WEEKLY MONEY REVIEW

MIDF Strategy 16 March 2026

Week Ended 13 March 2026

- The UST benchmark 10-year yield ended higher last week at 4.28% (prior week: 4.14%) as resurgent inflation fears (with crude oil prices above USD100pb) overwhelmed safe-haven narrative (amid the Middle East war) and weak economic performance (as 4QCY25 GDP growth figure was revised lower to 0.7%). The 10y-3y yield spread narrowed (yield curve flattened) to +54bp (prior week: +55bp) as short-end underperformed. At week close, the interest rate futures market implied (as per CME FedWatch aggregated probabilities) 1 rate cut totaling -25bp (prior week: 1 cut/-25bp) in 2026.

- Medium-term inflation expectation (MTIE) ended the review week higher at 2.66% (prior week: 2.62%). While the MTIE has remained above the US Fed target level of 2.00% since September 2024, we reckon the market is still somewhat sanguine that the underlying price pressure shall eventually ease as attested by expectation of more Fed rate cut.

- The price of MGS benchmark issues ended the review week lower with the 3-year and 10-year yields added +3.6bp and +1.7bp to close at 3.14% and 3.57% respectively. The 10y-3y yield narrowed (yield curve flattened) to +43bp (prior week: +45bp) as short-end underperformed.

- MGS foreign holdings declined month-on-month to RM299b in February 2026 from RM302b in January 2026. However, it increased year-on-year from RM275b in February 2025. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM12.9b. It increased week-on-week from -RM14.0b registered a week ago. However, it declined year-on-year from -RM11.4b a year ago.

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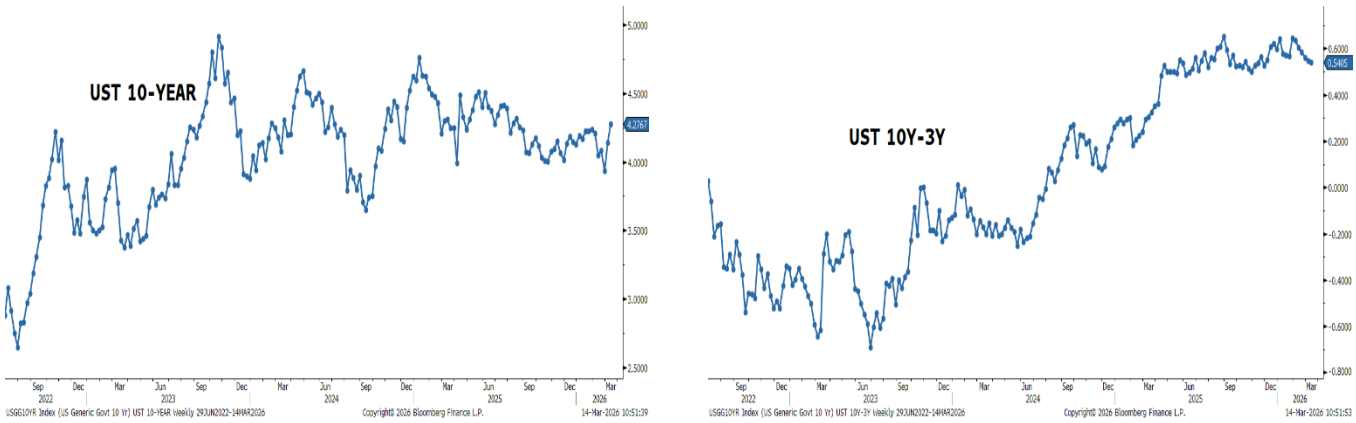
WEEKLY MONEY REVIEW

A. FIXED INCOME

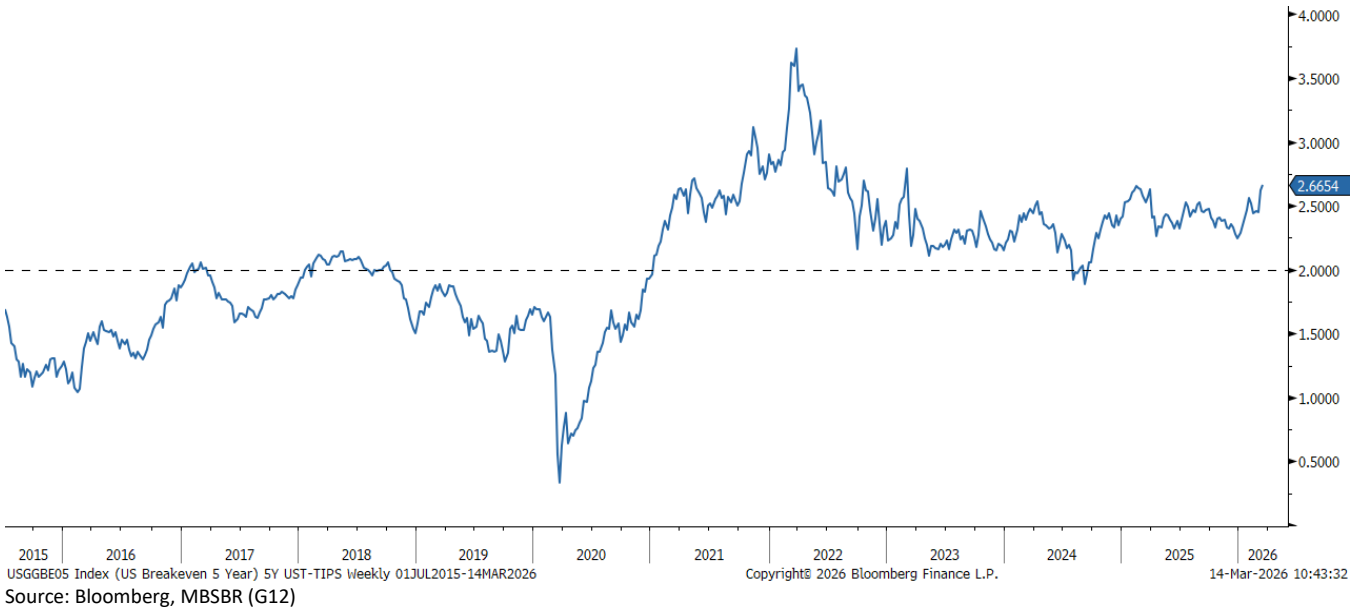
- The UST benchmark 10-year yield ended higher last week at 4.28% (prior week: 4.14%) as resurgent inflation fears (with crude oil prices above USD100pb) overwhelmed safe-haven narrative (amid the Middle East war) and weak economic performance (as 4QCY25 GDP growth figure was revised lower to 0.7%). The 10y-3y yield spread narrowed (yield curve flattened) to +54bp (prior week: +55bp) as short-end underperformed. At week close, the interest rate futures market implied (as per CME FedWatch aggregated probabilities) 1 rate cut totaling -25bp (prior week: 1 cut/-25bp) in 2026.



Source: Bloomberg, MBSBR (G8, G9)

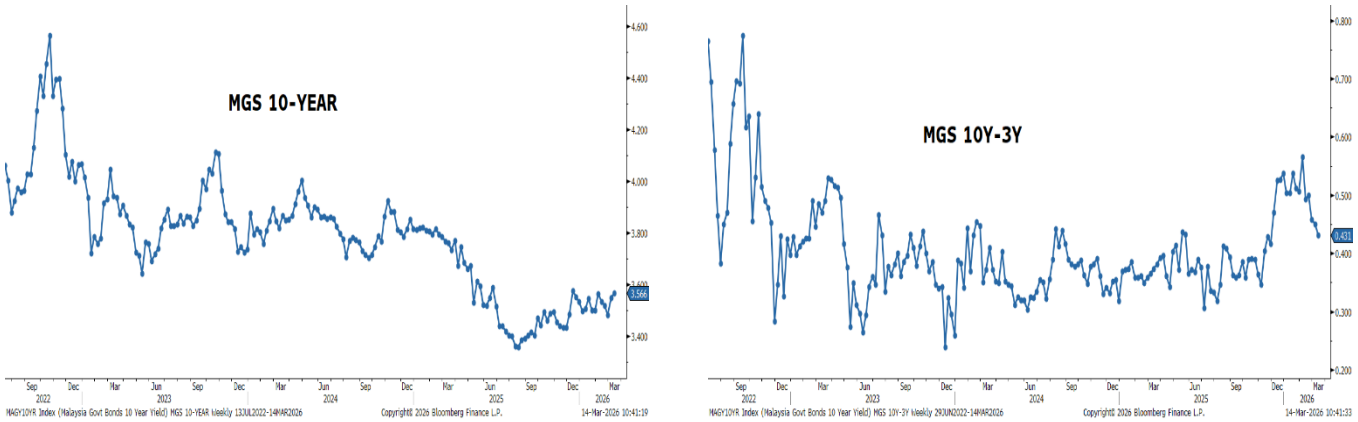
- Medium-term inflation expectation (MTIE) ended the review week higher at 2.66% (prior week: 2.62%). While the MTIE has remained above the US Fed target level of 2.00% since September 2024, we reckon the market is still somewhat sanguine that the underlying price pressure shall eventually ease as attested by expectation of more Fed rate cut.

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 +3.6bp and +1.7bp to close at 3.14% and 3.57% respectively. The 10y-3y yield narrowed (yield curve flattened) to +43bp (prior week: +45bp) as short-end underperformed.

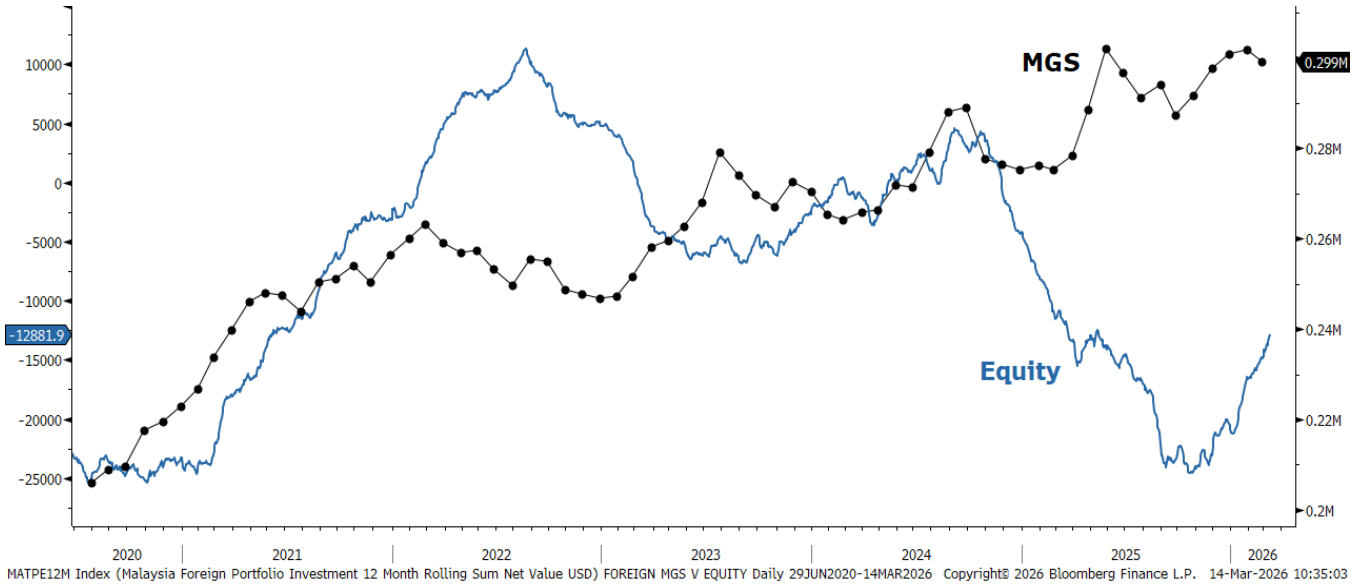


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) declined to RM34.2b in the review week compared to RM39.3b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues was unchanged at 61% (prior week: 61%) of the overall Government Bonds trade. Moreover, 8 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 residual tenor. The top 3 most actively traded were MII 4.07% 9/30/26 at RM3.7b, MGS 3.906% 7/15/26 at RM3.1b, and MII 3.599% 7/31/28 at RM3.1b.

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



Source: Bloomberg, MBSBR (G13)

- MGS foreign holdings declined month-on-month to RM299b in February 2026 from RM302b in January 2026. However, it increased year-on-year from RM275b in February 2025. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM12.9b. It increased week-on-week from -RM14.0b registered a week ago. However, it declined year-on-year from -RM11.4b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) declined to RM3.2b in the review week compared to RM6.0b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 37% (prior week: 39%) 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 Danum Capital 3.87% 8/8/34 at RM200m, Maybank 3.85% 8/28/37 at RM150m, and Cagamas 4.03% 5/2/31 at RM135m.

B. FOREIGN EXCHANGE

- USD appreciated last week. The US dollar strengthened against major currencies last week as the DXY dollar index increased and broke the 100 level, ending the week +1.4%wow higher at 100.36. The US dollar continued to appreciate as investors remained in favour of the US dollar as the primary safe asset, supported by the escalating conflict with Tehran and the lack of prospects for a political solution. For instance, the Defence Secretary Pete Hegseth signaled the intensification of "Operation Epic Fury", announcing the largest wave of US-Israeli attacks on Iran. Market players also focused on the FOMC meeting (this week), anticipating the FFR to remain unchanged. Investors will watch closely for an update on the economic outlook for the rest of the year. In contrast, other major central banks are also reviewing their current policy stance, with inflation remaining elevated due to rising oil prices. We continue to expect heightened market volatility to drive a flight to safety in the medium term. On another note, reduced confidence in the US assets may cause capital flows to shift away from the US dollar and more towards other traditional safe havens such as gold, the Japanese yen, and the euro.

- EUR and GBP weakened again this week. Following the strengthening of the US dollar, the euro weakened by -1.7%wow to USD1.142 last week on the back of the weaker-than-expected industrial production data. Meanwhile, the pound sterling also weakened by -1.4%wow to USD1.323, despite the better GDP figure recorded.

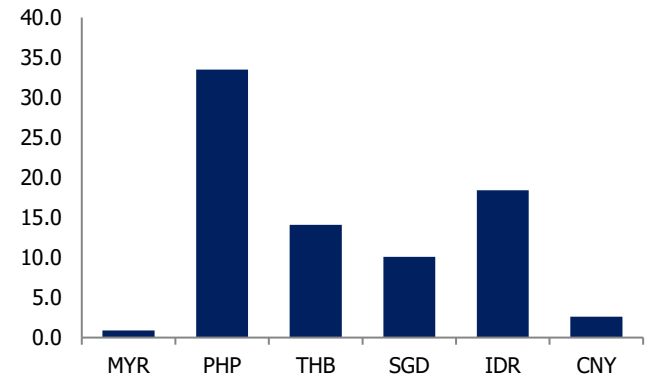
- Ringgit slightly strengthened. The Malaysian ringgit strengthened last week by +0.3%wow to RM3.938, back to below the RM3.940 level. The strengthening of the ringgit was also driven by the better-than-expected data releases last week, as industrial production strengthened while labour market remained stable in Jan-26. Meanwhile, distributive trade remained well supported despite the moderation. On a broader picture, the ringgit appreciated against the currencies of Malaysia's major trading partners, with our MBSB Trade-Weighted Ringgit Index (TWRI) increasing by +0.1%wow to 101.80, mainly appreciating against the Philippine peso (+1.5%wow), Japanese yen (+1.3%wow), and the Korean won (+1.2%wow). In a separate release, foreign holdings of both Malaysian government and corporate bonds increased by +USD0.73b between 2nd to 9th March 2026, marking a continuation of inflows after +RM0.14b in the previous week, while the outstanding value still remained below RM300b.

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

	Close 13/03	Prev. Close 06/03	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	100.36	98.99	+1.376	+1.4	98.8	97.2	96.6	96.0
EURUSD	1.142	1.162	-0.020	-1.7	1.18	1.19	1.2	1.21
GBPUSD	1.323	1.341	-0.018	-1.4	1.34	1.36	1.36	1.36
USDJPY	159.7	157.8	-1.950	-1.2	152.0	150.0	14.08	147
USDMYR	3.938	3.948	+0.010	+0.3	4.03	3.99	3.97	3.95
GBPMYR	5.222	5.260	+0.037	+0.7	5.45	5.43	5.41	5.40
JPYMYR	2.466	2.502	+0.036	+1.5	2.6	2.61	2.62	2.63
MBSB TWRI	101.80	101.73	+0.066	+0.1	98.6	99.73	100.87	102.00

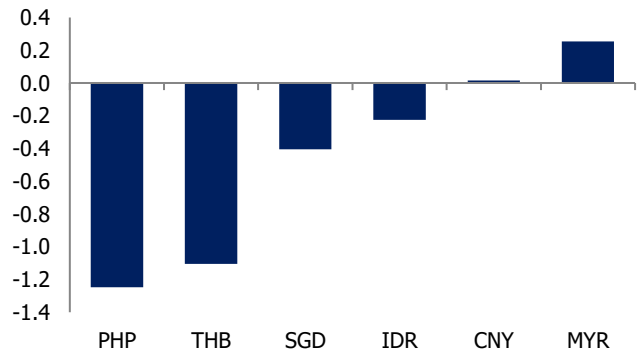
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

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 (%)

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-25	Feb-25	Mar-25
Malaysia	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Indonesia	5.25	5.50	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Philippines	5.25	5.25	5.00	4.75	4.75	4.50	4.50	4.25	4.25
Thailand	1.75	1.75	1.50	1.50	1.50	1.25	1.25	1.00	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	5.25	5.25	5.25	5.25
Japan	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75
UK	4.25	4.25	4.00	4.00	4.00	3.75	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	4.00-4.25	3.75-4.00	3.75-4.00	3.50-3.75	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	Feb-26	+15.5K	+12.7K	n.a
Initial Jobless Claims	Week ending 27th Feb	213K	21K	215K
US GDP 2ND Estimate (qoq)	4QCY26	0.7	4.4	1.4
Trade balance	Jan-26	-53.5b	-72.9b	-65.0b
Core PCE (yoy)	Jan-26	+3.1K	+3.0K	+3.1K
PCE Price Index (yoy)	Jan-26	2.8	2.9	2.9
US Consumer Expectation	Mar-26	54.1	56.6	n.a
Inflation Rate (yoy)	Feb-26	2.4	2.4	2.4
Core Inflation rate (yoy)	Feb-25	2.5	2.5	2.5
Monetary Policy Decisions: Benchmark Interest rates				
Central Bank of Turkey	Mar-26	37.0%	37.0%	Unchanged
State Bank of Pakistan	Mar-26	10.5%	10.5%	Unchanged
Malaysia				
Industrial Production (yoy)	Jan-26	+5.9%	+4.8%	+5.4%
Unemployment Rate	Jan-26	2.9%	2.9%	n.a
Retail Sales (yoy)	Jan-26	+6.1%	+6.9%	n.a

Source: Macrobond, MBSBR

C. BNM INTERNATIONAL RESERVES

- As of 27 February 2026, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD128.3b (13 February 2026: USD127.9b).

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	6-Mar Fri	9-Mar Mon	10-Mar Tue	11-Mar Wed	12-Mar Thu	13-Mar Fri	Change (WoW bp)
MGS							
3-Y	3.099	3.157	3.104	3.105	3.136	3.135	3.6
5-Y	3.351	3.381	3.35	3.36	3.371	3.378	2.7
7-Y	3.435	3.475	3.468	3.44	3.458	3.456	2.1
10-Y	3.549	3.59	3.533	3.551	3.552	3.566	1.7
20-Y	3.924	3.924	3.932	3.939	3.947	3.944	2
RINGGIT IRS							
1-Y	3.2875	3.3	3.285	3.2995	3.3	3.32	3.25
3-Y	3.365	3.407	3.37	3.38	3.38	3.4	3.5
5-Y	3.46	3.51	3.45	3.461	3.465	3.485	2.5
7-Y	3.564	3.585	3.567	3.561	3.565	3.602	3.8
10-Y	3.71	3.73	3.718	3.72	3.715	3.735	2.5
KLIBOR							
1-M	2.99	2.99	2.99	3	3	3	1
3-M	3.25	3.26	3.26	3.27	3.27	3.28	3
UST							
3-Y	3.5898	3.5559	3.6126	3.6749	3.7586	3.7362	14.64
5-Y	3.7271	3.6853	3.7395	3.8044	3.8661	3.8578	13.07
7-Y	3.9229	3.8814	3.9386	4.0038	4.0511	4.054	13.11
10-Y	4.1383	4.0958	4.1557	4.2296	4.2609	4.2767	13.84
30-Y	4.7567	4.7136	4.7903	4.8785	4.8816	4.9039	14.72

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	6-Mar Yield	13-Mar Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA INVESTMNT ISSUE	4.07	09/30/26	2.956	2.918	-3.8	3,718.0
MALAYSIA GOVERNMENT	3.906	07/15/26	2.896	2.912	1.6	3,135.3
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.142	3.193	5.1	3,110.3
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	2.982	3.049	6.7	2,251.0
MALAYSIA GOVERNMENT	4.232	06/30/31	3.351	3.378	2.7	2,016.4
MALAYSIA INVESTMNT ISSUE	3.974	07/16/40	3.838	3.875	3.7	1,806.0
MALAYSIA GOVERNMENT	3.476	07/02/35	3.549	3.566	1.7	1,491.0
MALAYSIA INVESTMNT ISSUE	4.193	10/07/32	3.439	3.463	2.4	1,224.8
MALAYSIA INVESTMNT ISSUE	3.804	10/08/31	3.368	3.357	-1.1	1,110.2
MALAYSIA GOVERNMENT	4.642	11/07/33	3.510	3.542	3.2	1,059.3
TOTAL VOLUME (TOP 10)						20,922.2
TOTAL VOLUME (Overall)						34,225.2

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	6-Mar Yield	13-Mar Yield	Change (WoW bp)	Weekly Volume (RM mn)
DANUM CAPITAL BHD	3.87	08/08/34	N/A	3.732	N/A	200.4
MALAYAN BANKING BHD	3.85	08/28/37	3.799	3.829	3.0	150.0
CAGAMAS BERHAD	4.03	05/02/31	N/A	3.612	N/A	135.0
DANAINFRA NASIONAL	4.14	11/28/41	N/A	3.943	N/A	110.0
MALAYAN BANKING BHD	4.13	PERP	3.667	3.656	-1.1	105.0
PRASARANA MALAYSIA BHD	4.58	08/29/28	N/A	3.315	N/A	100.0
SARAWAK PETCHEM SDN BHD	5.5	07/27/37	3.950	3.939	-1.1	100.0
CAGAMAS BERHAD	4	06/28/34	N/A	3.748	N/A	100.0
DANGA CAPITAL BHD	4.52	09/06/27	N/A	3.396	N/A	90.0
DANAINFRA NASIONAL	3.72	11/10/28	3.245	3.313	6.8	80.0
TOTAL VOLUME (TOP 10)						1,170.4
TOTAL VOLUME (Overall)						3,173.0

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