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MIDF AMANAH
INVESTMENT BANK BERHAD

WEEKLY MONEY REVIEW

MIDF Strategy 5 May 2025

Week Ended 2 May 2025

- The UST market retreated after a 2-week rally with the benchmark 10-year yield closed the review week higher at 4.31% (prior week: 4.24%) as investors reacted to stronger-than-expected April's nonfarm payrolls data. The 10y-3y yield spread was unchanged at +50bp (prior week: +50bp). 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 lower at 2.33% (prior week: 2.34%). The MTIE has remained above the US Fed target level of 2.00% since the initial interest rate cut in September 2024. We nonetheless believe the market is still convinced that the underlying inflation trend is easing despite the elevated MTIE.
- The price of MGS benchmark issues ended the review week mixed with the 3-year and 10-year yields shed -0.1bp and added 1.0bp to close at 3.26% and 3.67% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +41bp (prior week: +40bp) as the short-end outperformed.
- 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 -RM13.4b. It improved week-on-week from -RM13.6b registered a week ago. However, it declined year-on-year from -RM2.3b a year ago.

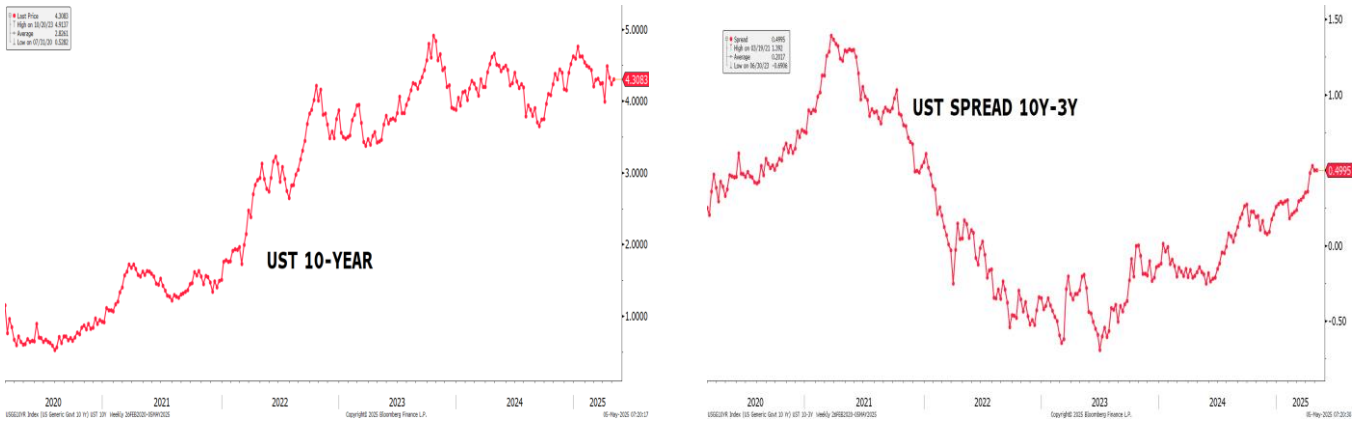
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Weekly Money Review

A. FIXED INCOME

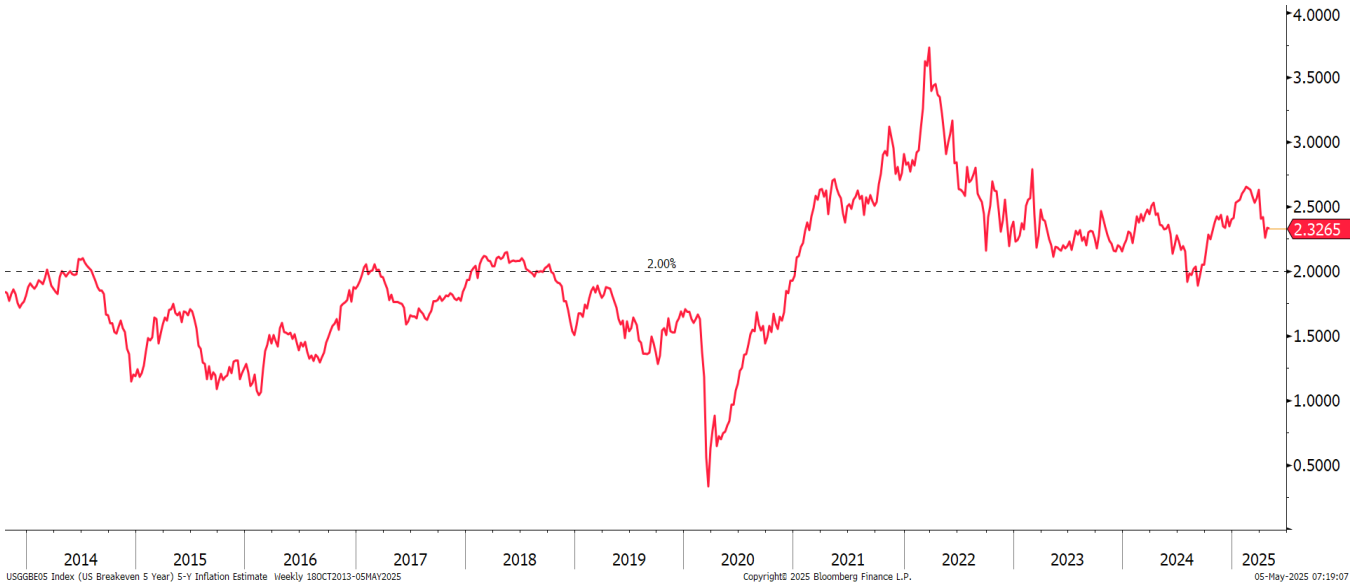
- The UST market retreated after a 2-week rally with the benchmark 10-year yield, which closed the review week higher at 4.31% (prior week: 4.24%) as investors reacted to stronger-than-expected April's nonfarm payrolls data. The 10y-3y yield spread was unchanged at +50bp (prior week: +50bp). At week 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 lower at 2.33% (prior week: 2.34%). The MTIE has remained above the US Fed target level of 2.00% since the initial interest rate cut in September 2024. We nonetheless believe the market is still convinced that the underlying inflation trend is easing despite the elevated MTIE.

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



Source: Bloomberg, MIDFR (G653)

The price of MGS benchmark issues ended the review week mixed with the 3-year and 10-year yields shed -0.1bp and added 1.0bp to close at 3.26% and 3.67% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +41bp (prior week: +40bp) as the short-end outperformed.

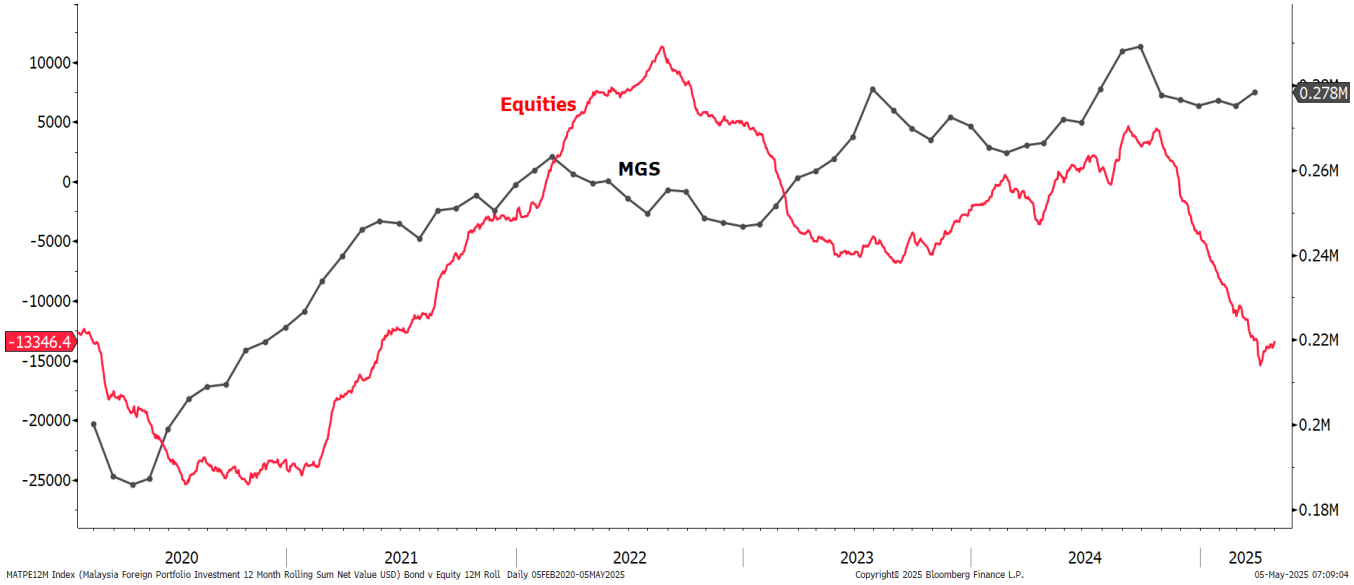


Source: Bloomberg, MIDFR (G630, G631)

- Total trading value for Government Bonds (MGS/MII) declined to RM29.3b in the review week compared to RM48.2b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues was unchanged at 53% of the overall Government Bonds trade. Moreover, 6 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 MGS 3.955% 9/15/25 at RM4.7b, MGS 3.828% 7/5/34 at RM1.6b and MGS 3.519% 4/20/28 at RM1.6b.

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 -RM13.4b. It improved week-on-week from -RM13.6b registered a week ago. However, it declined year-on-year from -RM2.3b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) declined to RM3.7b in the review week compared to RM5.2b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 39% from 30% of the overall Corporate Bonds trades.

- The top 3 actively traded Corporate Bonds were dominated by issues of short residual tenor. The top 3 most actively traded were Jambatan Kedua 4.3% 5/28/25 at RM340m, Malaysia Rail Link 0% 10/28/25 at RM200m, and Cagamas 3.8% 12/6/27 at RM200m.

B. FOREIGN EXCHANGE

- USD appreciated despite weak data releases. The US dollars strengthened last week as the DXY index increased modestly by +0.6%wow to 100.03, after the index oscillated between the range of 99.0 and 100.3. The US dollar strengthened throughout the week on the back of improved sentiment surrounding the trade war as the US- China trade negotiations saw some developments. The appreciation contrasted with weaker-than-expected macroeconomic data releases, such as weaker job openings and GDP contraction in 1QCY25 which caused the market to remain cautious towards the US economic outlook. Nevertheless, the job market continued to show resilience in Apr-25 as shown by the better-than-expected job growth. A key event to watch out for this week is the FOMC meeting, as we expect the Fed to keep its policy rate unchanged, while investors will pay more attention on any signs of a potential rate cut in the next meetings. We anticipate that short-term growth concerns will persist, fueling flight-to-safety flows that could channel investments into alternative safe havens like the euro, yen, and gold.

- GBP and the euro both depreciated. As dollar strengthened, the euro depreciated last week by -0.6%wow to USD1.130, after hitting the USD1.129 level last week, which was a weekly low. The pound sterling also depreciated last week by -0.3%wow to USD 1.327 despite the slightly stronger S&P manufacturing PMI, indicating slower contraction in the factory activities.

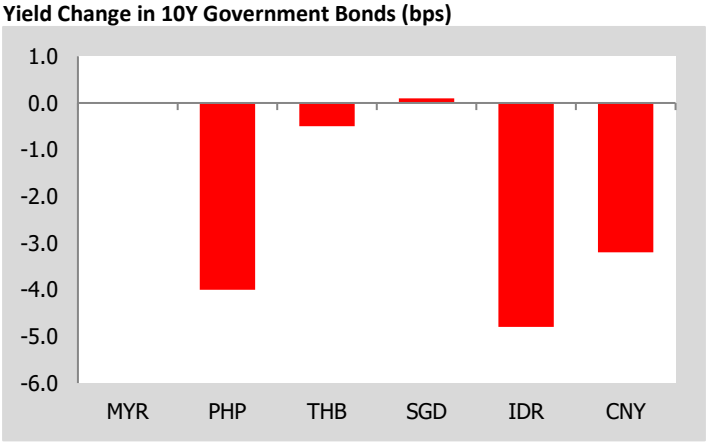
- Ringgit outperformed. Despite the strengthening of the US dollar, the ringgit ended the week significantly stronger by +2.7%wow to RM 4.257, marking its strongest weekly closing since Oct-24. The ringgit strengthened throughout the week despite the weaker PPI and manufacturing PMI releases. The ringgit also appreciated against the currencies of Malaysia's trading partners as our MIDF Trade-Weighted Ringgit Index increased by +0.9%wow to 92.76, appreciating mainly against the Japanese yen (+2.5%wow), Philippines peso (+2.5%wow), and Taiwan dollar (+2.4%wow).

Currencies Changes (Week Ended 2 May 2025) and Quarterly Forecasts

	Close 02/05	Prev. Close 25/04	Weekly Change	Weekly Change (%)	1QCY25f	2QCY25f	3QCY25f	4QCY25f
DXY Index	100.03	99.47	+0.559	+0.6	104.0	102.00	100.00	98.00
EURUSD	1.130	1.137	-0.007	-0.6	1.04	1.05	1.07	1.09
GBPUSD	1.327	1.332	-0.004	-0.3	1.26	1.28	1.30	1.32
USDJPY	145.0	143.7	-1.290	-0.9	150.00	147.80	146.70	143.94
USDMYR	4.257	4.374	+0.117	+2.7	4.40	4.38	4.29	4.25
GBPMYR	5.666	5.817	+0.151	+2.7	5.54	5.52	5.44	5.28
JPYMYR	2.934	3.044	+0.110	+3.7	2.93	2.93	2.88	2.83
MIDF TWRI	92.76	91.89	+0.869	+0.9	92.00	93.50	94.10	95.00

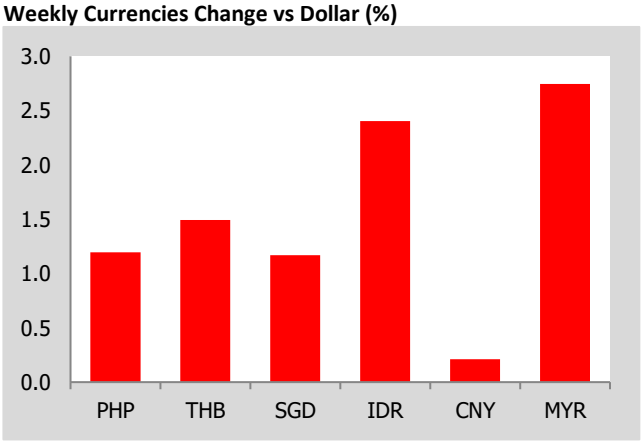
Note: "+" indicates appreciation, while "-"indicates depreciation. Quarterly figures are forecast by MIDFR
Source: Bloomberg, MIDFR

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 (%)

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Malaysia	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Indonesia	6.00	6.00	6.00	6.00	5.75	5.75	5.75	5.75	5.75
Philippines	6.25	6.00	6.00	5.75	5.75	5.75	5.75	5.50	5.50
Thailand	2.50	2.25	2.25	2.25	2.25	2.00	2.00	1.75	1.75
Vietnam	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
South Korea	3.50	3.25	3.00	3.00	3.00	2.75	2.75	2.75	2.75
India	6.50	6.50	6.50	6.50	6.25	6.25	6.25	6.00	6.00
Japan	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
UK	5.00	5.00	4.75	4.75	4.75	4.50	4.50	4.50	4.50
Euro area	3.65	3.40	3.40	3.15	2.90	2.90	2.90	2.40	2.40
USA	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	4.25-4.50

Source: Bloomberg, MIDFR

- US economic data released last week:
  - The trade balance remained in deficit. The US experienced its largest goods trade deficit on record, reaching -USD162b in Mar-25, above market consensus of -USD146b. The expansion of the deficit was primarily attributable to a +0.9%yoy (Feb-25: +1.6%yoy) increase in imports, reflecting a potential trend of domestic firms front-loading their purchases.
  - JOLTS job openings weakened. US job openings declined by a significant -288k to a six-month low of 7.192 million in Mar-25, below 7.48 million anticipated by the market consensus. This broad-based decrease was most pronounced in the transportation, warehousing, and utilities sector, which saw a drop of 59,000k.
  - ADP employment weakened. The US private businesses added a modest +62K jobs in Apr-25, a slowdown from the revised 147K added in Mar-25, well below the market consensus of 115K. This marked the weakest increase in payrolls from July-24.
  - US GDP contracted more than expected in 1QCY25. The US economy contracted at annualised -0.3%qoq in 1QCY25 (4Q24: +2.4%qoq), the first decline since 1QCY22 and well below market consensus of +0.3%qoq. The contract was due to a spike in imports of +41.3%qoq (4Q24: -1.9%qoq) as firms accelerated purchases to mitigate impending tariff hikes.
  - Both headline and core PCE inflation eased. Headline PCE inflation slowed to +2.3%yoy in Mar-25 (Feb-25: +2.7%yoy), while core PCE eased to +2.6%yoy (Feb-25: +3.0%yoy).
  - Higher jobless claims indicated softening but data in Apr-25 showed resilient job market:
    - Initial jobless claims increased to 241K in the week ending on 26-Apr (previously: +222k), the highest since Feb-25, above the market expectation of 224K.
    - Nonfarm payrolls showed the US economy added +177K jobs in Apr-25 (Mar-25: 185k), exceeding market expectations of +130K.
    - The unemployment rate remained at 4.2% in Apr-25, and within the market expectation of. The labour force participation rate edged up to 62.6% from 62.5%.
  - Manufacturing activities in Apr-25 are slower than initial reading. The S&P Global US manufacturing PMI was revised down to 50.2 in Apr-25 from the early estimate of 50.7 and remained unchanged from Mar-25.
  - The ISM pointed to further contraction in factory activities. ISM manufacturing PMI remained below the 50 thresholds for the second month at 48.7 in Apr-25 (Mar-25: 49.0) as US manufacturers grappling with rising costs and margin pressure.

- On monetary policy decisions last week:
  - The Bank of Japan (BOJ) kept its key interest rates unchanged at +0.5% in its May meeting, maintaining the highest level since 2008. In the quarterly outlook, the BOJ lowered its GDP growth forecast to +0.5% from +1.0% for 2025 and trimmed the core inflation forecast to +2.2% for 2025 (previous: +2.7%).
  - The Bank of Thailand lowered its key interest rate by -25bps to 1.75% in the Apr-25 policy meeting, hitting the lowest level since Apr-23 to support the economy amid concerns over the impact of US tariffs.

- Malaysia's economic update last week:
  - The producer prices index turned to deflation. Malaysia's producer prices signalled reduced cost pressures in Mar-25 as the PPI dropped by -1.9%yoy (Feb-25: +0.3%yoy), marking the first contraction since Nov-24. The downward price pressure mainly stemmed from double-digit decline for the mining sector (-15.0%yoy; Feb-25: -9.7%yoy).
  - Factory activities edged lower. The S&P Manufacturing PMI moved lower to 48.6 in Apr-25 (Mar-25: 48.8), hitting an 11th month of contraction. New orders fell for the second month, while external demand continued to weaken.

C. BNM INTERNATIONAL RESERVES

- As of 15 April 2025, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD118.4b (28 March 2025: USD117.5b).

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	25-Apr Fri	28-Apr Mon	29-Apr Tue	30-Apr Wed	1-May Thu	2-May Fri	Change (WoW bp)
MGS							
3-Y	3.259	3.252	3.255	3.258	3.258	3.258	-0.1
5-Y	3.353	3.35	3.345	3.328	3.328	3.348	-0.5
7-Y	3.547	3.53	3.539	3.55	3.55	3.562	1.5
10-Y	3.662	3.636	3.65	3.657	3.657	3.672	1
20-Y	3.899	3.899	3.903	3.906	3.906	3.899	0
RINGGIT IRS							
1-Y	3.42	3.425	3.42	3.415	3.415	3.425	0.5
3-Y	3.234	3.2475	3.24	3.245	3.245	3.26	2.6
5-Y	3.2835	3.286	3.29	3.29	3.29	3.3125	2.9
7-Y	3.3915	3.375	3.39	3.395	3.395	3.395	0.35
10-Y	3.505	3.5	3.52	3.5	3.5	3.515	1
KLIBOR							
1-M	3.28	3.28	3.28	3.28	3.28	3.28	0
3-M	3.65	3.65	3.65	3.65	3.65	3.65	0
UST							
3-Y	3.7355	3.6822	3.64	3.595	3.6847	3.8088	7.33
5-Y	3.8594	3.8127	3.7661	3.7264	3.8039	3.9184	5.9
7-Y	4.0388	4.0026	3.9639	3.9356	4.0025	4.1037	6.49
10-Y	4.2353	4.2082	4.1716	4.1619	4.2176	4.3083	7.3
30-Y	4.701	4.6823	4.649	4.6774	4.7228	4.7889	8.79

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	25-Apr Yield	2-May Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.955	09/15/25	3.083	2.924	-15.9	4,722.4
MALAYSIA GOVERNMENT	3.828	07/05/34	3.662	3.672	1.0	1,654.1
MALAYSIA GOVERNMENT	3.519	04/20/28	3.259	3.258	-0.1	1,568.7
MALAYSIA GOVERNMENT	3.899	11/16/27	3.216	3.200	-1.6	1,253.2
MALAYSIA INVESTMNT ISSUE	3.447	07/15/36	3.698	3.711	1.3	1,203.4
MALAYSIA INVESTMNT ISSUE	4.119	11/30/34	3.663	3.623	-4.0	1,174.2
MALAYSIA GOVERNMENT	3.733	06/15/28	3.296	3.279	-1.7	1,049.9
MALAYSIA INVESTMNT ISSUE	3.612	04/30/35	N/A	3.644	N/A	1,043.1
MALAYSIA INVESTMNT ISSUE	3.804	10/08/31	3.520	3.546	2.6	972.5
MALAYSIA GOVERNMENT	3.885	08/15/29	3.353	3.348	-0.5	849.7
TOTAL VOLUME (TOP 10)						15,491.3
TOTAL VOLUME (Overall)						29,280.6

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	25-Apr Yield	2-May Yield	Change (WoW bp)	Weekly Volume (RM mn)
JAMBATAN KEDUA SDN BHD	4.3	05/28/25	3.183	3.060	-12.3	340.0
MALAYSIA RAIL LINK	ZERO	10/28/25	N/A	3.252	N/A	200.0
CAGAMAS BERHAD	3.8	12/06/27	N/A	3.588	N/A	200.0
CAGAMAS BERHAD	4.62	11/04/27	3.666	3.551	-11.5	140.0
DANAINFRA NASIONAL	4.3	03/31/34	N/A	3.699	N/A	120.0
DANAINFRA NASIONAL	4.93	07/24/34	N/A	3.715	N/A	100.0
SABAH CREDIT CORP	4.03	04/23/32	4.000	4.000	0.0	100.0
PRASARANA MALAYSIA BHD	4.93	12/28/32	3.649	3.658	0.9	90.0
BENIH RESTU BHD	4.08	07/28/34	3.903	3.870	-3.3	90.0
PENGURUSAN AIR SPV BHD	4.06	04/29/39	N/A	4.059	N/A	90.0
TOTAL VOLUME (TOP 10)						1,470.0
TOTAL VOLUME (Overall)						3,730.7

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 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