AmBank Group

AmBank Economics

Market Wrap-up for the Week ended 12 June 2026

Weekly Fixed Income & FX Research Commentary

Bonds rally as US-Iran deal trims odds of higher-for-longer inflation and interest rates.

Monday, 15 June 2026

Snapshot Summary…

Global Rates: UST firmer w/w on US inflation and sentiment data. Further gains expected this week after US-Iran reaches 'interim agreement'.

MYR Bonds: Repricing of 10-20Ys ultimately drove solid 3.41 BTC for 15Y GII auction. MGS outlook looks improved with UST yields expected to fall.

Global FX: DXY declines last week expected to continue, ahead of Kevin Warsh's first Fed FOMC meeting as Chairman.

USD/MYR: Recent MYR pressure (-0.7% w/w) driven by widening UST-MGS yield differentials and some regional confidence issues.

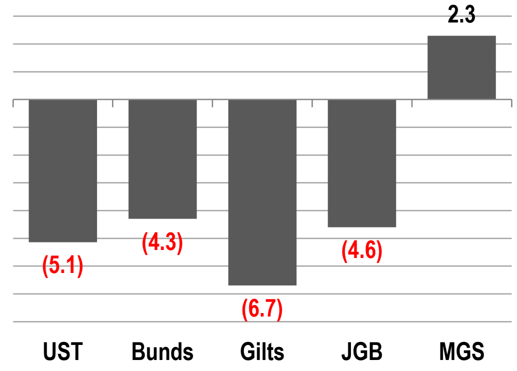
Fixed Income

Global Bonds: UST closed 3-7 bps firmer in a curve bull-steepener during the week, as some investors bought on dips following the prior week's steep front-end yield jump on the blockbuster NFP jobs report. Catalysing gains were US core inflation readings (that came in softer-than-expected) and UOM consumer inflation expectations (that rebounded in June from May's all-time low), while additional UST gains are expected today (15 June), following the US-Iran weekend 'interim deal', which likely leads to resumption of energy flows through the Strait of Hormuz and thereby lower energy prices and diminished inflation risks ahead. However, a more sustainable outcome may only be attainable after the Fed's FOMC meeting on 17 June, which will be closely scrutinised given it will be Kevin Warsh's first meeting as the Fed chairman. Shifts in tone or guidance will be watched (relative to his predecessor), given upside risks to inflation and Fed credibility, as well as political pressure from Trump. Other details, such as dissenting FOMC votes and dot plot projections, will also be noted.

Malaysia Government Bonds: MGS yields closed up to 2 bps higher w/w. Pressure on the front-end appears to have eased compared to the prior week, following the release of US jobs data and the subsequent upward adjustment in 2Y UST yields. However, pressure was seen in the 10-20Y space, with GII also underperforming MGS amid the arrival of fresh 15Y GII supply. However, repricing of bonds towards better value subsequently drove significant appetite for the 15Y GII 07/40 auction on Friday, with an outstanding BTC of 3.41x observed on the MYR3.5 billion public issuance. MGS and GII subsequently saw a late-session rally on Friday following the auction report (as well as rising optimism for a US-Iran peace resolution by Thursday/Friday).

Malaysia Government Bonds View: Next on the auction calendar in June comes the 5Y MGS 06/31 and the 20Y GII 05/45 reopening auctions. We expect demand to remain solid, especially as front-end UST yields are expected to decline, opening the door for foreign investors to reposition into fresh supply. Meanwhile, we think a BTC ratio above three is unlikely to be repeated for the 20Y GII auction, given the post-15Y GII auction rally, and thereby affording slightly less value to be picked up.

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	12-Jun-26	5-Jun-26	w/w (bps)
2-year UST	4.08	4.15	(7)
10-year UST	4.48	4.53	(5)
2-year Bund	2.62	2.69	(8)
10-year Bund	3.00	3.04	(4)
2-year Gilt	4.24	4.34	(10)
10-year Gilt	4.84	4.90	(7)
2-year JGB	1.41	1.41	(0)
10-year JGB	2.63	2.67	(5)
2-year AGB	4.47	4.60	(13)
10-year AGB	4.81	4.91	(10)

Weekly MGS Yields (%)

MGS Yields	12-Jun-26	5-Jun-26	w/w (bps)
3-year	3.25	3.24	1
5-year	3.43	3.41	2
7-year	3.57	3.54	3
10-year	3.60	3.58	2
15-year	3.85	3.83	2
20-year	3.97	3.96	1
30-year	4.09	4.08	1

Weekly GII Yields (%)

GII Yields	12-Jun-26	5-Jun-26	w/w (bps)
3-year	3.25	3.23	2
5-year	3.38	3.36	2
7-year	3.56	3.54	2
10-year	3.62	3.61	1
15-year	3.91	3.88	3
20-year	3.98	3.97	1

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	12-Jun-26	5-Jun-26	w/w (bps)
IRS 3-Year	3.44	3.47	(2)
IRS 5-Year	3.49	3.54	(5)
IRS 7-Year	3.58	3.61	(3)
IRS 10-Year	3.70	3.73	(2)
3-Month KLIBOR	3.36	3.36	0
6-Month KLIBOR	3.39	3.39	0

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Forex

DXY Index: The DXY fell 0.3% w/w, with further declines expected ahead this week, after the US and Iran reportedly reached an interim agreement to reopen the Strait of Hormuz over the weekend (13-14 June). A formal agreement is expected to be signed on Friday (19 June) in Switzerland, and while several aspects of the deal remain unclear, the latest 'interim agreement' at least indicates diminished appetite for war by both parties, as well as a high likelihood of energy flow resumptions in the coming days or weeks. Meanwhile, on the US data front, headline consumer and producer inflation accelerated in May. However, a slight (expected) tick up in core CPI, coupled with a softer-than-expected core PPI reading, suggests contained spillovers into non-war-impacted components. This comes ahead of this week's Fed FOMC meeting, whereby though no policy rate changes are expected, it will be keenly watched by markets, given: 1) It will be Kevin Warsh's first policy meeting as the newly-appointed Fed chairman, with an unknown bias towards dovish/hawkish settings, 2) Potential signaling of more dissenting votes by voting FOMC members, and 3) Dot plot projections by members regarding the inflation, unemployment, and growth outlook – especially given signs of the US-Iran conflict ending.

Europe: Precipitating the DXY's 0.3% w/w decline were **GBP (+0.5%) and EUR (+0.4%)** strength, supported by a decline in oil (6%) and LNG (-3.5%) prices on fading Middle East supply risks, which will diminish the US (and USD's) advantage as a net energy exporter. Domestically, the week saw the ECB raise policy rates by 25bps as expected, while ECB President Lagarde warned that inflation risks are widening beyond energy. The ECB's core inflation forecasts have been raised by 0.2% and 0.3% respectively for 2026 and 2027 (to 2.5% y/y) – higher than current deposit policy rates of 2.25%. Hence, swap markets are pricing in another ECB hike in September 2026, with a 50% chance ascribed for a further hike by end-2026. In the UK, the BOE is expected to stand pat this week, given political/fiscal risks ahead of this week's parliamentary by-election from Labour's Andy Burnham, though UK interest rates are still expected to be hiked once by this year.

APAC: **JPY** held unchanged around 160.0, with the yen stuck between continued bearish bets and fears of MOF intervention around USD/JPY 160-161. We think bearish bets are likely to prevail even if the BOJ proceeds with a 25bps rate hike this week (which is expected and already priced in), as markets continue to view the BOJ as behind the curve in managing inflation risks. Nevertheless, we also think the risks of an FX intervention will be significantly higher post-BOJ meeting, or even a potential FX regime policy change (if current levels are deemed unsustainable to defend). Meanwhile, the **AUD** also held little changed w/w, as tailwinds from risk-on market sentiment were counterweighed by Australia's latest weak household confidence data in June, as well as an end to further RBA rate hikes this week.

Malaysia: The MYR weakened 0.7% w/w, while underperforming vs Asian peers for the week. We think recent MYR pressure reflects widening UST-MGS yield differentials as front-end UST yields rise, prompting foreign investor rebalancing and outflows from local government bonds. Some risk-off sentiment may also have heralded the move, given turmoil in Indonesian markets and political election risks in Malaysia. Nevertheless, a rebound is expected this week given declining US inflation risks (from lower energy

Indicative PDS Yields (%)

PDS Indicative Yields	12-Jun-26	5-Jun-26	w/w (bps)
3-Year AAA	3.58	3.57	1
3-Year AA	3.71	3.71	0
3-Year A	4.47	4.45	2
5-Year AAA	3.67	3.65	1
5-Year AA	3.80	3.79	1
5-Year A	4.66	4.62	4
10-Year AAA	3.84	3.83	1
10-Year AA	3.98	3.96	2
10-Year A	5.07	5.03	5

FX Weekly – vs. USD

FX Against USD	12-Jun-26	5-Jun-26	w/w (%)
DXY Index	99.75	100.07	(0.3)
EUR/USD	1.157	1.152	0.4
AUD/USD	0.705	0.705	(0.0)
GBP/USD	1.341	1.334	0.5
USD/JPY	160.2	160.3	(0.0)
NZD/USD	0.583	0.580	0.6
USD/MYR	4.060	4.030	0.7
USD/IDR	17,870	18,020	(0.8)
USD/THB	32.66	32.63	0.1
USD/SGD	1.284	1.291	(0.5)
USD/CNY	6.763	6.788	(0.4)
USD/KRW	1,517	1,560	(2.7)
USD/INR	95.12	94.94	0.2
USD/PHP	61.36	61.48	(0.2)

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	12-Jun-26	5-Jun-26	w/w (%)
EUR/MYR	4.70	4.69	0.2
GBP/MYR	5.45	5.43	0.4
AUD/MYR	2.86	2.88	(0.6)
JPY/MYR	2.53	2.51	0.7
SGD/MYR	3.16	3.14	0.7
10 CNY/MYR	6.00	5.96	0.8
1 million IDR/MYR	227.30	223.40	1.7
THB/MYR	12.41	12.35	0.4
100 INR/MYR	4.26	4.24	0.5
100 PHP/MYR	6.67	6.55	1.8

Sources: Bank Negara Malaysia (BNM), Bloomberg, Trading Economics, AmBank Economics prices), tapering of US Fed rate-hike bets, and thereby pressure on Malaysia's portfolio account.

Technical Pair Summary

DXY	Resistance Level			
	R1	100.11	R2	100.65
	Support Level			
	S1	98.99	S2	98.40
	Outlook: Bearish			

EUR/USD	Resistance Level			
	R1	1.166	R2	1.173
	Support Level			
	S1	1.153	S2	1.146
	Outlook: Bullish			

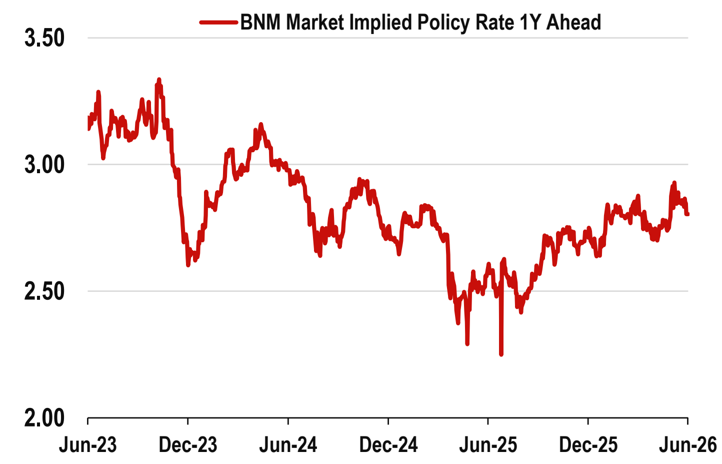
USD/JPY	Resistance Level			
	R1	160.8	R2	161.5
	Support Level			
	S1	159.2	S2	158.2
	Outlook: Slightly bullish			

USD/MYR	Resistance Level			
	R1	4.111	R2	4.176
	Support Level			
	S1	3.945	S2	3.843
	Outlook: Bullish			

GBP/USD	Resistance Level			
	R1	1.352	R2	1.359
	Support Level			
	S1	1.335	S2	1.327
	Outlook: Bullish			

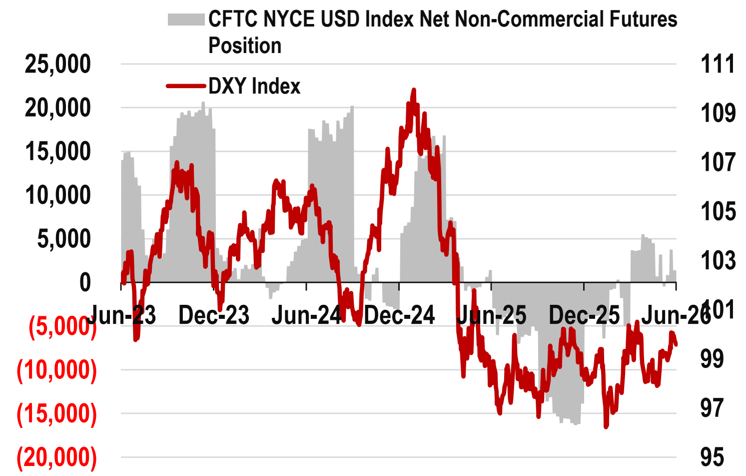
AUD/USD	Resistance Level			
	R1	0.717	R2	0.727
	Support Level			
	S1	0.699	S2	0.690
	Outlook: Bullish			

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

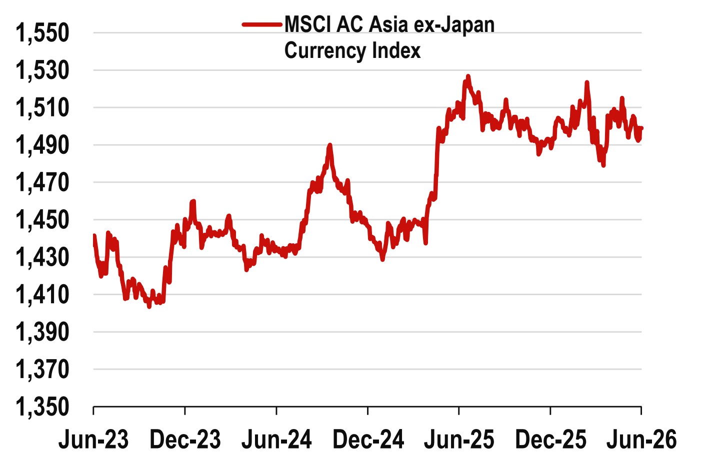
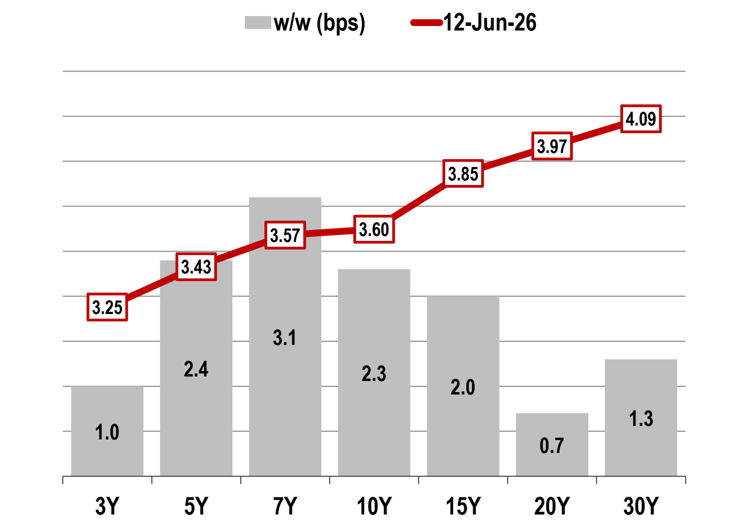


Exhibit 4: MGS w/w yield curve changes



Sources: Bloomberg, AmBank Economics

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Using the MGIY ticker on Bloomberg

Macroeconomic Data/Events Calendar (15 June 2026 – 19 June 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-06-15	20:30	US	Empire Manufacturing	Jun		13.5	19.6
2026-06-15	21:15	US	Industrial Production MoM	May	%	0.3	0.7
2026-06-16	**-**	**JP**	**BOJ Target Rate**	**Jun 16**	**%**	**1.00**	**0.75**
2026-06-16	20:30	US	Housing Starts	May	k	1430.0	1465.0
2026-06-16	06:45	NZ	Food Prices MoM	May	%	-	0.0
2026-06-16	**10:00**	**CH**	**Retail Sales YoY**	**May**	**%**	**(0.2)**	**0.2**
2026-06-16	**10:00**	**CH**	**Industrial Production YoY**	**May**	**%**	**4.3**	**4.1**
2026-06-16	**12:30**	**AU**	**RBA Cash Rate Target**	**Jun 16**	**%**	**4.35**	**4.35**
2026-06-17	07:50	JP	Core Machine Orders MoM	Apr	%	0.3	(9.4)
2026-06-17	19:00	US	MBA Mortgage Applications	Jun 12	%	-	10.8
2026-06-17	**20:30**	**US**	**Retail Sales Advance MoM**	**May**	**%**	**0.5**	**0.5**
2026-06-17	08:30	SG	Non-oil Domestic Exports YoY	May	%	30.5	24.5
2026-06-17	14:00	UK	CPI MoM	May	%	0.4	0.7
2026-06-17	**14:00**	**UK**	**CPI YoY**	**May**	**%**	**3.0**	**2.8**
2026-06-17	**14:00**	**UK**	**CPI Core YoY**	**May**	**%**	**2.7**	**2.5**
2026-06-17	**17:00**	**EU**	**CPI YoY**	**May F**	**%**	**3.2**	**3.2**
2026-06-17	17:00	EU	CPI MoM	May F	%	0.1	0.1
2026-06-18	**02:00**	**US**	**FOMC Rate Decision (Upper Bound)**	**Jun 17**	**%**	**3.75**	**3.75**
2026-06-18	20:30	US	Initial Jobless Claims	Jun 13	k	225.00	229.00
2026-06-18	22:00	US	Leading Index	May	%	0.10	0.10
2026-06-18	06:45	NZ	GDP SA QoQ	1Q	%	0.8	0.2
2026-06-18	14:00	UK	ILO Unemployment Rate 3Mths	Apr	%	5.0	5.0
2026-06-18	14:00	UK	Claimant Count Rate	May	%	-	4.4
2026-06-18	14:00	UK	Jobless Claims Change	May	k	-	26.5
2026-06-18	**19:00**	**UK**	**Bank of England Bank Rate**	**Jun 18**	**%**	**3.75**	**3.75**
2026-06-19	07:30	JP	Natl CPI YoY	May	%	1.5	1.4
2026-06-19	06:45	NZ	Trade Balance NZD	May	m	-	1920.0
2026-06-19	14:00	UK	Retail Sales Inc Auto Fuel MoM	May	%	0.5	(1.3)

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