AmBank Economics

Market Wrap-up for the Week ended 26 September 2025

Weekly Fixed Income & FX Research Commentary

NFP data to consolidate market Fed rate bets, with a side-focus on Congress fiscal debate.

Monday, 29 September 2025

Snapshot Summary…

Global Rates: Front-end UST led decline amid a strong batch of US data. Bunds benefited from the global flight-to-safety.

MYR Bonds: MGS tracked the uptick in global yields, despite bullish news from inflation data and RON95 subsidy consolidation.

Global FX: DXY rebounded 0.5% w/w alongside a rise in UST yields. Fiscal and political risks drove relative weaknesses for the GBP and JPY.

USD/MYR: MYR fell a relatively mild 0.4% w/w, anchored by the mild CNH decline (-0.3% w/w).

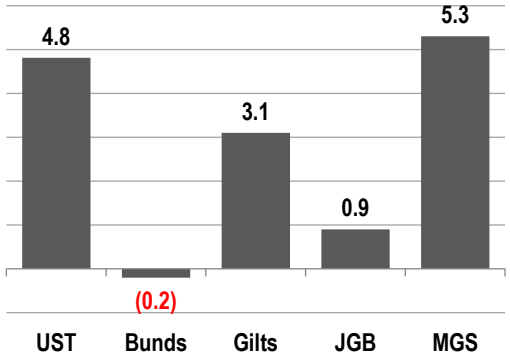
Fixed Income

Global Bonds: The UST curve bear flattened for the week, with front-to-belly yields up 5-10 bps. Market repricing of a less dovish Fed outlook was in order, following the strong batch of US macroeconomic data releases and stable core PCE inflation, while the poorly subscribed 5-year and 7-year UST auctions added to the sentiment downdrift. Markets now price in only 60 bps worth of rate cuts by end-1Q26 (prior week: 69 bps), while tempering their bets of an October rate cut to 88% (prior: 93%). Duration USTs held relatively resilient, after earlier weaknesses and dissipating fiscal and inflation concerns (for now), with the curve having already steepened sharply year-to-date (2s10s: +20.5 bps; 10s30s: +36.1bps), suggesting reduced room for a further steepening – especially with the turn away from long-dated supply issuances by governments. Gilts and Samurai bonds remain weighed by domestic fiscal and political risks, while Bunds benefited as the next-best safe-haven fixed-income alternative. This week sees risks emanating from a potential US government shutdown and labour market data, while key medium-term developments include: 1) More details of US tariffs and (potentially-revised) trade deals, 2) US Supreme Court review of reciprocal tariffs, and 3) Fed developments.

Malaysia Government Bonds: MGS yields ticked 5-10 bps up, with the curve also steepening for the week. Local bonds tracked the uptick in global yields, as markets dialled down bets of a near-term OPR cut amid resilient domestic macro data. In contrast, an uptick in domestic inflation and the fiscal consolidation news (RON95 subsidy retargeting) failed to spur a rally. Lacklustre sentiment was reflected in the 1.52x BTC for the 15Y MGS auction (public size: MYR3.5 billion). However, the 3Y GII auction (MYR5.0 billion) saw a much firmer 2.88x BTC, given the higher 4-5 bps yield relative to its conventional counterpart.

Malaysia Government Bonds View: Next on the calendar is the 30Y MGS 07/55 reopening auction, which is expected to take place in early October. Some investors are expected to stay sidelined ahead of Budget 2026, but demand will remain supported, given the large upcoming MYR24.5 billion GII maturities in October.

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	26-Sep-25	19-Sep-25	w/w (bps)
2-year UST	3.64	3.57	7
10-year UST	4.18	4.13	5
2-year Bund	2.03	2.02	1
10-year Bund	2.75	2.75	(0)
2-year Gilt	4.02	3.98	3
10-year Gilt	4.75	4.72	3
2-year JGB	0.93	0.92	1
10-year JGB	1.65	1.65	1
2-year AGB	3.52	3.37	16
10-year AGB	4.39	4.24	15

Weekly MGS Yields (%)

MGS Yields	26-Sep-25	19-Sep-25	w/w (bps)
3-year	3.11	3.04	7
5-year	3.21	3.12	10
7-year	3.41	3.32	9
10-year	3.46	3.40	5
15-year	3.69	3.61	8
20-year	3.80	3.75	5
30-year	3.91	3.87	4

Weekly GII Yields (%)

GII Yields	26-Sep-25	19-Sep-25	w/w (bps)
3-year	3.15	3.06	9
5-year	3.23	3.15	9
7-year	3.37	3.27	10
10-year	3.50	3.42	8
15-year	3.69	3.62	6
20-year	3.81	3.77	4

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	26-Sep-25	19-Sep-25	w/w (bps)
IRS 3-Year	3.18	3.08	9
IRS 5-Year	3.26	3.15	11
IRS 7-Year	3.32	3.23	9
IRS 10-Year	3.44	3.35	9
3-Month KLIBOR	3.22	3.22	0
6-Month KLIBOR	3.26	3.26	0

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Forex

DXY Index: DXY rebounded 0.5% w/w amid fresh conviction of US economic health. Recent macroeconomic data were bullish for the greenback, such as the upwardly revised 2Q25 GDP data (on better consumer spending and fixed investments), declining jobless claims, a rise in business capex spending, a narrower trade deficit, and core PCE inflation that fared largely as expected. Fed speakers remained divergent in their outlook, as encapsulated by Chairman Powell's statement of a 'no risk-free rate pathway' ahead, given challenges to both sides of its conflicting inflation-employment mandate. This Friday, September nonfarm payroll (NFP) data is expected to lend data clarity, though publication may be delayed amid a potential US government shutdown on 1 October. An unresolved fiscal dispute ensues, downside risks for the dollar, while a clear upside move may only be evident post-NFP data.

Majors: EUR and GBP retreated 0.4-0.5% w/w against the USD. In Europe, economic indicators continue to paint a mixed picture, with services PMIs showing signs of recovery while the manufacturing slump deepened. Fresh US announcements of 100% tariffs on pharmaceuticals (among other products) will also not apply to the EU (and Japan), given their earlier trade deals contain provisions on these items. Meanwhile, BOE policymakers remain divided on the pathway ahead, with Governor Bailey signalling more easing is still needed, while others, such as Megan Greene, urged caution on rate cuts. This comes as UK inflation remained the highest among G7 nations at 3.8% y/y in August, and is only expected to ease towards the 2% target by 2027. Revised 2Q2025 GDP data for the UK will be keenly watched this week.

Asia: AUD fell 0.8% w/w – underperforming all G10 peers aside from the JPY (-1.0%), CAD (-1.1%) and NZD (-1.5%). Sharp NZD losses were spurred by a run of weak economic data, which led traders to price in deeper easing by the RBNZ – beyond the earlier-signalled one more rate cut on 8 October. AUD was dragged lower alongside, while inflation data was mixed for August – a quicker-than-expected acceleration in headline inflation, while core CPI eased. No rate cuts are expected for the RBA's policy meeting tomorrow (30 September), though its interpretation of recent economic data will nevertheless remain in focus. Meanwhile, minutes from the BOJ's July meeting saw policymakers remain inclined to raise rates further if economic and price conditions unfold as expected. This followed its September meeting, which saw two dissenters (in favour of rate hikes), while swap markets now see a 58% chance of a rate hike by the next meeting (30 October). The week ahead sees a slate of data releases, such as Tankan business sentiment, consumer confidence, IPI, retail sales, and the latest BOJ's Summary of Opinions. Politically, the ruling LDP will elect a new leader on 4 October to replace outgoing PM Shigeru Ishiba, with candidates Shinjiro Koizumi and Sanae Takaichi being the top two frontrunners.

Malaysia: MYR fell 0.4% w/w, outperforming most Asian peers despite the sharp uptick in local government bond yields. FX losses were tempered by the mild CNH (-0.3%) moves. We note markets reacted positively to the announcement of the RON95 subsidy rationalisation, which suggests the government remains on course for medium-term fiscal consolidation. A further rise in BNM's foreign reserves also aided sentiment.

Indicative PDS Yields (%)

PDS Indicative Yields	26-Sep-25	19-Sep-25	w/w (bps)
3-Year AAA	3.53	3.50	3
3-Year AA	3.69	3.66	3
3-Year A	4.52	4.53	(1)
5-Year AAA	3.60	3.58	2
5-Year AA	3.76	3.74	2
5-Year A	4.66	4.69	(4)
10-Year AAA	3.76	3.73	3
10-Year AA	3.92	3.89	3
10-Year A	5.02	5.08	(6)

FX Weekly – vs. USD

FX Against USD	26-Sep-25	19-Sep-25	w/w (%)
DXY Index	98.15	97.64	0.5
EUR/USD	1.170	1.175	(0.4)
AUD/USD	0.654	0.659	(0.8)
GBP/USD	1.340	1.347	(0.5)
USD/JPY	149.5	148.0	1.0
NZD/USD	0.577	0.586	(1.5)
USD/MYR	4.222	4.207	0.4
USD/IDR	16,741	16,588	0.9
USD/THB	32.24	31.85	1.2
USD/SGD	1.292	1.285	0.6
USD/CNY	7.135	7.118	0.2
USD/KRW	1,411	1,397	1.0
USD/INR	88.72	88.10	0.7
USD/PHP	58.13	57.13	1.8

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	26-Sep-25	19-Sep-25	w/w (%)
EUR/MYR	4.93	4.95	(0.3)
GBP/MYR	5.64	5.68	(0.8)
AUD/MYR	2.76	2.78	(0.8)
JPY/MYR	2.82	2.84	(0.7)
SGD/MYR	3.27	3.28	(0.4)
10 CNY/MYR	5.92	5.92	0.1
1 million IDR/MYR	252.30	253.50	(0.5)
THB/MYR	13.09	13.21	(1.0)
100 INR/MYR	4.76	4.77	(0.2)
100 PHP/MYR	7.26	7.37	(1.5)

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

Technical Pair Summary

DXY				
Resistance Level				
R1	98.84	R2	99.66	
Support Level				
S1	96.92	S2	95.82	
Outlook: Slightly bearish				

EUR/USD				
Resistance Level				
R1	1.184	R2	1.197	
Support Level				
S1	1.162	S2	1.151	
Outlook: Slightly bullish				

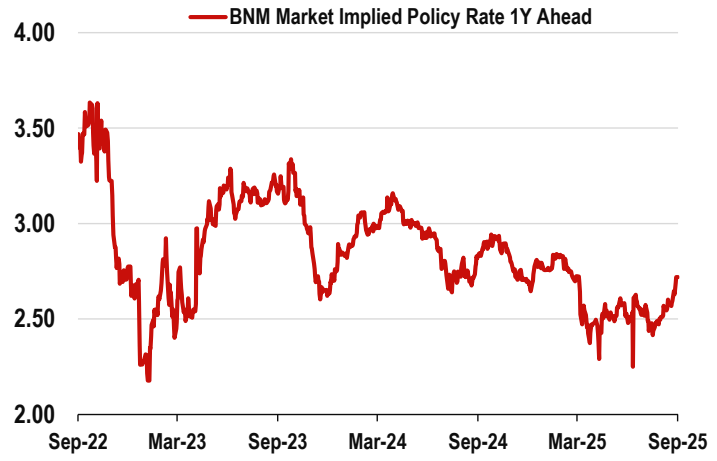
USD/JPY				
Resistance Level				
R1	150.5	R2	151.8	
Support Level				
S1	147.2	S2	145.2	
Outlook: Slightly bullish				

USD/MYR				
Resistance Level				
R1	4.237	R2	4.260	
Support Level				
S1	4.190	S2	4.166	
Outlook: Slightly bullish				

GBP/USD				
Resistance Level				
R1	1.360	R2	1.377	
Support Level				
S1	1.329	S2	1.317	
Outlook: Neutral				

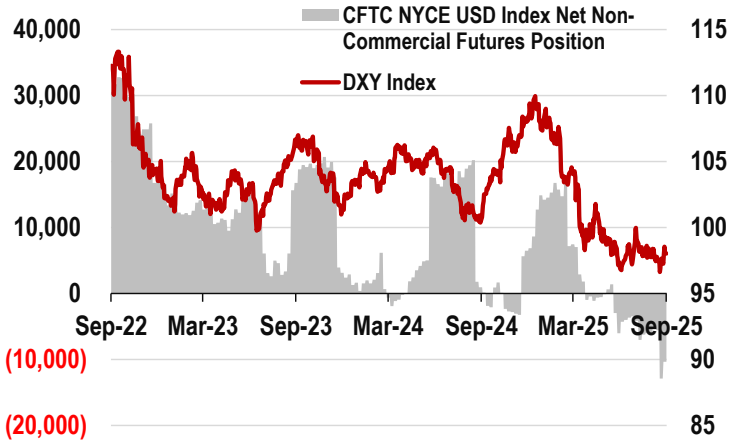
AUD/USD				
Resistance Level				
R1	0.665	R2	0.675	
Support Level				
S1	0.649	S2	0.642	
Outlook: Neutral				

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



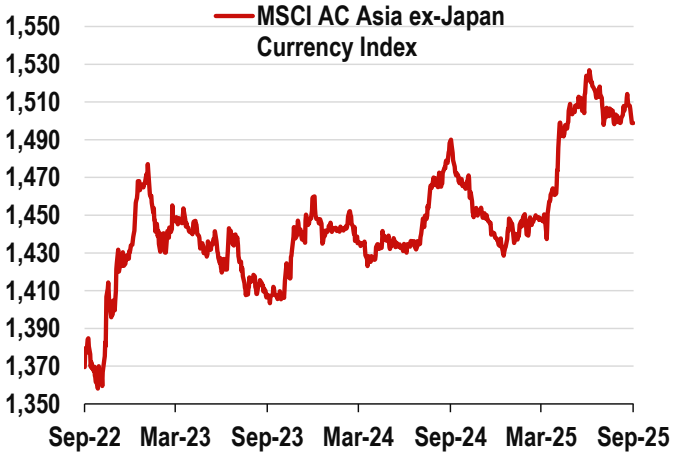
Sources: BPAM, AmBank Economics

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



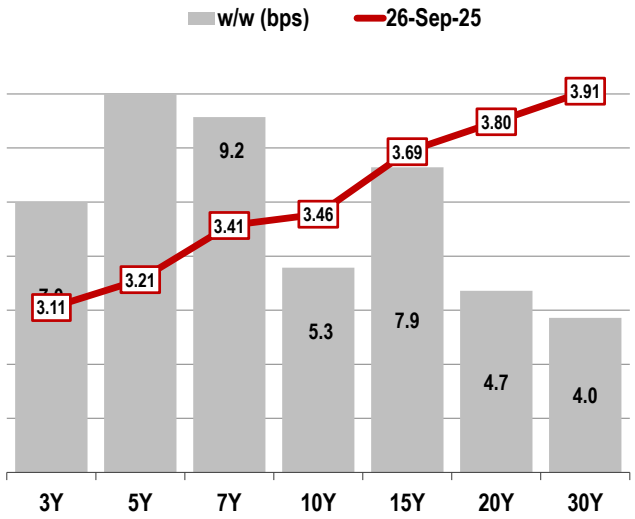
Sources: Bloomberg, AmBank Economics

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

Macroeconomic Data/Events Calendar (29 September 2025 – 3 October 2025)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2025-09-29	16:30	UK	Mortgage Approvals	Aug	k	64.6	65.4
2025-09-30	14:00	UK	GDP QoQ	2Q F	%	0.3	0.3
2025-09-30	14:00	UK	GDP YoY	2Q F	%	1.2	1.2
2025-09-30	**07:50**	**JP**	**Industrial Production MoM**	**Aug P**	**%**	**(0.8)**	**(1.2)**
2025-09-30	09:30	AU	Building Approvals MoM	Aug	%	2.6	(8.2)
2025-09-30	**12:30**	**AU**	**RBA Cash Rate Target**	**Sep 30**	**%**	**3.6**	**3.6**
2025-09-30	**09:30**	**CH**	**Manufacturing PMI**	**Sep**		**49.6**	**49.4**
2025-09-30	09:45	CH	RatingDog China PMI Mfg	Sep		50.2	50.5
2025-09-30	21:45	US	MNI Chicago PMI	Sep		43.3	41.5
2025-09-30	**22:00**	**US**	**Conf. Board Consumer Confidence**	**Sep**		**96.0**	**97.4**
2025-10-01	14:00	UK	Nationwide House PX MoM	Sep	%	0.2	(0.1)
2025-10-01	14:00	UK	Nationwide House Px NSA YoY	Sep	%	1.80	2.10
2025-10-01	16:30	UK	S&P Global UK Manufacturing PMI	Sep F		46.20	46.20
2025-10-01	07:50	JP	Tankan Large Mfg Index	3Q		14.00	13.00
2025-10-01	07:50	JP	Tankan Large Mfg Outlook	3Q		13.0	12.0
2025-10-01	07:50	JP	Tankan Large Non-Mfg Index	3Q		33.5	34.0
2025-10-01	07:50	JP	Tankan Large Non-Mfg Outlook	3Q		27.0	27.0
2025-10-01	07:50	JP	Tankan Large All Industry Capex Estimate FY	3Q	%	11.3	11.5
2025-10-01	08:30	JP	S&P Global Japan PMI Mfg	Sep F		-	48.4
2025-10-01	19:00	US	MBA Mortgage Applications	Sep 26	%	-	0.6
2025-10-01	**20:15**	**US**	**ADP Employment Change**	**Sep**	**k**	**50.0**	**54.0**
2025-10-01	21:45	US	S&P Global US Manufacturing PMI	Sep F		52.0	52.0
2025-10-01	**22:00**	**US**	**ISM Manufacturing**	**Sep**		**49.0**	**48.7**
2025-10-01	22:00	US	Construction Spending MoM	Aug	%	(0.1)	(0.1)
2025-10-01	05:45	NZ	Building Permits MoM	Aug	%	-	5.4
2025-10-01	16:00	EU	HCOB Eurozone Manufacturing PMI	Sep F		49.5	49.5
2025-10-01	**17:00**	**EU**	**CPI MoM**	**Sep P**	**%**	**0.1**	**0.1**
2025-10-02	**09:30**	**AU**	**Trade Balance**	**Aug**	**m**	**6200.0**	**7310.0**
2025-10-02	20:30	US	Initial Jobless Claims	Sep 27	k	225.0	218.0
2025-10-02	**22:00**	**US**	**Factory Orders**	**Aug**	**%**	**1.4**	**(1.3)**
2025-10-02	22:00	US	Durable Goods Orders	Aug F	%	2.9	2.9
2025-10-03	16:30	UK	S&P Global UK Services PMI	Sep F		51.9	51.9
2025-10-03	07:30	JP	Jobless Rate	Aug	%	2.4	2.3
2025-10-03	07:30	JP	Job-To-Applicant Ratio	Aug		1.2	1.2
2025-10-03	**20:30**	**US**	**Change in Nonfarm Payrolls**	**Sep**	**k**	**50.0**	**22.0**
2025-10-03	20:30	US	Unemployment Rate	Sep	%	4.3	4.3
2025-10-03	**22:00**	**US**	**ISM Services Index**	**Sep**		**51.7**	**52.0**

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