

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.13	-5
5-yr UST	0.73	-9
10-yr UST	1.41	-12
30-yr UST	2.15	-12

MGS		GII		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.98	8	2.03	5
5-yr	2.32	6	2.62	9
7-yr	2.85	9	2.93	12
10-yr	3.08	7	3.22	10
15-yr	3.82	9	3.80	5
20-yr	3.97	4	4.10	0
30-yr	4.30	19	4.27	6

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.97	3
3-yr	2.27	8
5-yr	2.54	2
7-yr	2.74	4
10-yr	3.03	1

Source : Bloomberg

Upcoming Government Bond Tender.

Nil

- US Treasuries fluctuated but ended stronger last Friday as month-end extensions and portfolio rebalancing took precedence; favouring bonds over equities. The rise in the Fed-preferred inflation data i.e. PCE for January was brushed aside as the curve bull-flattened with overall benchmark yields closing between 5-12bps lower versus prior day with movements more pronounced in the longer tenures. The UST 2Y yield recouped prior day's gain, declining 5bps at 0.13% whilst the much-watched 10Y yield fell 12bps at 1.41%. Dealers are projecting ~\$50b of IG bond issuances this week as the urgency to lock-in financing at present low rates takes prominence whilst concerns about inflation may continue to weigh on UST's. The Presidents of various Fed banks said that rising yields are signaling optimism about the economic recovery and are supporting Powell's plans to leave monetary policy unchanged. Meanwhile, expect some attention to shift to the release of the Beige Book and upcoming jobs data this Friday.

MGS/GIII

- On Friday, local govies continued to be pressured amid sustained secondary market volume of RM3.45b. Overall benchmark yields spiked between 0-19bps across the curve. The 5Y MGS 9/25 yield rose 6bps at 2.32% whilst the 10Y MGS 4/31 yield ended 7bps higher at 3.08%. Interest was mainly seen in the off-the-run 21's, 28's and also the benchmark 7Y GII, 10Y MGS. We note that GII bond trades reversed to form ~35% of overall trades. The recent reflation trade signals seen in global bonds is believed to push Malaysia's yield curve higher and steeper for now with the 3s10s spread at its widest in a decade. However, robust debt sales and well-capitalized, diversified investment institutions are expected to provide support amid a potential halt in further rate cuts. Expect attention to shift to BNM's MPC meeting later this Thursday.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space sustained similar investor interest last Friday with overall yields ending mostly higher with transactions seen across the AAA-AA part of the curve. Secondary market volume notched RM258m with trades covering ~16 names. There were no government-guaranteed bond trades. AAA-rated MANJUNG 11/21 declined 4bps compared to previous-done levels at 2.15% whilst PUTRAJAYA 5/30 spiked 36bps at 3.38%. AA-rated energy-related bonds i.e. BGSM 12/23 and EDRA 1/26 closed unchanged at 2.60% and 3.46% each whereas PTP 8/25 recorded RM50m in total nominal trades; closing 6bps higher at 3.10%. Meanwhile, the banking space saw AmBank 28NC23 rise 6bps at 2.98% on substantial volume of RM70m.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.696	431	1.679	25/02/2021	2
MGS 09/21	1.758	42	1.696	25/02/2021	6
MGS 11/21	1.714	6	1.754	24/02/2021	-4
MGS 03/22	1.833	14	1.765	25/02/2021	7
MGS 08/22	1.771	47	1.766	25/02/2021	0
MGS 09/22	1.796	50	1.801	25/02/2021	0
MGS 03/23	1.984	148	1.907	25/02/2021	8
MGS 04/23	1.930	24	1.900	25/02/2021	3
MGS 08/23	2.051	18	1.976	25/02/2021	8
MGS 06/24	2.149	1	2.085	25/02/2021	6
MGS 07/24	2.167	5	2.128	25/02/2021	4
MGS 09/24	2.153	11	2.144	25/02/2021	1
MGS 03/25	2.264	23	2.179	25/02/2021	9
MGS 09/25	2.320	127	2.257	25/02/2021	6
MGS 04/26	2.487	1	2.430	25/02/2021	6
MGS 07/26	2.534	44	2.469	25/02/2021	6
MGS 11/26	2.528	2	2.474	25/02/2021	5
MGS 05/27	2.793	22	2.722	25/02/2021	7
MGS 11/27	2.796	43	2.744	25/02/2021	5
MGS 06/28	2.846	316	2.758	25/02/2021	9
MGS 08/29	3.120	126	2.996	25/02/2021	12
MGS 04/30	3.076	5	3.009	25/02/2021	7
MGS 04/31	3.081	232	3.007	25/02/2021	7
MGS 06/31	3.283	7	3.207	25/02/2021	8
MGS 04/33	3.740	110	3.740	25/02/2021	0
MGS 11/33	3.840	10	3.744	25/02/2021	10
MGS 07/34	3.817	93	3.732	25/02/2021	9
MGS 05/35	3.876	25	3.827	25/02/2021	5
MGS 04/37	3.922	11	3.894	25/02/2021	3
MGS 06/38	4.118	12	4.065	24/02/2021	5
MGS 05/40	3.974	107	3.936	25/02/2021	4
MGS 09/43	4.223	15	4.148	24/02/2021	8
MGS 03/46	4.216	1	4.131	25/02/2021	9
MGS 07/48	4.239	3	4.220	25/02/2021	2
MGS 06/50	4.295	108	4.103	25/02/2021	19
GII 08/21	1.680	60	1.740	24/02/2021	-6
GII 03/22	1.801	15	1.807	25/02/2021	-1
GII 07/22	1.770	1	1.785	02/02/2021	-1
GII 05/23	2.027	101	1.978	25/02/2021	5
GII 07/23	2.011	1	1.988	22/02/2021	2
GII 11/23	2.072	1	2.015	24/02/2021	6
GII 10/24	2.210	10	2.187	23/02/2021	2
GII 10/25	2.469	1	2.402	25/02/2021	7
GII 03/26	2.615	178	2.525	25/02/2021	9
GII 07/27	2.881	2	2.791	24/02/2021	9
GII 09/27	2.928	601	2.807	25/02/2021	12
GII 10/28	2.999	27	2.932	25/02/2021	7
GII 07/29	3.119	7	3.010	25/02/2021	11
GII 10/30	3.221	179	3.121	25/02/2021	10
GII 06/33	3.839	1	3.776	23/02/2021	6
GII 07/36	3.797	1	3.748	19/02/2021	5
GII 11/49	4.273	20	4.215	25/02/2021	6
		<u>3448</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Manjung Island Energy Berhad	11/21	AAA	2.145	20	2.187	05/02/2021	-4	39
Sarawak Energy Berhad	01/22	AAA	2.085	10	2.101	08/02/2021	-2	33
Pengurusan Air SPV Berhad	10/26	AAA	2.890	10	2.742	22/01/2021	15	26
Bank Pembangunan Malaysia Berhad	11/26	AAA	2.889	10	2.888	22/02/2021	0	26
Putrajaya Bina Sdn Berhad	05/30	AAA	3.375	10	3.011	07/08/2020	36	35
Sepangar Bay Power Corporation Sdn Berhad	07/26	AA1	3.129	10	3.241	16/07/2020	-11	76
Anih Berhad	11/28	AA	3.404	12	3.369	30/12/2020	3	45
BGSM Management Sdn Berhad	12/23	AA3	2.598	5	2.598	25/02/2021	0	66
Edra Energy Sdn Berhad	01/26	AA3	3.459	10	3.456	18/02/2021	0	109
AmBank (M) Berhad	11/28	AA3	2.978	70	2.919	09/02/2021	6	2
Malayan Banking Berhad	02/17	AA3	3.109	10	3.109	18/02/2021	0	-89
MMC Corporation Berhad	04/23	AA-	3.379	10	3.379	24/02/2021	0	155
Pelabuhan Tanjung Pelepas Sdn Berhad	08/25	AA-	3.095	50	3.040	06/01/2021	6	73
Sports Toto Malaysia Sdn Berhad	06/26	AA-	4.129	10	4.201	14/08/2020	-7	176
Leader Energy Sdn Berhad	07/30	AA-	4.498	10	4.500	14/07/2020	0	147
Tan Chong Motor Holdings Berhad	11/21	A1	3.797	1	3.800	25/02/2021	0	204
				<u>258</u>				

*spread against nearest indicative tenured MGS (Source : BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

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