

Monthly Fixed Income Market Outlook

Global Markets

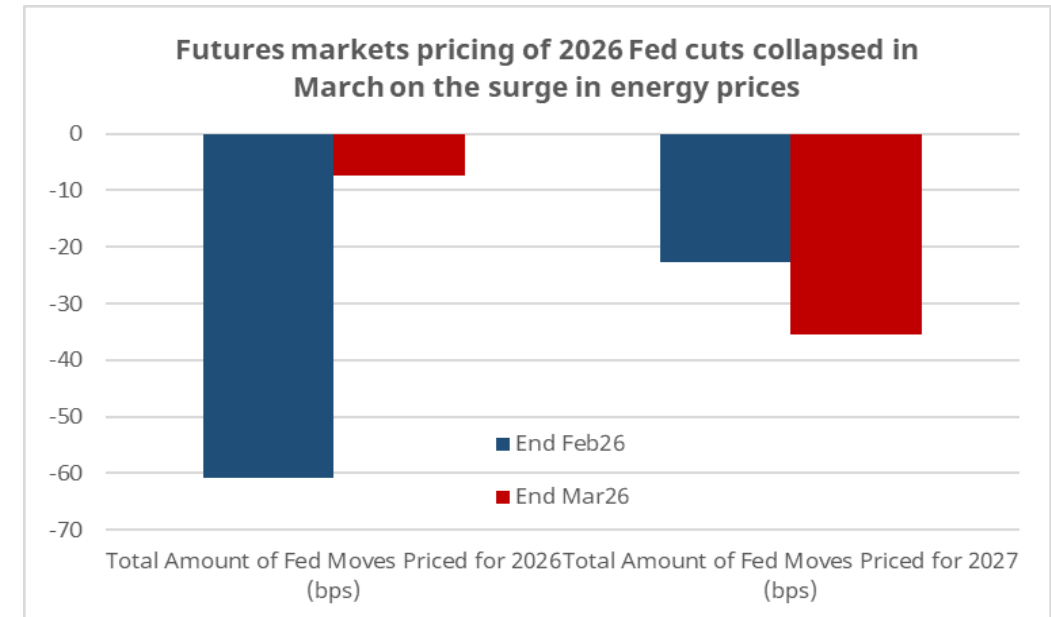
April 2026

March 2026 US Bond Market Review



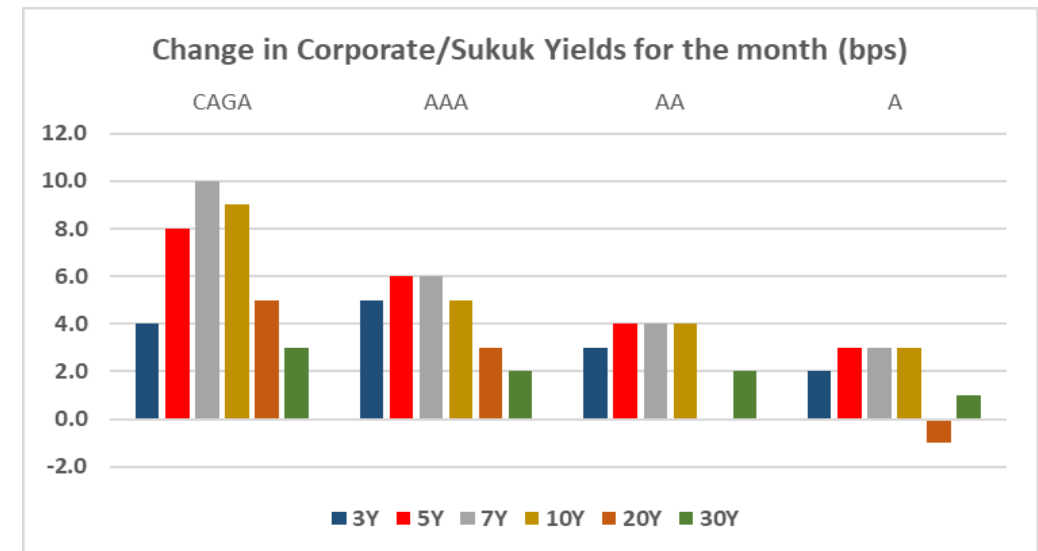
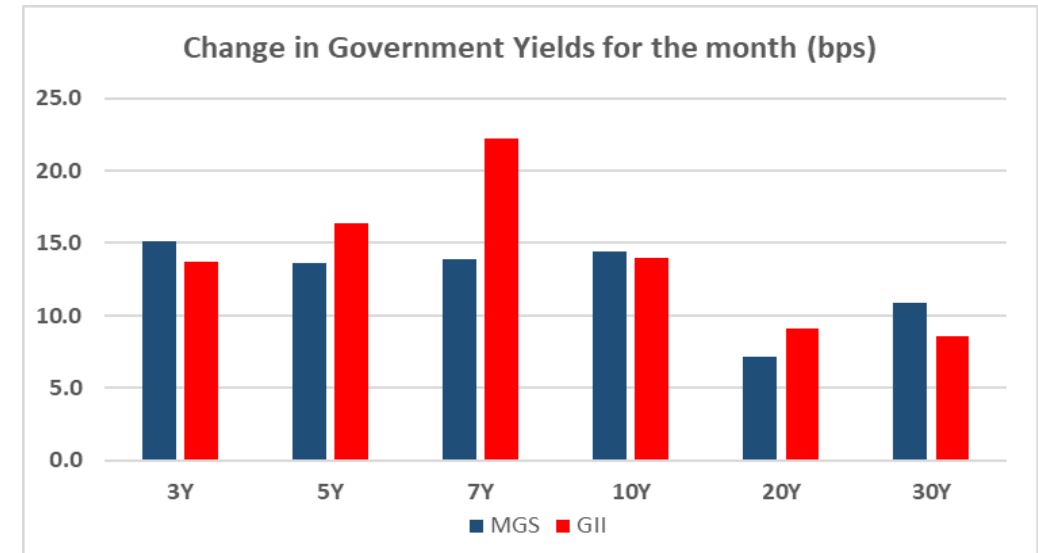
Source: Bloomberg, HLBB Global Markets Research

- USTs sold off sharply in March, with yields rising by between 30-44bps for the month, amidst renewed inflationary fears after energy prices surged following the beginning of the Iran conflict at the start of the month, with Brent crude surging to as high as USD119/barrel versus the USD72/barrel at the end of February.
- Economic data took a back seat for the month as the focus of the markets lied squarely on the developments in the Middle East conflict. 4Q GDP growth was revised lower in its second reading and the monthly employment report for February witnessed an unexpected reduction in non-farm payrolls for the month. CPI for February held steady, but producer prices were higher than anticipated, signaling a possible build up in price pressures going forward.
- The UST curve bear flattened slightly during the month as yields charged higher:
 - 2yr yield shot up by 42bps to 3.80%
 - 10yr yield advanced by 38bps to 4.32%



- The Fed left policy on hold during the FOMC meeting on Mar 18 in an 11-1 majority vote, adopting a wait and see approach to the fallout from the Iran conflict, with Fed Chair Powell emphasizing that further progress in reducing inflation would have to be seen before rate cuts resume. The Fed continued to guide for a solitary rate cut in 2026 in the updated dot plot.
- Futures markets pricing of 2026 cuts collapsed during the month as crude oil prices surged and even pointed to a potential hike instead at one juncture. By month end, expectations of cuts were nearly completely wiped out, with only a small chance of a single 25bps reduction built in.
- Futures markets pricing of Fed moves as at the end of March:
 - 2026 rate cuts priced tumbled to 7bps (from 61bps at end Feb)
 - 2027 rate cuts priced rose to 36bps (from 23bps at end Feb)

March 2026 MYR Bond Market Review

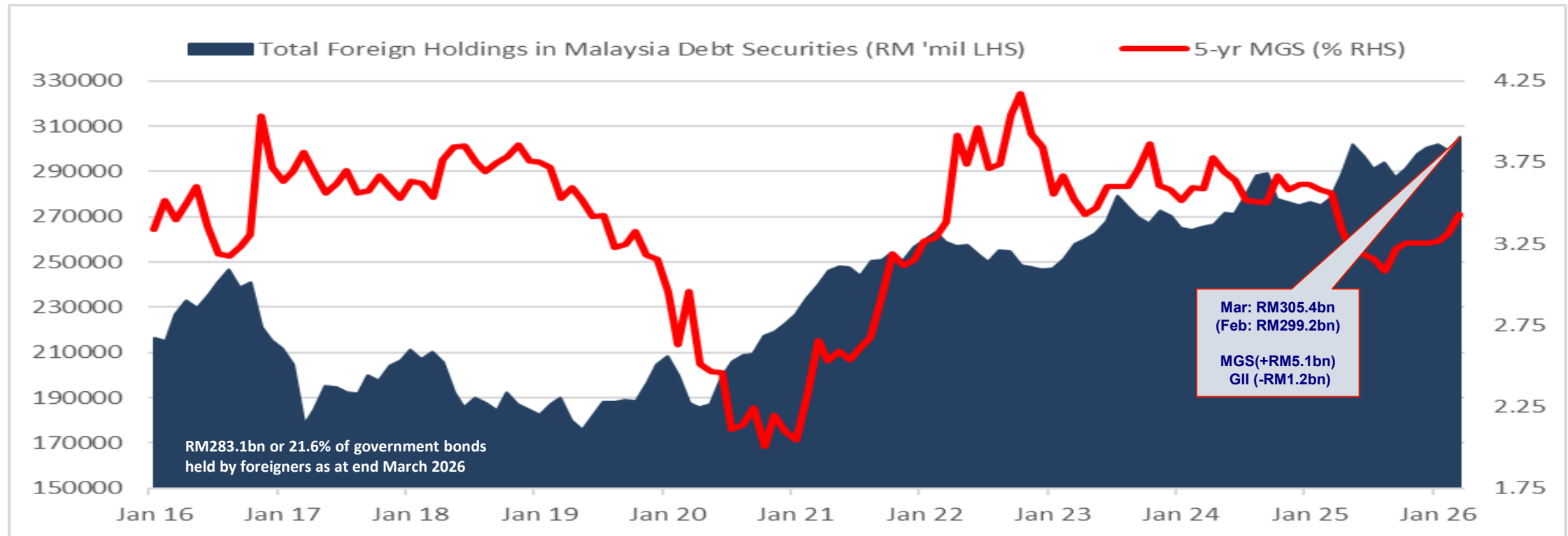


Source: BPAM, HLBB Global Markets Research

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- MYR govt bonds were markedly weaker in March, amidst the backdrop of soft government bond markets globally after energy prices rise in response to the start of the conflict in Iran.
- BNM left policy on hold for the fourth consecutive MPC meeting on Mar 05 and continued to eschew a neutral tone. Economic data we obtained during the month saw exports for February fall short of expectations, while industrial production for January grew by more than anticipated, and CPI for February unexpectedly dipped to 1.4% y/y.
- Benchmark government bond yields ended March higher by between 7 to 22bps, with the 20Y segment of the market seeing the shallowest yield rises across the curve.
- Corporate bonds were also softer in March, but a tightening of spreads was seen across the credit spectrum, with CAGA bonds generally underperforming versus the other segments of the credit markets.

Offshore foreign holdings rose to a record in March; driven by advances in MGS and Corps



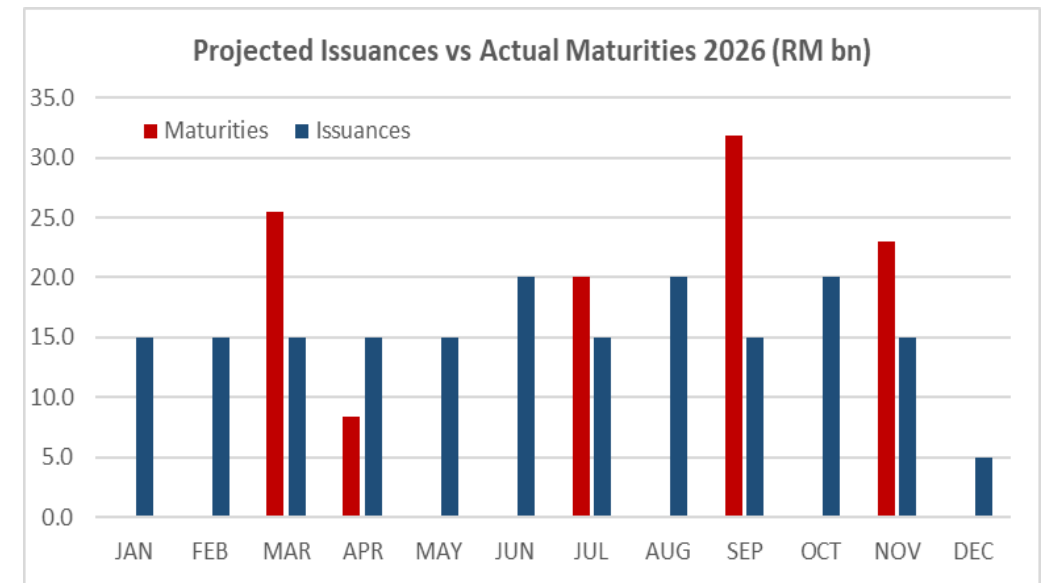
Source: BNM, Bloomberg, HLBB Global Markets Research

- Offshore foreign holdings of Malaysian debt securities rose to a record high in March, advancing by RM6.1bn to RM305.4bn versus the RM299.2bn held at the end of February
- The gain was driven by advances in the holdings of MGS (+RM5.1bn) and Corporate Bonds (+RM2.9bn)
- GII (-RM1.2bn) and MITBs (-RM0.4bn) saw a decline in foreign holdings for the month, while holdings of MTB and Sukuk were both marginally lower by RM0.1bn each

RM15.0bn of gross MGS/GII issuance in March; another RM15.0bn of issuance expected in April

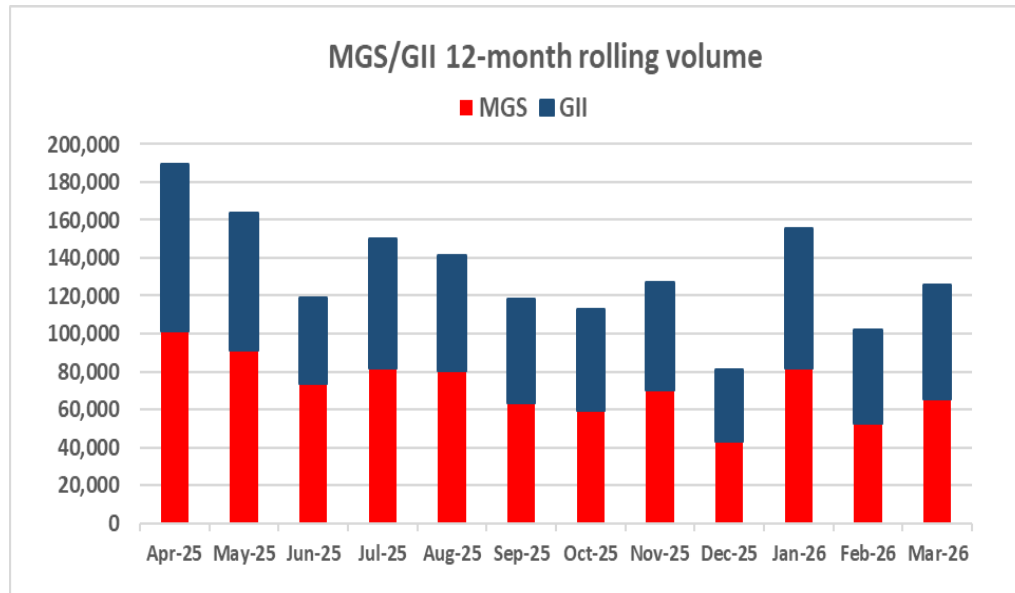
MGS/GII issuance pipeline in 2026														
No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Issuance Size (RM mil)	Actual Auction Issuance (RM mil)	Actual Private Placement	Total Issuance YTD	BTC (times)	Low	Average	High	Cut-off
1	5-yr Reopening of MGII 08/30	5	Jan	Q1	7/1/2026	5,000	5,000		5,000	2.296	3.260	3.268	3.272	7.1%
2	15-yr New Issue of MGS (Mat on 01/41)	15	Jan	Q1	14/1/2026	5,000	3,500	1,500	10,000	1.944	3.750	3.766	3.775	100.0%
3	30-yr New Issue of MGII (Mat on 01/56)	30	Jan	Q1	29/1/2026	5,000	3,000	2,000	15,000	2.071	4.020	4.044	4.055	15.6%
4	10-yr Reopening of MGS 07/35	10	Feb	Q1	5/2/2026	5,000	5,000		20,000	1.603	3.559	3.572	3.581	83.3%
5	20-yr Reopening of MGII 5/45	20	Feb	Q1	13/2/2026	5,000	3,000	2,000	25,000	2.896	3.959	3.990	3.994	4.2%
6	5-yr Reopening of MGS 06/31	5	Feb	Q1	26/6/2026	5,000	5,000		30,000	2.921	3.350	3.359	3.361	4.6%
7	15-yr Reopening of MGII 7/40	15	Mar	Q1	9/3/2026	5,000	3,500	1,500	35,000	2.295	3.875	3.895	3.905	38.8%
8	3-yr New Issue of MGS (Mat on 03/29)	3	Mar	Q1	13/3/2026	5,000	5,000		40,000	2.218	3.230	3.237	3.242	0.7%
9	7-yr New Issue of MGII (Mat on 3/33)	7	Mar	Q1	30/3/2026	5,000	5,000		45,000	1.688	3.590	3.624	3.643	60.0%
10	30-yr Reopening of MGS 07/55	30	Apr	Q2	7/4/2026	5,000	3,000	2,000	50,000	2.029	4.180	4.197	4.209	98.6%
11	3.5-yr New Issue of MGII (Mat on 10/29)	3	Apr	Q2		5,000			50,000					
12	20-yr New Issue of MGS (Mat on 04/46)	20	Apr	Q2		5,000			50,000					
13	10-yr Reopening of MGII 4/35	10	May	Q2		5,000			50,000					
14	7-yr Reopening of MGS 4/33	7	May	Q2		5,000			50,000					
15	30-yr Reopening of MGII 1/56	30	May	Q2		5,000			50,000					
16	3-yr Reopening of MGS 3/29	3	Jun	Q2		5,000			50,000					
17	15-yr Reopening of MGII 7/40	15	Jun	Q2		5,000			50,000					
18	5-yr Reopening of MGS 6/31	5	Jun	Q2		5,000			50,000					
19	20-yr Reopening of MGII 5/45	20	Jun	Q2		5,000			50,000					
20	10-yr Reopening of MGS 07/35	10	Jul	Q3		5,000			50,000					
21	3.5-yr Reopening of MGII 10/29	3	Jul	Q3		5,000			50,000					
22	15-yr Reopening of MGS 01/41	15	Jul	Q3		5,000			50,000					
23	5-yr Reopening of MGII 10/31	5	Aug	Q3		5,000			50,000					
24	30-yr Reopening of MGS 7/55	30	Aug	Q3		5,000			50,000					
25	7-yr Reopening of MGII 3/33	7	Aug	Q3		5,000			50,000					
26	20-yr Reopening of MGS 4/46	20	Aug	Q3		5,000			50,000					
27	10-yr Reopening of MGII 7/36	10	Sep	Q3		5,000			50,000					
28	7-yr Reopening of MGS 04/33	7	Sep	Q3		5,000			50,000					
29	30-yr Reopening of MGII 1/56	30	Sep	Q3		5,000			50,000					
30	3.5-yr Reopening of MGII 10/29	3	Oct	Q4		5,000			50,000					
31	15-yr Reopening of MGS 1/41	15	Oct	Q4		5,000			50,000					
32	20-yr Reopening of MGII 5/45	20	Oct	Q4		5,000			50,000					
33	10-yr New Issue of MGS (Mat on 10/36)	10	Oct	Q4		5,000			50,000					
34	15-yr Reopening of MGII 7/40	15	Nov	Q4		5,000			50,000					
35	3-yr Reopening of MGS 3/29	3	Nov	Q4		5,000			50,000					
36	10-yr Reopening of MGII 7/36	10	Nov	Q4		5,000			50,000					
37	30-yr Reopening of MGS 07/55	11	Dec	Q1		5,000			50,000					
Gross MGS/GII supply in 2026						185,000	41,000	9,000	50,000	PROJECTED TOTAL ISSUANCE = RM185bn				

- Gross issuance of RM15.0bn was seen in March from the three scheduled auctions – a re-opening of RM3.5bn 15yr GII (plus RM1.5bn PP), a new issuance of RM5.0bn 3yr MGS, and a new issuance of RM5.0bn 7yr GII
- The bond auctions in March were not as well received, with an average BTC of 2.042x (Feb: 2.408x) for the month, weighed down by the weak 7yr GII new issuance at the end of the month.
- In April, we should get gross issuance of RM15.0bn from the three scheduled auctions – a new issuance of RM5bn of a fresh 3.5yr GII and a new issuance of RM3bn of a fresh 20yr MGS (plus RM2.0bn PP), after the RM3.0bn re-opening of the 30yr MGS (plus RM2.0bn PP) that we have already had.
- The supply dynamics deteriorate from this month onwards, with the scheduled maturity of RM8.5bn of the MGS 4/26 at mid-month the only one that is due for the quarter.



Source: Bloomberg, BNM, HLBB Global Markets Research

MGS/GII trading volume picked up in March; expected to ease slightly in April



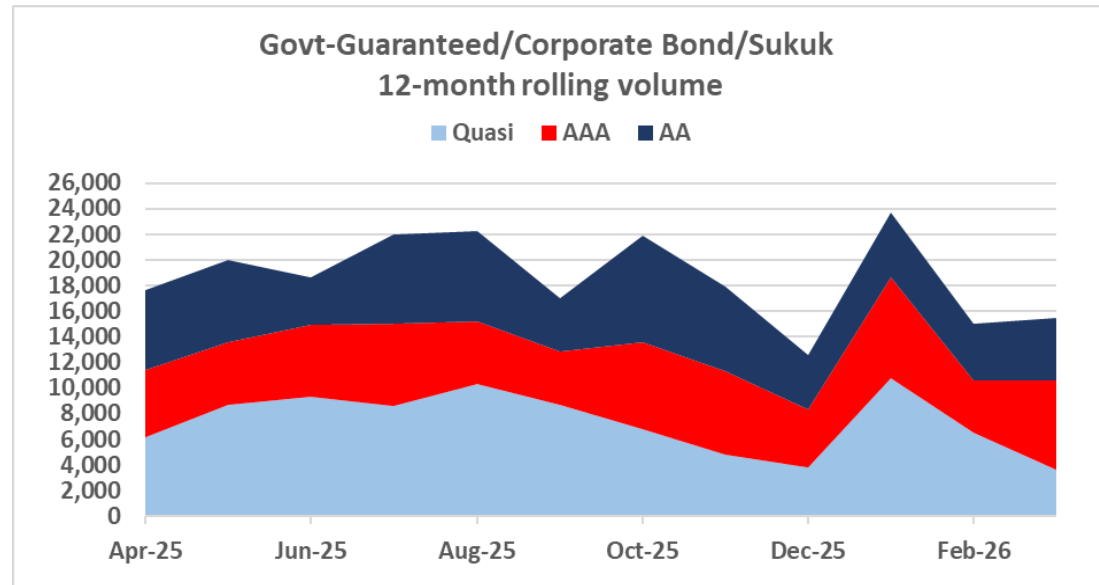
- Secondary trading in MGS/GII picked up to RM125.7bn in March (Feb: RM102.0bn), with both MGS and GII trading rising for the month
- The off-the-run MGS 7/26 and off-the-run GII 9/26 led trading for the month in the MGS and GII markets respectively
- Good interest for the month was also seen in the benchmark 3Y GII 7/28, 5Y MGS 6/31 and 10Y MGS 7/35, as well as in the recently matured off-the-run GII 3/26
- Secondary trading in government bonds is expected to ease slightly in April

Top Traded MGS in March 26	Volume (RM 'mil)
MGS 7/26	11,620.2
MGS 6/31 (5Y)	5,975.2
MGS 7/35 (10Y)	5,164.2
MGS 11/26	4,621.4
MGS 4/28	4,582.9
MGS 3/29 (3Y)	3,790.6
MGS 11/33	3,415.2
MGS 7/34	2,904.7
MGS 7/32 (7Y)	2,875.1
MGS 5/27	2,327.1

Top Traded GII in March 26	Volume (RM 'mil)
GII 9/26	13,724.3
GII 7/28 (3Y)	10,998.5
GII 3/26	6,679.2
GII 10/31	4,751.3
GII 7/40 (15Y)	2,652.0
GII 10/32	2,385.3
GII 7/29	2,082.1
GII 9/30	1,797.0
GII 4/35 (10Y)	1,556.6
GII 7/36	1,289.3

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

Corporate/Sukuk secondary trading inched higher in March; new issuances decline



- Trading in Corps/Sukuk inched higher to RM15.5bn in March (Feb: RM15.0bn), as a surge in the trading of AAA-rated bonds offset a decline in the trading of GG bonds during the month
- New issuances for the month declined to RM12.7bn in March (Feb: RM20.1bn), driven by falls in issuance in the government-guaranteed, corporate and financial segments; we expect issuance in the corporate/sukuk space to remain on the light side in April
- Among the possible notable issuances in the pipeline this month include new issues from TNB Kuala Muda (RM1.05bn), MR D.I.Y (RM0.5bn), Malakoff (RM0.45bn) and SunREIT (RM0.4bn)

Top Traded Corporate Bonds/Sukuk in Mar 26	Volume (RM mil)	Last Done Yield (%)
CIMBI IMTN 4.130% 27.03.2034 - Series 3 Tranche 4	435	3.694
CIMBI IMTN 4.070% 30.07.2035 - Series 4 Tranche 3	358	3.799
TNBPGSB IMTN 4.840% 27.03.2043	250	4.079
PASB IMTN 4.020% 05.02.2037 - Issue No. 55	230	3.897
RHBBANK IMTN 3.950% 25.05.2026	225	3.310
DANUM IMTN 3.870% 08.08.2034 - Tranche 16	200	3.733
PLUS BERHAD IMTN 4.526% 12.01.2029 - Sukuk PLUS T20	198	3.634
MAYBANK SUBORDINATED SUKUK 3.850% 28.08.2037	190	3.882
MAYBANK SUBORDINATED SUKUK 4.030% 31.01.2034	181	3.659
DANAINFRA IMTN 4.900% 29.04.2033 - Tranche 3	180	3.548

Top Corporate/Sukuk Issuance in Mar 26	Rating	Amount Issued (RM 'mil)
MAYBANKISLM 3.880% 18.03.2036	AA1	1,000
PAB ABSMTN CLASS A SENIOR MTN T6 1459D 22.3.2030	NR	750
TNBPGSB IMTN T4 4.260% 10.03.2051	AAA	600
CELCOMDIGI IMTN 3.770% 18.03.2033 - Tranche No 14	AAA	550
TNBPGSB IMTN T3 4.210% 09.03.2046	AAA	500
CAGAMAS ASEAN Social Bond 3.450% 27.3.2029	AAA	450
STSSB IMTN Rated Tranche 31 Series 1 17.03.2031	AA3	450
STSSB IMTN Rated Tranche 31 Series 2 17.03.2033	AA3	450
AMBANK MTN 3653D 17.3.2036 - TIER 2 (Tranche 2)	AA3	400
OSK RATED IMTN 3.960% 25.03.2036 (Series 009)	AA2	400
CELCOMDIGI IMTN 3.650% 19.03.2031 - Tranche No 13	AAA	400

Source: BNM, BPAM, HLBB Global Markets Research

US Bonds Outlook Apr 2026 – constructive outlook for USTs

	Current @ 08 Apr	Q2 2026	Q3 2026	Q4 2026	Q1 2027
Fed Funds Rate (upper bound)	3.75%	3.75%	3.75%	3.50%	3.50%

UST yields (%)	Current @ 08 Apr	Q2 2026	Q3 2026	Q4 2026	Q1 2027
2Y	3.79%	3.70%	3.60%	3.50%	3.45%
5Y	3.92%	3.75%	3.60%	3.55%	3.50%
10Y	4.29%	4.15%	4.00%	3.95%	3.90%
30Y	4.88%	4.80%	4.75%	4.75%	4.70%

Source: HLBB Global Markets Research

- Bonds are little changed thus far in April, with the sell-off at the start of the month as we approached Trump's deadline reversed after the agreement of a two-week ceasefire a few hours before it was due. Energy prices fell sharply on the news with markets greeting the news with a sigh of relief, but doubts remain as to whether the ceasefire will hold and whether it will translate into more meaningful progress for the ending of the conflict.
- Amidst the focus on geopolitics, economic data has taken a backseat and the numbers that we have gotten so far this month continued to paint a picture of a healthy economy and labour market. The monthly jobs report for March came in much stronger than expected, with 178k jobs added for the month, nearly triple the expected gain of 65k jobs, with the unemployment rate unexpectedly dipping to 4.3%. Retail sales figures for February were slightly north of that anticipated, while the ISM indices for March were mixed, with manufacturing firming while services eased.
- Fed fund futures markets continue to point to only a small chance of a 25bps reduction in the Fed Funds rate in 2026, and expectations are for policy to remain unchanged at the upcoming FOMC on Apr 29. We see them holding steady on policy for the time being and continuing to adopt a wait and see approach, with a 25bps reduction expected towards year end.
- **We are constructive on USTs at these levels and expect government bond yields to decline**, with developments in the Middle East likely to continue to drive the price action.

Key Events for the Month

Date	Event
09 Apr	Core PCE Index (Feb)
09 Apr	4Q25 GDP (T)
10 Apr	CPI
15 Apr	Biege Book
21 Apr	Retail Sales
29 Apr	FOMC Decision
30 Apr	Core PCE Index (Mar)
30 Apr	1Q26 GDP (A)

MYR Bonds Outlook April 2026 – slightly bullish

	Current @ 08 Apr	Q2 2026	Q3 2026	Q4 2026	Q1 2027
OPR	2.75%	2.75%	2.75%	2.75%	2.75%
MGS yields (%)	Current @ 08 Apr	Q2 2026	Q3 2026	Q4 2026	Q1 2027
3Y	3.23%	3.15%	3.10%	3.10%	3.10%
5Y	3.40%	3.35%	3.30%	3.25%	3.20%
10Y	3.59%	3.55%	3.50%	3.45%	3.40%
20Y	4.02%	4.00%	4.00%	3.95%	3.90%

Source: HLBB Global Markets Research

Key Events for the Month	
Date	Event
09 Apr	Industrial Production
17 Apr	CPI
17 Apr	1Q GDP (A)
20 Apr	Exports and Trade Balance

- MYR government bonds have been firmer thus far in April, taking the lead from gains in government bond markets globally, after a two-week ceasefire was announced at the eleventh hour in the Iran conflict.
- The S&P Malaysia manufacturing PMI rose in March to a record since the series began, possibly pointing to a solid end to the factory sector in 1Q despite the chaos caused by rising energy prices during the month.
- BNM's growth forecast for the year (4.0-5.0%) was slightly higher than the government's previous forecast in spite of the rise in the geopolitical temperature seen over the past month, with continued strength in domestic demand expected to underpin the economy. We continue to foresee no change on the horizon for the OPR rate.
- **We are slightly bullish on bonds from here and see government bonds yields edging lower** for the remainder of the month. Corporate spreads are expected to remain stable amidst continued firm demand, with supply expected to remain on the light side for the month.

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