

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- The US financial markets were closed on Monday to celebrate Memorial Day. However the UST 10Y is set to reopen with yields implied by futures ~2bps higher across the 10-30Y sector following last Friday's steadier close, despite the higher-than-expected data for the Fed's preferred inflation gauge i.e. PCE in April. Meanwhile there are no additional auctions this week whilst corporate bond supply is also expected to be modest with expected sales to hit within the \$25-30b range. Elsewhere bonds closed flat on Monday despite weakening earlier due to Germany's record 2.5-year record high inflation. Expect attention to shift to the release of data including Markit and ISM manufacturing PMI tonight followed by the all-important May jobs data on Friday.

MGS/GIII

- On Monday, local govies lost ground and ended weaker on early vibes of another round of stimulus. Overall benchmark yields closed mostly between 0-15bps higher amid a pullback in secondary market volume of RM2.24b. The 5Y MGS 9/25 yield edged 1bps up at 2.59% whilst the 10Y MGS 4/31 yield closed 3bps higher at 3.23%. Interest was mainly seen in the off-the-run 24's and also longer duration bonds i.e. 10Y, 15Y and 30Y MGS. GII bond trades fell to form 18% of overall trades. The government's announcement of the latest economic stimulus late evening totalling RM40b known as PEMERKASA+ is seen to require a smaller-than-expected sum of RM5b in fiscal injection. Expect bonds to recoup some losses on support-led buying arising from risk-off mode coupled with concerns over economic conditions arising from the implementation of full lockdown from 1st -14th June.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw a retracement in investor activity on Monday amid a drop in secondary market volume @ RM200m. Trades were confined to the AAA to single-A part of the curve as overall yields closed mixed on 22 various names. Again, there were no govt-guaranteed trades. Almost half the overall volumes were transacted in the AAA-space. DANGA 1/24 declined 7bps at 2.69% whilst TELEKOM 10/28 ended 5bps lower at 3.52%. AA-rated ENCORP 11/24 rallied 28bps to 3.19% whereas BGSM 12/27 eased 11bps at 3.61%. UEM Sunrise 12/22 saw yields end 11bps lower at 3.69%. Meanwhile the banking space saw AmBank Islamic 3/25 close unchanged at 3.42%.

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Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	0
5-yr UST	0.80	0
10-yr UST	1.60	0
30-yr UST	2.28	0

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.31	3	2.04	1
5-yr	2.59	1	2.72	-1
7-yr	3.02	3	3.05	2
10-yr	3.23	3	3.30	0
15-yr	4.00	7	4.08	6
20-yr	4.17	3	4.29	5
30-yr	4.38	15	4.54	-1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.99	0
3-yr	2.34	-1
5-yr	2.66	-1
7-yr	2.90	0
10-yr	3.15	0

Source: Bloomberg

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.728	73	1.782	28/05/2021	-5
MGS 09/21	1.561	21	1.748	28/05/2021	-19
MGS 11/21	1.760	169	1.750	28/05/2021	1
MGS 03/22	1.710	13	1.743	28/05/2021	-3
MGS 08/22	1.852	40	1.857	28/05/2021	0
MGS 09/22	1.882	34	1.910	25/05/2021	-3
MGS 03/23	2.007	43	1.986	28/05/2021	2
MGS 08/23	2.087	92	2.075	28/05/2021	1
MGS 06/24	2.311	254	2.284	28/05/2021	3
MGS 07/24	2.336	32	2.327	28/05/2021	1
MGS 09/24	2.367	17	2.367	28/05/2021	0
MGS 09/25	2.592	88	2.581	28/05/2021	1
MGS 04/26	2.651	12	2.641	28/05/2021	1
MGS 07/26	2.692	13	2.788	28/05/2021	-10
MGS 11/26	2.639	5	2.630	28/05/2021	1
MGS 05/27	2.873	32	2.911	28/05/2021	-4
MGS 11/27	2.861	21	2.866	28/05/2021	0
MGS 06/28	3.018	122	2.988	28/05/2021	3
MGS 08/29	3.160	26	3.149	28/05/2021	1
MGS 04/31	3.228	174	3.200	28/05/2021	3
MGS 06/31	3.414	29	3.405	28/05/2021	1
MGS 07/34	3.826	26	3.833	28/05/2021	-1
MGS 05/35	3.997	178	3.927	28/05/2021	7
MGS 04/37	4.122	6	4.080	28/05/2021	4
MGS 06/38	4.237	2	4.182	28/05/2021	5
MGS 05/40	4.170	79	4.141	28/05/2021	3
MGS 09/43	4.420	1	4.351	28/05/2021	7
MGS 07/48	4.450	1	4.400	28/05/2021	5
MGS 06/50	4.377	236	4.226	28/05/2021	15
GII 08/21	1.760	60	1.750	18/05/2021	1
GII 07/22	1.834	1	1.844	25/05/2021	-1
GII 11/22	1.956	10	2.110	09/03/2021	-15
GII 05/23	2.042	1	2.036	28/05/2021	1
GII 05/24	2.334	1	2.321	27/05/2021	1
GII 03/26	2.725	110	2.731	28/05/2021	-1
GII 09/26	2.783	6	2.753	25/05/2021	3
GII 09/27	3.045	34	3.020	28/05/2021	2
GII 10/28	3.070	2	3.100	21/05/2021	-3
GII 07/29	3.260	2	3.226	28/05/2021	3
GII 07/36	4.081	74	4.025	28/05/2021	6
GII 09/41	4.287	21	4.232	28/05/2021	5
GII 11/49	4.538	83	4.550	28/05/2021	-1
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Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yy yy)	Chg (bp)	Spread Against MGS*
Aman Sukuk Berhad	20/10/2023	AAA	2.615	10	2.838	26/04/2021	-22	58
Danga Capital Berhad	25/01/2024	AAA	2.689	25	2.758	20/04/2021	-7	38
TNB Western Energy Berhad	30/07/2026	AAA	3.198	10	3.748	28/11/2019	-55	60
Gulf Investment Corporation G.S.C	18/06/2027	AAA	3.767	10	4.119	17/01/2020	-35	92
Telekom Malaysia Berhad	31/10/2028	AAA	3.518	10	3.568	19/05/2021	-5	50
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	09/08/2030	AAA	3.769	10	3.233	10/02/2021	54	56
Tenaga Nasional Berhad	03/08/2032	AAA	3.950	10	4.019	10/05/2021	-7	71
Tenaga Nasional Berhad	10/08/2040	AAA	4.489	11	4.489	28/05/2021	0	32
Encorp Systembilt Sdn Berhad	18/11/2024	AA1	2.907	10	3.189	29/05/2020	-28	60
GENM Capital Berhad	11/07/2028	AA1	4.634	4	4.601	25/05/2021	3	162
UMW Holdings Berhad	13/09/2023	AA2	2.952	10	2.954	14/04/2021	0	92
Imtiaz Sukuk II Berhad	07/10/2025	AA2	3.348	10	3.047	08/03/2021	30	86
AmBank Islamic Berhad	27/03/2025	AA3	3.423	10	3.418	27/05/2021	0	94
BGSM Management Sdn Berhad	03/12/2027	AA3	3.610	5	3.718	08/04/2021	-11	59
UEM Sunrise Berhad	09/12/2022	AA-	3.687	20	3.796	11/05/2021	-11	165
Dialog Group Berhad	15/11/2120	A1	3.923	1	3.973	27/05/2021	-5	-25
DRB-Hicom Berhad	12/12/2024	A+	4.028	10	4.244	19/04/2021	-22	154
DRB-Hicom Berhad	12/12/2029	A+	4.823	1	4.811	28/05/2021	1	162
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	20/12/2029	A3	4.547	1	3.635	23/04/2021	91	134
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	19/12/2031	A3	4.499	3	4.331	25/05/2021	17	126
DRB-Hicom Berhad	29/08/2025	A+	4.138	20	4.041	27/05/2021	10	165
				200				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Serba Dinamik Holdings Berhad	RM500.0 million multi-currency Islamic Commercial Papers Programme RM1.5 billion Islamic Medium-Term Notes Programme with a combined limit of RM1.5 billion	MARC-1 IS/Negative A+ IS/Negative	Outlook changed from Stable to Negative
Tenaga Nasional Berhad	RM5 bil Islamic MTN Programme (2017/2067) RM10 bil Islamic MTN Programme (2020/2070) RM2 bil Islamic CP Programme (2021/2028)	AAA/Stable AAA/Stable P1	Reaffirmed
CIMB Thai Bank Public Company Limited	Financial institution ratings RM2 bil Tier-2 Subordinated Debt Programme (2014/2044)	AA2/Stable/P1 AA3/Stable	Reaffirmed
CIMB Group Holdings Berhad CIMB Bank Berhad, CIMB Islamic Bank Berhad and CIMB Investment Bank Berhad	Corporate credit ratings Financial institution ratings (FIRs)	AA1/Stable/P1 AAA/Stable/P1	Reaffirmed
CIMB Group Holdings Berhad	RM6 billion Conventional/Islamic Medium-Term Notes Programme (2008/2038) RM6 billion Commercial Papers Programme (2015/2022) RM10 billion Additional Tier-1 Capital Securities Programme (2016/-)	AA1/Stable P1 A1/Stable	Reaffirmed

Source: RAM, MARC

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