AmBank Group

AmBank Economics

Market Wrap-up for the Week ended 22 May 2026

Weekly Fixed Income & FX Research Commentary

Global bonds see rebound after earlier inflation-driven selloff.

Monday, 25 May 2026

Snapshot Summary…

Global Rates: Front-end UST underperformed DM peers amid hawkish FOMC minutes and rising US inflation expectations.

MYR Bonds: Early-week MGS losses subsequently tempered by improving global risk sentiment and robust demand for 7Y MGS 04/33 auction.

Global FX: DXY closed unchanged w/w as investors await further US-Iran developments. GBP rebounded sharply alongside Gilts.

USD/MYR: MYR weakens 0.3% w/w, underperforming most Asian peers amid potential early elections and medium-term policy uncertainty.

Fixed Income

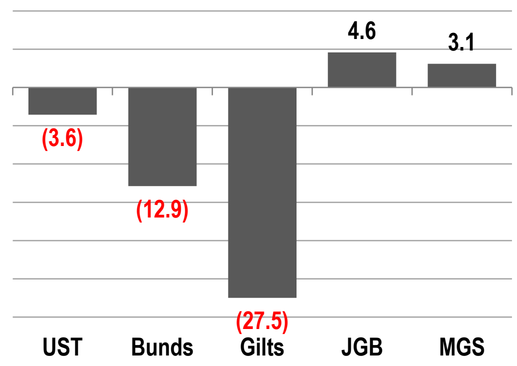
Global Bonds: Global bonds broadly strengthened last week, as markets took advantage of oversold technical conditions to re-enter markets at elevated yields, catalysed by a general retreat in inflation worries. However, USTs were twist-flattened, with front-end yields still rising 3-5 bps for the week, supported by markets' upward repricing of the Fed's rate trajectory amid the hawkish-tilted FOMC minutes and rising inflation expectations in the UOM consumer survey. Meanwhile, UK government bonds (Gilts) fared better than those of DM countries, as potential UK PM challenger Andy Burnham said he would maintain the UK's fiscal rules if his bid is successful, easing investors' concerns over the UK's fragile fiscal outlook. Although overall JGBs were also supported by similar comments by FM Katayama's assurance for a tempered supplementary budget, front-dated JGBs underperformed amid risks of more-than-expected BOJ rate hikes.

Malaysia Government Bonds: Local govvies initially traded weaker through the week, reflecting earlier jittery sentiment in global bonds and the uptick in yields. Subsequent strength in late-week was insufficient to offset earlier losses, leaving MGS yields close to 1-4 bps higher w/w, with bond weakness centred on the 5-10Y tenors. Nevertheless, the repricing of the belly boosted demand for the 7Y MGS 04/33 reopening auction on Thursday (21 May), which attracted a robust BTC of 2.592x on a MYR5.0 billion issuance. This week, ahead of the 30Y GII 01/56 reopening auction, we think it may attract more cautious bids amid uncertain macro conditions and holiday-thinned demand.

Forex

DXY Index: DXY closed the week unchanged as the USD broadly held its value vs key peers, amid investors' reluctance to take a position amid no notable developments – chiefly on the US-Iran issue, given its implications for global growth, inflation, and policy interest rates. While the latest update sees senior US officials signalling an imminent deal with Iran, Iran's semiofficial Tasnim news agency suggests the draft deal may still collapse over key issues, suggesting fading but still elevated uncertainties ahead. Pending a welcome peace settlement, S&P PMI data for May across major economies (US, Eurozone, Japan, UK) generally came in weaker than in

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	22-May-26	15-May-26	w/w (bps)
2-year UST	4.12	4.07	5
10-year UST	4.56	4.59	(4)
2-year Bund	2.64	2.74	(9)
10-year Bund	3.04	3.17	(13)
2-year Gilt	4.33	4.55	(22)
10-year Gilt	4.90	5.17	(27)
2-year JGB	1.44	1.42	2
10-year JGB	2.76	2.72	5
2-year AGB	4.58	4.75	(17)
10-year AGB	4.92	5.07	(15)

Weekly MGS Yields (%)

MGS Yields	22-May-26	15-May-26	w/w (bps)
3-year	3.24	3.21	3
5-year	3.42	3.37	5
7-year	3.58	3.49	9
10-year	3.61	3.58	3
15-year	3.85	3.83	2
20-year	3.97	3.96	2
30-year	4.08	4.07	1

Weekly GII Yields (%)

GII Yields	22-May-26	15-May-26	w/w (bps)
3-year	3.23	3.21	2
5-year	3.37	3.35	2
7-year	3.57	3.53	3
10-year	3.62	3.60	2
15-year	3.90	3.86	3
20-year	3.98	3.97	2

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	22-May-26	15-May-26	w/w (bps)
IRS 3-Year	3.48	3.44	4
IRS 5-Year	3.55	3.50	5
IRS 7-Year	3.64	3.58	6
IRS 10-Year	3.77	3.70	7
3-Month KLIBOR	3.35	3.35	0
6-Month KLIBOR	3.39	3.39	0

April, most notably in the services sector. The US UOM consumer sentiment also fell to a record low in May's revised reading, driven by deteriorating consumer sentiment and a rise in long-term consumer inflation expectations. Meanwhile, FOMC minutes also revealed that a majority of officials warned of the need to consider rate hikes if inflation remains persistently above 2%, and called for an end to messaging indicating an easing bias. This comes as Kevin Warsh is officially sworn in as the next Fed chairman, whom Trump has now advocated acting independently – reinforcing market bets that the next Fed move will likely be a hike (rather than a cut).

Europe: **GBP (+0.8%)** saw a sharp uplift last week, supported by the IMF's upward revision for the UK's 2026 projected growth, as well as stabilising British bond markets – after potential PM challenger Andy Burnham said he will maintain the UK's fiscal rules if his bid is successful, easing concerns over its fiscal outlook. Political jitteriness has also abated pending Burnham's Makerfield parliamentary election on 18 June. Nevertheless, data pointing to rising UK unemployment and inflation risks, alongside the downtick in UK retail sales, underscored the current pressure on PM Keir Starmer's tenure, as well as on any potential successor to alleviate consumer angst via greater fiscal spending. Meanwhile, the **EUR (-0.2% w/w)** fell slightly, driven more by a repricing of Fed rate expectations. This comes as the ECB noted it is set to raise its inflation outlook at its June meeting, with a rate hike also potentially on the cards – expectations already well embedded in swap market pricing.

APAC: **JPY fell 0.3% w/w**, with further downside capped by investors' reluctance to test the USD/JPY 160 level – especially today (25 May), given the holiday-thinned liquidity conditions (which raises the likelihood of MOF intervention). Supporting yen stability, FM Katayama acknowledged risks to JGB markets while compiling PM Takaichi's supplementary budget directive, suggesting a measured fiscal plan ahead, including on debt issuances. Meanwhile, Japanese data for the week saw inflation unexpectedly cooling to 1.4% y/y in April (consensus: 1.6%; March: 1.5%) – data in conflict with BOJ board member Koeda's risk assessment of inflation overshooting and advocacy for rate hikes, as well as supportive 1Q2026 GDP data that came in much stronger-than-expected due to private consumption and trade resilience. **The AUD also fell 0.3% w/w**, after Australia's seasonally adjusted unemployment rate also edged up to 4.5% in April, its highest since November 2021. Coupled with a bearish set of PMI data for April, alongside RBA meeting minutes revealing the policy board's inclination to pause further rate hikes ahead, these have led markets to dial back bets of RBA rate hikes to just 28 bps by end-2026 (prior week: 42 bps).

Malaysia: The **MYR weakened 0.3%** w/w vs the greenback – underperforming most Asian peers by a small margin. We think the setback was driven by underperformance in local bonds, with foreign investors rotating back into majors after last week's losses, especially amid news of a possible early general election, which raises near-term policy uncertainty. Nevertheless, Malaysia's data for the week continues to point to healthy exports and tame inflation for April, while a rebound above USD21.5 billion/day in daily FX traded volumes underscored continued confidence in Malaysia's economic resiliency. Meanwhile, Deputy PM Fadillah Yusof announced that the country's energy supply is presently sufficient until July (previous: until June), with Petronas working to secure supplies until

Indicative PDS Yields (%)

PDS Indicative Yields	22-May-26	15-May-26	w/w (bps)
3-Year AAA	3.57	3.57	0
3-Year AA	3.71	3.70	0
3-Year A	4.45	4.45	0
5-Year AAA	3.65	3.65	1
5-Year AA	3.79	3.78	1
5-Year A	4.62	4.62	0
10-Year AAA	3.83	3.82	1
10-Year AA	3.96	3.96	0
10-Year A	5.03	5.03	0

FX Weekly – vs. USD

FX Against USD	22-May-26	15-May-26	w/w (%)
DXY Index	99.24	99.28	(0.0)
EUR/USD	1.160	1.163	(0.2)
AUD/USD	0.713	0.715	(0.3)
GBP/USD	1.343	1.333	0.8
USD/JPY	159.2	158.7	0.3
NZD/USD	0.585	0.584	0.2
USD/MYR	3.969	3.957	0.3
USD/IDR	17,709	17,465	1.4
USD/THB	32.68	32.65	0.1
USD/SGD	1.280	1.281	(0.0)
USD/CNY	6.796	6.813	(0.2)
USD/KRW	1,518	1,498	1.3
USD/INR	95.71	95.97	(0.3)
USD/PHP	61.69	61.73	(0.1)

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	22-May-26	15-May-26	w/w (%)
EUR/MYR	4.60	4.60	0.1
GBP/MYR	5.33	5.28	0.9
AUD/MYR	2.83	2.83	0.0
JPY/MYR	2.49	2.49	0.1
SGD/MYR	3.10	3.09	0.3
10 CNY/MYR	5.84	5.81	0.5
1 million IDR/MYR	223.90	224.80	(0.4)
THB/MYR	12.15	12.14	0.0
100 INR/MYR	4.15	4.12	0.7
100 PHP/MYR	6.43	6.41	0.3

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

December. The government is also studying a Basic Expenditure for a Decent Living (PAKW) framework to determine eligibility for public aid and subsidies, rather than the current B40/M40/T20 classifications.

Technical Pair Summary

DXY				
	Resistance Level			
	R1	99.56	R2	100.16
	Support Level			
	S1	98.13	S2	97.30
	Outlook: Slightly bullish			

EUR/USD				
	Resistance Level			
	R1	1.175	R2	1.186
	Support Level			
	S1	1.156	S2	1.149
	Outlook: Neutral			

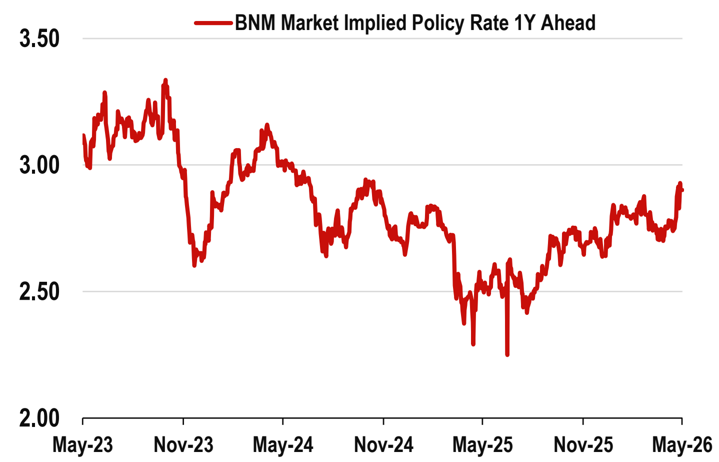
USD/JPY				
	Resistance Level			
	R1	160.7	R2	162.6
	Support Level			
	S1	156.7	S2	154.5
	Outlook: Slightly bearish			

USD/MYR				
	Resistance Level			
	R1	3.981	R2	4.013
	Support Level			
	S1	3.912	S2	3.875
	Outlook: Neutral			

GBP/USD				
	Resistance Level			
	R1	1.363	R2	1.378
	Support Level			
	S1	1.333	S2	1.317
	Outlook: Slightly bearish			

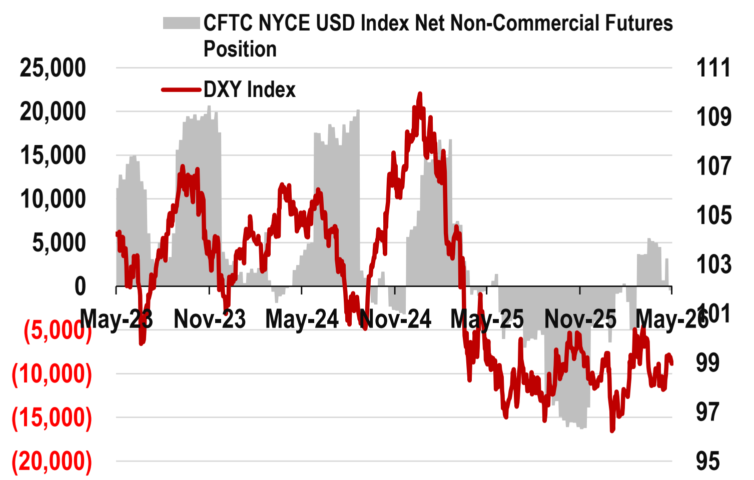
AUD/USD				
	Resistance Level			
	R1	0.724	R2	0.733
	Support Level			
	S1	0.709	S2	0.702
	Outlook: Slightly bearish			

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



Sources: BPAM, AmBank Economics

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

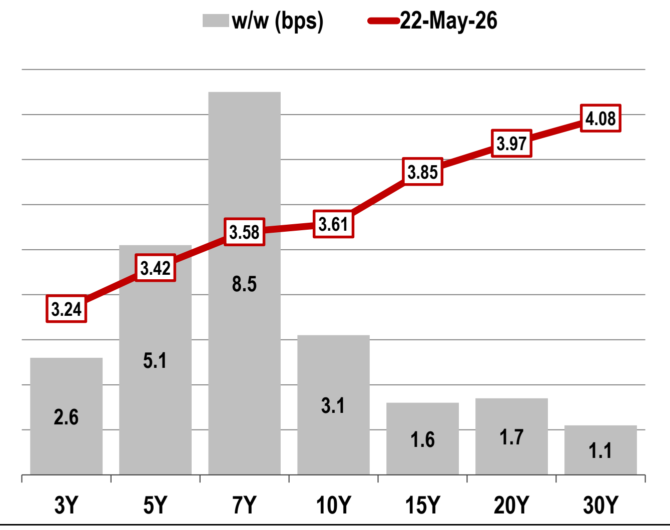


Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index

Exhibit 4: MGS w/w yield curve changes

Sources: Bloomberg, AmBank Economics



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

Macroeconomic Data/Events Calendar (25 May 2026 – 29 May 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-05-25	13:00	SG	CPI YoY	Apr	%	2.1	1.8
2026-05-26	13:00	SG	Industrial Production YoY	Apr	%	12.0	10.1
2026-05-26	**22:00**	**US**	**Conf. Board Consumer Confidence**	**May**		**92.0**	**92.8**
2026-05-27	19:00	US	MBA Mortgage Applications	May 22	%	-	(2.3)
2026-05-27	10:00	NZ	RBNZ Official Cash Rate	May 27	%	2.25	2.25
2026-05-28	**20:30**	**US**	**Personal Income**	**Apr**	**%**	**0.4**	**0.6**
2026-05-28	**20:30**	**US**	**Personal Spending**	**Apr**	**%**	**0.5**	**0.9**
2026-05-28	20:30	US	Initial Jobless Claims	May 23	k	212.0	209.0
2026-05-28	**20:30**	**US**	**Durable Goods Orders**	**Apr P**	**%**	**3.9**	**0.8**
2026-05-28	20:30	US	GDP Annualized QoQ	1Q S	%	2.0	2.0
2026-05-28	22:00	US	New Home Sales	Apr	k	660.0	682.0
2026-05-29	20:30	US	Wholesale Inventories MoM	Apr P	%	0.7	1.3
2026-05-29	21:45	US	MNI Chicago PMI	May		50.5	49.2
2026-05-29	07:30	JP	Tokyo CPI Ex-Fresh Food YoY	May	%	1.5	1.5
2026-05-29	07:30	JP	Jobless Rate	Apr	%	2.7	2.7
2026-05-29	07:30	JP	Job-To-Applicant Ratio	Apr		1.2	1.2
2026-05-29	07:50	JP	Industrial Production MoM	Apr P	%	(0.5)	(0.4)
2026-05-31	09:30	CH	Manufacturing PMI	May		-	50.3
2026-06-01	21:45	US	S&P Global US Manufacturing PMI	May F		-	55.3
2026-06-01	**22:00**	**US**	**ISM Manufacturing**	**May**		**-**	**52.7**
2026-06-01	22:00	US	Construction Spending MoM	Apr	%	-	0.6
2026-06-01	07:50	JP	Capital Spending YoY	1Q	%	-	6.5
2026-06-01	08:30	JP	S&P Global Japan PMI Mfg	May F		-	54.5
2026-06-01	09:45	CH	RatingDog China PMI Mfg	May		-	52.2
2026-06-01	09:00	AU	Melbourne Institute Inflation MoM	May	%	-	0.6
2026-06-01	14:00	UK	Nationwide House PX MoM	May	%	(0.2)	0.4
2026-06-01	14:00	UK	Nationwide House Px NSA YoY	May	%	2.2	3.0
2026-06-01	16:30	UK	S&P Global UK Manufacturing PMI	May F		-	53.7
2026-06-01	16:00	EU	S&P Global Eurozone Manufacturing PMI	May F		-	51.4

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