AmBank Group

AmBank Economics

Market Wrap-up for the Week ended 19 June 2026

Weekly Fixed Income & FX Research Commentary

USD gains following more hawkish-than-expected Fed.

Monday, 22 June 2026

Snapshot Summary…

Global Rates: UST yields rose on the front of the curve as traders reacted to the hawkish Fed tone at Kevin Warsh's first FOMC meeting.

MYR Bonds: MGS closed firm. We think players are confident that growth and fiscal outlook remain favourable while expect BNM to hold rates rest of the year.

Global FX: USD sees strength on more hawkish-than-expected Fed FOMC meeting. GBP underperforms amid near-term fiscal policy risks.

USD/MYR: MYR pressure continued amid rising interest rate differentials with US, and declining risk-off sentiment regionally.

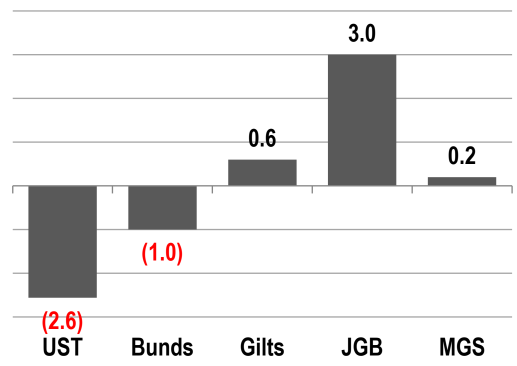
Fixed Income

Global Bonds: UST closed mixed where shorter tenor bonds weakened on the hawkish Fed tone though longer tenor bonds consolidated near the 4.50% level. To recap, the first Kevin Warsh-led FOMC meeting saw the Fed holding interest rates, as expected, but also saw policymakers taking out previous signalling of a potential rate cut going forward. The FOMC statement also was shortened, as a result, as Warsh is now likely to reform how the Fed provides guidance on policy going forward. The Fed hiked the median 2026 PCE inflation projection from 2.7% to 3.6%, while core PCE was hiked to 3.3% from 2.7%. Fed expects inflation to remain elevated 2026-2027. But longer-run projections little changed. We also think a Warsh Fed would sway markets to focus on his preferred inflation indicator, which is the trimmed PCE median number. The Dallas Fed's trimmed-mean PCE was 2.3% y/y in April, close to the 2% Fed target. Cleveland Fed's trimmed-mean CPI was 2.9% y/y in May, suggesting a lack of clarity in prices going forward. To us, this provides a glimmer of a sign that the Warsh Fed will instigate a more neutral policy stance going forward if oil prices continue to find resistance (oil largely <USD80 per barrel last week).

Malaysia Government Bonds: MGS was steady despite the hawkish Fed and short dated yield rise in DM bond markets which were on the back of hawkish Fed and pricing in of elevated policy rates at other global central banks rest of the year. We think that for Malaysia, players are confident that growth and fiscal outlook remain on the more favourable side and that BNM may hold rates at the present level rest of the year — providing the support for MGS at the current levels. Last week's print of May CPI at a measured 2.0% y/y, aided MGS as well.

Malaysia Government Bonds View: The past week's 5Y MGS (MGS 06/31) auction, where the MYR5.0 billion tender garnered MYR11.4 billion total bids indicate to us that MGS demand remain healthy. Next up before June ends is the reopening of the 20Y GII (GII 05/45) where total issuance could be another MYR5.0 billion but may come partly with a private placement. Total demand should remain decent seeing the current overall net positive sentiment in the overall MGS+GII market.

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	19-Jun-26	12-Jun-26	w/w (bps)
2-year UST	4.18	4.08	10
10-year UST	4.45	4.48	(3)
2-year Bund	2.65	2.62	3
10-year Bund	2.99	3.00	(1)
2-year Gilt	4.25	4.24	2
10-year Gilt	4.84	4.84	1
2-year JGB	1.41	1.41	0
10-year JGB	2.66	2.63	3
2-year AGB	4.51	4.47	4
10-year AGB	4.81	4.81	(0)

Weekly MGS Yields (%)

MGS Yields	19-Jun-26	12-Jun-26	w/w (bps)
3-year	3.25	3.25	0
5-year	3.44	3.43	1
7-year	3.56	3.57	(1)
10-year	3.60	3.60	0
15-year	3.85	3.85	0
20-year	3.97	3.97	0
30-year	4.09	4.09	0

Weekly GII Yields (%)

GII Yields	19-Jun-26	12-Jun-26	w/w (bps)
3-year	3.24	3.25	(0)
5-year	3.37	3.38	(0)
7-year	3.55	3.56	(0)
10-year	3.61	3.62	(1)
15-year	3.89	3.91	(2)
20-year	3.98	3.98	0

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	19-Jun-26	12-Jun-26	w/w (bps)
IRS 3-Year	3.46	3.44	2
IRS 5-Year	3.53	3.49	4
IRS 7-Year	3.60	3.58	2
IRS 10-Year	3.73	3.70	2
3-Month KLIBOR	3.36	3.36	0
6-Month KLIBOR	3.40	3.39	1

Forex

DXY Index: The DXY rose 1.1% w/w to well above 100.0, with the USD seeing broad-based gains of 0.5-1.9% vs. all other G10 currencies. Gains primarily accrued following the Fed's FOMC meeting on Wednesday – though policy rates were left unchanged as expected, overall signals tuned hawkish – with six out of eighteen FOMC members anticipating at least two rate hikes within the next four Fed meetings; while another three are in agreement for at least one rate hike, according to members' dot plot projections on the Fed Funds Rate trajectory. This is driven by members' sharp upward revisions to PCE inflation forecasts for 2026 and 2027, while risks to growth is deemed manageable as officials described it as 'solid' – especially coming alongside recent batches of US data indicating labour market resilience. Dollar gains were further supported by new Chairman Kevin Warsh's affirmation of price stability commitments, paring earlier risks that the new leader might seek to reduce policy rates to placate President Trump. Meanwhile, Kevin Warsh has also sought to overhaul Fed operations by reducing forward guidance in the FOMC statement, omitting to submit his own dot plot projections, as well as the establishment of five other task forces to overhaul internal operations. On US-Iran negotiations, the rickety pathway towards peace remains lengthy but intact, even if the past week presented some hiccups due to Israel-Hezbollah conflict.

Europe: GBP weakened 1.3% w/w amid USD strength, though UK-centric developments also pressure the pound during the week. Andy Burnham's by-election victory in Makerfield strengthened his position to challenge PM Keir Starmer for his role and as leader of the Labour Party, raising risks on UK fiscal and policy risks ahead. Though Burnham has earlier stated his 'complete commitment' to UK's fiscal rules and fiscal reduction, his team is reportedly exploring ways to be 'bolder' on borrowings for investments, raising the spectre of another sharp selloff in UK Gilts – as seen in 2022. Given fiscal/policy uncertainties, BOE MPC members voted 7-2 to keep policy rates unchanged at 3.75% during the week, as officials also noted global energy prices have declined since their previous meeting, while demand-driven inflationary pressure may also be limited, given weakening economic momentum and a cooling labour market. Nevertheless, inflation is expected to rise in 2H2026 as earlier energy price increases pass through the economy, with policymakers' also warning of risks to second-round effects through wages and other price categories if energy costs remain elevated. Hence, markets are still ascribing to a view of one BOE rate hike by end-2026 – same as prior to the BOE meeting. Meanwhile, EUR weaknesses (-0.8%) were smaller for the week given a lack of impending political/fiscal risks in the Eurozone, while the ECB's latest policy meeting (in the prior week) has also already been priced in.

Asia: JPY weakened 0.7% w/w, placing USD/JPY above 161, and erasing all gains made since 30 April – when authorities conducted a record-sized intervention to support the JPY. Though verbal threats for interventions continue and the BOJ's policy rate was raised by 25 bps to 1.00% as expected, interest rate differentials with the US has continued to widen given hawkish projections for the Fed, fueling further short yen carry trades that places pressure on the JPY. Markets also continue to assess the BOJ as being behind the curve in managing inflation risks, given its continued need to also balance risks on domestic growth and fiscal debt spending. AUD (-0.5% w/w) fell to near ten-week low amid general USD strength, though

Indicative PDS Yields (%)

PDS Indicative Yields	19-Jun-26	12-Jun-26	w/w (bps)
3-Year AAA	3.57	3.58	(1)
3-Year AA	3.71	3.71	0
3-Year A	4.45	4.47	(2)
5-Year AAA	3.66	3.67	(1)
5-Year AA	3.80	3.80	(0)
5-Year A	4.62	4.66	(4)
10-Year AAA	3.82	3.84	(2)
10-Year AA	3.97	3.98	(1)
10-Year A	5.02	5.07	(5)

FX Weekly – vs. USD

FX Against USD	19-Jun-26	12-Jun-26	w/w (%)
DXY Index	100.85	99.75	1.1
EUR/USD	1.147	1.157	(0.8)
AUD/USD	0.701	0.705	(0.5)
GBP/USD	1.323	1.341	(1.3)
USD/JPY	161.3	160.2	0.7
NZD/USD	0.574	0.583	(1.6)
USD/MYR	4.136	4.060	1.9
USD/IDR	17,790	17,870	(0.4)
USD/THB	32.83	32.66	0.5
USD/SGD	1.291	1.284	0.5
USD/CNY	6.768	6.763	0.1
USD/KRW	1,531	1,517	0.9
USD/INR	94.33	95.12	(0.8)
USD/PHP	60.78	61.36	(1.0)

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	19-Jun-26	12-Jun-26	w/w (%)
EUR/MYR	4.74	4.70	0.8
GBP/MYR	5.47	5.45	0.5
AUD/MYR	2.90	2.86	1.5
JPY/MYR	2.56	2.53	1.3
SGD/MYR	3.20	3.16	1.3
10 CNY/MYR	6.11	6.00	1.9
1 million IDR/MYR	232.40	227.30	2.2
THB/MYR	12.58	12.41	1.4
100 INR/MYR	4.39	4.26	3.1
100 PHP/MYR	6.80	6.67	1.9

Sources: Bank Negara Malaysia (BNM), Bloomberg, Trading Economics, AmBank Economics tailwinds from rising market risk sentiment also drove its relative outperformance vs. every other (non-USD) G10 peer. For the RBA's policy meeting last week, policy rates were left unchanged at 4.35% as expected. The RBA note that financial conditions have tightened with its earlier three consecutive rate hikes still feeding through the economy, though policymakers also noted inflation risks remain elevated. While oil prices have eased recently, they remain above pre-conflict levels, with evidence of pass-through to goods and services (core inflation categories). Meanwhile, labour market conditions are mixed, with higher unemployment in April but other indicators of labour market health prove more resilient, including business investments. Ahead, markets are only pricing in a 60% probability for another RBA rate hike by end-2026, though the trade is contingent on data faring as expected. As such, markets will look to Australia's CPI and jobs data for May to reassess their projections.

Malaysia: MYR weakened 1.9% w/w while underperforming Asian peers for the week. This is driven by the continued uptick in front-end UST yields (due to hawkish projections for the Fed), and vis-à-vis stability in MGS yields due to support from local investors and an expected steady OPR pathway, has placed pressure on the Ringgit due to growing interest rate differentials. Better performance for Asian peers such as the PHP (+1.0%) and IDR (+0.5%) during the week also suggests a reversal in earlier regional safe-haven inflows into Malaysia bonds, as easing energy supply risks also looks set to erase Malaysia's regional trade advantage as a net energy exporter.

Technical Pair Summary

DXY	Resistance Level			
	R1	101.48	R2	102.12
	Support Level			
	S1	99.57	S2	98.30
	Outlook: Slightly bearish			

EUR/USD	Resistance Level			
	R1	1.160	R2	1.173
	Support Level			
	S1	1.139	S2	1.133
	Outlook: Slightly bullish			

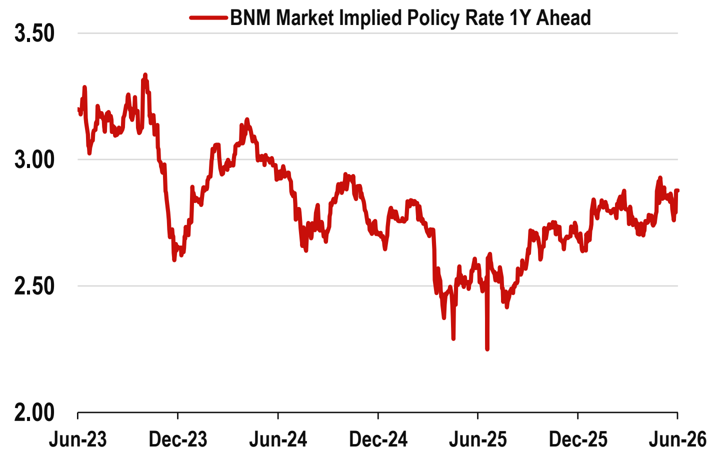
USD/JPY	Resistance Level			
	R1	162.2	R2	163.0
	Support Level			
	S1	160.0	S2	158.5
	Outlook: Slightly bullish			

USD/MYR	Resistance Level			
	R1	4.218	R2	4.295
	Support Level			
	S1	3.985	S2	3.830
	Outlook: Slightly bullish			

GBP/USD	Resistance Level			
	R1	1.338	R2	1.355
	Support Level			
	S1	1.312	S2	1.303
	Outlook: Slightly bearish			

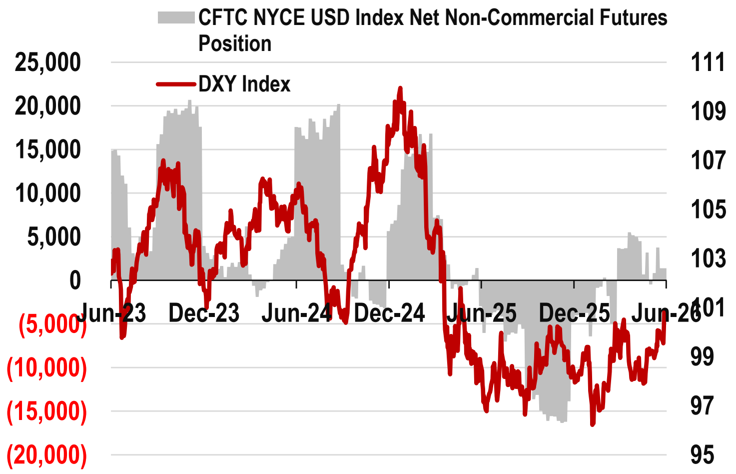
AUD/USD	Resistance Level			
	R1	0.713	R2	0.725
	Support Level			
	S1	0.694	S2	0.688
	Outlook: Neutral			

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



Sources: BPAM, AmBank Economics

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

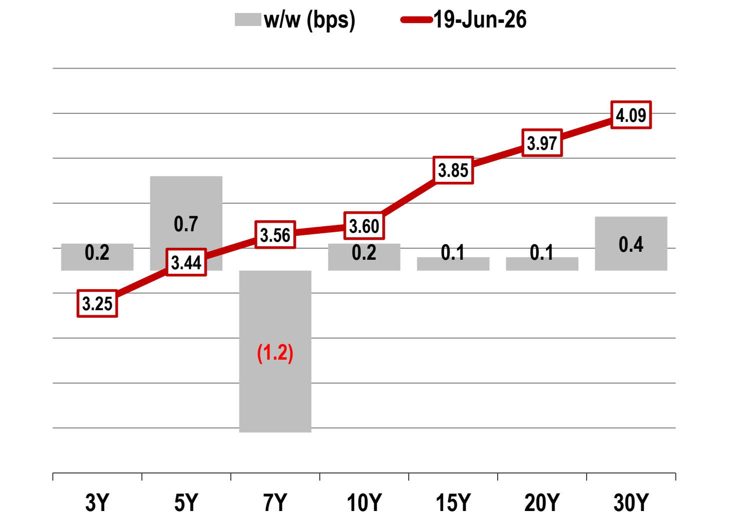


Sources: Bloomberg, AmBank Economics

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 (22 June 2026 – 26 June 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-06-23	13:00	SG	CPI YoY	May	%	2.0	1.8
2026-06-23	16:00	EU	S&P Global Eurozone Manufacturing PMI	Jun P		51.6	51.6
2026-06-23	16:30	UK	S&P Global UK Services PMI	Jun P		50.05	49.30
2026-06-23	16:30	UK	S&P Global UK Manufacturing PMI	Jun P		53.5	53.9
2026-06-23	21:45	US	S&P Global US Manufacturing PMI	Jun P		54.5	55.1
2026-06-24	19:00	US	MBA Mortgage Applications	Jun 19	%	-	(3.8)
2026-06-24	22:00	US	New Home Sales	May	k	639.9	622.0
2026-06-25	**20:30**	**US**	**Personal Income**	**May**	**%**	**0.40**	**0.00**
2026-06-25	**20:30**	**US**	**Personal Spending**	**May**	**%**	**0.6**	**0.5**
2026-06-25	20:30	US	GDP Annualized QoQ	1Q T	%	1.6	1.6
2026-06-25	20:30	US	Initial Jobless Claims	Jun 20	k	225.0	226.0
2026-06-25	20:30	US	Durable Goods Orders	May P	%	(4.9)	8.0
2026-06-25	09:30	AU	Employment Change	May	k	30.0	(18.6)
2026-06-25	**09:30**	**AU**	**Unemployment Rate**	**May**	**%**	**4.4**	**4.5**
2026-06-26	07:30	JP	Tokyo CPI Ex-Fresh Food YoY	Jun	%	1.6	1.3
2026-06-26	13:00	SG	Industrial Production YoY	May	%	17.7	17.6
2026-06-26	20:30	US	Wholesale Inventories MoM	May P	%	0.3	0.6
2026-06-26	22:00	US	U. of Mich. Sentiment	Jun F		50.00	48.90

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