

11 July 2025

Global Economics & Market Strategy

NR Holdings Fell in June

- ◆ **Non-resident (NR) holdings of MYR fixed income securities fell by MYR5.3bn in June.** MGS saw the highest outflow of MYR2.9bn, followed by GII with -MYR2.4bn as well as MTB (MYR0.6bn), MITB (MYR0.4bn) and Sukuk (MYR2mn). During the month, corporate bonds saw an inflow of MYR0.9bn. We think that the gradual resurgence of risk-on sentiment, tempered expectations for further ringgit appreciation, and the recovery in US assets were among the main factors behind the sell-off. In our view, foreign inflows are likely to moderate, with the OPR expected to stay at 2.75% throughout 2025. Nonetheless, uncertainty surrounding tariffs, which could trigger an economic slowdown, may lead to a spike in NR holdings as expectation for additional rate easing grows. Total NR holdings in MGS/GII declined to 21.8% in June (Figure 4).
- ◆ **Malaysia:** Total government securities volume stood at MYR6,737mn with the top traded stock **MGS 3.955% 9/25** with MYR1,003mn traded. The implied 10YR MGS yield movement today is +0.31bps, given the trailing 30-day beta of +0.17 against UST 10YR (+1.8bps). Bid-ask spreads for MGS 7YR and 10YR fell (Figure 5). The 30-day 10YR MGS/UST correlation stood at +0.26. Corporate Bonds volume traded was MYR618mn, with the top traded stock **YTL Power 6/28** with a volume of MYR50mn. **Every 1 bps move in 10YR UST yield implies a +0.17bps move in 10YR MGS.*
- ◆ **US Treasuries: Treasury yields gained as equities rallied.** The UST losses was driven gains in equities supported by tech sector. This triggered UST sell-off particularly on the front-end. The long-end losses were tapered by a healthy demand UST 30YR USD22bn which was awarded at 4.889%, compared to indicative level of 4.890%. Swap implied FFR cuts by Dec-2025 stood at 2.0x. UST yields for the 2YR/10YR/20YR moved by +2.9bps/+1.8bps/+0.2bps, respectively.
- ◆ **Key Events – Friday:** Malaysia May industrial production & manufacturing sales value

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RHB FIC Strategy

+603 92808858

rhbfcstrategy@rhbgroup.com

Fixed Income Return Snapshot

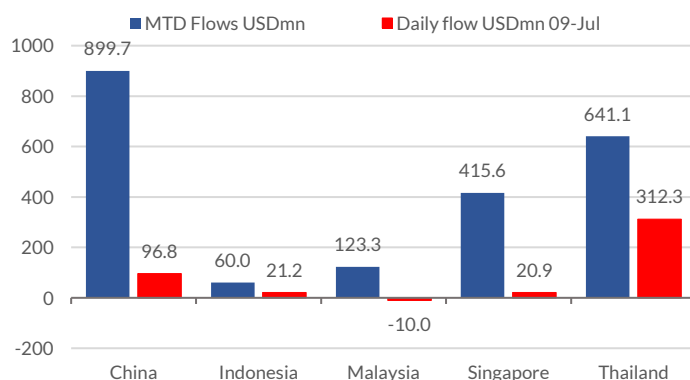
	1D Δ (%)	7D Δ (%)	1M Δ (%)
MGS 10YR	0.11	0.11	N.A.
MYR Govt Bond	0.05	0.18	0.60
US Treasuries	-	0.09	1.02
Global Bond	-0.11	-0.50	0.95
AxJ IG Bond	0.06	0.09	1.16

2YR and 10YR Yields (%)

	10-Jul	1D bps Δ	7D bps Δ
China 2YR	1.385	1.4	2.7
China 10YR	1.659	1.3	1.7
Indonesia 2YR	5.893	-1.7	-5.6
Indonesia 10YR	6.564	-1.0	-2.2
Japan 2YR	0.754	-0.3	1.1
Japan 10YR	1.495	-0.7	6.0
Malaysia 3YR	3.080	-3.5	-4.1
Malaysia 10YR	3.433	-0.8	-2.1
Singapore 2YR	1.705	-1.3	1.8
Singapore 10YR	2.103	-0.8	0.5
Thailand 2YR	1.354	0.0	-4.1
Thailand 10YR	1.536	0.0	-7.6
US 2YR	3.872	2.9	-0.8
US 10YR	4.350	1.8	0.4
MYR AAA 10YR	3.810	-2.1	-2.2
MYR AA 10YR	3.974	-1.8	-2.0
MYR A 10YR	5.022	0.6	-1.0

Source: Bloomberg, RHB Economics & Market Strategy.

Figure 1: Regional MTD/Daily Bond Fund Flows (USDmn)

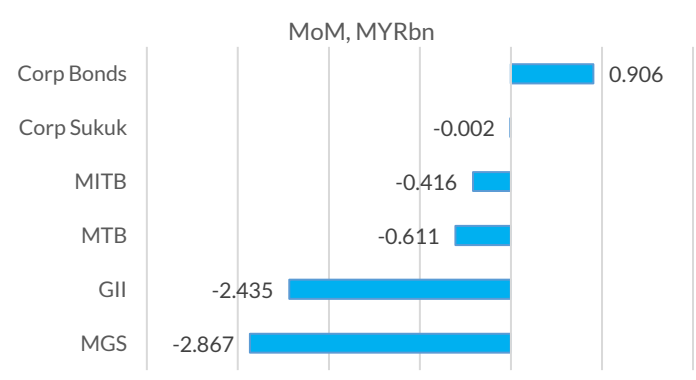


Source: EPFR, RHB Economics & Market Strategy.

See important disclosures at the end of this report

Market Dateline / PP 19489/05/2019 (035080)

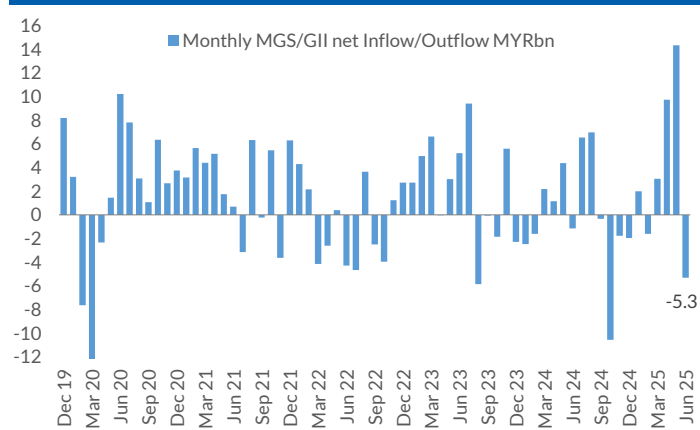
Figure 2: Foreign inflow declined in June



Source: BNM, RHB Economics & Market Strategy.

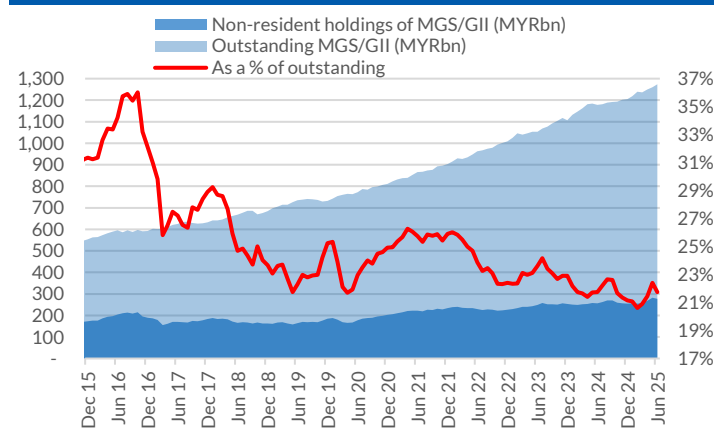
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Figure 3: Monthly NR flows



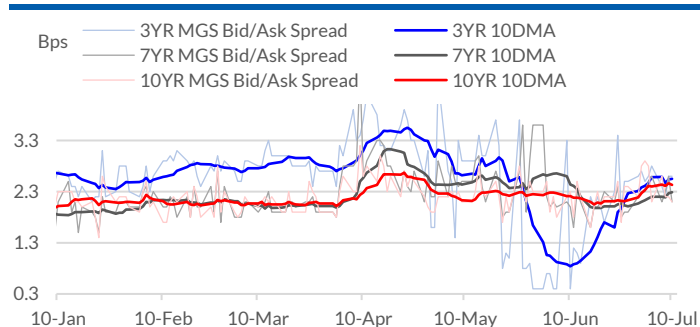
Source: BNM, RHB Economics & Market Strategy. Own calculation.

Figure 4: NR holds 21.8% of outstanding MGS/GII as of June



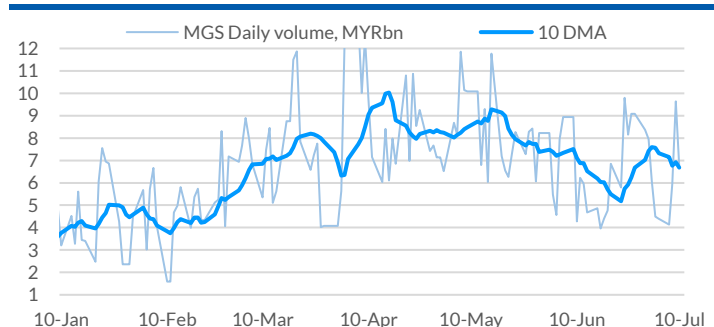
Source: BNM, RHB Economics & Market Strategy. Own calculation.

Figure 5: Bid-ask spreads of key benchmarks



Source: Bloomberg, RHB Economics & Market Strategy.

Figure 6: Daily MGS/GII Volume



Source: Bloomberg, RHB Economics & Market Strategy.

Trading Ideas

- ◆ **MYR Bond: (24/6/25) We are Market Perform on Farm Fresh Berhad (AA-IS).** We think that its Islamic Medium-term Notes (IMTN) paper is fairly priced and offer attractive relative value as well as decent liquidity. Farm Fresh has a solid metrics and commendable earnings performance which we view as positive for the company. Hence, we think that it warrants the paper yields to stand one-notch above its AA3-bond benchmark. The company has a decent revenue of around MYR981mn while D/E ratio remains healthy at 0.59x in FY25 ([Read here](#)).
- ◆ **MYR Bond: (7/5/25) We are Underperform on all tranches of UMW Holdings Bhd's (UMW) Islamic Medium-Term Notes (AA+) and Outperform its Perpetual Sukuk Musharakah 6.35% - Tranche 1 (AA-).** We think its AA+ paper is pricier and gives lower value across its tranches with the yields stood lower than benchmark and almost at parity to the level of AAA bond curve. Separately, we view the perpetual instrument offers attractive value as well as decent liquidity. The company holds a lion share in terms of total industrial volume sales via Perodua (43.8%) and UMW Toyota Motors (12.5%). Based on adjusted financials, UMW's segmental revenue stood at MYR17.1bn while its pre-tax and interest profit was around MYR920mn for 2024 ([Read here](#)).
- ◆ **MYR Bond: (11/4/25) We keep Outperform on Tropicana Corporation Bhd (Tropicana, A) given the attractive yields, improved gearing levels and strong product pipeline.** Tropicana's strategic focus on divesting non-core assets and reducing its debt burden has yielded positive results. Gearing and net gearing improved to 0.43 and 0.27 respectively versus 0.55 and 0.43 a year ago. In FY24, the Group completed and handed over five development projects in the Klang Valley and Southern Regions, supporting its overall financial performance. For the full year, the Group reported revenue of MYR1.4bn, a 6.3% YoY decline and posted a profit before tax of MYR172.7mn, excluding one-off losses ([Read here](#)).
- ◆ Read the complete list of our bond coverage [here](#).

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MGS/GII

- ◆ Following the cut in OPR to 2.75% from 3.00%, we changed our forecast for 10YR MGS to be traded at a slightly lower range at around 3.40% to 3.50% in 2025.
- ◆ Read our 3Q25 report here: [Global Outlook 3Q25: Beware the Three Tees](#)

MYR Yields vs RHB Year-end Forecast

	Last Yield %	Forecast		Yield Changes (bps)				
		2025F	Pickup (bps)	1D	1W	1M	3M	YTD
MGS 3YR	3.080	3.10	-2	-3.5	-4.1	-7.6	-34.0	-40.1
MGS 5YR	3.153	3.14	1	-1.5	-2.6	-4.8	-35.4	-47.1
MGS 7YR	3.346	3.35	0	-1.4	-3.0	-6.4	-30.7	-41.5
MGS 10YR	3.433	3.43	0	-0.8	-2.1	-9.6	-31.0	-37.7
MGS 15YR	3.671	3.67	0	-0.7	-1.2	-2.8	-19.6	-29.8
MGS 20YR	3.766	3.77	0	-0.9	-1.2	-1.8	-20.5	-29.8
MGS 30YR	3.984	3.99	-1	-1.4	-1.5	-3.5	-11.5	-19.9
AAA 3YR	3.592	3.60	-1	-1.6	-1.8	-2.3	-17.6	-23.8
AAA 10YR	3.810	3.83	-2	-2.1	-2.2	-3.2	-16.3	-25.5
AAA 15YR	3.937	3.96	-2	-2.5	-2.0	-4.0	-15.9	-23.0
AA 3YR	3.742	3.76	-2	-2.0	-2.0	-2.8	-17.2	-27.2
AA 10YR	3.974	3.99	-2	-1.8	-2.0	-3.1	-16.2	-26.5
AA 15YR	4.114	4.13	-2	-2.2	-1.7	-3.7	-15.4	-24.7
A 3YR	4.536	4.54	0	-0.8	-1.4	0.0	-7.1	-32.1
A 10YR	5.022	5.01	1	0.6	-1.0	1.2	-8.7	-53.7
A 15YR	5.265	5.26	0	0.9	-0.9	1.4	-11.4	-61.4

Source: Bloomberg, RHB Economic & Market Research. Constant maturity.

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Daily Top 10 Trade

Government

Name	Traded Amount (MYRmn)	Last Traded Yield	Previous Traded Yield	Δ Bps
MGS 1/2015 3.955% 15.09.2025	1003	2.873	2.909	-4
GII MURABAAH 3/2016 4.070% 30.09.2026	671	2.897	2.934	-4
MGS 2/2023 3.519% 20.04.2028	488	3.074	3.116	-4
GII MURABAAH 1/2023 3.599% 31.07.2028	380	3.113	3.120	-1
GII MURABAAH 2/2024 3.804% 08.10.2031	380	3.347	3.365	-2
GII MURABAAH 4/2015 3.990% 15.10.2025	356	2.872	2.925	-5
MGS 1/2022 3.582% 15.07.2032	323	3.343	3.355	-1
GII MURABAAH 2/2025 3.635% 30.08.2030	300	3.208	3.220	-1
MGS 4/2019 3.828% 05.07.2034	279	3.488	3.488	0
GII MURABAAH 5/2013 4.582% 30.08.2033	223	3.469	3.480	-1

Quasi-Govt

Name	Traded Amount (MYRmn)	Last Traded Yield	Previous Traded Yield	Δ Bps
CAGAMAS IMTN 4.620% 04.11.2027	40	3.373	3.524	-15
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

Corporate

Name	Traded Amount (MYRmn)	Last Traded Yield	Previous Traded Yield	Δ Bps
YTL POWER MTN 5479D 14.6.2028	50	3.673	3.816	-14
AMBANK MTN 3653D 12.10.2032	30	3.737	4.241	-50
EWCB IMTN 4.900% 10.08.2028	30	3.716	3.735	-2
YTL CORP MTN 7305D 11.11.2036	30	3.819	3.822	0
YTL POWER IMTN 4.300% 24.08.2029	30	3.702	3.779	-8
YTL POWER IMTN 5.050% 03.05.2027	30	3.597	3.606	-1
SPETCHEM IMTN 5.190% 27.07.2033 (Sr1 Tr9)	25	3.833	3.790	4
JEP IMTN 5.850% 04.06.2031 - Tranche 21	20	3.925	4.103	-18
JEP IMTN 6.200% 04.12.2031 - Tranche 22	20	3.947	4.318	-37
K-PROHAWK IMTN 5.240% 24.12.2027	20	3.787	4.296	-51

Source: BPAM, RHB Economic & Market Strategy. Previous trading day.

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RHB Credit Strategy Rating Definitions

Recommendation	Time Horizon	Definition
Outperform	6 to 12 months	A corporate bond's expected relative performance versus a reference (i.e. AA3 curve or sector peers)
Market perform	6 to 12 months	
Underperform	6 to 12 months	
Speculative	Indefinitely	The bond's repayment ability is highly uncertain
Not Rated (NR)	Indefinitely	Not under coverage

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KUALA LUMPUR

RHB Investment Bank Bhd
Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur 50400
Malaysia
Tel : +603 9280 8888
Fax : +603 9200 2216

JAKARTA

PT RHB Sekuritas Indonesia
Revenue Tower, 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel : +6221 509 39 888
Fax : +6221 509 39 777

SINGAPORE

RHB Bank Berhad (Singapore branch)
90 Cecil Street
#04-00 RHB Bank Building
Singapore 069531