AmBank Group

AmBank Economics

Market Wrap-up for the Week ended 08 May 2026

Weekly Fixed Income & FX Research Commentary

US-Iran disagreement deadlock continues. Malaysia to review T20 petrol subsidies.

Monday, 11 May 2026

Snapshot Summary…

Global Rates: UST stronger despite an upswing in jobs data, as the market views that more widespread strong economic data is required before the Fed mulls hikes.

MYR Bonds: MGS is showing resilience amid global volatility.

Global FX: USD easing last week expected to reverse this week, as deadlocked US-Iran nuclear negotiations continue.

USD/MYR: MYR up 1.3% w/w amid USD decline, positive Moody Ratings' appraisal, and BNM's MPC meeting last week.

Fixed Income

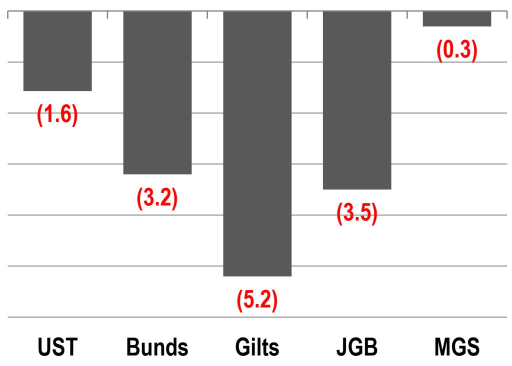
Global Bonds: Moderately stronger w/w close for UST. The stronger-than-expected NFP data was negative for bond sentiment, but the market needs more upbeat economic data before pricing in Fed rate hikes, in our opinion. Moreover, even as the US-Iran ceasefire was technically in place, especially on the US side, worries over inflation and a lack of global oil supply remain key risks to global economic growth, thus supporting Treasuries. On the flipside, uncertainties in the inflation/rates pathway, as well as government fiscal funding needs amid recent high defence spending and tariff-related refunds, were negative for US bonds. Gilt yields fell as early election losses for the Labour Party were not as severe as feared.

Malaysia Government Bonds: MGS also saw a moderately stronger close. Positive developments on the war aided bonds but we think Malaysia's bonds were additionally supported by recent developments 1) official data showing net foreign inflow in MGS at MYR5.8 billion total in March and April 2026 despite the US/Israel-Iran war, 2) Moody's statement that Malaysia is among the most resilient in EM in navigating recent financial shocks, aided by policy strength/response and relatively stable market conditions, and 3) BNM holding OPR last week and neutral signalling, though it warned against downside risks to growth emanating from Middle East developments. We continue to expect no change in the OPR for the rest of the year.

Malaysia Government Bonds View: MGS+GII auctions this month, there will be three: 1) 10Y GII (GII 04/35), 2) 7Y MGS (MGS 04/33), and 3) 30Y GII (GII 01/56), all are reopening of existing securities. Of these, the 30Y GII 01/56 was first issued back in January this year at MYR5.0 billion (of which MYR2.0 billion was PP), and BTC was 2.07x. But first up will be the 10Y GII auction. The size should be another MYR5.0 billion to be issued, and we think BTC should be at least decent amid the current MGS+GII support. However, note that GII 07/36 will take over as the 10Y GII benchmark by September 2026.

Malaysia Corporate Bonds: PDS trading was mixed but catching up with the recent MGS rally. Higher-grade, shorter-term AAA names led trading

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	8-May-26	1-May-26	w/w (bps)
2-year UST	3.88	3.88	1
10-year UST	4.35	4.37	(2)
2-year Bund	2.60	2.64	(4)
10-year Bund	3.01	3.04	(3)
2-year Gilt	4.38	4.42	(3)
10-year Gilt	4.91	4.96	(5)
2-year JGB	1.38	1.39	(1)
10-year JGB	2.48	2.52	(3)
2-year AGB	4.69	4.72	(3)
10-year AGB	4.99	5.02	(3)

Weekly MGS Yields (%)

MGS Yields	8-May-26	1-May-26	w/w (bps)
3-year	3.19	3.20	(0)
5-year	3.35	3.34	1
7-year	3.46	3.46	(0)
10-year	3.56	3.56	(0)
15-year	3.82	3.83	(1)
20-year	3.95	3.96	(1)
30-year	4.06	4.07	(0)

Weekly GII Yields (%)

GII Yields	8-May-26	1-May-26	w/w (bps)
3-year	3.19	3.18	1
5-year	3.33	3.31	2
7-year	3.51	3.48	2
10-year	3.58	3.55	2
15-year	3.86	3.85	1
20-year	3.97	3.96	1

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	8-May-26	1-May-26	w/w (bps)
IRS 3-Year	3.40	3.42	(2)
IRS 5-Year	3.46	3.48	(3)
IRS 7-Year	3.55	3.58	(3)
IRS 10-Year	3.68	3.70	(2)
3-Month KLIBOR	3.35	3.35	0
6-Month KLIBOR	3.39	3.39	0

last week, and that should hold this week as well unless global risk appetite improves in the coming days.

Forex

DXY Index: DXY eased 0.3% w/w, despite already trading at its weakest levels since the war, amid earlier market optimism of an incoming US-Iran peace agreement to end the war and the deadlock in vessel movements. However, FX reversals are expected this week amid fresh US-Iran disagreements (mainly over the nuclear proliferation issue) and the rebound in oil prices. Pending further geopolitical developments, last week saw the release of several key US datapoints that overall fared mixed: (April) nonfarm payrolls data indicated a broadly resilient labour market, (early-May) UOM consumer sentiment indicated continued concerns over inflation, while the (April) ISM services PMI held little changed. Data focus shifts to US CPI and PPI this week amid a divide among Fed FOMC members on policy actions ahead, with retail sales and IPI data also on watch. The US Senate is also expected to confirm Kevin Warsh's nomination as the 17th chairman of the Fed this week, ahead of Powell's term expiration on 15 May. The week also sees the Trump-Xi summit in Beijing on 14-15 May, with Iran, trade, AI, and Taiwan expected to be key agendas for discussion.

Europe: **EUR** (+0.6%) and **GBP** (+0.4%) saw fresh strength last week amid USD weakness. Underperformance of the GBP may be attributed to pre-UK regional/national election jitteriness, as expected huge losses for PM Keir Starmer and his Labour Party may lead to political changes with ramifications for the country's fragile fiscal profile. While the GBP found some support on Friday amid less than expected losses and Starmer's vow to stay in office, politically linked uncertainties are expected to linger for the week ahead.

APAC: **JPY** (+0.2% w/w) held firm around the 157 level. After the sharp USD/JPY decline on 30 April, markets remain on guard last week amid continued heavy verbal warnings by Japanese authorities, as well as signs of further FX interventions around the 157.25 level. The earlier decline in energy prices also eased JPY pressure from bearish yen bets on reduced carry trade appeal. While we think the window for real (non-verbal) FX interventions has passed amid an end to Japan's Golden Week holidays and its opportune intervention window, unwavering verbal warnings and an incoming meeting between US Treasury secretary Scott Bessent and Japan's Finance Minister Katayama and BOJ Governor Ueda may temper enthusiasm for bearish yen bets this week, though we still do expect medium-term pressure on the JPY to continue (end-2Q2026 forecast: 159). Meanwhile, **AUD/USD** strengthened 0.6% w/w to its highest level since 1H2022, buoyed by the market's earlier risk-on sentiment, as well as markets pricing in the delivery of the RBA's third consecutive 25 bps rate hike on Tuesday. The RBA's 8-1 vote was also more hawkish than in March, driven by rising inflation expectations as oil supply disruptions continue, though policymakers also hinted at an extended pause ahead with its 'monetary policy is well placed to respond to developments' statement. However, the Aussie was also weighed down on Thursday, after the country reported its first goods trade deficit in eight years in March due to higher fuel shipment costs.

Malaysia: MYR strengthened 1.3% w/w, outperforming all key Asian peers, including the THB (+1.2%), CNH (+0.5%), and SGD (+0.4%). While MYR

Indicative PDS Yields (%)

PDS Indicative Yields	8-May-26	1-May-26	w/w (bps)
3-Year AAA	3.56	3.54	2
3-Year AA	3.69	3.68	1
3-Year A	4.48	4.48	0
5-Year AAA	3.64	3.62	1
5-Year AA	3.78	3.77	1
5-Year A	4.66	4.65	1
10-Year AAA	3.80	3.79	2
10-Year AA	3.94	3.93	1
10-Year A	5.08	5.06	2

FX Weekly – vs. USD

FX Against USD	8-May-26	1-May-26	w/w (%)
DXY Index	97.90	98.16	(0.3)
EUR/USD	1.179	1.172	0.6
AUD/USD	0.725	0.720	0.6
GBP/USD	1.363	1.358	0.4
USD/JPY	156.7	157.0	(0.2)
NZD/USD	0.597	0.590	1.2
USD/MYR	3.921	3.972	(1.3)
USD/IDR	17,373	17,353	0.1
USD/THB	32.21	32.60	(1.2)
USD/SGD	1.267	1.273	(0.4)
USD/CNY	6.801	6.828	(0.4)
USD/KRW	1,462	1,477	(1.0)
USD/INR	94.48	94.92	(0.5)
USD/PHP	60.63	61.48	(1.4)

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	8-May-26	1-May-26	w/w (%)
EUR/MYR	4.61	4.66	(0.9)
GBP/MYR	5.34	5.40	(1.2)
AUD/MYR	2.84	2.86	(0.7)
JPY/MYR	2.50	2.53	(1.0)
SGD/MYR	3.09	3.12	(0.8)
10 CNY/MYR	5.76	5.81	(0.9)
1 million IDR/MYR	225.50	228.90	(1.5)
THB/MYR	12.18	12.22	(0.3)
100 INR/MYR	4.15	4.19	(1.0)
100 PHP/MYR	6.46	6.48	(0.3)

Sources: Bank Negara Malaysia (BNM), Bloomberg, Trading Economics, AmBank Economics gains primarily accrued on Wednesday amid earlier risk-on market appetite, overall MYR strength remains well supported by continued FDI and portfolio investment inflows, driven by the continued build-up in AI-related infrastructure, Malaysia's favourable growth and inflation profile, and foreign confidence amid government stability. This comes as Moody's Ratings said Malaysia is among the most resilient EM countries navigating recent global financial shocks, noting contained FX volatility, moderate yield differentials with the US, and limited and short-lived contagion into credit spreads. Meanwhile, the past week also saw BNM's MPC meeting, during which the OPR was kept unchanged at 2.75% as expected. We maintain the view that BNM is adopting a cautious stance, as households and businesses are likely to face rising costs amid "stable demand conditions", though other changes in its statement language suggest that BNM is not considering a rate hike. The statement also adds a caveat that the outlook remains dependent on developments in the Middle East. Ahead, PM Anwar is expected to announce plans to ensure the continuity of national oil supply beyond June, as well as mechanisms to revise petrol subsidies for high-income earners.

Technical Pair Summary

DXY	Resistance Level			
	R1	98.67	R2	99.35
	Support Level			
	S1	97.61	S2	97.23
	Outlook: Bullish			

EUR/USD	Resistance Level			
	R1	1.182	R2	1.187
	Support Level			
	S1	1.170	S2	1.163
	Outlook: Slightly bearish			

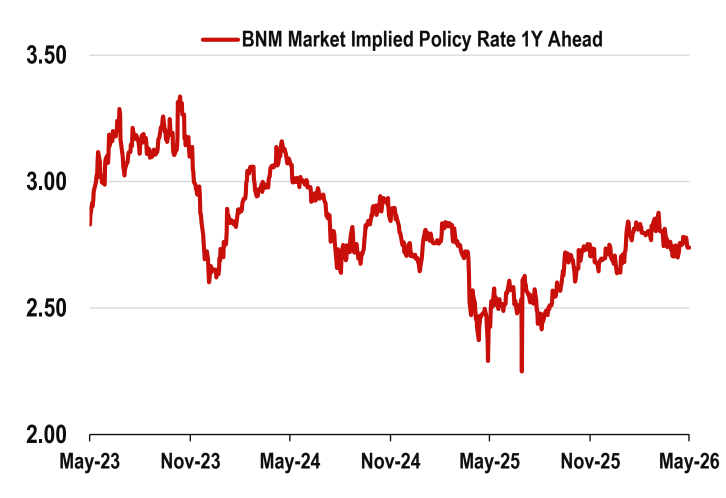
USD/JPY	Resistance Level			
	R1	159.4	R2	161.9
	Support Level			
	S1	155.4	S2	153.9
	Outlook: Slightly bearish			

USD/MYR	Resistance Level			
	R1	4.011	R2	4.101
	Support Level			
	S1	3.869	S2	3.818
	Outlook: Slightly bearish			

GBP/USD	Resistance Level			
	R1	1.366	R2	1.373
	Support Level			
	S1	1.350	S2	1.340
	Outlook: Slightly bearish			

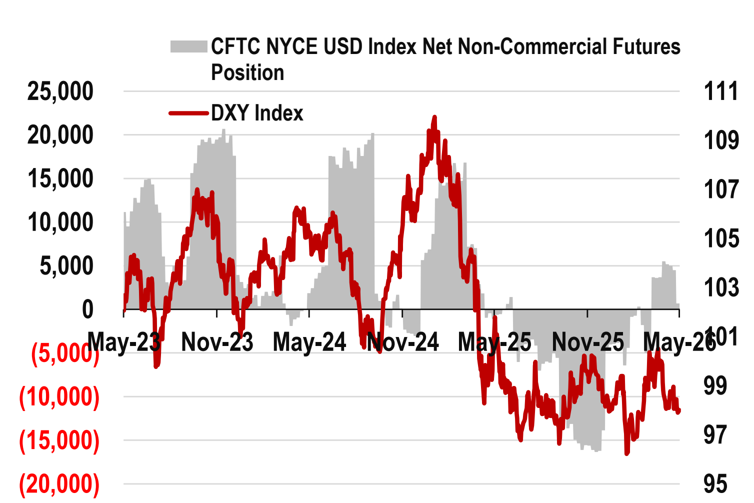
AUD/USD	Resistance Level			
	R1	0.728	R2	0.733
	Support Level			
	S1	0.715	S2	0.707
	Outlook: Bearish			

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



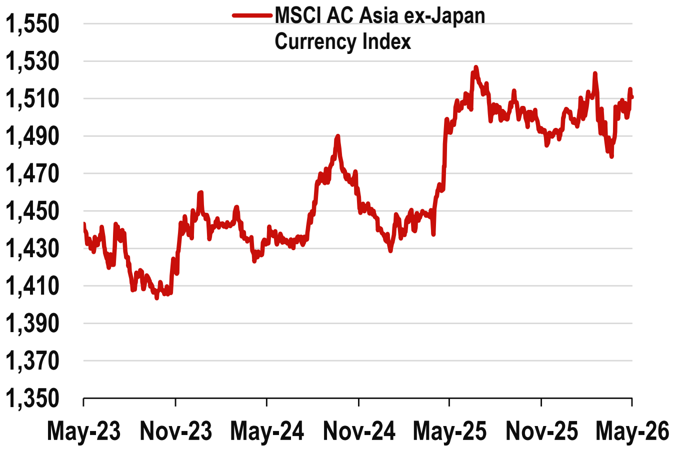
Sources: BPAM, AmBank Economics

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



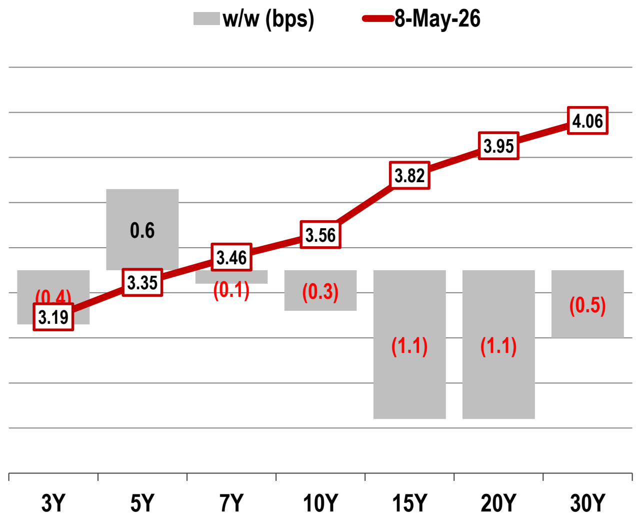
Sources: Bloomberg, AmBank Economics

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

Macroeconomic Data/Events Calendar (11 May 2026 – 18 May 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-05-11	09:30	CH	PPI YoY	Apr	%	1.8	0.5
2026-05-11	09:30	CH	CPI YoY	Apr	%	0.9	1.0
2026-05-11	22:00	US	Existing Home Sales	Apr	m	4.1	4.0
2026-05-12	20:30	US	CPI MoM	Apr	%	0.6	0.9
2026-05-12	**20:30**	**US**	**CPI YoY**	**Apr**	**%**	**3.7**	**3.3**
2026-05-13	19:00	US	MBA Mortgage Applications	May 8	%	-	(4.4)
2026-05-13	20:30	US	PPI Final Demand MoM	Apr	%	0.5	0.5
2026-05-13	07:50	JP	BoP Current Account Balance	Mar	b	3890.7	3932.7
2026-05-13	17:00	EU	GDP SA QoQ	1Q S	%	0.1	0.1
2026-05-13	17:00	EU	GDP SA YoY	1Q S	%	0.8	0.8
2026-05-14	20:30	US	Initial Jobless Claims	May 9	k	205.0	200.0
2026-05-14	**20:30**	**US**	**Retail Sales Advance MoM**	**Apr**	**%**	**0.5**	**1.7**
2026-05-14	14:00	UK	GDP QoQ	1Q P	%	0.6	0.1
2026-05-14	**14:00**	**UK**	**GDP YoY**	**1Q P**	**%**	**0.8**	**1.0**
2026-05-14	14:00	UK	Industrial Production MoM	Mar	%	(0.3)	0.5
2026-05-14	14:00	UK	Manufacturing Production MoM	Mar	%	(0.1)	(0.1)
2026-05-15	20:30	US	Empire Manufacturing	May		7.5	11.0
2026-05-15	21:15	US	Industrial Production MoM	Apr	%	0.3	(0.5)
2026-05-15	07:50	JP	PPI YoY	Apr	%	3.0	2.6
2026-05-15	06:30	NZ	BusinessNZ Manufacturing PMI	Apr		-	53.2
2026-05-15	06:45	NZ	Food Prices MoM	Apr	%	-	(0.6)
2026-05-15	**12:00**	**MY**	**GDP YoY**	**1Q F**	**%**	**5.3**	**5.3**
2026-05-18	**10:00**	**CH**	**Retail Sales YoY**	**Apr**	**%**	**1.95**	**1.7**
2026-05-18	**10:00**	**CH**	**Industrial Production YoY**	**Apr**	**%**	**5.9**	**5.7**
2026-05-18	08:30	SG	Non-oil Domestic Exports YoY	Apr	%	-	15.3

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