AmBank Group

AmBank Economics

Market Wrap-up for the Week ended 21 August 2026

Weekly Fixed Income & FX Research Commentary

Fed speeches, outlook on global long-term sovereign yields in focus this week.

Monday, 24 August 2026

Snapshot Summary…

Global Rates: Sentiment in the bond markets remained negatively affected by expectations of global interest rate hikes and inflation, as oil prices continue to rise, with this weekend's Jackson Hole symposium as the main focus.

MYR Bonds: Govvies weakened, with benchmark MGS+GII yields up 2-7 bps w/w, amid a rise in global bond yields.

Global FX: USD sees sharp weakness amid the US Treasury debt buyback plan. High cyclical AUD outperforms, while JPY remains an underperformer.

USD/MYR: MYR strength (+1.2% w/w) in line with regional peers, with sustainability dependent on key US events this week.

Fixed Income

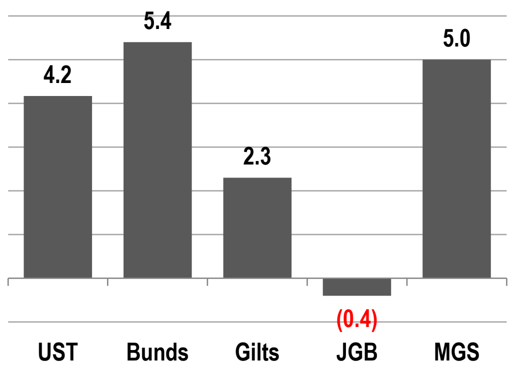
Global Bonds: There was an overall weaker performance in DM global bond markets last week, and yields remain elevated YTD, though they came down from weekly highs. Sentiment in the bond markets remained negatively affected by expectations of global interest rate hikes and inflation, as oil prices continue to rise, and this weekend's Jackson Hole symposium will be the main focus. There was some support for bonds midweek, when the US Treasury announced it would at least double the monthly maximum size of its long-end liquidity-support buybacks, increasing from USD2.0 billion to at least USD4.0 billion. This comes at a time when the long end of 30Y UST yields had reached their highest level since 2007. The support program targets off-the-run securities of 10Y up to 30Y.

Malaysia Government Bonds: Malaysia's bonds weakened, with benchmark MGS+GII yields up 2-7 bps w/w amid geopolitical risks lifting crude prices and continued risks of global policy rate hikes. The release of better trade numbers did not help sentiment, but there was a modest, favourable driver from Malaysia's CPI and the firm movement in the ringgit. Headline inflation eased to 1.8% y/y in July (consensus: 1.8%; June: 1.9%).

Malaysia Government Bonds View: We expect trading interest to be mostly muted this week amid a midweek holiday and ahead of the long weekend. Nevertheless, with yields relatively higher now and month-end approaching, some trading interest could be forthcoming. Even though we don't see large drops in yields this week, we maintain our forecast for the 3Y MGS at 3.15% end-2026. Meanwhile, we continue to expect inflation to trend higher (AmBank's 2026 full-year estimate: 2.0%), given upstream cost pressures (June: +9.2% y/y for the PPI index) and a gradual, albeit limited, pass-through of costs to consumers in the coming months.

Malaysian Corporate Bonds: PDS trading was noticeably weaker as well, affected by the govvies movement. Credit trading was focused on infrastructure-related names, property names, and bank papers. Indicative yields on GG, AAA, and AA1 bonds were up 2 bps w/w, though credit spreads tightened purely because MGS yields climbed faster last week.

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	21-Aug-26	14-Aug-26	w/w (bps)
2-year UST	4.24	4.17	7
10-year UST	4.73	4.69	4
2-year Bund	2.85	2.80	5
10-year Bund	3.26	3.20	5
2-year Gilt	4.36	4.36	0
10-year Gilt	5.06	5.04	2
2-year JGB	1.68	1.67	2
10-year JGB	2.89	2.89	(0)
2-year AGB	4.59	4.55	4
10-year AGB	5.06	5.01	5

Weekly MGS Yields (%)

MGS Yields	21-Aug-26	14-Aug-26	w/w (bps)
3-year	3.34	3.33	1
5-year	3.55	3.53	2
7-year	3.73	3.68	5
10-year	3.79	3.74	5
15-year	4.00	3.97	3
20-year	4.13	4.07	6
30-year	4.22	4.21	1

Weekly GII Yields (%)

GII Yields	21-Aug-26	14-Aug-26	w/w (bps)
3-year	3.36	3.35	0
5-year	3.55	3.54	2
7-year	3.73	3.68	5
10-year	3.79	3.75	4
15-year	4.00	3.99	1
20-year	4.11	4.05	6

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	21-Aug-26	14-Aug-26	w/w (bps)
IRS 3-Year	3.63	3.59	4
IRS 5-Year	3.68	3.64	4
IRS 7-Year	3.73	3.70	4
IRS 10-Year	3.86	3.81	5
3-Month KLIBOR	3.46	3.46	0
6-Month KLIBOR	3.50	3.49	1

Forex

DXY Index: DXY closed the week **0.9% lower**, with G10 currencies strengthening up to 1.6% against the USD. Driving broad-based USD weakness last week was the US Treasury's announcement that it will double its long-dated UST repurchases by issuing short-term bills. The Treasury's move raises the outlook for dollar liquidity in the global financial system, thereby reducing its value, while active intervention efforts (in line with other global efforts to limit the surge in long-dated bond yields) had also earlier driven weakness in the USD. Besides the outlook on long-term sovereign issuances/yields and fiscal deficit spending, attention is expected to focus on the Fed chairman's press briefing today (24 August) and several speeches during the Jackson Hole Symposium (27-29 August) – especially after Warsh signaled that rate hikes may not be his preferred tool to combat higher inflation. Meanwhile, the Fed's July FOMC minutes revealed nothing new, confirming markets' view that officials see a need for higher rates if inflation doesn't cool, with an earlier rate hike preferred to prevent sharper inflationary pressure later. Labour data for the week also reinforced views among some Fed FOMC members that the US is in full employment, though they are slightly at odds with the earlier BLS changes in the nonfarm payrolls data (for July).

Europe: **EUR (+0.9%)** and **GBP (+0.8%)** continue to see tailwinds from a weaker USD environment. Domestic Eurozone data was also supportive, including improvements in manufacturing activity and sentiment, as well as the still-high consumer inflation expectations at 2.9% y/y in July. Meanwhile, the GBP trailed its continental peer amid a soft UK labour market picture in July, though losses were tempered by a still-hot core inflation reading of 2.6% y/y. Markets still expect the next ECB rate hike at its next monetary policy meeting (in mid-September), while the BOE's is expected much later, in December.

APAC: **AUD performance (+1.2% w/w)** was in line with high-beta G10 peers such as the NZD (+1.4%) and NOK (+1.6%), reflecting their greater sensitivity to sentiment shifts for the USD. The weaker dollar more than offset pressure from softer Australian labour data, which showed employment unexpectedly fell 15.8k in July (consensus: +12k; June: +80.2k), bringing the unemployment rate to a near five-year high of 4.5%. Nevertheless, the data was not considered weak enough to sway markets' pricing of a potential RBA rate hike this year, after Deputy Governor Hauser reiterated risks of upside inflation ahead from the Middle East conflict, the global AI boom, and weak domestic productivity growth. Meanwhile, tailwinds for the **JPY (+0.2% w/w)** were mild as it underperformed peers, reflecting markets' persistent bearish view on the JPY despite recent FX interventions. Data showing a wide widening of Japan's trade deficit in July only reiterated longstanding fundamental woes – sharp interest rate and yield differentials with other countries, as well as continued fiscal concerns (most recently, the sharp cut to food consumption taxes with no offsetting revenue measures elsewhere).

Malaysia: MYR strengthened 1.2% w/w - in line with peers regionally, including the THB (+1.5%), IDR (+0.8%), and SGD (+0.7%). The sustainability of recent MYR appreciation is expected to be primarily driven by USD sentiment, with several risk events in the US this week. Domestically, PM Anwar indicated that studies are underway for a more progressive and efficient taxation system – including whether elements of

Indicative PDS Yields (%)

PDS Indicative Yields	21-Aug-26	14-Aug-26	w/w (bps)
3-Year AAA	3.62	3.62	0
3-Year AA	3.75	3.74	1
3-Year A	4.42	4.45	(2)
5-Year AAA	3.72	3.71	1
5-Year AA	3.85	3.83	1
5-Year A	4.57	4.60	(3)
10-Year AAA	3.91	3.90	1
10-Year AA	4.03	4.02	1
10-Year A	4.96	5.00	(5)

FX Weekly – vs. USD

FX Against USD	21-Aug-26	14-Aug-26	w/w (%)
DXY Index	98.80	99.67	(0.9)
EUR/USD	1.168	1.157	0.9
AUD/USD	0.717	0.708	1.2
GBP/USD	1.364	1.354	0.8
USD/JPY	159.0	159.3	(0.2)
NZD/USD	0.598	0.589	1.4
USD/MYR	4.039	4.086	(1.2)
USD/IDR	17,693	17,825	(0.7)
USD/THB	32.68	33.15	(1.4)
USD/SGD	1.269	1.279	(0.7)
USD/CNY	6.721	6.743	(0.3)
USD/KRW	1,387	1,417	(2.1)
USD/INR	95.71	95.44	0.3
USD/PHP	61.66	61.44	0.4

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	21-Aug-26	14-Aug-26	w/w (%)
EUR/MYR	4.73	4.72	0.1
GBP/MYR	5.51	5.53	(0.2)
AUD/MYR	2.89	2.89	0.0
JPY/MYR	2.54	2.57	(1.0)
SGD/MYR	3.18	3.19	(0.4)
10 CNY/MYR	6.01	6.06	(0.9)
1 million IDR/MYR	228.30	229.20	(0.4)
THB/MYR	12.36	12.33	0.3
100 INR/MYR	4.22	4.28	(1.4)
100 PHP/MYR	6.55	6.65	(1.5)

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

GST can be incorporated into the current SST system. However, the PM said a wholesale return for GST won't be done as it would affect even the poorest. Meanwhile, headline inflation eased to 1.8% y/y in July (June: 1.9%). A moderation in transport inflation offset faster gains for food items.

Technical Pair Summary

DXY

Resistance Level			
R1	100.66	R2	102.47
Support Level			
S1	97.93	S2	97.00
Outlook: Neutral			

EUR/USD

Resistance Level			
R1	1.178	R2	1.188
Support Level			
S1	1.147	S2	1.126
Outlook: Neutral			

USD/JPY

Resistance Level			
R1	162.8	R2	166.7
Support Level			
S1	156.2	S2	153.3
Outlook: Slightly bearish			

USD/MYR

Resistance Level			
R1	4.078	R2	4.117
Support Level			
S1	4.019	S2	4.003
Outlook: Neutral			

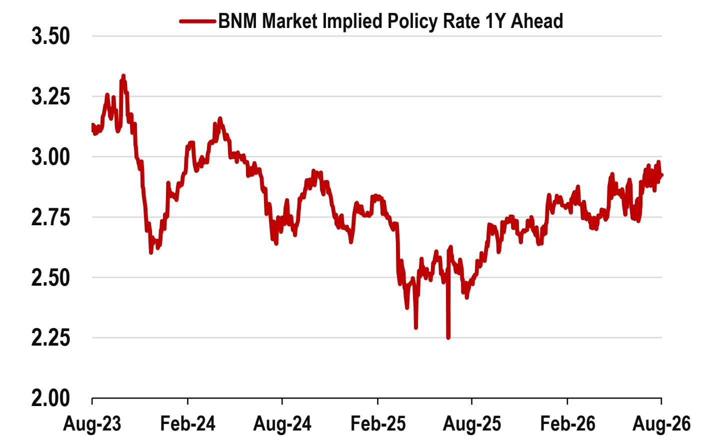
GBP/USD

Resistance Level			
R1	1.377	R2	1.388
Support Level			
S1	1.341	S2	1.317
Outlook: Neutral			

AUD/USD

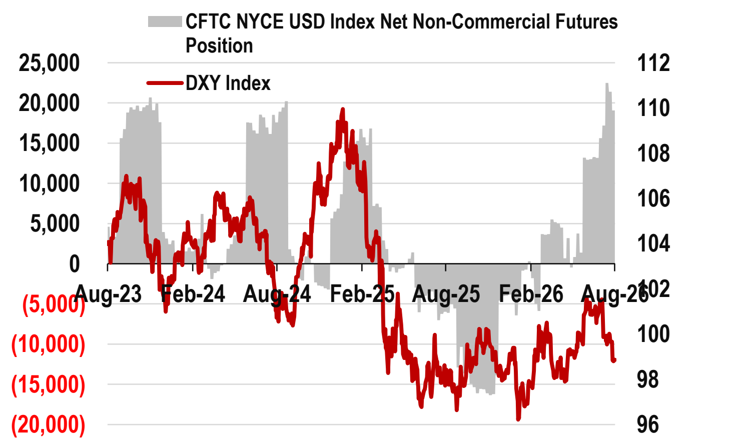
Resistance Level			
R1	0.724	R2	0.731
Support Level			
S1	0.703	S2	0.688
Outlook: Slightly bullish			

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



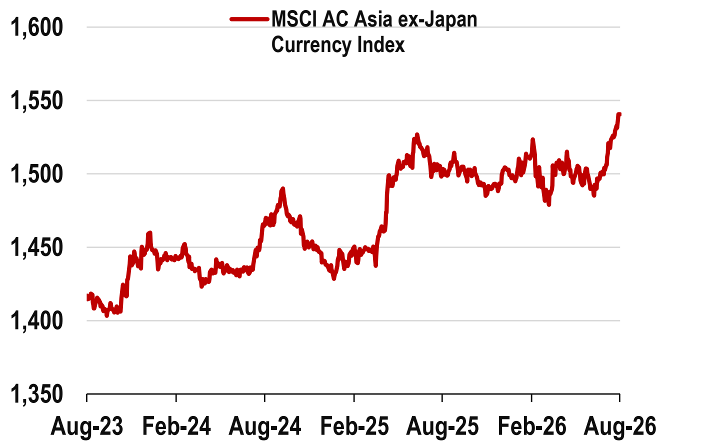
Sources: BPAM, AmBank Economics

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



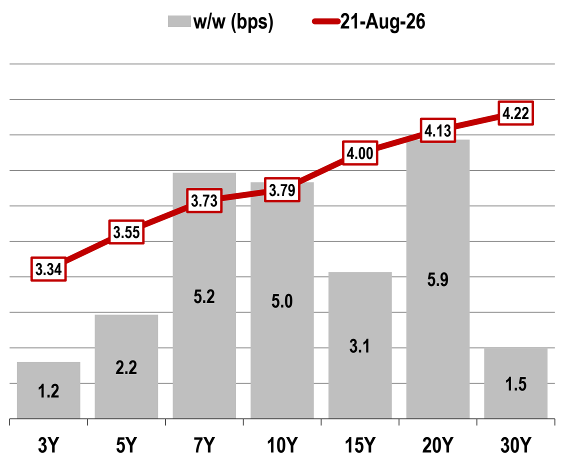
Sources: Bloomberg, AmBank Economics

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 (24 August 2026 – 28 August 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-08-25	22:00	US	New Home Sales	Jul	k	620.0	628.0
2026-08-25	22:00	US	Conf. Board Consumer Confidence	Aug		90.2	90.8
2026-08-26	13:00	SG	Industrial Production YoY	Jul	%	7.4	7.2
2026-08-26	19:00	US	MBA Mortgage Applications	Aug 21	%	-	(0.4)
2026-08-26	20:30	US	Personal Income	Jul	%	0.2	0.2
2026-08-26	20:30	US	Personal Spending	Jul	%	0.1	0.3
2026-08-26	20:30	US	Durable Goods Orders	Jul P	%	0.5	0.5
2026-08-26	20:30	US	GDP Annualized QoQ	2Q S	%	1.5	1.5
2026-08-26	09:30	AU	CPI YoY	Jul	%	3.3	3.8
2026-08-27	20:30	US	Wholesale Inventories MoM	Jul P	%	0.2	0.2
2026-08-27	20:30	US	Initial Jobless Claims	Aug 22	k	208.0	206.0
2026-08-28	21:45	US	MNI Chicago PMI	Aug		57.9	57.6
2026-08-28	22:00	US	U. of Mich. Sentiment	Aug F		51.0	51.0
2026-08-28	07:30	JP	Tokyo CPI Ex-Fresh Food YoY	Aug	%	1.8	1.9
2026-08-28	07:30	JP	Jobless Rate	Jul	%	2.5	2.5
2026-08-28	07:30	JP	Job-To-Applicant Ratio	Jul		1.2	1.2

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