

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs continued to trade on a mixed note, extending the recent curve flattening pattern on a congruence of inflationary concerns and Fed rate hike bets as inflation stays stubbornly high. A Friday release showed the core PCE sustained a 3.6% y/y increase in September, its highest in three decades, although it fell short of expectations for a 3.7% y/y gain. Overall yields closed between -5 to +1bps across and the curve pivoted at the 20Y as yields rallied to the 2.00% level, above the 1.93% for 30Y. The 2/10 spread further narrowed to 105bps whilst the 5/30 at 75bps was the flattest since last March. Focus will be on FOMC meeting this week where expectations are rife for a tapering announcement. There will also be a series of first tier economic releases including the ISM, durable goods orders, and the ADP and nonfarm job data to watch.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.50	1
5-yr UST	1.18	-1
10-yr UST	1.55	-3
30-yr UST	1.93	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.68	2	2.75	5
5-yr	3.19	1	3.19	9
7-yr	3.48	8	3.40	1
10-yr	3.58	0	3.72	3
15-yr	4.03	-1	4.19	1
20-yr	4.19	-2	4.35	4
30-yr	4.36	-1	4.48	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.18	-2
3-yr	2.83	3
5-yr	3.06	7
7-yr	3.31	2
10-yr	3.50	5

Source: Bloomberg

MGS/GII

- Local govies ended on a generally softer note on Friday, with yields seen increasing up to 9bps in the belly of the MGS/GII curve whilst yields on the 15-30Y MGS segment slipped 1-2bps amid thin volume in those notes. The benchmark 5Y MGS yields rose just a bp to 3.19% while the 10s were flat at 3.58%. Trading momentum was however more robust on the budget tabling day with secondary market volume jumping 42% to RM4.89bn (prior RM3.45bn), with heavy trades in off-the-run 22s, 24s and benchmark 5Y MGS/GII, and 7Y MGS. GII trades rose to form 45% (prior: 28%) of overall trades, with close to two thirds of the trade coming from GII 8/25 and 3/26. All eyes will be on Wednesday's BNM MPC statement for likelihood of a shift in the policy tone given the improvement in the macro picture and continued expansionary fiscal policy. This should mitigate any potential concerns stemming from sizeable gross supply estimated at RM167bn for 2022 (2021: RM160bn), premised on the elevated budget deficit projection of RM97.5bn or 6.0% of GDP (2021e: RM98.8bn or 6.5% of GDP).

Corp Bonds/Sukuk

- Tracking the momentum in the local govies space, secondary market trading volume in corporate bonds/sukuk also picked up to RM540m on Friday (prior RM387m) with overall yields ended mixed across the 34 names. The AA-rated segment attracted the most interests (RM273m) followed by the GGs (RM155m). In the GG segment, Khazanah '9/22 stole the limelight with RM120m dealt at 5bps lower at 2.02% whilst CAGA '22 led in the AAA-segment, seeing a combined RM90m changed hands between 2.10-2.11%. Other trades saw a rather balanced mixture of energy, financials, and construction/property names. Of note, EDRA '29-'32 saw active trades of RM85m dealt at between 4.24-4.91%, followed by Imtiaz '22 at 2.24%. In the banking space, PBB '23 and CIMB '29 each saw RM10m changed hands, at 2.48% and 3.43% respectively.

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 11/21	1.61	72	1.79	28/10/2021	-18
MGS 03/22	1.78	425	1.78	28/10/2021	0
MGS 08/22	1.81	41	1.80	28/10/2021	1
MGS 09/22	1.80	278	1.82	28/10/2021	-1
MGS 03/23	2.21	28	2.15	28/10/2021	6
MGS 04/23	2.26	27	2.10	26/10/2021	16
MGS 08/23	2.42	37	2.21	27/10/2021	22
MGS 06/24	2.68	93	2.66	28/10/2021	2
MGS 07/24	2.77	127	2.66	28/10/2021	11
MGS 09/24	2.73	376	2.76	28/10/2021	-4
MGS 03/25	2.93	8	2.88	28/10/2021	5
MGS 09/25	3.02	114	3.02	28/10/2021	0
MGS 04/26	3.13	19	3.13	28/10/2021	-1
MGS 07/26	3.21	4	3.17	28/10/2021	4
MGS 11/26	3.19	249	3.18	28/10/2021	1
MGS 05/27	3.33	8	3.34	28/10/2021	-2
MGS 11/27	3.38	55	3.36	27/10/2021	2
MGS 06/28	3.48	264	3.40	28/10/2021	8
MGS 09/28	3.54	20	3.58	26/10/2021	-4
MGS 08/29	3.60	39	3.61	28/10/2021	-1
MGS 04/30	3.71	22	3.67	28/10/2021	4
MGS 04/31	3.58	93	3.58	27/10/2021	0
MGS 06/31	3.80	29	3.75	28/10/2021	5
MGS 04/33	4.00	21	3.99	28/10/2021	1
MGS 11/33	4.01	21	4.03	28/10/2021	-2
MGS 07/34	4.14	95	4.13	28/10/2021	0
MGS 05/35	4.03	30	4.04	28/10/2021	-1
MGS 04/37	4.23	4	4.23	26/10/2021	0
MGS 06/38	4.28	3	4.24	27/10/2021	4
MGS 05/40	4.19	46	4.21	28/10/2021	-2
MGS 09/43	4.40	1	4.49	28/10/2021	-9
MGS 03/46	4.43	2	4.43	27/10/2021	-1
MGS 07/48	4.47	0	4.52	26/10/2021	-4
MGS 06/50	4.36	18	4.37	28/10/2021	-1
GII 03/22	1.80	295	1.79	28/10/2021	1
GII 04/22	1.80	199	1.81	28/10/2021	-1
GII 05/23	2.38	13	2.39	28/10/2021	0
GII 11/23	2.43	28	2.29	22/10/2021	14
GII 05/24	2.70	4	2.49	06/10/2021	21
GII 10/24	2.75	9	2.70	28/10/2021	5
GII 08/25	3.05	660	3.06	25/10/2021	-1
GII 03/26	3.19	757	3.10	28/10/2021	9
GII 07/27	3.48	20	3.43	22/10/2021	5
GII 09/27	3.40	6	3.39	26/10/2021	1
GII 10/28	3.54	15	3.49	27/10/2021	5
GII 07/29	3.74	41	3.75	22/10/2021	0
GII 09/30	3.71	0	3.76	27/10/2021	-5
GII 10/30	3.72	137	3.69	28/10/2021	3
GII 07/36	4.19	12	4.18	27/10/2021	1
GII 09/41	4.35	0	4.31	28/10/2021	4
GII 11/49	4.48	26	4.48	28/10/2021	0
		<u>4889</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)			
Danainfra Nasional Berhad	07/22	GG	2.02	5	2.10	11/10/2021	-8	18
Khazanah Nasional Berhad	09/22	GG	2.02	120	2.07	13/10/2021	-5	18
Lembaga Pembiayaan Perumahan Sektor Awam	09/28	GG	3.74	10	3.88	25/10/2021	-14	31
Perbadanan Tabung Pendidikan Tinggi Nasional	03/32	GG	4.04	10	3.71	19/05/2021	33	46
Danainfra Nasional Berhad	05/46	GG	4.60	10	4.51	30/09/2021	9	38
Cagamas Berhad	05/22	AAA	2.10	20	2.20	30/09/2020	-10	26
Cagamas Berhad	06/22	AAA	2.10	20	2.65	03/07/2020	-55	26
Cagamas Berhad	08/22	AAA	2.11	50	2.10	27/10/2021	1	26
Public Bank Berhad	04/23	AAA	2.48	10	2.82	09/04/2021	-34	64
Sarawak Energy Berhad	06/26	AAA	3.44	10	3.21	04/06/2021	23	25
GENM Capital Berhad	07/23	AA1	4.17	15	4.23	28/10/2021	-6	196
GENM Capital Berhad	07/28	AA1	5.16	10	4.55	28/10/2021	61	173
SP Setia Berhad	06/26	AA	3.81	7	3.83	21/10/2021	-2	62
CIMB Group Holdings Berhad	09/29	AA	3.43	10	3.43	28/10/2021	0	-12
Imtiaz Sukuk II Berhad	05/22	AA2	2.24	80	2.25	28/10/2021	-1	40
WCT Holdings Berhad	05/22	AA-	3.68	21	3.70	26/10/2021	-2	184
AZRB Capital Sdn Berhad	12/24	AA-	4.31	7	4.09	01/07/2021	23	163
UEM Sunrise Berhad	10/25	AA-	4.50	10	4.26	22/09/2021	24	152
TG Excellence Berhad	02/20	AA-	3.95	2	3.68	28/10/2021	27	-27
Kedah Cement Sdn Berhad (fka Lafarge Cement Sdn Bhd)	07/23	AA3	3.32	5	3.37	19/07/2021	-5	111
Gamuda Berhad	11/23	AA3	3.14	15	3.27	12/04/2021	-13	93
RHB Islamic Bank Berhad	05/29	AA3	3.31	6	3.34	15/10/2021	-3	-25
Edra Energy Sdn Berhad	07/29	AA3	4.43	30	4.30	12/05/2021	13	87
Edra Energy Sdn Berhad	01/30	AA3	4.42	5	4.50	15/10/2021	-8	87
Edra Energy Sdn Berhad	01/31	AA3	4.50	10	4.24	26/07/2021	26	91
Edra Energy Sdn Berhad	07/31	AA3	4.52	10	4.53	15/10/2021	-1	93
Edra Energy Sdn Berhad	01/32	AA3	4.54	20	4.91	15/07/2021	-38	95
Edra Energy Sdn Berhad	07/32	AA3	4.57	10	4.29	06/09/2021	28	98
Tropicana Corporation Berhad	10/23	A+	4.96	0	4.06	27/10/2021	90	275
Tropicana Corporation Berhad	09/19	A	4.94	1	4.94	28/10/2021	0	72
IJM Land Berhad	03/19	A2	4.40	1	4.44	26/10/2021	-5	17
IJM Land Berhad	03/19	A2	4.45	0	4.45	28/10/2021	0	22
Eco World Capital Assets Berhad	08/24	-	4.62	0	5.38	28/10/2021	-76	193
YNH Property Berhad	08/19	-	5.95	1	6.63	28/10/2021	-68	173
				<u>540</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Penang Port Sdn Bhd	Islamic Medium-Term Notes Issuance Programme of up to RM1.0 billion	AA _{-IS} (Stable)	Affirmed
DRB-HICOM Berhad	Sukuk Programme of up to RM3.5 billion Perpetual Sukuk Musharakah Programme of up to RM2.0 billion.	A _{+IS} (Stable) A _{-IS} (Stable)	Affirmed
Pacific & Orient Insurance Co. Berhad	Proposed RM90 mil Subordinated Notes Programme. Insurer financial strength ratings RM150 million Subordinated Notes Programme (2012/2024)	A3/Negative A2/Negative/P1 A3/Negative	Assigned Affirmed Affirmed
AFFIN Bank Berhad	Financial institution ratings	AA3/Negative/P1	Affirmed

Source: RAM, MARC

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