

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw the intermediate tenures rally in a choppy session on Tuesday following Fed's Brainard's dovish comments and also central bank's purchases in the 5Y sector. Traders were seen picking up bonds at relatively reduced levels following the sharp decline seen over the past weeks. Overall benchmark yields closed between 0-4bps lower versus prior day. The UST 2Y yield settled almost unchanged at 0.12% whilst the much-watched 10Y yield moved 3bps lower instead at 1.39%. Separately, the recent widening of bid-offer spreads may be seen as a strain on liquidity in the largest bond market in the world. The loose Fed policy and prospect of fresh fiscal stimulus have investors betting on quicker growth and inflation. Meanwhile attention is expected to shift to the Fed's release of the Beige Book, followed by the important release of February jobs data on Friday.

c		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	0
5-yr UST	0.66	-4
10-yr UST	1.39	-3
30-yr UST	2.19	0

MGS		GII		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.98	4	2.03	4
5-yr	2.32	-2	2.62	0
7-yr	2.79	-5	2.88	-1
10-yr	3.05	0	3.20	-1
15-yr	3.67	76	3.78	0
20-yr	3.92	-2	4.10	0
30-yr	4.15	-6	4.27	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	0
3-yr	2.25	0
5-yr	2.53	1
7-yr	2.71	0
10-yr	3.11	8

Source : Bloomberg

Upcoming Government Bond Tender.

Nil

MGS/GIII

- On Tuesday, local govies were better-bid and ended mostly stronger amid a sustained secondary market volume of RM3.07b. Overall benchmark yields declined mostly between 0-6bps across the curve save for ultra-shot ends and the adjustment of prior day's skewed 15Y MGS trade. The 5Y MGS 9/25 yield edged 2bps lower at 2.32% whilst the 10Y MGS 4/31 traded in odd-lot denominations; closing unchanged at 3.05%. Interest was mainly seen in the off-the-run 21's, 28's and also the benchmark 3Y, 5Y MGS. GII bond trades maintained to form ~18% of overall trades. Meanwhile, expect attention to focus on BNM's decision on the OPR tomorrow.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw decent investor interest with overall yields ending mostly higher with transactions seen across the GG-AA part of the curve. Secondary market volume improved to RM409m with trades covering ~21 names. Both government-guaranteed GOVCO 9/27 and LPPSA 9/36 spiked 10-53bps compared to previous-done levels at 3.04% and 4.19% each. AAA-rated utility bond TNB saw RM100m exchange hands with both the 8/30 and 8/33 tranche rising 34-45bps at 3.52% and 3.90% respectively AA-rated MALAKOFF 12/25 and Southern Power 4/26 moved 2-5bps up at 3.02% and 3.00% each. Meanwhile, the banking space saw the short-tenured BPMB 3/22 notch RM60m in nominal amounts; edging 1bps lower at 2.28%.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.759	294	1.696	01/03/2021	6
MGS 09/21	1.733	1	1.709	01/03/2021	2
MGS 11/21	1.754	100	1.754	01/03/2021	0
MGS 03/22	1.808	173	1.808	01/03/2021	0
MGS 08/22	1.862	2	1.792	01/03/2021	7
MGS 03/23	1.975	735	1.937	01/03/2021	4
MGS 04/23	1.973	6	1.973	01/03/2021	0
MGS 08/23	2.003	20	2.023	01/03/2021	-2
MGS 06/24	2.161	16	2.130	01/03/2021	3
MGS 07/24	2.167	41	2.192	01/03/2021	-3
MGS 09/24	2.199	13	2.220	01/03/2021	-2
MGS 09/25	2.323	376	2.341	01/03/2021	-2
MGS 04/26	2.475	9	2.517	01/03/2021	-4
MGS 11/26	2.520	9	2.520	01/03/2021	0
MGS 05/27	2.747	59	2.749	01/03/2021	0
MGS 11/27	2.787	68	2.852	01/03/2021	-6
MGS 06/28	2.786	226	2.840	01/03/2021	-5
MGS 08/29	3.105	71	3.132	01/03/2021	-3
MGS 04/31	3.054	2	3.054	01/03/2021	0
MGS 04/33	3.694	94	3.735	01/03/2021	-4
MGS 07/34	3.674	93	2.918	01/03/2021	76
MGS 06/38	4.080	54	4.078	01/03/2021	0
MGS 05/40	3.917	45	3.937	01/03/2021	-2
MGS 09/43	4.175	10	4.204	01/03/2021	-3
MGS 06/50	4.154	3	4.214	01/03/2021	-6
GII 05/23	2.027	73	1.984	01/03/2021	4
GII 11/23	2.077	130	2.060	01/03/2021	2
GII 05/24	2.179	10	2.132	24/02/2021	5
GII 08/25	2.389	24	2.347	25/02/2021	4
GII 03/26	2.621	7	2.617	01/03/2021	0
GII 09/27	2.877	51	2.889	01/03/2021	-1
GII 07/29	3.162	167	3.123	01/03/2021	4
GII 10/30	3.202	59	3.215	01/03/2021	-1
GII 06/33	3.771	16	3.839	26/02/2021	-7
GII 11/49	4.273	20	4.275	01/03/2021	0
		<u>3074</u>			

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*
GovCo Holdings Berhad	09/27	GG	3.039	20	2.508	21/08/2020	53	24
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	4.190	10	4.090	24/02/2021	10	49
Bank Pembangunan Malaysia Berhad	03/22	AAA	2.276	60	2.287	09/02/2021	-1	52
Pengurusan Air SPV Berhad	02/24	AAA	2.537	30	2.450	21/10/2020	9	56
Pengurusan Air SPV Berhad	02/24	AAA	2.535	30	2.531	11/12/2020	0	56
Bakun Hydro Power Generation Sdn Berhad (fka Sara)	08/26	AAA	2.949	9	2.759	04/02/2021	19	61
TNB Western Energy Berhad	01/30	AAA	3.547	10	3.168	20/01/2021	38	51
Tenaga Nasional Berhad	08/30	AAA	3.519	10	3.178	28/12/2020	34	48
Tenaga Nasional Berhad	08/33	AAA	3.900	90	3.454	18/01/2021	45	20
Celcom Networks Sdn Berhad	10/26	AA+	2.979	1	2.878	16/02/2021	10	34
CIMB Group Holdings Berhad	11/30	AA	3.027	100	2.973	26/01/2021	5	-4
Jimah Energy Ventures Sdn Berhad	11/21	AA3	2.442	6	2.627	24/11/2020	-19	69
Gamuda Land (T12) Sdn Berhad	08/25	AA3	3.498	3	3.419	13/01/2021	8	131
Malakoff Power Berhad	12/25	AA-	3.018	10	3.001	18/01/2021	2	68
Bumitama Agri Ltd	07/26	AA3	3.269	3	3.155	09/02/2021	11	93
Malayan Banking Berhad	02/17	AA3	3.109	1	3.109	26/02/2021	0	-83
Southern Power Generation Sdn Berhad	04/26	AA-	2.999	10	2.948	24/02/2021	5	66
Malaysian Resources Corporation Berhad	08/27	AA-	4.079	5	3.958	18/01/2021	12	144
Eco World International Berhad	10/21	-	4.524	1	5.249	25/02/2021	-73	277
Eco World International Berhad	05/23	-	5.841	1	5.196	25/02/2021	65	400
YNH Property Berhad	08/19	-	6.815	1	6.815	24/02/2021	0	288
				<u>409</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.