

Monthly Fixed Income Market Outlook

Global Markets

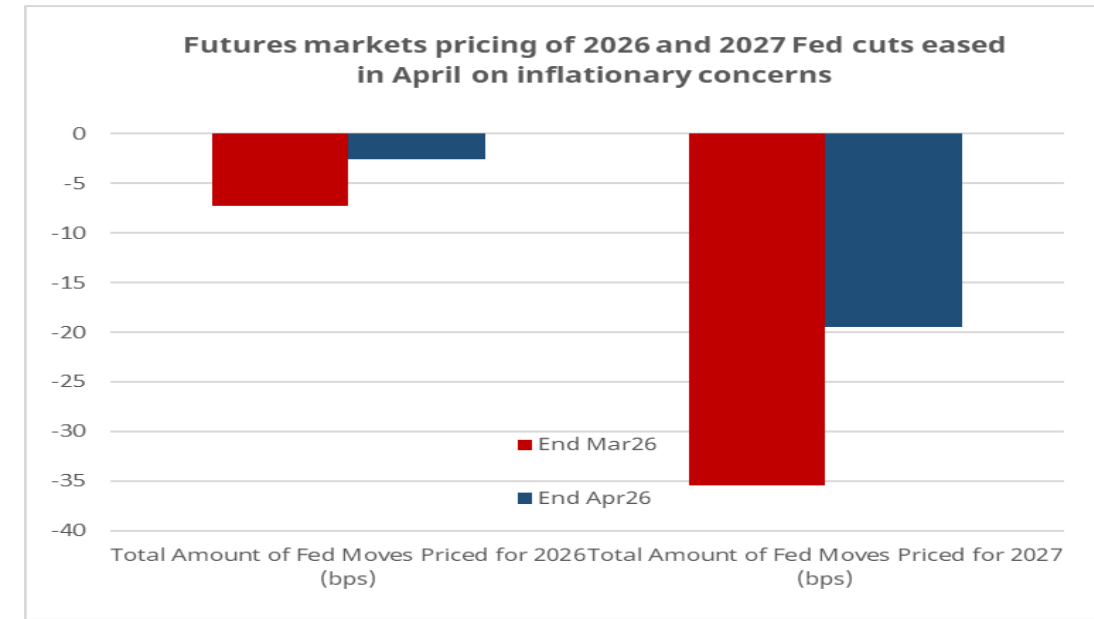
May 2026

April 2026 US Bond Market Review



Source: Bloomberg, HLBB Global Markets Research

- USTs were slightly softer in April, amidst a protracted Middle East conflict which kept energy prices elevated, leading to continued concerns that price pressures will mount in the months ahead and complicate the Fed’s plan to ease monetary policy further.
- Economic data continued to take a back seat as the markets swung about on headlines coming out of the Middle East situation. Advanced 1Q GDP growth came in slightly weaker than anticipated, but employment growth for March was higher than expected and retail sales for the month also beat estimates. The core PCE index for March printed as expected, but the core CPI for the month was slightly cooler than anticipated.
- The UST curve moved in a rather parallel fashion for the month as yields rose:
 - 2yr yield climbed by 8bps to 3.87%
 - 10yr yield advanced by 5bps to 4.37%



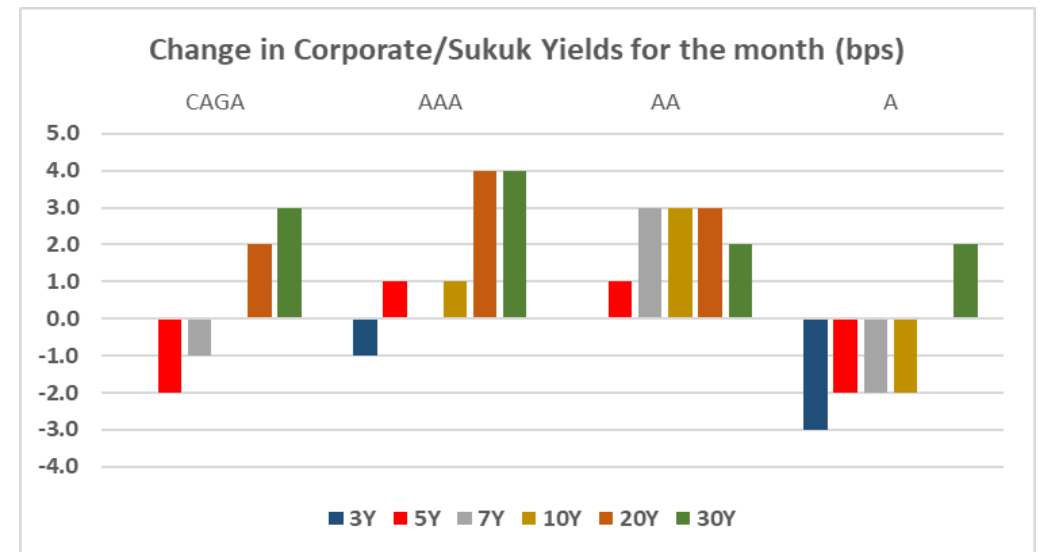
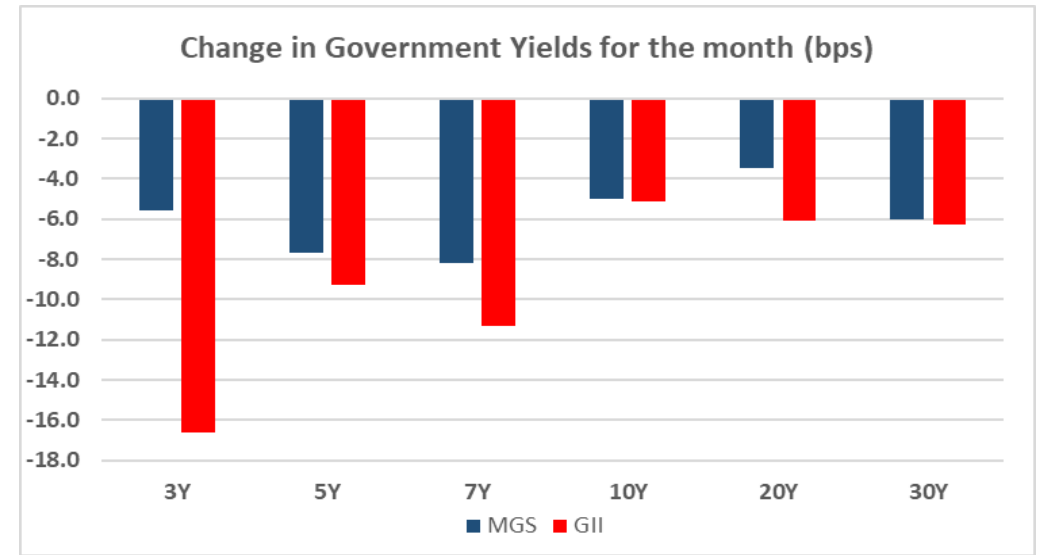
- The Fed left policy on hold during the FOMC meeting on Apr 29 for the third straight meeting in what was Powell’s last meeting as Fed Chair. There were 4 dissenters, with Miran preferring a 25bps cut, while Fed Presidents Hammack, Logan and Kashkari agreed with the decision but objected to the statement and wanted it to indicate that the next move was not necessarily a cut in view of the heightened inflation risks.
- Futures markets pricing of 2026 and 2027 cuts eased during the month as energy prices continued to remain lofty, with the markets nearly completely pricing out the chances of cut for the current year.
- Futures markets pricing of Fed moves as at the end of April:
 - 2026 rate cuts priced declined to 3bps (from 7bps at end Mar)
 - 2027 rate cuts priced eased to 20bps (from 36bps at end Mar)

April 2026 MYR Bond Market Review



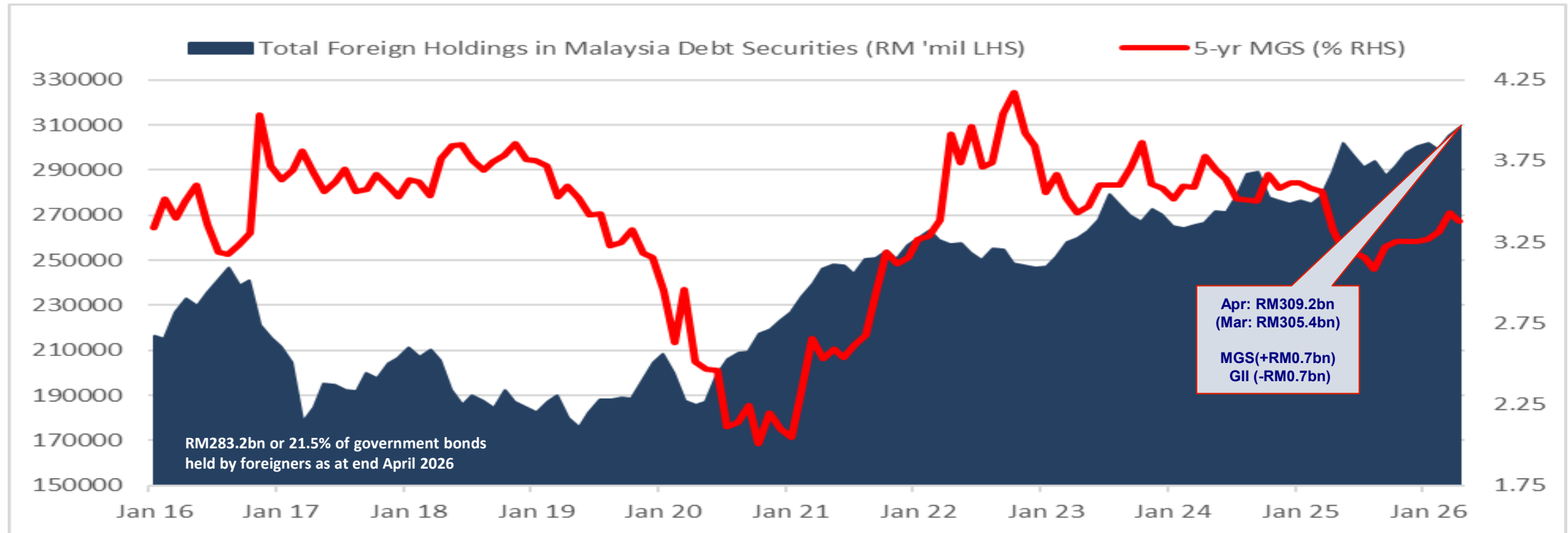
Source: Bloomberg, HLBB Global Markets Research

- MYR gov't bonds were firmer in April amidst a continued positive economic backdrop, with the IMF and the World Bank both upgrading their forecasts for the country's growth this year to 4.7% (from 4.3%) and 4.4% (from 4.1%) respectively.
- Economic data that we had during the month saw advanced 1Q GDP growth come in at 5.3% y/y, versus expectations of 5.5% y/y and the previous quarter's growth of 6.3%, while industrial production and export growth for March were also both lower than anticipated. CPI for March rose as expected to 1.7% y/y versus 1.4% y/y in February.
- Benchmark government bond yields closed the month lower by between 4 to 16bps, with the yield curve bull-steepening as shorter-dated maturities outperformed.
- Corporate bonds were mostly softer for the month, with the A-rated segment doing better than the higher-grade segments, and shorter-dated maturities outperforming the longer end.



Source: BPAM, HLBB Global Markets Research

Offshore foreign holdings rose to another record in April; driven by increase in Corporate Bond holdings



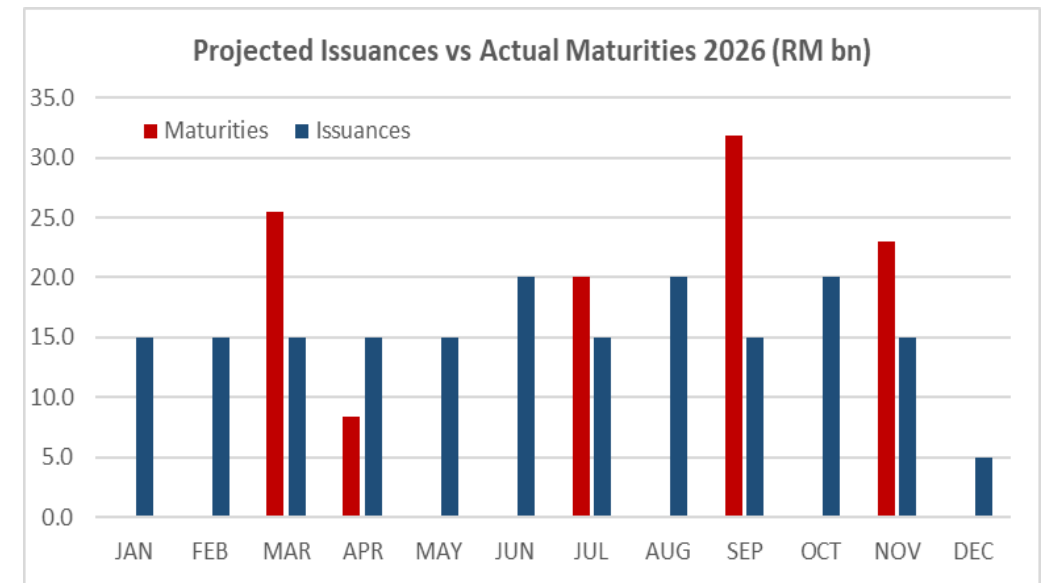
Source: BNM, Bloomberg, HLBB Global Markets Research

- Offshore foreign holdings of Malaysian debt securities rose to another record high in April, advancing by RM3.8bn to RM309.2bn versus the RM305.4bn held at the end of March
- The gain was driven by advances in the holdings of Corporate Bonds (+RM3.8bn) and MGS (+RM0.7bn)
- GII (-RM0.7bn) saw a pullback in foreign holdings, while holdings of MTB, MITB and Sukuk were little changed for the month

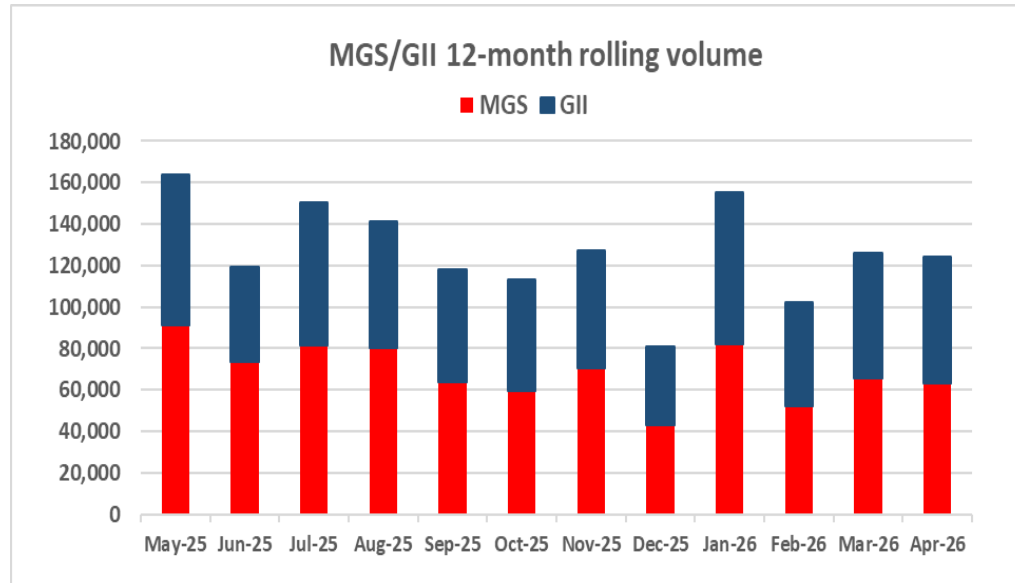
RM15.0bn of gross MGS/GII issuance in April; another RM15.0bn of issuance likely in May

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		5,000			60,000					
14	7-yr Reopening of MGS 4/33	7	May	Q2		5,000			60,000					
15	30-yr Reopening of MGII 1/56	30	May	Q2		5,000			60,000					
16	3-yr Reopening of MGS 3/29	3	Jun	Q2		5,000			60,000					
17	15-yr Reopening of MGII 7/40	15	Jun	Q2		5,000			60,000					
18	5-yr Reopening of MGS 6/31	5	Jun	Q2		5,000			60,000					
19	20-yr Reopening of MGII 5/45	20	Jun	Q2		5,000			60,000					
20	10-yr Reopening of MGS 07/35	10	Jul	Q3		5,000			60,000					
21	3.5-yr Reopening of MGII 10/29	3	Jul	Q3		5,000			60,000					
22	15-yr Reopening of MGS 01/41	15	Jul	Q3		5,000			60,000					
23	5-yr Reopening of MGII 10/31	5	Aug	Q3		5,000			60,000					
24	30-yr Reopening of MGS 7/55	30	Aug	Q3		5,000			60,000					
25	7-yr Reopening of MGII 3/33	7	Aug	Q3		5,000			60,000					
26	20-yr Reopening of MGS 4/46	20	Aug	Q3		5,000			60,000					
27	10-yr Reopening of MGII 7/36	10	Sep	Q3		5,000			60,000					
28	7-yr Reopening of MGS 04/33	7	Sep	Q3		5,000			60,000					
29	30-yr Reopening of MGII 1/56	30	Sep	Q3		5,000			60,000					
30	3.5-yr Reopening of MGII 10/29	3	Oct	Q4		5,000			60,000					
31	15-yr Reopening of MGS 1/41	15	Oct	Q4		5,000			60,000					
32	20-yr Reopening of MGII 5/45	20	Oct	Q4		5,000			60,000					
33	10-yr New Issue of MGS (Mat on 10/36)	10	Oct	Q4		5,000			60,000					
34	15-yr Reopening of MGII 7/40	15	Nov	Q4		5,000			60,000					
35	3-yr Reopening of MGS 3/29	3	Nov	Q4		5,000			60,000					
36	10-yr Reopening of MGII 7/36	10	Nov	Q4		5,000			60,000					
37	30-yr Reopening of MGS 07/55	11	Dec	Q1		5,000			60,000					
Gross MGS/GII supply in 2026						185,000	49,500	10,500	60,000	PROJECTED TOTAL ISSUANCE = RM185bn				

- Gross issuance of RM15.0bn was seen in April from the three scheduled auctions – a re-opening of RM3.0bn 30yr MGS (plus RM2.0bn PP), a new issuance of RM5.0bn 3.5yr GII, and a new issuance of RM3.5bn 20yr MGS (plus RM1.5bn PP).
- The bond auctions in March were well received, with an average BTC of 2.676x (Mar: 2.042x) for the month, buoyed by the strong 3.5yr GII and 20yr MGS new issuances.
- In May, we are again likely to get gross issuance of RM15.0bn from the three scheduled auctions – a re-opening of RM5bn 10yr GII, a re-opening of RM5bn 7yr MGS and a re-opening of RM3bn 30yr GII (plus RM2.0bn PP).
- There are no maturities for either this month or next, with the next scheduled bond maturity only happening in July.



MGS/GII trading volume eased slightly in April; expected to pick up a little in May



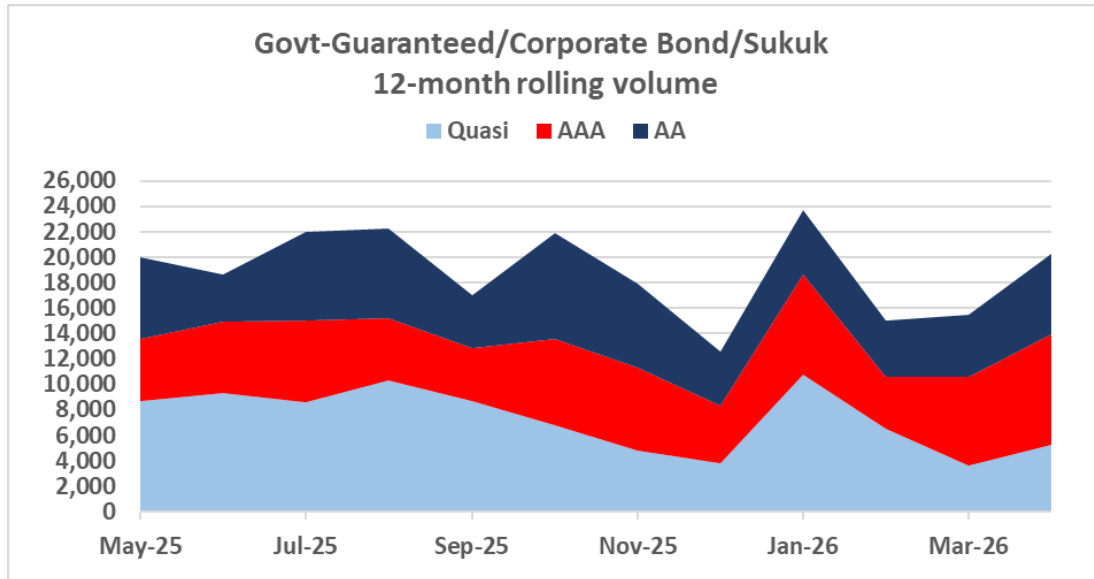
- Secondary trading in MGS/GII eased slightly to RM124.4bn in April (Mar: RM125.7bn), with both MGS and GII trading little changed from the month before
- The off-the-run MGS 7/26 and off-the-run GII 9/26 led trading again for the month in the MGS and GII markets respectively
- Good interest for the month was also seen in the off-the-run GII 9/26, MGS 11/26, GII 7/28 and MGS 7/34, as well as in the benchmark 3Y GII 10/29 and 7Y GII 3/33
- Secondary trading in government bonds is likely to pick up a little in May

Top Traded MGS in April 26	Volume (RM 'mil)
MGS 7/26	14,465.3
MGS 11/26	6,884.1
MGS 7/34	3,653.4
MGS 4/46 (20Y)	3,083.3
MGS 7/55 (30Y)	2,794.5
MGS 6/31 (5Y)	2,621.6
MGS 4/31	2,523.4
MGS 7/35 (10Y)	2,367.8
MGS 5/27	2,345.9
MGS 3/29 (3Y)	2,212.8

Top Traded GII in April 26	Volume (RM 'mil)
GII 9/26	19,614.1
GII 7/28	4,472.4
GII 3/33 (7Y)	3,877.9
GII 10/29 (3Y)	3,551.1
GII 10/31	2,848.9
GII 7/40 (15Y)	2,643.7
GII 9/27	2,209.2
GII 4/35 (10Y)	2,193.5
GII 9/39	1,805.9
GII 10/32	1,759.6

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

Corporate/Sukuk secondary trading advanced in April; new issuances inch higher



- Trading in Corps/Sukuk advanced to RM20.3bn in April (Mar: RM15.5bn), as a pickup in trading was seen across all segments of the credit spectrum
- New issuances for the month inched higher to RM12.9bn in April (Mar: RM12.7bn), as increased issuance seen in the financial, corporate and corporate guaranteed space was offset by a lull in issuance in the government guaranteed and ABS segments; we expect issuance in the corporate/sukuk space to rise in May
- Among the possible notable issuances in the pipeline this month include new issues from MRL (RM1.8bn), Maybank (RM1.2bn), PASB (RM1.0bn) and Bank Muamalat (RM0.5bn)

Top Traded Corporate Bonds/Sukuk in Apr 26	Volume (RM mil)	Last Done Yield (%)
SME BANK IMTN 4.050% 30.05.2028	590	3.529
MDV IMTN 4.040% 10.04.2029	400	3.453
LPPSA IMTN 4.850% 29.10.2038 - Tranche No 25	330	3.899
PRASARANA IMTN 4.380% 29.01.2038 (Series 14)	260	3.888
CAGAMAS IMTN 3.970% 05.10.2026	250	3.261
PASB IMTN 3.900% 30.10.2029 - Issue No. 18	236	3.638
CAGAMAS IMTN 3.150% 15.06.2026	220	3.302
MRL IMTN 4.060% 25.07.2036	200	3.804
LPPSA IMTN 3.540% 16.04.2027 - Tranche No 80	200	3.222
PNBMV IMTN 3.640% 06.11.2030	200	3.717
PASB IMTN 4.400% 03.06.2027- Issue No. 41	200	3.433

Top Corporate/Sukuk Issuance in Apr 26	Rating	Amount Issued (RM 'mil)
SARAVENT IMTN 0% 28.04.2027 (Series 1)	NR	1,850
PUBLIC MTN 1826D 22.4.2031	AAA	800
ISLAM IMTN 4.010% 28.04.2033 (Tranche 10 Series 1)	AA3	500
ISLAM IMTN 4.100% 28.04.2036 (Tranche 10 Series 2)	AA3	500
MIDCITISUKUK IMTN 3.860% 24.04.2036	AAA	500
EVYAP SABUN IMTN (S1 Tr1) 29.04.2031	AA2	500
SUNREIT MTN MTN 365D 01.4.2027	NR	500
MRCB20PERP IMTN Issue 8-16 4.240% 10.04.2031	AA3	450
PUBLIC MTN 2557D 22.4.2033	AAA	400
GAMUDA IMTN S77 4.020% 02.04.2036	AA3	400

Source: BNM, BPAM, HLBB Global Markets Research

US Bonds Outlook May 2026 – bullish bias for USTs in May

	Current @ 11 May	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 @ 11 May	Q2 2026	Q3 2026	Q4 2026	Q1 2027
2Y	3.95%	3.75%	3.65%	3.55%	3.50%
5Y	4.07%	3.80%	3.65%	3.60%	3.55%
10Y	4.41%	4.20%	4.05%	4.00%	3.95%
30Y	4.99%	4.85%	4.80%	4.75%	4.75%

Source: HLBB Global Markets Research

- Bonds have been little changed thus far in May, with the markets gyrating about on news about the Gulf conflict amidst doubts as to whether or not we are nearer to an agreement to end the war, which has now dragged into a third month.
- Economic data continues to take a backseat, and the data that we have got continues to point to a robust economy and labour market in spite of the uncertainty caused by the conflict. The monthly jobs report for April was stronger than expected, with 115k jobs added for the month versus expectations of 65k jobs added. The ISM indices for April were mixed with manufacturing holding steady while a slight moderation was seen in the services index, with both notably still in expansionary territory. The focus shifts over to inflation, with CPI and PCE to be closely watched in view of the continued elevated level of energy prices.
- Fed fund futures markets have completely priced out cuts for the year, and the continued elevated level of energy prices has resulted in about 7bps of hikes priced in for the year instead. We continue to see the Fed holding rates steady despite the change of guard at the helm of the Fed, with Fed Chair nominee Kevin Warsh likely to be chairing his first FOMC on June 17, with current Chair Powell indicating that he will stay on as a member of the Board of Governors for now.
- **We are slightly bullish on USTs at these levels and expect government bond yields to decline for the month**, with developments in the Middle East likely to continue to be the key driver of the price action.

Key Events for the Month

Date	Event
12 May	CPI
14 May	Retail Sales
20 May	Apr 29 FOMC Meeting Minutes
26 May	Conf Board Consumer Confidence
28 May	Core PCE Index
28 May	1Q26 GDP (S)

MYR Bonds Outlook May 2026 – neutral on MYR government bonds

	Current @ 11 May	Q2 2026	Q3 2026	Q4 2026	Q1 2027
OPR	2.75%	2.75%	2.75%	2.75%	2.75%
MGS yields (%)	Current @ 11 May	Q2 2026	Q3 2026	Q4 2026	Q1 2027
3Y	3.20%	3.15%	3.10%	3.10%	3.10%
5Y	3.35%	3.35%	3.30%	3.25%	3.20%
10Y	3.55%	3.55%	3.50%	3.45%	3.40%
20Y	3.94%	4.00%	4.00%	3.95%	3.90%

Source: HLBB Global Markets Research

Key Events for the Month	
Date	Event
15 May	1Q GDP (F)
19 May	CPI
20 May	Exports and Trade Balance

- MYR government bonds have been slightly firmer thus far in May, amidst BNM leaving policy on hold again for the fifth straight MPC meet on May 07, with yields a touch lower than where they closed at the end of April.
- The S&P Malaysia manufacturing PMI rose in April to another record since the inception of the series, indicating that the factory sector continues to remain healthy as we began 2Q in spite of the disruptions and uncertainty caused by the Gulf conflict. Industrial production growth for March meanwhile, held steady versus expectations of a slight rise.
- BNM continued to sound out a neutral note in the accompanying monetary policy statement, with continued strength in domestic demand expected to support growth going forward. We continue to see them holding the OPR rate steady for the rest of the year.
- **We are neutral on bonds from here for the month and see government bonds yields trading in a range**, with the supply dynamics turning negative – an absence of bond maturities for the next two months, and with no supply thus far this month, there will likely be seven bond auctions for the market to absorb in the coming seven weeks. Corporate spreads are expected to remain stable amidst solid demand.

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