

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs ended off-the-lows, lacking in price catalysts on Monday as equities bore the brunt of a sell-off especially in tech-related stocks in anticipation of higher UST yields. The curve closed higher with overall benchmark yields slightly up between 1-2bps with the UST 2Y yield at 0.28% whilst the much-watched UST 10Y closed at 1.48%. The threat of government default and price pressures continued to plague the mind of traders and investors. President Biden said that he could not guarantee that the government will not breach its ~\$28.4 trillion debt limit unless the Republicans join the Democrats in voting to raise it. Meanwhile, Fed's Bullard also reiterated his hawkish thoughts on QE. Bear-steepening driven by signals by the Fed on its intention to hike rates may likely to persist near-term.

MGS/GII

- Local govvnies saw most tenures close unchanged-to-weaker save for the longer-ends (i.e. 20-30Y MGS/GII) in a rather quiet session on Monday. Overall benchmark yields closed mixed between -1 to +4bps save for the odd-lot trades seen in the 30Y MGS/GII, amid a 58% fall in secondary market volume to a mere @ RM1.63b. The 5Y benchmark MGS 11/26 yield rose 4bps to 2.92% whilst the 10Y MGS 4/31 yield settled within 1bps higher at 3.38%. Interest was mainly seen in the shorter off-the-run 23's, 28's and also 5Y GII. GII trades fell to form ~27% of overall trades. Expect a busy month with four (4) auctions slated this October. Expect attention to shift to the upcoming 7Y MGS auction tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw investor activity taper off amid a mere secondary market volume of RM252m with interest seen mainly along the GG-AA part of the curve. Overall yields closed mostly higher again, spanning across 24 names. Govt-guaranteed DANA 5/36 jumped 15bps compared to previous-done levels at 4.22% whilst the long-end LPPSA spiked 35bps to 4.60%. AAA-rated SEB 27 traded again; rising 4bps to 3.42%. In the AA-space, SAMALAJU 12/28 and TADAU 7/23 closed 30bps and 9bps higher at 4.12% and 3.39% respectively. Quantum Solar 34-35's ended 1-3bps lower between 4.66-71%. Meanwhile the banking/finance space saw RHB Islamic 29NC24 settle 11bps higher at 4.66% whereas RHB Bank 31NC26 spiked 22bps to 3.61%. Hong Leong Financial Group 29NC24 notched RM30m in overall trades; edging 1bps up at 3.18%.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.28	1
5-yr UST	0.94	2
10-yr UST	1.48	2
30-yr UST	2.05	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.43	0	2.54	0
5-yr	2.92	4	3.00	4
7-yr	3.30	-1	3.26	2
10-yr	3.38	0	3.46	0
15-yr	3.91	2	3.99	0
20-yr	4.08	-1	4.19	-1
30-yr	4.18	-8	4.43	-9

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.98	0
3-yr	2.44	1
5-yr	2.77	1
7-yr	2.95	1
10-yr	3.20	3

Source: Bloomberg

Upcoming Government Bond Tender

Reopening of RM4.5b 7Y MGS 6/28 on Wednesday, 6th October, 2021

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	11/21	1.740	41	1.766	01/10/2021	-3
MGS	03/22	1.800	122	1.750	01/10/2021	5
MGS	08/22	1.745	112	1.737	01/10/2021	1
MGS	09/22	1.723	71	1.745	01/10/2021	-2
MGS	03/23	1.900	136	1.914	01/10/2021	-1
MGS	04/23	1.908	23	1.933	01/10/2021	-3
MGS	06/24	2.434	21	2.431	01/10/2021	0
MGS	07/24	2.477	62	2.491	01/10/2021	-1
MGS	03/25	2.618	78	2.556	01/10/2021	6
MGS	09/25	2.671	8	2.659	01/10/2021	1
MGS	04/26	2.867	17	2.880	01/10/2021	-1
MGS	07/26	2.889	13	2.925	01/10/2021	-4
MGS	05/27	3.178	29	3.109	01/10/2021	7
MGS	11/27	3.396	2	3.218	01/10/2021	18
MGS	06/28	3.300	137	3.305	01/10/2021	-1
MGS	08/29	3.400	27	3.385	01/10/2021	2
MGS	04/31	3.383	141	3.380	01/10/2021	0
MGS	04/33	3.769	44	3.763	01/10/2021	1
MGS	11/33	3.817	3	3.808	01/10/2021	1
MGS	07/34	3.898	10	3.915	01/10/2021	-2
MGS	05/35	3.915	6	3.897	01/10/2021	2
MGS	06/38	4.113	2	4.093	01/10/2021	2
MGS	05/40	4.079	66	4.090	01/10/2021	-1
MGS	06/50	4.179	14	4.259	01/10/2021	-8
GII	04/22	1.761	13	1.770	01/10/2021	-1
GII	08/24	2.527	30	2.551	30/09/2021	-2
GII	10/24	2.535	103	2.537	01/10/2021	0
GII	03/26	3.004	190	2.959	01/10/2021	4
GII	07/27	3.219	14	3.184	01/10/2021	3
GII	09/27	3.255	11	3.231	01/10/2021	2
GII	10/28	3.321	10	3.329	01/10/2021	-1
GII	08/33	3.745	12	3.777	01/10/2021	-3
GII	09/41	4.185	63	4.197	01/10/2021	-1
GII	11/49	4.425	2	4.512	30/09/2021	-9
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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*
Danainfra Nasional Berhad	05/36	GG	4.221	30	4.069	23/09/2021	15	33
Prasarana Malaysia Berhad	03/38	GG	4.360	5	3.799	14/01/2020	56	47
Prasarana Malaysia Berhad	08/41	GG	4.352	2	4.352	29/09/2021	0	27
Lembaga Pembiayaan Perumahan Sektor Awam	04/47	GG	4.600	5	4.250	10/12/2020	35	52
Sarawak Energy Berhad	01/27	AAA	3.417	10	3.379	01/10/2021	4	51
Petroleum Sarawak Exploration & Production Sdn Berhad	03/31	AAA	3.945	2	3.945	30/09/2021	0	56
Samalaju Industrial Port Sdn Berhad	12/28	AA1	4.117	10	3.821	23/07/2021	30	81
Hong Leong Financial Group Berhad	06/29	AA2	3.184	30	3.176	27/09/2021	1	-17
Perbadanan Kemajuan Negeri Selangor	11/21	AA3	2.858	5	2.739	06/09/2021	12	108
Kedah Cement Sdn Berhad (fka Lafarge Cement Sdn Bhd)	07/22	AA3	3.025	20	3.023	30/07/2021	0	124
Tadaw Energy Sdn Berhad	07/23	AA3	3.392	5	3.305	24/11/2020	9	139
Perbadanan Kemajuan Negeri Selangor	10/23	AA3	3.364	5	3.369	28/09/2021	-1	136
RHB Islamic Bank Berhad	05/29	AA3	3.205	20	3.097	06/09/2021	11	-15
RHB Bank Berhad	04/31	AA3	3.614	20	3.398	30/07/2021	22	23
UEM Edgenta Berhad	04/22	AA-	2.739	10	2.753	29/09/2021	-1	96
WCT Holdings Berhad	10/22	AA-	3.919	10	4.023	28/06/2021	-10	214
Penang Port Sdn Berhad	12/26	AA-	3.679	10	3.549	29/06/2021	13	77
Quantum Solar Park (Semenanjung) Sdn Berhad	10/34	AA-	4.657	20	4.666	27/09/2021	-1	77
Quantum Solar Park (Semenanjung) Sdn Berhad	04/35	AA-	4.710	10	4.739	01/10/2021	-3	82
Hong Leong Financial Group Berhad	11/17	A1	3.397	20	3.248	27/09/2021	15	-69
Alliance Bank Malaysia Berhad	10/32	A2	3.614	1	3.658	21/09/2021	-4	23
Alliance Bank Malaysia Berhad	10/35	A2	3.819	1	3.820	28/09/2021	0	-7
Tropicana Corporation Berhad	09/19	A	5.594	1	6.245	01/10/2021	-65	151
Eco World Capital Assets Berhad	08/24	-	5.400	1	4.875	01/10/2021	53	296
				<u>252</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Maybank Ageas Holdings Berhad	Proposed RM3 billion Subordinated Bonds Programme	AA2/Stable	Assigned
Standard Chartered Bank Malaysia Berhad	Financial institution ratings (FIRs)	AAA/Stable/P1	Reaffirmed
Standard Chartered Saadiq Berhad (Saadiq)	Financial institution ratings (FIRs)	AAA/Stable/P1	Reaffirmed

Source: RAM/ MARC

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