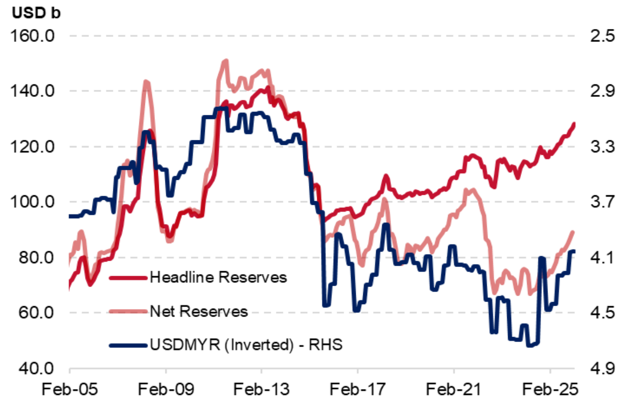
9 March 2026

BNM International Reserves (end-Feb)

Hits highest in over 11 years on stronger FX and gold accumulation

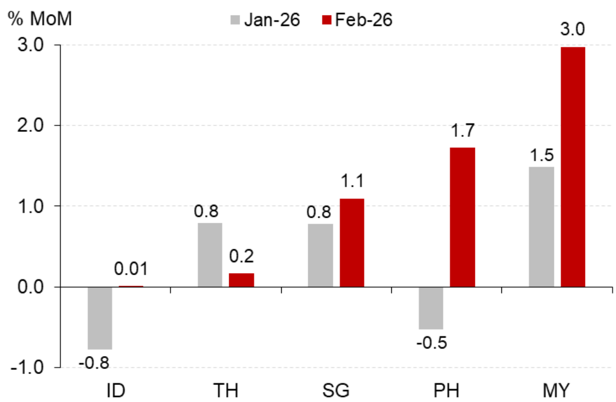
- **Bank Negara Malaysia (BNM) international reserves rose by USD1.4b (+1.1% MoM) to USD128.3b as of 27 February 2026, the highest level since August 2014**
  - Despite the increase, import cover slipped to 4.7 months (Jan: 4.8), while the reserves-to-short-term external debt ratio remained unchanged at 0.9 time.
- **Higher FX and gold holdings again drove the increase**
  - **Foreign currency reserves** extended their uptrend for an eleventh consecutive month, rising by USD1.2b (+1.1% MoM) to USD112.5b despite net capital outflows. Net FX reserves climbed to a 44-month high of USD79.5b in January (Dec: USD77.2b), reflecting a smaller predetermined short-term net drain.
  - **Gold** reserves increased by USD0.2b (+3.7% MoM and 87.6% YoY) to a record USD6.1b. This likely reflects another round of purchases after BNM raised its holdings to 1.36m fine troy ounces in January (Feb: 1.25m), the first increase since October 2018.
  - Other reserve assets fell by USD0.1b, while SDRs and the IMF reserve position remain broadly unchanged.
- **In ringgit terms, total reserves rose by RM5.4b (+1.0% MoM) to RM520.1b in February, a three-month high**
  - **USDMYR monthly performance:** The ringgit rose for a fourth straight month in February, gaining 3.0% and doubling January's 1.5% rise. It averaged 3.91/USD (Jan: 4.03/USD), its strongest level since April 2018. The move reflects a softer USD as investors increasingly sold into rallies rather than chase them. Conviction in the USD remains fragile and "sell America" sentiment continues to simmer. Markets also recalibrated trade risk after Trump replaced the IEEPA tariff regime with a 15.0% surcharge, trimming tail risk of a sharper trade escalation.
  - **Regional FX:** All ASEAN-5 currencies strengthened against the USD as the DXY fell 0.8% MoM to 97.4 (Jan: 98.3). The MYR led gains (+3.0%), followed by the PHP (+1.7%), SGD (+1.1%), THB (+0.2%) and IDR (+0.01%). The PHP rebounded after a prolonged spell of weakness, as investors rotated into local equities following nearly eight years of sustained outflows. By contrast, the THB, which in recent months had vied with the MYR as a top regional performer, rose only modestly, held back by a sharp correction in gold prices.
- **Domestic resilience anchors outlook, but energy shock tests ringgit momentum**
  - **Monetary Policy Outlook:** Inflation remains contained, but the escalating Middle East conflict introduces renewed "cost-push" risks via the energy channel. A prolonged disruption in the Strait of Hormuz could revive global inflation pressures and tighten external financial conditions. Domestic pass-through remains manageable and consistent with BNM's expectation that inflation will stay moderate. Malaysia continues to face external risks from a position of strength, supported by resilient domestic demand and investment activity. We therefore expect BNM to remain patient, maintaining the OPR at 2.75% through 2026.
  - **USDMYR year-end forecast (3.95; 2025: 4.06):** We maintain our end-2026 target of 3.95, though the risk distribution has widened materially due to a structural "de-commoditisation" of the ringgit. If Brent sustains above USD100.0/barrel, the ringgit could face 6.0–9.0% depreciation pressure from the oil channel alone, compounded by safe-haven USD demand. While we remain constructive on the ringgit's medium-to-long-term trajectory, supported by Malaysia's resilient external position and our bearish structural USD view, the ringgit no longer benefits from higher oil prices. The duration of the conflict therefore becomes the decisive variable for ringgit performance.

Graph 1: BNM's International Reserves



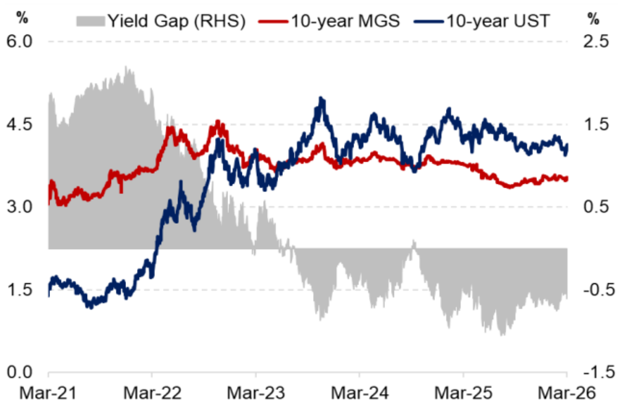
Source: BNM, Macrobond, Kenanga Research

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-2022	Dec-22	503.33	16.48*	4.3900	114.65	-2.24*	5.2**	1.0
End-2023	Dec-23	520.75	17.53*	4.5890	113.48	-1.18*	5.4**	1.0
End-2024	Dec-24	520.16	-0.73*	4.4764	116.20	-2.74*	5.0**	1.0
End-2025	Dec-25	509.78	-10.35*	4.0620	125.50	9.28*	4.7**	1.0
Latest release	**Feb-26**	**520.15**	**5.40**	**4.0542**	**128.30**	**1.43**	**4.7****	**1.0**

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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