

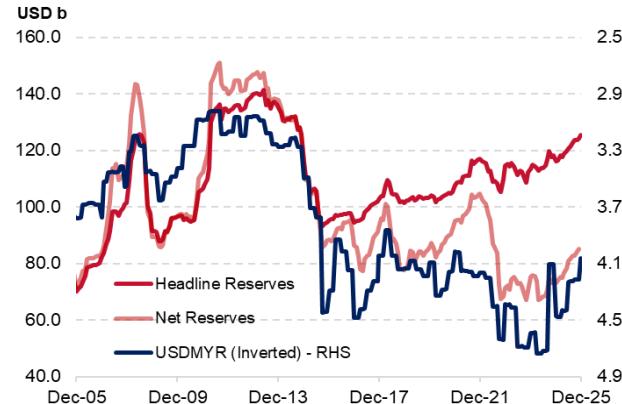
9 January 2026

# BNM International Reserves

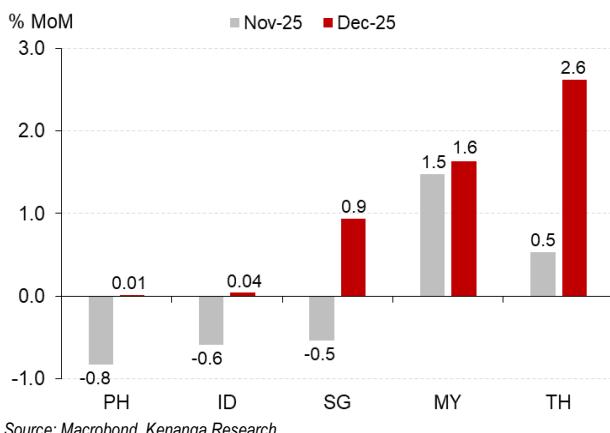
End the year at 11-year high on FX and gold gains amid a weaker USD

- **Bank Negara Malaysia (BNM) international reserves increased USD1.4b (+1.1% MoM) to USD125.5b as of 31 December 2025, the highest since Nov 2014**
  - The modest headline gain left the reserves-to-short-term external debt ratio unchanged at 0.9 time, while import cover edged down to 4.7 months.
- **FX and gold holdings drove the increase**
  - **Foreign currency reserves** extended their uptrend for a ninth consecutive month, rising USD0.7b (+0.7% MoM) to USD110.5b on FX revaluation gains. Net FX reserves climbed to a 42-month high of USD75.6b in November (Oct: USD74.5b), reflecting smaller predetermined short-term net outflows.
  - **Gold reserves** surged USD0.6b (+13.4% MoM) to a record USD5.4b, lifted by a 13.0% QoQ rally in gold prices. Gold broke new highs in December amid elevated global uncertainty and continued central-bank accumulation.
  - Special drawing rights, the IMF reserve position and other reserve assets were broadly unchanged.
- **In ringgit terms, total reserves fell RM13.0b (-2.5% MoM) to RM509.8b in December, a 13-month low**
  - **USDMYR monthly performance:** The ringgit extended its appreciation in December, closing at 4.06/USD and averaging 4.09/USD (+1.6% MoM; Nov: +1.5%) for the month, marginally overshooting our 4.08 year-end forecast (2024: 4.47) and emerging as the strongest performing currency in the region in 2025. The USD remained under pressure as markets maintained a dovish Fed outlook, reinforced by expectations surrounding Kevin Hassett's potential nomination as the next Fed chair and seasonal year-end USD softness. Beyond the US, markets priced in relatively tighter policy paths across G10 economies, which further weighed on the greenback.
  - **Regional FX:** All ASEAN-5 currencies appreciated against the USD, with the DXY falling 1.2% MoM to 98.6 (Nov: 99.7). The THB led gains (+2.6%), followed by the MYR (+1.6%), SGD (+0.9%), IDR (+0.04%) and PHP (+0.01%).
- **Steady domestic momentum preserves policy space; near-term USD firmness may temper ringgit gains**
  - **Monetary Policy Outlook:** As 2026 begins, Malaysia's growth and inflation mix continues to give BNM room to preserve policy space. Domestic demand remains resilient, with household spending anchored by private-sector activity and supported by public initiatives aimed at income support and improved service delivery. Inflation remains well contained with limited pass-through from the expansion of the SST, subsidy rationalisation and wage adjustments so far. Against this backdrop, BNM is likely to keep the OPR unchanged at 2.75% through 2026.
  - **USDMYR year-end forecast (3.95; 2025: 4.06):** Our end-2026 USDMYR projection of 3.95 remains intact. In the first two months of 2026, the ringgit may face modest headwinds as the USD finds temporary support. US fiscal policy remains growth-supportive, while AI-related capital expenditure continues to underpin investment and productivity. Geopolitical tensions in Asia may also revive episodic safe-haven demand. Beyond this early phase, structural USD weakness should reassert itself. Malaysia's strong carry profile, credible policy framework and sustained foreign inflows into the bond market should support a firmer ringgit trajectory over the course of 2026. Exporters' repatriation of foreign earnings provides an additional layer of support.

Graph 1: BNM's International Reserves



Graph 2: ASEAN-5 Currencies (monthly average)



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

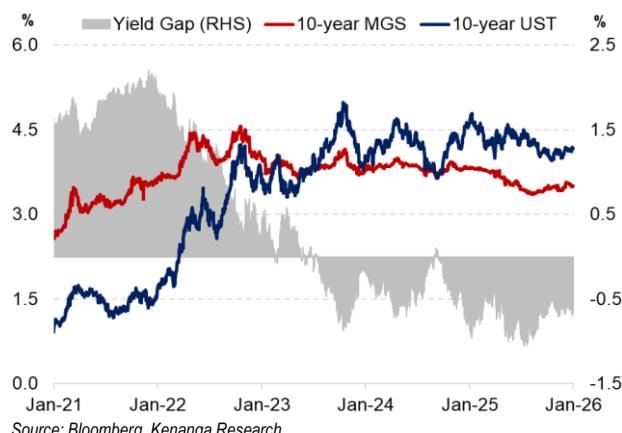


Table 1: Latest Update and Historical Milestone for BNM Reserves

		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	<b>17.50</b>	-0.50	3.4	na
Ringgit at its weakest during AFC (Monthly Average)	Jan-98	56.61	-2.5	<b>4.3990</b>	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	<b>-12.84</b>	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	<b>141.43</b>	1.12	9.5	4.3
Highest Level (in MYR term)	Aug-24	<b>550.45</b>	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
<b>Latest release</b>	<b>Dec-25</b>	<b>509.78</b>	<b>-13.00</b>	<b>4.0620</b>	<b>125.50</b>	<b>1.38</b>	<b>4.7**</b>	<b>0.9</b>

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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