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MIDF AMANAH
INVESTMENT BANK BERHAD

WEEKLY MONEY REVIEW

MIDF Strategy 14 July 2025

Week Ended 11 July 2025

- The UST market tanked for second consecutive week with benchmark 10-year yield ended the review week higher at 4.41% (prior week: 4.35%) as investors reacted to resurgent tariff spat. President Trump last week announced punitive 50% rate on Brazil and high 35% rate on Canada. The 10y-3y yield spread expanded (yield curve steepened) to +55bp (prior week: +51bp) as the long-end underperformed. At week close, the interest rate futures market turned less dovish as it 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 2.46% (prior week: 2.39%). The MTIE 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 gradually 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 -7.2bp and unchanged to close at 3.06% and 3.44% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +38bp (prior week: +31bp) as the short-end outperformed due to its higher sensitivity to recent policy rate movement.

- MGS foreign holdings declined month-on-month to RM297b in June 2025 from RM302b in May 2025. However, it increased year-on-year from RM271b in June 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM15.8b. It declined week-on-week from -RM14.9b registered a week ago. Moreover, it declined year-on-year from +RM1.9b a year ago.

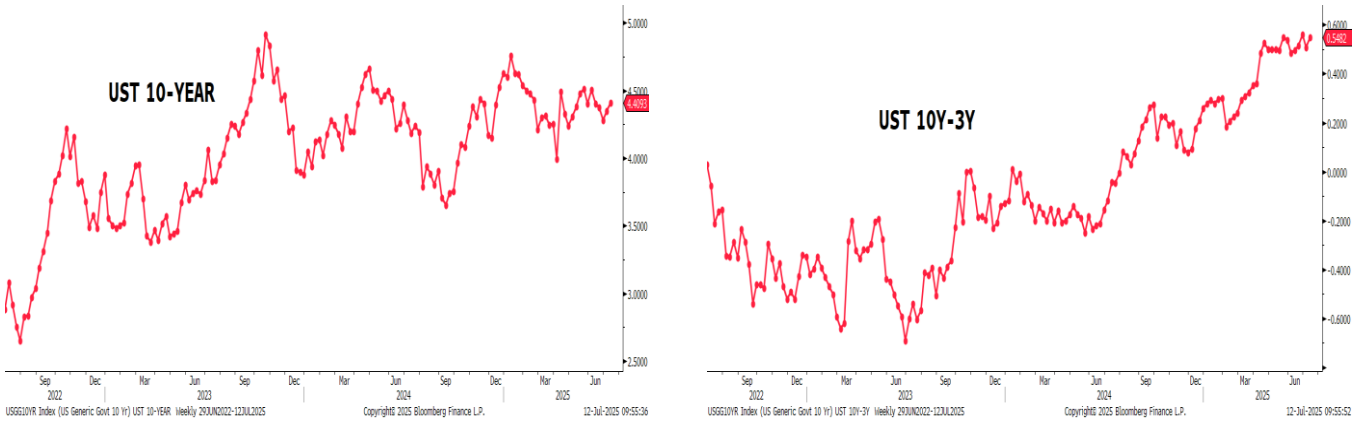
14 July 2025 | Strategy

Strategy Team | research@midf.com.my

Weekly Money Review

A. FIXED INCOME

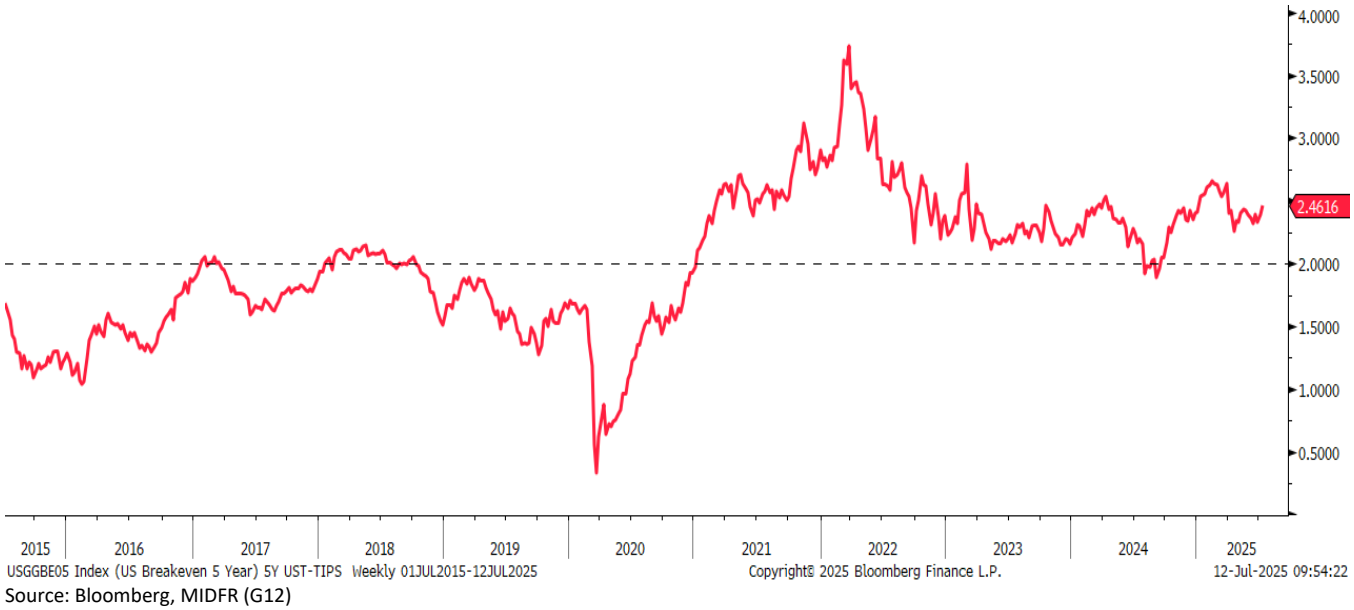
- The UST market tanked for second consecutive week with benchmark 10-year yield and ended the review week higher at 4.41% (prior week: 4.35%) as investors reacted to resurgent tariff spat. President Trump last week announced punitive 50% rate on Brazil and high 35% rate on Canada. The 10y-3y yield spread expanded (yield curve steepened) to +55bp (prior week: +51bp) as the long-end underperformed. At week close, the interest rate futures market turned less dovish as it implied 2 rate cuts totaling -50bp (prior week: 2 cuts totaling -50bp) in 2025.



Source: Bloomberg, MIDFR (G8, G9)

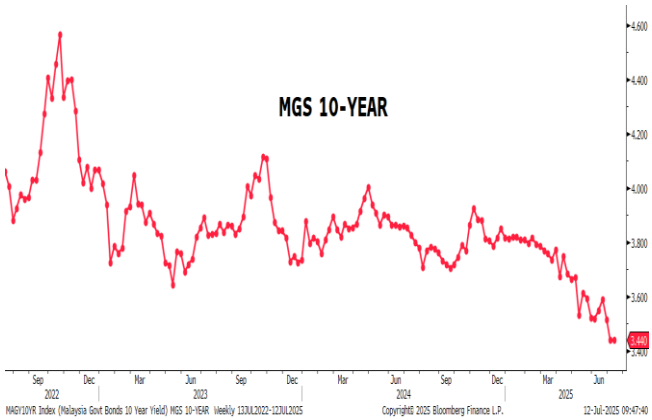
- Medium-term inflation expectation (MTIE) ended the review week higher at 2.46% (prior week: 2.39%). The MTIE remained above the US Fed target level of 2.00% since the initial interest rate cut in September 2024. We nonetheless believe the market is still convinced that the underlying inflation trend is gradually easing despite the elevated MTIE.

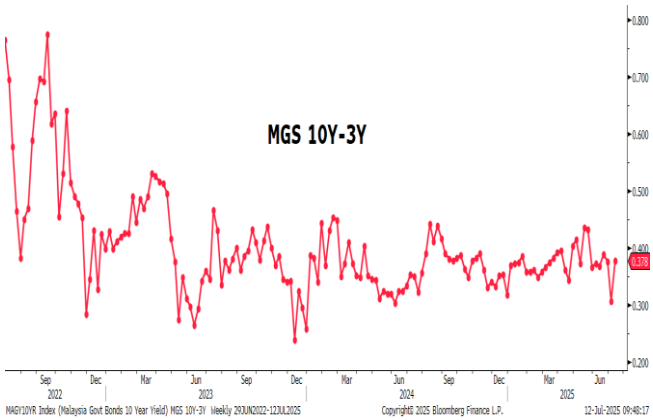
MEDIUM-TERM INFLATION EXPECTATION (MTIE): 5Y UST-TIPS SPREAD



Source: Bloomberg, MIDFR (G12)

- The price of MGS benchmark issues ended the review week mixed with the 3-year and 10-year yields shed -7.2bp and unchanged to close at 3.06% and 3.44% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +38bp (prior week: +31bp) as the short-end outperformed due to its higher sensitivity to recent policy rate movement.



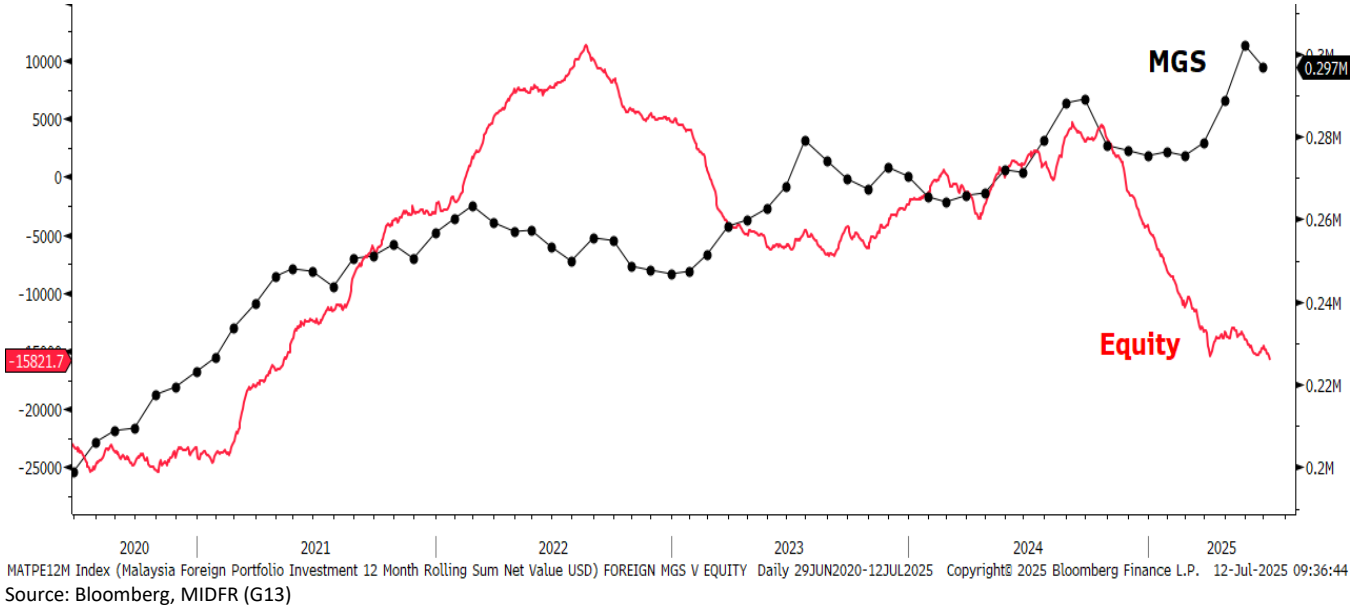


Source: Bloomberg, MIDFR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) increased to RM33.6b in the review week compared to RM32.4b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 52% from 47% of the overall Government Bonds trade. Moreover, 10 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 RM5.7b, MII 3.599% 7/31/28 at RM2.0b and MII 3.804% 10/8/31 at RM1.7b.

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



Source: Bloomberg, MIDFR (G13)

- MGS foreign holdings declined month-on-month to RM297b in June 2025 from RM302b in May 2025. However, it increased year-on-year from RM271b in June 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM15.8b. It declined week-on-week from -RM14.9b registered a week ago. Moreover, it declined year-on-year from +RM1.9b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) declined to RM3.6b in the review week compared to RM5.1b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 24% from 38% of the overall Corporate Bonds trade.

- The top 3 actively traded Corporate Bonds were dominated by issues of varied residual tenor. The top 3 most actively traded were Malakoff Power 6.05% 12/17/29 at RM100m, Danainfra Nasional 4.68% 4/7/42 at RM100m, and Cagamas 4.05% 3/8/28 at RM100m.

B. FOREIGN EXCHANGE

- USD strengthened lifted by tariff threats. The US dollar strengthened last week as the DXY index increased by +0.7%wow to 97.87, on the back of higher demand for safe-haven assets following the renewed tariff threats from the US President which reignited global trade tensions. Investors sentiment also weakened after warning letters dispatched by the US administration to over 20 countries, signaling a hardened US stance on trade. This assertive approach was further exemplified by the imposition of a 35% tariff on Canadian imports, citing concerns over fentanyl trafficking. Concurrently, anxieties regarding the leadership of the Fed have intensified, as the White House reportedly escalating pressure on Fed Chair Powell concerning the renovation of the Fed headquarters. In the longer term, investors are expected to maintain vigilance over the US long-term credit outlook. While safe-haven demand is anticipated to persist, a moderated appetite for US assets is foreseen, likely leading to a redirection of capital towards alternative safe havens such as the euro, Japanese yen, and gold.

- Euro and the GDP weakened last week. As the US dollar strengthened, the pound sterling weakened by -1.2%wow to USD1.348, despite data showing the UK economy expanded slower at +0.7%yoy in May-25 (Apr-25: +1.1%yoy). Meanwhile the euro weakened by -0.8%wow to USD1.169, with update indicating easing retail sales in the euro area last week.

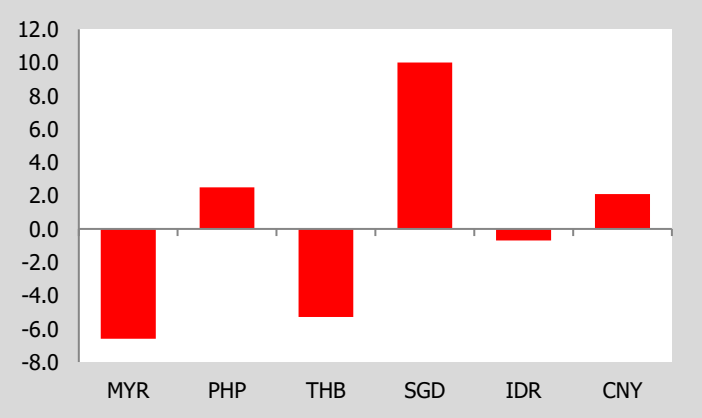
- Ringgit depreciated. The ringgit ended weaker last week, depreciating by -0.6%wow to RM4.250 as the US dollar strengthened, and on the back of the BNM OPR -25bps rate cut as a pre-emptive move to support the economy. In addition, the ringgit also weakened against the currencies of Malaysia's trading partners as our Trade-Weighted Ringgit Index declined by -0.4%wow to 92.74, mainly against the Australian dollar (-1.2%wow), Indonesian rupiah (-0.88%wow), and Thai baht (-0.84%wow). We expect the ringgit's performance this week will continue to be influenced by last week's OPR rate change.

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

	Close 11/07	Prev. Close 04/07	Weekly Change	Weekly Change (%)	1QCY25	2QCY25f	3QCY25f	4QCY25f
DXY Index	97.87	97.18	+0.688	+0.7	104.0	98.00	97.00	95.00
EURUSD	1.169	1.178	-0.009	-0.8	1.04	1.05	1.07	1.09
GBPUSD	1.348	1.365	-0.017	-1.2	1.26	1.28	1.30	1.32
USDJPY	147.4	144.5	-2.930	-2.0	150.00	147.80	146.70	143.94
USDMYR	4.250	4.223	-0.027	-0.6	4.43	4.28	4.27	4.25
GBPMYR	5.745	5.767	+0.022	+0.4	5.54	5.52	5.44	5.28
JPYMYR	2.880	2.923	+0.043	+1.5	2.93	2.93	2.88	2.83
MIDF TWRI	92.74	93.09	-0.352	-0.4	92.00	93.50	94.10	95.00

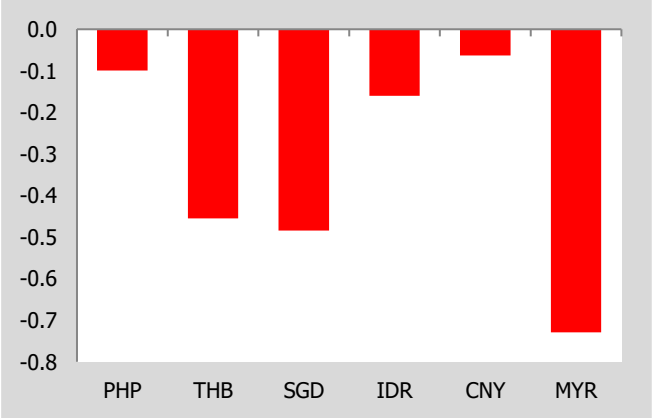
Note: "+" indicates appreciation, while "-"indicates depreciation. Quarterly figures are forecast by MIDFR
Source: Bloomberg, MIDFR

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 (%)

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

Source: Bloomberg, MIDFR

- US economic data released last week:
  - The Jun-25 FOMC minutes showed the members were split views in terms of rate outlook, with 10-9 majority favouring 2 rate cuts this year.
  - Unemployment claims soften. Initial jobless claims weakened to 227K for the week ending 5-Jul (previous week: 233K), the lowest for the past 6 months.

- Interest rates update last week:
  - The Reserve Bank of Australia (RBA) opted to keep its cash rate unchanged at 3.85% at its July meeting, a decision that went against market expectations of a 25bps cut. The vote was not unanimous, with six members voting to maintain the rate and three favouring a reduction. The central bank justified its decision by highlighting a more balanced outlook for inflation risks and the continued strength of the labor market. These factors were cited as key reasons for holding the current monetary policy steady.
  - The Reserve Bank of New Zealand (RBNZ) announced today that its Official Cash Rate (OCR) will remain at 3.25% following its Jul-25 policy meeting. This decision aligns with market expectations and keeps the OCR at its lowest level from Aug-22. The Monetary Policy Committee stated that heightened uncertainty and near-term inflation risks were key factors in their decision to defer any further policy action until the August meeting.
  - The Bank of Korea (BoK) maintained its base rate at 2.50% during its Jul-25 Monetary Policy Meeting, a decision that was widely anticipated after a 25-bps cut in May. This move underscores the central bank's focus on ensuring financial stability in South Korea. Key challenges cited include the ongoing threat of US tariffs, rising house prices, particularly in the Seoul metropolitan area, and mounting household debt.
  - A pre-emptive decision. BNM cut the Overnight Policy Rate (OPR) by -25bps to 2.75% after the Jul-25 Monetary Policy Meeting, indicating that the balance of risk to the growth outlook remains tilted to the downside, stemming from a slower global trade, weaker sentiment, as lower than expected commodity production.

- Malaysia's economic update last week:
  - Unemployment unchanged at 3.1%. Malaysia's labour market began the year on a stable footing as the unemployment rate remained steady at 3.1% in Jan-25, unchanged from the previous month.
  - IPI growth slowed to +0.3%yoy in May-25. Malaysia's IPI expanded at softer pace of +0.3%yoy in May-25 (Apr-25: +2.7%yoy), attributable to slower growth in manufacturing output and continued weakness in the mining sector production.

C. BNM INTERNATIONAL RESERVES

- As of 30 June 2025, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD120.6b (13 June 2025: USD119.9b).

BNM INTERNATIONAL RESERVES



Source: Bloomberg, MIDFR (G14)

- The number of reserves is sufficient to finance 4.8 months of imports of goods & services and is 0.9 times total short-term external debt.

APPENDIX

WEEKLY INTEREST RATE MONITOR

Tenor	4-Jul Fri	7-Jul Mon	8-Jul Tue	9-Jul Wed	10-Jul Thu	11-Jul Fri	Change (WoW bp)
MGS							
3-Y	3.134	3.128	3.127	3.116	3.074	3.062	-7.2
5-Y	3.183	3.174	3.167	3.123	3.148	3.161	-2.2
7-Y	3.372	3.376	3.356	3.355	3.343	3.35	-2.2
10-Y	3.44	3.44	3.441	3.44	3.427	3.44	0
20-Y	3.773	3.772	3.769	3.766	3.952	3.766	-0.7
RINGGIT IRS							
1-Y	3.235	3.235	3.235	3.185	3.175	3.175	-6
3-Y	3.125	3.12	3.125	3.12	3.115	3.1145	-1.05
5-Y	3.19	3.185	3.195	3.185	3.195	3.215	2.5
7-Y	3.285	3.28	3.285	3.285	3.275	3.285	0
10-Y	3.41	3.4	3.41	3.42	3.4	3.415	0.5
KLIBOR							
1-M	3.25	3.25	3.25	3.25	3.01	3.01	-24
3-M	3.49	3.48	3.47	3.47	3.23	3.23	-26
UST							
3-Y	3.8403	3.8544	3.8572	3.811	3.8388	3.8611	2.08
5-Y	3.9358	3.9551	3.9708	3.9062	3.9341	3.9727	3.69
7-Y	4.122	4.1482	4.1718	4.0986	4.1247	4.1746	5.26
10-Y	4.3457	4.3794	4.3992	4.332	4.3498	4.4093	6.36
30-Y	4.8613	4.9152	4.9244	4.8684	4.8694	4.9491	8.78

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	4-Jul Yield	11-Jul Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.955	09/15/25	2.916	2.838	-7.8	5,722.5
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.153	3.114	-3.9	1,986.7
MALAYSIA INVESTMNT ISSUE	3.804	10/08/31	3.371	3.352	-1.9	1,660.0
MALAYSIA INVESTMNT ISSUE	3.447	07/15/36	3.596	3.558	-3.8	1,581.1
MALAYSIA INVESTMNT ISSUE	4.07	09/30/26	3.007	2.897	-11.0	1,302.7
MALAYSIA INVESTMNT ISSUE	3.635	08/30/30	3.256	3.208	-4.8	1,167.4
MALAYSIA INVESTMNT ISSUE	3.99	10/15/25	2.975	2.880	-9.5	1,107.8
MALAYSIA INVESTMNT ISSUE	4.193	10/07/32	3.451	3.423	-2.8	1,081.7
MALAYSIA GOVERNMENT	3.519	04/20/28	3.134	3.062	-7.2	1,000.3
MALAYSIA GOVERNMENT	3.582	07/15/32	3.372	3.350	-2.2	985.0
TOTAL VOLUME (TOP 10)						17,595.3
TOTAL VOLUME (Overall)						33,647.7

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	4-Jul Yield	11-Jul Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAKOFF POWER BHD	6.05	12/17/29	N/A	3.859	N/A	100.0
DANAINFRA NASIONAL	4.68	04/07/42	N/A	3.806	N/A	100.0
CAGAMAS BERHAD	4.05	03/08/28	3.450	3.426	-2.4	100.0
PRASARANA MALAYSIA BHD	4.54	03/03/42	3.799	3.807	0.8	100.0
MALAYSIA RAIL LINK	ZERO	08/07/25	3.310	3.076	-23.4	100.0
YTL POWER INTERNATIONAL	4.74	08/24/38	3.808	3.807	-0.1	90.0
MALAYAN CEMENT BHD	4.24	07/03/29	3.858	3.827	-3.1	90.0
MALAYAN CEMENT BHD	4.99	10/12/28	4.233	3.794	-43.9	70.0
ECO WORLD CAPITAL BHD	5.69	10/29/27	3.725	4.497	77.2	60.5
PRASARANA MALAYSIA BHD	4.09	08/05/39	N/A	3.745	N/A	60.0
TOTAL VOLUME (TOP 10)						870.5
TOTAL VOLUME (Overall)						3,633.0

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