



## Fixed Income &amp; FX Research

08 July 2026

**Macro:** US retaliatory strikes and the revocation of Iran's oil sales waiver unravel risk-on market sentiment. Malaysia targets revamped automotive incentive framework by next year.

**Forex:** Stronger USD back on the table on rising energy prices and UST yields. MYR is expected to reverse yesterday's gains today amid fresh USD tailwinds.

**Fixed Income:** UST yields rose 7-9 bps across the curve on US-Iran military strikes. MGS closed mixed, with market sentiment still cautious ahead of the incoming 3Y GII auction.

**Macro**

**Global:** Market risk aversion sentiment back on the forefront, after the US launched airstrikes on Iran and revoked a waiver for Iran to sell oil globally, following a series of attacks on ships in the Strait of Hormuz, including a Qatari LNG carrier and a Saudi oil tanker. Meanwhile, the US trade deficit widened sharply in May to USD77.6 billion (consensus: USD78.6 billion; April: USD54.6 billion), driven by a 3.3% rise in imports, driven by higher purchases of consumer products and capital goods (including AI-related investments). Alongside April data, recent net exports data suggest it will weigh more heavily on US 2Q2026 GDP.

**Malaysia:** The government is targeting a rollout of a revamped automotive incentive framework in 2027, as it seeks to strengthen localisation, simplify investment incentives, and ensure foreign manufacturers add greater value to Malaysia's supply chain. The framework is still currently being refined amid engagements with industry players and government agencies.

**Forex**

**Global:** A king tide for the dollar is back on the horizon, with the DXY up 0.2% and most G10 currencies weakening against the USD, driven by resurgent energy prices and Fed rate expectations. Oil-related FX (CAD, NOK) outperformed peers, while risk-sensitive FX (SEK, NZD, AUD) took the brunt. However, USD/JPY held resilient despite these bearish headwinds, with investors still cautious about stretching MOF's patience on potential intervention. This comes as the government pushed back against market views that it is pressuring the BOJ to keep policy rates low, as concerns over Takaichi's expansionary fiscal push kept long-term bond yields at multi-decade highs. Meanwhile, the EUR (-0.3%) continue to underperform the GBP (-0.2%), even as the UK's Office for Budget Responsibility (OBR) warned that maintaining the national debt at current levels of 95% of GDP would require tax rises and spending cuts of around GBP100 billion this year. France has also lowered its 2026 GDP forecasts by 0.2% (to 0.7% y/y), citing a delayed budget and headwinds from the US-Iran military conflict.

**Malaysia:** Ringgit rose 0.4% yesterday, potentially driven by foreign positioning ahead of the incoming 3Y GII auction, as well as BNM data showing a sharp USD2 billion increase in foreign reserves for the two weeks ending June, its highest in 12 years. Nevertheless, gains are expected to reverse today, following the overnight USD strength and sharp climb in UST yields.

**Fixed Income**

**Global Bonds:** Pressure was sustained on the UST market the whole of yesterday, arising from attacks in the Straits of Hormuz, which drove oil prices up, alongside NY Fed data indicating a continued rise in consumer inflation expectations in June for a 1-year and 3-year horizon. Sentiment was also cautious ahead of the Fed's FOMC minutes release and large UST auctions this week, including yesterday's USD58 billion 3Y UST and today's USD39 billion 10Y UST.

**MYR Bonds:** MYR government bonds closed mixed yesterday, as sentiment was weighed by a rise in UST yields and caution ahead of the next govies auction (3Y GII) announcement. Mixed performance was also seen in the PDS market. The lack of support meant flows were focused on higher-grade and infrastructure names. GG Danainfra 06/55 on the far end of the curve closed at 4.23%, up 1 bps.

**Commodities****FX Daily Rates**

Vs. USD	Last Close	Per cent
DXY	101.02	0.2
EUR/USD	1.141	(0.3)
AUD/USD	0.693	(0.4)
GBP/USD	1.336	(0.2)
USD/JPY	162.10	0.0
USD/MYR	4.070	(0.4)
USD/IDR	17,982	(0.1)
USD/THB	33.31	(0.1)
USD/SGD	1.293	0.0
USD/CNY	6.804	0.1

**Ringgit Outlook for The Week**

	1	2
Resistance	4.164	4.247
Support	3.980	3.881

**Major Sovereign Yields (%)**

Sov. Yield	Last Close	bps
UST 2Y	4.18	7
UST 10Y	4.55	8
Germany 10Y	2.99	4
UK 10Y	4.85	5
Japan 10Y	2.86	3
Australia 10Y	4.82	3
China 10Y	1.74	0

**MGS Bond Yields (%)**

MGS	Last	bps
3-Year	3.25	0
5-Year	3.39	(1)
7-Year	3.53	0
10-Year	3.61	(0)
15-Year	3.83	0
20-Year	3.95	0
30-Year	4.08	(0)

**MYR Swap Rates (%)**

Swap / Rates	Last Close	bps
IRS 1-Year	3.46	1
IRS 3-Year	3.48	1
IRS 5-Year	3.54	0
IRS 7-Year	3.60	1
IRS 10-Year	3.73	1
3M KLIBOR	3.45	0

**Key Commodities**

Commodities	Last Close	Per cent
Brent (USD/bl)	74.16	3.0
WTI (USD/bl)	70.44	2.8
Gold (USD/oz)	4,106	(1.4)
CPO (RM/tonne)	4,483	(0.0)

**Policy Rates**

Central Banks	Current	Next
US Fed Funds	3.75	30-Jul
ECB Deposit Rate	2.25	23-Jul
BOE Base Rate	3.75	30-Jul
RBA Cash Rate	4.35	11-Aug
BOJ Cash Rate	1.00	31-Jul
RBNZ Cash Rate	2.25	08-Jul
PBOC 1Y LPR	3.00	-
BNM OPR	2.75	09-Jul

Sources: Bloomberg, Trading Economics, AmBank Economics  
Note: Changes are based on day-on-day percentage, except for MGS Yield, Sovereign Yields, and IRS, where changes are in bps.

Oil prices saw a rebound (+3%) after the US launched airstrikes on Iran and revoked a waiver for Iran to sell oil globally. The development (if sustained) indicates a reversal from earlier forecasts of a significant global surplus in oil production, suggesting that oil prices may continue to trend upwards over the next few sessions.

Currencies

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	7-Jul-26	6-Jul-26	30-Jun-26	7-Jun-26	7-Jul-25	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
DXY Dollar Index	101.02	100.85	101.19	100.07	97.48	0.2	(0.2)	1.0	3.6	2.7			
EUR/USD	1.141	1.144	1.142	1.152	1.171	(0.3)	(0.1)	(1.0)	(2.5)	(2.8)			
AUD/USD	0.693	0.696	0.692	0.705	0.649	(0.4)	0.1	(1.7)	6.7	3.8			
GBP/USD	1.336	1.339	1.326	1.334	1.360	(0.2)	0.7	0.1	(1.8)	(0.9)			
USD/JPY	162.1	162.09	162.55	160.29	146.05	0.0	(0.3)	1.1	11.0	3.4			
USD/MYR	4.070	4.086	4.084	4.030	4.239	(0.4)	(0.3)	1.0	(4.0)	0.2			
USD/IDR	17,982	17,995	17,882	18,020	16,230	(0.1)	0.6	(0.2)	10.8	7.7			
USD/THB	33.31	33.35	33.22	32.63	32.58	(0.1)	0.2	2.1	2.2	5.7			
USD/SGD	1.293	1.292	1.294	1.291	1.280	0.0	(0.1)	0.1	1.0	0.6			
USD/CNY	6.804	6.794	6.792	6.791	7.180	0.1	0.2	0.2	(5.2)	(2.5)			
USD/KRW	1,516	1,532	1,549	1,560	1,378	(1.1)	(2.2)	(2.8)	10.0	5.3			
USD/INR	94.97	95.40	94.67	94.94	85.86	(0.5)	0.3	0.0	10.6	5.7			
USD/PHP	61.43	61.50	61.36	61.48	56.70	(0.1)	0.1	(0.1)	8.3	4.4			
USD/TWD	32.16	32.04	31.85	31.50	29.04	0.4	1.0	2.1	10.7	2.4			
USD/HKD	7.842	7.843	7.843	7.834	7.849	(0.0)	(0.0)	0.1	(0.1)	0.8			
USD/VND	26,294	26,300	26,310	26,329	26,145	(0.0)	(0.1)	(0.1)	0.6	(0.0)			
NZD/USD	0.568	0.570	0.568	0.580	0.600	(0.4)	0.0	(2.0)	(5.3)	(1.4)			

Ringgit Cross Rates

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	7-Jul-26	6-Jul-26	30-Jun-26	7-Jun-26	7-Jul-25	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
EUR/MYR	4.651	4.662	4.656	4.690	4.970	(0.2)	(0.1)	(0.8)	(6.4)	(2.4)			
GBP/MYR	5.446	5.448	5.406	5.426	5.769	(0.0)	0.7	0.4	(5.6)	(0.2)			
AUD/MYR	2.826	2.831	2.811	2.877	2.754	(0.2)	0.5	(1.8)	2.6	4.1			
JPY/MYR	2.511	2.520	2.513	2.514	2.900	(0.4)	(0.0)	(0.1)	(13.4)	(3.1)			
SGD/MYR	3.151	3.158	3.155	3.141	3.313	(0.2)	(0.1)	0.3	(4.9)	(0.2)			
10 CNY/MYR	5.992	6.013	6.019	5.955	5.902	(0.3)	(0.5)	0.6	1.5	3.2			
1 million IDR/MYR	2.264	2.270	2.281	2.234	2.609	(0.3)	(0.7)	1.3	(13.2)	(7.0)			
THB/MYR	12.221	12.261	12.296	12.353	12.988	(0.3)	(0.6)	(1.1)	(5.9)	(4.8)			
10 HKD/MYR	5.190	5.209	5.209	5.144	5.396	(0.4)	(0.4)	0.9	(3.8)	(0.5)			

Commodities

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	7-Jul-26	6-Jul-26	30-Jun-26	7-Jun-26	7-Jul-25	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
Brent (USD/barrel)	74.16	71.99	72.92	93.09	69.58	3.0	1.7	(20.3)	6.6	21.9			
WTI (USD/barrel)	70.44	68.55	69.5	90.54	67.93	2.8	1.4	(22.2)	3.7	22.7			
Gold (USD/oz)	4,106	4,165	4,008	4,328	3,337	(1.4)	2.5	(5.1)	23.1	(4.9)			
Malaysia CPO (RM/tonne)	4,483	4,485	4,474	4,492	4,010	(0.0)	0.2	(0.2)	11.8	12.1			

Malaysia Government Securities

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	7-Jul-26	6-Jul-26	30-Jun-26	7-Jun-26	7-Jul-25	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year	3.25	3.25	3.25	3.24	3.13	0	0	1	12	25			
5-Year	3.39	3.40	3.37	3.41	3.18	(1)	1	(2)	21	13			
7-Year	3.53	3.53	3.53	3.54	3.37	0	0	(1)	16	15			
10-Year	3.61	3.62	3.61	3.57	3.44	(0)	1	4	17	11			
15-Year	3.83	3.82	3.83	3.82	3.68	0	0	1	15	6			
20-Year	3.95	3.95	3.95	3.96	3.77	0	(0)	(1)	18	10			
30-Year	4.08	4.08	4.09	4.08	4.00	(0)	(0)	0	8	10			

Malaysia Government Investment Issues

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	7-Jul-26	6-Jul-26	30-Jun-26	7-Jun-26	7-Jul-25	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year	3.26	3.26	3.25	3.23	3.15	(0)	1	3	10	16			
5-Year	3.38	3.38	3.39	3.36	3.26	(0)	(1)	2	12	12			
7-Year	3.54	3.54	3.54	3.54	3.37	(0)	(0)	0	17	20			
10-Year	3.62	3.62	3.61	3.61	3.50	(0)	1	1	12	10			
15-Year	3.89	3.89	3.89	3.88	3.70	(0)	(0)	1	20	14			
20-Year	3.97	3.98	3.98	3.97	3.76	(0)	(1)	1	21	11			

Major Equity Indices

	Latest	1-day	1 week	1-Month	1-Year	Percentage Change					Trend Line		
	7-Jul-26	6-Jul-26	30-Jun-26	7-Jun-26	7-Jul-25	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
S&P500 Index	7,504	7,537	7,499	7,384	6,230	(0.4)	0.1	1.6	20.4	95.4			
Dow Jones	52,925	53,056	52,319	50,867	44,406	(0.2)	1.2	4.0	19.2	59.7			
Nasdaq	25,819	26,121	26,214	25,709	20,413	(1.2)	(1.5)	0.4	26.5	146.7			
London FTSE	10,666	10,652	10,497	10,368	8,807	0.1	1.6	2.9	21.1	43.1			
German DAX	25,465	25,818	24,996	24,759	24,074	(1.4)	1.9	2.9	5.8	82.9			
Nikkei 225	68,257	69,738	70,062	66,588	39,588	(2.1)	(2.6)	2.5	72.4	161.6			
Japan TOPIX	4,062	4,102	3,995	3,949	2,812	(1.0)	1.7	2.9	44.5	114.7			
FBM KLCI	1,683	1,684	1,664	1,693	1,538	(0.0)	1.1	(0.6)	9.5	12.5			

Major Sovereign Yields (%)

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	7-Jul-26	6-Jul-26	30-Jun-26	7-Jun-26	7-Jul-25	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
UST 2Y	4.18	4.11	4.17	4.15	3.89	7	1	4	29	71			
UST 10Y	4.55	4.47	4.47	4.53	4.38	8	9	2	17	38			
Germany 2Y	2.59	2.55	2.53	2.69	1.84	4	6	(11)	75	46			
Germany 10Y	2.99	2.95	2.86	3.04	2.64	4	13	(4)	35	14			
UK 2Y	4.18	4.13	4.15	4.34	3.86	5	2	(16)	31	44			
UK 10Y	4.85	4.79	4.76	4.90	4.59	5	9	(5)	26	37			
Japan 2Y	1.41	1.39	1.37	1.41	0.74	2	4	(0)	67	23			
Japan 10Y	2.86	2.83	2.68	2.67	1.46	3	18	19	140	79			
Australia 2Y	4.45	4.44	4.42	4.60	3.26	1	3	(15)	120	40			
Australia 10Y	4.82	4.79	4.72	4.91	4.18	3	10	(9)	64	8			
China 2Y	1.24	1.24	1.25	1.24	1.36	0	(1)	(0)	(12)	(13)			
China 10Y	1.74	1.74	1.73	1.72	1.64	0	1	2	9	(12)			
Indonesia 2Y	7.22	7.20	7.21	6.96	6.03	2	1	26	119	222			
Indonesia 10Y	7.19	7.13	7.16	6.88	6.58	6	3	31	61	112			
Thailand 2Y	1.09	1.08	1.14	1.22	1.39	1	(4)	(13)	(30)	(3)			
Thailand 10Y	1.94	1.98	2.04	2.21	1.58	(3)	(9)	(27)	36	30			

Key swap rates

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	7-Jul-26	6-Jul-26	30-Jun-26	7-Jun-26	7-Jul-25	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
IRS 1-Year	3.46	3.45	3.45	3.41	3.24	1	1	5	23	26			
IRS 3-Year	3.48	3.48	3.48	3.47	3.12	1	1	2	36	22			
IRS 5-Year	3.54	3.53	3.51	3.54	3.19	0	2	0	35	19			
IRS 7-Year	3.60	3.60	3.58	3.61	3.28	1	2	(0)	32	19			
IRS 10-Year	3.73	3.72	3.69	3.73	3.40	1	4	0	33	17			
IRS 20-Year	4.05	4.03	4.02	4.06	3.67	2	3	(1)	37	17			

Key KLIBOR rates

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	7-Jul-26	6-Jul-26	30-Jun-26	7-Jun-26	7-Jul-25	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
1-Month Klibor	3.01	3.01	3.01	3.00	3.25	0	0	1	(24)	1			
3-Month Klibor	3.45	3.45	3.45	3.36	3.48	0	0	9	(3)	17			
6-Month Klibor	3.48	3.48	3.48	3.39	3.52	0	0	9	(4)	18			

Indicative PDS yields

	Latest	1-day	1 week	1-Month	1-Year	Basis Points Change					Trend Line		
	7-Jul-26	6-Jul-26	30-Jun-26	7-Jun-26	7-Jul-25	1-day	1-week	1-month	1-year	YTD	1-week	1-month	1-year
3-Year AAA	3.58	3.58	3.58	3.57	3.61	0	0	0	(4)	7			
3-Year AA	3.71	3.71	3.72	3.71	3.76	0	(0)	1	(5)	5			
3-Year A	4.48	4.45	4.48	4.45	4.57	3	0	3	(9)	(6)			
5-Year AAA	3.67	3.66	3.67	3.65	3.68	0	0	2	(1)	8			
5-Year AA	3.80	3.80	3.80	3.79	3.85	0	(0)	1	(5)	4			
5-Year A	4.65	4.62	4.66	4.62	4.71	4	(0)	3	(6)	(4)			
10-Year AAA	3.84	3.84	3.84	3.83	3.83	1	0	1	1	7			
10-Year AA	3.97	3.97	3.98	3.96	3.99	0	(1)	1	(2)	5			
10-Year A	5.07	5.01	5.07	5.03	5.08	5	0	4	(1)	(4)			

Sources: Bloomberg, AmBank Economics

Note: All values are end-period

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