

QUARTERLY REPORT

3Q25 (July-September 2025)



3Q2025 – Malaysia's Bond and Sukuk Market posts strong Q3 2025 growth

Malaysia's bond and sukuk market kicked off 2025 well, reaching an astounding RM2.239 trillion in outstanding issuances within the first nine months. According to Bank Negara Malaysia (BNM), the combined value of Malaysian Government Securities (MGS) and Government Investment Issues (GII) rose 123 per cent from RM582.46 billion at the end of 2015 to RM1.30 trillion by September 2025. The expansion in borrowing was driven largely by pandemic-related stimulus, infrastructure investments, ongoing subsidies and the refinancing of earlier debt. The US Federal Reserve also cut interest rates by 25 basis points to 4%-4.25%, the first cut this year, due to concerns about slower job gains and employment risks.

GLOBAL MARKET

Overview

US Treasury 3-year yields decreased by 7 bps q-o-q while the benchmark 10-year yields was lowered by 8 bps q-o-q. The US Federal Reserve on Sept 17 lowered interest rates for the first time in 2025 with the benchmark lending rate by 25 basis points, to a range of between 4 per cent and 4.25 per cent, flagging slower job gains and risks to employment as policymakers face heightened pressure under President Donald Trump.

MY Government Bond

Overview

MGS yields were mixed with 3-year dropped by 4 bps and 10-year dipped by 2 bps q-o-q. The GII yields also dropped with 3-year declined by 2 bps and 10-year slide by 3 bps q-o-q. Bank Negara Malaysia has cut the Overnight Policy Rate (OPR) by 25 basis points to 2.75 per cent to support economic growth amid global uncertainty at its MPC meeting in July 2025 and maintains overnight policy rate at 2.75% in September 2025.

MY Corporate Bond & Sukuk

Overview

AAA-rated corporate bond and Sukuk yields softened throughout the third quarter of 2025. 3-year yields declined by 12 bps q-o-q while 10-year stay put at 3.74%.

Dec-24	Jun-25	UST	Jul-25	MTM	Aug-25	MTM	Sep-25	MTM	QTD	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
4.27	3.68	3 YEAR	3.58	-10	3.58	0	3.61	3	-7	-66
4.38	3.79	5 YEAR	3.72	-7	3.68	-4	3.74	6	-5	-64
4.48	3.98	7 YEAR	3.93	-5	3.92	-1	3.93	1	-5	-55
4.58	4.24	10 YEAR	4.17	-7	4.23	6	4.16	-7	-8	-42

Dec-24	Jun-25	MGS	Jul-25	MTM	Aug-25	MTM	Sep-25	MTM	QTD	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.48	3.15	3 YEAR	3.26	11	3.00	-26	3.11	11	-4	-37
3.62	3.20	5 YEAR	3.34	14	3.08	-26	3.21	13	1	-41
3.77	3.41	7 YEAR	3.55	14	3.30	-25	3.42	12	1	-35
3.82	3.47	10 YEAR	3.66	19	3.39	-27	3.45	6	-2	-37

Dec-24	Jun-25	GII	Jul-25	MTM	Aug-25	MTM	Sep-25	MTM	QTD	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.33	3.17	3 YEAR	3.32	15	3.02	-30	3.15	13	-2	-18
3.62	3.28	5 YEAR	3.42	14	3.13	-29	3.24	11	-4	-38
3.74	3.38	7 YEAR	3.53	15	3.25	-28	3.37	12	-1	-37
3.83	3.51	10 YEAR	3.62	11	3.41	-21	3.48	7	-3	-35

Dec-24	Jun-25	BOND AAA	Jul-25	MTM	Aug-25	MTM	Sep-25	MTM	QTD	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.60	3 YEAR	3.66	6	3.46	-20	3.48	2	-12	-35
3.95	3.64	5 YEAR	3.71	7	3.53	-18	3.56	3	-8	-39
3.99	3.68	7 YEAR	3.78	10	3.58	-20	3.64	6	-4	-35
4.04	3.74	10 YEAR	3.86	12	3.65	-21	3.74	9	0	-30

Dec-24	Mar-25	SUKUK AAA	Jul-25	MTM	Aug-25	MTM	Sep-25	MTM	QTD	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.73	3 YEAR	3.66	-7	3.46	-20	3.48	2	-25	-35
3.95	3.79	5 YEAR	3.71	-8	3.53	-18	3.56	3	-23	-39
3.99	3.85	7 YEAR	3.78	-7	3.58	-20	3.64	6	-21	-35
4.04	3.91	10 YEAR	3.86	-5	3.65	-21	3.74	9	-17	-30

GOVERNMENT BOND AUCTION

Overview

Government bond auction for 3Q25 garnered an average BTC of 2.289x, decreased from the previous quarter (2Q25: 2.893x). Reopening of MGII 10/31 marked the highest BTC at 2.922x. The new and reopening issuances of MGS/GII amounted to RM51 billion in Q3 2025, reflecting an increase of 37.84% compared to the previous quarter (Q2 2025: RM37 billion). The outstanding amount of MGS/GII stood at RM1.285 trillion and grew by 1.66% in 3Q 2025 (2Q25: RM1.264 trillion).

3Q25 AUCTION

No	Stock	Tenure	Type	Tender	Issuance	Amt Issued	Bid/Cover	Yield		
		Year		Date	(RM mil)	YTD		Low	Average	High
1	MGII 10/31	7	Reopening	Jul	5,000	91,000	2.922	3.360	3.367	3.370
2	MGS 7/55	30	New Issue	Jul	5,000	96,000	2.000	3.903	3.917	3.926
3	MGII 4/35	10	Reopening	Jul	4,000	101,000	2.728	3.461	3.468	3.470
4	MGS 5/44	20	Reopening	Aug	4,500	105,500	2.725	3.740	3.750	3.753
5	MGII 7/40	15	Reopening	Aug	4,000	109,500	2.848	3.568	3.577	3.580
6	MGS 5/30	5	Reopening	Aug	5,000	114,500	1.867	3.077	3.086	3.092
7	MGII 5/45	20	Reopening	Aug	4,500	119,500	1.841	3.739	3.755	3.762
8	MGS 4/28	3	Reopening	Sep	5,000	124,500	1.928	3.025	3.036	3.041
9	MGII 3/54	30	Reopening	Sep	5,000	129,500	1.928	3.918	3.927	3.930
10	MGS 4/39	15	Reopening	Sep	4,000	134,000	1.520	3.619	3.638	3.674
11	MGII 7/28	3	Reopening	Sep	5,000	139,000	2.876	3.152	3.162	3.166

Sources: BNM and BIX Malaysia

In the upcoming 4Q25, there will be zero (0) new issuance and four (4) reopening of MGS. On the other hand, there will be zero (0) new issuance and three (3) reopening of GII, totalling to zero (0) new issuances and seven (7) reopening.

UPCOMING ISSUANCE 4Q25

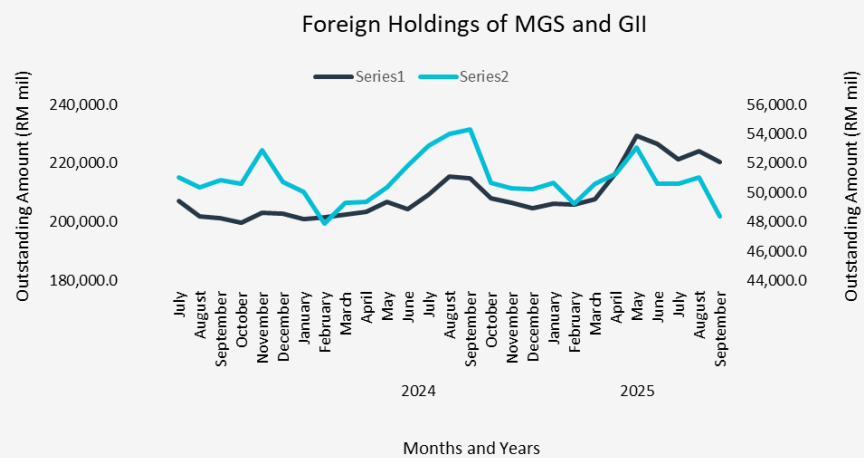
No	Stock	Tenure	Type	Tender	Issuance	Amt Issued	Bid/Cover	Yield		
		Year		Date	(RM mil)	YTD		Low	Average	High
1	MGS 7/55	30	Reopening	Oct	5,000					
2	MGII 8/30	5	Reopening	Oct	5,000					
3	MGS 5/44	20	Reopening	Oct	4,500					
4	MGII 4/35	10	Reopening	Nov	4,000					
5	MGS 7/32	7	Reopening	Nov	5,000					
6	MGII 5/45	20	Reopening	Nov	4,500					
7	MGS 7/35	10	Reopening	Dec	4,000					

Sources: BNM and BIX Malaysia

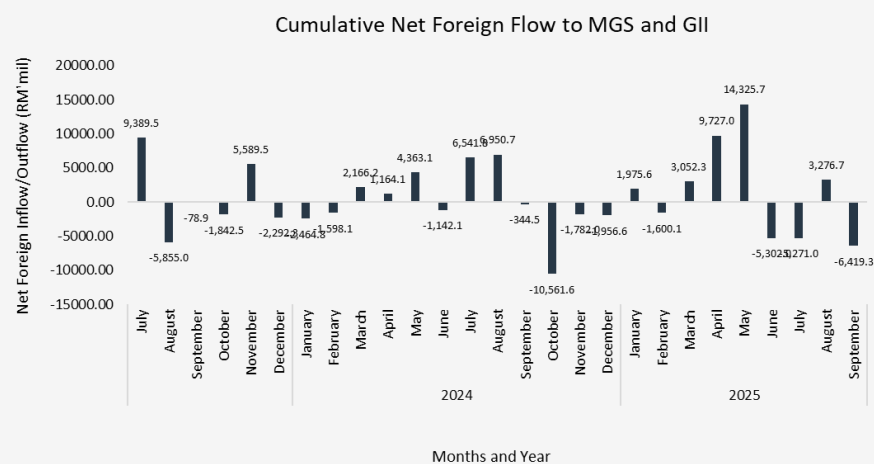
FOREIGN HOLDINGS OF MGS AND GII

Overview

The foreign net flow to MGS and GII in 3Q25 amounted to -RM5.27 billion, RM3.27 billion and -RM6.42 billion in July, August and September respectively, with foreign investors turned net sell. As of September 2025, the total foreign holdings of MGS and GII stood at RM268.69 billion (June 2025: RM277.10 billion), 3.04% lower from the previous quarter.



Source: BNM



Source: BNM

CORPORATE BOND & SUKUK

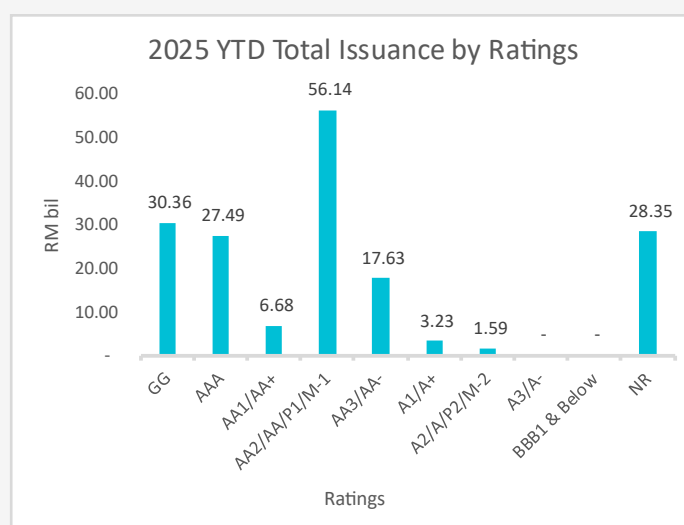
Overview

RM77.24 billion corporate bonds and sukuk were issued in 3Q25 (2Q25: RM46.62 billion), 65.68% higher than the previous quarter. The AA2/AA/P1/M1-rated bonds and sukuk recorded the biggest issuance at RM23.49 billion issuances, followed by non-rated bonds at RM14.77 billion issuances.

For 3Q25, the largest corporate issuances were issued by MALAYAN BANKING BERHAD, namely MAYBANK SUBORDINATED SUKUK 3.920% 07.09.2040 worth RM3.00 billion.

Issuance 3Q25

Month/Rating	July 25 (RM bil)	August 25 (RM bil)	Sept 25 (RM bil)	Total (RM bil)
GG	2.50	4.85	4.91	12.26
AAA	3.41	3.64	7.19	14.24
AA1/AA+		0.50	0.20	0.70
AA2/AA/P1/M1	4.09	10.70	8.70	23.49
AA3/AA-	1.43	2.02	4.99	8.44
A1/A+	1.65	0.53		2.18
A2/A/P2/M2	0.22	0.83	0.11	1.16
A3/A-				-
BBB1 & Below				-
NR	1.75	1.56	11.46	14.77
Total	15.05	24.63	37.56	77.24
Total Issuance				77.24



Sources: BNM and BIX Malaysia

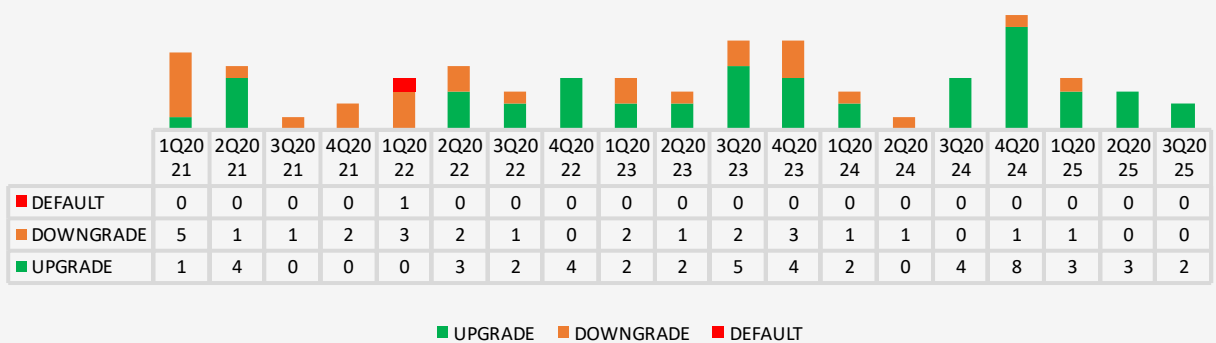
Rating Outlook

There was zero (0) default and downgrade recorded in 3Q25. However, there were two (2) upgrades bonds/sukuk in the quarter.

↑ Upgrade

1. MEX I Capital Berhad
2. Alliance Bank and Alliance Islamic Bank Berhad

Rating Movements



Sources: MARC, RAM, FAST and BIX Malaysia

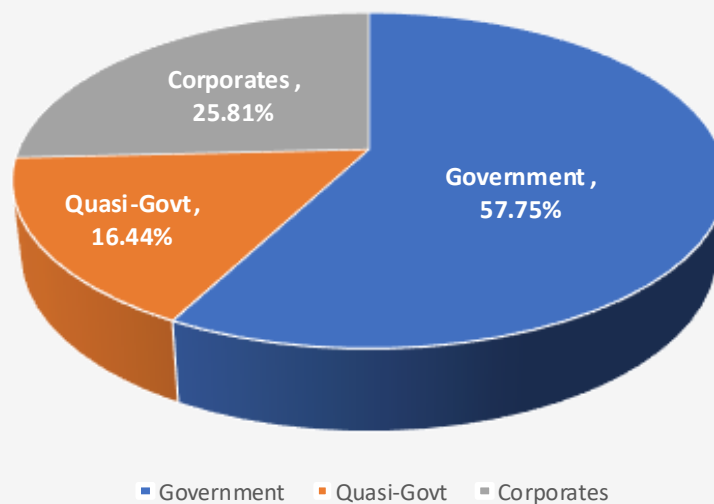
BOND STATISTICS

Overview

Outstanding Amount by Bond Classes

As of September 2025, the outstanding amount of the Malaysian bond market stood at RM2.239 trillion, increased by 2.85% compared to the end of 2Q25 (June 2025: RM2.177 trillion). The largest outstanding bonds were from government issuances which consist of 57.75% of total issuances at RM1.293 trillion, followed by corporate issuances of 25.81% at RM577.99 billion, and Quasi-government issuances of 16.44% at RM368.05 billion.

Outstanding Amount by Class



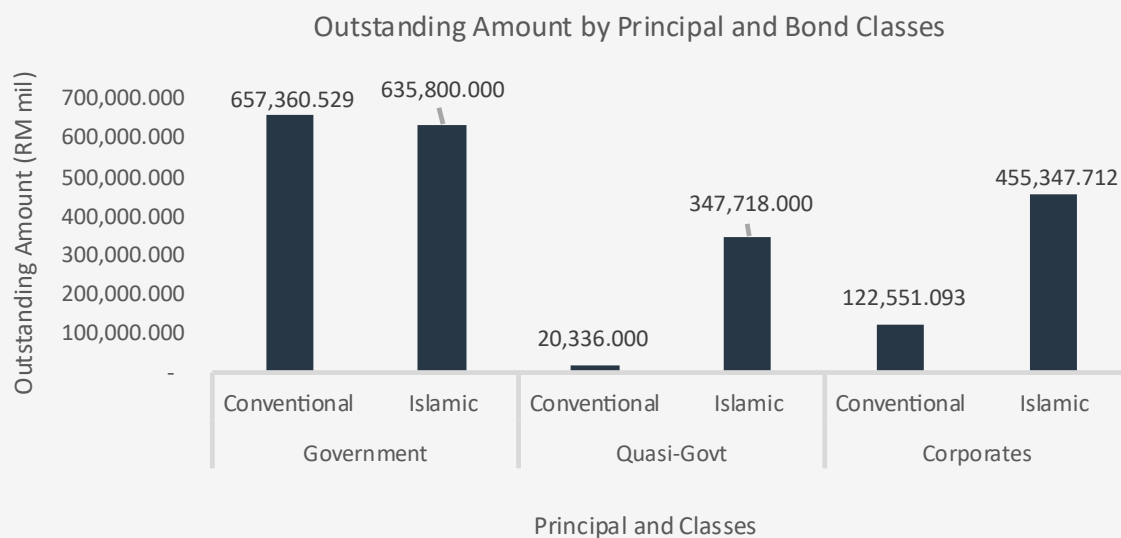
Sources: BNM and BIX Malaysia

BOND STATISTICS

Overview

Outstanding Amount by Principal and Bond Classes

As of September 2025, the outstanding amount of Government conventional bond and Government Sukuk stood at RM657.36 billion and RM635.80 billion, respectively. The conventional quasi-govt outstanding amount stood at RM20.34 billion, much smaller compared to its Shariah-compliant counterpart of RM347.72 billion. For corporate issuances, the conventional bond outstanding amounted RM122.55 billion while the corporate Sukuk was recorded higher at RM455.35 billion.



Sources: BNM and BIX Malaysia

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feedback@bixmalaysia.com