WEEKLY MONEY REVIEW

MIDF Strategy 11 May 2026

Week Ended 8 May 2026

- The UST benchmark 10-year yield ended lower last week at 4.35% (prior week: 4.37%) in reaction to lower oil prices which could trim down inflation outlook. The 10y-3y yield spread narrowed (yield curve flattened) to +45bp (prior week: +47bp) 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 lower at 2.63% (prior week: 2.71%). The MTIE has remained above the US Fed target level of 2.00% since September 2024. Recently, the outlook has become less dovish as attested by prevailing expectation of no Fed rate cut this year.
- The price of MGS benchmark issues ended the review week higher with the 3-year and 10-year yields shed -1.1bp and -1.3bp to close at 3.19% and 3.55% respectively. The 10y-3y yield spread was unchanged at +36bp (prior week: +36bp).
- MGS foreign holdings increased month-on-month to an all-time high RM309b in April 2026 from RM305b in March 2026. Moreover, it increased year-on-year from RM289b in April 2025. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM8.5b. It declined week-on-week from -RM8.0b registered a week ago. However, it increased year-on-year from -RM13.2b a year ago.

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11 May 2026 | Strategy

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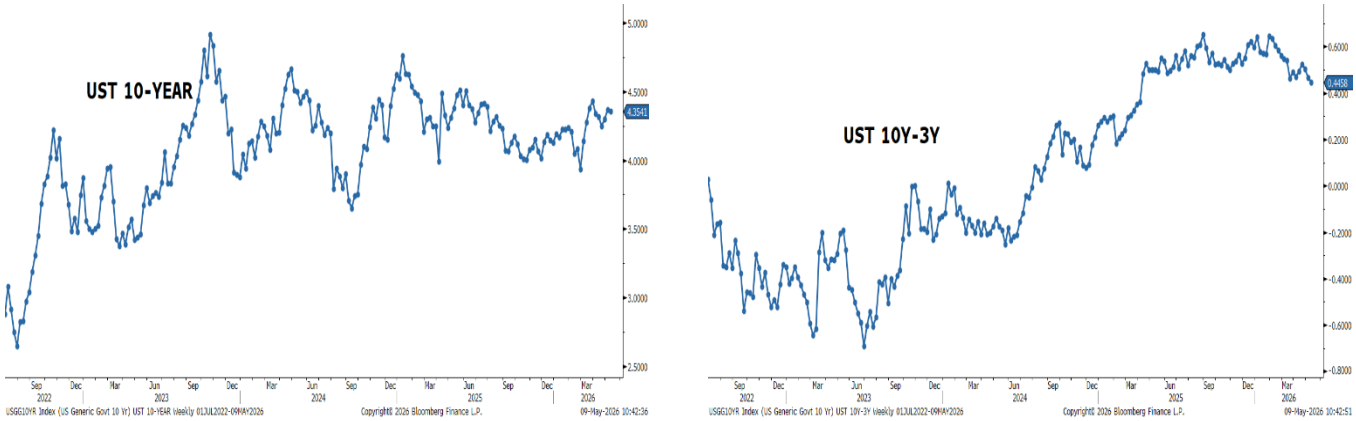
WEEKLY MONEY REVIEW

A. FIXED INCOME

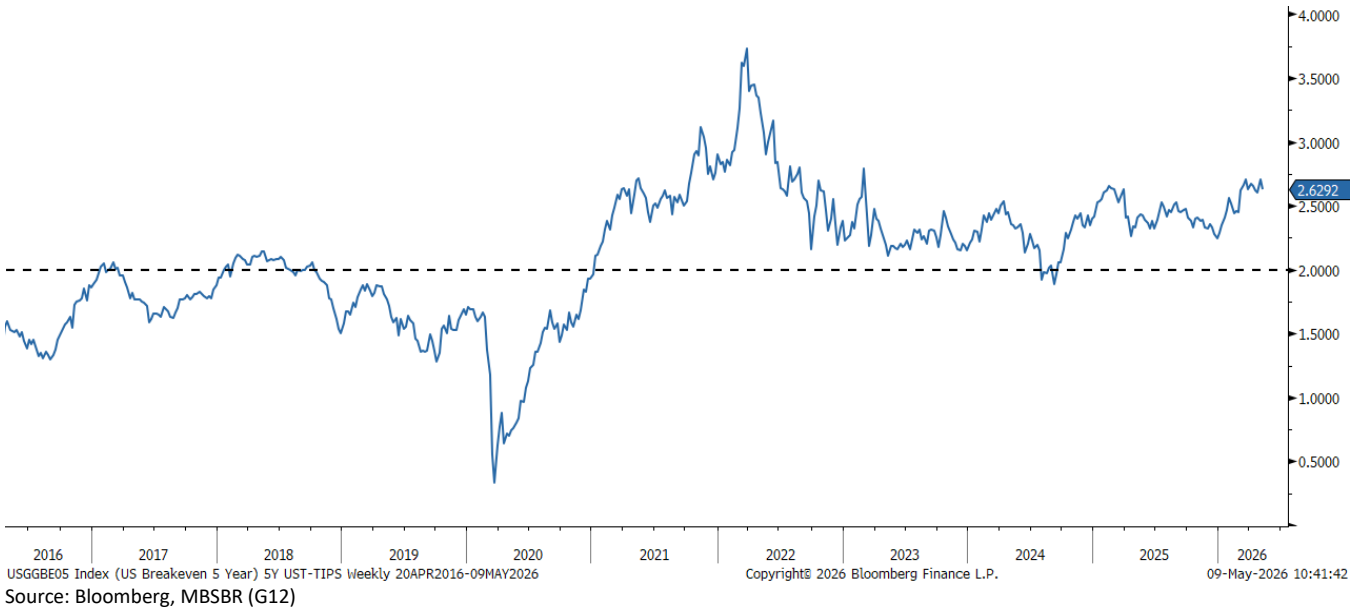
- The UST benchmark 10-year yield ended lower last week at 4.35% (prior week: 4.37%) in reaction to lower oil prices which could trim down inflation outlook. The 10y-3y yield spread narrowed (yield curve flattened) to +45bp (prior week: +47bp) as long-end outperformed. At week close, the interest rate futures market implied (as per CME FedWatch aggregated probabilities) 0 rate cut (prior week: 0 cut) in 2026.



Source: Bloomberg, MBSBR (G8, G9)

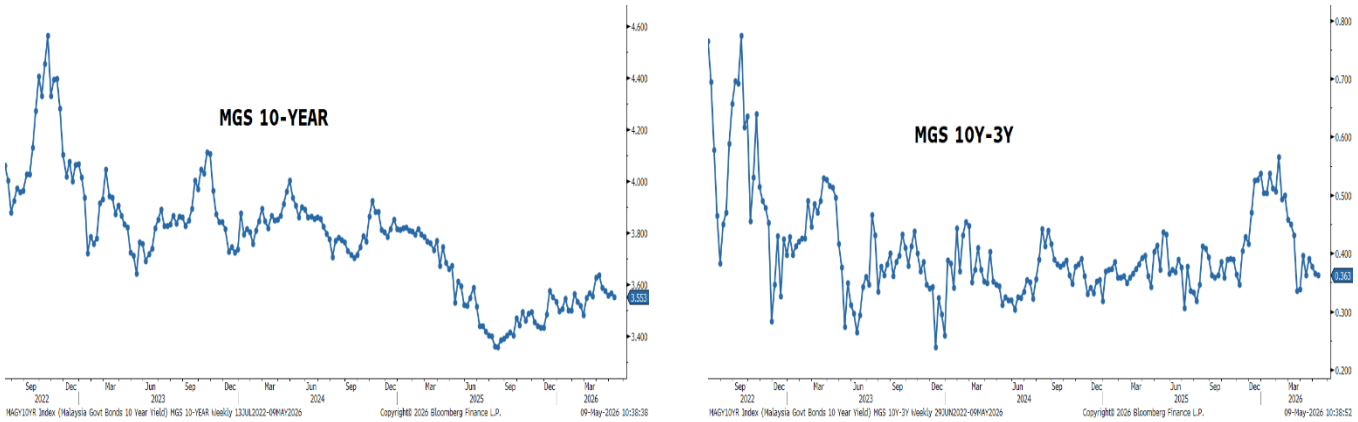
- Medium-term inflation expectation (MTIE) ended the review week lower at 2.63% (prior week: 2.71%). The MTIE has remained above the US Fed target level of 2.00% since September 2024. Recently, the outlook has become less dovish as attested by prevailing expectation of no Fed rate cut this year.

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



Source: Bloomberg, MBSBR (G12)

- The price of MGS benchmark issues ended the review week higher with the 3-year and 10-year yields shed -1.1bp and -1.3bp to close at 3.19% and 3.55% respectively. The 10y-3y yield spread was unchanged at +36bp (prior week: +36bp).

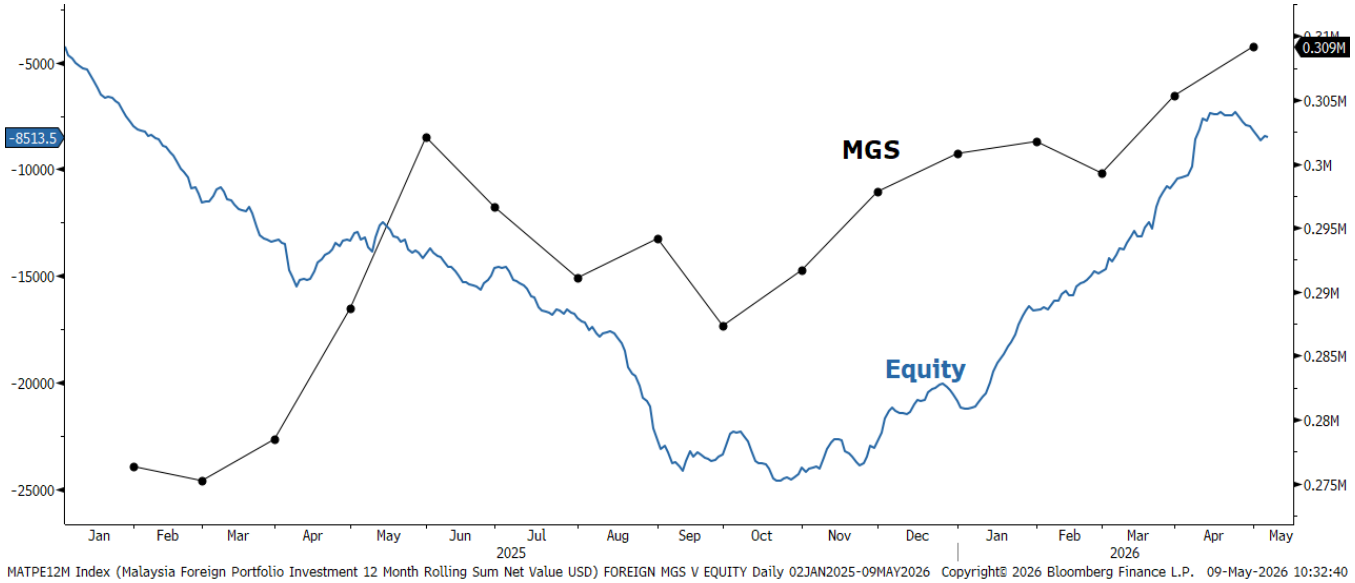


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) increased to RM33.7b in the review week compared to RM31.2b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues increased (lower trading breadth) to 65% (prior week: 58%) 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 residual tenor. The top 3 most actively traded were MGS 3.906% 7/15/26 at RM5.8b, MII 4.07% 9/30/26 at RM4.3b, and MII 3.599% 7/31/28 at RM2.4b.

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



Source: Bloomberg, MBSBR (G13)

- MGS foreign holdings increased month-on-month to an all-time high RM309b in April 2026 from RM305b in March 2026. Moreover, it increased year-on-year from RM289b in April 2025. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM8.5b. It declined week-on-week from -RM8.0b registered a week ago. However, it increased year-on-year from -RM13.2b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) increased to RM4.3b in the review week compared to RM4.1b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 32% (prior week: 35%) 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 Malaysia Rail Link 0% 10/30/26 at RM500m, Malaysia Rail Link 0% 10/28/26 at RM150m, and Danainfra Nasional 4.48% 10/20/31 at RM140m.

B. FOREIGN EXCHANGE

- USD depreciated last week. The US dollar weakened against major currencies last week as the DXY dollar index closed lower by -0.3%wow at 97.90. The dollar index has been trailing lower throughout the week, particularly towards the end of the week due to the stronger-than-expected labour market data, which support the view that the economy continued to be resilient in Apr-26 despite the energy shock from the Middle East conflict. The NFP figures increased by 115K, well above the market expectations, and the US unemployment rate was steady at 4.3%. In turn, market players continue to price in that the FOMC will keep the FFR unchanged for the rest of the year. Investors remain focused on the Straits of Hormuz developments for this week. 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 and GBP strengthened last week. Following the weakening of the US dollar, the euro strengthened by +0.6%wow to USD1.179 and the pound sterling appreciated by +0.4%wow to USD1.363, partly with update date showing stronger manufacturing PMI (or expanding manufacturing activities) in both economies i.e. euro area and the UK.

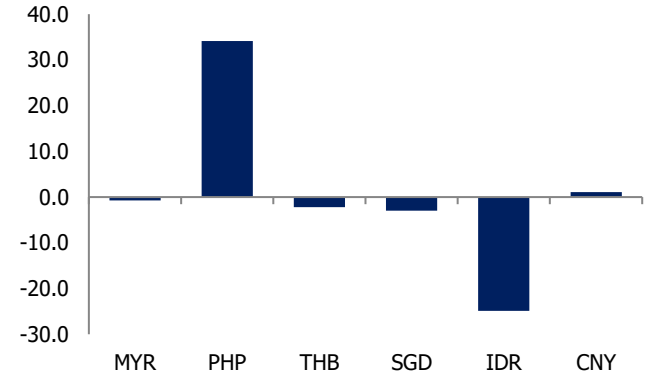
- Ringgit also gained last week. The Malaysian ringgit strengthened last week by +1.3%wow to RM3.921, remaining below RM4.00 and strengthening towards RM3.90. Apart from the weakening US dollar, the appreciation of the ringgit was also supported by robust economic data as the industrial production data remained sturdy (in Mar-26), with a positive tone from BNM (on Malaysia's economy) after keeping the OPR unchanged but highlighting the upside inflation risk stemming from external cost pressure. On a broader picture, the ringgit also strengthened against the currencies of Malaysia's major trading partners, with our MBSB Trade-Weighted Ringgit Index (TWRI) increasing by +1.8%wow to 102.64, mainly appreciating against the Indonesian rupiah (+1.5%wow), Saudi Riyal (+1.3%wow), and Hong Kong dollar (+1.2%wow). In a separate release, foreign holdings of both Malaysian government and corporate bonds increased by +RM1.5b between 27th April to 4th May 2026, continuing the inflow from the previous week, which led the outstanding value to increase to RM309.7b (previous: RM308.2b).

Currencies Changes (Week Ended 8-May-2026) and Quarterly Forecasts

	Close 08/05	Prev. Close 01/05	Weekly Change	Weekly Change (%)	1QCY25	2QCY25	3QCY25	4QCY25f
DXY Index	97.90	98.16	-0.256	-0.3	98.5	97.2	96.6	96.0
EURUSD	1.179	1.172	+0.007	+0.6	1.18	1.19	1.2	1.21
GBPUSD	1.363	1.358	+0.005	+0.4	1.34	1.36	1.36	1.36
USDJPY	156.7	157.0	+0.330	+0.2	152.0	150.0	14.08	147
USDMYR	3.921	3.972	+0.051	+1.3	3.96	3.95	3.91	3.87
GBPMYR	5.339	5.403	+0.064	+1.2	5.45	5.43	5.41	5.40
JPYMYR	2.503	2.527	+0.025	+1.0	2.6	2.61	2.62	2.63
MBSB TWRI	102.64	100.86	+1.783	+1.8	98.6	99.73	100.87	102.00

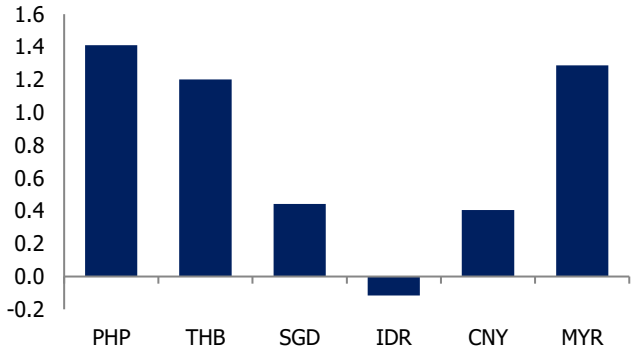
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR. MBSB TWRI was previously known as MIDF TWRI.
Source: Bloomberg, MBSBR

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 (%)

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

Source: Bloomberg, MBSBR

Key Economic Data Releases Last Week

Economic Indicators	Period	Actual	Previous	Consensus
United States				
ADP Employment Change	Apr-26	109K	61K	99K
Initial Jobless Claims	Week ending 4th Apr	219K	203K	212K
Balance of Trade (USD)	Mar-26	320.9b	314.7b	380.5b
S&P Global Composite PMI	Apr-26	51.7	50.3	52.0
S&P Global Services PMI	Apr-26	51.0	49.8	51.3
JOLTS Job Openings	Mar-26	6.86M	6.92M	6.84M
Initial Jobless Claims	Apr-26	200K	190K	205.0K
Non Farm Payroll	Apr-26	115K	185K	62K
Unemployment rate	Apr-26	4.3%	4.3%	4.3%
Michigan consumer expectation	May-26	48.5	48.1	49
Monetary Policy Decisions: Benchmark Interest rates				
Reserve Bank of Australia	May-26	4.35%	4.10%	Hike
Riksbank	May-26	1.75%	1.75%	Unchanged
Norges Bank	May-26	4.25%	4.00%	Unchanged
Mexico Central Bank	May-26	6.50%	6.75%	Cut
Malaysia				
S&P Global Manufacturing PMi	Apr-26	51.6	50.7	49.7
BNM Policy Rate (%)	Apr-26	2.75	2.75	2.75
Industrial Production (%)	Mar-26	3.1	3.1	3.0

Source: Macrobond, MBSBR

C. BNM INTERNATIONAL RESERVES

- As of 30 April 2026, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD129.7b (15 April 2026: USD128.8b).

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	1-May Fri	4-May Mon	5-May Tue	6-May Wed	7-May Thu	8-May Fri	Change (WoW bp)
MGS							
3-Y	3.201	3.199	3.207	3.199	3.192	3.19	-1.1
5-Y	3.379	3.35	3.364	3.336	3.335	3.337	-4.2
7-Y	3.464	3.437	3.455	3.441	3.43	3.434	-3
10-Y	3.566	3.559	3.572	3.574	3.559	3.553	-1.3
20-Y	3.961	3.965	3.966	3.958	3.951	3.947	-1.4
RINGGIT IRS							
1-Y	3.365	3.35	3.35	3.355	3.345	3.345	-2
3-Y	3.4175	3.4225	3.4175	3.415	3.39	3.395	-2.25
5-Y	3.4825	3.4725	3.4887	3.475	3.455	3.455	-2.75
7-Y	3.575	3.56	3.568	3.56	3.535	3.545	-3
10-Y	3.695	3.695	3.695	3.69	3.665	3.675	-2
KLIBOR							
1-M	3	3	3	3	3	3	0
3-M	3.35	3.35	3.35	3.35	3.35	3.35	0
UST							
3-Y	3.9027	3.9793	3.9708	3.8913	3.9368	3.9084	0.57
5-Y	4.0144	4.0881	4.0794	3.997	4.0409	4.0024	-1.2
7-Y	4.1913	4.2606	4.2514	4.1717	4.2122	4.1756	-1.57
10-Y	4.3698	4.4382	4.4241	4.3489	4.3861	4.3541	-1.57
30-Y	4.9585	5.0147	4.9876	4.9358	4.9606	4.9338	-2.47

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	1-May Yield	8-May Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.906	07/15/26	2.999	2.847	-15.2	5,812.0
MALAYSIA INVESTMNT ISSUE	4.07	09/30/26	2.895	2.886	-0.9	4,278.2
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.176	3.165	-1.1	2,401.4
MALAYSIA GOVERNMENT	3.502	05/31/27	3.001	3.043	4.2	2,198.9
MALAYSIA GOVERNMENT	3.519	04/20/28	3.170	3.197	2.7	2,182.8
MALAYSIA GOVERNMENT	3.9	11/30/26	2.911	2.923	1.2	1,404.4
MALAYSIA GOVERNMENT	3.987	04/23/46	3.961	3.947	-1.4	1,130.5
MALAYSIA INVESTMNT ISSUE	3.227	10/15/29	3.191	3.191	0.0	940.9
MALAYSIA GOVERNMENT	3.476	07/02/35	3.566	3.553	-1.3	795.7
MALAYSIA INVESTMNT ISSUE	3.624	03/31/33	3.479	3.511	3.2	756.9
TOTAL VOLUME (TOP 10)						21,901.8
TOTAL VOLUME (Overall)						33,695.1

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	1-May Yield	8-May Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA RAIL LINK	ZERO	10/30/26	N/A	3.292	N/A	500.0
MALAYSIA RAIL LINK	ZERO	10/28/26	N/A	3.291	N/A	150.0
DANAINFRA NASIONAL	4.48	10/20/31	3.513	3.504	-0.9	140.0
SABAH DEVELOPMENT BANK	4.5	03/19/27	N/A	4.429	N/A	120.0
BGSM MANAGEMENT SDN BH	3.64	12/22/28	3.635	3.627	-0.8	110.0
PROJEK LEBUHRAYA USAHASA	4.8	01/12/27	3.426	3.406	-2.0	80.0
JOHOR PLANTATIONS GROUP	4	09/26/31	3.732	3.741	0.9	80.0
TANJUNG BIN ENERGY SDN	6.2	03/16/32	N/A	4.186	N/A	70.0
BANK PERTANIAN MALAY	3.63	11/02/26	N/A	3.379	N/A	70.0
SURIA KLCC SDN BHD	4	06/29/35	3.828	3.809	-1.9	70.0
TOTAL VOLUME (TOP 10)						1,390.0
TOTAL VOLUME (Overall)						4,341.6

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