

Global Markets Research















Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries rallied overall in 2025, supported by the Fed reducing the Funds Rate with three 25bps cuts in the second half of the year, amidst an economy that remained more resilient than expected, in spite of the imposition of trade tariffs and the resultant uncertainty for businesses as well as the longest running federal government shutdown on record in the fourth quarter of the year. Overall benchmark UST yields closed the year mixed by between -76 to +6bps across the curve, with the UST curve steepening markedly as the front end was supported by the Fed reductions while the longer end of the maturity spectrum was weighed down by inflationary fears and longer-term fiscal concerns brought about by the extension of tax cuts that were due to expire during the year. **The benchmark 2-year UST note yield finished 76bps lower for the year at 3.47% while the 10-year UST bond yield declined by 40bps to 4.17%.** The coming year continues to herald a high level of uncertainty, amidst continued fears of tariff-related inflation and the deteriorating state of the labour market. Coupled with continued geopolitical tensions in various parts of the globe, and an upcoming change of guard at the Federal Reserve with Jerome Powell's term coming to an end in mid-year, volatility looks set to persist. The latest dot plot from the Fed in December projects a single further 25bps cut from the Fed in 2026, while the futures markets has priced in 60bps of reductions. We remain constructive on USTs for the year ahead, with the curve likely to continue to steepen.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	3.47	2
5-yr UST	3.73	5
10-yr UST	4.17	5
30-yr UST	4.84	4

MGS			GII*			
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)		
3-yr	3.00		1	3.09		0
5-yr	3.26		2	3.25		0
7-yr	3.37		0	3.32		-2
10-yr	3.49		-2	3.52		-2
15-yr	3.75		-2	3.74		0
20-yr	3.84		-3	3.84		-1
30-yr	3.92		-6	4.00		1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.21	0
3-yr	3.28	0
5-yr	3.35	-2
7-yr	3.41	-2
10-yr	3.54	-2

Source: Bloomberg

Note: Market levels and daily changes are as of 31 Dec 2025

	Govt NR Holdings	Corp NR Holdings
Daily Change	396	164
MTD Change	2,541	1,295

Figures in RM 'mil (as of 26 Dec 2025)

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govies also did well in 2025, with government bonds rallying for the year. The front end of the maturity spectrum outperformed slightly in the move higher, resulting in a steeper government curve for the year. The economy performed better than expected, with the anticipated fallout in external trade after the imposition of reciprocal tariffs in April thus far not coming to pass. BNM undertook a single precautionary 25bps cut in the policy rate due to the high and prolonged uncertainty over the tariff situation as it played out during the year. Overall benchmark yields were lower for the year by between 19 to 47bps. **The benchmark 5Y MGS yield was 36bps lower for the year at 3.26% while the yield on the benchmark 10Y MGS declined by 33bps to 3.49%.** The coming year looks set to be a more challenging one, with the new trade tariffs in effect for the full year and the continued risk of more to be imposed, with sectoral tariffs of particular concern. BNM looks likely to be on hold for the foreseeable future, with the tone from the central bank sounding as neutral as can be with the current level of rates. We continue to maintain a bullish bias on bonds, with foreign inflows into the domestic bond markets looking likely to continue and the global economic backdrop remaining highly uncertain.

Corp Bonds/Sukuk

- Corporate bonds/sukuk also performed well in 2025, keeping up the pace with the rally in the govt bond markets, as the larger supply that we had for the year was comfortably absorbed by the solid demand for high quality paper. Corporate bond/sukuk supply in 2025 tallied RM151.5bn through the end of November, already quite a bit more than the RM125.5bn of bond supply for the entire 2024. AAA and AA2 bonds closed the year at 3.77% and 3.93% respectively, resulting in spread levels of 28bps and 44bps, which was little changed from where they closed the year before at 27bps and 44bps. Demand is expected to continue with the expected lower yield environment.

Daily Trades: Government Bond

		Closing	Vol	Previous	Previous	Chg
Securities		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	04/26	2.801	7	2.770	12/23/2025	3
MGS	07/26	2.846	401	2.808	12/30/2025	4
MGS	11/26	2.895	59	2.825	12/30/2025	7
MGS	03/27	2.900	13	2.864	12/30/2025	4
MGS	05/27	2.877	23	2.863	12/30/2025	1
MGS	11/27	2.890	1	2.846	12/30/2025	4
MGS	04/28	2.998	33	2.991	12/30/2025	1
MGS	06/28	3.031	105	3.039	12/30/2025	-1
MGS	04/29	3.153	34	3.149	12/30/2025	0
MGS	08/29	3.190	124	3.178	12/30/2025	1
MGS	05/30	3.256	55	3.236	12/30/2025	2
MGS	04/31	3.338	110	3.329	12/30/2025	1
MGS	06/31	3.298	32	3.310	12/30/2025	-1
MGS	07/32	3.367	173	3.371	12/30/2025	0
MGS	11/33	3.466	7	3.475	12/30/2025	-1
MGS	07/34	3.519	7	3.533	12/30/2025	-1
MGS	05/35	3.530	4	3.518	12/30/2025	1
MGS	07/35	3.492	408	3.516	12/30/2025	-2
MGS	06/38	3.737	40	3.747	12/30/2025	-1
MGS	04/39	3.746	12	3.765	12/30/2025	-2
MGS	05/40	3.785	11	3.798	12/30/2025	-1
MGS	05/44	3.840	114	3.870	12/30/2025	-3
MGS	03/46	3.924	3	3.919	12/30/2025	0
MGS	07/48	3.934	3	3.949	12/30/2025	-1
MGS	07/55	3.986	25	3.981	12/30/2025	1
GII	03/26	2.836	258	2.783	12/30/2025	5
GII	09/26	2.851	50	2.844	12/30/2025	1
GII	07/27	2.986	40	2.990	12/30/2025	0
GII	09/27	2.991	9	3.003	12/30/2025	-1
GII	07/28	3.093	21	3.094	12/30/2025	0
GII	10/28	3.127	22	3.129	12/30/2025	0
GII	12/28	3.139	1	3.138	12/29/2025	0
GII	07/29	3.166	100	3.148	12/30/2025	2
GII	08/30	3.249	119	3.254	12/30/2025	0
GII	10/31	3.321	350	3.345	12/30/2025	-2
GII	10/32	3.424	2	3.424	12/30/2025	0
GII	11/34	3.506	3	3.519	12/30/2025	-1
GII	04/35	3.516	44	3.536	12/30/2025	-2
GII	07/36	3.570	15	3.579	12/30/2025	-1
GII	03/38	3.695	1	3.690	12/30/2025	0
GII	09/39	3.747	3	3.752	12/29/2025	0
GII	08/43	3.839	10	3.842	12/30/2025	0
GII	05/45	3.841	22	3.854	12/30/2025	-1
GII	11/49	3.969	1	3.970	12/09/2025	0
GII	03/54	4.000	85	3.991	12/30/2025	1
			2962			

Daily Trades: Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bps)	Spread Against MGS*
Projek Lebuhraya Usahasama Berhad	12/38	GG	3.848	10	3.859	30/12/2025	-1	8
DanaInfra Nasional Berhad	02/51	GG	4.050	10	3.922	18/8/2025	13	19
CIMB Islamic Bank Berhad	03/29	AAA	3.516	10	3.529	18/12/2025	-1	51
Tenaga Nasional Berhad	08/38	AAA	3.845	5	3.680	26/8/2025	17	8
Sabah Development Bank Berhad	11/26	AA1	4.446	2	4.489	18/11/2025	-4	159
Sabah Credit Corporation	04/35	AA1	3.791	10	3.699	25/8/2025	9	31
Berapit Mobility Sdn Berhad	11/35	AA	4.219	10	4.259	17/12/2025	-4	71
Tanjung Bin Energy Sdn Berhad	09/31	AA3	4.016	20	4.019	30/12/2025	0	69
Guan Chong Berhad	04/30	AA-	4.843	1	4.764	22/8/2025	8	169
				78				

* The spread against nearest indicative tenured MGS (Source: BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
IJM Corporation Berhad	RM3bn Sukuk Murabahah Programme	AA3/Stable	Affirmed
IJM Treasury Management Sdn Bhd	RM5bn Islamic Medium-Term Notes Programme and Islamic Commercial Papers Programme	AA3(s)/Stable/P1(s)	Affirmed
LBS Bina Group Berhad	RM750m Islamic Medium-Term Notes Programme	AA-/Stable	Affirmed
Bank Pembangunan Malaysia Berhad	Financial institution rating RM11bn Islamic Medium-Term Notes Programme	AAA/Stable AAA/Stable	Affirmed Affirmed
Tanjung Bin O&M Berhad	Outstanding RM165m Sukuk Wakalah	AA-/Stable	Affirmed
Tan Chong Motor Holdings Berhad	RM1.5bn Islamic Medium-Term Notes Programme	A/Negative	Affirmed
Malakoff Power Berhad	Outstanding RM1.44bn Sukuk Murabahah RM1.2bn Islamic Commercial Papers/ Islamic Medium-Term Notes Programmes	AA-/Stable AA-/Stable/MARC-1	Affirmed Affirmed

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my**DISCLAIMER**

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