



Weekly Fixed Income & FX Research Commentary

War past its fourth week and further escalations will continue to drive financial markets.

Monday, 30 March 2026

Snapshot Summary...

Global Rates: Global bonds fell on concerns over inflation as Brent oil returned to hover way above USD100 per barrel.

MYR Bonds: 3Y MGS tested 3.30% but we see support pushing levels down closer to 3.20%.

Global FX: Dollar strength persists as Middle East war now past its fourth week while showing peripheral signs of further escalations

USD/MYR: MYR fell 1.9% w/w to close above 4.00 – its first since 23 January.

Fixed Income

Global Bonds: UST wrapped a week of losses as concerns over global inflation continued to fester as Brent oil returned to hover way above USD100 per barrel after dropping to near USD95 per barrel mid-last week. Not only concerns over inflation was pressuring Treasuries but also fears over US fiscal spending that may blow out. Past week's UST auctions were not well received. These include 2Y auction which tailed 2 bps, and 5Y UST sale of USD70 billion garnered BTC of 2.29x vs 2.32x same auction last month. There are continuing efforts to broker peace in the Middle East (ME) despite the US ramping up military presence and troops. On Sunday, news reports indicate that representatives from Saudi Arabia, Egypt and Turkey met in Pakistan to propose a peace deal and the opening of the Straits of Hormuz, to present to Iran. That being said, as the 2Y UST retraced down from 4.00%, we think front of the UST curve is slowly moving away from inflationary concerns and into concerns over US and global economic growth. We think 4% level remains hard resistance for now.

Malaysia Government Bonds: MGS yields continued their trek higher as sentiment remained driven by the global rise in bond yields in the face of the surge in global oil prices (Brent closed above USD112 per barrel last week).

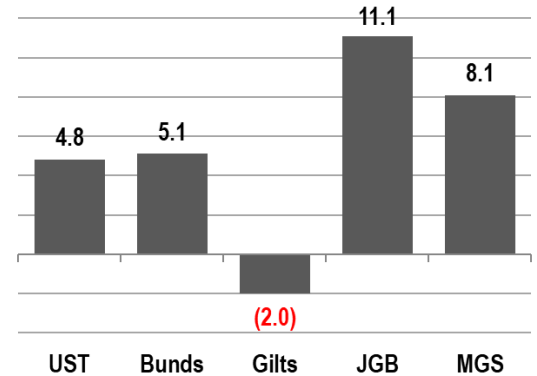
Malaysia Government Bonds View: The newly issued 3Y MGS 03/29 hit Friday's close of 3.28%, or 51 bps above the OPR. Front of the curve also dampened by MYR hitting 4.000. However, *we see medium-term support for the 3Y MGS at 3.20% because the level now suggests the market is eyeing a BNM interest rate hike which is not our base case projection.*

Malaysia Corporate Bonds: PDS yields crept higher for a third consecutive week, reflecting the weak overall bond market sentiment and lack of risk appetite, in which we noted profit taking continued along higher grade papers as well.

Forex

DXY Index: Dollar (+0.5% w/w) strength persists amid ongoing ME war — now past its fourth week while showing peripheral signs of further escalations. The ripples of the ME war remain the primary driver of financial

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	27-Mar-26	20-Mar-26	w/w (bps)
2-year UST	3.91	3.90	1
10-year UST	4.43	4.38	5
2-year Bund	2.67	2.67	0
10-year Bund	3.09	3.04	5
2-year Gilt	4.48	4.57	(9)
10-year Gilt	4.97	4.99	(2)
2-year JGB	1.39	1.27	12
10-year JGB	2.39	2.28	11
2-year AGB	4.81	4.79	2
10-year AGB	5.10	5.02	7

Weekly MGS Yields (%)

MGS Yields	27-Mar-26	20-Mar-26	w/w (bps)
3-year	3.26	3.22	4
5-year	3.44	3.36	7
7-year	3.54	3.47	7
10-year	3.64	3.56	8
15-year	3.91	3.84	7
20-year	3.99	3.94	5
30-year	4.10	4.05	5

Weekly GII Yields (%)

GII Yields	27-Mar-26	20-Mar-26	w/w (bps)
3-year	3.23	3.19	4
5-year	3.40	3.34	6
7-year	3.51	3.39	12
10-year	3.61	3.54	7
15-year	3.92	3.87	4
20-year	3.99	3.95	4

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	27-Mar-26	20-Mar-26	w/w (bps)
IRS 3-Year	3.45	3.42	2
IRS 5-Year	3.53	3.49	4
IRS 7-Year	3.62	3.59	3
IRS 10-Year	3.77	3.73	4
3-Month KLIBOR	3.35	3.32	3
6-Month KLIBOR	3.38	3.35	3

market sentiment, given reverberations of the energy shock towards inflation, growth, monetary policy, and governments/corporates' fiscal health; while data releases were mostly lagging indicators of a prior-to-war global environment (aside from the latest US S&P PMI data and UOM consumer sentiment data, with both weakening amid rising inflation expectations and a sliding employment index). Meanwhile, as US-Iran peace talks continue, US military and equipment buildup in the region continue, coming amid reports that the Pentagon is also planning for limited ground operations in the weeks ahead, maintaining the US's aggressive 'carrots and sticks' posture in dealing with Iran.

Europe: EUR and GBP fell 0.5% and 0.6% w/w respectively, despite the hawkish shift in monetary policy expectations recently, with swap markets pricing in 2-3 interest rate hikes in 2026 for the ECB and BOE respectively (at end-February swaps suggest a BOE rate cut). In particular, ECB President Lagarde also indicated that even a 'not too persistent' overshoot in its inflation targets will warrant some moderate policy targeting, noting that its most benign 'baseline' case still sees inflation at 2.6% y/y for 2026 – above its 2.00-2.40% policy rate range. In the UK front, inflation remained hot at 3.0% y/y in February, even as retail sales and consumer confidence weakened in February/March – suggesting some policy tradeoffs ahead for policymakers. Both the euro area and the UK's S&P composite PMI also fell sharply in March, as the ME conflict weighed on business confidence, new business orders, and drive cost inflation.

APAC: USD/JPY rose 0.7% w/w, as markets began testing the closely-watched 160.0 level. Concerns over elevated energy prices continue to inundate import-dependent Japan and its currency, with reports that Japan's MOF is seeking market assistance to intervene in crude oil futures market due to spillover impact on the yen, coming as PM Takaichi also requested additional releases from IEA members' oil stockpiles. Monetary policy expectations also provided little impetus for support, as Japan's core inflation eased to 1.6% y/y in February – complicating the BOJ's pathway to normalise policy rates ahead if it persists, given upside energy-driven inflation risks vs. earlier requirements that policy rates may only be further raised if accompanied by 'sustainable', wage-driven increases. Meanwhile, AUD fell 2.1% w/w, weighed by the ebbing in global risk sentiment, and data showing Australia's trimmed-mean inflation holding steady at 3.3% y/y for February (consensus: 3.4%). Australia's very weak S&P services PMI for March may also be attributed to the country's intensifying worry over refined products' supply, which is seeing a cascade in flow disruptions from the ME to East Asia (refineries) to Australia, while the impact of the Narelle storm system has also halted LNG exports.

Malaysia: MYR fell 1.9% w/w, bringing USD/MYR to close above the 4.00 level – its first since 23 January – after weakening against the USD for the five consecutive sessions. While the MYR underperformed Asian peers for the week, regional markets were also subject to similar pressure, with South Korea announcing a surprise USD3.3 billion emergency bond buyback, while the BSP convened an off-schedule monetary policy review to support market confidence. Meanwhile, the government has reduced Budi95 subsidy entitlements to 200 litres/month from April (prior: 300 litres/month), of which PM Anwar said should still fully cover nearly 90% of the population. Other subsidy-protective and energy-saving measures were also announced, coming as the government further raised projections on subsidy

Indicative PDS Yields (%)

PDS Indicative Yields	27-Mar-26	20-Mar-26	w/w (bps)
3-Year AAA	3.56	3.55	1
3-Year AA	3.69	3.69	1
3-Year A	4.46	4.50	(4)
5-Year AAA	3.63	3.62	1
5-Year AA	3.77	3.77	1
5-Year A	4.61	4.66	(5)
10-Year AAA	3.80	3.80	0
10-Year AA	3.94	3.94	0
10-Year A	5.01	5.07	(6)

FX Weekly – vs. USD

FX Against USD	27-Mar-26	20-Mar-26	w/w (%)
DXY Index	100.15	99.65	0.5
EUR/USD	1.151	1.157	(0.5)
AUD/USD	0.687	0.702	(2.1)
GBP/USD	1.326	1.334	(0.6)
USD/JPY	160.3	159.2	0.7
NZD/USD	0.575	0.583	(1.5)
USD/MYR	4.011	3.936	1.9
USD/IDR	16,965	16,985	(0.1)
USD/THB	32.88	32.78	0.3
USD/SGD	1.288	1.282	0.5
USD/CNY	6.911	6.904	0.1
USD/KRW	1,511	1,505	0.4
USD/INR	94.82	93.71	1.2
USD/PHP	60.55	60.09	0.8


FX Weekly – Cross Rates vs. MYR


Cross FX Against MYR	27-Mar-26	20-Mar-26	w/w (%)
EUR/MYR	4.62	4.55	1.6
GBP/MYR	5.34	5.27	1.3
AUD/MYR	2.77	2.78	(0.6)
JPY/MYR	2.50	2.47	1.2
SGD/MYR	3.12	3.08	1.4
10 CNY/MYR	5.81	5.71	1.6
1 million IDR/MYR	236.30	232.60	1.6
THB/MYR	12.18	12.11	0.6
100 INR/MYR	4.23	4.21	0.5
100 PHP/MYR	6.62	6.58	0.6


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


spending to MYR4.0 billion/month (prior estimate: MYR3.2 billion; pre-war: MYR0.7 billion), though assurances were provided that petrol, diesel and LPG supplies are stable with no shortages reported — in contrast to growing shortages among neighboring Asian countries. Tomorrow (31 March), markets will look to refreshed macroeconomic forecasts from BNM's Economic and Monetary Review 2025 release.


Technical Pair Summary

DXY 	Resistance Level			
	R1	100.77	R2	101.36
	Support Level			
	S1	99.18	S2	98.18
	Outlook: Bullish			

EUR/USD 	Resistance Level			
	R1	1.162	R2	1.174
	Support Level			
	S1	1.140	S2	1.130
	Outlook: Slightly bearish			

USD/JPY 	Resistance Level			
	R1	161.2	R2	162.4
	Support Level			
	S1	157.9	S2	155.9
	Outlook: Slightly Bearish			

USD/MYR 	Resistance Level			
	R1	4.057	R2	4.099
	Support Level			
	S1	3.931	S2	3.847
	Outlook: Neutral			

GBP/USD 	Resistance Level			
	R1	1.338	R2	1.351
	Support Level			
	S1	1.317	S2	1.310
	Outlook: Slightly bearish			


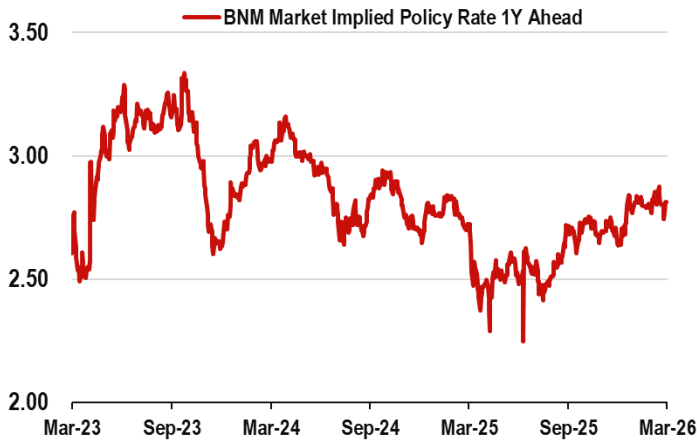
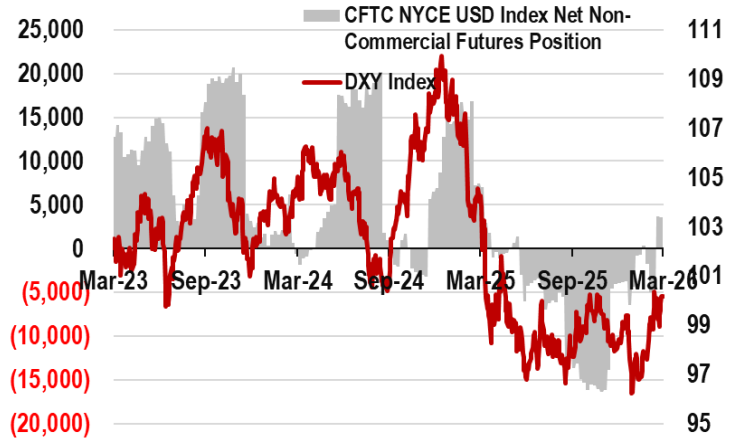
AUD/USD 	Resistance Level			
	R1	0.705	R2	0.725
	Support Level			
	S1	0.676	S2	0.666
	Outlook: Slightly bearish			

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



Sources: Bloomberg, AmBank Economics

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



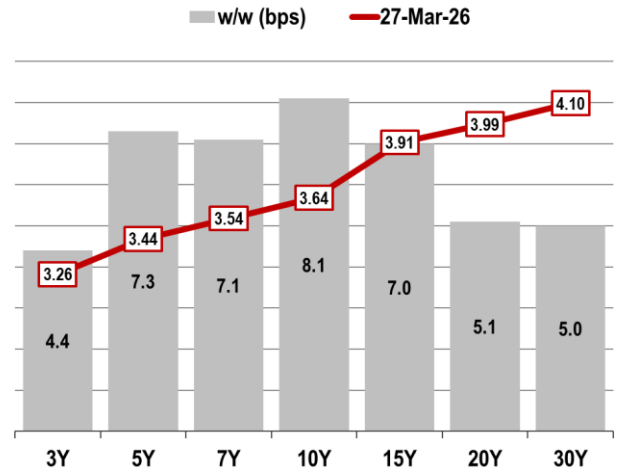
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



Sources: Bloomberg, AmBank Economics

Exhibit 4: MGS w/w yield curve changes



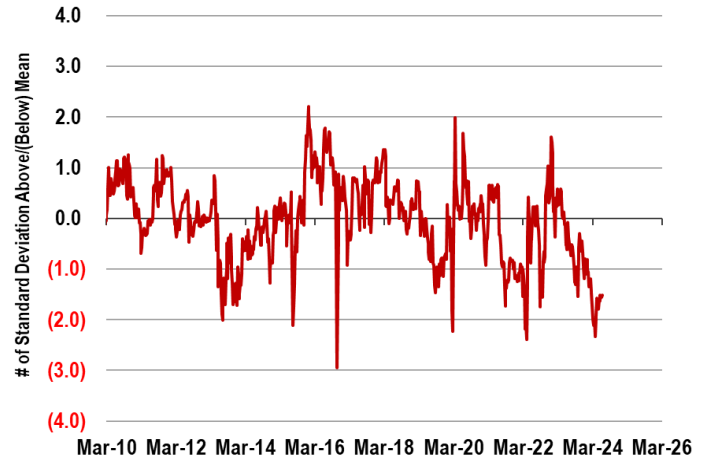
Sources: BNM, BPAM, Bloomberg, AmBank Economics
Using the MGIY ticker on Bloomberg

Exhibit 5: PDS yields (5Y tenor) (%)



Sources: Bloomberg, AmBank Economics

Exhibit 6: PDS 5Y AAA credit spread (Z-score)



Sources: Bloomberg, AmBank Economics

Macroeconomic Data/Events Calendar (30 March 2026 – 03 April 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-03-30	16:30	UK	Mortgage Approvals	Feb	k	60.0	60.0
2026-03-31	14:00	UK	GDP QoQ	4Q F	%	0.1	0.1
2026-03-31	14:00	UK	GDP YoY	4Q F	%	1.0	1.0
2026-03-31	14:00	UK	Nationwide House PX MoM	Mar	%	0.0	0.3
2026-03-31	14:00	UK	Nationwide House Px NSA YoY	Mar	%	0.9	1.0
2026-03-31	07:30	JP	Tokyo CPI Ex-Fresh Food YoY	Mar	%	1.8	1.8
2026-03-31	07:30	JP	Jobless Rate	Feb	%	2.7	2.7
2026-03-31	07:30	JP	Job-To-Applicant Ratio	Feb		1.2	1.2
2026-03-31	07:50	JP	Industrial Production MoM	Feb P	%	(2.0)	4.3
2026-03-31	09:30	CH	Manufacturing PMI	Mar		50.1	49.0
2026-03-31	17:00	EU	CPI YoY	Mar P	%	2.6	1.9
2026-03-31	17:00	EU	CPI MoM	Mar P	%	1.3	0.6
2026-03-31	21:45	US	MNI Chicago PMI	Mar		54.6	57.7
2026-03-31	22:00	US	Conf. Board Consumer Confidence	Mar		87.95	91.20
2026-04-01	16:30	UK	S&P Global UK Manufacturing PMI	Mar F		51.4	51.4
2026-04-01	07:50	JP	Tankan Large Mfg Index	1Q		16.0	15.0
2026-04-01	07:50	JP	Tankan Large Mfg Outlook	1Q		12.0	15.0
2026-04-01	07:50	JP	Tankan Large Non-Mfg Index	1Q		33.0	34.0
2026-04-01	07:50	JP	Tankan Large Non-Mfg Outlook	1Q		27.0	28.0
2026-04-01	07:50	JP	Tankan Large All Industry Capex Estimate FY	1Q	%	3.7	12.6
2026-04-01	08:30	JP	S&P Global Japan PMI Mfg	Mar F		-	51.4
2026-04-01	09:45	CH	RatingDog China PMI Mfg	Mar		51.5	52.1
2026-04-01	16:00	EU	S&P Global Eurozone Manufacturing PMI	Mar F		51.4	51.4
2026-04-01	19:00	US	MBA Mortgage Applications	Mar 27	%	-	(10.5)
2026-04-01	20:15	US	ADP Employment Change	Mar	k	40.0	63.0
2026-04-01	20:30	US	Retail Sales Advance MoM	Feb	%	0.5	(0.2)
2026-04-01	21:45	US	S&P Global US Manufacturing PMI	Mar F		52.4	52.4
2026-04-01	22:00	US	ISM Manufacturing	Mar		52.4	52.4
2026-04-01	05:45	NZ	Building Permits MoM	Feb	%	-	1.9
2026-04-01	08:30	AU	Building Approvals MoM	Feb	%	6.0	(7.2)
2026-04-02	20:30	US	Trade Balance	Feb	b	(59.4)	(54.5)
2026-04-02	20:30	US	Initial Jobless Claims	Mar 28	k	212.0	210.0
2026-04-02	08:30	AU	Trade Balance	Feb	m	2575.0	2631.0
2026-04-03	20:30	US	Change in Nonfarm Payrolls	Mar	k	60.0	(92.0)
2026-04-03	20:30	US	Unemployment Rate	Mar	%	4.4	4.4

Sources: Bloomberg, AmBank Economic Research

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