

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries bull-flattened on Monday despite lacking major catalysts; but nevertheless influenced by the risk-off environment and also following month-end short-covering activities. Overall benchmark yields closed between 1-5bps lower as the UST 2Y yield edged 1bps lower at 0.17% whilst the much-watched UST 10Y rallied 5bps to 1.18% after briefly slipping below 1.15% i.e. a 6-month low. Market participants have been monitoring the impact and pace of Delta variant infections coupled with the Fed's continued bond-buying program whilst taking cognizance of the further details unveiled regarding the close to \$1.0 trillion infrastructure stimulus package announced previously. On the data front ISM manufacturing missed estimates whilst on the policy front the debate on tapering continues unabated. Expect attention to shift to the July jobs report later this Friday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.17	-1
5-yr UST	0.65	-4
10-yr UST	1.18	-5
30-yr UST	1.85	-4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.27	-2	2.08	-22
5-yr	2.61	-1	2.60	-1
7-yr	2.99	-3	2.99	0
10-yr	3.17	0	3.28	-1
15-yr	3.70	1	3.90	1
20-yr	4.00	1	4.21	0
30-yr	4.16	-4	4.45	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	0
3-yr	2.31	-1
5-yr	2.55	0
7-yr	2.81	0
10-yr	3.00	0

Source: Bloomberg

MGS/GII

- On Monday, local govies especially MGS mostly recovered from previous days weakness with the shorter-ends richer, whilst GII saw subdued movements save for 3Y. Overall benchmark yields closed mixed to-lower between -4 to +1bps, save for the 3Y GII, amid a slight rise in secondary market volume @ RM3.33b. The 5Y benchmark MGS 11/26 yield edged 1bps down at 2.61% whilst the 10Y MGS 4/31 yields closed almost unchanged at 3.17%. Interest was mainly seen in the shorter off-the-run 21-23's which formed almost 62% of overall trades. The GII sector fell to constitute 22% of overall volume. Nevertheless, the vaccination rates which are gaining momentum and further anticipated easing of movement restrictions in line with the National Recovery Plan, may prompt risk-on mode.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space continued to see decent activity on Monday with interest seen across GG-AA part of the curve amid a decrease in secondary market volume @ RM540m. Overall yields closed mostly mixed, spanning across 28 names. Govt-guaranteed SME 4/25 printed RM100 worth of trades; closing 6bps lower compared to previous-done levels at 2.75%. AAA-rated AMAN 23-24's settled 8-14bps lower between 2.47-68% whereas TELEKOM 10/28 declined 5bps at 3.32%. The AA-rated space saw YTL Power 5/27 settle unchanged at 3.89% whereas the 8/28 tranche fell 20bps at 4.06%. EDRA 38 however saw strong bids, resulting in a 57bps slide to 4.81%. MMC Corp 25 and 27 eased 2bps each at 3.63% and 3.96% respectively. The banking/finance sector saw SABAH Credit Corporation 11/28 fall 41bps at 3.72%.

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	1.630	714	1.759	30/07/2021	-13
MGS 11/21	1.761	402	1.605	30/07/2021	16
MGS 03/22	1.760	253	1.705	30/07/2021	5
MGS 08/22	1.697	7	1.750	30/07/2021	-5
MGS 03/23	1.880	13	1.883	30/07/2021	0
MGS 04/23	1.911	251	1.872	30/07/2021	4
MGS 08/23	1.888	1	1.927	30/07/2021	-4
MGS 06/24	2.265	36	2.280	30/07/2021	-1
MGS 07/24	2.268	2	2.272	30/07/2021	0
MGS 09/24	2.331	71	2.314	30/07/2021	2
MGS 03/25	2.413	1	2.441	30/07/2021	-3
MGS 09/25	2.576	43	2.576	30/07/2021	0
MGS 04/26	2.664	2	2.645	30/07/2021	2
MGS 07/26	2.654	4	2.678	30/07/2021	-2
MGS 11/26	2.609	308	2.618	30/07/2021	-1
MGS 03/27	2.827	2	2.844	30/07/2021	-2
MGS 05/27	2.884	40	2.873	30/07/2021	1
MGS 11/27	2.891	73	2.903	30/07/2021	-1
MGS 06/28	2.986	48	3.018	30/07/2021	-3
MGS 09/28	2.942	1	3.034	30/07/2021	-9
MGS 08/29	3.188	17	3.145	30/07/2021	4
MGS 04/30	3.188	9	3.205	30/07/2021	-2
MGS 04/31	3.170	52	3.174	30/07/2021	0
MGS 06/31	3.302	20	3.297	30/07/2021	0
MGS 04/33	3.690	29	3.685	30/07/2021	0
MGS 11/33	3.704	16	3.716	30/07/2021	-1
MGS 07/34	3.821	15	3.823	30/07/2021	0
MGS 05/35	3.704	27	3.691	30/07/2021	1
MGS 04/37	3.822	1	3.858	30/07/2021	-4
MGS 06/38	3.935	1	3.967	30/07/2021	-3
MGS 05/40	3.997	129	3.987	30/07/2021	1
MGS 09/43	4.264	4	4.289	30/07/2021	-2
MGS 07/48	4.344	1	4.386	30/07/2021	-4
MGS 06/50	4.158	6	4.197	30/07/2021	-4
GII 03/22	1.732	23	1.780	29/07/2021	-5
GII 04/22	1.689	1	1.698	30/07/2021	-1
GII 07/22	1.688	402	1.680	30/07/2021	1
GII 11/22	1.817	1	1.804	19/07/2021	1
GII 05/24	2.292	10	2.266	28/07/2021	3
GII 10/24	2.083	11	2.300	30/07/2021	-22
GII 03/26	2.601	18	2.612	30/07/2021	-1
GII 09/26	2.659	2	2.665	30/07/2021	-1
GII 09/27	2.991	17	2.991	30/07/2021	0
GII 10/28	3.054	6	3.069	30/07/2021	-2
GII 07/29	3.244	12	3.244	30/07/2021	0
GII 09/30	3.314	100	3.326	30/07/2021	-1
GII 10/30	3.281	35	3.290	30/07/2021	-1
GII 11/34	3.886	13	3.886	30/07/2021	0
GII 07/36	3.896	77	3.887	30/07/2021	1
		<u>3326</u>			

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	04/25	GG	2.746	100	2.805	25/06/2021	-6	28
Perbadanan Tabung Pendidikan Tinggi Nasional	07/31	GG	3.489	30	3.499	21/07/2021	-1	32
Lembaga Pembiayaan Perumahan Sektor Awam	09/36	GG	4.109	20	4.110	29/07/2021	0	41
DanInfra Nasional Berhad	04/37	GG	4.149	10	4.231	02/07/2021	-8	45
Al Dzahab Assets Berhad	09/22	AAA	2.855	10	2.787	02/02/2021	7	108
Aman Sukuk Berhad	10/23	AAA	2.471	10	2.615	31/05/2021	-14	55
Aman Sukuk Berhad	05/24	AAA	2.677	40	2.757	10/06/2021	-8	41
Westports Malaysia Sdn Berhad	04/25	AAA	2.867	2	3.028	06/05/2021	-16	40
Small Medium Enterprise Development Bank Malaysia B	07/26	AAA	3.100	20			310	49
Danum Capital Berhad	05/27	AAA	3.178	20	2.939	14/12/2020	24	33
Danga Capital Berhad	09/27	AAA	3.176	40	3.194	27/07/2021	-2	32
Putrajaya Bina Sdn Berhad	09/27	AAA	3.168	20	2.798	07/09/2020	37	32
Telekom Malaysia Berhad	10/28	AAA	3.319	20	3.369	16/07/2021	-5	33
Sabah Development Bank Berhad	07/24	AA1	4.095	1	4.098	30/07/2021	0	183
GENM Capital Berhad	08/25	AA1	4.757	1	4.757	30/07/2021	0	229
Sabah Development Bank Berhad	07/26	AA1	4.375	6	4.301	30/07/2021	7	176
YTL Power International Berhad	05/27	AA1	3.887	20	3.891	28/07/2021	0	103
YTL Power International Berhad	08/28	AA1	4.058	20	4.259	18/03/2021	-20	107
Sabah Credit Corporation	11/28	AA1	3.718	40	4.130	14/11/2019	-41	73
Gamuda Land (T12) Sdn Berhad	08/25	AA3	3.628	10	3.498	02/03/2021	13	116
Edra Energy Sdn Berhad	01/38	AA3	4.810	15	5.380	15/07/2021	-57	111
AmBank Islamic Berhad	10/28	A1	3.677	3	3.717	14/07/2021	-4	69
Tropicana Corporation Berhad	06/23	A+	5.207	1	5.209	28/07/2021	0	328
Tropicana Corporation Berhad	06/25	A+	4.895	1	5.306	27/07/2021	-41	243
Alliance Bank Malaysia Berhad	10/30	A2	3.346	1	3.247	22/07/2021	10	19
DRB-Hicom Berhad	12/26	A+	4.738	1	4.738	27/07/2021	0	212
MMC Corporation Berhad	11/25	AA-	3.627	40	3.651	07/07/2021	-2	116
MMC Corporation Berhad	11/27	AA-	3.958	40	3.977	13/07/2021	-2	111
				540				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
MEX II Sdn Bhd (MEX II)	RM1.3 billion Sukuk Murabahah Programme and RM150.0 million Junior Bonds	To be downgraded to D from C-IS/C if repayment is missed on 27 August 2021	Update

Source: RAM/ MARC

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