LI Signals Moderate but Steady Growth Momentum in the Near Term

Monthly Economic Review
July 2026



Author
MBSB Research
research@mbsb.com

Economic Review

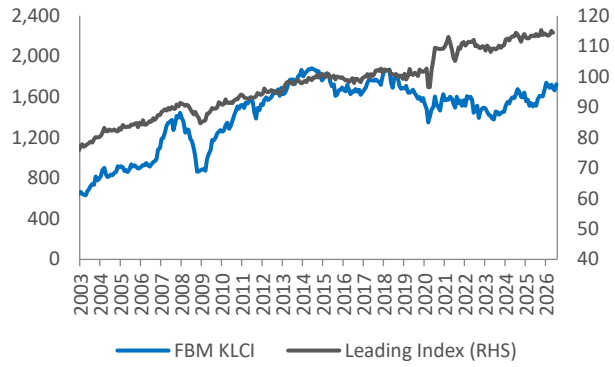
- Malaysia's growth momentum is expected to moderate but will remain steady in the latter part of the year. Malaysia's Leading Index (LI) fell by -0.5%mom, marking its first monthly contraction in three months and the sharpest decline since Jan-26; reversing a downwardly revised +1.1%mom expansion in Apr-26. As a result, the annual growth for LI moderated to +0.8%yoy (Apr-26: +1.3%yoy).
- Based on the advance estimate, Malaysia's GDP grew stronger than expected at +5.8%yoy in 2QCY26, accelerating from +5.4%yoy in 1QCY26. Growth picked up across most major sectors compared to the first quarter of 2026, except for the agriculture industry, which contracted by -3.7%yoy (1QCY26: +2.6%yoy), and services, which eased marginally.
- Malaysia's total trade maintained double-digit expansion in Jun-26, growing faster by +44.7%yoy (May-26: +29.8%yoy) and expanding for the 10th straight month. Export growth accelerated to +45.3%yoy (May-26: +44.7%yoy), the fastest growth since Aug-22. Import growth also accelerated sharply to +43.9%yoy (May-26: +14.1%yoy), the fastest growth since Feb-22.
- We are putting our 2026 GDP growth forecast under review following the stronger-than-expected GDP growth performance in 2QCY26, which accelerated to +5.8%yoy (1QCY26: +5.4%yoy). Given the robust export performance and sustained rise in domestic spending, we foresee Malaysia's economy could potentially record another year of above +5.0% growth. Nevertheless, we remain cautious that growth outlook may be constrained by downside risks such as prolonged supply disruptions amid geopolitical tensions, risk of weaker demand, and tighter trade rules particularly on shipments to the US.

Leading index indicated moderate growth in the latter part of the year

Malaysia's Leading Index (LI) fell by -0.5%mom, marking its first monthly contraction in three months and the sharpest decline since Jan-26; reversing a downwardly revised +1.1%mom expansion in Apr-26. As a result, the annual growth for LI moderated to +0.8%yoy (Apr-26: +1.3%yoy). The monthly pullback was primarily dragged down by contractions in real imports of basic precious and non-ferrous metals (-0.6%mom), approved housing units (-0.2%mom), and new company registrations (-0.4%mom). These drags offset positive gains in real imports of semiconductors (+0.2%mom), the Bursa Malaysia Industrial Index (+0.1%mom), real M1 money supply (+0.2%mom), and expected sales value in manufacturing (+0.2%mom).

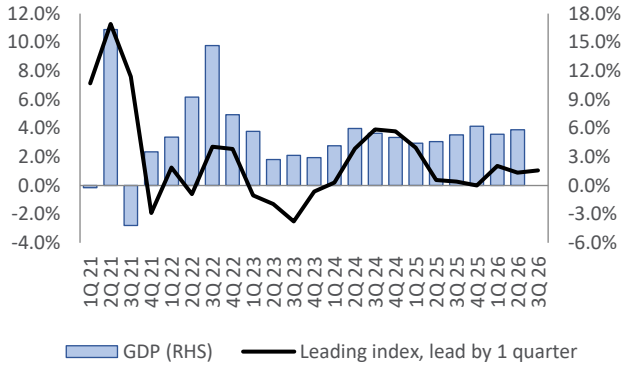
Similarly, the Coincident Index (CI) slipped -0.3%mom to 131.20, reversing +0.9%mom gain in Apr-26. The decline in May-26 was largely attributable to lower utilisation rate in the manufacturing sector amid ongoing global uncertainties. On the year-on-year perspective, the CI continued to increase at +2.5%yoy, albeit easing slightly from +2.6%yoy in Apr-26. The sustained rise in CI was driven almost all components (such as real EPF contribution, volume of retail trade and industrial production) except capacity utilisation in the manufacturing sector.

Chart 1: Leading Index vs KLCI (Points)



Source: Macrobond, MBSBR

Chart 2: Leading Index vs GDP (YoY%)



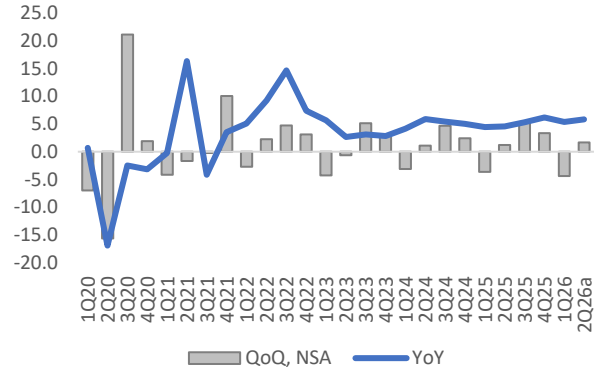
Note: 2Q26 GDP growth refers to advance estimate
Source: Macrobond, MBSBR

Reviewing 2026 GDP growth projection, possible upward adjustment

Based on the advance estimate, Malaysia's GDP grew stronger than expected at +5.8%yoy in 2QCY26, accelerating from +5.4%yoy in 1QCY26. Growth picked up across most major sectors compared to the first quarter of 2026, except for the agriculture industry, which contracted by -3.7%yoy (1QCY26: +2.6%yoy), and services, which eased marginally. Notably, the continued expansion in the services and manufacturing sectors remained the key drivers, contributing +3.2ppt and +1.7ppt respectively, while the rebound in mining & quarrying added a further +0.5ppt to the 2Q GDP growth. Malaysia's GDP growth remained robust, sustained above +5.0% for the fourth consecutive quarter, bringing growth in 1HCY26 to +5.6% (2HCY25: +5.7%yoy; 1HCY25: +4.5%yoy).

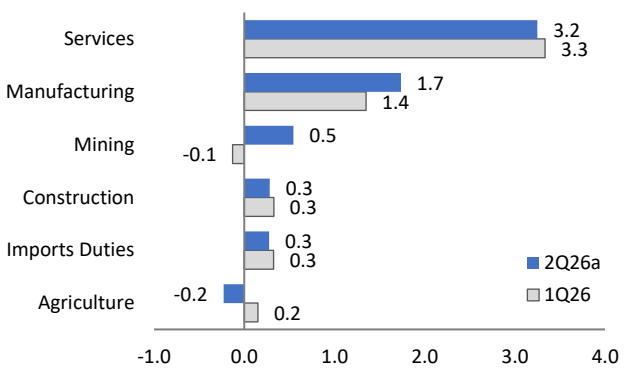
Malaysia's economic growth has been resilient in the first half of the year, expanding by +5.6% in 1HCY26. The stronger-than-expected 1H performance will likely result in an upward revision to our full-year 2026 GDP growth forecast, currently at +4.5% (2025: +5.2%). The upward revision will mainly reflect the strong growth in external trade and the still sustained rise in domestic economic activities.

Chart 3: Real GDP Growth (YoY% vs QoQ%)



Note: Quarter-on-quarter growth is not seasonally adjsuted
Source: Macrobond, MBSBR

Chart 4: Contribution to 2QCY26 GDP Growth by Major Sector (ppt)



Source: Macrobond, MBSBR

Resilient demand for tech products and petroleum to drive external trade

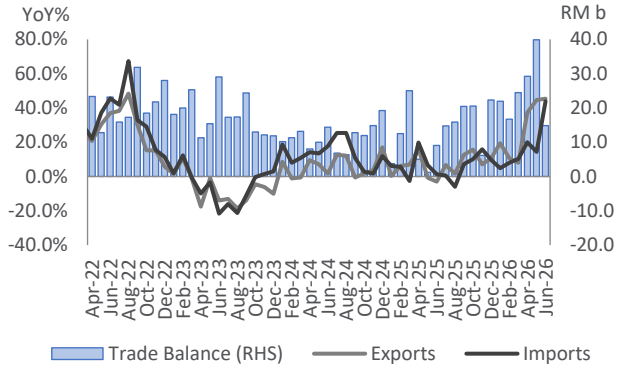
Malaysia's total trade maintained double-digit expansion in Jun-26, growing faster by +44.7%yoy (May-26: +29.8%yoy) and expanding for the 10th straight month. Export growth accelerated to +45.3%yoy (May-26: +44.7%yoy), the fastest growth since Aug-22. Import growth also accelerated sharply to +43.9%yoy (May-26: +14.1%yoy), the fastest growth since Feb-22.

Outbound shipments continued to be driven by E&E products, which contributed +25.3ppt, or more than half, of total export growth in Jun-26. Demand remained firm across major markets, led by the US, Singapore, China, Japan and Taiwan, particularly markets involved

and benefited from the increased demand for technology products. Other manufactured products (+178.7%yoy), crude petroleum (+11.24%yoy), petroleum products (+55.6%yoy), LNG (+83.3%yoy) and optical & scientific equipment (+42.7%yoy) also provided meaningful support.

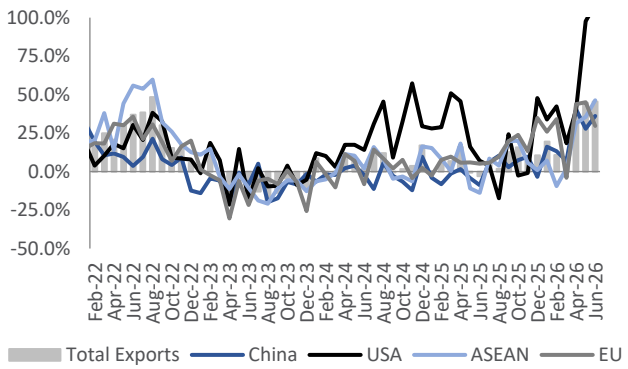
We foresee exports to grow robustly at +18.9% in 2026 (2025: +6.6%), driven mainly by stronger demand for technology products and higher demand for commodity-related products such as petroleum products and LNG. Nevertheless, exports continued to be exposed to downside risks such as supply disruptions, elevated costs and price pressures, potentially weaker demand, and risk of tighter trade rules (mainly by the US). We also upgraded our import growth forecast, projecting a stronger growth of +13% this year (2025: +6.0%) on the back of sustained rise in domestic economic activities.

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



Source: Macrobond, MBSBR

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



Source: Macrobond, MBSBR

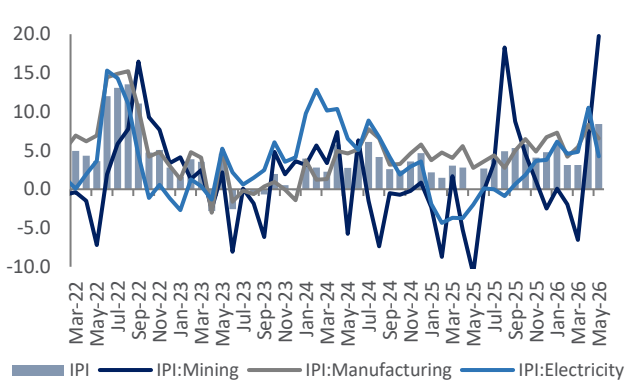
Malaysia's IPI growth edged higher to +8.4%yoy in May-26 (Apr-26: +8.2%yoy), marking the fastest growth since Sep-22. The sustained growth was mainly driven by surge in mining output, in addition to higher but more moderate growth in manufacturing and electricity.

IPI growth sustained above +8%yoy with surge in mining output

Manufacturing sales growth held up at +8.9%yoy in May-26 (Apr-26: +9.1%yoy), with the monthly value at RM172.7b, marginally below the record RM175.1b registered in Apr-26. The sustained growth, for the 29th straight month, was driven by robust double-digit growth in sales of E&E components.

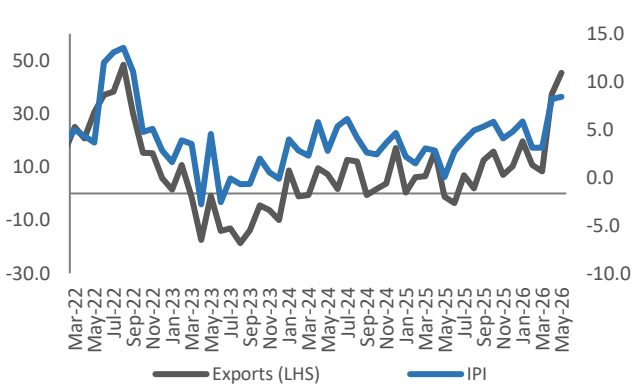
We maintain our forecast for IPI growth at +3.0% in 2026 (2025: +3.4%). Manufacturing output is expected to remain the main growth driver, supported by sustained demand for E&E products. Downside risks to production outlook include prolonged supply disruptions, elevated cost pressures, weaker final demand, renewed geopolitical tensions, and tightening of trade policies by major trading partners.

Chart 7: IPI Performances by Sector (YoY%)



Source: Macrobond, MBSBR

Chart 8: IPI vs Exports (YoY%)



Source: Macrobond, MBSBR

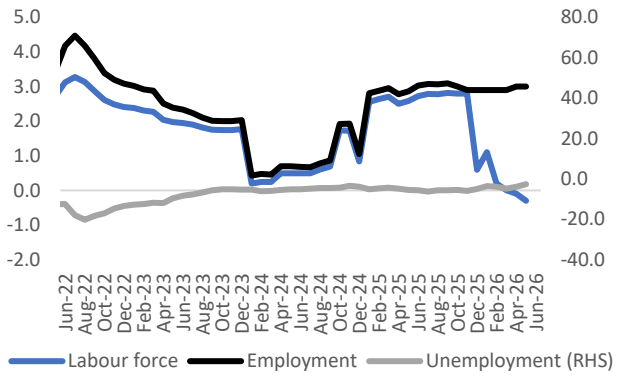
Malaysia's unemployment rate remained at 3.0%

Malaysia's labour market remained resilient as the unemployment rate remained at 3.0% in May-26. Employment softened further, registering a marginal decline of -0.2%yoy (Apr-26: +0.0%yoy). Meanwhile, labour force also contracted at a slightly faster pace of -0.3%yoy (Apr-26: -0.1%yoy). Meanwhile, the number of unemployed people edged higher to 513K (Apr-26: 512K), the highest level in 6 months.

Labour demand fell in Jun-26, with job vacancies declining by -11.1K to 103.4K (May-26: 114.5K) but still encouraging as the level remained above 100K for the fourth consecutive month. By sector, vacancies in the services declined by -2.1K to 63.6K, primarily due to the declines in wholesale and retail trade, professional, scientific, and technical activities, and real estate activities. Vacancies in other sectors also declined such as manufacturing and construction.

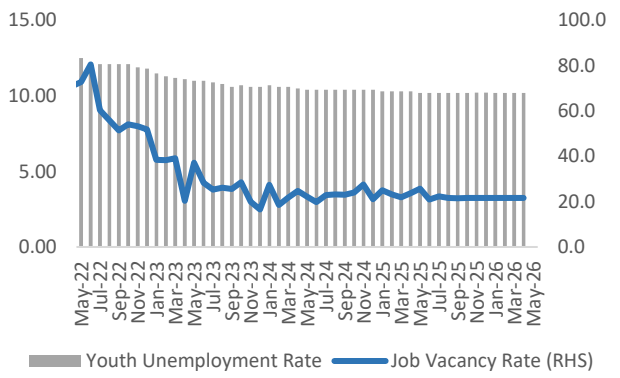
We expect the 2026 unemployment rate to remain steady at 3.0%, unchanged from 2025. Job growth in domestic services and strong consumer spending continue to stabilise the economy. Accommodative monetary policy and stable labor outlook will continue to anchor domestic demand. While geopolitical risks cloud the transport and travel sectors, the E&E sector's structural pivot into AI and advanced semiconductors will keep demand for skilled labor highly robust.

Chart 9: Labour Market Performances (YoY%)



Source: Macrobond, MBSBR

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



Source: Macrobond, MBSBR

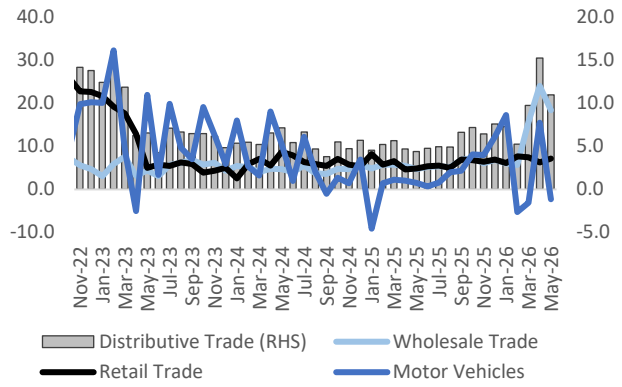
Retail spending proved resilience in May-26

Malaysia's distributive trade continued to expand robust albeit easing to 10.9%yoy in May-26 (Apr-26: +15.3%yoy), still driven by the double-digit growth in wholesale trade +18.4%yoy (Apr-26: +24.1%yoy) and stronger retail trade by +7.2%yoy (Mar-26: 6.3%yoy). In contrast, spending on motor vehicles weakened significantly, contracting by -2.3%yoy, after a strong surge in the previous month (Apr-26: +15.5%yoy).

Retail trade increased stronger by +7.2%yoy (Apr-26: +6.3%yoy), with improvements in the food, beverages & tobacco in specialised stores (+7.2%yoy; Apr-26: 5.8%yoy), not in stalls and markets (+9.8%yoy; Apr-26: 8.7%yoy), and the stalls and markets (+8.1%yoy; Apr-26: +6.4%yoy). Meanwhile, in the motor vehicle space weakened significantly (-2.3%yoy; Apr-26: +15.5%yoy), mainly because of the decline in sales of motor vehicles (-11.4%yoy; Apr-26: +18.1%yoy) and the moderation of the maintenance & repair of motorcycles and parts (+9.1%yoy; Apr-26: 38.7%yoy), while other components moderated, as festive season sales and promotion eased.

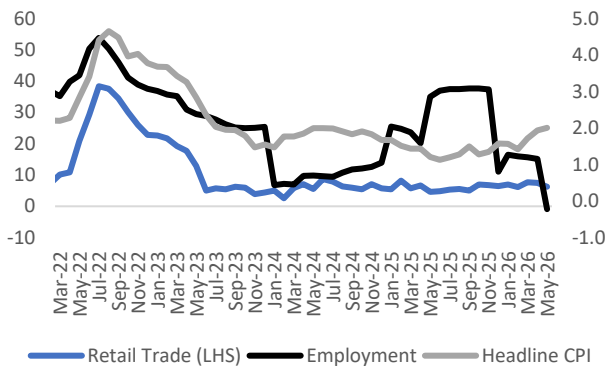
For 2026, we anticipate retail sales to moderate to +5.5% (2025: +6.1%). Over the longer term, a healthy labour market and positive income growth, including the salary adjustment for the public sector, are expected to establish steady support for consumption activity. Steady domestic demand will remain a crucial buffer, protecting the economy from the conflict in the Middle East, energy shocks and a softening external trade environment. Additionally, stretching the VMY2026 campaign into 2027 will help maintain healthy tourist arrival trends, offering long-term support to transport and leisure sectors.

Chart 11: Distributive Trade (DT) Growth (YoY%)



Source: Macrobond, MBSBR

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



Source: Macrobond, MBSBR

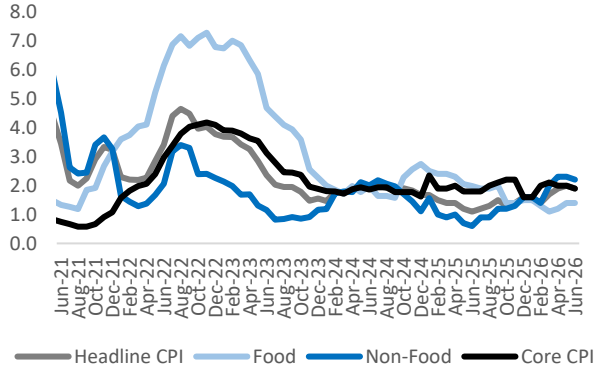
Malaysia's headline CPI inflation moderated to +1.9%yoy (May-26: +2.0%yoy), easing back to the level in Apr-26. The reading was lower than our estimate (+2.0%yoy) and the market consensus (+2.1%yoy). The Jun-26 data saw some easing of the energy prices, as a result transport inflation eased to +2.8%yoy (May-26: +3.8%yoy). Non-food inflation also eased lower to +2.2%yoy (May-26: +2.3%yoy).

CPI inflation moderated slightly to +1.9%yoy amid temporary easing in energy inflation

Core inflation also eased lower to +1.9%yoy in Jun-26 (May-26: +2.0%yoy), with monthly core inflation was flat from the previous month, which indicates stability in the underlying price pressures. Meanwhile, by strata, inflation in the urban areas eased to +1.8%yoy (May-26: +1.9%yoy), while the rate for rural areas was unchanged at +1.7%yoy.

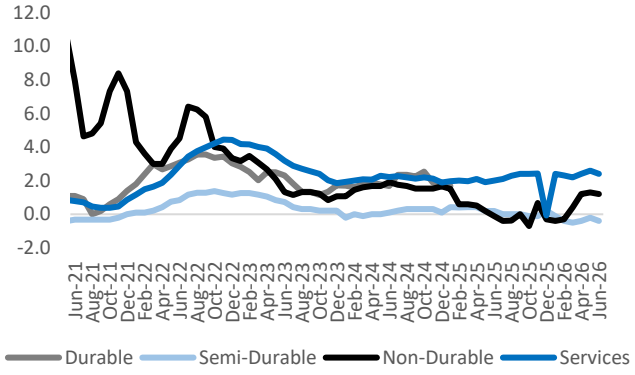
We keep our forecast that headline inflation will increase to +2.0% this year (2025: +1.4%). Demand conditions are expected to remain resilient, supported by higher consumer spending, a stable labour market, and supportive fiscal measures. We continue to expect that price pressure will depend on the supply-side environment, as stable core inflation suggests underlying demand pressures remained contained. Renewed geopolitical friction threatens to lock in elevated global energy baselines, potentially extending cost-push inflationary pressures into the second half of the year. Meanwhile, we remain cautious on the elevated PPI pressure, which may seep into the CPI basket in the short-term.

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



Source: Macrobond, MBSBR

Chart 14: CPI by Type of Product (YoY%)



Source: Macrobond, MBSBR

Malaysia's Producer Price Index (PPI) accelerated to +9.2%yoy in Jun-26 (from +7.8%yoy in May-26); marking its fourth consecutive month of growth and the sharpest annual surge since Jun-22. The increase was driven by intensifying supply chain disruptions linked to the

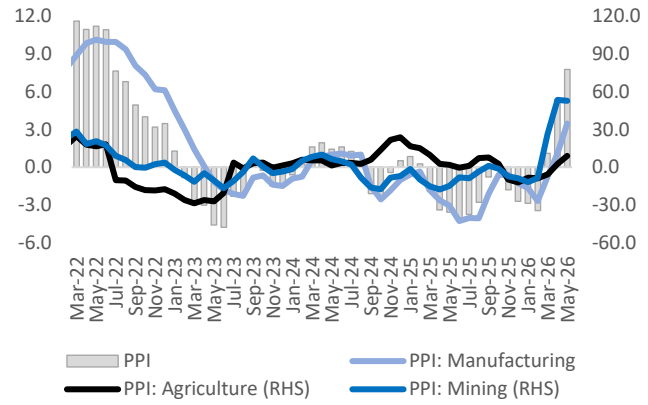
PPI inflation accelerated further to the fastest pace since Jun-22

Middle East conflict. On the monthly basis, PPI growth eased to +0.6%yoy (May-26: +1.1%yoy).

The upturn was led by a sharp rise in manufacturing costs (+7.2%yoy vs. +3.5%yoy in May-26), propelled by price surges in coke & refined petroleum products (+30.1%yoy) as well as computer, electronic & optical products (+8.3%yoy). Agricultural output prices remained firm (+9.1%yoy vs. +8.9%yoy), underpinned by gains in fishing and perennial crops, while utility sector costs grew steadily across water supply and electricity & gas. In contrast, mining growth moderated significantly (29.0% vs. 52.6%), despite sustained momentum in crude petroleum extraction (40.7%).

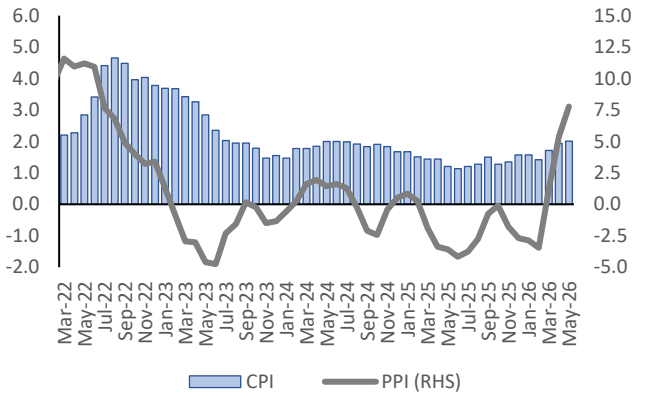
Looking ahead, while these upstream cost pressures present upside pass-through risks to downstream headline CPI, consumer inflation currently remains well-anchored within Bank Negara Malaysia's target range (projected at 1.5%–2.5%), cushioned in part by existing price controls and targeted subsidy frameworks. With PPI outpacing CPI (+1.9%yoy) for the third straight month, near-term consumer price pressures are likely to intensify. Businesses face a critical choice: absorb the increased input costs and compress their profit margins or pass on some of the cost increases to consumers, therefore raising consumer prices.

Chart 15: PPI for Selected Sectors (YoY%)



Source: Macrobond, MBSBR

Chart 16: PPI vs CPI (YoY%)



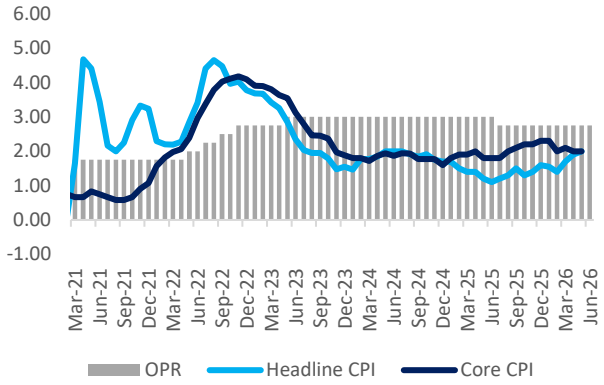
Source: Macrobond, MBSBR

No change to OPR as growth remained robust despite external risks

BNM left the Overnight Policy Rate (OPR) unchanged at 2.75% in its Jul-26 Monetary Policy Meeting, in line with our expectations and market consensus. The policy statement indicated that BNM sees a broadly resilient global expansion, partly driven by strong global technology growth and the improvement in the supply conditions and prices of key commodities. The de-escalation of the Middle East conflict would improve the current supply conditions. At present, the current rate is deemed as "appropriate and consistent with the outlook of continued price stability" of the economy. Overall, the policy statement was largely unchanged from the May-26 except for the added emphasis the stronger-than-expected exports performance and the strong external demand of the E&E products. Although acknowledging persistent external headwinds, BNM opted for a neutral narrative, viewing the local economic outlook as sufficiently insulated. This supports our view of a that OPR will be kept at 2.75% throughout this year.

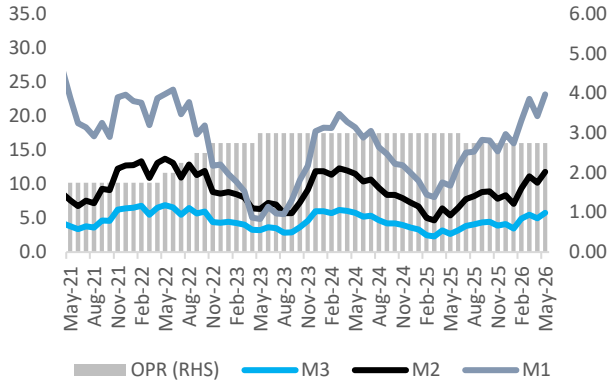
While the balance of risk to inflation outlook remained on the upside, the robust economic growth so far has not generated significant demand pressures, thus keeping consumer prices generally under control. Given the elevated cost pressures, we remained cautious about the upside risk to inflation outlook as the full impact from the supply-side shocks yet to be factored in. Furthermore, producers may pass on some cost increases to end consumers by raising selling prices.

Chart 17: Monetary Policy (%) vs Inflation (YoY%)



Source: Macrobond, MBSBR

Chart 18: Money Supply (YoY%) vs OPR (%)



Source: Macrobond, MBSBR

Ringgit remained above the 4.00 level in Jul-26

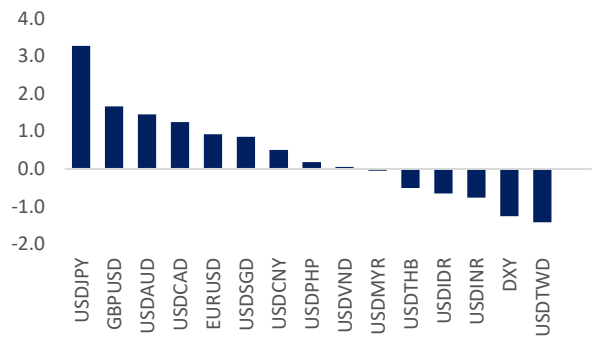
The ringgit's exchange rate to the dollar was little changed between end-Jun-26 and end-Jul-26. Following a marginal depreciation by -0.05%mom in Jul-26, the ringgit closed the month slightly weaker at RM4.086 (end-Jun-26: RM4.084). Throughout the month, the ringgit was trading at a weaker range between RM4.07 to RM4.096, continuing to trade above RM4.00 level.

Although Malaysia's underlying domestic growth drivers remain resilient, Ringgit movements continue to be predominantly steered by the strength in US dollar, amid rising geopolitical uncertainty and shifting global yield and rate expectations. In the early part of the month, the ringgit was supported by the robust IPI releases, while the labour market remained steady. The ringgit was also supported by BNM's decision to keep the OPR unchanged at 2.75%, despite concerns over the upside risk to inflation from the cost pressures perspective. Domestic spending remained encouraging, despite moderate expansion in the distributive trade in May-26, as shown by the resilience in retail sales. Even with the stronger-than-expected GDP growth in 2QCY26, the ringgit continued to trade weaker against the dollar mainly due to external developments.

Towards the end of the month, the ringgit reversed some gains earlier as heightened geopolitical risks once again supported the US dollar, driven by renewed uncertainty in the Middle East as the blockade on major oil shipping routes expanded and escalated tensions, spreading to the Red Sea. This led to oil prices edging higher to USD90.12pb, causing inflation risk to increase. The ringgit also experienced downward pressure amid intensified expectations for rate hikes by the US Fed, which fueled resilient structural demand for the greenback, but the FOMC remained unchanged in the Jul-26 meeting.

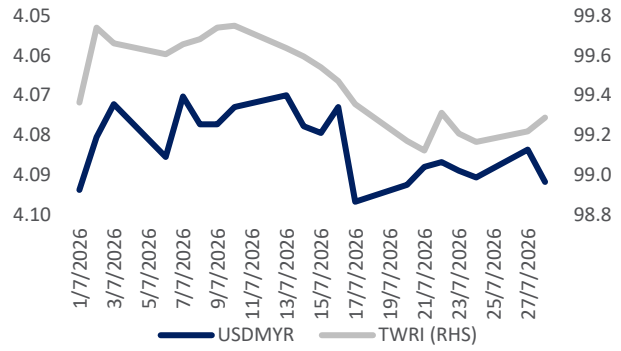
Looking ahead, in light of persistent ringgit weakness and the expectations for Fed rate hikes, we continue to expect that the ringgit to average around RM4.01 in 2026, before settling near RM4.03 by year-end. A sustained currency turnaround hinges on a clearer disinflation trend in the US, which would temper expectations of prolonged Fed hawkishness and catalyse a broader recovery across emerging market currencies.

Chart 19: Monthly Changes for Selected Currencies Against US Dollar in Jul-26 (MoM %)



Source: Bloomberg, Macrobond, MBSBR

Chart 20: USDMYR vs. US Dollar Index vs. MBSB Trade-Weighted Index Monthly Average in Jul-26



Source: Bloomberg, MBSBR

The MGS yield curve generally closed higher in Jul-26, across all tenors. The MGS10Y closed the month higher by +27bps to 4.74%. The yield curve saw a gradual upward pressure during the month and closed higher, tracking the upward trend in the UST yields.

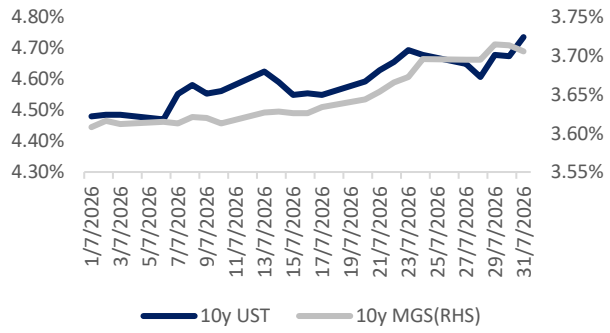
MGS10Y closed higher, tracking the trend in UST

The MGS10Y yield traded between the range 3.608% to 3.706% last month, while the UST10Y was trading in a trading a bigger range of 4.54% to 4.736%. Similarly, the MGS3Y yield also increased last month, closing at 4.35% (end-Jul-26: +4.18%). Based on the latest available data, foreign holdings of Malaysian bonds declined by -RM4.9b to RM309.8b in Jun-26 (May-26: RM304.9b). As a result, the ratio of foreign holdings of Malaysian bond pushing the ratio of foreign holdings of Malaysian bonds pushed slightly higher to 25.6% (May-26: 24.8%). The most recent data also indicates outflows from the domestic debt market persisted into Jul-26.

In the first half of the month, we saw strong outflows from the debt market for both government and corporate debts, hitting a low of RM300.1b. Later in the month, the non-resident inflows picked up, driven by the increase in government non-resident holdings.

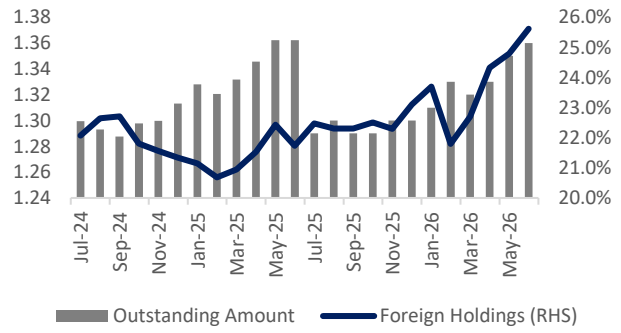
Concurrently, a more hawkish outlook for the US Fed funds rate has led markets to price in a hawkish and 'higher-for-longer' policy stance. Investors now anticipate a +25bps rate hike as early as the upcoming FOMC meeting in Sep-26. On that note, we expect MGS yields will continue to mirror the movement in UST yields in the short- to medium-term, subject to inflationary risk and the Middle East conflicts, on top of the possibility of a further rate hike by the FOMC.

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



Source: Macrobond, MBSBR

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



Source: Macrobond, MBSBR

We are putting our 2026 GDP growth forecast (currently at +4.5%) under review following the stronger-than-expected GDP growth performance in 2QCY26, which accelerated to +5.8%yoy (1QCY26: +5.4%yoy). Given the robust export performance and sustained rise in domestic spending, we foresee Malaysia's economy could potentially record another year

Malaysia's economy could sustain growth above +5%

of above +5.0% growth. We expect domestic consumption spending will continue to grow on the back of still stable job market conditions, rising income and policy measures (which provide additional support in the form of cash transfers and targeted subsidies that helped to limit price pressures from elevated global energy prices). Moreover, increased tourist arrivals will also be positive to consumption outlook.

Nevertheless, we remain wary that downside risks to growth could emerge mainly from the external front. Renewed and prolonged supply disruptions could keep cost pressures elevated. Final demand (from both external and domestic markets) could also weaken due to heightened inflationary pressures. Tightening of trade rules would also weigh down on external demand outlook, particularly from the US.

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

(YoY %) Unless Stated Otherwise	2022	2023	2024	2025	2026F
Real GDP	8.9	3.6	5.2	5.2	4.5
Govt. Consumption	5.1	4.3	4.6	5.3	6.2
Private Consumption	11.3	4.6	4.8	5.3	4.8
Gross Fixed Capital Formation	6.8	5.4	12.1	9.6	9.0
Govt. Investment	5.3	8.5	11.1	10.3	8.0
Private Investment	7.2	4.5	12.4	9.4	6.0
Exports of goods & services;	14.5	-7.9	8.6	4.9	5.0
Goods Exports	11.0	-12.5	5.9	2.9	5.5
Services Exports	58.3	32.9	24.2	15.2	5.5
Imports of goods & services;	16.0	-6.8	8.7	6.3	5.0
Goods Imports	14.4	-10.9	9.6	6.6	4.9
Services Imports	25.7	16.1	5.0	5.0	5.5
Net Exports	-1.5	-22.2	6.7	-15.6	5.0
Agriculture etc.	1.3	0.4	3.4	2.2	1.0
Mining & Quarrying	3.5	0.6	1.0	0.7	1.5
Manufacturing	8.2	0.7	4.2	4.5	5.0
Construction	5.1	5.9	17.7	12.2	9.0
Services	11.3	5.2	5.3	5.4	4.7
Exports of Goods (f.o.b)	24.9	-8.0	5.7	6.0	14.0
Imports of Goods (c.i.f)	31.0	-6.4	13.2	5.5	9.0
Headline CPI Inflation (%)	3.4	2.5	1.8	1.4	2.0
Current Account, % of GDP	3.2	1.1	1.4	1.6	2.5
Fiscal Balance, % of GDP	-5.6	-5.0	-4.1	-3.8	-3.8
Federal Government Debt, % of GDP	60.1	64.3	64.6	65.3	65.0
Unemployment Rate (%)	3.8	3.4	3.3	3.0	3.0
Brent Crude Oil (Avg), USD per barrel	102	82.2	79.9	68.2	80-90
Crude Palm Oil (Avg), MYR per tonne	5,262	3,813	4,194	4,305	4,300
USD/MYR (Avg)	4.400	4.560	4.560	4.280	4.010
USD/MYR (End-period)	4.350	4.590	4.470	4.060	4.030
MGS 10-Yr Yield (Avg)	4.070	3.860	3.830	3.580	3.580
MGS 10-Yr Yield (End-period)	4.040	3.730	3.840	3.530	3.560
Overnight Policy Rate (%)	2.750	3.000	3.000	2.750	2.750

Source: Macrobond, National Sources, MBSBR

JULY 2026 KEY ECONOMIC EVENTS

2 July: Govt committed to JS-SEZ, achieves RM76.98bil in approved investments in 2025. The federal government remains committed to the success of the Johor-Singapore Special Economic Zone (JS-SEZ) as a national economic agenda that positions Johor as a new growth driver for the country. The JS-SEZ recorded approved investments amounting to RM76.98 billion in 2025.

5 July: FMM calls for balanced US approach on forced labour tariff action. The Federation of Malaysian Manufacturing says proposed additional tariff by the US on products imported from Malaysia on grounds of forced labour should not be applied in a manner that penalises compliant manufacturers or disrupts established trade and supply-chain relationships between the two countries.

10 July: MOF sees govt's statutory debt remaining below 65% of GDP in 2026. The federal government's statutory debt level, after taking into account borrowing requirements for 2026, is projected to remain below 65% of gross domestic product (GDP). The Ministry of Finance (MOF) stated that, from a debt management perspective, the government consistently ensures that the debt level remains below the statutory limit.

14 July: U.S. strikes Iranian missile sites, defence systems and reinstates port blockade. U.S. forces completed another round of strikes against Iranian targets, the Central Command said late Tuesday, as the order to resume its naval blockade of Iranian ports in and around the Strait of Hormuz took effect.

14 July: Warsh pledges Fed policy 'regime change' to rid inflation 'tax' on American people. Calling inflation an "unfair burden," Federal Reserve Chairman Kevin Warsh on Tuesday reiterated his call for "regime change" at the central bank. "It has been a tax on the American people and businesses. We plan on getting rid of that tax," he said.

21 July: Trade weaponisation a new challenge for Malaysia, says PM's economic adviser. Malaysia must place economic security at the heart of policy making as global trade becomes increasingly shaped by geopolitical rivalry and strategic competition. The growing use of trade as a geopolitical instrument had created new challenges for countries deeply integrated into global supply chains, forcing to rethink the balance between efficiency and resilience.

25 July: Malaysia just one step away from high-income nation status — Ramanan. Malaysia is now just one step away from achieving high-income nation status based on the World Bank's per capita income threshold, Human Resources Minister Datuk Seri R Ramanan said. Malaysia's gross national income per capita, has reached US$12,380 (RM50,640), the highest since independence.

28 July: AI Malaysia replaces NAIO to drive country towards AI Nation by 2030. AI Malaysia Bhd has been launched as the country's national artificial intelligence (AI) entity under the Ministry of Digital, formally institutionalising the National AI Office (NAIO). NAIO, established on Dec 12, 2024, initially served as the government's coordinating office for AI. Its transition into AI Malaysia gives the entity permanent structure, broader responsibilities and mandate to implement the country's AI agenda.

30 July: Malaysia highways to get 77 new telecommunications towers to improve coverage, says works minister. A total of 77 new telecommunications towers are targeted to be built along about 50 kilometres of highway stretches identified as having unsatisfactory telecommunications coverage, Works Minister Datuk Seri Alexander Nanta Linggi said.

2 July: Bill to strengthen Competition Act takes another step in Dewan Rakyat. Malaysia has taken another step towards amending the Competition Act 2010 that would expand the law's scope and strengthen the Malaysia Competition Commission's (MyCC) enforcement powers. Under the Competition (Amendment) Bill 2026, the law will cover "any economic activity" instead of only "any commercial activity".

7 July: Miti targets rollout of revamped automotive incentive framework next year. The government is aiming to roll out a revamped New Customised Incentive Mechanism (NCM) for the automotive industry next year, seeking to strengthen localisation, simplify investment incentives and ensure foreign manufacturers generate greater value for Malaysia's domestic supply chain.

11 July: BN extends control over Johor with landslide victory. Barisan Nasional (BN) has retained Johor after its state election, winning 48 out of the 56 contested seats – more than it did in 2022. Such a resounding win will make the prospect of an early general election ahead of Parliament's expiry at end-2027 irresistible for the UMNO-led coalition.

14 July: Moody's keeps Malaysia rating at A3 with stable outlook, expects country to outpace peers in 2026 — MOF. Moody's Ratings has affirmed Malaysia's long-term local and foreign currency issuer ratings at A3 with a stable outlook amid a diversified and competitive economy, strong medium-term growth prospects, abundant natural resources and deep domestic savings, according to the Ministry of Finance (MOF).

19 July: Govt considering higher STR, Sara aid, says PM. The Madani government is considering increasing assistance under the Sumbangan Tunai Rahmah (STR) and Sumbangan Asas Rahmah (Sara) schemes if the country's economic conditions permit, Prime Minister Datuk Seri Anwar Ibrahim said. The matter was discussed and would be considered in the upcoming budget.

24 July: US announces tariffs on 60 countries over forced labour concerns. The United States on Thursday announced tariffs of 10% or 12.5% on imports from 60 trading partners, accusing them of failing to impose and effectively enforce bans on imports of goods produced with forced labour. Certain products from the European Union will be among those affected, the Office of the US Trade Representative said.

26 July: Malaysia confirmed as host of Bahrain Grand Prix. Malaysia will host the Formula 1 Gulf Air Bahrain Grand Prix at the Sepang International Circuit (SIC) from Oct 2 to 4, marking the first time in Formula One history that a race has been relocated to another country after being cancelled.

29 July: Divided Fed holds interest rates steady, but three members voted to hike. The Federal Reserve on Wednesday voted to hold its key interest rate steady but not without opposition from three officials who have expressed concern over inflation and wanted to hike. Despite increasing support among some officials for a rate increase, the Federal Open Market Committee voted 9-3 to leave the federal funds rate in a range between 3.5% and 3.75%.

31 July: Malaysia's rice stock sufficient for 6 months. Malaysia's rice stock is sufficient to meet domestic needs for 6 months, reflecting the country's preparedness to withstand disruptions to the global food supply chain. Deputy Agriculture and Food Security Minister Datuk Chan Foong Hin said the country's rice stock stood at 1.05 million metric tonnes, including 200,000 metric tonnes of buffer stock as of July 7.

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