

# BNM International Reserves

Down 0.8% in March as falling FX reserves offsets record gold holdings

- Bank Negara Malaysia (BNM) international reserves dipped by USD0.8b or -0.6% MoM to USD117.5b as of 28 March 2025**

- The decline trimmed import coverage to 4.9 months (Feb: 5.0), while short-term external debt coverage held at 0.9 time—below the IMF’s recommended threshold.

- A sharper FX reserves drop partially cushioned by record-high gold holdings**

- **Foreign currency reserves** fell USD1.4b (-1.3% MoM) to USD104.5b—largest drop in three months, driven partly by continued equity outflows.
- **Gold** rose USD0.5b (16.8% MoM) to USD3.8b, a record high, supported by a 19.4% QoQ surge in gold price amid safe-haven demand.
- **Special drawing rights** edged up by USD0.1b, while both other reserve assets, and the IMF reserve position were little changed.

- In ringgit terms, BNM’s reserves declined to RM520.8b (-RM8.6b or -1.6% MoM) in March**

- **USDMYR monthly performance:** The ringgit traded within a narrow 4.41–4.45/USD range, averaging 4.43 in March (Feb: 4.44), a marginal appreciation despite a sharp decline in the USD Index (DXY) to 104.1 (Feb: 107.3). The USD softened on weaker US data, dovish Fed expectations, and Germany’s fiscal stimulus push. Still Powell’s dismissal of recession risks and sticky inflation helped anchor the DXY.
- **Regional FX:** Most ASEAN-5 currencies gained as the DXY weakened. PHP (+1.1%) lead, followed by SGD (+0.8%) and MYR (+0.2%). Risk-on sentiment was buoyed by the drop in 10Y UST yield (4.28%; Feb: 4.45%) amid concerns over US growth. The IDR (-0.8%) underperformed for the third straight month, weighed down by policy concerns.

- Despite uncertainty, BNM to hold OPR at 3.00% in the near term**

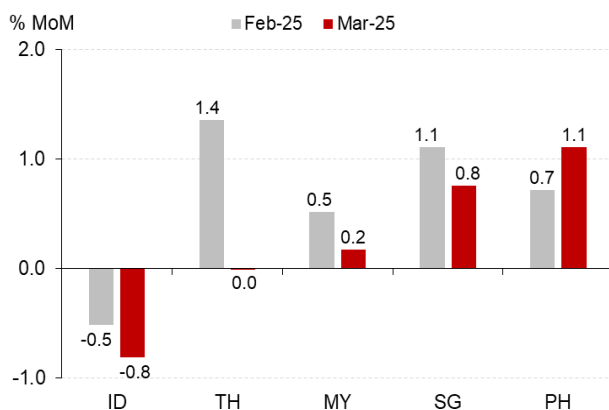
- **Monetary Policy Outlook:** Despite heightened external uncertainty, BNM is expected to keep the OPR at 3.00% in the near term. While domestic fundamentals remain intact, the escalating tariff conflict warrants caution. With GDP growth above 4.0%, there is no near-term pressure to adjust rates. However, should growth slip towards 3.0% in 2H25, the likelihood of a rate cut would rise.
- **USDMYR year-end forecast (4.45; 2024: 4.47):** We maintain our 2025 year-end forecast for the ringgit at 4.45/USD, pending tariff developments. Markets are now pricing in 4 to 5 Fed rate cuts amid rising recession risks. However, Chair Powell has cautioned against complacency, supporting our view that the Fed would not cut rates early. We expect the first cut only in 3Q25, assuming inflation remains sticky. All told, Malaysia remains better positioned than many of its regional peers. A breakthrough in trade talks—or a softening in Trump’s tariff stance—could further support the ringgit.

Graph 1: BNM’s International Reserves



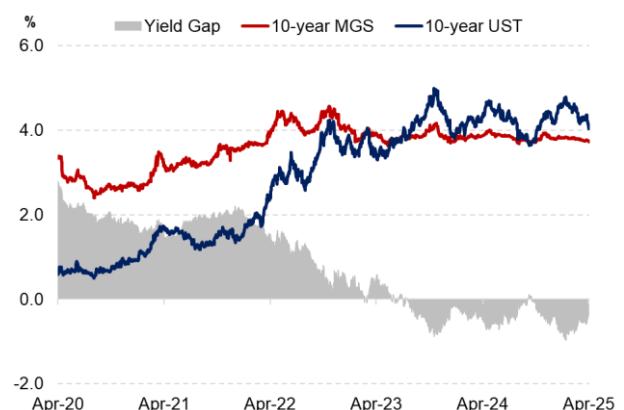
Source: BNM, Bloomberg, Kenanga Research

Graph 2: ASEAN-5 Currencies (monthly average)



Source: BNM, CEIC, Kenanga Research

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



Source: Bloomberg, Kenanga Research

09 April 2025

**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>Mar-25</b> | <b>520.76</b> | <b>-8.61</b>               | <b>4.4320</b> | <b>117.50</b> | <b>-0.76</b>               | <b>4.9**</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)