

QUARTERLY REPORT

1Q26 (January - March 2026)



1Q2026 – Malaysian Bond and Sukuk Market Surges to RM2.291 trillion in Strong Start to 2026

Malaysia's bond and sukuk market maintained solid growth momentum in 2026, with outstanding totalling RM2.291 trillion. For Q1 2026, bonds extended gains on optimism the Middle East conflict that jolted global markets and disrupted energy supplies. Bank Negara Malaysia (BNM) has kept its benchmark overnight policy rate (OPR) unchanged at 2.75% during January 2026 and March 2026 Monetary Policy Committee (MPC) meeting. US Federal Reserve also held interest rates steady at 3.5% to 3.75% during the conclusion of its policy meeting in January 2026 and March 2026.

GLOBAL MARKET

Overview

US Treasury 3-year & 10-year yields increased by 26 bps & 12 bps respectively compared to previous quarter. Treasury yields have been rising with oil prices since the US attacked Iran on Feb 28, disrupting supply from the region. Yields and oil prices briefly slumped late on Thursday after US President Donald Trump extended a 10-day pause on strikes against Iranian energy sites, even as he cast doubt on the possibility of reaching a peace deal.

Dec-24	Dec-25	UST	Jan-26	MTM	Feb-26	MTM	Mar-26	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
4.27	3.55	3 YEAR	3.60	5	3.39	-21	3.81	42	26	26
4.38	3.73	5 YEAR	3.79	6	3.51	-28	3.92	41	19	19
4.48	3.94	7 YEAR	4.01	7	3.72	-29	4.11	39	17	17
4.58	4.18	10 YEAR	4.26	8	3.97	-29	4.30	33	12	12

Dec-24	Dec-25	MGS	Jan-26	MTM	Feb-26	MTM	Mar-26	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.48	3.00	3 YEAR	3.00	0	3.03	3	3.26	23	26	26
3.62	3.26	5 YEAR	3.27	1	3.31	4	3.43	12	17	17
3.77	3.37	7 YEAR	3.43	6	3.40	-3	3.55	15	18	18
3.82	3.49	10 YEAR	3.50	1	3.48	-2	3.63	15	14	14

Dec-24	Dec-25	GII	Jan-26	MTM	Feb-26	MTM	Mar-26	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.33	3.09	3 YEAR	3.11	2	3.10	-1	3.61	51	52	52
3.62	3.25	5 YEAR	3.24	-1	3.25	1	3.70	45	45	45
3.74	3.32	7 YEAR	3.36	4	3.33	-3	3.79	46	47	47
3.83	3.52	10 YEAR	3.53	1	3.50	-3	3.89	39	37	37

MY Government Bond

Overview

MGS 3 year yields climbed by 26 bps while the 10-year yields rose by 14 bps over the previous quarter. Yields on Malaysian Government Securities (MGS) and Government Investment Issues (GII) moved higher as domestic bond markets tracked firmer global rates amid growing concerns that geopolitical tensions in the Middle East may persist longer than initially expected according to Kenanga Research.

Dec-24	Dec-25	BOND AAA	Jan-26	MTM	Feb-26	MTM	Mar-26	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.56	3 YEAR	3.58	2	3.56	-2	3.61	5	5	5
3.95	3.64	5 YEAR	3.67	3	3.64	-3	3.70	6	6	6
3.99	3.72	7 YEAR	3.74	2	3.73	-1	3.79	6	7	7
4.04	3.81	10 YEAR	3.83	2	3.84	1	3.89	5	8	8

Dec-24	Dec-25	SUKUK AAA	Jan-26	MTM	Feb-26	MTM	Mar-26	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.56	3 YEAR	3.58	2	3.56	-2	3.61	5	5	5
3.95	3.64	5 YEAR	3.67	3	3.64	-3	3.70	6	6	6
3.99	3.72	7 YEAR	3.74	2	3.73	-1	3.79	6	7	7
4.04	3.81	10 YEAR	3.83	2	3.84	1	3.89	5	8	8

MY Corporate Bond & Sukuk

Overview

AAA-rated corporate bond and Sukuk yields rose throughout the first quarter of 2026. 3-year, 5-year, 7-year and 10 year yields expanded by 5 bps, 6 bps, 7 bps and 8 bps respectively q-o-q.

GOVERNMENT BOND AUCTION

Overview

Government bond auction for 1Q26 garnered an average BTC of 2.215x, increased from the previous quarter (4Q25: 2.090x). Reopening of MGS 06/31 marked the highest BTC at 2.921x. The new and reopening issuances of MGS/GII amounted to RM45.0 billion in Q1 2026, reflecting surged by 38.46% compared to the previous quarter (Q4 2025: RM32.5 billion). The outstanding amount of MGS/GII stood at RM1.309 trillion and grew by 1.47% in Q1 2026 (4Q25: RM1.290 trillion).

1Q26 AUCTION

No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGII 08/30	5	Reopening	Jan	5,000	5,000	2.296	3.260	3.268	3.272
2	MGS 01/41	15	New Issue	Jan	5,000	10,000	1.944	3.750	3.766	3.775
3	MGII 01/56	30	New Issue	Jan	5,000	15,000	2.071	4.020	4.044	4.055
4	MGS 07/35	10	Reopening	Feb	5,000	20,000	1.603	3.559	3.572	3.581
5	MGII 05/45	20	Reopening	Feb	5,000	25,000	2.896	3.959	3.990	3.994
6	MGS 06/31	5	Reopening	Feb	5,000	30,000	2.921	3.350	3.359	3.361
7	MGII 07/40	15	Reopening	Mar	5,000	35,000	2.295	3.875	3.895	3.905
8	MGS 03/29	3	New Issue	Mar	5,000	40,000	2.218	3.230	3.237	3.242
9	MGS 03/33	7	New Issue	Mar	5,000	45,000	1.688	3.590	3.624	3.643

Sources: BNM and BIX Malaysia

In the upcoming 2Q26, there will be one (1) new issuance and four (4) reopening of MGS. Similarly, there will be one (1) new issuance and four (4) reopening of GII, totalling to two (2) new issuances and eight (8) reopening.

UPCOMING ISSUANCE 2Q26

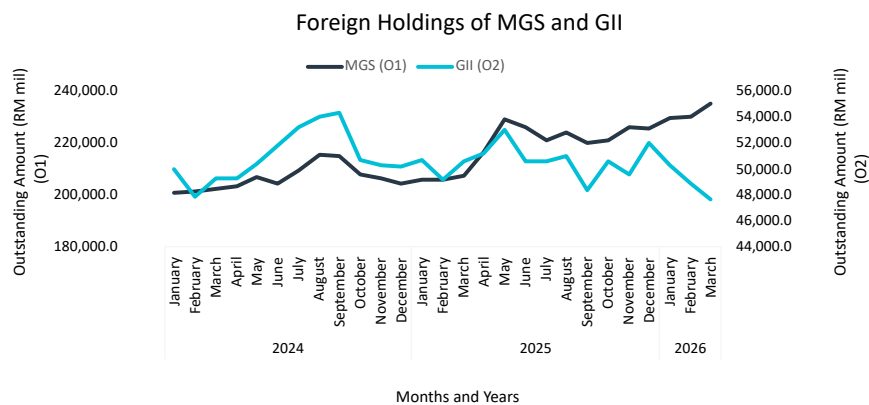
No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGS 07/55	30	Reopening	Apr	5,000					
2	MGII 10/29	3	New Issue	Apr	5,000					
3	MGS 04/46	20	New Issue	Apr	5,000					
4	MGII 04/35	10	Reopening	May	5,000					
5	MGS 04/33	7	Reopening	May	5,000					
6	MGII 01/56	30	Reopening	May	5,000					
7	MGS 03/29	3	Reopening	June	5,000					
8	MGII 07/40	15	Reopening	June	5,000					
9	MGS 06/31	5	Reopening	June	5,000					
10	MGII 05/45	20	Reopening	June	5,000					

Sources: BNM and BIX Malaysia

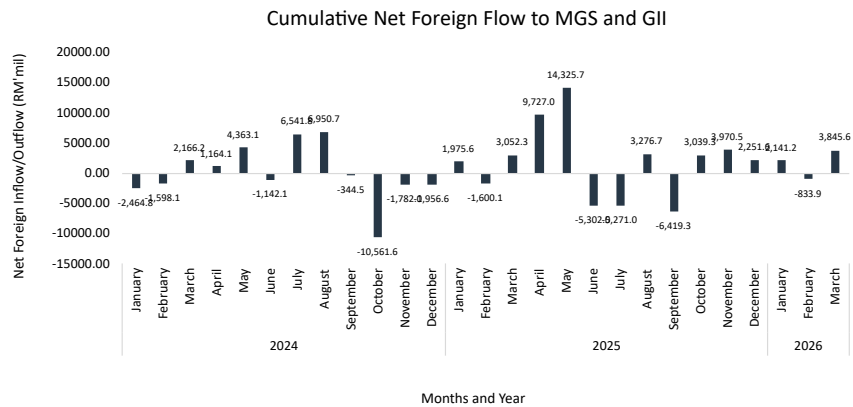
FOREIGN HOLDINGS OF MGS AND GII

Overview

The foreign net flow to MGS and GII in 1Q26 amounted to RM2.14 billion, -RM0.83 billion and RM3.84 billion in January, February and March respectively, with foreign investors turned net buyer. As of March 2026, the total foreign holdings of MGS and GII stood at RM283.10 billion (December 2025: RM277.95 billion), 1.85% higher from the previous quarter.



Source: BNM



Source: BNM

CORPORATE BOND & SUKUK

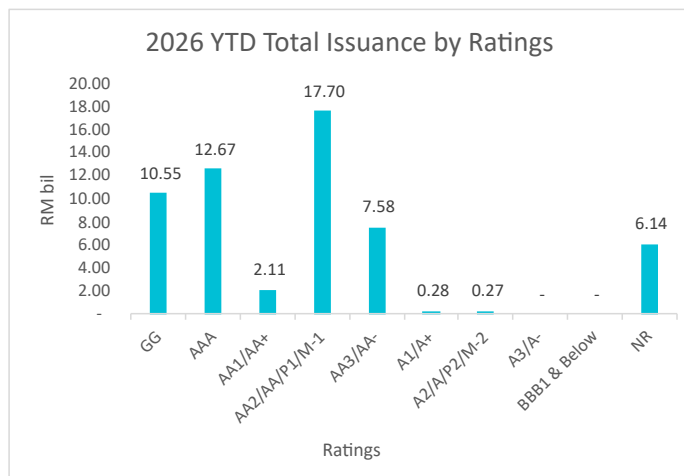
Overview

RM57.29 billion corporate bonds and sukuk were issued in 1Q26 (4Q25: RM76.10 billion), 24.72% lower than the previous quarter. The AA2/AA/P1/M1-rated bonds and sukuk recorded the biggest issuance at RM17.70 billion issuances, followed by AAA-rated bonds at RM12.67 billion issuances.

For 1Q26, the largest corporate issuances were issued by MAYBANK ISLAMIC BERHAD, namely MAYBANKISLM IMTN 3.750% 07.02.2033 worth RM2.00 billion.

Issuance 1Q26

Month/Rating	Jan 26 (RM bil)	Feb 26 (RM bil)	March 26 (RM bil)	Total (RM bil)
GG	4.00	6.55		10.55
AAA	0.15	7.65	4.87	12.67
AA1/AA+	0.09	0.42	1.60	2.11
AA2/AA/P1/M1	5.00	3.22	9.48	17.70
AA3/AA-	0.69	5.08	1.81	7.58
A1/A+			0.28	0.28
A2/A/P2/M2			0.27	0.27
A3/A-				-
BBB1 & Below				-
NR	1.10	1.46	3.58	6.14
Total	11.02	24.38	21.89	57.29
Total Issuance				57.29



Sources: BNM and BIX Malaysia

Rating Outlook

There were zero (0) default recorded in 1Q26. However, there were four (4) upgrades and one (1) downgrade for bonds/sukuk in the quarter.

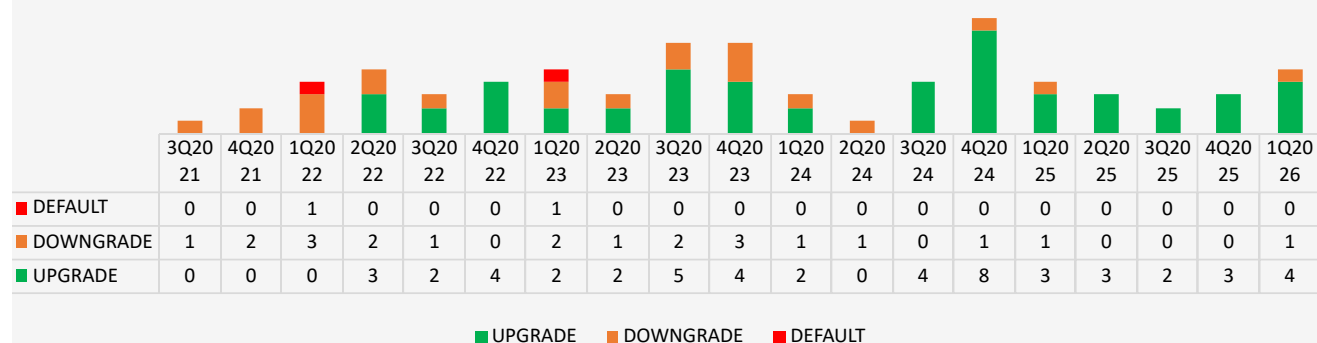
↑ Upgrade

1. YTL Corporation Berhad
2. YTL Power International Berhad
3. Country Garden Real Estate Sdn Bhd
4. Leader Energy Sdn Bhd

↓ Downgrade

1. MCIS Insurance Berhad

Rating Movements



Sources: MARC, RAM, FAST and BIX Malaysia

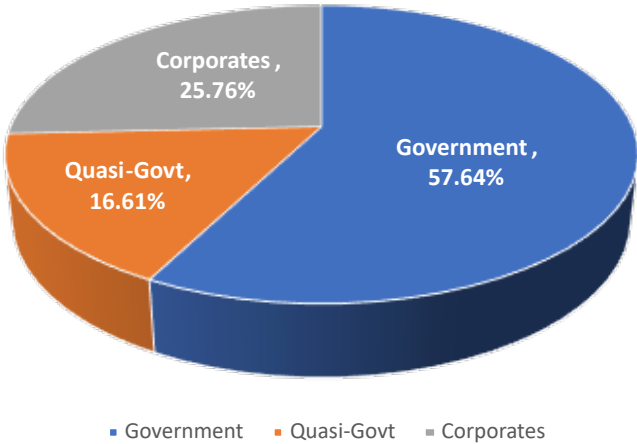
BOND STATISTICS

Overview

Outstanding Amount by Bond Classes

As of March 2026, the outstanding amount of the Malaysian bond market stood at RM2.291 trillion, an increase of 1.55% compared to the end of 4Q25 (December 2025: RM2.256 trillion). The largest outstanding bonds were from government issuances which consist of 57.64% of total issuances at RM1.320 trillion, followed by corporate issuances of 25.76% at RM590.22 billion, and Quasi-government issuances of 16.61% at RM380.50 billion.

Outstanding Amount by Class



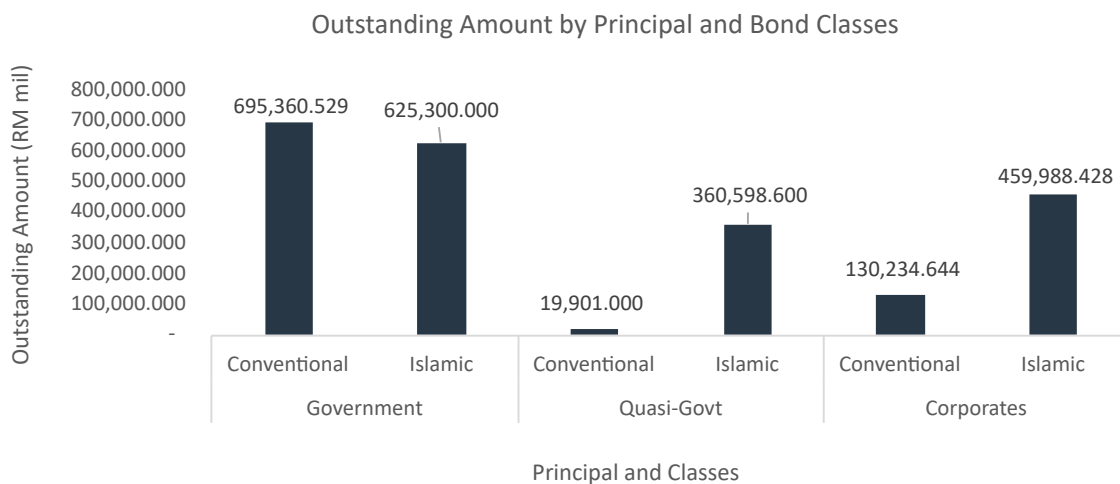
Sources: BNM and BIX Malaysia

BOND STATISTICS

Overview

Outstanding Amount by Principal and Bond Classes

As of March 2026, the outstanding amount of Government conventional bond and Government Sukuk stood at RM695.36 billion and RM625.30 billion, respectively. The conventional quasi-govt outstanding amount stood at RM19.90 billion, much smaller compared to its Shariah-compliant counterpart of RM360.59 billion. For corporate issuances, the conventional bond outstanding amounted RM130.23 billion while the corporate Sukuk was recorded higher at RM459.98 billion.



Sources: BNM and BIX Malaysia

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