



## Weekly Fixed Income &amp; FX Research Commentary

Dollar on an uptrend despite downtick in oil prices.

Monday, 29 June 2026

## Snapshot Summary...

**Global Rates:** Yields down w/w as reaction to lower oil prices, though concerns over higher global rates remain.

**MYR Bonds:** Yields closed mixed w/w as we move towards the end of 2Q2026. We maintain our 3Q2026 10Y MGS target at 3.64% while expecting BNM to maintain its current neutral stance at next week's MPC (9 July).

**Global FX:** USD strength driven by safe-haven market bids. AUD fell sharply w/w, while GBP sees subsiding political risk discount fade, for now.

**USD/MYR:** MYR rebounded sharply w/w despite USD strength, supported by falling UST-MGS yield spreads and comments from BNM.

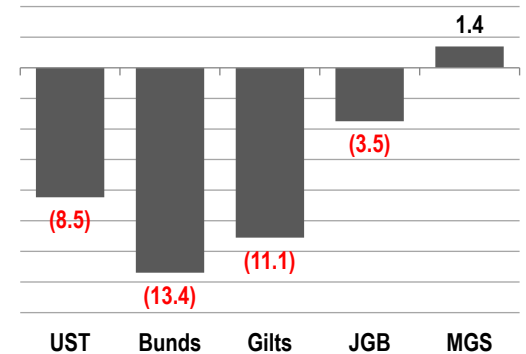
## Fixed Income

**Global Bonds:** Most DM bond markets closed stronger last week. The main driver was traders reacting to the decline in oil prices resulting from the ceasefire in the Middle East. However, this came ahead of escalation in attacks over the weekend by the US and Iran. 10Y UST yield fell 8 bps to 4.37%. In addition, midweek equity market losses driven by concerns over AI investments led to some safe-haven flows into the UST market. Nevertheless, caution remained in the UST market after the hawkish-sounding Fed a week prior and amid the Treasury Department's USD183 billion sale of coupon notes last week. Data last week included US core PCE inflation up 0.4% m/m in May (consensus: 0.5%; April: 0.4%). Traders now await the June US jobs report due this week. Elsewhere, weak PMI data and political risks drove Gilt yields lower.

**Malaysia Government Bonds:** Bonds closed sideways, with benchmark yields moving mainly within a narrow 1-2 bps range last week. Upward yield pressure came from the higher-for-longer global rate outlook, but yields pared back amid lower oil prices. Recent Malaysian macro data, in our opinion, contributed to local bond demand, including a surge in exports and a modest inflation reading. The 10Y MGS rose 1 bps w/w to close at 3.60%. Our 2Q2026 target for 10Y MGS is 3.64%. Meanwhile, authorities completed the 1H2026 MGS+GII auction schedule, following the 20Y GII MYR3.0 billion public tender, which received bids totalling MYR9.4 billion last week. For the half year, the government issued MYR95 billion in MGS+GII, and the average BTC came in at a firm 2.435x per auction across the 19 auctions during the period (full year 2025 BTC was 2.550x).

**Malaysia Government Bonds View:** Next MPC meeting is on 9 July 2026. The MPC meeting in May saw policymakers signalling a neutral stance on rates by maintaining the OPR amid a muted inflation outlook. We expect no rate action in the next MPC meeting as well, and policymakers would likely remain neutral, in our opinion. **We maintain our 3Q2026 10Y MGS target at 3.64%.**

## Weekly Major 10Y Sovereign Yield Changes (bps)



## Weekly Major Bond Yields (%)

Major Bond Yields	26-Jun-26	19-Jun-26	w/w (bps)
2-year UST	4.09	4.18	(8)
10-year UST	4.37	4.45	(8)
2-year Bund	2.52	2.65	(13)
10-year Bund	2.85	2.99	(13)
2-year Gilt	4.13	4.25	(13)
10-year Gilt	4.73	4.84	(11)
2-year JGB	1.41	1.41	0
10-year JGB	2.62	2.66	(4)
2-year AGB	4.41	4.51	(10)
10-year AGB	4.72	4.81	(9)

## Weekly MGS Yields (%)

MGS Yields	26-Jun-26	19-Jun-26	w/w (bps)
3-year	3.25	3.25	(0)
5-year	3.42	3.44	(2)
7-year	3.55	3.56	(1)
10-year	3.61	3.60	1
15-year	3.85	3.85	0
20-year	3.97	3.97	0
30-year	4.11	4.09	2

## Weekly GII Yields (%)

GII Yields	26-Jun-26	19-Jun-26	w/w (bps)
3-year	3.25	3.24	1
5-year	3.39	3.37	2
7-year	3.55	3.55	0
10-year	3.62	3.61	1
15-year	3.91	3.89	2
20-year	3.99	3.98	1

## MYR Swap &amp; KLIBOR Rates (%)

IRS & KLIBOR	26-Jun-26	19-Jun-26	w/w (bps)
IRS 3-Year	3.49	3.46	2
IRS 5-Year	3.52	3.53	(1)
IRS 7-Year	3.58	3.60	(2)
IRS 10-Year	3.71	3.73	(2)
3-Month KLIBOR	3.44	3.36	8
6-Month KLIBOR	3.46	3.40	6

## Forex

**DXY Index: DXY (+0.5% w/w)** on an uptrend for a second consecutive week, though gains this time were despite the downtick in oil prices and UST yields, as those factors were outweighed by the USD and UST gaining safe-haven bids amid some tech-related equity selloffs in both the US and other countries (such as South Korea). Risk-off sentiment also manifested in greater declines for cyclical G10 currencies, while the majors held up better. With the US and Iran still in an uneasy truce (marked by attacks followed by retaliation and subsequent halts in strikes) pending conclusive peace negotiations, market attention was focused on the US data front. US core PCE inflation rose 0.4% m/m in May (consensus: 0.5%; April: 0.4%), driven by services inflation at 0.5% m/m (prior: 0.3%) while goods inflation eased to 0.4% (prior: 0.7%). This brings annual core PCE inflation to 3.4% y/y, its highest since October 2023, and at the median of Fed dot plot forecasts during its June meeting. Combined with other indicators such as real US personal spending rising 0.3% m/m in May (April: 0.0%), a rebound in US core capital goods orders by 1.6% m/m in May (April: -0.7%), upward revisions to annualised 1Q2026 GDP growth at 2.1% (prior estimate: 1.6%), and a four-week downtick streak in initial jobless claims, overall datapoints continue to reinforce markets' conviction of one Fed rate hike by end-2026, though bets of a second hike by 1Q2027 has materially fallen since the Fed's FOMC meeting on 17 June. Ahead this week, the US will release the June batch of labour market data, including nonfarm payrolls, on Friday. Speeches by ECB policymakers and Fed Chairman Kevin Warsh will also be in focus this Wednesday.

**Europe: EUR performance (-0.8% w/w)** continues to trail GBP (-0.2%), with the pound supported by fading political instability risks, given confirmation of UK PM Keir Starmer's resignation and an expected smooth leadership transition. However, questions remain about incoming PM Andy Burnham's fiscal policy agenda, with a potentially higher public requiring increased gilt issuance and straining the UK's fragile public finances and debt burden, which may lead to sharp declines in GBP. Meanwhile, weaker economic data for the Eurozone added to the cautious outlook for the EUR, with preliminary PMI readings for June confirming contraction in the euro area.

**APAC: JPY fell 0.3% w/w**, with further downside (or USD/JPY upside) remaining constrained by very weak levels, as USD/JPY was seen trading within a thin 161.5-162.0 range over the past three sessions – already higher than earlier intervention levels around 160.7, as traders grow increasingly skeptical of further MOF interventions given the earlier high cost and limited lasting impact. Markets are also worried about Japan's fiscal position (as PM Takaichi announced a JPY370 trillion (about USD2.3 trillion) semiconductor and AI investment plan over the next 14 years), as well as perceived slowness in monetary policy normalisation – especially alongside upside risks to inflation. Meanwhile, the **AUD fell a sharper 1.7% w/w**, hitting a fresh three-month low, after seeing declines in 12 out of the past 15 sessions. This comes amid some risk-off market sentiment and further USD strength, while Australia's data releases last week were inconclusive: trimmed-mean inflation surprised on the upside in May despite easing headline inflation, while a better-than-expected rebound in employment in May was pitted against downward revisions to April's numbers.

**Malaysia:** Despite the continued firmer USD trends, the **MYR appreciated a solid 1.1% w/w**, while handily outperforming all Asian currencies for the

### Indicative PDS Yields (%)

PDS Indicative Yields	26-Jun-26	19-Jun-26	w/w (bps)
3-Year AAA	3.58	3.57	0
3-Year AA	3.71	3.71	(0)
3-Year A	4.45	4.45	0
5-Year AAA	3.66	3.66	0
5-Year AA	3.79	3.80	(0)
5-Year A	4.62	4.62	0
10-Year AAA	3.83	3.82	1
10-Year AA	3.96	3.97	(1)
10-Year A	5.02	5.02	0

### FX Weekly – vs. USD

FX Against USD	26-Jun-26	19-Jun-26	w/w (%)
DXY Index	101.36	100.85	0.5
EUR/USD	1.138	1.147	(0.8)
AUD/USD	0.690	0.701	(1.7)
GBP/USD	1.320	1.323	(0.2)
USD/JPY	161.7	161.3	0.3
NZD/USD	0.564	0.574	(1.7)
USD/MYR	4.089	4.136	(1.1)
USD/IDR	17,918	17,790	0.7
USD/THB	33.36	32.83	1.6
USD/SGD	1.294	1.291	0.2
USD/CNY	6.800	6.768	0.5
USD/KRW	1,535	1,531	0.3
USD/INR	94.40	94.33	0.1
USD/PHP	61.30	60.78	0.9


### FX Weekly – Cross Rates vs. MYR


Cross FX Against MYR	26-Jun-26	19-Jun-26	w/w (%)
EUR/MYR	4.66	4.74	(1.6)
GBP/MYR	5.41	5.47	(1.3)
AUD/MYR	2.82	2.90	(2.8)
JPY/MYR	2.53	2.56	(1.4)
SGD/MYR	3.16	3.20	(1.4)
10 CNY/MYR	6.01	6.11	(1.6)
1 million IDR/MYR	228.10	232.40	(1.9)
THB/MYR	12.26	12.58	(2.6)
100 INR/MYR	4.36	4.39	(0.7)
100 PHP/MYR	6.67	6.80	(1.9)


Sources: Bank Negara Malaysia (BNM), Bloomberg, Trading Economics, AmBank Economics


week. Supporting recent MYR strength was the downtick in UST yields, which reduced UST-MGS yield differentials attributed to MYR declines in early June. Indeed, this was affirmed by BNM’s Financial Market Committee (FMC)’s statement on Wednesday that said earlier Ringgit declines were driven mostly by global developments, including higher US policy rates, increased hedging activities due to USD strength, equity rebalancing amid revision of MSCI’s Malaysia Index, and non-resident portfolio repositioning ahead of state elections. Nevertheless, the FMC affirmed that macroeconomic fundamentals remain intact and that onshore FX markets remain healthy, which is expected to provide continued support for the Ringgit. Ongoing measures to encourage inflows under its QRI program, as well as repatriation of income for GLCs, GLICs, and corporates, will also be intensified.


### Technical Pair Summary

<b>DXY</b> 	<b>Resistance Level</b>			
	R1	102.24	R2	103.12
	<b>Support Level</b>			
	S1	99.85	S2	98.34
	Outlook: Slightly bearish			

<b>EUR/USD</b> 	<b>Resistance Level</b>			
	R1	1.156	R2	1.173
	<b>Support Level</b>			
	S1	1.129	S2	1.119
	Outlook: Slightly bullish			

<b>USD/JPY</b> 	<b>Resistance Level</b>			
	R1	162.4	R2	163.1
	<b>Support Level</b>			
	S1	160.5	S2	159.3
	Outlook: Slightly bullish			

<b>USD/MYR</b> 	<b>Resistance Level</b>			
	R1	4.181	R2	4.273
	<b>Support Level</b>			
	S1	3.964	S2	3.839
	Outlook: Slightly bullish			

<b>GBP/USD</b> 	<b>Resistance Level</b>			
	R1	1.339	R2	1.357
	<b>Support Level</b>			
	S1	1.309	S2	1.298
	Outlook: Slightly bullish			


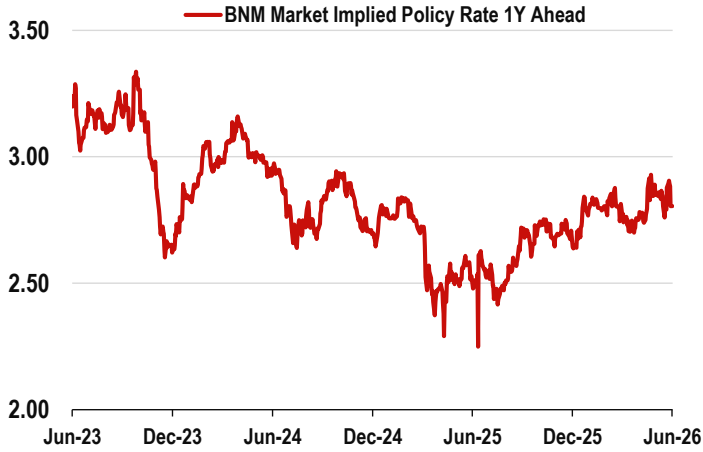
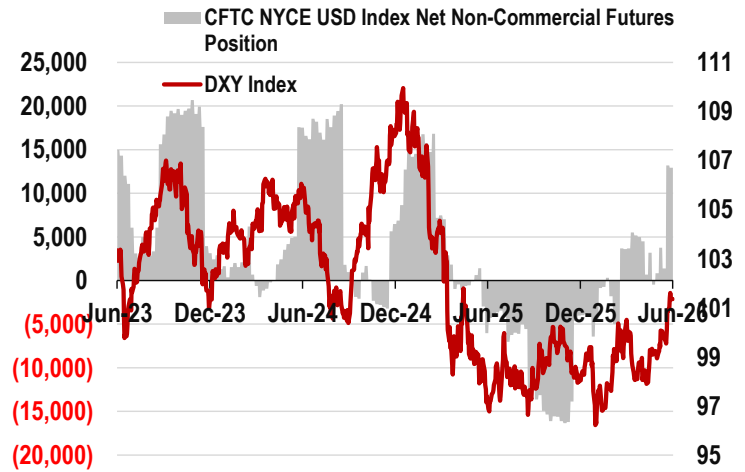
<b>AUD/USD</b> 	<b>Resistance Level</b>			
	R1	0.709	R2	0.727
	<b>Support Level</b>			
	S1	0.680	S2	0.671
	Outlook: Neutral			

Exhibit 1: BNM BBG MIPR 1Y Ahead (%)



Sources: BPAM, AmBank Economics

Exhibit 2: CFTC Dollar Insti. Net Fut. Positioning vs. DXY



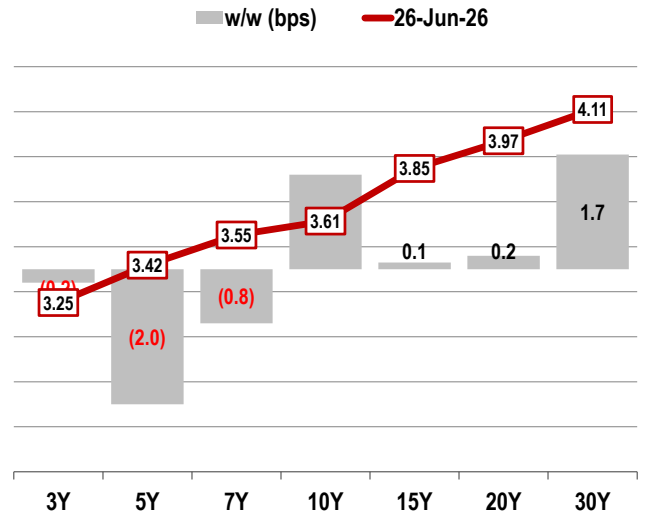
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



Sources: Bloomberg, AmBank Economics

Exhibit 4: MGS w/w yield curve changes



Sources: BNM, BPAM, Bloomberg, AmBank Economics  
Using the MGIY ticker on Bloomberg

## Macroeconomic Data/Events Calendar (29 June 2026 –03 July 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-06-30	14:00	UK	GDP QoQ	1Q F	%	0.6	0.6
2026-06-30	14:00	UK	GDP YoY	1Q F	%	1.1	1.1
<b>2026-06-30</b>	<b>07:30</b>	<b>JP</b>	<b>Jobless Rate</b>	<b>May</b>	<b>%</b>	<b>2.5</b>	<b>2.5</b>
2026-06-30	07:30	JP	Job-To-Applicant Ratio	May		1.2	1.2
2026-06-30	07:50	JP	Industrial Production MoM	May P	%	0.7	0.5
2026-06-30	09:30	CH	Manufacturing PMI	Jun		50.1	50.0
2026-06-30	21:45	US	MNI Chicago PMI	Jun		55.4	62.7
<b>2026-06-30</b>	<b>22:00</b>	<b>US</b>	<b>Conf. Board Consumer Confidence</b>	<b>Jun</b>		<b>94.6</b>	<b>93.1</b>
2026-07-01	14:00	UK	Nationwide House PX MoM	Jun	%	0.1	(0.6)
2026-07-01	14:00	UK	Nationwide House Px NSA YoY	Jun	%	2.5	1.7
2026-07-01	16:30	UK	S&P Global UK Manufacturing PMI	Jun F		53.1	53.1
<b>2026-07-01</b>	<b>07:50</b>	<b>JP</b>	<b>Tankan Large Mfg Index</b>	<b>2Q</b>		<b>16.0</b>	<b>17.0</b>
<b>2026-07-01</b>	<b>07:50</b>	<b>JP</b>	<b>Tankan Large Mfg Outlook</b>	<b>2Q</b>		<b>13.0</b>	<b>14.0</b>
2026-07-01	07:50	JP	Tankan Large Non-Mfg Index	2Q		36.0	36.0
2026-07-01	07:50	JP	Tankan Large Non-Mfg Outlook	2Q		29.0	29.0
2026-07-01	07:50	JP	Tankan Large All Industry Capex Estimate FY	2Q	%	10.9	3.3
2026-07-01	08:30	JP	S&P Global Japan PMI Mfg	Jun F		-	54.9
2026-07-01	09:45	CH	RatingDog China PMI Mfg	Jun		52.0	51.8
2026-07-01	19:00	US	MBA Mortgage Applications	Jun 26	%	-	1.0
<b>2026-07-01</b>	<b>20:15</b>	<b>US</b>	<b>ADP Employment Change</b>	<b>Jun</b>	<b>k</b>	<b>119.0</b>	<b>122.0</b>
2026-07-01	21:45	US	S&P Global US Manufacturing PMI	Jun F		55.7	55.7
<b>2026-07-01</b>	<b>22:00</b>	<b>US</b>	<b>ISM Manufacturing</b>	<b>Jun</b>		<b>53.9</b>	<b>54.0</b>
2026-07-01	22:00	US	Construction Spending MoM	May	%	0.2	0.4
2026-07-01	09:30	AU	Building Approvals MoM	May	%	0.0	(3.4)
2026-07-01	16:00	EU	S&P Global Eurozone Manufacturing PMI	Jun F		51.3	51.3
<b>2026-07-01</b>	<b>17:00</b>	<b>EU</b>	<b>CPI YoY</b>	<b>Jun P</b>	<b>%</b>	<b>3.0</b>	<b>3.2</b>
2026-07-01	17:00	EU	CPI MoM	Jun P	%	0.1	0.1
<b>2026-07-02</b>	<b>20:30</b>	<b>US</b>	<b>Change in Nonfarm Payrolls</b>	<b>Jun</b>	<b>k</b>	<b>115.0</b>	<b>172.0</b>
2026-07-02	20:30	US	Unemployment Rate	Jun	%	4.3	4.3
2026-07-02	20:30	US	Initial Jobless Claims	Jun 27	k	220.0	215.0
2026-07-02	22:00	US	Factory Orders	May	%	(2.0)	4.8
2026-07-02	22:00	US	Durable Goods Orders	May F	%	(4.5)	(4.5)
2026-07-02	09:30	AU	Trade Balance	May	m	2175.0	1791.0
2026-07-02	06:45	NZ	Building Permits MoM	May	%	-	10.9
2026-07-03	16:30	UK	S&P Global UK Services PMI	Jun F		48.7	48.7

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