WEEKLY MONEY REVIEW

MIDF Strategy 30 March 2026

Week Ended 27 March 2026

- The UST benchmark 10-year yield increased further last week to close at 4.43% (prior week: 4.38%) as investors continued to react to heightened inflation concerns, with the ongoing war in the Middle East keeping crude oil prices elevated above USD100pb. The 10y-3y yield spread widened further (yield curve steepened) to +49bp (prior week: +46bp). At week close, the interest rate futures market still implied (as per CME FedWatch aggregated probabilities) no rate cut in 2026, broadly unchanged from prior week, with some build-up in rate hike expectations in the latter part of the year.

- Medium-term inflation expectation (MTIE) ended the review week higher at 2.70% (prior week: 2.66%). With the MTIE has remaining above the US Fed target level of 2.00% since September 2024, the recent rise in price pressures has led to diminished expectations for further rate cut by the Fed.

- The price of MGS benchmark issues ended the review week lower with the 3-year yield adding +7.2bp to close at 3.29% and 10-year yield closing +7.4bp higher at 3.63%. Nevertheless, the 10y-3y yield spread widened marginally (yield curve steepened) to +33.8bp (prior week: +33.6bp).

- 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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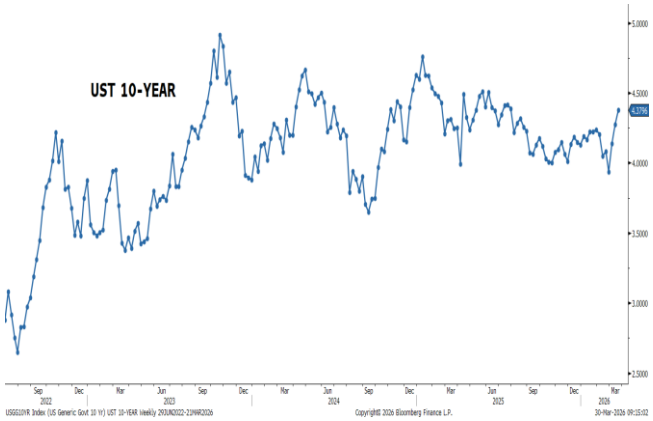
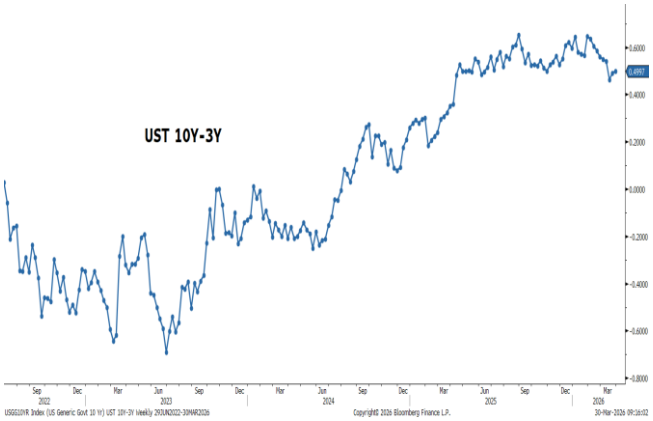
WEEKLY MONEY REVIEW

A. FIXED INCOME

- The UST benchmark 10-year yield increased further last week to close at 4.43% (prior week: 4.38%) as investors continued to react to heightened inflation concerns, with the ongoing war in the Middle East keeping crude oil prices elevated above USD100pb. The 10y-3y yield spread widened further (yield curve steepened) to +49bp (prior week: +46bp). At week close, the interest rate futures market still implied (as per CME FedWatch aggregated probabilities) no rate cut in 2026, broadly unchanged from prior week, with some build-up in rate hike expectations in the latter part of the year.





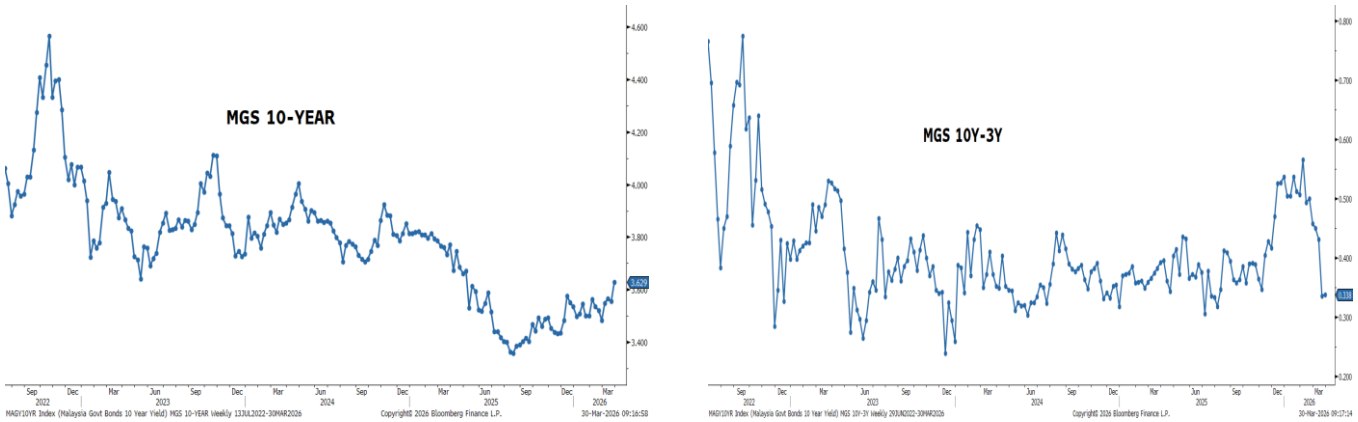
Source: Bloomberg, MBSBR (G8, G9)

- Medium-term inflation expectation (MTIE) ended the review week higher at 2.70% (prior week: 2.66%). With the MTIE has remaining above the US Fed target level of 2.00% since September 2024, the recent rise in price pressures has led to diminished expectations for further rate cut by the Fed.

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 yield adding +7.2bp to close at 3.29% and 10-year yield closing +7.4bp higher at 3.63%. Nevertheless, the 10y-3y yield spread widened marginally (yield curve steepened) to +33.8bp (prior week: +33.6bp).

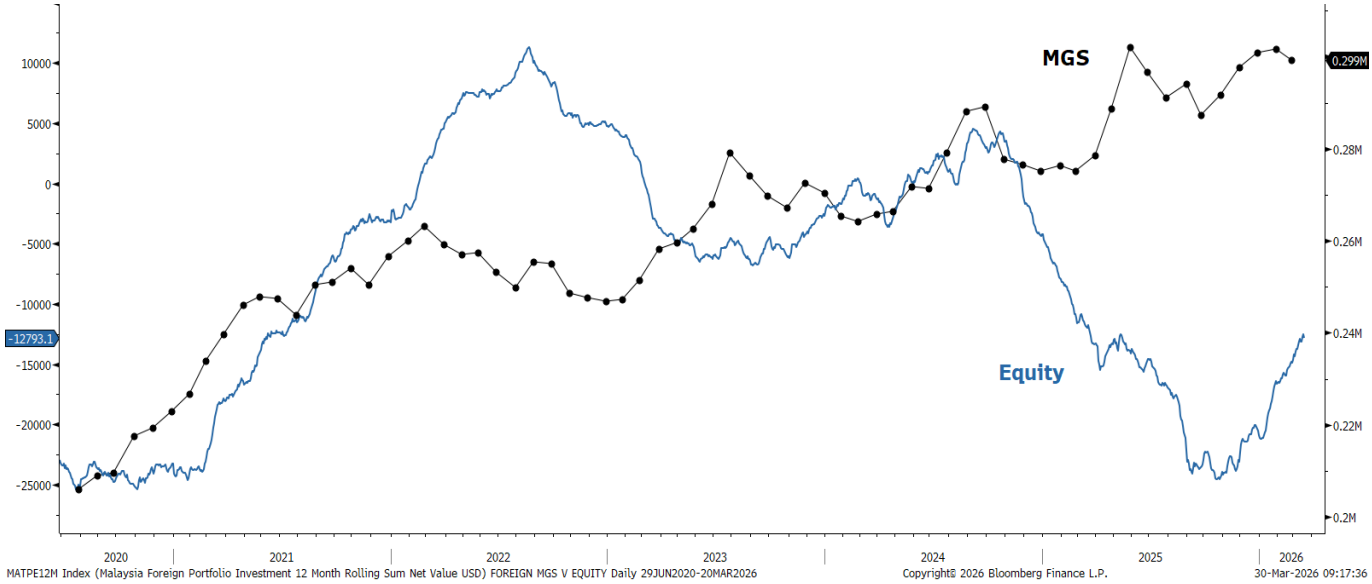


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) declined further to RM25.6b in the review week compared to RM26.5b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased to 63% (prior week: 61%) of the overall Government Bonds trade. Moreover, all 10 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 and mid residual tenor. The top 3 most actively traded were MGS 3.906% 7/15/26 at RM5.6b, MII 4.070% 9/30/28 at RM2.8b and MII 3.599% 7/31/28 at RM1.3b.

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) increased to RM3.2b in the review week compared to RM2.8b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues decreased (higher trading breadth) to 33% (prior week: 38%) of the overall Corporate Bonds trade.

- The top 3 actively traded Corporate Bonds were dominated by issues of mid residual tenor. The top 3 most actively traded were Malayan Banking Berhad 4.03% 1/31/34 at RM160.5m, PLUS Berhad 4.526% 1/12/29 at RM158m, and Pengurusan Air SPV Berhad 4.56% 1/31/30 at RM140m.

B. FOREIGN EXCHANGE

- USD appreciated last week. The US dollar strengthened against major currencies last week as the DXY dollar index increased by +0.5%wow higher to 100.15, going back above the 100 level. The US dollar strengthened last week on the back of persistent geopolitical volatility, specifically the ongoing conflict with Iran and subsequent threats to Middle East energy corridors; while Brent traded near its 2022 highs, and markets are bracing for hostilities to extend into Apr-26, which would result in a prolonged supply-side shock, which are causing global repricing of inflation and growth expectations. On top of that, sentiment in the FX market will likely remain cautious in the near term due to the lack of potential de-escalation negotiations between the two parties, guaranteeing further military assaults. Meanwhile, a few of the Fed policymakers continued to highlight concerns about the upside risk of inflation last week. 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 last week. Following the strengthening of the US dollar, the euro weakened by -0.5%wow to USD1.151, partly driven by the weaker-than-expected Global Composite PMI. Meanwhile, the pound sterling weakened by -0.6%wow to USD1.326 as the core inflation in the UK shifted slightly higher, while the retail sales recorded a decline.

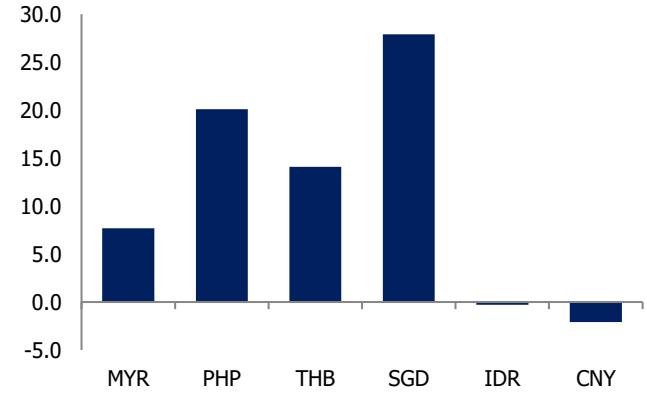
- The ringgit also weakened. The Malaysian ringgit also depreciated last week by -1.9%wow to RM4.01, breaching above the RM4.00 level last Friday. The depreciation of the ringgit was explained by the increased demand for the US dollar, as market players continue to price in a stronger US dollar due to inflationary concerns. On domestic front, there was lack of catalysts to support ringgit last week, despite the adjustments to temporarily reduce the quota for BUDI95 fuel subsidy programme and impose cap on diesel purchases in East Malaysia starting in Apr-26. On a broader picture, the ringgit also weakened against the currencies of Malaysia's major trading partners, with our MBSB Trade-Weighted Ringgit Index (TWRI) declining by -0.02%wow to 100.03, mainly depreciating against the Taiwan dollar (-2.1%wow), Saudi riyal (-1.9%wow), and the Hong Kong dollar (-1.9%wow). In a separate release, foreign holdings of both Malaysian government and corporate bonds increased significantly by +RM6.4b between 16 to 23 March 2026, marking the continuation of inflows after the +RM2.5b previously, and the highest weekly inflows for the year; as a result, the outstanding value touched the highest level for the year at RM307.6b.

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

	Close 27/03	Prev. Close 20/03	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	100.15	99.65	+0.504	+0.5	98.5	97.2	96.6	96.0
EURUSD	1.151	1.157	-0.006	-0.5	1.18	1.19	1.2	1.21
GBPUSD	1.326	1.334	-0.008	-0.6	1.34	1.36	1.36	1.36
USDJPY	160.3	159.2	-1.080	-0.7	152.0	150.0	14.08	147
USDMYR	4.011	3.936	-0.075	-1.9	3.96	3.92	3.88	3.85
GBPMYR	5.337	5.269	-0.068	-1.3	5.45	5.43	5.41	5.40
JPYMYR	2.503	2.473	-0.030	-1.2	2.6	2.61	2.62	2.63
MBSB TWRI	100.03	100.05	-0.020	-0.0	98.6	99.73	100.87	102.00

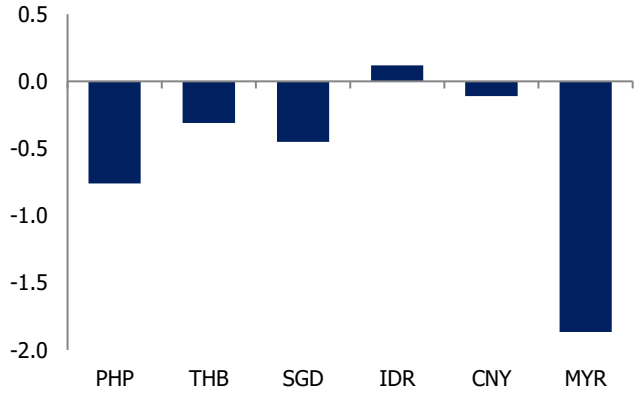
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

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 (%)

	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

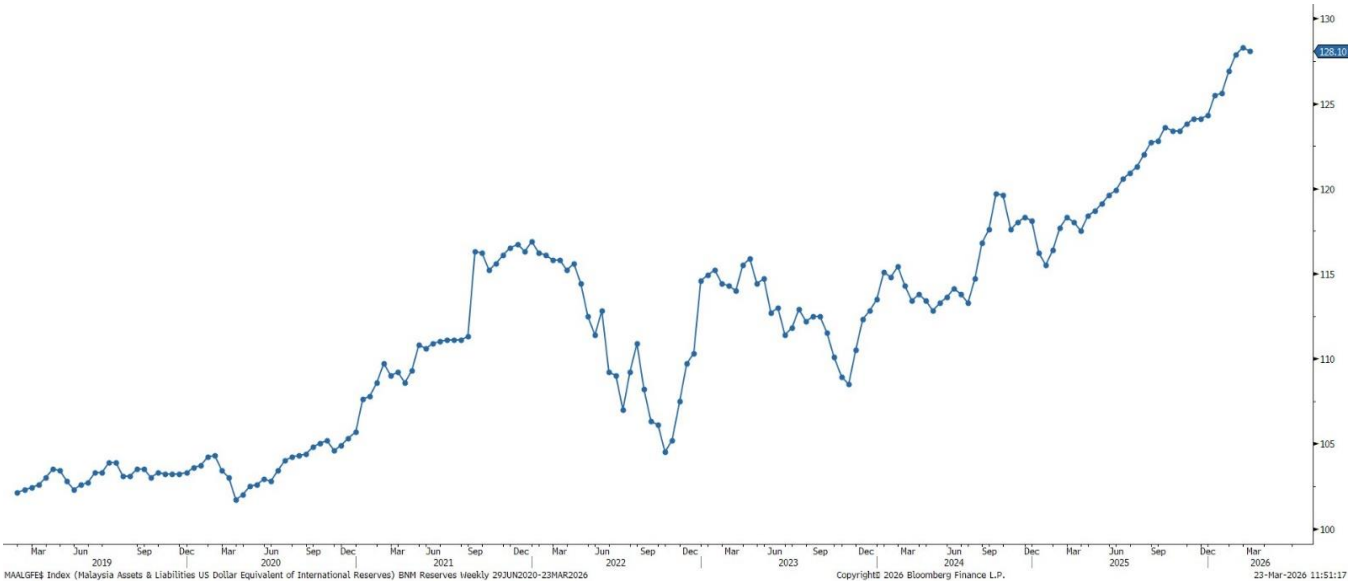
Economic Indicators	Period	Actual	Previous	Consensus
United States				
ADP Employment Change	Feb-26	+10.0K	+9.0K	n.a
Initial Jobless Claims	Week ending 21th Mar	210K	205K	210K
S&P Global US Composite PMI	Mar-26	51.4	51.9	n.a
Manufacturing Production PMI	Mar-26	52.4	51.6	51.3
Services PMI	Mar-26	51.1	51.7	51.1
Michigan Consumer Sentiment	Maar-26	53.3	56.6	55.5
Monetary Policy Decisions: Benchmark Interest rates				
Central Bank of Sri Lanka	Mar-26	7.75%	7.75%	Unchanged
Bangko Sentral ng Filipinas	Mar-26	4.25%	4.25%	Unchanged
Norges Bank	Mar-26	4.00%	4.00%	Unchanged
Bank of Mexico	Mar-26	6.75%	7.00%	Cut
Malaysia				
Producer Price Index (%yoy)	Feb-26	-3.4%	+2.9%	+3.1%

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	20-Mar Fri	23-Mar Mon	24-Mar Tue	25-Mar Wed	26-Mar Thu	27-Mar Fri	Change (WoW bp)
MGS							
3-Y	3.219	3.219	3.244	3.226	3.255	3.291	+7.2
5-Y	3.370	3.370	3.402	3.395	3.421	3.430	+6.0
7-Y	3.444	3.444	3.501	3.466	3.501	3.546	+10.2
10-Y	3.555	3.555	3.583	3.584	3.603	3.629	+7.4
20-Y	3.958	3.958	3.971	3.950	3.953	3.985	+2.7
RINGGIT IRS							
1-Y	3.355	3.355	3.360	3.339	3.345	3.375	+2.0
3-Y	3.420	3.420	3.420	3.398	3.408	3.445	+2.5
5-Y	3.490	3.490	3.483	3.464	3.490	3.528	+3.7
7-Y	3.585	3.585	3.585	3.565	3.575	3.615	+3.0
10-Y	3.730	3.730	3.745	3.715	3.733	3.765	+3.5
KLIBOR							
1-M	3.00	3.00	3.00	3.00	3.00	3.00	0
3-M	3.32	3.32	3.33	3.33	3.34	3.35	+3
UST							
3-Y	3.9177	3.8643	3.8985	3.8819	3.9871	3.9371	+1.94
5-Y	4.0081	3.9656	3.9908	3.9768	4.0912	4.0684	+6.03
7-Y	4.1976	4.1525	4.1739	4.1501	4.2462	4.2526	+5.5
10-Y	4.3796	4.3420	4.3599	4.3322	4.4117	4.4278	+4.82
30-Y	4.9377	4.9131	4.9274	4.9009	4.9326	4.9645	+2.68

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	20-Mar Yield	27-Mar Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA INVESTMNT ISSUE	3.906	7/15/2026	2.841	2.986	+14.5	5,558.6
MALAYSIA INVESTMNT ISSUE	4.070	9/30/2026	2.894	2.984	+9.0	2,818.4
MALAYSIA GOVERNMENT	3.599	7/31/2028	3.184	3.239	+5.5	1,311.9
MALAYSIA GOVERNMENT	4.642	11/7/1933	3.525	3.603	+7.8	1,068.5
MALAYSIA GOVERNMENT	3.519	4/20/2028	3.151	3.224	+7.3	1,050.9
MALAYSIA GOVERNMENT	3.900	11/30/2026	2.921	2.981	+6.0	974.3
MALAYSIA GOVERNMENT	4.232	6/30/1931	3.370	3.430	+6.0	894.1
MALAYSIA INVESTMNT ISSUE	4.245	9/30/1930	3.347	3.419	+7.2	836.8
MALAYSIA GOVERNMENT	3.476	7/2/1935	3.555	3.629	+7.4	833.9
MALAYSIA GOVERNMENT	3.237	3/15/2029	3.219	3.291	+7.2	802.8
TOTAL VOLUME (TOP 10)						16,150.2
TOTAL VOLUME (Overall)						25,599.3

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	20-Mar Yield	27-Mar Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYAN BANKING BHD	4.03	01/31/34	3.659	3.658	-0.1	160.5
PLUS BHD	4.53	01/12/29	3.586	3.633	+4.7	158.0
PENGURUSAN AIR SPV BHD	4.56	01/31/30	3.553	3.600	+4.7	140.0
MALAYSIAN REINSURANCE	4.38	03/15/30	N/A	N/A	N/A	105.0
PENGURUSAN AIR SPV BHD	3.86	04/30/32	3.729	3.756	+2.7	100.0
PENGURUSAN AIR SPV BHD	3.73	06/02/28	3.476	3.489	+1.3	90.0
MALAYAN BANKING BHD	3.41	08/05/31	3.415	3.415	0.0	80.0
PENGURUSAN AIR SPV BHD	4.02	02/05/37	3.889	3.897	+0.8	80.0
DRB-HICOM BHD	4.85	12/11/26	3.416	3.417	+0.1	70.0
BANK PEMBANGUNAN MALAYSIA BHD	4.98	03/02/32	N/A	3.693	N/A	65.0
TOTAL VOLUME (TOP 10)						1,048.5
TOTAL VOLUME (Overall)						3,176.5

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