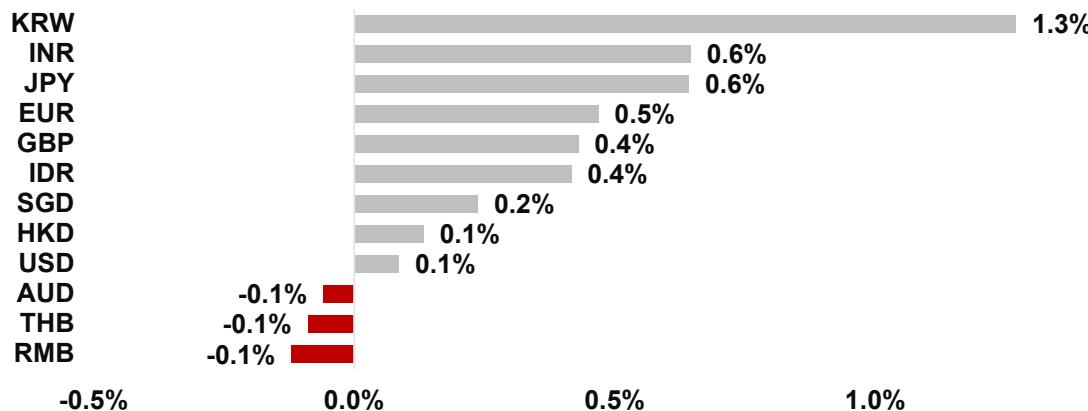
Sources: BNM, Federal Reserve Board

- The U.S. Treasury (UST) yields rose in the range of 6bps and 8bps for the week ending January 16 as renewed political volatility and shifting policy expectations have rattled markets. Reports of a criminal investigation into Chair Jerome Powell, alongside Kevin Warsh's rising odds as his successor, have sparked concerns over the Fed's autonomy. In response, investors are selling off long-duration debt, demanding higher yields to compensate for the increased risk to central bank independence.
- Malaysian Government Securities (MGS) and Government Investment Issues (GII) yields also ended higher by between 1bp and 5bps.
- The auction of 15-Y new issue of MGS worth RM5.0 billion which was issued on January 15 drew a tepid demand with a bid-to-cover (BTC) ratio of 1.9x, albeit higher relative to the previous RM4.5 billion 15-Y reopening of MGS in September 2025 with a BTC ratio of 1.5x.
- The 10y MGS/UST yield spread widened slightly in the negative territory at 70bps relative to -66bps in the previous week.

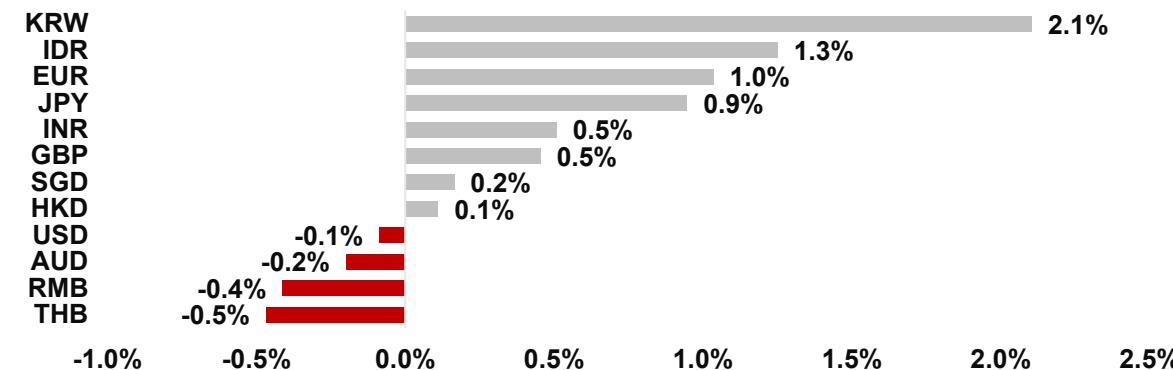
FX MARKET: RINGGIT CLIMBED MARGINALLY AMID STRONG 4Q2025 GROWTH, USD UNDERPINNED BY STEADY FED BETS

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MYR Against Regional Currencies, w-o-w%



MYR Against Regional Currencies, YTD%
(As of 16 January 2026)

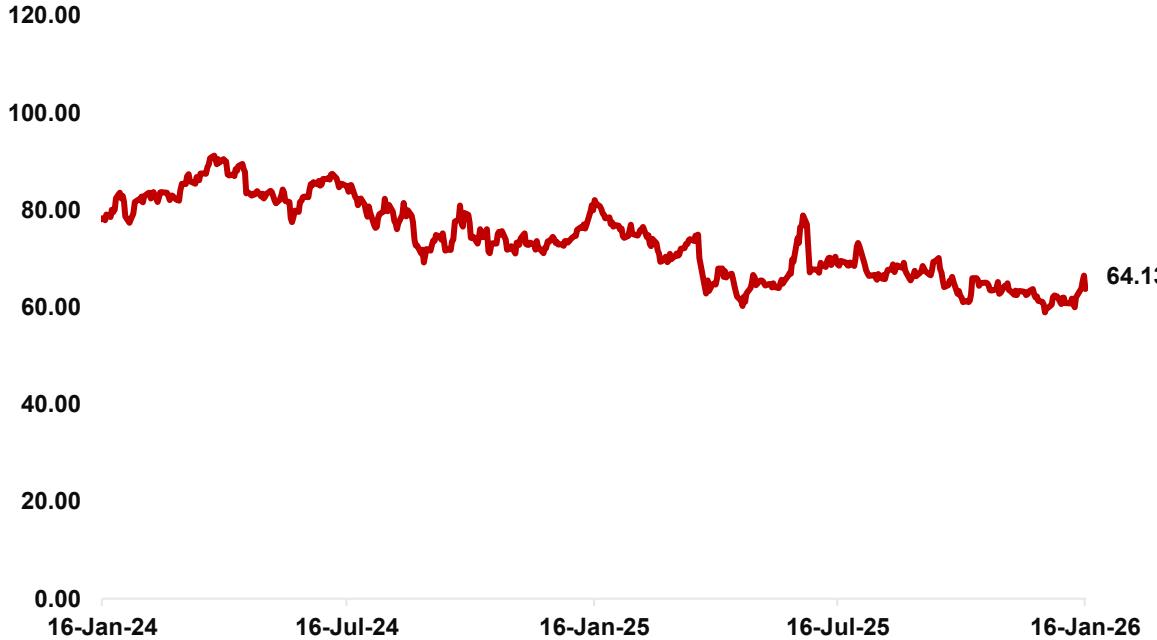


Sources: Bank Negara Malaysia (BNM), Federal Reserve, CEIC Data

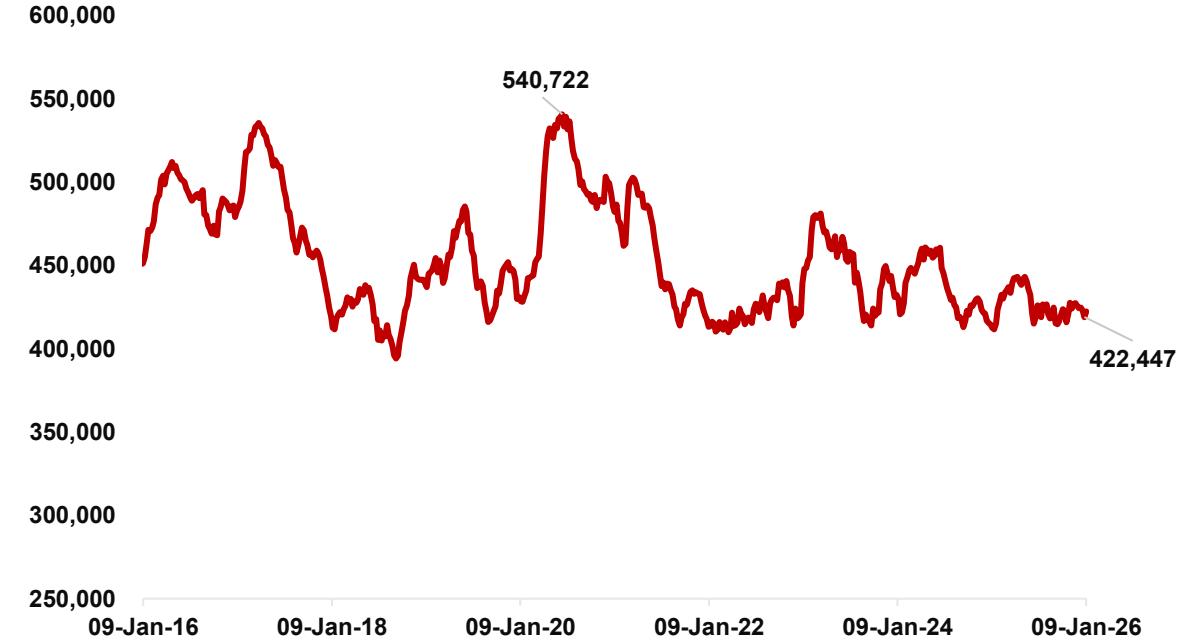
- The Ringgit edged up by 0.1% w-o-w against the USD for the week ending January 16 despite the USD index climbing by 0.3%, supported by stronger than expected Malaysia 4Q2025 GDP growth.
- The economy is projected to expand by 5.7% from 5.2% in 3Q2025 amid broad-based accelerations across major economic sectors, namely Services (4Q: 5.4% vs. 3Q: 5.0%), Manufacturing (4Q: 6.0% vs. 3Q: 4.1%), Construction (4Q: 11.9% vs. 3Q: 11.8%) and Agriculture (4Q: 5.1% vs. 3Q: 0.4%), while the Mining sector moderated to 1.1% from 9.7% in the third quarter.
- Such performance would lift the full-year 2025 growth to 4.9%, surpassing the official target range of 4.0-4.8%. In 1Q2026, we anticipate the solid momentum to prevail, underscored by robust household consumption amid the second phase of the civil servant salary hike, strong festive spending and the payout of government cash aids through the Bantuan Sumbangan Asas Rahmah (SARA) and Sumbangan Tunai Rahmah (STR) programs.
- Meanwhile, the USD index rose by 0.3% as markets have almost fully priced in the probability of the Fed holding its Federal Funds Rate (FFR) steady in January. Of note, both headline and core inflation had steadied at 2.7% and 2.6%, respectively. However, food inflation jumped by 3.1% compared to 2.6% in November with Food Away from Home marking the strongest level since July 2024 (Dec: 4.1% vs. Nov: 3.7%), reinforcing a more cautious approach to avoid triggering price pressures.
- Furthermore, uncertainties surrounding the upcoming Fed leadership transition also supported the USD as markets reacted to Trump's remarks, shifting their attention to Kevin Warsh as the potential successor to Fed Chair Jerome Powell.

COMMODITY: BRENT CRUDE INCREASES AS GEOPOLITICAL CONCERNS OFFSET AMPLE SUPPLY

Brent Crude in USD per barrel



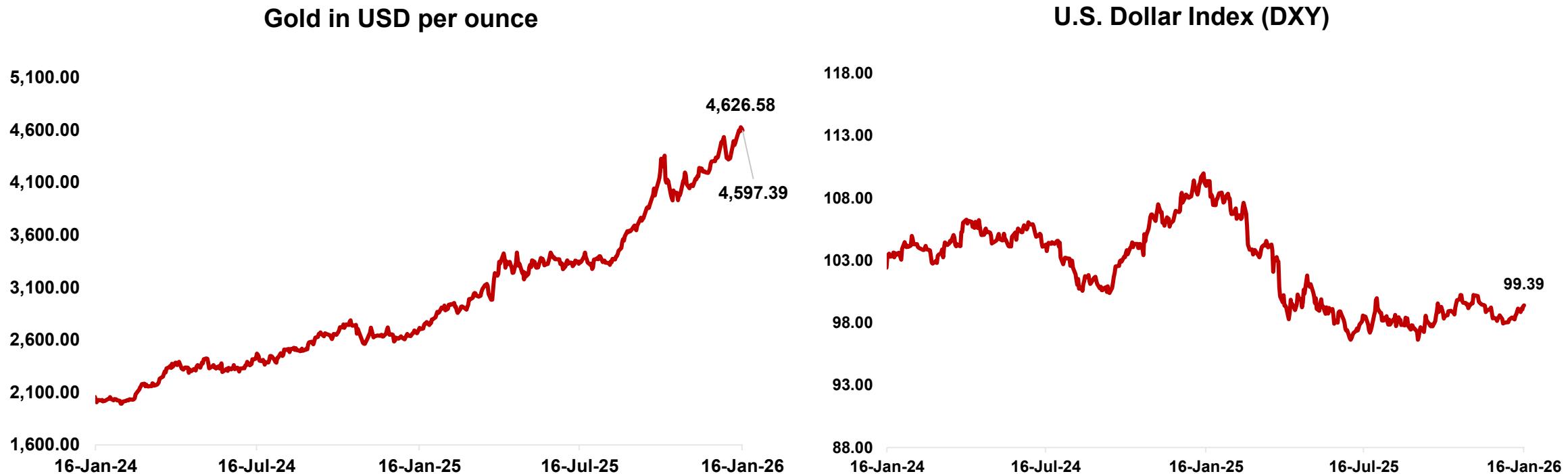
U.S. Crude Oil Inventory, '000 barrel - EIA



Sources: Bloomberg, Energy Information Administration (EIA)

- Brent oil price increased by 0.6% on Friday (January 16), with the benchmark settling at USD64.13 per barrel, as traders covered short positions ahead of the long U.S. holiday weekend to limit exposure to potential geopolitical risks. On a weekly basis, Brent crude gained 1.2% w-o-w.
- Earlier in the week, prices surged to multi-month highs amid concerns over a potential U.S. military strike on Iran, but the fears eased on Thursday after U.S. officials downplayed the immediate risk, causing prices to drop by more than 4.0% in single day.
- Despite the weekly increase, gains were capped by market fundamentals that continue to signal ample supply. Prospects of additional output from Venezuela and muted demand growth from China are expected to keep prices range-bound.
- U.S. weekly crude inventories rose by 3.4 million barrels to 422.4 million for the week ending January 9.

COMMODITY: GOLD PRICE MARKED RECORD HIGH AMID PROLONGED GEOPOLITICAL TENSIONS



Sources: Bloomberg, CEIC Data

- The bullion price strengthened by 1.9% last week, marking a fresh high of USD4,626.58 on Wednesday before retreating slightly to USD4,597.39 on Friday.
- Such performance was underpinned by sustained safe-haven demand as U.S. President Trump voiced his plans to annex Greenland, sparking resounding opposition by the European Union.
- On Saturday, he has threatened 10% on “any and all goods” imported from certain European countries that have sent their military forces into Greenland. The tariffs, which will take effect in February, would subsequently be raised to 25% in June and remain in place until a deal is reached for the “Complete and Total purchase of Greenland”. Concerns of a broader conflict and disruptions to global supply chains have sent investors into a flurry, which would provide underlying support for the gold price this week.

WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- This week, the U.S. economic agenda will be dominated by the release of the November PCE inflation report, the Federal Reserve's preferred measure of price pressures, which is set to overshadow the final revision of third-quarter GDP growth. Markets will closely examine this data following the recent CPI report, which indicated that both headline and core inflation remained subdued in November. Investors are eager to see whether the PCE figures confirm this cooling trend, as such an outcome would reinforce growing expectations that the Fed could begin cutting interest rates in the first half of 2025. While the GDP revision is anticipated to confirm solid economic expansion, the broader narrative will hinge on inflation's trajectory and its implications for monetary policy. Additional reports, including weekly jobless claims and durable goods orders, will provide further insight into the health of the labor market and business investment.
- The market's focus will also center on China's fourth-quarter GDP release, anticipated to reveal a continued slowdown to 4.5% growth, which would represent the most modest expansion since early 2023. While this figure confirms a decelerating trend, it is expected to culminate in the full-year 2024 growth matching the official 5% target. Investors will, however, look past the headline deceleration to closely analyze the accompanying December activity data on industrial production, retail sales, and fixed-asset investment. These indicators will provide evidence on whether sustained fiscal and monetary stimulus is effectively shifting the economic engine toward greater reliance on domestic demand. Strong retail sales data could mitigate negative sentiment by signaling resilient consumer activity and validating the rebalancing narrative. Should the data confirm this shift, sectors tied to Chinese consumption and strategic industrial policy may find support, while globally oriented cyclicals could face pressure from the softer growth outlook.
- Meanwhile, the Bank of Japan (BOJ) and Bank Negara Malaysia (BNM) are expected to hold interest rates steady this week, but their policy stances will diverge significantly. The BOJ will likely maintain its cautious tone, focusing on global risks despite domestic inflation, which should keep the yen under pressure as it lags behind other major central banks. In contrast, BNM is set to affirm a neutral and stable stance, supported by Malaysia's strong growth and contained inflation. This divergence means the BOJ's communication will be closely parsed for any hint of future hikes, potentially causing yen volatility, while BNM's meeting should have a calmer impact on the ringgit. Ultimately, the BOJ's path remains slow and data-dependent, whereas BNM is comfortably on hold, reflecting their solid economic growth and muted inflation.



THANK YOU