AmBank Group

AmBank Economics

Market Wrap-up for the Week ended 19 September 2025

Weekly Fixed Income & FX Research Commentary

USD and UST yields higher as Fed delivers interest rate cut as expected.

Monday, 22 September 2025

Snapshot Summary…

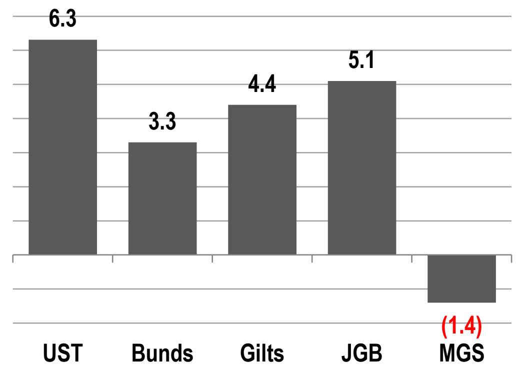
Global Rates: Global yields rose post-FOMC rate cut as BOE and BOJ held rates.

MYR Bonds: MYR bond yields are in a narrow range as UST yields rose, but supported by firm MYR.

Global FX: Dollar showed modest strength as markets await more catalysts, including PCE inflation data and Fed-speak.

USD/MYR: USD/MYR rose a minor 0.1% w/w, after earlier trading below the key 4.20 handle for a few sessions

Weekly Major 10Y Sovereign Yield Changes (bps)



Fixed Income

Global Bonds: UST yields reversed from five-month lows, and European and Asian yields were up slightly post-FOMC rate cut, while BOE and BOJ held rates. The Fed delivered its 25 bps rate cut as expected, but Chairman Powell signalled some reluctance that the next cuts will come very soon, while at the same time the Fed upped its growth projections. This was despite the new dot plots suggesting two more rate cuts this year. We think sentiment over the next few days will be driven by key speeches from FOMC members, including Powell, besides key US data, including PCE inflation, personal consumption, durable goods orders, and PMI readings.

Malaysia Government Bonds: Yields were in a narrow range, but some modest upward yield move was seen on profit taking. Yields were already down amid a firm ringgit, but the rise in UST yields and mild rise in MYR IRS levels midweek pressured bonds.

Malaysia Government Bonds View: The October MGS+GII auction space could see renewed support. We expect a smaller net issuance of <MYR20 billion in 2H2025 (1H2025: MYR69 billion) amid large maturities. MYR27 billion MGS matured in September, while October will see MYR24.5 billion GII maturities. Budget 2026 announcement in October should further add to increasingly smaller govvies offerings in the rest of 2025 to 2026 as the government sees fiscal consolidation.

Malaysia Corporate Bonds: Credit spreads were modestly tighter last week, reflecting muted MGS sentiment and a lack of risk appetite. Flows were focused on high-grade and banking names, though some AA names also saw interest.

Malaysia Corporate Bonds View: Looking at AA3/AA real estate bonds, we noted some positive news this year. These include Eco World posting a 13% y/y rise in 3Q2025 profits and Gamuda Land ratings on a positive outlook by RAM Ratings amid firm financials and strong construction order books. UEM Sunrise showed strong sales in Johor this year, after posting strong sales in FY2024 of MYR1.4 billion or exceeding its target by over 40%. We expect pickup on these names for maturities 2Y-5Y (Exhibit 6).

Weekly Major Bond Yields (%)

Major Bond Yields	19-Sep-25	12-Sep-25	w/w (bps)
2-year UST	3.57	3.56	2
10-year UST	4.13	4.06	6
2-year Bund	2.02	2.02	1
10-year Bund	2.75	2.72	3
2-year Gilt	3.98	3.98	(0)
10-year Gilt	4.72	4.67	4
2-year JGB	0.92	0.87	5
10-year JGB	1.65	1.59	5
2-year AGB	3.37	3.38	(1)
10-year AGB	4.24	4.22	3

Weekly MGS Yields (%)

MGS Yields	19-Sep-25	12-Sep-25	w/w (bps)
3-year	3.04	3.05	(1)
5-year	3.12	3.13	(1)
7-year	3.32	3.34	(1)
10-year	3.40	3.42	(1)
15-year	3.61	3.61	0
20-year	3.75	3.75	0
30-year	3.87	3.87	(0)

Weekly GII Yields (%)

GII Yields	19-Sep-25	12-Sep-25	w/w (bps)
3-year	3.06	3.07	(1)
5-year	3.15	3.16	(1)
7-year	3.27	3.28	(1)
10-year	3.42	3.43	(1)
15-year	3.62	3.62	(0)
20-year	3.77	3.77	(0)

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	19-Sep-25	12-Sep-25	w/w (bps)
IRS 3-Year	3.08	3.08	(0)
IRS 5-Year	3.15	3.16	(1)
IRS 7-Year	3.23	3.23	0
IRS 10-Year	3.35	3.35	(0)
3-Month KLIBOR	3.22	3.22	0
6-Month KLIBOR	3.26	3.26	0

Forex

DXY Index: DXY closed 0.1% for the week after seeing a third consecutive day of rally post-Fed decision on Wednesday. As expected, the Fed cut the Fed Funds Rate (FFR) by 25 bps to the 4.00-4.25% range, with revised median dot plot projections seeing another 50 bps rate cut expected by end-2025 (prior: 25 bps). Nevertheless, the overall messaging remains less dovish than market expectations, amid a lack of dissenting votes by key FOMC members Christopher Waller and Michelle Bowman. At the same time, other members also remained concerned about upside risks to inflation (as judged by the lack of consensus in the dot-plot projections). Given challenges to both sides of its inflation and employment mandates, the Fed's pathway ahead will remain data-dependent, even as other datapoints indicate still-healthy consumer spending, resilient industrial output, and risks of an economic slowdown. Key catalysts this week include speeches by FOMC members (especially Chairman Powell), PCE inflation and personal consumption data, durable goods orders, and PMI readings.

Majors: EUR rose 0.1% w/w, following a 0.2% gain in the prior week. EUR resilience is underpinned by the earlier ECB policy meeting, whereby rates were left unchanged for a second consecutive meeting. With Euro area inflation remaining steady at the 2.0% y/y level in August, the ECB declared the disinflationary process 'over', reinforcing that no further rate cuts are needed. Meanwhile, GBP (-0.6%) underperformed most peers. Sentiment on the pound remains heavy amid UK fiscal concerns, with recent data indicating public sector borrowing has exceeded earlier official estimates by more than 15% between April and August, piling further pressure for fiscal consolidation measures on FM Rachel Reeves for her 26 November budget announcement. This comes as the BOE also slowed its quantitative tightening (QT) process from GBP100 billion/year to GBP70 billion/year, with a focus on running down short-dated Gilts instead, given the earlier surge in 30-year Gilt yields to a 27-year high earlier this month. Meanwhile, the BOE kept rates unchanged at 4.00% in a 7-2 MPC vote, as it reiterated a 'cautious and gradual' stance on easing, even as it kept inflation forecasts unchanged.

Asia: JPY fell 0.2% w/w, with the yen unchanged on Friday post-BOJ decision. Its decision to leave rates unchanged was contested in a 7-2 vote by policymakers, indicating some pressure to raise rates to tame sustained inflation above its 2% target. The BOJ also announced plans to start paring its large JPY75 trillion stockpile of ETF holdings, beginning with a glacial pace of JPY620 billion per year. AUD (-0.8%) saw a sharp w/w decline amid the softer-than-expected domestic jobs report in August, though markets only see a less than 5% probability of an RBA rate cut for its 30 September meeting – converging instead on a 4 November timeline (80% chance).

Malaysia: USD/MYR rose a minor 0.1% w/w after trading below the key 4.20 handle for a few sessions. Gains/losses remain anchored by USD and CNH movements, unaffected by greater volatility for regional FX, including the THB and IDR. Ongoing fiscal consolidation efforts (confirmation of targeted RON95 subsidies) and continued political stability should support MYR sentiment, ahead of the Budget 2026 announcement on 10 October. Nevertheless, slowing trade momentum amid tariff risks and softer external demand is also expected to dampen domestic exports, placing pressure on Malaysia's current account.

Indicative PDS Yields (%)

PDS Indicative Yields	19-Sep-25	12-Sep-25	w/w (bps)
3-Year AAA	3.50	3.51	(1)
3-Year AA	3.66	3.67	(2)
3-Year A	4.53	4.53	0
5-Year AAA	3.58	3.59	(1)
5-Year AA	3.74	3.76	(1)
5-Year A	4.69	4.69	1
10-Year AAA	3.73	3.74	(2)
10-Year AA	3.89	3.91	(2)
10-Year A	5.08	5.06	1

FX Weekly – vs. USD

FX Against USD	19-Sep-25	12-Sep-25	w/w (%)
DXY Index	97.64	97.55	0.1
EUR/USD	1.175	1.173	0.1
AUD/USD	0.659	0.665	(0.8)
GBP/USD	1.347	1.356	(0.6)
USD/JPY	148.0	147.7	0.2
NZD/USD	0.586	0.595	(1.6)
USD/MYR	4.207	4.203	0.1
USD/IDR	16,588	16,378	1.3
USD/THB	31.85	31.71	0.4
USD/SGD	1.285	1.283	0.1
USD/CNY	7.118	7.125	(0.1)
USD/KRW	1,397	1,394	0.3
USD/INR	88.10	88.28	(0.2)
USD/PHP	57.13	57.12	0.0

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	19-Sep-25	12-Sep-25	w/w (%)
EUR/MYR	4.95	4.93	0.4
GBP/MYR	5.68	5.69	(0.2)
AUD/MYR	2.78	2.80	(0.6)
JPY/MYR	2.84	2.85	(0.1)
SGD/MYR	3.28	3.28	0.0
10 CNY/MYR	5.92	5.90	0.2
1 million IDR/MYR	253.50	256.50	(1.2)
THB/MYR	13.21	13.26	(0.4)
100 INR/MYR	4.77	4.76	0.2
100 PHP/MYR	7.37	7.36	0.1

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

Technical Pair Summary

DXY

Resistance Level			
R1	98.53	R2	99.35
Support Level			
S1	96.77	S2	95.82
Outlook:			

EUR/USD

Resistance Level			
R1	1.186	R2	1.198
Support Level			
S1	1.163	S2	1.152
Outlook:			

USD/JPY

Resistance Level			
R1	149.0	R2	149.7
Support Level			
S1	147.0	S2	145.7
Outlook:			

USD/MYR

Resistance Level			
R1	4.240	R2	4.269
Support Level			
S1	4.185	S2	4.159
Outlook:			

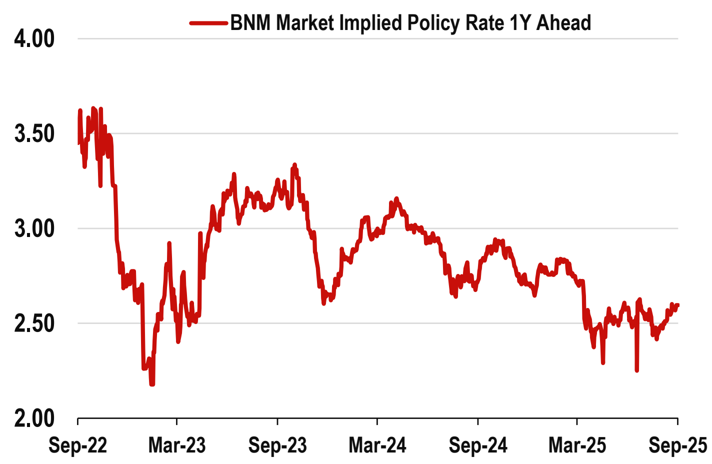
GBP/USD

Resistance Level			
R1	1.361	R2	1.376
Support Level			
S1	1.336	S2	1.325
Outlook:			

AUD/USD

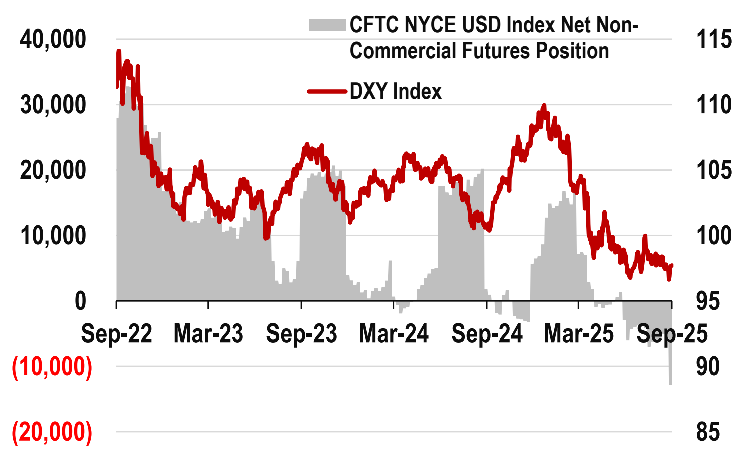
Resistance Level			
R1	0.668	R2	0.678
Support Level			
S1	0.649	S2	0.640
Outlook:			

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



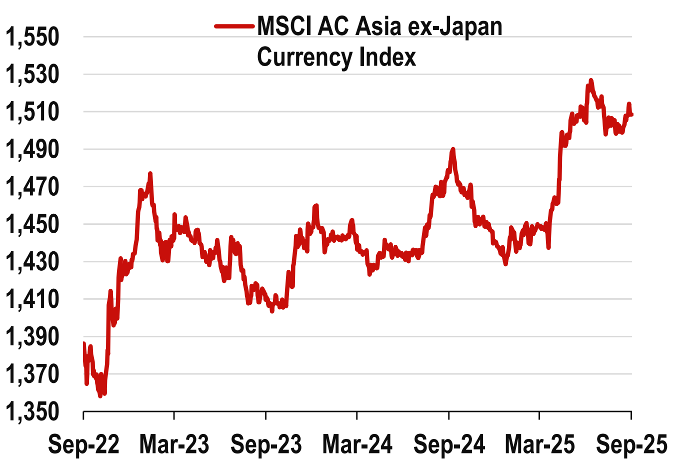
Sources: BPAM, AmBank Economics

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



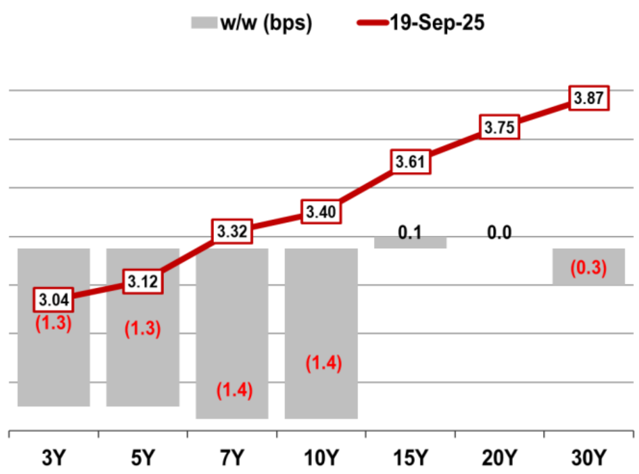
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



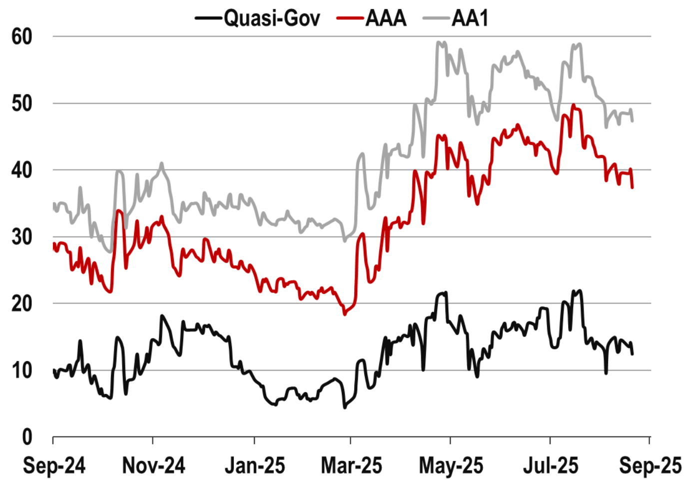
Sources: Bloomberg, AmBank Economics

Exhibit 4: MGS w/w yield curve changes



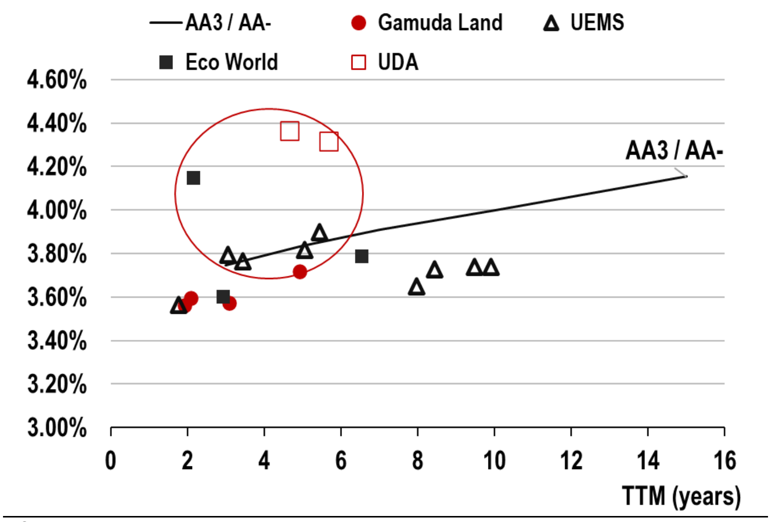
Sources: BNM, BPAM, Bloomberg, AmBank Economics
Using the MGIY ticker on Bloomberg

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



Sources: Bloomberg, AmBank Economics

Exhibit 6: Select AA3/AA- Real Estate-related tranches



Sources: BNM, BPAM, Bloomberg, AmBank Economics

Macroeconomic Data/Events Calendar (22 September 2025 – 26 September 2025)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2025-09-22	20:30	US	Chicago Fed Nat Activity Index	Aug		(0.2)	(0.2)
2025-09-22	22:00	EU	Consumer Confidence	Sep P		(15.0)	(15.5)
2025-09-23	20:30	US	Current Account Balance	2Q	b	(268.0)	(450.2)
2025-09-23	21:45	US	S&P Global US Manufacturing PMI	Sep P		51.9	53.0
2025-09-23	**21:45**	**US**	**S&P Global US Services PMI**	**Sep P**		**53.9**	**54.5**
2025-09-23	**21:45**	**US**	**S&P Global US Composite PMI**	**Sep P**		**-**	**54.6**
2025-09-23	22:00	US	Richmond Fed Manufact. Index	Sep		(8.7)	(7.0)
2025-09-23	16:00	EU	HCOB Eurozone Manufacturing PMI	Sep P		50.8	50.7
2025-09-23	16:00	EU	HCOB Eurozone Services PMI	Sep P		50.5	50.5
2025-09-23	**16:00**	**EU**	**HCOB Eurozone Composite PMI**	**Sep P**		**51.1**	**51.0**
2025-09-23	**12:00**	**MY**	**CPI YoY**	**Aug**	**%**	**1.3**	**1.2**
2025-09-23	15:00	MY	Foreign Reserves	Sep 15	b	-	122.70
2025-09-23	**13:00**	**SG**	**CPI YoY**	**Aug**	**%**	**0.65**	**0.60**
2025-09-23	13:00	SG	CPI NSA MoM	Aug	%	0.60	(0.40)
2025-09-23	16:30	UK	S&P Global UK Manufacturing PMI	Sep P		47.1	47.0
2025-09-23	16:30	UK	S&P Global UK Services PMI	Sep P		53.5	54.2
2025-09-23	**16:30**	**UK**	**S&P Global UK Composite PMI**	**Sep P**		**53.0**	**53.5**
2025-09-24	-	US	Building Permits	Aug F	k	-	1312.0
2025-09-24	19:00	US	MBA Mortgage Applications	Sep 19	%	-	29.7
2025-09-24	22:00	US	New Home Sales	Aug	k	650.0	652.0
2025-09-24	**08:30**	**JP**	**S&P Global Japan PMI Composite**	**Sep P**		**-**	**52.0**
2025-09-24	08:30	JP	S&P Global Japan PMI Mfg	Sep P		-	49.7
2025-09-24	08:30	JP	S&P Global Japan PMI Services	Sep P		-	53.1
2025-09-24	14:00	JP	Machine Tool Orders YoY	Aug F	%	-	8.1
2025-09-24	**09:30**	**AU**	**CPI YoY**	**Aug**	**%**	**2.9**	**2.8**

2025-09-25	20:30	US	Wholesale Inventories MoM	Aug P	%	0.1	0.1
2025-09-25	20:30	US	GDP Annualized QoQ	2Q T	%	3.3	3.3
2025-09-25	20:30	US	Personal Consumption	2Q T	%	1.6	1.6
2025-09-25	20:30	US	GDP Price Index	2Q T	%	2.0	2.0
2025-09-25	20:30	US	Core PCE Price Index QoQ	2Q T	%	2.5	2.5
2025-09-25	**20:30**	**US**	**Durable Goods Orders**	**Aug P**	**%**	**(0.3)**	**(2.8)**
2025-09-25	**20:30**	**US**	**Durables Ex Transportation**	**Aug P**	**%**	**(0.2)**	**1.0**
2025-09-25	**20:30**	**US**	**Initial Jobless Claims**	**Sep 20**	**k**	**234.0**	**231.0**
2025-09-25	20:30	US	Continuing Claims	Sep 13	k	1937.5	1920.0
2025-09-25	22:00	US	Existing Home Sales	Aug	m	4.0	4.0
2025-09-25	16:00	EU	M3 Money Supply YoY	Aug	%	3.3	3.4
2025-09-26	**20:30**	**US**	**Personal Income**	**Aug**	**%**	**0.3**	**0.4**
2025-09-26	**20:30**	**US**	**Personal Spending**	**Aug**	**%**	**0.5**	**0.5**
2025-09-26	**20:30**	**US**	**PCE Price Index YoY**	**Aug**	**%**	**2.7**	**2.6**
2025-09-26	**20:30**	**US**	**Core PCE Price Index MoM**	**Aug**	**%**	**0.21**	**0.30**
2025-09-26	**20:30**	**US**	**Core PCE Price Index YoY**	**Aug**	**%**	**2.9**	**2.9**
2025-09-26	22:00	US	U. of Mich. Sentiment	Sep F		55.4	55.4
2025-09-26	13:00	SG	Industrial Production SA MoM	Aug	%	(4.1)	8.2
2025-09-26	13:00	SG	Industrial Production YoY	Aug	%	(2.5)	7.1
2025-09-26	07:30	JP	Tokyo CPI YoY	Sep	%	2.80	2.60
2025-09-26	07:30	JP	Tokyo CPI Ex-Fresh Food YoY	Sep	%	2.80	2.50
2025-09-26	07:50	JP	Japan Buying Foreign Bonds	Sep 19	b	-	1478.5
2025-09-29	22:00	US	Pending Home Sales MoM	Aug	%	-	(0.4)
2025-09-29	22:30	US	Dallas Fed Manf. Activity	Sep		-	(1.8)
2025-09-29	17:00	EU	Consumer Confidence	Sep F		-	-

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