

03 September 2025

Global Economics & Market Strategy

Bank's Securities Holdings Rose in July

- ◆ **Malaysian banking system's holdings in securities rose by MYR25.1bn (+3.4 MoM%) in July 2025.** The increase was largely supported by MGS/GII in which the instruments holding by the banks rose by MYR19.3bn (+4.9% MoM) while holding for other securities also increased during the period (+MYR6.2bn or +1.9% MoM). Banking sector holdings of MTB/MITB was relatively stable (Figure 2). The increase in banks' securities holdings occurred against the backdrop of the OPR cut in July and heightened uncertainty surrounding the direction of the US-Malaysia trade negotiations. On a YoY basis, banking sector's securities holdings stood higher at around MYR755bn (July 2024: MYR729bn). MGS/GII recorded YoY increase by MYR20.6bn (+5.3%) followed by other securities (+MYR16.9bn or +5.3%). MTB/MITB declined on YoY basis (-MYR11.4bn or -62.2%).
- ◆ **Malaysia:** Total traded government securities volume stood at MYR6,195mn with the top traded stock **GII 3.599% 7/28** with MYR590mn traded. The implied 10YR MGS yield movement today is +0.06, given the trailing 30-day beta of +0.02 against UST 10YR (+3.3bps). Bid-ask spreads fell broadly (Figure 3). The 30-day 10YR MGS/UST correlation stood at +0.10. Corporate Bonds volume traded was MYR691mn, with the top traded stock **Danainfra 4.080% 3/29** with a volume of MYR155mn. **Every 1 bps move in 10YR UST yield implies a +0.02bps move in 10YR MGS.*
- ◆ **US Treasuries: Treasuries recorded losses as European bonds slump triggered sell-off.** Traders reacted to the weakness in European bond performance European bonds, especially long-end, with 30YR gilt yield reaching highest level since 1998 at 5.72% while France's 30YR bond rose by 6bps to 4.51%. This was largely stemmed from concerns on UK's government budget which entails the path of taking in more debt. The pressure to USTs were further induced by the robust slate of 27 corporate bonds offerings which added the supply of duration in the market. Nevertheless, UST losses were partially pared by dip-buyers of UST 10YR notes. UST yields for the 2YR/10YR/20YR moved by +2.3bps/+3.3bps/+3.7bps, respectively.
- ◆ **Key Events – Wednesday:** Thailand August CPI, Singapore August S&P Global PMI US July JOLTS data, US July factory orders | **Thursday:** Bank Negara Malaysia policy decision, US August ADP employment, US August final S&P Global Services & Composite PMI, US August ISM Services data and US weekly jobless claims | **Friday:** Singapore July retail sales, US August non-farm payroll, US August unemployment rate

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Fixed Income Return Snapshot

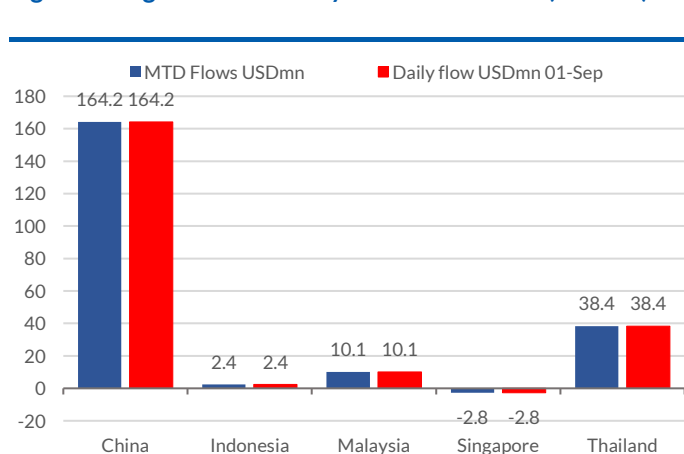
	1D Δ (%)	7D Δ (%)	1M Δ (%)
MGS 10YR	-0.11	-0.24	-0.02
MYR Govt Bond	0.01	0.00	0.66
US Treasuries	-0.23	-0.06	-0.03
Global Bond	-0.42	-0.16	0.23
AxJ IG Bond	-0.19	-0.06	0.64

2YR and 10YR Yields (%)

	2-Sep	1D bps Δ	7D bps Δ
China 2YR	1.397	-0.3	-1.5
China 10YR	1.768	-0.5	0.4
Indonesia 2YR	5.251	-0.7	-1.8
Indonesia 10YR	6.353	-3.7	4.3
Japan 2YR	0.868	-1.2	-0.2
Japan 10YR	1.615	-0.7	-0.8
Malaysia 3YR	2.989	0.4	1.0
Malaysia 10YR	3.385	-0.1	0.9
Singapore 2YR	1.419	-3.4	-3.7
Singapore 10YR	1.849	-0.2	2.2
Thailand 2YR	1.111	-1.5	-2.0
Thailand 10YR	1.254	-2.5	-4.0
US 2YR	3.639	2.3	-4.0
US 10YR	4.261	3.3	0.0
MYR AAA 10YR	3.755	0.7	-1.0
MYR AA 10YR	3.923	0.7	-0.4
MYR A 10YR	5.008	-5.2	0.4

Source: Bloomberg, RHB Economics & Market Strategy.

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

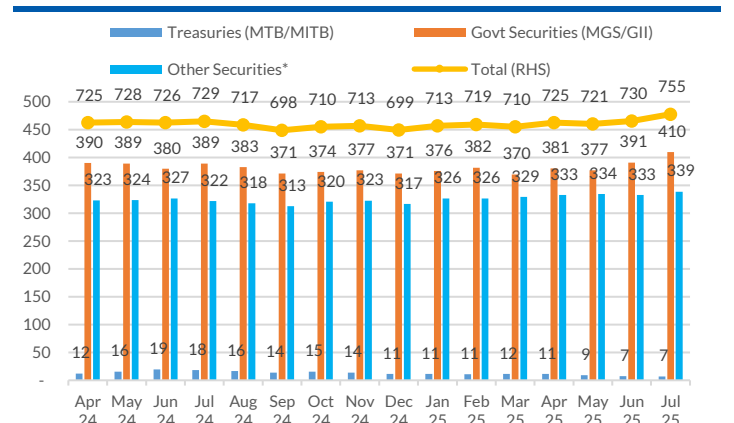


Source: EPFR, RHB Economics & Market Strategy.

See important disclosures at the end of this report

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

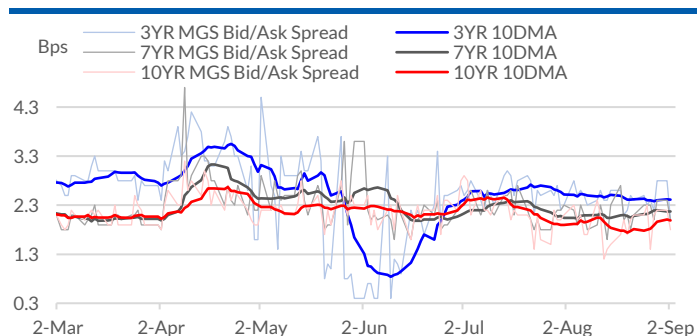
Figure 2: Banking Sector's Holdings in Securities Rose MoM



Source: BNM, RHB Economics & Market Strategy.

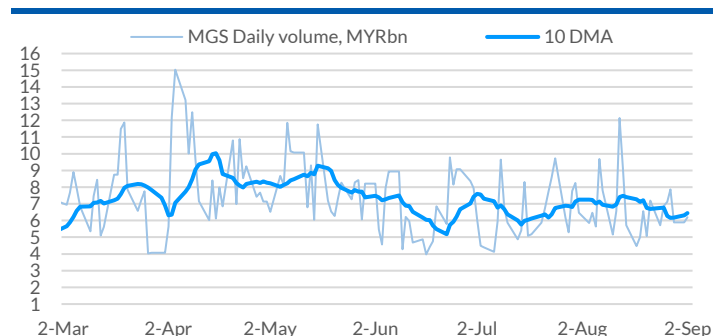
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Figure 3: Bid-ask spreads of key benchmarks



Source: Bloomberg, RHB Economics & Market Strategy.

Figure 4: Daily MGS/GII Volume



Source: Bloomberg, RHB Economics & Market Strategy.

Trading Ideas

- ◆ **SGD Bond: (29/8/25) We are Outperform on CapitaLand Ascendas REIT (CLAR) (Moody's, A3).** We think that its longer-end pick up yield to SGS at around 50bps-130bps are attractive. While the 9/25 tranche has a higher positive spread to SGS, it is set to mature next month. The trust is a renowned industrial REIT player in Singapore with good overseas presence. CLAR's diversified portfolio of 229 properties across Singapore, Australia, Europe, and the US is valued at SGD16.8bn as of 30 June 2025. The financial performance has remained sound while the portfolio quality is set to be enhanced via M&A and assets disposal ([Read here](#)).
- ◆ **MYR Bond: (30/7/25) We are Market Perform on Petroleum Sarawak & Exploration Production Sdn Bhd (PSEP) (AAA).** We think that its MYR15bn Islamic Medium-Term Notes (IMTN) paper's yields are attractive and in-line with the indicative AAA-rating benchmark in addition to decent liquidity. The instrument is guaranteed by PSEP's parent, Petroleum Sarawak Berhad (PETROS) (AAA/P1, RAM Ratings). PSEP is mandated to undertake and house upstream O&G business and investments for PETROS Group. PSEP's upstream business has remained sound while the overall group's financial position has remained healthy. PETROS Group is considered as key player in Sarawak's economic development ([Read here](#)).
- ◆ **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](#)).
- ◆ Read the complete list of our bond coverage [here](#).

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	2.989	3.10	-11	0.4	1.0	-7.0	-16.6	-49.2
MGS 5YR	3.083	3.14	-6	0.1	1.0	-8.3	-12.2	-54.1
MGS 7YR	3.291	3.35	-6	0.0	2.6	-5.8	-11.3	-47.0
MGS 10YR	3.385	3.43	-5	-0.1	0.9	-1.0	-14.7	-42.5
MGS 15YR	3.584	3.67	-9	-0.2	0.1	-4.4	-11.5	-38.5
MGS 20YR	3.736	3.77	-3	0.1	0.8	-3.0	-7.2	-32.8
MGS 30YR	3.881	3.99	-11	-0.3	-0.3	-3.6	-14.2	-30.2
AAA 3YR	3.522	3.60	-8	0.2	-0.6	-1.2	-13.2	-30.8
AAA 10YR	3.755	3.83	-8	0.7	-1.0	-1.6	-11.6	-31.0
AAA 15YR	3.893	3.96	-7	0.8	-1.0	-1.7	-11.2	-27.4
AA 3YR	3.683	3.76	-8	0.4	-0.9	-1.7	-11.7	-33.1
AA 10YR	3.923	3.99	-7	0.7	-0.4	-1.3	-10.3	-31.6
AA 15YR	4.064	4.13	-7	0.4	-1.0	-2.0	-10.5	-29.7
A 3YR	4.514	4.54	-3	-2.5	0.2	-0.3	4.4	-34.3
A 10YR	5.008	5.01	0	-5.2	0.4	-0.3	7.9	-55.1
A 15YR	5.240	5.26	-2	-6.8	0.4	-0.6	7.7	-63.9

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
GII MURABAAH 1/2023 3.599% 31.07.2028	590	3.051	3.019	3
MGS 3/2007 3.502% 31.05.2027	557	2.941	2.946	-1
MGS 4/2017 3.899% 16.11.2027	506	2.972	2.977	0
GII MURABAAH 2/2024 3.804% 08.10.2031	470	3.264	3.250	1
GII MURABAAH 4/2015 3.990% 15.10.2025	279	2.827	2.810	2
GII MURABAAH 5/2019 4.638% 15.11.2049	220	3.911	3.905	1
GII MURABAAH 3/2019 3.726% 31.03.2026	213	2.843	2.838	0
MGS 1/2025 3.336% 15.05.2030	211	3.087	3.082	1
MGS 1/2022 3.582% 15.07.2032	208	3.319	3.296	2
MGS 2/2019 3.885% 15.08.2029	199	3.103	3.098	1

Quasi-Govt

Name	Traded Amount (MYRmn)	Last Traded Yield	Previous Traded Yield	Δ Bps
DANAINFRA IMTN 4.080% 30.03.2029 - Tranche No 86	155	3.166	3.184	-2
DANAINFRA IMTN 4.150% 31.01.2030 - Tranche No 134	90	3.197	3.187	1
DANAINFRA IMTN 3.990% 06.04.2029 - Tranche No 117	50	3.176	3.305	-13
DANAINFRA IMTN 4.580% 20.10.2032	45	3.373	3.370	0
DANAINFRA IMTN 3.690% 27.11.2029 - Tranche No 92	40	3.202	3.318	-12
BPMB IMTN 2.800% 10.10.2025	30	3.381	3.516	-14
DANAINFRA IMTN 3.720% 10.11.2028	30	3.159	3.277	-12
LPPSA IMTN 3.750% 06.07.2028 - Tranche No 71	30	3.140	3.287	-15
PRASARANA IMTN 0% 28.09.2029 - MTN 2	25	3.175	3.187	-1
DANAINFRA IMTN 4.530% 12.11.2025 - Tranche No 38	20	1.952	3.238	-129

Corporate

Name	Traded Amount (MYRmn)	Last Traded Yield	Previous Traded Yield	Δ Bps
BSN IMTN 3.580% 03.09.2032	20	3.580	-	-
ISLAM IMTN 3.850% 23.07.2032 (Tranche 9)	15	3.705	3.697	1
RENIKOLA II IMTN 4.880% 28.09.2035 (Series 12)	15	3.827	4.193	-37
AIR SELANGOR IMTN T7S2 SRI 4.02% 19.08.2039	10	3.752	3.739	1
POINT ZONE IMTN 4.580% 07.03.2029	10	3.540	3.933	-39
RENIKOLA II IMTN 4.940% 29.09.2036 (Series 13)	10	3.852	3.950	-10
SDPROPERTY IMTN06 4.280% 21.08.2030	10	3.528	3.628	-10
YTL POWER IMTN 4.020% 24.06.2041	10	3.829	3.829	0
EWPCB 4.500% Perpetual Sukuk Wakalah - S1 T1	5	4.292	4.332	-4
EWPCB 4.600% Perpetual Sukuk Wakalah - S1 T2	5	4.361	4.194	17

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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