WEEKLY MONEY REVIEW

MBSB Strategy 26 January 2026

Week Ended 23 January 2026

- The UST benchmark 10-year yield ended unchanged week-on-week at 4.22% (prior week: 4.22%) as an early week yield spike due to heightened US-Europe spat over Greenland was reversed later in the week with both parties ostensibly agreed on a "framework" over the island. The 10y-3y yield spread ended unchanged week-on-week at +57bp (prior week: +57bp). 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 higher at 2.47% (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 recent Fed rate cuts.

- The price of MGS benchmark issues ended the review week higher with the 3-year and 10-year yields shed -1.9bp and -4.4bp to close at 2.99% and 3.50% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +51bp (prior week: +54bp) as long-end outperformed.

- MGS foreign holdings increased month-on-month to RM301b in December 2025 from RM298b in November 2025. Moreover, it increased year-on-year from RM275b in December 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM18.1b. It improved week-on-week from -RM19.5b registered a week ago. However, it declined year-on-year from -RM6.8b a year ago.

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

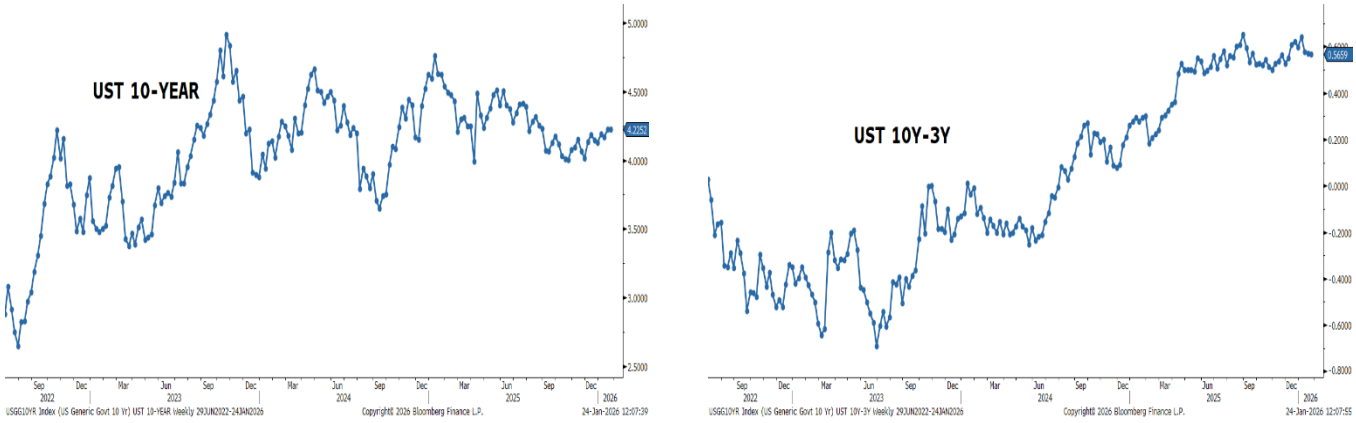
26 January 2026 | **Strategy**

Strategy Team | research@mbsb.com

WEEKLY MONEY REVIEW

A. FIXED INCOME

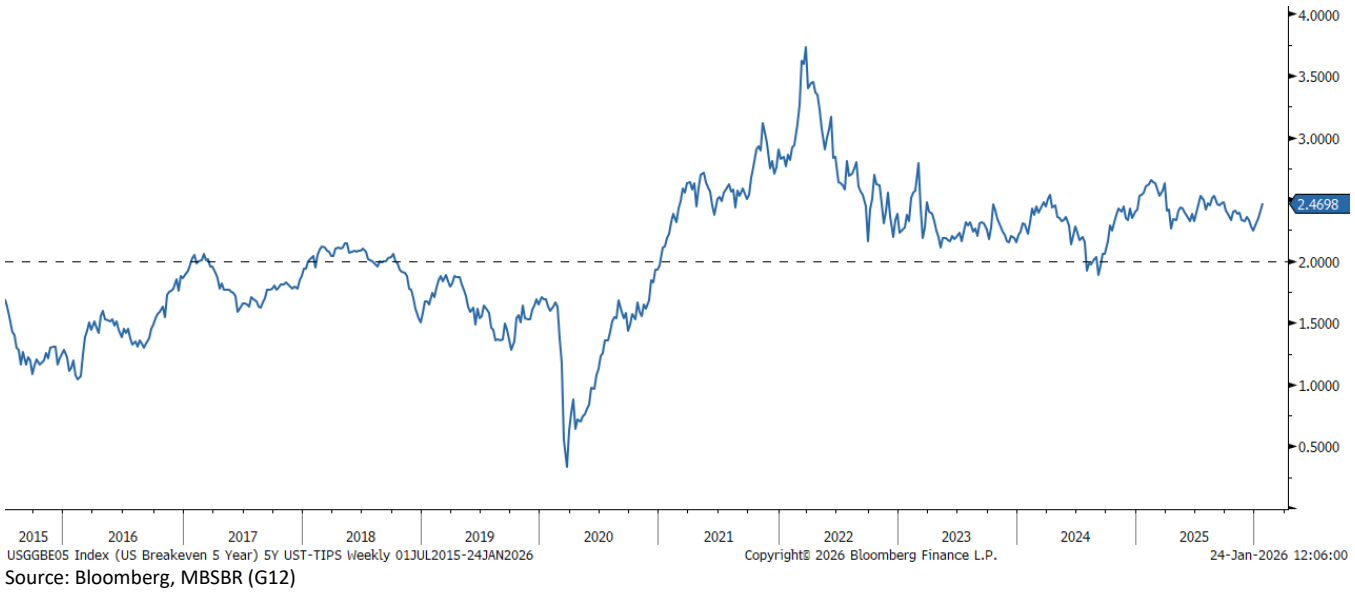
- The UST benchmark 10-year yield ended unchanged week-on-week at 4.22% (prior week: 4.22%) as an early week yield spike due to heightened US-Europe spat over Greenland was reversed later in the week with both parties ostensibly agreed on a "framework" over the island. The 10y-3y yield spread ended unchanged week-on-week at +57bp (prior week: +57bp). 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 higher at 2.47% (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 recent Fed rate cuts.

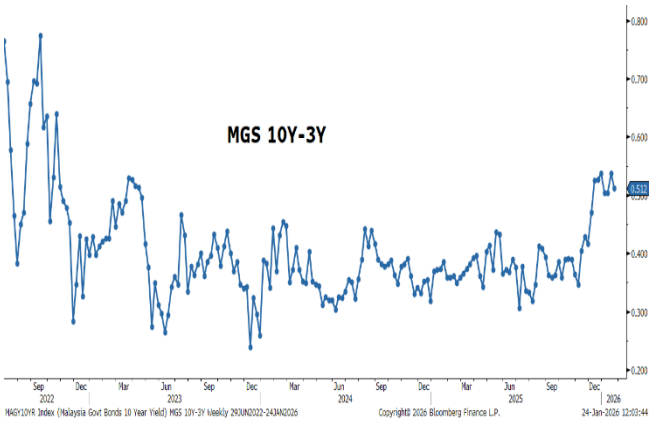
MEDIUM-TERM INFLATION EXPECTATION (MTIE): 5Y UST-TIPS SPREAD



Source: Bloomberg, MBSBR (G12)

- The price of MGS benchmark issues ended the review week higher with the 3-year and 10-year yields shed -1.9bp and -4.4bp to close at 2.99% and 3.50% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +51bp (prior week: +54bp) as long-end outperformed.



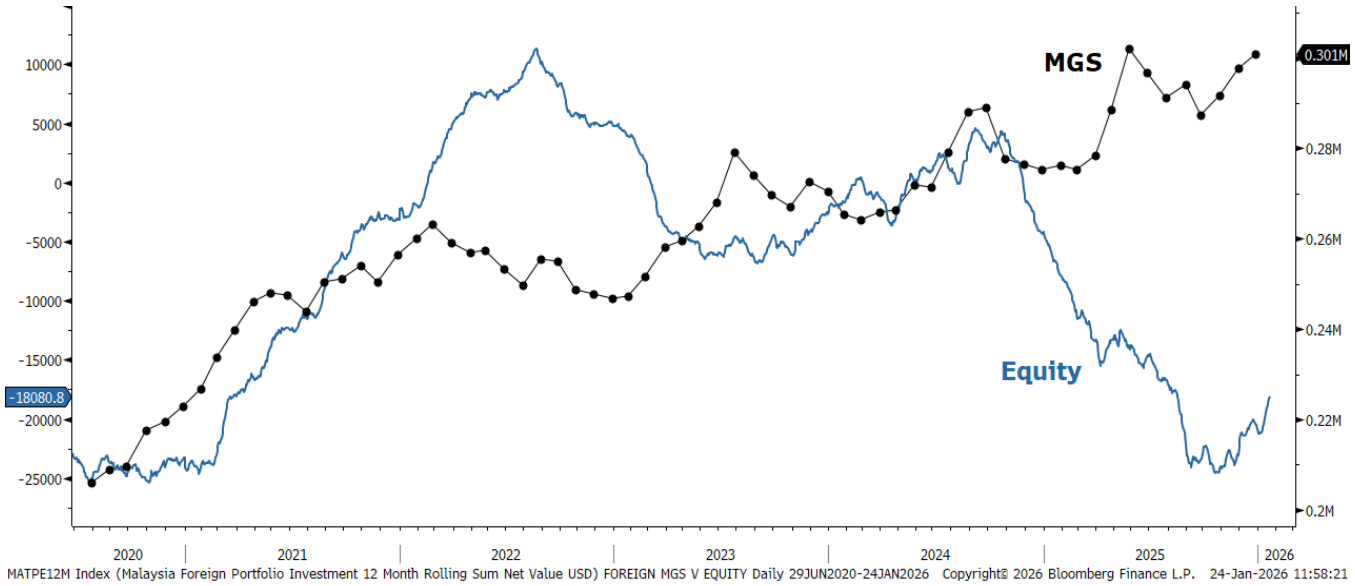


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) increased to RM45.0b in the review week compared to RM32.9b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 56% (prior week: 54%) of the overall Government Bonds trade. Moreover, 8 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 MGS 3.9% 11/30/26 at RM3.9b, MII 3.599% 7/31/28 at RM3.7b, and MGS 3.906% 7/15/26 at RM3.1b.

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



Source: Bloomberg, MBSBR (G13)

- MGS foreign holdings increased month-on-month to RM301b in December 2025 from RM298b in November 2025. Moreover, it increased year-on-year from RM275b in December 2024. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM18.1b. It improved week-on-week from -RM19.5b registered a week ago. However, it declined year-on-year from -RM6.8b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM5.4b 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 increased (lower trading breadth) to 47% (prior week: 28%) of the overall Corporate Bonds trade.

- The top 3 actively traded Corporate Bonds were dominated by issues of mid and long residual tenor. The top 3 most actively traded were Pantai Holdings 3.51% 10/31/30 at RM820m, Danainfra Nasional 4.32% 3/18/37 at RM340m, and Danainfra Nasional 4.31% 10/24/39 at RM240m.

B. FOREIGN EXCHANGE

- USD weakened last week. The US dollar weakened against major currencies last week as the DXY dollar index fell by -1.8%wow to 97.60, hitting the lowest level since Sep-25. The US dollar faced downward pressure throughout the week as market sentiment deteriorated following President Trump's rhetoric regarding a potential military intervention in Greenland. The prospect of European retaliation further catalysed a "sell-America" trade as investors de-risked from USD-based assets. This weakening trend was extended by the US renewed use of protectionist tariff threats against non-aligned nations, a move that undermined the greenback's safe-haven status and resulted in a notable decline in the DXY index. Given the still uncertain medium-term outlook, which may cause market volatility, we believe this environment will likely trigger a flight to safety but the appeal of US assets could soften because of reduced confidence. 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. As the dollar weakened, the euro strengthened by +2.0%wow to USD1.183, on the back of stronger-than-expected GDP figure. Meanwhile, the GBP also strengthened by +2.0%wow to USD1.364.

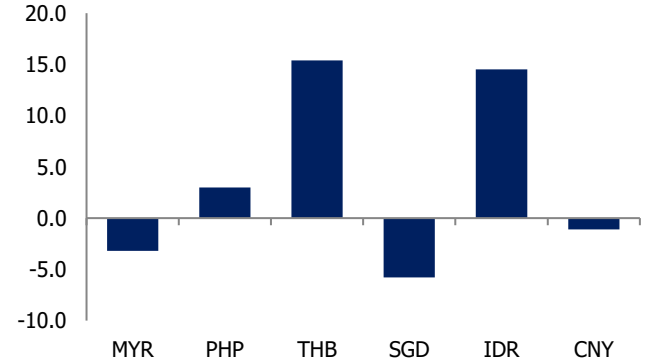
- The ringgit ended at the strongest in 5 years. The Malaysian ringgit appreciated by +1.1%wow to RM4.007, level last seen in at the start of 2021. The ringgit traded between RM4.06 to RM 4.00 range, with the strongest level recorded toward the end of the week, as the DXY slid lower last Friday. Economic fundamentals remained positive following the release of the inflation figure, stronger than expected trade performance, and BNM keeping OPR unchanged, anticipating economic activities will remain robust moving forward while price pressures under control. On a broader picture, the ringgit continued to strengthen against the currencies of Malaysia's major trading partners, with our MBSB Trade-Weighted Ringgit Index (TWRI) increased by +1.1%wow to 99.90, mainly appreciating against the Indonesian rupiah (+2.3%wow), Japanese yen (+1.3%wow), and Saudi riyal (+1.4%wow). In a separate release, foreign holdings of both Malaysian government and corporate bonds declined by -RM0.29b between 12th to 19th January 2026 (previous week: -RM3.1b)

Currencies Changes (Week Ended 23-Jan-2026) and Quarterly Forecasts

	Close 23/01	Prev. Close 16/01	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	97.60	99.39	-1.794	-1.8	98.8	97.2	96.6	96.0
EURUSD	1.183	1.160	+0.023	+2.0	1.18	1.19	1.2	1.21
GBPUSD	1.364	1.338	+0.026	+2.0	1.34	1.36	1.36	1.36
USDJPY	155.7	158.1	+2.420	+1.6	152	150	148	147
USDMYR	4.007	4.058	+0.051	+1.3	4.03	3.99	3.97	3.95
GBPMYR	5.421	5.436	+0.015	+0.3	5.45	5.43	5.41	5.4
JPYMYR	2.574	2.567	-0.007	-0.3	2.6	2.61	2.62	2.63
MBSB TWRI	99.90	98.80	+1.097	+1.1	98.6	99.73	100.87	102

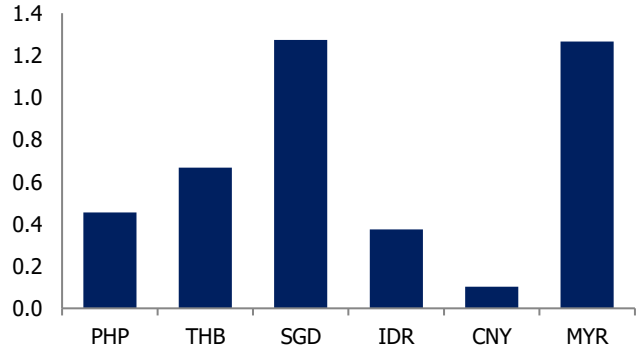
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

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 (%)

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-25
Malaysia	3.00	3.00	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Indonesia	5.50	5.50	5.25	5.50	4.75	4.75	4.75	4.75	4.75
Philippines	5.50	5.25	5.25	5.25	5.00	4.75	4.75	4.50	4.50
Thailand	1.75	1.75	1.75	1.75	1.50	1.50	1.50	1.25	1.25
Vietnam	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
South Korea	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
India	6.00	5.50	5.50	5.50	5.50	5.50	5.50	5.25	5.25
Japan	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75
UK	4.25	4.25	4.25	4.25	4.00	4.00	4.00	3.75	3.75
Euro area	2.40	2.15	2.15	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	4.00-4.25	3.75-4.00	3.75-4.00	3.50-3.75	3.50-3.75

Source: Bloomberg, MBSBR

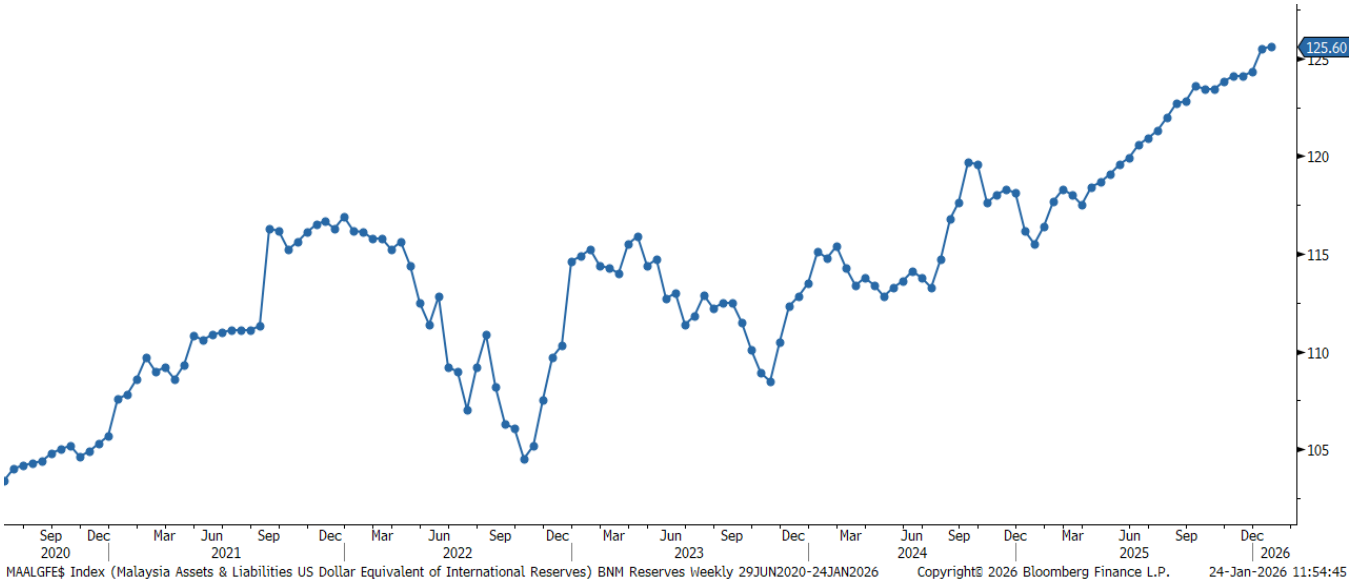
Key Economic Data Releases Last Week

Economic Indicators	Period	Actual	Previous	Consensus
United States				
ADP Employment Change	4-week to 24th Dec-25	+8.0K	+11.25K	-
GDP growth (qoq)	3Q25	+4.4%	+3.8%	+4.3%
PCE price index (yoy)	Nov-25	+2.8%	2.7%	+2.8%
Core PCE price index (yoy)	Nov-25	+2.8%	+2.7%	+2.8%
S&P Global Composite PMI	Jan-25	+52.8%	52.7	+52.8%
S&P Global manufacturing PMI	Jan-25	+51.9%	+51.8%	+52.0%
S&P Global Services PMI	Jan-25	+52.5%	-52.5%	+52.8%
Initial jobless claims	Week ending 17th Jan	200K	199K	212K
Monetary Policy Decisions: Benchmark Interest rates				
People Bank of China	Jan-26	3.0%	3.0%	Unchanged
Bank of Indonesia	Jan-26	4.75%	4.75%	Unchanged
Central Bank of the Republic of Turkey	Jan-26	37.0%	38.0%	36.5%
Bank Negara Malaysia	Jan-26	2.75%	2.75	Unchanged
Bank of Japan	Jan-26	0.75%	0.75%	Unchanged
Malaysia				
Inflation rate (yoy)	Dec-25	1.6%	1.4%	1.4%
Exports (yoy)	Dec-25	10.4%	7.0%	2.4%
Imports (yoy)	Dec-25	12.0%	15.8%	8.5%
Leading index	Nov-25	-2.4%	-2.4%	0.5%
Coincident index	Nov-25	-0.5%	0.6%	0.3%

C. BNM INTERNATIONAL RESERVES

- As of 15 January 2026, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD125.6b (31 December 2025: USD125.5b).

BNM INTERNATIONAL RESERVES



Source: Bloomberg, MBSBR (G14)

- The number of reserves is sufficient to finance 4.7 months of imports of goods & services and is 0.9 times total short-term external debt.

APPENDIX

WEEKLY INTEREST RATE MONITOR

Tenor	16-Jan Fri	19-Jan Mon	20-Jan Tue	21-Jan Wed	22-Jan Thu	23-Jan Fri	Change (WoW bp)
MGS							
3-Y	3.008	3.016	3.039	3.047	3.013	2.989	-1.9
5-Y	3.293	3.3	3.32	3.323	3.28	3.275	-1.8
7-Y	3.466	3.455	3.478	3.479	3.469	3.448	-1.8
10-Y	3.545	3.557	3.579	3.564	3.513	3.501	-4.4
20-Y	3.886	3.906	3.914	3.942	3.959	3.955	6.9
RINGGIT IRS							
1-Y	3.278	3.287	3.2875	3.27	3.245	3.25	-2.8
3-Y	3.365	3.39	3.405	3.385	3.355	3.355	-1
5-Y	3.465	3.4763	3.4875	3.48	3.445	3.455	-1
7-Y	3.545	3.5675	3.577	3.545	3.54	3.5475	0.25
10-Y	3.685	3.705	3.705	3.7	3.69	3.69	0.5
KLIBOR							
1-M	2.98	2.98	2.98	2.98	2.98	2.98	0
3-M	3.25	3.24	3.24	3.24	3.23	3.23	-2
UST							
3-Y	3.653	3.653	3.6755	3.6533	3.6758	3.6593	0.63
5-Y	3.8152	3.8152	3.8575	3.8242	3.8454	3.8245	0.93
7-Y	4.0125	4.0125	4.0728	4.0283	4.0414	4.0206	0.81
10-Y	4.2229	4.2229	4.2925	4.2428	4.2449	4.2252	0.23
30-Y	4.8365	4.8365	4.9189	4.8621	4.8376	4.8264	-1.01

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	16-Jan Yield	23-Jan Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.9	11/30/26	2.877	2.842	-3.5	3,932.2
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.118	3.099	-1.9	3,705.4
MALAYSIA GOVERNMENT	3.906	07/15/26	2.820	2.720	-10.0	3,086.1
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	2.753	2.706	-4.7	3,061.7
MALAYSIA INVESTMNT ISSUE	4.07	09/30/26	2.854	2.848	-0.6	2,601.1
MALAYSIA GOVERNMENT	3.828	07/05/34	3.559	3.554	-0.5	2,042.6
MALAYSIA INVESTMNT ISSUE	3.804	10/08/31	3.358	3.360	0.2	1,962.3
MALAYSIA GOVERNMENT	4.054	04/18/39	3.792	3.825	3.3	1,874.3
MALAYSIA GOVERNMENT	2.632	04/15/31	3.373	3.346	-2.7	1,462.5
MALAYSIA GOVERNMENT	3.336	05/15/30	3.293	3.275	-1.8	1,384.9
TOTAL VOLUME (TOP 10)						25,113.2
TOTAL VOLUME (Overall)						45,021.8

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	16-Jan Yield	23-Jan Yield	Change (WoW bp)	Weekly Volume (RM mn)
PANTAI HOLDINGS SHD BHD	3.51	10/31/30	N/A	3.659	N/A	820.0
DANAINFRA NASIONAL	4.32	03/18/37	N/A	3.728	N/A	340.0
DANAINFRA NASIONAL	4.31	10/24/39	N/A	3.834	N/A	240.0
PRASARANA MALAYSIA BHD	4.35	03/04/37	N/A	3.729	N/A	220.0
PRASARANA MALAYSIA BHD	4.41	08/28/37	3.714	3.749	3.5	200.0
DANAINFRA NASIONAL	3.91	06/06/31	N/A	3.417	N/A	200.0
MALAYSIA RAIL LINK	3.91	02/27/37	N/A	3.719	N/A	200.0
PRASARANA MALAYSIA BHD	5.01	09/14/37	N/A	3.752	N/A	160.0
MALAYSIA RAIL LINK	FLOAT	07/16/26	N/A	N/A	N/A	100.0
PROJEK LEBUHRAYA USAHASA	4.729	01/12/33	N/A	3.700	N/A	90.0
TOTAL VOLUME (TOP 10)						2,570.0
TOTAL VOLUME (Overall)						5,423.3

Source: Bloomberg

MBSB RESEARCH is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad)
(197501002077 (23878-X)). (Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad. The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report. This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

MBSB INVESTMENT BANK BERHAD (FORMERLY KNOWN AS MIDF AMANAH INVESTMENT BANK BERHAD): 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