



Weekly Fixed Income & FX Research Commentary

Powell's comments send yields higher ...

Monday, 10 March 2025

Snapshot Summary...

Global Rates: Bonds reacted to rates outlook and European fiscal concerns

MYR Bonds: Local bond market supported after MPC meeting

Global FX: The dollar tumbled on uncertainties surrounding US trade and economic growth

USD/MYR: The Malaysian ringgit strengthened 1.1% w/w last week, the largest pace since January this year

Fixed Income

Global Bonds: 10Y UST found late weakness, and yield reversed from weekly lows after comments from Chairman Powell that the Fed may not need to be in a hurry to cut rates. The rise in yield was despite the February NFP being lower than expected at +151k. The added bond weakness came from news the US may provide a tariff reprieve to Canada and Mexico covered under current trade agreements. The bund market was pressured by Germany's fiscal expansion worries, and the ECB said that the policy is 'less restrictive' now, which may mean there will be no rate cut next month.

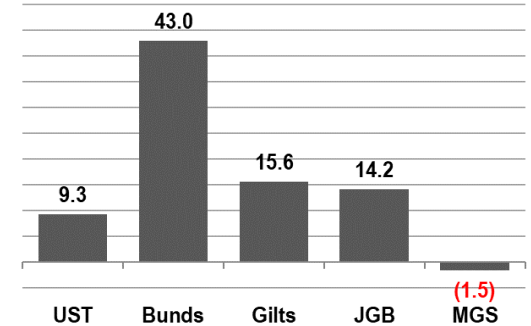
Malaysia Government Bonds: The local government bond market was supported last week after the MPC held rates as expected but increased warnings over global growth in the face of rising tariffs. The firm ringgit also aided local bonds as BNM's policy statement indicated interest rate differentials should aid the local currency.

Malaysia Government Bonds View: We think onshore players ought to maintain interest in the local primary MGS/GII market, seeing the expected lower gross issuance this year. Last week's 15Y MGS (MGS 04/39) auction received a final BTC of 3.018x. Next is the 30Y GII auction, which should again attract real money players, as we think last week's auction did.

Malaysia Corporate Bonds: There was mostly net buying activity in the PDS space in the past week. However, there was also a hint of market consolidation due to more net selling activity of bonds by the end of the week. Overall, investors were buoyed by the gains in the govies space and the continued usual early-year demand for papers. We mostly saw both AAA and AA names picked up, especially bank papers and infra- and utilities-related issuers.

Malaysia Corporate Bonds View: We noted interest in TNB Power Gen 03/33, down slightly by 1 bps at 3.90% last Thursday. We think TNB Power Gen (AAA) (Exhibits 3-4) may receive interest, though investors may have to go up the curve into longer tenors, >12 years.

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	7-Mar-25	28-Feb-25	w/w (bps)
2-year UST	4.00	3.99	1
10-year UST	4.30	4.21	9
2-year Bund	2.25	2.03	22
10-year Bund	2.84	2.41	43
2-year Gilt	4.20	4.17	3
10-year Gilt	4.64	4.48	16
2-year JGB	0.85	0.81	4
10-year JGB	1.52	1.38	14
2-year AGB	3.77	3.73	4
10-year AGB	4.40	4.29	11

Weekly MGS Yields (%)

MGS Yields	Tenor	7-Mar-25	28-Feb-25	w/w (bps)
3-year	05/27	3.43	3.45	(2)
5-year	08/29	3.59	3.60	(1)
7-year	07/32	3.74	3.75	(2)
10-year	07/34	3.78	3.79	(2)
15-year	04/39	3.96	3.96	(1)
20-year	05/44	4.05	4.06	(1)
30-year	03/53	4.17	4.18	(1)

Weekly GII Yields (%)

GII Yields	Tenor	7-Mar-25	28-Feb-25	w/w (bps)
3-year	07/28	3.55	3.55	(0)
5-year	07/29	3.60	3.63	(3)
7-year	10/31	3.74	3.76	(2)
10-year	11/34	3.79	3.81	(2)
15-year	07/40	3.94	3.94	(0)
20-year	08/43	4.06	4.07	(1)

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	7-Mar-25	28-Feb-25	w/w (bps)
IRS 3-Year	3.47	3.53	(5)
IRS 5-Year	3.51	3.55	(4)
IRS 7-Year	3.58	3.63	(5)
IRS 10-Year	3.66	3.72	(6)
3-Month KLIBOR	3.66	3.66	0
6-Month KLIBOR	3.73	3.73	0

Forex

DXY Index: The dollar tumbled 3.5% last week, primarily due to uncertainties surrounding US trade and economic growth. A significant development in Europe also played a role, as Germany abandoned its fiscal constraints to increase spending and stimulate growth. US President Trump opened a new front early in the week, slapping 25% tariffs on Canada and Mexico while doubling to 20% on China's goods. However, it had only left the US stocks with an impression of the worst performance since the post-election rally. Trump's erratic announcements on tariffs in Mexico, Canada and China exacerbated volatility throughout the market. He had delayed the tariffs mid-week on products from Mexico and Canada for one month under the USMCA trade agreement, leaving only the trade war window open with China. Markets were also shaken by the transatlantic alliance about the war in Ukraine as Trump is more likely to favour Russia as an ally, coupled with the suspension of military assistance to Ukraine. It was a tough week for the dollar, as the anticipated US labour data, including the non-farm payroll, fell short of expectations. Job cuts surged to 172k in February, largely due to significant layoffs at DOGE. Despite efforts to stay optimistic, the US market struggled, with hawkish comments from Fed Chairs providing minimal relief to the dollar's decline.

Europe: Both EUR and GBP rose sharply by w/w of 4.4% and 2.7%, respectively. The positive traction resulted from Germany's bold move to realign its economy by potentially loosening its debt brake rules to boost spending on defence. The government's proposal to establish a EUR500 billion investment fund has caused European and defence stocks to surge. As supported by ECB President Christine Lagarde, the broader eurozone is anticipated to benefit from spillover effects, boosting GDP. This fiscal stimulus reduces the pressure on the ECB to cut rates, although near-term risks like trade tensions with the US remain a concern. US President Donald Trump's unclear position on Ukraine and rumours of a potential US exit from NATO have prompted Europe, particularly Germany, to take on more of its defence responsibilities. The stronger-than-expected inflation and HCOB manufacturing figures in the eurozone further boosted the euro amid the ECB's expected 25 bps rate cut on Thursday. Ongoing optimism about Germany's fiscal surprise will likely linger while market attention turns to the Euro's industrial production and UK GDP data this week.

Asia: Asian currencies held firm against the dollar, with the yen climbing 1.7% w/w to close at 148.0. The yen performed mainly because of positive economic data such as Japan's better-than-expected services PMI figures and hawkish comments from BoJ Uchida. It is further fuelled by Japan's largest labour union calling for a significant wage rise since 1993, increasing the likelihood of BoJ to continue raising interest rates. China was the only country facing new tariffs from the US so far; Trump's decision to delay tariff implementation on Canada and Mexico for one month resulted in a 0.4% weekly increase in the yuan. The yuan started strong on Wednesday at the start of the week ahead of the National People's Congress. The meeting highlights China's growth target unchanged at around 5% despite the trade war with the US. During the speech, Premier Li Qiang stressed the importance of ramping up fiscal stimulus to close the gap between supply and consumption, aiming to boost household demand. Over the weekend, China also announced retaliatory tariffs on over USD 2.6 billion worth of Canadian agricultural and food products, which are scheduled to take effect

Indicative PDS Yields (%)

PDS Indicative Yields	7-Mar-25	28-Feb-25	w/w (bps)
3-Year AAA	3.82	3.82	(0)
3-Year AA	3.99	4.00	(1)
3-Year A	4.82	4.83	(2)
5-Year AAA	3.89	3.90	(1)
5-Year AA	4.07	4.07	(1)
5-Year A	5.01	5.03	(2)
10-Year AAA	4.03	4.03	(0)
10-Year AA	4.20	4.20	(0)
10-Year A	5.40	5.41	(1)

FX Weekly – vs. USD

FX Against USD	7-Mar-25	28-Feb-25	w/w (%)
DXY Index	103.84	107.61	(3.5)
Euro	1.083	1.038	4.4
Aussie Dollar	0.631	0.621	1.5
Pound Sterling	1.292	1.258	2.7
Japanese Yen	148.0	150.6	(1.7)
NZ Kiwi	0.571	0.560	2.0
Ringgit	4.412	4.463	(1.1)
Rupiah	16,295	16,580	(1.7)
Thai Baht	33.65	34.17	(1.5)
Sing Dollar	1.331	1.351	(1.5)
China Yuan	7.246	7.278	(0.4)
Korea Won	1,449	1,460	(0.7)
India Rupee	86.88	87.51	(0.7)
Philippine Peso	57.19	57.99	(1.4)

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	7-Mar-25	28-Feb-25	w/w (%)
Euro	4.79	4.64	3.3
Pound Sterling	5.71	5.62	1.6
Aussie Dollar	2.79	2.77	0.4
Japanese Yen	2.98	2.96	0.6
Sing Dollar	3.32	3.31	0.3
10 China Yuan	6.10	6.13	(0.5)
1 Million Rupiah	270.80	268.90	0.7
Thai Baht	13.12	13.07	0.4
100 India Rupee	5.08	5.10	(0.4)
100 Philippine Peso	7.72	7.70	0.3

Commodity Prices

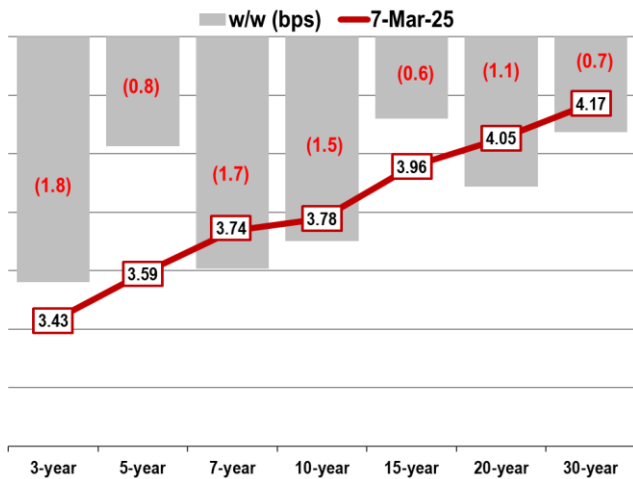
Commodity Prices	7-Mar-25	28-Feb-25	w/w (%)
Brent (USD/barrel)	70.4	73.2	(3.9)
Gold (USD/oz)	2,909	2,858	1.8
Palm Oil (RM/tonne)	4,816	4,688	2.7

Sources: Bank Negara Malaysia (BNM), Bloomberg, Trading Economics, AmBank Economics

on March 20. CNY performance will be monitored this week following trade tension and inflation data falling more than market expectations during the weekend.

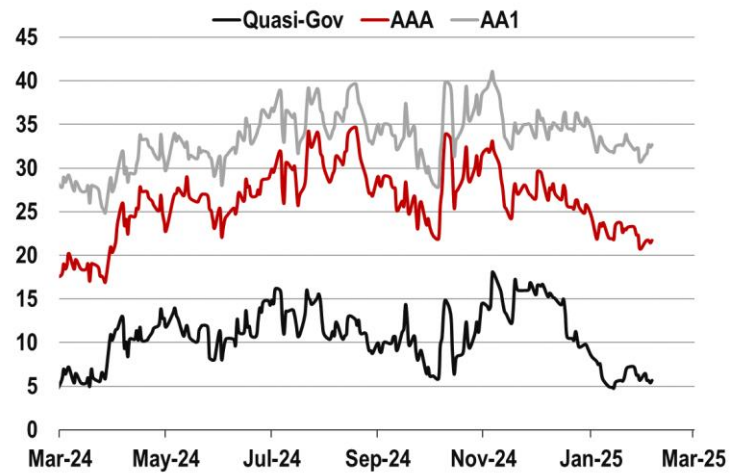
Malaysia: The ringgit strengthened 1.1% w/w last week, the largest pace since January. The ringgit is currently trading below the 200-day SMAVG line (4.4527). Regarding monetary policy, BNM’s decision to hold OPR at 3.0% for the 11th consecutive meeting still provides some allure for the ringgit amidst global central banks’ easing. But global investors’ focus remained weighed by external factors: President Trump’s tariff tone, although it may have been toned down a bit, especially towards the US’s closer trading partner, Ukraine-Russia peace talks, and volatile US policy developments. We may continue to see ringgit volatile this upcoming week, but significant ‘good news’ is needed for the USDMYR pair to breach our support line of 4.377 – 4.366.

Exhibit 1: MGS yield curve changes (1w)*



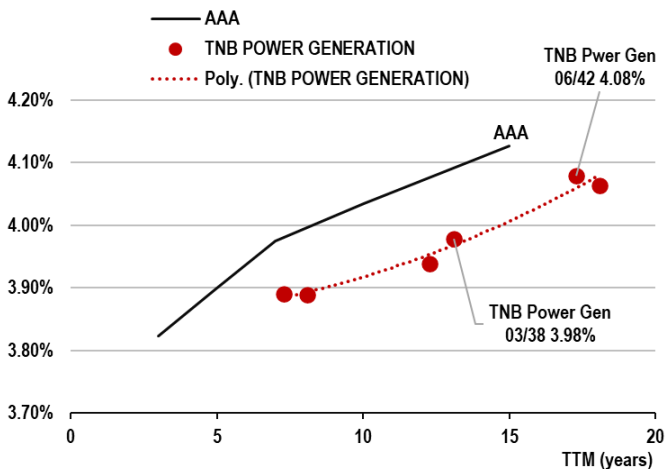
Sources: BNM, BPAM, AmBank Economics
Using the MG1Y ticker on Bloomberg

Exhibit 2: Credit Spreads vs. MGS (5Y tenor) (bps)



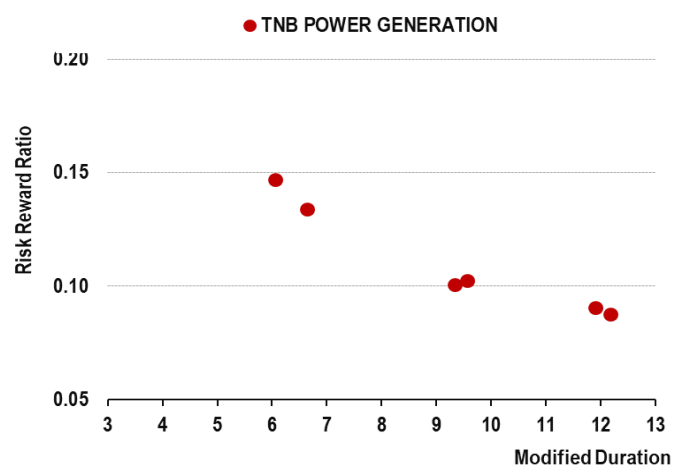
Sources: BNM, BPAM, AmBank Economics

Exhibit 3: TNB Power Generation (AAA) latest curve



Sources: BNM, BPAM Bloomberg, AmBank Economics

Exhibit 4: TNB Power Generation (AAA) latest RRR



Sources: BNM, BPAM, Bloomberg, AmBank Economics

Exhibit 7: Technical Pair Summary

DXY 	Resistance Level			
	R1	107.39	R2	108.07
	Support Level			
	S1	103.18	S2	102.77
	Outlook: Neutral			
	Focus: US CPI Feb			

EUR/USD 	Resistance Level			
	R1	1.091	R2	1.104
	Support Level			
	S1	1.037	S2	1.027
	Outlook: Neutral			
	Focus: EZ IP Jan			

USD/JPY 	Resistance Level			
	R1	150.45	R2	153.19
	Support Level			
	S1	146.42	S2	144.05
	Outlook: Mildly Bearish			
	Focus: Household Spend. Jan			

USD/MYR 	Resistance Level			
	R1	4.464	R2	4.491
	Support Level			
	S1	4.377	S2	4.366
	Outlook: Neutral			
	Focus: IP Jan			

GBP/USD 	Resistance Level			
	R1	1.299	R2	1.316
	Support Level			
	S1	1.259	S2	1.248
	Outlook: Neutral			
	Focus: GDP Jan			

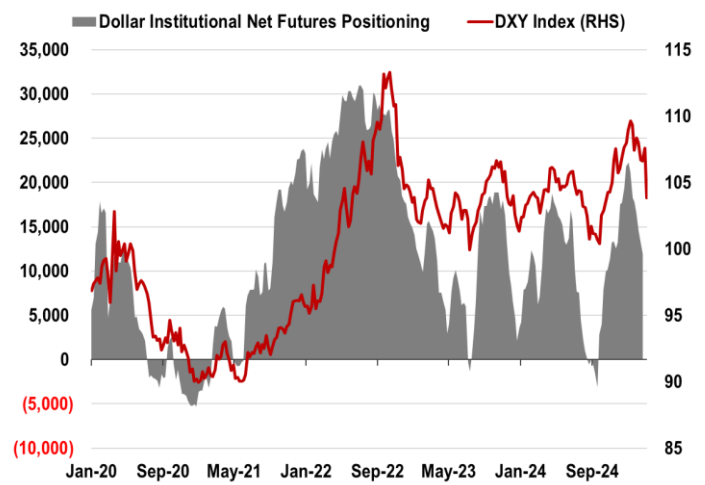
AUD/USD 	Resistance Level			
	R1	0.637	R2	0.641
	Support Level			
	S1	0.620	S2	0.609
	Outlook: Neutral			
	Focus: Westpac Cons. Conf. Mar			

Exhibit 8: BBDXY 3M Risk Reversals (%)



Sources: Bloomberg, AmBank Economics

Exhibit 9: CFTC Dollar Insti. Net Fut. Positioning vs. DXY



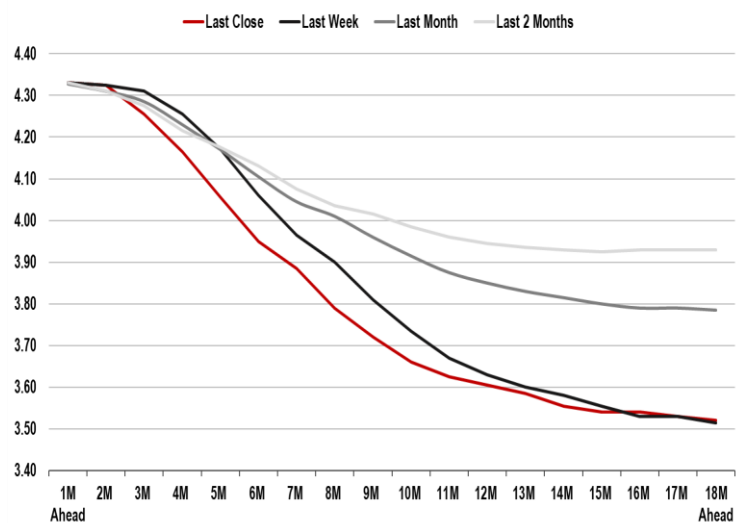
Sources: Bloomberg, AmBank Economics

Exhibit 10: MSCI Asia Ex-JP Currency



Sources: Bloomberg, AmBank Economics

Exhibit 11: Fed FFR Futures by Months Ahead (%)



Sources: Bloomberg, AmBank Economics

Calendar Events/Data (10th March – 14th March 2025)

Monday March 10 2025			Consensus	Previous
7:30 AM	JP	Average Cash Earnings YoY JAN	3.20%	4.4% ®
7:30 AM	JP	Overtime Pay YoY JAN		0.8% ®
7:50 AM	JP	Current Account JAN	¥-230.5B	¥1077.3B
7:50 AM	JP	Bank Lending YoY FEB	3.10%	3%
11:35 AM	JP	5-Year JGB Auction		0.98%
1:00 PM	JP	Coincident Index Prel JAN		116.1 ®
1:00 PM	JP	Leading Economic Index Prel JAN	108.4	107.9 ®
3:00 PM	DE	Balance of Trade JAN	€21B	€20.7B
3:00 PM	DE	Exports MoM JAN		2.5% ®
3:00 PM	DE	Industrial Production MoM JAN	1.50%	-1.5% ®
3:00 PM	DE	Imports MoM JAN		1.6% ®
9:00 PM	EA	ECB Nagel Speech		
11:00 PM	US	Consumer Inflation Expectations FEB		3%
	EA	Eurogroup Meeting		
	CN	Chinese People's Political Consultative Conference		
	CN	National People's Congress		
Tuesday March 11 2025			Consensus	Previous
7:30 AM	AU	Westpac Consumer Confidence Change MAR		0.10%
7:30 AM	AU	Westpac Consumer Confidence Index MAR		92.2
7:30 AM	JP	Household Spending MoM JAN	-1.90%	2.30%
7:30 AM	JP	Household Spending YoY JAN	3.60%	2.70%
7:50 AM	JP	GDP Growth Annualized Final Q4		1.20%
7:50 AM	JP	GDP Growth Rate QoQ Final Q4	0.70%	0.30%
7:50 AM	JP	GDP Capital Expenditure QoQ Final Q4	0.30%	-0.10%
7:50 AM	JP	GDP External Demand QoQ Final Q4	0.70%	-0.10%
7:50 AM	JP	GDP Price Index YoY Final Q4	2.80%	2.40%
7:50 AM	JP	GDP Private Consumption QoQ Final Q4	0.10%	0.70%
8:01 AM	GB	BRC Retail Sales Monitor YoY FEB	2.40%	2.50%
8:30 AM	AU	NAB Business Confidence FEB		4
12:00 PM	MY	Unemployment Rate JAN		3.10%
2:00 PM	JP	Machine Tool Orders YoY FEB	4.70%	4.70%
6:00 PM	US	NFIB Business Optimism Index FEB	101	102.8
6:30 PM	DE	2-Year Schatz Auction		2.14%
9:55 PM	US	Redbook YoY MAR/08		6.60%
10:00 PM	US	JOLTs Job Openings JAN	7.71M	7.6M
10:00 PM	US	JOLTs Job Quits JAN		3.197M
10:15 PM	DE	Bundesbank Köhler-Geib Speech		
	EA	ECOFIN Meeting		
	CN	National People's Congress		

Wednesday March 12 2025			Consensus	Previous
12:00 AM	US	WASDE Report		
4:30 AM	US	API Crude Oil Stock Change MAR/07		-1.455M
7:50 AM	JP	BSI Large Manufacturing QoQ Q1	6.50%	6.30%
7:50 AM	JP	PPI MoM FEB	-0.10%	0.30%
7:50 AM	JP	PPI YoY FEB	4%	4.20%
11:35 AM	JP	20-Year JGB Auction		2.03%
12:00 PM	MY	Industrial Production YoY JAN	2.70%	4.60%
12:00 PM	MY	Retail Sales YoY JAN		5.40%
4:45 PM	EA	ECB President Lagarde Speech		
6:00 PM	GB	10-Year Treasury Gilt Auction		4.81%
6:30 PM	DE	10-Year Bund Auction		2.52%
7:00 PM	US	MBA 30-Year Mortgage Rate MAR/07		6.73%
8:30 PM	US	Core Inflation Rate MoM FEB	0.30%	0.40%
8:30 PM	US	Core Inflation Rate YoY FEB	3.20%	3.30%
8:30 PM	US	Inflation Rate MoM FEB	0.30%	0.50%
8:30 PM	US	Inflation Rate YoY FEB	2.90%	3%
8:30 PM	US	CPI FEB		317.67
8:30 PM	US	CPI s.a FEB		319.086
9:45 PM	EA	ECB Nagel Speech		
10:30 PM	US	EIA Crude Oil Stocks Change MAR/07		3.614M
10:30 PM	US	EIA Gasoline Stocks Change MAR/07		-1.433M
11:15 PM	EA	ECB Lane Speech		
Thursday March 13 2025			Consensus	Previous
1:00 AM	US	10-Year Note Auction		4.63%
2:00 AM	US	Monthly Budget Statement FEB	\$-315B	\$-129B
7:50 AM	JP	Foreign Bond Investment MAR/08		¥1514.2B
7:50 AM	JP	Stock Investment by Foreigners MAR/08		¥708.3B
8:01 AM	GB	RICS House Price Balance FEB	20%	22%
8:30 AM	AU	Building Permits MoM Final JAN	6.30%	0.70%
8:30 AM	AU	Private House Approvals MoM Final JAN	1.10%	-3.00%
10:30 AM	AU	RBA Jones Speech		
5:00 PM	DE	Bundesbank Köhler-Geib Speech		
5:50 PM	EA	ECB de Guindos Speech		
6:00 PM	EA	Industrial Production MoM JAN	0.80%	-1.10%
6:00 PM	EA	Industrial Production YoY JAN	-1.10%	-2%
8:30 PM	US	PPI MoM FEB	0.30%	0.40%
8:30 PM	US	Core PPI MoM FEB	0.30%	0.30%
8:30 PM	US	Initial Jobless Claims MAR/08	225K	221K
8:30 PM	US	Continuing Jobless Claims MAR/01		1897K
8:30 PM	US	Core PPI YoY FEB		3.60%
8:30 PM	US	Jobless Claims 4-week Average MAR/08		224.25K
8:30 PM	US	PPI FEB		147.716
8:30 PM	US	PPI Ex Food, Energy and Trade MoM FEB		0.30%
8:30 PM	US	PPI Ex Food, Energy and Trade YoY FEB		3.40%
8:30 PM	US	PPI YoY FEB		3.50%
10:30 PM	US	EIA Natural Gas Stocks Change MAR/07		-80Bcf

Friday March 14 2025			Consensus	Previous
1:00 AM	DE	Bundesbank Balz Speech		
1:00 AM	US	30-Year Bond Auction		4.75%
1:30 AM	EA	ECB de Galhau Speech		
1:30 AM	EA	ECB Nagel Speech		
4:30 AM	US	Fed Balance Sheet MAR/12		\$6.76T
3:00 PM	DE	Inflation Rate MoM Final FEB	0.40%	-0.20%
3:00 PM	DE	Inflation Rate YoY Final FEB	2.30%	2.30%
3:00 PM	DE	Wholesale Prices MoM FEB		0.90%
3:00 PM	DE	Wholesale Prices YoY FEB	0.20%	0.90%
3:00 PM	DE	Harmonised Inflation Rate MoM Final FEB	0.60%	-0.20%
3:00 PM	DE	Harmonised Inflation Rate YoY Final FEB	2.80%	2.80%
3:00 PM	GB	GDP MoM JAN	0.10%	0.40%
3:00 PM	GB	GDP 3-Month Avg JAN		0.10%
3:00 PM	GB	Goods Trade Balance JAN	£-17.1B	£-17.45B
3:00 PM	GB	Goods Trade Balance Non-EU JAN		£-6.1B
3:00 PM	GB	Industrial Production MoM JAN	-0.10%	0.50%
3:00 PM	GB	Manufacturing Production MoM JAN	0%	0.70%
3:00 PM	GB	Balance of Trade JAN		£-2.82B
3:00 PM	GB	Construction Output YoY JAN		1.50%
3:00 PM	GB	GDP YoY JAN		1.50%
3:00 PM	GB	Industrial Production YoY JAN	-0.90%	-1.90%
3:00 PM	GB	Manufacturing Production YoY JAN	-0.80%	-1.40%
8:00 PM	GB	NIESR Monthly GDP Tracker FEB		0.30%
9:15 PM	EA	ECB Cipollone Speech		
9:45 PM	DE	Current Account JAN		€24.0B
10:00 PM	US	Michigan Consumer Sentiment Prel MAR	64	64.7
10:00 PM	US	Michigan 5 Year Inflation Expectations Prel MAR		3.50%
10:00 PM	US	Michigan Consumer Expectations Prel MAR		64
10:00 PM	US	Michigan Current Conditions Prel MAR		65.7
10:00 PM	US	Michigan Inflation Expectations Prel MAR		4.30%

AmBank Group Economic Research	
Firdaos Rosli	firdaos.rosli@ambankgroup.com
Nik Ahmad Mukharriz Nik Muhammad	nik-ahmad-mukharriz.n@ambankgroup.com
Lee Si Xin	lee.si-xin@ambankgroup.com
Raja Adibah Raja Hasnan	raja-adibah.r@ambankgroup.com
Muhamad Farid Anas Johari	muhamad-farid-anas.j@ambankgroup.com
Aman Nazmi Abd Karim	aman-nazmi.abd-karim@ambankgroup.com
Group Treasury & Markets	
Corporate Client Group (CCG)	+603-2059 8700/8600
Institutional Client Group (ICG)	+603-2059 8690
Azli Bin Abdul Jamil	azli-abd-jamil@ambankgroup.com
Jacqueline E. Rodrigues	jacqueline-r@ambankgroup.com
Ho Su Farn	ho-su-farn@ambankgroup.com
Melisa Lim Giok Ling	melisa-lim@ambankgroup.com
Roger Yee Chan Chung	roger-yee@ambankgroup.com
Nadia Binti Hazmi	nadia.hazmi@ambankgroup.com

DISCLOSURE AND DISCLAIMER

This report is prepared for information purposes only, and it is issued by AmBank (M) Berhad (“AmBank”) without regard to your individual financial circumstances and objectives. Nothing in this report shall constitute an offer to sell, warranty, representation, recommendation, legal, accounting or tax advice, solicitation, or expression of views to influence anyone to buy or sell any real estate, securities, stocks, foreign exchange, futures, investment, or other products. AmBank recommends that you evaluate a particular investment or strategy based on your individual circumstances and objectives and/or seek financial, legal, or other advice on the appropriateness of the particular investment or strategy.

The information in this report was obtained or derived from sources that AmBank believes are reliable and correct at the time of issue. While all reasonable care has been taken to ensure that the stated facts are accurate and views are fair and reasonable, AmBank has not independently verified the information and does not warrant or represent that they are accurate, adequate, complete, or up-to-date. They should not be relied upon as such. All information in this report constitute AmBank’s views as of this date and are subject to change without notice. Notwithstanding that, AmBank has no obligation to update its opinion or information in this report. Facts and views presented in this report may not reflect the views of or information known to other business units of AmBank’s affiliates and/or related corporations (collectively, “AmBank Group”).

This report is prepared for the clients of AmBank Group and it cannot be altered, copied, reproduced, distributed or republished for any purpose without AmBank’s prior written consent. AmBank, AmBank Group and its respective directors, officers, employees, and agents (“Relevant Person”) accept no liability whatsoever for any direct, indirect, or consequential losses, loss of profits and/or damages arising from the use or reliance of this report and/or further communications given in relation to this report. Any such responsibility is hereby expressly disclaimed.

AmBank is not acting as your advisor and does not owe you any fiduciary duties in connection with this report. The Relevant Person may provide services to any company and affiliates of such companies in or related to the securities or products and/or may trade or otherwise effect transactions for their own account or the accounts of their customers which may give rise to real or potential conflicts of interest.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

If any provision of this disclosure and disclaimer is held to be invalid in whole or in part, such provision will be deemed not to form part of this disclosure and disclaimer. The validity and enforceability of the remainder of this disclosure and disclaimer will not be affected.