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MIDF AMANAH INVESTMENT BANK BERHAD

WEEKLY MONEY REVIEW

MIDF Strategy 30 June 2025

Week Ended 27 June 2025

- The UST market rallied with benchmark 10-year yield ended the review week lower at 4.28% (prior week: 4.38%) as investors reacted to tumbling crude oil prices in the aftermath of Iran-Israel ceasefire and dovish statement by several US Fed governors. However, the rally was moderated by higher-than-expected inflation data. The 10y-3y yield spread expanded (yield curve steepened) to +56bp (prior week: +51bp) as the short-end outperformed. At week close, the interest rate futures market implied 3 rate cuts totaling -75bp (prior week: 2 cuts totaling -50bp) in 2025.
- Medium-term inflation expectation (MTIE) ended the review week lower at 2.32% (prior week: 2.38%). The MTIE has rebounded 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 higher with the 3-year and 10-year yields shed -6.0bp and -7.3bp to close at 3.14% and 3.52% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +38bp (prior week: +39bp) as the long-end outperformed.
- 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 -RM15.2b. It increased week-on-week from -RM15.3b registered a week ago. However, it declined year-on-year from RM1.0b a year ago.

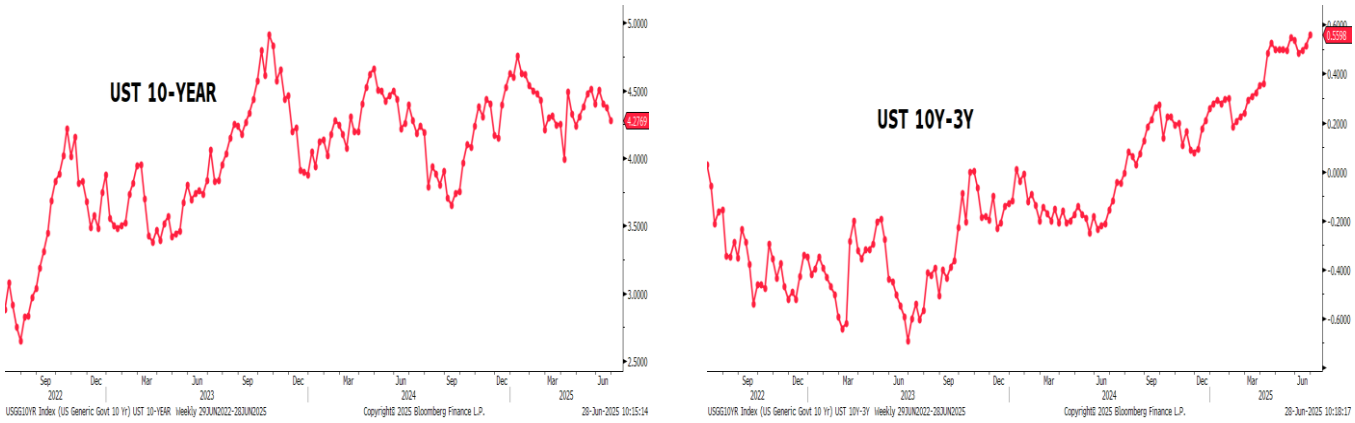
30 June 2025 | **Strategy**

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Weekly Money Review

A. FIXED INCOME

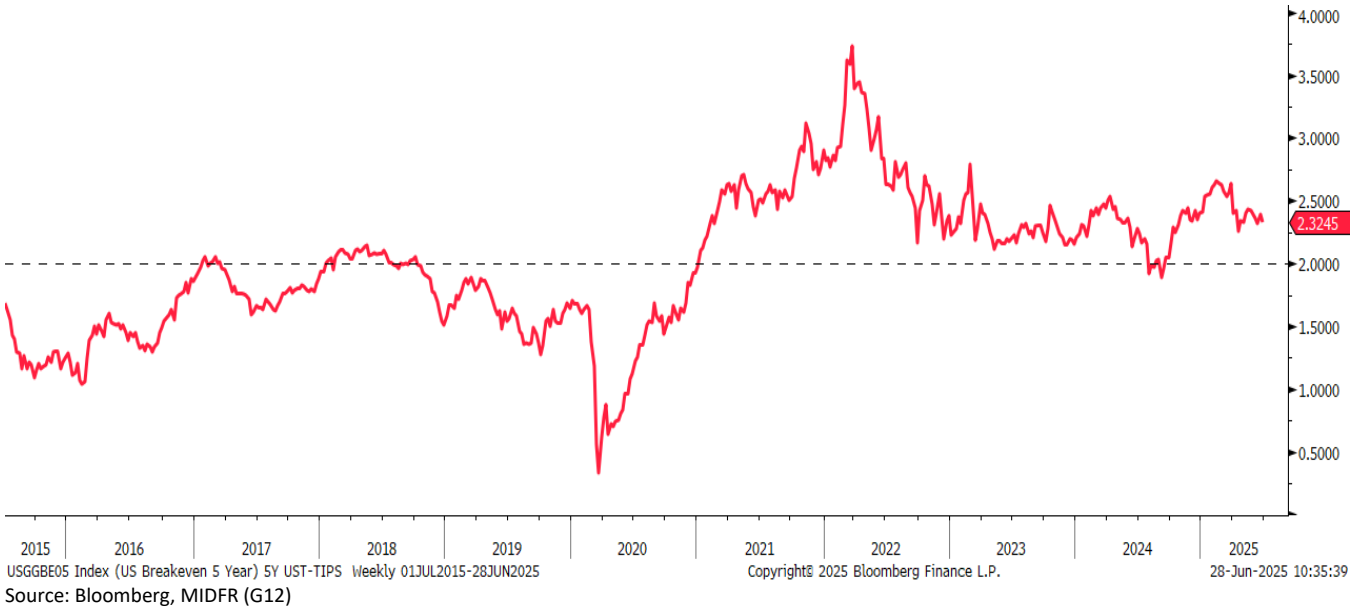
- The UST market rallied with benchmark 10-year yield ended the review week lower at 4.28% (prior week: 4.38%) as investors reacted to tumbling crude oil prices in the aftermath of Iran-Israel ceasefire and dovish statement by several US Fed governors. However, the rally was moderated by higher-than-expected inflation data. The 10y-3y yield spread expanded (yield curve steepened) to +56bp (prior week: +51bp) as the short-end outperformed. At week close, the interest rate futures market implied 3 rate cuts totaling -75bp (prior week: 2 cuts totaling -50bp) in 2025.



Source: Bloomberg, MIDFR (G8, G9)

- Medium-term inflation expectation (MTIE) ended the review week lower at 2.32% (prior week: 2.38%). The MTIE has rebounded 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.

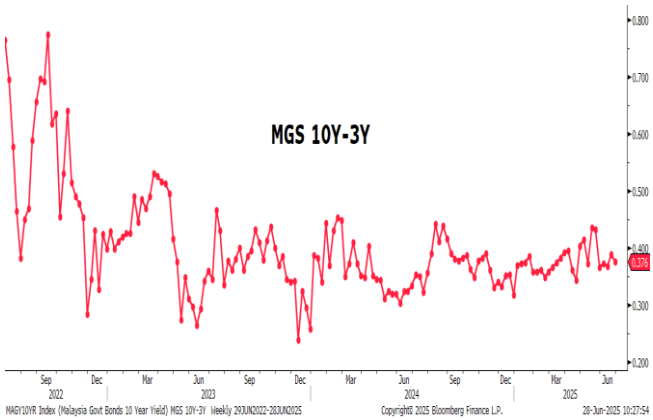
MEDIUM-TERM INFLATION EXPECTATION (MTIE): 5Y UST-TIPS SPREAD



Source: Bloomberg, MIDFR (G12)

- The price of MGS benchmark issues ended the review week higher with the 3-year, and 10-year yields shed -6.0bp and -7.3bp to close at 3.14% and 3.52% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +38bp (prior week: +39bp) as the long-end outperformed.



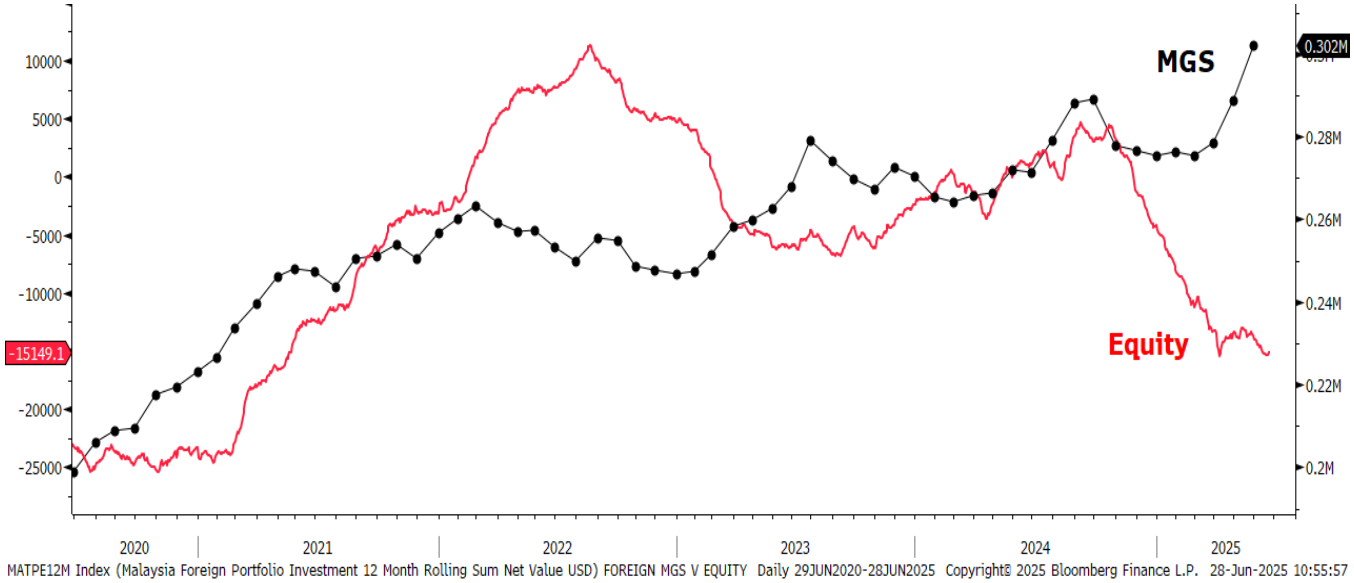


Source: Bloomberg, MIDFR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) increased to RM34.3b in the review week compared to RM25.9b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 49% from 57% of the overall Government Bonds trade. Moreover, 8 out of the 10 most actively traded bonds saw lower yields, 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 RM4.6b, MGS 3.519% 4/20/28 at RM1.8b and MGS 3.582% 7/15/32 at RM1.5b.

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



Source: Bloomberg, MIDFR (G13)

- 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 -RM15.2b. It increased week-on-week from -RM15.3b registered a week ago. However, it declined year-on-year from RM1.0b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) declined to RM3.6b in the review week compared to RM5.9b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 38% from 33% 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 Danainfra Nasional 4.0% 3/9/40 at RM260m, Danainfra Nasional 4.95% 4/6/40 at RM220m, and Danainfra Nasional 4.9% 4/29/30 at RM190m.

B. FOREIGN EXCHANGE

- USD weakened amid de-escalation of geopolitical tension. The US dollar weakened last week as the DXY dollar index declined by -1.3%wow to 97.4. The ceasefire between Israel and Iran fostered a slight return to risk-on sentiment among investors despite the tenuous situation. This de-escalation also contributed to lower global oil prices as the risk of a Strait of Hormuz closure diminished. Domestically, the Fed Chairman Jerome Powell continued to highlight upside inflation risks from tariff measures and suggested the FOMC members will be cautious on further rate cuts, even as PCE data showed a limited inflationary uptick on the back of resilient labour market. On a positive note, with the US announcing new trade agreements with China and India, we anticipate the market would be calmer this week, although volatility could spike due to geopolitical uncertainty. Investors are also expected to remain vigilant regarding the US long-term credit outlook. While demand for safe-haven assets will persist, we foresee a 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 strengthened. As the US dollar weakened, the pound sterling strengthened by +2.0%wow to USD1.372, with the flash reading of the S&P Global Composite PMI rising to 50.7 i.e. indicating stronger activities in Jun-25 (May-25: 50.3). Meanwhile, the euro also strengthened last week by +1.7%wow to USD1.172.

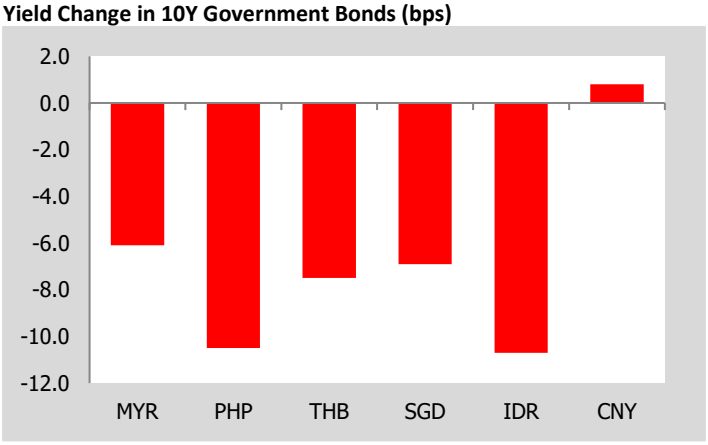
- Ringgit also gained on weaker dollar. The ringgit ended the week stronger by +0.5%wow at RM4.231 as the US dollar weakened. The appreciation of ringgit was recorded despite a more moderate inflation, which eased to +1.2%yoy, in May-25 and correction in the crude oil prices. The ringgit also closed higher against the currencies of Malaysia's trading partners as our Trade-Weighted Ringgit Index increased by +0.4%wow to 92.90, strengthening mainly against the Hong Kong dollar (+0.6%wow), UAE dirham (+0.5%wow), and Saudi Arabia riyal (+0.4%wow).

Currencies Changes (Week Ended 27 June 2025) and Quarterly Forecasts

	Close 27/06	Prev. Close 20/06	Weekly Change	Weekly Change (%)	1QCY25	2QCY25f	3QCY25f	4QCY25f
DXY Index	97.40	98.71	-1.306	-1.3	104.0	98.00	97.00	95.00
EURUSD	1.172	1.152	+0.019	+1.7	1.04	1.05	1.07	1.09
GBPUSD	1.372	1.345	+0.027	+2.0	1.26	1.28	1.30	1.32
USDJPY	144.7	146.1	+1.440	+1.0	150.00	147.80	146.70	143.94
USDMYR	4.231	4.254	+0.023	+0.5	4.43	4.28	4.27	4.25
GBPMYR	5.815	5.739	-0.076	-1.3	5.54	5.52	5.44	5.28
JPYMYR	2.926	2.912	-0.015	-0.5	2.93	2.93	2.88	2.83
MIDF TWRI	92.90	92.50	+0.397	+0.4	92.00	93.50	94.10	95.00

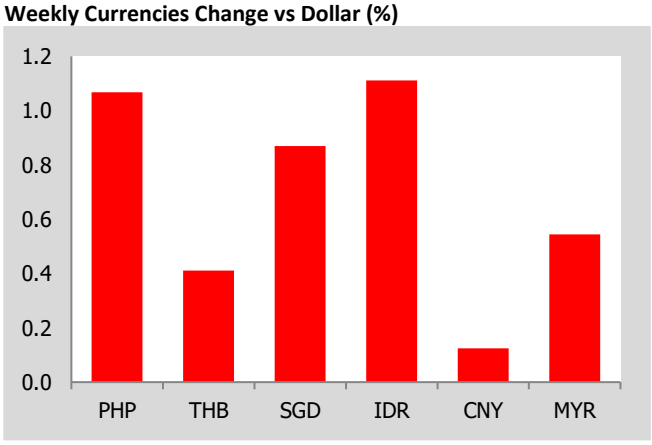
Note: "+" indicates appreciation, while "-" indicates depreciation. Quarterly figures are forecast by MIDFR
Source: Bloomberg, MIDFR

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:
  - Economic activities eased slightly. The S&P Global US Composite PMI edged down to 52.8 in June from 53 in May-25, signaling a slight cooling in private sector growth while marking the 29th consecutive month of expansion. The S&P Global US Services PMI inched down to 53.1 in Jun-25 (May-25: 53.7); while the US Manufacturing PMI was held at 52, the same reading as in May-25.
  - Unemployment claims softened but still elevated. Initial jobless claims weakened to 235K for the week ending 21st June (previous week: 225K), the lowest for the month.
  - Still limited uptick to inflation. The headline PCE Price Index, the Fed's preferred inflation measure, rose marginally faster by +2.3%yoy in May-25 (Apr-25: +2.2%yoy), accelerating from the previous month's seven-month low and in line with market expectations. This marks the first acceleration in PCE inflation since Feb-25.

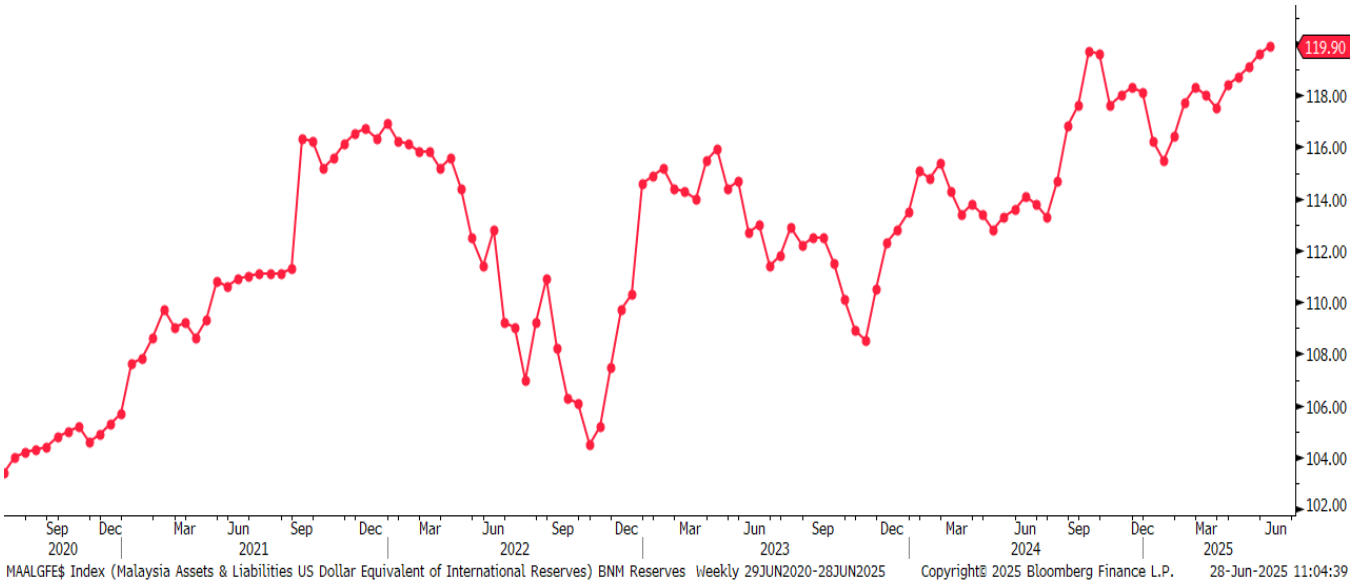
- More monetary policy easing last week:
  - The Bank of Thailand (BOT) kept its benchmark interest rate unchanged at 1.75% during its Jun-25 policy meeting, as widely expected. The Monetary Policy Committee voted 6-1 in favour of maintaining the current rate, which remains at its lowest level since Apr-23.
  - Bank of Mexico (Banxico) reduced its benchmark interest rate by -50bps to 8.00%. The central bank's statement suggested that the board might continue with similar -50 bps cuts, anticipating that the ongoing disinflationary trend will allow for further ease while still maintaining a restrictive monetary policy stance.

- Malaysia's economic update last week:
  - Inflation remained moderate. Headline inflation edged lower to +1.2%yoy in May-25. Malaysia's headline CPI inflation moderated to +1.2%yoy in May-25 (Apr-25: +1.4%yoy), and below the market consensus of +1.4%yoy and marking the lowest print since Mar-21. The inflation for food away from home ticked higher to +4.4%yoy (Apr-25: +4.3%yoy).
  - PPI inflation remained in deflation. Malaysia's Producer Price Index experienced a sharper decline of -3.6%yoy in May-25 (Apr-25: -3.4%yoy). This marks the third consecutive month of contraction and the most significant decrease since June 2023. On a monthly basis, the PPI contracted by -1.1%yoy in May-25 (Apr-25: -1.0%yoy).

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 (G14)

- 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	20-Jun Fri	23-Jun Mon	24-Jun Tue	25-Jun Wed	26-Jun Thu	27-Jun Fri	Change (WoW bp)
MGS							
3-Y	3.199	3.189	3.148	3.124	3.139	3.139	-6
5-Y	3.246	3.26	3.237	3.222	3.184	3.184	-6.2
7-Y	3.488	3.485	3.445	3.413	3.381	3.381	-10.7
10-Y	3.588	3.586	3.562	3.547	3.515	3.515	-7.3
20-Y	3.803	3.812	3.79	3.784	3.781	3.781	-2.2
RINGGIT IRS							
1-Y	3.28	3.27	3.27	3.245	3.24	3.24	-4
3-Y	3.19	3.185	3.155	3.143	3.1325	3.1325	-5.75
5-Y	3.275	3.2838	3.245	3.225	3.215	3.215	-6
7-Y	3.375	3.3875	3.3375	3.325	3.315	3.315	-6
10-Y	3.495	3.505	3.45	3.45	3.43	3.43	-6.5
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	3.8607	3.8102	3.7626	3.7512	3.6868	3.717	-14.37
5-Y	3.9608	3.9134	3.8644	3.8503	3.7954	3.83	-13.08
7-Y	4.1534	4.1115	4.0594	4.0489	3.9892	4.0336	-11.98
10-Y	4.3751	4.3475	4.2945	4.2906	4.2417	4.2769	-9.82
30-Y	4.8897	4.8755	4.8331	4.8311	4.8002	4.8351	-5.46

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	20-Jun Yield	27-Jun Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.955	09/15/25	2.941	2.946	0.5	4,609.6
MALAYSIA GOVERNMENT	3.519	04/20/28	3.199	3.139	-6.0	1,756.0
MALAYSIA GOVERNMENT	3.582	07/15/32	3.488	3.381	-10.7	1,519.8
MALAYSIA INVESTMNT ISSUE	4.582	08/30/33	3.577	3.489	-8.8	1,490.0
MALAYSIA GOVERNMENT	3.885	08/15/29	3.299	3.322	2.3	1,484.6
MALAYSIA GOVERNMENT	2.632	04/15/31	3.449	3.363	-8.6	1,361.0
MALAYSIA INVESTMNT ISSUE	3.447	07/15/36	3.652	3.591	-6.1	1,296.9
MALAYSIA GOVERNMENT	4.642	11/07/33	3.566	3.494	-7.2	1,220.7
MALAYSIA INVESTMNT ISSUE	3.635	08/30/30	3.334	3.274	-6.0	1,029.1
MALAYSIA GOVERNMENT	3.906	07/15/26	3.034	2.969	-6.5	972.5
TOTAL VOLUME (TOP 10)						16,740.2
TOTAL VOLUME (Overall)						34,297.9

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	20-Jun Yield	27-Jun Yield	Change (WoW bp)	Weekly Volume (RM mn)
DANAINFRA NASIONAL	4	03/09/40	N/A	3.779	N/A	260.0
DANAINFRA NASIONAL	4.95	04/06/40	3.755	3.781	2.6	220.0
DANAINFRA NASIONAL	4.9	04/29/33	3.562	3.602	4.0	190.0
DANAINFRA NASIONAL	4.09	03/16/40	N/A	2.981	N/A	150.0
PERBADANAN TABUNG PENDI	4.03	03/07/36	3.649	3.678	2.9	145.0
PERBADANAN TABUNG PENDI	4.86	03/12/32	N/A	3.481	N/A	100.0
PERBADANAN TABUNG PENDI	4.31	03/27/37	N/A	3.711	N/A	90.0
DANAINFRA NASIONAL	4.47	11/24/28	3.321	3.299	-2.2	80.0
IJM TREASURY MANAGEMENT	4.18	03/20/40	3.939	3.879	-6.0	80.0
GENTING RMTN BHD	4.18	11/08/29	4.167	4.142	-2.5	70.0
TOTAL VOLUME (TOP 10)						1,385.0
TOTAL VOLUME (Overall)						3,653.6

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	The stock price is expected to *fall* by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.
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