



## Media Release

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### **Sustained foreign appetite for domestic bonds in January**

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Net foreign purchases of ringgit bonds sustained at a healthy RM3.7 bil in January 2021 (December 2020: RM3.6 bil), extending the inflow to the ninth consecutive month. The sustained foreign demand in the previous quarter was underpinned by the purchase of MGS and GII among non-sticky investors, notably foreign banks which raised their holdings by RM6.6 bil q-o-q. On the other hand, sticky investors including foreign central banks/government, pension funds and insurers, steadily accumulated MGS and GII in 4Q 2020, advancing a healthy RM4.1 bil (3Q 2020: RM7.1 bil).

Bond yields in ASEAN markets generally trended upwards in January tracking the upswing in US treasury (UST) yields. This was triggered by increased “reflation” trade amid the anticipated economic recovery of the American economy. The 10-year UST yield came in at 1.1% as at end-January 2021 – the first time it breached the 1% level since February 2020 – amid persistent selling pressure. The benchmark 10-year MGS yield rose 8.6 bps m-o-m to 2.68%. Upward pressure on the shorter end of the yield curve was, however, less pronounced, with the 1-year MGS yield inching up 2.1 bps to 1.75%. Meanwhile, the 10-year yields of Thailand’s and Indonesia’s government bonds increased a respective 5.5 bps and 16.0 bps m-o-m in January.

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