



Fixed Income & FX Research

20 December 2024

Snapshot Summary...

Global FX: The dollar extends its rise post-FOMC**Global Rates:** Longer tenor UST weaken on the back of firm economic data**MYR Bonds:** The ringgit government bond market remained weak**USD/MYR:** The ringgit fell further against the rallying dollar

Macro News

Japan: As expected, the Bank of Japan (BoJ) maintained its key short-term interest rate at 0.25% during its final meeting of the year, keeping it at the highest level since 2008. The decision came despite the US implementing its third rate cut this year, as the BoJ needed more time to assess certain risks, particularly US economic policies under Trump and next year's wage outlook.

US: The US economy expanded an annualized 3.1% in 3Q2024 in its final estimate, higher than 2.8% in the second estimate and above 3% in 2Q2024, marking the largest growth rate YTD. The strong growth momentum was due to upward revisions to exports and consumer spending.

UK: The Bank of England (BoE) left its benchmark bank rate at 4.75% during its December meeting, in line with market expectations, as CPI inflation, wage growth and indicators of inflation expectations had risen. Nevertheless, the BoE action revealed a dovish slant as three members of the nine-member rate-setting committee favouring to reduce it to 4.5%.

Fixed Income

Global Bonds: UST market was mixed yesterday but longer tenor papers saw a modest rise on the back of firm economic data. The data include the latest weekly jobless claims and upward revision in 3Q3024 US GDP. Overall sentiment remained weak in the US government bond market after the FOMC flagged a slower pace of easing next year.

MYR Government Bonds: Ringgit government bonds fell along most benchmarks yesterday as sentiment followed the prior day weakness in the global bond markets which in turn came on the back of the Fed signal that it may cut rates next year at lessened pace than previously anticipated.

MYR Corporate Bonds: Trading in the local corporate bond market was more sideways yesterday. Gains were modest with demand slanted towards higher had papers. Amongst the gainers include AAA rated PLUS 01/37 which shed 1 bps to close at 3.99% and AAA rated Air Selangor 10/48 which fell 2 bps to 4.23%.

Forex

US: The DXY index extended its gains after the 'hawkish' Fed cut decision and held near a two-year peak after the solid 3Q2024 GDP data. We also suspected there was USD buying against JPY and GBP following the respective central bank's policy meetings.

FX Daily Rates

Vs. USD	Last Close	Per cent
DXY	108.41	0.4
EUR/USD	1.036	0.1
AUD/USD	0.624	0.3
GBP/USD	1.250	(0.6)
USD/JPY	157.44	1.7
USD/MYR	4.506	0.8
USD/IDR	16,290	1.2
USD/THB	34.54	0.8
USD/SGD	1.361	(0.1)
USD/CNY	7.296	0.1
USD/KRW	1,447	0.6
USD/INR	85.08	0.1
USD/PHP	59.00	0.0
USD/TWD	32.68	0.6
USD/HKD	7.770	(0.0)
USD/VND	25,461	0.0
NZD/USD	0.563	0.1

MYR Cross Rates

MYR Cross	Last Close	Per cent
EUR/MYR	4.691	0.0
GBP/MYR	5.705	0.6
AUD/MYR	2.813	(0.2)
JPY/MYR	2.862	(0.9)
SGD/MYR	3.315	0.3
10CNY/MYR	6.175	0.7
100IDR/MYR	2.762	(0.5)
THB/MYR	13.016	(0.3)
10HKD/MYR	5.797	0.8
100INR/MYR	5.300	0.8

MGS Bond Yields (%)

MGS	Maturity	Last	bps
3-Year	05/27	3.50	3
5-Year	08/29	3.65	3
7-Year	04/31	3.79	1
10-Year	07/34	3.84	2
15-Year	04/39	3.96	1
20-Year	05/44	4.06	0
30-Year	03/53	4.19	1

MYR Swap Rates (%)

Swap / Rates	Last Close	bps
IRS 1-Year	3.59	2
IRS 3-Year	3.53	2
IRS 5-Year	3.57	2
IRS 7-Year	3.67	3
IRS 10-Year	3.78	2
3-M KLIBOR	3.73	0

Major Sovereign Yields (%)

Sov. Yield	Last Close	bps
UST 2Y	4.32	(4)
UST 10Y	4.56	5
Germany 10Y	2.31	6
UK 10Y	4.58	2
Japan 10Y	1.08	(0)
Australia 10Y	4.41	13
China 10Y	1.76	(0)
Korea 10Y	2.81	8
Indonesia 10Y	7.09	3
Thailand 10Y	2.24	(3)
Malaysia 10Y	3.84	2

Europe: The pound weakened further after the BoE voted 6-3 to hold rates at 4.75%, with a larger-than-expected split as three policymakers, including Deputy Governor Ramsden, favoured an immediate rate cut. While Governor Andrew Bailey emphasized a cautious, gradual approach to rate adjustments amid economic uncertainties, markets interpreted the vote as a signal for potentially faster rate cuts next year. The euro managed to consolidate recent sharp losses and gained 0.1% on Thursday.

Asia Pacific: The BoJ kept rates unchanged as expected, but Governor Ueda's emphasis on the need to assess wage data and the incoming wage negotiations tempered expectations for a January hike and sent the yen for a sharp fall to its lowest since last July. This dovish tone pushed USD/JPY above 157, with traders now considering March as the next likely window for policy action. China's yuan slid to a 13-month low, breaching the key 7.3 level despite strong PBoC support, as persistent dollar strength and ongoing capital outflows weighed heavily on the currency. Data showed that China's capital markets saw record outflows of USD45.7 billion in November, which widened from a USD25.8 billion outflow in October, driven by weak investor confidence amid a slowing economy, and global portfolio shifts triggered by tariff threats and Trump's election win.

Malaysia: The ringgit saw its sharpest daily losses since the Republicans won the US election early November. MYR movement was in tandem with Asian currencies, with IDR and THB losing 1.2% and 0.8% respectively. We posit the Fed's less dovish signal this week will end ringgit's movement towards to 4.10-4.20 in the short-term period.

Other Markets

Gold: Gold extended its losing streak to six sessions, dropping to a five-week low as the Fed's signals boosted the dollar to a two-year high.

Oil: Crude oil also took a hit as the dollar rally makes it more expensive to buy commodities. Brent fell 0.7% while WTI declined 0.9%.

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)	72.88	(0.7)
WTI (USD/bl)	69.91	(0.9)
Gold (USD/oz)	2,594	0.3
CPO (RM/tonne)	4,839	0.0

Equity Indices

Equity	Last Close	Per cent
S&P500 Index	5,867	(0.1)
Dow Jones	42,342	0.0
Nasdaq	19,373	(0.1)
London FTSE	8,105	(1.1)
German DAX	19,970	(1.3)
Nikkei 225	38,814	(0.7)
Japan TOPIX	2,714	(0.2)
FBM KLCI	1,600	0.0
Strait Times	3,763	(0.4)
Jakarta	6,977	(1.8)
Shanghai	3,370	(0.4)
MSCI Asia Pac	181	(1.8)
MSCI World	3,696	(0.7)
Hang Seng	19,753	(0.6)
KOSPI	2,436	(2.0)
Thai Stock Exc	1,378	(1.5)
Taiwan	22,932	(1.0)
India	79,218	(1.2)
Australia	8,168	(1.7)

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	Percentage Change					Trend Line		
	19-Dec-24	18-Dec-24	12-Dec-24	19-Nov-24	20-Dec-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
DXY Dollar Index	108.41	108.03	106.96	106.21	102.41	0.4	1.4	2.1	5.9	7.0			
EUR/USD	1.036	1.035	1.047	1.060	1.094	0.1	(1.0)	(2.2)	(5.3)	(6.1)			
AUD/USD	0.624	0.622	0.637	0.653	0.673	0.3	(2.0)	(4.5)	(7.3)	(8.4)			
GBP/USD	1.250	1.257	1.267	1.268	1.264	(0.6)	(1.3)	(1.4)	(1.1)	(1.8)			
USD/JPY	157.44	154.8	152.63	154.66	143.57	1.7	3.2	1.8	9.7	11.6			
USD/MYR	4.506	4.470	4.438	4.473	4.658	0.8	1.5	0.7	(3.3)	(1.9)			
USD/IDR	16,290	16,090	15,925	15,830	15,510	1.2	2.3	2.9	5.0	5.8			
USD/THB	34.54	34.25	33.84	34.60	34.90	0.8	2.1	(0.2)	(1.0)	1.2			
USD/SGD	1.361	1.363	1.347	1.338	1.333	(0.1)	1.1	1.7	2.2	3.1			
USD/CNY	7.296	7.286	7.269	7.239	7.139	0.14	0.4	0.8	2.2	2.8			
USD/KRW	1,447	1,439	1,431	1,393	1,299	0.6	1.1	3.9	11.4	12.3			
USD/INR	85.08	84.96	84.87	84.41	83.18	0.1	0.2	0.8	2.3	2.2			
USD/PHP	59.00	59.00	58.25	58.82	55.76	0.0	1.3	0.3	5.8	6.5			
USD/TWD	32.68	32.49	32.50	32.41	31.30	0.6	0.6	0.8	4.4	6.4			
USD/HKD	7.770	7.770	7.775	7.783	7.808	(0.0)	(0.1)	(0.2)	(0.5)	(0.5)			
USD/VND	25,461	25,452	25,394	25,401	24,343	0.0	0.3	0.2	4.6	4.9			
NZD/USD	0.563	0.562	0.577	0.591	0.625	0.1	(2.4)	(4.8)	(9.9)	(10.9)			

Ringgit Cross Rates

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	19-Dec-24	18-Dec-24	12-Dec-24	19-Nov-24	20-Dec-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
EUR/MYR	4.691	4.691	4.664	4.719	5.107	0.0	0.6	(0.6)	(8.1)	(7.6)			
GBP/MYR	5.705	5.671	5.663	5.648	5.906	0.6	0.8	1.0	(3.4)	(2.3)			
AUD/MYR	2.813	2.819	2.847	2.903	3.152	(0.2)	(1.2)	(3.1)	(10.7)	(10.0)			
JPY/MYR	2.862	2.887	2.907	2.892	3.245	(0.9)	(1.5)	(1.0)	(11.8)	(12.1)			
SGD/MYR	3.315	3.307	3.303	3.337	3.505	0.3	0.4	(0.6)	(5.4)	(4.7)			
10CNY/MYR	6.175	6.135	6.103	6.179	6.525	0.7	1.2	(0.1)	(5.4)	(4.4)			
100IDR/MYR	2.762	2.777	2.783	2.823	3.003	(0.5)	(0.8)	(2.2)	(8.0)	(7.4)			
THB/MYR	13.016	13.059	13.089	12.952	13.333	(0.3)	(0.6)	0.5	(2.4)	(2.9)			
10HKD/MYR	5.797	5.753	5.707	5.746	5.965	0.8	1.6	0.9	(2.8)	(1.4)			

Commodities

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	19-Dec-24	18-Dec-24	12-Dec-24	19-Nov-24	20-Dec-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
Brent (USD/barrel)	72.88	73.39	73.41	73.31	79.7	(0.7)	(0.7)	(0.6)	(8.6)	(5.4)			
WTI (USD/barrel)	69.91	70.58	70.02	69.39	73.95	(0.9)	(0.2)	0.7	(5.5)	(2.4)			
Gold (USD/oz)	2,594	2,585	2,681	2,632	2,031	0.3	(3.2)	(1.4)	27.7	25.7			
Malaysia CPO (RM/tonne)	4,839	4,839	5,146	5,054	3,710	0.0	(6.0)	(4.2)	30.4	30.2			

Malaysia Government Securities

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	19-Dec-24	18-Dec-24	12-Dec-24	19-Nov-24	20-Dec-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year	3.50	3.47	3.47	3.50	3.47	3	3	0	3	3			
5-Year	3.65	3.62	3.61	3.64	3.57	3	4	2	8	8			
7-Year	3.79	3.78	3.76	3.80	3.71	1	3	(1)	8	7			
10-Year	3.84	3.82	3.81	3.85	3.74	2	3	(2)	10	11			
15-Year	3.96	3.95	3.93	3.97	3.97	1	3	(0)	(1)	(2)			
20-Year	4.06	4.06	4.05	4.07	4.09	0	1	(1)	(3)	(4)			
30-Year	4.19	4.18	4.18	4.18	4.24	1	1	1	(5)	(5)			

Malaysia Government Investment Issues

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	19-Dec-24	18-Dec-24	12-Dec-24	19-Nov-24	20-Dec-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year	3.43	3.41	3.41	3.43	3.50	2	2	(0)	(7)	(7)			
5-Year	3.65	3.63	3.61	3.65	3.60	2	4	0	5	5			
7-Year	3.79	3.77	3.75	3.81	3.75	1	3	(3)	3	2			
10-Year	3.84	3.83	3.80	3.87	3.78	2	4	(3)	7	6			
15-Year	3.97	3.96	3.95	3.99	3.97	1	2	(2)	0	2			
20-Year	4.10	4.09	4.08	4.10	4.12	1	2	(1)	(2)	(2)			

Major Sovereign Yields (%)

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	19-Dec-24	18-Dec-24	12-Dec-24	19-Nov-24	20-Dec-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
UST2Y	4.32	4.35	4.19	4.28	4.33	(4)	13	4	(1)	7			
UST 10Y	4.56	4.51	4.33	4.40	3.85	5	23	17	71	68			
Germany 2Y	2.05	2.03	2.02	2.14	2.47	2	3	(9)	(43)	(36)			
Germany 10Y	2.31	2.25	2.21	2.34	1.97	6	10	(3)	34	28			
UK 2Y	4.42	4.46	4.27	4.41	4.12	(4)	15	2	31	44			
UK 10Y	4.58	4.56	4.36	4.44	3.53	2	22	14	105	104			
Japan 2Y	0.60	0.60	0.58	0.56	0.05	0	2	4	56	55			
Japan 10Y	1.08	1.08	1.05	1.07	0.56	(0)	3	1	52	46			
Australia 2Y	3.98	3.87	3.89	4.09	3.80	11	9	(11)	18	27			
Australia 10Y	4.41	4.28	4.26	4.56	4.05	13	15	(15)	36	46			
China 2Y	1.14	1.18	1.27	1.40	2.36	(4)	(13)	(26)	(122)	(106)			
China 10Y	1.76	1.77	1.82	2.10	2.64	(0)	(5)	(34)	(87)	(80)			
Indonesia 2Y	7.02	7.00	6.98	6.56	6.51	3	5	47	51	51			
Indonesia 10Y	7.09	7.05	6.98	6.89	6.50	3	10	20	58	61			
Thailand 2Y	1.99	1.98	1.99	2.07	2.35	1	(1)	(9)	(36)	(35)			
Thailand 10Y	2.24	2.27	2.29	2.42	2.76	(3)	(5)	(18)	(52)	(44)			

Key swap rates

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	19-Dec-24	18-Dec-24	12-Dec-24	19-Nov-24	20-Dec-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
IRS 1-Year	3.59	3.57	3.59	3.56	3.59	2	0	3	0	1			
IRS 3-Year	3.53	3.51	3.49	3.49	3.51	2	3	4	2	3			
IRS 5-Year	3.57	3.55	3.53	3.53	3.57	2	4	4	0	(1)			
IRS 7-Year	3.67	3.64	3.61	3.61	3.70	3	6	6	(3)	(4)			
IRS 10-Year	3.78	3.75	3.71	3.73	3.83	2	7	4	(5)	(4)			
IRS 20-Year	4.13	3.95	4.06	4.08	4.17	18	7	5	(5)	(9)			

Key KLIBOR rates

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	19-Dec-24	18-Dec-24	12-Dec-24	19-Nov-24	20-Dec-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
1-Month Klibor	3.29	3.29	3.29	3.28	3.37	0	0	1	(8)	(8)			
3-Month Klibor	3.73	3.73	3.71	3.60	3.77	0	2	13	(4)	(4)			
6-Month Klibor	3.77	3.77	3.76	3.65	3.80	0	1	12	(3)	(4)			

Indicative PDS yields

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	19-Dec-24	18-Dec-24	12-Dec-24	19-Nov-24	20-Dec-23	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year AAA	3.82	3.82	3.82	3.84	3.89	0	0	(2)	(7)	(3)			
3-Year AA	4.00	4.00	4.00	4.02	4.06	0	0	(1)	(6)	(4)			
3-Year A	4.87	4.87	4.89	4.91	5.25	0	(2)	(3)	(38)	(36)			
5-Year AAA	3.91	3.91	3.91	3.94	4.01	0	(0)	(3)	(10)	(6)			
5-Year AA	4.09	4.09	4.09	4.11	4.20	0	0	(2)	(11)	(9)			
5-Year A	5.10	5.10	5.14	5.15	5.56	0	(4)	(5)	(46)	(45)			
10-Year AAA	4.08	4.08	4.06	4.09	4.23	0	2	(1)	(15)	(10)			
10-Year AA	4.25	4.25	4.24	4.27	4.44	0	1	(2)	(20)	(17)			
10-Year A	5.58	5.58	5.63	5.67	6.04	0	(5)	(8)	(46)	(48)			

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

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