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RINGGIT DIPPED BY 0.1% M-O-M AMID CAUTIOUS MARKET SENTIMENTS

- **US Dollar was dragged by Trump's aggressive trade rhetoric**
- **Euro closed higher on Germany's election results**
- **Australian Dollar slipped as the Reserve Bank of Australia (RBA) initiated its long- awaited policy easing cycle**
- **Japanese Yen jumped as economic and price conditions outpaced estimates**
- **Chinese Yuan depreciated as markets await outlook and insights from China's annual 'two sessions'**
- **The Ringgit depreciated despite positive domestic economic developments**

Table 1: Selected Currencies Overview

	Dec-24	Jan-25	Feb-25	MoM	YTD
DXY Index	108.49	108.37	107.61	-0.7%	-0.8%
EURUSD	1.0354	1.0362	1.0375	0.1%	0.2%
AUDUSD	0.6188	0.6218	0.6209	-0.1%	0.3%
USDJPY	157.20	155.19	150.63	3.0%	4.4%
USDCNY	7.2993	7.2446	7.2784	-0.5%	0.3%
USDMYR	4.4722	4.4602	4.4625	-0.1%	0.2%

Sources: Bank Negara Malaysia (BNM), Bloomberg, Bank Islam

- **The foreign exchange market had largely been shaped by Trump's trade policies as market participants embrace a wait and see approach.** Global currency markets endured a turbulent month as U.S. President Donald Trump began rolling out his trade policy agenda, triggering swift pledges of retaliation from affected trade partners. His measures ranged from pinpointed levies on specific nations to broad-based tariffs targeting key industries such as autos, semiconductors, and pharmaceuticals. The resulting tit-for-tat responses fueled fears of disrupted supply chains and rising input costs for producers worldwide. Despite growing concerns over inflationary pressures - conditions that would typically justify tighter monetary policy for longer - investors largely adopted a risk-off stance, seeking refuge in safe-haven assets. Interestingly, the U.S. dollar did not fully capitalize on this flight to safety. The Dollar Index (DXY) slipped by 0.7% m-o-m, even as markets braced for a potentially more hawkish Federal Reserve approach to its Federal Funds Rate (FFR) easing cycle. This unexpected weakness in the greenback hinted at a complex interplay of forces, including skepticism over the Fed's tightening capacity amid trade-induced economic uncertainty and potential capital shifts into alternative assets.

- Malaysia's Ringgit displayed a resilient performance throughout February as it appreciated on a weekly basis against the USD for three consecutive weeks. Nevertheless, the local note slipped on a monthly basis as the cautious trading dominated currency markets. Furthermore, the DXY index saw a last-minute jump to return above the 107-level on February 28 as markets digested the release of US' Core Personal Consumption Expenditure (PCE) price index figure (Jan: 0.3% m-o-m, Dec: 0.2% m-o-m).

U.S. Dollar Slipped From Multi-Year High As Trump's Trade Policies Sparked Widespread Concerns

- Previously, in the days leading up to Trump's inauguration on January 20, the dollar's bullish momentum drove it to the highest level since November 2022 as many investors eagerly await the U.S. protectionism policies promised by Trump. However, the greenback started to slip, depreciating by 0.7% MoM in February, as Trump began unveiling his trade policies which heightened fears of mounting global trade frictions. Amid the looming deadline of the month-long pause granted to Mexico and Canada, Trump remarked that the tariffs will go ahead as planned while tacking on an additional 10% to the levies already imposed on Chinese imports. Throughout the month, he had also stated his plans of tariff moves on autos, semiconductors and pharmaceuticals as well as signing an order to investigate other nations' trade policies vis-à-vis the U.S., the initial step in his touted plans of implementing sweeping reciprocal tariffs on these. In latest news, he told reporters that he is eyeing 25% tariffs on imports from the European Union, causing the bloc's leaders to push back with threats of firm countermeasures. The barrage of developments on the global trade front had weighed heavy on investor sentiments as they cautioned off towards other safe haven assets, spurring gold price to mark a fresh high of USD2,951.73 on February 24.

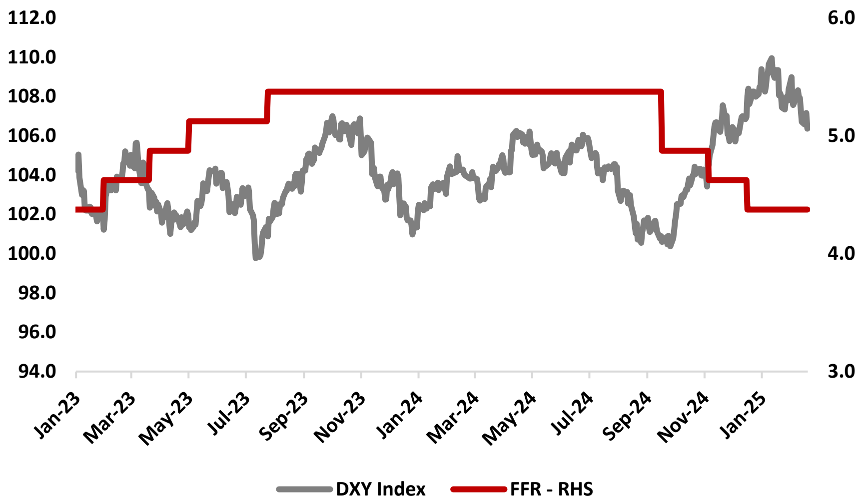
- Such trade concerns had overshadowed the more hawkish Fed policymakers and the recent bumps in the U.S.' disinflation trend, as seen in both headline and core CPI. In the Federal Open Market Committee (FOMC) minutes, the Fed noted that the policy rate may be held at the restrictive rate should inflation remained elevated while highlighting the upside risks to inflation, stemming from trade policies and stronger-than-expected household spending. As the calendar month ends, the dollar saw a last-minute rise above the 107-level, albeit not enough to reverse its losses, as the Core PCE price index – the Fed's preferred gauge of inflation – displayed an uptick of 0.3% m-o-m in January (December: 0.2%). The faster pace of core inflation was accompanied by personal income outpacing estimates to soar to a twelve-month high of 0.9% m-o-m (Est: 0.3%, Dec: 0.4%), expectations of a 0.1% gain (Jan: -0.2% m-o-m, Dec: 0.8% m-o-m), solidifying the case for FFR to stay elevated for longer. The Dollar also lost ground on a YTD basis, declining by 0.8% from 108.49 to 107.61.

- February came and went with only the previously announced tariffs on China taking effect, while markets braced for further trade developments. Despite President Trump reaffirming that tariffs on Canada and Mexico would proceed as scheduled on March 4 - and even threatening an additional 10% blanket tariff on China - the USD struggled to reclaim its earlier highs. This suggests that markets had already priced in much of the trade rhetoric, while lingering uncertainty over Trump's broader policy direction continues to inject volatility into global markets. Meanwhile, the Federal Reserve appears to be shifting toward a less dovish stance, potentially delaying rate cuts as U.S. economic growth and inflation remain resilient, even though some recent data points to emerging signs of softness. Against this backdrop of shifting monetary policy and unpredictability in trade tariffs, U.S. Treasury (UST) yields have fluctuated, and FX markets have responded with heightened volatility.

- Looking ahead, we expect the USD to remain elevated as markets continue to factor in Trump's evolving policies on trade, tariffs, taxation, deregulation, and immigration. Given the upside risks to U.S. growth and inflation under "Trump 2.0", we maintain our forecast for total Fed rate cuts of -50bps in 2025, bringing the

Fed Funds Rate (FFR) to 3.75%-4.00% by year-end. The trajectory of the USD in March will largely hinge on three key factors: (1) the timing and magnitude of Fed rate cuts, (2) the strength and momentum of global growth outside the U.S., and (3) external risks such as the severity of trade tariffs, geopolitical uncertainties, and global central bank actions. With markets on edge, the interplay of these forces will dictate whether the dollar's strength persists or falters in the coming months.

Chart 1: USD Index (DXY) vs. Federal Funds Rate (FFR), %



Sources: Federal Reserve Board, Bloomberg, Bank Islam

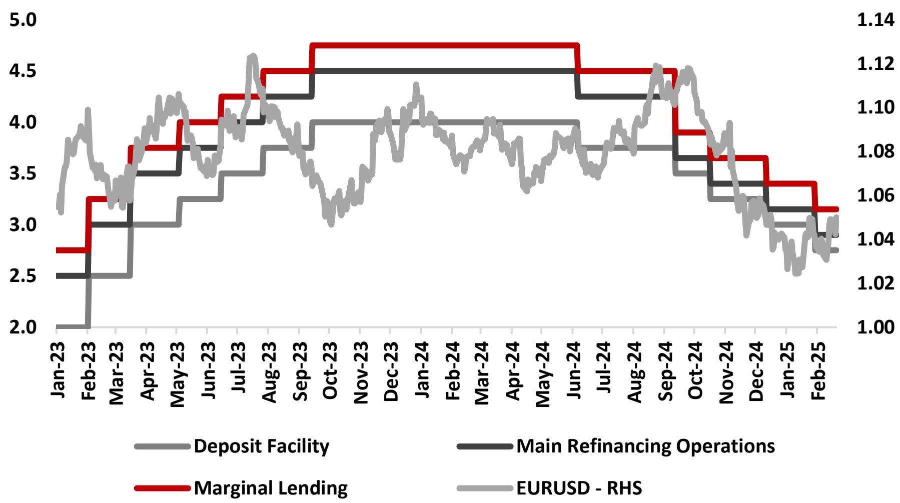
EURUSD Appreciated By 0.1% Despite Markets Fully Pricing In Another Rate Cut In The European Central Bank (ECB)'S March Meeting

- The EUR had started the month on a solid footing as inflation figures outpaced expectations on the back of delayed wage and price adjustments, with the headline inflation accelerating by 2.5% in January (Est: 2.4%) while core inflation remained steady at 2.7% for five straight months, beating estimates of a slowdown to 2.6%. Such figures had pared back market expectations of the European Central Bank's (ECB) rate cut. This is in addition to the increasingly uncertain inflation and global trade outlook, as cautioned by ECB President Lagarde. Previously, Trump's levies on all steel and aluminium imports had hit the region's exports significantly. Adding to the cautionary mode, Trump recently told reporters that he planned on imposing 25% tariffs on European exports. However, markets rallied behind a cut in the ECB's March meeting again amid President Lagarde's dovish signals where she remarked that the disinflation trend is seen converging sustainably towards the ECB's target, exerting some pressure on the EUR. Nevertheless, it appreciated again when the economy has shown to be more resilient than anticipated, with GDP increasing by 0.1% q-o-q in 4Q2024 against expectations of a stagnation, while employment for the region expanded for the fifteenth consecutive quarter. Consumer spending also remained solid with retail sales expanding by 1.9% in December, upwards from 1.6% in November. The EUR also gained a last boost resulting from the German national election where the conservative alliance of Christian Democratic Union (CDU) and Christian Social Union (CSU) emerged victorious increasing markets' confidence in a more politically stable environment in the largest economy of the bloc. On a YTD basis, the Euro rose by 0.2% against the USD.

- Several challenges are expected to weigh on the EUR in the near term, (1) Political uncertainty in Germany and France – while Germany's CDU/CSU secured the most seats in the February 23 snap elections, coalition negotiations remain unresolved, prolonging political uncertainty. Until a coalition is officially formed, investor sentiment around the EUR is likely to remain cautious. In France, Prime Minister François Bayrou faces similar struggles, as deep divisions within the French parliament complicate governance and economic policymaking. The prolonged political gridlock in two of the Eurozone's largest economies adds to market jitters; (2) Sluggish Eurozone growth – economic recovery in the Eurozone has been underwhelming, with 2024 growth failing to meet expectations. A key drag remains Germany's persistently weak economic performance, weighed down by tepid industrial output, weak domestic demand, and ongoing structural challenges. With the Eurozone's largest economy struggling to regain momentum, broader regional growth prospects appear dim, further dampening support for the EUR and (3) Potential fallout from Trump's trade policies – the risk of new U.S. trade measures under a Trump administration, particularly targeting European exports like automobiles, casts a shadow over the region's export-driven economies. Germany, in particular, remains highly vulnerable given its reliance on auto exports, while broader uncertainty around transatlantic trade could further pressure the EUR.

- With these headwinds in play - ranging from political instability to economic stagnation and trade policy risks - the EUR is likely to face continued downside pressure, at least in the near term. Markets will be closely watching coalition developments in Germany and France, incoming economic data, and the next moves from Washington on trade policy for further direction.

Chart 2: EURUSD vs. Key Interest Rates, %



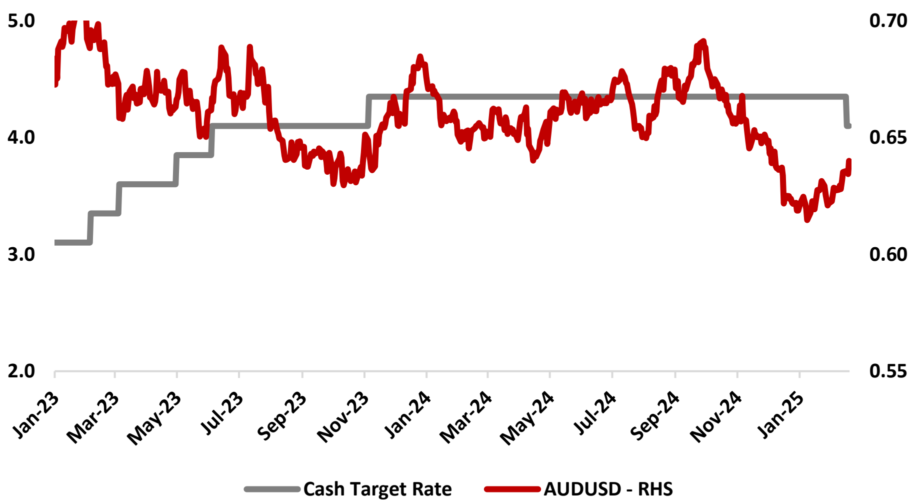
Sources: European Central Bank (ECB), Bloomberg, Bank Islam

AUDUSD Dipped As The Reserve Bank Of Australia (RBA) Initiated Its Rate Cut Cycle

- The Australian Dollar (AUD) slipped by 0.1% m-o-m in February as the RBA finally delivered its widely anticipated 25bp rate cut, bringing its cash rate down to 4.1% from 4.35%. The AUD kicked off the month on solid footing before rising further as markets rear up on rate cut bets, fuelled by slowing price pressures on the producer's front as the Producer Price Index (PPI) for 4Q24 (3.7% y-o-y, 3Q24: 3.9% y-o-y) marked the slowest rise since 2021. Furthermore, retail sales had contracted for the first time in nine months by 0.1% m-o-m in December 2024 as the tighter financial conditions dragged household spending. As expected, the central bank delivered the 25bp cut, citing faster than expected subsiding inflation, easing wage pressures and subdued private demand as key considerations in the matter. Of note, Australia's core inflation rose by 3.2% y-o-y in 4Q24 (3Q24: 3.5%), the lowest level since 4Q21. However, RBA Governor Michele Bullock firmly cautioned against being too confident on expectations of more cuts in the coming meetings, echoing the central bank's hawkish view of being cautious in further policy easing. This is due to a more uncertain inflation outlook amid geopolitical conflicts and the turbulent global trade environment. The AUD also slid towards the end of the month on expectations of further easing following an uptick in the unemployment rate (Jan: 4.1%, Dec: 4.0%) which caused concerns on the demand front – as noted by the central bank in its policy decision statement where it highlighted slower than expected rebound in private domestic demand and uncertainty over its sustainability. Additionally, Australia's wage price index grew at the slowest pace since 1Q2022 (4Q24: 0.7% q-o-q, 3Q24: 0.9% q-o-q) which would cinch consumer spending further. On a YTD basis, the AUD rose by 0.3% against the USD.

- The risk-sensitive AUD is vulnerable to further weakness as escalating tariff-related developments dampen market sentiment. With the potential for fresh U.S. trade measures to weigh on China's economic growth, Australia's key export commodities - particularly iron ore and copper - face downside risks. Any slowdown in Chinese demand would have direct repercussions on Australia's terms of trade, adding pressure on the AUD. Domestically, the RBA provided strong support for the currency throughout 2024 by maintaining a hawkish stance, even as major central banks like the RBNZ, ECB, and Fed moved ahead with easing cycles. However, the RBA has now initiated rate cuts, though it continues to signal caution, emphasizing that further easing is far from guaranteed. Going forward, the AUD is likely to face more sustained downward pressure, particularly as cracks in the labor market become more evident. A slowdown in job growth or a rise in unemployment could further dampen expectations for RBA policy divergence, eroding one of the key supports for the currency. With external headwinds from trade and commodities compounding domestic uncertainties, the AUD may struggle to find meaningful upside momentum in the near term.

Chart 3: AUDUSD vs. Cash Target Rate, %



Sources: Reserve Bank of Australia (RBA), Bloomberg, Bank Islam

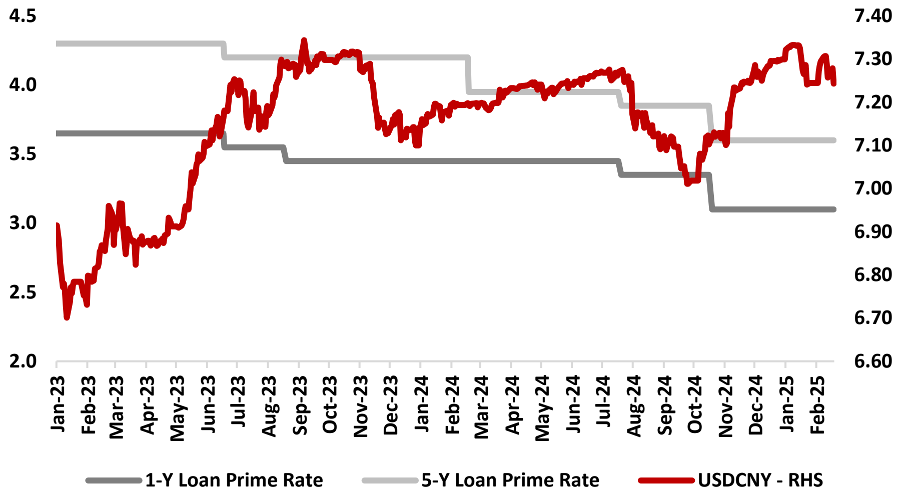
The Chinese Yuan Depreciated By 0.5% m-o-m Against The USD Despite The Greenback's Weakness

- Contrary to the inverse trend of Yuan (CNY) gaining grounds as the USD weakens, it seemed that the heightening trade war between U.S. and China had drove investors away from the markets. Amidst Trump's first round of trade policies take off, a 10% tariff was imposed on all imports from China with another 10% scheduled to be added on March 4, as Trump announced to reporters. Subsequently, Chinese leaders had come forward to threaten countermeasures against those moves and thus far, China had announced levies on selected US goods while implementing export controls on metals such as tungsten, indium and other precious metals. Moving forward, markets are tuning in for China's annual 'two sessions' which will offer more insights on the nation's economic outlook, government policies to support growth and most awaited for, insights on retaliatory trade policies against the U.S. Furthermore, the CNY had depreciated as the People's Bank of China (PBoC) raised its injections of short-term funds into the financial system in an attempt to ease the cash crunch in the bond market. Such developments had offset the gains stemming from several catalysts, one of which are market bets of the PBoC holding interest rates steady amid hotter than expected inflation and the optimism surrounding China's economic growth. Of note, inflation grew at a faster pace of 0.5% in January from 0.1% in December, surpassing the estimates of 0.4% amid robust festive spending and the government's stimulus measures. While markets edged towards a longer pause until 2Q2025, it was solidified by the release of PBoC's quarterly monetary policy report where it acknowledged external factors weighing on the CNY, necessitating defensive moves on the central bank's end. Additionally, China's equity market was also on a roll, climbing higher on upbeat sentiments following President Xi Jinping's conversation with corporate leaders which signalled improving relations between the government and the private sector, as well as DeepSeek's breakthrough in Artificial Intelligence (AI), driving the tech stock rally and CNY's appreciation. Nevertheless, the central bank's hand was forced to ease liquidity towards the latter half of the month, causing the CNY to slip. However, the CNY still ended on a positive note on a YTD basis, appreciating by 0.3% against the USD.

- The trajectory of USDCNY will largely hinge on how President Trump approaches trade negotiations with China. If tensions escalate and broader tariffs are imposed, China's economy could come under renewed pressure, potentially driving USDCNY higher due to capital outflows and weaker investor confidence. Conversely, a more measured approach to negotiations could provide some stability, though uncertainty is likely to persist. Markets will also closely watch China's "Two Sessions" in March, where fresh fiscal stimulus is widely anticipated. However, given the unpredictable global landscape, a large-scale stimulus package - or a "bazooka" response - seems unlikely. Instead, policymakers are expected to adopt a measured approach, keeping some policy tools in reserve to counter potential future shocks.

- Recent data emerging from Japan points to a robust economy and flaring price pressures, invigorating market expectations of further rate hikes by the Bank of Japan (BoJ). In its January meeting, the BoJ had raised its key interest rate by 25bp to 0.5%, the highest level in 17 years.

Chart 4: USDCNY vs. Loan Prime Rates (LPR), % %



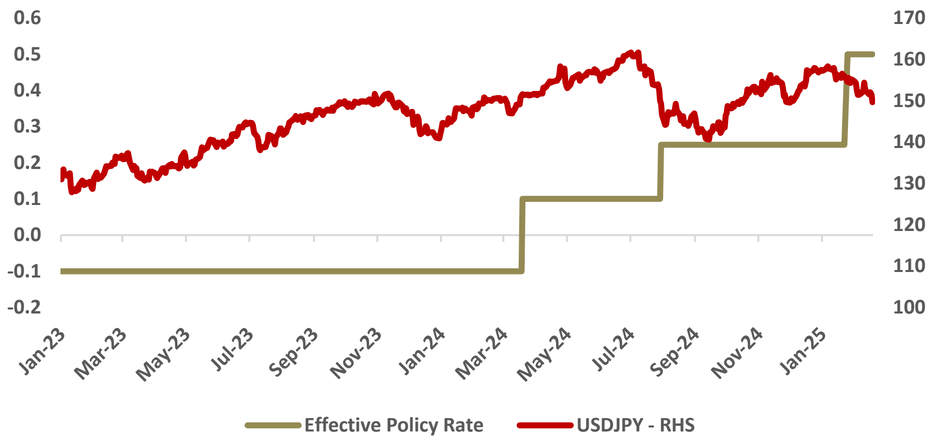
Sources: People's Bank of China (PBoC) Bloomberg, Bank Islam

The Japanese Yen Climbed By 3.0% m-o-m Against The USD As The Japanese Economy Propelled Ahead

- Recent data emerging from Japan points to a robust economy and flaring price pressures, invigorating market expectations of further rate hikes by the Bank of Japan (BoJ). In its January meeting, the BoJ had raised its key interest rate by 25bp to 0.5%, the highest level in 17 years. In the summary of opinions for the aforementioned meeting, the central bank cited its decision stemmed from underlying inflation steadily rising towards its target of 2% while risks to inflation are currently skewed to the upside. On the latter, it is apparent to be the case as the job market conditions improve, spurring on consumer spending, as well as prices on the factory front increasing. Of note, nominal wages rose significantly by 4.8% y-o-y in December (Nov: +3.9% y-o-y), outpacing market estimates of 3.8%. The surge, attributable to winter bonuses, underpinned the acceleration of household spending to 2.7% y-o-y (+2.3% m-o-m) in the same month, marking the fastest pace since August 2022. Furthermore, Japan's PPI also rose faster than expected by 4.2% y-o-y (Est: 4.0%) in January from 3.9% y-o-y in December, with these upward price pressures putting some strain on the producers' costs. This would gradually be passed into hotter price pressures on the consumers' end with the signs already emerging in January as the headline inflation breached the highest level in two years (Jan: 4.0%, Dec: 3.6%) while core inflation rose above expectations at 3.2% (Est: 3.1%, Dec: 3.0%). Additionally, Japan's economy remained robust as it expanded by 0.7% q-o-q in 4Q2024 (3Q24: 0.4% q-o-q), surpassing anticipations of a 0.3% growth, underpinned by strong business investment, solid government spending and resilient private consumption. Such promising data had further solidified the case for a more hawkish BoJ, driving the JPY's appreciation as it became more attractive to investors compared to the weakening USD. On a YTD basis, the JPY surged by 4.4% against the USD.

- We expect the BOJ to deliver two rate hikes in 2025, each at 25bps, bringing the policy rate to 1.00% by year-end. This outlook is supported by stronger economic data, persistently firm inflation, and robust wage growth, which reinforce the case for continued monetary tightening. As a result, Japanese Government Bond (JGB) yields should continue rising, tracking the BOJ's policy adjustments. At the same time, U.S. Treasury (UST) yields are expected to gradually decline, reflecting softening U.S. economic data and growing concerns over trade-related disruptions stemming from tariff threats. This dynamic would lead to a narrowing U.S.-Japan yield differential, reinforcing a medium-term downtrend in USDJPY as capital flows become more favorable for the yen. In the near term, USDJPY may see periods of limited rebounds, driven by temporary bouts of risk aversion or shifts in global yield expectations. That said, barring any major surprises, the broader trend remains in favor of a stronger JPY as Japan's monetary tightening gains traction and U.S. growth risks mount.

Chart 5: USDJPY vs. Effective Policy Rate, %



Sources: Bank of Japan (BoJ), Bloomberg, Bank Islam

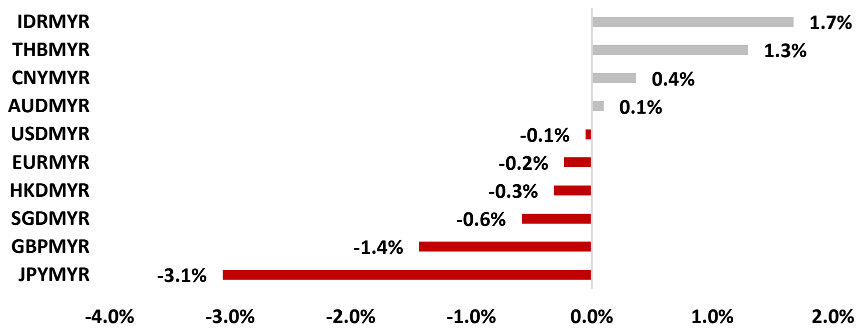
The Ringgit Depreciated By 0.1% Against The USD Despite Positive Domestic Economic Developments

- Ringgit's performance throughout the month was supported by a weaker greenback as the USD index slipped below its recent highs, leading the local note to close higher for three consecutive weeks. Furthermore, Malaysia's strong economic fundamentals were also in play amid the release of Malaysia's 4Q2024 GDP figures where the economy expanded by 5.0% (3Q24: +5.4%). Delving into the drivers of growth, private consumption (4Q24: +4.9%, 3Q24: +4.8%) remained robust while both public and private investments surged significantly, marking the highest annual investment growth since 2012 (2024: +12.0% y-o-y, 2023: +5.5% y-o-y). Such strong investment momentum had casted a rosy light on Malaysia's construction sector as it accelerated at the fastest pace since 2Q2021 at 20.7% y-o-y in 4Q2024. The catalysts for the expansion, namely the rapid progress on multi-year infrastructure development, launch of the Public-Private Partnership Masterplan (PIKAS) 2030 and sustained investment upcycle, are expected to be key themes in further supporting its growth in 2025. On the labour market front, the Labour Force Participation Rate (LFPR) recorded a fresh high of 70.6% in December (Nov: 70.5%) while the unemployment rate reached the lowest level since May 2015 at 3.1% (Nov: 3.2%). Meanwhile, inflation was favourably moderate at 1.7% y-o-y in January unchanged from December. However, core inflation edged higher to 1.8% y-o-y, up from 1.6% y-o-y in December. Coupled with the tight job market, the steady inflation fosters a favourable environment to support household spending.

- Nevertheless, the Ringgit slid towards the end of the month on cautious trading as the rocky external trade environment weighs heavy on sentiments whilst the hawkish expectations of 'higher for longer' Fed's policy rate dimmed the glow of the local note as the interest rate differentials remains favourable to the greenback. Another red mark for the books was the fifth month of continuous net outflow of foreign funds from the local equity market, with foreign investors shedding RM2.2bn worth of equities in February. On a positive note, foreign funds into the local bond market rebounded into positive territory, recording a net inflow of RM1.2bn in January. On a YTD basis, the Ringgit had appreciated by 0.2% against the USD.

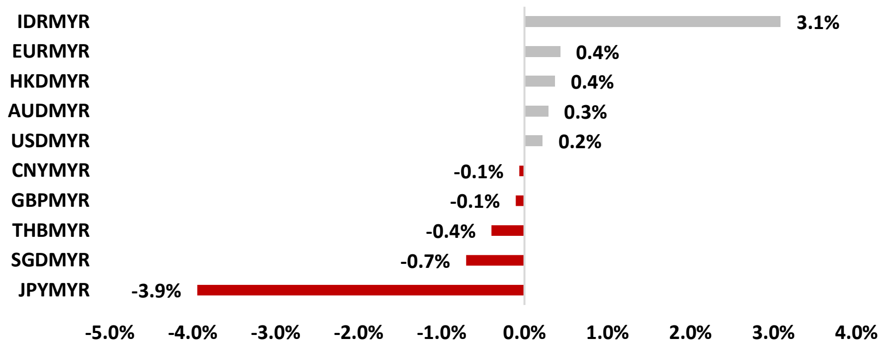
- The MYR remained largely unchanged since January 2024, hovering around 4.45 against the USD as of end-February. Over the past one to two months, we have observed fluctuations in risk sentiment, primarily driven by U.S. trade policy developments. However, the broader USD has remained relatively strong, underpinned by continued U.S. economic outperformance, which has fueled concerns that the Fed's easing cycle could be delayed. Given these factors, we remain cautious on the MYR outlook. The Trump administration's policy direction remains a key wildcard, with potential implications stemming from U.S.-China trade tensions, shifts in U.S. growth expectations, and potential adjustments to the Fed's rate path. Additionally, broader geopolitical risks could further contribute to FX volatility. Looking ahead, volatility in the MYR is likely to persist in the coming months, driven by evolving developments on Trump's trade policies and Federal Reserve decisions. However, as more clarity emerges on both fronts, we anticipate that investor confidence could gradually improve, paving the way for a potential recovery in the MYR over time.

Chart 6: MYR Against Regional Currencies, m-o-m% (as of 28 February 2025)



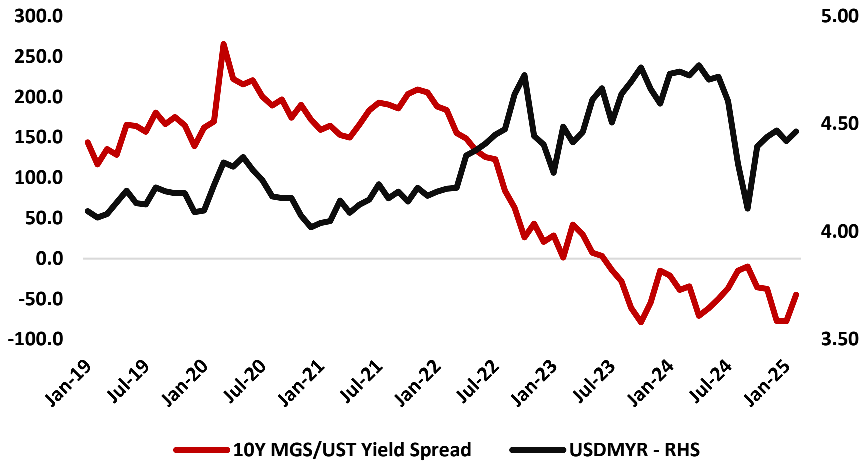
Sources: Bank Negara Malaysia (BNM), Bloomberg, Bank Islam

Chart 7: MYR Against Regional Currencies, YTD% (as of 28 February 2025)



Sources: BNM, Bloomberg, Bank Islam

Chart 8: MYR vs. 10Y MGS/UST Yield Spread



Sources: BNM, Bloomberg, Bank Islam

Technical View

Chart 9: Daily Time Frame – DXY Index

Sources: Tradingview, Bank Islam

- Daily price is following an overall uptrend structure since Sep-24, forming higher highs & lows. Price rejected to the upside at key area of interest, moving within the falling wedge pattern at key support. This can indicate a potential reversal and breakout from the wedge formation. Next immediate resistance at 108.50. While key support range at 106.5 - 105.4. Potential upside bias after recent push to the up.

Chart 10: Weekly Time Frame – DXY Index

Sources: Tradingview, Bank Islam

- A clear breakout from long term consolidation formation. After 2-months of downtrend movement, price is back at the previous resistance turn support area. Indicators remained healthy for bullish continuation. Key support at 106.5 – 105.4, while previous peak in Jan will serve as next resistance level.

Chart 11: Daily Time Frame – USDMYR

Sources: Tradingview, Bank Islam

- A clear bullish formation in place for a potential continuation to the up. Price is testing the key neckline area for a confirmation breakout to form fresh higher highs and higher lows. Immediate resistance zone at 4.48 – 4.51 (Next: 4.59). Our view is supported by healthy rising MAC. Support at 4.40

Outlook

- Moving forward, we expect trade talks to remain at the forefront as several tariffs highlighted by Trump will go into effect starting in March while more reciprocal tariffs will be announced as scheduled in April. These are uncertain times and market movements are reflective of the widespread cautious mode. Should Trump see through these policies, the trade war will truly be underway, and global markets have to brace for the retaliatory tariffs from the affected trade partners, causing massive supply chain disruptions and sparking hotter underlying price pressures. Backed by this landscape, the central banks' fight against taming inflation is more complicated, necessitating the restrictive rates to be maintained for longer. In the US, signs of stalling disinflation have emerged, prompting the Fed to omit previous language suggesting sustainable progress towards the Fed's 2% inflation target, while the job market remains healthy. Fed Chair Powell also held a hawkish stance in his congressional testimony to reiterate that the Fed is in no hurry to cut rates. Nevertheless, incoming data will also deal a hand in market bets as seen with the core PCE release where markets have since repriced their bets. As such, all eyes will be on the lookout for the Fed's March meeting for further hints on its policy path. Meanwhile, US' major trading partners would also be under scrutiny throughout the period of rocky trade environment, placing the respective currencies under pressure. We foresee the Euro's movement to be steered by ECB's policy decision meeting on March 6 in which markets have fully priced in another 25bp rate cut, as there has yet to be concrete tariff moves on the Eurozone. On the other hand, the Japanese Yen is on track for a bullish rise as the healthy domestic economy and hotter inflation data has markets ramping up their bets of BoJ rate hikes. On the domestic front, we expect BNM to hold its overnight policy rate (OPR) steady at 3.00% for the rest of 2025. While the interest rate differentials are still siding with the US Dollar, the Fed's policy easing could still turn the tides in favour of Ringgit. Malaysia's strong economic fundamentals, solid rebound in external demand as well as sustained investment momentum remains key supports to the local note.