WEEKLY MONEY REVIEW

MIDF Strategy 24 March 2026

Week Ended 20 March 2026

- The UST benchmark 10-year yield increased further last week to close at 4.38% (prior week: 4.28%) as investors continued to react to heightened inflation concerns, with the ongoing war in the Middle East pushing crude oil prices above USD100pb and dampening expectations for rate cuts. The 10y-3y yield spread narrowed further (yield curve flattened) to +46bp (prior week: +54bp) as the short-end outperformed. At week close, the interest rate futures market implied (as per CME FedWatch aggregated probabilities) no rate cut (prior week: 1 cut totaling -25bp) in 2026.

- Medium-term inflation expectation (MTIE) ended the review week higher at 2.70% (prior week: 2.66%). 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 mostly higher with the 10-year yield shedding -1.1bp to close at 3.56%. However, the 3-year yield added +8.4bp to close at 3.22%. The 10y-3y yield spread narrowed further (yield curve flatted) to +34bp (prior week: +43bp).

- 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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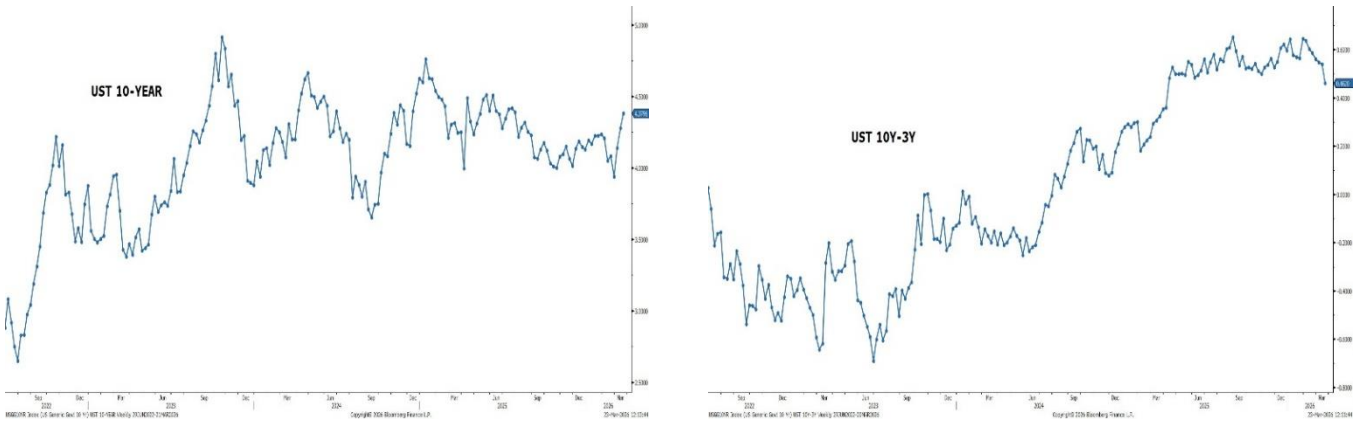
WEEKLY MONEY REVIEW

A. FIXED INCOME

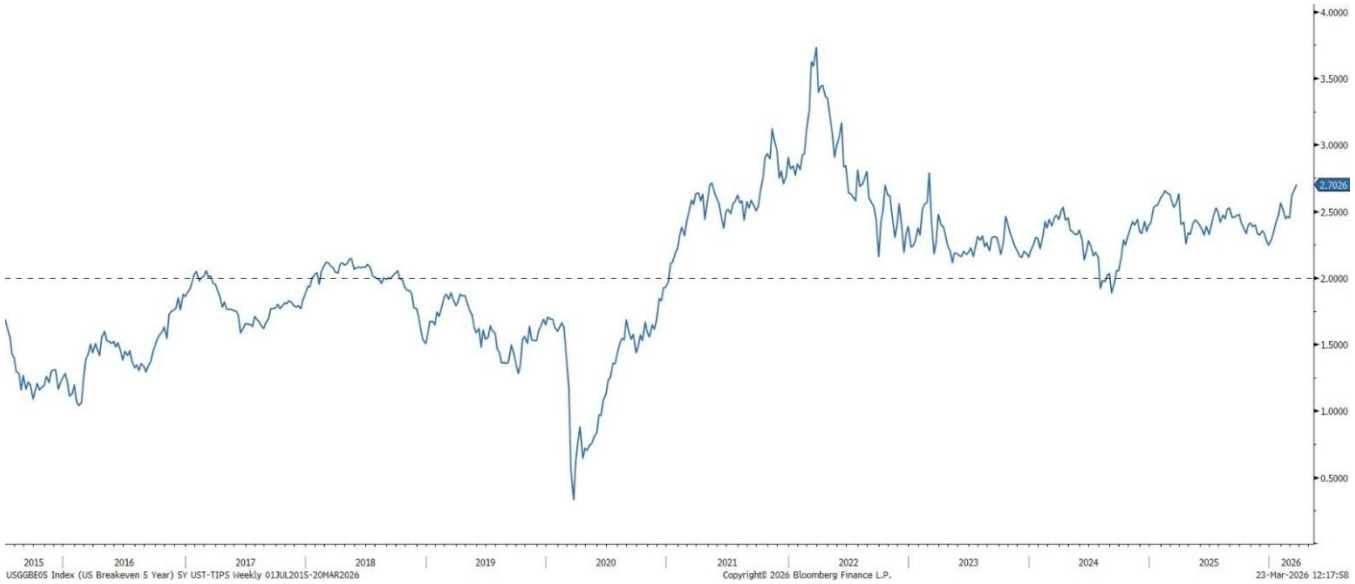
- The UST benchmark 10-year yield increased further last week to close at 4.38% (prior week: 4.28%) as investors continued to react to heightened inflation concerns, with the ongoing war in the Middle East pushing crude oil prices above USD100pb and dampening expectations for rate cuts. The 10y-3y yield spread narrowed further (yield curve flattened) to +46bp (prior week: +54bp) as the short-end outperformed. At week close, the interest rate futures market implied (as per CME FedWatch aggregated probabilities) no rate cut (prior week: 1 cut totaling -25bp) in 2026.



Source: Bloomberg, MBSBR (G8, G9)

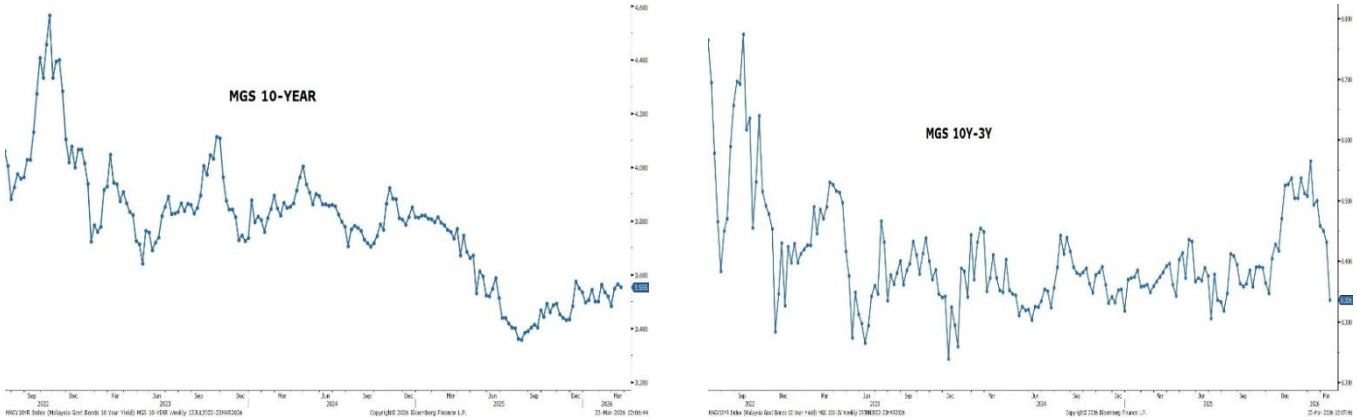
- Medium-term inflation expectation (MTIE) ended the review week higher at 2.70% (prior week: 2.66%). While the MTIE has remained above the US Fed target level of 2.00% since September 2024, we reckon the market is still somewhat sanguine that the underlying price pressure shall eventually ease as attested 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 mostly higher with the 10-year yield shedding -1.1bp to close at 3.56%. However, the 3-year yield added +8.4bp to close at 3.22%. The 10y-3y yield spread narrowed further (yield curve flatted) to +34bp (prior week: +43bp).

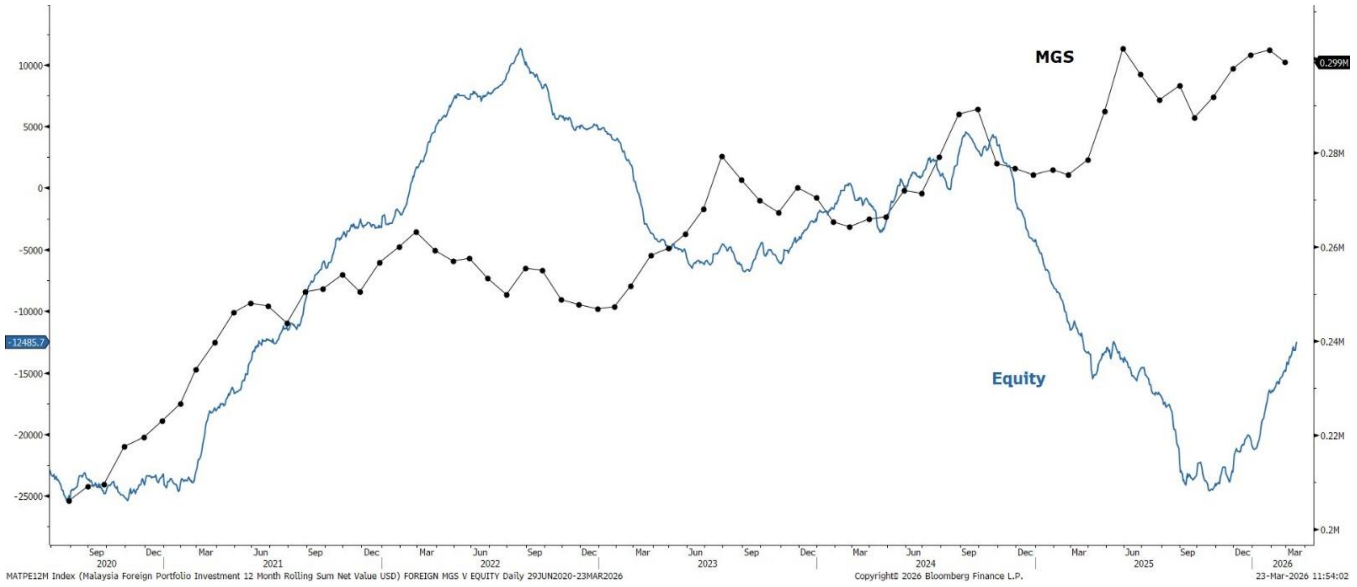


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) declined to RM26.5b in the review week compared to RM34.2b 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, 7 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 4.070% 9/30/26 at RM3.5b, MII 3.599% 7/31/28 at RM2.6b and MGS 3.906% 7/15/26 at RM2.2b.

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 further to RM2.8b in the review week compared to RM3.2b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 38% (prior week: 37%) of the overall Corporate Bonds trade.

- The top 3 actively traded Corporate Bonds were dominated by issues of short and mid residual tenor. The top 3 most actively traded were Malayan Banking Berhad 3.85% 8/28/37 at RM140m, Cagamas 3.94% 8/24/26 at RM130m, and Sunway Treasury Sukuk 3.96% 4/7/32 at RM120m.

B. FOREIGN EXCHANGE

- USD depreciated last week. The US dollar weakened against major currencies last week as the DXY dollar index declined by -0.7%wow to 99.65, breaking below the 100 level since the early part of the week. The US dollar weakened on the back of the weak global risk sentiment due to the further escalation of tensions in the Middle East. On top of that, the FOMC meeting last week signalled increasing caution among the members; although the dot plot forecast suggested one rate cut for 2026, the distribution has shifted towards the current level of fed funds rate. Meanwhile, the Fed also revised its 2026 PCE inflation forecast upwards to +2.7% (previous: +2.4%), indicating concerns of the upside risk to inflation. On the global stage, several major central banks convened last week against a backdrop of heightened caution. Policymakers expressed growing concern over renewed inflationary pressures, primarily driven by the recent surge in global oil prices and the resulting supply-side risks to price stability, resulting in a weaker global sentiment. 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 strengthened this week. Following the weakening of the US dollar, the euro strengthened by +1.4%wow to USD1.157 on the back of the ECB's decision to keep interest rates unchanged and signal that the outlook is significantly uncertain, especially due to the upside risk for inflation and downside risk for economic growth. Meanwhile, the pound sterling strengthened by +0.8%wow to USD1.334 as the Bank of England also kept interest rates unchanged and highlighted concerns on inflationary pressure, while rate hike bets increased.

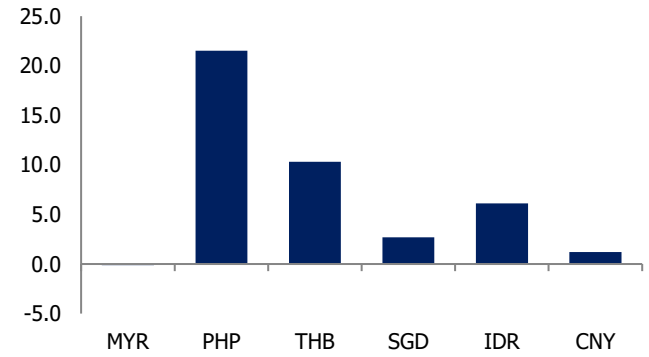
- Ringgit strengthened slightly. The Malaysian ringgit strengthened slightly last week by +0.03%wow to RM3.936, being stable below the RM3.94 level. In addition to the US dollar weakness, the stability of the ringgit was supported by the resilient external trade figures and stable inflation data, on top of the government's commitment to keep the RON95 under the BUDI95 program intact despite the elevated global oil prices. On a broader picture, the ringgit weakened against the currencies of Malaysia's major trading partners, with our MBSB Trade-Weighted Ringgit Index (TWRI) declining by -2.0%wow to 100.05, mainly depreciating against the euro (-0.5%wow), Australian dollar (-0.7%wow), and the Japanese yen (-0.1%wow). In a separate release, foreign holdings of both Malaysian government and corporate bonds increased by +RM2.5b between 9th to 17th March 2026, marking the continuation of inflows after +RM0.73b in the previous week, pushing the outstanding value to the highest level for the year at RM302b.

Currencies Changes (Week Ended 20 March 2026) and Quarterly Forecasts

	Close 20/03	Prev. Close 13/03	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	99.65	100.36	-0.715	-0.7	98.8	97.2	96.6	96.0
EURUSD	1.157	1.142	+0.016	+1.4	1.18	1.19	1.2	1.21
GBPUSD	1.334	1.323	+0.011	+0.8	1.34	1.36	1.36	1.36
USDJPY	159.2	159.7	+0.500	+0.3	152.0	150.0	14.08	147
USDMYR	3.936	3.938	+0.001	+0.0	4.03	3.99	3.97	3.95
GBPMYR	5.269	5.222	-0.047	-0.9	5.45	5.43	5.41	5.40
JPYMYR	2.473	2.466	-0.007	-0.3	2.6	2.61	2.62	2.63
MBSB TWRI	100.05	102.13	-2.080	-2.0	98.6	99.73	100.87	102.00

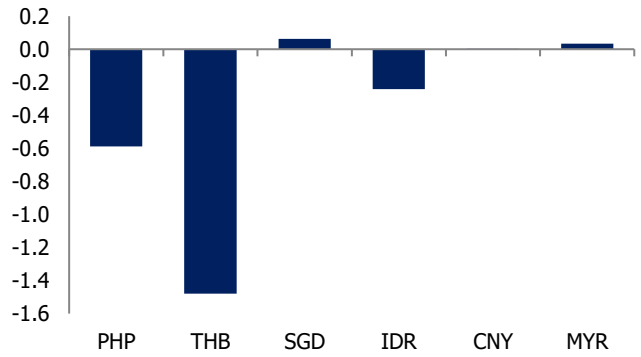
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

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 (%)

	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	+9.0K	+14.7K	n.a
Initial Jobless Claims	Week ending 14th Mar	205K	213K	215K
Industrial Production (%yoy)	Feb-26	+1.4%	+2.3%	n.a
Manufacturing Production (%yoy)	Feb-26	+1.3%	+2.4%	n.a
PPI (%yoy)	Feb-26	+3.4%	+2.9%	+2.9%
Core PPI (%yoy)	Feb-26	+3.9%	+3.5%	+3.7%
Monetary Policy Decisions: Benchmark Interest rates				
Reserve Bank of Australia	Mar-26	3.85%	4.1%	Hiked
Bank of Indonesia	Mar-26	4.75%	4.75%	Unchanged
Bank of Canada	Mar-26	2.25%	2.25%	Unchanged
Federal Reserve	Mar-26	3.5%-3.75%	3.5%-3.75%	Unchanged
Bank of Japan	Mar-26	0.75%	0.75%	Unchanged
Swiss National Bank	Mar-26	0.00%	0.00%	Unchanged
Taiwan Central Bank	Mar-26	2.00%	2.00%	Unchanged
The Sveriges Bank	Mar-26	1.75%	1.75%	Unchanged
Bank of England	Mar-26	3.75%	3.75%	Unchanged
European Central Bank	Mar-26	2.15%	2.15%	Unchanged
People Bank of China	Mar-26	3.00%	3.00%	Unchanged

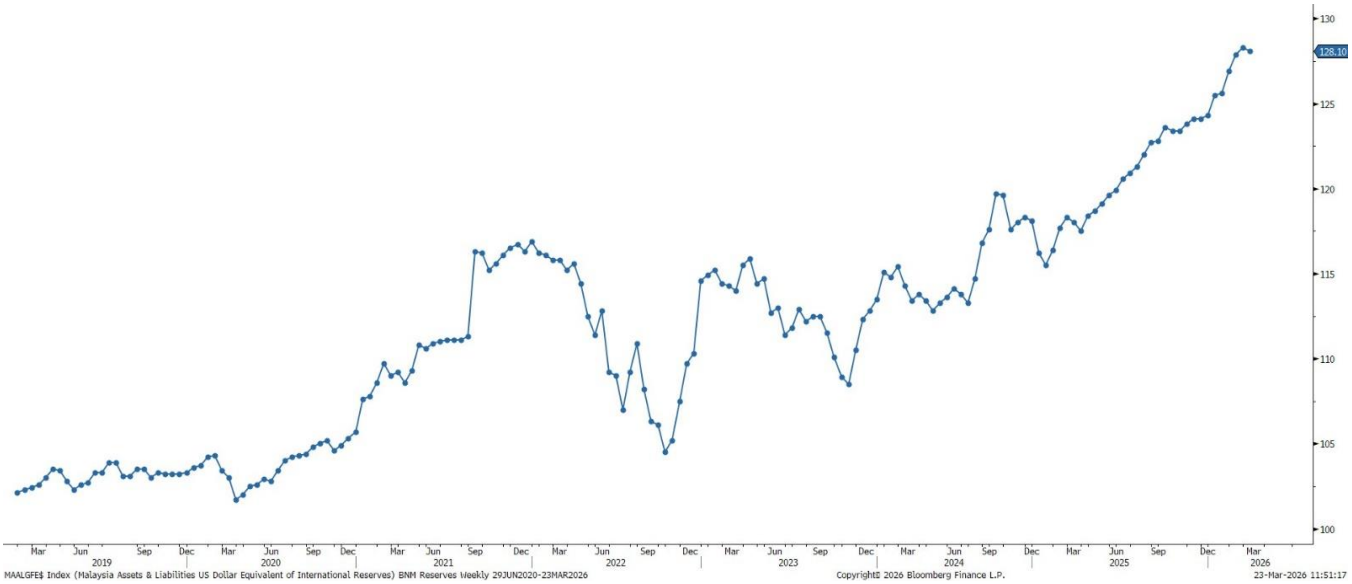
Malaysia				
Inflation (%yoy)	Feb-26	+1.4%	+1.6%	+1.6%
Trade Balance (MYR)	Feb-26	16.7b	12.6b	20.8b
Exports (%yoy)	Feb-26	+10.8%	+19.6%	+11.9%
Imports (%yoy)	Feb-26	+8.2%	+4.8%	+5.4%

Source: Macrobond, MBSBR

C. BNM INTERNATIONAL RESERVES

- As of 13 March 2026, compared to previous fortnight, Bank Negara Malaysia's international reserves were lower at USD128.1b (28 February 2026: USD128.3b).

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	13-Mar Fri	16-Mar Mon	17-Mar Tue	18-Mar Wed	19-Mar Thu	20-Mar Fri	Change (WoW bp)
MGS							
3-Y	3.135	3.228	3.219	3.205	3.219	3.219	8.4
5-Y	3.378	3.380	3.361	3.348	3.370	3.370	-0.8
7-Y	3.456	3.447	3.441	3.425	3.444	3.444	-1.2
10-Y	3.566	3.565	3.558	3.556	3.555	3.555	-1.1
20-Y	3.944	3.924	3.939	3.943	3.958	3.958	1.4
RINGGIT IRS							
1-Y	3.320	3.340	3.345	3.345	3.355	3.355	3.5
3-Y	3.400	3.411	3.400	3.398	3.420	3.420	2.0
5-Y	3.485	3.510	3.478	3.460	3.490	3.490	0.5
7-Y	3.602	3.617	3.601	3.561	3.585	3.585	-1.7
10-Y	3.735	3.780	3.753	3.707	3.730	3.730	-0.5
KLIBOR							
1-M	3.00	3.00	3.00	3.00	3.00	3.00	0
3-M	3.28	3.28	3.30	3.31	3.32	3.32	4
UST							
3-Y	3.7362	3.6778	3.6807	3.7759	3.7902	3.9177	18.15
5-Y	3.8578	3.7963	3.7894	3.8760	3.8779	4.0081	15.03
7-Y	4.0540	3.9911	3.9807	4.0569	4.0543	4.1976	14.36
10-Y	4.2767	4.2160	4.1985	4.2650	4.2493	4.3796	10.29
30-Y	4.9039	4.8664	4.8402	4.8806	4.8372	4.9377	3.38

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	13-Mar Yield	20-Mar Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA INVESTMNT ISSUE	4.070	09/30/26	2.918	2.894	-2.4	3,465.8
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.193	3.184	-0.9	2,592.0
MALAYSIA GOVERNMENT	3.906	07/15/26	2.912	2.841	-7.1	2,169.4
MALAYSIA GOVERNMENT	3.237	03/15/29	N/A	3.219	N/A	1,789.5
MALAYSIA GOVERNMENT	3.476	07/02/35	3.566	3.555	-1.1	1,540.5
MALAYSIA GOVERNMENT	4.232	06/30/31	3.378	3.370	-0.8	1,246.3
MALAYSIA GOVERNMENT	3.582	07/15/32	3.456	3.444	-1.2	1,195.3
MALAYSIA INVESTMNT ISSUE	3.726	03/31/26	3.049	2.638	-41.1	780.3
MALAYSIA GOVERNMENT	3.519	04/20/28	3.135	3.151	1.6	749.1
MALAYSIA GOVERNMENT	3.900	11/30/26	2.872	2.921	4.9	708.3
TOTAL VOLUME (TOP 10)						16,236.5
TOTAL VOLUME (Overall)						26,483.0

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	13-Mar Yield	20-Mar Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYAN BANKING BERHAD	3.85	08/28/37	3.829	3.820	-0.9	140.0
CAGAMAS BERHAD	3.94	08/24/26	N/A	3.250	N/A	130.0
SUNWAY TREASURY SUKUK SDN BHD	3.96	04/07/32	3.798	3.847	4.9	120.0
SME DEVELOPMENT BANK MALAYSIA BERHAD	4.05	05/30/28	N/A	3.496	N/A	115.0
DANAINFRA NASIONAL	2.84	02/24/28	N/A	3.299	N/A	100.0
PROJEK LEBUHRAYA USAHASAMA BERHAD	5.07	01/10/31	3.663	3.656	-0.7	100.0
IMTIAZ SUKUK II BERHAD	4.15	10/02/28	3.637	3.597	-4.0	100.0
CAGAMAS BERHAD	3.80	11/29/27	N/A	3.368	N/A	100.0
SARAWAK HIDRO SDN BHD	4.67	08/11/31	N/A	3.684	N/A	90.0
PNB MERDEKA VENTURES SDN BHD	3.79	11/05/32	3.727	3.758	3.1	90.0
TOTAL VOLUME (TOP 10)						1,085.0
TOTAL VOLUME (Overall)						2,846.2

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