

QUARTERLY REPORT

1Q25 (January-March 2025)



1Q2025 – Malaysia’s Bond and Sukuk Market Hits RM2.145 trillion in Q1 2025

Malaysia’s bond and Sukuk market kicked off 2025 well, reaching an astounding RM2.145 trillion in outstanding issuances within the first three months. The growth is influenced by solid domestic demand, stable PMI readings, and optimism over the Malaysia-ARM deal anchored bond yields. Monetary Policy Committee’s (MPC) decision to keep the Overnight Policy Rate (OPR) at 3.00% reinforced policy stability, while tighter scrutiny of large-scale project financing highlighted a commitment to fiscal discipline. These factors boosted demand for Malaysian bonds and pushing yields lower.

GLOBAL MARKET Overview

US Treasury 3-year yields decreased by 38 bps q-o-q while the benchmark 10-year yields dropped by 35 bps q-o-q. The Fed’s latest economic projections reveal expectations of slower growth and higher core inflation by year-end. This leaves the rate unchanged at 4.25%-4.50% during its FOMC meeting in January & March 2025.

MY Government Bond Overview

Economic concerns on the US’s announcements of sweeping tariffs led to lower government bond yields in general. MGS yields declined across all tenures with 3-year dropped by 10 bps and 10-year dipped by 5 bps q-o-q. The GII yields showed mixed performance with 3-year rise by 18 bps and 10-year slide by 5 bps q-o-q.

Dec-23	Dec-24	UST	Jan-25	MTM	Feb-25	MTM	Mar-25	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
4.01	4.27	3 YEAR	4.27	0	3.99	-28	3.89	-10	-38	-38
3.84	4.38	5 YEAR	4.36	-2	4.03	-33	3.96	-7	-42	-42
3.88	4.48	7 YEAR	4.47	-1	4.14	-33	4.09	-5	-39	-39
3.88	4.58	10 YEAR	4.58	0	4.24	-34	4.23	-1	-35	-35

Dec-23	Dec-24	MGS	Jan-25	MTM	Feb-25	MTM	Mar-25	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.49	3.48	3 YEAR	3.45	-3	3.43	-2	3.38	-5	-10	-10
3.58	3.62	5 YEAR	3.62	0	3.58	-4	3.56	-2	-6	-6
3.71	3.77	7 YEAR	3.78	1	3.76	-2	3.72	-4	-5	-5
3.74	3.82	10 YEAR	3.81	-1	3.79	-2	3.77	-2	-5	-5

Dec-23	Dec-24	GII	Jan-25	MTM	Feb-25	MTM	Mar-25	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.49	3.33	3 YEAR	3.56	23	3.55	-1	3.51	-4	18	18
3.61	3.62	5 YEAR	3.62	0	3.63	1	3.59	-4	-3	-3
3.77	3.74	7 YEAR	3.77	3	3.76	-1	3.71	-5	-3	-3
3.77	3.83	10 YEAR	3.82	-1	3.81	-1	3.78	-3	-5	-5

Dec-23	Dec-24	BOND AAA	Jan-25	MTM	Feb-25	MTM	Mar-25	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.83	3 YEAR	3.82	-1	3.79	-3	3.73	-6	-10	-10
3.90	3.95	5 YEAR	3.90	-5	3.84	-6	3.79	-5	-16	-16
3.97	3.99	7 YEAR	3.95	-4	3.90	-5	3.85	-5	-14	-14
4.05	4.04	10 YEAR	4.00	-4	3.97	-3	3.91	-6	-13	-13

Dec-23	Dec-24	SUKUK AAA	Jan-25	MTM	Feb-25	MTM	Mar-25	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.83	3 YEAR	3.82	-1	3.79	-3	3.73	-6	-10	-10
3.90	3.95	5 YEAR	3.90	-5	3.84	-6	3.79	-5	-16	-16
3.97	3.99	7 YEAR	3.95	-4	3.90	-5	3.85	-5	-14	-14
4.05	4.04	10 YEAR	4.00	-4	3.97	-3	3.91	-6	-13	-13

MY Corporate Bond & Sukuk Overview

AAA-rated corporate bond and Sukuk yields softened throughout the first quarter of 2025. 3-year yields declined by 10 bps q-o-q while 10-year fell by 13 bps.

GOVERNMENT BOND AUCTION

Overview

Government bond auction for 1Q25 garnered an average BTC of 2.886x, surged from the previous quarter (4Q24: 1.991x). New issuance of MGII 7/40 marked the highest BTC at 4.289x. The new/reopening issuances for MGS/GII stood at RM45.50 billion, larger by 35.82% compared to the previous quarter (4Q24: RM33.50 billion).

Outstanding amount of MGS/GII stood at RM1,235.92 billion, grew by 2.30% in Q1 2025 (4Q24: RM1,204.64 billion). Domestic bond gained as Malaysia appeared relatively less impacted from Trump's tariff blow during this period.

1Q25 AUCTION

No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGS 7/32	7	Reopening	Jan	4,000	5,000	2.808	3.791	3.799	3.803
2	MGII 7/40	15	New Issue	Jan	5,000	9,000	4.289	3.960	3.974	3.978
3	MGII 7/28	3	Reopening	Jan	4,000	14,500	2.623	3.549	3.561	3.564
4	MGS 3/53	30	Reopening	Feb	5,000	19,000	2.360	4.160	4.186	4.191
5	MGII 10/31	7	Reopening	Feb	4,000	24,000	2.867	3.777	3.785	3.790
6	MGS 5/44	20	Reopening	Feb	5,000	28,500	2.987	4.060	4.068	4.071
7	MGII 8/30	5	New Issue	Feb	4,500	34,000	3.165	3.620	3.635	3.639
8	MGS 4/39	15	Reopening	Mar	5,000	38,000	3.018	3.950	3.956	3.960
9	MGII 3/54	30	Reopening	Mar	5,000	43,000	3.077	4.164	4.169	4.171
10	MGS 7/34	10	Reopening	Mar	4,000	48,000	1.670	3.750	3.764	3.772

Sources: BNM and BIX Malaysia

In the upcoming 2Q25, there will be two (2) new issuances and two (2) reopening of MGS. On the other hand, there will be two (2) new issuances and two (2) reopening of GII, totalling to four (4) new issuances and four (4) reopening.

UPCOMING ISSUANCE 2Q25

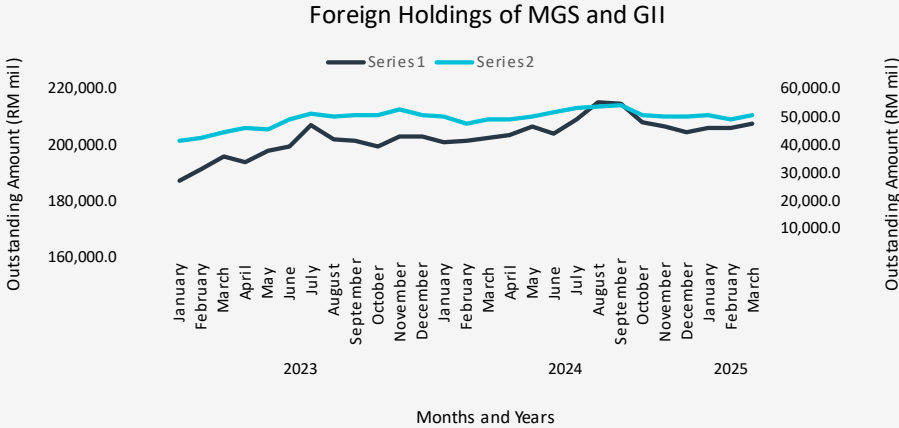
No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGII 7/40	15	Reopening	Apr	4,000					
2	MGS 4/28	3	Reopening	Apr	5,000					
3	MGII 4/35	10	New Issue	Apr	4,500					
4	MGS 5/30	5	New Issue	May	5,000					
5	MGII 5/45	20	New Issue	May	4,500					
6	MGS 4/39	15	Reopening	Jun	4,000					
7	MGII 3/54	30	Reopening	Jun	4,500					
8	MGS 7/35	10	New Issue	Jun	4,500					

Sources: BNM and BIX Malaysia

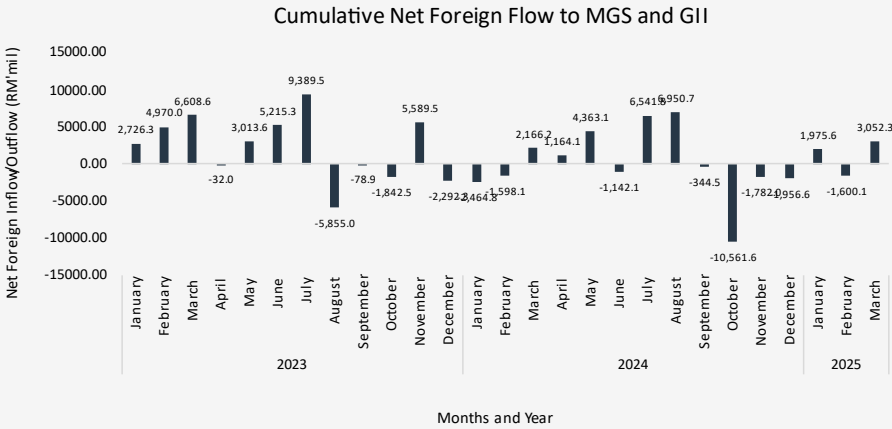
FOREIGN HOLDINGS OF MGS AND GII

Overview

The foreign net flow to MGS and GII in 1Q25 amounted to RM1.97 billion, -RM1.60 billion and RM3.05 billion in January, February and March respectively, with foreign investors turned net buyer. As of March 2025, the total foreign holdings of MGS and GII stood at RM258.35 billion (December 2024: RM254.92 billion), 1.33% higher from the previous quarter.



Source: BNM



Source: BNM

CORPORATE BOND & SUKUK

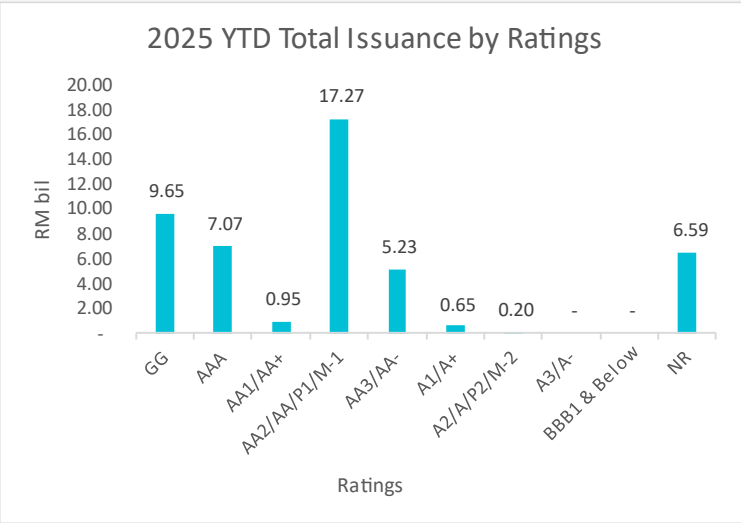
Overview

RM47.61 billion corporate bonds and sukuk were issued in 1Q25 (4Q24: RM48.57 billion), 1.97% lower than the previous quarter. The AA2/AA/P1/M1-rated bonds and sukuk recorded the biggest issuance at RM17.27 billion issuances, followed by government guaranteed bonds at RM9.65 billion issuances.

For 1Q25, the largest corporate issuances were issued by CAGAMAS BERHAD, namely CAGAMAS IMTN 3.780% 24.03.2028 worth RM1.11 billion.

Issuance 1Q25

Month/Rating	January 25 (RM bil)	February 25 (RM bil)	March 25 (RM bil)	Total (RM bil)
GG	-	4.40	5.25	9.65
AAA	2.90	1.00	3.17	7.07
AA1/AA+	-	0.05	0.90	0.95
AA2/AA/P1/M1	4.61	5.29	7.37	17.27
AA3/AA-	0.40	1.85	2.98	5.23
A1/A+	-	0.15	0.50	0.65
A2/A/P2/M2	-	0.01	0.19	0.20
A3/A-	-	-	-	-
BBB1 & Below	-	-	-	-
NR	0.79	2.02	3.78	6.59
Total	8.70	14.77	24.14	47.61
Total Issuance				47.61



Sources: BNM and BIX Malaysia

Rating Outlook

There was zero (0) default and one (1) downgrade recorded in 1Q25. However, there were three (3) upgrade bonds/sukuk in the quarter.

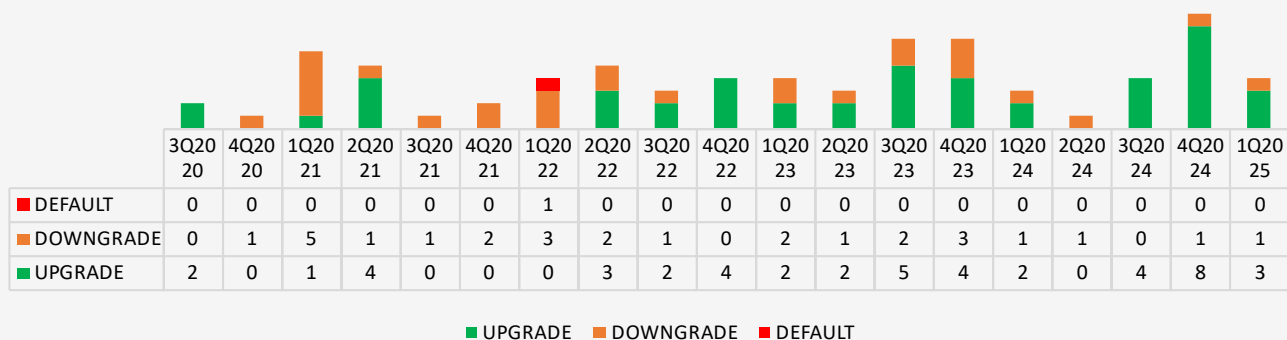
↑ Upgrade

1. Segi Astana Sdn Bhd
2. Malayan Cement Berhad
3. MUFG Bank (Malaysia) Berhad's

↓ Downgrade

1. Telekomang Hydro One Sdn Bhd

Rating Movements



Sources: MARC, RAM, FAST and BIX Malaysia

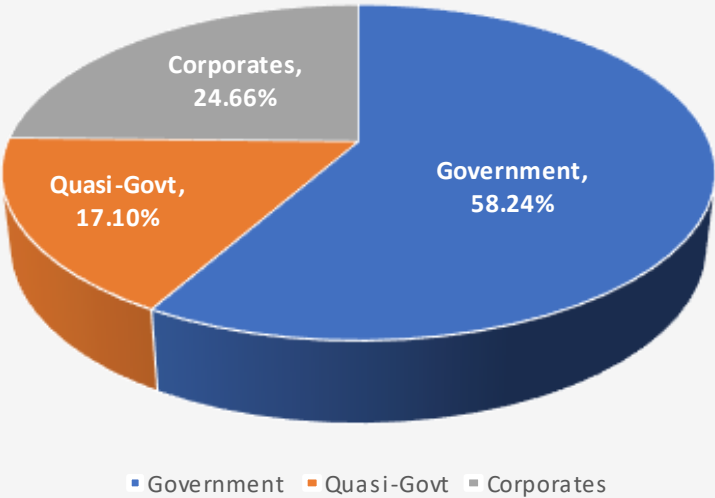
BOND STATISTICS

Overview

Outstanding Amount by Bond Classes

As of March 2025, the outstanding amount of the Malaysian bond market stood at RM2.145 trillion, increased by 2.24% compared to the end of 4Q24 (December 2024: RM2.098 trillion). The largest outstanding bonds were from government issuances which consist of 58.24% of total issuances at RM1.249 trillion, followed by corporate issuances of 24.66% at RM529.08 billion, and Quasi-government issuances of 17.10% at RM366.97 billion.

Outstanding Amount by Class



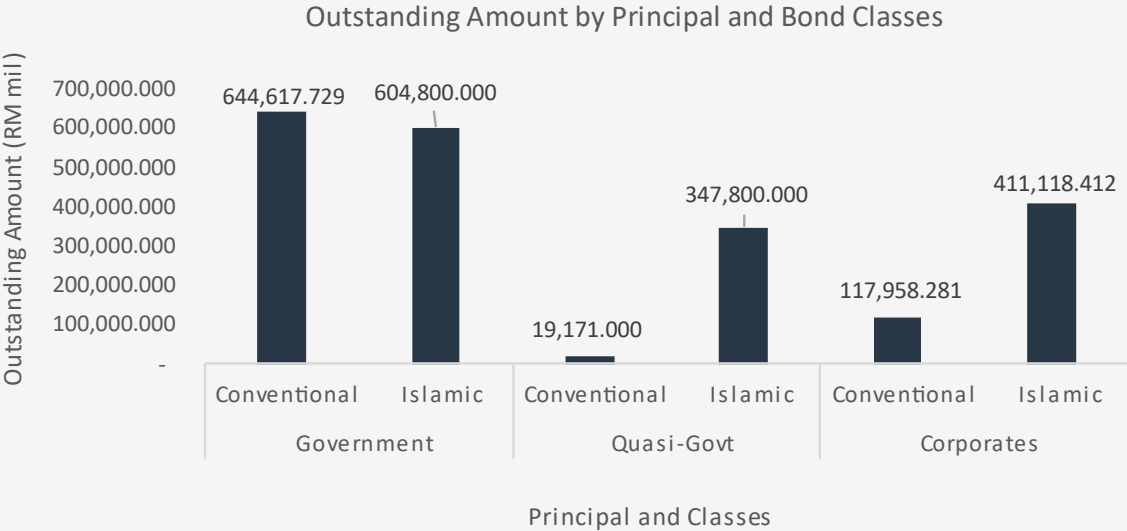
Sources: BNM and BIX Malaysia

BOND STATISTICS

Overview

Outstanding Amount by Principal and Bond Classes

As of March 2025, the outstanding amount of Government conventional bond and Government Sukuk stood at RM644.62 billion and RM604.80 billion, respectively. The conventional Quasi-govt outstanding amount stood at RM19.17 billion, much smaller compared to its Shariah-compliant counterpart of RM347.80 billion. For corporate issuances, the conventional bond outstanding amounted RM117.96 billion while the corporate Sukuk was recorded higher at RM411.12 billion.



Sources: BNM and BIX Malaysia

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