WEEKLY MONEY REVIEW

MIDF Strategy 3 November 2025

Week Ended 31 October 2025

- The UST market stumbled last week with benchmark 10-year yield closed higher at 4.08% (prior week: 4.00%) as investors reacted to US Fed Chair Powell statement that a December rate cut "is not a foregone conclusion. Far from it." The 10y-3y yield spread narrowed (yield curve flattened) to +50bp (prior week: +51bp) as the short-end underperformed. At week close, the interest rate futures market nonetheless still expects (probability: 63%) another -25bp rate cut in December this year.

- Medium-term inflation expectation (MTIE) ended the review week higher at 2.41% (prior week: 2.40%). While the MTIE has remained 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 ongoing series (after a 9-month hiatus) of Fed rate cuts.

- The price of MGS benchmark issues ended the review week lower with the 3-year and 10-year yields added +3.0bp and +0.5bp to close at 3.13% and 3.49% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +36bp (prior week: +39bp) as the short-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 -RM23.8b. It improved week-on-week from -RM24.3b registered a week ago. However, it declined year-on-year from +RM3.5b a year ago.

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3 November 2025 | Strategy

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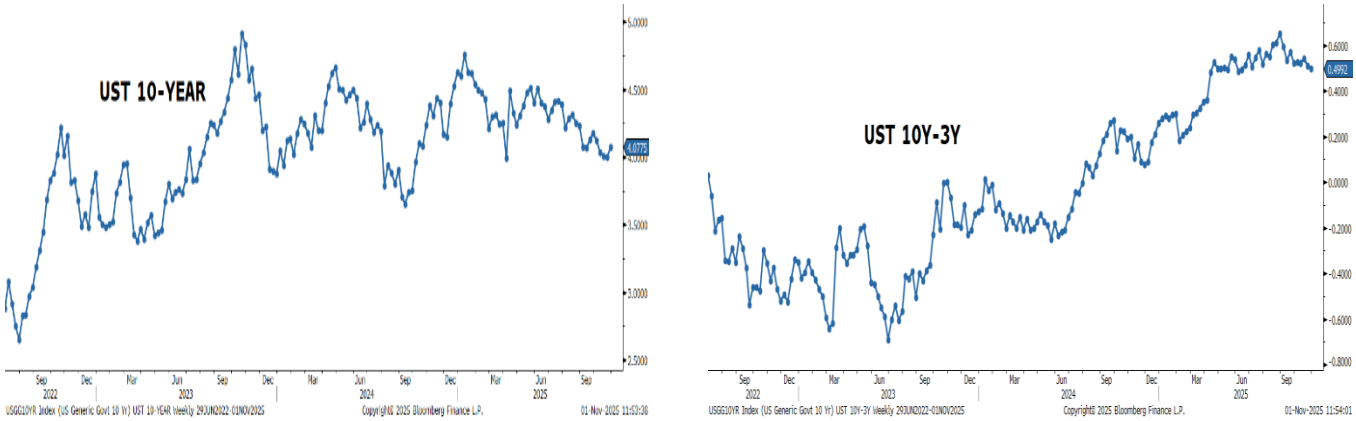
WEEKLY MONEY REVIEW

A. FIXED INCOME

- The UST market stumbled last week with benchmark 10-year yield closed higher at 4.08% (prior week: 4.00%) as investors reacted to US Fed Chair Powell statement that a December rate cut "is not a foregone conclusion. Far from it." The 10y-3y yield spread narrowed (yield curve flattened) to +50bp (prior week: +51bp) as the short-end underperformed. At week close, the interest rate futures market nonetheless still expects (probability: 63%) another -25bp rate cut in December this year.



Source: Bloomberg, MBSBR (G8, G9)

- Medium-term inflation expectation (MTIE) ended the review week higher at 2.41% (prior week: 2.40%). While the MTIE has remained 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 ongoing series (after a 9-month hiatus) of Fed rate cuts.

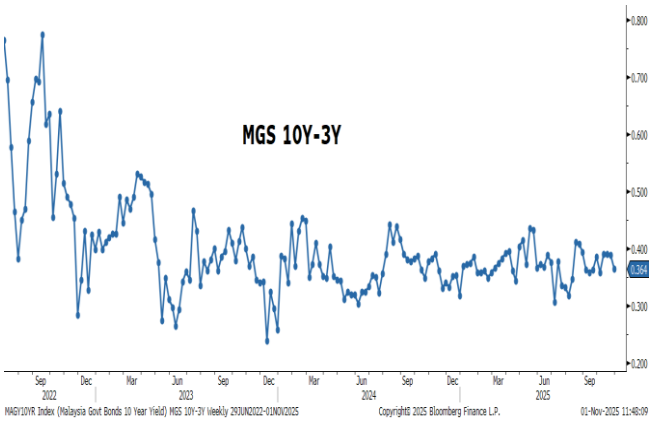
MEDIUM-TERM INFLATION EXPECTATION (MTIE): 5Y UST-TIPS SPREAD



Source: Bloomberg, MBSBR (G12)

- The price of MGS benchmark issues ended the review week lower with the 3-year, and 10-year yields added +3.0bp and +0.5bp to close at 3.13% and 3.49% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +36bp (prior week: +39bp) as the short-end underperformed.



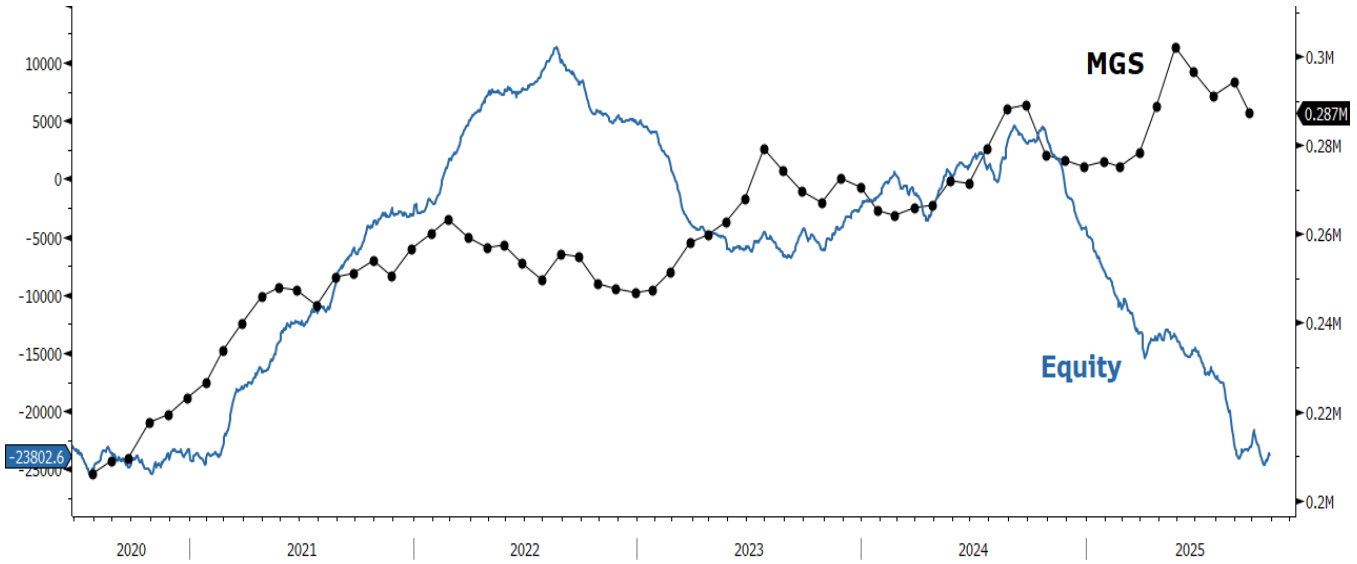


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) increased to RM29.8b in the review week compared to RM16.6b 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% (prior week: 58%) of the overall Government Bonds trade. Moreover, 7 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 RM5.9b, MII 3.726% 3/31/26 at RM1.9b, and MGS 3.502% 5/31/27 at RM1.8b.

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 29JUN2020-01NOV2025 Copyright© 2025 Bloomberg Finance L.P. 01-Nov-2025 11:41:51
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 -RM23.8b. It improved week-on-week from -RM24.3b registered a week ago. However, it declined year-on-year from +RM3.5b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM4.9b in the review week compared to RM3.6b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 32% (prior week: 28%) of the overall Corporate Bonds trade.

- 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 3.7% 10/27/28 at RM200m, Cagamas 4.0% 8/29/28 at RM200m, and YTL Corporation 4.48% 9/2/33 at RM180m.

B. FOREIGN EXCHANGE

- USD ended higher last week. The US dollar strengthened against major currencies last week as the DXY dollar index increased by +0.9%wow to 99.80, breaching the 99.0 level midweek and continued to track higher. The US dollar turned higher last week as the FOMC decided to reduce its fed funds rate by -25bps, but later saw the Fed Chair Jerome Powell's cautious remarks suggesting that another move in Dec-25 is far from certain, and highlighted his concerns on persistent upside inflation risks, therefore, lifting the dollar. In turn, the market expectation for another rate in the Dec-25 meeting subsided, while still expecting a -75bps rate cut in 2026. Given the lower probability of the rate cut scenario for the Dec-25 meeting, the weaker USD path for this year seems less certain. Meanwhile, supporting the positive sentiment from the US-China trade summit provided additional support for the USD, which saw US President Donald Trump say he had an "amazing" talk with China. However, given the still uncertain medium-term view that may cause market volatility, we think 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 depreciated. On the back of the stronger dollar, the pound sterling weakened by -1.2%wow to USD1.315, despite better housing data. Meanwhile, the euro weakened by -0.8%wow to USD1.154 as the euro 3QCY25 flash GDP figures moderated, while the central bank continued to signal the current interest rate level is appropriate.

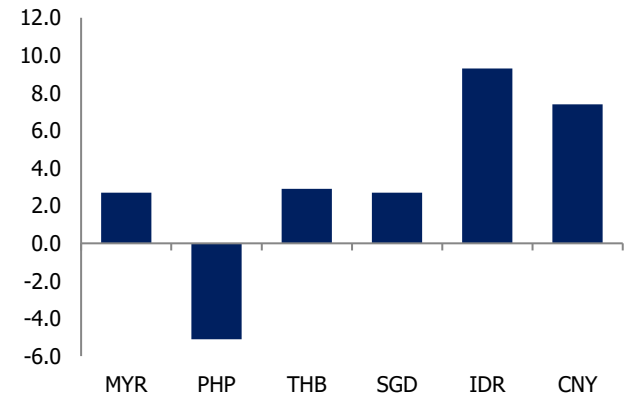
- The ringgit strengthened. The ringgit ended higher last week, appreciating by +0.8%wow to RM4.185, as the ringgit appreciated gradually throughout the week. The local currency traded towards a stronger bias between RM4.22 to RM4.18 compared to the narrow trading range in the previous week. The ringgit movement was mainly influenced by the continued positive sentiment from the finalisation of the Malaysia-US trade deal, which saw the ringgit broke the 4.19 level momentarily. Meanwhile, the release of the PPI data added to the strength of the ringgit, which saw a smaller deflation trend. However, due to the latest development by the Fed, that potentially may skip a rate cut scenario in Dec-25, it eased the ringgit's short-term expectation for the currency to strengthen. The Malaysian ringgit also strengthened against the currencies of major trading partners, as shown by the increase in our MBSB Trade-Weighted Ringgit Index by +0.7%wow to 95.42, mainly against the Indian rupee (+1.56%wow), Japanese yen (+1.36%wow), and the euro (+1.02%wow).

Currencies Changes (Week Ended 31 Oct 2025) and Quarterly Forecasts

	Close 31/10	Prev. Close 24/10	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	99.80	98.95	+0.852	+0.9	104.0	98.00	97.00	95.00
EURUSD	1.154	1.163	-0.009	-0.8	1.04	1.05	1.07	1.09
GBPUSD	1.315	1.331	-0.016	-1.2	1.26	1.28	1.30	1.32
USDJPY	154.0	152.9	-1.130	-0.7	150.00	147.80	146.70	143.94
USDMYR	4.189	4.223	+0.035	+0.8	4.43	4.28	4.21	4.09
GBPMYR	1.315	5.626	+4.311	+327.8	5.54	5.52	5.44	5.28
JPYMYR	2.720	2.763	+0.042	+1.6	2.93	2.93	2.88	2.83
MBSB TWRI	95.42	94.76	+0.661	+0.7	92.00	93.50	94.10	95.00

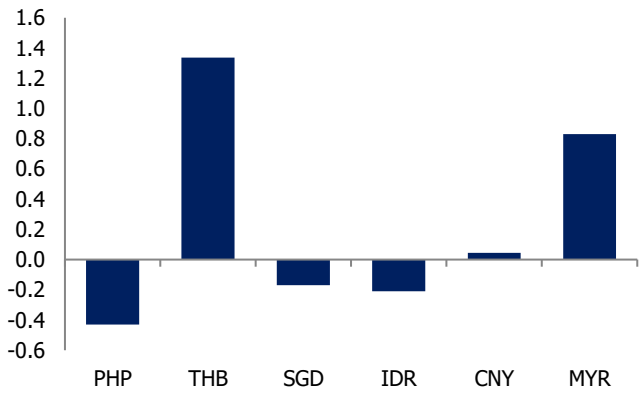
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

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 (%)

	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Malaysia	3.00	3.00	3.00	3.00	2.75	2.75	2.75	2.75	2.75
Indonesia	5.75	5.75	5.50	5.50	5.25	5.50	4.75	4.75	4.75
Philippines	5.75	5.50	5.50	5.25	5.25	5.25	5.00	4.75	4.75
Thailand	2.00	1.75	1.75	1.75	1.75	1.75	1.50	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	2.50	2.50	2.50	2.50	2.50	2.50	2.50
India	6.25	6.00	6.00	5.50	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	4.25	4.25	4.25	4.25	4.00	4.00	4.00
Euro area	2.90	2.40	2.25	2.00	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	4.00-4.25	4.00-4.25	4.00-4.25

Source: Bloomberg, MBSBR

- US economic data released last week:
  - American consumers continue to worry. U.S. consumer confidence eased to a six-month low in October amid worries about the availability of jobs in the near term, offering more ammunition for the Federal Reserve to cut interest rates again on Wednesday. The Conference Board said its consumer confidence index fell to 94.6 this month, the lowest reading since April, from an upwardly revised 95.6 in Sep-25.

- Interest rates update last week:
  - The Fed's Federal Open Market Committee (FOMC) decided to reduce its fed funds rate by -25bps to 3.75-4.00%, given concerns about elevated inflation and heightened downside risks to the job market. The balancing act supports further easing in policy restrictiveness, moving closer to neutral level. In addition to the rate cut, the FOMC also decided to end the reduction in its balance sheet (or quantitative tightening) on 1st December 2025. Thus far, the Fed will continue to reduce its holdings of Treasury and agency securities by USD5b and USD35b, respectively, a month. The Fed Chairman emphasised that there is no preset course for the fed funds rate, which will be adjusted based on incoming data.
  - In line with market expectations, the Bank of Canada (BOC) lowered its benchmark overnight rate by -25bps to 2.25% during its Oct-25 meeting. The Governing Council signalled that the rate-cutting cycle is likely concluded, contingent upon its base economic projection holding steady amid the prevailing uncertain backdrop. This latest cut follows a preceding 25bps reduction, being the first since Mar-25, which was initially triggered as headline inflation stabilised near the 2.0% target, while mounting concerns over US tariffs and a slowing job market necessitated a shift toward looser financing conditions.
  - The Bank of Japan (BOJ) kept its benchmark short-term interest rate unchanged at 0.5% in its Oct-25 meeting, a move consistent with market consensus. This action maintains borrowing costs at their highest level since 2008 and extends the pause initiated since the last hike in January. The decision passed with a 7-2 vote, notably opposed by board members Naoki Tamura and Hajime Takata, who again advocated for an immediate increase to 0.75%, mirroring their position from

Sep-25. Furthermore, the central bank reaffirmed its commitment to continue normalising borrowing costs if the economy progresses in line with its official projections.

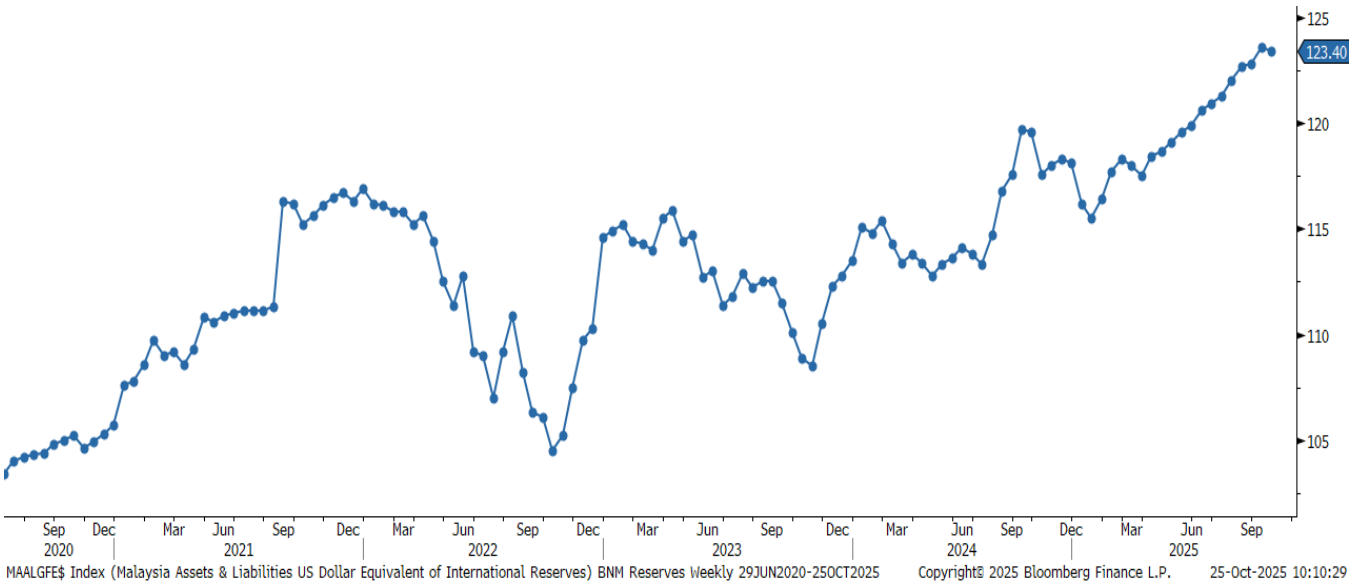
- The European Central Bank (ECB) opted to maintain its interest rates unchanged for the third consecutive meeting in October. This decision, which held the main refinancing rate at 2.15% and the deposit facility rate at 2.0%, signals the Governing Council's confidence in the Eurozone's economic resilience and the sustained easing of inflation pressures. The ECB's assessment emphasised that inflation remains close to its 2% medium-term target, and its overall outlook on the disinflationary path is broadly stable.

- Malaysia's economic update last week:
  - PPI recorded a lower contraction. Malaysia's producer price index (PPI) continued to fall by -0.8%yoy in Sep-25 (Aug-25: -2.8%yoy), marking the mildest decline in the current 7-month streak of PPI deflation. This was attributable to a smaller PPI deflation in the manufacturing sector (-2.1%yoy; Aug-25: -4.0%yoy), as the sharp fall in coke and refined petroleum products (-8.9%yoy) was partially offset by firmer readings across other manufacturing clusters. On a monthly basis, producer prices increased faster by +0.5%mom (Aug-25: +0.1%mom), marking the second straight month of sequential gains, underpinned by higher prices in agriculture (+2.1%mom) and manufacturing (+0.3%mom) industries.

C. BNM INTERNATIONAL RESERVES

- As of 15 October 2025, compared to previous fortnight, Bank Negara Malaysia's international reserves were lower at USD123.4b (30 September 2025: USD123.6b).

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	24-Oct Fri	27-Oct Mon	28-Oct Tue	29-Oct Wed	30-Oct Thu	31-Oct Fri	Change (WoW bp)
MGS							
3-Y	3.099	3.112	3.108	3.112	3.125	3.129	3
5-Y	3.226	3.24	3.233	3.238	3.252	3.251	2.5
7-Y	3.43	3.429	3.422	2.827	3.45	3.443	1.3
10-Y	3.488	3.487	3.476	3.476	3.506	3.493	0.5
20-Y	3.938	3.94	3.916	3.916	3.924	3.918	-2
RINGGIT IRS							
1-Y	3.215	3.225	3.2275	3.2275	3.2275	3.22	0.5
3-Y	3.175	3.19	3.205	3.203	3.215	3.2075	3.25
5-Y	3.235	3.2675	3.265	3.2655	3.2775	3.27	3.5
7-Y	3.305	3.33	3.335	3.335	3.35	3.34	3.5
10-Y	3.42	3.46	3.455	3.45	3.465	3.465	4.5
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	3.4885	3.4913	3.4968	3.5978	3.6091	3.5783	8.98
5-Y	3.6053	3.6018	3.6095	3.7113	3.7182	3.6871	8.18
7-Y	3.7867	3.7738	3.7737	3.8837	3.8992	3.8708	8.41
10-Y	4.0007	3.9795	3.9756	4.0757	4.097	4.0775	7.68
30-Y	4.5928	4.5522	4.5399	4.6252	4.6541	4.6512	5.84

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	24-Oct Yield	31-Oct Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.906	07/15/26	2.862	2.747	-11.5	5,925.2
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	2.880	2.864	-1.6	1,873.3
MALAYSIA GOVERNMENT	3.502	05/31/27	2.906	3.022	11.6	1,773.0
MALAYSIA GOVERNMENT	3.519	04/20/28	3.099	3.129	3.0	1,379.3
MALAYSIA INVESTMNT ISSUE	3.422	09/30/27	3.054	3.060	0.6	1,281.8
MALAYSIA GOVERNMENT	4.18	05/16/44	3.938	3.918	-2.0	1,092.0
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.117	3.142	2.5	965.6
MALAYSIA GOVERNMENT	3.336	05/15/30	3.226	3.251	2.5	965.2
MALAYSIA GOVERNMENT	4.054	04/18/39	3.647	3.737	9.0	936.9
MALAYSIA INVESTMNT ISSUE	3.635	08/30/30	3.241	3.250	0.9	879.5
TOTAL VOLUME (TOP 10)						17,071.6
TOTAL VOLUME (Overall)						29,780.0

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	24-Oct Yield	31-Oct Yield	Change (WoW bp)	Weekly Volume (RM mn)
DANAINFRA NASIONAL	3.7	10/27/28	3.230	3.249	1.9	200.0
CAGAMAS BERHAD	4	08/29/28	N/A	3.454	N/A	200.0
YTL CORPORATION BERHAD	4.48	09/02/33	3.771	3.782	1.1	180.0
YTL POWER INTERNATIONAL	4.195	08/26/39	3.895	3.871	-2.4	178.0
PROJEK LEBUHRAYA USAHASA	5	12/31/38	3.838	3.878	4.0	160.0
YTL POWER INTERNATIONAL	4.3	10/11/39	3.902	3.877	-2.5	160.0
PRASARANA MALAYSIA BHD	4.18	08/27/32	3.579	3.580	0.1	140.0
YTL CORPORATION BERHAD	4.6	06/23/34	N/A	3.798	N/A	130.0
MALAYAN CEMENT BHD	4.12	07/02/27	3.616	3.704	8.8	120.0
EVYSAP SABUN MALAYSIA	4.3	12/06/29	3.854	3.908	5.4	100.0
TOTAL VOLUME (TOP 10)						1,568.0
TOTAL VOLUME (Overall)						4,926.1

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