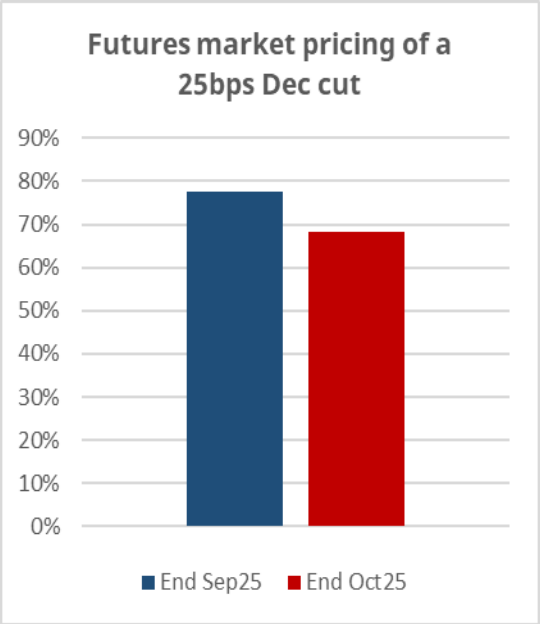
Monthly Fixed Income Market Outlook

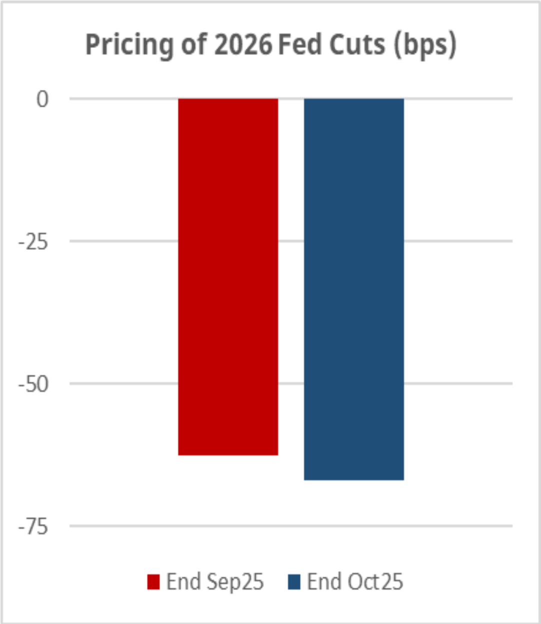
Global Markets

November 2025

October 2025 US Bond Market Review

Source: Bloomberg, HLBB Global Markets Research





- USTs were slightly firmer in October, giving up larger gains recorded in the middle of the month, amidst the hawkish tone by Fed Chair Powell during the FOMC decision to reduce the Funds Rate by 25bps for a second consecutive meeting in a 10-2 majority vote on Oct 29.

- The inability of the US Senate to pass a spending bill for the new fiscal year resulted in a federal government shutdown on Oct 01, and the resultant curtailment of most of the key economic numbers for the month, with the exception of the delayed CPI report. With the shutdown still persisting by month-end with no solution in sight, markets have had to rely on private data sources – with the ADP employment survey suggesting that the US economy possibly lost jobs in September, and the ISM indices for the month saw mixed outcomes.

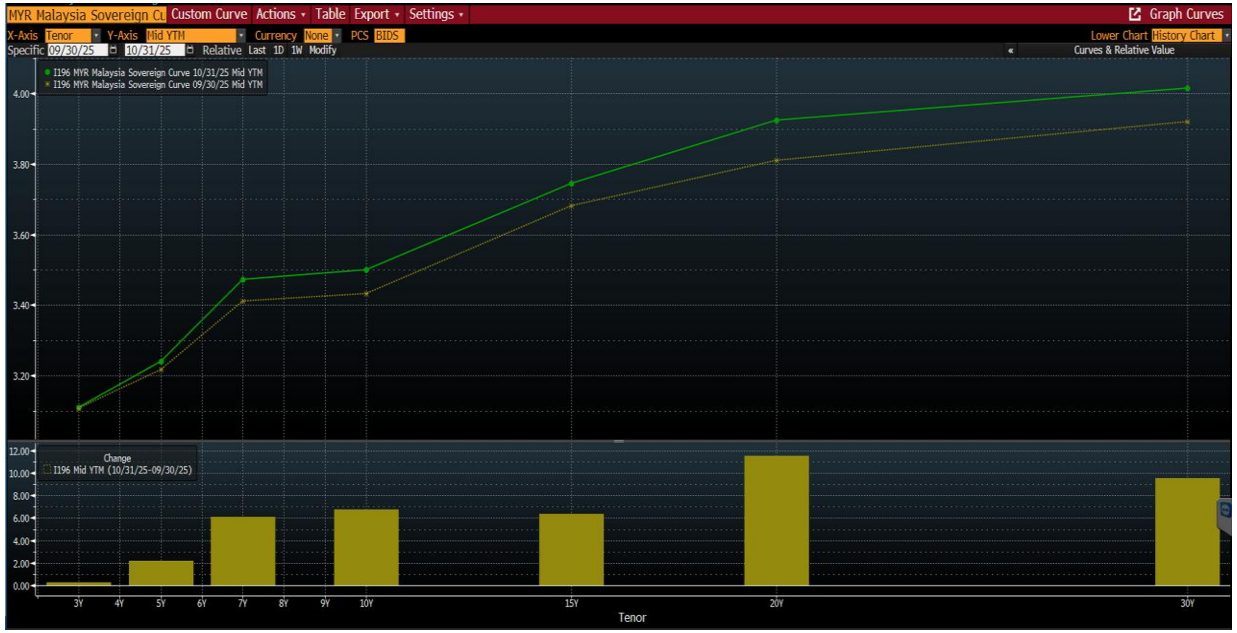
- The UST curve shifted slightly lower for the month:
  - 2yr yield declined by 4bps to 3.58%
  - 10yr yield fell by 7bps to 4.08%

- During the FOMC on Oct 29, Fed Chair Powell pushed back against expectations that the Fed would almost certainly cut again in December, by mentioning that it was “far from” a done deal, and one of the dissenters preferred no change in the Funds Rate.

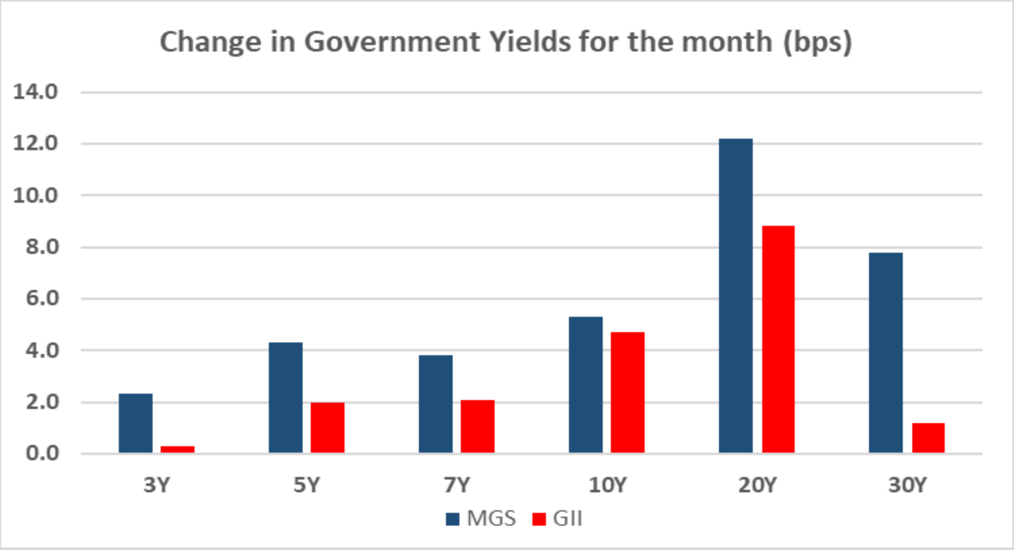
- The futures markets expectations for a December cut had grown during the month from 78% at the end of September to 92% the day before the FOMC, but pulled back to 68% by the end of the month. Further out, the pricing for 2026 cuts rose marginally during the month.

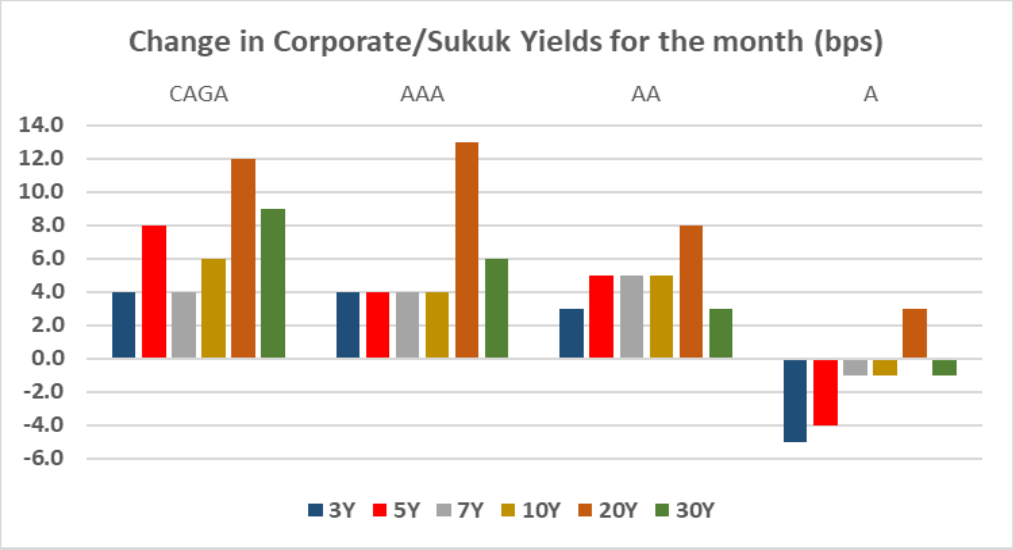
- Futures markets pricing of Fed cuts as at the end of October stood as follows:
  - Rate cuts priced for the rest of 2025 rose to 19bps (from 17bps at end Sep)
  - 2026 rate cuts priced rose to 67bps (from 63bps at end Sep)

October 2025 MYR Bond Market Review



Source: Bloomberg, HLBB Global Markets Research





Source: BPAM, HLBB Global Markets Research

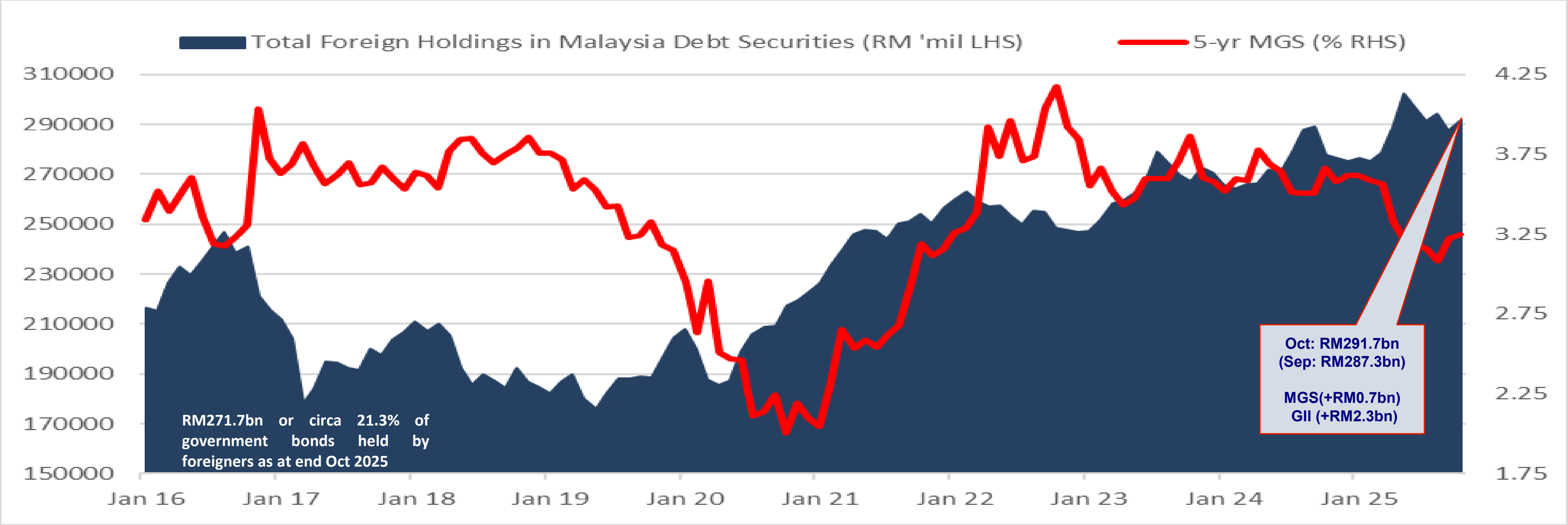
- MYR govt bonds were softer in October, amidst the inking of a reciprocal trade agreement with the US during the ASEAN summit, which brightened the economic outlook for the external sector, with many categories of exports exempted from tariffs. The market was also pressured by poorly received government bond auctions, in particular of the longer dated maturities sold, with both the scheduled 20Y and 30Y MGS re-openings seeing low demand.

- Economic data during the month was positive, with advanced 3Q GDP, industrial production for August and exports for September all coming in ahead of expectations, while inflation for September continued to head higher to 1.5% y/y.

- Benchmark government bond yields ended the month higher by between 0 to 12bps, with the longer end of the maturity spectrum underperforming.

- Corporate bonds were better offered in October, taking cue from the bearish tone in the government bond markets, with the A-rated segment outperforming again.

Offshore foreign holdings climbed in October; driven by increase in GII holdings



Source: BNM, Bloomberg, HLBB Global Markets Research

- Offshore foreign holdings of Malaysian debt securities rose in October, advancing by RM4.4bn to RM291.7bn versus the RM287.3bn registered at the end of September
- The increase was driven primarily by a rise in the holdings of GII (+RM2.3bn), with advances also seen in the holdings of MGS (+RM0.7bn), Sukuk (+RM0.5bn), Corporate Bonds (+RM0.4bn) and MTBs (+RM0.4bn)
- Foreign holdings of MITB were little changed for the month

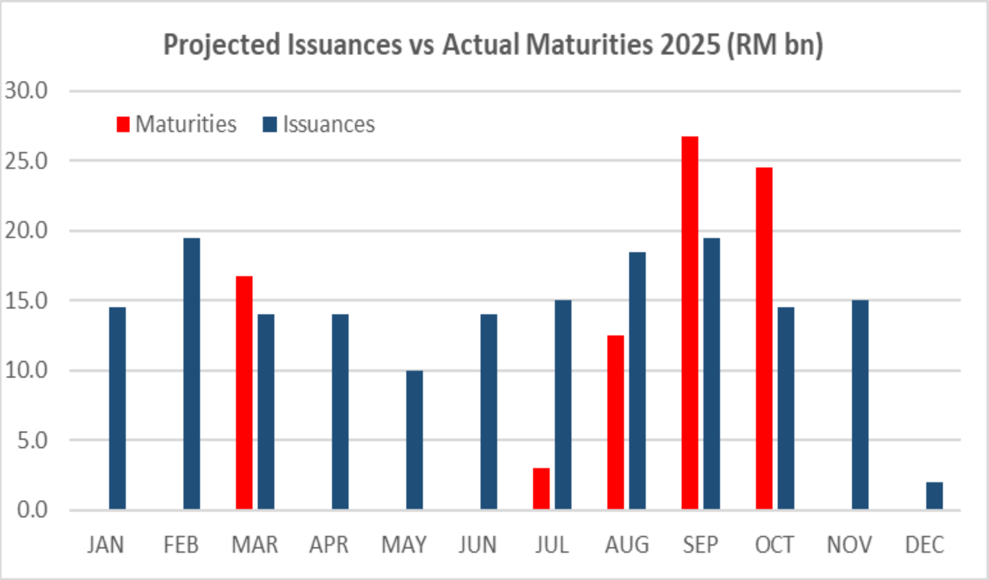
RM14.5bn of gross MGS/GII issuance in Oct; RM15.0bn of issuance projected for November

MGS/GII issuance pipeline in 2025

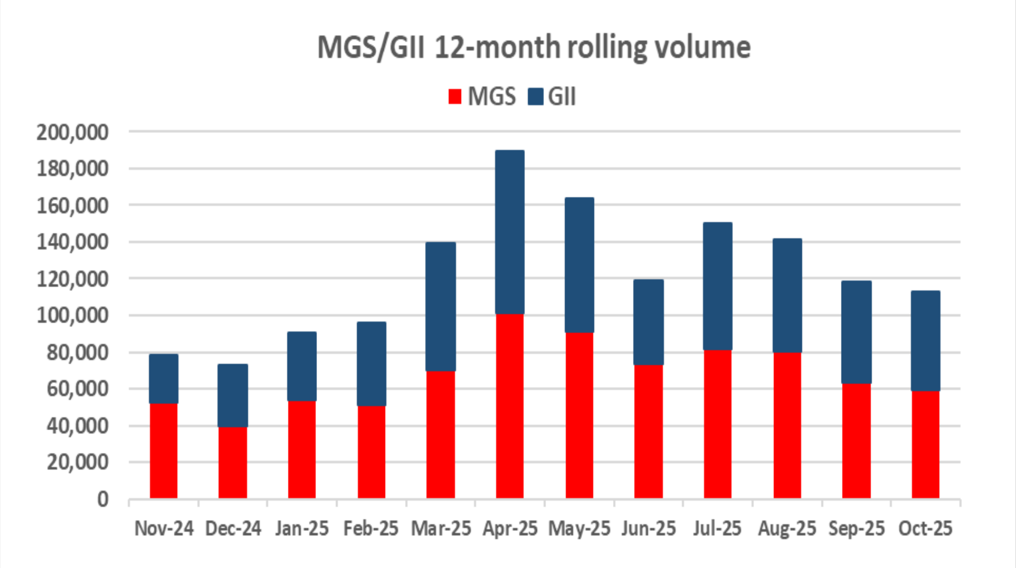
No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Issuance Size (RM mil)	Actual Auction Issuance (RM mil)	Actual Private Placement	Total Issuance YTD	BTC (times)	Low	Average	High	Cut-off
1	7-yr Reopening of MGS 07/32	7	Jan	Q1	7/1/2025	4,000	5,000		5,000	2.808	3.791	3.799	3.803	51.7%
2	15.5-yr New Issue of MGII (Mat on 07/40)	15	Jan	Q1	14/1/2025	5,000	3,000	1,000	9,000	4.289	3.960	3.974	3.978	57.9%
3	3-yr Reopening of MGII 07/28	3	Jan	Q1	23/1/2025	4,000	5,500		14,500	2.623	3.549	3.561	3.564	90.6%
4	30-yr Reopening of MGS 03/53	30	Feb	Q1	5/2/2025	4,000	2,500	2,000	19,000	2.360	4.160	4.186	4.191	74.6%
5	7-yr Reopening of MGII 10/31	7	Feb	Q1	12/2/2025	5,000	5,000		24,000	2.867	3.777	3.785	3.790	56.9%
6	20-yr Reopening of MGS 05/44	20	Feb	Q1	20/2/2025	4,000	2,500	2,000	28,500	2.987	4.060	4.068	4.071	45.0%
7	5.5-yr New Issue of MGII (Mat on 08/30)	5	Feb	Q1	27/2/2025	5,000	5,500		34,000	3.165	3.620	3.635	3.639	27.2%
8	15-yr Reopening of MGS 04/39	15	Mar	Q1	7/3/2025	4,000	3,000	1,000	38,000	3.018	3.950	3.956	3.960	6.3%
9	30-yr Reopening of MGII 03/54	30	Mar	Q1	13/3/2025	4,500	3,000	2,000	43,000	3.077	4.164	4.169	4.171	50.0%
10	10-yr Reopening of MGS 07/34	10	Mar	Q1	27/3/2025	4,000	5,000		48,000	1.670	3.750	3.764	3.772	12.5%
11	15-yr Reopening of MGII 07/40	15	Apr	Q2	7/4/2025	4,000	3,000	1,000	52,000	3.362	3.735	3.748	3.754	41.7%
12	3-yr Reopening of MGS 04/28	3	Apr	Q2	14/4/2025	5,000	5,000		57,000	3.177	3.459	3.467	3.473	6.1%
13	10-yr New Issue of MGII (Mat on 04/35)	10	Apr	Q2	29/4/2025	4,500	5,000		62,000	1.995	3.578	3.612	3.625	31.4%
14	5-yr New Issue of MGS (Mat on 05/30)	5	May	Q2	14/5/2025	5,000	5,000		67,000	2.133	3.318	3.336	3.345	91.3%
15	20-yr New Issue of MGII (Mat on 05/45)	20	May	Q2	29/5/2025	4,500	3,000	2,000	72,000	3.318	3.770	3.775	3.780	45.2%
16	15-yr Reopening of MGS 04/39	15	Jun	Q2	9/6/2025	4,000	3,000	1,000	76,000	2.857	3.704	3.712	3.717	68.4%
17	30-yr Reopening of MGII 03/54	30	Jun	Q2	13/6/2025	5,000	3,000	2,000	81,000	3.295	4.000	4.010	4.018	62.0%
18	10-yr New Issue of MGS (Mat on 07/35)	10	Jun	Q2	26/6/2025	5,000	5,000		86,000	3.008	3.463	3.476	3.480	88.3%
19	7-yr Reopening of MGII 10/31	7	Jul	Q3	3/7/2025	5,000	5,000		91,000	2.922	3.360	3.367	3.370	15.0%
20	30-yr New Issue of MGS (Mat on 07/55)	30	Jul	Q3	14/7/2025	5,000	3,000	2,000	96,000	2.000	3.903	3.917	3.926	2.3%
21	10-yr Reopening of MGII 04/35	10	Jul	Q3	21/7/2025	4,000	5,000		101,000	2.728	3.461	3.468	3.470	95.6%
22	20-yr Reopening of MGS 05/44	20	Aug	Q3	7/8/2025	4,500	2,500	2,000	105,500	2.725	3.740	3.750	3.753	6.1%
23	15-yr Reopening of MGII 07/40	15	Aug	Q3	14/8/2025	4,000	3,000	1,000	109,500	2.848	3.568	3.577	3.580	81.6%
24	5-yr Reopening of MGS 5/30	5	Aug	Q3	21/8/2025	5,000	5,000		114,500	1.867	3.077	3.086	3.092	85.0%
25	20-yr Reopening of MGII 05/45	20	Aug	Q3	28/8/2025	4,500	3,000	2,000	119,500	1.841	3.739	3.755	3.762	37.0%
26	3-yr Reopening of MGS 04/28	3	Sep	Q3	8/9/2025	5,000	5,000		124,500	1.928	3.025	3.036	3.041	75.7%
27	30-yr Reopening of MGII 3/54	30	Sep	Q3	12/9/2025	5,000	3,000	2,000	129,500	1.928	3.918	3.927	3.930	100.0%
28	15-yr Reopening of MGS 04/39	15	Sep	Q3	22/9/2025	4,000	3,500	1,000	134,000	1.520	3.619	3.638	3.674	50.0%
29	3-yr Reopening of MGII 07/28	3	Sep	Q3	29/9/2025	5,000	5,000		139,000	2.876	3.152	3.162	3.166	39.8%
30	30-yr Reopening of MGS 07/55	30	Oct	Q4	6/10/2025	5,000	3,000	2,000	144,000	1.380	3.977	4.019	4.085	40.0%
31	5-yr Reopening of MGII 08/30	5	Oct	Q4	14/10/2025	5,000	5,000		149,000	2.814	3.210	3.217	3.222	35.7%
32	20-yr Reopening of MGS 05/44	20	Oct	Q4	21/10/2025	4,500	2,500	2,000	153,500	1.697	3.948	3.978	4.011	12.5%
33	10-yr Reopening of MGII 04/35	10	Nov	Q4		5,000			153,500					
34	7-yr Reopening of MGS 07/32	7	Nov	Q4		5,000			153,500					
35	20-yr Reopening of MGII 05/45	20	Nov	Q4		5,000			153,500					
36	10-yr Reopening of MGS 07/35	10	Dec	Q4		2,000			153,500					
	Gross MGS/GII supply in 2025					170,500	125,500	28,000	153,500	PROJECTED TOTAL ISSUANCE = RM170.5bn				

Source: Bloomberg, BNM, HLBB Global Markets Research

- Gross issuance of RM14.5bn was seen in October from the 3 scheduled auctions – a re-opening of RM3bn 30yr MGS (plus RM2bn PP), RM5bn 5yr GII and RM2.5bn 20yr MGS (plus RM2bn PP)
- The auctions in October were generally poorly received, with the longer-dated auctions in particular struggling. The average BTC for the month stood at 2.138x (Sep: 2.129x), lifted by the strong re-opening of the 5yr GII, which was the only auction for the month that drew a cover above 2 times.
- For November, we are likely to see gross issuance of RM15.0bn from the 3 scheduled auctions – we expect a RM5bn 10yr GII re-opening, a RM5bn 7yr MGS re-opening and a RM3bn 20yr GII re-opening (plus RM2bn PP)
- The supply dynamics of the year turn negative starting from November, with no further government bond maturities for the year.



MGS/GII trading volume declined slightly in October; expected to fall further in November



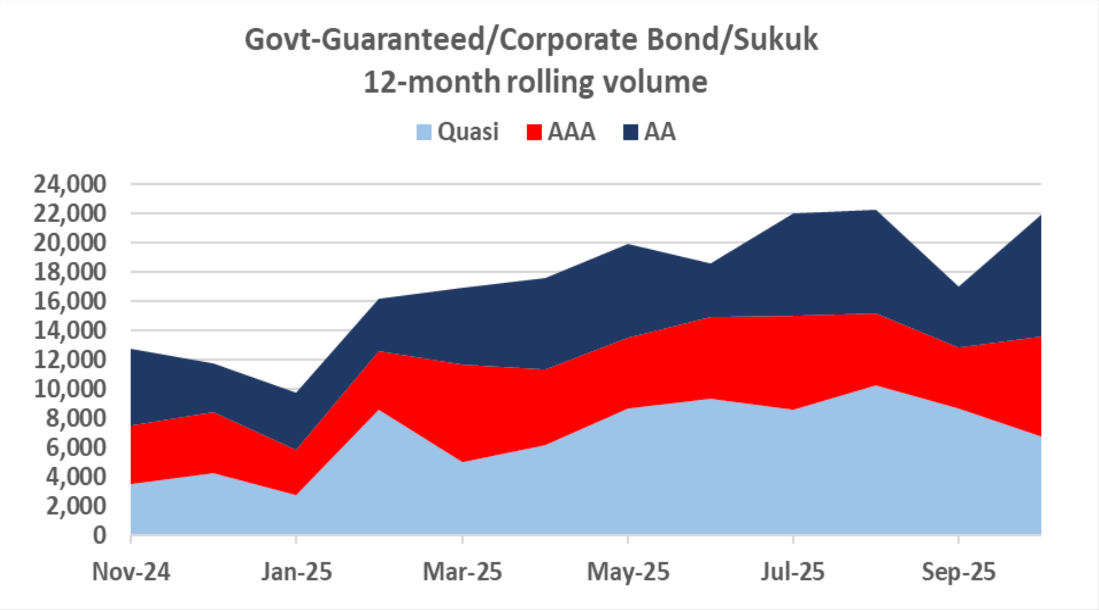
- Secondary trading in MGS/GII was slightly lower at RM112.9bn in October (Sep: RM118.2bn), driven by small declines in both MGS and GII trading
- The off-the-run MGS 7/26 and benchmark 3Y GII 7/28 again led trading for the month in the MGS and GII markets respectively
- Decent trading interest for the month was also seen in the benchmark 3Y MGS and 7Y MGS/GII, as well as in the off-the-run GII 10/25, GII 3/26, MGS 5/27 and MGS 11/33
- Secondary trading in govvies is expected to head lower in November

Top Traded MGS in October 25	Volume (RM 'mil)
MGS 7/26	12,374.0
MGS 7/32 (7Y)	4,576.3
MGS 4/28 (3Y)	4,385.6
MGS 5/27	4,204.1
MGS 11/33	4,032.0
MGS 5/30 (5Y)	3,679.3
MGS 4/31	3,647.8
MGS 4/39 (15Y)	2,303.0
MGS 7/34	2,160.8
MGS 5/44 (20Y)	2,077.9

Top Traded GII in October 25	Volume (RM 'mil)
GII 7/28 (3Y)	8,073.2
GII 10/31 (7Y)	7,118.1
GII 3/26	6,246.9
GII 10/25	4,009.7
GII 4/35 (10Y)	3,726.2
GII 9/26	2,858.1
GII 3/54 (30Y)	2,332.1
GII 9/27	2,251.5
GII 9/30	1,966.7
GII 11/49	1,851.9

Source: BPAM, HLBB Global Markets Research
Note: (brackets) denotes benchmark

Corporate/Sukuk secondary trading rose in October; new issuances plunge



- Trading in Corps/Sukuk advanced to RM22.0bn in October (Sep: RM17.0bn), driven by rises in the trading of AAA and AA-rated paper

- New issuances for the month plunged to RM11.5bn in October (Sep: RM28.4bn), driven by the minimal issuance by financials and the corporate guaranteed sector for the month; we expect issuance in the corporate/sukuk space to pick up slightly in November

- Among the possible notable issuances in the pipeline this month include new issues from PNB MV (RM6.0bn), Pulau Indah PP (RM2.76bn), CIMB Group (RM1.55bn), IMTIAZ (RM0.6bn), PR1MA (RM0.5bn) and RHB (RM0.5bn)

Top Traded Corporate Bonds/Sukuk in Oct 25	Volume (RM mil)	Last Done Yield (%)
PRASARANA IMTN 4.180% 27.08.2032 (Series 9)	460	3.580
DANGA IMTN 4.520% 06.09.2027 - Tranche 7	405	3.446
MAYBANK IMTN 4.130% PERPETUAL	377	3.708
PANTAI IMTN 3.510% 31.10.2030 - IMTN Series 2 - 3	355	3.500
DANAINFRA IMTN 3.700% 27.10.2028 - Tranche 21	320	3.249
YTL POWER IMTN 4.195% 26.08.2039	318	3.871
PRASARANA IMTN 0% 28.09.2029 - MTN 2	280	3.309
PLUS BERHAD IMTN 5.000% 31.12.2038 - Series 2	250	3.879
YTL CORP MTN 3651D 02.9.2033	225	3.782
DANAINFRA IMTN 4.580% 20.10.2032	200	3.585
LPPSA IMTN 4.900% 05.04.2033 - Tranche No 21	200	3.627

Top Corporate/Sukuk Issuance in Oct 25	Rating	Amount Issued (RM 'mil)
SEB IMTN 3.880% 15.10.2040 (Series 23)	AAA	1,000
CAGAMAS IMTN 3.450% 24.10.2028	AAA	865
PANTAI IMTN 3.510% 31.10.2030 - IMTN Series 2 - 3	AAA	750
LPPSA IMTN 4.010% 08.10.2055 - Tranche No. 21	GG	720
PANTAI IMTN 3.250% 02.11.2026 - IMTN Series 2 - 2	AAA	600
AIR SELANGOR IMTN T8S5 SRI 4.09% 07.10.2050	AAA	500
SEB IMTN 3.620% 15.10.2032 (Series 22)	AAA	500
PRASARANA IMTN 3.990% 30.10.2045 (SERIES 26)	GG	480
PLUS BERHAD IMTN 3.730% 12.01.2033 -Sukuk PLUS T37	AAA	450
PLUS BERHAD IMTN 3.650% 10.01.2031 -Sukuk PLUS T36	AAA	400

Source: BNM, BPAM, HLBB Global Markets Research

US Bonds Outlook Nov 2025 – yields likely to head lower in steepening move

	Current @ 07 Nov	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Fed Funds Rate (upper bound)	4.00%	3.75%	3.50%	3.25%	3.25%

UST yields (%)	Current @ 07 Nov	Q4 2025	Q1 2026	Q2 2026	Q3 2026
2Y	3.56%	3.35%	3.10%	2.90%	2.80%
5Y	3.68%	3.55%	3.35%	3.20%	3.10%
10Y	4.10%	4.00%	3.85%	3.75%	3.70%
30Y	4.70%	4.65%	4.55%	4.50%	4.50%

Source: HLBB Global Markets Research

Key Events for the Month

Date	Event
13 Nov	CPI
14 Nov	Retail Sales
19 Nov	Minutes of Oct 29 FOMC meeting
26 Nov	3Q GDP (S)
26 Nov	Core PCE Index
26 Nov	Fed Beige Book

- Bonds have been little changed in November so far, amidst the continued government shutdown resulting in a delay in the monthly employment report for October, with mixed indications from the available private sector gauges of the labour market. The ISM indices for the month were also mixed, with the manufacturing gauge registering an unexpected decline from the month before, while the services gauge rose by more than anticipated.

- The impact of government shutdown (now the longest in history) is now being seen and felt, with the US FAA mandating a reduction in flights as a result of the lack of air traffic controllers. We think it is likely that the shutdown will be resolved in the near future, given the fear of both parties that they will be blamed for the now visible consequences.

- The futures markets are partially pricing in another 25bps cut (~17bps) at the next FOMC on Dec 10. We continue to see the Fed reducing rates for that meet, before the pace of rate cuts is reduced to one a quarter in 1H26.

- **We remain bullish bonds and expect government bond yields to decline** for the remainder of the month, with the longer-dated maturities expected to lag the move given larger UST issuances going forward, resulting in a steeper curve.

MYR Bonds Outlook Nov 2025 – slightly constructive outlook

	Current @ 07 Nov	Q4 2025	Q1 2026	Q2 2026	Q3 2026
OPR	2.75%	2.75%	2.75%	2.75%	2.75%

MGS yields (%)	Current @ 07 Nov	Q4 2025	Q1 2026	Q2 2026	Q3 2026
3Y	3.11%	3.05%	3.00%	2.95%	2.95%
5Y	3.24%	3.15%	3.10%	3.05%	3.05%
10Y	3.51%	3.40%	3.35%	3.30%	3.30%
20Y	3.90%	3.85%	3.80%	3.80%	3.80%

Source: HLBB Global Markets Research

Key Events for the Month

Date	Event
14 Nov	3Q GDP (F)
19 Nov	Exports and Trade Balance
21 Nov	CPI

- MYR government bonds have been little changed thus far in November, amidst BNM leaving their policy rate unchanged for the second straight MPC meeting on Nov 06, and continuing to sound out a neutral tone in the monetary policy statement. We continue to foresee no change to policy rates going into 2026 for the duration of the horizon period.

- The outlook for the economy has brightened with the signing of the reciprocal trade agreement with the US late last month, with the prospects for the external sector in particular looking more positive. The improvement in the projected fiscal deficit for this year and next as tabled in the Budget last month is also likely to lend some support to bonds.

- **Government bonds yields are expected to head slightly lower**, taking cue from the expected global bullish bond backdrop. The continued overhanging threat of further sector-specific tariffs cannot be ruled out and is expected to keep a lid on government bond yields amidst the brightened outlook domestically. Corporate spreads are expected to remain stable as corporate supply regularizes from the lofty levels seen in August and September, with demand for corporate bonds continuing to be strong.

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