

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.59	-3
5-yr UST	1.13	-7
10-yr UST	1.35	-10
30-yr UST	1.72	-5

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.68	4	2.79	1
5-yr	3.12	-2	3.13	2
7-yr	3.40	-1	3.52	12
10-yr	3.53	-2	3.58	0
15-yr	3.88	1	4.00	3
20-yr	4.12	3	4.19	1
30-yr	4.20	1	4.41	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.11	3
3-yr	2.67	1
5-yr	2.87	-1
7-yr	3.11	-1
10-yr	3.31	-2

Source : Bloomberg

#### Upcoming Government Bond Tender

Re-opening of RM3.5b of 7Y GII 10/28 on Monday, 6<sup>th</sup> of December, 2022

#### US Treasuries

- USTs advanced amid flight to safety as the big miss in nonfarm payroll print at 210k heightened worries recovery in the US economy is tumbling even before the flare-up of Omicron. The bigger than expected drop in unemployment rate to 4.2% as well as sustained wage gain of 4.8% y/y however soothed market jitters and reinforced beliefs that the Fed will still be on track with its asset tapering and rate hike path. As at Friday's close, overall yields fell 3-10bps across and bull flattened the curve. The UST 2Y yield fell 3bps to 0.59% whilst the much-watched 10Y pulled back by a whopping 10bps to 1.35%. Expect attention to shift to US CPI reading later this week while escalating Omicron-related concerns will likely keep UST in a bullish tone.

#### MGS/GII

- Local govies traded in a mixed note last Friday as investors regained some calm from Thursday's swings amid lower secondary market volume of RM1.75bn (prior RM1.81bn). Overall benchmark yields were seen settling between -2 to +4bps higher save for the spike in 7Y GII. The 5Y benchmark MGS 11/26 yield slipped 2bps at 3.12% whilst the 10Y benchmark MGS 4/31 also edged 2bp down from prior day's close at 3.53%. Interest was mainly seen in the short end off-the-run MGS '3/22 and GII '7/23, as well as the benchmark 7Y MGS 6/28 and 3Y GII '10.24. GII transactions picked up some steam to form 28% of overall trades (prior 14%). Expect some pick-up in trading momentum today as attention shifts to the reopening sale of 7Y GII 10/28 today.

#### Corp Bonds/Sukuk

- The Corporate Bonds/Sukuk space was extremely quiet with only four issuances being traded last Friday, as investors stayed on the sideline in the midst of lingering uncertainties and lack of fresh catalysts. Secondary market volume nosedived to a mere RM53m (prior RM463m), its lowest since February this year during the Lunar New Year festivities. Trades were sporadic across the GG to AA-rated part of the curve with one trade each in GG and AAA-rated space. Government-guaranteed LPPSA '9/22 and AAA-rated Danum '2/34 saw RM20m changed hands each, at 1.95% (-8bps) and 4.20% (-4bps) respectively. The other two trades were AA-rated SDB '6/23 and Press Metal '10/26, last dealt significantly higher at 3.79% and 4.27% respectively.

## Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 03/22	1.75	250	1.77	02/12/2021	-2
MGS 08/22	1.70	1	1.73	01/12/2021	-3
MGS 03/23	2.24	27	2.27	02/12/2021	-3
MGS 04/23	2.29	62	2.26	02/12/2021	3
MGS 08/23	2.42	20	2.36	02/12/2021	6
MGS 06/24	2.66	1	2.64	02/12/2021	2
MGS 07/24	2.70	14	2.71	02/12/2021	0
MGS 09/24	2.70	15	2.70	02/12/2021	1
MGS 09/25	2.91	60	2.86	02/12/2021	6
MGS 07/26	3.10	4	3.10	02/12/2021	0
MGS 11/26	3.11	47	3.14	02/12/2021	-2
MGS 03/27	3.21	1	3.22	02/12/2021	-1
MGS 05/27	3.21	0	3.22	02/12/2021	-1
MGS 11/27	3.19	86	3.26	02/12/2021	-7
MGS 06/28	3.38	297	3.41	02/12/2021	-3
MGS 08/29	3.50	77	3.49	02/12/2021	0
MGS 04/30	3.57	0	3.57	02/12/2021	0
MGS 04/31	3.54	84	3.54	02/12/2021	0
MGS 06/31	3.64	14	3.64	01/12/2021	0
MGS 04/32	3.75	20	3.72	02/12/2021	4
MGS 04/33	3.75	61	3.79	02/12/2021	-4
MGS 07/34	3.85	19	3.87	02/12/2021	-2
MGS 05/35	3.86	6	3.86	02/12/2021	0
MGS 04/37	4.05	22	4.06	02/12/2021	-1
MGS 06/38	4.24	12	4.20	02/12/2021	4
MGS 05/40	4.09	31	4.09	02/12/2021	0
MGS 09/43	4.30	18	4.33	02/12/2021	-3
MGS 06/50	4.17	13	4.19	02/12/2021	-2
GII 03/22	1.76	100	1.78	02/12/2021	-2
GII 07/22	1.77	0	1.80	01/12/2021	-3
GII 11/22	1.81	1	1.66	30/11/2021	15
GII 05/23	2.25	60	2.28	02/12/2021	-3
GII 07/23	2.30	110	2.29	02/12/2021	2
GII 10/24	2.79	191	2.78	02/12/2021	1
GII 07/27	3.42	2	3.39	02/12/2021	2
GII 08/28	3.53	1	3.57	01/12/2021	-4
GII 07/29	3.55	1	3.56	02/12/2021	0
GII 10/30	3.56	1	3.59	02/12/2021	-3
GII 09/41	4.17	2	4.18	01/12/2021	-2
GII 11/49	4.34	17	4.41	02/12/2021	-7
		<u>1750</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities	Rating	Closing	Vol	Previous	Previous	Chg	Spread	
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)	Against MGS*	
Lembaga Pembiayaan Perumahan Sektor Awam	09/22	GG	1.95	20	2.02	27/08/2021	-8	10
Danum Capital Berhad	02/34	AAA	4.20	20	4.24	26/11/2021	-4	67
Sabah Development Bank Berhad	06/23	AA1	3.79	3	3.27	01/12/2021	52	145
Press Metal Aluminium Holdings Berhad	10/26	AA3	4.27	10	4.01	06/08/2021	26	115
			<u>53</u>					

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

## Rating Action

Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

**Hong Leong Bank Berhad**

Fixed Income &amp; 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@hbb.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.