AmBank Economics

Market Wrap-up for the Week ended 10 October 2025

Weekly Fixed Income & FX Research Commentary

Dollar tests highs as JPY and EUR fell but trade rhetoric may guide market this week.

Monday, 13 October 2025

Snapshot Summary…

Global Rates: There was a modest rally in US and European government bonds amid continued US government shutdown and geopolitical risks.

MYR Bonds: There were noticeable gains following the announcement of Malaysia's Budget 2026 and the outlook for declining fiscal deficits.

Global FX: DXY up1.3% w/w amid uncertainties in Japan (JPY) and France (EUR). Trump-Xi rhetoric to be the key market driver for the week ahead.

USD/MYR: MYR (-0.4%) held relatively resilient compared to Asian peers. MOF eyes USD/MYR level 'just below' 4.00 within 12 months.

Fixed Income

Global Bonds: There was a modest rally in US and European bonds amid continued US government shutdown and geopolitical risks. Latest US tariff threats on China, arising from China's moves to limit exports of rare earth materials, were countered by weak German trade data and a leadership vacancy in France, which aided bonds. US bonds remain supported by the outlook for rate cuts, with WIRP suggesting over an 80% probability of a Fed cut in December.

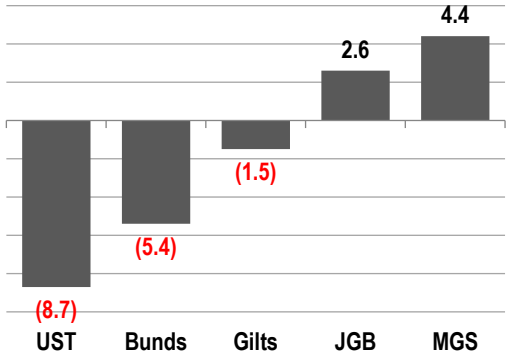
Malaysia Government Bonds: The local bond market closed weaker w/w amid an uptick in global yields, but there were noticeable gains recorded last Friday post announcement of Malaysia's Budget 2026 and outlook for declining deficits. Spillover from UST gains after the US threatened fresh high tariffs on China also aided sentiment by the end of last week. Alongside the generally weak sentiment, the MYR3.0 billion public tender of the 30Y MGS (MGS 07/55) garnered just 1.38x BTC. However, we remain optimistic about the remaining 2025 auctions and those for fiscal year 2026.

Malaysia Government Bonds View: Malaysia announced its FY2026 budget with a smaller fiscal deficit-to-GDP ratio of 3.5%, down from an estimated 3.8% this year. Fiscal deficit financing is targeted at about MYR75 billion next year, meaning net issuance of MGS+GII is smaller than the MYR80 billion estimate for this year. We forecast gross issuance of MGS+GII at MYR185.0 billion, which includes the 2026 deficit financing and the refinancing of maturing MGS+GII in 2026, totalling MYR108.7 billion (comprising MYR53.7 billion in MGS and MYR55.0 billion in GIIs). In FY2025, the target gross offerings we estimate should come up to at least MYR165.0 billion,

Malaysia Corporate Bonds: As for corporate bonds, trading sentiment was muted, seeing the weak govvies movement earlier last week. The market was also preoccupied with some recent primary activity, including new tranches from LPPSA and Air Selangor.

Malaysia Corporate Bonds View: We prefer GG and AAA names amid the cautious bond market sentiment. Short term, we like Prasarana and Danainfra tranches around 5Y-10Y and 15Y maturities (Exhibit 6).

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	10-Oct-25	3-Oct-25	w/w (bps)
2-year UST	3.50	3.58	(7)
10-year UST	4.03	4.12	(9)
2-year Bund	1.96	2.02	(6)
10-year Bund	2.64	2.70	(5)
2-year Gilt	3.96	3.97	(1)
10-year Gilt	4.68	4.69	(2)
2-year JGB	0.92	0.94	(2)
10-year JGB	1.69	1.66	3
2-year AGB	3.53	3.50	4
10-year AGB	4.36	4.33	3

Weekly MGS Yields (%)

MGS Yields	10-Oct-25	3-Oct-25	w/w (bps)
3-year	3.10	3.09	2
5-year	3.24	3.21	3
7-year	3.46	3.40	6
10-year	3.49	3.44	4
15-year	3.72	3.66	6
20-year	3.87	3.80	7
30-year	4.02	3.94	9

Weekly GII Yields (%)

GII Yields	10-Oct-25	3-Oct-25	w/w (bps)
3-year	3.13	3.13	1
5-year	3.25	3.23	2
7-year	3.37	3.34	3
10-year	3.51	3.48	3
15-year	3.71	3.69	3
20-year	3.90	3.82	9

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	10-Oct-25	3-Oct-25	w/w (bps)
IRS 3-Year	3.16	3.17	(1)
IRS 5-Year	3.24	3.24	0
IRS 7-Year	3.31	3.30	1
IRS 10-Year	3.44	3.43	1
3-Month KLIBOR	3.22	3.22	0
6-Month KLIBOR	3.26	3.26	0

Forex

DXY Index: DXY rose 1.3% w/w, with the index closing higher every session last week except Friday. With the US government shutdown well established and the continued lack of US data releases, DXY gains were driven mainly by major FX weaknesses stemming from domestic issues. However, the hawkish-tilted September FOMC meeting minutes also supported the USD. Nevertheless, Friday's losses were driven by fresh US-China trade tensions, with verbal threats including higher tariffs (up to 100%), restrictions on Boeing parts and chips (US), and on rare earths (China). While Trump later softened his tone, details remain fluid, and it remains unclear whether the differences between Trump and Xi can be bridged. General FX sentiment is expected to take direction from these developments, with deals around tariffs having the greatest impact on markets in the near term.

Majors: EUR and GBP fell 1.0% and 0.9% w/w, respectively. The focus on the Eurozone remains on France, with recent developments suggesting prolonged political instability ahead, given deeply entrenched political lines. Key events ahead to watch are the French budget proposal on 14 October, as well as a potential no-confidence motion by far-left and far-right parties later this week. For the UK, markets remain wary of the upcoming 26 November budget, as potential tax hikes to meet fiscal targets could also weigh on the already fragile economy, with monetary policy firmly leaning towards taming inflation rather than stimulating growth.

Asia: Much-sharper-than-peer losses for the JPY (-2.5%) were driven by Takaichi's unexpected victory in Japan's LDP elections, with implications of looser monetary policy and more fiscal stimulus measures ahead. The AUD also fell sharply by 2.0% w/w, with losses primarily occurring on Friday (-1.3%), amid a double-whammy of a decline in risk sentiment and commodity prices due to fresh US-China trade tensions. Nevertheless, the AUD was seen up 0.8% this morning (13 October), amid tentative signs that a dialogue may be reached and trade- and growth-destructive tariffs can be avoided.

Malaysia: MYR weakened 0.4% w/w to the middle of its 4.20-4.25 trading range. Losses were tamer compared to most Asian FX, anchored by subdued CNH losses (-0.2%), as well as relative economic and policy stability compared to peers. Meanwhile, Finance Minister II Amir Hamzah said he expects the MYR to receive a boost from expected US rate easing ahead, aiming for a USD/MYR level 'just below' 4.00 within 12 months.

Indicative PDS Yields (%)

PDS Indicative Yields	10-Oct-25	3-Oct-25	w/w (bps)
3-Year AAA	3.51	3.51	0
3-Year AA	3.67	3.67	0
3-Year A	4.53	4.52	0
5-Year AAA	3.59	3.58	0
5-Year AA	3.75	3.75	1
5-Year A	4.66	4.66	0
10-Year AAA	3.75	3.74	1
10-Year AA	3.91	3.90	1
10-Year A	5.04	5.04	0

FX Weekly – vs. USD

FX Against USD	10-Oct-25	3-Oct-25	w/w (%)
DXY Index	98.98	97.72	1.3
EUR/USD	1.162	1.174	(1.0)
AUD/USD	0.647	0.660	(2.0)
GBP/USD	1.336	1.348	(0.9)
USD/JPY	151.2	147.5	2.5
NZD/USD	0.572	0.583	(1.9)
USD/MYR	4.223	4.208	0.4
USD/IDR	16,553	16,540	0.1
USD/THB	32.72	32.39	1.0
USD/SGD	1.297	1.289	0.6
USD/CNY	7.135	7.122	0.2
USD/KRW	1,425	1,406	1.3
USD/INR	88.70	88.78	(0.1)
USD/PHP	58.27	57.88	0.7

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	10-Oct-25	3-Oct-25	w/w (%)
EUR/MYR	4.89	4.94	(1.1)
GBP/MYR	5.61	5.66	(0.9)
AUD/MYR	2.77	2.78	(0.5)
JPY/MYR	2.79	2.85	(2.1)
SGD/MYR	3.25	3.26	(0.4)
10 CNY/MYR	5.93	5.91	0.3
1 million IDR/MYR	254.80	254.10	0.3
THB/MYR	12.91	12.99	(0.6)
100 INR/MYR	4.77	4.74	0.6
100 PHP/MYR	7.25	7.27	(0.3)

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

Technical Pair Summary

DXY	Resistance Level			
	R1	100.12	R2	101.28
	Support Level			
	S1	97.22	S2	95.47
	Outlook: Slightly bearish			

EUR/USD	Resistance Level			
	R1	1.180	R2	1.198
	Support Level			
	S1	1.150	S2	1.138
	Outlook: Neutral			

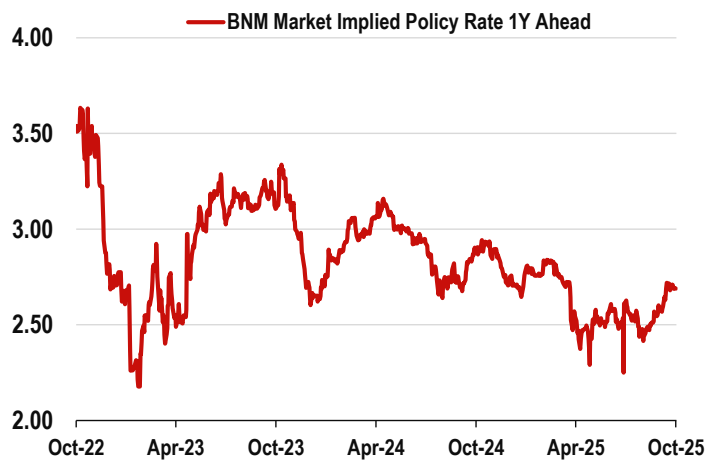
USD/JPY	Resistance Level			
	R1	154.5	R2	157.1
	Support Level			
	S1	147.9	S2	143.9
	Outlook: Slightly bullish			

USD/MYR	Resistance Level			
	R1	4.243	R2	4.262
	Support Level			
	S1	4.196	S2	4.168
	Outlook: Slightly bullish			

GBP/USD	Resistance Level			
	R1	1.356	R2	1.378
	Support Level			
	S1	1.322	S2	1.309
	Outlook: Slightly bullish			

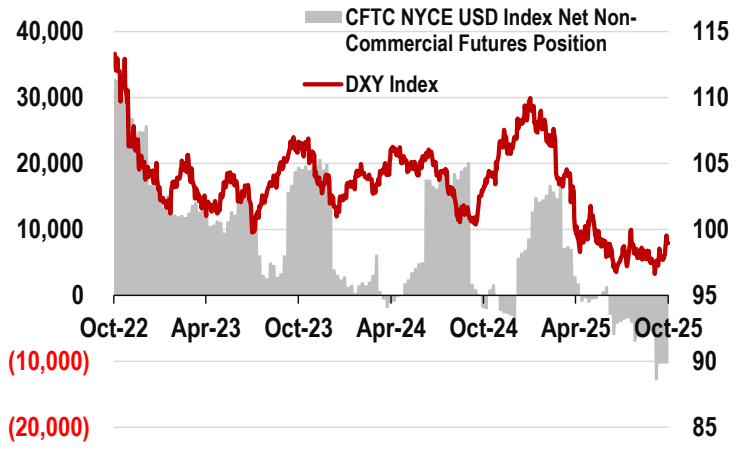
AUD/USD	Resistance Level			
	R1	0.665	R2	0.677
	Support Level			
	S1	0.644	S2	0.635
	Outlook: Bearish			

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



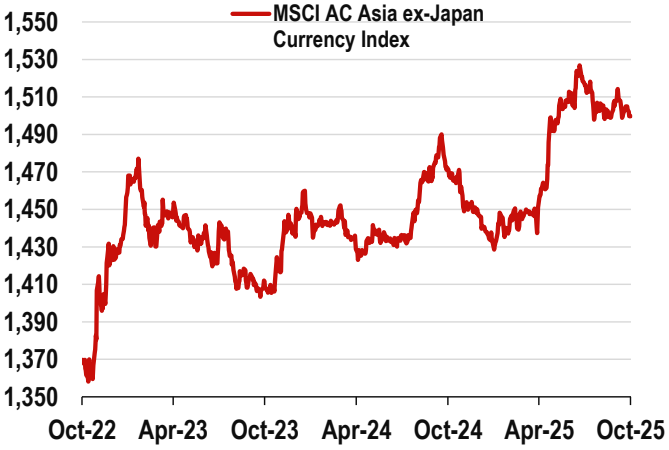
Sources: BPAM, AmBank Economics

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



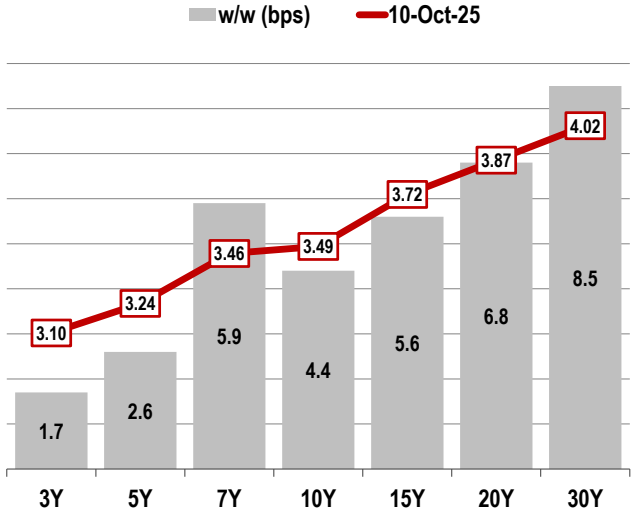
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



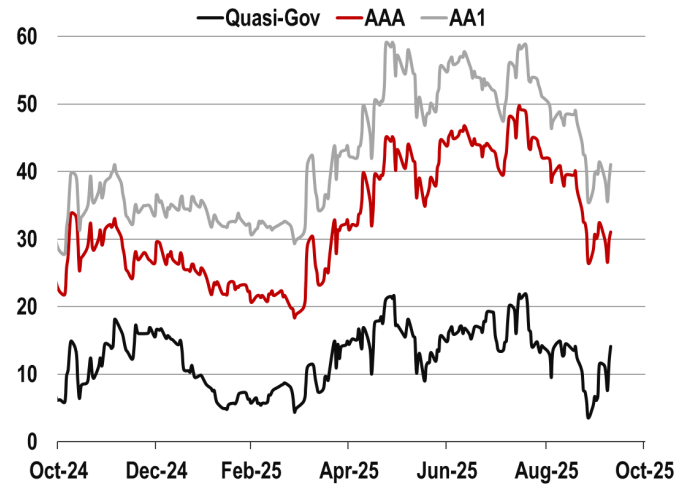
Sources: Bloomberg, AmBank Economics

Exhibit 4: MGS w/w yield curve changes



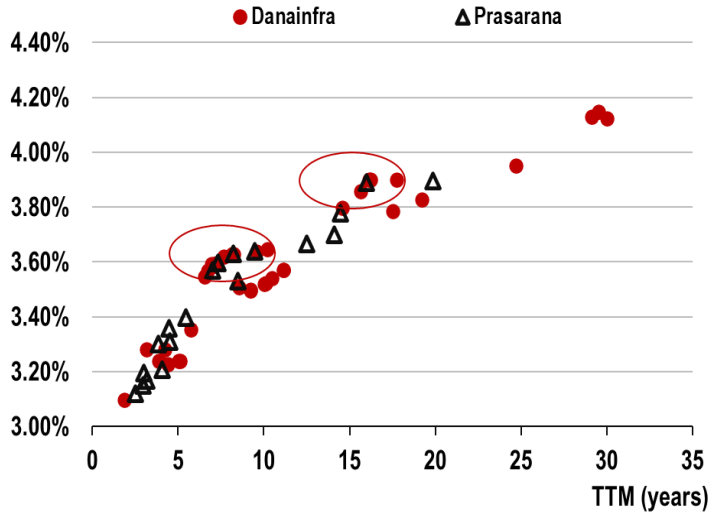
Sources: BNM, BPAM, Bloomberg, AmBank Economics
Using the MGIY ticker on Bloomberg

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



Sources: Bloomberg, AmBank Economics

Exhibit 6: Select Danainfra and Prasarana tranches (non-rated)



Sources: BNM, BPAM, Bloomberg, AmBank Economics

Macroeconomic Data/Events Calendar (13 October 2025 – 20 October 2025)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2025-10-13	-	CH	Money Supply M2 YoY	Sep	%	8.5	8.8
2025-10-13	10:00	CH	Exports YoY	Sep	%	6.6	4.4
2025-10-13	10:00	CH	Trade Balance	Sep	b	98.1	102.3
2025-10-14	**08:00**	**SG**	**GDP YoY**	**3Q A**	**%**	**2.0**	**4.4**
2025-10-14	14:00	UK	ILO Unemployment Rate 3Mths	Aug	%	4.7	4.7
2025-10-14	14:00	UK	Claimant Count Rate	Sep	%	-	4.4
2025-10-14	14:00	UK	Jobless Claims Change	Sep	k	-	17.4
2025-10-15	09:30	CH	PPI YoY	Sep	%	(2.3)	(2.9)
2025-10-15	09:30	CH	CPI YoY	Sep	%	(0.2)	(0.4)
2025-10-15	12:30	JP	Industrial Production MoM	Aug F	%	-	(1.2)
2025-10-15	19:00	US	MBA Mortgage Applications	Oct 10	%	-	(4.7)
2025-10-15	20:30	US	Empire Manufacturing	Oct		(1.7)	(8.7)
2025-10-16	14:00	UK	Industrial Production MoM	Aug	%	0.2	(0.9)
2025-10-16	14:00	UK	Manufacturing Production MoM	Aug	%	0.1	(1.3)
2025-10-16	07:50	JP	Core Machine Orders MoM	Aug	%	0.5	(4.6)
2025-10-16	12:30	JP	Tertiary Industry Index MoM	Aug	%	(0.2)	0.5
2025-10-16	20:30	US	Retail Sales Advance MoM	Sep	%	0.4	0.6
2025-10-16	20:30	US	PPI Final Demand MoM	Sep	%	0.3	(0.1)
2025-10-16	20:30	US	Initial Jobless Claims	Oct 11	k	229.5	-
2025-10-16	05:45	NZ	Food Prices MoM	Sep	%	-	0.3
2025-10-16	08:30	AU	Employment Change	Sep	k	20.0	(5.4)
2025-10-16	08:30	AU	Unemployment Rate	Sep	%	4.3	4.2
2025-10-17	08:30	SG	Non-oil Domestic Exports YoY	Sep	%	(2.0)	(11.3)
2025-10-17	20:30	US	Housing Starts	Sep	k	1320.0	1307.0
2025-10-17	**12:00**	**MY**	**GDP YoY**	**3Q A**	**%**	**4.2**	**4.4**
2025-10-17	17:00	EU	CPI YoY	Sep F	%	2.2	2.2
2025-10-17	17:00	EU	CPI MoM	Sep F	%	0.1	0.1
2025-10-20	**10:00**	**CH**	**GDP YoY**	**3Q**	**%**	**4.7**	**5.2**
2025-10-20	**10:00**	**CH**	**Retail Sales YoY**	**Sep**	**%**	**2.9**	**3.4**
2025-10-20	**10:00**	**CH**	**Industrial Production YoY**	**Sep**	**%**	**4.9**	**5.2**

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