



WEEKLY ECONOMIC UPDATE

28 SEPTEMBER 2026

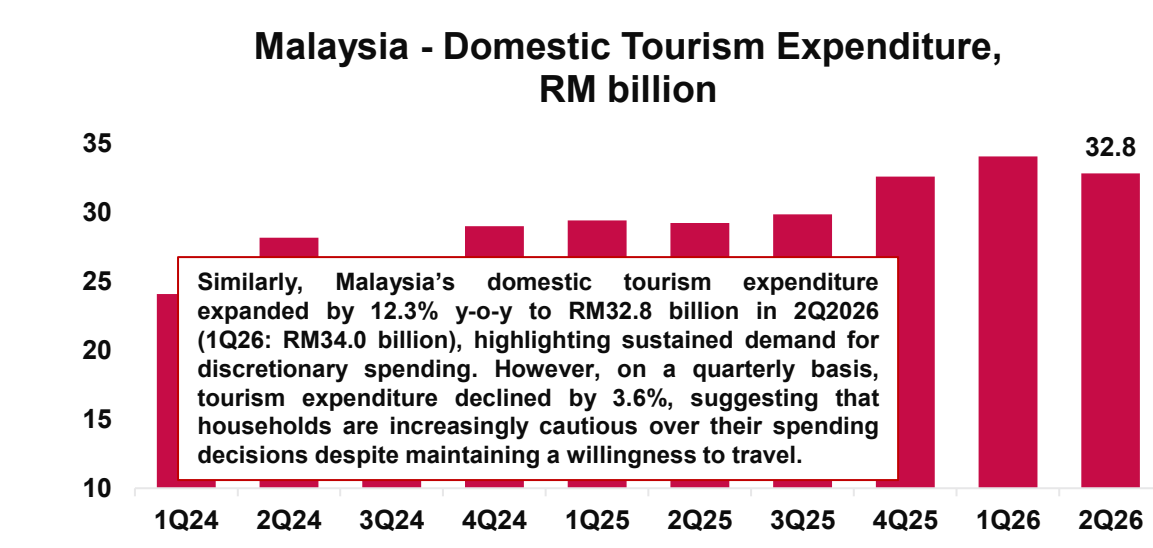
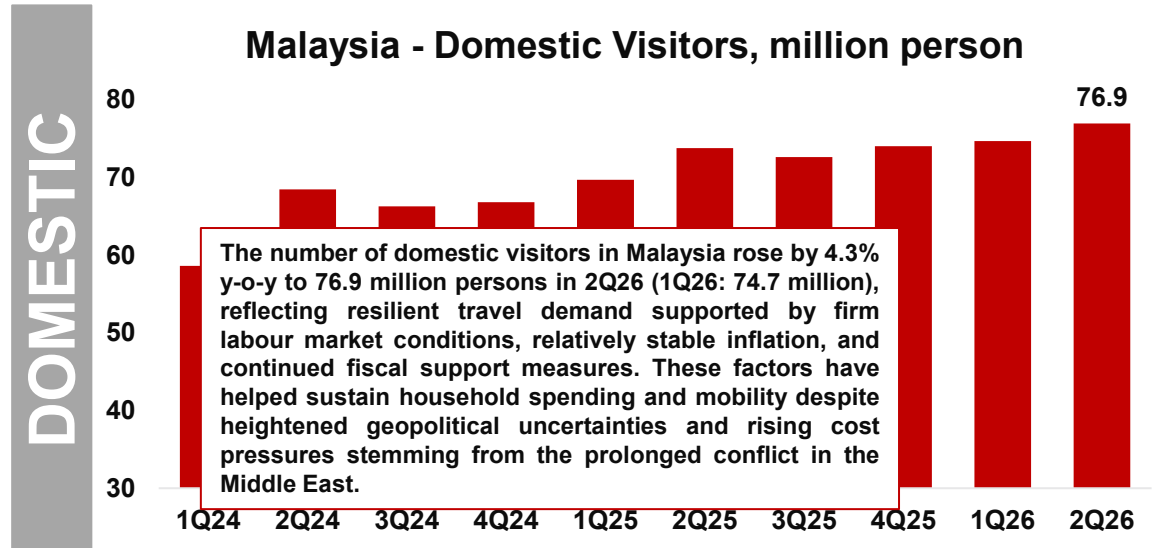
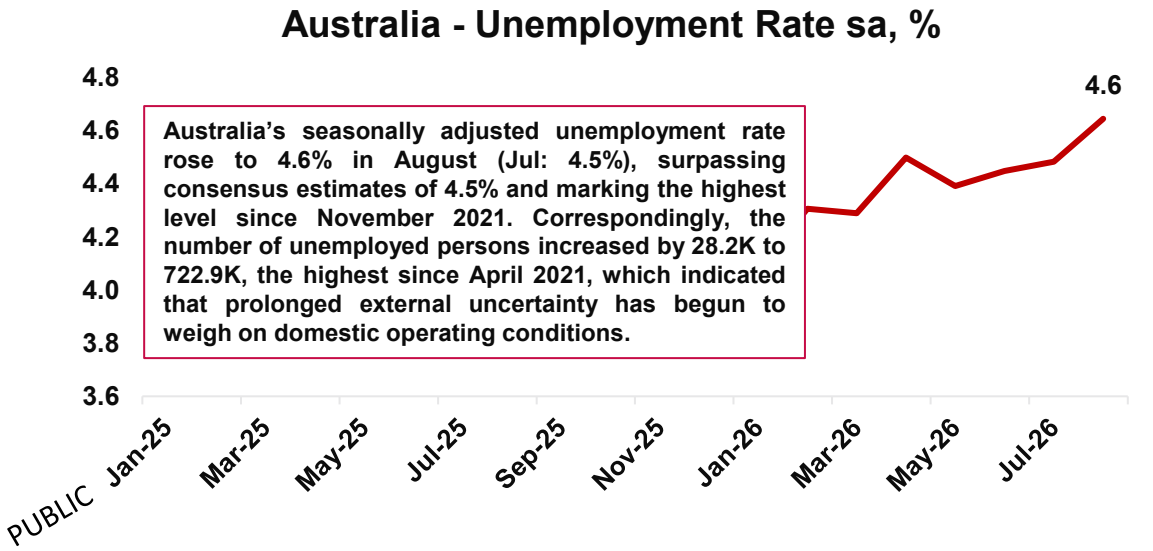
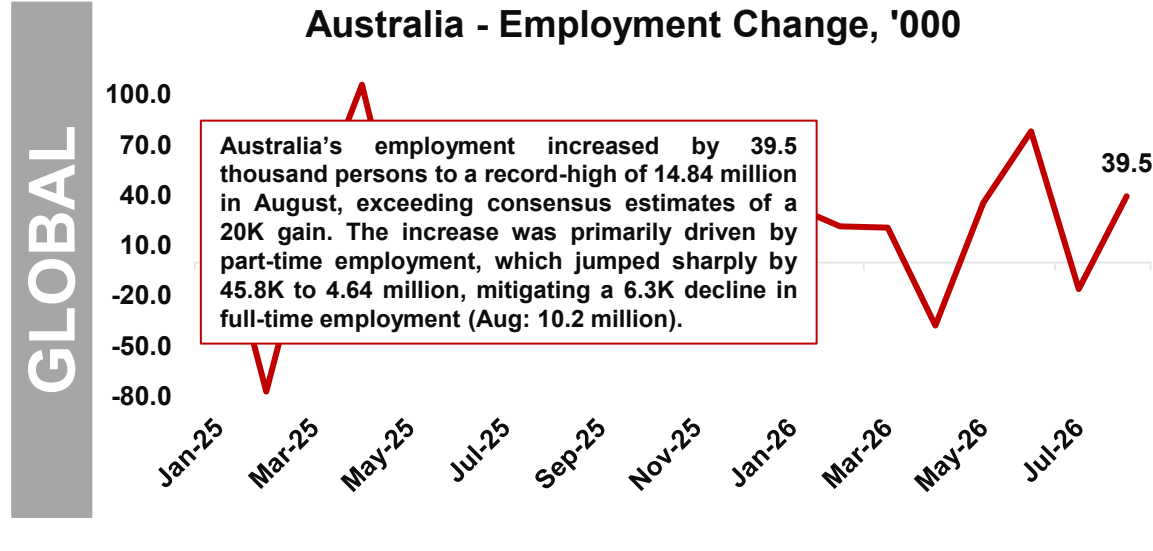
ECONOMIC RESEARCH

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WEEKLY HIGHLIGHT: AUSTRALIA'S MIXED JOB MARKET PICTURE CASTS DOUBT OVER FUTUE RBA POLICY TRAJECTORY, ALTHOUGH A SEPTEMBER HIKE IS LARGELY PRICED IN

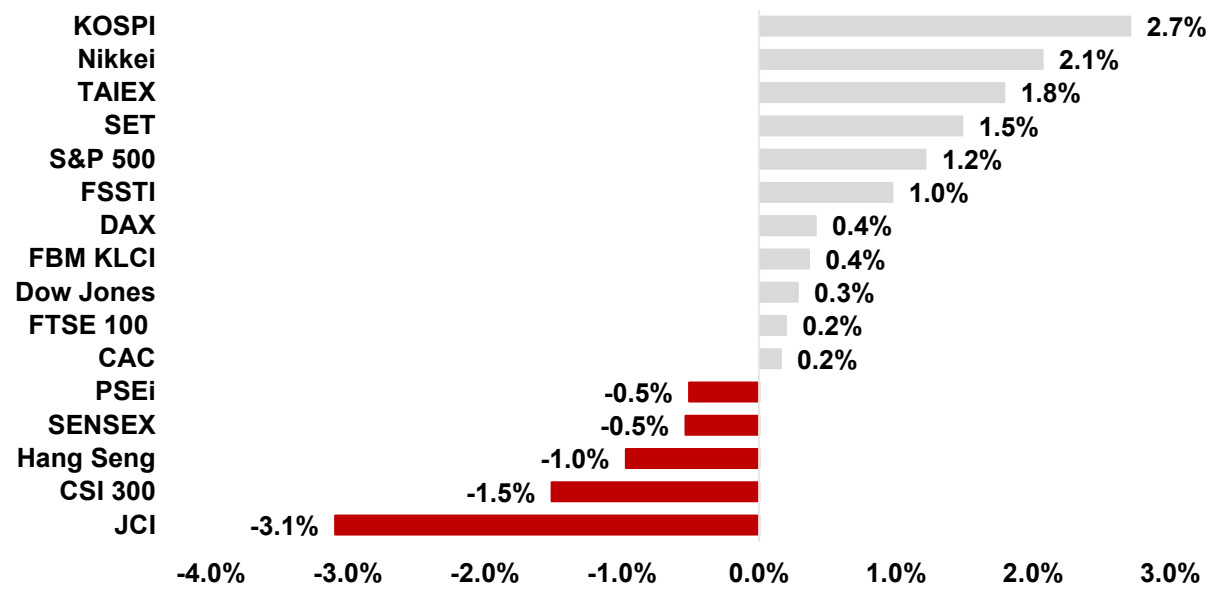
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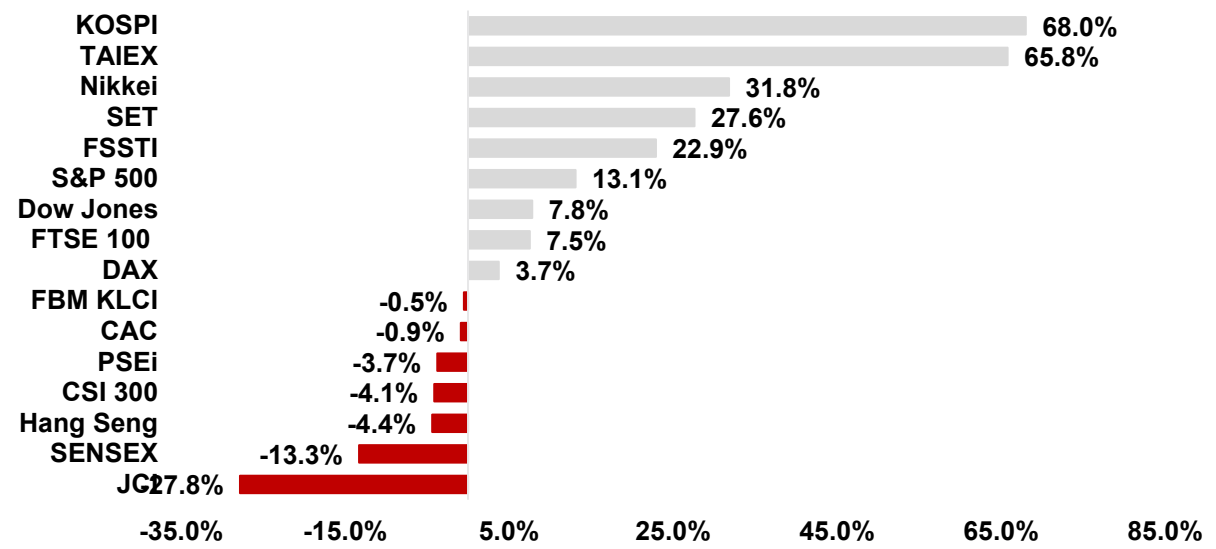


REGIONAL EQUITY: AI OPTIMISM CONTINUES TO DRIVE GLOBAL EQUITY MARKETS

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



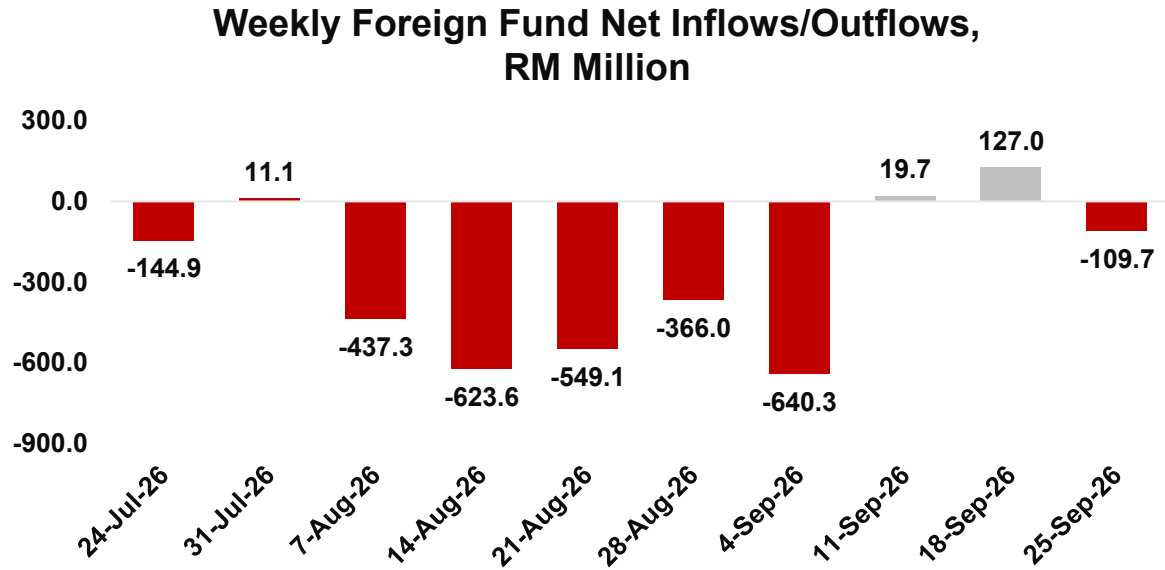
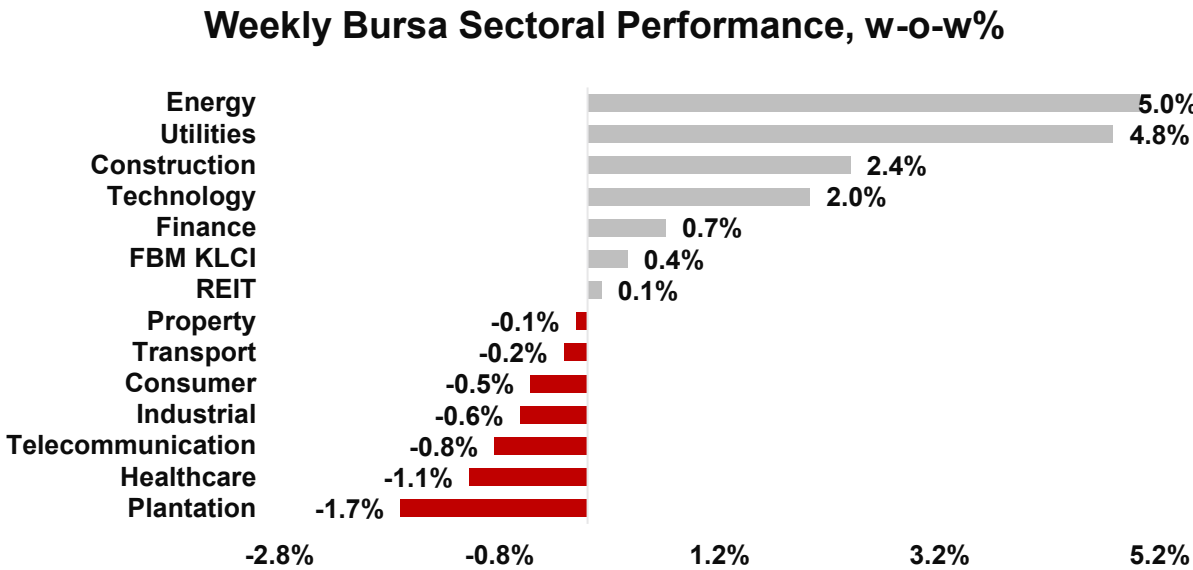
YTD Gain/Loss of Major Equity Markets, %
(As of 25 September 2026)



Sources: Bursa, CEIC Data

- Global equity markets ended the week of 25 September on a mixed note, with South Korea's KOSPI leading regional gains, rising 2.7% w-o-w, despite a shortened trading week due to the Chuseok holiday. Japan's Nikkei 225 (+2.1%) and Taiwan's TAIEX (+1.8%) also advanced, supported by continued enthusiasm surrounding semiconductor and artificial intelligence (AI)-related stocks. Sustained AI-driven demand remained a key catalyst for market performance.
- U.S. equities also closed higher, with the S&P 500 rising 1.2% w-o-w and the Dow Jones Industrial Average gaining 0.3% w-o-w. Gains were largely concentrated in technology and AI-related stocks, with robust AI earnings expectations helping to offset the valuation pressures associated with higher interest rates.
- In contrast, Indonesia's Jakarta Composite Index (JCI) was the worst-performing market in the region, declining 3.1% w-o-w, followed by China's CSI 300 Index (-1.5%) and Hong Kong's Hang Seng Index (-1.0%).

DOMESTIC EQUITY: FBM KLCI CLIMBED HIGHER ON IMPROVED INVESTOR SENTIMENTS



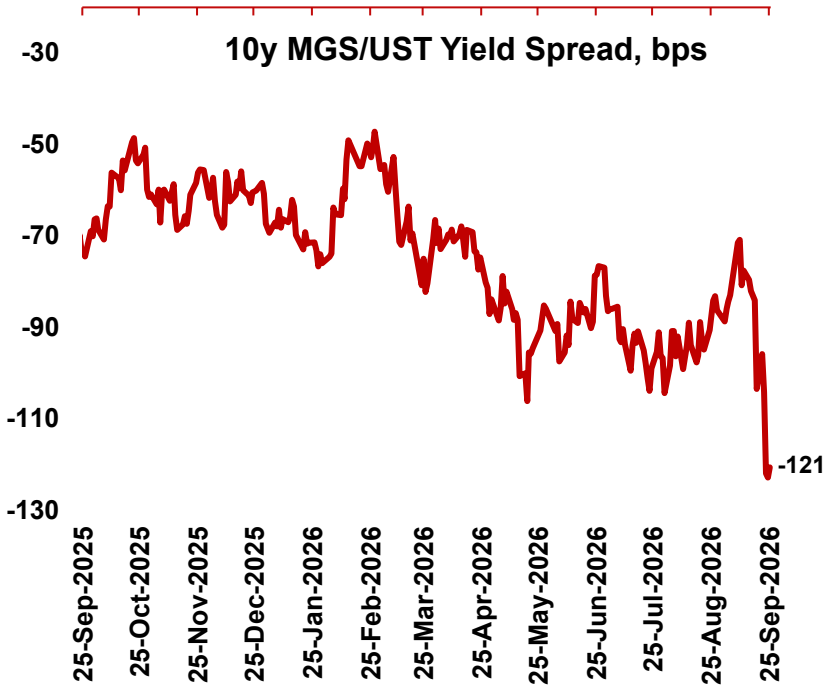
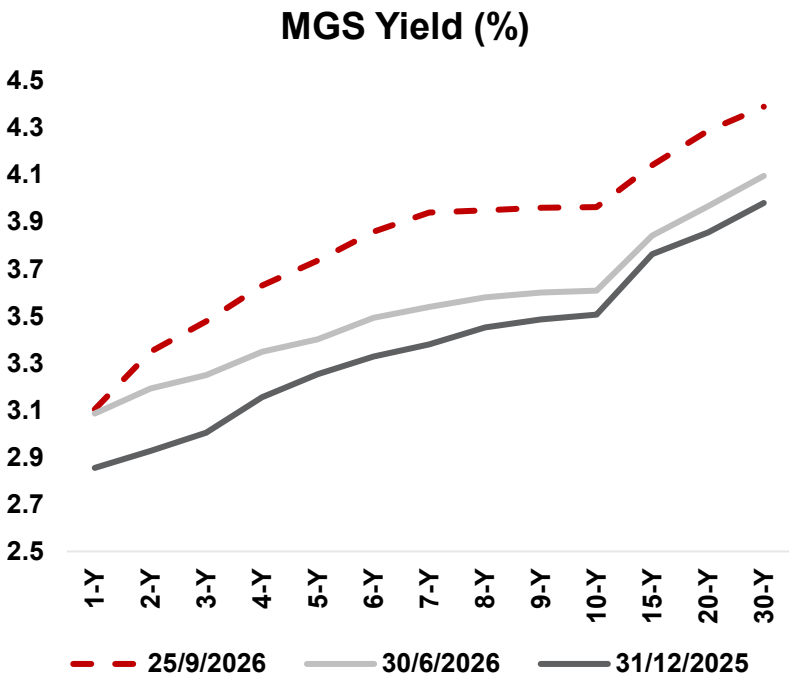
Sources: Bursa, CEIC Data

- The FBM KLCI edged higher by 0.4% w-o-w for the week ending 25 September, supported by a rotation away from safe-haven assets following encouraging geopolitical developments.
- Global risk appetite broadly improved last week amid growing optimism surrounding U.S.-Iran negotiations at the sidelines of the UN general Assembly, heightening expectations of near-term framework agreement to resolve ongoing tensions.
- However, over the weekend, U.S. President Trump had reportedly rejected Iran’s seven-day proposal, reigniting volatility across global markets during Monday’s trading session.
- Looking closer, Bursa indices closed mix. The Energy index emerged as the top gainer, rising sharply by 5.0%, followed by the Utilities index (+4.8%), amid bargain-hunting activities following recent weakness.
- In contrast, the Plantation index declined by 1.7%, followed by the Healthcare (-1.1%) and Telecommunications (-0.8%) indices.
- Foreign investors turned net sellers last week, recording a net outflow of RM109.7 million. This increases the cumulative net outflow in 2026 to RM6.5 billion.

FIXED INCOME: U.S. TREASURY YIELDS SURGE ON HIGHER-FOR-LONGER RATE EXPECTATIONS



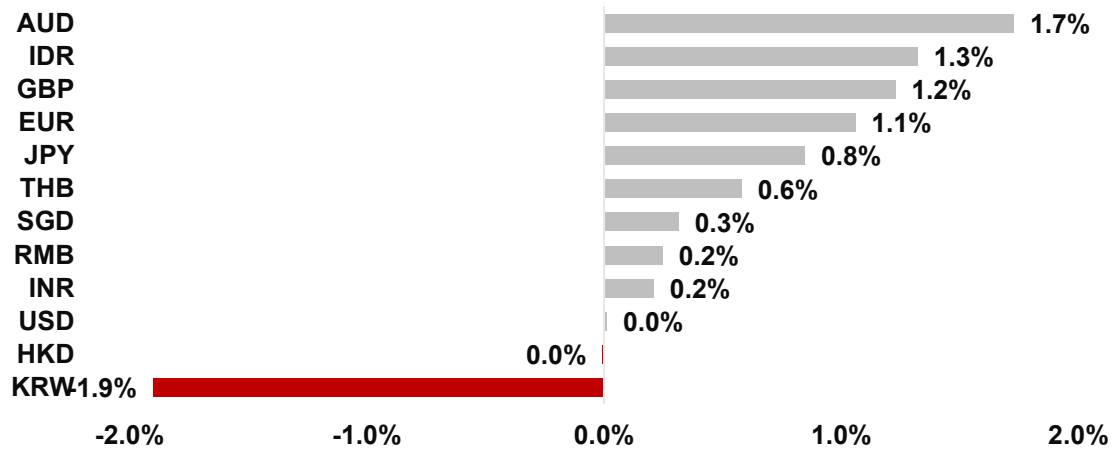
Weekly Changes, basis points (bps)			
UST	Yields (%) 18-Sep-26	Yields (%) 25-Sep-26	Change (bps)
3-Y UST	4.83	4.94	11
5-Y UST	4.86	4.98	12
7-Y UST	4.93	5.06	13
10-Y UST	5.01	5.17	16
MGS	Yields (%) 18-Sep-26	Yields (%) 25-Sep-26	Change (bps)
3-Y MGS	3.46	3.48	2
5-Y MGS	3.75	3.74	-2
7-Y MGS	3.92	3.94	2
10-Y MGS	3.98	3.96	-1
GII	Yields (%) 18-Sep-26	Yields (%) 25-Sep-26	Change (bps)
3-Y GII	3.48	3.49	1
5-Y GII	3.74	3.73	-1
7-Y GII	3.89	3.93	4
10-Y GII	3.94	3.96	2



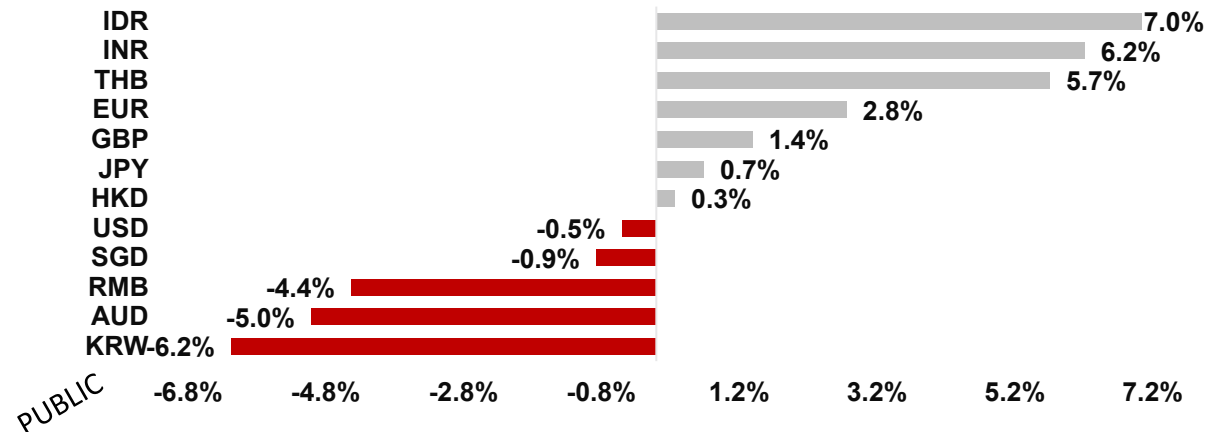
- Sources: BNM, Federal Reserve Board
- The U.S. Treasury market experienced a notable sell-off in the week ended 25 September, with yields rising across the curve by 11bps to 16bps. The 10-year UST yield increased by around 16bps w-o-w to 5.17%, reaching its highest level since June 2007, as markets repriced the interest rate outlook following hawkish Federal Reserve remarks and stronger-than-expected economic data.
 - Markets are increasingly pricing in a combination of a higher-for-longer policy rate environment and a rising term premium, rather than merely anticipating a near-term Fed rate move. Elevated oil prices have added to inflation concerns, as prolonged energy supply disruptions could keep inflationary pressures persistent even amid moderating growth.
 - However, Malaysian Government Securities (MGS) and Government Investment Issues (GII) yields ended the week mixed, with movements ranging between -2bps and +4bps across maturities.
 - The 10y MGS/UST yield spread widened further in the negative territory at 121bps, compared with -104bps in the previous week.

FX MARKET: RINGGIT TRADED RANGE-BOUND AS INVESTOR FOCUS REMAINED ON GEOPOLITICS

MYR Against Regional Currencies, w-o-w%



MYR Against Regional Currencies, YTD%
(As of 25 September 2026)

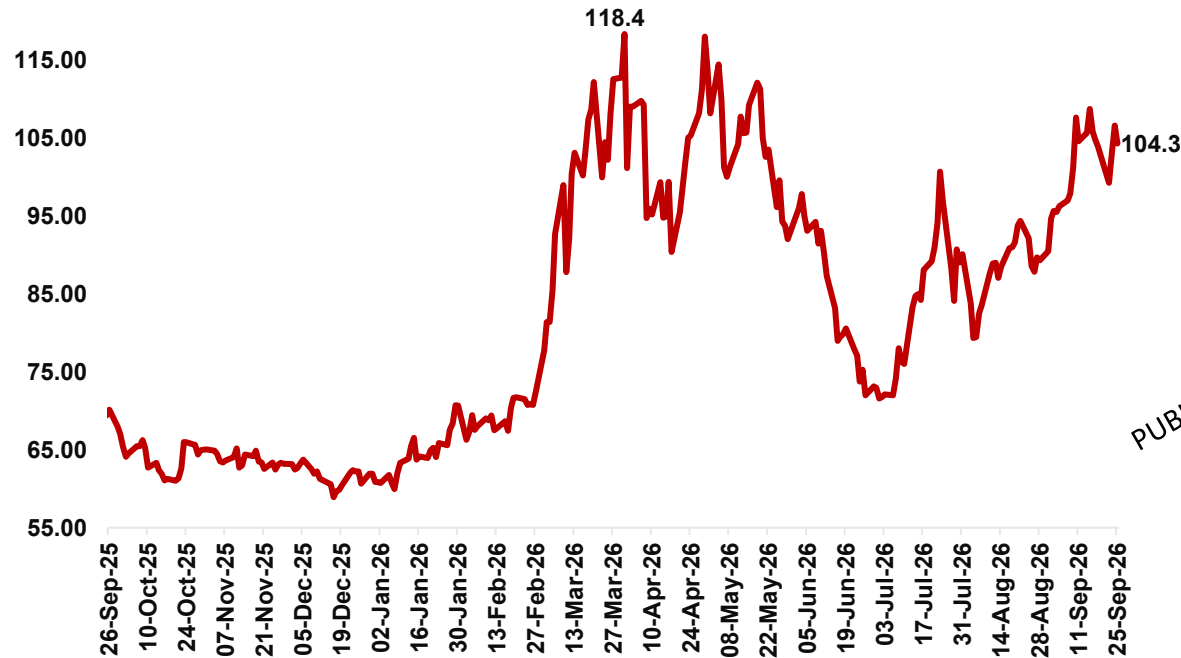


Sources: BNM, Federal Reserve Board (Fed), CEIC Data

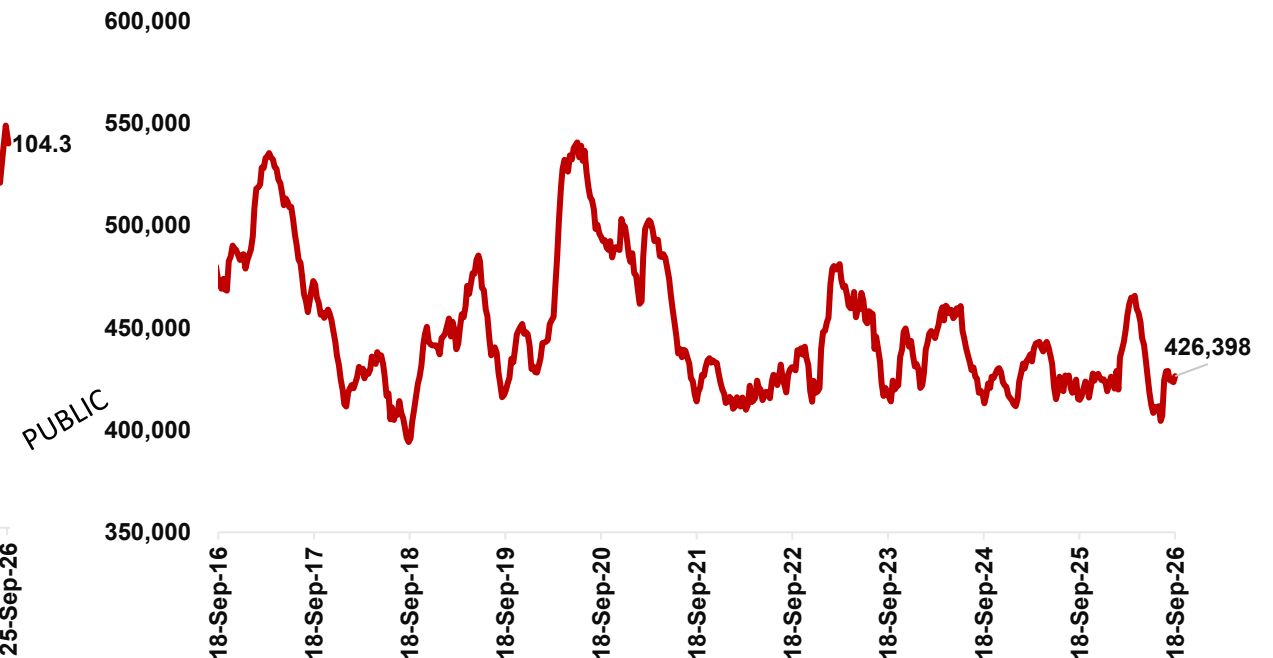
- The Ringgit traded within a relatively narrow range against the USD for the week ending 25 September, trading between 4.0620-4.0940 amid the absence of fresh domestic catalysts. Meanwhile, the USD index strengthened by 0.7% w-o-w, underpinned by safe-haven demand as investors closely monitored major geopolitical developments.
- Early in the week, investor sentiments remained cautious ahead of the scheduled meeting between U.S. President Donald Trump and China's President Xi Jinping, alongside ongoing diplomatic engagements between U.S. and Iran. This prompted a flight to safety, driving the USD index to break decisively above the key resistance level around 101.0 by mid-week.
- On the sidelines of the UN General Assembly in New York, renewed U.S.-Iran negotiations had fueled optimism over a potential framework agreement, with reports suggesting that both sides were exploring a phased deal that includes the reopening of the Strait of Hormuz in exchange for an easing of U.S. economic sanctions on Iran.
- At the same time, the Trump-Xi meeting pointed towards a continuation of the current status quo, alleviating concerns over a further escalation in key areas such as trade, technology and geopolitical issues.
- As such, signs of progress on U.S.-Iran negotiations and stable U.S.-China relations encouraged investors to unwind defensive positions towards the end of the week, resulting in the USD index retreating below 101.0 and close the week at 100.97.

COMMODITY: OIL MARKETS BALANCE GEOPOLITICAL RISKS AND DIPLOMACY

Brent Crude in USD per barrel



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



Sources: Bloomberg, Energy Information Administration (EIA)

- Brent crude prices were highly volatile last week, briefly closing below USD100/barrel on 22 September before rebounding to end the week at USD104.3/barrel, up 0.4% w-o-w. Price movements continued to be driven primarily by geopolitical developments rather than underlying supply-demand fundamentals, with concerns over potential supply disruptions involving Iran, Saudi Arabia and the Strait of Hormuz providing support to prices.
- At the same time, prospects for a U.S.-Iran diplomatic arrangement have helped limit further upside in oil prices by raising expectations of improved supply conditions. However, the diplomatic process remains fragile, keeping the geopolitical risk premium firmly embedded in the market and leaving oil prices highly sensitive to developments in the Middle East.
- U.S. crude oil inventories decline by 3.0 million barrels to 426.4 million for the week ending September 18.

COMMODITY: GOLD PRICE WEAKENED AGAINST A BROAD-BASED STRENGTH OF THE USD

Gold in USD per ounce



U.S. Dollar Index (DXY)



Sources: Bloomberg, CEIC Data

- Gold (XAU) declined by 2.1% w-o-w last week, breaking decisively below the immediate 4,300-support level by mid-week as investor risk appetite remained subdued. Despite its traditional safe-haven status, sustained expectations of a higher-for-longer Fed policy stance continued to enhance the relative attractiveness of the USD, weighing on demand for the non-yielding bullion.
- Notably, the XAU touched its lowest level in over a month at 4,244.57 before paring some losses to end the week at 4,284.81.
- Gold price remained under pressure during early Monday's session, pressured by renewed risk aversion following Trump's dismissal of Iran's proposed peace framework, which dampened expectations of a near-term breakthrough in resolving U.S.-Iran tensions.

WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- The U.S. data calendar will be closely watched this week, with August PCE inflation, ADP employment, Job Openings and Labor Turnover Survey (JOLTS), ISM manufacturing and the September payrolls report all scheduled for release. The key focus will be the August PCE data, particularly core PCE, as inflation remains above the Fed's 2.0% target. Consensus expectations point to headline PCE at 3.7% y-o-y and core PCE at 3.4% y-o-y, suggesting underlying price pressures remain elevated. Meanwhile, ADP employment is expected to recover modestly, although broader labour market momentum has softened. The September payrolls report will therefore be critical in assessing whether labour market strength remains sufficient to sustain economic growth. Strong employment data alongside sticky inflation could reinforce expectations of further Fed tightening. Conversely, softer labour market readings may ease concerns over inflation and limit upward pressure on Treasury yields and the U.S. dollar.
- In Europe, the focus will be on the September inflation data and the September PMIs, particularly after energy prices moved sharply higher because of the Middle East conflict. The euro area's flash inflation reading on Friday will be important because the recent oil shock has created a renewed upside risk to headline inflation even as consumer confidence has weakened. Eurozone consumer confidence already fell to -16.5 in September, with the decline linked partly to higher energy prices, suggesting that the inflation shock is beginning to affect household sentiment. In the UK, the key releases are 2Q26 GDP, current account data, mortgage approvals and consumer credit. The combination of stronger activity and persistent inflation would make the policy environment more difficult for both the ECB and BoE, particularly because the energy shock is occurring at a time when growth momentum is already relatively modest.
- China's September PMI releases will be closely watched for signs of a more sustained economic recovery, with manufacturing activity expected to remain only marginally in expansion territory while services activity stays soft. The data will be important in assessing whether domestic demand and industrial momentum are improving after recent weakness in Chinese equities. In Japan, the Tankan survey, industrial production and retail sales will provide insights into business confidence and economic activity following the BoJ's latest rate hike. Tokyo CPI will also be monitored for evidence of persistent inflation that could support further policy normalisation. Across ASEAN, Indonesia's inflation and manufacturing PMI will be key indicators of whether higher energy prices are feeding into broader price pressures. Meanwhile, Singapore and Vietnam's manufacturing PMIs will offer additional clues on regional industrial and export performance.

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