



Weekly Fixed Income & FX Research Commentary

US tariff announcement disrupts markets ...

Monday, 07 April 2025

Snapshot Summary...

Global Rates: US Treasuries rallied on risk to growth concerns.

MYR Bonds: Local govies strengthened in tandem with US treasuries as global trade war escalated.

Global FX: The dollar posted a weekly loss of 1.0%.

USD/MYR: Ringgit was stronger against most Asian currencies driven by weaker dollar.

Fixed Income

Global Bonds: US Treasuries rallied and we found the 10Y yield below the 4.00% level. The risk to growth concern was the main driver as Trump's reciprocal tariffs was announced, on top of 10% base tariffs on the US trading partners. The market was reacting to China's announcement of 34% retaliatory tariffs on imports from the US. The market seemed also disappointed that Fed's Powell was holding back against strong rate cut signals. However, gains were pared upon release of the strong March NFP data (228k vs 140k expectations). Powell said Trump's new tariffs are "larger than expected" and hinted economic risks are present amid higher inflation. However, the mention of inflationary pressures meant Powell also hinted there may be a hold back against a quick pace of rate cuts incoming.

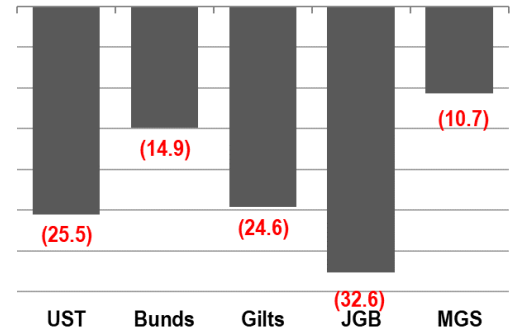
Malaysia Government Bonds: MYR government bonds strengthened as well, to follow the search for safer investments as the global trade conflict heightens. Yields fell c. 10 bps w/w across the curve, and this was reflected in the IRS levels as well. There was late profit taking activity by late Friday and we noted the 5Y IRS finding paying pressure around 3.32%. Meanwhile, the auction for GII 07/40 was announced with MYR3.0 billion size plus MYR1.0 billion private placement.

Malaysia Government Bonds View: We noted the 3Y MGS ended last week at 3.29% (29 bps above the OPR) and the 10Y MGS at 3.67% (67 bps spread vs the OPR). If risks to growth continues, especially if global trade war intensifies with more countries to implement retaliatory tariffs vs the US, then we think MGS yields could decline further, seeing the spread vs the OPR remains wide historically in an environment of markets possibly pricing in an OPR cut. In our opinion, short-term support for the 3Y MGS is 3.25%.

Malaysia Corporate Bonds: Corporate bond trading was firm as well, but flows were thin on account of the holiday shortened week.

Malaysia Corporate Bonds View: We noted AAA 5Y tenor Cagamas 03/30 with was supported at 3.70% or ending 13 bps above the 10Y MGS. Based on the latest Cagamas curve we think 3Y-5Y tenors at 3.75% or above offer yield pickup.

Weekly Major 10Y Sovereign Yield Changes (bps)



Weekly Major Bond Yields (%)

Major Bond Yields	04-Apr-25	28-Mar-25	w/w (bps)
2-year UST	3.65	3.91	(26)
10-year UST	3.99	4.25	(26)
2-year Bund	1.83	2.02	(19)
10-year Bund	2.58	2.73	(15)
2-year Gilt	3.93	4.20	(26)
10-year Gilt	4.45	4.69	(25)
2-year JGB	0.64	0.87	(23)
10-year JGB	1.22	1.54	(33)
2-year AGB	3.40	3.74	(34)
10-year AGB	4.22	4.46	(24)

Weekly MGS Yields (%)

MGS Yields	04-Apr-25	28-Mar-25	w/w (bps)
3-year	3.34	3.41	(7)
5-year	3.47	3.57	(10)
7-year	3.60	3.71	(11)
10-year	3.66	3.77	(11)
15-year	3.81	3.91	(10)
20-year	3.91	3.99	(9)
30-year	4.06	4.15	(9)

Weekly GII Yields (%)

GII Yields	04-Apr-25	28-Mar-25	w/w (bps)
3-year	3.41	3.51	(10)
5-year	3.48	3.59	(11)
7-year	3.59	3.71	(12)
10-year	3.66	3.78	(11)
15-year	3.84	3.90	(6)
20-year	3.90	4.01	(11)

MYR Swap & KLIBOR Rates (%)

IRS & KLIBOR	04-Apr-25	28-Mar-25	w/w (bps)
IRS 3-Year	3.29	3.43	(14)
IRS 5-Year	3.33	3.47	(15)
IRS 7-Year	3.40	3.54	(14)
IRS 10-Year	3.49	3.64	(16)
3-Month KLIBOR	3.66	3.66	0
6-Month KLIBOR	3.73	3.73	0

Forex

DXY Index: The USD rebounded on Friday, though still posting a weekly loss. The DXY index found a weekly low near 101.37 but has risen to hover near 103.1 as the Asian markets opened today. Finding support at sub 102 level could mean markets were under-pricing the USD in our opinion, prompting the rise above 103 even as Asian currencies continued to weaken at the week's open. That being said, it's worth noting the CME FedWatch tool sees 34% probability of a cut in the FFR to 3.00-3.25% by end-2025 (FFR at 4.25-4.50% currently) vs 25% probability priced in as of last Friday. Hence, we see continued volatility in DXY trading in the coming week. FOMC meeting minutes, US CPI, Fed-speak, and more headlines on tariffs will be drivers this week.

Europe: EUR strengthened by about 1.2% w/w though there was a reversal of -0.9% last Friday as the USD rebounded. The EUR tested its six-month high as the EU president was quoted the bloc may counter with its own tariffs against the US if talks with Trump fail.

Asia: CNY was up slightly w/w vs the USD. The CNY was supported amid the announcement of China raising tariffs on US goods, though the CNY pared gains by late Friday amid USD strength after the NFP data release. Potential driver for CNY this week include the March inflation with consensus at zero rise (February: -0.7% y/y). Aside, JPY was off its six-month high. BoJ President Ueda suggested rates may be held and not raised in the near-term period on the back of the US tariffs.

Malaysia: The MYR was higher compared to the relatively weak USD. We also think the forex markets are expecting Malaysia's government to be proactive in countering US tariffs by seeking US talks on trade. Yet, USD strength post-NFP and Powell's lack of commitment to rate cuts may provide downside risks to the MYR this week.

Indicative PDS Yields (%)

PDS Indicative Yields	04-Apr-25	28-Mar-25	w/w (bps)
3-Year AAA	3.80	3.80	0
3-Year AA	3.96	3.95	0
3-Year A	4.72	4.81	(9)
5-Year AAA	3.87	3.87	(0)
5-Year AA	4.03	4.04	(0)
5-Year A	4.90	5.00	(10)
10-Year AAA	3.99	4.00	(0)
10-Year AA	4.16	4.18	(2)
10-Year A	5.28	5.38	(10)

FX Weekly – vs. USD


FX Against USD	04-Apr-25	28-Mar-25	w/w (%)
DXY Index	103.02	104.04	(1.0)
Euro	1.096	1.083	1.2
Aussie Dollar	0.604	0.629	(3.9)
Pound Sterling	1.289	1.294	(0.4)
Japanese Yen	146.9	149.8	(1.9)
NZ Kiwi	0.560	0.572	(2.1)
Ringgit	4.437	4.438	(0.0)
Rupiah	16,560	16,560	0.0
Thai Baht	34.20	33.97	0.7
Sing Dollar	1.347	1.341	0.4
China Yuan	7.282	7.262	0.3
Korea Won	1,462	1,469	(0.5)
India Rupee	85.24	85.46	(0.3)
Philippine Peso	56.83	57.38	(1.0)


FX Weekly – Cross Rates vs. MYR


Cross FX Against MYR	04-Apr-25	28-Mar-25	w/w (%)
Euro	4.87	4.78	2.0
Pound Sterling	5.76	5.75	0.2
Aussie Dollar	2.75	2.79	(1.6)
Japanese Yen	3.02	2.96	2.0
Sing Dollar	3.32	3.31	0.3
10 China Yuan	6.09	6.10	(0.2)
1 million Rupiah	266.40	267.80	(0.5)
Thai Baht	12.98	13.05	(0.6)
100 India Rupee	5.21	5.19	0.4
100 Philippine Peso	7.81	7.73	1.0


Sources: Bank Negara Malaysia (BNM), Bloomberg, Trading Economics, AmBank Economics


Technical Pair Summary

DXY 	Resistance Level			
	R1	103.70	R2	104.20
	Support Level			
S1	101.70	S2	100.70	Outlook: Mildly bullish

EUR/USD 	Resistance Level			
	R1	1.110	R2	1.120
	Support Level			
S1	1.088	S2	1.060	Outlook: Mildly bearish

USD/JPY 	Resistance Level			
	R1	146.90	R2	147.30
	Support Level			
S1	143.60	S2	142.20	Outlook: Mildly bullish

USD/MYR 	Resistance Level			
	R1	4.700	R2	4.850
	Support Level			
S1	4.442	S2	4.390	Outlook: Mildly bullish

GBP/USD 	Resistance Level			
	R1	1.300	R2	1.310
	Support Level			
S1	1.288	S2	1.277	Outlook: Mildly bearish


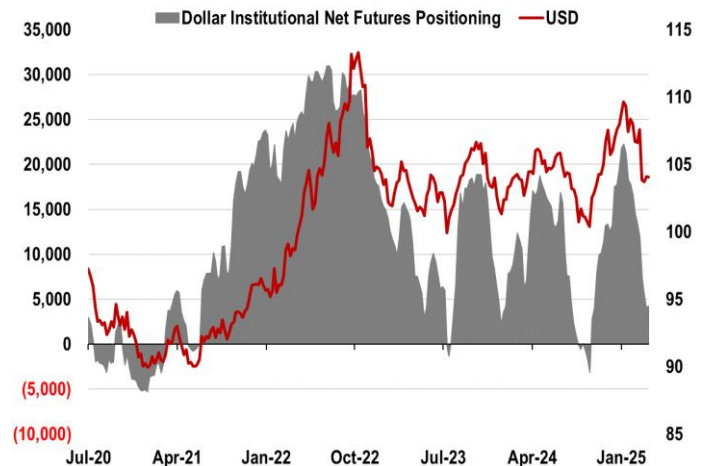
AUD/USD 	Resistance Level			
	R1	0.610	R2	0.615
	Support Level			
S1	0.590	S2	0.585	Outlook: Mildly bearish

Exhibit 1: BNM BBG MIPR 1Y Ahead (%)



Sources: Bloomberg, AmBank Economics

Exhibit 2: CFTC Dollar Insti. Net Fut. Positioning vs. DXY



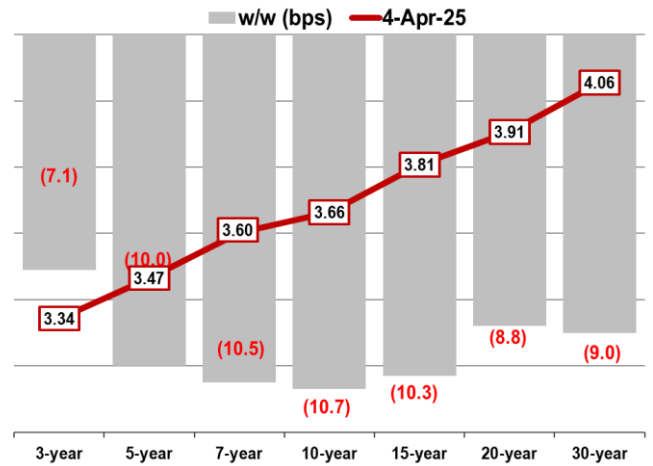
Sources: Bloomberg, AmBank Economics

Exhibit 3: MSCI AC Asia Ex-JP Currency Index



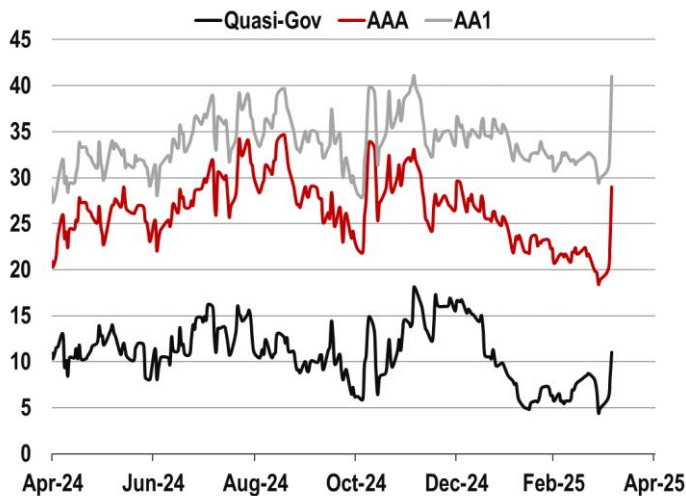
Sources: Bloomberg, AmBank Economics

Exhibit 4: MGS yield curve changes (1w)*



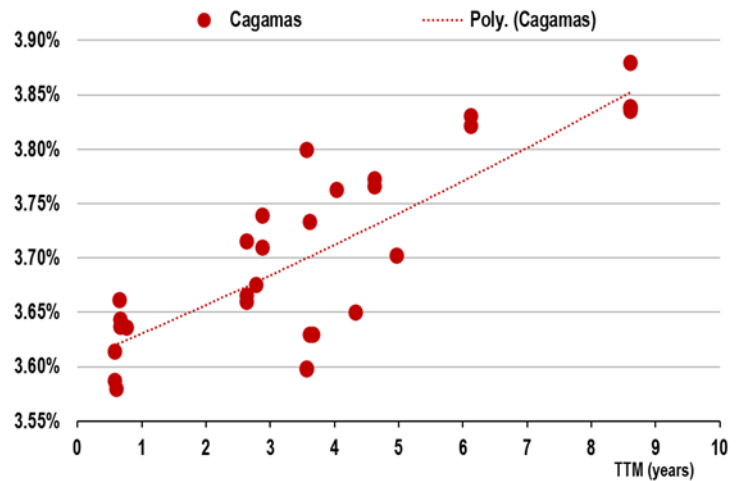
Sources: BNM, BPAM, Bloomberg, AmBank Economics
Using the MG1Y ticker on Bloomberg

Exhibit 5: Credit Spreads vs. MGS (5Y tenor) (bps)



Sources: BPAM, AmBank Economics

Exhibit 6: Air Selangor (AAA) latest curve



Sources: BPAM, Bloomberg, AmBank Economics

Calendar Events/Data (07th – 11th April 2025)

Monday April 07 2025			Consensus	Previous
7:30 AM	JP	Average Cash Earnings YoY FEB	3.10%	1.8% ®
7:30 AM	JP	Overtime Pay YoY FEB		3.10%
7:50 AM	JP	Foreign Exchange Reserves MAR		\$1253.3B
9:30 AM	AU	ANZ-Indeed Job Ads MoM MAR		-1.3% ®
10:00 AM	CN	Foreign Exchange Reserves MAR		\$3.227T
1:00 PM	JP	Coincident Index Prel FEB		116.1
1:00 PM	JP	Leading Economic Index Prel FEB	107.8	108.2 ®
2:00 PM	DE	Balance of Trade FEB	€17.8B	€16.2B ®
2:00 PM	DE	Exports MoM FEB		0% ®
2:00 PM	DE	Industrial Production MoM FEB	-1.10%	2%
2:00 PM	DE	Imports MoM FEB		5% ®
2:00 PM	GB	Halifax House Price Index MoM MAR	0.20%	-0.2% ®
2:00 PM	GB	Halifax House Price Index YoY MAR		2.8% ®
5:00 PM	EA	Retail Sales MoM FEB	0.50%	-0.30%
5:00 PM	EA	Retail Sales YoY FEB	1.80%	1.50%
5:00 PM	GB	BBA Mortgage Rate MAR		7.33%
5:45 PM	EA	ECB Cipollone Speech		
10:30 PM	US	Fed Kugler Speech		
Tuesday April 08 2025			Consensus	Previous
3:00 AM	US	Consumer Credit Change FEB	\$15.2B	\$18.08B
7:50 AM	JP	Current Account FEB	¥3800B	¥257.6B
7:50 AM	JP	Bank Lending YoY MAR	3.10%	3.10%
8:30 AM	AU	Westpac Consumer Confidence Change APR		4%
8:30 AM	AU	Westpac Consumer Confidence Index APR		95.9
9:30 AM	AU	NAB Business Confidence MAR		-1
11:35 AM	JP	30-Year JGB Auction		2.50%
1:00 PM	JP	Eco Watchers Survey Current MAR	45.3	45.6
1:00 PM	JP	Eco Watchers Survey Outlook MAR		46.6
2:45 PM	FR	Balance of Trade FEB	€-6.2B	€-6.5B
2:45 PM	FR	Current Account FEB		€-2.2B
2:45 PM	FR	Exports FEB		€49.836B
2:45 PM	FR	Imports FEB		€56.4B
5:00 PM	EA	ECB Guindos Speech		
5:00 PM	GB	30-Year Treasury Gilt Auction		5.10%
5:30 PM	DE	10-Year Bund/g Auction		2.16%
6:00 PM	US	NFIB Business Optimism Index MAR	101.3	100.7
8:55 PM	US	Redbook YoY APR/05		4.80%
10:00 PM	EA	ECB Cipollone Speech		
Wednesday April 09 2025			Consensus	Previous
2:00 AM	US	Fed Daly Speech		
4:30 AM	US	API Crude Oil Stock Change APR/04		6.037M
9:30 AM	AU	Building Permits MoM Final FEB	-0.30%	6.90%
9:30 AM	AU	Private House Approvals MoM Final FEB	1.00%	1.40%
1:00 PM	JP	Consumer Confidence MAR	34.9	35
2:00 PM	JP	Machine Tool Orders YoY MAR		3.50%
2:15 PM	JP	BOJ Gov Ueda Speech		
5:00 PM	GB	5-Year Treasury Gilt Auction		4.31%
8:30 PM	EA	ECB Cipollone Speech		
10:00 PM	US	Wholesale Inventories MoM FEB	0.30%	0.80%
10:30 PM	US	EIA Crude Oil Stocks Change APR/04		6.165M
10:30 PM	US	EIA Gasoline Stocks Change APR/04		-1.551M

Thursday April 10 2025			Consensus	Previous
12:30 AM	US	Fed Barkin Speech		
2:00 AM	US	FOMC Minutes		
7:01 AM	GB	RICS House Price Balance MAR	8%	11%
7:50 AM	JP	Foreign Bond Investment APR/05		¥-5.9B
7:50 AM	JP	PPI MoM MAR		0.00%
7:50 AM	JP	PPI YoY MAR	3.90%	4%
7:50 AM	JP	Stock Investment by Foreigners APR/05		¥450.4B
9:00 AM	AU	Consumer Inflation Expectations APR		3.60%
9:30 AM	CN	Inflation Rate YoY MAR	0%	-0.70%
9:30 AM	CN	Inflation Rate MoM MAR		-0.20%
9:30 AM	CN	PPI YoY MAR	-2.30%	-2.20%
11:35 AM	JP	5-Year JGB Auction		1.16%
2:15 PM	EA	ECB Montagner Speech		
5:15 PM	EA	ECB Tuominen Speech		
6:00 PM	AU	RBA Bullock Speech		
8:00 PM	EA	ECB Buch Speech		
8:30 PM	US	Core Inflation Rate MoM MAR	0.30%	0.20%
8:30 PM	US	Core Inflation Rate YoY MAR	3%	3.10%
8:30 PM	US	Inflation Rate MoM MAR	0.10%	0.20%
8:30 PM	US	Inflation Rate YoY MAR	2.60%	2.80%
8:30 PM	US	CPI MAR		319.082
8:30 PM	US	CPI s.a MAR		319.775
8:30 PM	US	Initial Jobless Claims APR/05	225K	219K
8:30 PM	US	Continuing Jobless Claims MAR/29		1903K
8:30 PM	US	Jobless Claims 4-week Average APR/05		223K
9:30 PM	US	Fed Logan Speech		
10:30 PM	US	EIA Natural Gas Stocks Change APR/04		29Bcf

Friday April 11 2025			Consensus	Previous
12:00 AM	EA	ECB Donnelly Speech		
12:00 AM	US	Fed Goolsbee Speech		
12:00 AM	US	WASDE Report		
1:00 AM	US	30-Year Bond Auction		4.62%
2:00 AM	US	Monthly Budget Statement MAR	-\$126.5B	-\$307B
4:30 AM	US	Fed Balance Sheet APR/09		\$6.72T
12:00 PM	MY	Industrial Production YoY FEB		2.10%
12:00 PM	MY	Retail Sales YoY FEB		8.20%
12:00 PM	MY	Unemployment Rate FEB		3.10%
2:00 PM	DE	Harmonised Inflation Rate MoM Final MAR	0.40%	0.50%
2:00 PM	DE	Harmonised Inflation Rate YoY Final MAR	2.30%	2.60%
2:00 PM	DE	Inflation Rate MoM Final MAR	0.30%	0.40%
2:00 PM	DE	Inflation Rate YoY Final MAR	2.20%	2.30%
2:00 PM	GB	GDP MoM FEB	0.10%	-0.10%
2:00 PM	GB	GDP 3-Month Avg FEB	0.40%	0.20%
2:00 PM	GB	Goods Trade Balance FEB	£-18.9B	£-17.85B
2:00 PM	GB	Goods Trade Balance Non-EU FEB		£-7.07B
2:00 PM	GB	Industrial Production MoM FEB	0.10%	-0.90%
2:00 PM	GB	Manufacturing Production MoM FEB	0.20%	-1.10%
2:00 PM	GB	Balance of Trade FEB		£-0.596B
2:00 PM	GB	Construction Output YoY FEB		0.20%
2:00 PM	GB	GDP YoY FEB		1%
2:00 PM	GB	Industrial Production YoY FEB		-1.50%
2:00 PM	GB	Manufacturing Production YoY FEB		-1.50%
5:45 PM	EA	ECB President Lagarde Speech		
7:25 PM	GB	NIESR Monthly GDP Tracker MAR		0.40%
8:30 PM	US	PPI MoM MAR	0.20%	0%
8:30 PM	US	Core PPI MoM MAR	0.30%	-0.10%
8:30 PM	US	Core PPI YoY MAR	3.60%	3.40%
8:30 PM	US	PPI MAR		147.953
8:30 PM	US	PPI Ex Food, Energy and Trade MoM MAR		0.20%
8:30 PM	US	PPI Ex Food, Energy and Trade YoY MAR		3.30%
8:30 PM	US	PPI YoY MAR	3.30%	3.20%
8:45 PM	DE	Current Account FEB		€11.8B
10:00 PM	US	Michigan Consumer Sentiment Prel APR	54.5	57
10:00 PM	US	Fed Musalem Speech		
10:00 PM	US	Michigan 5 Year Inflation Expectations Prel APR		4.10%
10:00 PM	US	Michigan Consumer Expectations Prel APR		52.6
10:00 PM	US	Michigan Current Conditions Prel APR		63.8
10:00 PM	US	Michigan Inflation Expectations Prel APR		5%
11:00 PM	US	Fed Williams Speech		

AmBank Group Economic Research	
Firdaos Rosli	firdaos.rosli@ambankgroup.com
Nik Ahmad Mukharriz Nik Muhammad	nik-ahmad-mukharriz.n@ambankgroup.com
Lee Si Xin	lee.si-xin@ambankgroup.com
Raja Adibah Raja Hasnan	raja-adibah.r@ambankgroup.com
Aman Nazmi Abd Karim	aman-nazmi.abd-karim@ambankgroup.com
Group Treasury & Markets	
Corporate Client Group (CCG)	+603-2059 8700/8600
Institutional Client Group (ICG)	+603-2059 8690
Azli Bin Abdul Jamil	azli-abd-jamil@ambankgroup.com
Jacqueline E. Rodrigues	jacqueline-r@ambankgroup.com
Ho Su Farn	ho-su-farn@ambankgroup.com
Melisa Lim Giok Ling	melisa-lim@ambankgroup.com
Roger Yee Chan Chung	roger-yee@ambankgroup.com
Nadia Binti Hazmi	nadia.hazmi@ambankgroup.com

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