WEEKLY MONEY REVIEW

MIDF Strategy 29 December 2025

Week Ended 26 December 2025

- The UST benchmark 10-year yield declined last week to close at 4.13% (prior week: 4.15%) as investors reacted to weak consumer confidence data (i.e. The Conference Board's consumer confidence index fell -3.8 points to 89.1 in December; versus 91.0 expected). The 10y-3y yield spread narrowed (yield curve flattened) to +60bp (prior week: +62bp) as long-end outperformed. At last week close, the interest rate futures market implied another 2 rate cuts totaling -50bp in 2026.

- Medium-term inflation expectation (MTIE) ended the review week lower at 2.25% (prior week: 2.28%). 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 the underlying price pressure is easing as attested by the ongoing Fed rate cuts.

- The price of MGS benchmark issues ended the review week higher with the 3-year and 10-year yields shed -2.6bp and -1.6bp to close at 3.00% and 3.54% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +54bp (prior week: +53bp) as the short-end outperformed.

- MGS foreign holdings increased month-on-month to RM298b in November 2025 from RM292b in October 2025. Moreover, it increased year-on-year from RM277b in November 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM20.1b. It improved week-on-week from -RM20.5b registered a week ago. However, it declined year-on-year from -RM4.1b a year ago.

MBSB RESEARCH is a unit of MBSB INVESTMENT BANK
Kindly refer to the last page of this publication for important disclosures

29 December 2025 | **Strategy**

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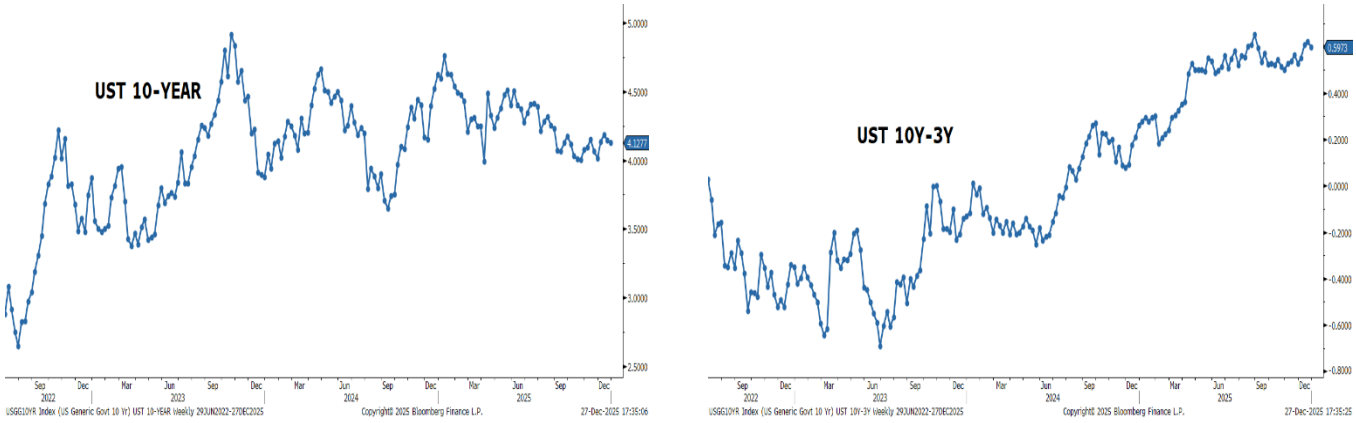
WEEKLY MONEY REVIEW

A. FIXED INCOME

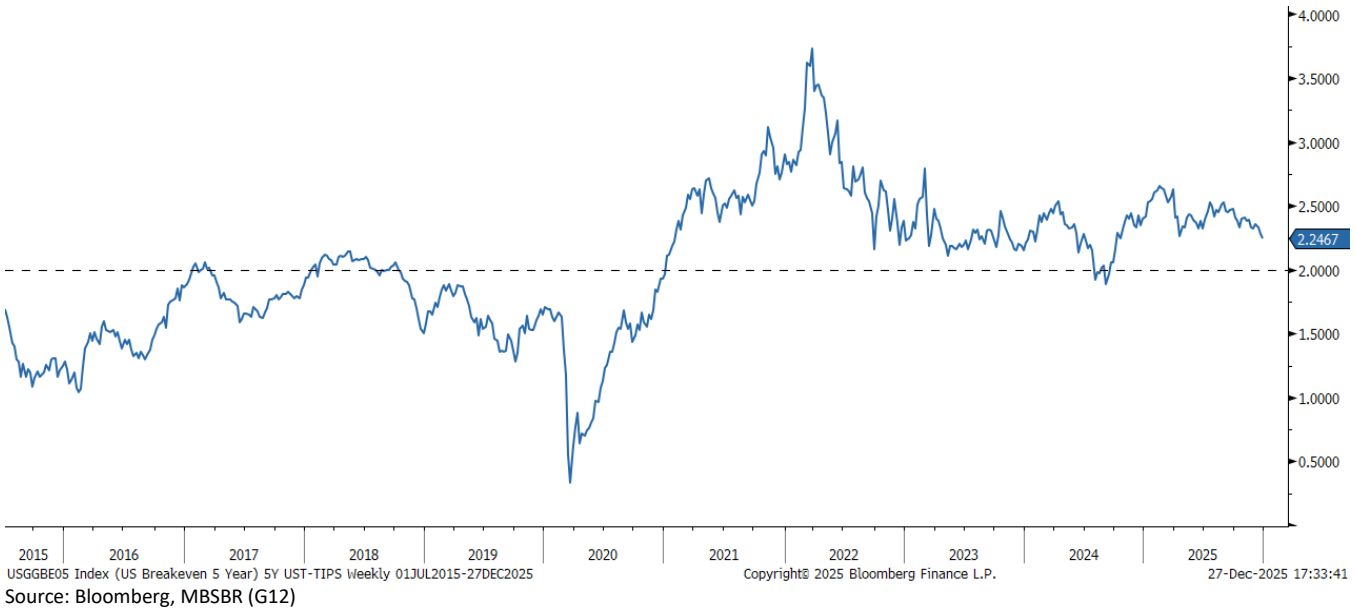
- The UST benchmark 10-year yield declined last week to close at 4.13% (prior week: 4.15%) as investors reacted to weak consumer confidence data (i.e. The Conference Board's consumer confidence index fell -3.8 points to 89.1 in December; versus 91.0 expected). The 10-y-3y yield spread narrowed (yield curve flattened) to +60bp (prior week: +62bp) as long-end outperformed. At last week close, the interest rate futures market implied another 2 rate cuts totaling -50bp in 2026.



Source: Bloomberg, MBSBR (G8, G9)

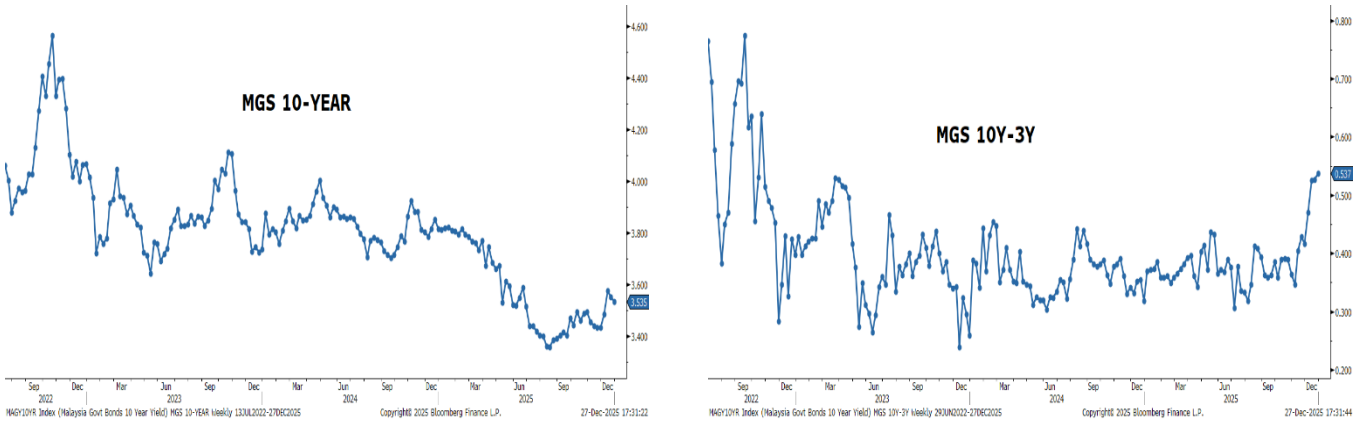
- Medium-term inflation expectation (MTIE) ended the review week lower at 2.25% (prior week: 2.28%). While the MTIE has remained above the US Fed target level of 2.00% since September last year, we nonetheless believe the market is sanguine and the underlying price pressure is easing as attested by the ongoing 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 higher with the 3-year, and 10-year yields shed -2.6bp and -1.6bp to close at 3.00% and 3.54% respectively. The 10y-3y yield spread expanded (yield curve steepened) to +54bp (prior week: +53bp) as the short-end outperformed.

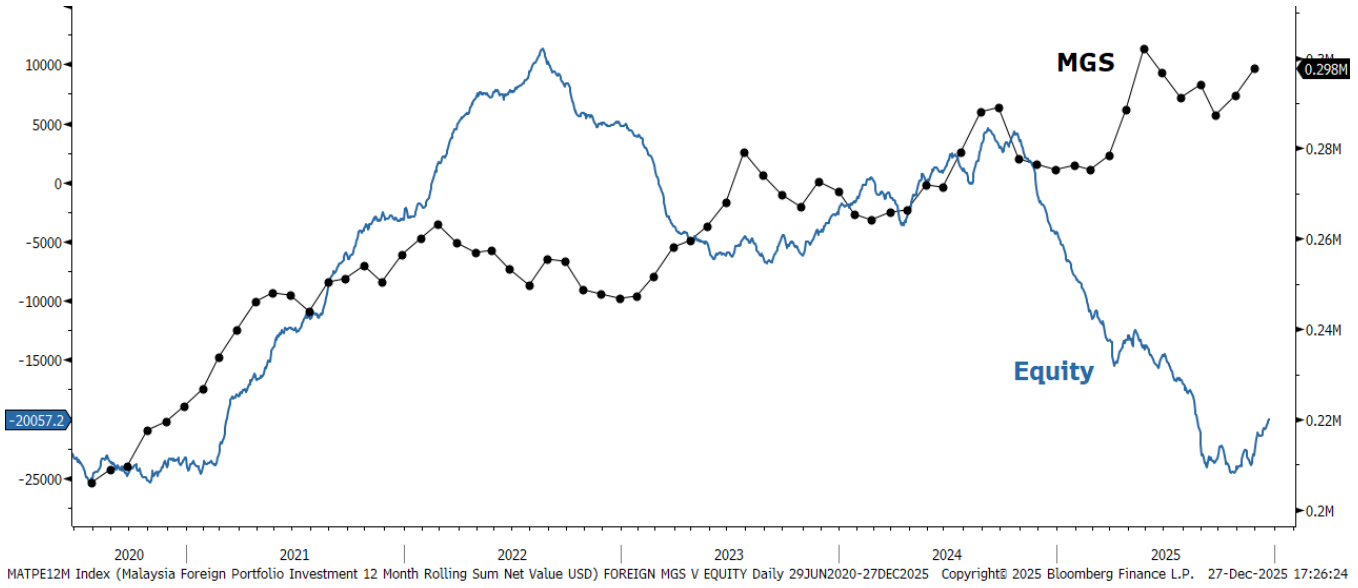


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) declined to RM11.0b in the review week compared to RM17.0b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 70% (prior week: 61%) of the overall Government Bonds trade. Moreover, 5 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 residual tenor. The top 3 most actively traded were MII 3.726% 3/31/26 at RM1.8b, MII 4.07% 9/30/26 at RM1.5b, and MGS 3.906% 7/15/26 at RM1.0b.

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



Source: Bloomberg, MBSBR (G13)

- MGS foreign holdings increased month-on-month to RM298b in November 2025 from RM292b in October 2025. Moreover, it increased year-on-year from RM277b in November 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM20.1b. It improved week-on-week from -RM20.5b registered a week ago. However, it declined year-on-year from -RM4.1b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) declined to RM1.6b in the review week compared to RM3.4b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 38% (prior week: 34%) of the overall Corporate Bonds trade.

- The top 3 actively traded Corporate Bonds were dominated by issues of short residual tenor. The top 3 most actively traded were Bank Pembangunan 3% 10/12/27 at RM100m, SME Bank 3.1% 7/31/26 at RM100m, and PTPTN 4.45% 3/12/27 at RM70m.

B. BNM INTERNATIONAL RESERVES

- As of 15 December 2025, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD124.3b (28 November 2025: USD124.1b).

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	19-Dec Fri	22-Dec Mon	23-Dec Tue	24-Dec Wed	25-Dec Thu	26-Dec Fri	Change (WoW bp)
MGS							
3-Y	3.024	3.048	3.047	2.998	2.998	2.998	-2.6
5-Y	3.259	3.256	3.259	3.245	3.245	3.261	0.2
7-Y	3.419	3.417	3.492	3.393	3.393	3.448	2.9
10-Y	3.551	3.553	3.532	3.525	3.525	3.535	-1.6
20-Y	3.863	3.85	3.866	3.875	3.875	3.875	1.2
RINGGIT IRS							
1-Y	3.215	3.225	3.22	3.215	3.215	3.235	2
3-Y	3.295	3.285	3.2825	3.3	3.3	3.295	0
5-Y	3.3725	3.36	3.38	3.38	3.3762	3.375	0.25
7-Y	3.455	3.4375	3.44	3.445	3.445	3.448	-0.7
10-Y	3.595	3.575	3.585	3.585	3.58	3.58	-1.5
KLIBOR							
1-M	3	3	3	3	3	3	0
3-M	3.26	3.27	3.27	3.27	3.27	3.27	1
UST							
3-Y	3.5249	3.5527	3.5807	3.5556	3.5556	3.5304	0.55
5-Y	3.6933	3.7127	3.7356	3.7148	3.7148	3.6958	0.25
7-Y	3.9052	3.9235	3.9366	3.908	3.9188	3.9007	-0.45
10-Y	4.1471	4.1628	4.1628	4.1335	4.1335	4.1277	-1.94
30-Y	4.8242	4.8364	4.8242	4.7938	4.7938	4.8141	-1.01

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	19-Dec Yield	26-Dec Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	2.674	2.814	14.0	1,766.4
MALAYSIA INVESTMNT ISSUE	4.07	09/30/26	2.866	2.844	-2.2	1,491.4
MALAYSIA GOVERNMENT	3.906	07/15/26	2.749	2.765	1.6	1,008.8
MALAYSIA INVESTMNT ISSUE	4.28	03/23/54	4.006	3.943	-6.3	720.4
MALAYSIA GOVERNMENT	3.9	11/30/26	2.831	2.864	3.3	587.0
MALAYSIA INVESTMNT ISSUE	4.417	09/30/41	3.813	3.811	-0.2	570.0
MALAYSIA GOVERNMENT	3.828	07/05/34	3.530	3.554	2.4	492.0
MALAYSIA GOVERNMENT	3.336	05/15/30	3.259	3.245	-1.4	408.0
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.117	3.094	-2.3	380.5
MALAYSIA INVESTMNT ISSUE	3.804	10/08/31	3.344	3.345	0.1	356.2
TOTAL VOLUME (TOP 10)						7,780.8
TOTAL VOLUME (Overall)						11,041.3

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	19-Dec Yield	26-Dec Yield	Change (WoW bp)	Weekly Volume (RM mn)
BANK PEMBANGUNAN MALAY	3	10/12/27	N/A	3.446	N/A	100.0
SMALL MEDIUM ENT BANK	3.1	07/31/26	N/A	3.409	N/A	100.0
PERBADANAN TABUNG PENDI	4.45	03/12/27	N/A	3.189	N/A	70.0
CIMB ISLAMIC BANK BHD	4.13	03/27/34	3.787	3.782	-0.5	70.0
YTL CORPORATION BERHAD	4.79	04/10/29	N/A	3.751	N/A	60.0
DANAINFRA NASIONAL	4.06	06/30/55	4.109	4.089	-2.0	60.0
BANK PEMBANGUNAN MALAY	3.25	06/08/26	3.394	3.402	0.8	50.0
DANAINFRA NASIONAL	4.04	07/20/27	N/A	3.188	N/A	40.0
RHB BANK	3.65	04/28/31	N/A	3.554	N/A	40.0
PETROLEUM SARAWAK EXPLO	4.54	02/22/30	3.597	3.607	1.0	40.0
TOTAL VOLUME (TOP 10)						630.0
TOTAL VOLUME (Overall)						1,640.6

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