

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs ended mostly weaker on Monday save for the long bond as the continued rally in risk saw cash flow back into equities despite the FOMC primarily not inclined yet to hike rates. However, the FedSpeak event saw some support for the likelihood of one tightening; nearing the end of 2022. The curve shifted higher extending up to 20-year tenures with overall benchmark yields closing between -1 to +6bps. **Both the UST 2Y and the much-watched UST 10Y yields ended 4bps higher at 0.44% and 1.49% respectively.** The \$56b 3Y note auction was decent at best, with bidding metrics denoting a cover of only 2.33x (six previous auction average: 2.44x) and awarded at an attractive rate of 0.75%; ~12bps cheaper than its previous equivalent sale last month. Expect investors to pay attention to the upcoming October CPI and jobless claims as at 6th November, come Wednesday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.44	4
5-yr UST	1.12	6
10-yr UST	1.49	4
30-yr UST	1.88	-1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.61	-4	2.69	-2
5-yr	3.10	-3	3.14	-6
7-yr	3.36	-7	3.42	0
10-yr	3.45	-13	3.60	-6
15-yr	4.04	-2	4.16	0
20-yr	4.18	-5	4.23	10
30-yr	4.28	-8	4.50	-2

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.05	-4
3-yr	2.68	-7
5-yr	2.91	-5
7-yr	3.14	-8
10-yr	3.32	-6

Source: Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- Local govovies continued its fine run on Monday and were strongly bid in most tenures save for the 20Y GII. Overall benchmark yields closed mostly between 0-13 bps lower despite a 16% pullback in secondary market volume @ RM2.70b. **The 5Y benchmark MGS 11/26 yield closed 3bps lower at 3.10% whilst the 10Y benchmark MGS 4/31 rallied strongly, pushing yields down by 13bps to 3.45%.** Interest was mainly seen in the off-the-run 22-23's and also 3Y MGS, 10Y GII. GII trades rose further to form 32% of overall trades. Elsewhere, falling IRS levels on the front-end of the rate-swap curve are pointing to a potential cooling in speculation of earlier hawkish bets whilst the longer-end is seen slightly pressured due to substantial bond supply. Meanwhile, expect some attention today to shift to the industrial production numbers for September.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw muted interest at the start of this week amid a tepid market volume of RM127m with interest seen mainly along the GG-AA part of the curve. Overall yields closed mostly mixed-to-higher, spanning across 16 names. Govt-guaranteed KHAZANAH 9/22 edged 2bps up compared to previous-done levels at 2.04% whilst PRASA 11/28 spiked 48bps to 3.76%. AAA-rated DANGA 9/33 edged 2bps up at 4.22% whereas CAGAMAS 5/24 made its maiden trade at 2.72%; about 6bps lower than its coupon. GENTING Capital saw its 6/22 tranche close 10bps lower at 3.79%. AA-rated energy-related bonds KAPAR 7/24 saw yields slide sharply lower at 3.42% whilst Southern Power 10/27 closed 7bps lower at 4.03%. Meanwhile the banking/finance space was relatively quiet.

Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS	11/21	1.836	64	1.802	05/11/2021	3
MGS	03/22	1.780	226	1.800	05/11/2021	-2
MGS	08/22	1.819	1	1.753	05/11/2021	7
MGS	03/23	2.237	14	2.279	05/11/2021	-4
MGS	04/23	2.233	8	2.329	03/11/2021	-10
MGS	08/23	2.297	169	2.420	01/11/2021	-12
MGS	06/24	2.610	371	2.647	05/11/2021	-4
MGS	07/24	2.667	21	2.663	05/11/2021	0
MGS	03/25	2.839	3	2.901	05/11/2021	-6
MGS	09/25	2.943	13	3.061	05/11/2021	-12
MGS	07/26	3.130	6	3.125	05/11/2021	0
MGS	11/26	3.099	230	3.125	05/11/2021	-3
MGS	05/27	3.205	1	3.343	05/11/2021	-14
MGS	11/27	3.326	30	3.372	05/11/2021	-5
MGS	06/28	3.358	104	3.427	05/11/2021	-7
MGS	08/29	3.506	30	3.594	05/11/2021	-9
MGS	04/30	3.631	113	3.651	05/11/2021	-2
MGS	04/31	3.445	150	3.570	05/11/2021	-13
MGS	07/34	4.088	33	4.114	05/11/2021	-3
MGS	05/35	4.041	9	4.061	05/11/2021	-2
MGS	04/37	4.206	3	4.215	03/11/2021	-1
MGS	05/40	4.180	58	4.228	05/11/2021	-5
MGS	03/46	4.468	2	4.443	01/11/2021	3
MGS	07/48	4.465	1	4.484	03/11/2021	-2
MGS	06/50	4.284	167	4.360	05/11/2021	-8
GII	03/22	1.800	105	1.735	05/11/2021	6
GII	04/22	1.801	80	1.801	03/11/2021	0
GII	11/23	2.397	3	2.431	03/11/2021	-3
GII	10/24	2.690	50	2.709	03/11/2021	-2
GII	08/25	3.112	16	3.094	03/11/2021	2
GII	03/26	3.136	55	3.201	05/11/2021	-6
GII	07/27	3.410	2	3.481	29/10/2021	-7
GII	10/28	3.450	56	3.522	05/11/2021	-7
GII	12/28	3.602	30	3.597	13/10/2021	0
GII	10/30	3.603	279	3.663	05/11/2021	-6
GII	09/41	4.230	5	4.135	05/11/2021	10
GII	11/49	4.500	188	4.521	05/11/2021	-2
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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*	
Khazanah Nasional Berhad	09/22	GG	2.041	10	2.021	29/10/2021	2	20
Prasarana Malaysia Berhad	11/28	GG	3.763	20	3.279	11/06/2021	48	33
DanaInfra Nasional Berhad	11/51	GG	4.577	2	-	-	-	36
Cagamas Berhad	05/24	AAA	2.718	10	-	-	-	3
Pengurusan Air Selangor Sdn Berhad	10/28	AAA	4.060	5	-	-	-	63
Pengurusan Air Selangor Sdn Berhad	10/31	AAA	4.180	5	-	-	-	59
Danga Capital Berhad	09/33	AAA	4.220	20	4.198	12/10/2021	2	63
Genting Capital Berhad	06/22	AA1	3.786	10	3.887	28/10/2021	-10	195
Kuala Lumpur Kepong Berhad	09/22	AA1	2.140	10	2.158	25/10/2021	-2	30
Sabah Development Bank Berhad	07/24	AA1	4.178	1	3.572	14/10/2021	61	149
GENM Capital Berhad	07/28	AA1	4.768	3	4.855	05/11/2021	-9	133
Kapar Energy Ventures Sdn Berhad	07/24	AA+	3.424	10	4.490	16/07/2013	-107	74
Imtiaz Sukuk II Berhad	05/22	AA2	2.210	10	2.241	29/10/2021	-3	37
Southern Power Generation Sdn Berhad	10/27	AA-	4.027	10	4.097	21/10/2021	-7	68
Eco World International Berhad	04/23	-	5.245	1	4.635	15/10/2021	61	340
YNH Property Berhad	08/19	-	6.148	1	6.149	05/11/2021	0	193
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*spread against nearest indicative tenured MGS (Source : BPAM)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Malaysia Airports Holdings Berhad	Proposed Senior Sukuk and Perpetual Subordinated Sukuk	AAA/Stable and AA2/Stable	Assigned

Source: RAM, MARC

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