



Weekly Fixed Income & FX Research Commentary

Investors disposes USD and US Treasuries amidst trade war ...

Monday, 14 April 2025

Snapshot Summary...

**Global Rates:** Aversion against USD assets resulted in the UST yield surge.

**MYR Bonds:** MYR government bonds rose 4-10 bps w/w, pressured by the UST swing.

**Global FX:** USD drove down to below the 100-mark as volatility reigns.

**USD/MYR:** The MYR was up by 0.3% w/w and was especially boosted last Friday by 1.0% d/d strengthening.

Fixed Income

**Global Bonds:** US Treasuries 2Y and 10Y yields up by 31 bps and 50 bps w/w, respectively. By the end of the week, US aversion was amid news that China would raise US import tariffs on all goods to 125% after the US lifted its tariffs to 145%. Meanwhile, the EU suspended its retaliatory tariffs for 90 days. There was a respite when the US said it would pause its reciprocal tariffs for 90 days except for China, and the rate to be used for the 90 days will be reduced to 10%. In the latest development, the US said it would continue to apply tariffs on phones, computers and consumer electronics, which will be applied in a different tariff basket, despite an exemption announced last Friday. Boston Fed's Collins comments that the Fed is 'absolutely' ready to use its tools to aid markets aided sentiment, as did the US CPI at -0.1% m/m in March vs +0.1% m/m expectations and February's 0.2% m/m.

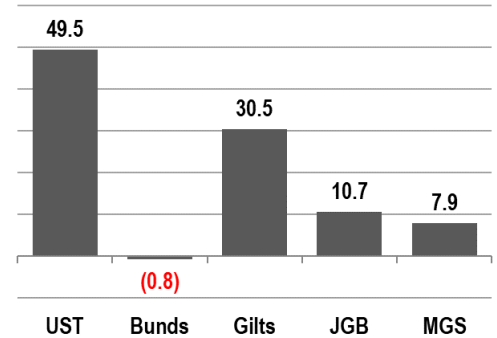
**Malaysia Government Bonds:** MYR government bonds rose 4-10 bps w/w, pressured by the UST swing. Net selling activity was also to make space for the 3Y MGS auction. Nevertheless, support came in at higher yield levels, and we think onshore investor mandates remained robust.

**Malaysia Government Bonds View:** As yields rose, our thought remains that MGS/OPR spreads are too wide, despite a mixed view on the OPR trajectory going forward. Our 3Y MGS target for end-2Q2025 is 3.35%.

**Malaysia Corporate Bonds:** Corporate bond trading lacked interest, but we sensed some support as last week's traded yield movement was largely down instead of up.

**Malaysia Corporate Bonds View** PDS support last week was led by higher-grade papers. Based on the latest Cagamas curve, we think 3Y-5Y tenors at 3.75% or above remain top picks.

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	11-Apr-25	4-Apr-25	w/w (bps)
2-year UST	3.96	3.65	31
10-year UST	4.49	3.99	50
2-year Bund	1.79	1.83	(4)
10-year Bund	2.57	2.58	(1)
2-year Gilt	4.05	3.93	11
10-year Gilt	4.75	4.45	31
2-year JGB	0.61	0.64	(3)
10-year JGB	1.32	1.22	11
2-year AGB	3.25	3.40	(14)
10-year AGB	4.40	4.22	18

Weekly MGS Yields (%)

MGS Yields	11-Apr-25	4-Apr-25	w/w (bps)
3-year	3.42	3.34	8
5-year	3.51	3.47	4
7-year	3.65	3.60	5
10-year	3.74	3.66	8
15-year	3.87	3.81	6
20-year	3.97	3.91	6
30-year	4.10	4.06	4

Weekly GII Yields (%)

GII Yields	11-Apr-25	4-Apr-25	w/w (bps)
3-year	3.47	3.41	6
5-year	3.56	3.48	9
7-year	3.67	3.59	8
10-year	3.73	3.66	7
15-year	3.83	3.84	(1)
20-year	3.97	3.90	6

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	11-Apr-25	4-Apr-25	w/w (bps)
IRS 3-Year	3.29	3.29	0
IRS 5-Year	3.34	3.33	1
IRS 7-Year	3.42	3.40	2
IRS 10-Year	3.52	3.49	3
3-Month KLIBOR	3.65	3.66	(1)
6-Month KLIBOR	3.71	3.73	(2)

## Forex

**DXY Index:** As the UST yields surged last week, the US aversion theme saw USD driven below the 100-mark. Volatility still reigns, and worsening scenarios in the China-US trade spat continue to emerge, as tariff levels range within 100-150% and news on exemptions are announced and reversed, which prompts even lesser clarity on where the spat will ultimately go. We see the next support for DXY at 99.3, below which levels around 98.5 should bring more active dollar buying. Note that the latest Fed-speak indicates officials seem reluctant to commit to quick rate cuts except for Governor Collins, who sees Fed support to aid against market volatility.

**Europe:** The EUR rallied 3.6% w/w to close at 1.136, the highest since February 2022. Amid the USD tumble, the EUR received a leg up instead, and expectations of the Euro bloc set for talks with the US on trade buoy the EUR. Expectations of EU fiscal spending further add to EUR strength, as does monetary policy support, though lower rates may limit the EUR upside. ECB policymakers meet this week, and expectations are for a 25 bps cut as per WIRP.

**Asia:** Last Friday, the PBOC raised its CNY fixing firmer to reflect the USD weakness, which was heard at 7.2087 or 5 pips firmer vs Thursday. The risk-on to CNY is greater amid the trade war, and PBOC looks like it allows CNY weakness, but its fixing is firmer than Reuters' expectations. Meanwhile, JPY remains a safe-haven as it gained 2.3% over the USD. BOJ's Ueda recently suggested rates may not be raised in the near-term period on the back of the US tariffs. However, Ueda has also said rates will be raised if the economic outlook is firm. Japan's officials are reportedly due for talks with the US on trade this week. Last week, NZD was firm as the RBNZ cut by 25 bps instead of the 50 bps, which markets were partially expecting. Still, RBNZ said growth risks remain, and thus, the scope for further rate cuts also remains.

**Malaysia:** The MYR is up by 0.3% w/w and was especially boosted last Friday to +1.0% d/d. We note that Asian stock markets remained at risk due to tariff news, which may impact Asian FX, including the MYR. The market-implied policy rate is an unchanged OPR on the 3M horizon but goes to 2.77% on the 6M horizon.

## Indicative PDS Yields (%)

PDS Indicative Yields	11-Apr-25	4-Apr-25	w/w (bps)
3-Year AAA	3.77	3.80	(3)
3-Year AA	3.91	3.96	(4)
3-Year A	4.61	4.72	(11)
5-Year AAA	3.82	3.87	(4)
5-Year AA	3.98	4.03	(5)
5-Year A	4.75	4.90	(15)
10-Year AAA	3.97	3.99	(2)
10-Year AA	4.14	4.16	(2)
10-Year A	5.11	5.28	(17)

## FX Weekly – vs. USD


FX Against USD	11-Apr-25	4-Apr-25	w/w (%)
DXY Index	100.10	103.02	(2.8)
Euro	1.136	1.096	3.6
Aussie Dollar	0.629	0.604	4.1
Pound Sterling	1.309	1.289	1.6
Japanese Yen	143.5	146.9	(2.3)
NZ Kiwi	0.583	0.560	4.1
Ringgit	4.425	4.437	(0.3)
Rupiah	16,795	16,560	1.4
Thai Baht	33.63	34.20	(1.7)
Sing Dollar	1.319	1.347	(2.1)
China Yuan	7.292	7.282	0.1
Korea Won	1,422	1,462	(2.8)
India Rupee	86.05	85.24	1.0
Philippine Peso	56.98	56.83	0.3


## FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	11-Apr-25	4-Apr-25	w/w (%)
Euro	5.04	4.87	3.3
Pound Sterling	5.80	5.76	0.7
Aussie Dollar	2.76	2.75	0.2
Japanese Yen	3.08	3.02	2.1
Sing Dollar	3.36	3.32	1.1
10 China Yuan	6.06	6.09	(0.5)
1 million Rupiah	263.40	266.40	(1.1)
Thai Baht	13.19	12.98	1.6
100 India Rupee	5.14	5.21	(1.3)
100 Philippine Peso	7.76	7.81	(0.6)


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


## Technical Pair Summary

DXY 	Resistance Level			
	R1	100.38	R2	101.81
	Support Level			
S1	99.30	S2	98.50	
Outlook: Mildly bullish				

EUR/USD 	Resistance Level			
	R1	1.153	R2	1.169
	Support Level			
S1	1.288	S2	1.211	
Outlook: Mildly bearish				

USD/JPY 	Resistance Level			
	R1	145.50	R2	147.00
	Support Level			
S1	142.00	S2	140.50	
Outlook: Mildly bullish				

USD/MYR 	Resistance Level			
	R1	4.480	R2	4.520
	Support Level			
S1	4.410	S2	4.390	
Outlook: Mildly bearish				

GBP/USD 	Resistance Level			
	R1	1.320	R2	1.330
	Support Level			
S1	1.300	S2	1.290	
Outlook: Mildly bearish				


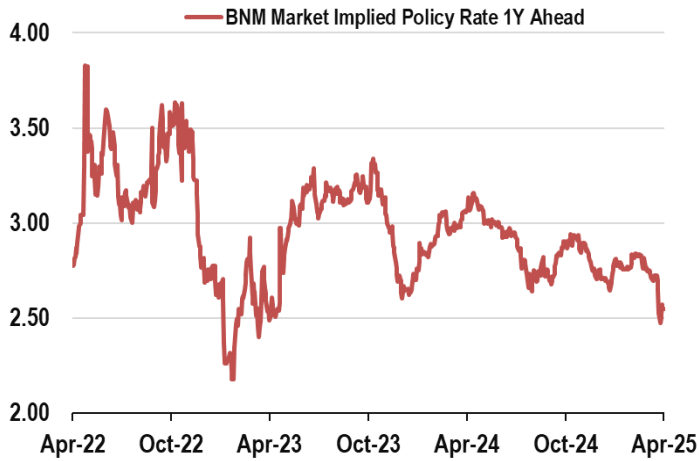
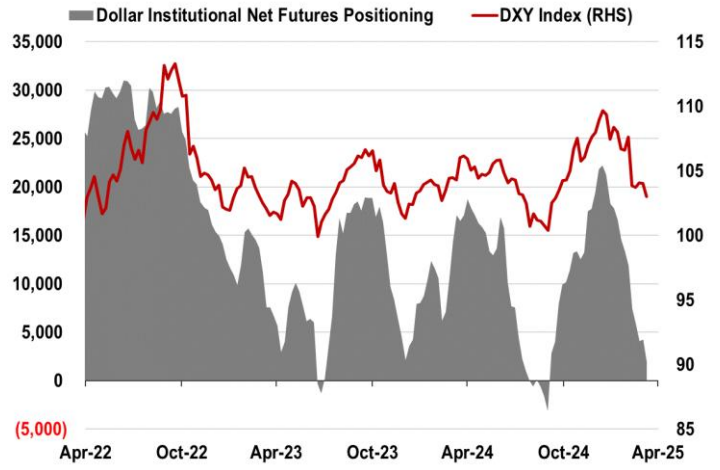
AUD/USD 	Resistance Level			
	R1	0.635	R2	0.645
	Support Level			
S1	0.590	S2	0.585	
Outlook: Mildly bearish				

Exhibit 1: BNM BBG MIPR 1Y Ahead (%)



Sources: Bloomberg, AmBank Economics

Exhibit 2: CFTC Dollar Insti. Net Fut. Positioning vs. DXY



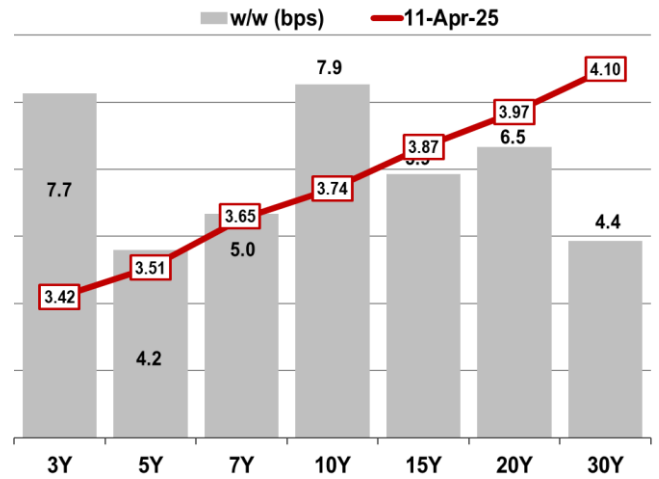
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



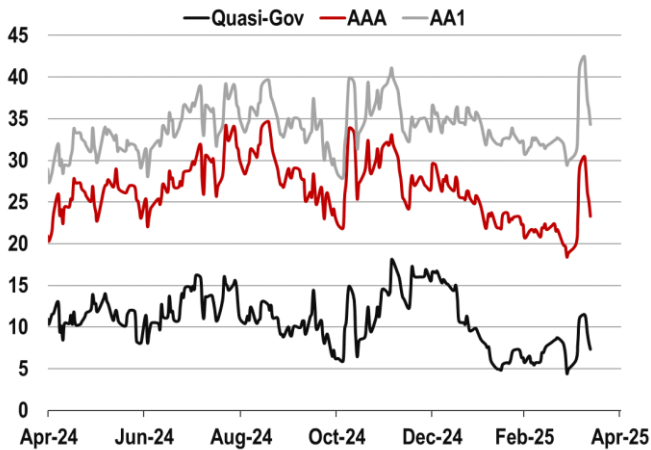
Sources: Bloomberg, AmBank Economics

Exhibit 4: MGS yield curve changes (1w)\*



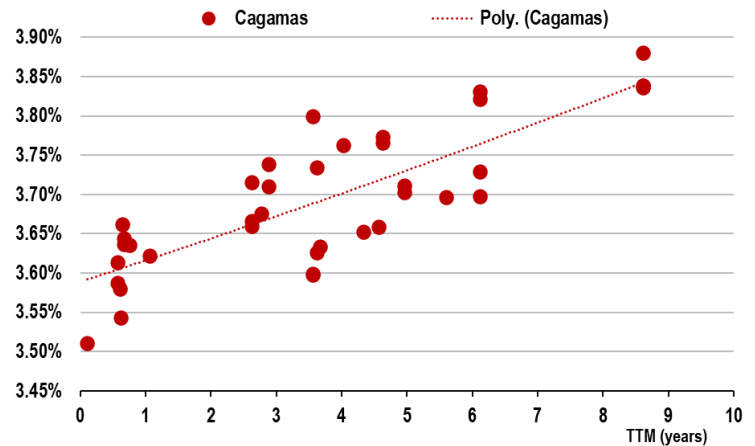
Sources: BNM, BPAM, Bloomberg, AmBank Economics  
Using the MG1Y ticker on Bloomberg

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



Sources: BPAM, AmBank Economics

Exhibit 6: Cagamas (AAA) latest curve



Sources: BPAM, Bloomberg, AmBank Economics

Calendar Events/Data (14<sup>th</sup> – 18<sup>th</sup> April 2025)

Monday April 14 2025			Consensus	Previous
11:00 AM	CN	Balance of Trade MAR	\$77B	\$170.52B
11:00 AM	CN	Exports YoY MAR	4.40%	2.30%
11:00 AM	CN	Imports YoY MAR	-2%	-8.40%
12:30 PM	JP	Capacity Utilization MoM FEB		4.50%
12:30 PM	JP	Industrial Production MoM Final FEB	2.50%	-1.10%
12:30 PM	JP	Industrial Production YoY Final FEB		2.20%
11:00 PM	US	Consumer Inflation Expectations MAR		3.10%
	OP	OPEC Monthly Report		
Tuesday April 15 2025			Consensus	Previous
12:00 AM	US	Fed Barkin Speech		
1:00 AM	US	Fed Waller Speech		
6:00 AM	US	Fed Harker Speech		
7:01 AM	GB	BRC Retail Sales Monitor YoY MAR	0.50%	0.90%
7:40 AM	US	Fed Bostic Speech		
9:30 AM	AU	RBA Meeting Minutes		
11:35 AM	JP	20-Year JGB Auction		2.28%
2:00 PM	DE	Wholesale Prices MoM MAR	0.20%	0.60%
2:00 PM	DE	Wholesale Prices YoY MAR		1.60%
2:00 PM	GB	Unemployment Rate FEB	4.40%	4.40%
2:00 PM	GB	Average Earnings incl. Bonus (3Mo/Yr) FEB	5.70%	5.80%
2:00 PM	GB	Employment Change FEB		144K
2:00 PM	GB	Average Earnings excl. Bonus (3Mo/Yr) FEB		5.90%
2:00 PM	GB	HMRC Payrolls Change MAR		21K
2:00 PM	GB	Claimant Count Change MAR	30.3K	44.2K
5:00 PM	EA	Industrial Production MoM FEB	-0.40%	0.80%
5:00 PM	EA	ZEW Economic Sentiment Index APR	14.2	39.8
5:00 PM	EA	Industrial Production YoY FEB		0%
5:00 PM	DE	ZEW Economic Sentiment Index APR	5	51.6
5:00 PM	DE	ZEW Current Conditions APR	-86	-87.6
5:00 PM	GB	10-Year Treasury Gilt Auction		4.68%
5:30 PM	DE	5-Year Bobl Auction		2.44%
8:30 PM	US	Export Prices MoM MAR		0.10%
8:30 PM	US	Import Prices MoM MAR	0.10%	0.40%
8:30 PM	US	NY Empire State Manufacturing Index APR	-14.8	-20
8:30 PM	US	Export Prices YoY MAR		2.10%
8:30 PM	US	Import Prices YoY MAR		2.00%
8:55 PM	US	Redbook YoY APR/12		7.20%
11:35 PM	US	Fed Barkin Speech		

Wednesday April 16 2025			Consensus	Previous
12:00 AM	US	NOPA Crush Report		
4:30 AM	US	API Crude Oil Stock Change APR/11		-1.057M
7:00 AM	JP	Reuters Tankan Index APR		-1
7:10 AM	US	Fed Cook Speech		
7:50 AM	JP	Machinery Orders MoM FEB	1.10%	-3.50%
7:50 AM	JP	Machinery Orders YoY FEB		4.40%
9:00 AM	AU	Westpac Leading Index MoM MAR		0.10%
9:30 AM	CN	House Price Index YoY MAR		-4.80%
10:00 AM	CN	GDP Growth Rate YoY Q1	5.10%	5.40%
10:00 AM	CN	Industrial Production YoY MAR	5.60%	5.90%
10:00 AM	CN	Retail Sales YoY MAR	4.10%	4%
10:00 AM	CN	Fixed Asset Investment (YTD) YoY MAR	4.10%	4.10%
10:00 AM	CN	GDP Growth Rate QoQ Q1	1.40%	1.60%
10:00 AM	CN	Industrial Capacity Utilization Q1		76.20%
10:00 AM	CN	Unemployment Rate MARCH	5.30%	5.40%
2:00 PM	GB	Inflation Rate YoY MAR	2.70%	2.80%
2:00 PM	GB	Core Inflation Rate YoY MAR	3.40%	3.50%
2:00 PM	GB	Inflation Rate MoM MAR		0.40%
2:00 PM	GB	Core Inflation Rate MoM MAR		0.40%
2:00 PM	GB	Retail Price Index MoM MAR		0.60%
2:00 PM	GB	Retail Price Index YoY MAR	3.20%	3.40%
4:00 PM	EA	Current Account FEB		€13.2B
4:00 PM	EA	Current Account s.a FEB	€37.3B	€35.4B
5:00 PM	EA	Core Inflation Rate YoY Final MAR	2.40%	2.60%
5:00 PM	EA	CPI Final MAR	128.04	127.26
5:00 PM	EA	Inflation Rate MoM Final MAR	0.60%	0.40%
5:00 PM	EA	Inflation Rate YoY Final MAR	2.20%	2.30%
5:30 PM	DE	30-Year Bund Auction		3.04%
7:00 PM	US	MBA 30-Year Mortgage Rate APR/11		6.61%
7:00 PM	US	MBA Mortgage Applications APR/11		20%
7:00 PM	US	MBA Mortgage Market Index APR/11		292.3
7:00 PM	US	MBA Mortgage Refinance Index APR/11		961.4
7:00 PM	US	MBA Purchase Index APR/11		172.7
8:30 PM	US	Retail Sales MoM MAR	1.30%	0.20%
8:30 PM	US	Retail Sales Control Group MoM MAR		1%
8:30 PM	US	Retail Sales Ex Autos MoM MAR	0.20%	0.30%
8:30 PM	US	Retail Sales Ex Gas/Autos MoM MAR		0.50%
8:30 PM	US	Retail Sales YoY MAR		3.10%
9:15 PM	US	Industrial Production MoM MAR	-0.30%	0.70%
9:15 PM	US	Capacity Utilization MAR	77.90%	78.20%
9:15 PM	US	Industrial Production YoY MAR		1.40%
9:15 PM	US	Manufacturing Production MoM MAR		0.90%
9:15 PM	US	Manufacturing Production YoY MAR		0.70%
10:00 PM	US	Business Inventories MoM FEB	0.30%	0.30%
10:00 PM	US	NAHB Housing Market Index APR	39	39
10:00 PM	US	Retail Inventories Ex Autos MoM FEB	0.10%	0.50%
10:30 PM	US	EIA Crude Oil Stocks Change APR/11		2.553M
10:30 PM	US	EIA Gasoline Stocks Change APR/11		-1.6M

Thursday April 17 2025			Consensus	Previous
12:00 AM	US	Fed Hammack Speech		
1:00 AM	US	20-Year Bond Auction		4.63%
1:30 AM	US	Fed Chair Powell Speech		
4:00 AM	US	Net Long-term TIC Flows FEB	\$35.2B	-\$45.2B
4:00 AM	US	Foreign Bond Investment FEB		-\$13.3B
4:00 AM	US	Overall Net Capital Flows FEB		-\$48.8B
7:00 AM	US	Fed Schmid Speech		
7:50 AM	JP	Balance of Trade MAR		¥584.5B
7:50 AM	JP	Exports YoY MAR		11.40%
7:50 AM	JP	Foreign Bond Investment APR/12		¥-2569.8B
7:50 AM	JP	Imports YoY MAR		-0.70%
7:50 AM	JP	Stock Investment by Foreigners APR/12		¥1808.4B
9:30 AM	AU	Employment Change MAR	41.2K	-52.8K
9:30 AM	AU	Full Time Employment Chg MAR		-35.7K
9:30 AM	AU	Unemployment Rate MAR	4.20%	4.10%
9:30 AM	AU	Part Time Employment Chg MAR		-17.1K
9:30 AM	AU	Participation Rate MAR		66.80%
9:30 AM	JP	BoJ Nakagawa Speech		
2:00 PM	DE	PPI YoY MAR		0.70%
2:00 PM	DE	PPI MoM MAR	-0.10%	-0.20%
8:15 PM	EA	Deposit Facility Rate	2.25%	2.50%
8:15 PM	EA	ECB Interest Rate Decision	2.40%	2.65%
8:15 PM	EA	Marginal Lending Rate		2.90%
8:30 PM	US	Building Permits Prel MAR	1.46M	1.459M
8:30 PM	US	Housing Starts MAR	1.41M	1.501M
8:30 PM	US	Building Permits MoM Prel MAR		-1%
8:30 PM	US	Housing Starts MoM MAR		11.20%
8:30 PM	US	Initial Jobless Claims APR/12	224K	223K
8:30 PM	US	Philadelphia Fed Manufacturing Index APR	6.8	12.5
8:30 PM	US	Continuing Jobless Claims APR/05		1850K
8:30 PM	US	Jobless Claims 4-week Average APR/12		223K
8:30 PM	US	Philly Fed Business Conditions APR		5.6
8:30 PM	US	Philly Fed CAPEX Index APR		13.4
8:30 PM	US	Philly Fed Employment APR		19.7
8:30 PM	US	Philly Fed New Orders APR		8.7
8:30 PM	US	Philly Fed Prices Paid APR		48.3
8:45 PM	EA	ECB Press Conference		
10:30 PM	US	EIA Natural Gas Stocks Change APR/11		57Bcf
11:45 PM	US	Fed Barr Speech		
Friday April 18 2025			Consensus	Previous
12:00 AM	US	15-Year Mortgage Rate APR/17		5.82%
12:00 AM	US	30-Year Mortgage Rate APR/17		6.62%
1:00 AM	US	5-Year TIPS Auction		2.12%
1:00 AM	US	Baker Hughes Oil Rig Count APR/18		480
1:00 AM	US	Baker Hughes Total Rigs Count APR/18		583
4:30 AM	US	Fed Balance Sheet APR/16		\$6.73T
7:30 AM	JP	Inflation Rate YoY MAR		3.70%
7:30 AM	JP	Core Inflation Rate YoY MAR	3.20%	3%
7:30 AM	JP	Inflation Rate Ex-Food and Energy YoY MAR		2.60%
7:30 AM	JP	Inflation Rate MoM MAR		-0.10%
12:00 PM	MY	Balance of Trade MAR		MYR12.6B
12:00 PM	MY	Exports YoY MAR		6.20%
12:00 PM	MY	GDP Growth Rate YoY Prel Q1		5%
12:00 PM	MY	Imports YoY MAR		5.50%
11:00 PM	US	Fed Daly Speech		

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