

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- US Treasuries saw sustained strength last Friday, led by month-end demand with the belly advancing the most. The corporate issuance slate was sparse whilst risk-aversion and concerns over global growth lent a bid. The curve bull-flattened with overall benchmark yields closing between 2-5bps lower. The UST 2Y yield edged 2bps lower at 0.19% whilst the much-watched UST 10Y yield rallied 5bps to 1.22%. Speculators have been adjusting their positioning i.e. slashing bets on bond declines across the curve which are believed to have led to the recent rally in USTs. This week will see traders turn attention to the quarterly refunding announcement which will give clues to the supply side and also over the Fed's decision on whether to dial-back its asset purchases. Meanwhile, expect attention to shift to both the Markit and ISM manufacturing data for June tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.19	-2
5-yr UST	0.69	-4
10-yr UST	1.22	-5
30-yr UST	1.89	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.28	3	2.30	1
5-yr	2.62	1	2.61	0
7-yr	3.02	4	2.99	5
10-yr	3.17	1	3.29	0
15-yr	3.69	0	3.89	-1
20-yr	3.99	-14	4.21	5
30-yr	4.20	1	4.45	3

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	0
3-yr	2.32	0
5-yr	2.55	0
7-yr	2.82	0
10-yr	3.00	0

Source: Bloomberg

##### MGS/GII

- Last Friday, local govies continued to see velocity and momentum fizzle out slightly with both MGS/GII closing weaker compared to prior day. Overall benchmark yields closed mixed between -1 to +5bps (save for the readjustment of levels in the 20Y MGS) amid a slight pull-back in secondary market volume @ RM2.99b. Both the 5Y benchmark MGS 11/26 and 10Y MGS 4/31 yields edged 1bps higher at 2.62% and 3.17% respectively. Interest was mainly seen in the off-the-run 21-22's and also benchmark 5Y MGS, 10Y, 15Y GII. The GII sector eased to form ~42% of overall trades. Nevertheless, global funds may be expected to increase their purchases of MYR debt followed by support from life insurance companies and institutional investors despite recent weakness arising from supply concerns and political news.

##### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space continued to see robust activity last Friday with interest seen across GG-AA part of the curve amid secondary market volume @ RM663m. Overall yields closed mostly mixed, spanning across 32 names. Govt-guaranteed PLUS 38's moved 10-11bps lower compared to previous-done levels between 4.25-30%. AAA-rated CAGAMAS 10/23 however spiked 25bps at 2.45% whilst TNB 8/33 notched RM80m in total trades, edging 1bps down at 3.91%. The AA-rated space saw a slew of energy-related bonds i.e. EDRA, exchange hands. The 33-34's ended 9-20bps lower between 4.47-62% whereas the 7/35 tranche settled unchanged at 4.71%. GENM Capital 7/25 rose 5bps at 4.14%. The banking space saw RHB 31NC26 edge 2bps higher at 3.40% whilst MAYBANK 2117NC24 spiked 10bps at 3.50%.

#### 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 09/21	1.759	114	1.747	29/07/2021	1
MGS 11/21	1.605	217	1.729	29/07/2021	-12
MGS 03/22	1.705	258	1.770	29/07/2021	-6
MGS 08/22	1.750	29	1.687	29/07/2021	6
MGS 03/23	1.883	15	1.901	29/07/2021	-2
MGS 04/23	1.872	10	1.923	29/07/2021	-5
MGS 08/23	1.927	6	1.942	29/07/2021	-1
MGS 06/24	2.280	80	2.250	29/07/2021	3
MGS 07/24	2.272	7	2.259	27/07/2021	1
MGS 09/24	2.314	9	2.319	29/07/2021	0
MGS 03/25	2.441	32	2.414	29/07/2021	3
MGS 09/25	2.576	52	2.580	29/07/2021	0
MGS 04/26	2.645	7	2.595	29/07/2021	5
MGS 07/26	2.678	35	2.673	29/07/2021	0
MGS 11/26	2.618	253	2.606	29/07/2021	1
MGS 03/27	2.844	83	2.847	26/07/2021	0
MGS 05/27	2.873	25	2.845	29/07/2021	3
MGS 11/27	2.903	61	2.892	29/07/2021	1
MGS 06/28	3.018	51	2.978	29/07/2021	4
MGS 09/28	3.034	4	3.020	21/07/2021	1
MGS 08/29	3.145	43	3.162	28/07/2021	-2
MGS 04/30	3.205	1	3.211	29/07/2021	-1
MGS 04/31	3.174	11	3.162	29/07/2021	1
MGS 06/31	3.297	34	3.301	29/07/2021	0
MGS 04/33	3.685	8	3.678	29/07/2021	1
MGS 11/33	3.716	6	3.696	29/07/2021	2
MGS 07/34	3.823	29	3.828	29/07/2021	0
MGS 05/35	3.691	144	3.696	29/07/2021	-1
MGS 04/37	3.858	10	3.862	29/07/2021	0
MGS 06/38	3.967	5	3.951	29/07/2021	2
MGS 05/40	3.987	27	4.130	29/07/2021	-14
MGS 09/43	4.289	5	4.294	29/07/2021	0
MGS 03/46	4.344	6	4.337	29/07/2021	1
MGS 07/48	4.386	8	4.386	27/07/2021	0
MGS 06/50	4.197	45	4.185	29/07/2021	1
GII 04/22	1.698	2	1.771	29/07/2021	-7
GII 07/22	1.680	3	1.802	28/07/2021	-12
GII 05/23	2.002	16	1.947	29/07/2021	5
GII 11/23	1.988	55	1.943	23/07/2021	4
GII 10/24	2.300	142	2.293	29/07/2021	1
GII 03/26	2.612	101	2.612	29/07/2021	0
GII 09/26	2.665	6	2.664	09/07/2021	0
GII 06/27	2.920	3	2.862	14/07/2021	6
GII 07/27	2.954	4	2.965	28/07/2021	-1
GII 09/27	2.991	1	2.944	29/07/2021	5
GII 10/28	3.069	48	3.071	23/07/2021	0
GII 09/30	3.326	8	3.327	28/07/2021	0
GII 10/30	3.290	304	3.290	29/07/2021	0
GII 06/33	3.734	5	3.726	29/07/2021	1
GII 11/34	3.886	10	3.877	29/07/2021	1
GII 07/36	3.887	529	3.900	29/07/2021	-1
GII 09/39	4.181	9	4.259	28/07/2021	-8
GII 09/41	4.213	10	4.162	29/07/2021	5
GII 11/49	4.450	1	4.420	29/07/2021	3
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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*	
Prasarana Malaysia Berhad	09/22	GG	2.038	10	2.100	14/06/2021	-6	27
Perbadanan Tabung Pendidikan Tinggi Nasional	09/22	GG	2.055	5	2.195	02/06/2021	-14	29
Danainfra Nasional Berhad	10/23	GG	2.205	30	2.210	26/07/2021	0	29
Projek Lebuhraya Usahasama Berhad	01/38	GG	4.254	40	4.355	23/06/2021	-10	56
Lembaga Pembiayaan Perumahan Sektor Awam	10/38	GG	4.269	30	4.389	03/05/2021	-12	57
Projek Lebuhraya Usahasama Berhad	12/38	GG	4.295	20	4.409	14/06/2021	-11	60
Cagamas Berhad	11/23	AAA	2.448	20	2.196	10/02/2021	25	53
Pengurusan Air SPV Berhad	06/25	AAA	2.867	20	2.911	14/07/2021	-4	40
Projek Lebuhraya Usahasama Berhad	01/28	AAA	3.291	30	3.317	29/07/2021	-3	45
Manjung Island Energy Berhad	11/31	AAA	3.751	70	3.748	29/07/2021	0	58
Tenaga Nasional Berhad	08/33	AAA	3.909	80	3.923	28/07/2021	-1	74
Danum Capital Berhad	02/34	AAA	4.049	10	4.230	11/06/2021	-18	35
GENM Capital Berhad	07/23	AA1	4.140	35	4.087	19/07/2021	5	222
Sabah Development Bank Berhad	07/24	AA1	4.098	2	4.040	29/07/2021	6	184
GENM Capital Berhad	08/25	AA1	4.757	1	4.757	27/07/2021	0	229
Sabah Development Bank Berhad	07/26	AA1	4.301	1	4.370	29/07/2021	-7	168
Kuala Lumpur Kepong Berhad	09/29	AA1	3.610	5	3.660	21/07/2021	-5	50
GENM Capital Berhad	03/32	AA1	4.567	1	4.693	29/07/2021	-13	140
Fortune Premiere Sdn Berhad	09/25	AA	3.429	20	3.415	28/07/2021	1	96
SP Setia Berhad	06/28	AA	6.814	2	6.639	29/07/2021	18	383
SP Setia Berhad	06/28	AA	4.071	1	4.119	23/07/2021	-5	109
UEM Sunrise Berhad	10/21	AA-	3.215	3	3.455	10/05/2021	-24	145
WCT Holdings Berhad	05/22	AA-	3.782	8	3.833	14/07/2021	-5	201
Perbadanan Kemajuan Negeri Selangor	06/22	AA3	3.068	3	3.278	21/06/2021	-21	130
Kedah Cement Sdn Berhad (fka Lafarge Cement Sdn Br	07/22	AA3	3.023	10	4.199	06/08/2020	-118	125
RHB Bank Berhad	04/31	AA3	3.398	50	3.382	10/06/2021	2	23
Edra Energy Sdn Berhad	01/33	AA3	4.468	20	4.668	05/05/2021	-20	130
Edra Energy Sdn Berhad	07/34	AA3	4.618	50	4.711	17/06/2021	-9	92
Edra Energy Sdn Berhad	07/35	AA3	4.708	72	4.709	16/07/2021	0	101
Malayan Banking Berhad	02/17	AA3	3.500	10	3.398	16/07/2021	10	-49
Dialog Group Berhad	11/20	A1	3.903	1	3.772	12/07/2021	13	-8
Affin Islamic Bank Berhad	10/17	A3	3.944	4	3.936	23/06/2021	1	-4
				<u>663</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Danajamin Nasional Berhad (Danajamin)	Insurer financial strength (IFS) rating RM5.0 billion Subordinated Debt and Junior Sukuk Programmes	AAA	Affirmed
Hanwha Q CELLS Malaysia Sdn Bhd	Proposed RM150 mil Guaranteed Medium-Term Notes (2021/2024)	AAA(FG)/Stable	Assigned
UMW Holdings Berhad	RM2 bil Islamic Medium Term Notes Programme (2013/2028)	AA2/Stable	Reaffirmed
	RM2 bil Perpetual Sukuk Programme	A1/Stable	Reaffirmed
Northern Gateway Infrastructure Sdn Bhd	M340 mil MTN Programme (2017/2034)	AA1/stable	Reaffirmed

Source: RAM/ MARC

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