



WEEKLY ECONOMIC UPDATE

20 APRIL 2026

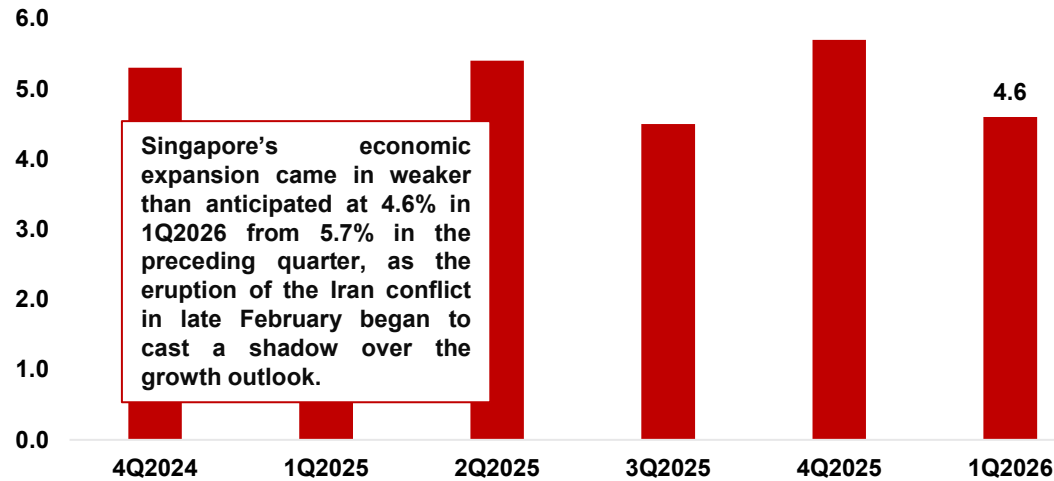
ECONOMIC RESEARCH

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WEEKLY HIGHLIGHT: MALAYSIA'S GROWTH SLOWS TO 5.3% AS EARLY SPILLOVER EFFECTS FROM THE IRAN CONFLICT EMERGE

GLOBAL

Singapore - Real GDP, y-o-y%

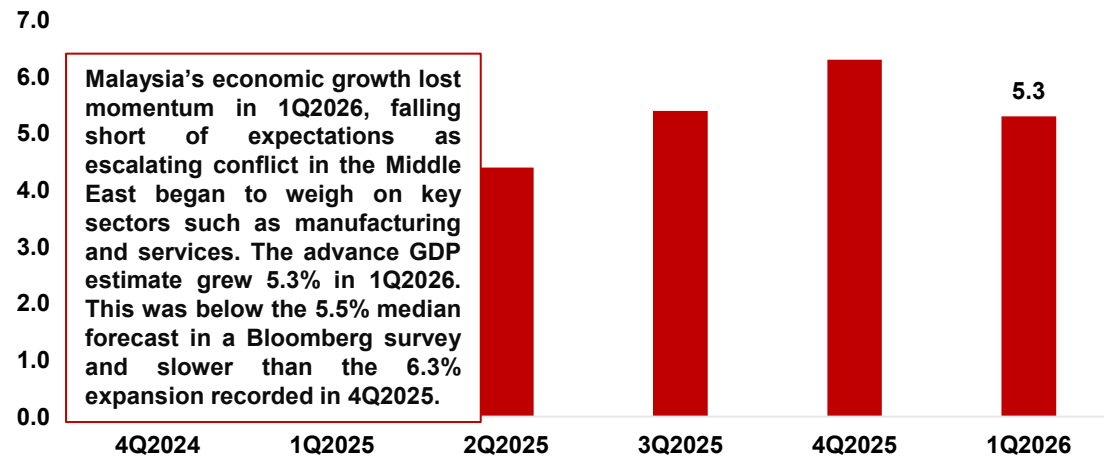


China - Real GDP, y-o-y%

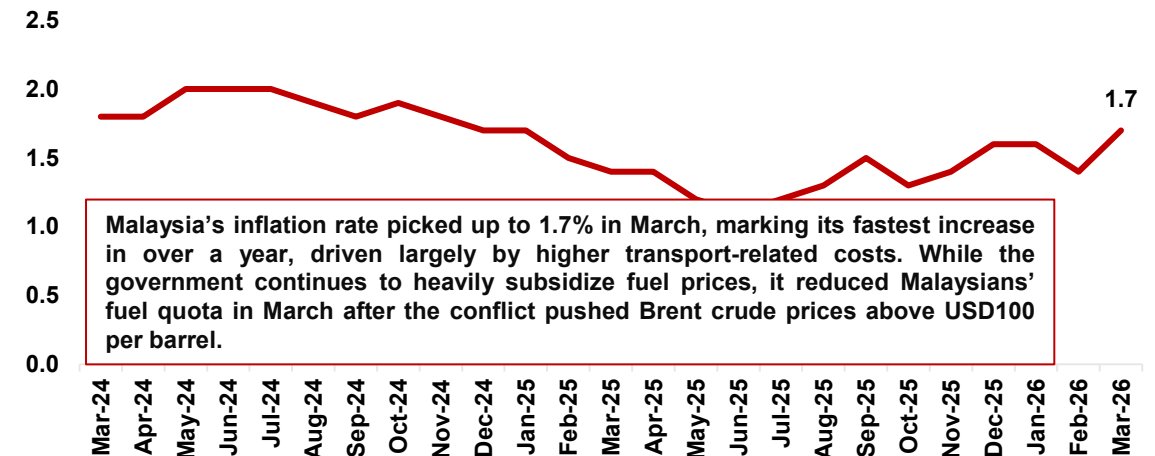


DOMESTIC

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

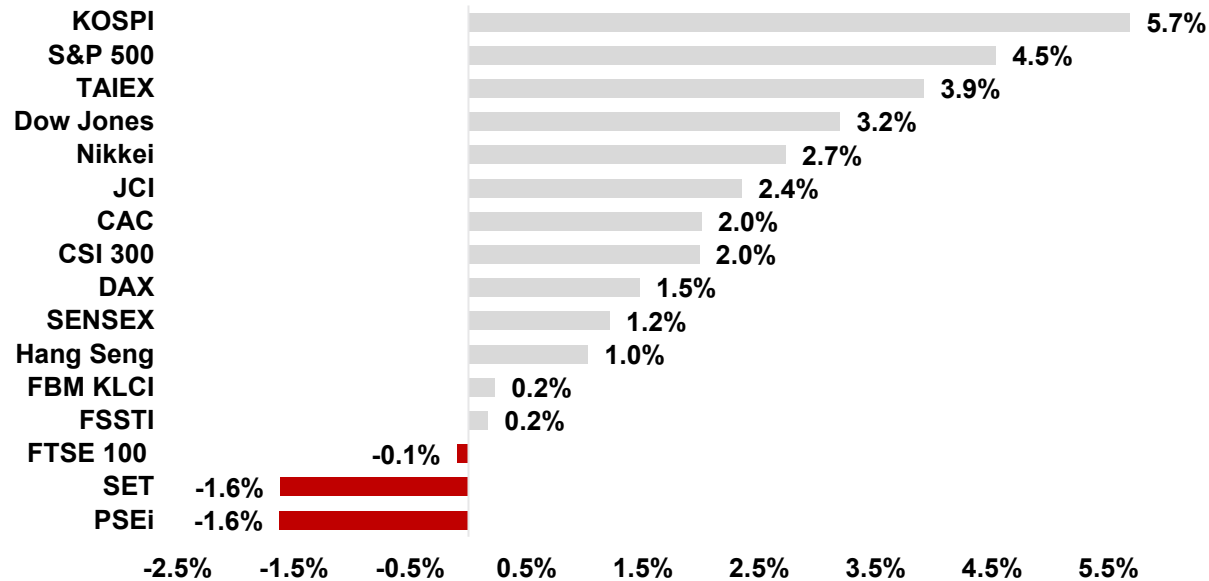


Malaysia - CPI, y-o-y%

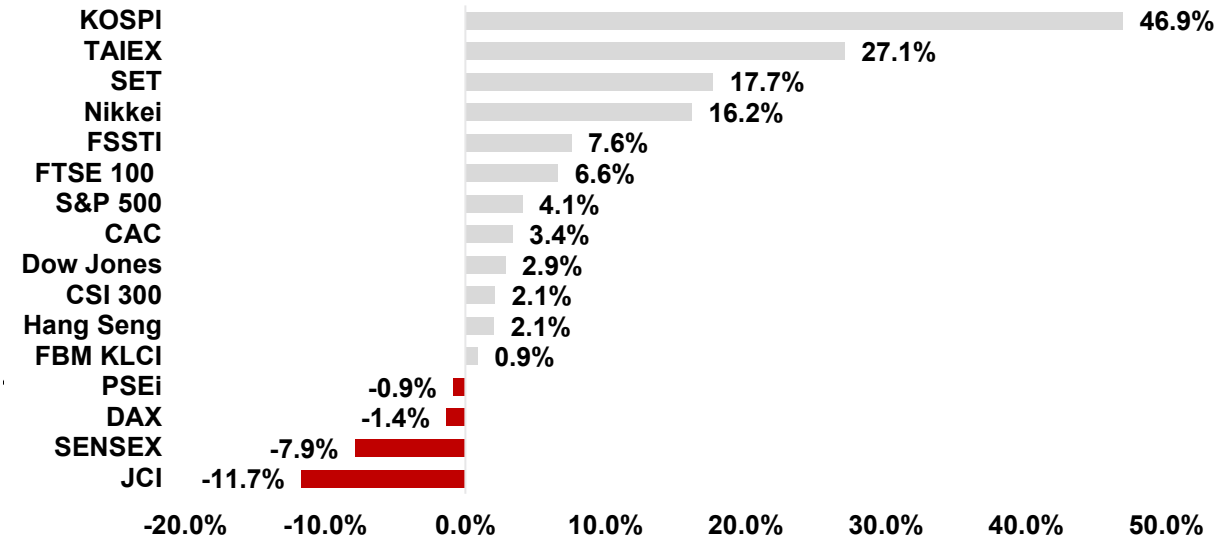


REGIONAL EQUITY: GLOBAL STOCKS CLIMBED AS HORMUZ REOPENS AND GEOPOLITICAL RISKS RECEDE

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



YTD Gain/Loss of Major Equity Markets, % (As of 17 April 2026)



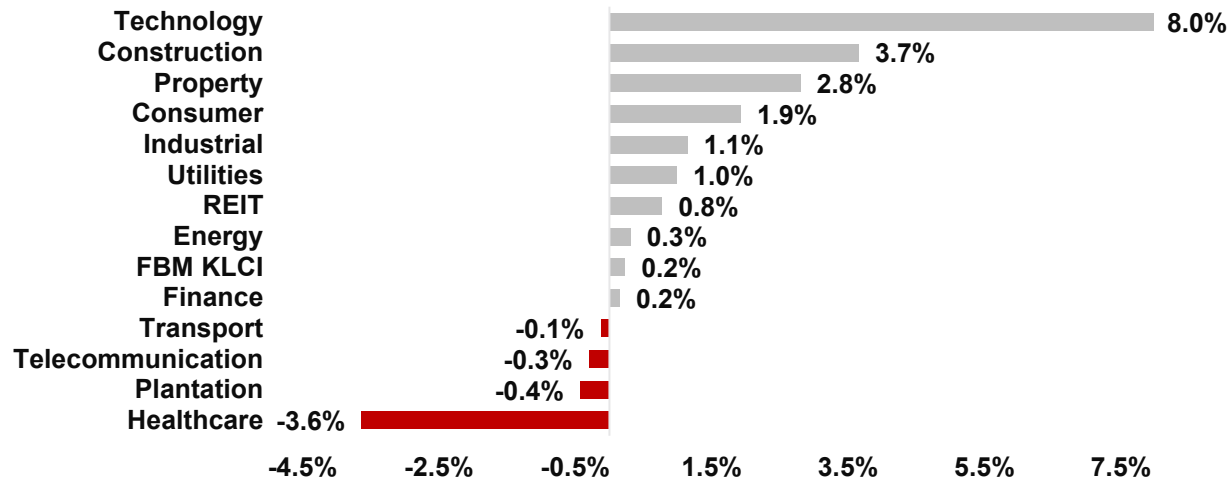
Sources: Bursa, CEIC Data

- Global equity markets largely finished higher for the week ending April 17, led by South Korea's KOSPI, which posted the strongest performance with a 5.7% gain amid improving prospects for a US–Iran deal lifted global risk appetite. Sentiment strengthened as progress in US–Iran negotiations, supported by a two-week ceasefire and ongoing exchanges, along with plans for further talks, pointed to sustained diplomatic momentum.
- U.S. stocks – S&P 500 (+4.5%) and Dow Jones (+3.2%) surged following Iran's announcement that it had allowed non-Iranian commercial ships to pass through the Strait of Hormuz, easing fears of energy-led stagflation. Oil and refined fuel prices slid sharply after statements from Iran and President Trump indicating that tanker movements through the vital Persian Gulf chokepoint had resumed, clearing the way for a return to more normal energy supply conditions after the disruption caused by the conflict.
- In contrast, Philippine's PSEi (-1.6%) and Thailand's SET (-1.6%) were the only losers for the week ending April 17.

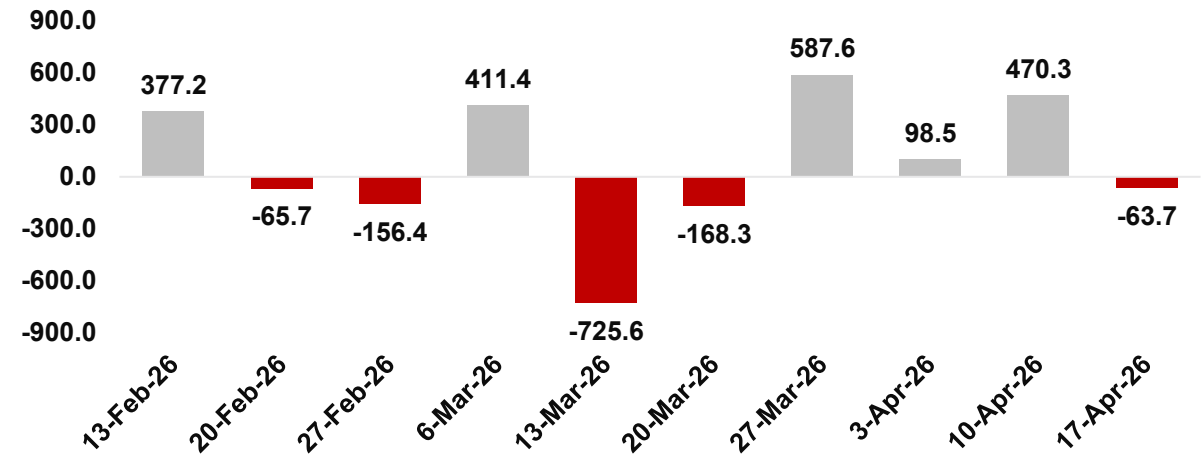
DOMESTIC EQUITY: FBM KLCI EDGED UP FOLLOWING RESILIENT 1Q2026 GROWTH



Weekly Bursa Sectoral Performance, w-o-w%



Weekly Foreign Fund Net Inflows/Outflows, RM Million



Sources: Bursa, CEIC Data

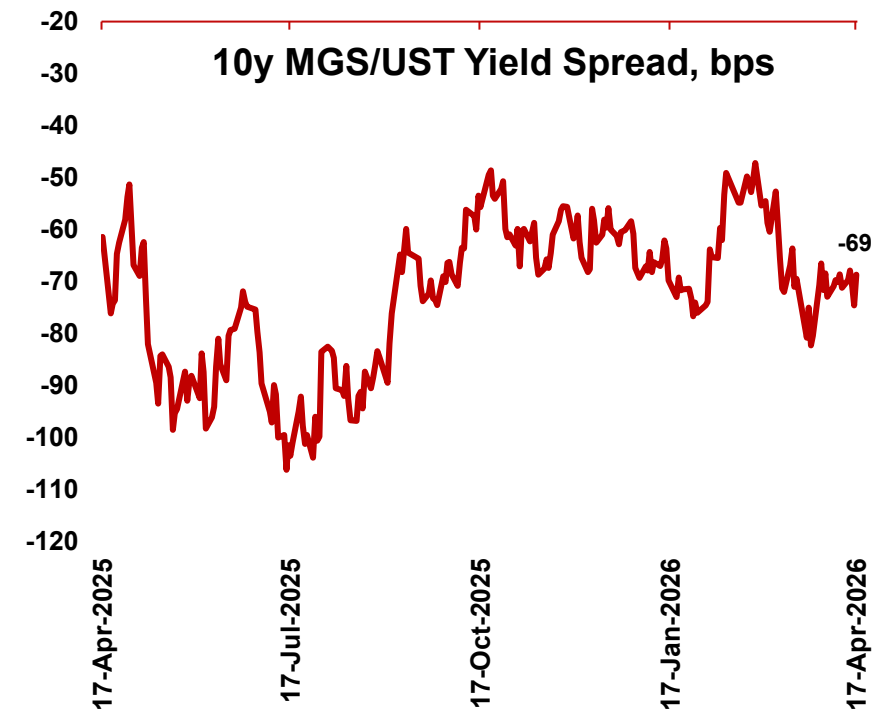
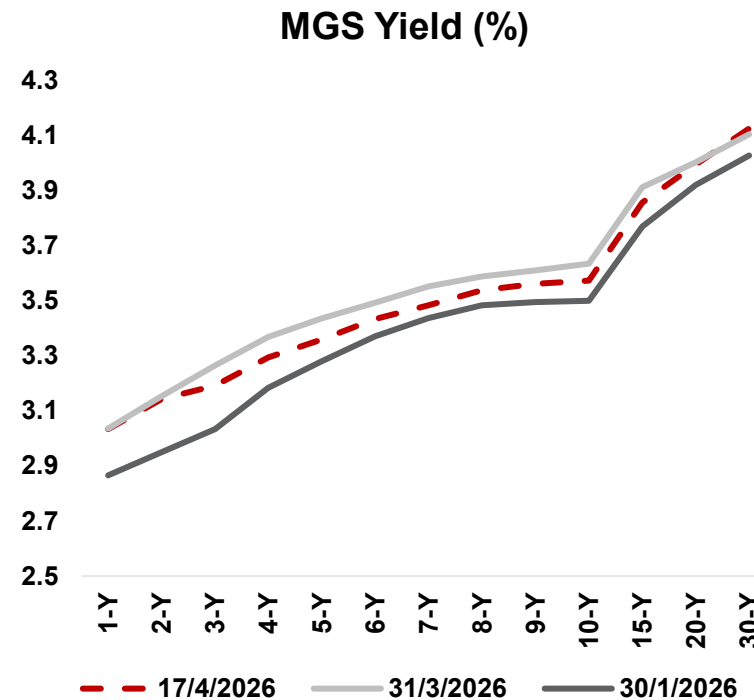
- The FBM KLCI rebounded slightly by 0.2% w-o-w for the week ending April 17 as hopes for a second round of U.S.-Iran talks lifted investor confidence.
- On the domestic front, the economy is projected to remain resilient in 1Q2026, with GDP 1Q26 advance estimate expanding by 5.3% y-o-y (4Q25: 6.3%) amid broad-based sectoral growths. Despite the moderation from 4Q25, this growth marks the strongest first-quarter performance since 2023, signaling solid fundamentals that would cushion the economy against mounting external headwinds.
- Most Bursa indices closed in the positive with the Technology index extending its winning streak, surging by 8.0% w-o-w to close at a three-month high. Additionally, improving risk sentiments prompted rebounds across cyclical stocks, including Construction (+3.7%) and Property (+2.8%).
- Meanwhile, the Healthcare index declined by 3.6%, followed by the Plantation (-0.4%) and Telecommunications (-0.3%) indices amid capital rotation out of defensive stocks.
- Foreign investors turned net sellers last week, shedding a total of RM63.7 million worth of equities. This has reduced the cumulative net inflow thus far to RM1.8 billion.

FIXED INCOME: UST YIELDS RALLIED ON TEMPORARY HORMUZ REOPENING NEWS

Weekly Changes, basis points (bps)			
UST	Yields (%)	Yields (%)	Change (bps)
	10-Apr-26	17-Apr-26	
3-Y UST	3.80	3.72	-8
5-Y UST	3.94	3.84	-10
7-Y UST	4.12	4.04	-8
10-Y UST	4.31	4.26	-5
MGS	Yields (%)	Yields (%)	Change (bps)
	10-Apr-26	17-Apr-26	
3-Y MGS	3.23	3.19	-4
5-Y MGS	3.39	3.36	-3
7-Y MGS	3.52	3.48	-4
10-Y MGS	3.60	3.57	-2
GII	Yields (%)	Yields (%)	Change (bps)
	10-Apr-26	17-Apr-26	
3-Y GII	3.22	3.21	-1
5-Y GII	3.37	3.32	-5
7-Y GII	3.54	3.50	-4
10-Y GII	3.61	3.58	-3

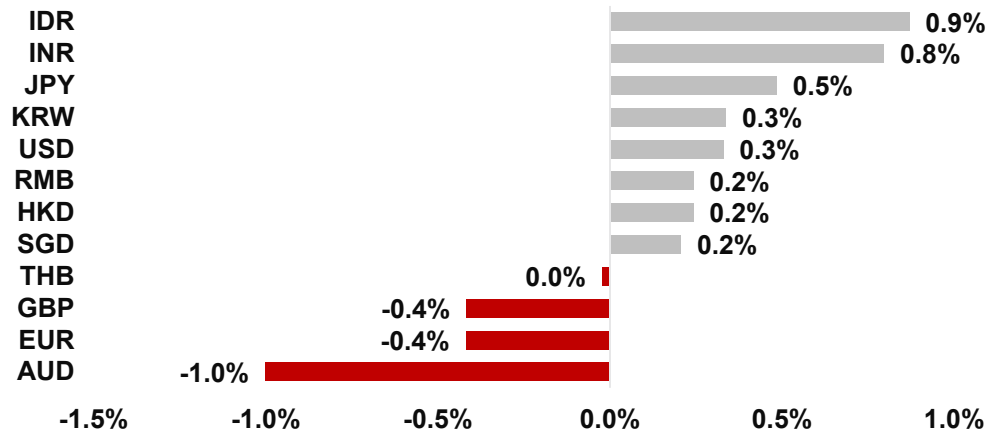
Sources: BNM, Federal Reserve Board

- The U.S. Treasury (UST) yields edged lower in the range of 5bps and 10bps for the week ending April 17 as reports of a temporary reopening of the Strait of Hormuz helped allay inflation worries, at least in the short term. Iran's Foreign Minister Abbas Araghchi said the waterway has been fully reopened to commercial shipping for the duration of a 10-day ceasefire.
- Malaysian Government Securities (MGS) and Government Investment Issues (GII) yields also fell by between -1bp and -5bps.
- The auction of 3.5-Y new issue of GII worth RM5.0 billion which was issued on April 15 drew a robust demand with a bid-to-cover (BTC) ratio of 2.9x, similar demand to the previous RM5.0 billion 3-Y reopening of GII in September 2025 with a BTC ratio of 2.9x
- The 10y MGS/UST yield spread narrowed marginally in the negative territory at 69bps relative to -71bps in the previous week.

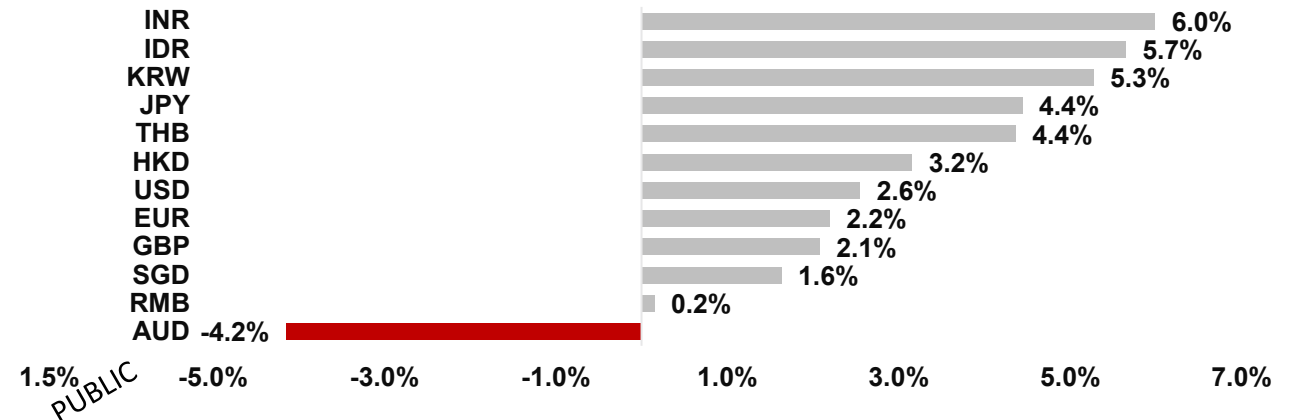


FX MARKET: RINGGIT APPRECIATED WHILE THE USD DECLINED AMID SIGNALS OF U.S.-IRAN RESUMING TALKS

MYR Against Regional Currencies, w-o-w%



MYR Against Regional Currencies, YTD% (As of 17 April 2026)

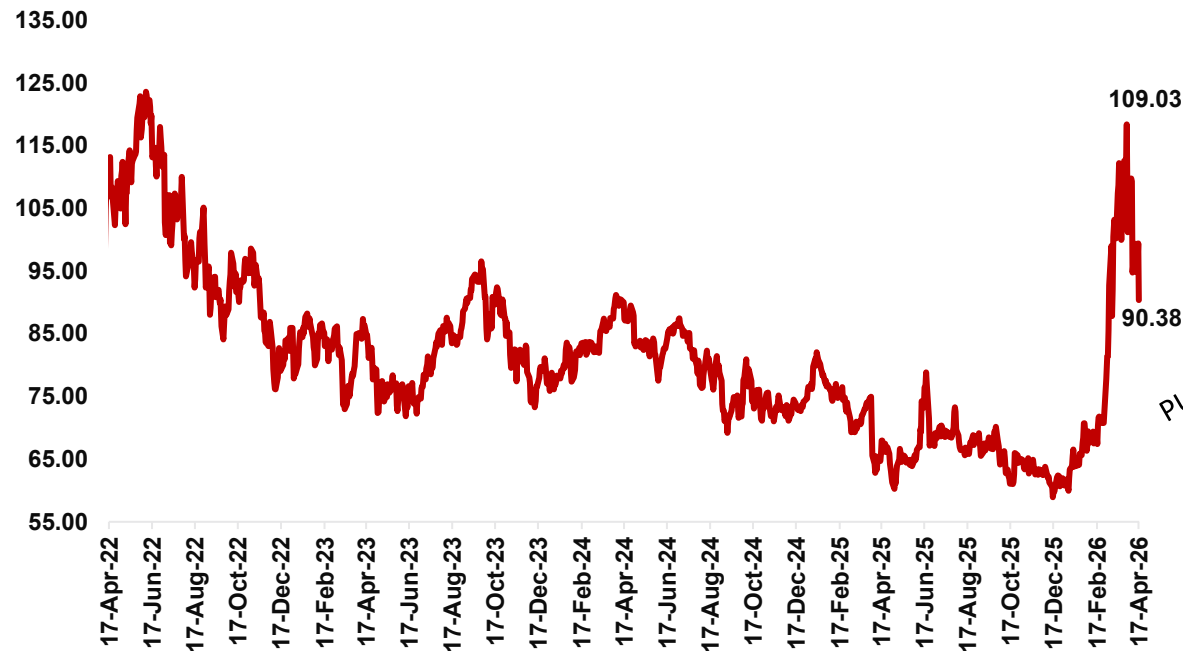


Sources: BNM, Federal Reserve Board (Fed), CEIC Data

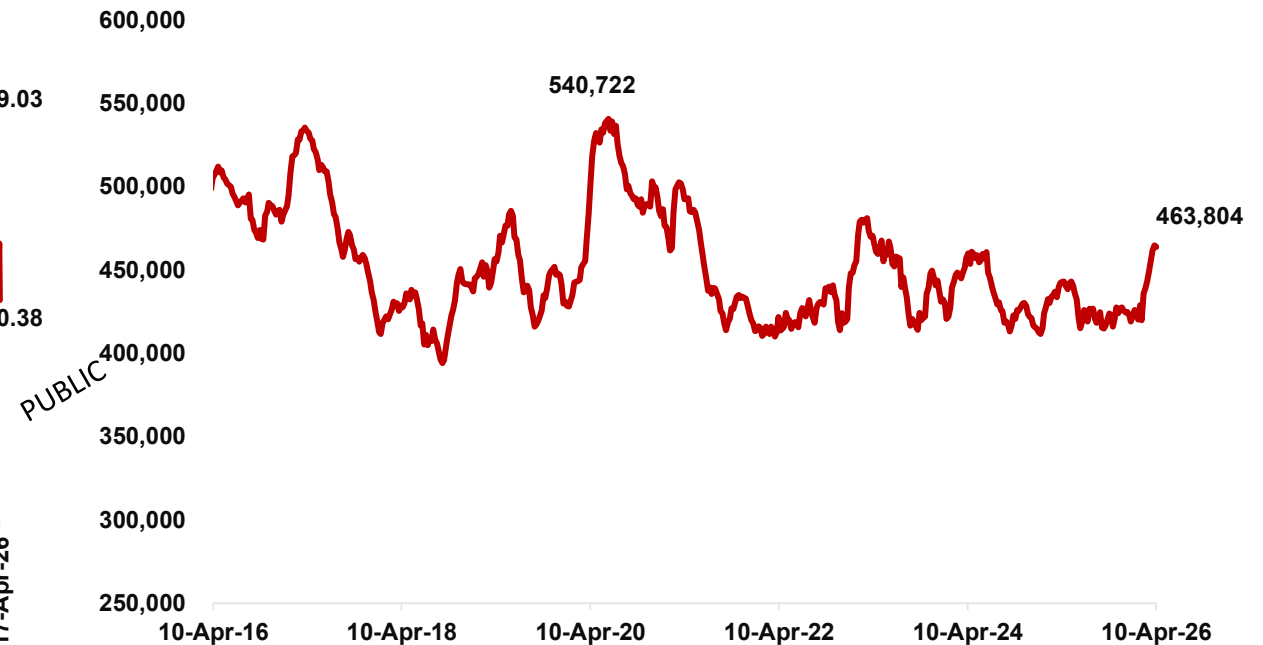
- The Ringgit appreciated by 0.3% w-o-w against the USD last week as the USD index slipped by 0.6% amid hopes of a resumption in negotiations between U.S. and Iran.
- While the initial round of talks ended in a stalemate, U.S. President Trump indicated that both U.S. and Iran will meet again, supported by ongoing diplomatic efforts. Risk appetite further improved when Iran announced that the Strait of Hormuz is reopened as required by the ceasefire deal, prompting investors to unwind defensive positioning.
- However, Iran reinstated the closure again, stating it will remain in place until the U.S. lifted its naval blockade on the region. Over the weekend, commercial vessels reported that Iranian military had fired warning shots at approaching ships. Tensions deteriorated further after the U.S. Navy seized Iran's ship, prompting Iran to withdraw from all ongoing negotiation talks and dashing hopes of a resolution in the near term.
- Domestically, the economy is projected to moderate to 5.3% y-o-y in 1Q2026 (4Q25: 6.3%) amid expansions across the Services (1Q: 5.4% vs. 4Q: 6.3%), Manufacturing (1Q: 5.8% vs. 4Q: 6.1%), Construction (1Q: 7.8% vs. 4Q: 11.0%) and Agriculture (1Q: 2.8% vs. 4Q: 5.4%) sectors while the Mining sector (1Q: -1.1% vs. 4Q: 2.0%) contracted. While the economy is expected to moderate, it remains the strongest first-quarter growth since 2023, underscoring a backdrop of resilient structural strength that will mitigate growing downside risks from the impact of Trump's trade agenda, heightened geopolitical tensions and weakening external demand.

COMMODITY: OIL PRICES PLUNGED AS REOPENING OF HORMUZ AND CEASEFIRE HOPES REMOVED SUPPLY FEARS

Brent Crude in USD per barrel



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



Sources: Bloomberg, Energy Information Administration (EIA)

- Brent oil prices plunged 9.1% on Friday (April 17), closing lower at USD90.38/barrel, a 5.1% w-o-w decline, after Iran signaled that the Strait of Hormuz would remain open during the ceasefire. This eased concerns over disruptions to one of the world's most critical oil transit routes.
- The development triggered a sharp unwinding of the geopolitical risk premium that had been built into prices during the earlier escalation, as markets reacted to improving prospects of stability following progress in U.S.-Iran talks. Traders also began pricing in a normalization of oil flows and export activity, with expectations that shipping through the region would continue without major interruption.
- Looking ahead, oil prices are likely to remain highly volatile as the situation continues to evolve and remains sensitive to geopolitical headlines.
- US crude oil inventories declined by 0.9 million barrels to 463.8 million for the week ending April 10.

COMMODITY: GOLD PRICE REBOUNDED ABOVE USD4,800 AMID IMPROVING INVESTOR SENTIMENTS

Gold in USD per ounce



U.S. Dollar Index (DXY)



Sources: Bloomberg, CEIC Data

- Gold price strengthened by 1.7% w-o-w last week, climbing above USD4,800 to close at USD4,830.34 on Friday, while the USD index eased by 0.6%, testing the immediate the support of 98.00.
- Such performance was underpinned by rising optimism over a resumption in U.S.-Iran tensions, taking cues from Trump's remarks that the U.S. had reviewed Iran's proposal on its nuclear programme and identified scope for further dialogue. Furthermore, the reopening of the Strait of Hormuz signaled willingness on Iran's part to abide by the ceasefire agreement, reinforcing hopes of a reconciliation.
- Nevertheless, markets opened on a cautious note on Monday amid reports that the U.S. Navy has seized an Iranian vessel. Iran promptly responded by rejecting the second round of talks with the U.S., citing excessive demands, constant contradictions, ongoing naval blockade and a breach of ceasefire by the latter.

WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- The key focus for this week is on U.S. March retail sales, due Tuesday, which will show whether consumer spending is holding up despite elevated inflation and geopolitical shocks. Market expectations lean toward soft but still positive growth, reflecting resilience but slowing momentum compared with February's 3.7% increase. Meanwhile, housing-related data such as pending home sales will likely remain weak due to persistently high mortgage rates, reinforcing the view that the housing sector is a drag. Attention will also turn to the University of Michigan sentiment index, especially after hitting a record low of 47.6 in early April. Any rebound would signal easing inflation fears following ceasefire developments. Overall, the U.S. narrative is shifting toward slower growth rather than recession, with inflation remaining the dominant risk.
- Meanwhile, the UK has one of the most market-moving releases this week, with a strong focus on inflation and consumption. The highlight is the CPI release on Wednesday, expected to remain elevated due to lingering energy price effects and supply disruptions from the U.S.-Iran conflict. A higher-than-expected print would reinforce expectations that the Bank of England will stay hawkish for longer, supporting GBP but weighing on growth outlook. Alongside this, retail sales data that will be released on Friday will also be crucial in determining whether consumers are starting to retrench under cost-of-living pressures. All in all, the key theme is whether the UK economy is slowing faster than inflation is falling, which would complicate policy decisions.
- In Asia, calendars are broad and policy-relevant, with China, Japan, and Indonesia taking center stage. In China, the PBoC Loan Prime Rate (LPR) decision is key, with markets expecting no aggressive easing, as authorities balance supporting growth with currency stability. However, any surprise rate cut would signal a rising concern about domestic demand. Malaysia's March trade data will also draw attention today, although any spillovers from the Middle East conflict are expected to remain limited in the March figures. Meanwhile, Japan will release a combination of inflation, trade balance, and PMI data. The interest rate decision by Bank Indonesia (BI) is another key highlight, especially for EM Asia. Markets generally expect the central bank to hold rates steady, as inflation has been relatively manageable, but external risks, particularly greenback strength and oil price volatility are complicating the outlook. If BI signals concern over currency stability, it could adopt a slightly hawkish tone, even if rates are unchanged. A surprise rate hike is unlikely but would indicate a defensive stance to protect capital flows and currency stability. The decision also reflects how emerging markets are navigating the trade-off between supporting growth and maintaining financial stability amid global uncertainty. Monetary policy decisions from the Bangko Sentral ng Pilipinas (BSP) on 23 April will also be in focus, with markets likewise expecting policy rates to be left unchanged.

BANK ISLAM

THANK YOU