



Weekly Fixed Income & FX Research Commentary

Central banks on watch this week amid rising global stagflation risks.

Monday, 16 March 2026

Snapshot Summary...

Global Rates: UST curve bear-flattened for a second week running as the war in the Middle East threatened to worsen and Brent surged to over USD100 per barrel.

MYR Bonds: Focusing on the primary market may be more beneficial in the short term, but look at WI quotes for reassurance.

Global FX: DXY reclaimed 100.0 handle after another 1.4% w/w rise, driven by USD's safe-haven role and the US's energy dominance.

USD/MYR: MYR rose 0.3% despite broad-based greenback strength, underscoring Malaysia's net energy exporter profile.

Fixed Income

Global Bonds: The UST yield curve bear-flattened for a second week running as the war in the Middle East threatened to worsen, and Brent had surged to over USD100 per barrel. Losses were pared after PCE data came in at 0.3% m/m in January (December: +0.4%). With bond investors now firmly in the oil market's grip, they will look to the Fed's FOMC meeting this week for its assessment of stagflationary risks ahead.

Malaysia Government Bonds: Government bonds weakened amid concerns over global and local inflation stemming from the war in the Middle East, which spiked global oil prices. Meanwhile, local print of the PPI accentuated the worry. The local PPI was 5.9% y/y in January, up from 4.8% in December.

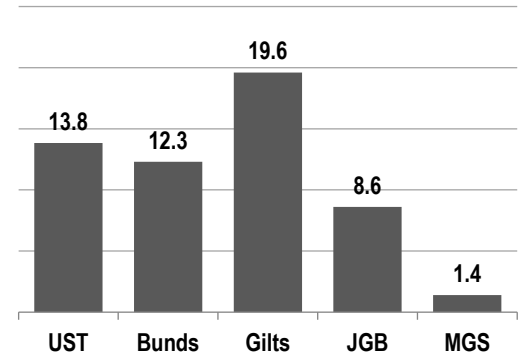
Malaysia Government Bonds View: We agree there is uncertainty over the fiscal budget for this year, as last week the government approved a MYR8.4 billion supplementary budget for opex, as well as news of an increase in the allocation for RON95 and diesel subsidies, totalling MYR3.2 billion/month from MYR0.7 billion/month. *However, as secondary MGS trading may remain volatile in the short term, a shift in focus towards the primary market may be more beneficial. The next two auctions are the new issue of 7Y GII (GII 03/33) and the reopening of 30Y MGS (MGS 07/55). For now, MGS 07/55 if WI are quoted near 4.10%, then they should gather decent interest.*

Malaysia Corporate Bonds: In the corporate bond space, we noted indicative yields were generally higher, mirroring the MGS down sentiment. Higher-grade GGs and AAAs, as well as select AA names, led flows, including bank papers, due to profit-taking after their recent rallies.

Forex

DXY Index: The DXY is up another 1.4% w/w as the US-Iran war enters its 2nd week with little sign of de-escalation (1st week: +1.4%), while the USD strengthens 0.7-3.2% against G10 peers. USD supremacy vs peers reflects two phenomena – the USD's role as a safe-haven currency (due to deep

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	13-Mar-26	6-Mar-26	w/w (bps)
2-year UST	3.72	3.56	16
10-year UST	4.28	4.14	14
2-year Bund	2.44	2.31	13
10-year Bund	2.98	2.86	12
2-year Gilt	4.13	3.87	26
10-year Gilt	4.82	4.63	20
2-year JGB	1.30	1.25	5
10-year JGB	2.26	2.17	9
2-year AGB	4.53	4.38	15
10-year AGB	4.95	4.84	11

Weekly MGS Yields (%)

MGS Yields	13-Mar-26	6-Mar-26	w/w (bps)
3-year	3.20	3.11	9
5-year	3.37	3.35	2
7-year	3.47	3.45	2
10-year	3.56	3.55	1
15-year	3.84	3.80	4
20-year	3.95	3.94	1
30-year	4.05	4.03	2

Weekly GII Yields (%)

GII Yields	13-Mar-26	6-Mar-26	w/w (bps)
3-year	3.19	3.14	5
5-year	3.32	3.30	2
7-year	3.40	3.37	3
10-year	3.56	3.54	2
15-year	3.87	3.83	4
20-year	3.96	3.94	2

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	13-Mar-26	6-Mar-26	w/w (bps)
IRS 3-Year	3.40	3.37	3
IRS 5-Year	3.49	3.46	2
IRS 7-Year	3.60	3.56	4
IRS 10-Year	3.74	3.71	2
3-Month KLIBOR	3.28	3.25	3
6-Month KLIBOR	3.31	3.28	3

and liquid financial markets, including for USTs), and the US's net energy exporter profile – with USD gains reflecting terms-of-trade and current account gains for the weeks/months ahead under a prolonged, elevated energy price regime (which would be in contrast to the net energy importers of EUR, JPY, GBP, etc.). Meanwhile, US headline PCE inflation for January came in at 2.8% y/y, while core inflation inched up to 3.1% y/y, as expected (prior: 3.0%), indicating that disinflation progress had stalled even before the ME conflict. The Trump administration has also opened Section 301 probes into several countries over alleged excess manufacturing capacity and the use of forced labour. It is also poised to announce new trade probes into issues such as the digital services tax and alleged currency manipulation. Meanwhile, several central banks, including the Fed, ECB, BOE, RBA, BOJ, SNB, BOC, and PBOC, are also expected to hold their respective monetary policy meetings this week.

Europe: EUR declines (-1.7% w/w) remain larger than GBP's (-1.4%) for another week (prior week: -1.6% and -0.5% respectively), as the sell-EUR undercurrent persisted amid the Eurozone's greater vulnerability to higher oil prices. The more aggressive repricing of the BOE's interest rate pathway (compared to the ECB) also drove relative GBP strength. Ahead, though both the BOE and ECB are expected to tilt hawkish this week on inflation risks, we think ECB repricing poses a greater risk, with swap markets currently pricing in only one ECB rate hike by July, despite current account vulnerabilities and much lower interest rates.

APAC: JPY fell 1.2% w/w – a decline of which we think remains very limited, given Japan's very high reliance on the Middle East. JPY remains supported, with USD/JPY fast approaching the 160.0 handle, which historically sees actual MOF intervention to contain excessive JPY downside. However, the government has thus far only maintained strong verbal rhetoric. Though the BOJ is expected to keep policy rates unchanged this week amid heightened uncertainty about the Iran war's impact on Japan, markets will be on the lookout for any signs of dovishness from Governor Ueda, given the pre-existing bearish sentiment towards the JPY. Meanwhile, AUD (-0.7%) saw milder declines this week. Markets have aggressively priced in a 63% chance of an RBA rate hike next week (late-February: 10%), as last week's recent hastily-arranged speech by RBA Deputy Governor Hauser (prior to their communication blackout) on inflation risks strongly suggests another rate hike either tomorrow, or the next RBA meeting on 5 May.

Malaysia: MYR managed a 0.3% w/w gain vs the USD despite broad-based dollar strength, a feat achieved by no other Asian FX for the week. Similar to DM currencies, Asian FX performance was marked by each country's current account resilience/vulnerability to higher energy prices, with Malaysia the only net exporter in the region. At the same time, underperformers (PHP, THB, TWD) are expected to see the greatest shock to their current account balances. Meanwhile, BNM said MYR movements remain dictated by market forces, as financial markets have remained orderly. BNM also said financial markets remain strong amid supportive inflows from investors and exporters, though risks remain from a prolonged conflict.

Indicative PDS Yields (%)

PDS Indicative Yields	13-Mar-26	6-Mar-26	w/w (bps)
3-Year AAA	3.54	3.53	1
3-Year AA	3.68	3.67	2
3-Year A	4.51	4.48	3
5-Year AAA	3.62	3.61	1
5-Year AA	3.77	3.75	2
5-Year A	4.66	4.64	3
10-Year AAA	3.79	3.78	1
10-Year AA	3.94	3.93	1
10-Year A	5.05	5.03	2


FX Weekly – vs USD


FX Against USD	13-Mar-26	6-Mar-26	w/w (%)
DXY Index	100.36	98.99	1.4
EUR/USD	1.142	1.162	(1.7)
AUD/USD	0.698	0.703	(0.7)
GBP/USD	1.323	1.341	(1.4)
USD/JPY	159.7	157.8	1.2
NZD/USD	0.577	0.590	(2.1)
USD/MYR	3.938	3.948	(0.3)
USD/IDR	16,944	16,906	0.2
USD/THB	32.30	31.94	1.1
USD/SGD	1.283	1.278	0.4
USD/CNY	6.904	6.905	(0.0)
USD/KRW	1,499	1,488	0.7
USD/INR	92.46	91.75	0.8
USD/PHP	59.74	59.00	1.3


FX Weekly – Cross Rates vs MYR


Cross FX Against MYR	13-Mar-26	6-Mar-26	w/w (%)
EUR/MYR	4.51	4.57	(1.3)
GBP/MYR	5.22	5.26	(0.7)
AUD/MYR	2.77	2.76	0.3
JPY/MYR	2.47	2.50	(1.4)
SGD/MYR	3.07	3.08	(0.2)
10 CNY/MYR	5.71	5.72	(0.1)
1 million IDR/MYR	232.30	233.20	(0.4)
THB/MYR	12.19	12.39	(1.6)
100 INR/MYR	4.26	4.30	(0.9)
100 PHP/MYR	6.60	6.69	(1.3)


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

DXY 	Resistance Level			
	R1	101.33	R2	102.45
	Support Level			
	S1	98.12	S2	96.03
Outlook: Slightly bullish				

EUR/USD 	Resistance Level			
	R1	1.173	R2	1.201
	Support Level			
	S1	1.130	S2	1.114
Outlook: Slightly bearish				

USD/JPY 	Resistance Level			
	R1	161.6	R2	163.9
	Support Level			
	S1	155.2	S2	151.0
Outlook: Bearish				

USD/MYR 	Resistance Level			
	R1	3.968	R2	4.002
	Support Level			
	S1	3.894	S2	3.854
Outlook: Slightly bearish				

GBP/USD 	Resistance Level			
	R1	1.348	R2	1.369
	Support Level			
	S1	1.314	S2	1.302
Outlook: Slightly bearish				


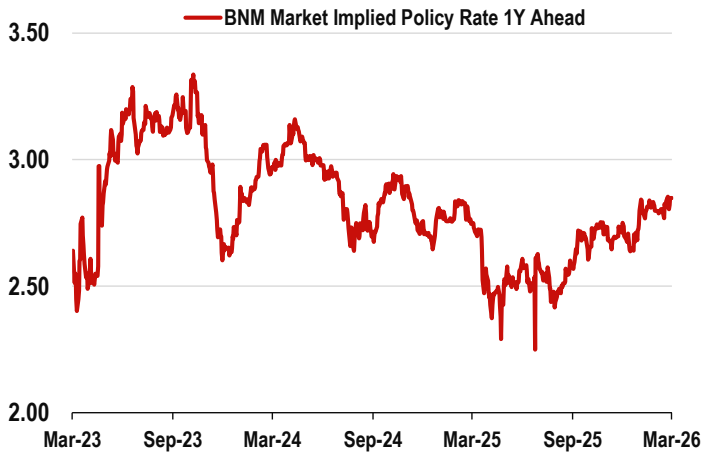
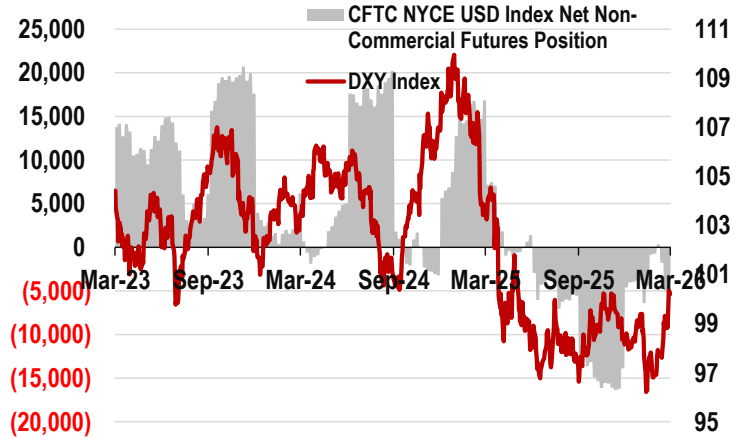
AUD/USD 	Resistance Level			
	R1	0.712	R2	0.722
	Support Level			
	S1	0.695	S2	0.688
Outlook: Slightly bearish				

Exhibit 1: BNM MIPR 1Y Ahead (%)



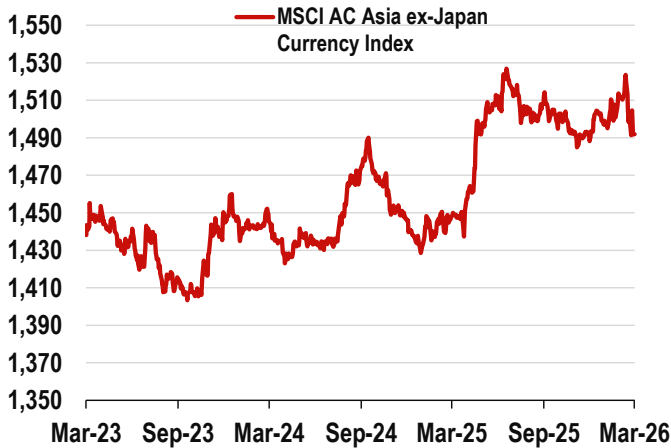
Sources: BPAM, AmBank Economics

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



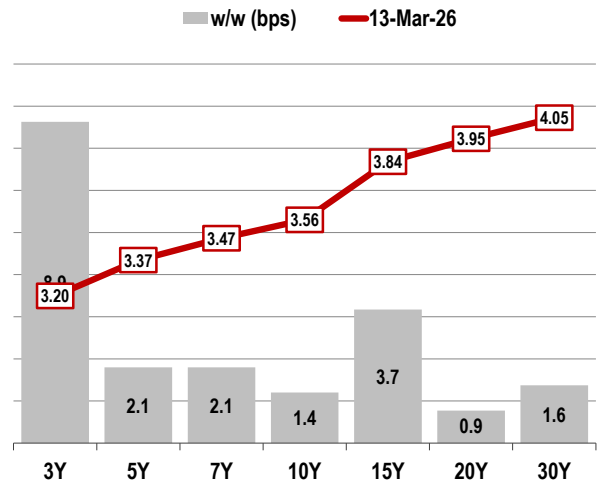
Sources: Bloomberg, AmBank Economics

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

Macroeconomic Data/Events Calendar (16 March 2026 – 23 March 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-03-16	21:15	US	Industrial Production MoM	Feb	%	0.1	0.7
2026-03-17	22:00	US	Leading Index	Feb	%	(0.1)	(0.2)
2026-03-17	05:45	NZ	Food Prices MoM	Feb	%	-	2.5
2026-03-17	08:30	SG	Non-oil Domestic Exports YoY	Feb	%	4.4	9.3
2026-03-17	11:30	AU	RBA Cash Rate Target	Mar 17	%	4.10	3.85
2026-03-17	12:30	JP	Tertiary Industry Index MoM	Jan	%	0.7	(0.5)
2026-03-18	19:00	US	MBA Mortgage Applications	Mar 13	%	-	3.2
2026-03-18	20:30	US	PPI Final Demand MoM	Feb	%	0.3	0.5
2026-03-18	22:00	US	Factory Orders	Jan	%	0.1	(0.7)
2026-03-18	22:00	US	Durable Goods Orders	Jan F	%	0.0	0.0
2026-03-18	18:00	EU	CPI YoY	Feb F	%	1.9	1.9
2026-03-18	18:00	EU	CPI MoM	Feb F	%	0.7	0.7
2026-03-19	02:00	US	FOMC Rate Decision (Upper Bound)	Mar 18	%	3.75	3.75
2026-03-19	20:30	US	Initial Jobless Claims	Mar 14	k	215.0	213.0
2026-03-19	22:00	US	New Home Sales	Jan	k	720.0	745.0
2026-03-19	22:00	US	Wholesale Inventories MoM	Jan F	%	0.2	0.2
2026-03-19	05:45	NZ	GDP SA QoQ	4Q	%	0.4	1.1
2026-03-19	08:30	AU	Employment Change	Feb	k	20.0	17.8
2026-03-19	08:30	AU	Unemployment Rate	Feb	%	4.1	4.1
2026-03-19	-	JP	BOJ Target Rate	Mar 19	%	0.75	0.75
2026-03-19	07:50	JP	Core Machine Orders MoM	Jan	%	(10.4)	19.1
2026-03-19	12:30	JP	Industrial Production MoM	Jan F	%	-	2.2
2026-03-19	21:15	EU	ECB Deposit Facility Rate	Mar 19	%	2.00	2.00
2026-03-19	21:15	EU	ECB Main Refinancing Rate	Mar 19	%	2.2	2.2
2026-03-19	21:15	EU	ECB Marginal Lending Facility	Mar 19	%	2.4	2.4
2026-03-19	15:00	UK	ILO Unemployment Rate 3Mths	Jan	%	5.30	5.20
2026-03-19	15:00	UK	Claimant Count Rate	Feb	%	-	4.4
2026-03-19	15:00	UK	Jobless Claims Change	Feb	k	-	28.6
2026-03-19	20:00	UK	Bank of England Bank Rate	Mar 19	%	3.75	3.75
2026-03-20	05:45	NZ	Trade Balance NZD	Feb	m	-	(519.0)
2026-03-23	22:00	US	Construction Spending MoM	Jan	%	0.1	0.3
2026-03-23	13:00	SG	CPI YoY	Feb	%	-	1.4

AmBank Group Economic Research	
Firdaos Rosli	firdaos.rosli@ambankgroup.com
Nik Ahmad Mukharriz Nik Muhammad	nik-ahmad-mukharriz.n@ambankgroup.com
Lee Si Xin	lee.si-xin@ambankgroup.com
Raja Adibah Raja Hasnan	raja-adibah.r@ambankgroup.com
Michael Yim Soon Kah	yim.soon-kah@ambankgroup.com
Aman Nazmi Abd Karim	aman-nazmi.abd-karim@ambankgroup.com
Group Treasury & Markets	
Corporate Client Group (CCG)	+603-2059 8700/8600
Institutional Client Group (ICG)	+603-2059 8690
Azli Bin Abdul Jamil	azli-abd-jamil@ambankgroup.com
Jacqueline E. Rodrigues	jacqueline-r@ambankgroup.com
Ho Su Farn	ho-su-farn@ambankgroup.com
Melisa Lim Giok Ling	melisa-lim@ambankgroup.com
Roger Yee Chan Chung	roger-yee@ambankgroup.com
Muhammad Hafizin Aiman Bin Halim	muhammad-hafizin-aiman.h@ambankgroup.com

DISCLOSURE AND DISCLAIMER

This report is prepared for information purposes only, and it is issued by AmBank (M) Berhad ("AmBank") without regard to your individual financial circumstances and objectives. Nothing in this report shall constitute an offer to sell, warranty, representation, recommendation, legal, accounting or tax advice, solicitation, or expression of views to influence anyone to buy or sell any real estate, securities, stocks, foreign exchange, futures, investment, or other products. AmBank recommends that you evaluate a particular investment or strategy based on your individual circumstances and objectives and/or seek financial, legal, or other advice on the appropriateness of the particular investment or strategy.

The information in this report was obtained or derived from sources that AmBank believes are reliable and correct at the time of issue. While all reasonable care has been taken to ensure that the stated facts are accurate and the views are fair and reasonable, AmBank has not independently verified the information and does not warrant or represent that it is accurate, adequate, complete, or up-to-date. They should not be relied upon as such. All information in this report constitutes AmBank's views as of this date and is subject to change without notice. Notwithstanding that, AmBank has no obligation to update its opinion or information in this report. Facts and views presented in this report may not reflect the views of or information known to other business units of AmBank's affiliates and/or related corporations (collectively, "AmBank Group").

This report is prepared for the clients of AmBank Group and it cannot be altered, copied, reproduced, distributed or republished for any purpose without AmBank's prior written consent. AmBank, AmBank Group and its respective directors, officers, employees, and agents ("Relevant Person") accept no liability whatsoever for any direct, indirect, or consequential losses, loss of profits and/or damages arising from the use or reliance of this report and/or further communications given in relation to this report. Any such responsibility is hereby expressly disclaimed.

AmBank is not acting as your advisor and does not owe you any fiduciary duties in connection with this report. The Relevant Person may provide services to any company and affiliates of such companies in or related to the securities or products and/or may trade or otherwise effect transactions for their own account or the accounts of their customers which may give rise to real or potential conflicts of interest.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should be aware of the laws of the jurisdiction in which you are located.

If any provision of this disclosure and disclaimer is held to be invalid in whole or in part, such provision will be deemed not to form part of this disclosure and disclaimer. The validity and enforceability of the remainder of this disclosure and disclaimer will not be affected.