WEEKLY MONEY REVIEW

MIDF Strategy 13 October 2025

Week Ended 10 October 2025

- The UST market rebounded further last week with benchmark 10-year yield ended lower at 4.03% (prior week: 4.12%) as investors reacted to a threat from President Donald Trump to impose massive increase of tariffs on Chinese goods. The 10y-3y yield spread narrowed (yield curve flattened) to +52bp (prior week: +53bp) as the long-end outperformed. At week close, the interest rate futures market (based on conditional probabilities) implied 2 rate cuts totaling -50bp (prior week: 2 cuts totaling -50bp) in 4Q25.

- Medium-term inflation expectation (MTIE) ended the review week lower at 2.38% (prior week: 2.41%). The MTIE rebounded above the US Fed target level of 2.00% since September last year. We nonetheless believe the market is sanguine that the underlying price pressure is easing as attested by the recent resumption (after a 9-month hiatus) of Fed rate cut.

- The price of MGS benchmark issues ended the review week lower with the 3-year and 10-year yields added +1.8bp and +5.0bp to close at 3.10% and 3.49% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +39bp (prior week: +36bp) as the long-end underperformed.

- MGS foreign holdings declined month-on-month to RM287b in September 2025 from RM294b in August 2025. Moreover, it declined year-on-year from RM289b in September 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM22.9b. It declined week-on-week from -RM21.9b registered a week ago. Moreover, it declined year-on-year from +RM3.4b a year ago.

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13 October 2025 | Strategy

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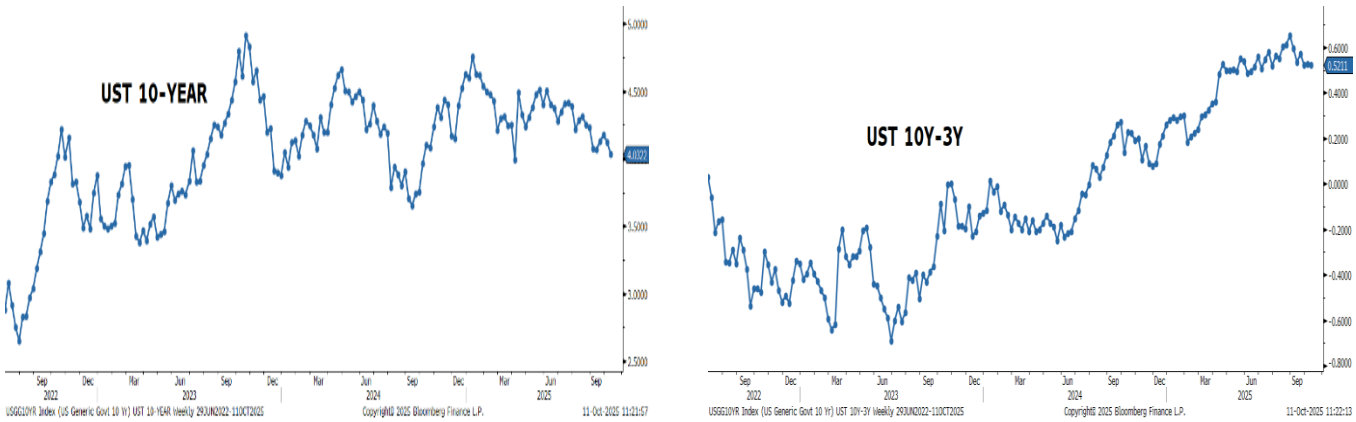
WEEKLY MONEY REVIEW

A. FIXED INCOME

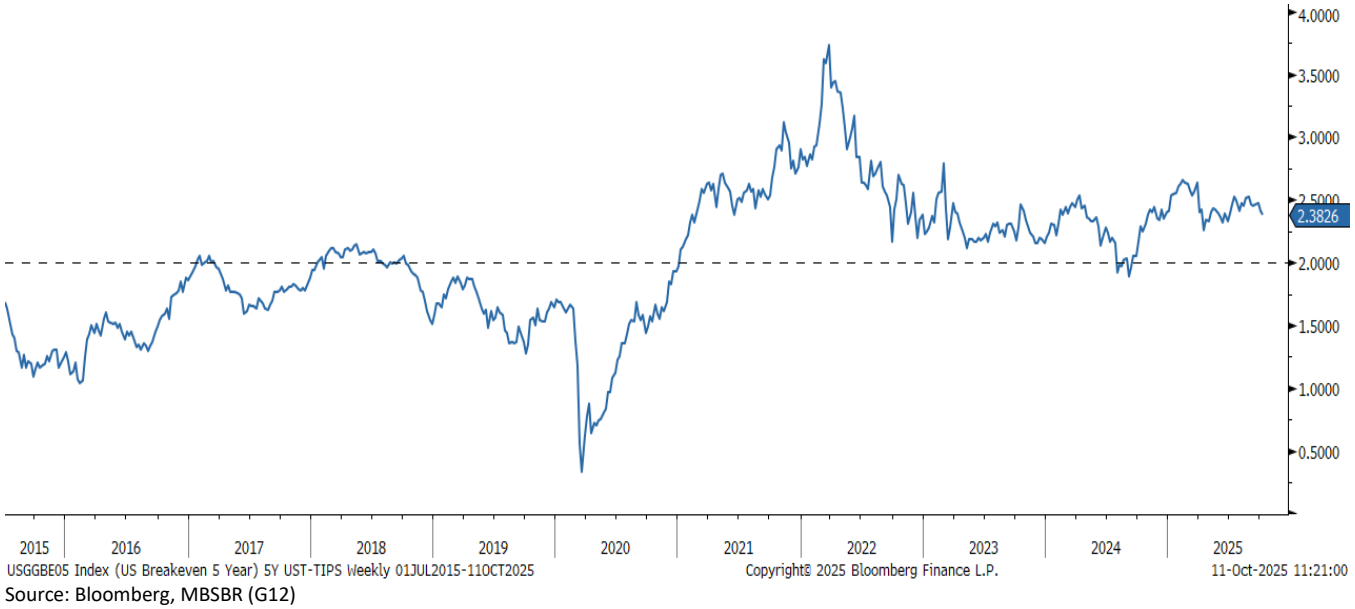
- The UST market rebounded further last week with benchmark 10-year yield ended lower at 4.03% (prior week: 4.12%) as investors reacted to a threat from President Donald Trump to impose massive increase of tariffs on Chinese goods. The 10y-3y yield spread narrowed (yield curve flattened) to +52bp (prior week: +53bp) as the long-end outperformed. At week close, the interest rate futures market (based on conditional probabilities) implied 2 rate cuts totaling -50bp (prior week: 2 cuts totaling -50bp) in 4Q25.



Source: Bloomberg, MBSBR (G8, G9)

- Medium-term inflation expectation (MTIE) ended the review week lower at 2.38% (prior week: 2.41%). The MTIE rebounded above the US Fed target level of 2.00% since September last year. We nonetheless believe the market is sanguine that the underlying price pressure is easing as attested by the recent resumption (after a 9-month hiatus) of Fed rate cut.

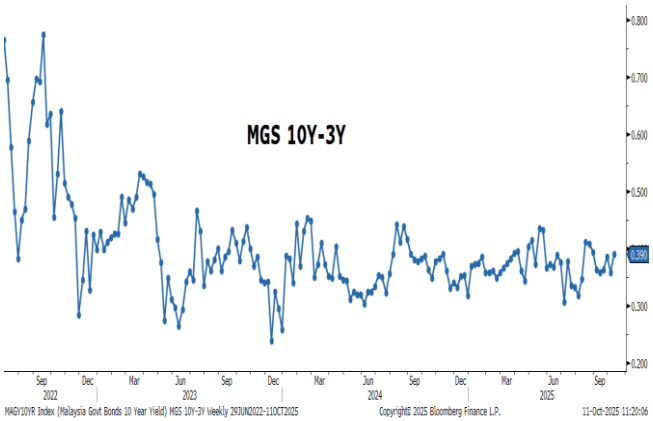
MEDIUM-TERM INFLATION EXPECTATION (MTIE): 5Y UST-TIPS SPREAD



Source: Bloomberg, MBSBR (G12)

- The price of MGS benchmark issues ended the review week lower with the 3-year, and 10-year yields added +1.8bp and +5.0bp to close at 3.10% and 3.49% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +39bp (prior week: +36bp) as the long-end underperformed.



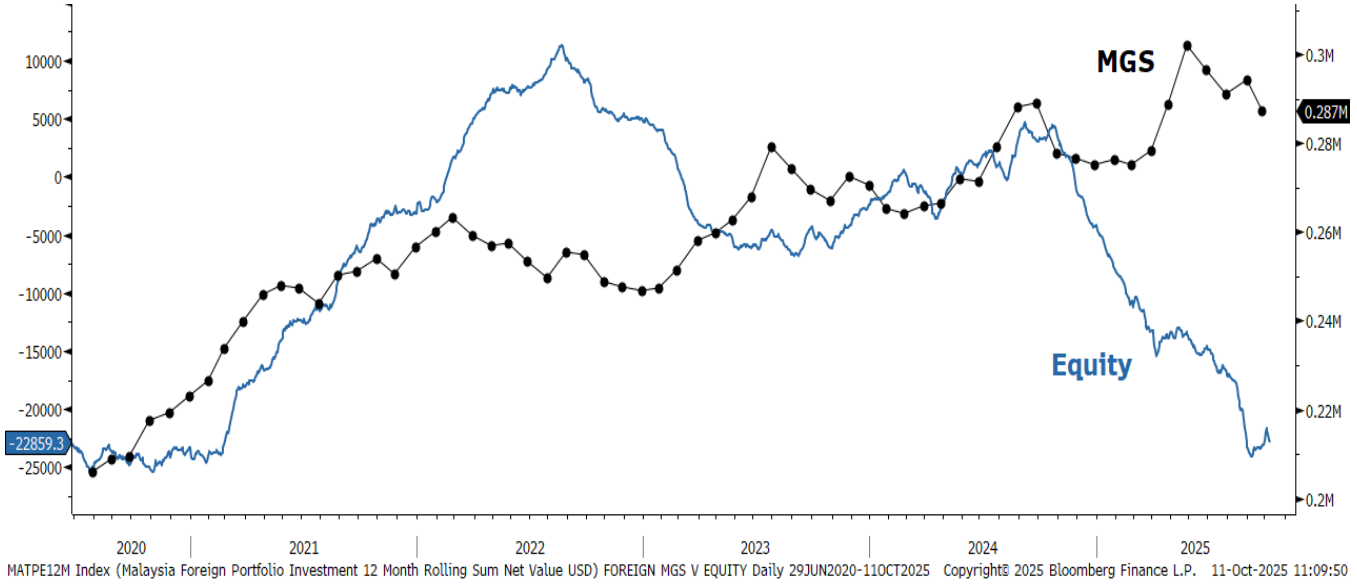


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) declined to RM25.4b in the review week compared to RM35.4b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 58% (prior week: 60%) of the overall Government Bonds trade. Moreover, 5 out of the 10 most actively traded bonds saw higher yields, hence lower prices during the review week.

- The top 3 actively traded Government Bonds were dominated by issues of short residual tenor. The top 3 most actively traded were MGS 3.906% 7/15/26 at RM2.7b, MII 3.726% 3/31/26 at RM2.4b, and MII 3.99% 10/15/25 at RM1.9b.

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



MATPE12M Index (Malaysia Foreign Portfolio Investment 12 Month Rolling Sum Net Value USD) FOREIGN MGS V EQUITY Daily 29JUN2020-11OCT2025 Copyright© 2025 Bloomberg Finance L.P. 11-Oct-2025 11:09:50
Source: Bloomberg, MBSBR (G13)

- MGS foreign holdings declined month-on-month to RM287b in September 2025 from RM294b in August 2025. Moreover, it declined year-on-year from RM289b in September 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM22.9b. It declined week-on-week from -RM21.9b registered a week ago. Moreover, it declined year-on-year from +RM3.4b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM4.9b in the review week compared to RM3.7b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 31% (prior week: 26%) of the overall Corporate Bonds trade.

- The top 3 actively traded Corporate Bonds were dominated by issues of mid residual tenor. The top 3 most actively traded were Golden Assets International 4.2% 9/25/30 at RM240m, Danainfra Nasional 4.58% 10/20/32 at RM200m, and Danainfra Nasional 4.8% 11/25/33 at RM160m.

B. FOREIGN EXCHANGE

- USD ended at 10-week high. The US dollar strengthened against major currencies last week as the DXY dollar index increased by +1.1%wow to 98.98, the highest weekly closing last seen in early Aug-25. The dollar moved higher towards the end of the week as the FOMC minutes revealed that inflation remains a "persistent and serious concern" for numerous participants, who noted that progress toward the +2.0% objective has stalled, with price readings moving further away from target. A hawkish comment by a Fed governor also resulted in increased demand for the US dollar, with the DXY index closing at 2-month high of 99.54 last Thursday. On top of that, trade war reignited following China's decision to tighten export controls for critical rare-earth metals, which led to the retaliation by President Donald Trump to impose an additional 100% tariff on goods from China, on top of the 30% tariff that is already in effect. On a positive note, the US Labor Department will resume to work on the Sep-25 CPI data due for release on 24th October, which will provide timely update on inflation ahead of the FOMC meeting at the end of this month. We expect continued market volatility in the near term, driven primarily by short-term policy headwinds like the ongoing US government shutdown, threats of new US tariffs, and the forthcoming FOMC decisions. This environment will likely trigger a flight to safety, weakening the appeal of US assets. We anticipate a resulting shift of capital flows toward traditional safe-haven alternatives such as the euro, Japanese yen, and gold.

- EUR and GBP both depreciated. On the back of the stronger dollar, the euro weakened by -0.9%wow to USD1.162, despite the release of the ECB minutes signalling that the ECB would keep its interest unchanged in the near term. Meanwhile, the pound sterling weakened by -0.6%wow to USD1.336, further dragged down by weaker sentiment due to concerns over weaker fiscal projections.

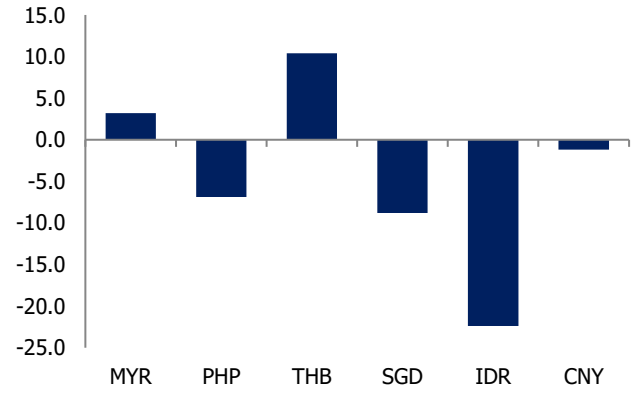
- Ringgit weakened further. The ringgit also ended weaker last week, depreciating by -0.2%wow to RM4.223, the lowest closing in one month The local currency gradually weakened throughout the week, which saw the ringgit exchange rate broke above the RM4.20, and remained between the RM4.21– 4.23. Ringgit exchange rate movement was mainly influenced by the strength in dollar because data releases last week pointed to continued resilience in Malaysia's economy. On top of that, the announcement of Budget 2026 also signals the government's confidence that GDP growth will be sustained around +4.0-4.5% next year. Despite the depreciation against US dollar, the Malaysian ringgit strengthened against the currencies of major trading partners, as shown by the increase in our MBSB Trade-Weighted Ringgit Index by +0.3%wow to 94.67, mainly against the Japanese yen (+3.31%wow), Indonesian rupiah (+0.81%wow), and Korean won (+0.76%wow).

Currencies Changes (Week Ended 10 Oct 2025) and Quarterly Forecasts

	Close 10/10	Prev. Close 03/10	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	98.98	97.91	+1.070	+1.1	104.0	98.00	97.00	95.00
EURUSD	1.162	1.172	-0.010	-0.9	1.04	1.05	1.07	1.09
GBPUSD	1.336	1.344	-0.008	-0.6	1.26	1.28	1.30	1.32
USDJPY	151.2	147.6	-3.600	-2.4	150.00	147.80	146.70	143.94
USDMYR	4.223	4.215	-0.008	-0.2	4.43	4.28	4.21	4.09
GBPMYR	5.612	5.663	+0.050	+0.9	5.54	5.52	5.44	5.28
JPYMYR	2.793	2.856	+0.063	+2.2	2.93	2.93	2.88	2.83
MBSB TWRI	94.67	94.38	+0.289	+0.3	92.00	93.50	94.10	95.00

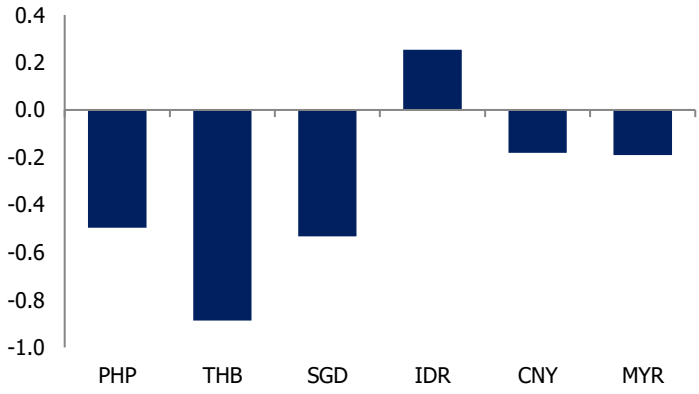
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

Yield Change in 10Y Government Bonds (bps)



Source: Bloomberg; Macrobond; MBSBR

Weekly Currencies Change vs Dollar (%)



Source: Bloomberg; MBSBR

Central Bank Policy Rate by Selected Economies (%)

	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Malaysia	3.00	3.00	3.00	3.00	3.00	2.75	2.75	2.75	2.75
Indonesia	5.75	5.75	5.75	5.50	5.50	5.25	5.50	4.75	4.75
Philippines	5.75	5.75	5.50	5.50	5.25	5.25	5.25	5.00	4.75
Thailand	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.50	1.50
Vietnam	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
South Korea	2.75	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.50
India	6.25	6.25	6.00	6.00	5.50	5.50	5.50	5.50	5.50
Japan	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
UK	4.50	4.50	4.50	4.25	4.25	4.25	4.25	4.00	4.00
Euro area	2.90	2.90	2.40	2.25	2.00	2.00	2.00	2.00	2.00
USA	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	4.00-4.25	4.00-4.25

Source: Bloomberg, MBSBR

- US economic data released last week:
  - US consumer inflation expectations for the year ahead increased to +3.4% in Sep-25, marking the highest level in five months, up from +3.2% in Aug-25. Long-term 5-year inflation expectations also rose marginally to +3.0% (from +2.9%), while the three-year horizon was held steady at +3.0%.
  - Preliminary estimates show US consumer sentiment was virtually unchanged in Oct-25, falling marginally to 55.0 (Sep-25: 55.1) but above 54.2 expected by the market consensus. Improvements in views on current personal finances and year-ahead business conditions were counterbalanced by declining optimism regarding future personal finances and current durable goods buying conditions.

- Interest rates update last week:
  - Bangko Sentral ng Pilipinas (BSP) cut its benchmark interest rate by -25bps to 4.75% at its Oct-25 meeting, a surprise move contrary to market expectations for the rate to be kept at 5.00%. The move lowered the policy rate to its lowest level since Oct-22, citing a benign inflation outlook with price growth remaining well within the target range and expectations firmly anchored. Inflation climbed to a six-month high of +1.7%yoy in Sep-25 (Aug-25: +1.5%yoy).
  - The Reserve Bank of New Zealand (RBNZ) delivered a larger-than-expected -50bps cut to the Official Cash Rate (OCR) in Oct-25, bringing the rate to 2.50% (its lowest level since mid-2022). Policymakers cited persistent spare capacity and subdued domestic activity, driven by cautious consumer and business behaviour, as the reason for the aggressive move to spur a slow economic recovery.
  - The Bank of Thailand (BOT) maintained its benchmark interest rate at 1.50% in Oct-25, resisting market pressure for a cut to 1.25%. The rate remains at its lowest level since Feb-23. The central bank's inflation forecast is exceptionally low, projected at 0% for 2025 and 0.5% for 2026, with a return to the 1%–3% target not expected until early 2027.

- Malaysia's economic update last week:
  - Malaysia's labour market remained healthy and resilient in Aug-25, keeping the unemployment rate steady at 3.0%, the lowest in 10 years. This was underpinned by sustained employment growth (+3.1%yoy), which continued to outpace labour force expansion (+2.8%yoy) for the 49th consecutive month since Aug-21.
  - Malaysia's distributive trade continued to grow albeit moderated slightly to +4.9%yoy in Aug-25 (Jul-25: +5.0%yoy), supported by the stronger expansion in the motor vehicles by +4.0%yoy (Jul-25: +1.6%yoy); but relatively slower growth in wholesale (+5.1%yoy; Jul-25: +5.4%yoy) and retail trade (+5.0%yoy; Jul-25: +5.6%yoy).
  - Malaysia's industrial production grew faster by +4.9%yoy in Aug-25 (Jul-25 +4.2%yoy), primarily driven by a surge in mining output (+16.8%yoy; Jul-25: +4.3%yoy), which more than compensated the slower growth in manufacturing output (+2.8%yoy; Jul-25 +4.4%yoy).

C. BNM INTERNATIONAL RESERVES

- As of 30 September 2025, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD123.6b (12 September 2025: USD122.8b).

BNM INTERNATIONAL RESERVES



Source: Bloomberg, MBSBR (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	3-Oct Fri	6-Oct Mon	7-Oct Tue	8-Oct Wed	9-Oct Thu	10-Oct Fri	Change (WoW bp)
MGS							
3-Y	3.085	3.105	3.113	3.117	3.097	3.103	1.8
5-Y	3.199	3.234	3.241	3.236	3.225	3.229	3
7-Y	3.393	3.411	3.464	3.498	3.466	3.448	5.5
10-Y	3.443	3.463	3.491	3.512	3.494	3.493	5
20-Y	3.858	3.861	3.861	3.873	3.873	3.883	2.5
RINGGIT IRS							
1-Y	3.225	3.23	3.225	3.215	3.22	3.225	0
3-Y	3.165	3.18	3.18	3.165	3.16	3.155	-1
5-Y	3.235	3.27	3.27	3.255	3.24	3.235	0
7-Y	3.3	3.325	3.33	3.325	3.315	3.305	0.5
10-Y	3.43	3.46	3.45	3.445	3.435	3.441	1.1
KLIBOR							
1-M	3	3	3	3	3	3	0
3-M	3.22	3.22	3.22	3.22	3.22	3.22	0
UST							
3-Y	3.5917	3.6061	3.5779	3.5942	3.6081	3.5111	-8.06
5-Y	3.7149	3.7341	3.7011	3.715	3.7359	3.6247	-9.02
7-Y	3.9033	3.9317	3.8955	3.8981	3.9187	3.8078	-9.55
10-Y	4.1192	4.152	4.123	4.1171	4.1384	4.0322	-8.7
30-Y	4.7114	4.7477	4.7231	4.7075	4.7212	4.6187	-9.27

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	3-Oct Yield	10-Oct Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.906	07/15/26	2.846	2.852	0.6	2,660.7
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	2.880	2.866	-1.4	2,440.3
MALAYSIA INVESTMNT ISSUE	3.99	10/15/25	2.972	2.836	-13.6	1,881.8
MALAYSIA GOVERNMENT	3.917	07/15/55	3.988	4.023	3.5	1,486.7
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.127	3.112	-1.5	1,264.5
MALAYSIA GOVERNMENT	3.582	07/15/32	3.393	3.448	5.5	1,223.9
MALAYSIA GOVERNMENT	2.632	04/15/31	3.329	3.344	1.5	1,079.7
MALAYSIA INVESTMNT ISSUE	4.582	08/30/33	3.487	3.484	-0.3	1,007.4
MALAYSIA INVESTMNT ISSUE	4.07	09/30/26	2.893	2.890	-0.3	887.3
MALAYSIA GOVERNMENT	4.642	11/07/33	3.476	3.502	2.6	849.7
TOTAL VOLUME (TOP 10)						14,782.0
TOTAL VOLUME (Overall)						25,406.2

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	3-Oct Yield	10-Oct Yield	Change (WoW bp)	Weekly Volume (RM mn)
GOLDEN ASSETS INTERNATIO	4.2	09/25/30	N/A	4.188	N/A	240.0
DANAINFRA NASIONAL	4.58	10/20/32	3.437	3.585	14.8	200.0
DANAINFRA NASIONAL	4.8	11/25/33	N/A	3.628	N/A	160.0
DANAINFRA NASIONAL	4.8	10/31/33	3.478	3.627	14.9	160.0
DANAINFRA NASIONAL	4.23	11/23/35	3.526	3.648	12.2	150.0
MALAYAN BANKING BHD	4.13	PERP	3.465	3.755	29.0	140.0
PRASARANA MALAYSIA BHD	4.37	08/27/41	N/A	3.889	N/A	130.0
PENGURUSAN AIR SPV BHD	3.68	08/25/28	N/A	3.463	N/A	110.0
PENGURUSAN AIR SPV BHD	3.32	06/04/27	3.383	3.387	0.4	100.0
DANAINFRA NASIONAL	4.5	10/25/41	N/A	3.899	N/A	100.0
TOTAL VOLUME (TOP 10)						1,490.0
TOTAL VOLUME (Overall)						4,880.4

Source: Bloomberg

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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