Strong Growth Momentum Expected to Continue in the Months Ahead

MONTHLY ECONOMIC REVIEW: January 2025

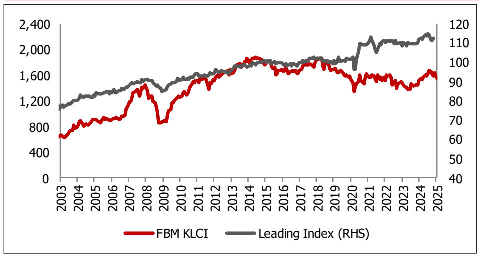
Authors

MIDF Research
research@midf.com.my

- LI advanced at +2.5%yoy in Dec-24. Malaysia's economy is expected to record sustained growth in the near term as the Leading Index (LI) increased faster by +2.5%yoy in Nov-24 (Oct-24: +1.5%yoy), mainly due to the strong increase in the Bursa Malaysia Industrial Index (+24.6%yoy).
- Full-year GDP grew by +5.1% in 2024. According to the advance estimate, Malaysia's economic growth moderated to +4.8%yoy in the 4QCY24 (3QCY24: +5.3%yoy) after two quarters of above +5.0%. The full-year GDP was higher at +5.1% in 2024 (2023: +3.6%) slightly above our projection of +5.0%.
- Continued robust exports growth. Malaysia's total trade growth surged to +14.6%yoy in Dec-24 (Nov-24: +2.8%yoy) primarily driven by acceleration in exports to +16.9%yoy (Nov-24: +3.9%yoy), the fastest growth pace for the year.
- More normalised growth this year. We continue to expect Malaysia's economic growth will be more normalised at +4.6% in 2025 (2024e: +5.1%), driven by sustained expansion in domestic spending and continued recovery in the external demand. Nevertheless, we remain cautious of downside risks to growth outlook such as worsening of geopolitical and trade tensions, which will disrupt the stability of global supply chain and international trade flows.

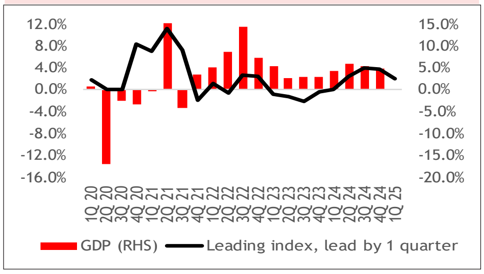
LI advanced at +2.5%yoy in Dec-24. Malaysia's economy is expected to record sustained growth in the near term as the Leading Index (LI) increased faster by +2.5%yoy in Nov-24 (Oct-24: +1.5%yoy). The sustained annual increase was mainly driven by the strong increase in the Bursa Malaysia Industrial Index (+24.6%yoy). On a monthly basis, the LI rebounded to +1.1%mom (Oct-24: -0.1%mom), the first positive reading since Jul-24, as 5 of the 7 sub-components showing positive results, particularly expected sales value for manufacturing (+0.3%mom), the Bursa Malaysia Industrial Index (+0.2%mom) and real money supply (+0.2%mom). Meanwhile, the index performance was dragged by negative readings for the number of housing units approved (-0.2%mom) and the number of new companies (-0.1%mom). On the other hand, the Coincident Index (CI) posted marginally faster growth (+1.9%yoy; Oct-24: +1.7%yoy) following broad-based improvement across all CI components. On a monthly basis, the CI marginally increased by +0.03%mom (Oct-24: +0.6%mom) supported by gains in real manufacturing salaries & wages, and the industrial production. Given the positive LI growth, we expect growth momentum for Malaysia's economy will continue in the near term, supported by resilient domestic spending. In addition, trade-oriented sectors will benefit from increased global demand, particularly E&E exports on the back of the ongoing global tech upcycle.

Chart 1: Leading Index vs KLCI (Points)



Source: Macrobond, MIDFR

Chart 2: Leading Index vs GDP (YoY%)

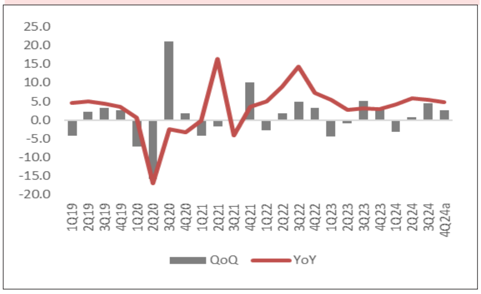


Source: Macrobond, MIDFR

Full-year GDP grew by +5.1% in 2024. According to the advance estimate, Malaysia's economic growth moderated to +4.8%yoy in the 4QCY24 (3QCY24: +5.3%yoy) after two quarters of above +5.0%. The full-year GDP was higher at +5.1% in 2024 (2023: +3.6%) slightly above our projection of +5.0%. By sector, the manufacturing sector continued its growth momentum but moderated to +4.3%yoy (3Q24: +5.6%yoy) in line with the export performance and the pick-up in export-oriented sectors such as the E&E, chemicals, wood & wood products, machinery & equipment, and petroleum products. The construction sector also continued to grow robust albeit moderating slightly to +19.6%yoy (3Q24: +19.9%yoy), indicating encouraging progress in development and construction projects. Meanwhile, the services sector grew by +5.3%yoy in the 4Q24 (3Q24: +5.2%yoy), sustaining growth since the 4QCY21 on the back of growing domestic spending. The slight pickup in the services sector is in line with the continued expansion in the distributive trade that grew by +5.1%yoy in Oct-Nov-24 (3QCY24: +5.1%yoy) as the wholesale trade, retail trade, and motor vehicles sales remained in positive. The sustained growth made the services sector as the key driver of growth, contributing +3.1ppt or 65.9% of growth during the quarter. On the other hand, the agriculture sector turned to contraction on the back of extreme weather conditions and floods resulting in weaker output in the oil palm and forestry & logging sub-sectors. Meanwhile, the mining & quarrying sector contracted at a slower pace to -1.4%yoy in the 4Q24 (3Q24: -3.9%yoy) due to continued weakness in the production of crude oil & condensate. We believe Malaysia's economy will continue to grow in the coming quarters as the leading index continued to point towards positive growth momentum.

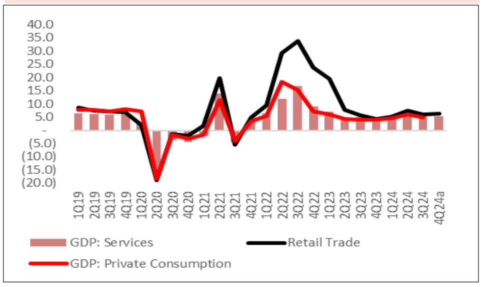
Continued robust exports growth. Malaysia's total trade growth surged to +14.6%yoy in Dec-24 (Nov-24: +2.8%yoy) primarily driven by acceleration in exports to +16.9%yoy (Nov-24: +3.9%yoy), the fastest growth pace for the year. The strong export performance, which surpassed our estimate, mainly stemmed from higher outbound shipments for E&E products (+27.8%yoy), thanks to the rapid advancement in global technology. Rise in freight was also seen for palm oil & palm oil-based products (+27.7%yoy), rubber products (+29.8%yoy) and petroleum products (+18%yoy). Apart from stronger domestic exports (+13.3%yoy; Nov-24: +10%yoy), re-exports rebounded strongly (+33.5%yoy; Nov-24: -18.7%yoy) which signals Malaysia also benefited from the front-loading of shipments ahead of the tightening of trade rules by the new US government. Meanwhile, imports also recorded double-digit growth of +11.9%yoy (Nov-24: +1.6%yoy), mainly driven by inbound shipments of E&E products (+31.5%yoy) and machinery, equipment and parts (+31.1%yoy). The monthly increase in exports, which was notably faster at +9.7%mom (Nov-24: -1.4%yoy) vis-à-vis rising imports at +7.3%mom (Nov-24: -4.3%yoy) led to a widening of trade surplus to a 15-month high of +RM19.2b (Nov-24: +RM15.1b). For the full year 2024, exports surpassed RM1tril for the fifth time, increasing by +5.7%yoy to reach RM1.5t, mainly fueled by increased shipments of E&E products; machinery, equipment & parts; and palm oil & palm oil-based products. Looking ahead, while Malaysia's exports will be supported by growing demand for E&E and other non-E&E commodities, we keep a cautious view on the risks to trade outlook on the back of intensified global trade war and changing trade rules.

Chart 3: Malaysia's Real GDP (YoY% vs QoQ%)



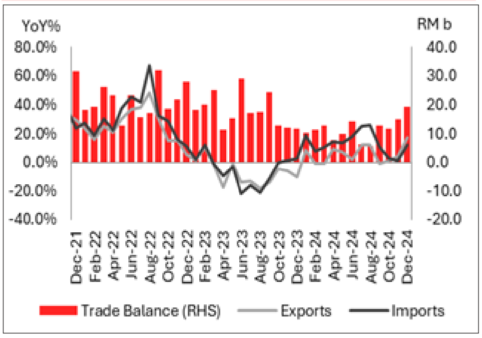
Source: Macrobond, MIDFR

Chart 4: Services GDP vs. Private Consumption vs. Retail Trade (YoY%)



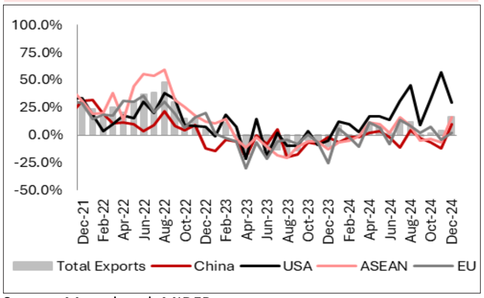
Source: Macrobond, MIDFR

Chart 5: Exports & Imports (YoY%) vs Trade



Source: Macrobond, MIDFR

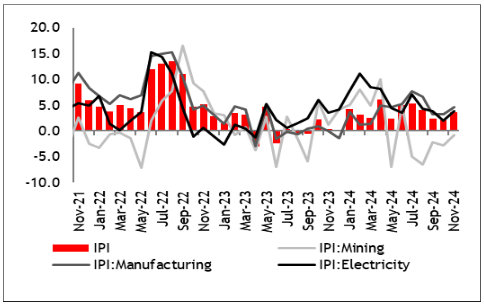
Chart 6: Chart 6: Exports Growth by Major Destination (YoY%)



Source: Macrobond, MIDFR

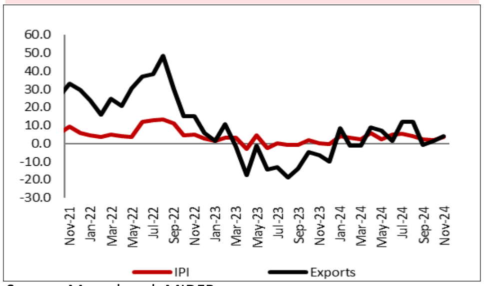
Stronger-than-expected IPI growth. Malaysia's IPI grew stronger than expected at +3.6%yoy in Nov-24 (Oct-24: +2.0%yoy), higher than ours and market consensus. By major sector, manufacturing output rose faster at +4.6% (Oct-24: +3.3%yoy), underpinned by stronger output in export-oriented sectors such as E&E, machinery & equipment and petroleum products. Electricity generation also grew faster at +3.9%yoy (Oct-24: +1.9%yoy), signalling increased energy demand for 19th straight month. Mining output, on the hand, recorded smaller decline (-0.8%yoy; Oct-24: -2.8%yoy) dragged down by further decline in crude petroleum but partly offset by increased natural gas production. We continue to expect IPI to record positive growth in the coming months on the back of growing both domestic and external demand. However, manufacturers could be more cautious in their production plans due to concerns about the strength of future demand, stability of supply and increased costs of production.

Chart 7: IPI Performances by Sector (YoY%)



Source: Macrobond, MIDFR

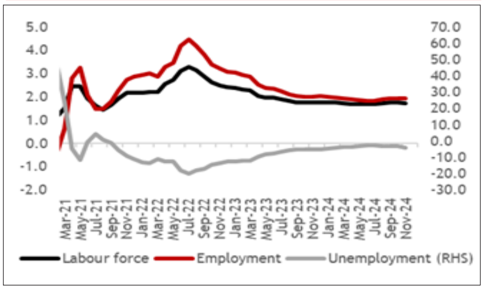
Chart 8: IPI vs Exports (YoY%)



Source: Macrobond, MIDFR

Unemployment rate maintained at 3.2%. Malaysia's labour market is still healthy in Nov-24, with the unemployment rate held steady at the post-pandemic low of 3.2%, in line with ours and market expectations. The growth stemmed from continued increase in labour force at +1.7%yoy and steady rise in employment at +1.9%yoy. This marks 40 consecutive months since Aug-21 whereby employment growth exceeded the expansion of the labour force. By employment type, employees made up the largest portion of the total employment in Nov-24 at 75%, followed by own-account workers at 18.4% and employers at 3.6%. As of 11MCY24, all three categories contributed to employment growth, with an annual rise of +1.3%yoy, +4yoy%, and +5.0%yoy, respectively. Consequently, the number of unemployed individuals fell to 547K, the lowest level since Feb-20 and declining consistently since Sep-21 at -4.0%yoy. The unemployment rate for youths aged 15-24 stood at 10.4% in Nov-24, similar to the previous month. Meanwhile, the number of unpaid workers declined at a softer pace by -0.2%yoy (2023: -0.9%yoy). The labour force participation remained high and steady at 70.5%, reflecting increased job market entry. Coupled with steady employment growth and low unemployment rate, this indicate more individuals are employed thanks to Malaysia's continued economic improvement. We expect the strong labour market to remain a key catalyst in lifting consumer spending and domestic demand. The latest signing of the Johor-Singapore Special Economic Zone (JS-SEZ) agreement would attract business activities in selected sectors such as construction, industrials, technology and logistics, which will also boost job opportunities. Mining output, on the hand, recorded smaller decline (-0.8%yoy; Oct-24: -2.8%yoy) dragged down by further decline in crude petroleum but partly offset by increased natural gas production. We continue to expect IPI to record positive growth in the coming months on the back of growing both domestic and external demand. However, manufacturers could be more cautious in their production plans due to concerns about the strength of future demand, stability of supply and increased costs of production

Chart 9: Labour Market Performances (YoY%)



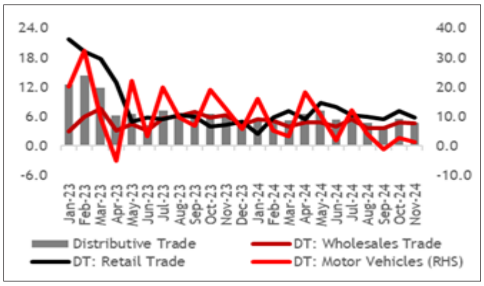
Source: Macrobond, MIDFR

Chart 10: Jobless Rate vs. Job Vacancies Rate (%)

Source: Macrobond, MIDFR

Domestic spending growth moderated in Nov-24. Domestic expenditure continued to show growth but slower than the previous month as the distributive trade grew by +4.7%yoy in Nov-24 (Oct-24: +5.5%yoy); growth moderated in all major components i.e wholesale (+4.7%yoy; Oct-24: 4.8%yoy) and retail trade (+5.8%yoy; Oct-24:+7.1%yoy) as well as motor vehicles (+1.4%yoy; Oct-24: +2.7%yoy). The distributive trade volume also registered a weaker expansion of +3.9%yoy (Oct-24: +5.1%yoy, which saw a slower volume expansion in every component: wholesale trade (+4.7%yoy; Oct-24: +4.7%yoy), retail (+4.1%yoy; Oct-24: +5.0%yoy), and motor vehicles sales (+0.2%yoy; Oct-24: +0.2%yoy. Going forward, we expect domestic spending will continue to grow backed by healthy labour market conditions, still low and manageable inflation, accommodative monetary policy and continued recovery in foreign tourist arrivals. The further boost will come from government support measures via cash assistance and subsidies. On top of that, access to the flexible retirement account and the hike in civil servant salaries will support consumption.

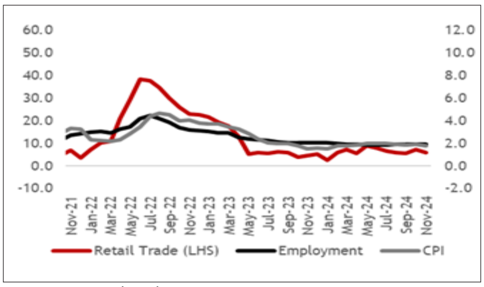
Chart 11: Distributive Trade Sales Growth by Component (YoY%)



Source: Macrobond, MIDFR

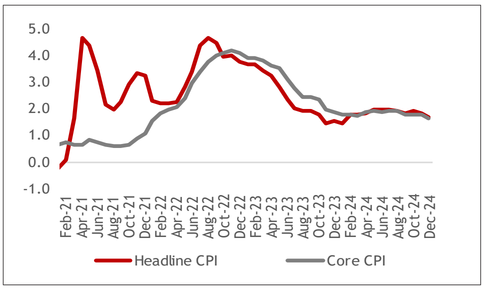
Headline inflation slowed slightly to +1.7%yoy in Dec-24. Malaysia's headline inflation decelerated to +1.7%yoy in Dec-24, within our estimate range, on the back of the slower non-food inflation. Non-food inflation further eased to +1.1%yoy (Nov-24: +1.4%yoy) due to the deflation in clothing & footwear and information & communication and slower inflation in the health; recreation; sports & culture; personal care, social protection & miscellaneous goods; and services components. In contrast, food inflation accelerated further to +2.7%yoy, the highest in 14 months. Although inflation for food away from home was unchanged at +4.8%yoy, prices for food at home rose faster at +0.9%yoy (Nov-24: +0.6%yoy) with a broad-based increase across all components except for meat (-0.3%yoy) and milk, other dairy products & eggs (-0.1%yoy). Meanwhile, core CPI moderated to +1.6%yoy (Nov-24: +18%yoy), the slowest in 35 months and signalling a slightly weaker underlying demand on general prices. Therefore, with the further easing in both the non-food and core inflation, we could infer that there is still a limited upward price pressure from the policy changes implemented last year (i.e targeted subsidy, higher utility tariff, and SST rate hike). In 2024, full-year CPI inflation moderated to +1.8% (2023: +2.5%), slightly slower than our estimate, due to easing food inflation (+2.0%; 2023: +4.8%) vis-à-vis higher non-inflation (+1.6%; 2023: +1.3%). Similarly, core CPI also slowed to +1.8% last year (2023: +3.0%). Although the government signalled further fuel subsidy rationalisation and more policy changes will be executed this year, for now we expect the moderate inflation will likely continue in 1QCY25. The moderated level of crude oil prices and manageable cost pressures would keep inflation under control.

Chart 12: Retail Trade vs. Employment and CPI Inflation (YoY%)



Source: Macrobond, MIDFR

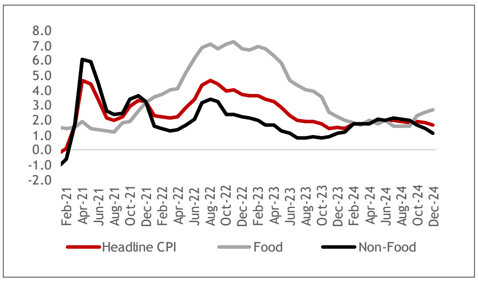
Chart 13: Headline vs. Core CPI (YoY%)



Source: Macrobond, MIDFR

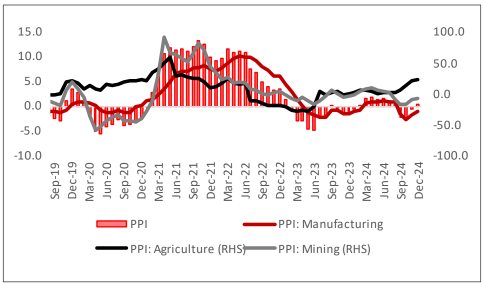
PPI advanced at +0.5%yoy in Dec-24. Malaysia's producer prices grew at a faster pace of +0.5%yoy in Dec-24, rebounding from -0.4%yoy decline in the previous month. This marked the first rise in producer prices since Sep-24 and the quickest rate of increase in five months. The upward price pressure mainly stemmed from higher prices for agriculture, forestry, and fishing (+23.8%yoy), supported by the growing of perennial crops. Meanwhile, prices for water supply and electricity and gas increased by +6.7%yoy and +0.9%yoy, respectively. However, manufacturing (-1.0%yoy) and mining prices (-7.0%yoy) remained in deflation. On a monthly basis, PPI inflation slowed down by +0.8%mom in Dec-24 (Nov-24: +1.4%mom), driven by higher prices for agriculture, forestry and fishing sector. By stage of processing, PPI inflation for crude materials for further processing and components turned positive to +1.9%yoy (Nov-24: -2.0%yoy) and +0.1%yoy (Nov-24: -0.2%yoy), respectively. PPI inflation for finished goods rose at a faster rate of +0.5%yoy (Nov-24: +0.4%yoy), mainly contributed by higher prices of capital equipment.

Chart 14: Food vs Non-Food CPI (YoY%)



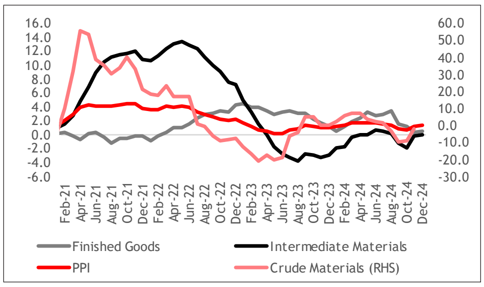
Source: Macrobond, MIDFR

Chart 15: PPI by Sector (YoY%)



Source: Macrobond, MIDFR

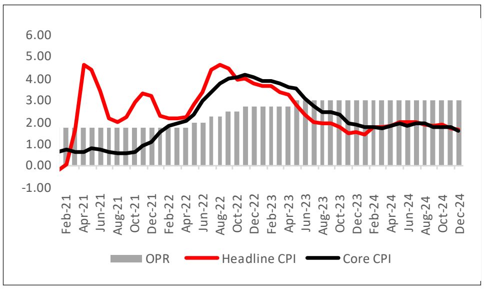
Chart 16: PPI by Processing Stage (YoY%)



Source: Macrobond, MIDFR

For the full year of 2024, PPI rose faster by +0.3%, rebounding from -1.9% decline in 2023 due to higher prices for the agriculture, forestry, and fishing sector (+7.9%). While the increase in PPI during the month suggests a slightly higher cost pressure for producers, we expect producers not to pass the cost to consumers thus far given that PPI inflation remains below CPI (Dec-24: +1.7%yoy). Moving forward, rising production costs influenced by policy changes and other supply-side factors could contribute towards higher inflationary pressure in Malaysia. In the near term, we think commodity prices are expected to moderate in the coming months due to oversupply in energy markets and stable agricultural prices. Recently, EIA expected that Brent crude oil will fall to USD74 pb in 2025 (2024: USD81 pb), on the back of strong global growth production of petroleum and slower demand growth.

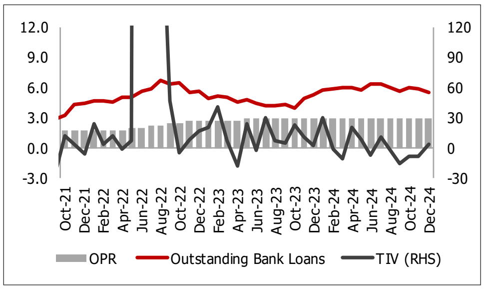
Chart 17: OPR (%) vs. Inflation (YoY%)



Source: Macrobond, MIDFR

OPR remains unchanged, maintaining supportive growth. As broadly expected, BNM maintained the Overnight Policy Rate (OPR) at 3.00% during the Jan-25 Monetary Policy Meeting, emphasizing that the current policy stance remains conducive of sustained economic growth. In its Monetary Policy Statement (MPS), BNM pointed out that global growth for 2024 surpassed expectations, driven by stronger performance in major economies and a boost in global trade. In 2025, the world economy is expected to remain supported by favourable labour market conditions, ease in inflationary pressure and a more accommodative monetary policy. BNM remains optimistic on a global trade resilience, bolstered by the ongoing upcycle in the technology sector. Nonetheless, tighter trade and investment restrictions could cloud the outlook and heightened policy uncertainties may also contribute to increased volatility in the global financial markets. This signals that the unfavourable policies surrounding trade and investments are seen as major threats to economic growth, shifting from the previous MPS where intensified geopolitical tensions and slowdown in major economies were identified as the potential key drag on the global economic outlook. We share a similar view, as the market sentiment has been showing signs of concerns on the potential trade disruptions under the new US administration.

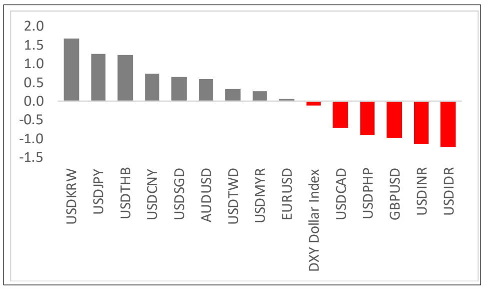
Chart 18: OPR (%) vs Loan Application & Total Industry Volume (YoY%)



Source: Macrobond, MIDFR

Ringgit performed better in Jan-25. The ringgit slightly appreciated against the USD which increased by +0.3%mom and ended the month at RM4.458 (previous: RM4.472), being the highest-level last month. The dollar's performance last month was largely driven by shifts in market expectations regarding the US monetary policy trajectory, compounded by the policy uncertainty surrounding the newly formed US government. Early in the month, the DXY strengthened as investors grew wary of inflationary pressures, anticipating a less dovish rate path than expected. However, the index weakened towards the month's end, falling below the 107 level, following President Donald Trump's inauguration and the signing of executive orders that fell short of expectations for higher import tariffs.

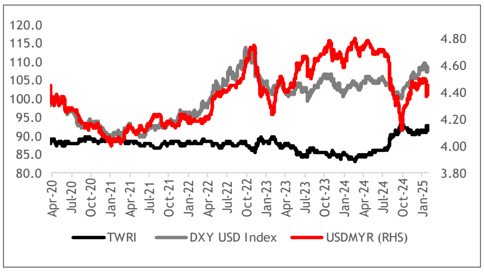
Chart 19: Monthly FX Rate Changes for Selected Currencies Against US Dollar (%)



Source: Bloomberg, MIDFR

Additionally, the dollar softened due to dovish signals from the President favouring a lower interest rate environment. However, the DXY moved higher after the release of the higher-than-expected PCE inflation data. We expect a further narrowing of the interest rate differentials for this year, with the Fed continuing its policy easing in 2HCY25, causing capital flows to shift back to emerging currencies including the ringgit. We see a potential downside risk to our outlook, which could stem from prolonged strength in the US dollar, as the Fed is likely to adopt a more cautious approach to rate cuts this year, and the differential spreads may continue to remain wide. Meanwhile, with more clarity on the newly elected US government's position on tariffs, as of the current news flows, we anticipate a greater likelihood of higher inflation in the US, which could shift market expectations on the future direction of the Federal Funds Rate. However, we still maintain our outlook for a single 25bps rate cut in the second half of 2025.

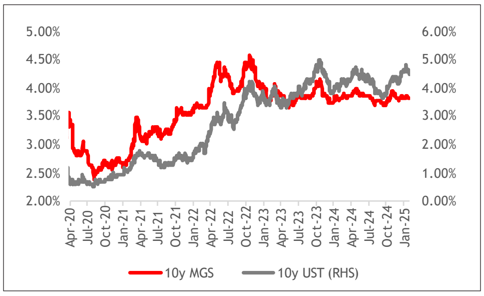
Chart 20: USDMYR vs. US Dollar Index vs. MIDF Trade-Weighted Index



Source: Bloomberg, MIDFR

10-year MGS yield dropped tracking US treasuries. The benchmark 10-year MGS yield declined by -2bps to 3.82% as at end-Jan-25 (Dec-24: 3.84%). The movement in MGS yields continued to closely reflect changes in the US treasury yields, which also fell by -5bps over the 30-day period to 4.52% as of 30th January 2025 (Dec-24: 4.58%) after the Fed kept its policy interest rate unchanged. However, the 10-year US treasury yield bounced back to 4.58%, erasing the monthly decline, as market reacted to acceleration in the US inflation. Nevertheless, the differential between 10y MGS yield and 10y UST yield widened to -76bps as at end-Jan-25 (end-Dec-24: -74bps) given the decline in the MGS yield. Based on the latest data, the ratio of foreign holdings out of total outstanding government securities fell further to 21.2% as at end Dec-24 (Nov-24: 21.4%). This reflected the outflows from debt markets for the third straight month as the value of foreign holdings of Malaysia's debt securities fell by -RM1.4b to RM275.2b (Nov-24: RM276.6b).

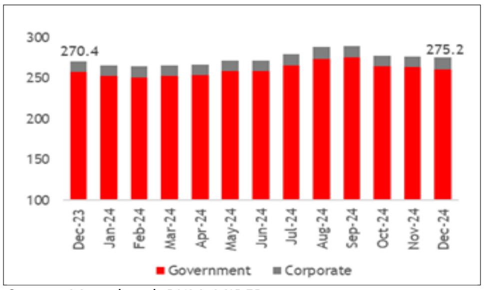
Chart 21: 10y MGS vs 10y UST Yields (%)



Source: Macrobond, MIDFR

More normalised growth this year. We continue to expect Malaysia's economic growth will be more normalised at +4.6% in 2025 after a more robust growth last year (estimated at +5.1% based on advance estimate). The drivers of economic growth will come from sustained expansion in domestic spending and continued recovery in the external demand. Nevertheless, we remain cautious that growth outlook may be constrained by downside risks such worsening of geopolitical and trade tensions, which will disrupt the stability of global supply chain and international trade flows. In addition, renewed inflation concerns would be another risk to growth, which could affect both external and domestic demand.

Chart 22: Share of Foreign Holding (%) vs Outstanding MGS/MGII (RM t)



Source: Macrobond, BNM, MIDFR

Table 1: Selected Macroeconomic Data: Past Performance and Latest Projection (%)

(YoY %) Unless Stated Otherwise	2021	2022	2023	2024E	2025F
Real GDP	3.3	8.9	3.6	5.0	4.6
Govt. Consumption	6.4	4.5	3.3	4.8	5.2
Private Consumption	1.9	11.2	4.7	4.9	4.5
Gross Fixed Capital Formation	(0.8)	6.8	5.5	13.6	6.4
Govt. Investment	(11.1)	5.3	8.6	12.6	6.5
Private Investment	2.7	7.2	4.6	14.0	6.3
Exports of goods & services;	18.5	14.5	(8.1)	9.2	8.3
Goods Exports	21.4	11.1	(12.7)	6.6	8.2
Services Exports	(8.2)	56.8	33.0	24.4	9.0
Imports of goods & services;	21.2	15.9	(7.4)	10.5	7.8
Goods Imports	23.8	14.6	(11.7)	10.9	7.6
Services Imports	7.7	23.9	15.8	8.8	9.0
Net Exports	(4.0)	(1.0)	(16.2)	(8.7)	16.8
Agriculture etc.	(0.1)	0.1	0.7	4.8	2.3
Mining & Quarrying	0.9	2.6	0.5	0.3	5.0
Manufacturing	9.5	8.1	0.7	4.1	3.8
Construction	(5.1)	5.0	6.1	16.9	11.3
Services	2.2	10.9	5.1	5.2	4.9
Exports of Goods (f.o.b)	26.1	24.9	(8.0)	5.7	4.9
Imports of Goods (c.i.f)	23.3	31.0	(6.4)	13.2	4.5
Headline CPI Inflation (%)	2.5	3.4	2.5	1.8	2.8
Current Account, % of GDP	3.9	3.0	1.5	1.5	2.3
Fiscal Balance, % of GDP	(6.4)	(5.6)	(5.0)	(4.3)	(3.6)
Federal Government Debt, % of GDP	63.2	60.3	64.3	62.5	60.4
Unemployment Rate (%)	4.58	3.82	3.43	3.30	3.20
Brent Crude Oil (Avg), USD per barrel	71.5	102.0	82.2	79.9	78.0
Crude Palm Oil (Avg), MYR per tonne	4,486	5,262	3,813	4,194	4,300
USD/MYR (Avg)	4.14	4.40	4.56	4.56	4.56
USD/MYR (End-period)	4.17	4.35	4.59	4.47	4.23
MGS 10-Yr Yield (Avg)	3.23	4.07	3.86	3.83	3.68
MGS 10-Yr Yield (End-period)	3.59	4.04	3.73	3.84	3.60
Overnight Policy Rate (%)	1.75	2.75	3.00	3.00	3.00

Source: Macrobond, National Sources, MIDFR

JANUARY 2025 KEY ECONOMIC EVENTS

1 Jan: Gov't mulls importing rice from Pakistan to stabilise supply and prices The government is considering importing white rice from Pakistan to address ongoing issues with supply and pricing. National Action Council on Cost-of-Living Task Force chairman Datuk Syed Abu Hussin Hafiz Syed said the proposal, submitted to Padiberas Nasional Bhd, has the consent of PM Datuk Seri Anwar Ibrahim but has yet to be finalised.

2 Jan: CM: Penang LRT works, airport expansion to proceed simultaneously Infrastructure works for the Penang Light Rail Transit (LRT) Mutiara Line project and the expansion of the Penang International Airport (PIA) may be carried out simultaneously to minimise inconvenience to the public, according to Chief Minister Chow Kon Yeow.

5 Jan: KL-Singapore HSR revival faces uphill battle due to funding hurdles The Malaysian Cabinet is expected to discuss the future of the stalled Kuala Lumpur-Singapore High-Speed Rail project in the coming weeks, with funding constraints for the 350km line being the main challenge, according to industry experts. The government has maintained that the HSR project must be entirely funded by the private sector, prioritising efforts to reduce the government's debt, which exceeds RM1.24 trillion.

8 Jan: S'pore, Malaysia sign agreement on Johor-S'pore Special Economic Zone; 20,000 jobs to be created The new Johor-Singapore Special Economic Zone (JS-SEZ) in Malaysia is expected to create 20,000 skilled jobs for people on both sides of the Causeway. The zone for business and investment, covering the Iskandar Development Region and Pengerang, also aims to support the expansion of 50 projects in the first five years, and a cumulative 100 projects in its first decade.

9 Jan: 13th Malaysia Plan to focus on education, talent development, says Rafizi The 13th Malaysia Plan will place greater emphasis on talent development, says Rafizi Ramli. The Economy Minister said the focus will be on education, upskilling and skills, noting how Malaysia Plans are usually seen and synonymous with economic plans.

9 Jan: Targeted diesel subsidy to generate govt savings of up to RM7.5b per year - Amir Hamzah The implementation of diesel subsidy rationalisation is expected to provide annual savings of between RM7.2 billion and RM7.5 billion, up from the RM4 billion in savings projected last year, said Finance Minister II Datuk Seri Amir Hamzah Azizan.

13 Jan: U.S. tightens its grip on AI chip flows across the globe U.S. said it would further restrict AI chip and tech exports, divvying up the world to keep advanced computing power in the U.S. and among its allies while finding more ways to block China's access. The new regulations will cap the number of AI chips that can be exported to most countries and allow unlimited access to U.S. AI tech for America's closest allies, while also maintaining a block on exports to China, Russia, Iran and North Korea.

15 Jan: China's central bank pumps near-historic level of cash into financial system China's central bank pumped a near-historic amount of short-term funds into its financial system on Wednesday. The People's Bank of China (PBOC) injected a net 958.4 billion yuan (US$131 billion or RM588.8 billion) of cash via seven-day reverse repurchase agreements in daily open market operations, the second highest on record in data compiled by Bloomberg going back to 2004.

16 Jan: Govt to consider opening foreign worker applications for oil palm sector - Home Minister. The government is open to considering applications for foreign workers, specifically for the oil palm plantation sector, Home Minister Datuk Seri Saifuddin Nasution Ismail said. He said although the government had imposed a freeze on foreign worker recruitment since last year, it had received requests from the Ministry of Plantation and Commodities to hire foreign workers due to a shortage of labour in the sector.

19 Jan: Malaysia attracts potential investments of RM11b, RM500m potential exports to UK Malaysia can generate potential investments of RM11 billion and potential exports of RM500 million, following Prime Minister Datuk Seri Anwar Ibrahim's official visit to the United Kingdom (UK). "The potential investments involve the renewable energy, digital economy, automotive, banking, real estate and petrochemical sectors.

21 Jan: Over RM93mil approved for slope repairs across Peninsular Malaysia. The Works Ministry has received an allocation of RM93.374mil this year to carry out slope management works across Peninsular Malaysia. Works Minister Datuk Seri Alexander Nanta Linggi said that RM59.885mil had been set aside for new slope repair works at 50 locations. He added that his ministry has received over 500 official requests for slope repair, and 50 locations have been identified and approved for repair works.

25 Jan: Moody's Reaffirms Malaysia's A3 Credit Ratings, To Be Fastest Growing A-rated Economy In Next 2 Years. Moody's Ratings has reaffirmed Malaysia's sovereign credit ratings at "A3" with a "Stable" outlook. Commenting on the latest ratings report, the Ministry of Finance said the score reflects the consistent efforts undertaken by the Government to sustain economic growth, as well as staying the course in its fiscal reforms despite the uncertainties reshaping global economy and geopolitical fragmentation.

28 Jan: 7,964 Bangladeshi workers selected for first phase of entry to Malaysia. A total of 7,964 Bangladeshi workers, out of approximately 18,000 whose migration to Malaysia had been left hanging in the balance, have been selected for entry into the Southeast Asian nation initially, United News of Bangladesh (UNB) reported. The Bangladesh Ministry of Foreign Affairs confirmed the update during its weekly media briefing on Monday.

29 Jan: Fed leaves rates unchanged, sees no hurry to cut again. The U.S. central bank held interest rates steady on Wednesday and Federal Reserve Chair Jerome Powell said there would be no rush to cut them again until inflation and jobs data made it appropriate. The decision and Powell's comments put Fed policy in a holding pattern at a time when the U.S. economic landscape seems both stable and wildly uncertain - with coming decisions from the Trump administration on immigration, tariffs, taxes and other areas that could prove disruptive.

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD.

The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.