

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries started September trading narrow whilst catching some bids on Wednesday, after US private employment data i.e. ADP missed expectations. However bond performance failed to recognize the pick-up in the pace of manufacturing growth amid recent plunge in consumer confidence. Overall benchmark yields ended mostly between 0-2bps lower with the UST 2Y yield closing almost unchanged at 0.19%, whilst the much-watched UST 10Y edged 2bps lower at 1.30%. Elsewhere, the earlier declines in the fed funds rate (i.e. from 0.08% to 0.06%) appears to be due to excess liquidity that is seen to cause the Federal Home Loan Bank discount rates much lower amid continued reserve expansion and bill paydowns. Meanwhile, expect attention to shift to the NFP payrolls report for August on Friday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.19	0
5-yr UST	0.77	0
10-yr UST	1.30	-2
30-yr UST	1.91	-2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.34	0	2.36	-1
5-yr	2.67	-1	2.63	-1
7-yr	3.05	1	3.01	-2
10-yr	3.20	1	3.30	-1
15-yr	3.69	-1	3.89	0
20-yr	3.98	-1	4.16	-4
30-yr	4.17	-1	4.39	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.95	0
3-yr	2.38	0
5-yr	2.65	2
7-yr	2.85	1
10-yr	3.09	0

Source: Bloomberg

MGS/GII

- Local govies mostly continued to march stronger on Wednesday, following the break to celebrate the National Day holidays, ignoring IRS levels which settled unchanged-to-higher. Overall benchmark yields closed between -4 to +1bps amid a slight decrease in secondary market volume @ RM3.16b. The 5Y benchmark MGS 11/26 yield edged 1bps lower at 2.67% whilst the 10Y MGS 4/31 yield inched 1bps up at 3.20%. Interest was mainly seen in the shorter off-the-run 21-22's and benchmark 7Y MGS, 10Y MGS/GII. The GII sector again jumped to form 40% of overall trades. Meanwhile, the pre-2022 budget statement released by the MOF was looked upon favourably by investors as it revealed the government's strategy for next year.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw stronger interest due with the return of portfolio managers from the long weekend break. Interest was seen across the GG to single-A part of the curve. Overall yields closed mostly mixed, spanning across 31 names, amid a sharp rise in secondary market volume to RM679m. Govt-guaranteed PTPTN 3/24 closed unchanged compared to previous-done levels at 2.42%. TOYOTA Cap dominated the AAA-space with the 7/24 tranche edging 2bps up at 3.23% whilst the 9/25 tranche spiked 39bps at 3.51%; with RM100m each exchanging hands. AA-rated QUANTUM Solar 31-32's were well-bid, resulting in yields declining between 6-40bps between 4.37-4.50% area. Likewise, SP SETIA 6/28 eased 5bps to 4.02% whilst ANIH 11/25 rose 3bps instead to 3.30%. The banking/finance sector saw DANAJAMIN 10/27 edge 1bps up at 2.68%.

Upcoming Government Bond Tender

Reopening of RM2.5b + RM2.0b (private placement of RM2.0b) of 20Y GII 5/41 on Thursday, 2nd 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	1.764	218	1.754	30/08/2021	1
MGS	11/21	1.710	448	1.739	30/08/2021	-3
MGS	03/22	1.772	22	1.769	30/08/2021	0
MGS	08/22	1.762	62	1.756	30/08/2021	1
MGS	09/22	1.713	28	1.769	30/08/2021	-6
MGS	03/23	1.860	57	1.847	30/08/2021	1
MGS	04/23	1.871	6	1.852	30/08/2021	2
MGS	08/23	1.957	19	1.916	30/08/2021	4
MGS	06/24	2.344	119	2.341	30/08/2021	0
MGS	09/24	2.384	14	2.364	30/08/2021	2
MGS	03/25	2.515	16	2.515	30/08/2021	0
MGS	09/25	2.586	56	2.580	30/08/2021	1
MGS	04/26	2.676	2	2.641	30/08/2021	4
MGS	07/26	2.664	16	2.686	30/08/2021	-2
MGS	11/26	2.663	126	2.679	30/08/2021	-2
MGS	03/27	2.878	12	2.888	30/08/2021	-1
MGS	05/27	2.905	5	2.949	30/08/2021	-4
MGS	11/27	2.955	35	2.969	30/08/2021	-1
MGS	06/28	3.050	169	3.035	30/08/2021	1
MGS	08/29	3.185	13	3.189	30/08/2021	0
MGS	04/31	3.200	133	3.187	30/08/2021	1
MGS	06/31	3.301	30	3.300	30/08/2021	0
MGS	04/33	3.724	1	3.712	30/08/2021	1
MGS	11/33	3.790	3	3.797	27/08/2021	-1
MGS	07/34	3.798	47	3.800	30/08/2021	0
MGS	05/35	3.693	82	3.702	30/08/2021	-1
MGS	04/37	3.889	12	3.928	30/08/2021	-4
MGS	06/38	4.070	15	4.048	30/08/2021	2
MGS	05/40	3.978	41	3.986	30/08/2021	-1
MGS	09/43	5.164	4	4.357	25/08/2021	81
MGS	07/48	4.349	10	4.380	30/08/2021	-3
MGS	06/50	4.209	68	4.188	30/08/2021	2
GII	03/22	1.750	138	1.714	30/08/2021	4
GII	04/22	1.738	24	1.775	27/08/2021	-4
GII	07/22	1.710	256	1.622	27/08/2021	9
GII	11/23	2.048	130	2.077	24/08/2021	-3
GII	05/24	2.305	20	2.373	30/08/2021	-7
GII	10/24	2.355	49	2.363	30/08/2021	-1
GII	03/26	2.630	33	2.640	30/08/2021	-1
GII	07/27	3.053	40	3.045	30/08/2021	1
GII	09/27	3.014	64	3.030	30/08/2021	-2
GII	10/28	3.158	123	3.158	30/08/2021	0
GII	07/29	3.236	1	3.273	25/08/2021	-4
GII	10/30	3.310	134	3.305	30/08/2021	0
GII	07/36	3.888	133	3.886	30/08/2021	0
GII	09/39	4.263	10	4.244	27/08/2021	2
GII	09/41	4.160	30	4.203	30/08/2021	-4
GII	11/49	4.389	80	4.413	30/08/2021	-2
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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*	
Pengurusan Air SPV Berhad	06/22	GG	1.995	2	2.036	23/06/2021	-4	22
DanaInfra Nasional Berhad	11/22	GG	2.094	2	2.143	21/06/2021	-5	32
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	2.416	20	2.420	25/08/2021	0	7
Manjung Island Energy Berhad	11/21	AAA	2.039	70	2.105	19/08/2021	-7	26
DiGi Telecommunications Sdn Berhad	04/22	AAA	2.061	19	2.067	27/08/2021	-1	28
Toyota Capital Malaysia Sdn Berhad	07/24	AAA	3.228	100	3.208	26/07/2021	2	88
Cagamas Berhad	10/24	AAA	2.692	20	2.660	17/08/2021	3	35
Cagamas Berhad	11/24	AAA	2.700	10	2.686	16/08/2021	1	36
Toyota Capital Malaysia Sdn Berhad	09/25	AAA	3.508	100	3.119	08/12/2020	39	96
Sarawak Energy Berhad	12/32	AAA	3.840	25	3.834	25/08/2021	1	64
Danum Capital Berhad	02/35	AAA	4.134	5	4.151	19/08/2021	-2	43
Sabah Development Bank Berhad	07/24	AA1	3.685	2	3.685	30/08/2021	0	134
YTL Power International Berhad	05/27	AA1	4.021	20	3.874	19/08/2021	15	110
Danajamin Nasional Berhad	10/27	AA1	2.678	10	2.671	26/08/2021	1	-24
Anih Berhad	11/25	AA	3.303	20	3.277	29/07/2021	3	75
CIMB Group Holdings Berhad	03/28	AA	2.853	30	2.886	23/07/2021	-3	-20
SP Setia Berhad	06/28	AA	4.018	90	4.071	30/07/2021	-5	97
BGSM Management Sdn Berhad	09/23	AA3	2.782	10	2.783	13/08/2021	0	84
Edra Energy Sdn Berhad	01/33	AA3	4.338	10	4.468	30/07/2021	-13	113
Sinar Kamiri Sdn Berhad	01/23	AA-	3.650	10	3.642	13/08/2021	1	187
Sinar Kamiri Sdn Berhad	01/24	AA-	3.863	10	3.786	30/09/2020	8	192
MMC Corporation Berhad	11/27	AA-	3.785	20	3.924	20/08/2021	-14	87
Quantum Solar Park (Semenanjung) Sdn Berhad	04/31	AA-	4.368	20	4.429	05/08/2021	-6	116
Quantum Solar Park (Semenanjung) Sdn Berhad	04/32	AA-	4.498	20	4.894	23/06/2021	-40	129
Southern Power Generation Sdn Berhad	10/32	AA-	4.149	10	4.169	27/08/2021	-2	95
Southern Power Generation Sdn Berhad	04/33	AA-	4.198	10	4.218	27/08/2021	-2	99
TG Excellence Berhad	02/20	AA-	4.363	1	3.645	16/08/2021	72	38
AmBank (M) Berhad	03/31	A1	3.998	1	4.042	17/08/2021	-4	79
DRB-Hicom Berhad	12/24	A+	3.976	10	3.986	04/08/2021	-1	163
Tropicana Corporation Berhad	10/25	A+	4.931	1	5.456	27/08/2021	-53	238
Eco World Capital Services Berhad	03/26	-	5.502	1	5.501	24/08/2021	0	282
				<u>679</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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