

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries closed slightly stronger in the final trading session of 2020; led especially by the longer-ends. Bond-market activity was limited in holiday-thinned trading as investors waited for US labour-market data which ultimately showed an improvement in initial jobless claims as at 26th December. UST 2Y ended flat at 0.12% while the 10Y ended 1bps lower compared to prior day's close at 0.92%. Overall, the monthly loss for UST's pared the market's 7th straight annual gain to just under 8%. Meanwhile January is expected to determine whether the recent existence of the US reflation trade following the Biden-led Republican win can pick up steam for the year. Expect attention to shift to the upcoming nonfarm jobs data for December followed by results of the election next week that will determine control of the Senate along with scope for further fiscal stimulus.

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Tenure	Closing (%)	Chg (bps)
2-yr UST	0.12	0
5-yr UST	0.35	-1
10-yr UST	0.92	-1
30-yr UST	1.65	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.88	-4	1.92	0
5-yr	2.10	-4	2.26	-2
7-yr	2.39	1	2.51	0
10-yr	2.65	-1	2.81	0
15-yr	3.19	-3	3.32	0
20-yr	3.37	-2	3.55	-1
30-yr	3.82	-1	3.93	-1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	-1
3-yr	2.06	0
5-yr	2.25	1
7-yr	2.35	-2
10-yr	2.60	0

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Thursday i.e. the penultimate trading session for 2020 saw local govies end on a strong note with overall benchmark yields closing mostly lower between 0-4bps amid a quiet session on expected with low secondary market volume of only ~RM1.0b. The 5Y MGS 9/25 rallied, pushing yields up 4bps at 2.10% while the 10Y MGS 4/31 yields edged 1bps down at 2.65%. Interest was mainly seen in the longer-tenures i.e. benchmark 10 and 15Y MGS/GII. GII bond trades formed ~35% of overall trades. The MYR was seen advancing to a 2020 high whilst the yield curve saw the front end fall steeper due to expectations and also subsequent lowering of the OPR. We envisage that the wide investor base may continue to help maintain current support whilst the nation's largest pension fund EPF may take a temporary backseat as it strategises on its involvement in the recent economic stimulus measures.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw tepid interest which came as no surprise considering the low staffing levels due to the of the year-end festivities and holidays. Secondary market volume notched a mere RM20m with interest seen in the AAA-rated PASB6/27 which declined between 7-11bps compared to previous-done levels at 2.82% and 3.08% respectively. Expect trading activity in the secondary space to resume this week as portfolio managers reassess their respective positions.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 02/21	1.683	20	1.577	30/12/2020	11
MGS 07/21	1.688	9	1.589	30/12/2020	10
MGS 11/21	1.817	48	1.706	30/12/2020	11
MGS 03/22	1.822	17	1.821	30/12/2020	0
MGS 08/22	1.837	43	1.802	30/12/2020	3
MGS 09/22	1.813	11	1.818	30/12/2020	-1
MGS 03/23	1.872	71	1.914	30/12/2020	-4
MGS 04/23	1.916	1	1.921	28/12/2020	-1
MGS 06/24	1.997	30	2.007	29/12/2020	-1
MGS 07/24	2.045	1	2.046	30/12/2020	0
MGS 09/25	2.098	12	2.140	30/12/2020	-4
MGS 04/26	2.277	2	2.293	30/12/2020	-2
MGS 07/26	2.294	9	2.295	30/12/2020	0
MGS 03/27	2.422	2	2.423	30/12/2020	0
MGS 05/27	2.387	24	2.376	30/12/2020	1
MGS 11/27	2.424	18	2.409	30/12/2020	2
MGS 04/30	2.682	2	2.690	30/12/2020	-1
MGS 04/31	2.646	101	2.654	30/12/2020	-1
MGS 06/31	2.793	3	2.782	30/12/2020	1
MGS 07/34	3.193	129	3.221	30/12/2020	-3
MGS 05/35	3.248	9	3.306	29/12/2020	-6
MGS 04/37	3.393	2	3.415	28/12/2020	-2
MGS 05/40	3.365	62	3.389	29/12/2020	-2
MGS 09/43	3.817	10	3.829	28/12/2020	-1
MGS 07/48	3.847	10	3.907	24/12/2020	-6
MGS 06/50	3.820	5	3.827	30/12/2020	-1
GII 03/22	1.782	1	1.810	23/12/2020	-3
GII 11/22	1.900	18	1.920	23/12/2020	-2
GII 11/23	2.008	2	1.993	29/12/2020	1
GII 05/24	2.078	16	2.105	10/12/2020	-3
GII 10/24	2.063	20	2.072	30/12/2020	-1
GII 08/25	2.191	1	2.159	23/12/2020	3
GII 03/26	2.255	21	2.276	29/12/2020	-2
GII 09/27	2.505	10	2.506	29/12/2020	0
GII 07/29	2.727	3	2.728	30/12/2020	0
GII 09/30	2.887	31	2.700	17/11/2020	19
GII 10/30	2.806	164	2.806	30/12/2020	0
GII 11/34	3.323	10	3.319	29/12/2020	0
GII 09/39	3.546	25	3.557	30/12/2020	-1
GII 05/47	4.005	8	4.029	14/12/2020	-2
GII 11/49	3.927	21	3.938	30/12/2020	-1
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Daily Trades : Corp Bonds/ Sukuk

Securities	Maturity (dd/mm/yy yy)	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Pengurusan Air SPV Berhad	06/27	AAA	2.820	15	2.929	10/12/2020	-11	54
BGSM Management Sdn Berhad	12/27	AA3	3.080	5	3.150	30/12/2020	-7	70
				<u>20</u>				

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

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
ANIH Berhad	RM2.5 billion Senior Sukuk Musharakah Programme	AA-IS/Stable	Affirmed
UEM Group Berhad	RM2.2 bil Islamic Medium Term Notes (IMTN) Programme (2012/2042)	AA2/stable	Reaffirmed
ORIX Leasing Malaysia Berhad	ORIX Leasing Malaysia Berhad	AA2/Stable	Reaffirmed
IJM Land Berhad	Perpetual Sukuk Programme of RM2.0 bil	A2/Stable	Reaffirmed
IJM Corporation Berhad	RM3 bil Sukuk Murabahah Programme	AA3/Stable	Reaffirmed

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

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