

# BNM International Reserves (end-June)

Hit 12-year high despite lower gold holdings, but a weaker MYR flags rising FX risk

- **Bank Negara Malaysia (BNM) international reserves rose USD2.0b (+1.5% MoM) to USD132.6b as at 30 June 2026, the highest level since January 2014**

- Import cover improved to 4.7 months (May: 4.6 months), while the reserves-to-short-term external debt ratio remained unchanged at 0.9x.

- **FX assets drove the increase, offsetting a decline in gold holdings**

- **Foreign currency reserves** rose by USD2.5b (+2.2% MoM) to USD117.2b, likely supported by renewed foreign inflows into the domestic bond market. Net FX reserves climbed to USD83.4b in May (Apr: USD81.1b), the highest in over four years.
- **Gold holdings** declined by USD0.6b (-9.5% MoM) to USD5.8b (May: USD6.4b), reflecting an 11.4% QoQ decline in gold price.

- Other reserve assets, special drawing rights, and the IMF reserve position remained broadly unchanged.

- **In ringgit terms, total reserves rose by RM9.8b (+1.9% MoM) to RM537.0b in June, a 22-month high**

- **USDMYR monthly performance:** The ringgit reversed May’s gains, depreciating 2.9% in June and averaging 4.07/USD (May: 3.95/USD). The MYR weakened sharply after resilient US economic data and hawkish Fed communication prompted markets to pare back easing bets, lifting US Treasury yields and supporting broad USD strength. Easing concerns over the Strait of Hormuz late in the month were not enough to offset this.

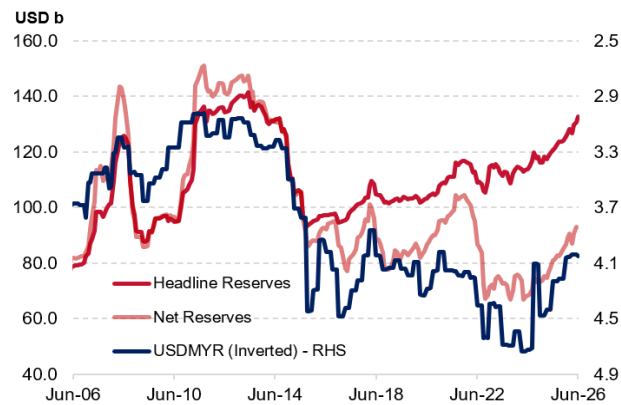
- **Regional FX:** Most ASEAN-5 currencies weakened against the USD as the DXY rose to 100.3 in June (May: 98.7), except the PHP (+0.3%). The MYR fell the most (-2.9%), followed by the IDR (-1.8%), THB (-1.2%) and SGD (-1.0%). Elevated US yields and a firmer USD outweighed the easing geopolitical risks.

- **BNM likely to hold rates as inflation stays contained and growth remains resilient**

- **Monetary Policy Outlook:** With price pressures benign, we expect **2026 inflation to average around 2.1%**, though periodic disruption around the Strait of Hormuz remains an upside risk via imported fuel, fertiliser and logistics costs. Resilient domestic demand, **growth tracking towards the upper end of our 4.5%-5.0%** forecast range and contained underlying inflation should let **BNM hold the OPR at 2.75%** through 2026. We expect policy stability to stay the priority, with supply-driven inflation, a relatively resilient ringgit and ample policy space allowing BNM to look through temporary shocks.

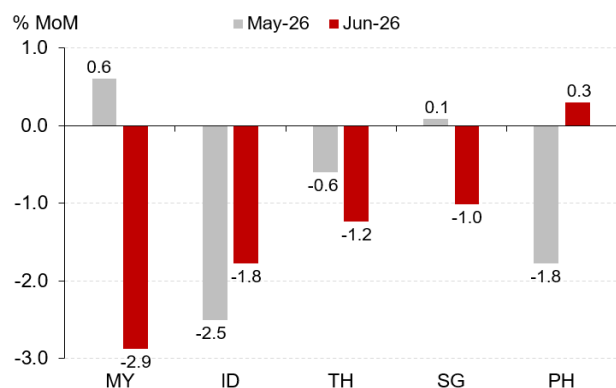
- **USDMYR year-end forecast (3.95; 2025: 4.06):** Our constructive medium-term view remains unchanged, with **USDMYR forecast at 3.95 by end-2026 and 3.90 by end-2027**. This call rest less on the precise Fed path and more on a broader USD softening trend. Domestic fundamentals remain supportive: foreign currency deposits hit a record RM316.0b in May, pointing to sizeable latent conversion potential into ringgit over time. Risks are now more balanced. Recent incidents show the West Asia ceasefire remains fragile, but both sides retain incentives to preserve it. We expect intermittent violations to continue without derailing the broader framework.

Graph 1: USDMYR, Headline and Net Reserves



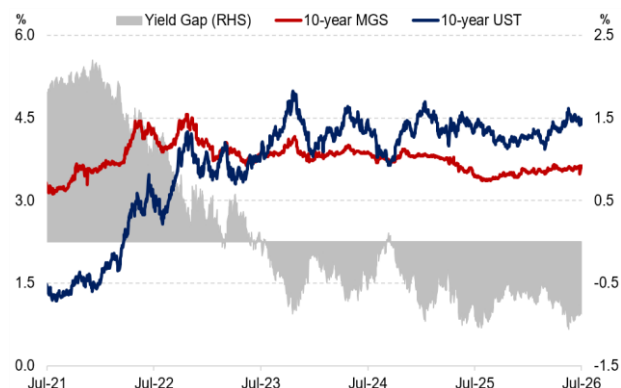
Source: BNM, Macrobond, Kenanga Research

Graph 2: ASEAN-5 Currencies (monthly average)



Source: Macrobond, Kenanga Research

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



Source: Bloomberg, Kenanga Research

08 July 2026

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-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
<b>Latest release</b>	<b>Jun-26</b>	<b>537.03</b>	<b>9.79</b>	<b>4.0500</b>	<b>132.60</b>	<b>1.97</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)

## For further information, please contact:

**Wan Suhaimie Wan Mohd Saidie**  
Head of Economic Research  
[wansuhaimi@kenanga.com.my](mailto:wansuhaimi@kenanga.com.my)

**Muhammad Saifuddin Sapuan**  
Economist  
[saifuddin.sapuan@kenanga.com.my](mailto:saifuddin.sapuan@kenanga.com.my)

**Afiq Asyraf Syazwan Abd. Rahim**  
Economist  
[afiqasyraf@kenanga.com.my](mailto:afiqasyraf@kenanga.com.my)

**Nurul Hanees Hairulkama**  
Economist  
[nurulhanees@kenanga.com.my](mailto:nurulhanees@kenanga.com.my)

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

**KENANGA INVESTMENT BANK BERHAD (15678-H)**

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)