



## Weekly Fixed Income &amp; FX Research Commentary

UST and USD again pressured as we open this week ...

Monday, 21 April 2025

## Snapshot Summary...

**Global Rates:** No news was good news for UST trading last week.**MYR Bonds:** As we open this week, rise in UST yields is lifting MGS yields. Expect UST to sustain guidance for MGS.**Global FX:** DXY now down below 99 as jitters continue.**USD/MYR:** MYR is up vs a dollar slump as we open this week; we continue to watch for further market developments.

## Fixed Income

**Global Bonds:** Major global bonds rallied last week except for short-tenor JGBs, Aussie GBs, and China GBs. Other markets were aided by firm UST moves on hopes for relief in the tariff war. Overall, the UST market completed a firm week, with the 10Y ending near 4.30% vs. a weekly high near 4.55%. The early weak sentiment continued the early-month USD sell-down amid the trade tensions. Hopes of better outcomes amid US trade talks with various countries and the US being noncommittal about raising more tariffs on China have aided US bonds. Bonds in Europe were supported after ECB reduced all its key rates by 25bps (main refinancing rate to 2.40%, the deposit rate to 2.25%, and the marginal lending facility to 2.65%). The ECB cut was widely anticipated and reflects growing confidence in inflation returning sustainably to the 2% target. The ECB recognised weakened growth prospects and reaffirmed its commitment to a data-driven approach. UK yields fell as inflation slowed to 2.6% y/y in March from 2.8% in February, below expectations of 2.7% in a Reuters poll.

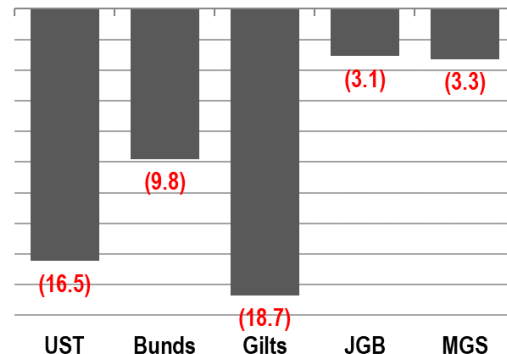
**Malaysia Government Bonds:** MYR government bonds was supported by the firm global bond move. Furthermore, weaker-than-expected 1Q2025 GDP (+4.4% y/y) aided bonds, though at current MGS and IRS levels we are uncertain if markets are fully pricing a MYR rate cut as yet.

**Malaysia Government Bonds View:** On the lookout this week are more Fed-speak, global PMI numbers and Malaysia inflation. Consensus for CPI is still a sluggish headline number (around 1.5% y/y). As we open this week, rise in UST yields amid weak USD is lifting MGS yields. Expect MGS to remain guided by UST.

**Malaysia Corporate Bonds:** Corporate bond trading lacked interest. Despite MGS rally, we think credit investors were taking a cautious tone before deciding which names offer the best opportunity, spread-wise.

**Malaysia Corporate Bonds View** We note Cagamas papers continued to be relatively firmly traded last week, including Caga 12/27 at 3.68% (-2 bps). This was despite Cagamas issuing MYR7.4 billion CPs and MTNs YTD vs MYR3.0 billion in 1H2024. We still think Caga with 3Y-5Y tenors at >3.75% offer buying opportunity.

## Weekly Major 10Y Sovereign Yield Changes (bps)



## Weekly Major Bond Yields (%)

Major Bond Yields	18-Apr-25	11-Apr-25	w/w (bps)
2-year UST	3.80	3.96	(16)
10-year UST	4.32	4.49	(16)
2-year Bund	1.69	1.79	(10)
10-year Bund	2.47	2.57	(10)
2-year Gilt	3.92	4.05	(13)
10-year Gilt	4.57	4.75	(19)
2-year JGB	0.65	0.61	4
10-year JGB	1.29	1.32	(3)
2-year AGB	3.29	3.25	4
10-year AGB	4.28	4.40	(12)

## Weekly MGS Yields (%)

MGS Yields	18-Apr-25	11-Apr-25	w/w (bps)
3-year	3.38	3.42	(4)
5-year	3.46	3.51	(4)
7-year	3.62	3.65	(3)
10-year	3.71	3.74	(3)
15-year	3.87	3.87	0
20-year	3.96	3.97	(1)
30-year	4.09	4.10	(0)

## Weekly GII Yields (%)

GII Yields	18-Apr-25	11-Apr-25	w/w (bps)
3-year	3.37	3.47	(10)
5-year	3.51	3.56	(5)
7-year	3.61	3.67	(6)
10-year	3.70	3.73	(3)
15-year	3.83	3.83	(0)
20-year	3.96	3.97	(1)

## MYR Swap &amp; KLIBOR Rates (%)

IRS & KLIBOR	18-Apr-25	11-Apr-25	w/w (bps)
IRS 3-Year	3.21	3.29	(8)
IRS 5-Year	3.27	3.34	(7)
IRS 7-Year	3.36	3.42	(6)
IRS 10-Year	3.48	3.52	(4)
3-Month KLIBOR	3.65	3.65	0
6-Month KLIBOR	3.71	3.71	0

## Forex

**DXY Index:** USD opens this week being sold off with DXY levels near the 98.0 level. At the same time, other currencies are rallying vs the USD, such as EUR and JPY about 1% firmer and MYR up 0.5% d/d. News of Trump threatening Fed independence and lack of progress in US-Europe trade talks. We continue to watch market developments. That said, last week the global FX market was volatile marked. The DXY index posted modest gains to end the week but ended weaker w/w as risks remain. There was late support from comments by the US president that he does not want to see more increases in tariff levels imposed on China, whilst providing exemptions to electronic goods. At the same time the US said there are developments in trade talks with other countries such as with Japan. Meanwhile, Fed Chair Powell said growth risks is balanced by inflation risks from tariffs, making policy call hard to make and providing no guide to USD.

**Europe:** ECB cut rates and weighed on the EUR though was firm w/w vs the USD weakness. GBP was also firm despite inflation slowing to 2.6% y/y in March from 2.8% in February, and 2.7% in a Reuters poll.

**Asia:** The CNY was moderately weaker after paring down from midweek losses. Beijing outlined conditions for trade talks (greater respect, policy consistency, and a clearly designated US negotiator with full backing from Trump). Meanwhile, data showed China's 1Q2025 GDP grew more than expected and the March industrial output and retail sales also beat forecasts, and the unemployment rate fell. The AUD sustained about weekly climb while NZD was also supported. News of less deterioration in global trade and firm China's data aided AUD and NZD vs the weak USD. Policy stance by RBA and RBNZ is mixed as the former is not providing much clarity towards policy direction, but the latter is a tad more dovish after prior week's rate cut. especially after release of firm CPI (at +2.5% in 1Q2025) but was still within the central bank's 1-3% target. Despite late weakness, AUD managed to extend its lift above five year lows in with levels seeing support above 0.636.

**Malaysia:** Pressure from CNY affected MYR on Friday, same as weaker than expected 1Q2025 GDP, but the weekly decline in USD led to a firm MYR w/w. Now, weak USD as we open this week is supporting MYR near 4.382; we continue to watch markets for more developments.

## Indicative PDS Yields (%)

PDS Indicative Yields	18-Apr-25	11-Apr-25	w/w (bps)
3-Year AAA	3.77	3.77	(0)
3-Year AA	3.91	3.91	0
3-Year A	4.60	4.61	(0)
5-Year AAA	3.83	3.82	0
5-Year AA	3.98	3.98	0
5-Year A	4.73	4.75	(2)
10-Year AAA	3.97	3.97	0
10-Year AA	4.14	4.14	0
10-Year A	5.09	5.11	(2)

## FX Weekly – vs. USD


FX Against USD	18-Apr-25	11-Apr-25	w/w (%)
DXY Index	99.23	100.10	(0.9)
Euro	1.139	1.136	0.3
Aussie Dollar	0.638	0.629	1.4
Pound Sterling	1.330	1.309	1.6
Japanese Yen	142.2	143.5	(0.9)
NZ Kiwi	0.594	0.583	1.9
Ringgit	4.414	4.425	(0.2)
Rupiah	16,825	16,795	0.2
Thai Baht	33.44	33.63	(0.6)
Sing Dollar	1.311	1.319	(0.6)
China Yuan	7.300	7.292	0.1
Korea Won	1,424	1,422	0.2
India Rupee	85.38	86.05	(0.8)
Philippine Peso	56.75	56.98	(0.4)


## FX Weekly – Cross Rates vs. MYR


Cross FX Against MYR	18-Apr-25	11-Apr-25	w/w (%)
Euro	5.02	5.04	(0.3)
Pound Sterling	5.86	5.80	0.9
Aussie Dollar	2.81	2.76	2.0
Japanese Yen	3.10	3.08	0.7
Sing Dollar	3.36	3.36	0.2
10 China Yuan	6.05	6.06	(0.3)
1 million Rupiah	261.50	263.40	(0.7)
Thai Baht	13.21	13.19	0.1
100 India Rupee	5.16	5.14	0.4
100 Philippine Peso	7.78	7.76	0.3


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


## Technical Pair Summary

<b>DXY</b> 	Resistance Level			
	R1	99.50	R2	100.00
	Support Level			
	S1	97.80	S2	97.30
Outlook: Mildly bullish				

<b>EUR/USD</b> 	Resistance Level			
	R1	1.165	R2	1.170
	Support Level			
	S1	1.140	S2	1.080
Outlook: Mildly bearish				

<b>USD/JPY</b> 	Resistance Level			
	R1	142.00	R2	143.00
	Support Level			
	S1	139.1	S2	138.10
Outlook: Mildly bearish JPY				

<b>USD/MYR</b> 	Resistance Level			
	R1	4.420	R2	4.430
	Support Level			
	S1	4.370	S2	4.360
Outlook: Mildly bullish MYR				

<b>GBP/USD</b> 	Resistance Level			
	R1	1.350	R2	1.360
	Support Level			
	S1	1.300	S2	1.290
Outlook: Mildly bearish				


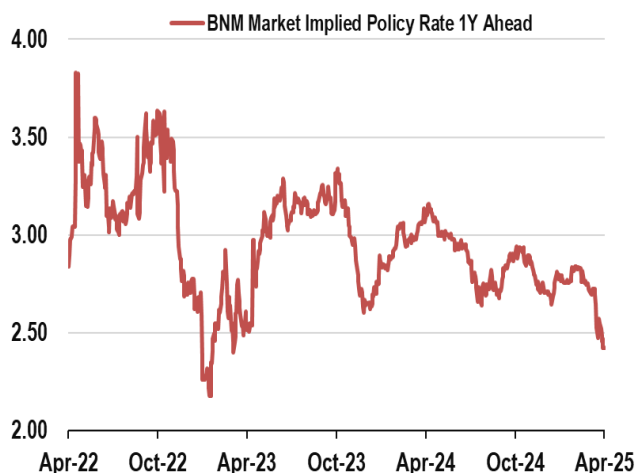
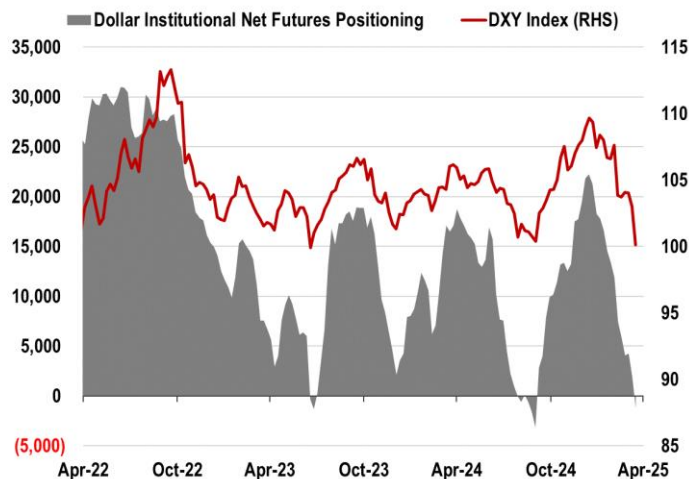
<b>AUD/USD</b> 	Resistance Level			
	R1	0.650	R2	0.660
	Support Level			
	S1	0.635	S2	0.625
Outlook: Mildly bearish				

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



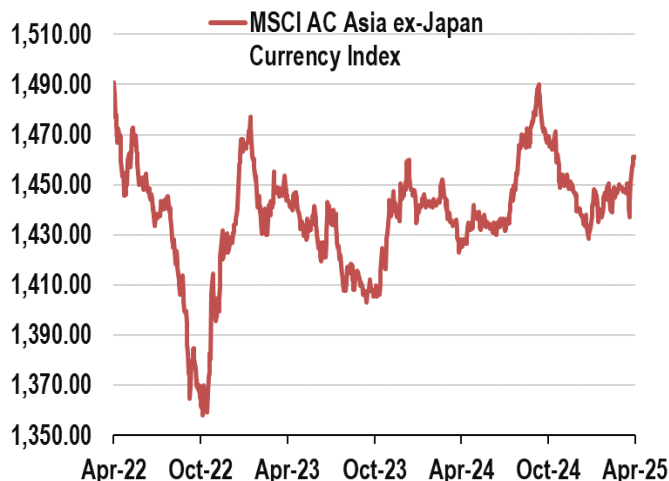
Sources: Bloomberg, AmBank Economics

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



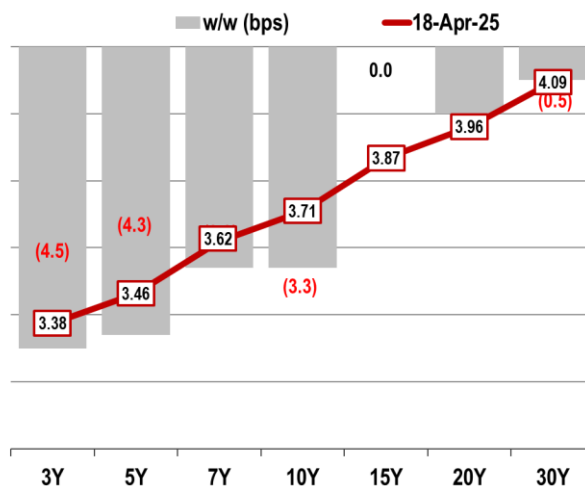
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



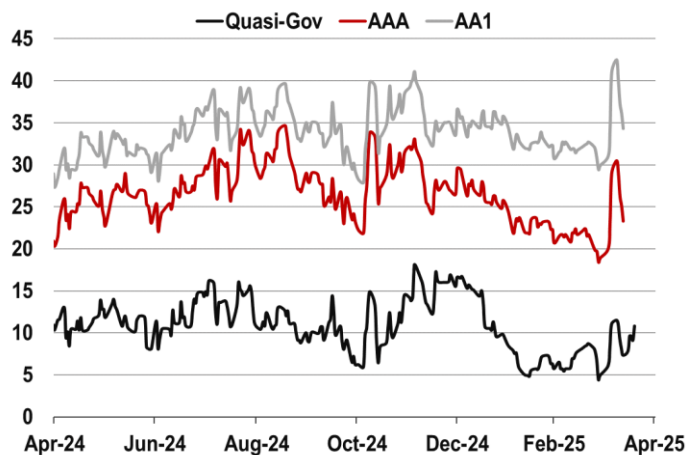
Sources: Bloomberg, AmBank Economics

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



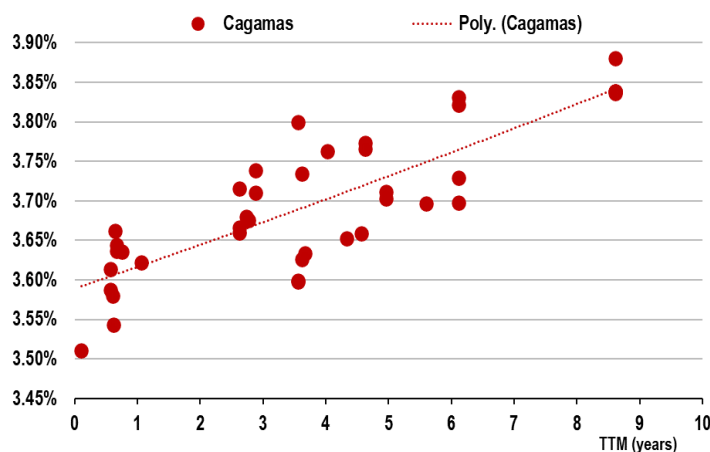
Sources: BNM, BPAM, Bloomberg, AmBank Economics  
Using the MGIY ticker on Bloomberg

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 (21-25 April 2025)

Monday April 21 2025			Consensus	Previous
9:15 AM	CN	Loan Prime Rate 1Y	3.10%	3.10%
9:15 AM	CN	Loan Prime Rate 5Y APR	3.60%	3.60%
10:00 PM	US	CB Leading Index MoM MAR	-0.60%	-0.30%
Tuesday April 22 2025			Consensus	Previous
5:00 PM	EA	Government Budget to GDP 2024		-3.60%
6:30 PM	EA	ECB Knot Speech		
9:00 PM	US	Fed Jefferson Speech		
9:30 PM	US	Fed Harker Speech		
10:00 PM	EA	Consumer Confidence Flash APR	-15	-14.5
10:00 PM	US	Richmond Fed Manufacturing Index APR	-6	-4
Wednesday April 23 2025			Consensus	Previous
1:00 AM	EA	ECB Guindos Speech		
1:00 AM	US	2-Year Note Auction		3.98%
2:00 AM	GB	BoE Breeden Speech		
2:00 AM	US	Fed Kashkari Speech		
6:00 AM	US	Fed Kugler Speech		
7:00 AM	AU	S&P Global Manufacturing PMI Flash APR		52.1
7:00 AM	AU	S&P Global Services PMI Flash APR		51.6
7:00 AM	AU	S&P Global Composite PMI Flash APR		51.6
8:30 AM	JP	Jibun Bank Manufacturing PMI Flash APR		48.4
8:30 AM	JP	Jibun Bank Services PMI Flash APR		50
8:30 AM	JP	Jibun Bank Composite PMI Flash APR		48.9
12:00 PM	MY	Inflation Rate MoM MAR		0.40%
12:00 PM	MY	Inflation Rate YoY MAR	1.60%	1.50%
4:00 PM	EA	HCOB Composite PMI Flash APR	50.3	50.9
4:00 PM	EA	HCOB Manufacturing PMI Flash APR	47.9	48.6
4:00 PM	EA	HCOB Services PMI Flash APR	50.5	51
4:30 PM	GB	S&P Global Manufacturing PMI Flash APR	44.1	44.9
4:30 PM	GB	S&P Global Services PMI Flash APR	51	52.5
4:30 PM	GB	S&P Global Composite PMI Flash APR	50	51.5
9:00 PM	US	Fed Beth Speech		
9:00 PM	US	Fed Goolsbee Speech		
9:35 PM	US	Fed Waller Speech		
9:45 PM	US	S&P Global Composite PMI Flash APR		53.5
9:45 PM	US	S&P Global Manufacturing PMI Flash APR		50.2
9:45 PM	US	S&P Global Services PMI Flash APR	52.9	54.4
10:00 PM	US	New Home Sales MoM MAR		1.80%
	US	Building Permits MoM Final MAR	1.60%	-1%

Thursday April 24 2025			Consensus	Previous
12:30 AM	GB	BoE Bailey Speech		
1:00 AM	US	5-Year Note Auction		4.10%
2:00 AM	GB	BoE Breeden Speech		
2:00 AM	US	Fed Beige Book		
3:15 AM	EA	ECB Lane Speech		
3:45 AM	EA	ECB Cipollone Speech		
9:30 AM	AU	RBA Bulletin		
8:30 PM	US	Durable Goods Orders MoM MAR	1.80%	0.90%
8:30 PM	US	Chicago Fed National Activity Index MAR		0.18
8:30 PM	US	Durable Goods Orders Ex Transp MoM MAR	-0.10%	0.70%
8:30 PM	US	Initial Jobless Claims APR/19		215K
8:30 PM	US	Continuing Jobless Claims APR/12		1885K
8:30 PM	US	Durable Goods Orders ex Defense MoM MAR		0.80%
8:30 PM	US	Jobless Claims 4-week Average APR/19		220.75K
8:30 PM	US	Non Defense Goods Orders Ex Air MAR	0.20%	-0.30%
9:00 PM	EA	ECB Lane Speech		
10:00 PM	US	Existing Home Sales MoM MAR	-3%	4.20%
11:00 PM	US	Kansas Fed Composite Index APR		-2
11:00 PM	US	Kansas Fed Manufacturing Index APR		1
11:05 PM	EA	ECB Montagner Speech		
Friday April 25 2025			Consensus	Previous
12:00 AM	EA	ECB Donnelly Speech		
1:00 AM	US	7-Year Note Auction		4.23%
4:30 AM	US	Fed Balance Sheet APR/23		\$6.73T
5:00 AM	US	Fed Kashkari Speech		
7:30 AM	JP	Tokyo Core CPI YoY APR	3.20%	2.40%
7:30 AM	JP	Tokyo CPI YoY APR		2.90%
12:00 PM	MY	Leading Index MoM FEB		-1.20%
2:00 PM	GB	Retail Sales MoM MAR	-0.30%	1%
2:00 PM	GB	Retail Sales YoY MAR	2%	2.20%
10:00 PM	EA	ECB Buch Speech		
10:00 PM	US	Michigan Consumer Sentiment Final APR	50.7	57



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