



Weekly Fixed Income & FX Research Commentary

More data and rising geopolitical risks could further disrupt market sentiment.

Monday, 19 January 2026

Snapshot Summary...

**Global Rates:** Release of firm economic data and in line inflation paced the UST market, compensating risk aversion in rates markets.

**MYR Bonds:** Global risk-off sentiment pressured bonds.

**Global FX:** DXY up 0.3% w/w amid a solid batch of US data, though reversal expected ahead on rising US-EU geopolitical risks.

**USD/MYR:** MYR's outperformance last week vs. Asian peers is not expected to persist ahead.

Fixed Income

**Global Bonds:** Release of firm US data (retail sales, industrial production, lower jobless claims) and in line inflation data, paced the bond market as trading is pricing in minimal probabilities of a Fed rate cut this quarter. The DOJ subpoena to the Fed further aggravated the UST market, as concerns about Fed independence lowered the allure of US assets, as seen in the weak USD. More data is incoming this week, and upward yield pressure will remain if the data stream continues as it did last week. Notable is the PCE inflation data due Thursday.

**Malaysia Government Bonds:** Risk-off sentiment arising from the DOJ subpoena and US tariff threats against countries dealing with Iran, while a surge in JGB yields and weaker UST amid firm US data pressured local ringgit government bonds. The advance 4Q2025 GDP release at +5.7% vs. +5.2% in the previous quarter added to the weaker MGS.

**Malaysia Government Bonds View:** MYR3.5 billion 15Y MGS auction (there was a MYR1.5 billion private placement) at BTC, just below 2X last week, hurt the bond market amid signs of weaker demand for longer tenor government securities. Next up is the auction of the new 30Y GII (GII 01/56), which will further test long bond demand. The lack of fiscal policy worries and of inflationary pressure ought to support the next auction demand. The next auction could also be an issuance under the Khadramat structure.

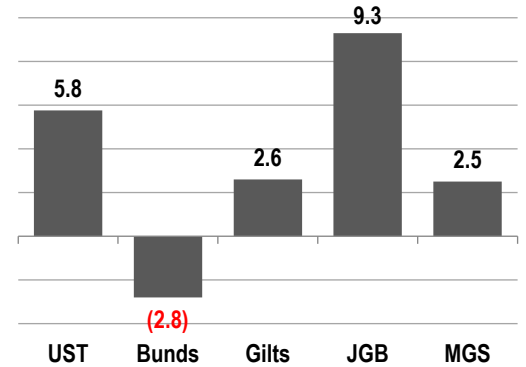
**Malaysia Corporate Bonds:** Onshore credits performed mixed, with signs of profit-taking and realignment in AAA and AA issuers. GG spreads against MGS+GII were tighter, though this was due to higher MGS+GII yields.

**Malaysia Corporate Bonds View:** We maintain a preference for high-quality names amid cautious sentiment in the bond market. There's some trading pickup available for GG Danainfra, though spreads are relatively tight — looking at 5-7Y >3.50% and around 10Y >3.65% (Exhibits 6-7).

Forex

**DXY Index:** DXY continued its general 2026 uptrend last week with a 0.3% w/w rise. Recent US data proved more resilient than earlier market expectations, including weekly jobless claims, retail sales, and industrial

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	16-Jan-26	9-Jan-26	w/w (bps)
2-year UST	3.59	3.53	5
10-year UST	4.22	4.17	6
2-year Bund	2.11	2.11	0
10-year Bund	2.84	2.86	(3)
2-year Gilt	3.67	3.64	3
10-year Gilt	4.40	4.37	3
2-year JGB	1.21	1.15	5
10-year JGB	2.19	2.10	9
2-year AGB	4.03	4.01	2
10-year AGB	4.71	4.69	2

Weekly MGS Yields (%)

MGS Yields	16-Jan-26	9-Jan-26	w/w (bps)
3-year	3.01	3.00	1
5-year	3.28	3.25	3
7-year	3.45	3.40	5
10-year	3.54	3.52	2
15-year	3.77	3.75	2
20-year	3.88	3.85	2
30-year	3.99	3.98	1

Weekly GII Yields (%)

GII Yields	16-Jan-26	9-Jan-26	w/w (bps)
3-year	3.11	3.09	1
5-year	3.28	3.26	2
7-year	3.36	3.34	1
10-year	3.54	3.52	2
15-year	3.75	3.74	1
20-year	3.87	3.86	1

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	16-Jan-26	9-Jan-26	w/w (bps)
IRS 3-Year	3.37	3.30	7
IRS 5-Year	3.47	3.41	5
IRS 7-Year	3.55	3.48	7
IRS 10-Year	3.69	3.62	7
3-Month KLIBOR	3.25	3.26	(1)
6-Month KLIBOR	3.29	3.30	(1)

production. At the same time, rising PPI inflation, driven by acceleration in goods' prices, also suggests spillovers into consumer inflation ahead. These led markets to pare back expectations of Fed rate cuts for the year, with swap pricing in just 45 bps worth of cuts now (prior week: 52 bps). Nevertheless, rising risks from non-economic developments suggest further USD gains will be limited. Last week saw threats to Fed independence amid revelations by Fed chair Powell of a criminal indictment over (allegedly) renovation issues. However, fears of an erosion of Fed independence have faded for now amid strong pushback. Instead, US-EU geopolitical risks over the Greenland issue have escalated, with the US threatening tariffs on EU countries that support Greenland, and the EU now planning countermeasures under its Anti-Coercion Instruments. Besides this issue, other January-awaited news remains on the agenda, including the Supreme Court's ruling on Trump's reciprocal tariffs and the selection of the next Fed chair candidate (with Kevin Hassett no longer seen as the frontrunner).

**Europe:** EUR (-0.3% w/w) and GBP (-0.2% w/w) remain dictated by the USD, with the EUR also outperforming this morning (19 January, alongside the CHF and JPY) due to safe-haven flows away from the US. On the data front, Germany's 0.2% y/y growth in 2025 ended its two-year economic contraction, supported by household and government consumption. The UK also posted an upside surprise in November's GDP growth. However, GBP gains (against the USD) are likely to trail the EUR this week, given historically smaller safe-haven flows from US actions and the UK's also being targeted by recent US tariff threats.

**APAC:** A tighter trading range for USD/JPY (-0.1% w/w) was seen for the week at 157.5–159.5. Intensifying discussions of currency interventions have recently capped the JPY's downside, though political and fiscal risks ahead (from potential elections and coalition-making) also cap excessive upside. Ahead, though no BOJ rate hikes are expected this week, markets are on the lookout for when their next hike might be. Meanwhile, the risk-related AUD also posted a milder 0.1% w/w decline, though escalating geopolitical tensions are expected to temper AUD gains. Meanwhile, markets await Australia's December employment data this week, which is expected to remain robust. Alongside Melbourne Institute's inflation data for the month, which accelerated sharply by 1% m/m in December (prior two months: 0.3%), this suggests an awkward policy position for the RBA amid re-accelerating inflation and uneven growth.

**Malaysia:** MYR closed 0.4% firmer w/w despite general USD strength, outperforming the Asian pack for the week. However, fading global risk sentiment suggests a repeat as unlikely this week, with regional peers SGD, THB, and CNY historically outperforming the ringgit under a risk-off environment. Meanwhile, advance GDP growth data was at 5.7% y/y for 4Q2025 (consensus: 5.4%; 3Q2025: 5.2%), with Malaysia's strongest quarterly growth since 2Q2024 driven by manufacturing (4Q2025: 6.0%; 3Q2025: 4.1%) and agricultural activity (4Q2025: 5.1%; 3Q2025: 0.4%), bringing overall 2025 growth to 4.9% y/y (2024: 5.1%). Meanwhile, BNM's first MPC meeting for 2026 will take place on 22 January. While OPR expectations remain unchanged for 2026, markets are on the lookout for signs of dovishness or hawkishness in the post-meeting statement.

#### Indicative PDS Yields (%)

PDS Indicative Yields	16-Jan-26	9-Jan-26	w/w (bps)
3-Year AAA	3.52	3.52	0
3-Year AA	3.67	3.67	0
3-Year A	4.45	4.46	(0)
5-Year AAA	3.60	3.60	0
5-Year AA	3.75	3.75	0
5-Year A	4.59	4.60	(0)
10-Year AAA	3.78	3.77	0
10-Year AA	3.92	3.91	0
10-Year A	4.97	4.98	(0)

#### FX Weekly – vs. USD


FX Against USD	16-Jan-26	9-Jan-26	w/w (%)
DXY Index	99.39	99.13	0.3
EUR/USD	1.160	1.164	(0.3)
AUD/USD	0.668	0.669	(0.1)
GBP/USD	1.338	1.340	(0.2)
USD/JPY	158.1	157.9	0.1
NZD/USD	0.575	0.573	0.3
USD/MYR	4.058	4.073	(0.4)
USD/IDR	16,885	16,805	0.5
USD/THB	31.40	31.43	(0.1)
USD/SGD	1.289	1.287	0.1
USD/CNY	6.970	6.978	(0.1)
USD/KRW	1,475	1,459	1.1
USD/INR	90.87	90.17	0.8
USD/PHP	59.35	59.26	0.2


#### FX Weekly – Cross Rates vs. MYR


Cross FX Against MYR	16-Jan-26	9-Jan-26	w/w (%)
EUR/MYR	4.71	4.74	(0.7)
GBP/MYR	5.44	5.46	(0.5)
AUD/MYR	2.72	2.72	(0.1)
JPY/MYR	2.57	2.58	(0.5)
SGD/MYR	3.15	3.17	(0.5)
10 CNY/MYR	5.82	5.84	(0.3)
1 million IDR/MYR	240.30	242.10	(0.7)
THB/MYR	12.92	12.95	(0.2)
100 INR/MYR	4.46	4.52	(1.3)
100 PHP/MYR	6.84	6.88	(0.6)


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


Technical Pair Summary

<b>DXY</b> 	<b>Resistance Level</b>			
	R1	99.67	R2	100.26
	<b>Support Level</b>			
	S1	98.22	S2	97.36
Outlook: Slightly bearish				

<b>EUR/USD</b> 	<b>Resistance Level</b>			
	R1	1.175	R2	1.187
	<b>Support Level</b>			
	S1	1.156	S2	1.148
Outlook: Slightly bullish				

<b>USD/JPY</b> 	<b>Resistance Level</b>			
	R1	159.1	R2	160.8
	<b>Support Level</b>			
	S1	155.8	S2	154.2
Outlook: Slightly bullish				

<b>USD/MYR</b> 	<b>Resistance Level</b>			
	R1	4.098	R2	4.144
	<b>Support Level</b>			
	S1	4.027	S2	4.001
Outlook: Slightly bullish				

<b>GBP/USD</b> 	<b>Resistance Level</b>			
	R1	1.350	R2	1.360
	<b>Support Level</b>			
	S1	1.334	S2	1.328
Outlook: Neutral				


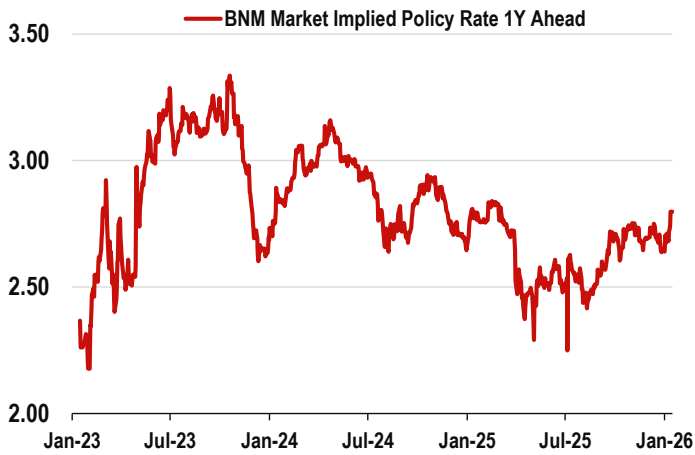
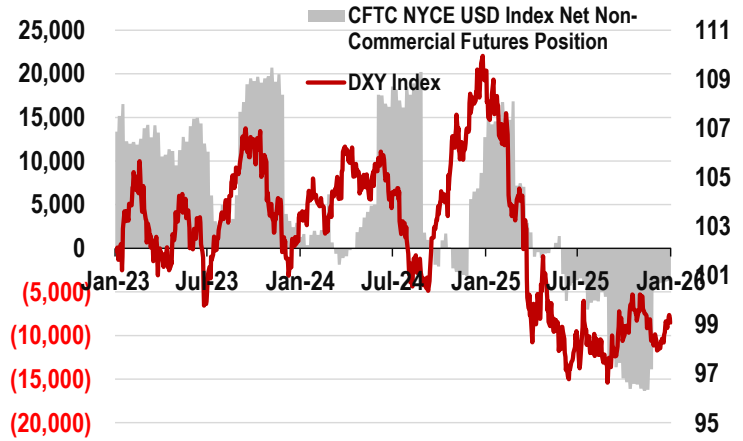
<b>AUD/USD</b> 	<b>Resistance Level</b>			
	R1	0.673	R2	0.677
	<b>Support Level</b>			
	S1	0.666	S2	0.663
Outlook: Neutral				

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



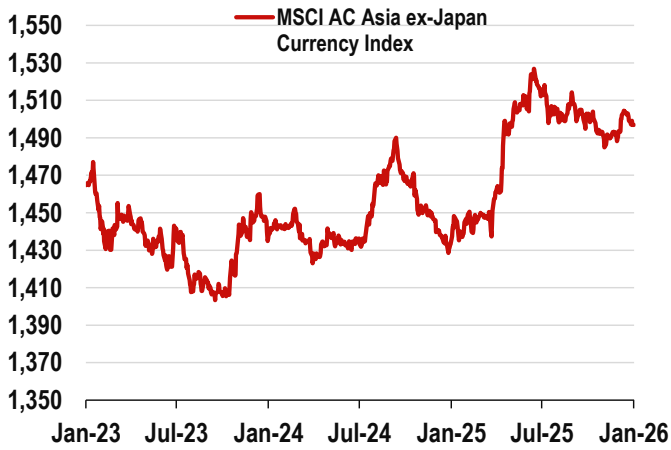
Sources: BPAM, AmBank Economics

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



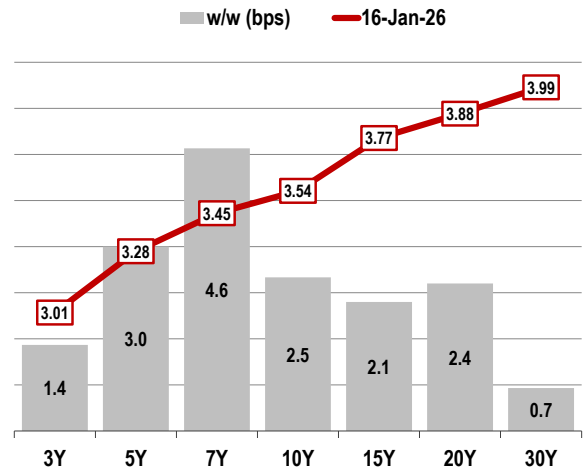
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



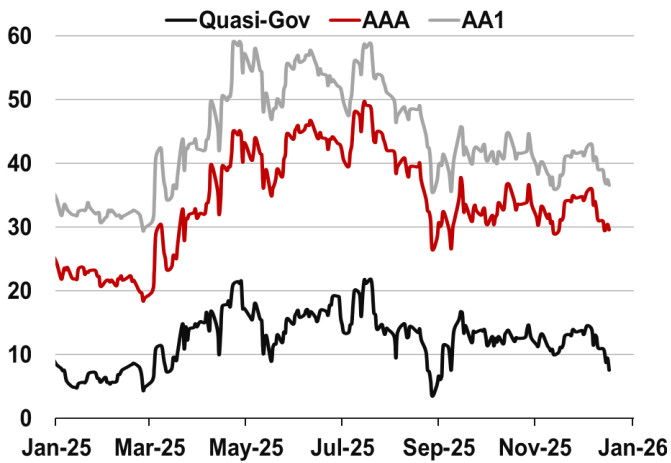
Sources: Bloomberg, AmBank Economics

Exhibit 4: MGS w/w yield curve changes



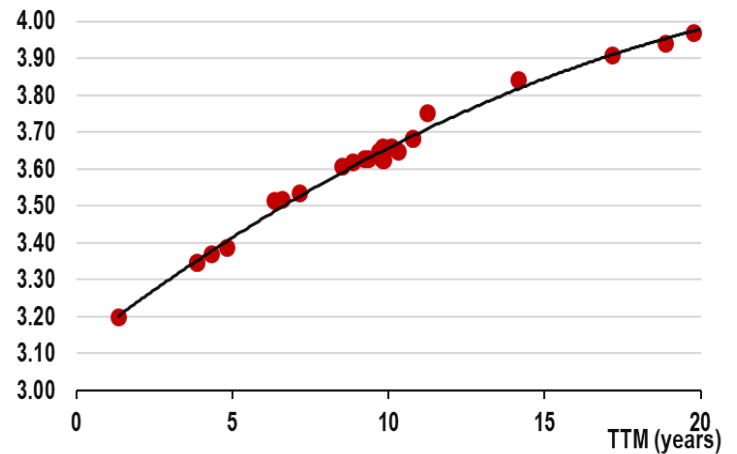
Sources: BNM, BPAM, Bloomberg, AmBank Economics  
Using the MGIY ticker on Bloomberg

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



Sources: Bloomberg, AmBank Economics

Exhibit 6: Latest Danainfra curve (GG)



Sources: BNM, BPAM, Bloomberg, AmBank Economics

## Macroeconomic Data/Events Calendar (19 January 2026 – 23 January 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-01-19	12:30	JP	Tertiary Industry Index MoM	Nov	%	0.0	0.9
<b>2026-01-19</b>	<b>10:00</b>	<b>CH</b>	<b>GDP YoY</b>	<b>4Q</b>	<b>%</b>	<b>4.5</b>	<b>4.8</b>
2026-01-19	10:00	CH	Retail Sales YoY	Dec	%	1.0	1.3
2026-01-19	10:00	CH	Industrial Production YoY	Dec	%	5.0	4.8
<b>2026-01-19</b>	<b>18:00</b>	<b>EU</b>	<b>CPI YoY</b>	<b>Dec F</b>	<b>%</b>	<b>2.0</b>	<b>2.0</b>
2026-01-19	18:00	EU	CPI MoM	Dec F	%	0.2	0.2
2026-01-20	15:00	UK	ILO Unemployment Rate 3Mths	Nov	%	5.0	5.1
2026-01-20	15:00	UK	Claimant Count Rate	Dec	%	-	4.4
2026-01-20	15:00	UK	Jobless Claims Change	Dec	k	-	20.1
2026-01-21	15:00	UK	CPI MoM	Dec	%	0.4	(0.2)
<b>2026-01-21</b>	<b>15:00</b>	<b>UK</b>	<b>CPI YoY</b>	<b>Dec</b>	<b>%</b>	<b>3.3</b>	<b>3.2</b>
2026-01-21	15:00	UK	CPI Core YoY	Dec	%	3.3	3.2
2026-01-21	20:00	US	MBA Mortgage Applications	Jan 16	%	-	28.5
2026-01-21	23:00	US	Construction Spending MoM	Oct	%	0.1	-
2026-01-22	21:30	US	GDP Annualized QoQ	3Q T	%	4.3	4.3
2026-01-22	21:30	US	Initial Jobless Claims	Jan 17	k	210.0	198.0
2026-01-22	23:00	US	Personal Income	Nov	%	0.4	-
2026-01-22	23:00	US	Personal Spending	Nov	%	0.5	-
<b>2026-01-22</b>	<b>08:30</b>	<b>AU</b>	<b>Employment Change</b>	<b>Dec</b>	<b>k</b>	<b>27.0</b>	<b>(21.3)</b>
2026-01-22	08:30	AU	Unemployment Rate	Dec	%	4.4	4.3
<b>2026-01-22</b>	<b>15:00</b>	<b>MY</b>	<b>BNM Overnight Policy Rate</b>	<b>Jan 22</b>	<b>%</b>	<b>2.75</b>	<b>2.75</b>
<b>2026-01-23</b>	<b>-</b>	<b>JP</b>	<b>BOJ Target Rate</b>	<b>Jan 23</b>	<b>%</b>	<b>0.75</b>	<b>0.75</b>
2026-01-23	07:30	JP	Natl CPI YoY	Dec	%	2.1	2.9
2026-01-23	08:30	JP	S&P Global Japan PMI Mfg	Jan P		-	50.0
2026-01-23	17:00	EU	HCOB Eurozone Manufacturing PMI	Jan P		49.2	48.8
2026-01-23	15:00	UK	Retail Sales Inc Auto Fuel MoM	Dec	%	0.0	(0.1)
2026-01-23	17:30	UK	S&P Global UK Services PMI	Jan P		51.7	51.4
2026-01-23	17:30	UK	S&P Global UK Manufacturing PMI	Jan P		50.6	50.6
2026-01-23	22:45	US	S&P Global US Manufacturing PMI	Jan P		52.0	51.8
2026-01-23	23:00	US	Leading Index	Nov	%	(0.2)	(0.3)
2026-01-23	23:00	US	U. of Mich. Sentiment	Jan F		54.0	54.0
2026-01-23	05:45	NZ	CPI QoQ	4Q	%	0.4	1.0
2026-01-23	13:00	SG	CPI YoY	Dec	%	1.2	1.2

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