



Weekly Fixed Income & FX Research Commentary

Hawkish FOMC minutes, US tariff developments and data all jolt markets last week.

Monday, 23 February 2026

Snapshot Summary...

Global Rates: UST yields received a jolt from hawkish turn in the FOMC minutes. High PCE inflation data added further pressure on UST.

MYR Bonds: Strong macroeconomic data poses longer term risks on MGS, for now. We maintain our view of 10Y MGS at 3.50% 1Q2026.

Global FX: DXY up 0.9% w/w on hawkish FOMC minutes, though reversal expected this week on Supreme Court tariff ruling.

USD/MYR: MYR held resilient despite USD strength. Gains expected this week amid tailwind of USD weaknesses and resilient Malaysia data.

Fixed Income

Global Bonds: UST pared gains to close moderately firmer w/w. Late weakness was reaction to the US Supreme Court ruling that the US tariffs are illegal. The market also reacted to the higher core PCE inflation at 3.0% in December 2025 vs 2.9% consensus. The market reacted as well to the FOMC minutes where there was discussion of a rate hike, to counter inflation risks. The midweek dip in yields (10Y UST low was just below 4.03%) was due to geopolitical risks amid reported US military buildup in the Middle East even despite the US-Iran nuclear talks.

Malaysia Government Bonds: Ringgit government bonds posted a modest gain w/w even amid the CNY midweek break and mostly light trading flows. In any case, yields were down 1-2 bps w/w while IRS rates were about 1 bps lower. Rates are far from pricing in a hawkish BNM, despite the notably strong data last few weeks, comprising the 4Q2025 GDP (6.3% y/y) and recent rise in Malaysia's CPI (1.6% y/y in December 2025 and January 2026).

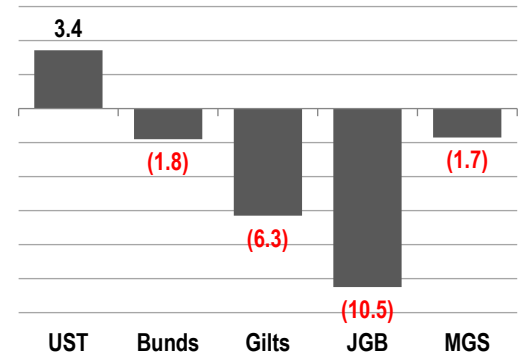
Malaysia Government Bonds View: Hence, our expectation remains that the OPR will stay at 2.75% for the remainder of the year. We thus *maintain our 1Q2026 10Y MGS forecast yield of 3.50% and 3Y MGS at 3.00%*.

Malaysia Corporate Bonds: As for ringgit PDS, indicative yields were slightly down to follow better MGS demand and IRS receiving. However, trading interest was thin at average flow less than MYR250 billion per day last week.

Forex

DXY Index: DXY closed 0.9% up w/w between 13 and 20 February. Supporting USD strength last week was the Fed's FOMC meeting minutes, as Fed officials judged that downside risks to the labour market has eased, while noting inflation risks remained tilted to the upside. Some officials also cautioned that further easing may undermine policy credibility, putting an overall more hawkish tone than market expected. US data was relatively directionless in comparison for the USD, with the acceleration in US PCE inflation in contrast to the earlier flat/declining CPI inflation data; and

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	20-Feb-26	13-Feb-26	w/w (bps)
2-year UST	3.48	3.41	7
10-year UST	4.08	4.05	3
2-year Bund	2.05	2.04	2
10-year Bund	2.74	2.76	(2)
2-year Gilt	3.58	3.59	(2)
10-year Gilt	4.35	4.42	(6)
2-year JGB	1.26	1.29	(3)
10-year JGB	2.12	2.23	(11)
2-year AGB	4.24	4.24	(0)
10-year AGB	4.73	4.75	(2)

Weekly MGS Yields (%)

MGS Yields	20-Feb-26	13-Feb-26	w/w (bps)
3-year	3.06	3.06	0
5-year	3.30	3.30	(0)
7-year	3.45	3.46	(1)
10-year	3.53	3.55	(2)
15-year	3.80	3.80	(0)
20-year	3.95	3.95	(0)
30-year	4.04	4.04	0

Weekly GII Yields (%)

GII Yields	20-Feb-26	13-Feb-26	w/w (bps)
3-year	3.10	3.10	(0)
5-year	3.28	3.28	(0)
7-year	3.37	3.37	0
10-year	3.54	3.54	(1)
15-year	3.83	3.83	0
20-year	3.97	3.98	(1)

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	20-Feb-26	13-Feb-26	w/w (bps)
IRS 3-Year	3.33	3.35	(1)
IRS 5-Year	3.43	3.44	(1)
IRS 7-Year	3.53	3.54	(1)
IRS 10-Year	3.69	3.70	(1)
3-Month KLIBOR	3.23	3.23	0
6-Month KLIBOR	3.27	3.27	0

4Q2025 GDP data significantly missing estimates. Meanwhile, big news over Friday-Sunday was the US Supreme Court's ruling that voided most of the US's 'reciprocal' tariffs. Trump responded with a 10% global tariffs under a separate Section 122 of the 1974 Trade Act (150-day limit effective 24 February) – and subsequently raised it to a 15% rate. Besides significant uncertainties related to tariff rates and trade deals completed, the Court's decision may also expose the Trump administration to up to USD170 billion in tariff-refunds for US businesses, though this remains uncertain for now. Amid further US-driven risk events, the USD was seen down 0.2-0.5% against G10 and regional ASEAN currencies this morning (23 February).

Europe: EUR and GBP fell 0.7% and 1.3% w/w respectively. The past week saw investors digesting stronger-than-expected Eurozone PMI data, which anchored EUR strength relative to G10 peers, though some uncertainties regarding ECB President Christine Lagarde's decision to stay/remain with the central bank drove some volatility intraweek – though this was ultimately quelled with her remarks that she intends to complete her term as planned. Though the UK also posted a strong batch of data (S&P PMI, retail sales, and a record public sector surplus for January), we think GBP lagged its EUR peer owing to continued political risks in the UK.

APAC: JPY fell 1.5% w/w. Besides mean-reversion from earlier gains post-Takaichi's victory in Lower House elections, softer inflation data for Japan also suggest less urgency for BOJ rate hikes – especially amid earlier lackluster economic data in 4Q2025. Headline inflation fell to 1.5% in January (prior: 2.1%) while core inflation fell to the BOJ's 2% target – their slowest pace in two-three years, though these were mainly driven by government fiscal measures to ease cost-of-living pressures. Meanwhile, the AUD remained resilient amid earlier bullish Australia data, with markets still assigning a 76% probability of another RBA rate hike within the next two meetings. While the RBA will likely tune to incoming January CPI data and 4Q2025 GDP data for guidance, the AUD will also likely take direction from recent US tariff uncertainties – which are likely a negative for the high beta currency.

Malaysia: MYR managed a 0.1% w/w gain against the USD despite broader USD strength last week, indicating further momentum for the bullish ringgit phenomenon – especially with the tailwind of USD weaknesses from US Supreme Court ruling. Domestically, local factors underpinning MYR strength were several datapoints last week including: 1) Upward revisions to 4Q2025 GDP growth at 6.3% y/y (consensus: 5.7%; earlier estimate: 5.7%; 3Q2025: 5.4%) driven by notable upside in the services sector, 2) Resilient trade performance in January 2026 underpinned by continued E&E sector performance, and 3) Headline inflation that remained steady. We also note lower liquidity for the week due to public holidays, though activity levels are expected to resume back to USD20-22 billion/day ahead.

Indicative PDS Yields (%)

PDS Indicative Yields	20-Feb-26	13-Feb-26	w/w (bps)
3-Year AAA	3.53	3.54	(1)
3-Year AA	3.68	3.69	(1)
3-Year A	4.48	4.49	(0)
5-Year AAA	3.61	3.62	(1)
5-Year AA	3.76	3.77	(1)
5-Year A	4.64	4.65	(1)
10-Year AAA	3.79	3.79	(0)
10-Year AA	3.93	3.94	(1)
10-Year A	5.04	5.04	(0)

FX Weekly – vs. USD


FX Against USD	20-Feb-26	13-Feb-26	w/w (%)
DXY Index	97.80	96.92	0.9
EUR/USD	1.178	1.187	(0.7)
AUD/USD	0.708	0.707	0.1
GBP/USD	1.348	1.365	(1.3)
USD/JPY	155.1	152.7	1.5
NZD/USD	0.598	0.604	(1.0)
USD/MYR	3.903	3.908	(0.1)
USD/IDR	16,873	16,839	0.2
USD/THB	31.19	31.08	0.4
USD/SGD	1.267	1.263	0.3
USD/CNY	6.905	6.905	0.0
USD/KRW	1,447	1,444	0.2
USD/INR	90.99	90.64	0.4
USD/PHP	58.15	58.02	0.2


FX Weekly – Cross Rates vs. MYR


Cross FX Against MYR	20-Feb-26	13-Feb-26	w/w (%)
EUR/MYR	4.59	4.64	(1.0)
GBP/MYR	5.26	5.32	(1.3)
AUD/MYR	2.76	2.76	(0.3)
JPY/MYR	2.52	2.56	(1.7)
SGD/MYR	3.08	3.09	(0.6)
10 CNY/MYR	5.65	5.66	(0.1)
1 million IDR/MYR	231.00	232.10	(0.5)
THB/MYR	12.52	12.56	(0.3)
100 INR/MYR	4.29	4.32	(0.7)
100 PHP/MYR	6.71	6.74	(0.4)


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


Technical Pair Summary

DXY 	Resistance Level			
	R1	98.17	R2	98.90
	Support Level			
	S1	96.46	S2	95.49
Outlook: Bearish				

EUR/USD 	Resistance Level			
	R1	1.199	R2	1.215
	Support Level			
	S1	1.172	S2	1.161
Outlook: Slightly bullish				

USD/JPY 	Resistance Level			
	R1	156.8	R2	159.5
	Support Level			
	S1	151.8	S2	149.5
Outlook: Bullish				

USD/MYR 	Resistance Level			
	R1	4.010	R2	4.135
	Support Level			
	S1	3.823	S2	3.761
Outlook: Bullish				

GBP/USD 	Resistance Level			
	R1	1.376	R2	1.400
	Support Level			
	S1	1.338	S2	1.323
Outlook: Slightly bullish				


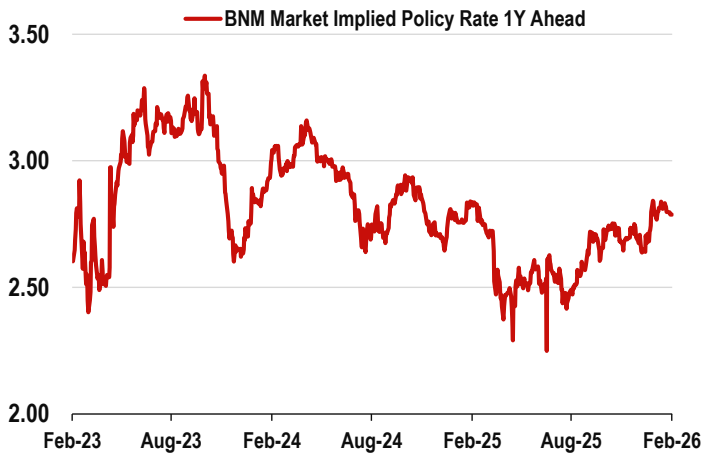
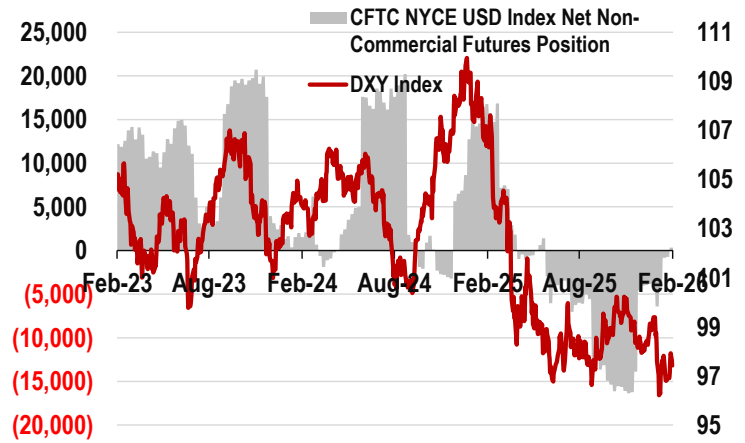
AUD/USD 	Resistance Level			
	R1	0.717	R2	0.725
	Support Level			
	S1	0.697	S2	0.685
Outlook: Neutral				

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



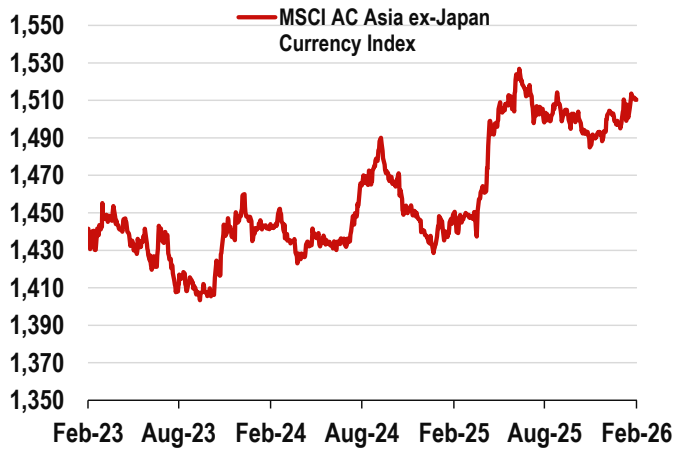
Sources: BPAM, AmBank Economics

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



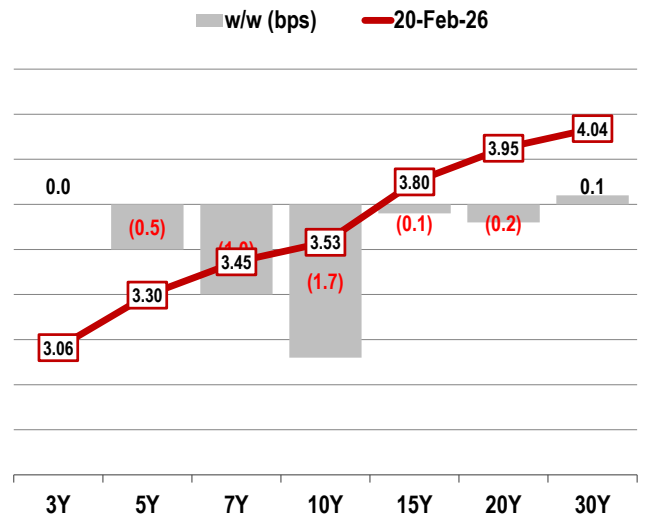
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



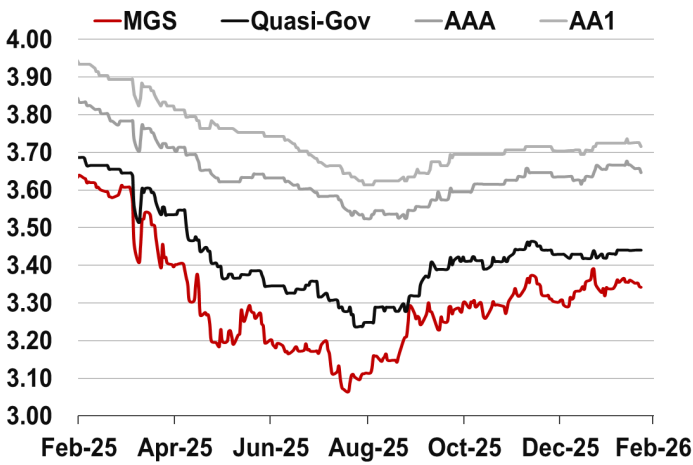
Sources: Bloomberg, AmBank Economics

Exhibit 4: MGS w/w yield curve changes



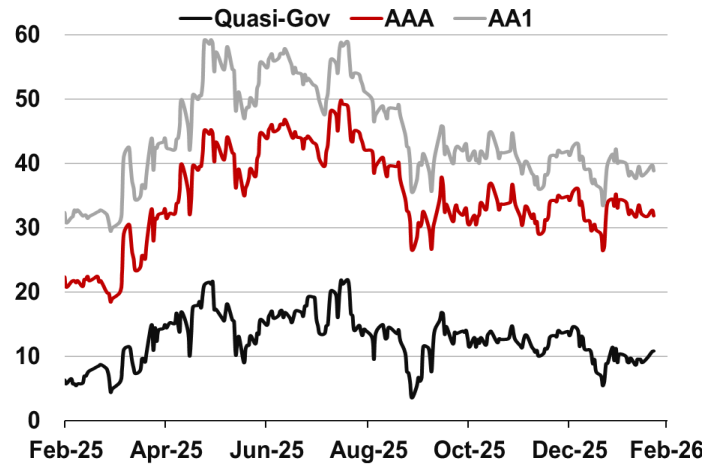
Sources: BNM, BPAM, Bloomberg, AmBank Economics
Using the MG1Y ticker on Bloomberg

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 (23 February 2026 – 27 February 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-02-23	23:00	US	Durable Goods Orders	Dec F	%	(1.4)	(1.4)
2026-02-24	23:00	US	Conf. Board Consumer Confidence	Feb		87.0	84.5
2026-02-24	23:00	US	Wholesale Inventories MoM	Dec F	%	0.2	0.2
2026-02-25	20:00	US	MBA Mortgage Applications	Feb 20	%	-	2.8
2026-02-25	18:00	EU	CPI YoY	Jan F	%	1.7	1.7
2026-02-25	18:00	EU	CPI MoM	Jan F	%	(0.5)	(0.5)
2026-02-26	13:00	SG	Industrial Production YoY	Jan	%	12.9	8.3
2026-02-26	21:30	US	Initial Jobless Claims	Feb 21	k	215.0	206.0
2026-02-27	21:30	US	PPI Final Demand MoM	Jan	%	0.3	0.5
2026-02-27	22:45	US	MNI Chicago PMI	Feb		52.4	54.0
2026-02-27	23:00	US	Construction Spending MoM	Dec	%	0.2	-
2026-02-27	07:30	JP	Tokyo CPI Ex-Fresh Food YoY	Feb	%	1.7	2.0
2026-02-27	07:50	JP	Industrial Production MoM	Jan P	%	5.6	(0.1)

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