WEEKLY MONEY REVIEW

MIDF Strategy 6 April 2026

Week Ended 3 April 2026

- The UST benchmark 10-year yield ended lower last week at 4.34% (prior week: 4.43%) on hopes of an imminent (2 to 3 weeks) end to the war between the US and Iran which would ease energy prices and inflation fears. The 10y-3y yield spread narrowed (yield curve flattened) to +47bp (prior week: +49bp) as long-end outperformed. At week close, the interest rate futures market implied (as per CME FedWatch aggregated probabilities) 0 rate cut (prior week: 0 cut) in 2026.

- Medium-term inflation expectation (MTIE) ended the review week higher at 2.67% (prior week: 2.63%). The MTIE has remained above the US Fed target level of 2.00% since September 2024. Lately, the market has become less sanguine that the underlying price pressure is easing as attested by expectation of no Fed rate cut this year.

- The price of MGS benchmark issues ended the review week mixed with the 3-year and 10-year yields shed -5.1bp and added +0.7bp to close at 3.24% and 3.64% respectively. The 10y-3y yield expanded (yield curve steepened) to +40bp (prior week: +34bp) as short-end outperformed.

- 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 -RM10.4b. It increased week-on-week from -RM11.1b registered a week ago. Moreover, it increased year-on-year from -RM13.3b a year ago.

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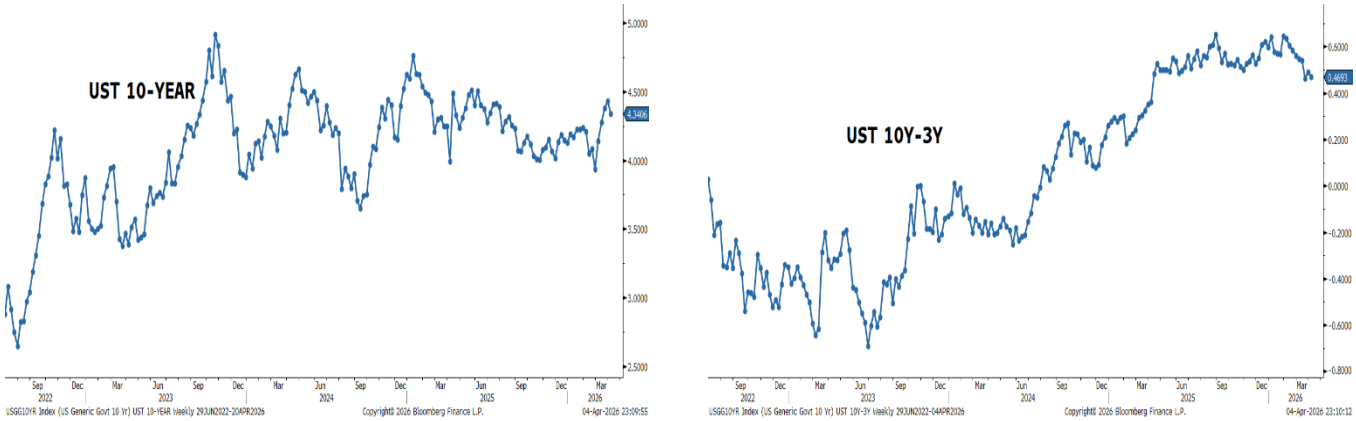
6 April 2026 | **Strategy** Strategy Team | research@mbsb.com

WEEKLY MONEY REVIEW

A. FIXED INCOME

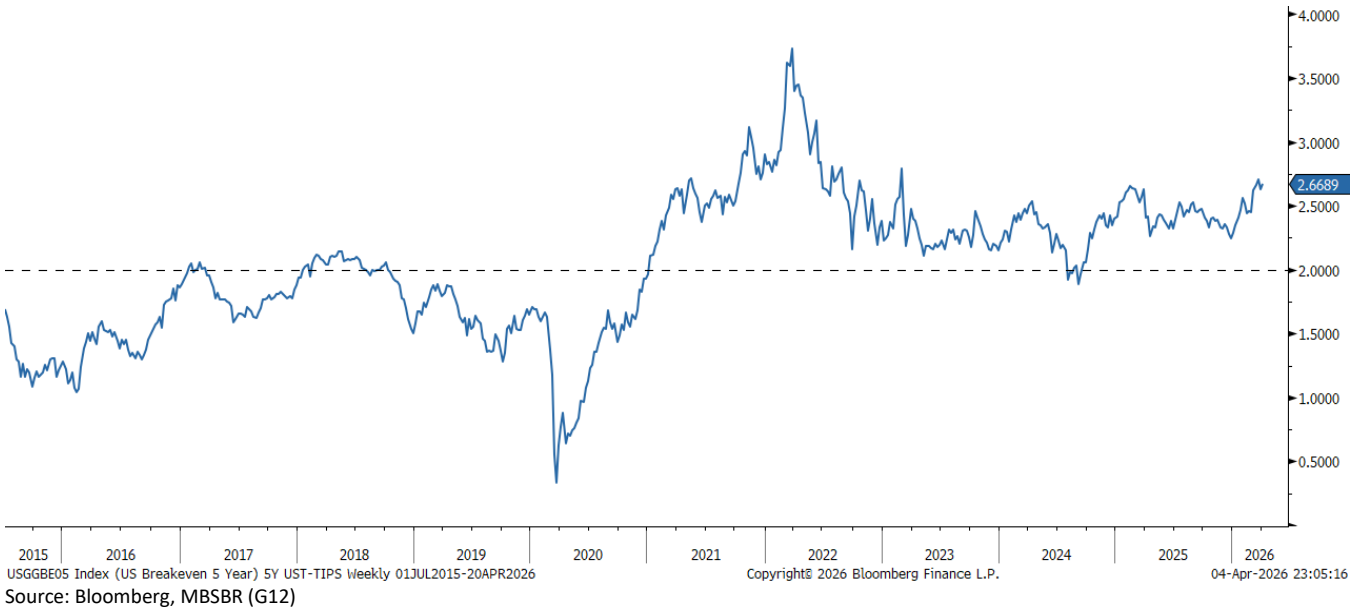
- The UST benchmark 10-year yield ended lower last week at 4.34% (prior week: 4.43%) on hopes of an imminent (2 to 3 weeks) end to the war between the US and Iran which would ease energy prices and inflation fears. The 10y-3y yield spread narrowed (yield curve flattened) to +47bp (prior week: +49bp) as long-end outperformed. At week close, the interest rate futures market implied (as per CME FedWatch aggregated probabilities) 0 rate cut (prior week: 0 cut) in 2026.



Source: Bloomberg, MBSBR (G8, G9)

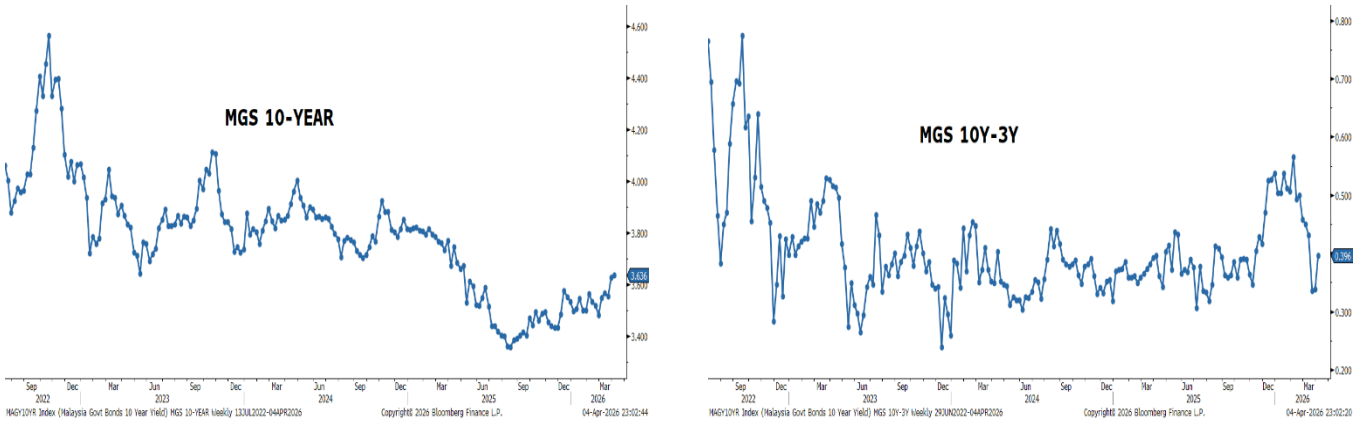
- Medium-term inflation expectation (MTIE) ended the review week higher at 2.67% (prior week: 2.63%). The MTIE has remained above the US Fed target level of 2.00% since September 2024. Lately, the market has become less sanguine that the underlying price pressure is easing as attested by expectation of no Fed rate cut this year.

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 shed -5.1bp and added +0.7bp to close at 3.24% and 3.64% respectively. The 10y-3y yield expanded (yield curve steepened) to +40bp (prior week: +34bp) as short-end outperformed.

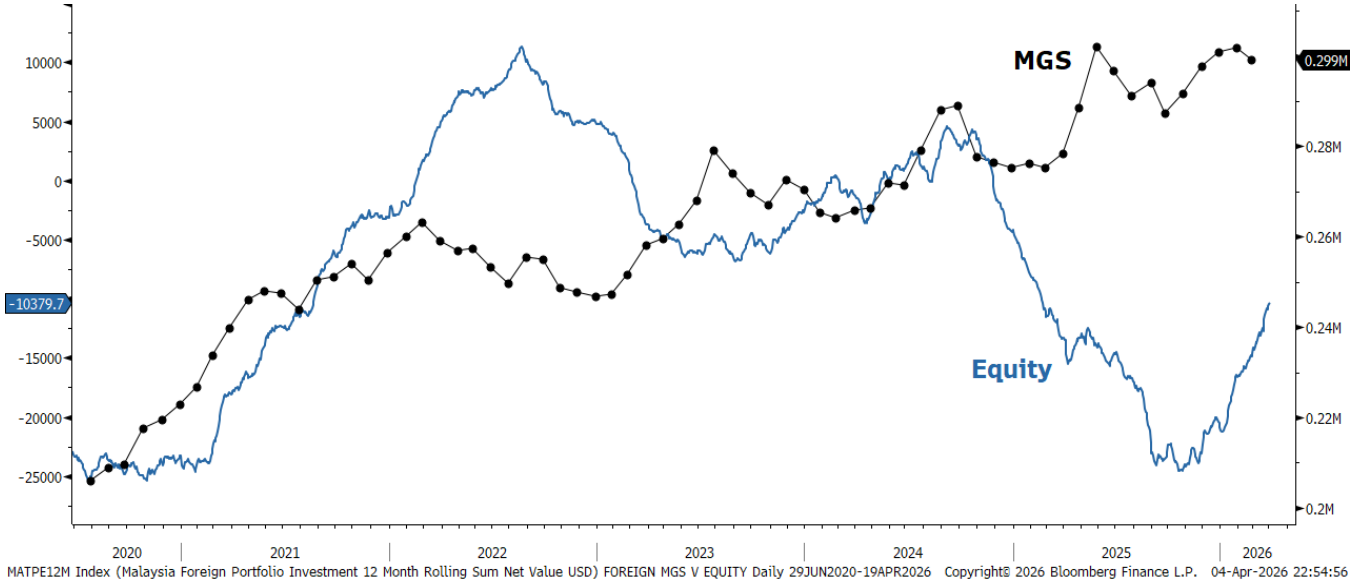


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) increased to RM28.7b in the review week compared to RM25.0b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 55% (prior week: 65%) of the overall Government Bonds trade. Moreover, 8 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 MGS 3.906% 7/15/26 at RM3.5b, MII 4.07% 9/30/26 at RM2.9b, and MII 3.624% 3/31/33 at RM1.8b.

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 -RM10.4b. It increased week-on-week from -RM11.1b registered a week ago. Moreover, it increased year-on-year from -RM13.3b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM3.9b 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 35% (prior week: 33%) of the overall Corporate Bonds trade.

- The top 3 actively traded Corporate Bonds were dominated by issues of long residual tenor. The top 3 most actively traded were Prasarana 4.38% 1/29/38 at RM260m, Malaysia Rail Link 4.06% 7/25/36 at RM200m, and Danainfra 5.1% 10/29/38 at RM190m.

B. FOREIGN EXCHANGE

- USD depreciated last week. The US dollar weakened against major currencies last week as the DXY dollar index closed -0.1%wow lower at 100.03. The dollar index trailed back above the 100 level towards the end of the week following the release of the stronger-than-expected US labour market data in Mar-26, which was released last Friday, with the NFP figure rising more than +100K and unemployment rate unexpectedly decreasing to 4.3%. The stabilising labour market conditions reinforced market expectations for a "higher-for-longer" interest rate environment. Meanwhile, investors' focus and sentiment continued to be influenced by the heightened geopolitical risks, as President Trump reiterated threats against the critical infrastructures in Iran amid further escalation of attacks across the region. In return, energy-driven inflation spikes kept markets highly cautious, further diminishing the probability of rate cuts. We continue to expect heightened market volatility to drive a flight to safety in the medium term. But 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 strengthened last week. Following the weakening of the US dollar, the euro strengthened by +0.1%wow to USD1.152, partly driven by the spike in inflation, which also led to market pricing in possible rate hikes by the ECB this year. On the other hand, the pound sterling weakened by -0.4%wow to USD1.320, with the latest data update showing the GDP easing to +1.0%yoy in 4QCY25 (previous: +1.3%yoy).

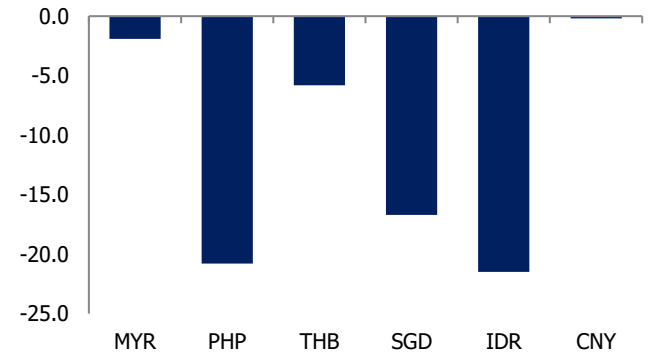
- Ringgit weakened despite weaker dollar. The Malaysian ringgit weakened last week by -0.5%wow to RM4.03, hitting RM4.05 in the early part of the week. The smaller depreciation of the ringgit, although the DXY saw a minor depreciation, basically reversed the appreciation in the previous week. Meanwhile, BNM provided some assurance to the market that Malaysia's 2026 GDP growth is projected to grow at +4.0—5.0%, with the headline inflation to be around 1.5% – 2.5%. 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 -0.7%wow to 99.90, mainly depreciating against the Thai baht (-1.3%wow), Chinese yuan (-0.9%wow), and the Philippine peso (-0.9%wow). In a separate release, foreign holdings of both Malaysian government and corporate bonds declined by -0.8b between 23 to 30 March 2026, reversing the strong inflows of RM6.4b last week, which led the outstanding value for the year to decline to RM306.8b (previous week: RM307.65).

Currencies Changes (Week Ended 04-April-2026) and Quarterly Forecasts

	Close 04/03	Prev. Close 27/03	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	100.03	100.15	-0.123	-0.1	98.5	97.2	96.6	96.0
EURUSD	1.152	1.151	+0.001	+0.1	1.18	1.19	1.2	1.21
GBPUSD	1.320	1.326	-0.006	-0.4	1.34	1.36	1.36	1.36
USDJPY	159.7	160.3	+0.640	+0.4	152.0	150.0	14.08	147
USDMYR	4.030	4.011	-0.019	-0.5	3.96	3.95	3.91	3.87
GBPMYR	5.334	5.337	+0.003	+0.1	5.45	5.43	5.41	5.40
JPYMYR	2.525	2.503	-0.023	-0.9	2.6	2.61	2.62	2.63
MBSB TWRI	99.90	100.61	-0.711	-0.7	98.6	99.73	100.87	102.00

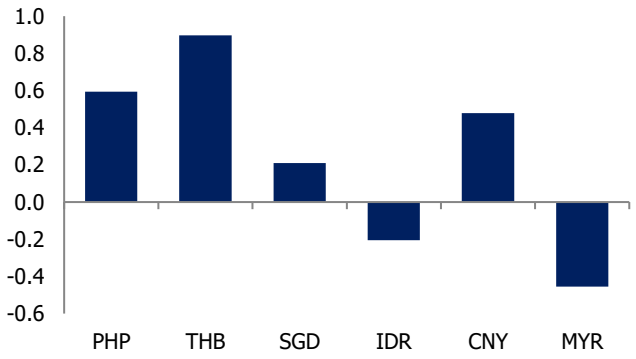
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

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 (%)

	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-25	Feb-25	Mar-25	Apr-25
Malaysia	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Indonesia	5.50	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Philippines	5.25	5.00	4.75	4.75	4.50	4.50	4.25	4.25	4.25
Thailand	1.75	1.50	1.50	1.50	1.25	1.25	1.00	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	5.25	5.25	5.25	5.25	5.25
Japan	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75
UK	4.25	4.00	4.00	4.00	3.75	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	4.00-4.25	3.75-4.00	3.75-4.00	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75

Source: Bloomberg, MBSBR

Key Economic Data Releases Last Week

Economic Indicators	Period	Actual	Previous	Consensus
United States				
ADP Employment Change	Mar-26	+62.0K	+66.0K	40k
Initial Jobless Claims	Week ending 25th Mar	202K	211K	212K
JOLTS Jobs Opening	Feb-26	6.88m	7.28m	6.92m
Retail Sales (yoy)	Feb-26	3.7%	3.2%	n.a
ISM Manufacturing PMI	Mar-26	52.7	52.4	52.5
Non-farm Payroll	Mar-26	178K	-133K	60K
Unemployment Rate (%)	Mar-26	4.3%	4.4%	4.4%
Monetary Policy Decisions: Benchmark Interest rates				
Central Bank of Egypt	Apr-26	19.0%	19.0%	Unchanged
Malaysia				
S&P Global Manufacturing PMI	Mar-26	50.7	49.3	n.a

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 (27 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	27-Mar Fri	30-Mar Mon	31-Mar Tue	1-Apr Wed	2-Apr Thu	3-Apr Fri	Change (WoW bp)
MGS							
3-Y	3.291	3.285	3.255	3.229	3.24	3.24	-5.1
5-Y	3.43	3.455	3.433	3.412	3.432	3.431	0.1
7-Y	3.546	3.549	3.546	3.505	3.524	3.528	-1.8
10-Y	3.629	3.649	3.625	3.58	3.626	3.636	0.7
20-Y	3.985	4.008	4.006	3.981	3.988	4.012	2.7
RINGGIT IRS							
1-Y	3.375	3.365	3.3725	3.345	3.334	3.34	-3.5
3-Y	3.445	3.4425	3.44	3.3895	3.425	3.4195	-2.55
5-Y	3.5275	3.51	3.51	3.4675	3.4755	3.4775	-5
7-Y	3.615	3.596	3.58	3.545	3.5575	3.565	-5
10-Y	3.765	3.7425	3.73	3.71	3.705	3.7	-6.5
KLIBOR							
1-M	3	3	3	3	3	3	0
3-M	3.35	3.36	3.37	3.37	3.36	3.36	1
UST							
3-Y	3.9371	3.8522	3.8155	3.83	3.8225	3.8713	-6.58
5-Y	4.0684	3.9845	3.9427	3.9532	3.9463	3.9848	-8.36
7-Y	4.2526	4.1669	4.1281	4.1358	4.1252	4.164	-8.86
10-Y	4.4278	4.3482	4.3166	4.3186	4.3049	4.3406	-8.72
30-Y	4.9645	4.9111	4.9101	4.8978	4.8795	4.905	-5.95

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	27-Mar Yield	3-Apr Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.906	07/15/26	2.986	2.867	-11.9	3,534.0
MALAYSIA INVESTMNT ISSUE	4.07	09/30/26	2.984	2.921	-6.3	2,933.0
MALAYSIA INVESTMNT ISSUE	3.624	03/31/33	#N/A N/A	3.586	#VALUE!	1,820.0
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.239	3.201	-3.8	1,655.7
MALAYSIA GOVERNMENT	3.237	03/15/29	3.291	3.240	-5.1	1,327.7
MALAYSIA GOVERNMENT	4.498	04/15/30	3.390	3.364	-2.6	1,146.1
MALAYSIA INVESTMNT ISSUE	3.422	09/30/27	3.062	3.095	3.3	1,099.7
MALAYSIA GOVERNMENT	3.9	11/30/26	2.981	2.954	-2.7	910.4
MALAYSIA GOVERNMENT	3.476	07/02/35	3.629	3.626	-0.3	727.2
MALAYSIA GOVERNMENT	3.336	05/15/30	3.393	3.352	-4.1	698.7
TOTAL VOLUME (TOP 10)						15,852.4
TOTAL VOLUME (Overall)						28,695.9

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	27-Mar Yield	3-Apr Yield	Change (WoW bp)	Weekly Volume (RM mn)
PRASARANA MALAYSIA BHD	4.38	01/29/38	3.777	3.888	11.1	260.0
MALAYSIA RAIL LINK	4.06	07/25/36	3.678	3.804	12.6	200.0
DANAINFRA NASIONAL	5.1	10/29/38	N/A	3.898	N/A	190.0
MALAYSIA RAIL LINK	ZERO	04/28/26	3.059	3.036	-2.3	161.0
CAGAMAS BERHAD	3.92	07/17/29	N/A	3.505	N/A	120.0
CAGAMAS BERHAD	4.28	01/19/28	N/A	3.426	N/A	100.0
MKD KENCANA SDN BHD	3.61	04/11/31	N/A	3.557	N/A	100.0
DANAINFRA NASIONAL	4.57	05/02/31	3.497	3.532	3.5	85.0
DANAINFRA NASIONAL	3.91	06/06/31	3.474	3.532	5.8	80.0
MALAYAN CEMENT BHD	4.99	10/12/28	N/A	3.771	N/A	80.0
TOTAL VOLUME (TOP 10)						1,376.0
TOTAL VOLUME (Overall)						3,877.4

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