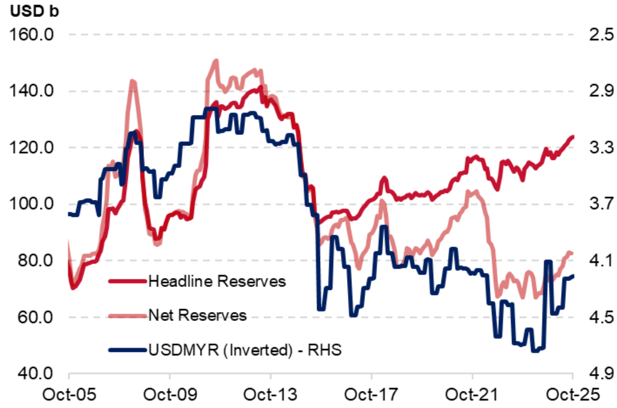
BNM International Reserves

Near 11-Year high in October; ringgit resilience seen into year end

- **Bank Negara Malaysia (BNM) international reserves rose by USD0.2b (+0.2% MoM) to USD123.8b as of 31 October 2025, the highest level in nearly 11 years**
  - The marginal increase kept both import coverage and the reserves-to-short-term external debt ratio unchanged at 4.8 months and 0.9 time respectively.
- **Other reserves assets led the uptick**
  - **Other reserves assets** increased by USD0.1b (+4.3% MoM) to a nine month high of USD2.4b.
  - **Gold and foreign currency reserves** were broadly stable at USD4.8b and USD109.3b respectively. Net FX reserves slipped slightly to USD73.0b in September (Aug: USD73.3b) due to larger predetermined short-term net drains.
  - Special drawing rights and IMF reserve position also remained broadly unchanged.

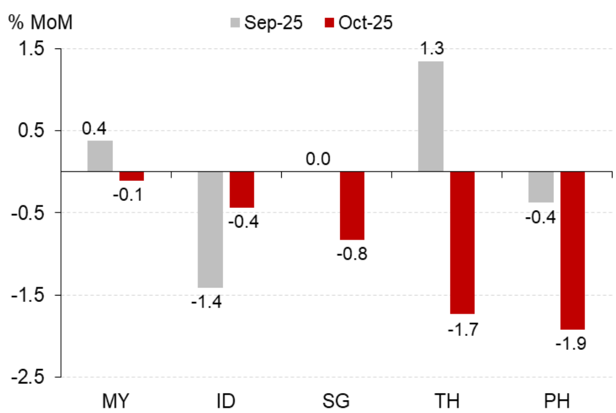
Graph 1: BNM's International Reserves



Source: BNM, Macrobond, Kenanga Research

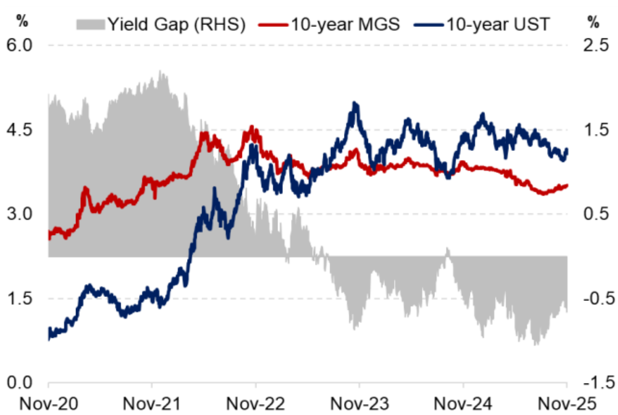
- **In ringgit terms, total reserves rose RM0.7b (+0.1% MoM) to RM521.6b in October, a five-month high**
  - **USDMYR monthly performance:** The ringgit ended its eight-month appreciation streak but remained the least affected currency in the region despite USD strength, easing only 0.1% MoM in October (Sep: +0.4%). The greenback initially gained ground as the EUR and JPY softened on domestic political concerns. Sentiment later reflected a mix of US-China trade headlines, which on balance favoured the USD. The USD also drew support from Chair Powell's post-FOMC remark that the Fed was "not on a preset course," which tempered expectations for a December cut.
  - **Regional FX:** All ASEAN-5 currencies weakened against the USD as the DXY rose 1.1% MoM to 98.8 in October (Sep: 97.7). The PHP (-1.9%) led regional losses, followed by THB (-1.7%), SGD (-0.8%), IDR (-0.4%), and MYR (-0.1%). The ringgit's relative resilience reflected renewed foreign interest supported by solid macro fundamentals.
- **Malaysia's economic resilience to steady the ringgit amid Fed uncertainty**
  - **Monetary Policy Outlook:** Absent fresh external shocks from US trade policy, BNM has little reason to adjust its stance. Growth prospects have improved, inflation is contained, and domestic demand anchors the recovery. Strengthening exports and ongoing structural reforms give the BNM room to maintain OPR at 2.75%, which remains supportive of growth. A policy adjustment appears unnecessary while household spending and investment stay firm.
  - **USDMYR year-end forecast (4.08; 2024: 4.47):** Malaysia's resilience should help steady the ringgit despite lingering uncertainty over the Fed's next move. Sustained foreign inflows into local bonds and the likely repatriation of export earnings add support. Foreign-currency deposits rose to a record RM300.0b in September. Based on our estimates, a 10.0% reduction in these holdings could lift the ringgit by roughly 2.7% against the USD. We maintain our view of three additional Fed rate cuts over the next year. Even if the Fed pauses in December, moderating US growth, a softer labour market, and fiscal strains point to a weaker USD ahead. Together with Malaysia's stable macro fundamentals, this backdrop should keep the ringgit relatively firm through year-end.

Graph 2: ASEAN-5 Currencies (monthly average)



Source: Macrobond, Kenanga Research

Graph 3: 10-Year US Treasury vs. MGS Yield



Source: Bloomberg, Kenanga Research

Table 1: Latest Update and Historical Milestone for BNM Reserves

		RM bil	Change from previous month	USDMYR	US bil	Change from previous month	Months of retained	Times of ST
	Month	O/stand.	RM bil	End Period	O/stand.	US bil	Imports.	Debt
Pre crisis high	Jan-94	89.99	13.51	2.7598	32.61	4.29	na	na
Start of Asian Financial Crisis (AFC)	Apr-97	70.93	-1.26	2.5110	28.25	-0.87	na	na
Reserves at its lowest in USD term	Nov-97	61.30	-0.40	3.5022	**17.50**	-0.50	3.4	na
Ringgit at its weakest during AFC (Monthly Average)	Jan-98	56.61	-2.5	**4.3990**	20.25	-1.46	3.2	na
Govt imposed capital control and pegged ringgit at 3.80 to USD	Sep-98	81.51	23.6	3.8000	21.45	1.22	4.4	na
USDMYR peg removed	Jul-05	297.17	13.07	3.7978	78.25	3.48	9.0	7.6
Highest level post USDMYR de-peg (before GFC)	Jun-08	410.87	10.73	3.2665	125.78	0.59	10.0	5.1
Biggest single month decline in USD-terms	Sep-08	379.35	-20.83	3.4567	109.75	**-12.84**	9.0	4.1
Lowest level during the Global Financial Crisis	May-09	322.47	2.07	3.6513	88.32	0.59	8.3	3.8
Highest Level (in USD term)	May-13	436.80	3.52	3.0884	**141.43**	1.12	9.5	4.3
Highest Level (in MYR term)	Aug-24	**550.45**	9.19	4.7128	116.80	2.14	5.4**	1.0
End-2021	Dec-21	486.85	54.47*	4.1650	116.89	9.25*	7.7	1.2
End-2022	Dec-22	503.33	16.48*	4.3900	114.65	-2.24*	5.2**	1.0
End-2023	Dec-23	520.75	17.42*	4.5890	113.48	-1.18*	5.4**	1.0
End-2024	Dec-24	520.16	2.75*	4.4764	116.20	-0.71*	5.0**	1.0
Latest release	**Oct-25**	**521.57**	**0.66**	**4.2130**	**123.80**	**0.20**	**4.8****	**0.9**

Source: Dept. of Statistics, Kenanga Research, CEIC, Bloomberg
**: Change from the preceding year*
***: Imports of goods and services (effective from 22 February 2022)*

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