

QUARTERLY REPORT

2Q25 (April-June 2025)



2Q2025 – Malaysia's Bond and Sukuk Market shows strong growth in Q2 2025

Malaysia's bond and sukuk market kicked off 2025 well, reaching an astounding RM2.177 trillion in outstanding issuances within the first six months. As global investors shift away from US markets, they are increasingly turning to stable and high-yielding Asian debt markets, with Malaysia emerging as a preferred destination for foreign capital. With bond yields declining in Q2 2025, extending portfolio duration could prove advantageous, as this strategy enhances capital appreciation potential. Generally, longer-duration bonds yield greater capital gains in a falling yield environment, making them a prudent consideration for optimizing returns.

GLOBAL MARKET

Overview

US Treasury 3-year yields decreased by 21 bps q-o-q while the benchmark 10-year yields was up 1 bps q-o-q. The yields reflect volatility as Trump announced a 10% "baseline" tariff on imports to the US and Fed holds rates steady with overnight borrowing rate in range between 4.25%-4.5% as it notes rising uncertainty and stagflation risk.

MY Government Bond

Overview

MGS yields declined across all tenures with 3-year dropped by 23 bps and 10-year dipped by 30 bps q-o-q. The GII yields also dropped with 3-year declined by 34 bps and 10-year slide by 27 bps q-o-q. Kenanga Research noted that the drop in local yields was primarily driven by the market actively pricing in a probable 25 bps rate cut by BNM and demand for Malaysian bonds was further bolstered by strong auction results.

MY Corporate Bond & Sukuk

Overview

AAA-rated corporate bond and Sukuk yields softened throughout the second quarter of 2025. 3-year yields declined by 13 bps q-o-q while 10-year fell by 17 bps.

Dec-24	Mar-25	UST	Apr-25	MTM	May-25	MTM	Jun-25	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
4.27	3.89	3 YEAR	3.58	-31	3.87	29	3.68	-19	-21	-59
4.38	3.96	5 YEAR	3.72	-24	3.96	24	3.79	-17	-17	-59
4.48	4.09	7 YEAR	3.93	-16	4.18	25	3.98	-20	-11	-50
4.58	4.23	10 YEAR	4.17	-6	4.41	24	4.24	-17	1	-34

Dec-24	Mar-25	MGS	Apr-25	MTM	May-25	MTM	Jun-25	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.48	3.38	3 YEAR	3.26	-12	3.16	-10	3.15	-1	-23	-33
3.62	3.56	5 YEAR	3.34	-22	3.21	-13	3.20	-1	-36	-42
3.77	3.72	7 YEAR	3.55	-17	3.39	-16	3.41	2	-31	-36
3.82	3.77	10 YEAR	3.66	-11	3.52	-14	3.47	-5	-30	-35

Dec-24	Mar-25	GII	Apr-25	MTM	May-25	MTM	Jun-25	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.33	3.51	3 YEAR	3.32	-19	3.17	-15	3.17	0	-34	-16
3.62	3.59	5 YEAR	3.42	-17	3.29	-13	3.28	-1	-31	-34
3.74	3.71	7 YEAR	3.53	-18	3.39	-14	3.38	-1	-33	-36
3.83	3.78	10 YEAR	3.62	-16	3.52	-10	3.51	-1	-27	-32

Dec-24	Mar-25	BOND AAA	Apr-25	MTM	May-25	MTM	Jun-25	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.73	3 YEAR	3.66	-7	3.59	-7	3.60	1	-13	-23
3.95	3.79	5 YEAR	3.71	-8	3.63	-8	3.64	1	-15	-31
3.99	3.85	7 YEAR	3.78	-7	3.68	-10	3.68	0	-17	-31
4.04	3.91	10 YEAR	3.86	-5	3.75	-11	3.74	-1	-17	-30

Dec-24	Mar-25	SUKUK AAA	Apr-25	MTM	May-25	MTM	Jun-25	MTM	QTQ	YTD
Close(%)	Close(%)		Close(%)	(bps)	Close(%)	(bps)	Close(%)	(bps)	(bps)	(bps)
3.83	3.73	3 YEAR	3.66	-7	3.59	-7	3.60	1	-13	-23
3.95	3.79	5 YEAR	3.71	-8	3.63	-8	3.64	1	-15	-31
3.99	3.85	7 YEAR	3.78	-7	3.68	-10	3.68	0	-17	-31
4.04	3.91	10 YEAR	3.86	-5	3.75	-11	3.74	-1	-17	-30

GOVERNMENT BOND AUCTION

Overview

Government bond auction for 2Q25 garnered an average BTC of 2.893x, surged from the previous quarter (1Q25: 2.886x). Reopening of MGII 7/40 marked the highest BTC at 3.362x. The new and reopening issuances of MGS/GII amounted to RM37 billion in Q2 2025, reflecting a decline of 22.97% compared to the previous quarter (Q1 2025: RM45.50 billion). While outstanding amount of MGS/GII stood at RM1.264 trillion, grew by 2.27% in 2Q 2025 (1Q25: RM1.236 trillion).

2Q25 AUCTION

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	52,000	3.362	3.735	3.748	3.754
2	MGS 4/28	3	Reopening	Apr	5,000	57,000	3.177	3.459	3.467	3.473
3	MGII 4/35	10	New Issue	Apr	4,500	62,000	1.995	3.578	3.612	3.625
4	MGS 5/30	5	New Issue	May	5,000	67,000	2.133	3.318	3.336	3.345
5	MGII 5/45	20	New Issue	May	4,500	72,000	3.318	3.770	3.775	3.780
6	MGS 4/39	15	Reopening	Jun	4,000	76,000	2.857	3.704	3.712	3.717
7	MGII 3/54	30	Reopening	Jun	5,000	81,000	3.295	4.000	4.010	4.018
8	MGS 7/35	10	New Issue	Jun	5,000	86,000	3.008	3.463	3.476	3.480

Sources: BNM and BIX Malaysia

In the upcoming 3Q25, there will be one (1) new issuance and four (4) reopening of MGS. On the other hand, there will be one (1) new issuance and five (5) reopening of GII, totalling to two (2) new issuances and nine (9) reopening.

UPCOMING ISSUANCE 3Q25

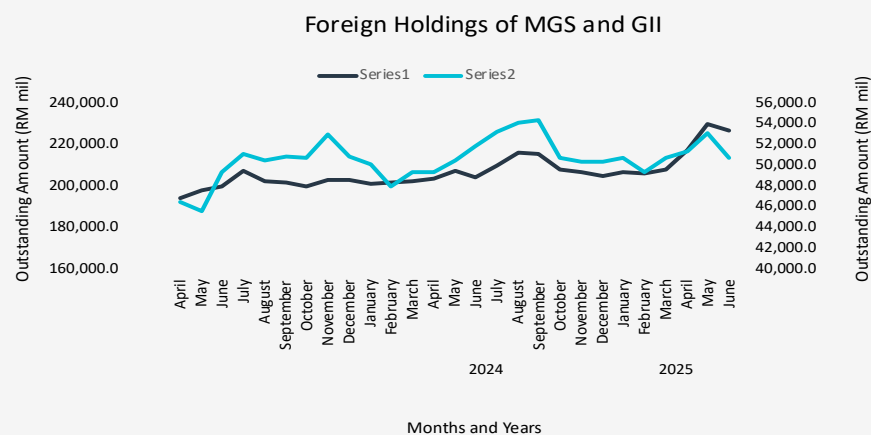
No	Stock	Tenure	Type	Tender	Issuance (RM mil)	Amt Issued YTD	Bid/Cover	Yield		
		Year		Date				Low	Average	High
1	MGII 10/31	7	Reopening	Jul	5,000					
2	MGS 7/55	30	New Issue	Jul	5,000					
3	MGII 4/35	10	Reopening	Jul	4,000					
4	MGS 5/44	20	Reopening	Aug	4,500					
5	MGII 7/40	15	Reopening	Aug	4,000					
6	MGS 5/30	5	Reopening	Aug	5,000					
7	MGII 5/45	20	Reopening	Aug	4,500					
8	MGS 4/28	3	Reopening	Sep	5,000					
9	MGII 9/55	30	New Issue	Sep	5,000					
10	MGS 4/39	15	Reopening	Sep	4,000					
11	MGII 7/28	3	Reopening	Sep	5,000					

Sources: BNM and BIX Malaysia

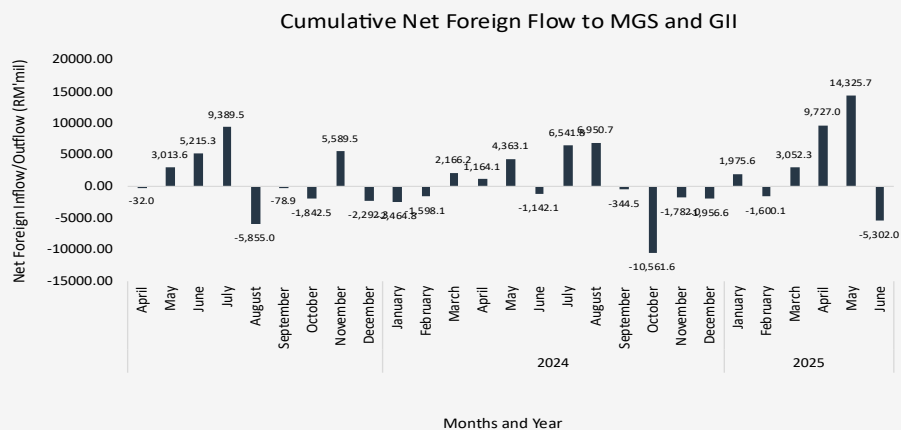
FOREIGN HOLDINGS OF MGS AND GII

Overview

The foreign net flow to MGS and GII in 2Q25 amounted to RM9.73 billion, RM14.32 billion and –RM5.30 billion in April, May and June respectively, with foreign investors turned net buyer. As of June 2025, the total foreign holdings of MGS and GII stood at RM277.10 billion (March 2025: RM258.35 billion), 7.30% higher from the previous quarter.



Source: BNM



Source: BNM

CORPORATE BOND & SUKUK

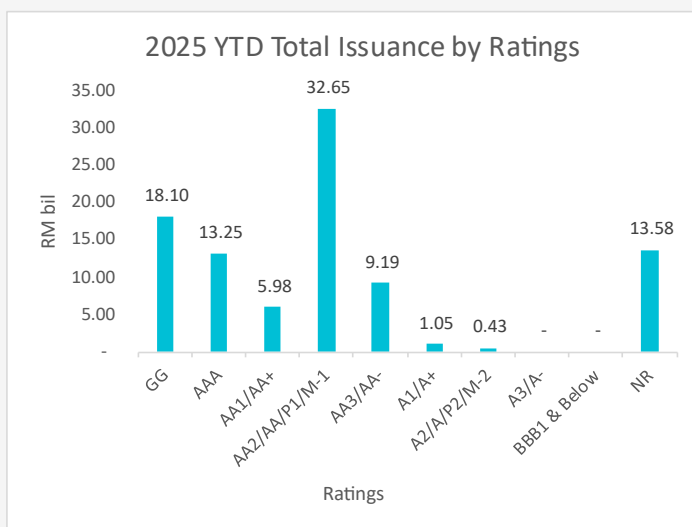
Overview

RM46.62 billion corporate bonds and sukuk were issued in 2Q25 (1Q25: RM47.61 billion), 2.07% lower than the previous quarter. The AA2/AA/P1/M1-rated bonds and sukuk recorded the biggest issuance at RM15.38 billion issuances, followed by government guaranteed bonds at RM8.45 billion issuances.

For 2Q25, the largest corporate issuances were issued by LEMBAGA PEMBIAYAAN PERUMAHAN SEKTOR AWAM, namely LPPSA IMTN 4.120% 08.04.2050 - Tranche No. 13 worth RM1.33 billion.

Issuance 2Q25

Month/Rating	April 25 (RM bil)	May 25 (RM bil)	June 25 (RM bil)	Total (RM bil)
GG	5.55		2.90	8.45
AAA	3.80	0.45	1.93	6.18
AA1/AA+	1.60	1.13	2.30	5.03
AA2/AA/P1/M1	3.83	5.88	5.67	15.38
AA3/AA-	1.22	2.41	0.33	3.96
A1/A+	0.15	0.25		0.40
A2/A/P2/M2	0.12	0.00	0.11	0.23
A3/A-				-
BBB1 & Below				-
NR	1.81	0.85	4.33	6.99
Total	18.08	10.97	17.57	46.62
Total Issuance				46.62



Sources: BNM and BIX Malaysia

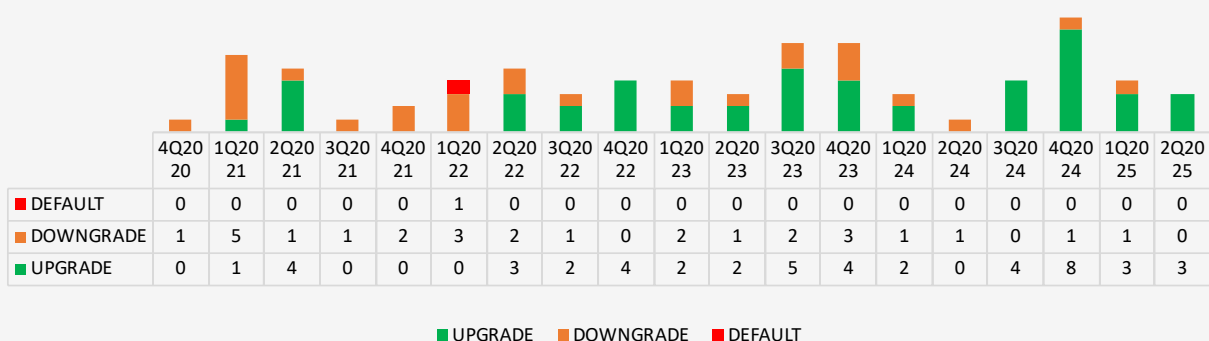
Rating Outlook

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

↑ Upgrade

1. Exsim Capital Resources Berhad
2. Grand Sepadu (NK) Sdn Bhd
3. Perbadanan Kemajuan Negeri Selangor

Rating Movements



Sources: MARC, RAM, FAST and BIX Malaysia

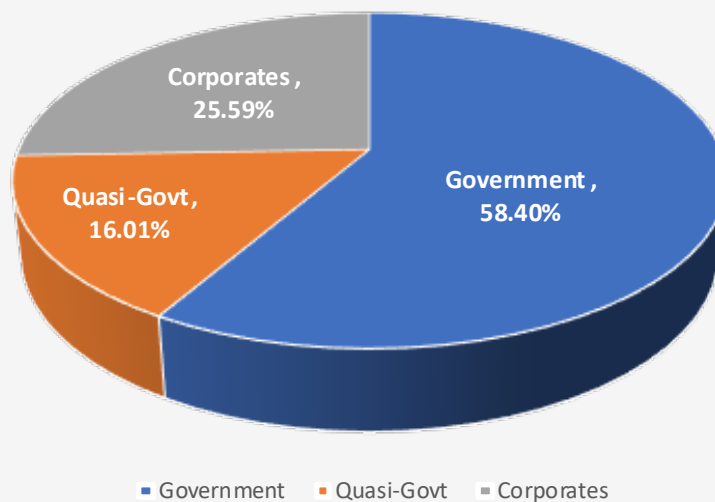
BOND STATISTICS

Overview

Outstanding Amount by Bond Classes

As of June 2025, the outstanding amount of the Malaysian bond market stood at RM2.177 trillion, increased by 1.49% compared to the end of 1Q25 (March 2025: RM2.145 trillion). The largest outstanding bonds were from government issuances which consist of 58.40% of total issuances at RM1.271 trillion, followed by corporate issuances of 25.59% at RM557.17 billion, and Quasi-government issuances of 16.01% at RM348.59 billion.

Outstanding Amount by Class



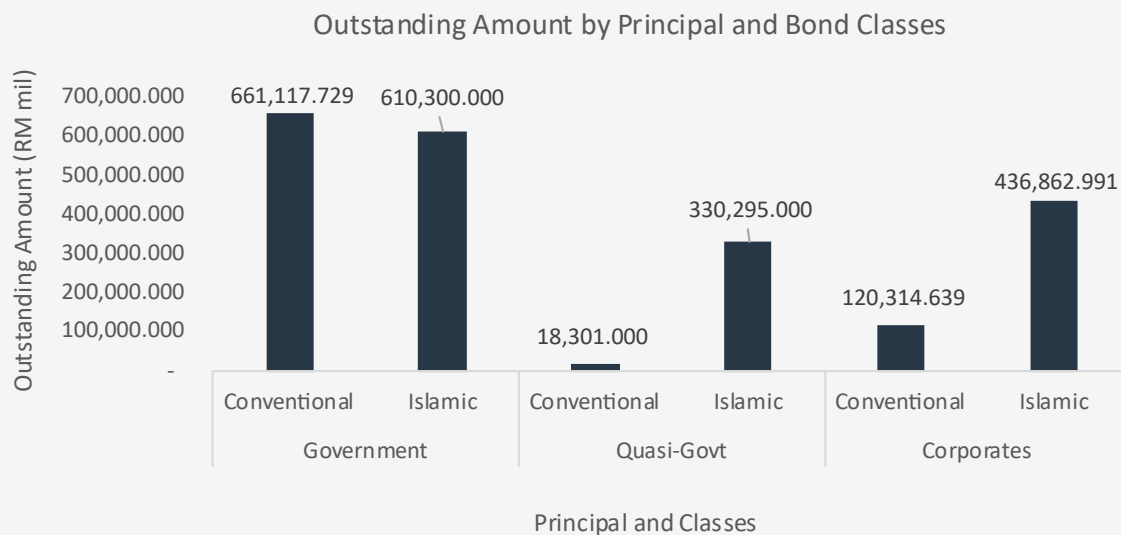
Sources: BNM and BIX Malaysia

BOND STATISTICS

Overview

Outstanding Amount by Principal and Bond Classes

As of June 2025, the outstanding amount of Government conventional bond and Government Sukuk stood at RM661.11 billion and RM610.30 billion, respectively. The conventional quasi-govt outstanding amount stood at RM18.30 billion, much smaller compared to its Shariah-compliant counterpart of RM330.29 billion. For corporate issuances, the conventional bond outstanding amounted RM120.31 billion while the corporate Sukuk was recorded higher at RM436.86 billion.



Sources: BNM and BIX Malaysia

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