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MIDF AMANAH INVESTMENT BANK BERHAD

WEEKLY MONEY REVIEW

MIDF Strategy 14 April 2025

Week Ended 11 April 2025

- The UST market suffered a selloff with benchmark 10-year yield closed the review week higher at 4.49% (prior week: 3.99%). Investors reacted to the US 'liberation day' tariff plan by dumping US government debts in favor of other global safe havens with gold ended the week at a new all-time high of USD3,237/oz. The 10y-3y yield spread expanded (yield curve steepened) to +48bp (prior week: +36bp) as the long-end underperformed. At week close, the interest rate futures market implied 3 rate cuts totaling -75bp (prior week: 4 cuts totaling -100bp) in 2025.

- Medium-term inflation expectation (MTIE) ended the review week higher at 2.42% (prior week: 2.40%). 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 lower with the 3-year and 10-year yields added +10.9bp and +7.4bp to close at 3.39% and 3.75% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +36bp (prior week: +40bp) as the short-end underperformed.

- MGS foreign holdings increased month-on-month to RM278b in March 2025 from RM275b in February 2025. Moreover, it increased year-on-year from RM266b in March 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM15.0b. It declined week-on-week from -RM13.4b registered a week ago. Moreover, it declined year-on-year from -RM1.8b a year ago.

14 April 2025 | **Strategy**

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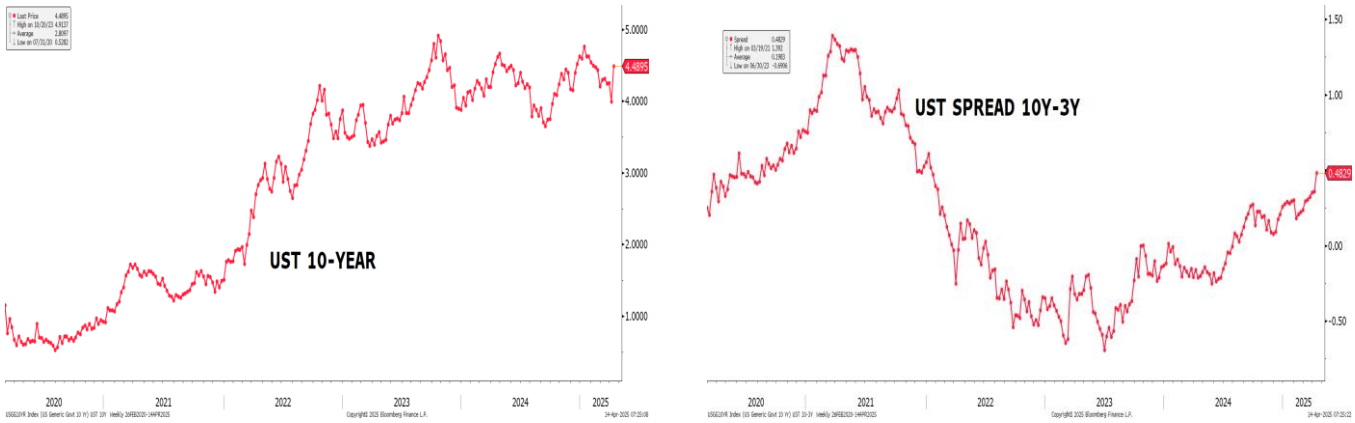
Weekly Money Review

A. FIXED INCOME

- The UST market suffered a selloff with a benchmark 10-year yield closed the review week higher at 4.49% (prior week: 3.99%). Investors reacted to the US 'liberation day' tariff plan by dumping US government debts in favor of other global safe havens with gold ended the week at a new all-time high of USD3,237/oz. The 10y-3y yield spread expanded (yield curve steepened) to +48bp (prior week: +36bp) as the long-end underperformed. At week close, the interest rate futures market implied 3 rate cuts totaling -75bp (prior week: 4 cuts totaling -100bp) in 2025.



Source: Bloomberg, MIDFR (G628, G629)

- Medium-term inflation expectation (MTIE) ended the review week higher at 2.42% (prior week: 2.40%). 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 the 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 lower with the 3-year and 10-year yields added +10.9bp and +7.4bp to close at 3.39% and 3.75% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +36bp (prior week: +40bp) as the short-end underperformed.

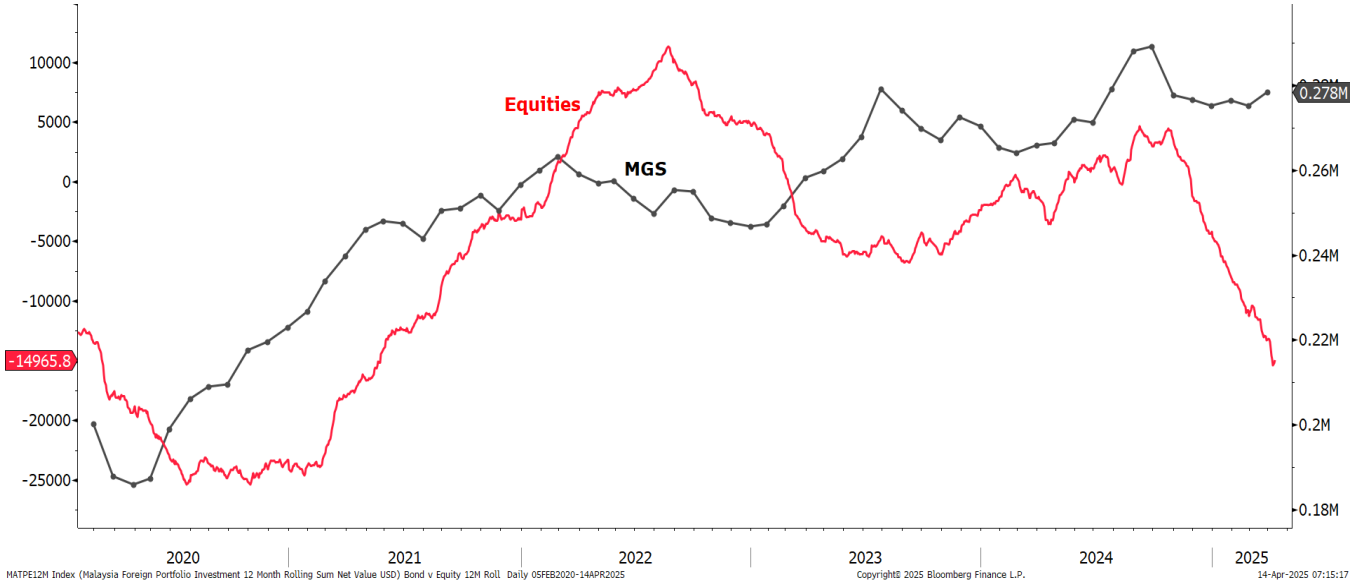


Source: Bloomberg, MIDFR (G630, G631)

- Total trading value for Government Bonds (MGS/MII) increased to RM53.6b in the review week compared to RM38.1b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 54% from 57% of the overall Government Bonds trades. Moreover, 9 out of the 10 most actively traded bonds saw a higher yield, hence lower prices during the review week.

- The top 3 actively traded Government Bonds were dominated by issues of varied residual tenors. The top 3 most actively traded were MGS 3.955% 9/15/25 at RM5.2b, MGS 3.828% 7/5/34 at RM3.4b at RM3.1b and MII 3.974% 7/16/40 at RM3.1b.

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



Source: Bloomberg, MIDFR (G659)

- MGS foreign holdings increased month-on-month to RM278b in March 2025 from RM275b in February 2025. Moreover, it increased year-on-year from RM266b in March 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM15.0b. It declined week-on-week from -RM13.4b registered a week ago. Moreover, it declined year-on-year from -RM1.8b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM2.9b in the review week compared to RM1.3b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 30% from 42% of the overall Corporate Bonds trades.

- The top 3 actively traded Corporate Bonds were dominated by issues of mid and long residual tenor. The top 3 most actively traded were Cagamas 3.79% 10/11/29 at RM170m, Cagamas 3.82% 3/7/30 at RM120m, and Bank Islam 4.3% 3/23/35 at RM90m.

B. FOREIGN EXCHANGE

- US dollar weakened as the US-China trade war escalated. The US dollar weakened last week as the DXY slid by -2.8%wow to 100.10, the lowest since Jul-23. During the week, the DXY started at 103.0 and breached the 102 level mid-week which later traded below the 101 level. The weak sentiment on the US dollar stemmed from uncertainties surrounding the trade policy changes. Market movements were influenced in the early of the week when the US administration imposed an additional 50% tariff on China, raising the average tariffs to 104% and raised further to 145%. Meanwhile, China retaliated by raising the tariff on the US to 125%. The DXY continued to depreciate despite economic data pointing to still stable job market and lower inflation in Mar-25, while President Donald Trump announced a 90-day delay on the reciprocal tariffs by lower to the universal rate of 10% for all countries excluding China. The US also announced that there will be an exemption on smartphones, computers, and other electronic devices from the tariff measure. At the moment, we think that investors would continue to be in a risk-off mode, in anticipation of more government policy changes to unfold. However, flight to safe-haven assets flows may be directed to other safer alternative assets such as the euro, yen, and gold.

- Euro and pound gained on dollar weakness. The euro appreciated last week by +3.6%wow to USD1.136, the strongest level last seen in Feb-22, on the back of encouraging economic update with an indication of improved services activities as the retail sales recorded stronger activities in Mar-25, accelerating to +2.3%yoy (Feb-25: +1.8%yoy). On top of that, the European Union will pause its first tranche of retaliatory tariffs for 90 days, after the US government announced the 90-day delay on reciprocal tariffs including on Europe. Similarly, the pound sterling appreciated against the US dollar by +1.6%wow to one-week high of USD1.309 supported by the better-than-expected GDP data which expanded by +1.4%yoy in Feb-25, beating market expectations of +0.9%yoy.

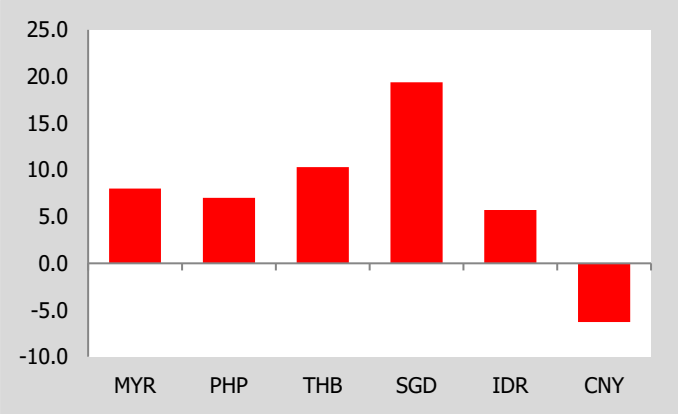
- Ringgit also strengthened. On the back of dollar weakness, the ringgit traded between the range of RM4.424 to RM4.496 last week but ended the week stronger by +0.3%wow to RM4.425. The ringgit performance was fairly stable, weakening towards RM4.50 as the trade war escalated but regained when the demand for US dollar weakened. Nevertheless, the ringgit depreciated slightly against the currencies of Malaysia's trading partners as our MIDF Trade-Weighted Ringgit Index declined by -0.05%wow to 90.99 (previous: 91.03), depreciating mainly against the Indian rupee (-1.5%wow), Indonesian rupiah (-1.2%wow), and Chinese yuan (-0.8%wow).

Currencies Changes (Week Ended 11 April 2025) and Quarterly Forecasts

	Close 11/04	Prev. Close 04/04	Weekly Change	Weekly Change (%)	1QCY25f	2QCY25f	3QCY25f	4QCY25f
DXY Index	100.10	103.02	-2.921	-2.8	104.0	102.00	100.00	98.00
EURUSD	1.136	1.096	+0.040	+3.6	1.04	1.05	1.07	1.09
GBPUSD	1.309	1.289	+0.020	+1.6	1.26	1.28	1.30	1.32
USDJPY	143.5	146.9	+3.390	+2.4	150.00	147.80	146.70	143.94
USDMYR	4.425	4.437	+0.012	+0.3	4.40	4.38	4.29	4.25
GBPMYR	5.804	5.763	-0.041	-0.7	5.54	5.52	5.44	5.28
JPYMYR	3.082	3.019	-0.063	-2.0	2.93	2.93	2.88	2.83
MIDF TWRI	90.99	91.03	-0.043	-0.0	92.00	93.50	94.10	95.00

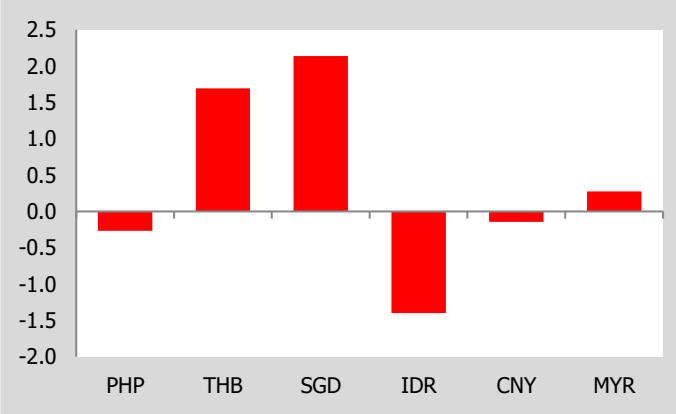
Note: "+" indicates appreciation, while "-"indicates depreciation. Quarterly figures are forecast by MIDFR
Source: Bloomberg, MIDFR

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	5.50
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	6.00
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:
  - Inflation eased again. The CPI inflation eased for a second consecutive month to +2.4%yoy in Mar-25, the lowest since Sep-24, down from +2.8%yoy in Feb-25, and below forecasts of +2.6%yoy. Prices for gasoline (-9.8%yoy; Feb-25: -3.1%yoy) and fuel oil (-7.6%yoy; Feb-25: -5.1%) fell sharper while natural gas prices soared (+9.4%; Feb-25: +6.0%). Meanwhile, core inflation eased to +2.8%yoy (Feb-25: +3.1%yoy), the slowest since Mar-21, and below the consensus estimate of +3.0%yoy.
  - Producer prices eased. U.S. producer prices rose +2.7%yoy in Mar-25, easing from a +3.2%yoy increase in Feb-25 and coming in below market expectations of a +3.3%yoy rise. The core producer price inflation eased to +3.3%yoy in Mar-25 from an upwardly revised +3.5%yoy in Feb-25 and below market forecasts of +3.6%yoy.
  - Some softening but still stable job market. Initial jobless claims rose to 223K in the first week of Apr-25 (previous: 219K), in line with the market consensus.

- On monetary policy decisions last week:
  - The Central Bank of the Philippines cut its benchmark interest rate by -25bps to 5.50% at its April 2025 policy meeting, aligning with market expectations. The move was driven by easing inflation, with consumer prices rising just +1.8%yoy in Mar-25, the slowest pace since May-20 and below the central bank's 2.0% to 4.0% target range.
  - India's central bank cuts its interest rate by -25bps to 6.0% in its Apr-25 decision, aligning with market expectations and marking its lowest level since Nov-22. The latest decision reflects increased uncertainties amid easing inflation, a slowdown in economic activity, and rising global trade tensions.

- Malaysia's economic update last week:
  - IPI grew slower than expected. Malaysia's IPI growth moderated further to +1.5%yoy in Feb-25 (Jan-25: +2.1%yoy), weighed down by reduced mining output and electricity generation. However, the positive growth was supported by stronger manufacturing output such as foods, chemicals and E&E products.
  - Retail spending growth eased, but wholesale gains led to stronger distributive trade. Malaysia's retail spending growth eased to +5.8%yoy in Feb-25 (Jan-25: +8.2%yoy). However, the overall distributive trade growth improved to +5.1%yoy (Jan-25: +4.6%yoy) on the back of the stronger rise in the wholesale trade (+5.3%yoy; Jan-25: +4.8%yoy) and rebound in motor vehicles sales (+1.5%yoy; Feb-25: -9.1%yoy).
  - Positive job market. Malaysia's labour market remained stable and encouraging as the unemployment rate was unchanged at 3.1% in Feb-25.

C. BNM INTERNATIONAL RESERVES

- As of 28 March 2025, compared to previous fortnight, Bank Negara Malaysia's international reserves was lower at USD117.5b (14 March 2025: USD118.0b).

BNM INTERNATIONAL RESERVES



Source: Bloomberg, MIDFR (G662)

- The number of reserves is sufficient to finance 4.9 months of imports of goods & services and is 0.9 times total short-term external debt.

APPENDIX

WEEKLY INTEREST RATE MONITOR

Tenor	4-Apr Fri	7-Apr Mon	8-Apr Tue	9-Apr Wed	10-Apr Thu	11-Apr Fri	Change (WoW bp)
MGS							
3-Y	3.277	3.275	3.33	3.359	3.379	3.386	10.9
5-Y	3.414	3.368	3.423	3.472	3.429	3.498	8.4
7-Y	3.566	3.503	3.556	3.663	3.631	3.653	8.7
10-Y	3.673	3.66	3.692	3.769	3.711	3.747	7.4
20-Y	3.91	3.87	3.934	3.951	3.94	3.969	5.9
RINGGIT IRS							
1-Y	3.435	3.415	3.415	3.425	3.455	3.4395	0.45
3-Y	3.285	3.255	3.285	3.285	3.316	3.29	0.5
5-Y	3.325	3.3	3.31	3.345	3.36	3.34	1.5
7-Y	3.4025	3.365	3.385	3.425	3.445	3.4175	1.5
10-Y	3.485	3.465	3.5	3.525	3.545	3.515	3
KLIBOR							
1-M	3.28	3.28	3.28	3.28	3.28	3.28	0
3-M	3.66	3.66	3.65	3.65	3.65	3.65	-1
UST							
3-Y	3.6339	3.7608	3.7607	3.9283	3.9115	4.0067	37.28
5-Y	3.7088	3.8658	3.9161	4.0435	4.0716	4.1597	45.09
7-Y	3.8342	4.0109	4.0937	4.1796	4.245	4.3294	49.52
10-Y	3.9943	4.1835	4.2929	4.3315	4.4249	4.4895	49.52
30-Y	4.409	4.6188	4.7647	4.7367	4.8692	4.8703	46.13

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	4-Apr Yield	11-Apr Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.955	09/15/25	3.247	3.213	-3.4	5,180.6
MALAYSIA GOVERNMENT	3.828	07/05/34	3.673	3.747	7.4	3,353.4
MALAYSIA INVESTMNT ISSUE	3.974	07/16/40	3.802	3.843	4.1	3,144.0
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.405	3.475	7.0	3,072.7
MALAYSIA INVESTMNT ISSUE	3.804	10/08/31	3.583	3.678	9.5	2,777.2
MALAYSIA INVESTMNT ISSUE	4.193	10/07/32	3.610	3.692	8.2	2,658.6
MALAYSIA INVESTMNT ISSUE	3.635	08/30/30	3.487	3.564	7.7	2,627.8
MALAYSIA INVESTMNT ISSUE	4.119	11/30/34	3.648	3.744	9.6	2,303.0
MALAYSIA INVESTMNT ISSUE	4.128	08/15/25	3.201	3.207	0.6	2,067.2
MALAYSIA GOVERNMENT	3.582	07/15/32	3.566	3.653	8.7	1,930.6
TOTAL VOLUME (TOP 10)						29,115.1
TOTAL VOLUME (Overall)						53,601.9

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	4-Apr Yield	11-Apr Yield	Change (WoW bp)	Weekly Volume (RM mn)
CAGAMAS BERHAD	3.79	10/11/29	N/A	3.659	N/A	170.0
CAGAMAS BERHAD	3.82	03/07/30	3.703	3.711	0.8	120.0
BANK ISLAM MALAYSIA BHD	4.3	03/23/35	4.028	3.995	-3.3	90.0
BANK PEMBANGUNAN MALAY	4.05	06/06/31	3.899	3.767	-13.2	80.0
MALAYAN BANKING BHD	4.03	01/31/34	3.863	3.820	-4.3	80.0
MALAYSIA AIRPORTS HG BHD	4.08	11/22/34	3.901	3.851	-5.0	80.0
PENGURUSAN AIR SPV BHD	3.12	09/27/30	N/A	3.743	N/A	70.0
PENGURUSAN AIR SPV BHD	4.56	01/31/30	3.792	3.727	-6.5	70.0
PELABUHAN TANJUNG PELEPA	4.05	06/18/30	N/A	3.828	N/A	65.0
YTL POWER INTERNATIONAL	4.74	08/24/38	3.998	3.907	-9.1	60.0
TOTAL VOLUME (TOP 10)						885.0
TOTAL VOLUME (Overall)						2,904.2

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 price is 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 price is 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