



Fixed Income & FX Research

03 January 2025

Snapshot Summary...

Global FX: USD kicked off 2025 on very firm footing amid expectations of strong US economic performance this year

Global Rates: UST yield fell but we think owed mainly to bargain hunting interest

MYR Bonds: Lower UST yields supported the MGS market yesterday

USD/MYR: MYR fell at the start of the year while Malaysia's manufacturing sector PMI number fell to its lowest since last March

Macro News

Malaysia: The S&P Global Malaysia Manufacturing PMI dropped to 48.6 in December from 49.2 in November, marking its lowest level since March and the seventh consecutive month of contraction in the manufacturing sector.

UK: The S&P Global Flash UK Manufacturing PMI dropped to 47 in December from 48 in the previous month, lower than the preliminary estimate of 47.3 and significantly below initial market expectations of 48.2. This marked the fastest contraction in UK manufacturing activity in 11 months, driven by a second consecutive period of reduced factory output and a faster decline in new orders.

US: The S&P Global US Manufacturing PMI declined to 49.4 in December from 49.7 in November, revised up from the preliminary estimate of 48.3 but still below expectations of 49.8. This extended the contraction in factory activity for the sixth consecutive month, contrasting with the resilient services sector.

China: China's manufacturing sector expansion slowed in December as the Caixin manufacturing PMI index fell to a 50.5 reading from 51.5 in November. The number reflects falling export orders and lower local business optimism.

Singapore: GDP grew 4.3% y/y in 4Q2024, as per advance estimates released by the Ministry of Trade and Industry. The number beat the estimate of 3.8%, though slower than 5.4% growth recorded in 3Q2024. On q/q basis, the Singapore economy grew 0.1% against median expectations of a 0.8% contraction.

Fixed Income

Global Bonds: US Treasury yields fell slightly on the first day of trading for the year. However, we think the net buying interest owed to bargain hunting activity seeing the climb in yields during December 2024. We think short term risks to bonds remain ahead of the Trump presidency. US data yesterday which aided bonds was US initial jobless claims decreased by 9k from the previous week to 211k, significantly lower than the expected increase to 222k and marking the lowest level in eight months.

MYR Government Bonds: The ringgit government bond market kicked off the new year on firm footing and we think lower UST yield during the Asian session contributed to the better sentiment. Nonetheless, selling pressure was noted on the 7Y MGS (MGS 07/32) ahead of the first auction of the year, which is slated to become the new 7Y benchmark.

FX Daily Rates

	Last Close	Percent
DXY	109.39	0.8
EUR/USD	1.027	(0.9)
AUD/USD	0.620	0.3
GBP/USD	1.238	(1.1)
USD/JPY	157.50	0.2
USD/MYR	4.478	0.1
USD/IDR	16,195	0.6
USD/THB	34.28	0.5
USD/SGD	1.371	0.3
USD/CNY	7.299	0.0

MYR Cross Rates

	Last Close	Percent
EUR/MYR	4.636	0.1
GBP/MYR	5.590	(0.1)
AUD/MYR	2.785	0.6
JPY/MYR	2.843	(0.1)
SGD/MYR	3.288	0.4
10CNY/MYR	6.135	0.1
100IDR/MYR	2.765	(0.3)
THB/MYR	13.068	0.2

MGS Bond Yields (%)

	Last Close	Bps
3-Year (05/27)	3.47	(1)
5-Year (08/29)	3.61	(1)
7-Year (04/31)	3.77	(0)
10-Year (07/34)	3.82	1
15-Year (04/39)	3.96	(1)
20-Year (05/44)	4.05	(1)
30-Year (03/53)	4.18	(0)

MYR Swap Rates (%)

	Last Close	Bps
IRS 1-Year	3.57	(0)
IRS 3-Year	3.50	0
IRS 5-Year	3.53	(2)
IRS 7-Year	3.61	(2)
IRS 10-Year	3.70	(3)
3-Month KLIBOR	3.73	0

Major Sovereign Yields (%)

	Last Close	Bps
UST 2Y	4.24	(0)
UST 10Y	4.56	(1)
Germany 10Y	2.38	1
UK 10Y	4.60	3
Japan 10Y	1.10	0
Australia 10Y	4.43	7
China 10Y	1.62	(5)
Korea 10Y	2.74	(13)
Indonesia 10Y	7.00	0
Thailand 10Y	2.27	1

MYR Corporate Bonds: We found the ringgit corporate bond market also relatively supported yesterday. We think investors were keen to pick up various high grade AAA names as well as some lower rated papers as well. Nevertheless, some selling pressure on select names were also seen. Interest was led by papers such as Ait Selangor 10/31 (AAA) which fell 2 bps to 4.03% on MYR30 million volume., as well as YTL Power 08/39 (AA1) which fell 2 bps to 4.16%.

Forex

US: The dollar index surged to more than two-year high at the start of 2025, bolstered by expectations of strong US economic growth and prompted by lower initial jobless claims print last night and persistent expectations for lessened Fed rate cuts. At the same time, the final S&P Global Manufacturing PMI figure for December was revised higher to 49.4 from 48.3.

Europe: The euro plunged to its lowest since November 2022, as a technical sell-off momentum below USD1.03 accelerated and expectations of significant ECB rate cuts in 2025 remain a risk. ECB official Yannis Stourmaras said he expect the central bank to cut policy rate to 2.0% by this fall from 3.0% currently. Sterling also declined sharply. The final UK S&P Global manufacturing PMI was revised lower to 47, suggesting not so bright growth prospects for the UK's manufacturing sector.

Asia Pacific: The yen weakened to near its five-month low as markets anticipate potential BoJ rate hikes this year and traders were cautious against intervention risks by the central bank. The CNY took a breath of relief from the bearish run it had recently, which pushed the currency closer to the key 7.30 psychological level. During his new year address, President Xi Jinping said that GDP would surpass CNY130 trillion in 2024, aligning with the government's growth target of around 5.0%.

Malaysia: The ringgit started off 2025 on weaker level, approaching 4.480 yesterday. Malaysia's manufacturing PMI fell to its lowest level since March, driven by subdued demand and the largest decline in output in a year.

Other Markets

Gold: Gold rallied as safe-haven demand surged on US monetary easing, record central bank buying, and geopolitical tensions.

Oil: Crude oil advanced further with Brent rising 1.7% and WTI +2.0% as latest American Petroleum Institute (API) report showed continuous trend of declining crude oil stockpile for six weeks straight.

Weekly Indicative PDS Yields (%)

	Last Close	Bps w/w
3-Year AAA	3.83	0
3-Year AA	4.04	0
3-Year A	4.88	0
5-Year AAA	3.93	0
5-Year AA	4.11	0
5-Year A	5.12	0
10-Year AAA	4.09	0
10-Year AA	4.26	0
10-Year A	5.60	0

Key Commodities

	Last Close	Percent
Brent (USD/barrel)	75.93	1.7
WTI (USD/barrel)	73.13	2.0
Gold (USD/oz)	2,658	1.3
Malaysia CPO (RM/tonn)	4,920	0.0

Equity Indices

	Last Close	Percent
S&P500 Index	5,869	(0.2)
Dow Jones	42,392	(0.4)
Nasdaq	19,281	(0.2)
London FTSE	8,260	1.1
German DAX	20,025	0.6
Nikkei 225	39,895	0.0
Japan TOPIX	2,785	0.0
FBM KLCI	1,633	(0.6)
Straits Times	3,801	0.3
Jakarta Composite	7,163	1.2
Shanghai Composite	3,263	(2.7)
MSCI Asia Pacific	181	(0.4)
MSCI World Index	3,703	(0.1)
Hang Seng	19,623	(2.2)
KOSPI	2,399	(0.0)
Thai Stock Exchange	1,380	(1.5)
Taiwan	22,832	(0.9)
India	79,944	1.8
Australia	8,201	0.5

Policy Rates

Central Banks	Current	Next
US Fed Funds	4.50	30-Jan
ECB Main Refinancing	3.15	30-Jan
BoE Base Rate	4.75	06-Feb
RBA Cash Rate	4.35	18-Feb
BoJ Cash Rate	0.25	24-Jan
PBoC 1Y LPR	3.10	n.a.
BoK Base Rate	3.00	-
BNM OPR	3.00	22-Jan

Ringgit Outlook for The Week

	1	2
Resistance	4.540	4.550
Support	4.430	4.450

Sources: Bloomberg, Trading Economics, AmBank Economics

Note: Changes are based on day-on-day percentage, except for MGS Yield, Sovereign Yields, and IRS, where changes are in bps.

Currencies vs USD

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	2-Jan-25	1-Jan-25	26-Dec-24	3-Dec-24	3-Jan-24	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
DXY Dollar Index	109.39	108.49	108.13	106.37	102.49	0.8	1.2	2.8	6.7	8.0			
EUR/USD	1.027	1.036	1.042	1.051	1.092	(0.9)	(1.5)	(2.3)	(6.0)	(7.0)			
AUD/USD	0.620	0.619	0.622	0.649	0.673	0.3	(0.3)	(4.4)	(7.9)	(8.9)			
GBP/USD	1.238	1.252	1.253	1.267	1.267	(1.1)	(1.2)	(2.3)	(2.3)	(2.8)			
USD/JPY	157.5	157.24	157.99	149.6	143.29	0.2	(0.3)	5.3	9.9	11.7			
USD/MYR	4.478	4.472	4.469	4.470	4.633	0.1	0.2	0.2	(3.3)	(2.5)			
USD/IDR	16,195	16,102	16,195	15,940	15,480	0.6	0.0	1.6	4.6	5.2			
USD/THB	34.28	34.10	34.27	34.39	34.34	0.5	0.0	(0.3)	(0.2)	0.4			
USD/SGD	1.371	1.366	1.359	1.345	1.329	0.3	0.8	1.9	3.1	3.8			
USD/CNY	7.299	7.299	7.298	7.286	7.149	0.00	0.0	0.2	2.1	2.8			
USD/KRW	1,471	1,472	1,471	1,429	1,305	(0.0)	0.1	3.0	12.7	14.2			
USD/INR	85.76	85.65	85.27	84.70	83.29	0.1	0.6	1.3	3.0	3.1			
USD/PHP	57.91	57.84	57.97	58.58	55.58	0.1	(0.1)	(1.2)	4.2	4.5			
USD/TWD	32.89	32.79	32.70	32.54	31.01	0.3	0.6	1.1	6.1	7.1			
USD/HKD	7.777	7.769	7.768	7.783	7.807	0.1	0.1	(0.1)	(0.4)	(0.4)			
USD/VND	25,457	25,488	25,431	25,401	24,368	(0.1)	0.1	0.2	4.5	4.9			
NZD/USD	0.560	0.559	0.562	0.588	0.625	0.0	(0.5)	(4.9)	(10.4)	(11.5)			

Ringgit Cross Rates

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	2-Jan-25	1-Jan-25	26-Dec-24	3-Dec-24	3-Jan-24	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
EUR/MYR	4.636	4.631	4.648	4.703	5.067	0.1	(0.2)	(1.4)	(8.5)	(8.7)			
GBP/MYR	5.590	5.594	5.600	5.666	5.850	(0.1)	(0.2)	(1.3)	(4.4)	(4.2)			
AUD/MYR	2.785	2.768	2.782	2.903	3.127	0.6	0.1	(4.1)	(10.9)	(10.9)			
JPY/MYR	2.843	2.846	2.829	2.988	3.233	(0.1)	0.5	(4.8)	(12.1)	(12.6)			
SGD/MYR	3.288	3.274	3.289	3.324	3.491	0.4	(0.0)	(1.1)	(5.8)	(5.5)			
10CNY/MYR	6.135	6.127	6.124	6.135	6.480	0.1	0.2	0.0	(5.3)	(5.0)			
100IDR/MYR	2.765	2.772	2.761	2.803	2.992	(0.3)	0.1	(1.4)	(7.6)	(7.3)			
THB/MYR	13.068	13.044	13.064	13.003	13.442	0.2	0.0	0.5	(2.8)	(2.5)			
10HKD/MYR	5.759	5.756	5.754	5.743	5.934	0.1	0.1	0.3	(2.9)	(2.1)			

Commodities

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	2-Jan-25	1-Jan-25	26-Dec-24	3-Dec-24	3-Jan-24	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
Brent (USD/barrel)	75.93	74.64	73.26	73.62	78.25	1.7	3.6	3.1	(3.0)	(1.4)			
WTI (USD/barrel)	73.13	71.72	69.62	69.94	72.70	2.0	5.0	4.6	0.6	2.1			
Gold (USD/oz)	2,658	2,625	2,634	2,643	2,041	1.3	0.9	0.5	30.2	28.8			
Malaysia CPO (RM/tonne)	4,920	4,920	4,925	5,287	3,629	0.0	(0.1)	(6.9)	35.6	32.4			

Malaysia Government Securities

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	2-Jan-25	1-Jan-25	26-Dec-24	3-Dec-24	3-Jan-24	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year	3.47	3.48	3.50	3.46	3.47	(1)	(3)	1	(1)	0			
5-Year	3.61	3.62	3.64	3.57	3.61	(1)	(3)	4	0	4			
7-Year	3.77	3.77	3.79	3.73	3.74	(0)	(2)	3	2	5			
10-Year	3.82	3.81	3.82	3.81	3.79	1	(0)	1	3	9			
15-Year	3.96	3.97	3.98	3.94	4.01	(1)	(2)	2	(5)	(2)			
20-Year	4.05	4.06	4.07	4.05	4.12	(1)	(2)	(0)	(7)	(5)			
30-Year	4.18	4.18	4.19	4.18	4.25	(0)	(1)	(0)	(8)	(6)			

Malaysia Government Investment Issues

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	2-Jan-25	1-Jan-25	26-Dec-24	3-Dec-24	3-Jan-24	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year	3.41	3.42	3.44	3.39	3.50	(1)	(3)	2	(8)	(8)			
5-Year	3.62	3.63	3.64	3.59	3.62	(0)	(1)	3	1	2			
7-Year	3.74	3.74	3.78	3.76	3.80	(0)	(4)	(1)	(6)	(2)			
10-Year	3.83	3.83	3.84	3.81	3.83	0	(1)	2	0	5			
15-Year	3.97	3.98	3.98	3.96	3.96	(0)	(1)	2	2	2			
20-Year	4.08	4.08	4.10	4.09	4.13	0	(1)	(0)	(4)	(3)			

Major Sovereign Yields (%)

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	2-Jan-25	1-Jan-25	26-Dec-24	3-Dec-24	3-Jan-24	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
UST 2Y	4.24	4.24	4.33	4.18	4.33	(0)	(9)	6	(9)	(1)			
UST 10Y	4.56	4.57	4.58	4.22	3.92	(1)	(2)	33	64	68			
Germany 2Y	2.10	2.08	2.06	1.94	2.41	2	4	16	(31)	(30)			
Germany 10Y	2.38	2.37	2.32	2.05	2.02	1	6	33	36	36			
UK 2Y	4.41	4.39	4.41	4.23	4.10	2	0	19	31	43			
UK 10Y	4.60	4.57	4.58	4.24	3.64	3	2	35	96	106			
Japan 2Y	0.61	0.61	0.61	0.62	0.05	0	(0)	(1)	55	55			
Japan 10Y	1.10	1.10	1.10	1.08	0.61	0	0	2	49	49			
Australia 2Y	3.89	3.86	3.92	3.96	3.82	3	(3)	(7)	7	18			
Australia 10Y	4.43	4.36	4.44	4.30	4.05	7	(0)	13	39	48			
China 2Y	1.08	1.10	1.09	1.34	2.25	(2)	(1)	(26)	(117)	(112)			
China 10Y	1.62	1.68	1.73	2.00	2.56	(5)	(11)	(37)	(93)	(94)			
Indonesia 2Y	7.06	7.04	7.01	6.78	6.47	2	5	28	59	54			
Indonesia 10Y	7.00	7.00	7.05	6.90	6.66	0	(5)	10	34	52			
Thailand 2Y	2.00	2.00	1.99	1.99	2.35	(0)	1	1	(35)	(34)			
Thailand 10Y	2.27	2.25	2.23	2.28	2.72	1	4	(1)	(45)	(41)			

Key swap rates

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	2-Jan-25	1-Jan-25	26-Dec-24	3-Dec-24	3-Jan-24	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
IRS 1-Year	3.57	3.57	3.58	3.54	3.56	(0)	(2)	2	1	(1)			
IRS 3-Year	3.50	3.50	3.51	3.43	3.53	0	(1)	7	(3)	0			
IRS 5-Year	3.53	3.55	3.57	3.45	3.66	(2)	(4)	9	(13)	(5)			
IRS 7-Year	3.61	3.63	3.63	3.54	3.77	(2)	(3)	7	(16)	(10)			
IRS 10-Year	3.70	3.73	3.76	3.65	3.91	(3)	(6)	4	(22)	(13)			
IRS 20-Year	3.94	3.95	3.95	4.00	4.26	(1)	(1)	(6)	(32)	(27)			

Key KLIBOR rates

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	2-Jan-25	1-Jan-25	26-Dec-24	3-Dec-24	3-Jan-24	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
1-Month Klibor	3.29	3.29	3.29	3.29	3.36	0	0	0	(7)	(8)			
3-Month Klibor	3.73	3.73	3.73	3.63	3.74	0	0	10	(1)	(4)			
6-Month Klibor	3.77	3.77	3.77	3.67	3.79	0	0	10	(2)	(4)			

Indicative PDS yields

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	2-Jan-25	1-Jan-25	26-Dec-24	3-Dec-24	3-Jan-24	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year AAA	3.83	3.83	3.83	3.82	3.85	0	0	2	(2)	(2)			
3-Year AA	4.04	4.04	4.04	4.00	4.04	0	0	4	(0)	(0)			
3-Year A	4.88	4.88	4.88	4.93	5.24	0	0	(4)	(36)	(36)			
5-Year AAA	3.93	3.93	3.93	3.91	3.97	0	0	1	(4)	(4)			
5-Year AA	4.11	4.11	4.11	4.09	4.18	0	0	1	(7)	(7)			
5-Year A	5.12	5.12	5.12	5.16	5.55	0	0	(4)	(43)	(43)			
10-Year AAA	4.09	4.09	4.09	4.08	4.18	0	0	1	(9)	(9)			
10-Year AA	4.26	4.26	4.26	4.26	4.41	0	0	0	(15)	(15)			
10-Year A	5.60	5.60	5.60	5.61	6.06	0	0	(1)	(46)	(46)			

Sources: Bloomberg, AmBank Economics
 Note: All values are end-period

AmBank Group Economic Research	
Firdaos Rosli	firdaos.rosli@ambankgroup.com
Nik Ahmad Mukharriz Nik Muhammad	nik-ahmad-mukharriz.n@ambankgroup.com
Lee Si Xin	lee.si-xin@ambankgroup.com
Raja Adibah Raja Hasnan	raja-adibah.r@ambankgroup.com
Muhamad Farid Anas Johari	muhamad-farid-anas.j@ambankgroup.com
Aman Nazmi Abd Karim	aman-nazmi.abd-karim@ambankgroup.com
Group Treasury & Markets	
Corporate Client Group (CCG)	+603-2059 8700/8600
Institutional Client Group (ICG)	+603-2059 8690
Azli Bin Abdul Jamil	azli-abd-jamil@ambankgroup.com
Jacqueline E. Rodrigues	jacqueline-r@ambankgroup.com
Ho Su Farn	ho-su-farn@ambankgroup.com
Melisa Lim Giok Ling	melisa-lim@ambankgroup.com
Roger Yee Chan Chung	roger-yee@ambankgroup.com
Nadia Binti Hazmi	nadia.hazmi@ambankgroup.com

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