

QUARTERLY REPORT

2Q26 (April - June 2026)



2Q2026 – Malaysian Bond and Sukuk Market Surges to RM2.354 trillion

Malaysia’s bond and sukuk market maintained solid growth momentum in Q2 2026, with outstanding totalling RM2.354 trillion. Domestic institutional demand remains robust, with strong participation from banks, asset managers, and pension funds like the Employees Provident Fund, anchoring the government bond curve. According to Fitch, yields on Malaysian government debt have remained stable so far in 2026 despite global volatility. Local institutional investors continue to anchor the Malaysia’s bond and sukuk market, while the foreign investor participation has been broadly maintained despite macroeconomic volatility following the onset of the Iran conflict.

GLOBAL MARKET

Overview

US Treasury 3-year & 10-year yields increased by 34 bps & 14 bps respectively compared to previous quarter. Treasury yields have been rising as the U.S.-Iran conflict that erupted in late February was the primary catalyst which sent crude prices surging over 50%. This energy shock drove headline CPI inflation from 2.4% in February to 4.2% by May, forcing the bond market to reprice inflation risk significantly higher.

Dec-25	Mar-26	UST	Apr-26	MTM	May-26	MTM	Jun-26	MTM	QTD	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.55	3.81	3 YEAR	3.91	10	4.06	15	4.15	9	34	60
3.73	3.92	5 YEAR	4.02	10	4.13	11	4.19	6	27	46
3.94	4.11	7 YEAR	4.20	9	4.27	7	4.30	3	19	36
4.18	4.30	10 YEAR	4.40	10	4.45	5	4.44	-1	14	26

Dec-25	Mar-26	MGS	Apr-26	MTM	May-26	MTM	Jun-26	MTM	QTD	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.00	3.26	3 YEAR	3.21	-5	3.23	2	3.25	2	-1	25
3.26	3.43	5 YEAR	3.35	-8	3.40	5	3.37	-3	-6	11
3.37	3.55	7 YEAR	3.44	-11	3.51	7	3.53	2	-2	16
3.49	3.63	10 YEAR	3.57	-6	3.56	-1	3.60	4	-3	11

Dec-25	Mar-26	GII	Apr-26	MTM	May-26	MTM	Jun-26	MTM	QTD	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.09	3.22	3 YEAR	3.17	-5	3.23	6	3.24	1	2	15
3.25	3.40	5 YEAR	3.31	-9	3.33	2	3.35	2	-5	10
3.32	3.62	7 YEAR	3.48	-14	3.54	6	3.53	-1	-9	21
3.52	3.63	10 YEAR	3.59	-4	3.60	1	3.61	1	-2	9

Dec-25	Mar-26	BOND AAA	Apr-26	MTM	May-26	MTM	Jun-26	MTM	QTD	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.56	3.61	3 YEAR	3.60	-1	3.62	2	3.65	3	4	9
3.64	3.70	5 YEAR	3.71	1	3.73	2	3.76	3	6	12
3.72	3.79	7 YEAR	3.79	0	3.82	3	3.83	1	4	11
3.81	3.89	10 YEAR	3.90	1	3.92	2	3.95	3	6	14

Dec-25	Mar-26	SUKUK AAA	Apr-26	MTM	May-26	MTM	Jun-26	MTM	QTD	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.56	3.61	3 YEAR	3.60	-1	3.62	2	3.65	3	4	9
3.64	3.70	5 YEAR	3.71	1	3.73	2	3.76	3	6	12
3.72	3.79	7 YEAR	3.79	0	3.82	3	3.83	1	4	11
3.81	3.89	10 YEAR	3.90	1	3.92	2	3.95	3	6	14

MY Government Bond

Overview

MGS 3-year and 10-year yields were slightly down by 1 bp and 3 bps respectively over the previous quarter. According to Kenanga Research, local government bond yields were mixed but generally trended lower, supported by easing geopolitical tensions and sustained investor demand for longer-duration assets. They added that the US-Iran agreement and the reopening of the Strait of Hormuz contributed to lower oil prices, helping to ease inflation concerns and improve overall risk sentiment.

MY Corporate Bond & Sukuk

Overview

AAA-rated corporate bond and Sukuk yields rose throughout the second quarter of 2026. 3-year, 5-year, 7-year and 10-year yields expanded by 4 bps, 6 bps, 4 bps and 6 bps respectively q-o-q.

GOVERNMENT BOND AUCTION

Overview

Government bond auction for 2Q26 garnered an average BTC of 2.570x, increased from the previous quarter (1Q26: 2.215x). Reopening of MGII 07/40 marked the highest BTC at 3.410x. The new and reopening issuances of MGS/GII amounted to RM50.0 billion in Q2 2026, reflecting a surge by 11.11% compared to the previous quarter (1Q26: RM45.0 billion). The outstanding amount of MGS/GII stood at RM1.351 trillion and grew by 3.21% in Q2 2026 (1Q26: RM1.309 trillion).

2Q26 AUCTION

No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGS 07/55	30	Reopening	Apr	5,000	50,000	2.029	4.180	4.197	4.209
2	MGII 10/29	3	New Issue	Apr	5,000	55,000	2.291	3.220	3.227	3.230
3	MGS 04/46	20	New Issue	Apr	5,000	60,000	2.880	3.972	3.987	3.992
4	MGII 04/35	10	Reopening	May	5,000	65,000	2.868	3.593	3.600	3.607
5	MGS 04/33	7	Reopening	May	5,000	70,000	2.592	3.570	3.580	3.583
6	MGII 01/56	30	Reopening	May	5,000	75,000	2.285	4.095	4.103	4.110
7	MGS 03/29	3	Reopening	June	5,000	80,000	1.928	3.228	3.243	3.249
8	MGII 07/40	15	Reopening	June	5,000	85,000	3.410	3.891	3.898	3.902
9	MGS 05/63	5	Reopening	June	5,000	90,000	2.282	3.432	3.439	3.445
10	MGII 05/45	20	Reopening	June	5,000	95,000	3.136	3.980	3.995	4.000

Sources: BNM and BIX Malaysia

In the upcoming 3Q26, there will be five (5) reopenings of MGS. Similarly, there will be five (5) reopenings of GII, totalling to ten (10) reopenings. Bernama quoted that banking demand underpinned the belly and long end, while the ultra-long end cheapened as investors demanded higher risk premia in anticipation of heavier duration supply in the second quarter of 2026 (2Q 2026).

UPCOMING ISSUANCE 3Q26

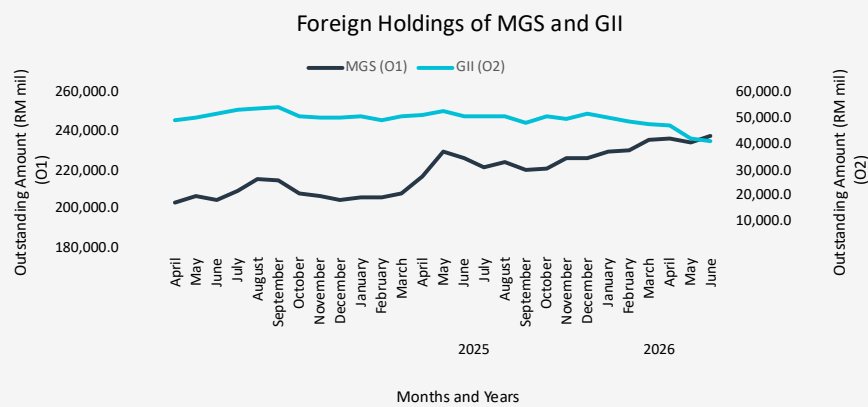
No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGS 07/35	10	Reopening	Jul	5,000					
2	MGII 10/29	3	Reopening	Jul	5,000					
3	MGS 01/41	15	Reopening	Jul	5,000					
4	MGII 10/31	5	Reopening	Aug	5,000					
5	MGS 07/55	30	Reopening	Aug	5,000					
6	MGII 03/33	7	Reopening	Aug	5,000					
7	MGS 04/46	20	Reopening	Aug	5,000					
8	MGII 07/36	10	Reopening	Sep	5,000					
9	MGS 04/33	7	Reopening	Sep	5,000					
10	MGII 01/56	30	Reopening	Sep	5,000					

Sources: BNM and BIX Malaysia

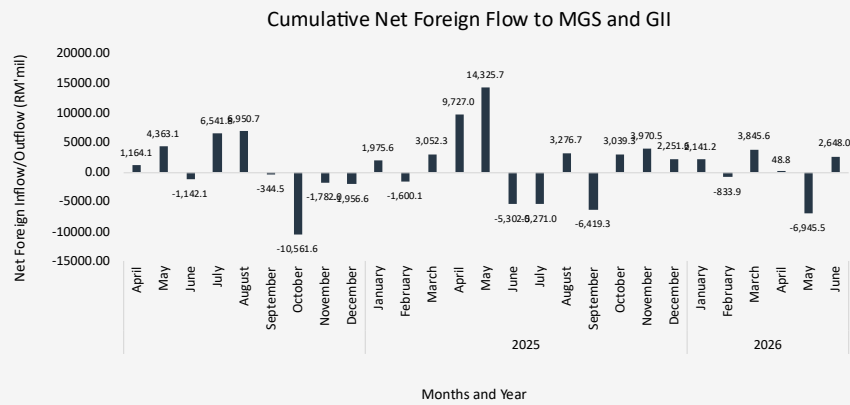
FOREIGN HOLDINGS OF MGS AND GII

Overview

The foreign net flow to MGS and GII in 2Q26 amounted to RM48.79 million, -RM6.94 billion and RM2.64 billion in April, May and June respectively, with foreign investors turn to net seller. As of June 2026, the total foreign holdings of MGS and GII stood at RM278.86 billion (March 2026: RM283.10 billion), 1.50% lower from the previous quarter.



Source: BNM



Source: BNM

CORPORATE BOND & SUKUK

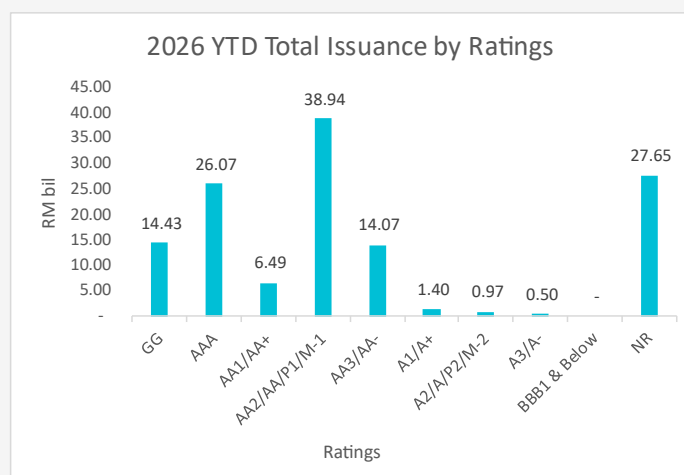
Overview

RM73.22 billion corporate bonds and sukuk were issued in 2Q26 (1Q26: RM57.29 billion), 27.81% higher than the previous quarter. Non-rated bonds and sukuk recorded the biggest issuance at RM21.51 billion issuances, followed by AA2/AA/P1/M1-rated bonds at RM21.24 billion issuances.

For 2Q26, the largest corporate issuances were issued by URUSHARTA JAMAAH SDN BHD, namely UJSB IMTN 3.825% 29.05.2036 worth RM11.51 billion.

Issuance 2Q26

Month/Rating	April 26 (RM bil)	May 26 (RM bil)	June 26 (RM bil)	Total (RM bil)
GG	2.00	1.88		3.88
AAA	2.30	8.06	3.04	13.40
AA1/AA+	0.30	2.97	1.11	4.38
AA2/AA/P1/M1	7.42	7.95	5.87	21.24
AA3/AA-	4.27	1.05	1.17	6.49
A1/A+	0.17	0.95		1.12
A2/A/P2/M2	0.00	0.08	0.62	0.70
A3/A-		0.50		0.50
BBB1 & Below				-
NR	3.98	13.93	3.60	21.51
Total	20.44	37.37	15.41	73.22
Total Issuance				73.22



Sources: BNM and BIX Malaysia

Rating Outlook

There were zero (0) defaults recorded in 2Q26. However, there were three (3) upgrades and one (1) downgrade for bonds/sukuk in the quarter.

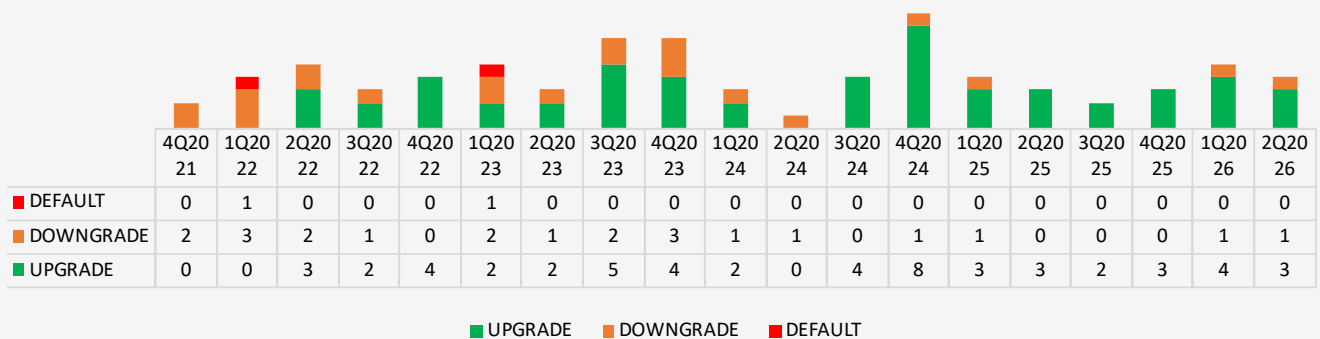
↑ Upgrade

1. Exsim Capital Resources Berhad
2. Sinar Kamiri Sdn Bhd
3. AC First Genesis Berhad

↓ Downgrade

1. SPR Energy (M) Sdn Bhd

Rating Movements



Sources: MARC, RAM, FAST and BIX Malaysia

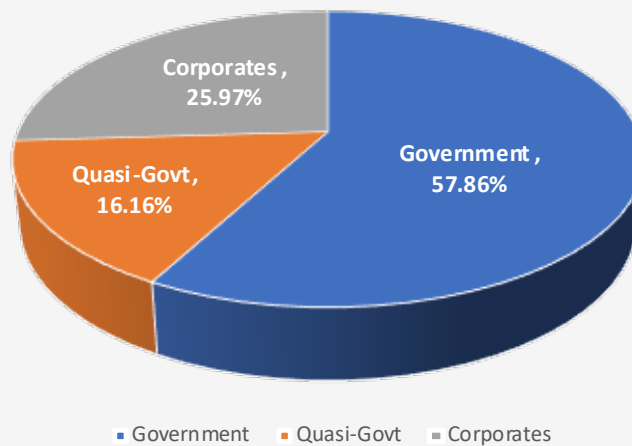
BOND STATISTICS

Overview

Outstanding Amount by Bond Classes

As of June 2026, the outstanding amount of the Malaysian bond market stood at RM2.354 trillion, an increase of 2.75% compared to the end of 1Q26 (March 2026: RM2.291 trillion). The largest outstanding bonds were from government issuances which consist of 57.86% of total issuances at RM1.362 trillion, followed by corporate issuances of 25.97% at RM611.44 billion, and Quasi-government issuances of 16.16% at RM380.55 billion.

Outstanding Amount by Class



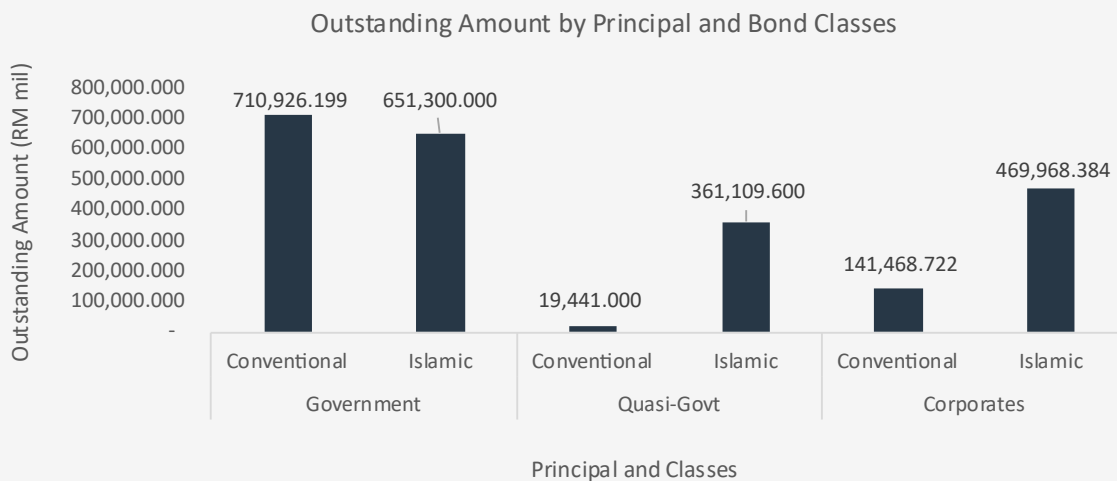
Sources: BNM and BIX Malaysia

BOND STATISTICS

Overview

Outstanding Amount by Principal and Bond Classes

As of June 2026, the outstanding amount of Government conventional bond and Government Sukuk stood at RM710.93 billion and RM651.30 billion, respectively. The conventional quasi-govt outstanding amount stood at RM19.44 billion, much smaller compared to its Shariah-compliant counterpart of RM361.11 billion. For corporate issuances, the conventional bond outstanding amounted to RM141.47 billion while the corporate Sukuk was recorded higher at RM469.97 billion.



Sources: BNM and BIX Malaysia

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