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3Q25 advance GDP Growth:	+5.2%
2025 GDP Growth Forecast:	+4.5%
2026 GDP Growth Forecast:	+4.1%
9M25 Headline Inflation:	+1.4%
2025 Headline Inflation Forecast:	+1.4%
2026 Headline Inflation Forecast:	+2.0%
BNM OPR:	2.75%
End-2025 OPR	2.75%
End-2026 OPR Forecast:	2.75%

BNM MPC Meeting

Stable OPR outlook on easing trade concerns

- BNM maintained the OPR at 2.75% in its November MPC meeting, in line with expectations.
- The policy tone turned slightly more upbeat on the economic and tariff outlook, while projecting inflation to stay moderate into 2026.
- BNM's policy path will hinge on tariff developments, with semiconductor-related tariffs remaining the key risk. That said, easing trade tensions support a stable OPR outlook.
- We expect BNM to keep the OPR unchanged at 2.75% through 2026, barring renewed trade shocks.

OPR kept steady at 2.75%

Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 2.75% in its November Monetary Policy Committee (MPC) meeting, the final meeting of the year. The decision was in line with expectations and consistent with our view for OPR to stay unchanged through end-2025 following July's pre-emptive 25-bp cut to cushion external headwinds from US tariff policy.

Figure 1: MPC meeting decisions for 2025

No. of Meetings	Date	BNM Decision
1st	22 January 2025	Unchanged (3.00%)
2nd	6 March 2025	Unchanged (3.00%)
3rd	8 May 2025	Unchanged (3.00%)
4th	9 July 2025	25-bp cut (2.75%)
5th	4 September 2025	Unchanged (2.75%)
6th	6 November 2025	Unchanged (2.75%)

Source: BNM

BNM's tone turns slightly more positive

BNM struck a slightly more upbeat tone on the economic outlook, particularly on the tariff front. Globally, the MPC reiterated downside risks from product-specific tariffs and flagged concerns over *"elevated valuations in financial markets,"* but also highlighted upside potential from *"a milder tariff impact on economic activity."*

Domestically, the MPC reiterated that growth will remain supported by resilient household spending and investment, while adding that upside to growth could *"arise from a better global growth outlook."* This underscores optimism over potential spillovers from easing global trade tensions and firmer global growth prospects.

On the inflation front, BNM expects modest global commodity prices to help keep domestic inflation steady. Core inflation is projected to remain stable going into 2026 amid the absence of demand-driven pressures and limited impact from recent policy reforms. In our view, this reinforces a stable OPR outlook for 2026.

Easing trade concerns underpin BNM's optimism

We share BNM's view that the tariff impact on growth may prove milder than initially feared. The domestic economy has held up better than expected despite US tariffs taking effect in August. Given stronger-than-expected advance GDP growth of +5.2% YoY in 3Q25 and resilient nominal exports of +6.8%, we have recently revised our **2025 GDP forecast higher to +4.5%** (previously +4.2%) in October.

Looking ahead, BNM's policy path will hinge on the tariff developments and their impact on Malaysia's external outlook, with the US Section 232 investigations on semiconductors

remaining the key downside risk. We **maintain our 2026 GDP growth forecast at +4.1% YoY**, reflecting a softer external environment.

That said, recent developments including the signing of the US-Malaysia Agreement on Reciprocal Trade (ART), which could positively influence future US decisions on semiconductor tariffs, have helped anchor sentiment. Externally, the US-China trade truce, which involves a 10 ppts reduction in US tariffs on China and some relaxation of China's export controls, further supports the global outlook. These developments reduce the urgency for additional policy easing. OPR swap pricing now implies no change in OPR over the next year, compared to expectations of a 25-bp cut back in September.

OPR likely to stay at 2.75%

The MPC statement retained its guidance that *"the monetary policy stance remains appropriate and supportive of the economy amid price stability,"* implying a stable OPR outlook in the near term. Given steady growth prospects and a moderate inflation outlook, we expect BNM to keep the **OPR unchanged at 2.75%** through 2026, barring renewed tariff and trade shocks.

Figure 2: MPC meeting schedule for 2026

No. of Meetings	Date
1st	22 January 2026
2nd	5 March 2026
3rd	7 May 2026
4th	9 July 2026
5th	3 September 2026
6th	5 November 2026

Source: BNM

Figure 3: Ringgit interest rate swap suggested OPR to be maintained over the next year

Country	Policy				Implied Policy								Total Change 1Y
	Rate	Efctv	Basis	Meeting	1M	3M	6M	1Y	2Y	3Y	5Y	Curve	
Asia/Pacific													
1) Australia	3.60	3.600	0.0	12/09	3.58	3.52	3.45	3.40	3.52	3.68	4.09	↘	-20
2) New Zealand	2.50	2.500	0.0	11/26	2.28	2.19	2.09	2.22	2.76	3.08	3.72	↘	-28
3) Japan	0.50	0.477	-2.3	12/19	0.52	0.71	0.78	0.99	1.22	1.35	1.52	↘	49
4) China	1.40	1.470	7.0		1.54	1.54	1.46	1.40	1.49	1.55	1.63	↘	0
5) India	5.50	5.460	-4.0	12/05	5.52	5.40	5.35	5.34	5.58	5.81	6.13	↘	-16
6) Korea	2.50	2.580	8.0	11/27	2.48	2.52	2.58	2.65	2.78	2.90	3.07	↘	15
7) Malaysia	2.75	3.220	47.0		2.74	2.74	2.75	2.75	2.74	2.81	2.99	↘	0
8) Philippines	4.75	4.739	-1.1		4.72	4.58	4.46	4.37	4.58	4.75	4.94	↘	-38
9) Thailand	1.50	1.494	-0.6	12/17	1.46	1.36	1.23	1.17	1.24	1.40	1.66	↘	-33
10) Taiwan	2.00	1.678	-32.2	12/18	2.00	1.99	1.98	1.95	1.92	2.03	2.19	↘	-5
11) Hong Kong	1.19	3.470	228.0		1.23	0.99	0.78	0.56	0.46	0.58	0.85	↘	-63

Source: Bloomberg, Apex Securities

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.
