



AmBank Group

AmBank Economics

Weekly Fixed Income & FX Research Commentary

US NFP (Tuesday) and CPI (Friday) data to drive market volatility this week.

Snapshot Summary...

Global Rates: UST yields were mixed post-December FOMC as policymakers sounded warnings against more rate cuts.

MYR Bonds: 2026 MGS+GII auction calendar is awaited. Larger gross issuance in 2026 is not a concern, as this is driven by large maturity financing.

Global FX: DXY slipped 0.6% w/w post-Fed FOMC meeting. This week's focus will be on US CPI and NFP data, as well as BOE/BOJ policy meetings.

USD/MYR: MYR up 0.3% w/w. Upward momentum is slowing after an earlier bullish run, with daily liquidity having also thinned in recent sessions.

Fixed Income

Global Bonds: UST yields were mixed w/w as the Fed cut rates by 25 bps as expected. 2Y UST fell 4 bps on Fed authorisation of USD40 billion/month in T-bill purchases – ostensibly to rebuild reserves in the financial system and ease short-term funding costs (and not a resumption of QE). Meanwhile, the 10Y UST closed near 4.20% compared to the past month's low of 3.99%. We estimate resistance at 4.30%, with the next FOMC meeting unlikely to result in another cut, as signalled by Fed Chair Powell. The market also reacted to post-meeting comments by Fed policymakers, especially those who voted against the FFR cut, i.e., Kansas City Fed President Schmid, and Chicago's Goolsbee, who signalled inflation concerns. The market is also cautious ahead of the release of payrolls and inflation data this week, as well as continued UST auctions.

Malaysia Government Bonds: Yields crept higher by 1-3 bps, although we noted a 1-bps decline in the 3Y MGS. Bonds were influenced by UST losses and a lack of fresh domestic drivers to buy bonds. Traders viewed levels as too rich at the start of last week, after the recent MGS rally.

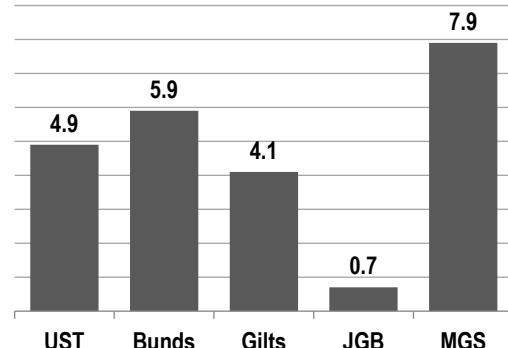
Malaysia Government Bonds View: Last week's 10Y MGS auction, at MYR 3.0 billion, saw a BTC of 1.924x. This week may see release of the 2026 MGS+GII auction calendar. Larger gross MGS+GII issuances are expected in FY2026, despite the fiscal deficit being targeted at 3.5% of GDP (FY2025: 3.8%). However, we are not concerned with the larger MGS+GII size, as the expected rise will be due to refinancing of a larger maturing MGS+GII. We foresee FY2026 gross offerings at MYR185.0 billion (FY2025: MYR168.5 billion) but smaller net offerings of MYR76.0 billion (FY2025: MYR85.0 billion) (Exhibit 6). Also ahead is the November CPI with expectations of a benign 1.3% y/y (October: 1.3% vs consensus 1.5%). Yet, core CPI has continued to show upward pressure, at +2.2% y/y in October.

Malaysia Corporate Bonds: There was a lack of interest in GG and AAA corporate bonds, though select AA-rated names were supported, playing catch-up after the recent high-grade rallies. Indicative AAA and AA yields were up 1-2 bps w/w.

Market Wrap-up for the Week ended 12 December 2025

Monday, 15 December 2025

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	12-Dec-25	5-Dec-25	w/w (bps)
2-year UST	3.52	3.56	(4)
10-year UST	4.18	4.14	5
2-year Bund	2.15	2.10	6
10-year Bund	2.86	2.80	6
2-year Gilt	3.75	3.78	(3)
10-year Gilt	4.52	4.48	4
2-year JGB	1.07	1.05	2
10-year JGB	1.95	1.95	1
2-year AGB	4.03	3.95	8
10-year AGB	4.73	4.68	4

Weekly MGS Yields (%)

MGS Yields	12-Dec-25	5-Dec-25	w/w (bps)
3-year	3.04	3.03	1
5-year	3.29	3.25	3
7-year	3.49	3.45	3
10-year	3.57	3.49	8
15-year	3.77	3.74	3
20-year	3.88	3.86	2
30-year	4.00	3.99	1

Weekly GII Yields (%)

GII Yields	12-Dec-25	5-Dec-25	w/w (bps)
3-year	3.13	3.12	2
5-year	3.29	3.26	3
7-year	3.37	3.35	2
10-year	3.56	3.53	3
15-year	3.76	3.76	1
20-year	3.90	3.89	1

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	12-Dec-25	5-Dec-25	w/w (bps)
IRS 3-Year	3.32	3.26	6
IRS 5-Year	3.42	3.34	7
IRS 7-Year	3.49	3.41	8
IRS 10-Year	3.64	3.56	8
3-Month KLIBOR	3.26	3.26	0
6-Month KLIBOR	3.29	3.29	0

Forex

DXY Index: DXY (-0.6% w/w) fell for a third consecutive week. Driving this week's blowback was the Fed's FOMC meeting, where a 25bps rate cut was delivered, as expected. Dissents against the consensus decision rose to three, as Chicago Fed President Austan Goolsbee joined Kansas City Fed President Jeffrey Schmid in opposing a rate cut, citing the need for data clarity before acting. Governor Stephen Miran remained the lone ranger, favouring a more dovish approach. Overall, a shift in the Fed's statement, as well as Chairman Powell's post-meeting speech, suggests further easing may be paused pending data developments on both the employment and inflation fronts. However, the overall statement turned less hawkish than market expectations. Coupled with the Fed's authorisation of USD40billion/month in T-bill purchases (for reserve management), these factors helped push the USD weaker against most major currencies. We think a sustained downtrend would require convincing weaker data from this week's US labour and inflation data readings.

Europe: EUR (+0.8% w/w) outperformed the GBP (+0.3% w/w). Markets turned more sanguine on the ECB outlook after French President Lecornu's minority government narrowly passed a social-security bill. At the same time, ECB president Lagarde indicated that Eurozone growth projections will be revised up this week, citing a resilient economy despite recent trade tensions. On the other hand, the UK economy experienced an unexpected contraction for the three months ending in October, contrary to expectations for a slight rise. Investors currently assign a 90% chance that the BOE will cut policy rates by 25bps to 3.75% for its final MPC meeting this week, bringing UK borrowing costs to their lowest since 2022.

APAC: JPY (-0.3% w/w) managed a decline this week despite the weakening dollar. While conviction remained firm on a BOJ rate hike this Friday, markets expect this move to be a one-off hike only, given the weak final 3Q2025 GDP reading and slowing declines in real wage earnings data on Monday. Concerns from the MOF/BOJ about rapidly rising JGB yields also raised market concerns, prompting a sell-off in the yen due to the potential for yield caps ahead. Meanwhile, while the AUD rose 0.2% w/w, it has weakened slightly over the past two sessions. Catalysing the move was an unexpected shed of 21.3k jobs in November (consensus: +20k; prior: +41.2k), its steepest drop since February. However, the RBA still views the labour market as tight, pointing to high job vacancies, widespread reports of staff shortages, and rising labour costs. PMI data for Australia is expected to give further clues on the health of the economy this week.

Malaysia: MYR rose 0.3% w/w. Despite greater dollar weakness, momentum in gains has slowed, as sentiment turned cautious now that the USD/MYR pair is testing fresh multi-year lows, with a breach below the 4.10 handle now established. Reflecting the shift in mood, liquidity has also dried by 18.6% last week (when comparing to the prior week), though thinner trading into year-end holidays may also be a factor. We think a sustained USD/MYR downtrend below 4.10 would require a convincing downtrend in US inflation and employment numbers – with both data points due this week. However, rising FX volatility also suggests possible BNM intervention ahead to cap excessive strength for the MYR.

Indicative PDS Yields (%)

PDS Indicative Yields	12-Dec-25	5-Dec-25	w/w (bps)
3-Year AAA	3.53	3.52	0
3-Year AA	3.68	3.68	0
3-Year A	4.55	4.55	0
5-Year AAA	3.60	3.59	1
5-Year AA	3.76	3.76	0
5-Year A	4.70	4.70	0
10-Year AAA	3.76	3.76	0
10-Year AA	3.92	3.91	0
10-Year A	5.10	5.10	0

FX Weekly – vs. USD

FX Against USD	12-Dec-25	5-Dec-25	w/w (%)
DXY Index	98.40	98.99	(0.6)
EUR/USD	1.174	1.164	0.8
AUD/USD	0.665	0.664	0.2
GBP/USD	1.337	1.333	0.3
USD/JPY	155.8	155.3	0.3
NZD/USD	0.581	0.578	0.5
USD/MYR	4.097	4.111	(0.3)
USD/IDR	16,640	16,644	(0.0)
USD/THB	31.59	32.04	(1.4)
USD/SGD	1.292	1.296	(0.3)
USD/CNY	7.055	7.071	(0.2)
USD/KRW	1,478	1,472	0.4
USD/INR	90.42	89.99	0.5
USD/PHP	59.09	58.94	0.3

FX Weekly – Cross Rates vs. MYR

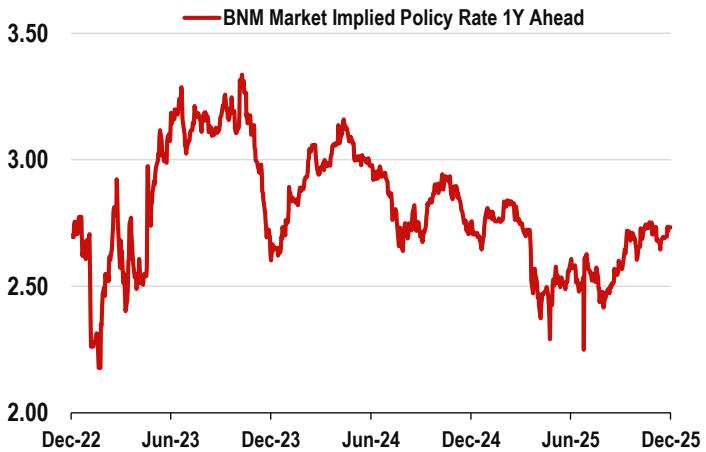
Cross FX Against MYR	12-Dec-25	5-Dec-25	w/w (%)
EUR/MYR	4.81	4.79	0.3
GBP/MYR	5.48	5.49	(0.1)
AUD/MYR	2.73	2.73	0.2
JPY/MYR	2.63	2.65	(0.7)
SGD/MYR	3.17	3.18	(0.1)
10 CNY/MYR	5.81	5.82	(0.2)
1 million IDR/MYR	246.20	247.00	(0.3)
THB/MYR	12.98	12.91	0.6
100 INR/MYR	4.54	4.57	(0.7)
100 PHP/MYR	6.94	6.98	(0.6)

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

Technical Pair Summary

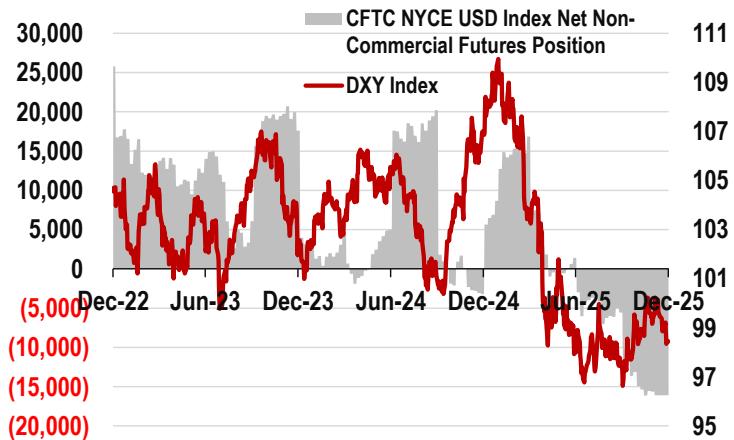
DXY	Resistance Level				EUR/USD	Resistance Level				USD/JPY	Resistance Level			
	R1	99.67	R2	100.89		R1	1.181	R2	1.189		R1	157.2	R2	158.5
	S1	97.79	S2	97.13		S1	1.158	S2	1.144		S1	154.9	S2	153.8
Outlook: Slightly bearish														
USD/MYR	Resistance Level				GBP/USD	Resistance Level				AUD/USD	Resistance Level			
	R1	4.164	R2	4.230		R1	1.348	R2	1.360		R1	0.674	R2	0.682
	S1	4.064	S2	4.030		S1	1.315	S2	1.294		S1	0.650	S2	0.635

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

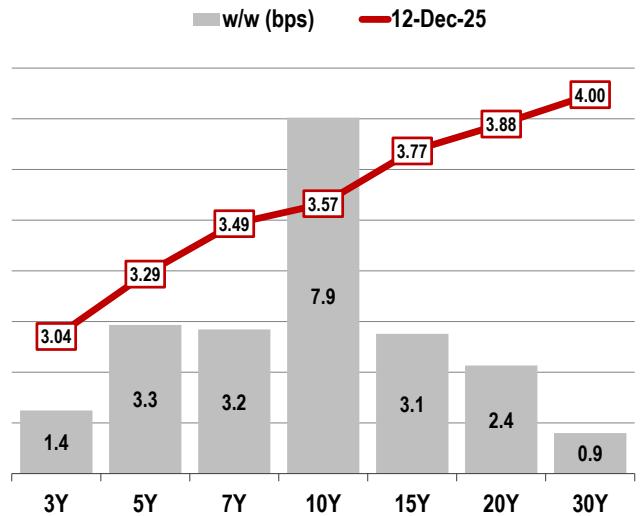
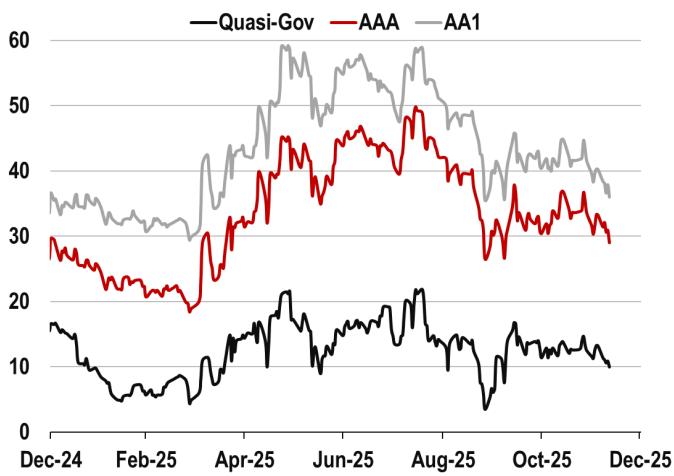
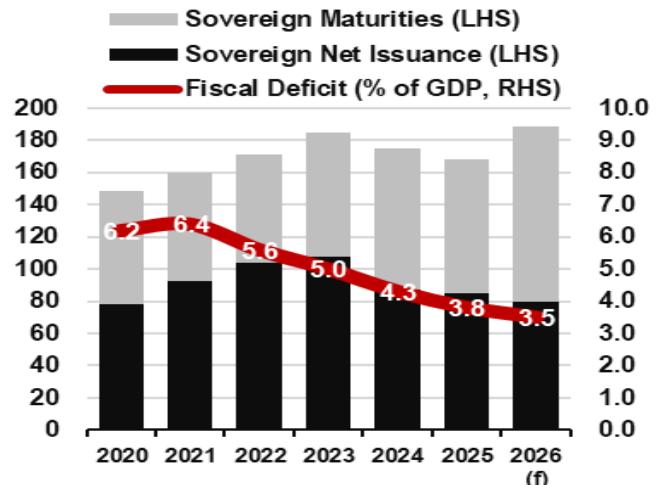
Sources: BNM, BPAM, Bloomberg, AmBank Economics
Using the MG1Y ticker on Bloomberg

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



Sources: Bloomberg, AmBank Economics

Exhibit 6: Sovereign issuances vs fiscal deficits (2020-2026f)



Sources: BNM, BPAM, Bloomberg, AmBank Economics

Macroeconomic Data/Events Calendar (15 December 2025 – 19 December 2025)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2025-12-15	07:50	JP	Tankan Large Mfg Index	4Q		15.0	14.0
2025-12-15	07:50	JP	Tankan Large Mfg Outlook	4Q		13.0	12.0
2025-12-15	07:50	JP	Tankan Large Non-Mfg Index	4Q		35.0	34.0
2025-12-15	07:50	JP	Tankan Large Non-Mfg Outlook	4Q		28.0	28.0
2025-12-15	07:50	JP	Tankan Large All Industry Capex Estimate FY	4Q	%	12.1	12.5
2025-12-15	12:30	JP	Tertiary Industry Index MoM	Oct	%	0.2	0.3
2025-12-15	10:00	CH	Retail Sales YoY	Nov	%	2.9	2.9
2025-12-15	10:00	CH	Industrial Production YoY	Nov	%	5.0	4.9
2025-12-15	21:30	US	Empire Manufacturing	Dec		10.0	18.7
2025-12-16	08:30	JP	S&P Global Japan PMI Mfg	Dec P		-	48.7
2025-12-16	21:30	US	Change in Nonfarm Payrolls	Nov	k	50.0	-
2025-12-16	21:30	US	Unemployment Rate	Nov	%	4.5	-
2025-12-16	21:30	US	Retail Sales Advance MoM	Oct	%	0.10	0.20
2025-12-16	22:45	US	S&P Global US Manufacturing PMI	Dec P		52.0	52.2
2025-12-16	05:45	NZ	Food Prices MoM	Nov	%	-	(0.3)
2025-12-16	07:30	AU	Westpac Consumer Conf SA MoM	Dec	%	-	12.8
2025-12-16	15:00	UK	ILO Unemployment Rate 3Mths	Oct	%	5.1	5.0
2025-12-16	15:00	UK	Claimant Count Rate	Nov	%	-	4.4
2025-12-16	15:00	UK	Jobless Claims Change	Nov	k	-	29.0
2025-12-16	17:30	UK	S&P Global UK Services PMI	Dec P		51.7	51.3
2025-12-16	17:30	UK	S&P Global UK Manufacturing PMI	Dec P		50.4	50.2
2025-12-16	17:00	EU	HCOB Eurozone Manufacturing PMI	Dec P		49.9	49.6
2025-12-17	07:50	JP	Core Machine Orders MoM	Oct	%	(1.8)	4.2
2025-12-17	-	US	Housing Starts	Sep	k	1328.0	1307.0
2025-12-17	-	US	Construction Spending MoM	Sep	%	0.0	0.2
2025-12-17	-	US	New Home Sales	Sep	k	718.0	800.0
2025-12-17	20:00	US	MBA Mortgage Applications	Dec 12	%	-	4.8
2025-12-17	15:00	UK	CPI MoM	Nov	%	0.0	0.4
2025-12-17	15:00	UK	CPI YoY	Nov	%	3.5	3.6
2025-12-17	15:00	UK	CPI Core YoY	Nov	%	3.4	3.4
2025-12-17	18:00	EU	CPI YoY	Nov F	%	2.2	2.2
2025-12-17	18:00	EU	CPI MoM	Nov F	%	(0.3)	(0.3)
2025-12-17	08:30	SG	Non-oil Domestic Exports YoY	Nov	%	18.0	22.2
2025-12-18	21:30	US	Initial Jobless Claims	Dec 13	k	225.0	236.0
2025-12-18	21:30	US	CPI YoY	Nov	%	3.1	-
2025-12-18	05:45	NZ	GDP SA QoQ	3Q	%	0.8	(0.9)
2025-12-18	20:00	UK	Bank of England Bank Rate	Dec 18	%	3.75	4.00
2025-12-18	21:15	EU	ECB Deposit Facility Rate	Dec 18	%	2.00	2.00
2025-12-18	21:15	EU	ECB Main Refinancing Rate	Dec 18	%	2.15	2.15
2025-12-18	21:15	EU	ECB Marginal Lending Facility	Dec 18	%	2.40	2.40
2025-12-19	-	JP	BOJ Target Rate	Dec 19	%	0.75	0.50
2025-12-19	07:30	JP	Natl CPI YoY	Nov	%	2.9	3.0
2025-12-19	23:00	US	Existing Home Sales	Nov	m	4.2	4.1
2025-12-19	23:00	US	U. of Mich. Sentiment	Dec F		53.5	53.3
2025-12-19	05:45	NZ	Trade Balance NZD	Nov	m	-	(1542.00)
2025-12-19	15:00	UK	Retail Sales Inc Auto Fuel MoM	Nov	%	0.40	(1.10)

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