



WEEKLY ECONOMIC UPDATE

30 MARCH 2026

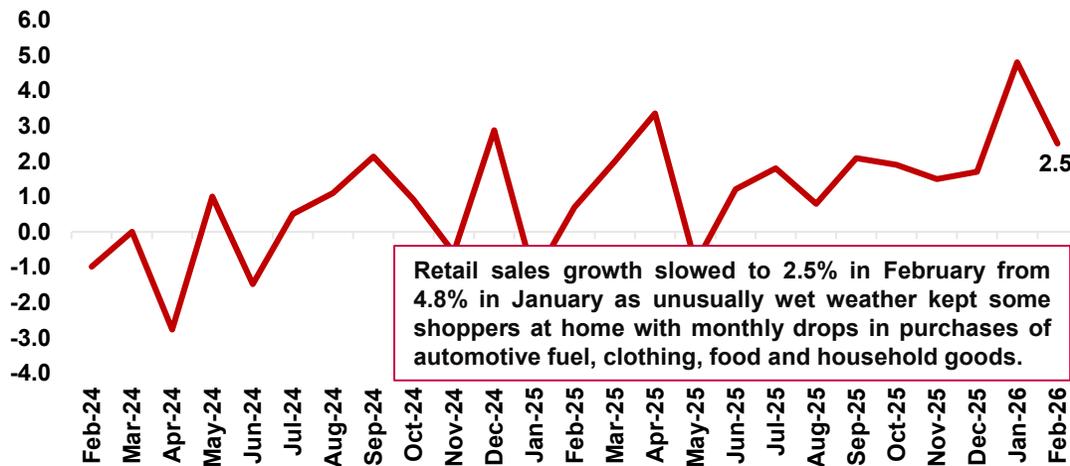
ECONOMIC RESEARCH

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

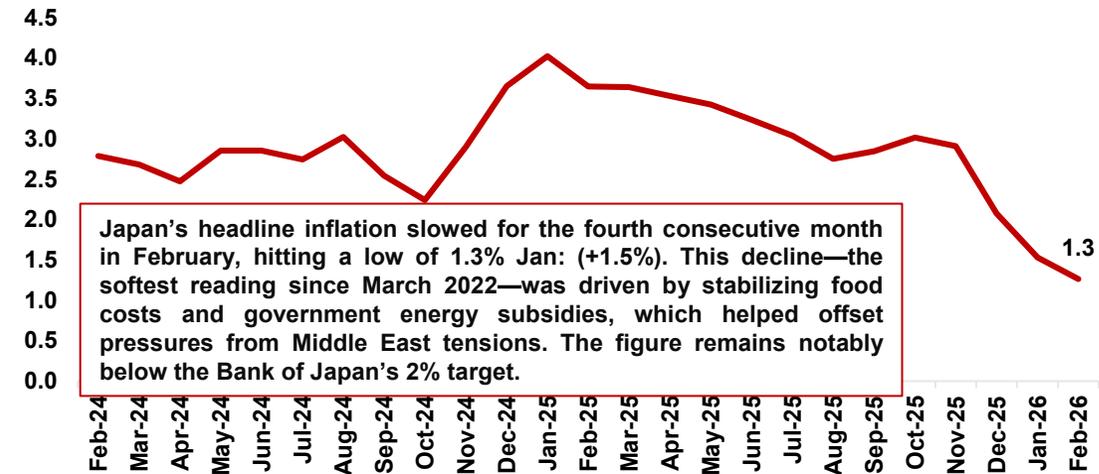
WEEKLY HIGHLIGHT: SUBDUED INFLATIONARY PRESSURES AND RETAIL SLOWDOWN ACROSS COUNTRIES

GLOBAL

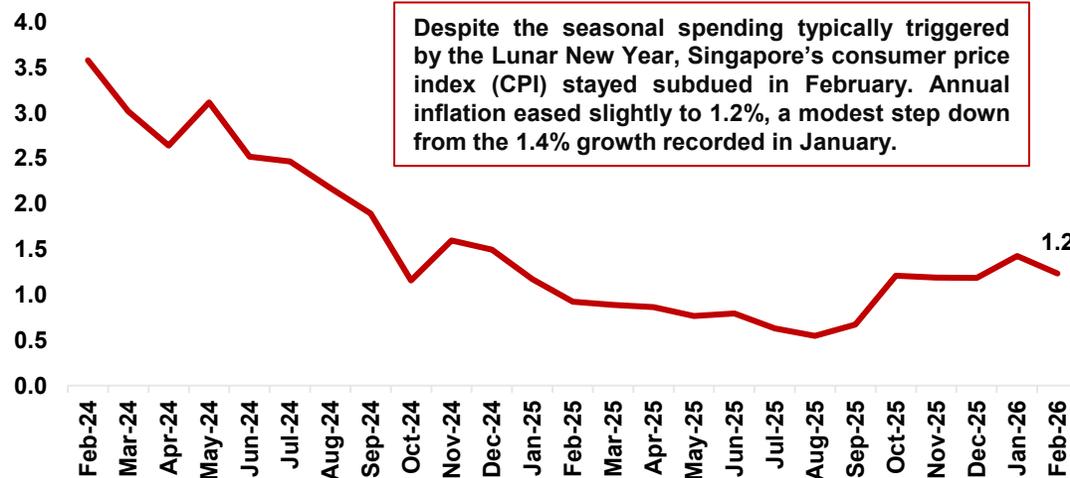
U.K. - Retail Sales, y-o-y%



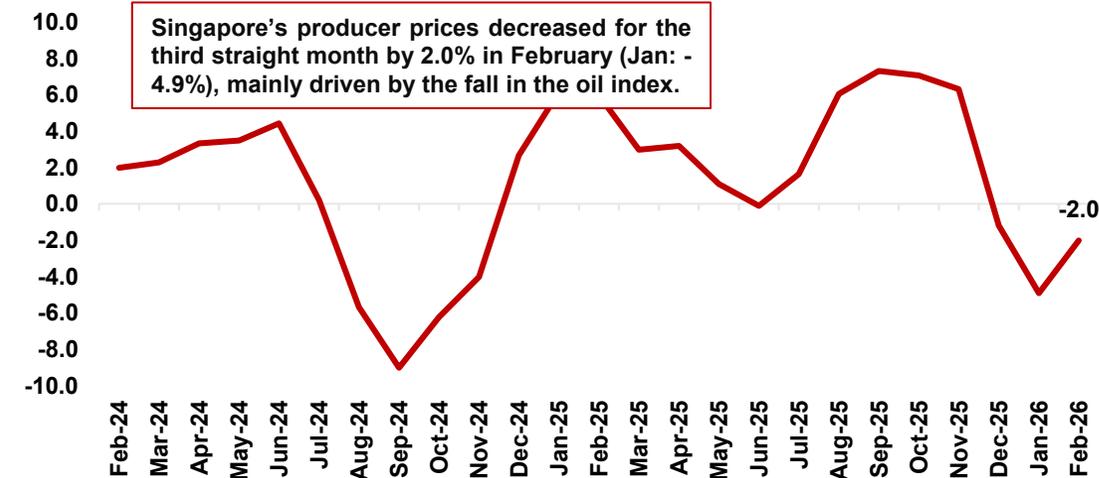
Japan - Consumer Price Index (CPI), y-o-y%



Singapore - CPI, y-o-y%

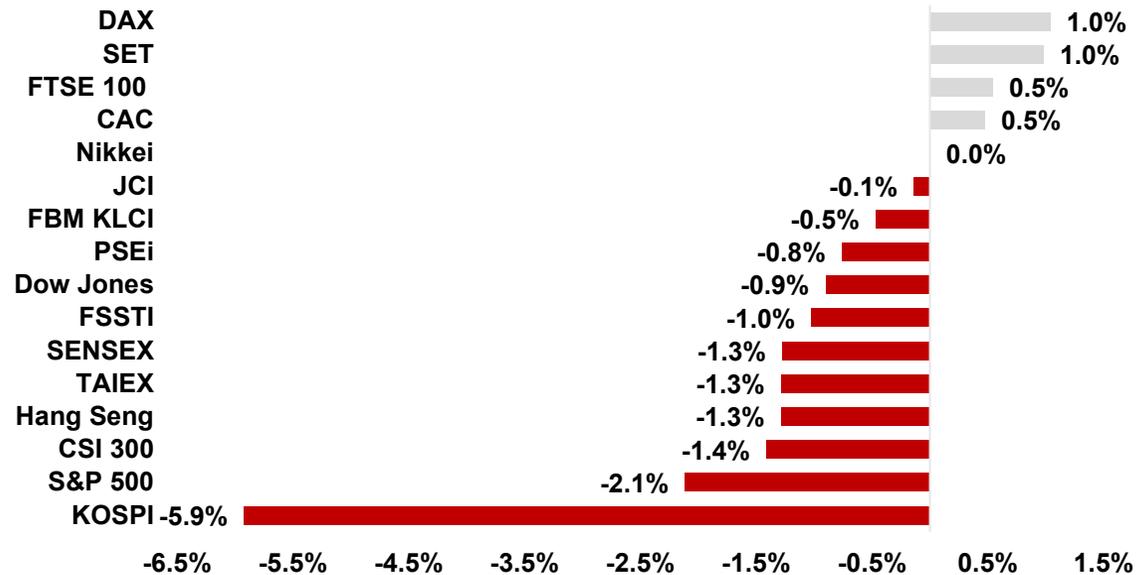


Singapore - PPI, y-o-y%

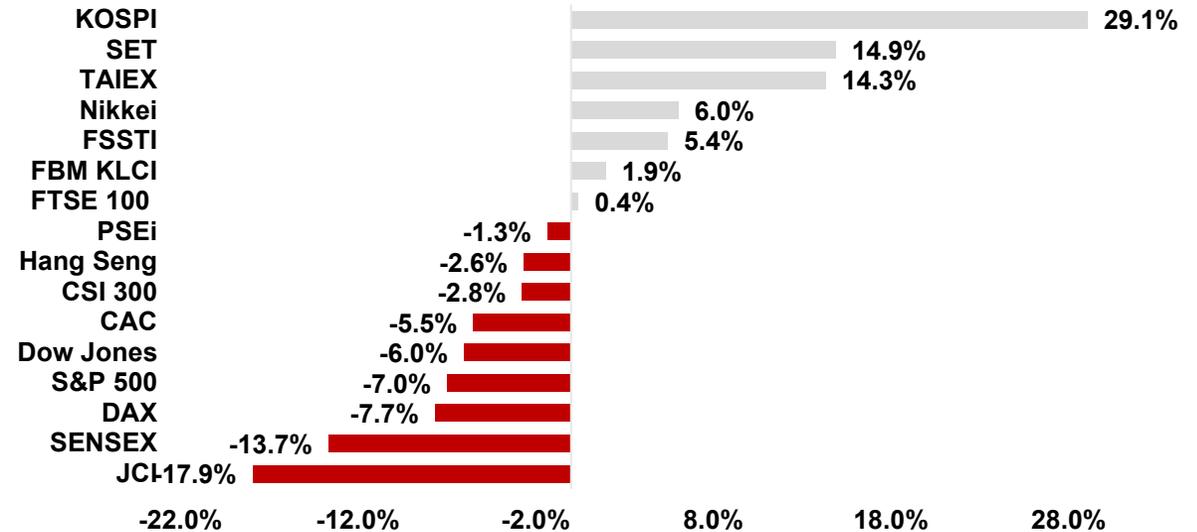


REGIONAL EQUITY: GLOBAL EQUITIES SLIDE AS WAR RISKS AND TRADE TENSIONS STROKE STAGFLATION FEARS

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



YTD Gain/Loss of Major Equity Markets, %
(As of 27 March 2026)

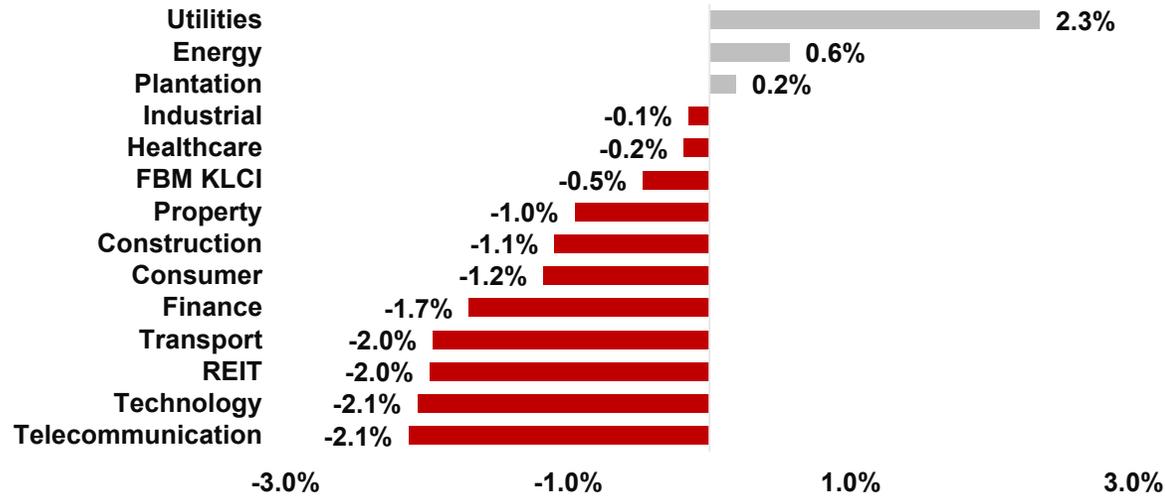


Sources: Bursa, CEIC Data

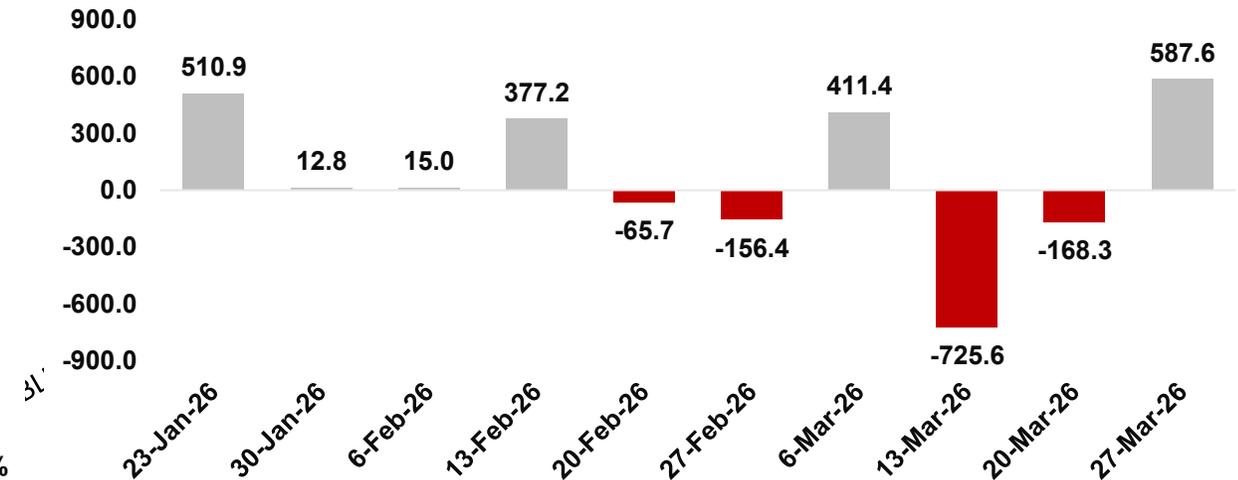
- Global equity markets largely closed in negative territory for the week ending March 27, with South Korea's KOSPI emerging as the biggest laggard, declining 5.9%. Investor sentiment has shifted to a defensive stance as global markets grapple with the combined pressures of war and trade friction.
- U.S. equities declined, with the S&P 500 (-2.1%) and Dow Jones (-0.9%) retreating amid heightened geopolitical uncertainty and escalating trade frictions, which have intensified stagflation concerns as the Middle East conflict drags on. Despite President Trump extending the moratorium on strikes against Iranian energy infrastructure until April 6, regional explosions have severely disrupted tanker traffic through the Strait of Hormuz. This supply-chain volatility, paired with surging energy costs, has already dampened hopes for Federal Reserve rate relief this year. Adding to the economic strain, China has launched a retaliatory trade probe into U.S. practices, responding to Washington's tariffs and further clouding the global growth outlook.
- On the other hand, Germany's DAX (+1.0%), Thailand's SET (+1.0%) and U.K.'s FTSE 100 (+0.5%) were the major winners for the week ending March 27.

DOMESTIC EQUITY: FBM KLCI DECLINED AS GEOPOLITICAL UNCERTAINTIES WEIGHED ON INVESTOR RISK APPETITE

Weekly Bursa Sectoral Performance, w-o-w%



Weekly Foreign Fund Net Inflows/Outflows, RM Million

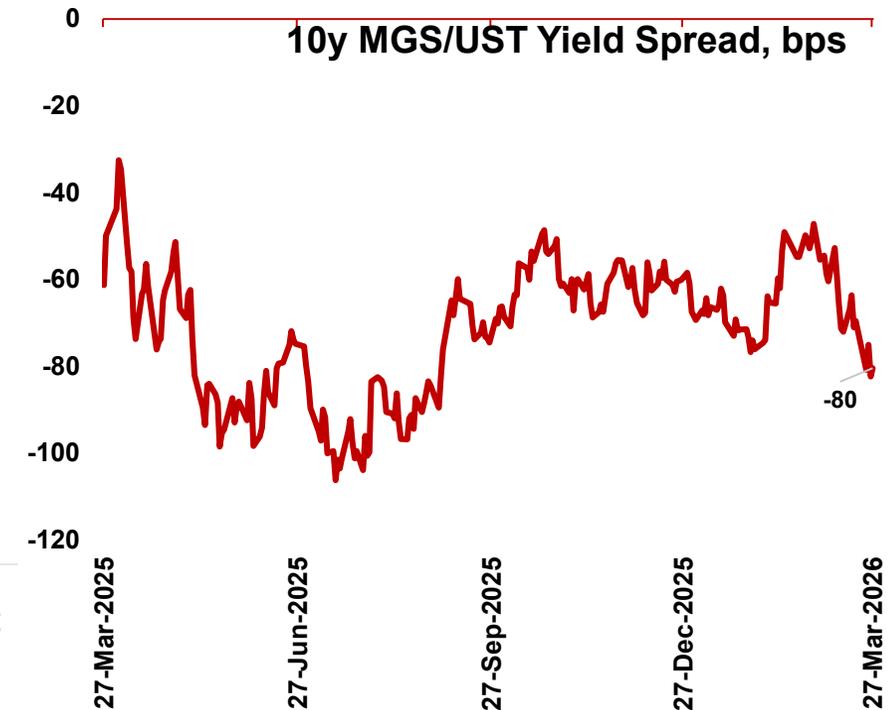
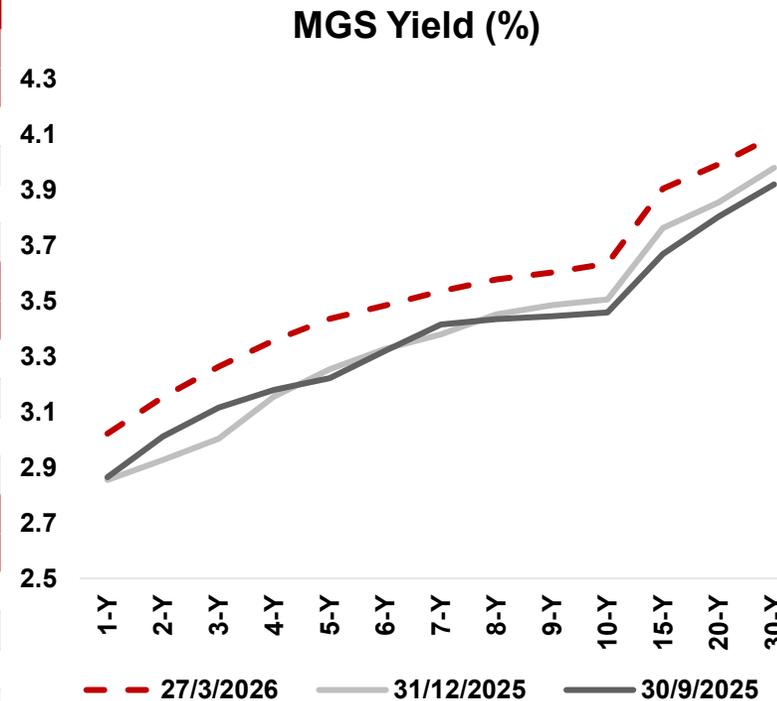


Sources: Bursa, CEIC Data

- The FBM KLCI slipped by 0.5% w-o-w for the week ending March 27, as prolonged geopolitical concerns weighed on investor sentiments.
- Earlier in the week, U.S. President Donald Trump indicated that negotiations to end U.S.-Iran hostilities are progressing favorably and announced a five-day pause on strikes on Iran's power plants. Despite Iranian representatives rebuffing the notion and stated that no direct talks between the two parties are taking place, Trump then extended the five-day deadline for another ten days, citing a request from Iran.
- The conflicting statements further clouded the situation, underscoring the lack of a clear path towards resolution and keeping investors on risk off modes.
- Most Bursa indices closed in the negative territory with both Telecommunications and Technology indices dipping by 2.1%, followed by the REIT and Transport (-2.0%).
- Meanwhile, the Utilities index climbed by 2.3%, underpinned by rising global energy prices.
- Foreign investors returned as net sellers, acquiring a total of RM587.6 million worth of equities. This increased the cumulative net inflow thus far to RM1.3 billion.

FIXED INCOME: UST YIELDS EDGE HIGHER AS GEOPOLITICAL RISKS DELAY RATE CUT EXPECTATIONS

Weekly Changes, basis points (bps)			
UST	Yields (%) 20-Mar-26	Yields (%) 27-Mar-26	Change (bps)
3-Y UST	3.90	3.94	4
5-Y UST	4.01	4.06	5
7-Y UST	4.20	4.25	5
10-Y UST	4.39	4.44	5
MGS	Yields (%) 19-Mar-26	Yields (%) 27-Mar-26	Change (bps)
3-Y MGS	3.22	3.26	4
5-Y MGS	3.36	3.44	7
7-Y MGS	3.47	3.54	7
10-Y MGS	3.56	3.64	8
GII	Yields (%) 19-Mar-26	Yields (%) 27-Mar-26	Change (bps)
3-Y GII	3.19	3.23	4
5-Y GII	3.34	3.40	6
7-Y GII	3.39	3.51	12
10-Y GII	3.54	3.61	7

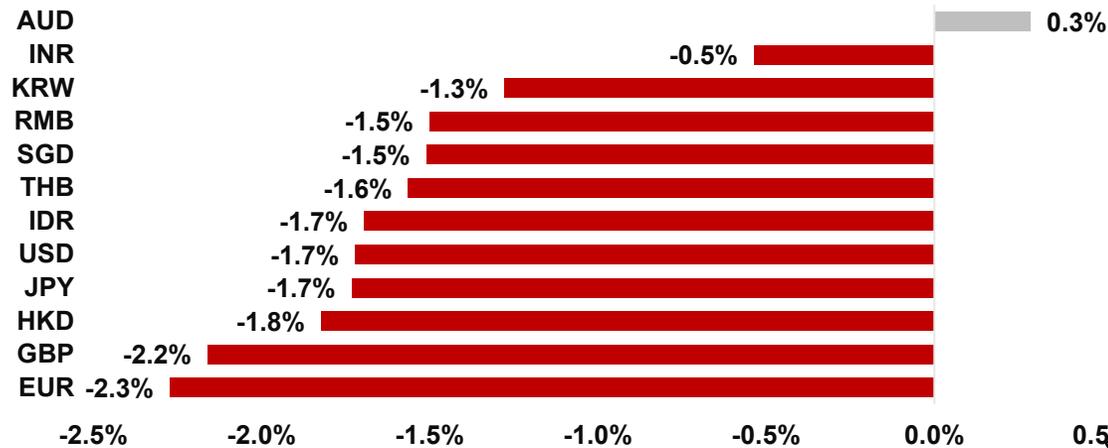


Sources: BNM, Federal Reserve Board

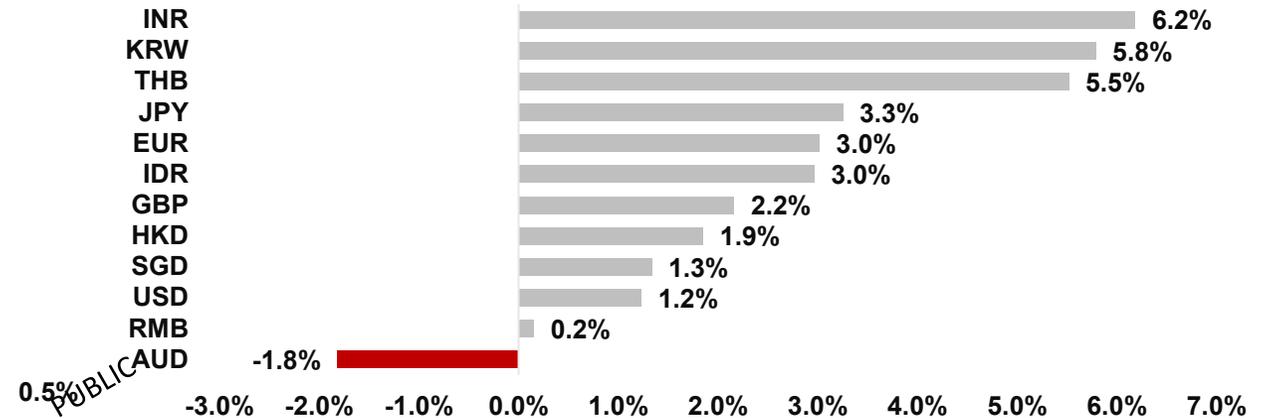
- The U.S. Treasury (UST) yields edged higher in the range of 4bps and 5bps for the week ending March 27. Market uncertainty remains high as the conflict with Iran continues to drive fears of persistent inflation and stalled economic growth. With oil prices surging toward 2022 levels and regional hostilities showing no signs of stopping, investors are bracing for the war to last through April. While President Trump has paused strikes on Iranian energy infrastructure until April 6 to facilitate negotiations, the market remains skeptical, with some fearing the window is being used for a U.S. military buildup. Consequently, expectations for near-term interest rate cuts have been dialed back, as the Federal Reserve now signals only a single 25bp reduction, potentially delayed until late 2026.
- In addition, Malaysian Government Securities (MGS) and Government Investment Issues (GII) yields surged by between 4bps and 12bps, tracking the movement of UST yields.
- The 10y MGS/UST yield spread widened in the negative territory at 80bps relative to -70bps in the previous week.

FX MARKET: RINGGIT UNDER PRESSURE AGAINST THE USD, BANK ISLAM CLOSED AT RM4.01 FOR THE FIRST TIME SINCE JANUARY

MYR Against Regional Currencies, w-o-w%



MYR Against Regional Currencies, YTD% (As of 27 March 2026)

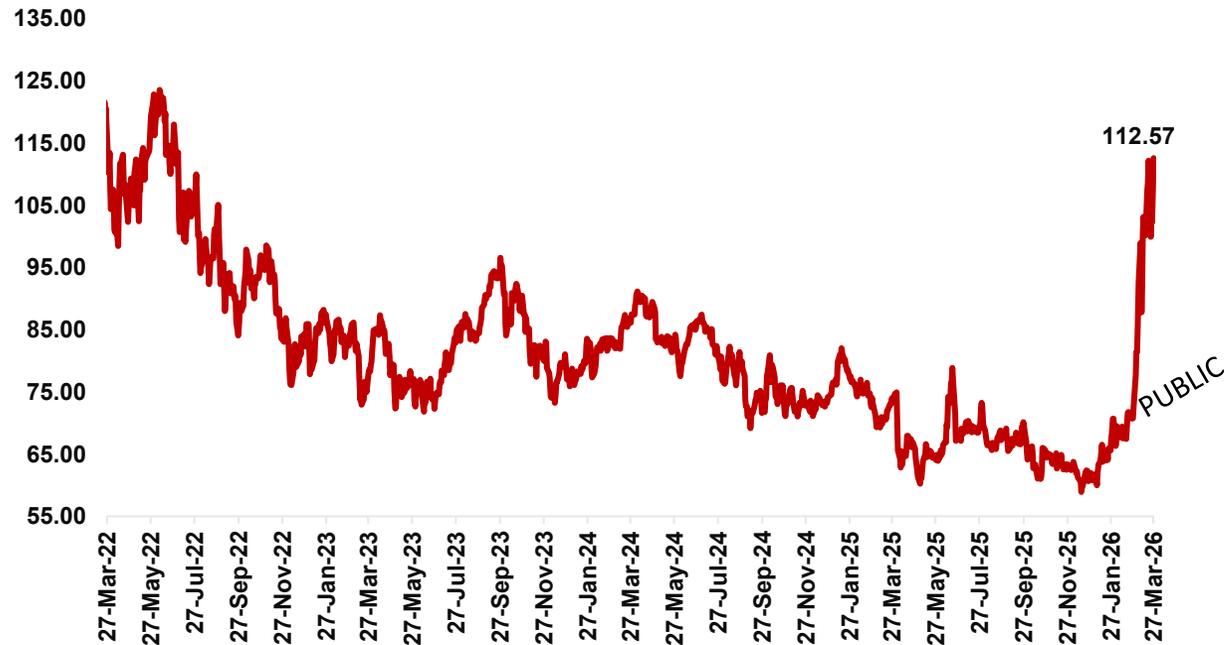


Sources: BNM, Federal Reserve Board (Fed), CEIC Data

- The Ringgit depreciated against a basket of regional currencies for the week ending March 27, slipping by 1.7% w-o-w against the USD while the latter climbed by 0.2%. On 27 March, the USDMYR currency pair breached the 4.00-level for the first time since January 2026, sustaining above this level to close at 4.012.
- The bullish momentum of the USD was driven by heightened uncertainties surrounding the U.S.-Iran conflict, increasing demand for the safe-haven asset. Conflicting signals from both U.S. and Iran on a potential resolution sustained investor caution, with markets bracing for the possibility of a prolonged conflict.
- Additionally, the U.S. itself appeared to toe both sides of the line. On one hand, Trump spoke positively of ongoing negotiations with Iran and announced an extension on the pause on strikes on Iran's power plants until 6 April. On the other hand, the Pentagon had moved ground troops into the region, including the marine expeditionary units and airborne forces, reinforcing the possibility of a broader clash.
- Beyond the uncertainties, the increasing likelihood of a "higher for longer" Fed against a backdrop of growing inflationary risks further supported the USD. As energy prices climbed sharply since the onset of the conflict, concerns of resurging inflation plagued markets and reinforced the case for a prolonged Fed pause, with scope for potential tightening over the horizon.

COMMODITY: OIL RALLIES AS CEASEFIRE DOUBTS KEEP WAR RISK PREMIUM ELEVATED

Brent Crude in USD per barrel



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



Sources: Bloomberg, Energy Information Administration (EIA)

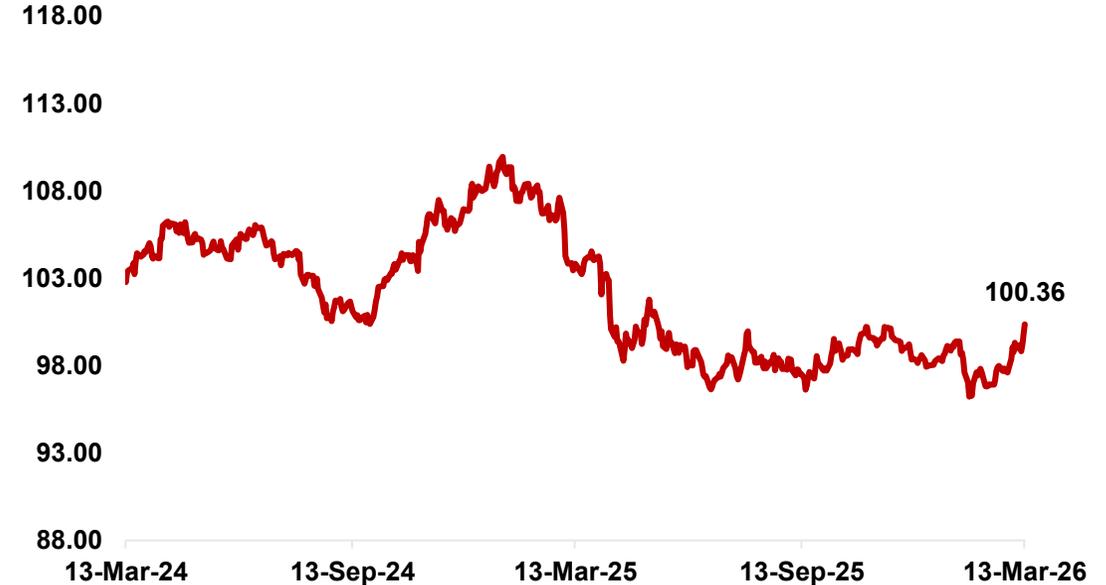
- Brent oil prices closed higher at USD112.57/barrel on Friday (March 27) or marginally increased by 0.3% w-o-w, as traders increasingly doubt the likelihood of a near-term ceasefire in the U.S.-Iran conflict. The rally is being driven by growing fears of supply disruptions, with the ongoing war adding a significant risk premium to the market.
- Furthermore, investors are largely ignoring diplomatic efforts and instead focusing on the risk of further escalation, pricing in a prolonged conflict scenario. Going forward, oil prices are expected to remain elevated and volatile, with further upside risk if the conflict escalates, while any ceasefire headlines may only trigger short-lived pullbacks
- Meanwhile, US crude oil inventories increased by 6.9 million barrels to 456.2 million for the week ending March 20.

COMMODITY: GOLD PRICE WAS LITTLE CHANGED AS INVESTORS BET ON HIGHER FOR LONGER FED

Gold in USD per ounce



U.S. Dollar Index (DXY)



Sources: Bloomberg, CEIC Data

- Gold price remained under pressure last week as the USD's strength diminished its safe-haven appeal.
- Additionally, elevated energy prices and growing inflationary pressures led investors to recalibrate their Fed's policy expectations, exerting pressure on the XAU.
- Shipping disruptions along the Strait of Hormuz and production slowdown among oil-producing Gulf countries caused energy prices to increase sharply, with Brent crude price surging by approximately 49% since the onset of the conflict. This supported the case of a more hawkish Fed with the probability of the central bank staying pat through December rising to 72.4%, according to the CME FedWatch tool, while investors also began to bet on potential Fed hikes.

WHAT TO LOOK OUT FOR IN THE MARKETS THIS WEEK

- The focus for this week will be on rising U.S.-Iran military tensions, as no truce or pause is currently in place. Oil prices are expected to remain volatile and elevated, as traders worry about further disruptions to shipping through the Strait of Hormuz, further exacerbated by Houthi missile attacks on Israel that stokes fears of renewed Red Sea shipping strikes. Stocks face continued pressure, with higher energy costs threatening to reignite inflation just as the Federal Reserve remains cautious. A key concern for investors is whether the conflict could widen, which would tighten global crude supplies abruptly. Gold and Treasuries have not behaved like traditional safe havens lately, with both sliding as institutions raise cash to cover losses elsewhere. In contrast, the greenback continues to strengthen as global uncertainty drives flows toward the reserve currency. Asian markets, particularly oil importers like India and Japan, could lag as their currencies weaken and energy bills climb. Markets could swing quickly on headlines, with a single news update or official remark having more impact than economic reports.
- Attention will also turn to the U.S. labor market, with the March jobs report expected to clarify whether February's weakness was temporary or the start of a broader slowdown. Investors will look at the ADP data for early signals on hiring trends, which could shape expectations ahead of Friday's Nonfarm Payrolls (NFP) report. If job growth remains soft, it would reinforce concerns that the economy is losing momentum. However, with inflation still running above target and showing upside risks amid rising energy prices due to the ongoing war between the U.S. and Iran, the Fed is more likely to stay on hold rather than move toward rate cuts in the near term. Policymakers will need clearer evidence that inflation is easing before considering any shift in stance, even if the labor market softens further. On the consumer side, the retail sales data will be important to gauge whether spending continues to weaken after a slow start to the year. Overall, a combination of softer jobs data and weak consumption would raise concerns about growth, but sticky inflation should keep the Fed cautious and limit expectations for near-term policy easing.
- On the manufacturing side, attention will turn to the March ISM reading, with markets looking for confirmation that activity continues to expand, though momentum may moderate slightly amid rising input costs, particularly from energy, and uncertain global demand that may limit further upside, while employment and new orders remain soft. In Europe, Eurozone retail sales and PMI data will be closely watched to gauge whether the fragile recovery can be sustained amid rising energy costs. Overall, markets will be assessing whether factory activity continues to hold up or shows signs of slowing as energy costs keep climbing.

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THANK YOU