FIXED INCOME AND FX WEEKLY

MBSB Strategy 10 November 2026

Week Ended 6 November 2026

- The UST benchmark 10-year yield ended lower last week at 4.86% (prior week: 4.93%) as some investors sought safety in govvies amid tumbling equities following the US midterm elections. The 10y-3y yield spread expanded (yield curve steepened) to +28bp (prior week: +27bp) as short-end outperformed. At week close, the interest rate futures market implied (as per CME FedWatch aggregated probabilities) additional 1 hike (prior week: 1 hike) this year, and 1 hike (prior week: 1 hike) next year.

- Medium-term inflation expectation (MTIE) ended the review week lower at 2.29% (prior week: 2.47%). The MTIE has remained above the US Fed's target level of 2.00% since September 2024. However, since mid-May this year, expectations of Fed rate hikes have arguably contributed to lower MTIE.

- The price of MGS benchmark issues ended the review week higher with the 3-year and 10-year yields shed -0.5bp and -7.7bp to close at 3.40% and 3.84% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +44bp (prior week: +51bp) as long-end outperformed.

- MGS foreign holdings declined month-on-month to RM318b in September 2026 from RM320b in August 2026. However, it increased year-on-year from RM287b in September 2025. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM8.5b. It increased from -RM9.1b registered a week ago. Moreover, it increased year-on-year from -RM25.4b a year ago.

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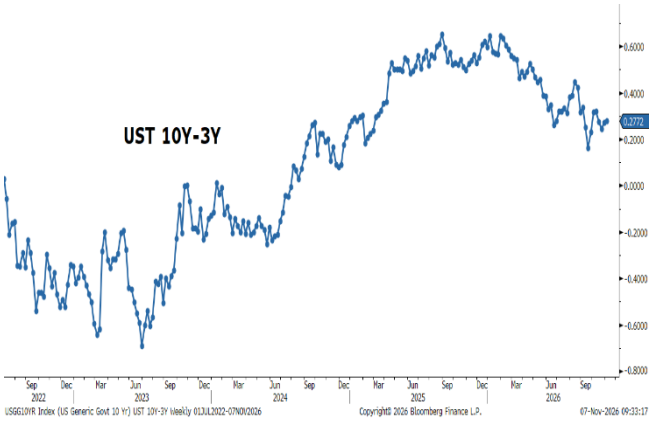
10 November 2026 | Strategy Strategy Team | research@mbsb.com

FIXED INCOME AND FX WEEKLY REVIEW

A. FIXED INCOME

- The UST benchmark 10-year yield ended lower last week at 4.86% (prior week: 4.93%) as some investors sought safety in govvies amid tumbling equities following the US midterm elections. The 10y-3y yield spread expanded (yield curve steepened) to +28bp (prior week: +27bp) as short-end outperformed. At week close, the interest rate futures market implied (as per CME FedWatch aggregated probabilities) additional 1 hike (prior week: 1 hike) this year, and 1 hike (prior week: 1 hike) next year.





Source: Bloomberg, MBSBR (G8, G9)

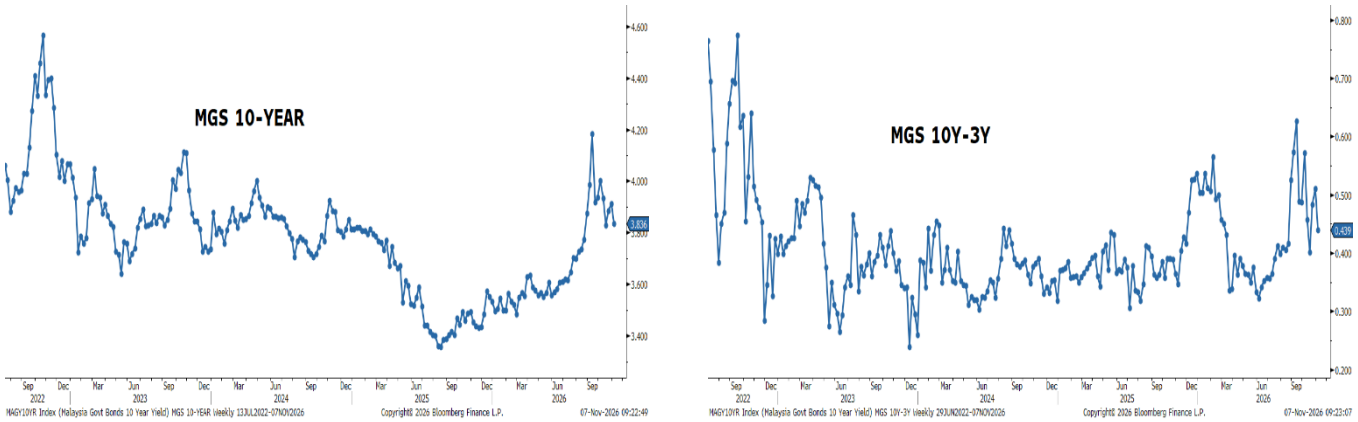
- Medium-term inflation expectation (MTIE) ended the review week lower at 2.29% (prior week: 2.47%). The MTIE has remained above the US Fed's target level of 2.00% since September 2024. However, since mid-May this year, expectations of Fed rate hikes have arguably contributed to lower MTIE.

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



Source: Bloomberg, MBSBR (G12)

- The price of MGS benchmark issues ended the review week higher with the 3-year, and 10-year yields shed -0.5bp and -7.7bp to close at 3.40% and 3.84% respectively. The 10y-3y yield spread narrowed (yield curve flattened) to +44bp (prior week: +51bp) as long-end outperformed.

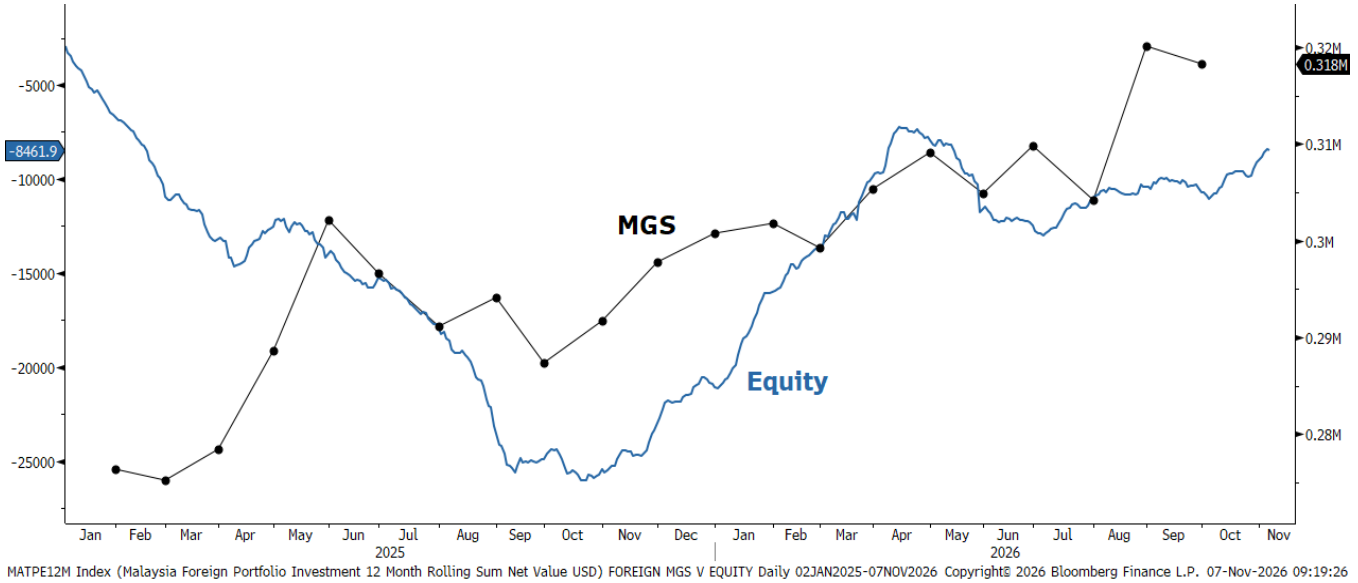


Source: Bloomberg, MBSBR (G10, G11)

- Total trading value for Government Bonds (MGS/MII) increased to RM33.3b in the review week compared to RM28.8b in the prior week (based on Bloomberg data). The total trading value of the 10 most actively traded issues declined (higher trading breadth) to 70% (prior week: 72%) 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 residual tenor. The top 3 most actively traded were MGS 3.9% 11/30/26 at RM5.8b, MGS 3.502% 5/31/27 at RM5.1b, and MGS 3.899% 11/16/27 at RM2.6b.

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



Source: Bloomberg, MBSBR (G13)

- MGS foreign holdings declined month-on-month to RM318b in September 2026 from RM320b in August 2026. However, it increased year-on-year from RM287b in September 2025. On Bursa Malaysia, the 12-month rolling sum of foreign net equities trade ended the review week at -RM8.5b. It increased from -RM9.1b registered a week ago. Moreover, it increased year-on-year from -RM25.4b a year ago.

- Total trading value for Corporate Bonds (Conventional & Sukuk) declined to RM2.3b in the review week compared to RM3.3b 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: 39%) of the overall Corporate Bonds trade.

- The top 3 actively traded Corporate Bonds were dominated by issues of varied residual tenor. The top 3 most actively traded were Danainfra Nasional 2.86% 5/20/27 at RM170m, PTPTN 4.8% 3/1/39 at RM80m, and PTPTN 4.58% 2/28/34 at RM80m.

B. FOREIGN EXCHANGE

- US dollar index strengthened. The US dollar appreciated against major currencies last week, with the DXY rising by +0.4%wow to 102.30. The greenback initially weakened following the US midterm elections, as investors assessed the implications of a Democratic sweep of Congress, particularly for the technology sector. However, the dollar subsequently rebounded on safe-haven demand amid a broad-based selloff in global technology stocks, reflecting concerns over excessive AI-related investments and potential regulatory tightening. More importantly, stronger-than-expected US employment data on Friday, with nonfarm payrolls increasing by +165K in Oct-26 (market consensus: +65K; Sep-26: +60K) and unemployment rate declining to 4.1%, reinforced expectations of further Fed tightening. Consequently, market-implied probabilities of another +25bps rate hike in Dec-26 rose to around 80%, providing further support to the dollar. Overall, resilient US economic fundamentals and expectations of higher interest rates should continue to underpin the dollar in the near term, although geopolitical uncertainties and volatility in global financial markets remain key risks. Although geopolitical shocks will typically result in flight-to-safety toward the US dollar, any structural erosion in market confidence or global demand for USD-denominated assets could fundamentally alter capital flows. As investors seek to diversify their portfolios, gold, the Japanese yen, and the euro are positioned as beneficiaries of safe-haven rotation over the medium term.

- EUR and GBP weakened. On the back of a stronger US dollar, the euro depreciated by -0.2%wow to USD1.114, as stronger US employment data and renewed safe haven demand outweighed expectations of further ECB tightening. Meanwhile, the pound sterling weakened by -0.3%wow to USD1.335, despite the Bank of England raising its policy rate by +25bps to 4.00% amid persistent inflationary pressures. Sterling's initial gains following the rate hike were subsequently reversed as the dollar strengthened towards the end of the week.

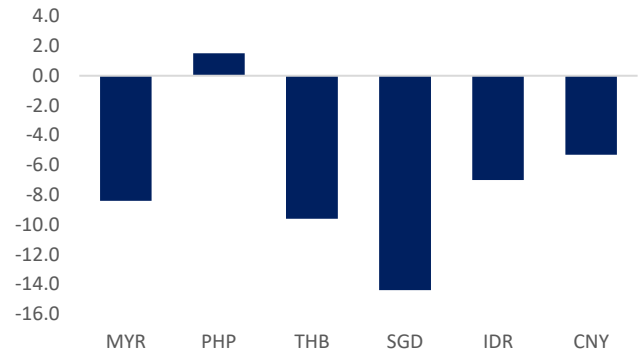
- Ringgit virtually unchanged. The ringgit was broadly stable despite registering a marginal depreciation of -0.01%wow to RM4.059 against the US dollar. The ringgit traded between RM4.035-RM4.080 during the week. The local currency initially weakened to RM4.077 on Tuesday amid cautious market sentiment surrounding the US midterm elections and a broader pullback in AI-related investments, despite Malaysia's manufacturing PMI indicating stronger activity in Oct-26. Subsequently, the ringgit strengthened to RM4.046 on Thursday, reflecting its underlying resilience amid heightened global financial market volatility, particularly concerns over excessive investment in the technology sector. On a broader basis, the ringgit strengthened against the currencies of Malaysia's traded partner as our MBSB Trade-Weighted Ringgit Index (TWRI) rose by +0.2%wow to 98.97, appreciating mainly against Australian dollar (+2.2%wow), Korean won (+1.6%wow), Taiwan dollar (+0.8%wow), and Japanese yen (+0.6%wow). In a separate release, foreign holdings of Malaysian government and corporate bonds registered an inflows of +RM5.9b between the 26th of October to 2nd November (previous week: -RM1.0b); consequently the outstanding value of foreign holdings of local bonds increased to RM326.8b.

Currencies Changes (Week Ended 6-Nov-2026) and Quarterly Forecasts

	Close 06/11	Prev. Close 30/10	Weekly Change	Weekly Change (%)	1QCY26	2QCY26	3QCY26	4QCY26f
DXY Index	102.30	101.88	+0.419	+0.4	98.5	101.1	101.5	100.5
EURUSD	1.114	1.116	-0.002	-0.2	1.18	1.14	1.13	1.15
GBPUSD	1.335	1.339	-0.004	-0.3	1.34	1.33	1.33	1.34
USDJPY	158.48	157.56	-0.920	-0.6	152.0	162.55	157.4	162.0
USDMYR	4.059	4.058	-0.001	-0.0	4.04	4.09	4.08	4.03
GBPMYR	5.433	5.450	+0.017	+0.3	5.45	5.41	5.42	5.40
JPYMYR	2.561	2.575	+0.014	+0.6	2.6	2.51	2.59	2.49
MBSB TWRI	98.97	98.82	+0.151	+0.2	98.6	99.65	98.2	102.00

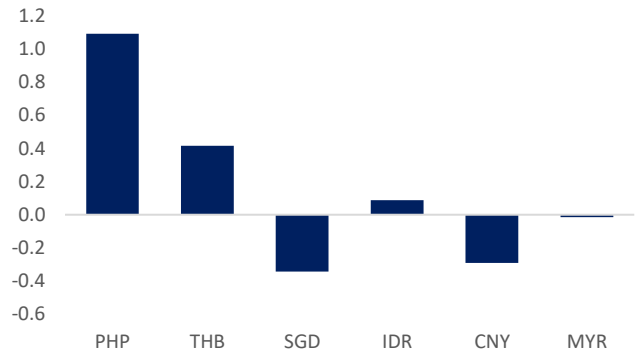
Note: "+" indicates appreciation, while "- "indicates depreciation. Quarterly figures are forecast by MBSBR.
Source: Bloomberg, MBSBR

Yield Change in 10Y Government Bonds (bps)



Source: Bloomberg; Macrobond; MBSBR

Weekly Currencies Changes vs USD (%)



Source: Bloomberg; Macrobond; MBSBR

Central Bank Policy Rate by Selected Economies (%)

	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26
Malaysia	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Indonesia	4.75	4.75	5.25	5.75	5.75	5.75	5.75	5.75	5.75
Philippines	4.25	4.50	4.50	4.75	4.75	5.00	5.00	5.50	5.50
Thailand	1.00	1.00	1.00	1.00	1.00	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	2.75	3.00	3.00	3.00	3.00
India	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.50	5.50
Japan	0.75	0.75	0.75	1.00	1.00	1.00	1.25	1.25	1.25
UK	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	4.00
Euro area	2.15	2.15	2.15	2.40	2.40	2.40	2.65	2.65	2.65
USA	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.75-4.00	3.75-4.00	3.75-4.00

Source: Bloomberg, MBSBR

Key Economic Data Releases Last Week

Economic Indicators	Period	Actual	Previous	Consensus
United States				
S&P Global Manufacturing PMI	Oct-26	54.9	55.9	56.0
ISM Manufacturing PMI	Oct-26	55.5	54.5	54.6
JOLTs Job Openings (million)	Sep-26	7.52	7.19	7.10
JOLTs Job Quits (million)	Sep-26	3.37	3.04	n.a.
Balance of Trade (USD b)	Sep-26	-USD105	-USD105.7b	-USD108b
S&P Global Services PMI	Oct-26	54.5	54.9	54.8
Initial Jobless Claims	Week Ending 31st Oct	189K	195K	196K
Nonfarm Payrolls (Monthly Change)	Oct-26	+165K	+60K	+65K
Unemployment Rate (%)	Oct-26	4.1	4.2	4.2
Univ. of Mich. Consumer Sentiment (prelim)	Nov-26	51.0	48.0	48.0
Monetary Policy Decisions: Benchmark Interest rates				
Reserve Bank of Australia	Nov-26	4.85	4.60	Hike (+25bps)
Bank of England	Nov-26	4.00	3.75	Hike (+25bps)
Bank Negara Malaysia	Nov-26	2.75	2.75	Unchanged
Malaysia				
S&P Global Manufacturing PMI	Oct-26	51.0	49.9	n.a.

Source: Macrobond, MBSBR

C. BNM INTERNATIONAL RESERVES

- As of 30 October 2026, compared to previous fortnight, Bank Negara Malaysia's international reserves were higher at USD132.6b (15 October 2026: USD132.1b).

BNM INTERNATIONAL RESERVES



Source: Bloomberg, MBSBR (G14)

- The main components of the international reserves comprised (1) Foreign currency reserves: USD116.8b, (2) IMF reserve position: USD1.3b, (3) SDRs: USD6.0b, (4) Gold: USD6.2b, and (5) Other reserve assets: USD2.3b.

APPENDIX

WEEKLY INTEREST RATE MONITOR

Tenor	30-Oct Fri	2-Nov Mon	3-Nov Tue	4-Nov Wed	5-Nov Thu	6-Nov Fri	Change (WoW bp)
MGS							
3-Y	3.402	3.396	3.403	3.392	3.392	3.397	-0.5
5-Y	3.663	3.677	3.665	3.63	3.617	3.591	-7.2
7-Y	3.87	3.872	3.87	3.808	3.785	3.773	-9.7
10-Y	3.913	3.915	3.883	3.865	3.841	3.836	-7.7
20-Y	4.231	4.253	4.278	4.288	4.223	4.203	-2.8
RINGGIT IRS							
1-Y	3.6425	3.635	3.63	3.625	3.612	3.605	-3.75
3-Y	3.6625	3.6625	3.6399	3.6225	3.615	3.59	-7.25
5-Y	3.71	3.7025	3.675	3.665	3.642	3.6175	-9.25
7-Y	3.785	3.7645	3.74	3.7275	3.7075	3.6745	-11.05
10-Y	3.882	3.875	3.85	3.825	3.815	3.785	-9.7
KLIBOR							
1-M	3.02	3.02	3.02	3.02	3.02	3.02	0
3-M	3.56	3.56	3.56	3.56	3.56	3.56	0
UST							
3-Y	4.6564	4.6561	4.7017	4.6328	4.5326	4.5802	-7.62
5-Y	4.7198	4.7091	4.7623	4.6859	4.6045	4.6449	-7.49
7-Y	4.8112	4.7965	4.8496	4.7713	4.7052	4.7366	-7.46
10-Y	4.9289	4.9125	4.9621	4.8879	4.8347	4.8574	-7.15
30-Y	5.3082	5.2857	5.3265	5.2762	5.2539	5.2645	-4.37

Source: Bloomberg

10 MOST ACTIVELY TRADED GOVERNMENT BONDS

Name	Coupon	Maturity	30-Oct Yield	6-Nov Yield	Change (WoW bp)	Weekly Volume (RM mn)
MALAYSIA GOVERNMENT	3.9	11/30/26	2.714	2.790	7.6	5,758.5
MALAYSIA GOVERNMENT	3.502	05/31/27	3.028	2.875	-15.3	5,056.6
MALAYSIA GOVERNMENT	3.899	11/16/27	3.087	3.100	1.3	2,644.5
MALAYSIA INVESTMNT ISSUE	3.422	09/30/27	3.086	3.061	-2.5	1,863.5
MALAYSIA GOVERNMENT	3.92	10/31/36	3.890	3.836	-5.4	1,659.8
MALAYSIA INVESTMNT ISSUE	3.227	10/15/29	3.432	3.407	-2.5	1,450.3
MALAYSIA INVESTMNT ISSUE	3.447	07/15/36	3.917	3.850	-6.7	1,427.5
MALAYSIA GOVERNMENT	3.844	04/15/33	3.870	3.773	-9.7	1,312.9
MALAYSIA GOVERNMENT	3.519	04/20/28	3.308	3.224	-8.4	1,045.9
MALAYSIA INVESTMNT ISSUE	3.599	07/31/28	3.304	3.247	-5.7	961.4
TOTAL VOLUME (TOP 10)						23,180.9
TOTAL VOLUME (Overall)						33,328.4

Source: Bloomberg

10 MOST ACTIVELY TRADED CORPORATE BONDS

Name	Coupon	Maturity	30-Oct Yield	6-Nov Yield	Change (WoW bp)	Weekly Volume (RM mn)
DANAINFRA NASIONAL	2.86	05/20/27	3.400	3.388	-1.2	170.0
PERBADANAN TABUNG PENDI	4.8	03/01/39	4.394	4.429	3.5	80.0
PERBADANAN TABUNG PENDI	4.58	02/28/34	N/A	4.228	N/A	80.0
YTL POWER INTERNATIONAL	4.99	03/24/33	4.460	4.470	1.0	70.0
SARAWAK ENERGY BHD	4.36	09/10/41	4.600	4.759	15.9	65.0
DANAINFRA NASIONAL	4.95	04/06/40	4.459	4.464	0.5	60.0
PRASARANA MALAYSIA BHD	4.41	01/28/39	4.369	4.389	2.0	60.0
PERBADANAN TABUNG PENDI	4.85	07/26/41	4.437	4.509	7.2	50.0
SARAWAK ENERGY BHD	4.19	07/04/30	4.210	4.210	0.0	50.0
PROJEK LEBUHRAYA USAHASA	4.8	01/12/27	3.812	3.830	1.8	50.0
TOTAL VOLUME (TOP 10)						735.0
TOTAL VOLUME (Overall)						2,313.3

Source: Bloomberg

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MBSB INVESTMENT BANK BERHAD: GUIDE TO RECOMMENDATIONS	
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