WEEKLY MONEY REVIEW

MIDF Strategy 16 February 2026

Week Ended 13 February 2026

- The UST benchmark 10-year yield ended lower last week at 4.05% (prior week: 4.21%) as investors reacted soft economic data (i.e. retail sales, home sales, CPI). The 10y-3y yield spread narrowed (yield curve flattened) to +60bp (prior week: +64bp) as long-end outperformed. At last week close, the interest rate futures market implied another 3 rate cuts totaling -75bp (prior week: 2 cuts/-50bp) in 2026.
- Medium-term inflation expectation (MTIE) ended the review week lower at 2.44% (prior week: 2.52%). While the MTIE has remained above the US Fed target level of 2.00% since September 2024, 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 mixed with the 3-year and 10-year yields added +4.3bp and shed -2.9bp to close at 3.04% and 3.54% respectively. The 10y-3y yield narrowed (yield curve flattened) to +49bp (prior week: +56bp) as long-end outperformed.
- MGS foreign holdings increased month-on-month to RM302b in January 2026 from RM301b in December 2025. Moreover, it increased year-on-year from RM276b in January 2025. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM15.7b. It increased week-on-week from -RM16.6b registered a week ago. However, it declined year-on-year from -RM8.6b a year ago

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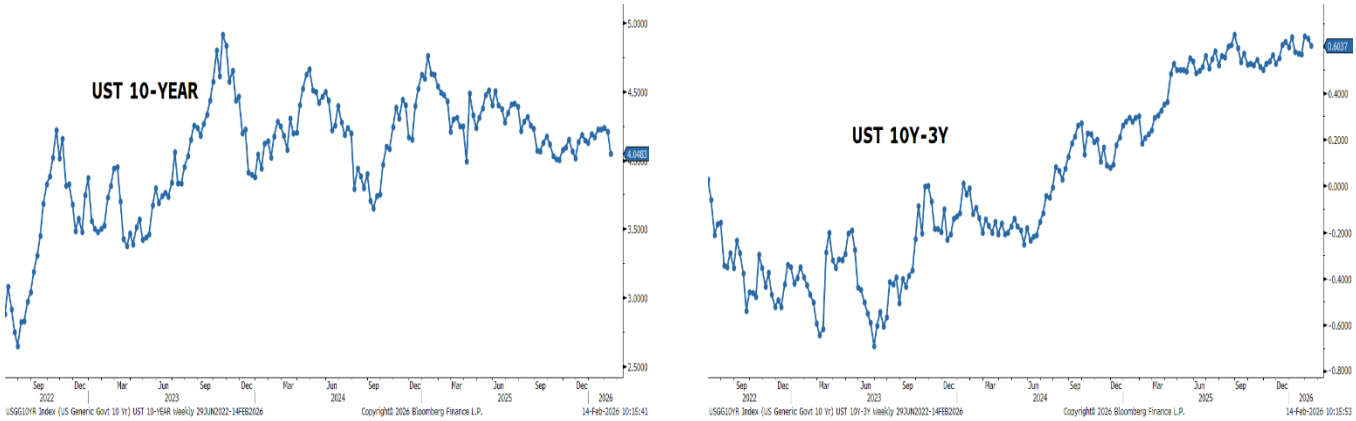
16 February 2026 | Strategy

Strategy Team | research@mbsb.com

WEEKLY MONEY REVIEW

A. FIXED INCOME

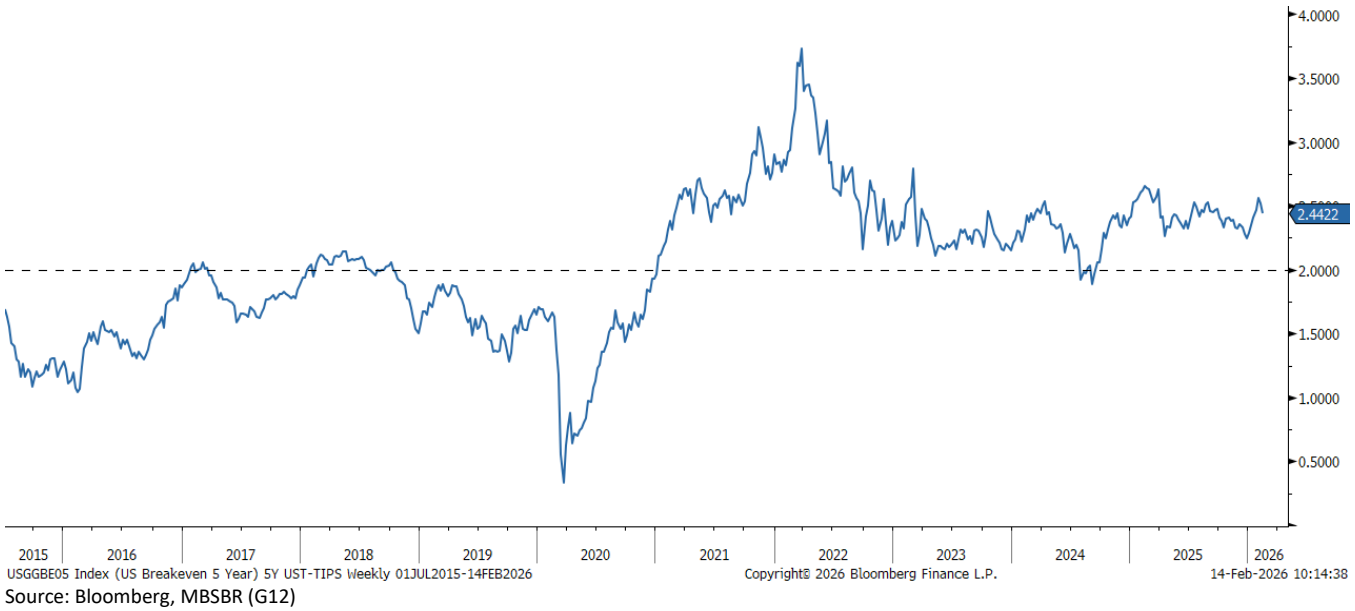
- The UST benchmark 10-year yield ended lower last week at 4.05% (prior week: 4.21%) as investors reacted soft economic data (i.e. retail sales, home sales, CPI). The 10y-3y yield spread narrowed (yield curve flattened) to +60bp (prior week: +64bp) as long-end outperformed. At last week close, the interest rate futures market implied another 3 rate cuts totaling -75bp (prior week: 2 cuts/-50bp) in 2026.



Source: Bloomberg, MBSBR (G8, G9)

- Medium-term inflation expectation (MTIE) ended the review week lower at 2.44% (prior week: 2.52%). While the MTIE has remained above the US Fed target level of 2.00% since September 2024, 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.

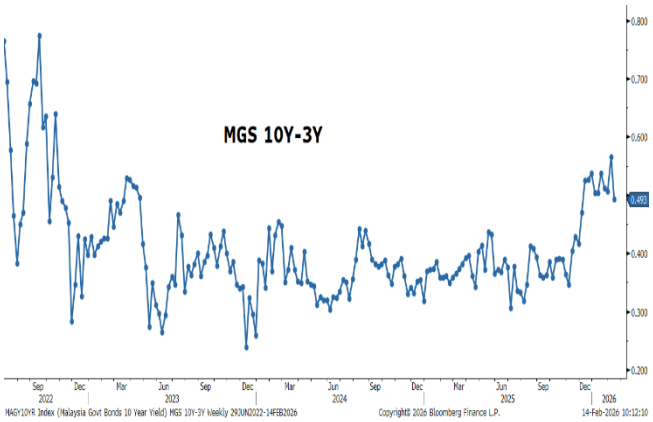
MEDIUM-TERM INFLATION EXPECTATION (MTIE): 5Y UST-TIPS SPREAD



Source: Bloomberg, MBSBR (G12)

- The price of MGS benchmark issues ended the review week mixed with the 3-year and 10-year yields added +4.3bp and shed -2.9bp to close at 3.04% and 3.54% respectively. The 10-3y yield narrowed (yield curve flattened) to +49bp (prior week: +56bp) as long-end outperformed.



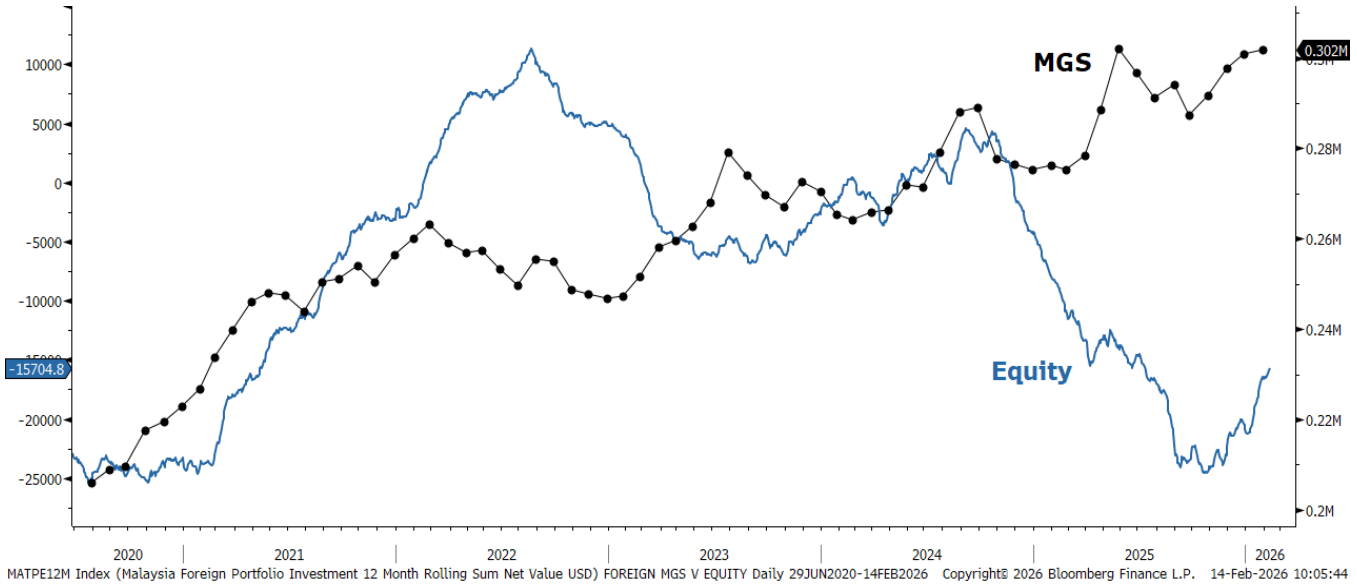


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) increased to RM30.3b in the review week compared to RM23.8b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 64% (prior week: 72%) of the overall Government Bonds trade. Moreover, 6 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 and mid residual tenor. The top 3 most actively traded were MII 3.726% 3/31/26 at RM3.3b, MGS 3.476% 7/2/35 at RM2.9b, and MII 4.07% 9/30/26 at RM2.8b.

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



Source: Bloomberg, MBSBR (G13)

- MGS foreign holdings increased month-on-month to RM302b in January 2026 from RM301b in December 2025. Moreover, it increased year-on-year from RM276b in January 2025. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM15.7b. It increased week-on-week from -RM16.6b registered a week ago. However, it declined year-on-year from -RM8.6b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM4.9b in the review week compared to RM4.0b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 28% (prior to the previous week: 50%) 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 Prasarana Malaysia 4.84 12/2/33 at RM210m, Malaysia Rail Link 4.06% 7/25/36 at RM200m, and PTPTN 4.11 3/7/39 at RM190m.

B. FOREIGN EXCHANGE

- USD depreciated, still hovering near 4-year low. The US dollar weakened against major currencies last week as the DXY dollar index crossed below the 97.00 mark in the early part of the week and closed the week -0.7%wow lower at 96.92. Demand for dollar at the beginning of the week was affected by weaker economic update as retail sales moderated, and a statement by Kevin Hasset anticipating job gains could weaken in the coming months due to slower labour force growth and higher productivity. However, demand for dollars improved as the Jan-26 labour market data provided some relief as the NFP figures increased more than expected while the unemployment rate edged lower. The greenback weakened again at the end of the week because of easing concerns over elevated price pressures after the Jan-26 inflation data came in lower than expected. We continue to expect heightened market volatility to drive a flight to safety in the medium term. As confidence in US assets potentially softens, capital flows are likely to shift away from the US dollar and toward other traditional safe havens, including gold, the Japanese yen, and the euro.

- EUR and GBP strengthened. Apart from the weakness in the US dollar, the euro appreciated by +0.4%wow to USD1.182 on the back of encouraging economic releases as indicated by sustained GDP growth at +1.3%yoy in 4QCY25 and higher trade surplus in Dec-25. Meanwhile, the GBP also strengthened by +0.3%wow to USD1.365, gaining mainly on a weaker dollar despite the UK GDP growth moderating slightly in 4QCY25.

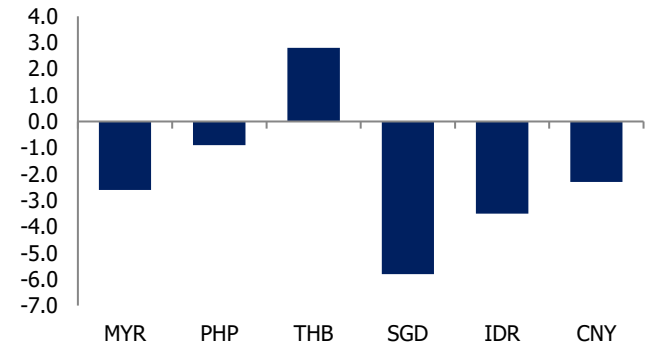
- Ringgit continued to hover around its 8-year high. The Malaysian ringgit continued to strengthen last week by +1.0%wow to RM3.908, a level last seen in Apr-18. The ringgit was traded within a tight range between RM3.902 – RM3.934, and the movement strengthened towards the end of the week, breaching the RM3.910 level in the final two days. The strengthened on the back of the weaker dollar and the better-than-expected domestic data releases i.e. stronger IPI, distributive trade, and 4QCY25 GDP, as well as a still resilient labour market. On a broader picture, the ringgit also appreciated against the currencies of Malaysia's major trading partners, with our MBSB Trade-Weighted Ringgit Index (TWRI) increasing by +0.4%wow to 101.38, mainly appreciating against the Japanese yen (+1.2%wow), euro (+1.1%wow) and the Indian rupee (+1.1%wow). In a separate release, foreign holdings of both Malaysian government and corporate bonds declined by -RM3.7b between 2-Feb to 9-Feb, reversing the strong gain of +RM5.5b in the previous week and heading back to below RM300b.

Currencies Changes (Week Ended 13-Feb-2026) and Quarterly Forecasts

	Close 13/02	Prev. Close 06/02	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	96.92	97.63	-0.718	-0.7	98.8	97.2	96.6	96.0
EURUSD	1.187	1.182	+0.005	+0.4	1.18	1.19	1.2	1.21
GBPUSD	1.365	1.361	+0.004	+0.3	1.34	1.36	1.36	1.36
USDJPY	152.7	157.2	+4.520	+3.0	152.0	150.0	14.08	147
USDMYR	3.908	3.948	+0.040	+1.0	4.03	3.99	3.97	3.95
GBPMYR	5.323	5.360	+0.036	+0.7	5.45	5.43	5.41	5.40
JPYMYR	2.560	2.511	-0.049	-1.9	2.6	2.61	2.62	2.63
MBSB TWRI	101.38	100.96	+0.415	+0.4	98.6	99.73	100.87	102.00

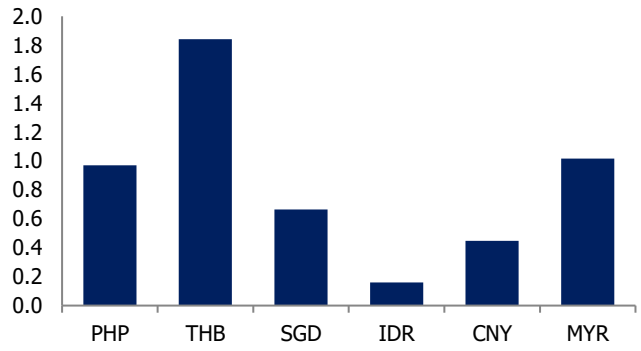
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

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 (%)

	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-25	Feb-25
Malaysia	3.00	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Indonesia	5.50	5.25	5.50	4.75	4.75	4.75	4.75	4.75	4.75
Philippines	5.25	5.25	5.25	5.00	4.75	4.75	4.50	4.50	4.50
Thailand	1.75	1.75	1.75	1.50	1.50	1.50	1.25	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	5.50	5.50	5.50	5.50	5.50	5.50	5.25	5.25	5.25
Japan	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75
UK	4.25	4.25	4.25	4.00	4.00	4.00	3.75	3.75	3.75
Euro area	2.15	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	4.00-4.25	3.75-4.00	3.75-4.00	3.50-3.75	3.50-3.75	3.50-3.75

Source: Bloomberg, MBSBR

Key Economic Data Releases Last Week

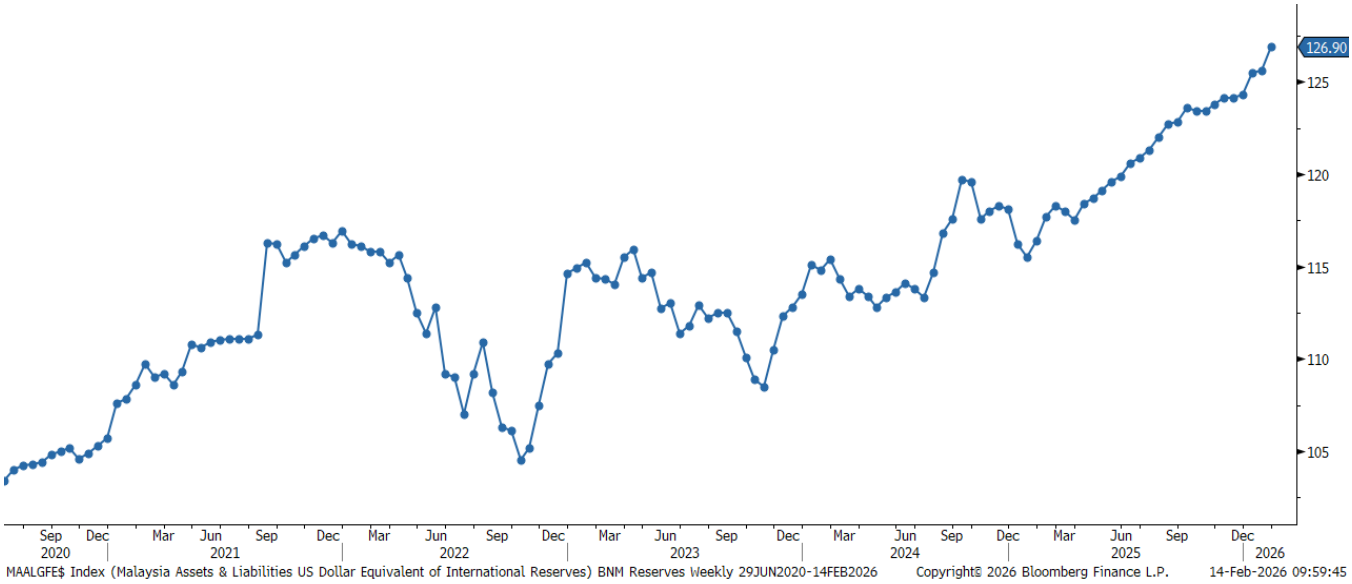
Economic Indicators	Period	Actual	Previous	Consensus
United States				
ADP Employment Change	24-Jan	+6.5K	+5K	-
Retail sales (yoy)	Dec-25	2.4%	3.3%	-
Non-Farm Payrolls	Jan-26	130K	50K	70K
Unemployment Rate	Jan-26	4.3%	4.4%	4.4%
Initial Jobless Claims	Week ending 7hb Feb	227K	232K	222K
Inflation rate (yoy)	Jan-26	2.4%	2.7%	2.5%
Core inflation (yoy)	Jan-26	2.5%	2.6%	2.5%
Monetary Policy Decisions: Benchmark Interest rates				
Central Bank of Egypt	Jan-26	19.0%	20.0%	Cut
Malaysia				
Industrial Production (yoy)	Dec-25	4.8%	4.3%	n.a.
Retail Sales (yoy)	Dec-25	6.9%	6.4%	n.a.
Unemployment Rate	Dec-25	2.9%	2.9%	n.a.
Construction Output (yoy)	4QCY25	10.3%	10.6%	n.a.
GDP growth rate (yoy)	4QCY25	6.3%	5.4%	5.7%

Source: Macrobond, MBSBR

C. BNM INTERNATIONAL RESERVES

- As of 30 January 2026, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD126.9b (15 January 2026: USD125.6b).

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	6-Feb Fri	9-Feb Mon	10-Feb Tue	11-Feb Wed	12-Feb Thu	13-Feb Fri	Change (WoW bp)
MGS							
3-Y	2.999	3.032	3.027	3.022	3.029	3.042	4.3
5-Y	3.284	3.279	3.281	3.287	3.286	3.292	0.8
7-Y	3.445	3.455	3.45	3.446	3.447	3.45	0.5
10-Y	3.564	3.566	3.56	3.548	3.548	3.535	-2.9
20-Y	3.953	3.955	3.932	3.963	3.902	3.955	0.2
RINGGIT IRS							
1-Y	3.255	3.27	3.269	3.26	3.25	3.255	0
3-Y	3.365	3.365	3.36	3.36	3.3575	3.346	-1.9
5-Y	3.4675	3.4875	3.4688	3.465	3.4475	3.4375	-3
7-Y	3.55	3.56	3.565	3.565	3.55	3.54	-1
10-Y	3.715	3.732	3.715	3.73	3.695	3.695	-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	3.5701	3.5588	3.5135	3.5693	3.4999	3.4446	-12.55
5-Y	3.7585	3.7446	3.7012	3.7428	3.6595	3.6038	-15.47
7-Y	3.974	3.9636	3.912	3.9506	3.863	3.8089	-16.51
10-Y	4.206	4.2021	4.1427	4.1724	4.0981	4.0483	-15.77
30-Y	4.851	4.8582	4.784	4.8072	4.7328	4.6943	-15.67

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	6-Feb Yield	13-Feb Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	2.852	2.863	1.1	3,308.5
MALAYSIA GOVERNMENT	3.476	07/02/35	3.564	3.535	-2.9	2,899.1
MALAYSIA INVESTMNT ISSUE	4.07	09/30/26	2.849	2.833	-1.6	2,823.0
MALAYSIA INVESTMNT ISSUE	3.804	10/08/31	3.365	3.356	-0.9	2,286.2
MALAYSIA GOVERNMENT	3.906	07/15/26	2.834	2.792	-4.2	2,220.3
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.093	3.075	-1.8	1,570.8
MALAYSIA GOVERNMENT	3.9	11/30/26	2.855	2.893	3.8	1,442.3
MALAYSIA GOVERNMENT	3.502	05/31/27	2.901	2.913	1.2	976.6
MALAYSIA GOVERNMENT	2.632	04/15/31	3.359	3.377	1.8	929.5
MALAYSIA GOVERNMENT	4.642	11/07/33	3.540	3.511	-2.9	919.4
TOTAL VOLUME (TOP 10)						19,375.8
TOTAL VOLUME (Overall)						30,338.6

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	6-Feb Yield	13-Feb Yield	Change (WoW bp)	Weekly Volume (RM mn)
PRASARANA MALAYSIA BHD	4.84	12/02/33	N/A	3.588	N/A	210.0
MALAYSIA RAIL LINK	4.06	07/25/36	3.648	3.695	4.7	200.0
PERBADANAN TABUNG PENDI	4.11	03/07/39	3.829	3.825	-0.4	190.0
DANAINFRA NASIONAL	4.53	04/07/37	3.699	3.728	2.9	150.0
DANAINFRA NASIONAL	5.25	04/21/34	N/A	3.618	N/A	120.0
DANAINFRA NASIONAL	4.93	07/24/34	3.588	3.619	3.1	120.0
PENGURUSAN AIR SELANGOR	4.82	09/17/32	N/A	3.698	N/A	110.0
SP SETIA BERHAD	4.56	06/21/30	4.149	3.666	-48.3	110.0
MALAYSIA RAIL LINK	ZERO	04/28/26	3.090	3.099	0.9	100.0
DANAINFRA NASIONAL	4.95	03/19/32	3.501	3.504	0.3	90.0
TOTAL VOLUME (TOP 10)						1,400.0
TOTAL VOLUME (Overall)						4,925.6

Source: Bloomberg

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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