AmBank Group

AmBank Economics

Market Wrap-up for the Week ended 23 January 2026

Weekly Fixed Income & FX Research Commentary

Fed meeting this week, but markets waiting for clarity of FOMC make-up post Powell.

Monday, 26 January 2026

Snapshot Summary…

Global Rates: Bonds dip ahead of FOMC.

MYR Bonds: Levels trying to re-test below 3.50%.

Global FX: DXY fell 1.8% w/w amid continued investors' worries on US. G10 currencies rallied 1.5-3.4% against the USD, led by the NZD.

USD/MYR: MYR strengthened 1.2% w/w, outperforming all Asian FX (excluding the JPY) amid fading geopolitical risks and firm Malaysia data.

Fixed Income

Global Bonds: US bonds weakened w/w despite yields consolidating lower late last week ahead of this week's FOMC meeting. Bonds fell as the expectation is that the Fed will neither cut rates this month (27-28 January) or at the next meeting in March (17-18 March), supplemented by upbeat data last week including US GDP at an annualised 4.4% in 3Q2025 (consensus: 4.3%), as well as slight decline in jobless claims. Bond sentiment was also weak due to geopolitical risks including the US-Europe mess regarding Greenland. Meanwhile, JGB yields continued to rise as the fiscal-expansionary-leaning PM Takaichi eyed elections to consolidate the government's political standing. UK yields surged amid higher-than-expected CPI while BOE's Megan Greene suggested slowing wage growth declines.

Malaysia Government Bonds: Bonds fell due mostly to global risk aversion, and cautious sentiment on the back of higher-than-expected CPI (on the heels of prior week release of upbeat 4Q2025 GDP release). However, late gains were noted as there was relief in global risk appetite and post the January MPC meeting, which sounded balanced in outlook. 10Y MGS re-test below 3.50% is possible but we think market may turn cautious at 3.47% (50% retracement from December 2025 highs).

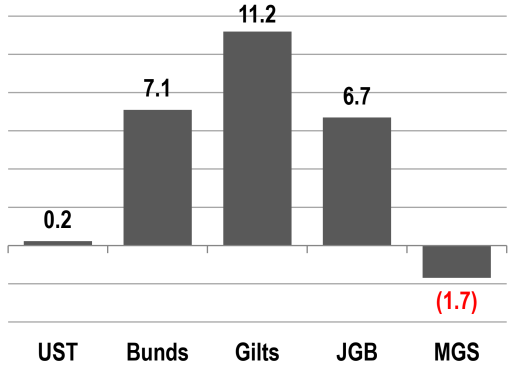
Malaysia Government Bonds View: We still await auction details for new 30Y GII (GII 01/56), which will further test long bond demand. The lack of fiscal policy worries and expected benign inflationary pressure ought to support the next auction demand, especially if levels re-test 3.55%. The next auction could also be an issuance under the Khadramat structure.

Malaysia Corporate Bonds: Onshore credits performed mixed. Gains mostly seen on quasi-government names while AAA and AA segment was mixed. Profit-taking and yield realignment remained in select names. Indicative AAA and AA1 curves shifted 1-3 bps higher.

Forex

DXY Index: DXY collapsed a massive 1.8% w/w, paring gains accrued year-to-date, while G10 currencies fetched up to 3.4% in gains vs. the USD. Though US-EU and Fed risks have receded and there weren't any significant US/Trump-driven announcements for the week, underlying fears

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	23-Jan-26	16-Jan-26	w/w (bps)
2-year UST	3.59	3.59	1
10-year UST	4.23	4.22	0
2-year Bund	2.13	2.11	2
10-year Bund	2.91	2.84	7
2-year Gilt	3.73	3.67	6
10-year Gilt	4.51	4.40	11
2-year JGB	1.25	1.21	4
10-year JGB	2.26	2.19	7
2-year AGB	4.18	4.03	15
10-year AGB	4.82	4.71	11

Weekly MGS Yields (%)

MGS Yields	23-Jan-26	16-Jan-26	w/w (bps)
3-year	3.04	3.01	3
5-year	3.30	3.28	2
7-year	3.47	3.45	2
10-year	3.53	3.54	(2)
15-year	3.81	3.77	4
20-year	3.96	3.88	8
30-year	4.02	3.99	3

Weekly GII Yields (%)

GII Yields	23-Jan-26	16-Jan-26	w/w (bps)
3-year	3.13	3.11	2
5-year	3.30	3.28	2
7-year	3.39	3.36	3
10-year	3.55	3.54	1
15-year	3.83	3.75	8
20-year	3.92	3.87	5

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	23-Jan-26	16-Jan-26	w/w (bps)
IRS 3-Year	3.36	3.37	(1)
IRS 5-Year	3.46	3.47	(1)
IRS 7-Year	3.55	3.55	0
IRS 10-Year	3.69	3.69	0
3-Month KLIBOR	3.23	3.25	(2)
6-Month KLIBOR	3.27	3.29	(2)

remain of continued executive attacks on the US's institutions and its guardrails, fueling further diversification efforts away from the US. However, fading appetite for USD assets during the week were primarily expressed through FX channels, as UST saw better support amid the batch of US data that generally fared better-than-expected, including S&P PMI, UOM consumer sentiment, 3Q2025 GDP revision, consumer spending, and jobless claims data. Up ahead is the Fed's first FOMC meeting for the year, with Trump to also potentially select his preferred candidate for the next Fed chair this week amid Governor Stephen Miran's coming term end.

Europe: EUR and GBP rose 2.0% w/w, driven primarily by fading strength of the greenback. EUR (and CHF) remain key beneficiaries of safe-haven flows away from the US due to deep liquidity in financial markets, strong economic integration, and perceived lack of other global alternatives. This comes as S&P PMI data indicate euro area activity expanding faster-than-expanding in January, further supporting market views of no ECB rate cuts this year. Trump also announced he would refrain from imposing tariffs on EU nations following talks with NATO's Secretary-General, while the EU also suspended retaliatory trade measures until August. In the UK, hawkish comments from BOE policymaker Greene and hot economic data (S&P PMI, and inflation) also supported the GBP, though excessive hawkish BOE sentiment was kept in check by slowing growth in annual wage growth, which suggests disinflationary pressure for the UK ahead.

APAC: JPY rose 1.5% w/w. Initially trading within a tight range during the week, the JPY saw a sharp 1.7% appreciation on Friday, supported by heightened risks of joint FX intervention by Japan and US authorities. Meanwhile, though the BOJ kept policy rates unchanged at 0.75% as expected, its upward revisions to several inflation forecasts amid recent yen weakness suggest a hawkish tilt and more rate hikes soon. AUD saw a sharp 3.2% appreciation w/w, supported by easing market risk sentiment and strong local jobs data, which fared well above market estimates. The robust result, along with rising household spending, suggests the economy is accelerating faster than expected, prompting markets to raise their bets of an RBA rate hike to 73% by March (prior: 35%). The AUD also tracked better NZD gains on its improving economic outlook, rising inflation profile, and a less dovish RBNZ Governor.

Malaysia: Supported by USD weaknesses, USD/MYR (-1.2%) closed just shy of the 4.00 level on Friday, though a breach was seen this morning (26 January) at 3.97-3.98. At +1.2% w/w, the MYR outperformed all Asian currencies during the week (excluding the JPY), which we attribute to the short-term fading of geopolitical risks, the recent batch of strong Malaysia data (GDP, trade, and inflation), and the balanced tone from BNM's MPC meeting – keeping interest rate expectations tilted slightly towards a rate hike in the coming year instead. Nevertheless, we reiterate our view for the OPR to remain unchanged for the remaining year, with inflation expected to remain moderate amid subdued energy prices and the strong ringgit tempering imported inflation.

Indicative PDS Yields (%)

PDS Indicative Yields	23-Jan-26	16-Jan-26	w/w (bps)
3-Year AAA	3.53	3.52	1
3-Year AA	3.68	3.67	1
3-Year A	4.46	4.45	0
5-Year AAA	3.61	3.60	1
5-Year AA	3.77	3.75	1
5-Year A	4.60	4.59	1
10-Year AAA	3.78	3.78	0
10-Year AA	3.93	3.92	1
10-Year A	4.98	4.97	0

FX Weekly – vs. USD

FX Against USD	23-Jan-26	16-Jan-26	w/w (%)
DXY Index	97.60	99.39	(1.8)
EUR/USD	1.183	1.160	2.0
AUD/USD	0.689	0.668	3.2
GBP/USD	1.364	1.338	2.0
USD/JPY	155.7	158.1	(1.5)
NZD/USD	0.595	0.575	3.4
USD/MYR	4.007	4.058	(1.2)
USD/IDR	16,822	16,885	(0.4)
USD/THB	31.20	31.40	(0.7)
USD/SGD	1.273	1.289	(1.3)
USD/CNY	6.963	6.970	(0.1)
USD/KRW	1,464	1,475	(0.7)
USD/INR	91.96	90.87	1.2
USD/PHP	59.09	59.35	(0.5)

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	23-Jan-26	16-Jan-26	w/w (%)
EUR/MYR	4.70	4.71	(0.2)
GBP/MYR	5.42	5.44	(0.3)
AUD/MYR	2.74	2.72	0.8
JPY/MYR	2.57	2.57	0.3
SGD/MYR	3.13	3.15	(0.6)
10 CNY/MYR	5.75	5.82	(1.2)
1 million IDR/MYR	238.20	240.30	(0.9)
THB/MYR	12.84	12.92	(0.7)
100 INR/MYR	4.35	4.46	(2.5)
100 PHP/MYR	6.78	6.84	(0.9)

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

Technical Pair Summary

DXY	Resistance Level			
	R1	98.63	R2	100.16
	Support Level			
	S1	96.33	S2	95.56
	Outlook: Neutral			

EUR/USD	Resistance Level			
	R1	1.199	R2	1.209
	Support Level			
	S1	1.170	S2	1.150
	Outlook: Neutral			

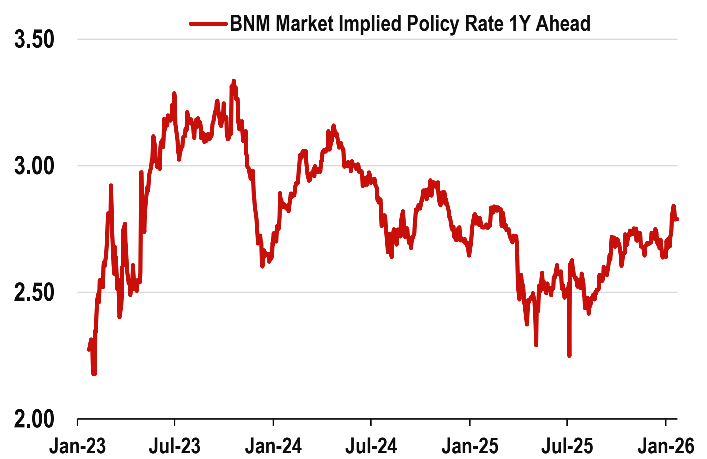
USD/JPY	Resistance Level			
	R1	157.6	R2	160.7
	Support Level			
	S1	153.1	S2	151.5
	Outlook: Slightly bullish			

USD/MYR	Resistance Level			
	R1	4.074	R2	4.141
	Support Level			
	S1	3.973	S2	3.940
	Outlook: Neutral			

GBP/USD	Resistance Level			
	R1	1.378	R2	1.388
	Support Level			
	S1	1.348	S2	1.328
	Outlook: Neutral			

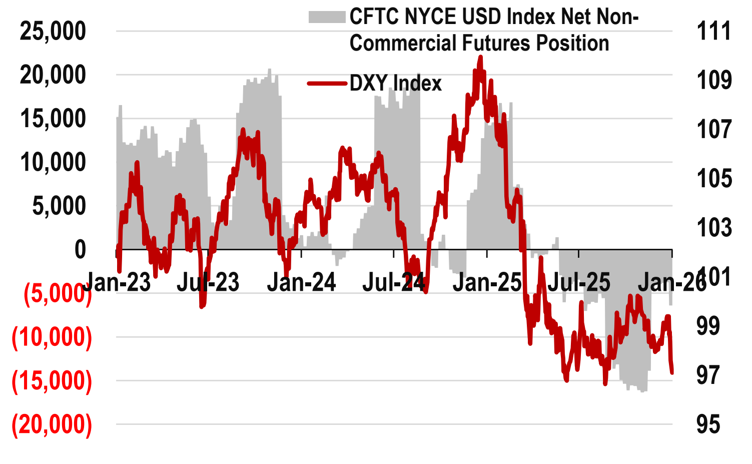
AUD/USD	Resistance Level			
	R1	0.701	R2	0.709
	Support Level			
	S1	0.675	S2	0.659
	Outlook: Neutral			

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



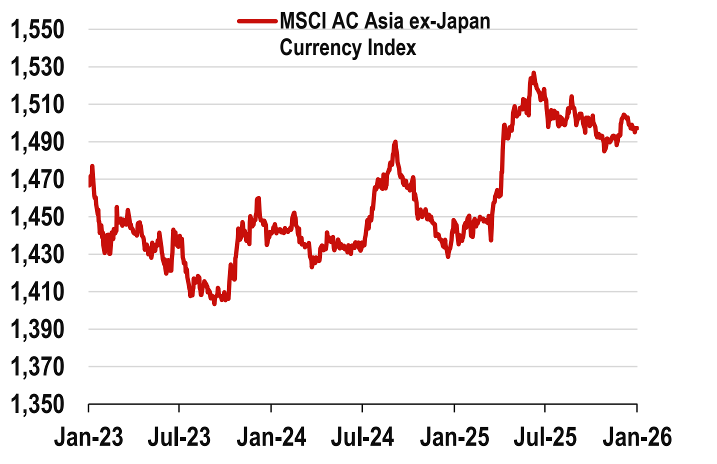
Sources: BPAM, AmBank Economics

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



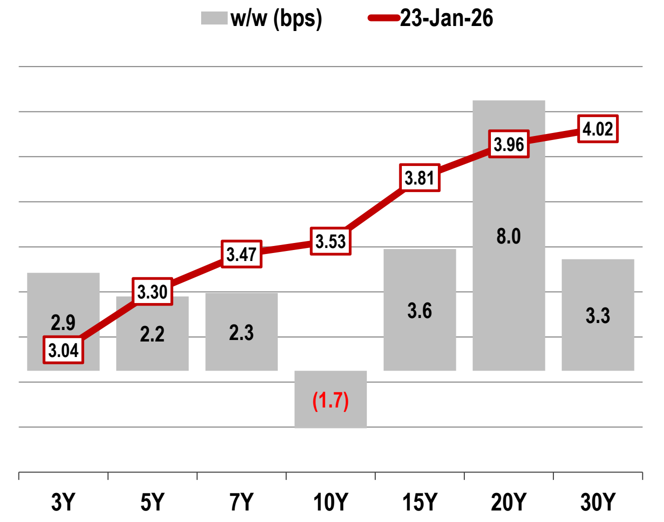
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



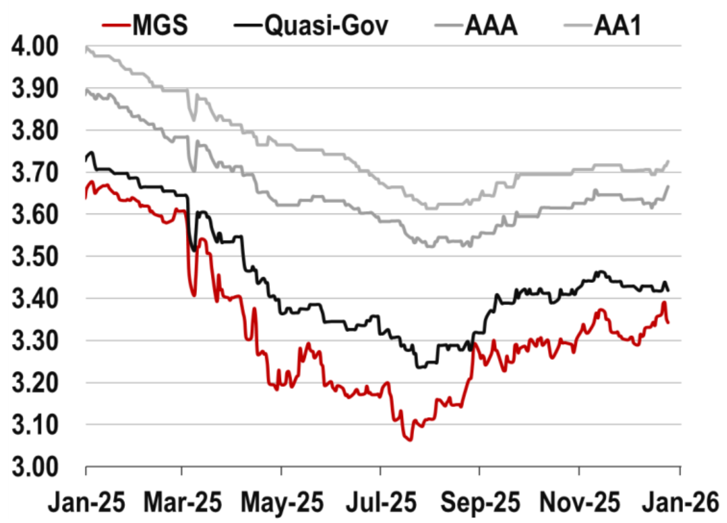
Sources: Bloomberg, AmBank Economics

Exhibit 4: MGS w/w yield curve changes



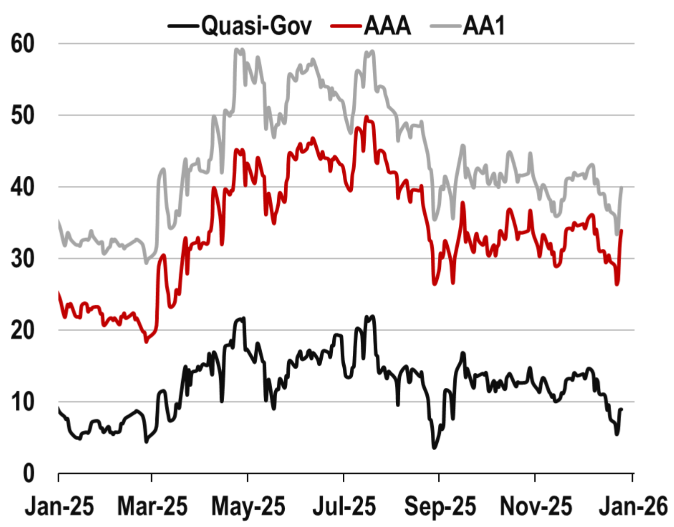
Sources: BNM, BPAM, Bloomberg, AmBank Economics
Using the MGIY ticker on Bloomberg

Exhibit 5: PDS Yields vs. MGS (5Y tenor) (%)



Sources: Bloomberg, AmBank Economics

Exhibit 6: Credit Spreads vs. MGS (5Y tenor) (bps)



Sources: BNM, BPAM, Bloomberg, AmBank Economics

Macroeconomic Data/Events Calendar (26 January 2026 – 30 January 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-01-27	23:00	US	Conf. Board Consumer Confidence	Jan		90.6	89.1
2026-01-28	20:00	US	MBA Mortgage Applications	Jan 23	%	-	14.1
2026-01-28	08:30	AU	CPI QoQ	4Q	%	0.6	1.3
2026-01-29	**03:00**	**US**	**FOMC Rate Decision (Upper Bound)**	**Jan 28**	**%**	**3.75**	**3.75**
2026-01-29	21:30	US	Initial Jobless Claims	Jan 24	k	205.0	200.0
2026-01-29	21:30	US	Trade Balance	Nov	b	(44.2)	(29.4)
2026-01-29	23:00	US	Factory Orders	Nov	%	1.6	(1.3)
2026-01-29	23:00	US	Durable Goods Orders	Nov F	%	-	-
2026-01-29	23:00	US	Wholesale Inventories MoM	Nov F	%	0.2	0.2
2026-01-29	05:45	NZ	Trade Balance NZD	Dec	m	-	(163.0)
2026-01-30	21:30	US	PPI Final Demand MoM	Dec	%	0.2	0.2
2026-01-30	22:45	US	MNI Chicago PMI	Jan		43.5	43.5
2026-01-30	**07:30**	**JP**	**Tokyo CPI Ex-Fresh Food YoY**	**Jan**	**%**	**2.2**	**2.3**
2026-01-30	07:30	JP	Jobless Rate	Dec	%	2.6	2.6
2026-01-30	07:30	JP	Job-To-Applicant Ratio	Dec		1.2	1.2
2026-01-30	07:50	JP	Industrial Production MoM	Dec P	%	(0.4)	(2.7)
2026-01-30	17:30	UK	Mortgage Approvals	Dec	k	64.8	64.5
2026-01-30	18:00	EU	GDP SA QoQ	4Q A	%	0.2	0.3
2026-01-30	**18:00**	**EU**	**GDP SA YoY**	**4Q A**	**%**	**1.3**	**1.4**
2026-01-31	09:30	CH	Manufacturing PMI	Jan		50.2	50.1

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