

A nighttime photograph of a modern city skyline. The central focus is a tall, glass-clad skyscraper with a distinctive geometric facade, illuminated from within. To its right is another tall building with a curved top and a grid-like facade. The background shows other city buildings and a dark sky. The foreground features a road with light trails and some greenery.

Monthly Fixed Income Market Outlook

Global Markets

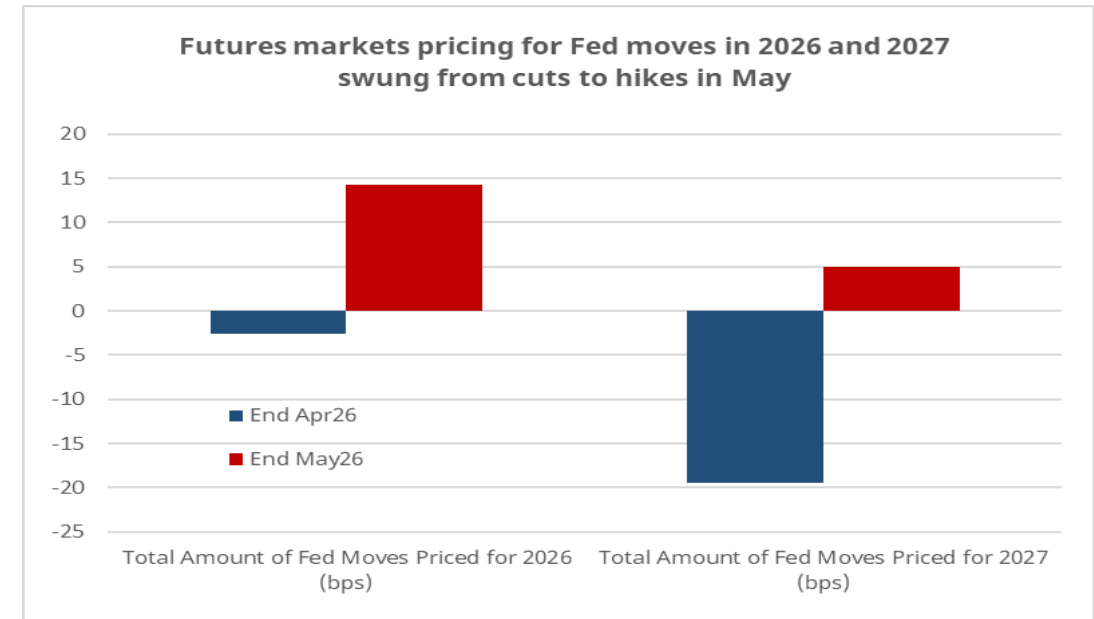
June 2026

May 2026 US Bond Market Review



Source: Bloomberg, HLBB Global Markets Research

- USTs were softer again in May, led by the shorter dated maturities, as the Middle East conflict dragged on and led to concerns that elevated oil prices would feed in to pricing pressures in the broader economy.
- 1Q GDP growth was revised a touch lower in its second reading, but economic data for the month generally was better than expected with retail sales for April matching estimates and job gains for the month coming in stronger than anticipated. Price data was mixed with headline and core CPI for April both being reported hotter than expected, while the Fed's preferred core PCE index came in as anticipated.
- The UST bear-flattened for the month as yields rose and Fed rate move expectations shifted higher:
 - 2yr yield rose by 13bps to 4.01%
 - 10yr yield advanced by 7bps to 4.44%



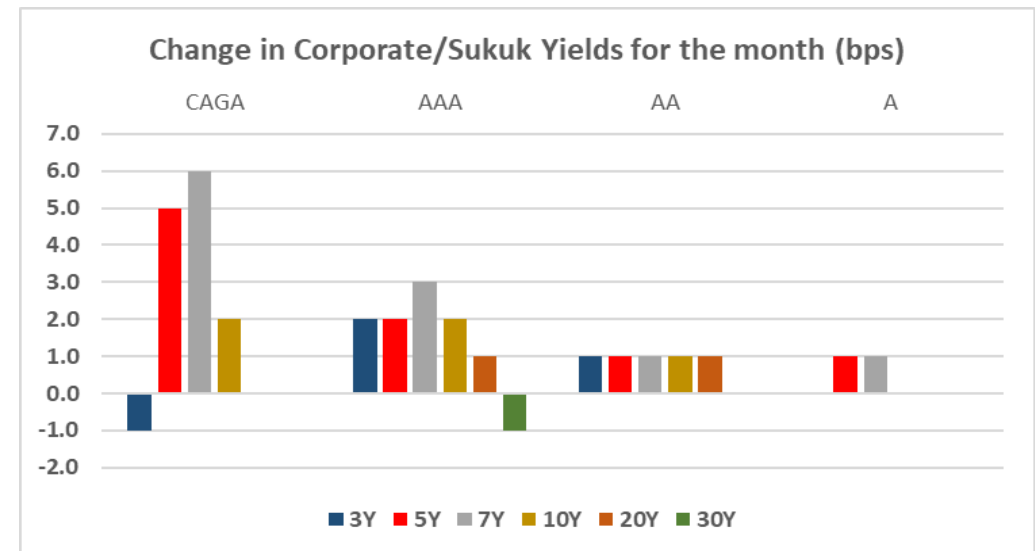
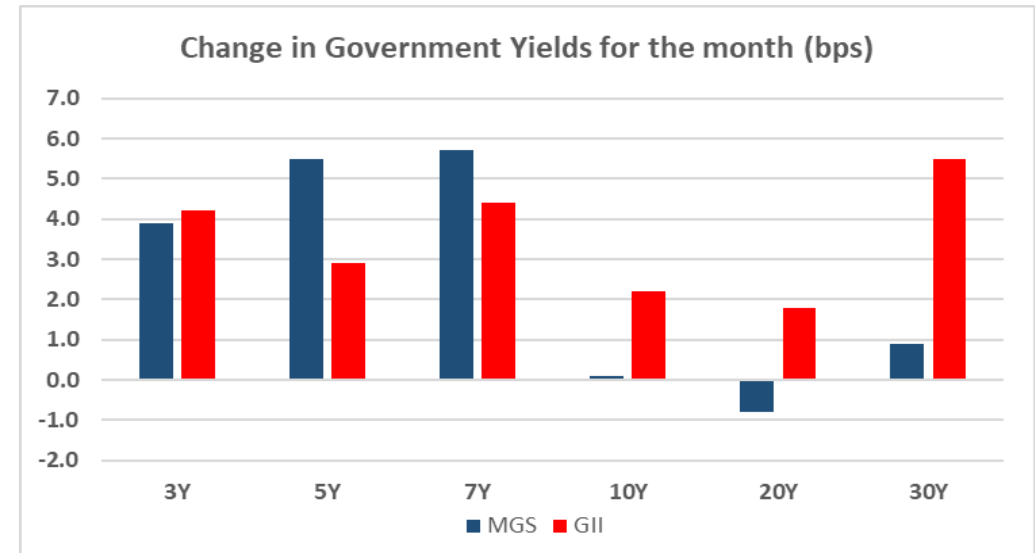
- Kevin Warsh was confirmed as the next Fed chair by the Senate during the month in a narrow 54-45 vote succeeding Jerome Powell, who will remain on the Fed Board of Governors. The minutes of the Apr 29 FOMC decision to leave rates on hold revealed a highly fractured committee, with many members concerned about maintaining the Fed's easing bias in view of the heightened inflationary risks.
- Futures markets pricing of 2026 and 2027 Fed moves shifted during the month from pricing in cuts the month before to pricing in the chances of hikes for both years.
- Futures markets pricing of Fed moves at the end of May were as follows:
 - For 2026, 14bps of hikes were priced (from 3bps of cuts at end Apr)
 - For 2027, 5bps of hikes were priced (from 20bps of cuts at end Apr)

May 2026 MYR Bond Market Review



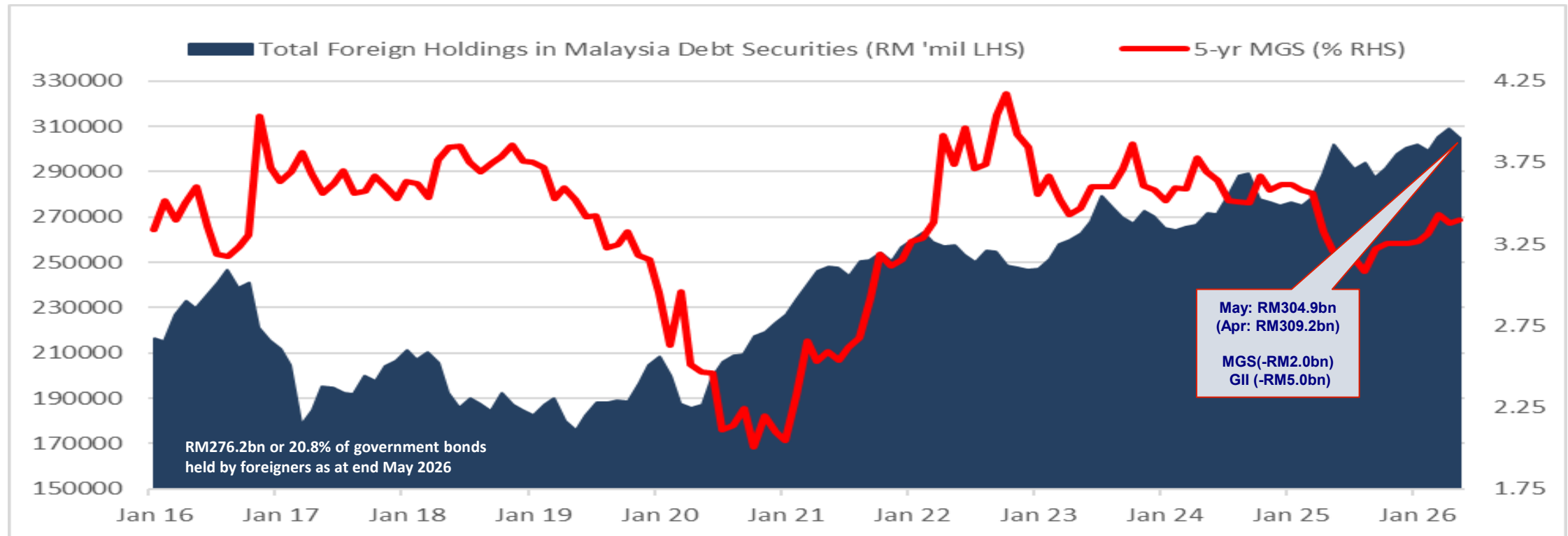
Source: Bloomberg, HLBB Global Markets Research

- MYR gov't bonds declined in May amidst a continued bearish environment for global government bonds on concerns that the protracted Middle East conflict would lead to sustained price pressures.
- The final 1Q GDP growth was revised a touch higher to 5.4% y/y versus the advanced reading of 5.3% y/y. Inflation for April rose as expected to 1.9% y/y (Mar: 1.7% y/y), the highest level since Oct 2024, while both exports and imports for the month came in much higher than anticipated, and industrial production for March unexpectedly held steady versus expectations of a faster pace of growth.
- BNM left rates unchanged at the MPC meeting on May 07 for the fifth straight meeting, and there were no surprises in the statement with the neutral tone maintained.
- Benchmark government bond yields closed the month mixed by between -1 to +6bps, with shorter-dated maturities generally selling off to a larger degree during the month, while corporate bonds/sukuk were also softer for the month.



Source: BPAM, HLBB Global Markets Research

Offshore foreign holdings declined for the first month in three in May; driven by reduction in GII holdings



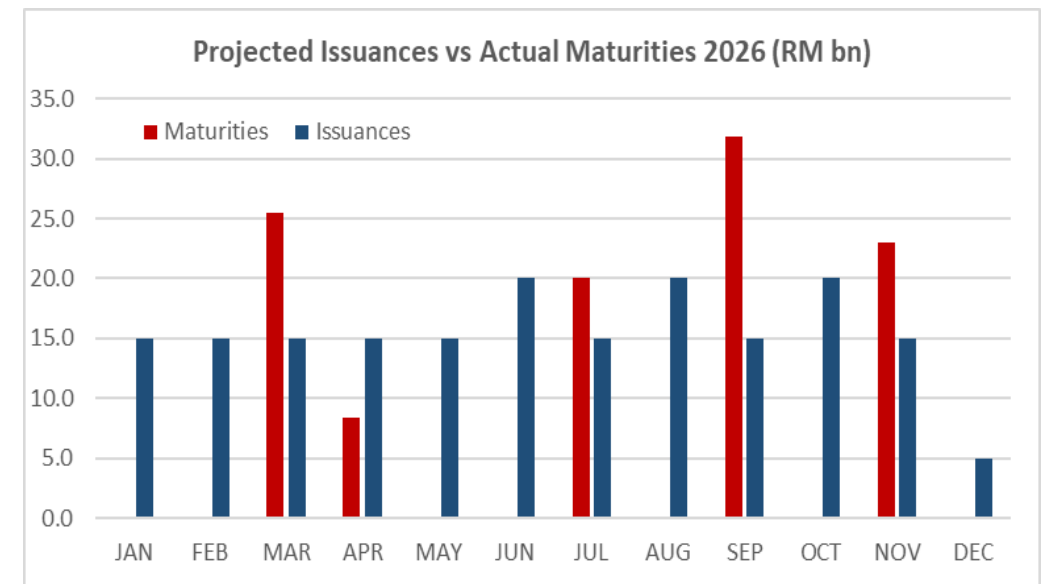
Source: BNM, Bloomberg, HLBB Global Markets Research

- Offshore foreign holdings of Malaysian debt securities fell for the first month in three in May, declining by RM4.3bn to RM304.9bn versus the RM309.2bn held at the end of April
- The fall was driven by reductions in the holdings of GII (-RM5.0bn) and MGS (-RM2.0bn) for the month
- This was offset slightly by increases in the holdings of Sukuk (+RM1.7bn), Corporate Bonds (+RM0.8bn) and MITB (+RM0.2bn), while holdings of MTB were little changed for the month

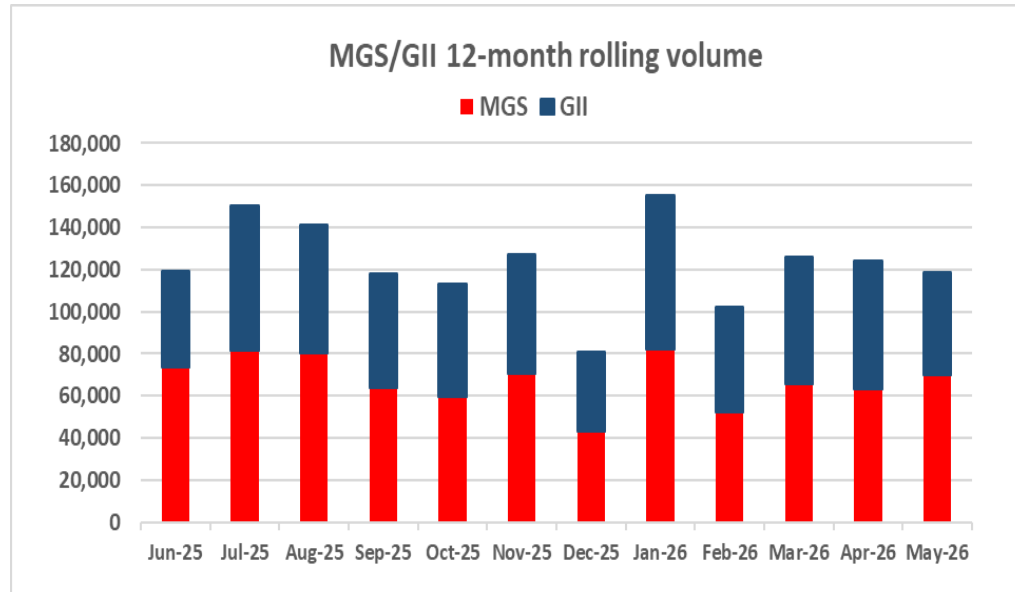
RM15.0bn of gross MGS/GII issuance in May; RM20.0bn of issuance likely in June

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	14/4/2026	5,000	5,000		55,000	2.921	3.220	3.227	3.230	56.3%
12	20-yr New Issue of MGS (Mat on 04/46)	20	Apr	Q2	22/4/2026	5,000	3,500	1,500	60,000	2.880	3.972	3.987	3.992	92.2%
13	10-yr Reopening of MGII 4/35	10	May	Q2	14/5/2026	5,000	5,000		65,000	2.868	3.593	3.600	3.607	20.0%
14	7-yr Reopening of MGS 4/33	7	May	Q2	21/5/2026	5,000	5,000		70,000	2.592	3.570	3.580	3.583	67.8%
15	30-yr Reopening of MGII 1/56	30	May	Q2	28/5/2026	5,000	3,000	2,000	75,000	2.285	4.095	4.103	4.110	52.2%
16	3-yr Reopening of MGS 3/29	3	Jun	Q2	4/6/2026	5,000	5,000		80,000	1.928	3.228	3.243	3.249	52.9%
17	15-yr Reopening of MGII 7/40	15	Jun	Q2		5,000			80,000					
18	5-yr Reopening of MGS 6/31	5	Jun	Q2		5,000			80,000					
19	20-yr Reopening of MGII 5/45	20	Jun	Q2		5,000			80,000					
20	10-yr Reopening of MGS 07/35	10	Jul	Q3		5,000			80,000					
21	3.5-yr Reopening of MGII 10/29	3	Jul	Q3		5,000			80,000					
22	15-yr Reopening of MGS 01/41	15	Jul	Q3		5,000			80,000					
23	5-yr Reopening of MGII 10/31	5	Aug	Q3		5,000			80,000					
24	30-yr Reopening of MGS 7/55	30	Aug	Q3		5,000			80,000					
25	7-yr Reopening of MGII 3/33	7	Aug	Q3		5,000			80,000					
26	20-yr Reopening of MGS 4/46	20	Aug	Q3		5,000			80,000					
27	10-yr Reopening of MGII 7/36	10	Sep	Q3		5,000			80,000					
28	7-yr Reopening of MGS 04/33	7	Sep	Q3		5,000			80,000					
29	30-yr Reopening of MGII 1/56	30	Sep	Q3		5,000			80,000					
30	3.5-yr Reopening of MGII 10/29	3	Oct	Q4		5,000			80,000					
31	15-yr Reopening of MGS 1/41	15	Oct	Q4		5,000			80,000					
32	20-yr Reopening of MGII 5/45	20	Oct	Q4		5,000			80,000					
33	10-yr New Issue of MGS (Mat on 10/36)	10	Oct	Q4		5,000			80,000					
34	15-yr Reopening of MGII 7/40	15	Nov	Q4		5,000			80,000					
35	3-yr Reopening of MGS 3/29	3	Nov	Q4		5,000			80,000					
36	10-yr Reopening of MGII 7/36	10	Nov	Q4		5,000			80,000					
37	30-yr Reopening of MGS 07/55	11	Dec	Q1		5,000			80,000					
Gross MGS/GII supply in 2026						185,000	67,500	12,500	80,000	PROJECTED TOTAL ISSUANCE = RM185bn				

- Gross issuance of RM15.0bn was seen in the month of May from the three scheduled auctions – a re-opening of RM5.0bn 10yr GII, a re-opening of RM5.0bn 7yr MGS, and a re-opening of RM3.0bn 30yr GII (plus RM2.0bn PP).
- The bond auctions in May were decently received, with an average BTC of 2.627x (Apr: 2.676x) for the month.
- In June, we should get gross issuance of RM20.0bn from the four scheduled auctions – a re-opening of RM3.5bn 15yr GII (plus RM1.5bn PP), a re-opening of RM5.0bn 5yr MGS and a re-opening of RM3.5bn 20yr GII (plus RM1.5bn PP), after the re-opening of RM5.0bn of the 3yr MGS that we have already got.
- There are no maturities scheduled for the month, but the supply dynamics will improve in July with an upcoming maturity.



MGS/GII trading volume inched lower in May; expected to recede slightly in June



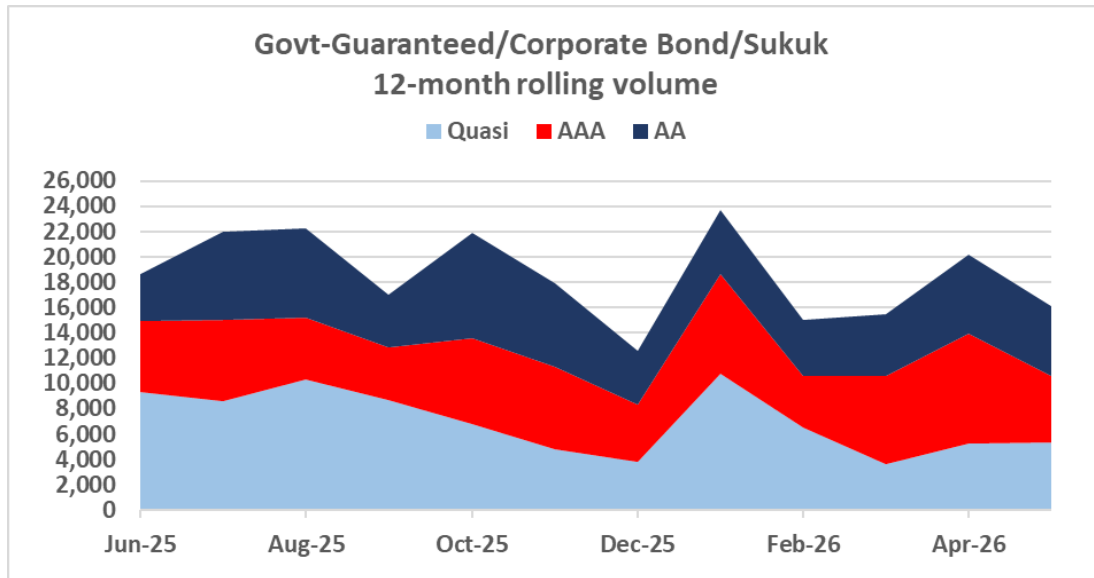
- Secondary trading in MGS/GII inched lower to RM118.9bn in May (Apr: RM124.4bn), driven by a reduction of the trading of GII for the month
- The off-the-run MGS 7/26 and off-the-run GII 9/26 again led trading for the month in the MGS and GII markets respectively
- Decent interest was also seen in the off-the-run MGS 11/26, MGS 5/27, GII 7/28 and MGS 4/31, as well as in the benchmark 10Y GII 4/35
- Secondary trading in government bonds is likely to head a little lower in June, with three public holidays scheduled for the month

Top Traded MGS in May 26	Volume (RM 'mil)
MGS 7/26	12,545.1
MGS 11/26	9,448.1
MGS 5/27	7,755.1
MGS 4/31	5,539.5
MGS 4/33 (7Y)	3,469.2
MGS 4/28	3,206.8
MGS 7/32	2,643.6
MGS 6/31 (5Y)	2,275.9
MGS 7/35 (10Y)	2,205.3
MGS 5/35	2,010.8

Top Traded GII in May 26	Volume (RM 'mil)
GII 9/26	15,577.4
GII 7/28	5,380.5
GII 4/35 (10Y)	5,268.3
GII 10/31	2,668.9
GII 10/32	2,025.4
GII 3/33 (7Y)	1,875.3
GII 10/29 (3Y)	1,722.8
GII 9/27	1,417.8
GII 9/41	1,374.2
GII 8/33	1,167.3

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

Corporate/Sukuk secondary trading declined in May; new issuances surged



- Trading in Corps/Sukuk declined to RM16.1bn in May (Apr: RM20.2bn), driven by a reduction in the trading of AAA-rated and AA-rated paper
- New issuances for the month surged to RM32.1bn in May (Apr: RM12.9bn), driven by increases in issuance in the corporate and financial space, while issuance in the corporate guaranteed segment inched lower for the month; we expect issuance in the corporate/sukuk space to ease in June
- Among the possible notable issuances in the pipeline this month include new issues from CIMB (RM1.0bn), Himayah (RM0.5bn), Tropicana (RM0.35bn) and Mumtaz Rakyat (RM0.3bn)

Top Traded Corporate Bonds/Sukuk in May 26	Volume (RM mil)	Last Done Yield (%)
PRASARANA IMTN 4.110% 27.08.2036 (Series 3)	400	3.801
PRASARANA IMTN 4.160% 10.10.2036 - Series 2	400	3.804
DANAINFRA IMTN 4.460% 18.08.2037 - Tranche No 124	380	3.856
TPSB IMTN 4.360% 19.11.2032 - Tranche No 4	300	3.637
LPPSA IMTN 4.620% 19.09.2036 - Tranche No 5	210	3.799
LPPSA IMTN 3.440% 30.08.2029 - Tranche No 55	200	3.348
PASB IMTN 3.850% 04.02.2033 - Issue No. 54	190	3.779
S P SETIA IMTN SENIOR SUKUK T3 4.000% 25.01.2036	165	3.968
PR1MA IMTN 3.850% 17.10.2031	160	3.538
MRCB20PERP IMTN Issue 8-16 4.240% 10.04.2031	160	3.977
IJM TREASURY IMTN 4.180% 20.03.2040 - Series 6 T3	160	4.125

Top Corporate/Sukuk Issuance in May 26	Rating	Amount Issued (RM 'mil)
UJSB IMTN 3.825% 29.05.2036	NR	11,513
TENAGA IMTN 4.370% 29.05.2051	AAA	1,350
TENAGA IMTN 4.310% 29.05.2046	AAA	1,050
IMTIAZ II IMTN 3.900% 11.05.2033	AA2	945
TENAGA IMTN 4.190% 29.05.2041	AAA	850
MRL IMTN 4.170% 19.05.2051 - Series 6	GG	800
CIMBBANK MTN 4382D 21.5.2038 - SERIES 6 TRANCHE 1	AAA	800
MAYBANK SUBORDINATED SUKUK 3.950% 13.05.2041	AA1	650
IMTIAZ II IMTN 3.860% 11.05.2032	AA2	600
AEON CREDIT SENIOR SUKUK (S13T1) 4.000% 20.05.2032	AA3	550

Source: BNM, BPAM, HLBB Global Markets Research

US Bonds Outlook June 2026 – slight constructive tone for USTs expected

	Current @ 09 June	Q2 2026	Q3 2026	Q4 2026	Q1 2027
Fed Funds Rate (upper bound)	3.75%	3.75%	3.75%	3.75%	3.75%

UST yields (%)	Current @ 09 June	Q2 2026	Q3 2026	Q4 2026	Q1 2027
2Y	4.12%	4.00%	3.90%	3.80%	3.75%
5Y	4.25%	4.15%	4.05%	3.95%	3.90%
10Y	4.52%	4.45%	4.35%	4.25%	4.20%
30Y	5.00%	4.95%	4.90%	4.85%	4.80%

Source: HLBB Global Markets Research

- Bonds have been weaker thus far in May, with some flare up in the temperature of the continuing Gulf conflict resulting in energy prices remaining somewhat elevated and a stronger than anticipated May jobs report, which resulted in yields climbing by about 10bps since the end of May.
- The monthly employment report showed double the amount of job gains versus what was anticipated, and coupled with upward revisions for the job additions for previous months, continues to paint a picture of a rather robust labour market. The ISM indices that we got at the start of the month also rose by more than expected, across both the manufacturing and services sector, boding well for 2Q growth in spite of the uncertainty caused by the protracted conflict.
- Fed fund futures markets have priced in a full 25bps rate hike for the year, which draws more attention on the upcoming FOMC decision under new Fed Chair Kevin Warsh on June 17. While they are not expected to move on rates, the focus of the markets will be on whether the easing bias is removed from the accompanying statement, and whether or not the divisions seen in the previous FOMC decision continue to persist.
- **We are slightly constructive on USTs at these levels and expect government bond yields to edge lower for the rest of the month**, with the stabilization in energy prices suggestive that we are perhaps moving closer to the end of the Gulf conflict.

Key Events for the Month

Date	Event
10 Jun	CPI
17 Jun	Retail Sales
17 Jun	FOMC Decision
23 Jun	Preliminary S&P Global PMIs
25 Jun	Core PCE Index
25 Jun	1Q26 GDP (S)
30 Jun	JOLTS Job Openings

MYR Bonds Outlook June 2026 – MYR government bonds likely to be rangebound

	Current @ 09 June	Q2 2026	Q3 2026	Q4 2026	Q1 2027
OPR	2.75%	2.75%	2.75%	2.75%	2.75%
MGS yields (%)	Current @ 09 June	Q2 2026	Q3 2026	Q4 2026	Q1 2027
3Y	3.27%	3.25%	3.20%	3.15%	3.10%
5Y	3.44%	3.40%	3.35%	3.30%	3.25%
10Y	3.61%	3.60%	3.55%	3.50%	3.45%
20Y	3.97%	4.00%	4.00%	3.95%	3.95%

Source: HLBB Global Markets Research

Key Events for the Month	
Date	Event
12 Jun	Industrial Production
19 Jun	CPI
19 Jun	Exports and Trade Balance

- MYR government bonds have been slightly softer thus far in June, taking cue from the decline seen in global government bond markets amidst episodes of flare-up of tensions in the Gulf.
- The S&P Malaysia manufacturing PMI pulled back in May from the record high of 51.6 for the index the month before, dipping back into contractionary territory with a 49.9 reading recorded. The focus domestically will likely lie on the CPI, which is likely to continue to head higher amidst rising cost pressures and low base effects.
- There is quite a bit of bond supply with four government bond auctions scheduled for the month and with no bond maturities in the pipeline until July, the supply dynamics are not supportive of the market for the month. Additionally, the recent concerns over the ability to achieve the fiscal targets due to the rise in subsidy payments may limit the ability of government bonds to rally in the near-term.
- **We are neutral on bonds for the month and see government bonds yields likely to be trading in a range**

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad (“HLBB”) to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group (“HLB Group”). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in ‘market making’ of securities mentioned herein. The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.