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MIDF AMANAH INVESTMENT BANK BERHAD

WEEKLY MONEY REVIEW

MIDF Strategy 23 June 2025

Week Ended 20 June 2025

- The UST market rebounded further with benchmark 10-year yield ended the review week lower at 4.38% (prior week: 4.40%) as investors (1) reacted to soft economic data, i.e. lower than expected May retail sales, and (2) seeking safe-haven due to possible escalation in the Iran-Israel conflict (as President Trump deliberating a direct involvement). The 10y-3y yield spread expanded (yield curve steepened) to +51bp (prior week: +50bp) as the short-end outperformed. At week close, the interest rate futures market implied 2 rate cuts totaling -50bp (prior week: 2 cuts totaling -50bp) in 2025.
- Medium-term inflation expectation (MTIE) ended the review week higher at 2.38% (prior week: 2.32%). 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 lower with the 3-year and 10-year yields added 1.9bp and 4.0bp to close at 3.20% and 3.59% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +39bp (prior week: +37bp) as the long-end underperformed.
- MGS foreign holdings increased month-on-month to (all-time high of) RM302b in May 2025 from RM289b in April 2025. Moreover, it increased year-on-year from RM272b in May 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM15.3b. It declined week-on-week from -RM15.1b registered a week ago. Moreover, it declined year-on-year from RM1.3b a year ago.

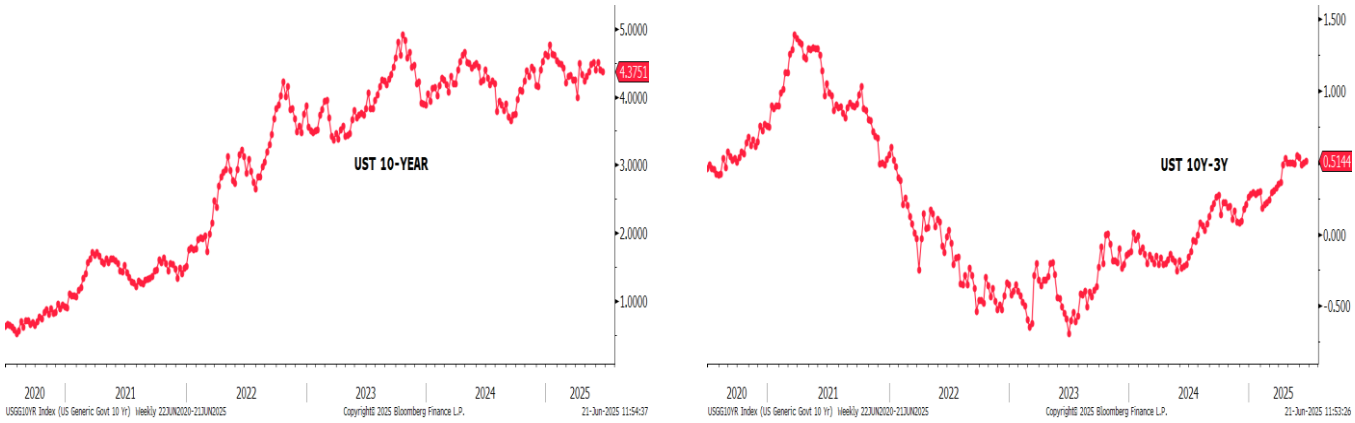
23 June 2025 | **Strategy**

Strategy Team | research@midf.com.my

Weekly Money Review

A. FIXED INCOME

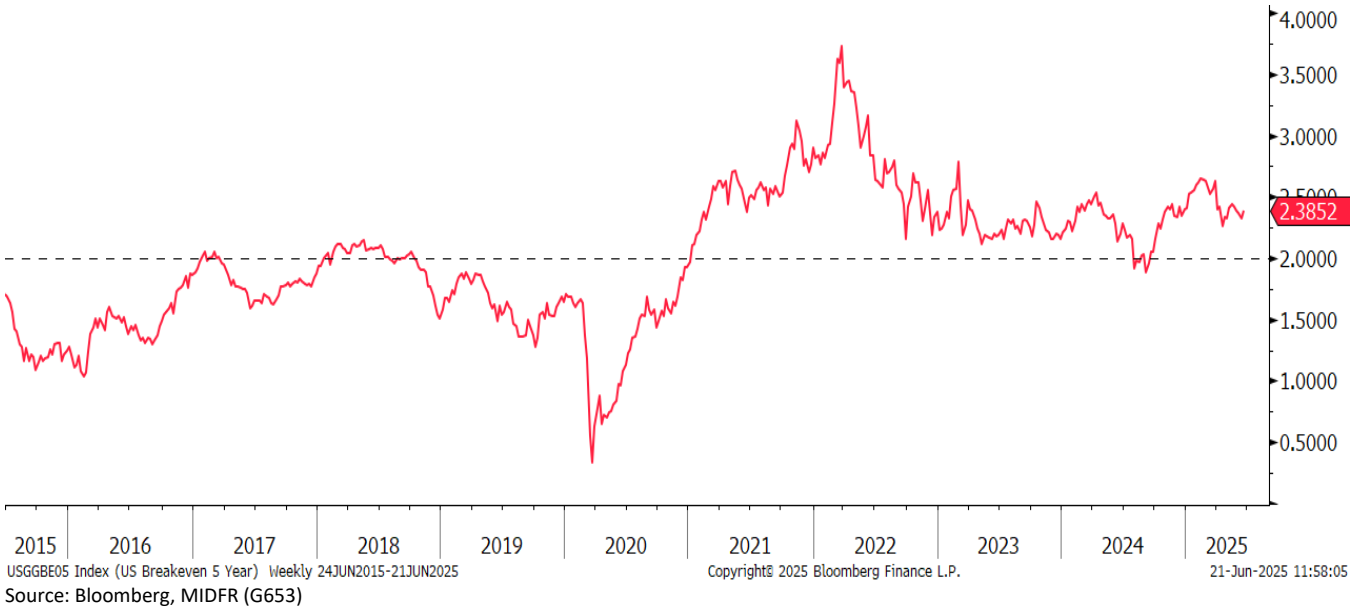
- The UST market rebounded further with benchmark 10-year yield ended the review week lower at 4.38% (prior week: 4.40%) as investors (1) reacted to soft economic data, i.e. lower than expected May retail sales, and (2) seeking safe-haven due to possible escalation in the Iran-Israel conflict (as President Trump deliberating a direct involvement). The 10y-3y yield spread expanded (yield curve steepened) to +51bp (prior week: +50bp) as the short-end outperformed. At week close, the interest rate futures market implied 2 rate cuts totaling -50bp (prior week: 2 cuts totaling -50bp) in 2025.



Source: Bloomberg, MIDFR (G628, G629)

- Medium-term inflation expectation (MTIE) ended the review week higher at 2.38% (prior week: 2.32%). 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 lower with the 3-year, and 10-year yields added 1.9bp and 4.0bp to close at 3.20% and 3.59% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +39bp (prior week: +37bp) as the long-end underperformed.

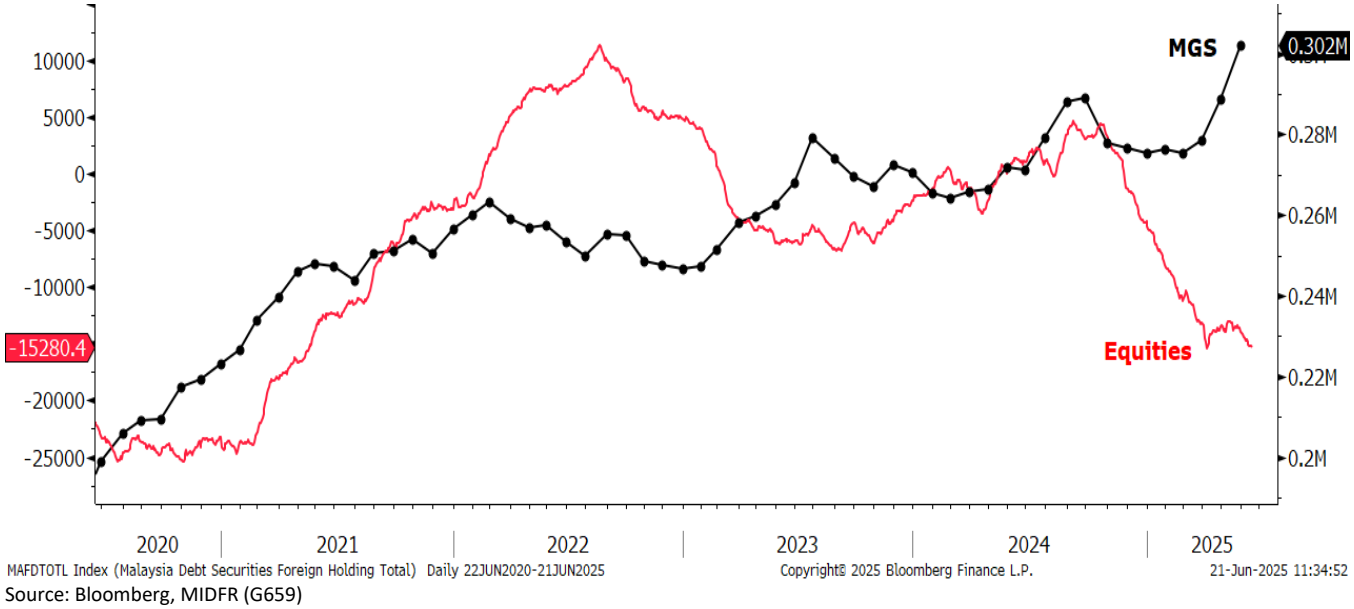


Source: Bloomberg, MIDFR (G630, G631)

- Total trading value for Government Bonds (MGS/MII) declined to RM25.9b in the review week compared to RM26.9b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 57% from 60% of the overall Government Bonds trades. Moreover, 10 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 short and mid residual tenor. The top 3 most actively traded were MGS 3.955% 9/15/25 at RM3.5b, MGS 3.828% 7/5/34 at RM2.3b and MGS 2.632% 4/15/31 at RM1.7b.

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



Source: Bloomberg, MIDFR (G659)

- MGS foreign holdings increased month-on-month to (all-time high of) RM302b in May 2025 from RM289b in April 2025. Moreover, it increased year-on-year from RM272b in May 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM15.3b. It declined week-on-week from -RM15.1b registered a week ago. Moreover, it declined year-on-year from RM1.3b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM5.9b in the review week compared to RM4.9b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 33% from 29% of the overall Corporate Bonds trades.

- The top 3 actively traded Corporate Bonds were dominated by issues of short and mid residual tenor. The top 3 most actively traded were Danainfra Nasional 4.15% 1/31/30 at RM470m, Cagamas 3.64% 4/7/28 at RM250m, and Turus Pesawat 4.36% 11/19/32 at RM200m.

B. FOREIGN EXCHANGE

- USD appreciated amid heightened geopolitical tensions. The US dollar strengthened last week as the DXY index increased by +0.6%wow to 98.77 primarily driven by the escalating geopolitical tensions in the Middle East. This heightened uncertainty fostered a risk-off sentiment among investors, leading to a notable flight to safety towards the US dollar. President Donald Trump hinted at deeper US involvement in the Israel-Iran conflict, which subsequently materialised over the weekend. Speculation about Russia's potential involvement may fuel fears of broader conflict escalation. Concurrently, market participants processed the outcomes of last week's FOMC meeting, with the Fed maintaining its projection of two rate cuts this year. We anticipate continued market volatility this week, predominantly stemming from ongoing geopolitical developments. However, more positive developments from in US-China trade negotiation as seen in the past fortnight may offer a counterbalancing force. Investors are expected to remain vigilant regarding the US's long-term credit outlook. While demand for safe-haven assets will persist, we foresee moderated demand for US assets due to these long-term concerns. Consequently, flight-to-safety capital would flow towards alternative safe havens such as the euro, Japanese yen, and gold.

- Euro and GBP weakened. As the US dollar strengthened, the pound sterling weakened by -0.9%wow to USD1.344, with the BOE leaving the Bank Rate unchanged, despite a few of the MPC members voted last week to lower rates, indicating a slightly dovish tone. The euro also weakened last week by -0.2%wow to USD1.152.

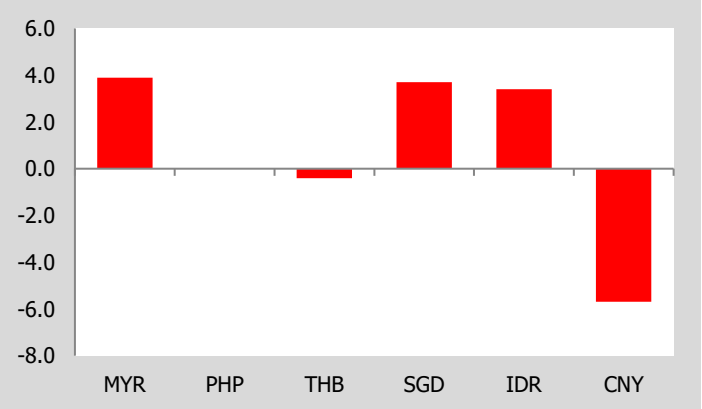
- Ringgit depreciated. The ringgit ended the week lower by -0.1%wow at RM4.250 as the US dollar strengthened, in addition to the weaker-than-expected May-25 export performance. Given the renewed geopolitical risk, we expect the ringgit to end the month between the range of RM4.23 - RM4.30 against the US dollar. The ringgit held steady against the currencies of Malaysia's trading partners as out Trade-Weighted Ringgit Index was unchanged last week at 93.02, although weakening against the Philippines Peso (-1.2%wow), Thai baht (-0.9%wow), and Indonesian rupiah (-0.6%wow).

Currencies Changes (Week Ended 20 June 2025) and Quarterly Forecasts

	Close 20/06	Prev. Close 13/06	Weekly Change	Weekly Change (%)	1QCY25	2QCY25f	3QCY25f	4QCY25f
DXY Index	98.77	98.23	+0.543	+0.6	104.0	102.00	100.00	98.00
EURUSD	1.152	1.154	-0.002	-0.2	1.04	1.05	1.07	1.09
GBPUSD	1.344	1.356	-0.012	-0.9	1.26	1.28	1.30	1.32
USDJPY	146.1	143.7	-2.330	-1.6	150.00	147.80	146.70	143.94
USDMYR	4.250	4.246	-0.004	-0.1	4.43	4.28	4.27	4.25
GBPMYR	5.719	5.759	+0.039	+0.7	5.54	5.52	5.44	5.28
JPYMYR	2.900	2.954	+0.054	+1.9	2.93	2.93	2.88	2.83
MIDF TWRI	93.02	93.02	-0.000	-0.0	92.00	93.50	94.10	95.00

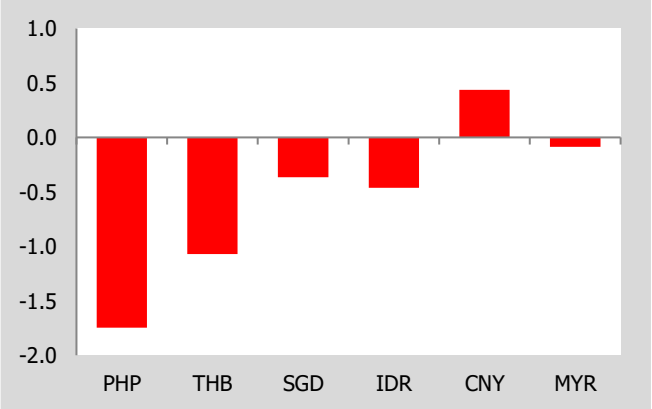
Note: "+" indicates appreciation, while "-"indicates depreciation. Quarterly figures are forecast by MIDFR
Source: Bloomberg, MIDFR

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 (%)

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-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	5.75	5.75	5.75	5.75	5.50	5.50
Philippines	6.00	6.00	5.75	5.75	5.75	5.75	5.50	5.50	5.25
Thailand	2.25	2.25	2.25	2.25	2.00	2.00	1.75	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	3.25	3.00	3.00	3.00	2.75	2.75	2.75	2.50	2.50
India	6.50	6.50	6.50	6.25	6.25	6.25	6.00	6.00	5.50
Japan	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50
UK	5.00	4.75	4.75	4.75	4.50	4.50	4.50	4.25	4.25
Euro area	3.40	3.40	3.15	2.90	2.90	2.90	2.40	2.25	2.00
USA	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	4.25-4.50

Source: Bloomberg, MIDFR

- US economic data released last week:
  - Consumer sentiment improved. the University of Michigan's consumer sentiment index in the US rose to 60.5 in Jun-25 (May-25: 52.5 points) from the previous month's near-record low and exceeding the market forecast of 53.5.
  - Retail activities grew slower. US retail trade growth slowed to +3.3%yoy in May-25 from a downwardly revised +5.0%yoy in Apr-25. From month-on-month perspective, retail sales contracted sharper by -0.9%mom (Apr-25: -0.1%mom)
  - Industrial production grew albeit slower. US industrial output rose by +0.6%yoy in May-25, the smallest gain this year, after a revised +1.4% yoy increase in Apr-25, underpinned by higher output in the mining and manufacturing sectors.
  - Unemployment claims soften but still elevate. Initial jobless claims weakened to 245K for the week ending 14th June (previous week: 250K), the lowest for the month.

- More monetary policy easing last week:

  Interest rates left unchanged
  - After the FOMC meeting last week, the Fed decided to keep the fed funds rate at the existing range of 4.25-4.50%. The Fed also maintained its assessment that the US economic expansion remained on "solid pace" amid "somewhat elevated" inflation and solid job market.
  - The Bank of England (BOE) maintained its Bank Rate at 4.25% in its Jun-25 decision, aligning with market expectations. Six members of the Monetary Policy Committee (MPC) voted in favour of an unchanged rate with only three members advocating for further easing by -25bps.
  - The Bank of Japan kept its key short-term interest rate unchanged at 0.50% during its June meeting, maintaining the highest level since 2008 and aligning with market expectations. The unanimous decision underscored the central bank's cautious stance amid escalating geopolitical risks and lingering uncertainty over U.S. tariff policies.
  - The Central Bank of Turkey held its benchmark interest rate at 46% in its Jun-25 meeting following the unexpected, +350bps hike from its last decision, aligning with market expectations. Policymakers at the monetary authority. noted that inflationary pressures have eased since April.
  - The Central Bank of Taiwan kept its key discount rate unchanged at 2.00% after its Jun-25 meeting, in line with market expectations. The decision reflects ongoing global economic uncertainties, a stable domestic outlook, and continued easing of inflationary pressures.
  - Bank Indonesia kept its benchmark interest rate unchanged at 5.50% during its Jun-25 policy meeting, following a -25bps cut in May-25. The decision was in line with market expectations, in view of easing inflation, stability in the rupiah exchange rate and continued efforts to sustain economic growth.

  Interest rates cuts
  - The Swiss National Bank (SNB) cut its policy rate by -25bps to 0.00% in June 2025, as expected, returning back to zero interest rate policy for the first time since the negative rates in late 2022. The move came amid easing inflationary pressures and a weakening global economic outlook.
  - The Norges Bank cut its key policy rate by -25bps to 4.25% in its Jun-25 meeting after maintaining the 15-year high rate since Dec-23, defying market expectations for a hold. The central bank signaled more rate cuts this year if the economy develops as the bank expected, although it stressed that heightened uncertainty prevent it from committing to a path.

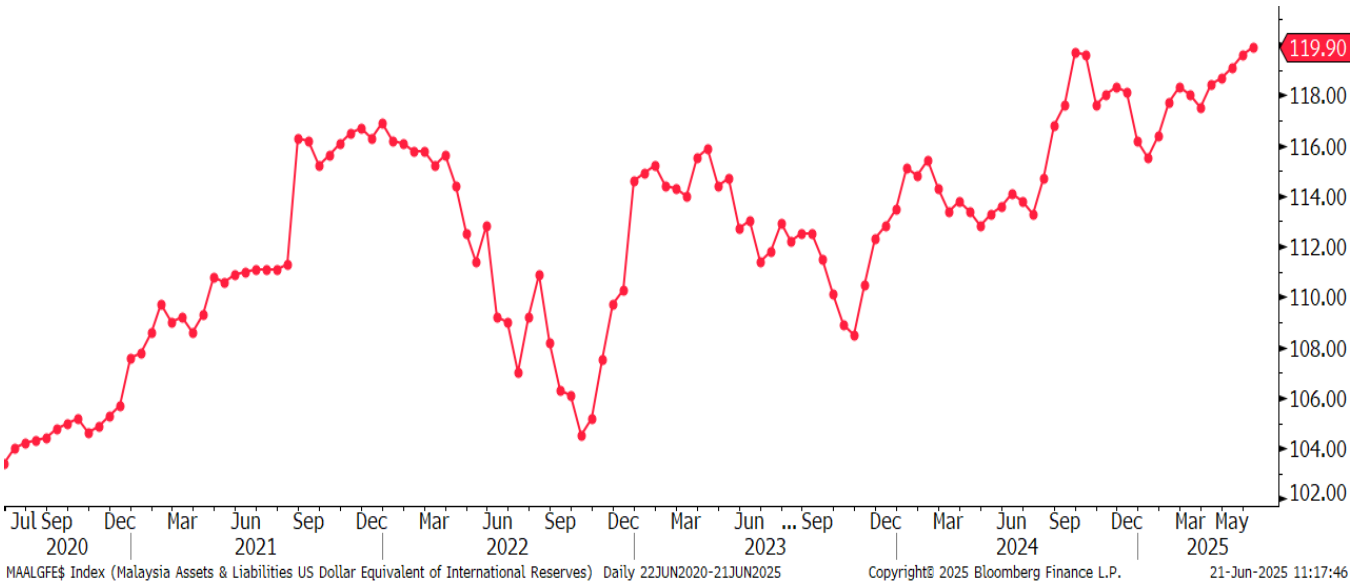
- Bangko Sentral ng Pilipinas lowered its benchmark interest rate by -25bps to 5.25% during its Jun-25 policy meeting, marking the lowest rate in 2.5 years and in line with market expectations. BSP Governor Eli Remolona said the decision reflects a more moderate inflation outlook and the need to support growth with a more accommodative stance.
- The Swedish Riksbank cut its policy rate by -25bps to 2.00% in Jun-25, in line with expectation on the back of easing growth and inflation. Recent data show weaker growth and persistently high unemployment, while inflation is expected to fall slightly below earlier projections due to weaker demand.

- Malaysia's economic update last week:
  - Exports activities weakened. Malaysia's total trade growth moderated to +2.6%yoy in May-25 (Apr-25: +18.1%yoy) from the previous month's double-digit growth. Exports fell by -1.1%yoy (Apr-25: +16.4%yoy), marking the first drop since Sep-24, due to continued weakness in mining exports and marginal decline in exports of manufactured goods.

C. BNM INTERNATIONAL RESERVES

- As of 13 June 2025, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD119.9b (30 May 2025: USD119.6b).

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	13-Jun Fri	16-Jun Mon	17-Jun Tue	18-Jun Wed	19-Jun Thu	20-Jun Fri	Change (WoW bp)
MGS							
3-Y	3.18	3.206	3.213	3.205	3.216	3.199	1.9
5-Y	3.24	3.28	3.269	3.262	3.262	3.246	0.6
7-Y	3.469	3.506	3.501	3.488	3.49	3.488	1.9
10-Y	3.548	3.589	3.593	3.589	3.59	3.588	4
20-Y	3.783	3.792	3.807	3.799	3.795	3.803	2
RINGGIT IRS							
1-Y	3.285	3.295	3.28	3.27	3.2775	3.28	-0.5
3-Y	3.19	3.215	3.2	3.185	3.185	3.19	0
5-Y	3.275	3.29	3.28	3.27	3.275	3.275	0
7-Y	3.365	3.39	3.3775	3.37	3.375	3.375	1
10-Y	3.5	3.515	3.515	3.5	3.495	3.495	-0.5
KLIBOR							
1-M	3.26	3.26	3.26	3.26	3.26	3.26	0
3-M	3.5	3.5	3.5	3.5	3.5	3.5	0
UST							
3-Y	3.9028	3.9307	3.9	3.8944	3.8944	3.8607	-4.21
5-Y	3.9996	4.0312	3.9908	3.9908	3.9908	3.9608	-3.88
7-Y	4.1822	4.2215	4.1743	4.177	4.177	4.1534	-2.88
10-Y	4.3987	4.4462	4.3888	4.3909	4.3909	4.3751	-2.36
30-Y	4.8938	4.9552	4.8907	4.8887	4.8887	4.8897	-0.41

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	13-Jun Yield	20-Jun Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.955	09/15/25	2.856	2.941	8.5	3,492.7
MALAYSIA GOVERNMENT	3.828	07/05/34	3.548	3.588	4.0	2,285.6
MALAYSIA GOVERNMENT	2.632	04/15/31	3.374	3.449	7.5	1,672.2
MALAYSIA GOVERNMENT	3.906	07/15/26	2.992	3.034	4.2	1,447.3
MALAYSIA GOVERNMENT	3.519	04/20/28	3.180	3.199	1.9	1,152.1
MALAYSIA INVESTMNT ISSUE	4.193	10/07/32	3.497	3.526	2.9	1,113.6
MALAYSIA INVESTMNT ISSUE	3.99	10/15/25	2.996	3.003	0.7	970.0
MALAYSIA GOVERNMENT	4.642	11/07/33	3.558	3.566	0.8	925.9
MALAYSIA GOVERNMENT	3.336	05/15/30	3.240	3.246	0.6	905.0
MALAYSIA INVESTMNT ISSUE	4.245	09/30/30	3.346	3.363	1.7	801.8
TOTAL VOLUME (TOP 10)						14,766.1
TOTAL VOLUME (Overall)						25,869.2

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	13-Jun Yield	20-Jun Yield	Change (WoW bp)	Weekly Volume (RM mn)
DANAINFRA NASIONAL	4.15	01/31/30	N/A	3.327	N/A	470.0
CAGAMAS BERHAD	3.64	04/07/28	N/A	3.448	N/A	250.0
TURUS PESAWAT SDN BHD	4.36	11/19/32	3.601	3.740	13.9	200.0
PRASARANA MALAYSIA BHD	4.53	12/28/27	3.356	3.307	-4.9	160.0
DANAINFRA NASIONAL	3.69	11/27/29	3.307	3.318	1.1	150.0
DANAINFRA NASIONAL	4.48	10/20/31	N/A	3.475	N/A	140.0
PRASARANA MALAYSIA BHD	3.56	08/27/31	N/A	3.475	N/A	140.0
DANAINFRA NASIONAL	4.9	11/16/32	3.547	3.551	0.4	130.0
DANAINFRA NASIONAL	4.36	02/12/29	3.304	3.309	0.5	130.0
PRASARANA MALAYSIA BHD	4.93	12/28/32	3.601	3.588	-1.3	105.0
TOTAL VOLUME (TOP 10)						1,875.0
TOTAL VOLUME (Overall)						5,684.8

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