WEEKLY MONEY REVIEW

MIDF Strategy 2 March 2026

Week Ended 27 February 2026

- The UST benchmark 10-year yield ended lower last week at 3.94% (prior week: 4.08%), the lowest weekly close since September 2024, attributable to safe-haven buying amid US-Iran impasse and the biggest US military buildup in Middle East since 2003. The 10y-3y yield spread narrowed (yield curve flattened) to +56bp (prior week: +59bp) as long-end outperformed. At week close, the interest rate futures market implied another 2 rate cuts totaling -50bp (prior week: 2 cuts/-50bp) in 2026.

- Medium-term inflation expectation (MTIE) ended the review week lower at 2.45% (prior week: 2.46%). 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 0.5bp and shed -3.7bp to close at 3.02% and 3.48% respectively. The 10y-3y yield narrowed (yield curve flattened) to +46bp (prior week: +50bp) 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 -RM14.8b. It increased week-on-week from -RM15.5b registered a week ago. However, it declined year-on-year from -RM10.8b a year ago.

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

2 March 2026 | **Strategy**

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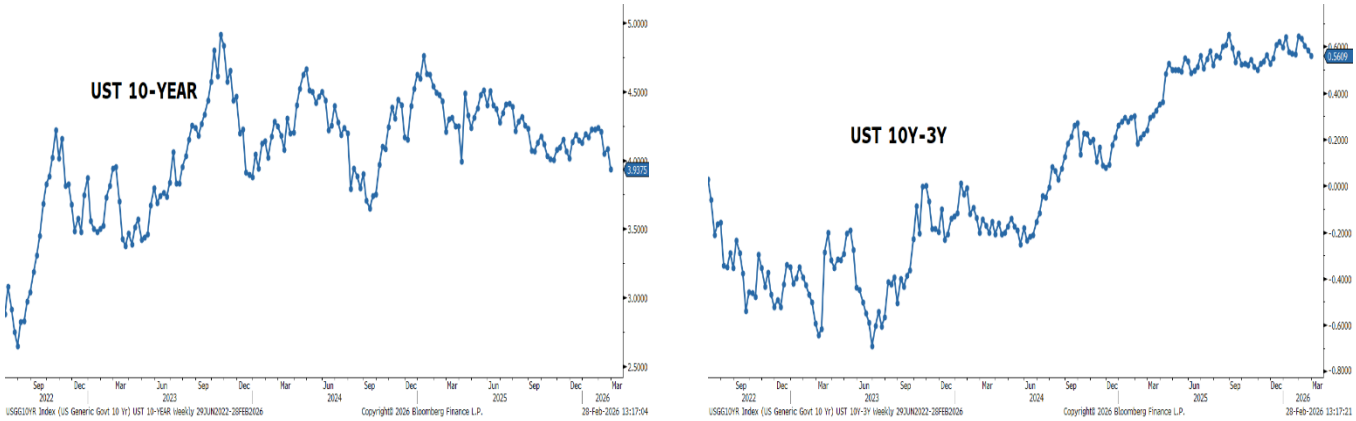
WEEKLY MONEY REVIEW

A. FIXED INCOME

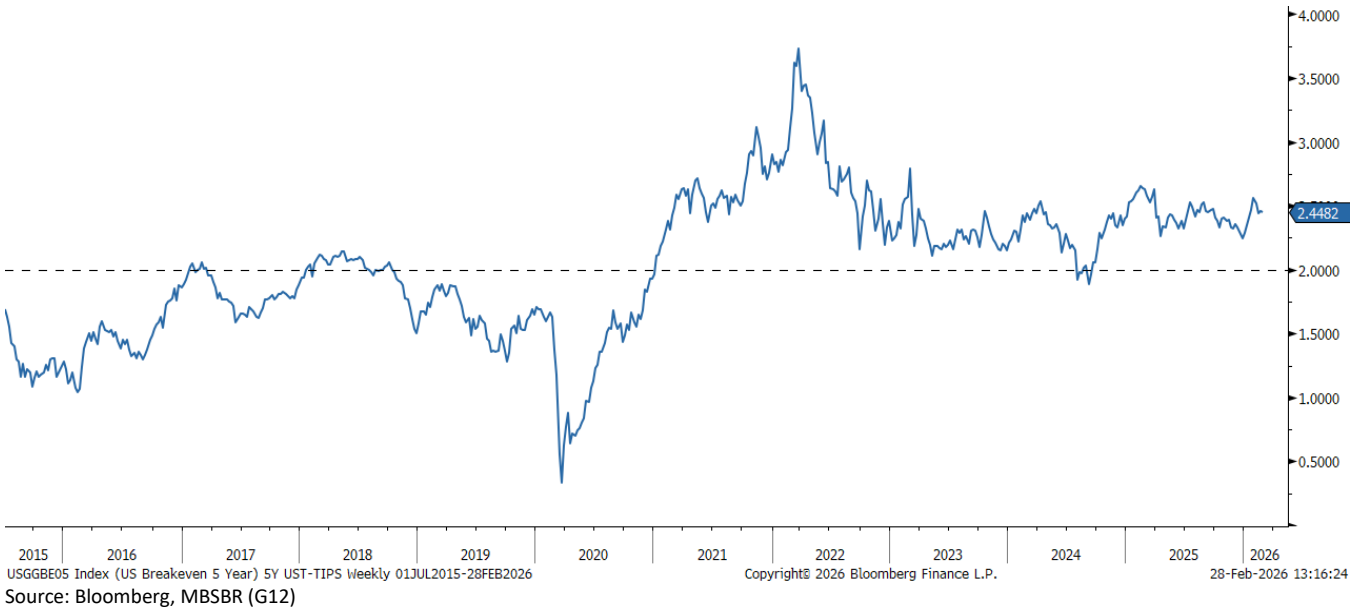
- The UST benchmark 10-year yield ended lower last week at 3.94% (prior week: 4.08%), the lowest weekly close since September 2024, attributable to safe-haven buying amid US-Iran impasse and the biggest US military buildup in Middle East since 2003. The 10y-3y yield spread narrowed (yield curve flattened) to +56bp (prior week: +59bp) as long-end outperformed. At week close, the interest rate futures market implied another 2 rate cuts totaling -50bp (prior week: 2 cuts/-50bp) in 2026.



Source: Bloomberg, MBSBR (G8, G9)

- Medium-term inflation expectation (MTIE) ended the review week lower at 2.45% (prior week: 2.46%). 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.

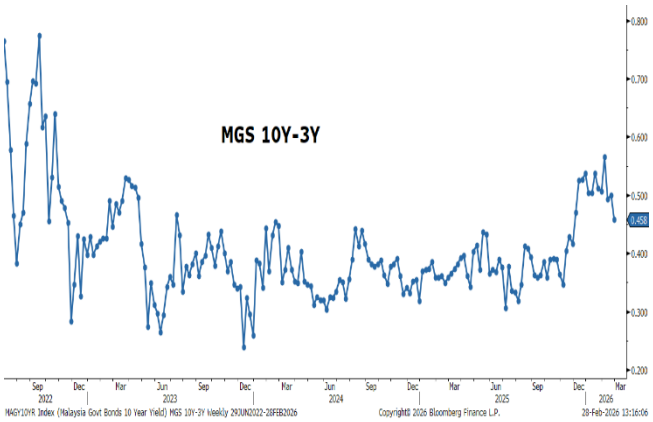
MEDIUM-TERM INFLATION EXPECTATION (MTIE): 5Y UST-TIPS SPREAD



Source: Bloomberg, MBSBR (G12)

- The price of MGS benchmark issues ended the review week mixed with the 3-year and 10-year yields added 0.5bp and shed -3.7bp to close at 3.02% and 3.48% respectively. The 10y-3y yield narrowed (yield curve flattened) to +46bp (prior week: +50bp) as long-end outperformed.



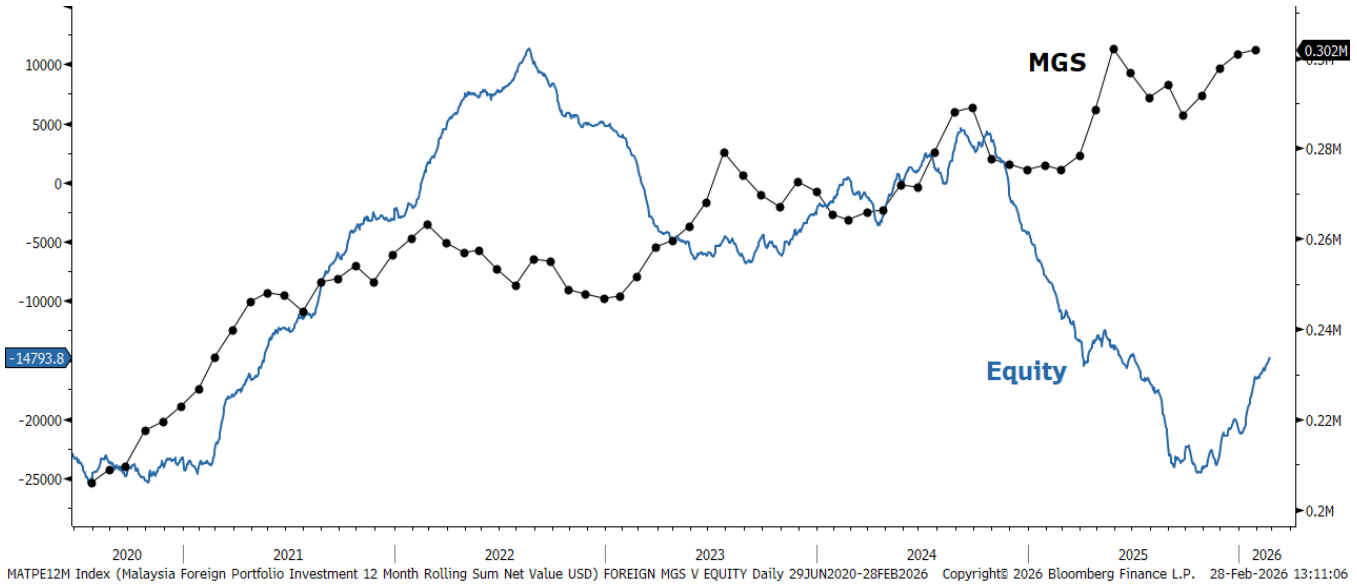


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) increased to RM42.3b in the review week compared to RM8.9b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 56% (prior week: 62%) 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 and mid residual tenor. The top 3 most actively traded were MII 4.07% 9/30/26 at RM3.7b, MII 3.726% 3/31/26 at RM3.3b, and MGS 4.232% 6/30/31 at RM2.9b.

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 -RM14.8b. It increased week-on-week from -RM15.5b registered a week ago. However, it declined year-on-year from -RM10.8b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM4.4b in the review week compared to RM719m in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 29% (prior week: 56%) 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 Danainfra Nasional 3.6% 12/16/33 at RM210m, Malaysia Rail Link 4.06% 7/25/37 at RM200m, and PTPTN 4.58% 2/28/34 at RM160m.

B. FOREIGN EXCHANGE

- USD depreciated last week. The US dollar weakened against major currencies last week as the DXY dollar index remained below the 98.00 mark and closed the week by -0.2%wow lower to 97.61. The uncertainty in the US government policies has caused investors to remain in a wait-and-see mode, as the DXY was rather stable between the 97.4 to 98.0 levels, as geopolitical risks are in play. In the early part of the week, President Donald Trump announced plans for a new 15% global tariff after the Supreme Court struck down the reciprocal tariff. Meanwhile, the increase in tension between the US and Iran and the military actions, added with the uncertainty in the Strait of Hormuz are escalating. This geopolitical uncertainty development would act as a headwind in the global oil market, while a key risk that could weigh on global sentiment. 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 +0.2%wow to USD1.181, with the inflation figure easing lower. Meanwhile, the GBP was unchanged at USD1.348 from the previous week.

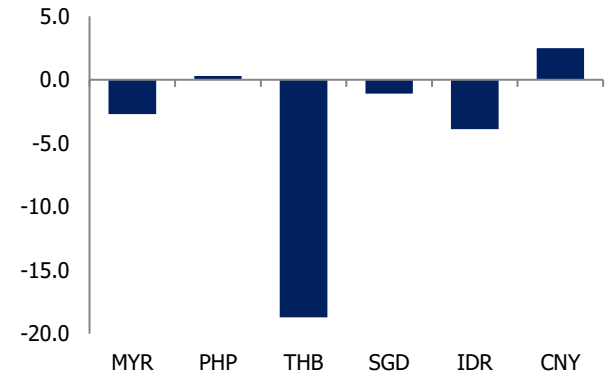
- Ringgit breached below the 3.90 level last week. The Malaysian ringgit continued to strengthen by +0.3%wow to RM3.89, remained below the RM3.90 mark, the lowest level since Apr-18. The ringgit traded within a tight range between RM 3.889 – RM 3.891 last week. On a broader picture, the ringgit also 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 (+0.8%wow), Vietnamese dong (+0.6%wow), and Saudi riyal (+0.4%wow). In a separate release, foreign holdings of both Malaysian government and corporate bonds increased by +RM0.7b between 13th to 23rd February, reversing the outflows of -RM3.7b in the previous week, but the outstanding value still remained below RM300b.

Currencies Changes (Week Ended 27-Feb-2026) and Quarterly Forecasts

	Close 27/02	Prev. Close 20/02	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	97.61	97.80	-0.188	-0.2	98.8	97.2	96.6	96.0
EURUSD	1.181	1.178	+0.003	+0.2	1.18	1.19	1.2	1.21
GBPUSD	1.348	1.348	+0.000	+0.0	1.34	1.36	1.36	1.36
USDJPY	156.1	155.1	-1.000	-0.6	152.0	150.0	14.08	147
USDMYR	3.893	3.903	+0.011	+0.3	4.03	3.99	3.97	3.95
GBPMYR	5.249	5.256	+0.008	+0.1	5.45	5.43	5.41	5.40
JPYMYR	2.495	2.516	+0.021	+0.9	2.6	2.61	2.62	2.63
MBSB TWRI	101.78	101.76	+0.020	+0.0	98.6	99.73	100.87	102.00

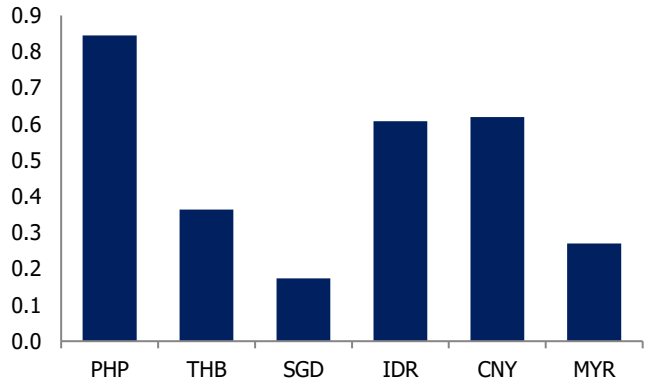
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

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	1.00
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

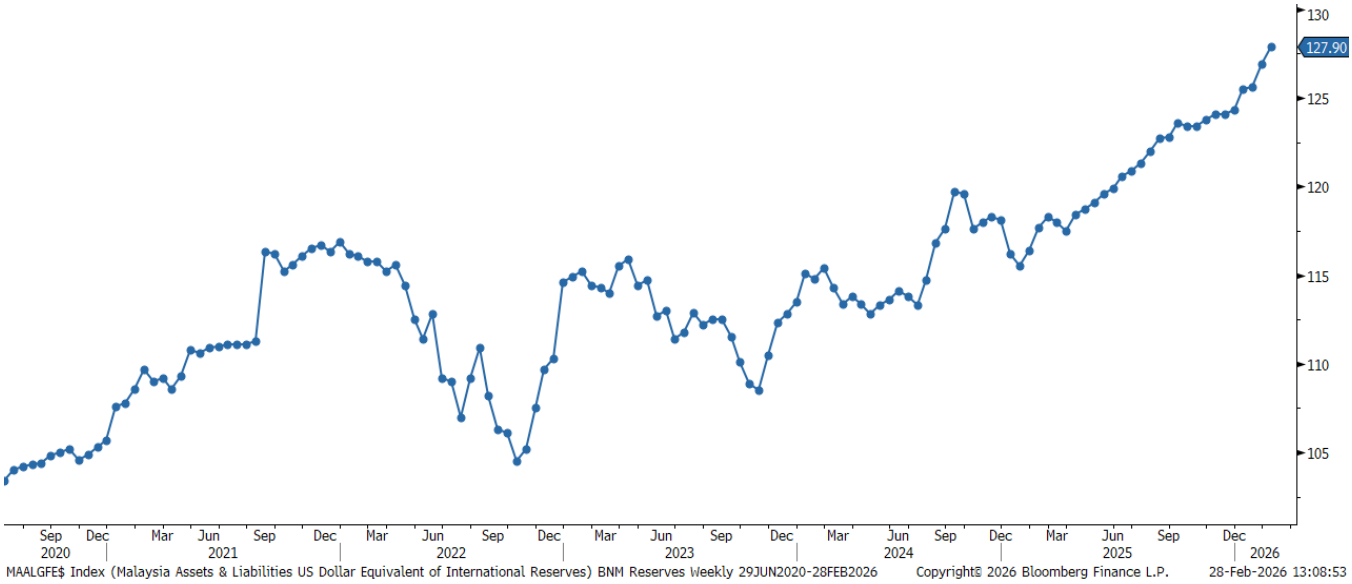
Economic Indicators	Period	Actual	Previous	Consensus
United States				
ADP Employment Change	24-Jan	+12.75K	+11.5K	n.a
Initial Jobless Claims	Week ending 21th Feb	212K	208K	215K
Producer Price index (yoy)	Jan-26	2.9%	3.0%	2.9%
Core PPI (yoy)	Jan-26	3.6%	3.3%	3.0%
Monetary Policy Decisions: Benchmark Interest rates				
People Bank of China (1Y LPR)	Feb-26	3.0%	3.0%	Unchanged
Bank of Thailand	Feb-26	1.0%	1.25%	Cut
Bank of Korea	Feb-26	2.50%	2.50%	Unchanged
Malaysia				
Coincident Index (mom)	Dec-25	-0.02%	-0.5%	n.a.
Leading Index (mom)	Dec-25	0.5%	-2.2%	n.a.
PPI (yoy)	Jan-25	-2.9%	-2.9%	n.a.

Source: Macrobond, MBSBR

C. BNM INTERNATIONAL RESERVES

- As of 13 February 2026, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD127.9b (30 January 2026: USD126.9b).

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	20-Feb Fri	23-Feb Mon	24-Feb Tue	25-Feb Wed	26-Feb Thu	27-Feb Fri	Change (WoW bp)
MGS							
3-Y	3.02	3.033	3.017	3.024	3.026	3.025	0.5
5-Y	3.271	3.271	3.271	3.27	3.344	3.313	4.2
7-Y	3.434	3.43	3.436	3.441	3.427	3.399	-3.5
10-Y	3.52	3.516	3.528	3.506	3.505	3.483	-3.7
20-Y	3.94	3.936	3.936	3.934	3.928	3.913	-2.7
RINGGIT IRS							
1-Y	3.25	3.26	3.26	3.2625	3.2545	3.2575	0.75
3-Y	3.3325	3.315	3.35	3.335	3.34	3.32	-1.25
5-Y	3.43	3.4325	3.45	3.43	3.4225	3.39	-4
7-Y	3.5275	3.5375	3.5425	3.542	3.525	3.48	-4.75
10-Y	3.685	3.695	3.705	3.695	3.685	3.645	-4
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	3.497	3.444	3.4607	3.4857	3.4382	3.3765	-12.05
5-Y	3.6467	3.5841	3.5944	3.6221	3.5688	3.5017	-14.5
7-Y	3.847	3.7852	3.7903	3.8159	3.7619	3.6963	-15.07
10-Y	4.0826	4.0309	4.029	4.0519	4.0041	3.9375	-14.51
30-Y	4.7235	4.702	4.6817	4.6971	4.6565	4.6106	-11.29

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	20-Feb Yield	27-Feb Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA INVESTMNT ISSUE	4.07	09/30/26	2.840	2.868	2.8	3,679.3
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	2.952	2.899	-5.3	3,325.6
MALAYSIA GOVERNMENT	4.232	06/30/31	3.346	3.313	-3.3	2,858.0
MALAYSIA GOVERNMENT	3.476	07/02/35	3.520	3.483	-3.7	2,783.1
MALAYSIA GOVERNMENT	3.9	11/30/26	2.882	2.897	1.5	2,535.7
MALAYSIA GOVERNMENT	3.906	07/15/26	2.830	2.908	7.8	2,035.6
MALAYSIA INVESTMNT ISSUE	3.804	10/08/31	3.355	3.334	-2.1	1,988.3
MALAYSIA GOVERNMENT	2.632	04/15/31	3.371	3.321	-5.0	1,805.3
MALAYSIA GOVERNMENT	3.519	04/20/28	3.020	3.025	0.5	1,493.5
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.083	3.100	1.7	1,103.2
TOTAL VOLUME (TOP 10)						23,607.5
TOTAL VOLUME (Overall)						42,261.5

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	20-Feb Yield	27-Feb Yield	Change (WoW bp)	Weekly Volume (RM mn)
DANAINFRA NASIONAL	3.6	12/16/33	N/A	3.589	N/A	210.0
MALAYSIA RAIL LINK	4.06	07/25/36	3.695	3.679	-1.6	200.0
PERBADANAN TABUNG PENDI	4.58	02/28/34	N/A	3.596	N/A	160.0
AMBANK ISLAMIC BHD	4.1	05/09/31	N/A	3.685	N/A	120.0
CELCOMDIGI TELECOM SDN	4.05	05/30/30	N/A	3.542	N/A	115.0
PRASARANA MALAYSIA BHD	4.38	03/12/31	3.420	3.421	0.1	110.0
WESTPORTS MALAYSIA	4.29	05/13/39	N/A	3.942	N/A	100.0
UEM SUNRISE BHD	4.87	09/29/28	3.667	3.669	0.2	80.0
CELCOMDIGI TELECOM SDN	3.93	06/27/31	3.619	3.589	-3.0	80.0
PENGURUSAN AIR SPV BHD	4.06	04/29/39	3.979	3.979	0.0	80.0
TOTAL VOLUME (TOP 10)						1,255.0
TOTAL VOLUME (Overall)						4,359.4

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