WEEKLY MONEY REVIEW

MIDF Strategy 1 December 2025

Week Ended 28 November 2025

- The UST benchmark 10-year yield retreated last week to close at 4.01% (prior week: 4.06%) in reaction to (1) soft economic data (i.e. ADP payroll, CB consumer confidence, September PPI), and (2) resurgent likelihood of another rate cut in December. The 10y-3y yield spread narrowed (yield curve flattened) to +53bp (prior week: +56bp) as the long-end outperformed. At week close, the interest rate futures market implies (conditional probability: 86%) a rate cute of -25bp (prior week: -25bp) in December this year.

- Medium-term inflation expectation (MTIE) ended the review week lower at 2.32% (prior week: 2.33%). 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 resumption (after a 9-month hiatus) of series of Fed rate cuts.

- The price of MGS benchmark issues ended the review week lower with the 3-year and 10-year yields added +1.3bp and +0.2bp to close at 3.02% and 3.44% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +42bp (prior week: +43bp) as the short-end underperformed.

- MGS foreign holdings increased month-on-month to RM292b in October 2025 from RM287b in September 2025. Moreover, it increased year-on-year from RM278b in October 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM23.0b. It improved week-on-week from -RM23.4b registered a week ago. However, it declined year-on-year from +RM346m a year ago.

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1 December 2025 | Strategy

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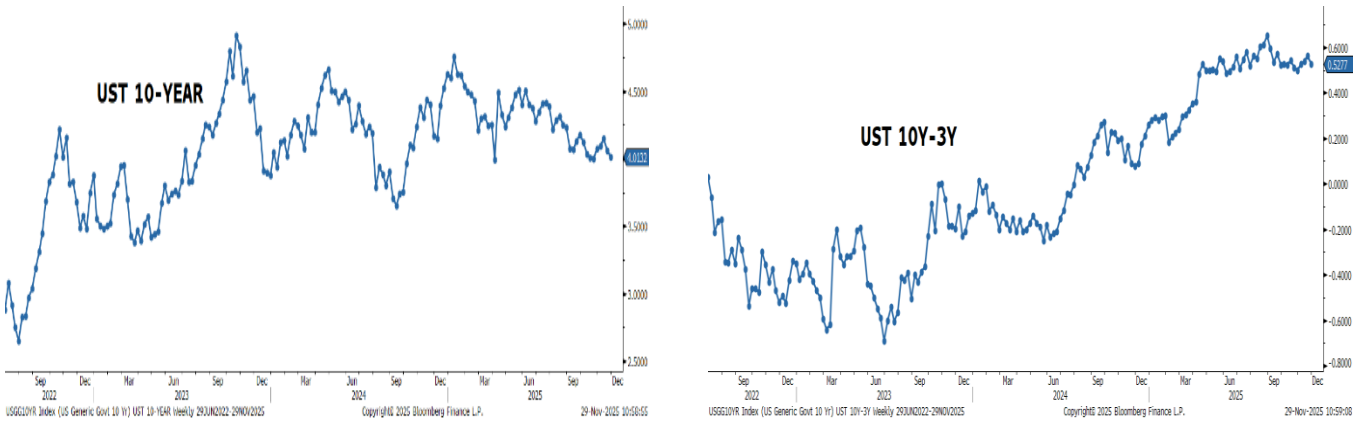
WEEKLY MONEY REVIEW

A. FIXED INCOME

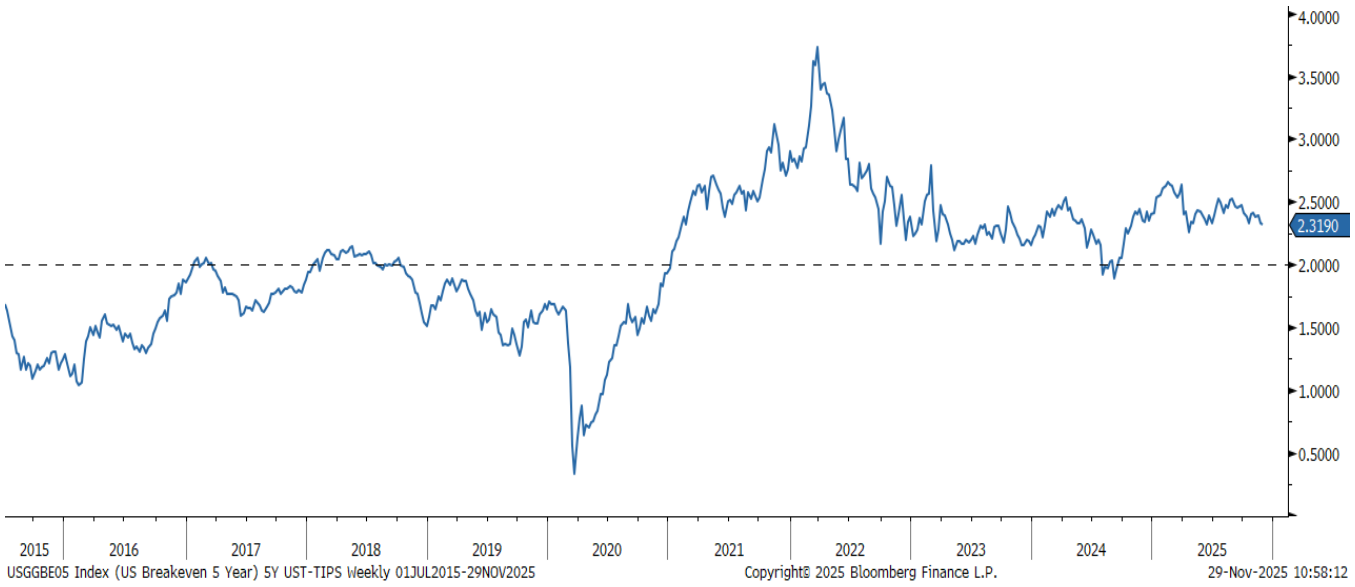
- The UST benchmark 10-year yield retreated last week to close at 4.01% (prior week: 4.06%) in reaction to (1) soft economic data (i.e. ADP payroll, CB consumer confidence, September PPI), and (2) resurgent likelihood of another rate cut in December. The 10y-3y yield spread narrowed (yield curve flattened) to +53bp (prior week: +56bp) as the long-end outperformed. At week close, the interest rate futures market implies (conditional probability: 86%) a rate cute of -25bp (prior week: -25bp) in December this year.



Source: Bloomberg, MBSBR (G8, G9)

- Medium-term inflation expectation (MTIE) ended the review week lower at 2.32% (prior week: 2.33%). 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 resumption (after a 9-month hiatus) of series of Fed rate cuts.

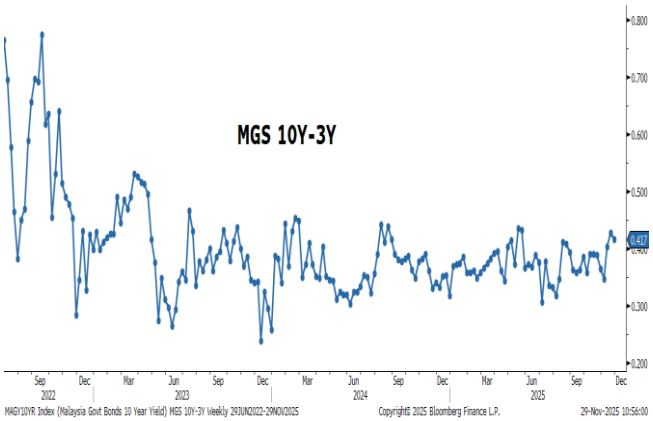
MEDIUM-TERM INFLATION EXPECTATION (MTIE): 5Y UST-TIPS SPREAD



Source: Bloomberg, MBSBR (G12)

- The price of MGS benchmark issues ended the review week lower with the 3-year and 10-year yields added +1.3bp and +0.2bp to close at 3.02% and 3.44% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +42bp (prior week: +43bp) as the short-end underperformed.



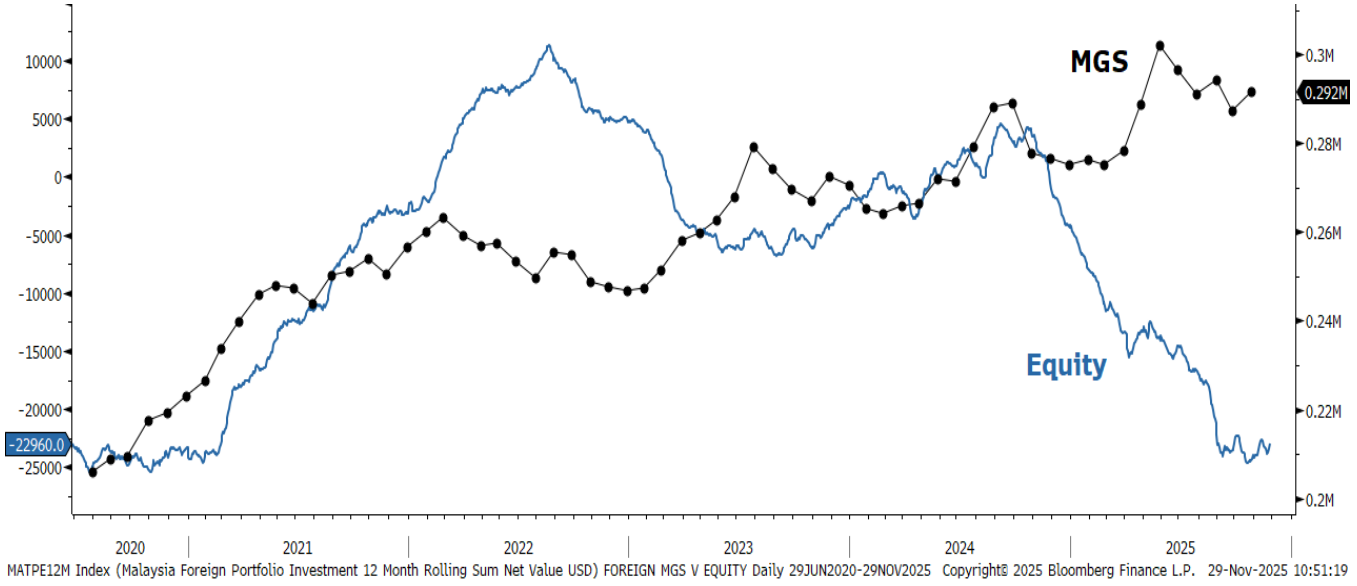


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) declined to RM30.6b in the review week compared to RM31.0b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 63% (prior week: 64%) 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 RM4.0b, MII 3.726% 3/31/26 at RM3.1b, and MGS 3.9% 11/30/26 at RM2.0b.

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



Source: Bloomberg, MBSBR (G13)

- MGS foreign holdings increased month-on-month to RM292b in October 2025 from RM287b in September 2025. Moreover, it increased year-on-year from RM278b in October 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM23.0b. It improved week-on-week from -RM23.4b registered a week ago. However, it declined year-on-year from +RM346m a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM6.2b in the review week compared to RM4.3b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 58% (prior week: 28%) 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 Imtiaz Sukuk II 3.98% 5/5/32 at RM2.8b, KL Kepong 3.75% 9/27/29 at RM120m, and Danainfra Nasional 4.57% 5/2/31 at RM100m.

B. FOREIGN EXCHANGE

- USD weakened last week. The US dollar weakened against major currencies last week as the DXY dollar index declined by -0.7%wow to 99.46. The weakness of the dollar was partly influenced by the increase in the probability for another rate cut, which saw investors pricing in 86.4% probability for a rate cut in the Dec-25 meeting. On top of that, improving sentiment due to the ease of geopolitical tension between Ukraine-Russia peace discussions led to the softer demand of safe-haven assets. Meanwhile, a dovish statement from the US Federal Reserve President John Williams suggested that easing inflation and cooling labour market also contributed to the softer demand for US dollar. Investors will be watching key data releases for this week, such as the US PCE, ADP report, and ISM manufacturing PMI. 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 strengthened. Both the euro and the pound sterling strengthened last week, appreciating by +0.7%wow to USD1.16 and +1.0%wow to USD1.32, respectively. Although the pound sterling performed better, some of the gains were reversed as the release of the Autumn Budget led to renewed expectations for another rate cut by the Bank of England.

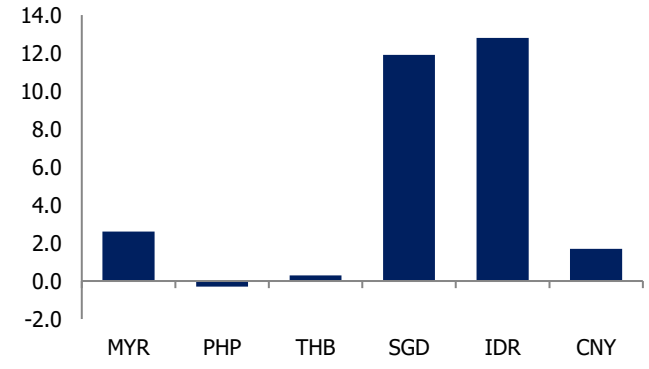
- Ringgit also strengthened amid weaker dollars. Malaysian ringgit appreciated by +0.4%wow and ended at RM4.133 last week. The ringgit was traded between RM 4.13 and RM 4.16. As oil prices slightly rebounded last week, the stronger ringgit performance was mainly driven by the weakening of the US dollar. On the broader picture, the ringgit continued to strengthen against the currencies of Malaysia's major trading partners, with our MBSB Trade-Weighted Ringgit Index (TWRI) rising by +0.1%wow to 97.30, mainly appreciating against Vietnamese dong (+0.4%wow), Saudi riyal (+0.4%wow), and Indonesian rupiah (+0.4%wow). On a separate note, foreign holdings of both government and corporate bonds turned negative by -RM1.6b between 18th to 24th November 2025.

Currencies Changes (Week Ended 28 Nov 2025) and Quarterly Forecasts

	Close 28/11	Prev. Close 21/11	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	99.46	100.18	-0.721	-0.7	104.0	98.00	97.00	95.00
EURUSD	1.160	1.151	+0.008	+0.7	1.04	1.05	1.07	1.09
GBPUSD	1.324	1.310	+0.014	+1.0	1.26	1.28	1.30	1.32
USDJPY	156.2	156.4	+0.230	+0.1	150.00	147.80	146.70	143.94
USDMYR	4.133	4.148	+0.015	+0.4	4.43	4.28	4.21	4.09
GBPMYR	5.459	5.417	-0.042	-0.8	5.54	5.52	5.44	5.28
JPYMYR	2.646	2.652	+0.006	+0.2	2.93	2.93	2.88	2.83
MBSB TWRI	97.30	97.21	+0.094	+0.1	92.00	93.50	94.10	95.00

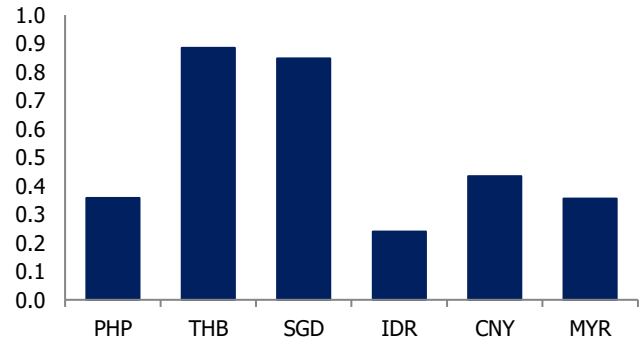
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

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	2.65	2.40	2.40	2.15	2.15	2.15	2.15	2.15	2.15
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:
  - More job cuts. Private sector employment saw a sharp deterioration in early November, with US private employers shedding an average of 13,500 jobs per week in the four weeks ending November 8, 2025. This rate represents a significant increase from the 2,500 average weekly decline observed in the preceding period.
  - Retail sales growth slowed down. The Sep-25 data showed a slowdown in US consumer spending, with annual retail trade growth moderating to +4.3%yoy (Aug-25: +5.0%yoy). Sequentially, retail sales increased by a modest +0.2%mom, falling below the forecasted +0.4%mom and representing the weakest monthly growth in four months.
  - Jobless claims remained stable. The initial jobless claims fell to 216K for the week ending 22nd Nov-25 (previous: 222K). Initial claims have been hovering around 220K-230K since the middle of Sep-25, easing from 264K in early Sep-25.

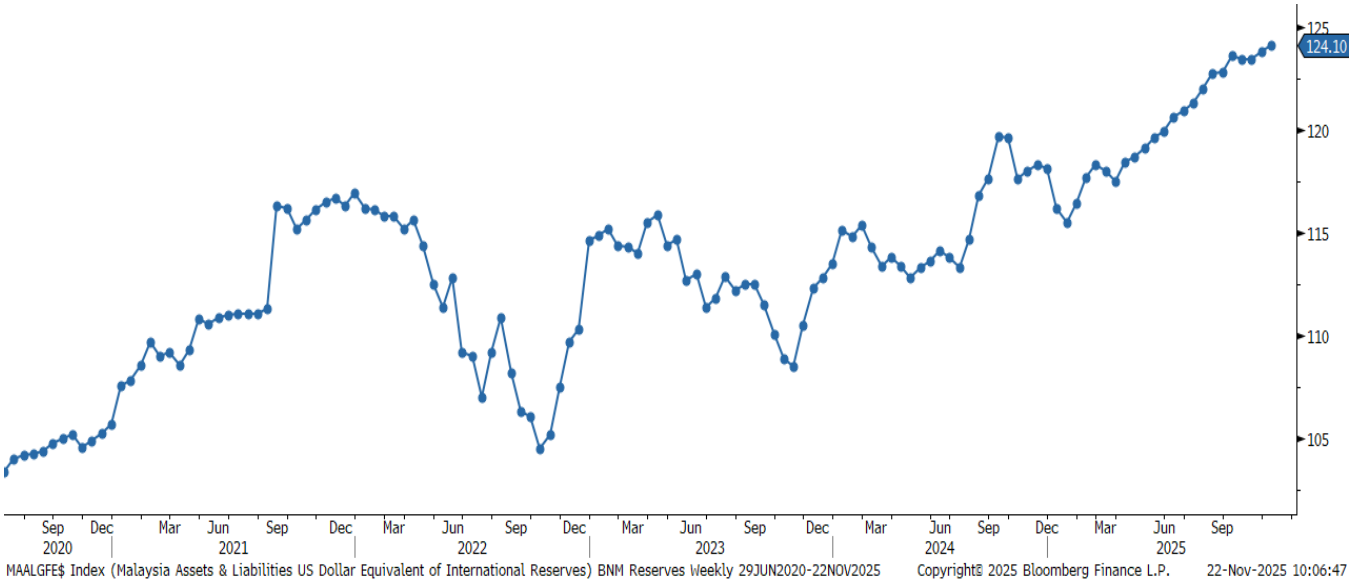
- On monetary policy decision last week:
  - The Reserve Bank of New Zealand (RBNZ) concluded its final meeting of the year by reducing the Official Cash Rate (OCR) by -25bps to 2.25%, as widely anticipated, pushing the borrowing costs to the lowest level since mid-2022.
  - As anticipated, the Bank of Korea kept its base rate unchanged at 2.50%, prioritising financial stability. The central bank cited elevated risks from an overheated housing sector and a volatile exchange rate as key factors justifying the continued pause.
  - The Central Bank of Sri Lanka (CBSL) kept its benchmark interest rate unchanged at 7.75% in Nov-025. The Bank affirmed that its current monetary stance remains appropriate for effectively guiding inflation toward its mandated 5% target range.

- Malaysia's economic update last week:
  - PPI saw a softer deflation. Malaysia's producer prices fell at a softer pace by -0.1%yoy in Oct-25 (Sep-25: -0.8%yoy), marking the slowest decline in an eight-month sequence of deflation. This largely reflected a deceleration in the contraction of the manufacturing sector (-0.6%yoy; Sep-25: -2.1%yoy).
  - Coincidence and leading index improved. Malaysia's growth momentum is expected to improve as the leading index (LI) rebounded and grew by +0.8%yoy in Sep-25 after falling -0.3%yoy over the previous two months. This was driven by improvement in two components, led by a sharp double-digit expansion in Number of New Companies Registered (+16.0%yoy) and Real Imports of Semi-Conductors (+15.8%yoy). On the other hand, the coincidence index (CI) grew slightly faster at +2.6%yoy in Sep-25 (Aug-25: +2.1%yoy).

C. BNM INTERNATIONAL RESERVES

- As of 14 November 2025, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD124.1b (31 October 2025: USD123.8b).

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	21-Nov Fri	24-Nov Mon	25-Nov Tue	26-Nov Wed	27-Nov Thu	28-Nov Fri	Change (WoW bp)
MGS							
3-Y	3.005	3.017	3.013	3.021	3.002	3.018	1.3
5-Y	3.225	3.22	3.22	3.207	3.222	3.251	2.6
7-Y	3.437	3.442	3.429	3.417	3.445	3.445	0.8
10-Y	3.433	3.433	3.426	3.426	3.451	3.435	0.2
20-Y	3.85	3.858	3.873	3.846	3.85	3.854	0.4
RINGGIT IRS							
1-Y	3.2035	3.2	3.2	3.2025	3.22	3.225	2.15
3-Y	3.214	3.207	3.205	3.21	3.2275	3.26	4.6
5-Y	3.284	3.28	3.285	3.2775	3.3175	3.33	4.6
7-Y	3.359	3.355	3.355	3.347	3.395	3.4125	5.35
10-Y	3.495	3.48	3.485	3.477	3.51	3.55	5.5
KLIBOR							
1-M	3	3	3	3	3	3	0
3-M	3.23	3.23	3.24	3.25	3.25	3.26	3
UST							
3-Y	3.4997	3.4802	3.4523	3.4661	3.4661	3.4855	-1.42
5-Y	3.6211	3.5915	3.5636	3.5688	3.5688	3.5964	-2.47
7-Y	3.8143	3.7781	3.7522	3.7522	3.7525	3.7833	-3.1
10-Y	4.0633	4.0248	3.996	3.9941	3.9941	4.0132	-5.01
30-Y	4.712	4.6697	4.6492	4.6414	4.6414	4.6628	-4.92

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	21-Nov Yield	28-Nov Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.906	07/15/26	2.788	2.787	-0.1	3,953.8
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	2.866	2.755	-11.1	3,122.4
MALAYSIA GOVERNMENT	3.9	11/30/26	2.841	2.837	-0.4	2,007.0
MALAYSIA INVESTMNT ISSUE	3.612	04/30/35	3.511	3.536	2.5	1,855.2
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.104	3.103	-0.1	1,555.9
MALAYSIA GOVERNMENT	3.582	07/15/32	3.437	3.445	0.8	1,551.7
MALAYSIA GOVERNMENT	3.336	05/15/30	3.225	3.251	2.6	1,403.0
MALAYSIA INVESTMNT ISSUE	3.775	05/31/45	3.864	3.885	2.1	1,362.2
MALAYSIA INVESTMNT ISSUE	3.804	10/08/31	3.340	3.339	-0.1	1,286.1
MALAYSIA INVESTMNT ISSUE	3.635	08/30/30	3.246	3.256	1.0	1,186.5
TOTAL VOLUME (TOP 10)						19,283.8
TOTAL VOLUME (Overall)						30,652.0

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	21-Nov Yield	28-Nov Yield	Change (WoW bp)	Weekly Volume (RM mn)
IMTIAZ SUKUK II BHD	3.98	05/05/32	3.798	3.808	1.0	2,820.1
KUALA LUMPUR KEPONG	3.75	09/27/29	3.579	3.594	1.5	120.0
DANAINFRA NASIONAL	4.57	05/02/31	3.467	3.438	-2.9	100.0
SARAWAK ENERGY BHD	4.19	07/04/30	3.562	3.598	3.6	93.3
PERBADANAN TABUNG PENDI	4.11	03/07/39	3.819	3.819	0.0	80.0
PENGURUSAN AIR SPV BHD	3.86	04/30/32	N/A	3.641	N/A	80.0
PROJEK LEBUHRAYA USAHASA	4.72	01/12/26	3.380	3.371	-0.9	70.0
DANAINFRA NASIONAL	4.17	03/11/50	N/A	4.049	N/A	70.0
SUNWAY EDUCAITON CAPITAL	FLOAT	09/28/35	N/A	N/A	N/A	61.3
DANAINFRA NASIONAL	4.89	05/25/32	N/A	3.578	N/A	60.0
TOTAL VOLUME (TOP 10)						3,554.7
TOTAL VOLUME (Overall)						6,153.0

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