

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries rallied on Tuesday, propelled by the weaker gauge of service-sector activity from both ISM and PMI Services Index for June coupled with current drought in bond supply pipeline. The curve shifted lower as overall benchmark yields settled 1-8bps lower across. The UST 2Y yield edged 1bps down at 0.22% whilst the much-watched UST 10Y shed 8bps to a 4-month low at 1.35%. Meanwhile, some investors are expecting the front-end to benefit from the perceived cutback in bill auction sizes before the potential reinstatement of the nation's debt ceiling by month-end. The Fed's long-standing ability to keep inflation in check along with growth concerns has bode well for USTs. Expect attention to shift to the upcoming FOMC meeting minutes and jobless claims data tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.22	-1
5-yr UST	0.80	-6
10-yr UST	1.35	-8
30-yr UST	1.98	-7

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.20	-1	2.26	1
5-yr	2.48	-1	2.61	3
7-yr	2.97	1	2.93	-1
10-yr	3.19	0	3.26	0
15-yr	3.79	2	3.95	-2
20-yr	4.14	2	4.22	0
30-yr	4.25	8	4.45	4

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.93	0
3-yr	2.31	2
5-yr	2.60	2
7-yr	2.84	4
10-yr	3.05	1

Source: Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- On Tuesday, local govies closed mixed with the short-end MGS richer whereas the longer ends witnessed profit-taking following recent strength in performance. Overall benchmark yields ended mostly mixed between -2 to +8bps amid a slight pullback in secondary market volume of RM2.93b. The 5Y MGS 9/25 yield edged 1bps from prior day's close at 2.48%, whilst the 10Y MGS 4/31 yield closed almost unchanged at 3.19%. Interest was mainly seen in the off-the-run 21-23's and also benchmark 5Y GII. GII transactions rose to form 57% of overall trades. Expect attention to shift to BNM's MPC meeting decision tomorrow for which we are projecting OPR to stay pat at 1.75% for now.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw improved interest as secondary market volume jumped to RM686m on Tuesday with trades seen across the GG to single-A part of the curve. Overall yields closed mixed-to-lower spanning across 26 names in total. Govt-guaranteed JKSB 7/23 and 5/25 rose 10-20bps compared to previous-done levels at 2.16% and 2.62 respectively. AAA-rated DIGI 4/22 registered RM90m in trades, closing 8bps lower at 2.12% whereas both SEB and PLUS 28 edged 2bps lower at 3.11% and 3.39% each. The PLUS 29 tranche too was well-bid, resulting in a 3bps decline at 3.57%. AA-rated energy-related bonds i.e. YTL Power 6/22 and TG BIN Power 8/23 were slightly pressured with yields rising 1-4bps at 2.84% and 2.88% each. Meanwhile the banking space was dominated by CIMB-related names. CIMB Group 30NC25 rallied 33bps at 3.41% whilst CIMB Thai 29NC24 moved 8bps lower at 3.57%. CIMB Group 2116NC23 perps too was strongly bid with yields falling 49bps at 3.45%.

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 07/21	1.340	68	1.860	05/07/2021	-52
MGS 09/21	1.759	236	1.760	05/07/2021	0
MGS 11/21	1.761	63	1.751	05/07/2021	1
MGS 03/22	1.765	101	1.767	05/07/2021	0
MGS 08/22	1.706	30	1.769	05/07/2021	-6
MGS 09/22	1.770	80	1.754	05/07/2021	2
MGS 03/23	1.903	221	1.896	05/07/2021	1
MGS 04/23	1.917	60	1.907	05/07/2021	1
MGS 06/24	2.203	103	2.212	05/07/2021	-1
MGS 07/24	2.265	1	2.295	02/07/2021	-3
MGS 09/25	2.482	123	2.495	02/07/2021	-1
MGS 07/26	2.664	10	2.664	05/07/2021	0
MGS 05/27	2.843	1	2.833	05/07/2021	1
MGS 06/28	2.965	9	2.955	05/07/2021	1
MGS 08/29	3.119	44	3.100	05/07/2021	2
MGS 04/31	3.189	25	3.186	05/07/2021	0
MGS 11/33	3.780	20	3.827	01/07/2021	-5
MGS 05/35	3.789	27	3.771	05/07/2021	2
MGS 04/37	3.938	13	4.052	02/07/2021	-11
MGS 05/40	4.141	27	4.125	05/07/2021	2
GII 08/21	1.757	100	1.756	02/07/2021	0
GII 04/22	1.760	400	1.741	05/07/2021	2
GII 07/22	1.768	10	1.780	02/07/2021	-1
GII 07/23	1.978	120	1.962	05/07/2021	2
GII 10/24	2.257	126	2.245	05/07/2021	1
GII 03/26	2.606	500	2.578	05/07/2021	3
GII 09/26	2.727	180	2.728	02/07/2021	0
GII 07/27	2.936	3	2.951	02/07/2021	-2
GII 09/27	2.926	177	2.936	02/07/2021	-1
GII 07/29	3.217	10	3.217	05/07/2021	0
GII 10/30	3.260	10	3.263	05/07/2021	0
GII 07/36	3.954	10	3.978	05/07/2021	-2
GII 09/39	4.197	1	4.287	01/07/2021	-9
GII 11/49	4.450	25	4.405	05/07/2021	4
		<u>2933</u>			

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*
PR1MA Corporation Malaysia	10/22	GG	2.078	10	2.498	24/03/2021	-42	31
Jambatan Kedua Sdn Berhad	07/23	GG	2.160	30	2.262	28/06/2021	-10	23
Khazanah Nasional Berhad	08/23	GG	2.264	20	2.336	15/06/2021	-7	33
Perbadanan Tabung Pendidikan Tinggi Nasional	12/24	GG	2.499	10	2.674	14/06/2021	-18	29
Jambatan Kedua Sdn Berhad	05/25	GG	2.620	15	2.815	25/05/2021	-20	20
Prasarana Malaysia Berhad	08/28	GG	3.261	20	2.861	29/01/2021	40	30
Pengurusan Air SPV Berhad	02/29	GG	3.330	10	3.330	05/07/2021	0	23
DiGi Telecommunications Sdn Berhad	04/22	AAA	2.117	90	2.194	24/06/2021	-8	34
Malaysia Airports Capital Berhad	12/22	AAA	2.900	10	2.802	30/06/2021	10	113
Sarawak Energy Berhad	08/25	AAA	3.107	10	3.130	01/07/2021	-2	69
Projek Lebuhraya Usahasama Berhad	01/28	AAA	3.387	10	3.408	18/06/2021	-2	42
Pengurusan Air SPV Berhad	04/28	AAA	3.444	10	3.510	10/06/2021	-7	48
Projek Lebuhraya Usahasama Berhad	01/29	AAA	3.567	40	3.597	17/06/2021	-3	47
Infracap Resources Sdn Berhad	04/29	AAA	3.796	10	-	-	-	70
YTL Power International Berhad	06/22	AA1	2.835	10	2.795	10/06/2021	4	106
Kuala Lumpur Kepong Berhad	09/22	AA1	2.296	25	2.315	30/06/2021	-2	52
Kuala Lumpur Kepong Berhad	08/25	AA1	3.019	10	3.040	28/06/2021	-2	60
Genting RMTN Berhad	11/34	AA1	5.001	1	5.001	05/07/2021	0	122
Sime Darby Property Berhad	12/27	AA+	3.589	10	3.702	11/05/2021	-11	79
Tanjung Bin Power Sdn Berhad	08/23	AA2	2.878	10	2.868	09/12/2020	1	94
SP Setia Berhad	06/26	AA	3.712	60	3.748	01/07/2021	-4	121
CIMB Group Holdings Berhad	11/30	AA	3.414	30	3.744	19/03/2021	-33	22
Perbadanan Kemajuan Negeri Selangor	11/21	AA3	2.989	30	3.016	05/07/2021	-3	122
Bumitama Agri Ltd	07/24	AA3	3.158	10	3.196	25/06/2021	-4	95
CIMB Thai Bank Public Company Limited	07/29	AA3	3.565	55	3.643	06/05/2021	-8	47
WCT Holdings Berhad	10/21	AA-	3.678	10	3.711	05/07/2021	-3	191
Malakoff Power Berhad	12/28	AA-	3.802	30	4.029	08/10/2019	-23	84
CIMB Group Holdings Berhad	05/16	A1	3.445	50	3.938	23/06/2021	-49	-69
CIMB Group Holdings Berhad	05/16	A1	2.717	1	3.586	24/06/2021	-87	-142
MMC Corporation Berhad	11/27	AA-	4.048	50	4.129	05/07/2021	-8	125
				<u>686</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Zamarad Assets Berhad	Tranche 6 RM80 mil Class A Sukuk RM20 mil Class B Sukuk	AAA/Stable AA2/Stable	Assigned
Telekosang Hydro One Sdn Bhd'	RM470 mil ASEAN Green SRI Sukuk under the Shariah principle of Wakalah Bi Al-Istithmar (2019/2037) (the Senior Sukuk)	AA3/Stable	Reaffirmed

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