

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs slumped across the curve in a heavily-traded session, as inflationary pressures due to surging oil prices and supply-chain disruptions unnerved markets. Gilts were seen leading the global sell-off with spreads seen tightest in a year against USTs. The curve steepened with overall benchmark yields higher between 1-5bps. The UST 2Y yield edged 1bps up at 0.29% whilst the much-watched UST 10Y spiked 5bps to 1.53%. The US debt limit and concerns on stagflation which the US experienced in the 70's may plague the nation. Meanwhile, the ISM services Index which rose in September may have also helped cause the rise in bond yields. Moving forward, investors await the private sector employment report from ADP tonight followed by the all-important jobs data release for September this Friday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.29	1
5-yr UST	0.97	3
10-yr UST	1.53	5
30-yr UST	2.10	5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.43	0	2.52	-1
5-yr	2.92	0	2.95	-6
7-yr	3.34	4	3.26	1
10-yr	3.45	6	3.52	6
15-yr	3.90	-1	3.99	0
20-yr	4.08	0	4.21	2
30-yr	4.32	14	4.51	8

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.98	0
3-yr	2.48	4
5-yr	2.80	3
7-yr	2.98	3
10-yr	3.23	2

Source: Bloomberg

MGS/GII

- Local govies continued to trend weaker on Tuesday in the absence of market-moving data; influenced by higher IRS levels. Overall benchmark yields closed mostly higher between 0-14bps save for the shorter-end GII's, amid a slight uptick in secondary market volume of RM1.86b. The 5Y benchmark MGS 11/26 yield closed unchanged at 2.92% whilst the 10Y MGS 4/31 spiked 6bps to 3.45%. Interest was mainly seen in the shorter off-the-run 23's and also 5Y GII, 10Y MGS/GII. GII trades jumped to form ~49% of overall trades. Meanwhile, the Deputy Finance Minister said that the nation's statutory debt comprised 59.2% of GDP as at end-August and still below the earlier 60% approved threshold. Plans are underway to obtain parliament approval to increase this to 65%. Meanwhile, attention will shift to the upcoming 7Y MGS auction today.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw improvement in investor activity amid higher secondary market volume of RM409m with interest seen mainly along the GG-AA part of the curve. Overall yields closed mostly mixed, spanning across 22 names. Govt-guaranteed KHAZANAH 6/22 rallied 36bps compared to previous-done levels at 2.01% on substantial trades totaling RM100m. DANA and PRASA 22's rose 3-8bps instead between 2.02-04% levels. AAA-rated PUTRAJAYA 9/23 and MANJUNG 25 too rose 10-36 bps at 2.59% and 3.25% each. In the AA-space, SAMALAJU 26 ended 16bps up at 3.35% whereas the 2028 tranche traded back-to-back again; closing unchanged at 4.12%. MRCB 8/23 however declined 15bps to 3.84% whilst Fortune Premiere 10/25 ended unchanged at 3.65%. Meanwhile the banking/finance space saw CIMB Group Holdings 29NC24 spike 16bps to 3.35%.

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	03/22	1.760	21	1.800	04/10/2021	-4
MGS	08/22	1.770	21	1.745	04/10/2021	2
MGS	09/22	1.658	53	1.723	04/10/2021	-7
MGS	03/23	1.908	174	1.900	04/10/2021	1
MGS	08/23	2.033	6	2.059	01/10/2021	-3
MGS	06/24	2.433	1	2.434	04/10/2021	0
MGS	07/24	2.479	35	2.477	04/10/2021	0
MGS	09/24	2.470	30	2.496	04/10/2021	-3
MGS	03/25	2.601	20	2.618	04/10/2021	-2
MGS	09/25	2.702	50	2.671	04/10/2021	3
MGS	07/26	2.867	7	2.889	04/10/2021	-2
MGS	11/26	2.920	50	2.921	04/10/2021	0
MGS	05/27	3.153	33	3.178	04/10/2021	-2
MGS	11/27	3.262	1	3.396	04/10/2021	-13
MGS	06/28	3.340	130	3.300	04/10/2021	4
MGS	08/29	3.404	15	3.400	04/10/2021	0
MGS	04/30	3.458	1	3.407	01/10/2021	5
MGS	04/31	3.445	194	3.383	04/10/2021	6
MGS	06/31	3.464	19	3.494	01/10/2021	-3
MGS	07/34	3.898	57	3.898	04/10/2021	0
MGS	05/35	3.903	9	3.915	04/10/2021	-1
MGS	06/50	4.320	29	4.179	04/10/2021	14
GII	04/22	1.730	38	1.761	04/10/2021	-3
GII	07/22	1.830	10	1.791	01/10/2021	4
GII	11/22	1.850	20	1.633	30/09/2021	22
GII	05/23	2.001	40	1.974	01/10/2021	3
GII	07/23	2.036	20	1.997	30/09/2021	4
GII	10/23	2.126	40	2.014	13/09/2021	11
GII	11/23	2.073	57	2.059	30/09/2021	1
GII	08/25	2.700	10	2.649	21/09/2021	5
GII	03/26	2.946	148	2.935	04/10/2021	1
GII	09/27	3.264	50	3.255	04/10/2021	1
GII	10/28	3.360	81	3.321	04/10/2021	4
GII	10/30	3.517	233	3.461	01/10/2021	6
GII	09/41	4.208	60	4.185	04/10/2021	2
GII	11/49	4.508	100	4.425	04/10/2021	8
			<u>1863</u>			

Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
								YTM
Danainfra Nasional Berhad	04/22	GG	2.015	50	1.935	06/09/2021	8	23
Khazanah Nasional Berhad	06/22	GG	2.012	100	2.342	22/03/2021	-33	23
Prasarana Malaysia Berhad	09/22	GG	2.039	50	2.008	24/08/2021	3	26
Cagamas Berhad	11/21	AAA	1.907	5	1.984	05/08/2021	-8	12
Putrajaya Holdings Sdn Berhad	09/23	AAA	2.589	5	2.491	02/09/2021	10	59
Starbright Capital Berhad	12/23	AAA	3.390	10	4.149	06/01/2020	-76	139
Manjung Island Energy Berhad	11/25	AAA	3.251	5	2.892	10/09/2021	36	57
Bank Pembangunan Malaysia Berhad	11/35	AAA	4.349	30	4.400	21/06/2021	-5	45
Fortune Premiere Sdn Berhad	10/25	AA	3.649	5	3.650	28/09/2021	0	97
CIMB Group Holdings Berhad	09/29	AA	3.346	80	3.186	19/08/2021	16	-2
Samalaju Industrial Port Sdn Berhad	12/26	AA1	3.636	10	3.366	19/08/2021	27	72
Samalaju Industrial Port Sdn Berhad	12/28	AA1	4.118	10	4.117	04/10/2021	0	79
Perbadanan Kemajuan Negeri Selangor	11/21	AA3	2.781	5	2.858	04/10/2021	-8	100
Tadau Energy Sdn Berhad	07/23	AA3	3.384	5	3.392	04/10/2021	-1	138
Perbadanan Kemajuan Negeri Selangor	10/23	AA3	3.357	5	3.364	04/10/2021	-1	136
Tadau Energy Sdn Berhad	07/30	AA3	4.568	10	4.069	14/09/2020	50	117
Malayan Banking Berhad	02/17	AA3	3.342	1	3.277	07/09/2021	6	-75
Malaysian Resources Corporation Berhad	08/23	AA-	3.837	20	3.985	16/04/2021	-15	184
Tropicana Corporation Berhad	06/23	A+	4.842	1	5.020	01/10/2021	-18	284
Tropicana Corporation Berhad	10/23	A+	5.008	1	3.887	28/09/2021	112	301
Tropicana Corporation Berhad	06/25	A+	4.693	1	4.611	01/10/2021	8	201
Eco World Capital Assets Berhad	08/24	-	5.398	2	5.400	04/10/2021	0	295
				<u>409</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
MUFG Bank (Malaysia) Berhad	USD500 million Multi-Currency Sukuk Wakalah Bi Al-Istithmar Programme	AAA(bg)/Stable	Reaffirmed
MUFG Bank, Ltd	Financial institution ratings	AAA/Stable/P1	Reaffirmed
Sukuk Murabahah Sdn Bhd TSH Sukuk	RM150m Medium-Term Notes (IMTN) Programme	A+ IS/Stable to A+ IS/Positive	Affirmed
	RM50m Commercial Papers (ICP) Programme	MARC-1 IS/Stable to MARC-1 IS/Positive	Affirmed

Source: RAM/ MARC

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