AmBank Group

AmBank Economics

Market Wrap-up for the Week ended 20 July 2026

Monday, 27 July 2026

Weekly Fixed Income & FX Research Commentary

US-Iran relations remain in flip-flop, ahead of Fed, BOJ, and BOE meetings this week.

Snapshot Summary…

Global Rates: UST closed weaker w/w, though this came before news that the US has delayed more attacks on Iran. Expect markets to be cautious ahead of FOMC, BOE and BOJ meetings.

MYR Bonds: We think MGS+GII players should exercise caution and monitor geopolitical risks and global monetary policy developments.

Global FX: USD is seeing broad-based strength on rebounding energy prices. GBP and JPY lagged peers for the week.

USD/MYR: MYR (+0.1%) outperformed most Asian peers for the week.

Fixed Income

Global Bonds: UST closed weaker w/w, pressured by the surge in crude oil prices as the US-Iran war escalated. However, this came before the latest news that the US has delayed more attacks on Iran. For the coming week, sentiment in the bond markets may be cautious as we head towards the FOMC meeting, as well as BOE and BOJ decisions. Although the said major central banks are expected to keep rates steady, markets are eager to hear if policymakers will maintain a hawkish stance, potentially opening the door for rate increases later in the year amid inflation concerns. In the past week, we already saw the ECB holding rates, but ECB President Lagarde reiterated that the full effects of the energy shock have not yet materialised. Expect UST yields to stay close to the current 4.60-70% range before the FOMC.

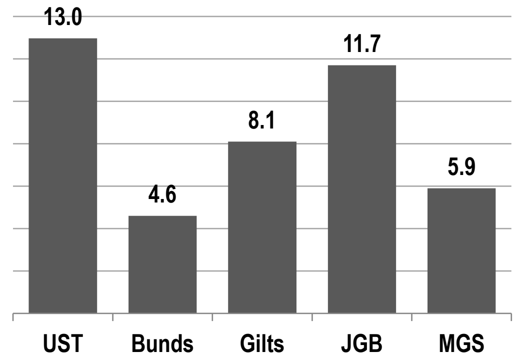
Malaysia Government Bonds: Benchmark MGS+GII yields shot up following tensions in the war, pushing oil prices higher and sending UST yields to two-month highs. However, the US has reportedly delayed more attacks on Iran to cap escalation. As we open trading this week, we note downward pressure on yields.

Malaysia Government Bonds View: For this week, sustained support for bonds is likely only if positive developments on the war front continue, especially if it concerns the reopening of the Straits of Hormuz. Moreover, bond movements may follow reactions from FOMC (BOE and BOJ) policy meetings this week. That said, we think MGS+GII players ought to exercise caution still and watch for geopolitical risks and global monetary policy developments.

Malaysian Corporate Bonds: As for MYR corporate bonds, trading was also on the weaker side. There was buying interest in lower-rated AA and A papers while volume was lower last week, suggesting overall net selling activity was not evenly spread across the PDS market.

Malaysian Corporate Bonds View: Though overall bond sentiment is likely to remain guarded, we think investors could eye some medium- to long-tenor AAA and AA papers, such as YTLP (AAA) with 5-10Y tenors (Exhibit 6) and take profit off longer tenors.

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	24-Jul-26	17-Jul-26	w/w (bps)
2-year UST	4.33	4.18	15
10-year UST	4.68	4.55	13
2-year Bund	2.83	2.79	4
10-year Bund	3.17	3.13	5
2-year Gilt	4.41	4.35	7
10-year Gilt	5.03	4.95	8
2-year JGB	1.52	1.44	8
10-year JGB	2.82	2.70	12
2-year AGB	4.72	4.51	21
10-year AGB	5.09	4.90	19

Weekly MGS Yields (%)

MGS Yields	24-Jul-26	17-Jul-26	w/w (bps)
3-year	3.29	3.26	4
5-year	3.48	3.41	7
7-year	3.62	3.55	7
10-year	3.70	3.64	6
15-year	3.94	3.85	9
20-year	3.99	3.95	4
30-year	4.11	4.08	2

Weekly GII Yields (%)

GII Yields	24-Jul-26	17-Jul-26	w/w (bps)
3-year	3.33	3.28	5
5-year	3.44	3.39	5
7-year	3.60	3.56	4
10-year	3.69	3.64	6
15-year	3.94	3.90	4
20-year	3.99	3.98	1

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	24-Jul-26	17-Jul-26	w/w (bps)
IRS 3-Year	3.58	3.54	4
IRS 5-Year	3.64	3.59	5
IRS 7-Year	3.70	3.66	4
IRS 10-Year	3.82	3.76	6
3-Month KLIBOR	3.45	3.45	0
6-Month KLIBOR	3.48	3.48	0

Forex

DXY Index: DXY was seen up 0.7% w/w, with USD broad-based appreciation seen across most G10 currencies for the week. The USD's consistent strengthening trend through the week is attributable to the continued rise in energy prices, with US-Iran tensions now risk escalating into supply issues (beyond just the Strait of Hormuz) from the Red Sea, given Houthi attacks disrupting Saudi vessels in the region. Alongside a continued policy of (an approximate) 10% baseline tariffs for US imports, markets are anticipating a fresh rise in headline inflation for the US ahead, prompting swap markets to fully price in two Fed rate hikes by March 2027 (prior week: just 60% chance of a second Fed hike). While US-Iran strikes have recently paused amid talks in Oman, markets are expected to focus on the Fed's FOMC meeting this week for policymakers' interpretation of recent events and data developments. Given the flip-flop in US-Iran tensions and Fed chairman Kevin Warsh's new policy of providing less forward guidance, expect Fed expectations (and, by extension, USD sentiment) to be more volatile in the coming weeks.

Europe: **EUR (-0.6% w/w)** weakened amid USD strength, coming as the ECB left interest rates unchanged as expected, citing a recent string of benign data on prices, wages, economic activity, and inflation expectations. While ECB President Lagarde reiterated that the full effects of the energy shock have not yet materialised (which implies that a rate hike for its next meeting in September remains on the cards), subsequent data showed a cooling in inflation expectations for consumers and businesses alike in June, solidifying the EUR's weekly decline. Meanwhile, the **GBP (-0.9% w/w)** finally ended its streak of relative outperformance vs the EUR after several weeks. This comes as new UK PM Andy Burnham unexpectedly appointed John Healey as Chancellor of the Exchequer – fueling speculations of higher defence spending. While the PM appeared to halt plans to raise the personal income tax allowance and stressed a commitment to fiscal discipline, investors remain spooked by several pricey pledges (including removing VAT on electricity bills). Detailed spending plans are expected to be unveiled in the October budget, suggesting prolonged uncertainty in the months ahead and potential underperformance for UK assets. This comes ahead of the BOE's policy meeting this week, with no changes to policy rates expected.

APAC: BOJ officials are reportedly open to raising rates at a faster pace than currently anticipated by economists, as inflation in Japan continued to accelerate amid a weak yen, elevated fuel costs, and summer heat-induced higher electricity prices. Despite that, **USD/JPY (+0.8% w/w)** continued to touch new highs – with markets still casting significant doubt on any policy changes anytime soon, ahead of the BOJ's policy meeting this Friday. Meanwhile, the **AUD (-0.1% w/w)** saw milder declines relative to peers, supported by a general uptick in energy commodity prices and domestic data. Australia's net employment rose by 76.3k in June (consensus: 15.3k) - its strongest since April 2025, prompting investors to raise bets of one more RBA hike (by end-2026) from 70% to 90%.

Malaysia: The **MYR strengthened 0.1% w/w** vs. the USD, while outperforming most currencies in the Asian complex. We think the MYR's performance as the regional safe-haven may be attributable to 1) Malaysia being the only major regional net energy exporter, thereby seeing less risks on its balance of payments and inflation profile; and 2) Continued strong

Indicative PDS Yields (%)

PDS Indicative Yields	24-Jul-26	17-Jul-26	w/w (bps)
3-Year AAA	3.59	3.58	1
3-Year AA	3.73	3.72	1
3-Year A	4.41	4.44	(3)
5-Year AAA	3.68	3.67	1
5-Year AA	3.81	3.80	1
5-Year A	4.56	4.61	(5)
10-Year AAA	3.86	3.84	3
10-Year AA	3.99	3.98	1
10-Year A	4.95	5.01	(6)

FX Weekly – vs. USD

FX Against USD	24-Jul-26	17-Jul-26	w/w (%)
DXY Index	101.47	100.77	0.7
EUR/USD	1.137	1.144	(0.6)
AUD/USD	0.698	0.698	(0.1)
GBP/USD	1.333	1.345	(0.9)
USD/JPY	163.8	162.4	0.9
NZD/USD	0.579	0.584	(0.9)
USD/MYR	4.091	4.097	(0.1)
USD/IDR	17,943	17,895	0.3
USD/THB	33.68	33.61	0.2
USD/SGD	1.291	1.292	(0.1)
USD/CNY	6.771	6.776	(0.1)
USD/KRW	1,459	1,487	(1.9)
USD/INR	96.57	96.28	0.3
USD/PHP	61.85	61.59	0.4

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	24-Jul-26	17-Jul-26	w/w (%)
EUR/MYR	4.66	4.69	(0.6)
GBP/MYR	5.45	5.51	(1.1)
AUD/MYR	2.86	2.86	0.1
JPY/MYR	2.50	2.52	(1.0)
SGD/MYR	3.17	3.17	(0.1)
10 CNY/MYR	6.04	6.04	(0.0)
1 million IDR/MYR	227.70	228.60	(0.4)
THB/MYR	12.14	12.18	(0.3)
100 INR/MYR	4.24	4.25	(0.2)
100 PHP/MYR	6.62	6.65	(0.5)

Sources: Bank Negara Malaysia (BNM), Bloomberg, Trading Economics, AmBank Economics growth prospects in Malaysia amid resilient domestic demand and E&E-driven exports. The week ahead sees the Negri Sembilan state elections (on 1 August), coming as PM Anwar said that Budget 2027 is being drafted and is scheduled to be tabled in early October.

Technical Pair Summary

DXY

Resistance Level			
R1	101.76	R2	102.72
Support Level			
S1	99.69	S2	98.58
Outlook: Slightly bullish			

EUR/USD

Resistance Level			
R1	1.158	R2	1.172
Support Level			
S1	1.133	S2	1.122
Outlook: Slightly bearish			

USD/JPY

Resistance Level			
R1	163.1	R2	163.9
Support Level			
S1	161.0	S2	159.6
Outlook: Neutral			

USD/MYR

Resistance Level			
R1	4.138	R2	4.191
Support Level			
S1	4.041	S2	3.997
Outlook: Neutral			

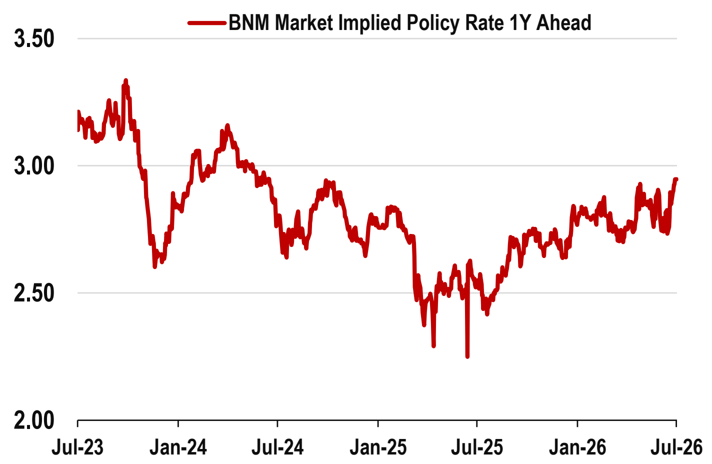
GBP/USD

Resistance Level			
R1	1.360	R2	1.376
Support Level			
S1	1.323	S2	1.301
Outlook: Slightly bearish			

AUD/USD

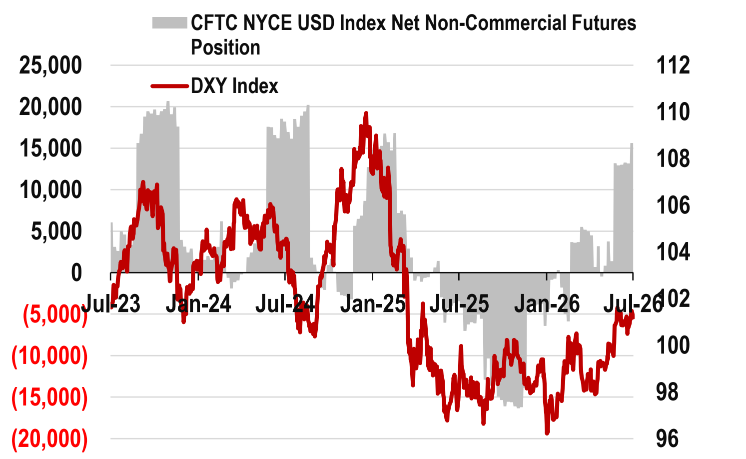
Resistance Level			
R1	0.707	R2	0.716
Support Level			
S1	0.689	S2	0.680
Outlook: Slightly bearish			

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



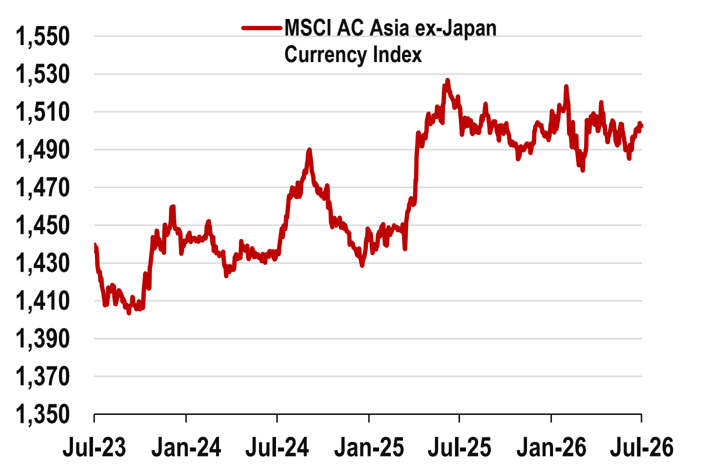
Sources: BPAM, AmBank Economics

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



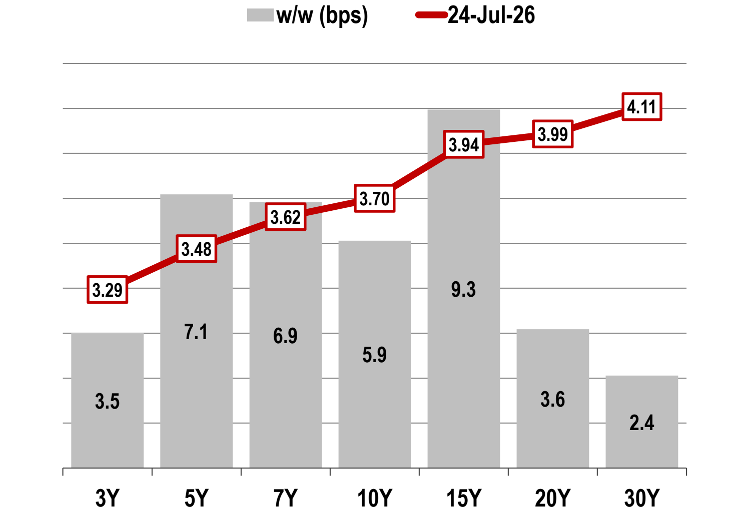
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



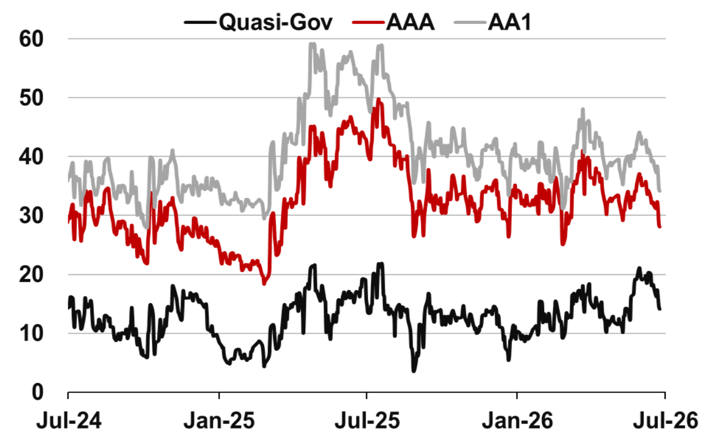
Sources: Bloomberg, AmBank Economics

Exhibit 4: MGS w/w yield curve changes



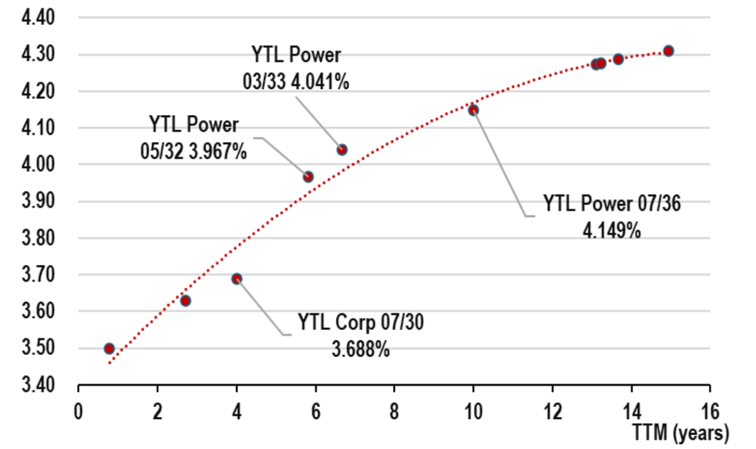
Sources: BNM, BPAM, Bloomberg, AmBank Economics
Using the MGIY ticker on Bloomberg

Exhibit 5: PDS spreads vs. MGS (5Y tenor) (bps)



Sources: BPAM, AmBank Economics

Exhibit 6: Selected YTL Corp and YTL Power curve (%)



Sources: BPAM, AmBank Economics

Macroeconomic Data/Events Calendar (27 July 2026 – 31 July 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-07-27	20:30	US	Durable Goods Orders	Jun P	%	1.8	(4.5)
2026-07-28	20:30	US	Wholesale Inventories MoM	Jun P	%	0.5	0.1
2026-07-28	**22:00**	**US**	**Conf. Board Consumer Confidence**	**Jul**		**92.0**	**91.2**
2026-07-29	19:00	US	MBA Mortgage Applications	Jul 24	%	-	1.9
2026-07-29	09:30	AU	CPI QoQ	2Q	%	0.7	1.4
2026-07-29	16:30	UK	Mortgage Approvals	Jun	k	57.1	56.2
2026-07-30	**02:00**	**US**	**FOMC Rate Decision (Upper Bound)**	**Jul 29**	**%**	**3.75**	**3.75**
2026-07-30	20:30	US	Personal Income	Jun	%	0.3	0.7
2026-07-30	20:30	US	Personal Spending	Jun	%	0.3	0.7
2026-07-30	20:30	US	Initial Jobless Claims	Jul 25	k	200.0	187.0
2026-07-30	20:30	US	GDP Annualized QoQ	2Q A	%	2.1	2.1
2026-07-30	09:30	AU	Building Approvals MoM	Jun	%	(0.5)	(1.1)
2026-07-30	**19:00**	**UK**	**Bank of England Bank Rate**	**Jul 30**	**%**	**3.75**	**3.75**
2026-07-30	17:00	EU	GDP SA QoQ	2Q A	%	0.2	(0.2)
2026-07-30	**17:00**	**EU**	**GDP SA YoY**	**2Q A**	**%**	**0.5**	**0.3**
2026-07-31	21:45	US	MNI Chicago PMI	Jul		56.0	56.7
2026-07-31	22:00	US	U. of Mich. Sentiment	Jul F		54.0	54.4
2026-07-31	14:00	UK	Nationwide House PX MoM	Jul	%	0.1	0.0
2026-07-31	14:00	UK	Nationwide House Px NSA YoY	Jul	%	1.9	2.2
2026-07-31	**17:00**	**EU**	**CPI YoY**	**Jul P**	**%**	**2.9**	**2.8**
2026-07-31	17:00	EU	CPI MoM	Jul P	%	0.2	(0.1)
2026-07-31	**-**	**JP**	**BOJ Target Rate**	**Jul 31**	**%**	**1.0**	**1.0**
2026-07-31	07:30	JP	Tokyo CPI Ex-Fresh Food YoY	Jul	%	1.8	1.6
2026-07-31	07:30	JP	Jobless Rate	Jun	%	2.5	2.5
2026-07-31	07:30	JP	Job-To-Applicant Ratio	Jun		1.2	1.2
2026-07-31	07:50	JP	Industrial Production MoM	Jun P	%	1.0	0.1
2026-07-31	**09:30**	**CH**	**Manufacturing PMI**	**Jul**		**50.1**	**50.3**

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