

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries saw no let-up in demand; further extending their rally on Thursday, amid concerns over growth and reduction in T-Bill auction sizes for the 1st time since 2020. The curve shifted lower as overall benchmark yields declined between 1-4bps. Both UST 2Y and the much-watched UST 10Y yields shed 2bps each at 0.20% and 1.29% respectively. The narrowing of premium for hedging 10-year put options over call was also another strong signal for the strong uptrend in UTS's. Recent data on the labor market and services sector may have caused investors to doubt that the economy may not be strengthening as initially projected. Market participants will be evaluating the response to a heavy auction calendar next week consisting of \$38b 10Y and \$62b 30Y bonds. Meantime there is no major data release on the economic front tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.20	-2
5-yr UST	0.74	-4
10-yr UST	1.29	-2
30-yr UST	1.93	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.22	0	2.23	-1
5-yr	2.43	-4	2.61	3
7-yr	2.91	-1	2.93	2
10-yr	3.15	0	3.23	0
15-yr	3.73	-1	3.91	-2
20-yr	4.02	-4	4.20	0
30-yr	4.15	-3	4.43	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.94	1
3-yr	2.28	-1
5-yr	2.54	-3
7-yr	2.82	0
10-yr	3.02	0

Source: Bloomberg

MGS/GII

- On Thursday, local govies ended stronger across the curve with the MGS curve shifting lower, stemming from confidence due to the increase in foreign holdings whilst overcoming the MPC decision to stay pat on the OPR at 1.75%. Overall benchmark yields ended between 0-4bps lower save for the GII belly amid a further rise in secondary market volume @ RM4.54b. The 5Y MGS 9/25 rallied 4bps to 2.43%, whilst the 10Y MGS 4/31 closed almost unchanged at 3.15%. Interest was mainly seen in the benchmark 3Y, 5Y, 7Y 10Y and even 20Y MGS/GII. GII transactions maintained to form 44% of overall trades. Total foreign holdings of government bonds (i.e. MGS +GII +SPK) inched up by RM690m or 0.3% as at end-June. Elsewhere, investors may also await for further updates on the political front.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw better investor interest on Wednesday amid an improvement in secondary market volume @ RM466m, with trades still seen across the GG to single-A part of the curve. Overall yields closed mixed-to-lower spanning across 27 names in total. The long-end govt-guaranteed DANA 4/40 and 2/51 closed 9-11bps lower at 4.32% and 4.51% each. AAA-rated energy bonds MANJUNG 11/28 spiked 45bps at 3.46% whereas SEB 11/33 declined 3bps at 4.30%. AA-rated SAMALAJU 12/29 was pressured 70bps higher at 3.96%. Meanwhile the banking space saw CIMB Thai make its debut trade at 3.68%; 22bps lower than its coupon when issued. AFFIN Bank 27NC23 however succumbed, by spiking 42bps at 3.51%.

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 07/21	1.711	105	1.340	06/07/2021	37
MGS 09/21	1.756	120	1.750	07/07/2021	1
MGS 11/21	1.760	137	1.766	07/07/2021	-1
MGS 03/22	1.821	234	1.749	07/07/2021	7
MGS 09/22	1.758	9	1.766	07/07/2021	-1
MGS 03/23	1.896	102	1.892	07/07/2021	0
MGS 06/24	2.224	251	2.224	07/07/2021	0
MGS 09/24	2.257	1	2.299	05/07/2021	-4
MGS 09/25	2.435	62	2.467	07/07/2021	-3
MGS 07/26	2.659	18	2.632	07/07/2021	3
MGS 11/26	2.529	2	2.532	07/07/2021	0
MGS 11/27	2.862	1	2.884	07/07/2021	-2
MGS 06/28	2.914	211	2.921	07/07/2021	-1
MGS 08/29	3.084	162	3.109	07/07/2021	-2
MGS 04/30	3.212	20	3.222	07/07/2021	-1
MGS 04/31	3.147	421	3.144	07/07/2021	0
MGS 06/31	3.321	38	3.330	07/07/2021	-1
MGS 07/34	3.777	5	3.789	07/07/2021	-1
MGS 05/35	3.733	245	3.747	07/07/2021	-1
MGS 05/40	4.023	306	4.058	07/07/2021	-4
MGS 07/48	4.405	10	4.407	07/07/2021	0
MGS 06/50	4.154	85	4.181	07/07/2021	-3
GII 03/22	1.750	10	1.719	01/07/2021	3
GII 04/22	1.750	65	1.751	07/07/2021	0
GII 07/22	1.801	20	1.768	06/07/2021	3
GII 10/24	2.228	320	2.238	07/07/2021	-1
GII 03/26	2.610	560	2.577	07/07/2021	3
GII 09/26	2.685	50	2.727	07/07/2021	-4
GII 09/27	2.926	90	2.905	07/07/2021	2
GII 10/28	3.046	25	3.082	30/06/2021	-4
GII 07/29	3.161	247	3.190	07/07/2021	-3
GII 10/30	3.229	252	3.228	07/07/2021	0
GII 06/33	3.725	10	3.726	07/07/2021	0
GII 08/33	3.774	50	3.776	07/07/2021	0
GII 10/35	3.956	50	4.000	07/07/2021	-4
GII 07/36	3.908	143	3.924	07/07/2021	-2
GII 09/41	4.195	2	4.195	07/07/2021	0
GII 11/49	4.432	99	4.435	07/07/2021	0
		<u>4536</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*
Perbadanan Tabung Pendidikan Tinggi Nasional	07/28	GG	3.239	5	3.260	07/07/2021	-2	30
Perbadanan Tabung Pendidikan Tinggi Nasional	03/29	GG	3.340	20	3.429	09/04/2021	-9	27
GovCo Holdings Berhad	02/32	GG	3.630	30	3.750	23/06/2021	-12	47
DanaInfra Nasional Berhad	05/32	GG	3.624	20	3.689	05/05/2021	-6	47
DanaInfra Nasional Berhad	04/40	GG	4.319	20	4.430	03/06/2021	-11	28
DanaInfra Nasional Berhad	02/51	GG	4.510	80	4.602	02/07/2021	-9	47
Malaysia Airports Capital Berhad	12/22	AAA	2.894	90	2.900	06/07/2021	-1	112
Projek Lebuhraya Usahasama Berhad	01/27	AAA	3.177	40	3.205	14/06/2021	-3	39
Pengurusan Air Selangor Sdn Berhad	12/27	AAA	3.468	40	3.450	05/07/2021	2	68
Telekom Malaysia Berhad	10/28	AAA	3.379	10	3.498	16/06/2021	-12	44
Manjung Island Energy Berhad	11/28	AAA	3.460	5	3.015	04/01/2021	45	52
Sarawak Energy Berhad	11/33	AAA	4.300	20	4.329	18/06/2021	-3	114
Samalaju Industrial Port Sdn Berhad	12/29	AA1	3.957	20	3.257	01/09/2020	70	89
Press Metal Aluminium Holdings Berhad	08/25	AA3	4.127	1	4.078	14/06/2021	5	172
Hong Leong Assurance Berhad	12/28	AA3	3.855	7	4.203	01/07/2021	-35	92
CIMB Thai Bank Public Company Limited	07/31	AA3	3.680	20	-	-	-	52
Affin Bank Berhad	09/27	A1	3.508	10	3.092	22/06/2021	42	72
CIMB Group Holdings Berhad	05/16	A1	4.167	1	4.323	06/04/2021	-16	12
CIMB Group Holdings Berhad	05/16	A1	2.647	1	2.717	06/07/2021	-7	-140
Sunsuria Berhad	12/25	A+	5.470	1	5.800	08/12/2020	-33	307
Tropicana Corporation Berhad	05/27	A+	5.599	5	5.610	05/07/2021	-1	281
DRB-Hicom Berhad	12/26	A+	4.349	10	4.349	07/07/2021	0	189
Alliance Bank Malaysia Berhad	10/35	A2	3.975	1	3.674	07/07/2021	30	23
IJM Land Berhad	03/19	A2	4.708	10	4.747	01/07/2021	-4	66
IJM Land Berhad	03/19	A2	4.840	1	4.398	04/06/2021	44	80
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/31	A3	4.244	1	4.239	29/06/2021	0	109
Tropicana Corporation Berhad	09/19	-	4.872	1	4.925	01/07/2021	-5	83
				466				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

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