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MIDF AMANAH INVESTMENT BANK BERHAD

WEEKLY MONEY REVIEW

MIDF Strategy 7 April 2025

Week Ended 4 April 2025

- The UST market rallied with benchmark 10-year yield closed the review week lower at 3.99% (prior week: 4.25%) as investors reacted to heavier-than-expected "liberation day" tariff plan as well as softer-than-expected economic data (i.e. March Manufacturing ISM and February job openings). The 10y-3y yield spread expanded (yield curve steepened) to +36bp (prior week: +35bp) as the short-end outperformed attributable to its higher sensitivity to policy action. At week close, the interest rate futures market implied 4 rate cuts totaling -100bp (prior week: 3 cuts totaling -75bp) in 2025.
- Medium-term inflation expectation (MTIE) ended the review week lower at 2.40% (prior week: 2.63%). The MTIE has remained above the US Fed target level of 2.00% since the initial interest rate cut in September 2024. We believe the market may be perturbed but are still convinced that inflation trend is easing despite the recent multi-month upswing in MTIE.
- The price of MGS benchmark issues ended the review week higher with the 3-year and 10-year yields shed -10.2bp and -9.8bp to close at 3.28% and 3.67% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +40bp (prior week: +39bp) as the short-end outperformed.
- MGS foreign holdings declined month-on-month to RM275b in February 2025 from RM276b in January 2025. However, it increased year-on-year from RM264b in February 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM13.4b. It declined week-on-week from -RM13.3b registered a week ago. Moreover, it declined year-on-year from -RM1.5b a year ago.

7 April 2025 | **Strategy**

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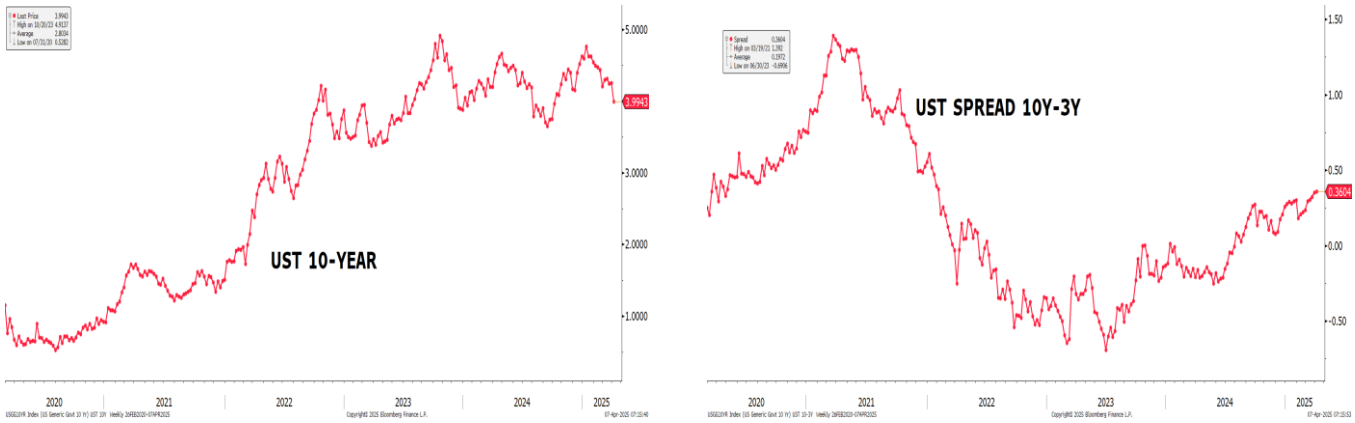
Weekly Money Review

A. FIXED INCOME

- The UST market rallied with benchmark 10-year yield closed the review week lower at 3.99% (prior week: 4.25%) as investors reacted to heavier-than-expected "liberation day" tariff plan as well as softer-than-expected economic data (i.e. March Manufacturing ISM and February job openings). The 10y-3y yield spread expanded (yield curve steepened) to +36bp (prior week: +35bp) as the short-end outperformed attributable to its higher sensitivity to policy action. At week close, the interest rate futures market implied 4 rate cuts totaling -100bp (prior week: 3 cuts totaling -75bp) in 2025.



Source: Bloomberg, MIDFR (G628, G629)

- Medium-term inflation expectation (MTIE) ended the review week lower at 2.40% (prior week: 2.63%). The MTIE has remained above the US Fed target level of 2.00% since the initial interest rate cut in September 2024. We believe the market may be perturbed but are still convinced that inflation trend is easing despite the recent multi-month upswing in MTIE.

MEDIUM-TERM INFLATION EXPECTATION (MTIE): 5Y UST-TIPS SPREAD



Source: Bloomberg, MIDFR (G653)

The price of MGS benchmark issues ended the review week higher with the 3-year and 10-year yields shed -10.2bp and -9.8bp to close at 3.28% and 3.67% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +40bp (prior week: +39bp) as the short-end outperformed.

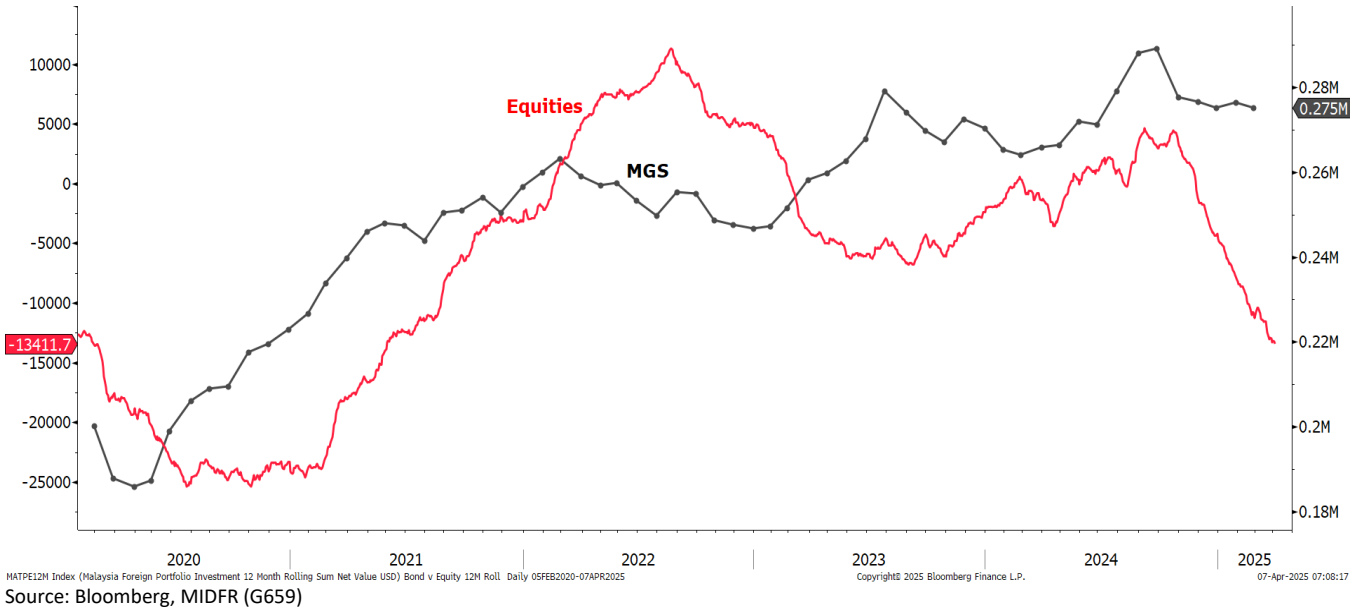


Source: Bloomberg, MIDFR (G630, G631)

- Total trading value for Government Bonds (MGS/MII) increased to RM38.1b in the review week compared to RM31.0b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 57% from 54% of the overall Government Bonds trades. Moreover, 9 out of the 10 most actively traded bonds saw a lower yield, hence higher prices during the review week.

- The top 3 actively traded Government Bonds were dominated by issues of short and mid residual tenor. The top 3 most actively traded were MII 3.726% 3/31/26 at RM4.8b, MGS 3.828% 7/5/34 at RM3.5b at RM3.1b and MGS 4.498% 4/15/30 at RM2.8b.

FOREIGN: MGS HOLDINGS & 12-M ROLLING SUM NET EQUITIES TRADE



Source: Bloomberg, MIDFR (G659)

- MGS foreign holdings declined month-on-month to RM275b in February 2025 from RM276b in January 2025. However, it increased year-on-year from RM264b in February 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM13.4b. It declined week-on-week from -RM13.3b registered a week ago. Moreover, it declined year-on-year from -RM1.5b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) declined to RM1.3b in the review week compared to RM4.2b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 42% from 30% of the overall Corporate Bonds trade.

- The top 3 actively traded Corporate Bonds were dominated by issues of mid and long residual tenor. The top 3 most actively traded were Yinson Holdings 7.5% PERP at RM100m, Cagamas 3.82% 3/7/30 at RM95m, and Danainfra Nasional 4.95% 4/6/40 at RM60m.

B. FOREIGN EXCHANGE

- US dollar weakened as trade war intensified. The US dollar weakened last week as the DXY declined by -0.9%wow to 103.02. During the week, the DXY reached a low of 102.07 last Thursday, its lowest level since October 2024, before recovering to close slightly above the 103 level. The depreciation in the early part of the week was largely attributed to President Donald Trump's declaration of "Liberation Day," which included the announcement of a universal 10% tariff on imports from almost all countries as part of reciprocal tariffs targeting nations with trade surpluses with the US. This negatively impacted investor sentiment due to concerns of higher inflation in the US and an increased risk of future economic slowdown. However, the DXY subsequently strengthened on Friday following the release of stronger-than-forecast Mar-25 nonfarm payrolls. This upward movement was further supported by remarks from Federal Reserve Chair Jerome Powell, which indicated that the Federal Open Market Committee (FOMC) would likely maintain a cautious, "wait-and-see" approach to monetary policy.

- Euro gained against the US dollar. The euro appreciated last week by +1.2%wow to USD1.09 following indication of improved economic situation as the Composite PMI recorded a stronger expansion in Mar-25, rising to 50.9 (Feb-25: 50.2). On the contrary, the pound sterling weakened by -0.4%wow to USD1.289 due to concerns that the UK economy may be impacted by potential global economic risks although the US reciprocal tariff on the UK would not be as high as other countries.

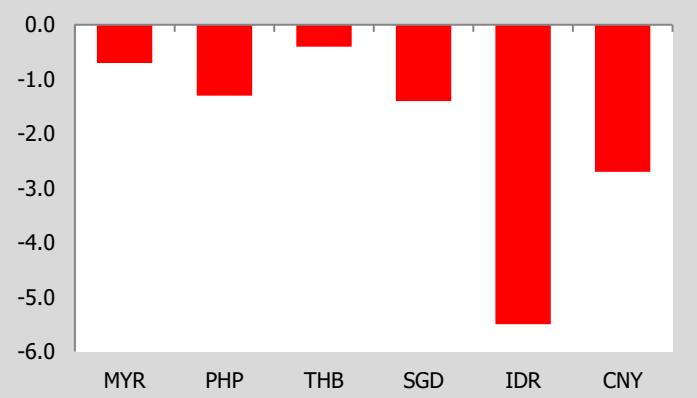
- Ringgit slightly strengthened. On the back of dollar weakness, the ringgit traded between the range of RM 4.423 to RM 4.474 last week but ended the week slightly higher by a mere +0.04%wow to RM 4.437. The ringgit was stable despite the US announcing a +24% reciprocal tariff against Malaysia. Nevertheless, the ringgit depreciated against the currencies of Malaysia's trading partners as our MIDF Trade-Weighted Ringgit Index declined by -0.3%wow to 91.3 (previous: 91.6), depreciating mainly against the Japanese yen (-2.8%wow), euro (-2.6%wow), and Korean won (-1.4%wow).

Currencies Changes (Week Ended 4 April 2025) and Quarterly Forecasts

	Close 04/04	Prev. Close 28/03	Weekly Change	Weekly Change (%)	1QCY25f	2QCY25f	3QCY25f	4QCY25f
DXY Index	103.02	104.04	-1.021	-1.0	104.0	102.00	100.00	98.00
EURUSD	1.096	1.083	+0.013	+1.2	1.04	1.05	1.07	1.09
GBPUSD	1.289	1.294	-0.005	-0.4	1.26	1.28	1.30	1.32
USDJPY	146.9	149.8	+2.910	+2.0	150.00	147.80	146.70	143.94
USDMYR	4.437	4.438	+0.002	+0.0	4.40	4.24	4.16	4.13
GBPMYR	5.763	5.748	-0.014	-0.2	5.54	5.52	5.44	5.28
JPYMYR	3.019	2.960	-0.059	-2.0	2.93	2.93	2.88	2.83
MIDF TWRI	91.30	91.62	-0.320	-0.3	92.00	93.50	94.10	95.00

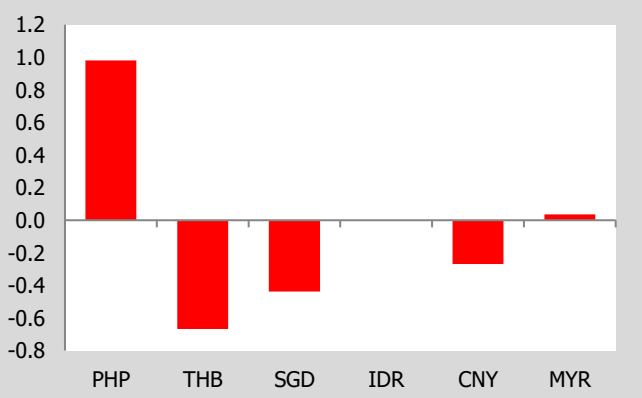
Note: "+" indicates appreciation, while "-"indicates depreciation. Quarterly figures are forecast by MIDFR
Source: Bloomberg, MIDFR

Yield Change in 10Y Government Bonds (bps)



Source: Bloomberg; Macrobond; MIDFR

Weekly Currencies Change vs Dollar (%)



Source: Bloomberg; MIDFR

Central Bank Policy Rate by Selected Economies (%)

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Malaysia	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Indonesia	6.25	6.00	6.00	6.00	6.00	5.75	5.75	5.75	5.75
Philippines	6.25	6.25	6.00	6.00	5.75	5.75	5.75	5.75	5.75
Thailand	2.50	2.50	2.25	2.25	2.25	2.25	2.00	2.00	2.00
Vietnam	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
South Korea	3.50	3.50	3.25	3.00	3.00	3.00	2.75	2.75	2.75
India	6.50	6.50	6.50	6.50	6.50	6.25	6.25	6.25	6.25
Japan	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
UK	5.00	5.00	5.00	4.75	4.75	4.75	4.50	4.50	4.50
Euro area	4.25	3.65	3.40	3.40	3.15	2.90	2.90	2.90	2.90
USA	5.25-5.50	4.75-5.00	4.75-5.00	4.50-4.75	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50

Source: Bloomberg, MIDFR

- US economic data released last week:
  - ISM manufacturing contracted. The ISM Manufacturing PMI fell to 49.0 in March 2025 from 50.3 in February, below forecasts of 49.5. The reading pointed to the first contraction in factory activity in the past three months. New orders (45.2 vs 48.6), the backlog of orders (44.5 vs 46.8) and employment (44.7 vs 47.6) contracted faster, and production also declined (48.3 vs 50.7).
  - Job opening declined in Feb-25. The JOLTS job opening declined by 194K to 7.568m in Feb-25 from an upwardly revised 7.762m in January and below market expectations of 7.63m.
  - The trade deficit narrowed. The US trade deficit narrowed to -USD122.7b in Feb-25 from a record deficit high of -USD130.7b in Jan-25 (Consensus: -USD123.5b). The goods deficit fell by -USD8.8b to -USD147b and the services surplus narrowed to -USD24.3b.
  - US S&P Composite PMI expanded. Composite PMI rose to 53.5 in Mar-25 (Feb-25: 51.6) in line with consensus. The Manufacturing PMI came in slower at 50.2 (Feb-25: 52.7), which was the weakest expansion of the year. On the other hand, the S&P Services PMI increased to 54.4 in Mar-25 (Feb-25: 53.5), marking the highest reading of the year.
  - More jobs were added in Mar-25. The US Non-farm payrolls recorded an increase of +228K in Mar-25, well above the 117K recorded in Feb-25 and beating the consensus of 135K, and the highest since the start of the year. Meanwhile, government employment declined by -4K, following the loss of -11K in Feb-25.
  - Unemployment rate ticked higher. The US unemployment rate slightly increased to 4.2% in Mar-25, marking the highest level since Nov-25 (Consensus: +4.1%). Meanwhile, labour force participation rate edged higher to 62.5% from 62.4%.
  - Jobless claims declined again. The weekly initial jobless claims declined by -6.0K to 219K in the week ending Mar-29, below market expectation of -225K, slightly below the market expectation of 225K, being the lowest level in Mar-25. The result continues to signal that the US continues to have a robust labour market.

- On monetary policy decisions last week:
  - RBA left rates unchanged. The RBA held its cash rate steady at 4.1% in April, following a 25bps cut in Feb-25 meeting, a decision that aligned with market expectations. Governor Michele Bullock stated the central bank is prepared to lower rates if a global trade war threatens the economy.

- Malaysia's economic update last week:
  - Factory activities contracted faster. Malaysia's S&P Global manufacturing PMI fell to 48.8 in Mar-25 (Feb-25: 49.7), indicating activities in the manufacturing sector had been contracting for the 10th consecutive month.

C. BNM INTERNATIONAL RESERVES

- As of 14 March 2025, compared to previous fortnight, Bank Negara Malaysia's international reserves was lower at USD118.0b (28 February 2025: USD118.3b).

BNM INTERNATIONAL RESERVES



Source: Bloomberg, MIDFR (G662)

- The number of reserves is sufficient to finance 5.0 months of imports of goods & services and is 0.9 times total short-term external debt.

APPENDIX

WEEKLY INTEREST RATE MONITOR

Tenor	28-Mar Fri	31-Mar Mon	1-Apr Tue	2-Apr Wed	3-Apr Thu	4-Apr Fri	Change (WoW bp)
MGS							
3-Y	3.379	3.379	3.379	3.367	3.33	3.277	-10.2
5-Y	3.563	3.563	3.563	3.547	3.522	3.414	-14.9
7-Y	3.716	3.716	3.716	3.704	3.678	3.566	-15
10-Y	3.771	3.771	3.771	3.76	3.727	3.673	-9.8
20-Y	3.997	3.997	3.997	3.988	3.969	3.91	-8.7
RINGGIT IRS							
1-Y	3.535	3.535	3.535	3.525	3.505	3.435	-10
3-Y	3.425	3.425	3.425	3.415	3.3825	3.285	-14
5-Y	3.47	3.47	3.47	3.45	3.4	3.325	-14.5
7-Y	3.54	3.54	3.54	3.515	3.485	3.4025	-13.75
10-Y	3.64	3.64	3.64	3.615	3.587	3.485	-15.5
KLIBOR							
1-M	3.28	3.28	3.28	3.28	3.28	3.28	0
3-M	3.66	3.66	3.66	3.66	3.66	3.66	0
UST							
3-Y	3.8971	3.8744	3.8631	3.8291	3.6543	3.6339	-26.32
5-Y	3.9791	3.9496	3.9252	3.8853	3.7265	3.7088	-27.03
7-Y	4.112	4.0732	4.0396	3.9958	3.8575	3.8342	-27.78
10-Y	4.2494	4.2053	4.1689	4.1307	4.0286	3.9943	-25.51
30-Y	4.6286	4.5707	4.524	4.5004	4.4703	4.409	-21.96

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	28-Mar Yield	4-Apr Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	3.312	3.244	-6.8	4,841.6
MALAYSIA GOVERNMENT	3.828	07/05/34	3.771	3.673	-9.8	3,491.9
MALAYSIA GOVERNMENT	4.498	04/15/30	3.600	3.450	-15.0	2,820.5
MALAYSIA GOVERNMENT	3.955	09/15/25	3.134	3.247	11.3	2,728.5
MALAYSIA INVESTMNT ISSUE	3.804	10/08/31	3.708	3.583	-12.5	2,172.2
MALAYSIA GOVERNMENT	3.502	05/31/27	3.379	3.277	-10.2	1,244.6
MALAYSIA INVESTMNT ISSUE	4.193	10/07/32	3.739	3.610	-12.9	1,193.9
MALAYSIA GOVERNMENT	2.632	04/15/31	3.701	3.595	-10.6	1,145.0
MALAYSIA INVESTMNT ISSUE	4.119	11/30/34	3.775	3.648	-12.7	1,105.9
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.511	3.405	-10.6	1,066.2
TOTAL VOLUME (TOP 10)						21,810.3
TOTAL VOLUME (Overall)						38,101.7

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	28-Mar Yield	4-Apr Yield	Change (WoW bp)	Weekly Volume (RM mn)
YINSON HOLDINGS BERHAD	7.5	PERP	6.476	6.201	-27.5	100.5
CAGAMAS BERHAD	3.82	03/07/30	N/A	3.703	N/A	95.0
DANAINFRA NASIONAL	4.95	04/06/40	N/A	3.934	N/A	60.0
IJM TREASURY MANAGEMENT	4.05	03/20/35	3.949	3.898	-5.1	60.0
RHB BANK	4.38	11/17/28	3.825	3.826	0.1	50.0
PENGURUSAN AIR SPV BHD	4.4	06/17/26	N/A	3.434	N/A	40.0
CAGAMAS BERHAD	4.06	10/10/28	N/A	3.599	N/A	40.0
PRASARANA MALAYSIA BHD	4.34	09/12/25	N/A	3.360	N/A	35.0
CAGAMAS BERHAD	4.08	10/10/28	3.800	3.598	-20.2	35.0
PELABUHAN TANJUNG PELEPA	3.4	08/28/30	N/A	3.901	N/A	30.0
TOTAL VOLUME (TOP 10)						545.5
TOTAL VOLUME (Overall)						1,300.5

Source: Bloomberg

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock prices are expected to *rise* by >10% within 3 months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock prices are expected to *fall* by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell