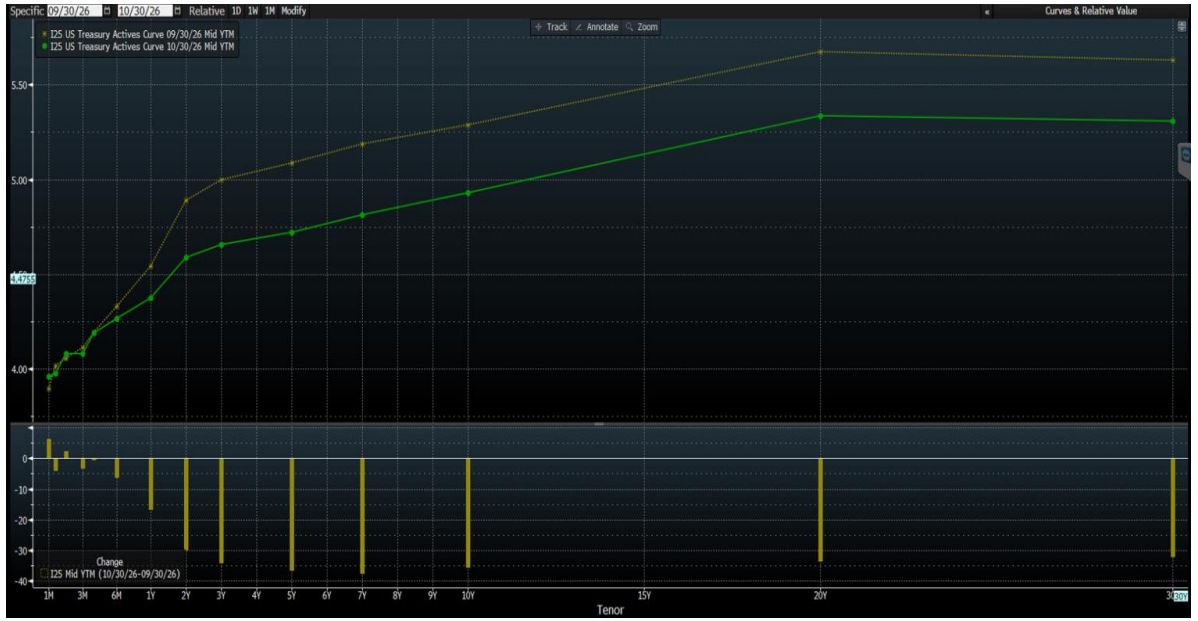


Monthly Fixed Income Market Outlook

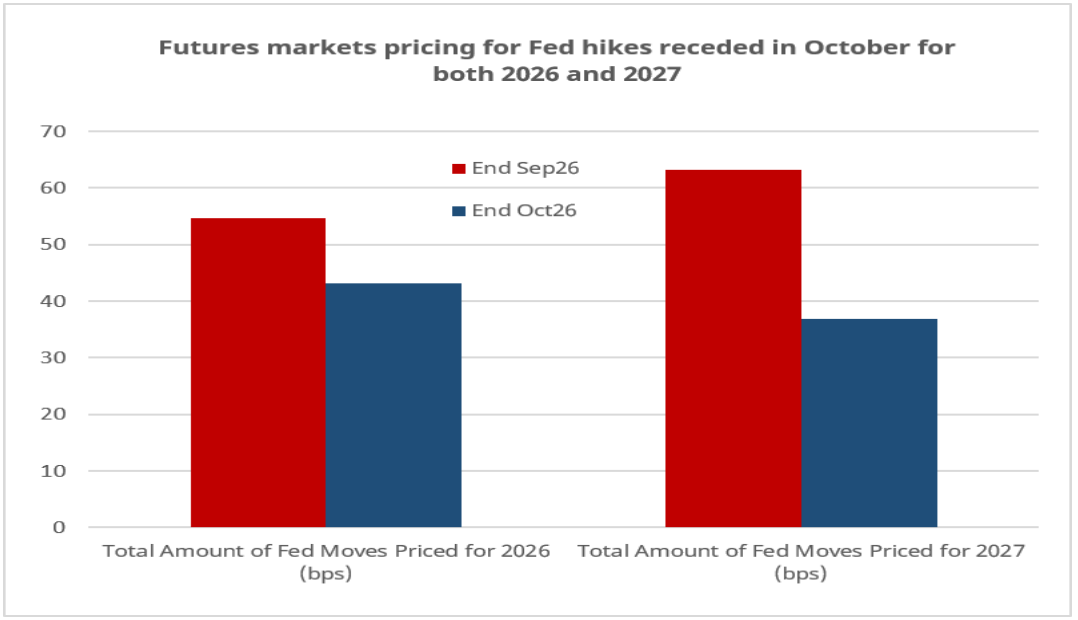
Global Markets

November 2026

October 2026 US Bond Market Review



Source: Bloomberg, HLBB Global Markets Research



Note: 2026 pricing includes the 25bps hike already delivered at the September FOMC

- US Treasuries rallied in October, amidst a sell-off in technology stocks over worries on earnings and rising concerns over AI-related corporate borrowing, which triggered a flight to quality and increased appetite for government debt despite the continued elevated energy prices.

- 3Q GDP growth beat expectations, coming in at 3.4% q/q annualized (prior: 2.2%) in its advanced reading, while the monthly jobs report for September underwhelmed with less jobs added versus expectations and an uptick in the unemployment rate for the month. Retail sales beat what was anticipated, and price gauges headed higher, with core CPI and the core PCE both rising.

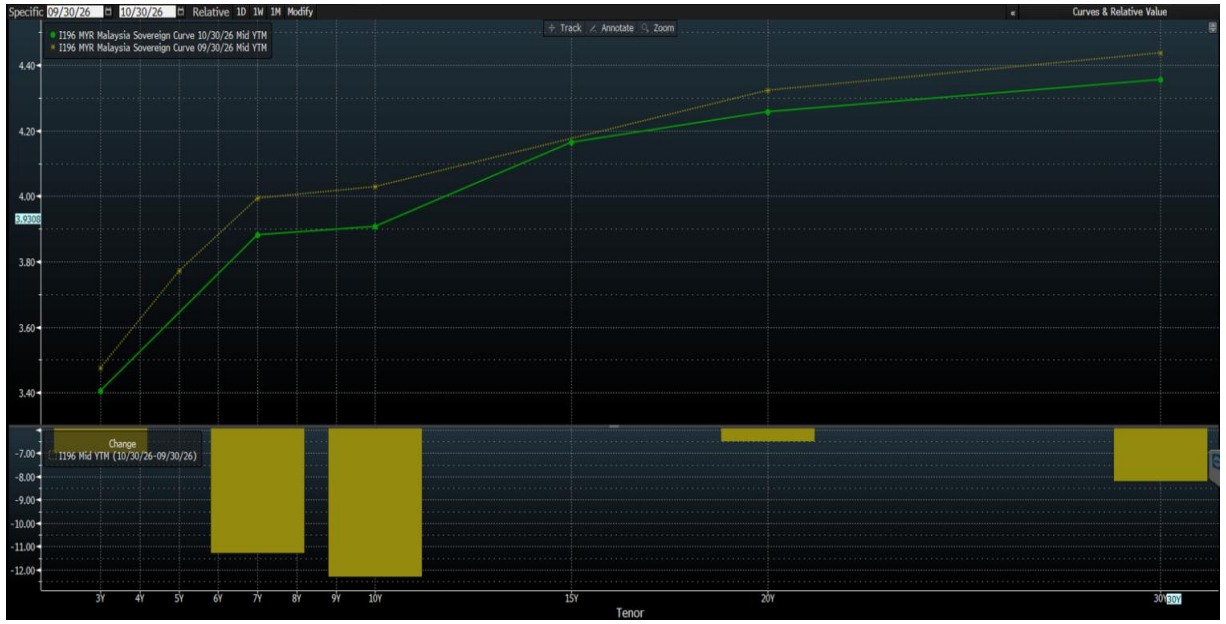
- The UST curve shifted lower in a nearly parallel move for the month, with the short end driven by easing Fed rate hike expectations, while the longer-dated bonds were supported by the flight to quality moves:
  - 2yr UST yields fell by 30bps to 4.59%
  - 10yr UST yields declined by 36bps to 4.93%

- The Fed left policy on hold at the Oct 28 FOMC in a 10-2 majority vote, after hiking rates by 25bps in September, with the two dissenters (Fed Governor Lisa Cook and Cleveland Fed President Beth Hammack) preferring to raise rates again.

- The press conference following the FOMC decisions saw Fed Chair Warsh emphasize that discussions focused heavily on price stability. Separately, he also announced that the Fed would reduce the total number of rate-setting meetings starting in 2027.

- Futures markets pricing of Fed hikes for 2026 eased during the month, with the markets dialing back on further hikes in the coming year as well:
  - For 2026, 43bps of hikes priced at end Oct (versus 55bps end Sep)
  - For 2027, 37bps of hikes priced at end Oct (versus 63bps end Sep)

October 2026 MYR Bond Market Review



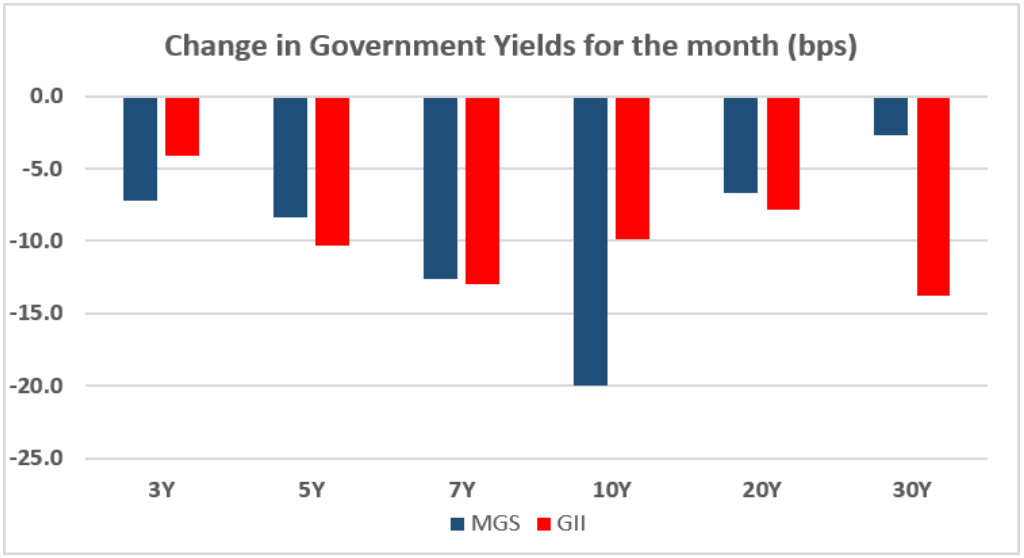
Source: Bloomberg, HLBB Global Markets Research

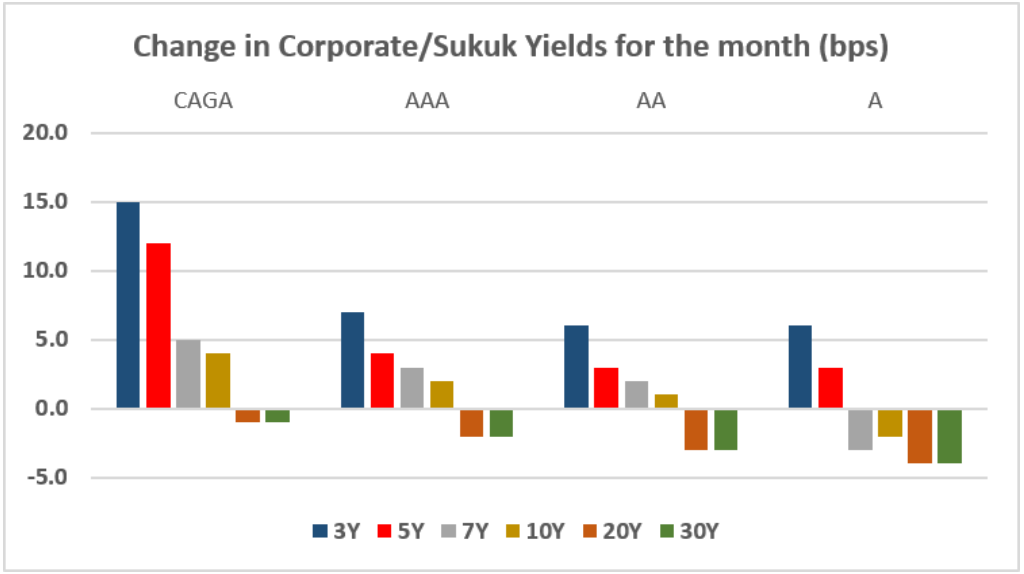
- MYR govt bonds were firmer in October, with a backdrop of declining sovereign yields globally, amidst a well-received tabling of Budget 2027, which reinforced the government's commitment to the path of fiscal deficit consolidation and eased concerns over rising debt issuance.

- The advanced reading of 3Q GDP showed growth easing from 2Q levels but coming in ahead of expectations, while industrial production for August rose by more than anticipated. Export figures for September again surpassed expectations, while there were limited signs of price pressures with the CPI for the month unexpectedly cooling a notch to 1.8% y/y.

- Benchmark government bond yields closed the month lower by between 3 to 20bps, with the 10yr MGS outperforming.

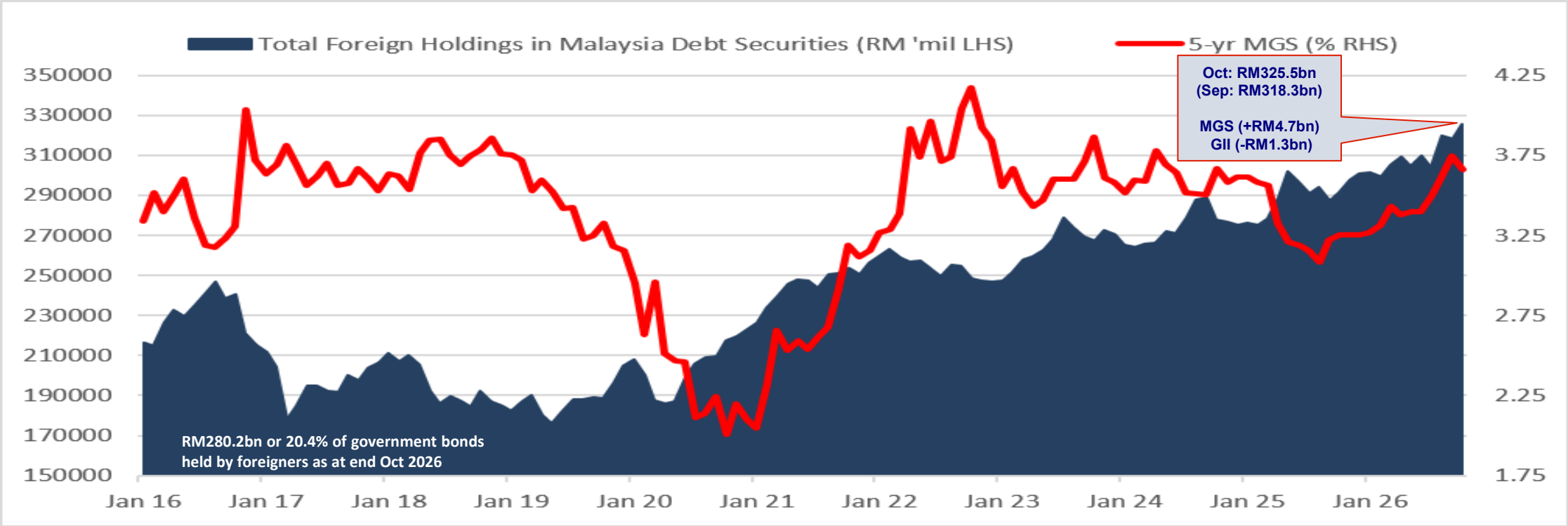
- Corporate bonds/sukuk were better offered for the month, with continued spread widening seen, and shorter-dated bonds underperforming and seeing the largest yield rises, while longer-dated maturities saw yields declining slightly.





Source: BPAM, HLBB Global Markets Research

Offshore foreign holdings advanced to a record high in October



Source: BNM, Bloomberg, HLBB Global Markets Research

- Offshore foreign holdings of Malaysian debt securities rose in October to an all-time high, advancing by RM7.2bn to RM325.5bn versus the RM318.3bn held at the end of September
- The advance was driven by increases in the holdings of Corporate Bonds (+RM5.2bn) and MGS (+RM4.7bn)
- Holdings of GII (-RM1.3bn), Sukuks (-RM0.9bn) and MITBs (-RM0.5bn) saw reductions for the month, while holdings of MTBs were little changed

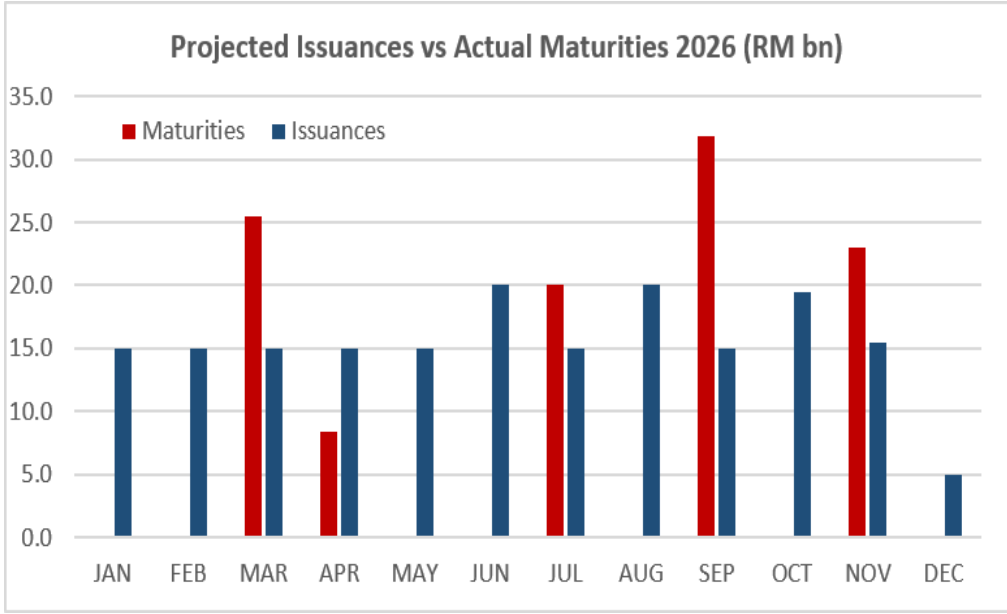
RM19.5bn of gross MGS/GII issuance in October; RM15.5bn of issuance likely for November

MGS/GII issuance pipeline in 2026

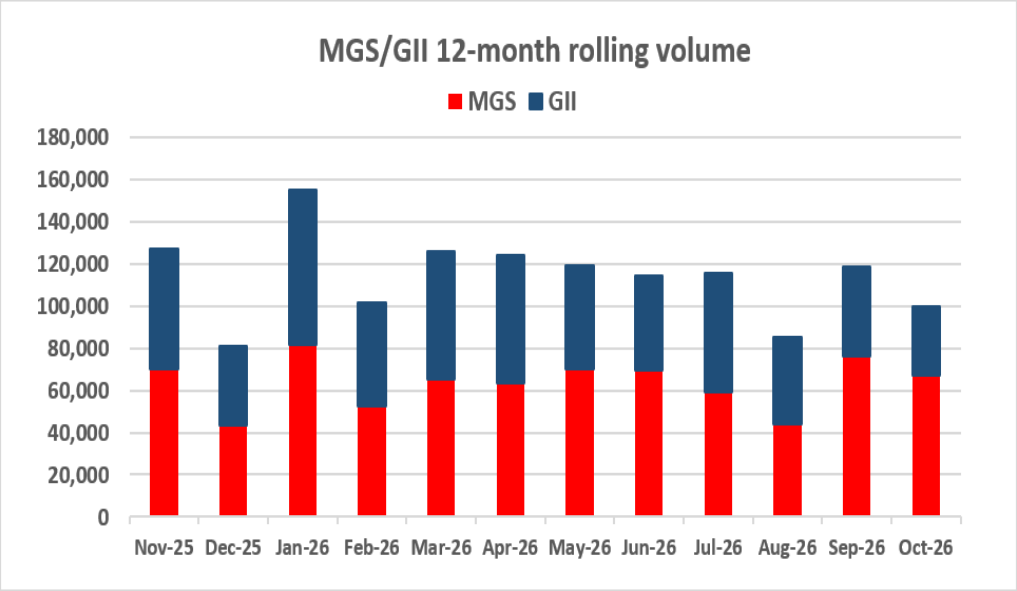
No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Issuance Size (RM mil)	Actual Auction Issuance (RM mil)	Actual Private Placement	Total Issuance YTD	BTC (times)	Low	Average	High	Cut-off
1	5-yr Reopening of MGII 08/30	5	Jan	Q1	7/1/2026	5,000	5,000		5,000	2.296	3.260	3.268	3.272	7.1%
2	15-yr New Issue of MGS (Mat on 01/41)	15	Jan	Q1	14/1/2026	5,000	3,500	1,500	10,000	1.944	3.750	3.766	3.775	100.0%
3	30-yr New Issue of MGII (Mat on 01/56)	30	Jan	Q1	29/1/2026	5,000	3,000	2,000	15,000	2.071	4.020	4.044	4.055	15.6%
4	10-yr Reopening of MGS 07/35	10	Feb	Q1	5/2/2026	5,000	5,000		20,000	1.603	3.559	3.572	3.581	83.3%
5	20-yr Reopening of MGII 5/45	20	Feb	Q1	13/2/2026	5,000	3,000	2,000	25,000	2.896	3.959	3.990	3.994	4.2%
6	5-yr Reopening of MGS 06/31	5	Feb	Q1	26/6/2026	5,000	5,000		30,000	2.921	3.350	3.359	3.361	4.6%
7	15-yr Reopening of MGII 7/40	15	Mar	Q1	9/3/2026	5,000	3,500	1,500	35,000	2.295	3.875	3.895	3.905	38.8%
8	3-yr New Issue of MGS (Mat on 03/29)	3	Mar	Q1	13/3/2026	5,000	5,000		40,000	2.218	3.230	3.237	3.242	0.7%
9	7-yr New Issue of MGII (Mat on 3/33)	7	Mar	Q1	30/3/2026	5,000	5,000		45,000	1.688	3.590	3.624	3.643	60.0%
10	30-yr Reopening of MGS 07/55	30	Apr	Q2	7/4/2026	5,000	3,000	2,000	50,000	2.029	4.180	4.197	4.209	98.6%
11	3.5-yr New Issue of MGII (Mat on 10/29)	3	Apr	Q2	14/4/2026	5,000	5,000		55,000	2.921	3.220	3.227	3.230	56.3%
12	20-yr New Issue of MGS (Mat on 04/46)	20	Apr	Q2	22/4/2026	5,000	3,500	1,500	60,000	2.880	3.972	3.987	3.992	92.2%
13	10-yr Reopening of MGII 4/35	10	May	Q2	14/5/2026	5,000	5,000		65,000	2.868	3.593	3.600	3.607	20.0%
14	7-yr Reopening of MGS 4/33	7	May	Q2	21/5/2026	5,000	5,000		70,000	2.592	3.570	3.580	3.583	67.8%
15	30-yr Reopening of MGII 1/56	30	May	Q2	28/5/2026	5,000	3,000	2,000	75,000	2.285	4.095	4.103	4.110	52.2%
16	3-yr Reopening of MGS 3/29	3	Jun	Q2	4/6/2026	5,000	5,000		80,000	1.928	3.228	3.243	3.249	52.9%
17	15-yr Reopening of MGII 7/40	15	Jun	Q2	12/6/2026	5,000	3,500	1,500	85,000	3.410	3.891	3.898	3.902	75.0%
18	5-yr Reopening of MGS 6/31	5	Jun	Q2	19/6/2026	5,000	5,000		90,000	2.282	3.432	3.439	3.445	32.5%
19	20-yr Reopening of MGII 5/45	20	Jun	Q2	25/6/2026	5,000	3,000	2,000	95,000	3.136	3.980	3.995	4.000	90.3%
20	10-yr Reopening of MGS 07/35	10	Jul	Q3	2/7/2026	5,000	5,000		100,000	1.867	3.613	3.630	3.638	66.7%
21	3.5-yr Reopening of MGII 10/29	3	Jul	Q3	14/7/2026	5,000	5,000		105,000	2.260	3.280	3.287	3.289	95.3%
22	15-yr Reopening of MGS 01/41	15	Jul	Q3	21/7/2026	5,000	3,500	1,500	110,000	2.056	3.890	3.903	3.910	50.0%
23	5-yr Reopening of MGII 10/31	5	Aug	Q3	4/8/2026	5,000	5,000		115,000	2.402	3.518	3.529	3.534	80.0%
24	30-yr Reopening of MGS 7/55	30	Aug	Q3	11/8/2026	5,000	3,000	2,000	120,000	2.017	4.225	4.213	4.199	30.0%
25	7-yr Reopening of MGII 3/33	7	Aug	Q3	18/8/2026	5,000	5,000		125,000	2.147	3.685	3.696	3.704	51.3%
26	20-yr Reopening of MGS 4/46	20	Aug	Q3	26/8/2026	5,000	3,500	1,500	130,000	1.635	4.169	4.189	4.200	59.3%
27	10-yr Reopening of MGII 7/36	10	Sep	Q3	9/9/2026	5,000	5,000		135,000	2.292	4.138	4.149	4.160	60.0%
28	7-yr Reopening of MGS 04/33	7	Sep	Q3	21/9/2026	5,000	5,000		140,000	2.168	3.959	3.983	3.999	6.4%
29	30-yr Reopening of MGII 1/56	30	Sep	Q3	29/9/2026	5,000	3,000	2,000	145,000	2.013	4.495	4.508	4.520	100.0%
30	3.5-yr Reopening of MGII 10/29	3	Oct	Q4	8/10/2026	5,000	5,000		150,000	3.016	3.493	3.506	3.519	88.9%
31	15-yr Reopening of MGS 1/41	15	Oct	Q4	15/10/2026	5,000	3,500	1,500	155,000	2.282	4.070	4.087	4.095	63.6%
32	20-yr Reopening of MGII 5/45	20	Oct	Q4	22/10/2026	5,000	3,000	1,000	159,000	2.286	4.255	4.270	4.280	20.0%
33	10-yr New Issue of MGS (Mat on 10/36)	10	Oct	Q4	29/10/2026	5,000	5,000	500	164,500	2.583	3.890	3.920	3.928	18.9%
34	15-yr Reopening of MGII 7/40	15	Nov	Q4		5,000			164,500					
35	3-yr Reopening of MGS 3/29	3	Nov	Q4		5,000			164,500					
36	10-yr Reopening of MGII 7/36	10	Nov	Q4		5,000			164,500					
37	30-yr Reopening of MGS 07/55	11	Dec	Q1		5,000			164,500					
Gross MGS/GII supply in 2026						185,000	138,500	26,000	164,500	PROJECTED TOTAL ISSUANCE = RM185bn				

Source: Bloomberg, BNM, HLBB Global Markets Research

- A total of RM19.5bn of gross issuance was seen in October from the four scheduled auctions – a re-opening of RM5.0bn 3yr GII, a re-opening of RM3.5bn 15yr MGS (plus RM1.5bn PP), a re-opening of RM3.0bn 20yr GII (plus RM1.0bn PP) and a new issuance of a fresh 10yr MGS (plus RM0.5bn PP).
- The bond auctions in October were overall better received compared to September, with an average BTC of 2.596x (Sep: 2.180x) for the month.
- In November, we should get gross issuance of RM15.5bn from the three scheduled auctions – a re-opening of RM3.5bn 15yr GII (plus RM2.0bn PP), a reopening of RM5.0bn 3yr MGS and a re-opening of RM5.0bn 10yr GII.



MGS/GII trading eased in October; likely to advance in November



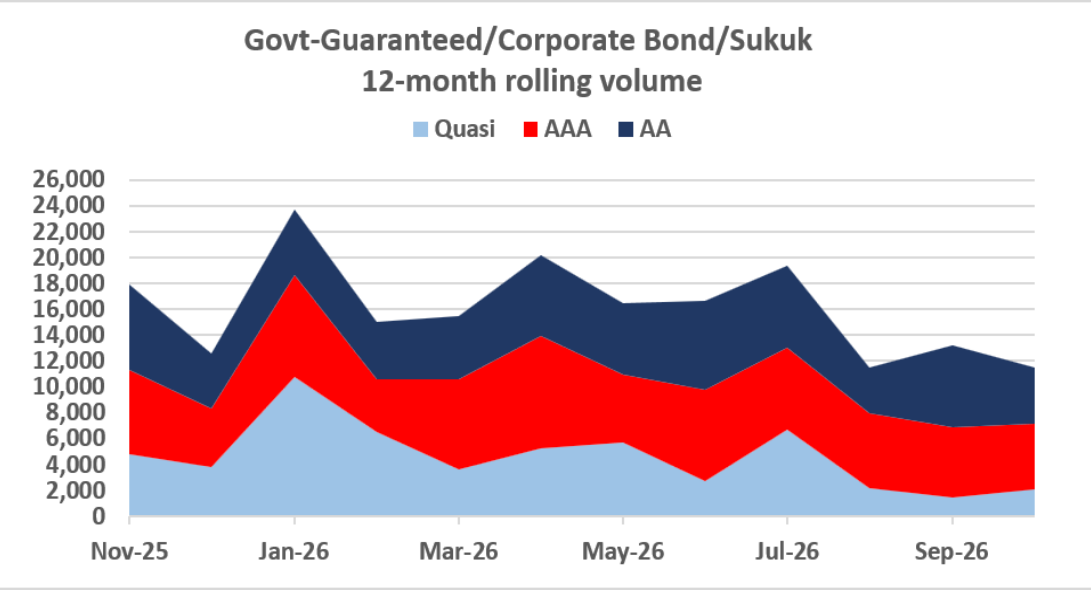
- Secondary trading in MGS/GII eased to RM100.1bn in October (Sep: RM118.5bn), driven by a reduction in both the trading of MGS and GII for the month
- The off-the-run MGS 11/26 and benchmark 3Y GII 10/29 led trading for the month in the MGS and GII markets respectively
- Decent interest was also seen in the benchmark 7Y MGS, 10Y GII and 15Y MGS, as well as in the off-the-run MGS 5/27, MGS 4/28 and GII 7/28
- Secondary trading in government bonds is likely head higher in November

Top Traded MGS in Oct 26	Volume (RM 'mil)
MGS 11/26	16,784.1
MGS 5/27	11,413.7
MGS 4/33 (7Y)	6,760.7
MGS 4/28	3,649.5
MGS 1/41 (15Y)	3,429.8
MGS 7/32	2,682.1
MGS 6/31 (5Y)	2,477.0
MGS 10/36 (10Y)	2,366.4
MGS 3/29 (3Y)	2,130.0
MGS 4/30	2,064.2

Top Traded GII in Oct 26	Volume (RM 'mil)
GII 10/29 (3Y)	7,717.2
GII 7/36 (10Y)	4,783.1
GII 7/28	4,097.5
GII 5/45 (20Y)	2,086.1
GII 9/27	1,998.8
GII 1/56 (30Y)	1,881.8
GII 10/31 (5Y)	1,468.3
GII 10/32	1,466.2
GII 3/33 (7Y)	1,427.1
GII 7/40 (15Y)	812.2

Source: BPAM, HLBB Global Markets Research
Note: (brackets) denotes benchmark

Corporate/Sukuk secondary trading declined in October; new issuances rose



- Trading in Corps/Sukuk declined to RM11.5bn in October (Sep: RM13.2bn), driven by a reduction in the trading of AAA-rated and AA-rated bonds for the month, while trading of GG paper rose for the month
- New issuances for the month rose to RM20.5bn in October (Sep: RM14.0bn), driven by an advance in the issuance of bonds in the GG, corporate and corporate guaranteed space, while issuances by financials eased; we expect issuance in corporate/sukuks to decline in November
- Among the possible notable issuances in the pipeline this month include new issues from DANAINFRA (RM4.2bn), MBSB (RM1.0bn) and YTL Corporation (RM0.5bn)

Top Traded Corporate Bonds/Sukuk in Oct 26	Volume (RM mil)	Last Done Yield (%)
MRL IMTN 3.920% 22.08.2031	190	3.958
YTL POWER IMTN 5.050% 03.05.2027	172	4.020
DRB-HICOM IMTN 5.100% 12.12.2029	160	4.537
AIR SELANGOR IMTN T10S1 SRI SUKUK KAS 08.10.2031	160	4.280
EWCB IMTN 4.900% 10.08.2028	156	4.317
DANAINFRA IMTN 4.950% 06.04.2040 - Tranche No 35	150	4.459
MMC CORP IMTN 5.950% 12.11.2027	140	4.238
S P SETIA IMTN 4.220% 21.04.2027	140	4.020
PSEP IMTN 3.800% 17.03.2028	130	4.019
PLUS BERHAD IMTN 4.860% 12.01.2038 - Series 1	120	4.320
DANGA IMTN 2.960% 25.01.2028 - Tranche 11	120	4.000

Top Corporate/Sukuk Issuance in Oct 26	Rating	Amount Issued (RM 'mil)
TENAGA IMTN 4.350% 27.10.2033	AAA	1,325
MRL IMTN 05.10.2027 - Series 7	GG	1,200
TENAGA IMTN 4.880% 27.10.2051	AAA	1,200
TENAGA IMTN 4.690% 25.10.2041	AAA	1,125
CAGAMAS MTN 3.750% 30.3.2028	AAA	1,000
AGEAS S3 4.440% 07.10.2036	AA2	1,000
TENAGA IMTN 4.810% 26.10.2046	AAA	800
TPCSB Tranche 2 Series 1 MTN 2555D 21.10.2033	NR	748
CAGAMAS IMTN 4.400% 24.10.2033	AAA	700
DANAINFRA IMTN 4.460% 28.10.2042 - Tranche No. 4	GG	695

Source: BNM, BPAM, HLBB Global Markets Research

US Bonds Outlook November 2026 – neutral on USTs

	Current @ 10 Nov	Q4 2026	Q1 2027	Q2 2027	Q3 2027
Fed Funds Rate (upper bound)	4.00%	4.25%	4.50%	4.50%	4.50%

UST yields (%)	Current @ 10 Nov	Q4 2026	Q1 2027	Q2 2027	Q3 2027
2Y	4.74%	4.70%	4.65%	4.60%	4.55%
5Y	4.82%	4.80%	4.70%	4.65%	4.60%
10Y	4.99%	5.00%	4.90%	4.80%	4.70%
30Y	5.35%	5.40%	5.30%	5.25%	5.20%

Source: HLBB Global Markets Research

Key Events for the Month

Date	Event
13 Nov	PPI
17 Nov	Retail Sales
18 Nov	Oct 28 FOMC Meeting Minutes
23 Nov	Preliminary US PMIs
25 Nov	Core PCE Index
25 Nov	3Q26 GDP (S)
25 Nov	Fed Beige Book

- Bonds have been volatile thus far in November, with yields initially heading lower after the mid-term elections resulted in a Democratic sweep and seizing of both chambers of Congress from the Republicans, which triggered a decline in equity markets and flight to quality flows. This was followed by slightly hotter than expected CPI prints for October, and hawkish Fed-speaks from Governor Waller and Dallas Fed President Logan, which resulted in yields backing up, with the 10yr UST yield 6bps higher at 4.99% versus end October.

- Other economic data saw the ISM indices for October ease slightly although they remain at levels well in expansionary territory, and the monthly jobs report for the month was positive, with more jobs added to the economy than anticipated and an unexpected decline in the unemployment rate by a notch.

- We maintain our view that the FOMC is likely to continue hiking the Funds Rate by 25bps in the fourth quarter and by a further 25bps early next year. With the recent hotter-than-expected October CPI print the last one before than FOMC next meets on Dec 10, we expect that they will deliver a 25bps increase in the Funds Rate then.

- **We are neutral on USTs for the remainder of the month**, with continued concerns over the technology sector likely to offset rising expectations of a faster pace of Fed rate hikes.

MYR Bonds Outlook November 2026 – slightly defensive on government bonds

	Current @ 11 Nov	Q4 2026	Q1 2027	Q2 2027	Q3 2027
OPR	2.75%	2.75%	3.00%	3.00%	3.00%

MGS yields (%)	Current @ 11 Nov	Q4 2026	Q1 2027	Q2 2027	Q3 2027
3Y	3.44%	3.45%	3.40%	3.40%	3.40%
5Y	3.66%	3.70%	3.65%	3.60%	3.60%
10Y	3.85%	3.90%	3.85%	3.80%	3.80%
20Y	4.29%	4.35%	4.30%	4.25%	4.20%

Source: HLBB Global Markets Research

Key Events for the Month

Date	Event
18 Nov	3Q26 GDP (F)
19 Nov	CPI
20 Nov	Exports and Trade Balance

- MYR government bonds have been mixed thus far in November, with the short-end giving up some ground while longer-dated bonds registered some gains, leading to a flatter government bond curve.

- BNM left the OPR unchanged at the Nov 05 MPC for an eight consecutive policy meet. The language in the statement accompanying the decision was tweaked to be a little more hawkish that the previous MPC meet, and we maintain our call that the central bank is likely to reverse the "insurance cut" undertaken in July 2025 early next year.

- Industrial production growth for September grew by more than anticipated, and along with the stronger than expected export figures for September that was released last month, may result in 3Q GDP being revised higher in its final reading. Meanwhile the S&P Global Malaysia manufacturing PMI for October registered an advance from the level seen the month before, boding well for growth at the beginning of 4Q.

- **We are slightly defensive on bonds from here for the remainder of the month** – rising expectations of a rate hike domestically should see yields edge higher, and there will also be some long-dated supply to digest, with the 15yr GII and 10yr GII to be re-opened this month, and a fresh 30yr MGS coming in December.

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