

2 May 2025

## Global Economics & Market Strategy

### SGD Rates – Downside Bias in Rates

- ◆ We see downside bias on SORA rates given the rising SGD liquidity and further Fed Fund Rate (FFR) cuts in 2025. We see SORA trending lower, driven by (1) rising banking system liquidity, driven by high deposit growth coupled with tepid loan growth (Figure 3), leading to the loan-to-deposit (LDR) falling from 84.6% (Aug-2021) to 67.0% (April-2025), and (2) we view the FFR to be reduced by 75bps to 3.75% by end-2025. The soft economic prognosis amidst uncertain global outlook suggest banking system loan demand to remain tepid while supporting deposit growth.
- ◆ Furthermore, the lack of impetus for issuances from banks suggests SGD corporate bond yields should remain compressed in the near-to-medium term (Figure 4). Corporate bond spreads have been trending lower post-pandemic to record lows, with the 2YR touching as low as 47bps above equivalent government bond from 178bps at end-2022. With SGD outstanding bonds comprise mostly from the financial sector, issuance could remain tepid as the LDR suggest no urgency for banks to raise capital. As such, from the viewpoint of the financial sector, corporate yields should remain compressed in the near-to-medium term.
- ◆ **Malaysia:** Total government securities volume traded rose to MYR5,677mn with the top traded stock **MGS 3.955% 9/25** with MYR826mn traded. The implied 10YR MGS yield movement today is +0.14bps, given the trailing 30-day beta of 0.09\* against UST 10YR (+1.6bps). Bid-ask spreads were marginally higher on the front-end (Figure 3). The 30 day 10YR MGS/UST correlation rose to 0.58. Corporate Bonds volume traded was MYR782mn, with the top traded stock **Prasarana 3.97% 6/34** with a volume of MYR160mn. \*Every 1 bps move in 10YR UST yield implies a 0.09bps move in 10YR MGS.
- ◆ **US Treasuries (UST):** Treasuries on a rollercoaster as Trump halted the 25% tariff on neighbouring countries for a month. Volatility was high in Monday session as investors initially reacted to the confirmation of tariffs on Canada, Mexico and China by Trump administration. Yields later reversed to gains with US President agreed to pause the tariff on Canada and Mexico for 30 day in return for concessions on border and crime enforcement. Swap implied Fed Fund Rate cut for Dec 2025 moved lower to 1.7 from 1.9. UST yields for the 2YR/10YR/20YR moved up by +5.1bps/+1.6bps/+0.5bps.
- ◆ **Key Events - Tuesday:** US Dec JOLTS, Dec factory orders and durable goods | **Wednesday:** China Jan PMI, Indonesia 4Q GDP, US Jan ADP employment | **Thursday:** BoE policy rate, Thailand Jan CPI, US weekly jobless claims | **Friday:** US Jan non-farm payrolls and unemployment rate

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### Fixed Income Return Snapshot

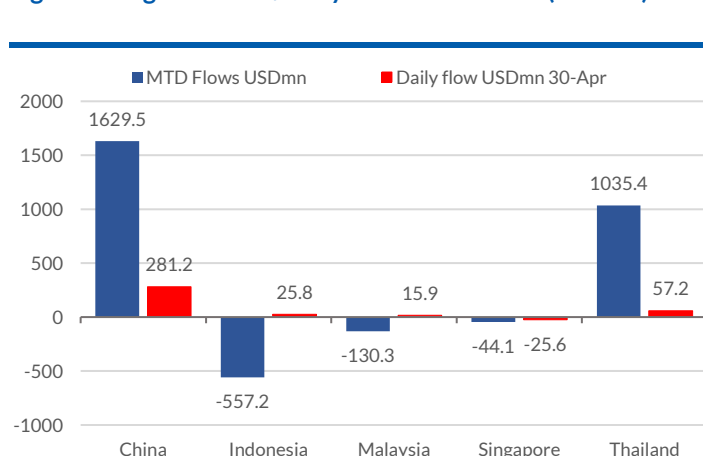
	1D Δ (%)	7D Δ (%)	1M Δ (%)
MGS 10YR	-	0.15	0.88
MYR Govt Bond	-	0.19	1.21
US Treasuries	-0.33	0.55	0.04
Global Bond	-0.53	-0.04	2.13
AxJ IG Bond	-0.26	0.55	-0.16

### 2YR and 10YR Yields (%)

	1-May	1D bps Δ	7D bps Δ
China 2YR	1.456	0.0	-2.0
China 10YR	1.626	0.0	-3.3
Indonesia 2YR	6.358	0.0	-9.8
Indonesia 10YR	6.857	0.0	-7.5
Japan 2YR	0.621	-5.0	-4.7
Japan 10YR	1.251	-5.9	-6.5
Malaysia 3YR	3.250	0.0	-4.0
Malaysia 10YR	3.657	0.0	-1.6
Singapore 2YR	2.121	0.0	-3.0
Singapore 10YR	2.466	0.0	-5.8
Thailand 2YR	1.545	0.0	-0.9
Thailand 10YR	1.877	0.0	-6.2
US 2YR	3.699	9.6	-9.8
US 10YR	4.218	5.6	-9.7
MYR AAA 10YR	3.952	0.0	-0.1
MYR AA 10YR	4.102	0.0	-1.1
MYR A 10YR	4.979	0.0	-7.6

Source: Bloomberg, RHB Economics & Market Strategy.

Figure 1: Regional MTD/Daily Bond Fund Flows (USDmn)



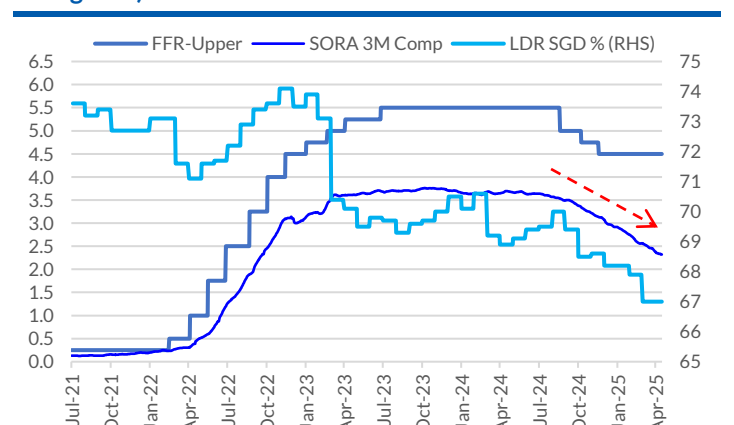
Source: EPFR, RHB Economics & Market Strategy.

Data aggregated from a universe of local and foreign fund managers.

See important disclosures at the end of this report

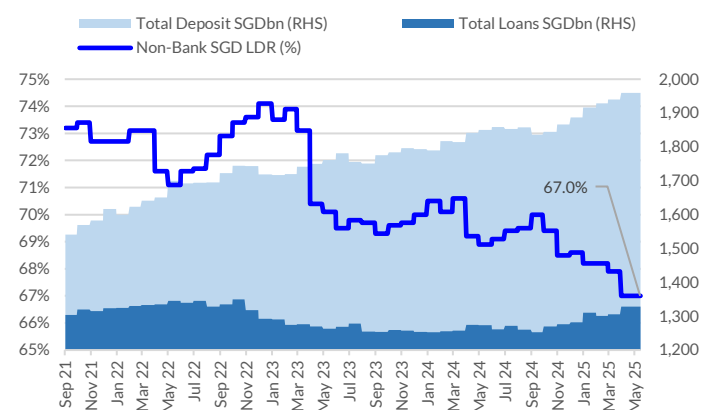
Market Dateline / PP 19489/05/2019 (035080)

Figure 2: Rising banking system liquidity (indicated by the falling LDR) and FFR cuts lead to lower SORA

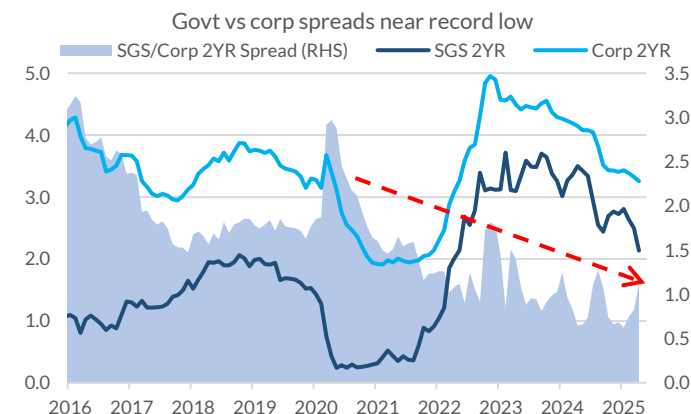


Source: Bloomberg, RHB Economics & Market Strategy.

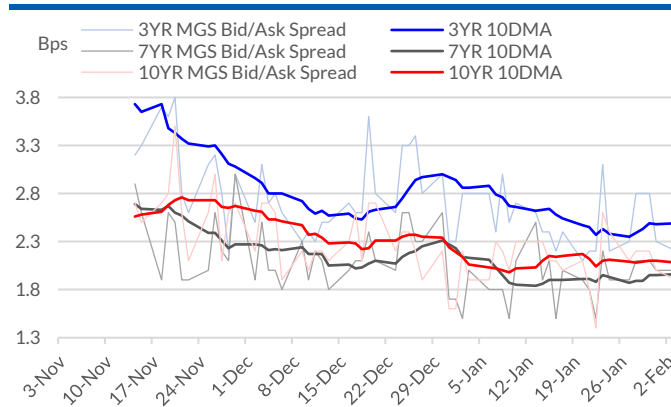
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**Figure 3: High deposit growth relative to loans led to depressed loan-to-deposit ratio (LDR)**

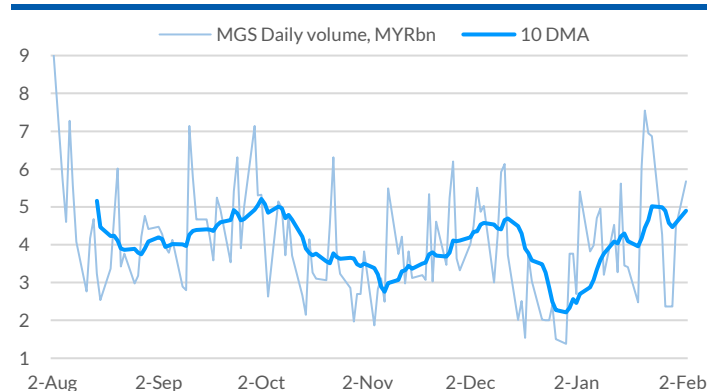
Source: Bloomberg, RHB Economics &amp; Market Strategy.

**Figure 4: SGD corporate yields likely to stay compressed in 2025 as we expect tepid corporate issuance**

Source: Bloomberg, RHB Economics &amp; Market Strategy.

**Figure 5: MGS bid-ask spreads**

Source: Bloomberg, RHB Economics &amp; Market Strategy.

**Figure 6: Daily MGS/GII Volume**

Source: Bloomberg, RHB Economics &amp; Market Strategy.

**Figure 7: SGS forecasts**

	SGS 2YR	SGS 5YR	SGS 10YR	SGS 15YR	SGS 20YR	SGS 30YR
End-25F	2.23	2.30	2.40	2.47	2.50	2.51
End-26F	2.13	2.20	2.30	2.37	2.40	2.42

Source: RHB Economics &amp; Market Strategy.

**Figure 8: SORA forecasts**

	SORA 1M	SORA 3M	SORA 6M
2Q25	2.35	2.35	2.44
3Q25	2.06	2.06	2.20
4Q25	1.84	1.84	1.95
1Q26	1.60	1.60	1.72
2Q26	1.32	1.32	1.46
3Q26	1.25	1.25	1.29
4Q26	1.24	1.24	1.25

Source: RHB Economics &amp; Market Strategy.

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## Trading Ideas

- ◆ **MYR Bond: (11/4/25) We keep Outperform on Tropicana Corporation Bhd (Tropicana, A) given the attractive yields, improved gearing levels and strong product pipeline.** Tropicana's strategic focus on divesting non-core assets and reducing its debt burden has yielded positive results. Gearing and net gearing improved to 0.43 and 0.27 respectively versus 0.55 and 0.43 a year ago. In FY24, the Group completed and handed over five development projects in the Klang Valley and Southern Regions, supporting its overall financial performance. For the full year, the Group reported revenue of MYR1.4bn, a 6.3% YoY decline and posted a profit before tax of MYR172.7mn, excluding one-off losses ([Read here](#)).
- ◆ **MYR Bond: (19/3/25) We are Outperform on the subordinated and perpetual securities of CIMB Group, CIMB bank and CIMB Islamic, given its attractive YTM relative to its AAA rated banking peers.** Domestic portfolio is expected to support the group's target loan expansion of 5-7% in FY25. Moving forward, the group's strategic target includes: revised ROE of 11.0%-11.5%, CIR of around 45%, dividend payout ratio of 40%-60%, CET1 ratio around 13.5% and lowering of its cost of funds by 10 to 20 bps by 2030 ([Read here](#)).
- ◆ **MYR Bond: (12/3/25) We are Outperform all tranches in Affin Bank Bhd (AA3) within the double-A banking space.** Its papers offer attractive relative value as well as decent liquidity across its tranches. The bank grew its loan book at 8% in 2024, above the industry's rate of 5.6%. Given the decent asset quality, high liquidity (LCR of 165%) and stable capital ratio, we perceive non-call risks for subordinated and perpetual tranches to remain low ([Read here](#)).
- ◆ Read the complete list of our bond coverage [here](#).

## MGS/GII

- ◆ Our expectations of an unchanged OPR of 3.00% in 2025 with the Fed Funds Rate normalisation to continue in 2Q25 means the 10YR MGS should trade at a slightly lower bound above the OPR versus recent averages at around 3.70% to 3.80% in 2025.
- ◆ Read our 2025 report here: [Global Outlook 2025: Maintaining Our Goldilocks Outlook](#)

MYR Yields vs RHB Year-end Forecast

	Last Yield %	Forecast		Yield Changes (bps)				
		2025F	Pickup (bps)	1D	1W	1M	3M	YTD
MGS 3YR	3.250	3.30	-5	0.0	-4.0	-16.4	-20.8	-23.1
MGS 5YR	3.368	3.50	-13	0.0	-3.5	-19.7	-24.6	-25.6
MGS 7YR	3.548	3.60	-5	0.0	-1.1	-16.0	-22.6	-21.3
MGS 10YR	3.657	3.75	-9	0.0	-1.6	-11.4	-14.9	-15.3
MGS 15YR	3.803	3.90	-10	0.0	-0.7	-10.8	-16.6	-16.6
MGS 20YR	3.907	4.05	-14	0.0	-2.2	-8.7	-15.2	-15.7
MGS 30YR	4.056	4.15	-9	0.0	-0.8	-8.9	-12.4	-12.7
AAA 3YR	3.753	3.60	15	0.0	-0.5	-4.4	-8.9	-7.7
AAA 10YR	3.952	4.07	-12	0.0	-0.1	-4.4	-9.8	-11.3
AAA 15YR	4.095	4.20	-11	0.0	1.3	-2.4	-4.9	-7.2
AA 3YR	3.895	3.90	0	0.0	-0.3	-5.8	-13.8	-11.9
AA 10YR	4.102	4.40	-30	0.0	-1.1	-7.3	-12.0	-13.7
AA 15YR	4.250	4.60	-35	0.0	-0.4	-6.8	-9.3	-11.1
A 3YR	4.524	4.90	-38	0.0	-5.5	-28.1	-30.5	-33.3
A 10YR	4.979	5.60	-62	0.0	-7.6	-40.1	-46.4	-58.0
A 15YR	5.233	6.00	-77	0.0	-8.1	-45.0	-52.9	-64.6

Source: Bloomberg, RHB Economic &amp; Market Research. Constant maturity.

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## Daily Top 10 Trade

## Government

Name	Traded Amount (MYRmn)	Last Traded Yield	Previous Traded Yield	Δ Bps
MGS 1/2015 3.955% 15.09.2025	1261	3.036	3.091	-6
MGS 4/2019 3.828% 05.07.2034	569	3.657	3.651	1
MGS 2/2023 3.519% 20.04.2028	513	3.258	3.255	0
GII MURABAAH 3/2025 3.612% 30.04.2035	443	3.618	3.624	-1
MGS 2/2020 2.632% 15.04.2031	412	3.505	3.494	1
GII MURABAAH 1/2022 4.193% 07.10.2032	340	3.596	3.575	2
MGS 2/2019 3.885% 15.08.2029	308	3.330	3.345	-2
GII MURABAAH 2/2023 4.291% 14.08.2043	300	3.901	3.894	1
MGS 1/2019 3.906% 15.07.2026	290	3.130	3.139	-1
GII MURABAAH 2/2024 3.804% 08.10.2031	254	3.523	3.515	1

## Quasi-Govt

Name	Traded Amount (MYRmn)	Last Traded Yield	Previous Traded Yield	Δ Bps
CAGAMAS IMTN 3.890% 17.10.2025	50	3.444	3.636	-19
DANAINFRA IMTN 3.620% 26.09.2034 - Tranche 13	40	3.714	3.952	-24
PASB IMTN 4.060% 29.04.2039 - Issue No. 51	40	3.899	4.060	-16
PLUS BERHAD IMTN 4.440% 12.01.2028 - Sukuk PLUS T30	40	3.659	3.647	1
DANAINFRA IMTN 4.000% 09.03.2040 - Tranche No 154	30	3.859	3.969	-11
DANAINFRA IMTN 4.790% 27.11.2034 - Tranche No 28	30	3.731	3.935	-20
MRL IMTN 4.120% 23.07.2036	30	3.768	3.770	0
CAGAMAS IMTN 3.980% 28.06.2028	20	3.573	3.750	-18
LPPSA IMTN 4.020% 06.02.2040 - Tranche No. 4	20	3.859	-	-
MRL IMTN 4.010% 28.02.2040	20	3.859	3.865	-1

## Corporate

Name	Traded Amount (MYRmn)	Last Traded Yield	Previous Traded Yield	Δ Bps
SCC IMTN 23.04.2032	100	4.000	4.000	0
YTL POWER IMTN 4.740% 24.08.2038	60	3.932	3.958	-3
AISL IMTN 28.03.2033	40	3.855	3.907	-5
BENIH RESTU IMTN 28.07.2034	40	3.870	3.889	-2
MRCB20PERP IMTN 5.090% 18.10.2028	40	3.999	4.066	-7
YTL POWER IMTN 4.195% 26.08.2039	30	3.950	3.959	-1
YTL POWER IMTN 4.300% 11.10.2039	30	3.951	3.960	-1
BGSM MGMT IMTN 4.130% 03.12.2027 - Issue No 18	20	3.698	3.753	-6
BSN IMTN 4.000% 07.11.2031	20	3.832	3.849	-2
MAHB SENIOR SUKUK WAKALAH 4.02% 21.11.2031	20	3.768	3.791	-2

Source: BPAM, RHB Economic &amp; Market Strategy. Previous trading day.

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## RHB Credit Strategy Rating Definitions

Recommendation	Time Horizon	Definition
Outperform	6 to 12 months	A corporate bond's expected relative performance versus a reference (i.e. AA3 curve or sector peers)
Market perform	6 to 12 months	
Underperform	6 to 12 months	
Speculative	Indefinitely	The bond's repayment ability is highly uncertain
Not Rated (NR)	Indefinitely	Not under coverage

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