

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries bear-steepened on Tuesday; with price action somewhat influenced by weaker European sovereigns which were driven lower by hawkish talk from ECB officials. UST performance was also slightly impacted by the deterioration in consumer confidence in the month of August. Overall benchmark yields ended between 1-4bps higher as the UST 2Y yield edged 1bps up at 0.19%, whilst the much-watched UST 10Y rose 3bps at 1.31%. To recap, Fed Chair Powell commented that the process for tapering bond purchases could potentially begin this year but offered no solid timeline at the annual Jackson Hole Symposium. Elsewhere, the glut of cash in money markets has pushed funds parked by investors at the Fed's overnight reverse repo facility to an all-time high @\$1.19 trillion. Meanwhile, expect attention to shift to reports on private sector employment and manufacturing activity tonight, followed by the NFP payrolls report for August this Friday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.19	1
5-yr UST	0.77	1
10-yr UST	1.31	3
30-yr UST	1.93	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.34	-1	2.36	-3
5-yr	2.68	-1	2.64	-2
7-yr	3.04	-2	3.03	-6
10-yr	3.19	-4	3.31	-1
15-yr	3.70	-5	3.89	-1
20-yr	3.99	-6	4.20	0
30-yr	4.19	-1	4.41	4

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.95	-1
3-yr	2.37	-2
5-yr	2.63	-4
7-yr	2.84	-1
10-yr	3.09	-1

Source: Bloomberg

##### MGS/GII

- Local govies rallied on Monday i.e. the eve of the National Day holidays with both MGS and GII mostly advancing; led by lower IRS and also stronger MYR. Overall benchmark yields closed between 0-6bps lower save for the 30Y GII, amid a jump in secondary market volume @ RM3.35b. The 5Y benchmark MGS 11/26 yield edged 1bps up at 2.68% whilst the 10Y MGS 4/31 declined 4bps at 3.19%. Interest was mainly seen in the shorter off-the-run 21-22's and benchmark and also 7Y MGS. The GII sector again maintained its market share to form 27% of overall trades. PMI manufacturing data showed improvement for August.

##### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw tepid interest due to low staffing levels amongst buy-side institutions due to the break for Merdeka celebrations. Some interest was seen along the GG and AA-part of the curve. Overall yields closed mostly mixed, spanning across a mere 12 names, amid a drop in secondary market volume to RM363m. Govt-guaranteed SME spiked 27bps compared to previous-done levels to 2.51% whilst PTPTN 5/28 rallied 78bps instead to 3.36%; notching substantial trades totalling RM200m. AA-rated propert-related UEM Sunrise 23's saw yields decline by 12bps to between 3.70-75%, whilst the 5/26 tranche ended 19bps lower at 4.36%. Port operator i.e. Penang Port 12/31 closed unchanged at 4.02%. The banking/finance sector was relatively quiet.

#### Upcoming Government Bond Tender

Reopening of RM2.5b + RM2.0b (private placement of RM2.0b) of 20Y GII 5/41 on Thursday, 2<sup>nd</sup> September, 2021

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	09/21	1.754	92	1.760	27/08/2021	-1
MGS	11/21	1.739	448	1.711	27/08/2021	3
MGS	03/22	1.769	250	3.698	27/08/2021	-193
MGS	08/22	1.756	174	1.707	26/08/2021	5
MGS	09/22	1.769	57	1.728	26/08/2021	4
MGS	03/23	1.847	50	1.873	27/08/2021	-3
MGS	08/23	1.916	26	1.990	27/08/2021	-7
MGS	06/24	2.341	157	2.345	27/08/2021	0
MGS	07/24	2.352	17	2.368	27/08/2021	-2
MGS	09/24	2.364	10	2.415	27/08/2021	-5
MGS	09/25	2.580	7	2.587	27/08/2021	-1
MGS	04/26	2.641	16	2.656	24/08/2021	-2
MGS	07/26	2.686	13	2.682	27/08/2021	0
MGS	11/26	2.679	131	2.686	27/08/2021	-1
MGS	03/27	2.888	3	2.907	27/08/2021	-2
MGS	05/27	2.949	50	2.925	27/08/2021	2
MGS	11/27	2.969	26	2.958	26/08/2021	1
MGS	06/28	3.035	381	3.051	27/08/2021	-2
MGS	08/29	3.189	51	3.199	27/08/2021	-1
MGS	04/30	3.262	100	3.316	27/08/2021	-5
MGS	04/31	3.187	19	3.228	27/08/2021	-4
MGS	06/31	3.300	12	3.367	27/08/2021	-7
MGS	04/33	3.712	1	3.718	27/08/2021	-1
MGS	07/34	3.800	33	3.853	27/08/2021	-5
MGS	05/35	3.702	69	3.750	27/08/2021	-5
MGS	04/37	3.928	5	3.964	27/08/2021	-4
MGS	06/38	4.048	11	4.084	27/08/2021	-4
MGS	05/40	3.986	103	4.048	27/08/2021	-6
MGS	07/48	4.380	2	4.416	24/08/2021	-4
MGS	06/50	4.188	139	4.197	27/08/2021	-1
GII	03/22	1.714	69	1.741	27/08/2021	-3
GII	05/23	1.955	1	1.951	27/08/2021	0
GII	05/24	2.373	10	2.352	23/08/2021	2
GII	08/24	2.389	6	2.404	27/08/2021	-2
GII	10/24	2.363	20	2.389	27/08/2021	-3
GII	03/26	2.640	50	2.660	27/08/2021	-2
GII	09/26	2.783	100	2.774	27/08/2021	1
GII	07/27	3.045	20	3.023	12/08/2021	2
GII	09/27	3.030	116	3.090	27/08/2021	-6
GII	10/28	3.158	66	3.157	27/08/2021	0
GII	10/30	3.305	136	3.316	27/08/2021	-1
GII	11/34	3.852	2	3.890	23/08/2021	-4
GII	10/35	3.906	17	3.940	04/08/2021	-3
GII	07/36	3.886	140	3.893	27/08/2021	-1
GII	09/41	4.203	21	4.202	27/08/2021	0
GII	05/47	4.350	10	4.473	27/08/2021	-12
GII	11/49	4.413	110	4.368	27/08/2021	4
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## 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*
Small Medium Enterprise Development Bank Malaysia B	03/24	GG	2.507	10	2.238	04/12/2020	27	17
Perbadanan Tabung Pendidikan Tinggi Nasional	05/28	GG	3.356	200	4.139	04/06/2013	-78	31
Sabah Development Bank Berhad	04/23	AA1	3.751	10	3.960	02/06/2021	-21	181
Sabah Development Bank Berhad	07/24	AA1	3.685	6	3.686	27/08/2021	0	134
UEM Sunrise Berhad	06/23	AA-	3.697	20	3.813	17/06/2021	-12	175
UEM Sunrise Berhad	09/23	AA-	3.746	20	3.865	18/06/2021	-12	180
UEM Sunrise Berhad	05/26	AA-	4.361	10	4.547	27/05/2021	-19	168
MMC Corporation Berhad	04/27	AA-	3.673	20	4.244	21/04/2021	-57	75
Penang Port Sdn Berhad	12/31	AA-	4.019	25	4.018	27/08/2021	0	81
AmBank (M) Berhad	03/28	A1	3.789	1	4.040	04/06/2021	-25	74
Tropicana Corporation Berhad	06/25	A+	5.407	1	5.408	27/08/2021	0	285
UEM Sunrise Berhad	02/24	AA-	3.874	40	3.842	20/08/2021	3	193
				<u>363</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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