



Fixed Income & FX Research

23 December 2024

Snapshot Summary...

Global FX: The dollar snaps its recent bull run following lower PCE readings**Global Rates:** Treasury yields retreated due to data and safe haven demand**MYR Bonds:** Sentiment in the local government bond market remained weak last Friday**USD/MYR:** The pair was stable and closed just below 4.50-level

Macro News

Japan: Japan's November inflation data pointed to a renewed acceleration, driven by reduced government energy subsidies and higher rice prices, thus keeping another rate hike by Bank of Japan (BoJ) alive. CPI surged to 2.9% y/y in November from 2.3% in October, marking its highest reading since October 2023. Core CPI, which includes oil prices but excludes food prices, rose to a three-month high of 2.7% in November, up from 2.3% previously and slightly higher than the market consensus of a 2.6% increase. Meanwhile, double core inflation, which deemed by the BoJ as better gauge of demand-driven inflation, edged higher to 2.4% from 2.3% previously.

China: As widely expected, People's Bank of China (PBoC) left its Loan Prime Rates (LPRs) steady given the limited monetary space in the near-term owing to currency pressures and falling yields. The one-year LPR was unchanged at 3.10%, while the five-year LPR was unchanged at 3.60%. The LPRs have been cut three times this year thus far, with one-year rate down by 35 bps in total and the five-year rate lowered by 60 bps.

US: The Fed's preferred gauge of inflation rose at a slower than expected pace in November but may not be enough to change the Fed's recent hawkish stance. PCE inflation climbed to 2.4% y/y in November from 2.3% in October, slightly weaker than the market expectations for a 2.5% increase. The core PCE inflation reported 2.8% increase for the same month, which is unchanged from October, also below expectations of 2.9%.

Malaysia: Malaysia's headline inflation eased to 1.8% y/y in November, down marginally from 1.9% in October, marking its first slowdown since August 2021. The slight deceleration in inflation is mainly attributed to the slowdown in prices for sectors such as information and communication, health and transport. Meanwhile, core inflation remained stable at 1.8%, with food and beverages remaining the main inflation driver. The latest data align with our view that average inflation in 2024 will come in below 2.0%.

Fixed Income

Global Bonds: US Treasury yields backed down slightly after the past week's surge as traders reacted to the softer-than-expected PCE inflation data. Yields also fell on the back of safe haven demand amid renewed fears of a government shutdown after the House rejected the Trump backed plan. However, this was before the House then passed a different plan which was also signed by Biden.

FX Daily Rates

Vs. USD	Last Close	Per cent
DX	107.62	(0.7)
EUR/USD	1.043	0.6
AUD/USD	0.625	0.2
GBP/USD	1.257	0.5
USD/JPY	156.31	(0.7)
USD/MYR	4.506	0.0
USD/IDR	16,195	(0.6)
USD/THB	34.47	(0.2)
USD/SGD	1.356	(0.4)
USD/CNY	7.295	(0.0)
USD/KRW	1,447	0.0
USD/INR	85.02	(0.1)
USD/PHP	58.80	(0.3)
USD/TWD	32.70	0.1
USD/HKD	7.776	0.1
USD/VND	25,455	(0.0)
NZD/USD	0.565	0.4

MYR Cross Rates

MYR Cross	Last Close	Per cent
EUR/MYR	4.680	(0.2)
GBP/MYR	5.634	(1.2)
AUD/MYR	2.809	(0.2)
JPY/MYR	2.882	0.7
SGD/MYR	3.315	0.0
10CNY/MYR	6.178	0.0
100IDR/MYR	2.779	0.6
THB/MYR	13.084	0.5
10HKD/MYR	5.799	0.0
100INR/MYR	5.300	0.0

MGS Bond Yields (%)

MGS	Maturity	Last	bps
3-Year	05/27	3.49	(0)
5-Year	08/29	3.66	0
7-Year	04/31	3.79	0
10-Year	07/34	3.85	1
15-Year	04/39	3.97	1
20-Year	05/44	4.06	0
30-Year	03/53	4.19	(0)

MYR Swap Rates (%)

Swap / Rates	Last Close	bps
IRS 1-Year	3.59	0
IRS 3-Year	3.52	(0)
IRS 5-Year	3.57	0
IRS 7-Year	3.66	(0)
IRS 10-Year	3.75	(3)
3-M KLIBOR	3.73	0

Major Sovereign Yields (%)

Sov. Yield	Last Close	bps
UST 2Y	4.31	(1)
UST 10Y	4.52	(4)
Germany 10Y	2.29	(2)
UK 10Y	4.51	(7)
Japan 10Y	1.06	(1)
Australia 10Y	4.49	8
China 10Y	1.72	(4)
Korea 10Y	2.86	5
Indonesia 10Y	7.07	(2)
Thailand 10Y	2.22	(2)
Malaysia 10Y	3.85	1

MYR Government Bonds: Sentiment in the local government bond market remained weak last Friday, especially as the 10Y UST yield hit a six-month high to above 4.55%. Sentiment generally weakened following the latest release of US economic indicators post last week's signals by the Fed of lessened rate cuts next year.

MYR Corporate Bonds: Trading in the local corporate bond market was also weaker last Friday to mirror the lack of demand in the govvnies segment. Papers traded saw mostly yields moving higher. Flows were led by AA1 rated KLK 03/32 which rose 3 bps 4.07% on MYR40 million volume and AAA rated MAHB 12/26 which rose 3 bps to 3.78%.

Forex

US: The dollar index snapped its bull run, softening as the latest PCE data came in below consensus. Both personal income and spending also fell short of market expectations, leading the markets to recalibrate expectations for future Fed rate cuts. The DXY ended the session down by 0.7%.

Europe: The euro posted decent gains against the weaker dollar on Friday. Sterling also climbed 0.5%, but the gains could be limited by the underwhelming headline UK retail sales growth, which advanced only by 0.2% m/m, compared with the market forecast of 0.5% m/m.

Asia Pacific: The JPY strengthened after the re-acceleration of Japan's inflation kept the possibility of a rate hike by the BoJ on the table. While the latest decision by the central bank and signals from officials indicated a preference to keep the policy accommodative, the data has been slowly pressuring the central bank to reconsider. The yen also found support from intensified warnings by government officials against the currency's slide. Finance Minister Katsunobu Kato expressed significant concern over recent currency movements, particularly those influenced by speculators. He emphasized that the government is prepared to intervene if there are excessive fluctuations in the currency market. The CNY was little changed with the PBOC setting the yuan's reference rate at 7.1901 per dollar versus the average Bloomberg survey estimate of 7.3060, prompting state banks to tighten CNH liquidity and sell dollars both offshore and onshore, according to news flows.

Malaysia: The USDMYR was stable and managed to close just below the 4.50 level as markets took profit from the bullish run it had since two weeks ago. BNM data showed international reserves fell slightly to USD118.1 billion as of December 13, 2024, from USD 118.3 billion at the end of November 2024.

Other Markets

Gold: Gold prices climbed after the Fed's preferred inflation gauge showed muted growth, reassuring policymakers about continuing to lower borrowing costs in 2025, which led to a drop in Treasury yields and the dollar, boosting bullion by 1.1% for the day.

Oil: Brent settled near USD73 a barrel and WTI held above USD69 per barrel, amid concerns over the Fed's slower rate cuts, Trump's tariff threats on the EU, and mixed signals from the central bank's inflation gauge, while geopolitical tensions and technical issues in Russia added to market volatility.

Weekly Indicative PDS Yields (%)

PDS Indicative	Last Close	bps
3-Year AAA	3.82	0
3-Year AA	4.00	0
3-Year A	4.87	(2)
5-Year AAA	3.91	(0)
5-Year AA	4.09	0
5-Year A	5.10	(4)
10-Year AAA	4.08	2
10-Year AA	4.25	1
10-Year A	5.58	(5)

Key Commodities

Commodities	Last Close	Per cent
Brent (USD/bl)	72.94	0.1
WTI (USD/bl)	70.06	0.2
Gold (USD/oz)	2,623	1.1
CPO (RM/tonne)	4,743	0.0

Equity Indices

Equity	Last Close	Per cent
S&P500 Index	5,931	1.1
Dow Jones	42,840	1.2
Nasdaq	19,573	1.0
London FTSE	8,085	(0.3)
German DAX	19,885	(0.4)
Nikkei 225	38,702	(0.3)
Japan TOPIX	2,702	(0.4)
FBM KLCI	1,591	(0.5)
Strait Times	3,720	(1.1)
Jakarta	6,984	0.1
Shanghai	3,368	(0.1)
MSCI Asia Pac	179	(0.7)
MSCI World	3,723	0.7
Hang Seng	19,721	(0.2)
KOSPI	2,404	(1.3)
Thai Stock Exc	1,365	(0.9)
Taiwan	22,510	(1.8)
India	78,042	(1.5)
Australia	8,067	(1.2)

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	4.520	4.560
Support	4.390	4.410

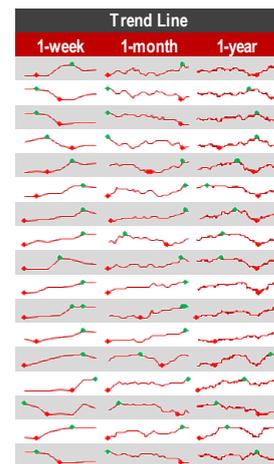
Sources: Bloomberg, Trading Economics, AmBank Economics

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
	20-Dec-24	19-Dec-24	13-Dec-24	20-Nov-24	21-Dec-23
DXY Dollar Index	107.62	108.41	107.00	106.68	101.84
EUR/USD	1.043	1.036	1.050	1.054	1.101
AUD/USD	0.625	0.624	0.636	0.651	0.680
GBP/USD	1.257	1.250	1.262	1.265	1.269
USD/JPY	156.31	157.44	153.65	155.44	142.12
USD/MYR	4.506	4.506	4.450	4.471	4.655
USD/IDR	16,195	16,290	15,995	15,865	15,525
USD/THB	34.47	34.54	34.13	34.72	34.86
USD/SGD	1.356	1.361	1.349	1.343	1.326
USD/CNY	7.295	7.296	7.274	7.246	7.138
USD/KRW	1,447	1,447	1,435	1,400	1,305
USD/INR	85.02	85.08	84.80	84.41	83.28
USD/PHP	58.80	59.00	58.47	58.92	55.59
USD/TWD	32.70	32.68	32.51	32.50	31.28
USD/HKD	7.776	7.770	7.776	7.784	7.809
USD/VND	25,455	25,461	25,404	25,416	24,330
NZD/USD	0.565	0.563	0.576	0.588	0.630

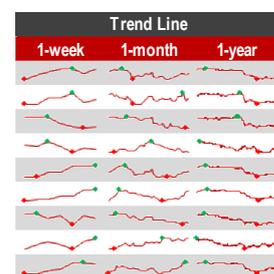
Percentage Change				
1-day	1-week	1-month	1-year	YTD
(0.7)	0.6	0.9	5.7	6.2
0.6	(0.7)	(1.1)	(5.3)	(5.5)
0.2	(1.7)	(3.9)	(8.1)	(8.2)
0.5	(0.4)	(0.6)	(0.9)	(1.3)
(0.7)	1.7	0.6	10.0	10.8
0.0	1.3	0.8	(3.2)	(1.9)
(0.6)	1.3	2.1	4.3	5.2
(0.2)	1.0	(0.7)	(1.1)	1.0
(0.4)	0.5	1.0	2.2	2.7
(0.01)	0.3	0.7	2.2	2.8
0.0	0.8	3.3	10.9	12.3
(0.1)	0.3	0.7	2.1	2.2
(0.3)	0.6	(0.2)	5.8	6.2
0.1	0.6	0.6	4.6	6.5
(0.0)	0.2	0.2	4.6	4.9
0.4	(1.9)	(3.8)	(10.2)	(10.6)



Ringgit Cross Rates

	Latest	1-day	1 week	1-Month	1-Year
	20-Dec-24	19-Dec-24	13-Dec-24	20-Nov-24	21-Dec-23
EUR/MYR	4.680	4.691	4.667	4.720	5.094
GBP/MYR	5.634	5.705	5.624	5.665	5.879
AUD/MYR	2.809	2.813	2.833	2.911	3.141
JPY/MYR	2.882	2.862	2.897	2.877	3.275
SGD/MYR	3.315	3.315	3.299	3.330	3.499
10CNY/MYR	6.178	6.175	6.117	6.172	6.521
100IDR/MYR	2.779	2.762	2.780	2.818	2.998
THB/MYR	13.084	13.016	13.022	12.916	13.387
10HKD/MYR	5.799	5.797	5.723	5.745	5.960

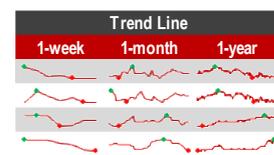
Percentage Change				
1-day	1-week	1-month	1-year	YTD
(0.2)	0.3	(0.8)	(8.1)	(7.8)
(1.2)	0.2	(0.6)	(4.2)	(3.5)
(0.2)	(0.8)	(3.5)	(10.6)	(10.1)
0.7	(0.5)	0.2	(12.0)	(11.5)
0.0	0.5	(0.5)	(5.3)	(4.7)
0.0	1.0	0.1	(5.3)	(4.4)
0.6	(0.0)	(1.4)	(7.3)	(6.9)
0.5	0.5	1.3	(2.3)	(2.3)
0.0	1.3	0.9	(2.7)	(1.4)



Commodities

	Latest	1-day	1 week	1-Month	1-Year
	20-Dec-24	19-Dec-24	13-Dec-24	20-Nov-24	21-Dec-23
Brent (USD/barrel)	72.94	72.88	74.49	72.81	79.39
WTI (USD/barrel)	70.06	69.91	71.29	68.87	73.61
Gold (USD/oz)	2,623	2,594	2,648	2,651	2,046
Malaysia CPO (RM/tonne)	4,743	4,743	5,151	5,025	3,687

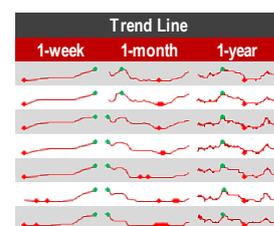
Percentage Change				
1-day	1-week	1-month	1-year	YTD
0.1	(2.1)	0.2	(8.1)	(5.3)
0.2	(1.7)	1.7	(4.8)	(2.2)
1.1	(1.0)	(1.0)	28.2	27.1
0.0	(7.9)	(5.6)	28.6	27.6



Malaysia Government Securities

	Latest	1-day	1 week	1-Month	1-Year
	20-Dec-24	19-Dec-24	13-Dec-24	20-Nov-24	21-Dec-23
3-Year	3.49	3.50	3.47	3.47	3.46
5-Year	3.66	3.65	3.62	3.61	3.57
7-Year	3.79	3.79	3.77	3.78	3.71
10-Year	3.85	3.84	3.81	3.82	3.73
15-Year	3.97	3.96	3.94	3.95	3.99
20-Year	4.06	4.06	4.05	4.07	4.10
30-Year	4.19	4.19	4.18	4.18	4.25

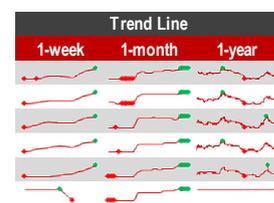
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
(0)	2	2	3	3
0	3	5	9	8
0	2	1	8	7
1	3	2	12	12
1	3	2	(2)	(1)
0	2	(0)	(3)	(4)
(0)	1	1	(6)	(5)



Malaysia Government Investment Issues

	Latest	1-day	1 week	1-Month	1-Year
	20-Dec-24	19-Dec-24	13-Dec-24	20-Nov-24	21-Dec-23
3-Year	3.44	3.43	3.41	3.43	3.50
5-Year	3.67	3.65	3.62	3.62	3.60
7-Year	3.79	3.79	3.77	3.79	3.75
10-Year	3.85	3.84	3.81	3.86	3.77
15-Year	3.98	3.97	3.95	3.97	3.96
20-Year	4.10	4.10	4.09	4.10	4.12

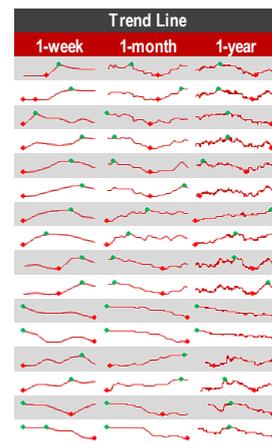
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
1	3	1	(6)	(6)
2	5	5	7	7
1	3	(0)	4	3
1	4	(0)	8	7
2	4	1	2	3
0	2	0	(2)	(2)



Major Sovereign Yields (%)

	Latest	1-day	1 week	1-Month	1-Year
	20-Dec-24	19-Dec-24	13-Dec-24	20-Nov-24	21-Dec-23
UST 2Y	4.31	4.32	4.24	4.31	4.35
UST 10Y	4.52	4.56	4.40	4.41	3.89
Germany 2Y	2.03	2.05	2.07	2.13	2.45
Germany 10Y	2.29	2.31	2.26	2.35	1.96
UK 2Y	4.35	4.42	4.31	4.41	4.07
UK 10Y	4.51	4.58	4.41	4.47	3.53
Japan 2Y	0.58	0.60	0.57	0.56	0.05
Japan 10Y	1.06	1.08	1.04	1.08	0.58
Australia 2Y	3.98	3.98	3.90	4.09	3.76
Australia 10Y	4.49	4.41	4.29	4.56	4.02
China 2Y	1.08	1.14	1.19	1.40	2.35
China 10Y	1.72	1.76	1.78	2.09	2.62
Indonesia 2Y	7.03	7.02	6.98	6.60	6.55
Indonesia 10Y	7.07	7.09	7.02	6.90	6.49
Thailand 2Y	1.99	1.99	1.99	2.07	2.34
Thailand 10Y	2.22	2.24	2.29	2.42	2.75

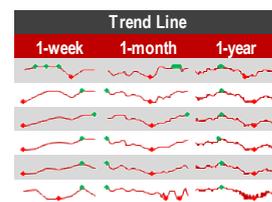
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
(1)	7	(0)	(4)	6
(4)	13	11	63	64
(2)	(4)	(10)	(42)	(38)
(2)	3	(7)	32	26
(8)	4	(6)	28	36
(7)	10	4	98	97
(2)	2	2	53	53
(1)	2	(1)	48	45
0	8	(11)	22	28
8	21	(6)	48	54
(6)	(11)	(31)	(127)	(111)
(4)	(6)	(38)	(90)	(84)
1	5	43	49	52
(2)	4	17	57	59
1	0	(7)	(35)	(34)
(2)	(6)	(20)	(53)	(45)



Key swap rates

	Latest	1-day	1 week	1-Month	1-Year
	20-Dec-24	19-Dec-24	13-Dec-24	20-Nov-24	21-Dec-23
IRS 1-Year	3.59	3.59	3.60	3.55	3.59
IRS 3-Year	3.52	3.53	3.51	3.48	3.50
IRS 5-Year	3.57	3.57	3.54	3.52	3.56
IRS 7-Year	3.66	3.67	3.62	3.61	3.69
IRS 10-Year	3.75	3.78	3.72	3.72	3.83
IRS 20-Year	3.95	4.13	4.07	4.08	4.17

Basis Points Change				
1-day	1-week	1-month	1-year	YTD
0	(1)	4	0	1
(0)	1	5	3	3
0	3	5	2	(1)
(0)	4	6	(3)	(4)
(3)	3	3	(9)	(7)
(18)	(12)	(13)	(22)	(26)



Key KLIBOR rates

	Latest	1-day	1 week	1-Month	1-Year
	20-Dec-24	19-Dec-24	13-Dec-24	20-Nov-24	21-Dec-23
1-Month Klibor	3.29	3.29	3.29	3.28	3.37
3-Month Klibor	3.73	3.73	3.71	3.60	3.77
6-Month Klibor	3.77	3.77	3.76	3.65	3.80

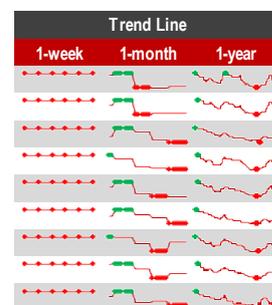
Basis Points Change				
1-day	1-week	1-month	1-year	YTD
0	0	1	(8)	(8)
0	2	13	(4)	(4)
0	1	12	(3)	(4)



Indicative PDS yields

	Latest	1-day	1 week	1-Month	1-Year
	20-Dec-24	19-Dec-24	13-Dec-24	20-Nov-24	21-Dec-23
3-Year AAA	3.82	3.82	3.82	3.84	3.87
3-Year AA	4.00	4.00	4.00	4.02	4.05
3-Year A	4.87	4.87	4.87	4.91	5.24
5-Year AAA	3.91	3.91	3.91	3.94	3.98
5-Year AA	4.09	4.09	4.09	4.11	4.18
5-Year A	5.10	5.10	5.10	5.15	5.54
10-Year AAA	4.08	4.08	4.08	4.09	4.20
10-Year AA	4.25	4.25	4.25	4.27	4.41
10-Year A	5.58	5.58	5.58	5.67	6.03

Basis Points Change				
1-day	1-week	1-month	1-year	YTD
0	0	(2)	(5)	(3)
0	0	(1)	(4)	(4)
0	0	(3)	(37)	(36)
0	0	(3)	(7)	(6)
0	0	(2)	(9)	(9)
0	0	(5)	(44)	(45)
0	0	(1)	(12)	(10)
0	0	(2)	(16)	(17)
0	0	(8)	(45)	(48)



Sources: Bloomberg, AmBank Economics

Note: All values are end-period

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