WEEKLY MONEY REVIEW

MIDF Strategy 23 February 2026

Week Ended 20 February 2026

- The UST benchmark 10-year yield ended higher last week at 4.08% (prior week: 4.05%) as investors reacted to (1) US Fed latest meeting minutes which show disagreement on next rate cut, and (2) SCOTUS decision to strike down many of President Trump's tariffs. The 10y-3y yield spread narrowed (yield curve flattened) to +59bp (prior week: +60bp) as short-end underperformed. At last week close, the interest rate futures market implied another 2 rate cuts totaling -50bp (prior week: 3 cuts/-75bp) in 2026.

- Medium-term inflation expectation (MTIE) ended the review week higher at 2.46% (prior week: 2.44%). 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 higher with the 3-year and 10-year yields shed -2.2bp and -1.5bp to close at 3.02% and 3.52% respectively. The 10y-3y yield expanded (yield curve steepened) to +50bp (prior week: +49bp) as short-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 -RM15.5b. It increased week-on-week from -RM15.7b registered a week ago. However, it declined year-on-year from -RM9.6b a year ago.

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

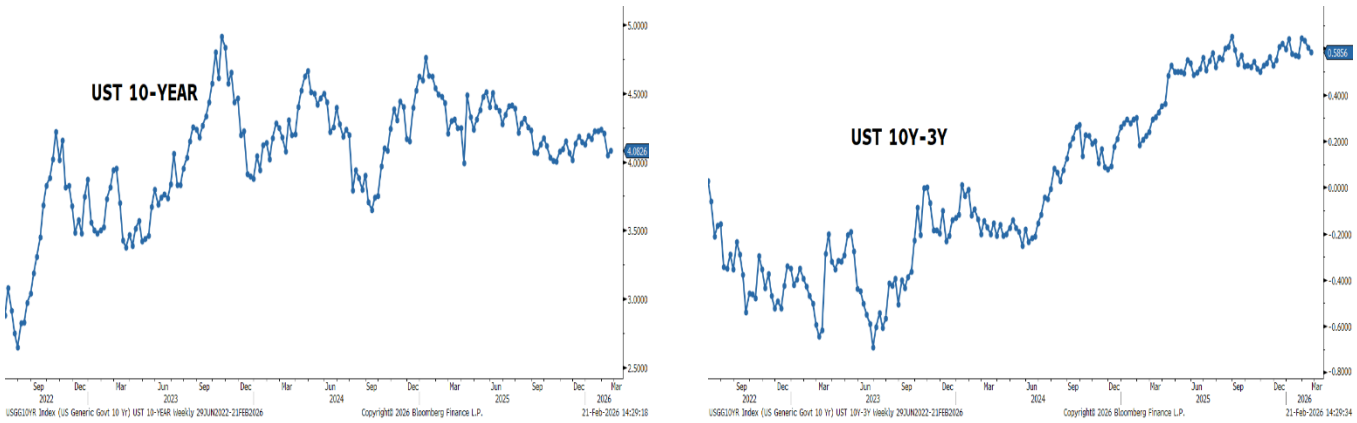
23 February 2026 | **Strategy**

Strategy Team | research@mbsb.com

WEEKLY MONEY REVIEW

A. FIXED INCOME

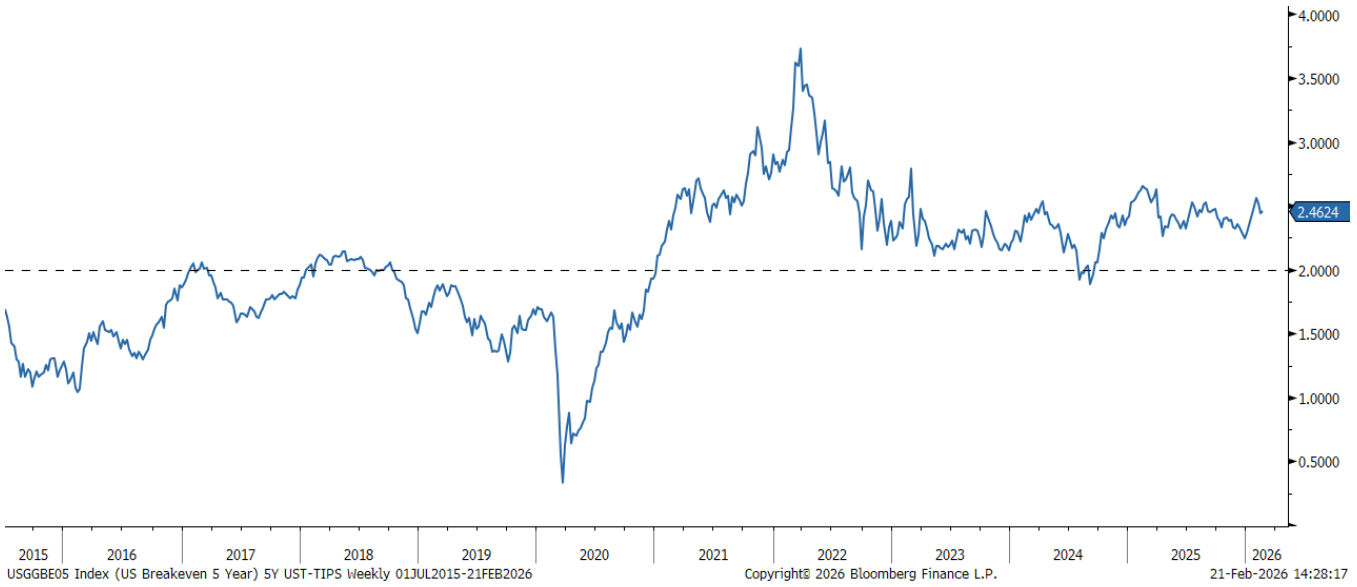
- The UST benchmark 10-year yield ended higher last week at 4.08% (prior week: 4.05%) as investors reacted to (1) US Fed latest meeting minutes which show disagreement on next rate cut, and (2) SCOTUS decision to strike down many of President Trump's tariffs. The 10y-3y yield spread narrowed (yield curve flattened) to +59bp (prior week: +60bp) as short-end underperformed. At last week close, the interest rate futures market implied another 2 rate cuts totaling -50bp (prior week: 3 cuts/-75bp) in 2026.



Source: Bloomberg, MBSBR (G8, G9)

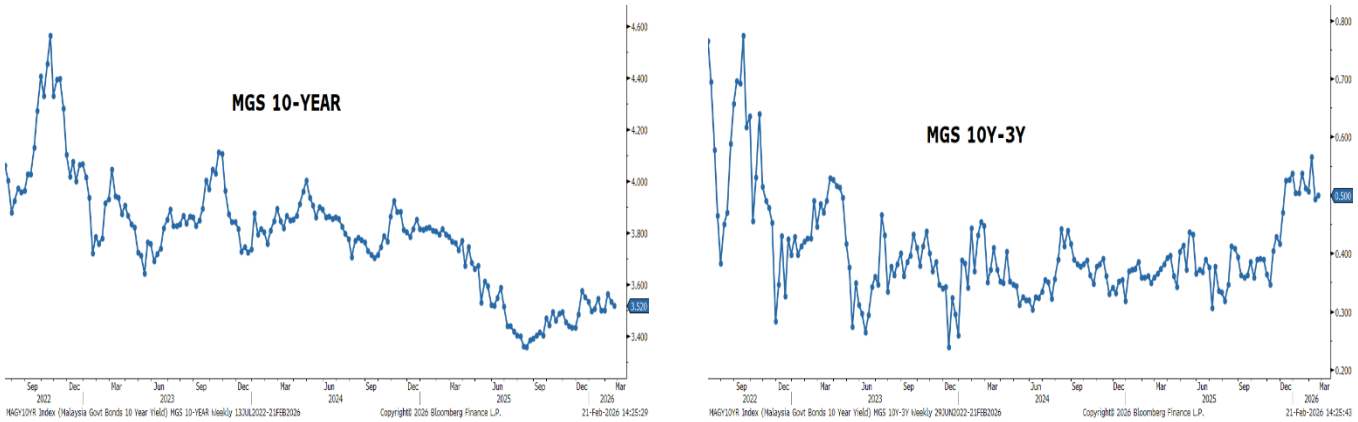
- Medium-term inflation expectation (MTIE) ended the review week higher at 2.46% (prior week: 2.44%). While the MTIE has remained above the US Fed target level of 2.00% since September 2024, we nonetheless believe the market is sanguine that the underlying price pressure is easing as attested by the 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 higher with the 3-year and 10-year yields shed -2.2bp and -1.5bp to close at 3.02% and 3.52% respectively. The 10y-3y yield expanded (yield curve steepened) to +50bp (prior week: +49bp) as short-end outperformed.

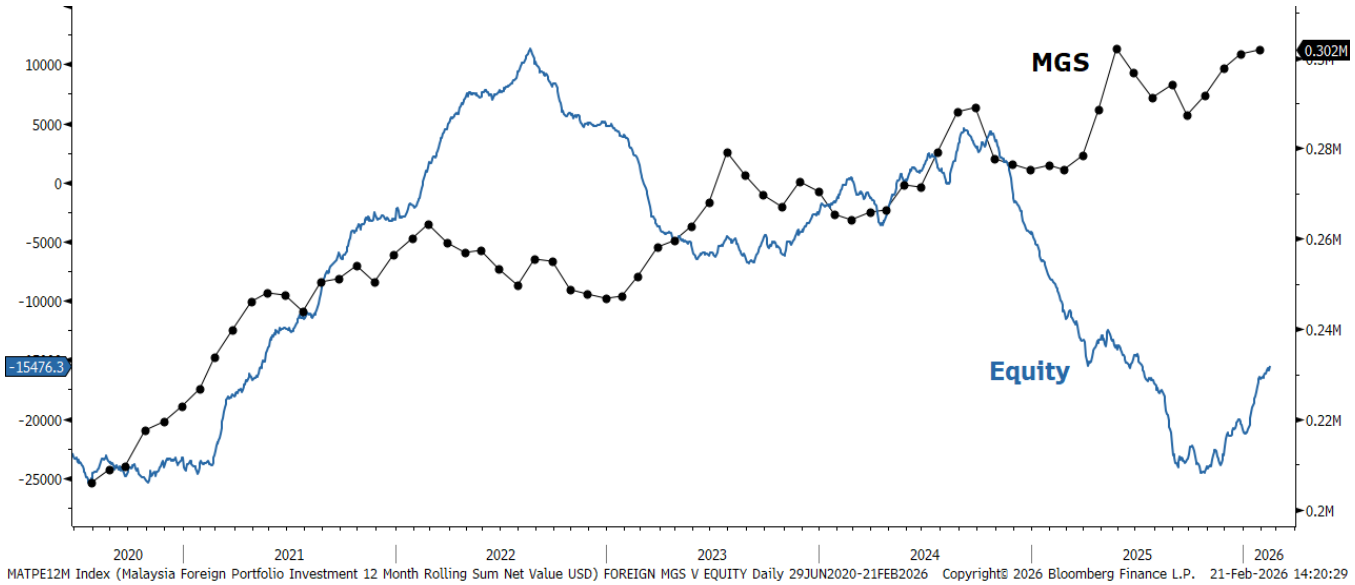


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) declined to RM8.9b in the review week compared to RM30.3b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 62% (prior week: 64%) 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 4.07% 9/30/26 at RM1.0b, MGS 3.906% 7/15/26 at RM1.0b, and MII 3.726% 3/31/26 at RM876m.

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 -RM15.5b. It increased week-on-week from -RM15.7b registered a week ago. However, it declined year-on-year from -RM9.6b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) declined to RM719m in the review week compared to RM4.9b 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: 28%) of the overall Corporate Bonds trade.

- The top 3 actively traded Corporate Bonds were dominated by issues of short and long residual tenor. The top 3 most actively traded were Danaharta Nasional 4.7 11/10/51 at RM80m, Pelaburan Hartanah 3.65% 9/2/27 at RM60m, and Pengurusan Air SPV 4.4 6/17/26 at RM50m.

B. FOREIGN EXCHANGE

- DXY bounced back to above 97.00. The US dollar strengthened against major currencies last week as the DXY dollar index crossed above the 97.00 mark in the early part of the week and closed the week higher by +0.9%wow at 97.80. Demand for the dollar increased last week as tension surrounding the Straits of Hormuz escalated, while Iran was staging "smart control of the Straits of Hormuz" drills to restrict parts of the waterway, which led to oil prices to pick up, only to reverse last Friday. Meanwhile, President Donald Trump is expected to decide on any attacks within the next 10 days. On top of that, the release of the FOMC minutes left investors seeking clarity, weighing on sentiment, as Fed policymakers signalled that rate hikes could be on the table. However, over the weekend, uncertainty rose after the Supreme Court ruling struck down President Trump's reciprocal tariff. In reaction to the decision, the US President said he will impose 15% global tariffs, but it will be gradual, as the initial 10% tariff will come into force on 24th February 2024. We continue to expect heightened market volatility to drive a flight to safety in the medium term. As confidence in US assets potentially soften, capital flows are likely to shift away from the US dollar and toward other safe heaven including gold, Japanese Yen, Swiss Franc, or the euro.

- EUR and GBP depreciated. Following the strength in the US dollar, the euro weakened by -0.7%wow to USD1.178 as the latest economic updates namely ZEW economic sentiment index and industrial production were below market expectations. Meanwhile, the GBP experienced a relatively larger depreciation of -1.3%wow to USD1.348, dragged down by higher expectations for rate cuts by the Bank of England following releases of mixed data including higher unemployment rate in Dec-25 and slower inflation in Jan-26.

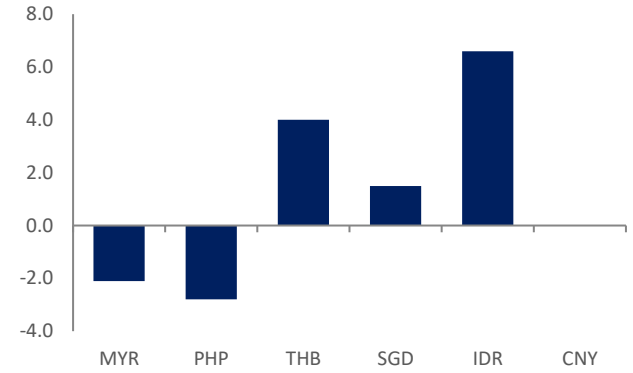
- Ringgit hovered around 8-year high. The Malaysian ringgit strengthened further by +0.1%wow to 3.903, still at the strongest level in nearly 8 years. The ringgit was traded within a tight range between RM3.900 to RM3.912, strengthening towards the end of the week and hitting the 3.90 level. Despite stronger dollar, the ringgit strengthened on the back of positive fundamentals with better-than-expected external trade and a stable inflation in Jan-26. 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 (+1.3%wow), euro (+0.9%wow) and the Singapore dollar (+0.6%wow). In a separate release, foreign holdings of both Malaysian government and corporate bonds declined by -RM0.8b between 9-Feb to 16 Feb, continuing the net outflows trend. We expect the ringgit to strengthen further this month, potentially ending between RM3.85 to RM3.90 range.

Currencies Changes (Week Ended 20-Feb-2026) and Quarterly Forecasts

	Close 20/02	Prev. Close 13/02	Weekly Change	Weekly Change (%)	1QCY25F	2QCY25F	3QCY25F	4QCY25F
DXY Index	97.80	96.92	+0.881	+0.9	98.8	97.2	96.6	96.0
EURUSD	1.178	1.187	-0.008	-0.7	1.18	1.19	1.2	1.21
GBPUSD	1.348	1.365	-0.017	-1.3	1.34	1.36	1.36	1.36
USDJPY	155.05	152.7	-2.350	-1.5	152.0	150.0	14.08	147
USDMYR	3.903	3.908	+0.005	+0.1	4.03	3.99	3.97	3.95
GBPMYR	5.256	5.323	+0.067	+1.3	5.45	5.43	5.41	5.40
JPYMYR	2.516	2.560	+0.044	+1.7	2.6	2.61	2.62	2.63
MBSB TWRI	101.76	101.35	+0.414	+0.4	98.6	99.73	100.87	102.00

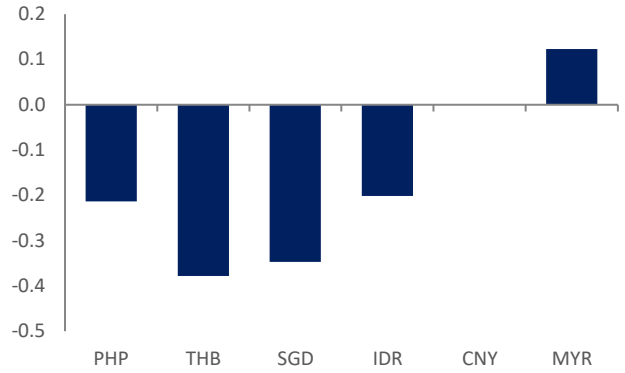
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

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	4.25
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

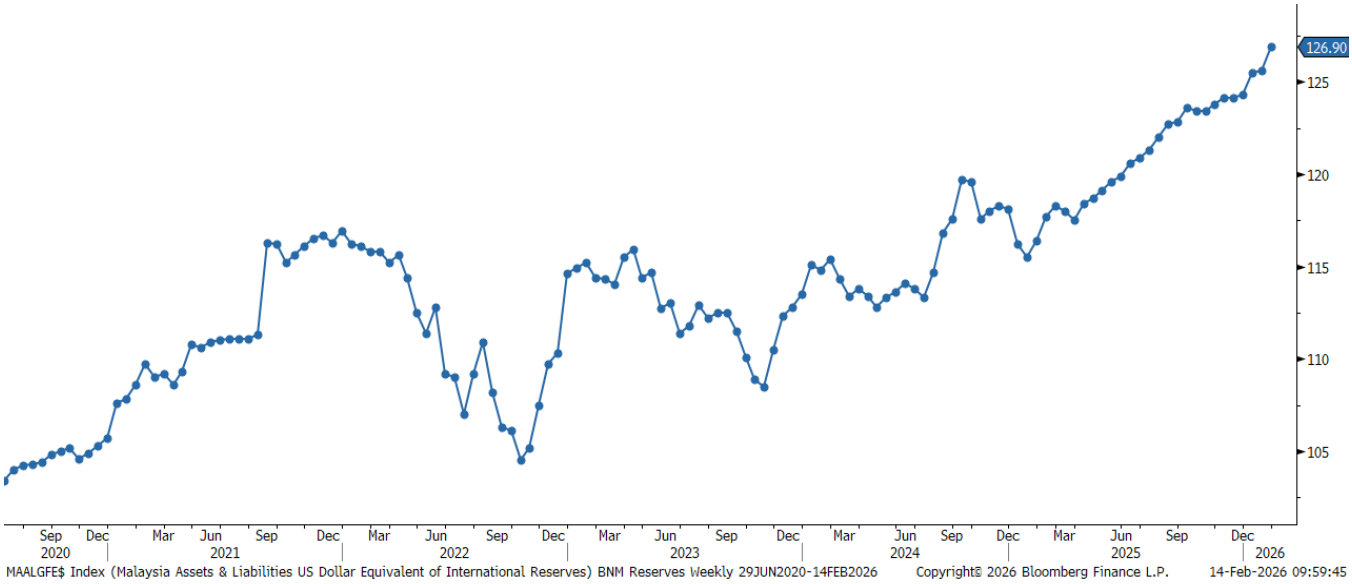
Economic Indicators	Period	Actual	Previous	Consensus
United States				
ADP Employment Change	24-Jan	+10.25K	+7.75K	-
Industrial production (yoy)	Jan-26	2.3%	1.3%	-
Manufacturingproduction yoy)	Jan-26	2.4%	1.5%	-
Balance of Trade	Dec-25	-70.3b	-53bb	-55.5b
Initial Jobless Claims	Week ending 14th Feb	206K	229K	225K
GDP Growth (qoq) adv	4QCY25		3.0	3.5
PCE Price Index (yoy)	Dec-25		2.8%	2.8%
Core PCE Price Index (yoy)	Dec-25		2.8%	2.9%
Monetary Policy Decisions: Benchmark Interest rates				
RBNZ Interest Rate	Feb-26	2.25%	2.25%	Hold
Philippines Interest Rate	Feb-26	4.25%	4.50%	Cut
Indonesia interest rate	Feb-26	4.75%	4.75%	Hold
Malaysia				
Inflation rate (yoy)	Jan-25	1.6%	1.6%	1.6%
Balance of Trade (RM/b)	Jan-26	21.4	22.06	10.1
Exports (yoy)	Jan-26	19.6%	10.4%	n.a.
Imports (yoy)	Jan-26	5.3%	12.0%	n.a.

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	13-Feb Fri	16-Feb Mon	17-Feb Tue	18-Feb Wed	19-Feb Thu	20-Feb Fri	Change (WoW bp)
MGS							
3-Y	3.042	3.046	3.046	3.046	3.039	3.02	-2.2
5-Y	3.292	3.269	3.269	3.269	3.279	3.271	-2.1
7-Y	3.45	3.444	3.444	3.444	3.441	3.434	-1.6
10-Y	3.535	3.522	3.522	3.522	3.524	3.52	-1.5
20-Y	3.955	3.963	3.963	3.963	3.951	3.94	-1.5
RINGGIT IRS							
1-Y	3.255	3.254	3.254	3.254	3.255	3.25	-0.5
3-Y	3.346	3.31	3.31	3.31	3.335	3.3325	-1.35
5-Y	3.4375	3.425	3.425	3.425	3.435	3.43	-0.75
7-Y	3.54	3.535	3.535	3.535	3.535	3.5275	-1.25
10-Y	3.695	3.68	3.68	3.68	3.685	3.685	-1
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	3.4446	3.4446	3.4639	3.4943	3.486	3.497	5.24
5-Y	3.6038	3.6038	3.621	3.6504	3.6382	3.6467	4.29
7-Y	3.8089	3.8089	3.8242	3.8498	3.8343	3.847	3.81
10-Y	4.0483	4.0483	4.0578	4.0827	4.0673	4.0826	3.43
30-Y	4.6943	4.6943	4.6885	4.706	4.6982	4.7235	2.92

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	13-Feb Yield	20-Feb Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA INVESTMNT ISSUE	4.07	09/30/26	2.833	2.840	0.7	1,007.9
MALAYSIA GOVERNMENT	3.906	07/15/26	2.792	2.830	3.8	1,001.9
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	2.863	2.952	8.9	875.6
MALAYSIA GOVERNMENT	3.476	07/02/35	3.535	3.520	-1.5	667.2
MALAYSIA GOVERNMENT	3.336	05/15/30	3.292	3.271	-2.1	449.7
MALAYSIA INVESTMNT ISSUE	4.291	08/14/43	3.948	3.929	-1.9	401.6
MALAYSIA GOVERNMENT	4.642	11/07/33	3.511	3.513	0.2	307.1
MALAYSIA INVESTMNT ISSUE	4.369	10/31/28	3.119	3.125	0.6	290.3
MALAYSIA GOVERNMENT	3.9	11/30/26	2.893	2.882	-1.1	276.7
MALAYSIA INVESTMNT ISSUE	4.193	10/07/32	3.448	3.443	-0.5	253.3
TOTAL VOLUME (TOP 10)						5,531.2
TOTAL VOLUME (Overall)						8,861.1

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	13-Feb Yield	20-Feb Yield	Change (WoW bp)	Weekly Volume (RM mn)
DANAINFRA NASIONAL	4.7	11/10/51	N/A	4.104	N/A	80.0
PELABURAN HARTANAH BHD	3.65	09/02/27	3.658	3.636	-2.2	60.0
PENGURUSAN AIR SPV BHD	4.4	06/17/26	N/A	3.060	N/A	50.0
UEM SUNRISE BHD	4.1	02/12/38	N/A	4.071	N/A	45.0
BUMITAMA AGRI LTD	4.2	07/22/26	3.533	3.503	-3.0	40.0
UEM SUNRISE BHD	4.6	05/20/26	3.517	3.519	0.2	30.0
DANAINFRA NASIONAL	4.23	11/23/35	3.625	3.666	4.1	30.0
SP SETIA BERHAD	4.41	06/23/28	3.627	3.648	2.1	30.0
DANAINFRA NASIONAL	5.02	05/03/46	N/A	4.030	N/A	20.0
CIMB BANK BHD	4.7	05/18/27	N/A	3.420	N/A	20.0
TOTAL VOLUME (TOP 10)						405.0
TOTAL VOLUME (Overall)						719.3

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