



NEWS UPDATE

3 January 2025

MARKET SUMMARY

- 1 bps = 0.01%
- Increase in Yield = Decrease in the bond price/ value

US Treasury	Yield 2 January 25	Daily Change bps	Yield 31 December 24*	Weekly Change bps	Yield 26 December 24	Monthly Change bps	Yield 2 December 24	YTD Change bps	Yield 31 Dec 24
3 YEAR	4.29	2	4.27	-6	4.35	18	4.11	2	4.27
5 YEAR	4.38	0	4.38	-4	4.42	30	4.08	0	4.38
7 YEAR	4.47	-1	4.48	-2	4.49	34	4.13	-1	4.48
10 YEAR	4.57	-1	4.58	-1	4.58	38	4.19	-1	4.58

*Malaysia and US Market closed on 1 January in observance of New Year's Day Holiday

MGS	Yield 2 January 25	Daily Change bps	Yield 31 December 24*	Weekly Change bps	Yield 26 December 24	Monthly Change bps	Yield 2 December 24	YTD Change bps	Yield 31 Dec 24
3 YEAR	3.47	-1	3.48	-1	3.48	1	3.46	-1	3.48
5 YEAR	3.61	-1	3.62	-3	3.64	4	3.57	-1	3.62
7 YEAR	3.77	0	3.77	0	3.77	3	3.74	0	3.77
10 YEAR	3.82	0	3.82	-1	3.83	2	3.80	0	3.82

GII	Yield 2 January 25	Daily Change bps	Yield 31 December 24*	Weekly Change bps	Yield 26 December 24	Monthly Change bps	Yield 2 December 24	YTD Change bps	Yield 31 Dec 24
3 YEAR	3.34	1	3.33	-1	3.35	-2	3.36	1	3.33
5 YEAR	3.63	1	3.62	0	3.63	4	3.59	1	3.62
7 YEAR	3.74	0	3.74	-3	3.77	-1	3.75	0	3.74
10 YEAR	3.83	0	3.83	-1	3.84	2	3.81	0	3.83

AAA	Yield 2 January 25	Daily Change bps	Yield 31 December 24*	Weekly Change bps	Yield 26 December 24	Monthly Change bps	Yield 2 December 24	YTD Change bps	Yield 31 Dec 24
3 YEAR	3.83	0	3.83	-1	3.84	-1	3.84	0	3.83
5 YEAR	3.95	0	3.95	0	3.95	2	3.93	0	3.95
7 YEAR	3.99	0	3.99	-1	4.00	-2	4.01	0	3.99
10 YEAR	4.04	0	4.04	-1	4.05	-2	4.06	0	4.04

Source: US Treasury, BNM & BIX Malaysia

NEWS UPDATE

Today's headlines of interest and summaries as extracted from the international and local media.

BNM's Balanced Stance Of Growth And Stability Should See OPR Kept At 3% This Year

Broad money (M3) supply slowed in November (4.0% YoY; Oct: 4.2%). The reason Kenanga notes could be mainly due to slower growth in fixed deposits (4.7%; Oct: 5.2%), dragging 0.2 ppts lower to overall M3 growth. Nevertheless, the house noted that the weakness was partially mitigated by expansion in demand deposits (5.2%; Oct: 4.6%), contributing 1.1 ppts to overall M3.

MoM: moderated (0.7%; Oct: 0.9%) following previous month's sharp increase, adding RM16.7b (Oct: RM21.1b). Lower M3 growth was also due to slower net claims on government, private sector and foreign assets.

Net claims on government (5.3%; Oct: 7.7%): at a 39-month low as deposits rebounded (8.0%; Oct: -12.4%), offsetting the faster growth in claims (5.8%; Oct: 3.5%). Claims on private sector (4.7%; Oct: 5.0%): slowed due to moderate loans (5.6%; Oct: 6.0%) and continued weakness in securities (-0.8%; Oct: -1.8%).

Net foreign assets (-1.1%; Oct: 2.5%): contracted, lowest since December 2022, due to a decline in net foreign assets held by BNM (-7.7%; Oct: -5.0%) and slower growth in net foreign assets held in the banking system (30.8%; Oct: 40.0%). – Business Today

Read full publication at <https://www.businesstoday.com.my/2025/01/02/bnms-balanced-stance-of-growth-and-stability-should-see-opr-kept-at-3-this-year/>

NEWS UPDATE

Today's headlines of interest and summaries as extracted from the international and local media.

Malaysia's GDP Growth Forecast Lowered To 4.9% Amid Domestic Gains And External Challenges

Maybank IB says it expects global real GDP growth to moderate to +2.9% in 2025 (2024E: +3.2%), mainly reflecting soft landings in US (2025F: +2.0%; 2024E: +2.8%) and China (2025F: +4.5%; 2024E: +4.8%).

The banking group said the ASEAN-6 growth will stay resilient (2025F: +4.7%; 2024E: +4.8%) amid global electronics upcycle – as per global semiconductor sales growth forecast of +11.2% in 2025 (2024E: +19.0%; 2023: -8.2%); FDI structural uptrend on drivers like manufacturing supply chain shifts and data centre boom; and on-going post-pandemic tourism normalisation.

Key external events to watch in 2025 are Trump 2.0 policies, the US Fed's interest rate path, and China's policy responses to Trump 2.0. Maybank IB said its forecast of a US soft landing is premised on Trump 2.0 delivering pro-growth measures e.g. deregulations to spur investment; and tax cuts.

However, the inflation risk from Trump 2.0 pro-growth – and anti-immigrants – policies will result in shallower US Fed interest rate cuts in 2025 of -75bps after the estimated -100bps in 2024. – Business Today

Read full publication <https://www.businesstoday.com.my/2025/01/02/malysias-gdp-growth-forecast-lowered-to-4-9-amid-domestic-gains-and-external-challenges/>

NEWS UPDATE

Today's headlines of interest and summaries as extracted from the international and local media.

10-year Treasury yield dips in choppy trading to start 2025

U.S. Treasury yields churned between gains and losses on a volatile first trading day for the new year. The yield on the 10-year Treasury fell more than 1 basis point at 4.561%. The 2-year Treasury yield was last at 4.246% after falling less than 1 basis point.

Treasury yields were lower earlier on Thursday, drifted higher in late morning trading, and then dipped again in the afternoon. The benchmark 10-year Treasury yield traded as low 4.517, and as high as 4.599%.

Bond markets reopened Thursday after closing early Tuesday and remaining shut Wednesday in observance of New Year's Day. Treasuries had a choppy 2024, with the yield on the 10-year Treasury starting the year below 3.9%, before rising above 4.7% in the spring, retreating back to below 3.7% in the fall and ending the year above 4.5%.

The 10-year yield did move lower in the final week of 2024, but it should move higher again in the new year, Barry Knapp, director of research at Ironsides Macroeconomics, on CNBC's "The Exchange."

"We have still some real serious headwinds in the Treasury market. On balance, Treasuries are still overvalued even at these levels," Knapp said. – CNBC

Read full publication at <https://www.cnbc.com/2025/01/02/us-treasurys-first-trading-day-of-2025.html>

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