AmBank Group

AmBank Economics

Market Wrap-up for the Week ended 17 July 2026

Monday, 20 July 2026

Weekly Fixed Income & FX Research Commentary

Escalating US-Iran tensions remain a key focus, ahead of central bank meetings.

Snapshot Summary…

Global Rates: With the war escalation still in play, we see muted support for UST this week unless the situation improves.

MYR Bonds: For this week, we suggest players look towards the primary segment, especially at YTD high yields, as geopolitical risks may still pressure the secondary market.

Global FX: USD fell slightly amid a decline in US inflation, though the reigniting of US-Iran tensions and hawkish Fed commentary tempered losses.

USD/MYR: MYR sees late-week pressure amid upside surprise to 2Q2026 GDP data, fueling traders' bets of an OPR hike ahead.

Fixed Income

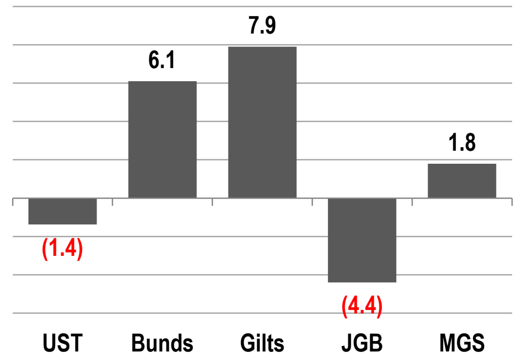
Global Bonds: US Treasuries completed a w/w decline. Even as inflationary pressures persisted amid escalation in the US-Iran war, the latest US CPI and PPI data helped drive yields lower. The US CPI reading for June was 3.5% y/y against 3.8% consensus and 4.2% in May. The June US PPI showed lower numbers than expected. The m/m pace was -0.3% (consensus: 0.0%; May: 0.6%) while core PPI at +0.2% m/m was lower than the consensus of +0.4% (previous: 0.1%). CME Fedwatch sees around a 14% probability of a July Fed hike and about a 57% probability of a September hike. With the war escalation still in play, we see muted support for UST this week unless the situation improves.

Malaysia Government Bonds: Midweek gains in the UST market post the US CPI report aided sentiment in local government bond trading. However, a rise in IRS rates, continued geopolitical risks, and the post-Johor state election pressured bonds, while our traders noted that tight onshore liquidity also contributed to limited market sentiment. Malaysia's better-than-expected 2Q2026 GDP performance of 5.8% then further limited bond demand. Malaysia's June CPI at 1.9% y/y, or down from 2.0% in May, did not aid sentiment.

Malaysia Government Bonds View: For this week, we suggest players look to the primary segment, especially at YTD high yields, as we think the secondary market may remain pressured by geopolitical risks and tight liquidity. Last week's MYR5.0 billion 5Y GII auction received firm bids totalling MYR11.3 billion. Average yield was 3.287%, closer to the high yield of 3.289% than the low yield of 3.280%. This week, we have the 15Y MGS (MGS 01/41) auction, with a public tender size of MYR3.5 billion, plus an additional MYR1.5 billion to be privately placed.

Malaysian Corporate Bonds: As for MYR corporate bonds, we noted spreads were tighter last week, but we also noted flows were mainly focused on higher-grade papers, mainly quasi-government issuers and AAA-rated names, with select AA names finding interest. We think that with indicative

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	17-Jul-26	10-Jul-26	w/w (bps)
2-year UST	4.18	4.21	(3)
10-year UST	4.55	4.56	(1)
2-year Bund	2.79	2.65	14
10-year Bund	3.13	3.07	6
2-year Gilt	4.35	4.22	13
10-year Gilt	4.95	4.87	8
2-year JGB	1.44	1.43	1
10-year JGB	2.70	2.74	(4)
2-year AGB	4.51	4.45	6
10-year AGB	4.90	4.84	6

Weekly MGS Yields (%)

MGS Yields	17-Jul-26	10-Jul-26	w/w (bps)
3-year	3.26	3.26	0
5-year	3.41	3.40	1
7-year	3.55	3.54	1
10-year	3.64	3.62	2
15-year	3.85	3.84	1
20-year	3.95	3.95	0
30-year	4.08	4.09	(0)

Weekly GII Yields (%)

GII Yields	17-Jul-26	10-Jul-26	w/w (bps)
3-year	3.28	3.26	2
5-year	3.39	3.38	1
7-year	3.56	3.54	1
10-year	3.64	3.62	1
15-year	3.90	3.89	1
20-year	3.98	3.97	0

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	17-Jul-26	10-Jul-26	w/w (bps)
IRS 3-Year	3.54	3.49	5
IRS 5-Year	3.59	3.53	5
IRS 7-Year	3.66	3.62	4
IRS 10-Year	3.76	3.73	2
3-Month KLIBOR	3.45	3.45	0
6-Month KLIBOR	3.48	3.48	0

GG spreads on quasi bonds already sub-20 bps over the past month, we could see some risk of short-term profit-taking.

Forex

DXY Index: The USD broadly weakened against all G10 peers w/w, though DXY's (-0.2%) decline was limited (given JPY depreciation). Fueling the broadly weaker USD alongside the UST rally was US inflation data for the week. Headline and core consumer inflation both declined, coming in well below expectations, driven by disinflation across key categories. The producer price index (PPI) also showed broad disinflation across several goods categories, suggesting that inflation may not be as entrenched as policymakers feared. Still, the dip in UST yields and the USD was limited by rebounding energy prices amid resurging US-Iran hostilities, hawkish commentary from several Fed speakers (including chairman Warsh), as well as resilient US retail sales and consumer sentiment data. Ahead, the US sees a softer batch of data this week, headline by S&P PMI indicators.

Europe: **EUR (+0.2% w/w)** and **GBP (+0.4%)** gained amid USD weakness. GBP continued to outperform its regional peer, driven by reports that Shabana Mahmood is now the lead candidate to head the UK Treasury – an appointee viewed as more fiscally conservative than the earlier anticipated Ed Miliband. With Andy Burnham officially confirmed as the new Labour Party leader and an expected PM confirmation by this week, markets heavily look forward to Burnham's fiscal direction ahead, given the fragility of UK public finances. Meanwhile, EUR underperformance came amid a fresh recovery in energy prices. This comes ahead of the ECB's policy meeting this week. Though policy rates are expected to remain unchanged, the post-meeting statement and subsequent comments are expected to turn more hawkish, with swap markets almost fully pricing in another ECB rate hike at its subsequent September meeting.

APAC: **AUD (+0.4% w/w)** slightly outperformed European peers amid the USD downtick, keeping it at near three-week highs amid hawkish rhetoric from RBA Assistant Governor Hunter. However, gains were limited by rising geopolitical risk premiums and a disappointing batch of data from China. Growth has slowed to 4.3% y/y in 2Q2026 (consensus: 4.5%; 1Q2026: 5.0%) – well below the 4.5-5.0% range targeted by Chinese officials, as investments joined consumption in posting tepid growth. This comes ahead of Australia's June employment data this week, followed by inflation data next week. Meanwhile, the **JPY (-0.4% w/w)** significantly underperformed G10 peers. Despite FM Katayama's earlier announcement urging domestic pension funds to 'substantially' increase their holdings of Japanese financial assets, subsequent reports indicate that Japan has no immediate plans to alter the asset allocation of state pension funds (beyond raising domestic allocations to the upper end of current allowable ranges). Investors also assess these plans as only a setback to JPY headwinds (not a lasting bullish catalyst), given lingering issues with Japan's fiscal position, persistently high inflation, and low policy interest rates.

Malaysia: USD/MYR closed 0.6% higher w/w after seeing sharp weakness around Friday's closing. This followed the unexpectedly strong 2Q2026 GDP growth reading of 5.8% y/y (consensus: 5.2%; AmBank estimate: 5.6%; 1Q2026: 5.4%), driven by a rebound in mining activity and E&E export-led manufacturing growth. These fueled some traders' hawkish bets of room for an OPR hike, given persistently tight Ringgit liquidity conditions

Indicative PDS Yields (%)

PDS Indicative Yields	17-Jul-26	10-Jul-26	w/w (bps)
3-Year AAA	3.58	3.58	0
3-Year AA	3.72	3.72	1
3-Year A	4.44	4.44	0
5-Year AAA	3.67	3.67	0
5-Year AA	3.80	3.80	1
5-Year A	4.61	4.61	0
10-Year AAA	3.84	3.84	(0)
10-Year AA	3.98	3.97	1
10-Year A	5.01	5.01	0

FX Weekly – vs. USD

FX Against USD	17-Jul-26	10-Jul-26	w/w (%)
DXY Index	100.77	100.95	(0.2)
EUR/USD	1.144	1.142	0.2
AUD/USD	0.698	0.695	0.4
GBP/USD	1.345	1.340	0.4
USD/JPY	162.4	161.7	0.4
NZD/USD	0.584	0.576	1.4
USD/MYR	4.097	4.073	0.6
USD/IDR	17,895	18,055	(0.9)
USD/THB	33.61	33.32	0.9
USD/SGD	1.292	1.292	0.0
USD/CNY	6.776	6.775	0.0
USD/KRW	1,487	1,499	(0.8)
USD/INR	96.28	95.33	1.0
USD/PHP	61.59	61.52	0.1

FX Weekly – Cross Rates vs. MYR

Cross FX Against MYR	17-Jul-26	10-Jul-26	w/w (%)
EUR/MYR	4.69	4.65	0.7
GBP/MYR	5.51	5.46	0.8
AUD/MYR	2.86	2.83	1.0
JPY/MYR	2.52	2.52	0.2
SGD/MYR	3.17	3.15	0.6
10 CNY/MYR	6.04	6.01	0.5
1 million IDR/MYR	228.60	225.40	1.4
THB/MYR	12.18	12.24	(0.5)
100 INR/MYR	4.25	4.27	(0.5)
100 PHP/MYR	6.65	6.62	0.5

Sources: Bank Negara Malaysia (BNM), Bloomberg, Trading Economics, AmBank Economics amid sticky KLIBOR fixings. That said, we opine that demand-pull conditions are not strong enough to warrant a hike at this time. Prior to the GDP data release, the MOF announced that Moody's Ratings had affirmed Malaysia's long-term credit rating at A3 with a stable outlook, citing a diversified and competitive economy, strong medium-term growth prospects, and a deep domestic savings pool. The MOF also noted that Moody's expects Malaysia's growth to outpace all other A-rated peers in 2026. Meanwhile, PM Anwar said the government will consider raising assistance under the STR and Sara schemes (under the upcoming Budget 2027) if the country's economic conditions permit.

Technical Pair Summary

DXY	Resistance Level			
	R1	101.76	R2	102.72
	Support Level			
	S1	99.69	S2	98.58
	Outlook: Slightly bullish			

EUR/USD	Resistance Level			
	R1	1.158	R2	1.172
	Support Level			
	S1	1.133	S2	1.122
	Outlook: Slightly bearish			

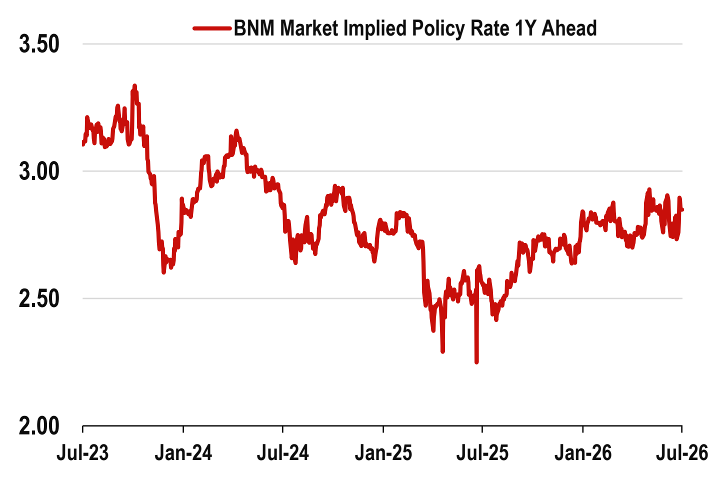
USD/JPY	Resistance Level			
	R1	163.1	R2	163.9
	Support Level			
	S1	161.0	S2	159.6
	Outlook: Neutral			

USD/MYR	Resistance Level			
	R1	4.138	R2	4.191
	Support Level			
	S1	4.041	S2	3.997
	Outlook: Neutral			

GBP/USD	Resistance Level			
	R1	1.360	R2	1.376
	Support Level			
	S1	1.323	S2	1.301
	Outlook: Slightly bearish			

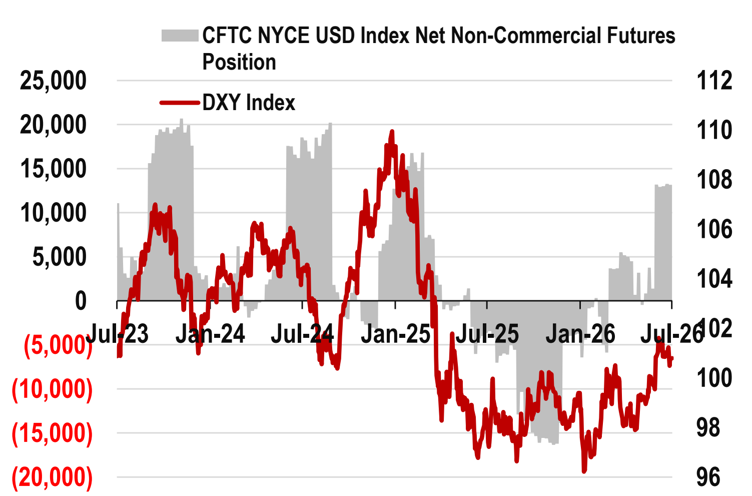
AUD/USD	Resistance Level			
	R1	0.707	R2	0.716
	Support Level			
	S1	0.689	S2	0.680
	Outlook: Slightly bearish			

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



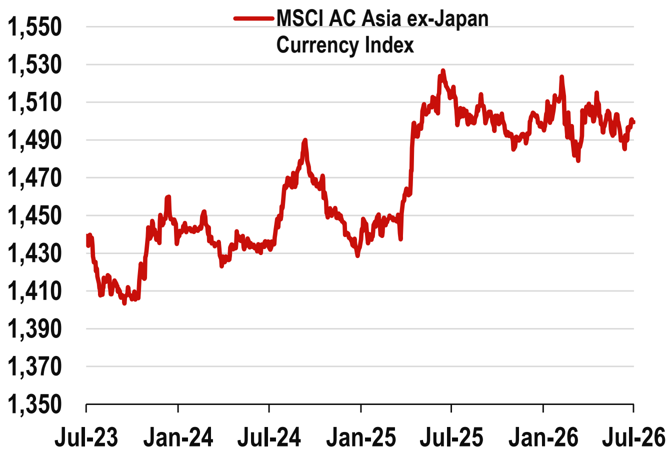
Sources: BPAM, AmBank Economics

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



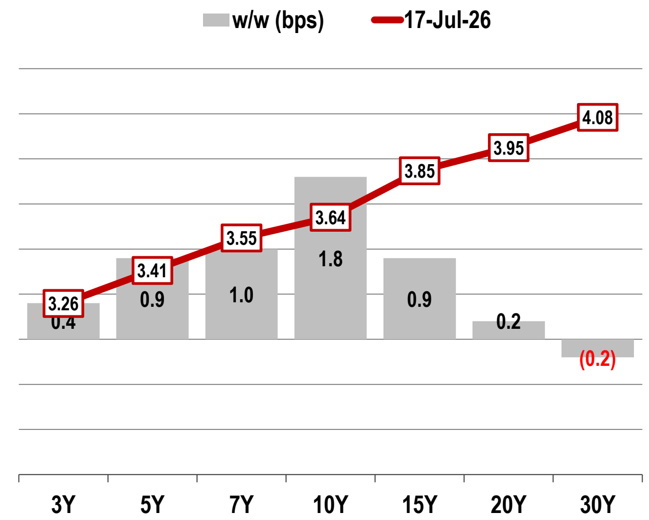
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



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 (20 July 2026 – 24 July 2026)

Date	Time (+8 GMT)	Country	Indicator	Period	Unit	Survey Median	Prior
2026-07-20	22:00	US	Leading Index	Jun	%	(0.1)	0.1
2026-07-21	06:45	NZ	CPI QoQ	2Q	%	1.4	0.9
2026-07-21	14:00	UK	ILO Unemployment Rate 3Mths	May	%	4.9	4.9
2026-07-21	14:00	UK	Claimant Count Rate	Jun	%	-	4.5
2026-07-21	14:00	UK	Jobless Claims Change	Jun	k	-	31.2
2026-07-22	19:00	US	MBA Mortgage Applications	Jul 17	%	-	(2.7)
2026-07-22	14:00	UK	CPI MoM	Jun	%	0.1	0.2
2026-07-22	**14:00**	**UK**	**CPI YoY**	**Jun**	**%**	**2.7**	**2.8**
2026-07-22	**14:00**	**UK**	**CPI Core YoY**	**Jun**	**%**	**2.5**	**2.6**
2026-07-23	20:30	US	Initial Jobless Claims	Jul 18	k	211.0	208.0
2026-07-23	**09:30**	**AU**	**Employment Change**	**Jun**	**k**	**15.0**	**40.3**
2026-07-23	**09:30**	**AU**	**Unemployment Rate**	**Jun**	**%**	**4.4**	**4.4**
2026-07-23	13:00	SG	CPI YoY	Jun	%	2.0	1.8
2026-07-23	**20:15**	**EU**	**ECB Deposit Facility Rate**	**Jul 23**	**%**	**2.25**	**2.25**
2026-07-23	**20:15**	**EU**	**ECB Main Refinancing Rate**	**Jul 23**	**%**	**2.40**	**2.40**
2026-07-23	**20:15**	**EU**	**ECB Marginal Lending Facility**	**Jul 23**	**%**	**2.65**	**2.65**
2026-07-24	21:45	US	S&P Global US Manufacturing PMI	Jul P		54.5	53.9
2026-07-24	22:00	US	New Home Sales	Jun	k	605.5	580.0
2026-07-24	14:00	UK	Retail Sales Inc Auto Fuel MoM	Jun	%	(0.1)	1.2
2026-07-24	16:30	UK	S&P Global UK Manufacturing PMI	Jul P		52.0	52.5
2026-07-24	16:30	UK	S&P Global UK Services PMI	Jul P		49.4	48.8
2026-07-24	16:00	EU	S&P Global Eurozone Manufacturing PMI	Jul P		51.5	51.4
2026-07-24	**07:30**	**JP**	**Natl CPI YoY**	**Jun**	**%**	**1.7**	**1.5**
2026-07-24	08:30	JP	S&P Global Japan PMI Mfg	Jul P		-	54.8

AmBank Group Economic Research	
Firdaos Rosli	firdaos.rosli@ambankgroup.com
Nik Ahmad Mukharriz Nik Muhammad	nik-ahmad-mukharriz.n@ambankgroup.com
Lee Si Xin	lee.si-xin@ambankgroup.com
Raja Adibah Raja Hasnan	raja-adibah.r@ambankgroup.com
Michael Yim Soon Kah	yim.soon-kah@ambankgroup.com
Aman Nazmi Abd Karim	aman-nazmi.abd-karim@ambankgroup.com
Group Treasury & Markets	
Corporate Client Group (CCG)	+603-2059 8700/8600
Institutional Client Group (ICG)	+603-2059 8690
Azli Bin Abdul Jamil	azli-abd-jamil@ambankgroup.com
Jacqueline E. Rodrigues	jacqueline-r@ambankgroup.com
Ho Su Farn	ho-su-farn@ambankgroup.com
Melisa Lim Giok Ling	melisa-lim@ambankgroup.com
Roger Yee Chan Chung	roger-yee@ambankgroup.com
Muhammad Hafizin Aiman Bin Halim	muhammad-hafizin-aiman.h@ambankgroup.com

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