

MIDF Strategy 9 February 2026

Week Ended 6 February 2026

- The UST benchmark 10-year yield ended lower last week at 4.21% (prior week: 4.24%) as investors reacted to a string of weak job market readings (i.e. [CGC](#), [JOLTS](#), [ADP](#)). The 10y-3y yield spread narrowed (yield curve flattened) to +64bp (prior week: +65bp) 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 2.52% (prior week: 2.56%). 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 and expectation of more Fed rate cuts.
- The price of MGS benchmark issues ended the review week lower with the 3-year and 10-year yields added +0.5bp and +6.3bp to close at 3.00% and 3.56% respectively. The 10y-3y yield expanded (yield curve steepened) to +56bp (prior week: +51bp) as long-end underperformed.
- 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 -RM16.6b. It declined week-on-week from -RM16.4b registered a week ago. Moreover, it declined year-on-year from -RM8.2b a year ago.

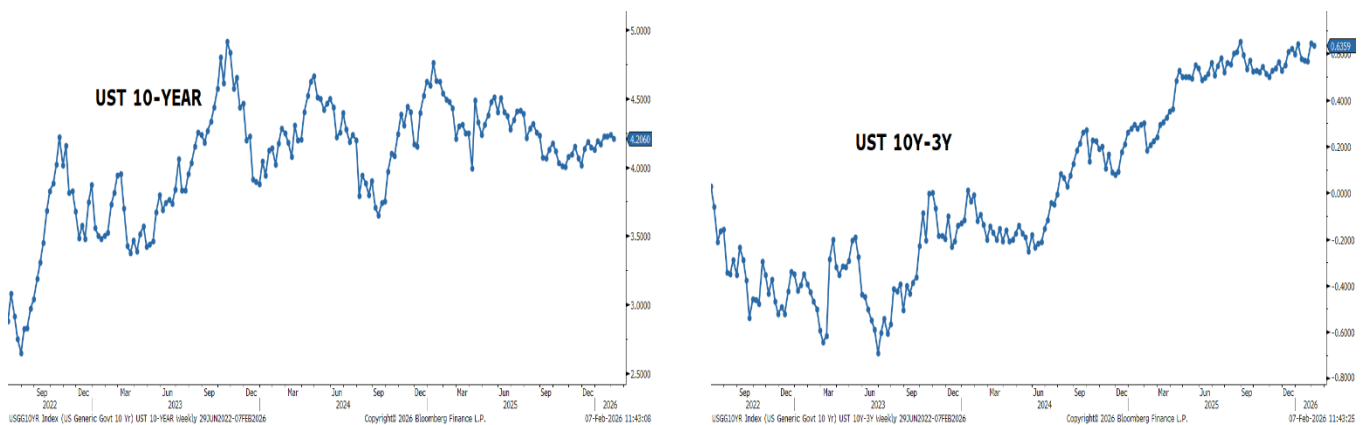
MBSB RESEARCH is a unit of MBSB INVESTMENT BANK

Kindly refer to the last page of this publication for important disclosures

WEEKLY MONEY REVIEW

A. FIXED INCOME

- The UST benchmark 10-year yield ended lower last week at 4.21% (prior week: 4.24%) as investors reacted to a string of weak job market readings (i.e. [CGC](#), [JOLTS](#), [ADP](#)). The 10y-3y yield spread narrowed (yield curve flattened) to +64bp (prior week: +65bp) 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)

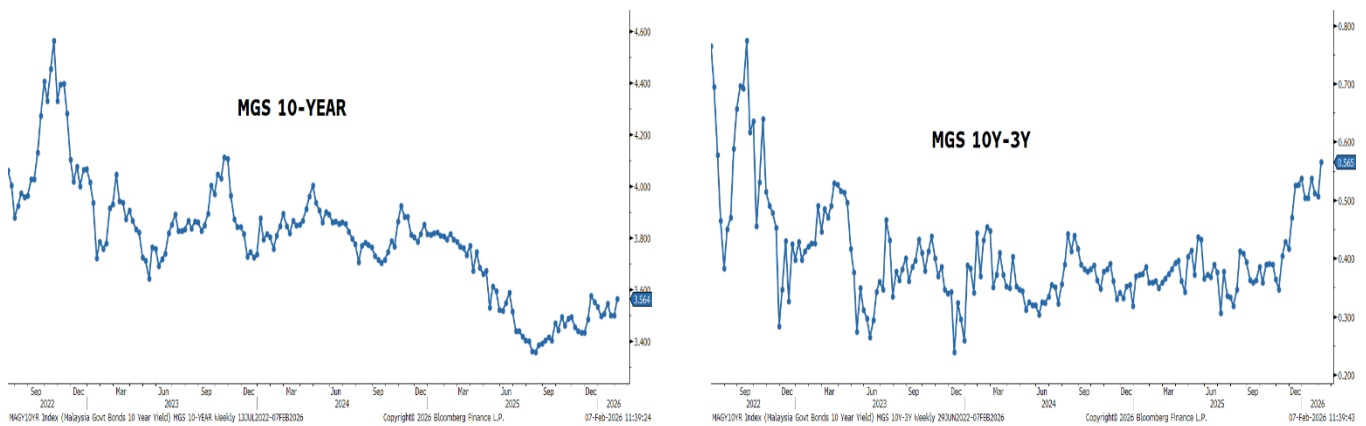
- Medium-term inflation expectation (MTIE) ended the review week lower at 2.52% (prior week: 2.56%). While the MTIE has remained above the US Fed target level of 2.00% since September last year, we nonetheless believe the market is sanguine that the underlying price pressure is easing as attested by the recent and expectation of more Fed rate cuts.

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



Source: Bloomberg, MBSBR (G12)

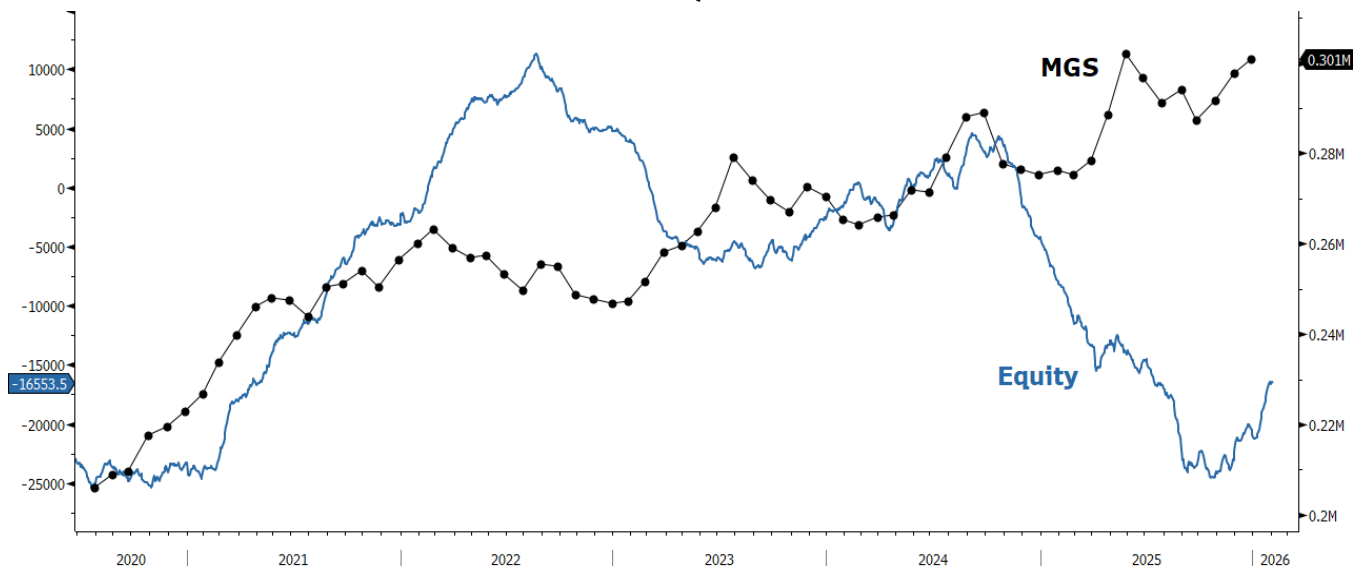
- The price of MGS benchmark issues ended the review week lower with the 3-year and 10-year yields added +0.5bp and +6.3bp to close at 3.00% and 3.56% respectively. The 10y-3y yield expanded (yield curve steepened) to +56bp (prior week: +51bp) as long-end underperformed.



Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) declined to RM23.8b in the review week compared to RM44.8b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 72% (prior week: 56%) of the overall Government Bonds trade. Moreover, 9 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 and mid residual tenor. The top 3 most actively traded were MII 3.726% 3/31/26 at RM4.2b, MGS 3.476% 7/2/35 at RM2.9b, and MGS 3.906% 7/15/26 at RM1.9b.

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 -RM16.6b. It declined week-on-week from -RM16.4b registered a week ago. Moreover, it declined year-on-year from -RM8.2b a year ago.
- Total trading value for Corporate Bonds (Conventional & Sukuk) declined to RM4.0b in the review week compared to RM5.8b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 50% (prior week: 28%) 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 Malaysia Rail Link FLOAT 12/10/27 at RM600m, Jambatan Kedua 4.2% 7/28/26 at RM390m, and Malaysia Rail Link ZERO 4/28/26 at RM225m.

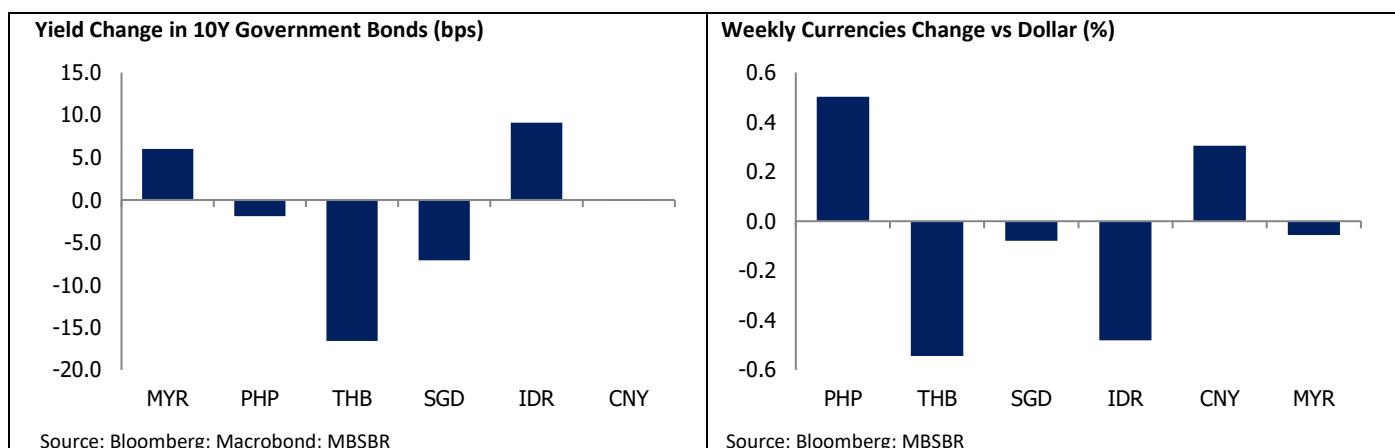
B. FOREIGN EXCHANGE

- USD appreciated but still hovering near 4-year low. The US dollar strengthened against major currencies last week as the DXY dollar index rebounded by +0.7%wow to 97.64; as sentiment was influenced by the nomination of inflation-hawk Kevin Warsh to replace Jerome Powell as Fed Chair, leading to market players expecting the fed funds rate to see fewer cuts this year. Economic data releases as shown by PMI reports were also stronger than expected. However, towards the end of the week, some early cracks in the labour market data emerged, with higher initial jobless claims and lower job openings, in addition to the weaker consumer expectations. 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 weakened. Following the strength in the US dollar, the euro depreciated by -0.3%wow to USD1.182 on the back of the ECB's comments that the outlook is still unpredictable, after its decision to keep interest rates unchanged as inflation trajectory and wider economic conditions did not warrant a move. Meanwhile, the GBP weakened by -0.5%wow to USD1.361, on the back of BOE keeping rates unchanged at 3.75% aligned with consensus, but with a narrow split of 5-4 votes.
- Ringgit still hovered around 8-year high. The Malaysian ringgit slightly weakened last week by -0.1%wow to RM3.938, trading within a tight range which was last seen in May 2018, between the RM3.931 – RM 3.945 range. The movement was relatively muted compared to the previous week. While increased foreign inflows should bolster the ringgit, global market volatility and the Fed's delayed rate cuts may sustain dollar strength, effectively capping the ringgit's upside, which was the market expectation with Warsh as the Fed chair. 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 +0.4%wow to 100.96, mainly appreciating against the Korean won (+1.9%wow), Japanese yen (+1.6%wow), and the euro (+1.2%wow). In a separate release, foreign holdings of both Malaysian government and corporate bonds recovered and rose by +RM5.5b to RM301.7b between 26th Jan-26 to 2nd Feb-26 (previous week: -RM0.43b), rebounding back to above RM300b.

Currencies Changes (Week Ended 06-Feb-2026) and Quarterly Forecasts

	Close 06/02	Prev. Close 30/01	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	97.63	96.99	+0.642	+0.7	98.8	97.2	96.6	96.0
EURUSD	1.182	1.185	-0.004	-0.3	1.18	1.19	1.2	1.21
GBPUSD	1.361	1.369	-0.008	-0.5	1.34	1.36	1.36	1.36
USDJPY	157.2	154.8	-2.440	-1.6	152.0	150.0	14.08	147
USDMYR	3.948	3.945	-0.002	-0.1	4.03	3.99	3.97	3.95
GBPMYR	5.360	5.419	+0.059	+1.1	5.45	5.43	5.41	5.40
JPYMYR	2.511	2.550	+0.039	+1.6	2.6	2.61	2.62	2.63
MBSB TWRI	100.96	100.60	+0.366	+0.4	98.6	99.73	100.87	102.00

Note: "+" indicates appreciation, while "-" indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI. 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	Jan-26	+22K	+37K	48K
S&P Global Manufacturing PMI	Jan-26	52.4	51.8	51.9
ISM Manufacturing PMI	Jan-26	52.6	57.9	48.5
S&P Global Composite PMI	Jan-26	54.0	51.4	54.3
S&P Global Services PMI	Jan-26	52.7	52.5	52.5
Initial Jobless Claims	Week ending 31st Jan	231K	209K	212K
ISM Manufacturing PMI	Jan-26	53.8	53.8	53.5
JOLTS Jobs Openings	Dec-25	+6.542m	+6.928m	7.0m
Michigan Consumer Expectations	Feb-26	56.6	57.0	56.7
Monetary Policy Decisions: Benchmark Interest rates				
Reserve Bank of Australia	Jan-26	3.85%	3.60%	Hike
Bank of England	Jan-26	3.75%	3.75%	Unchanged
European Central Bank	Jan-26	2.15%	2.15%	Unchanged
Reserve Bank of India	Jan-26	5.25%	5.25%	Unchanged
Bank of Mexico	Jan-26	7.00%	7.00%	Unchanged
Malaysia				
S&P Global Manufacturing PMI	Jan-26	50.2	50.1	n.a.

Source: Macrobond, MBSBR

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	30-Jan Fri	2-Feb Mon	3-Feb Tue	4-Feb Wed	5-Feb Thu	6-Feb Fri	Change (WoW bp)
MGS							
3-Y	2.994	2.994	3.012	3.007	3.005	2.999	0.5
5-Y	3.269	3.269	3.264	3.36	3.285	3.284	1.5
7-Y	3.43	3.43	3.434	3.425	3.433	3.445	1.5
10-Y	3.501	3.501	3.537	3.565	3.565	3.564	6.3
20-Y	3.911	3.911	3.93	3.926	3.921	3.953	4.2
RINGGIT IRS							
1-Y	3.27	3.27	3.285	3.2675	3.265	3.255	-1.5
3-Y	3.363	3.363	3.3825	3.38	3.355	3.365	0.2
5-Y	3.4625	3.4625	3.485	3.4725	3.465	3.4675	0.5
7-Y	3.54	3.54	3.565	3.56	3.565	3.55	1
10-Y	3.717	3.717	3.73	3.705	3.705	3.715	-0.2
KLIBOR							
1-M	2.98	2.98	2.98	2.98	2.98	2.98	0
3-M	3.23	3.23	3.23	3.23	3.23	3.23	0
UST							
3-Y	3.5896	3.6433	3.6434	3.6321	3.522	3.5701	-1.95
5-Y	3.7881	3.8349	3.8315	3.8298	3.7187	3.7585	-2.96
7-Y	4.0103	4.0517	4.0439	4.0439	3.9405	3.974	-3.63
10-Y	4.2355	4.2774	4.2655	4.2735	4.1801	4.206	-2.95
30-Y	4.8725	4.9118	4.8942	4.917	4.8407	4.851	-2.15

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	30-Jan Yield	6-Feb Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	2.838	2.852	1.4	4,194.4
MALAYSIA GOVERNMENT	3.476	07/02/35	3.501	3.564	6.3	2,861.3
MALAYSIA GOVERNMENT	3.906	07/15/26	2.638	2.834	19.6	1,924.7
MALAYSIA GOVERNMENT	3.9	11/30/26	2.838	2.855	1.7	1,922.7
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.105	3.093	-1.2	1,797.4
MALAYSIA GOVERNMENT	3.582	07/15/32	3.430	3.445	1.5	1,088.9
MALAYSIA INVESTMNT ISSUE	4.07	09/30/26	2.812	2.849	3.7	1,055.3
MALAYSIA GOVERNMENT	2.632	04/15/31	3.340	3.359	1.9	884.6
MALAYSIA INVESTMNT ISSUE	3.804	10/08/31	3.355	3.365	1.0	760.5
MALAYSIA GOVERNMENT	4.642	11/07/33	3.511	3.540	2.9	633.0
TOTAL VOLUME (TOP 10)						17,122.7
TOTAL VOLUME (Overall)						23,765.3

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	30-Jan Yield	6-Feb Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA RAIL LINK	FLOAT	12/10/27	N/A	N/A	N/A	600.0
JAMBATAN KEDUA SDN BHD	4.2	07/28/26	3.140	3.147	0.7	390.0
MALAYSIA RAIL LINK	ZERO	04/28/26	3.103	3.090	-1.3	225.0
MALAYSIA RAIL LINK	FLOAT	12/16/27	N/A	N/A	N/A	200.0
DANAINFRA NASIONAL	4.95	03/19/32	3.492	3.501	0.9	120.0
AMANAT LEBUHRAYA RAKYAT	5.09	10/11/30	3.599	3.627	2.8	120.0
SARAWAK ENERGY BHD	5.65	06/23/26	3.385	3.331	-5.4	115.0
GENM CAPITAL BHD	4.98	03/31/27	3.975	4.016	4.1	100.0
AFFIN ISLAMIC BANK BHD	4.15	12/11/26	3.579	3.528	-5.1	90.0
BUMITAMA AGRI LTD	4.2	07/22/26	3.590	3.563	-2.7	80.0
TOTAL VOLUME (TOP 10)						2,040.0
TOTAL VOLUME (Overall)						4,041.2

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 <i>rise</i> 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 <i>fall</i> 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