

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended mixed in a volatile session last Friday; with the shorter-ends rallying following a much smaller-than-expected jobs gain in April which dampened hopes that a strong economic recovery would spur rates higher. The curve steepened as overall benchmark yields ended between -3 to +4bps with the UST 2Y and 10Y yields settling within 1bps in either direction at 0.15% and 1.58% respectively. The expectations of a heavy IG issuance slate of about \$40-50b this week including several jumbo deals may also impact yield movements going forward. Meanwhile the April jobs report may reflect the Fed's earlier expectations that the recovery will take a lot longer than expected and this may possibly lead to further stimulus being pumped into the economy. Expect some attention to shift to the CPI numbers for April this coming Wednesday along with auctions for 3Y, 10Y and 30Y bonds for the week.

| UST | | |
|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) |
| 2-yr UST | 0.15 | -1 |
| 5-yr UST | 0.77 | -3 |
| 10-yr UST | 1.58 | 1 |
| 30-yr UST | 2.28 | 4 |

| MGS | | | GII* | |
|--------|-------------|-----------|-------------|-----------|
| Tenure | Closing (%) | Chg (bps) | Closing (%) | Chg (bps) |
| 3-yr | 2.32 | 0 | 2.13 | 0 |
| 5-yr | 2.54 | 1 | 2.60 | 0 |
| 7-yr | 2.93 | 2 | 3.02 | 1 |
| 10-yr | 3.08 | 0 | 3.22 | 0 |
| 15-yr | 3.81 | -1 | 3.93 | 4 |
| 20-yr | 4.17 | 2 | 4.20 | 0 |
| 30-yr | 4.30 | -2 | 4.42 | -9 |

* Market indicative levels

| MYR IRS Levels | | |
|----------------|-------------|-----------|
| IRS | Closing (%) | Chg (bps) |
| 1-yr | 2.00 | 0 |
| 3-yr | 2.40 | 1 |
| 5-yr | 2.67 | 2 |
| 7-yr | 2.84 | 2 |
| 10-yr | 3.10 | 0 |

Source : Bloomberg

MGS/GII

- On Friday, local govies saw both MGS closed mostly mixed with lesser-than-expected influence from reports of the strong RM6.4b jump in foreign holdings of overall MYR bonds in April to a multi-year high of RM246.1b. Overall benchmark yields settled between -9 to +4bps with the 5Y MGS 9/25 yield up 1bps up at 2.54% whilst the 10Y MGS 4/31 yield closed within 1bps up at 3.08% amid higher secondary market volume of RM2.67b. Some interest was seen in the shorter off-the-run 21's, 28's and also the 15Y MGS. GII bond trades maintained to form 35% of overall trades. The RM2.0b 30Y GII auction saw solid demand despite a similar private placement amount; notching a BTC ratio of 2.433x and awarded at 4.568%. Expect attention to shift to the release of 1Q2021 GDP data tomorrow.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space witnessed strong secondary market activity with interest across the curve last Friday amid a jump in secondary market volume @ RM709m. Trades were seen printed across the GG to single-A part of the curve as overall yields closed mixed on about 27 various names. Both govt-guaranteed SME and DANA 25 experienced different fortunes with the former rallying 19bs compared to previous-done levels at 2.84% whilst the later spiked 46bps at 2.85%. Highway operator WCE 35-36's which was last traded in 2015 saw RM100m exchange hands each; closing 71-74bps lower between 4.60-67%. AA-rated IMTIAZ 4/28 settled 10bps lower at 3.76%. whilst BUMITAMA 7/26 declined 3bps at 3.54%. Meanwhile, the banking space saw Bank ISLAM 30NC25 notch a whopping RM170m in nominal values, closing unchanged at 3.59%.

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 | 1.762 | 188 | 1.732 | 06/05/2021 | 3 |
| MGS | 09/21 | 1.747 | 159 | 1.686 | 05/05/2021 | 6 |
| MGS | 03/22 | 1.793 | 57 | 1.789 | 05/05/2021 | 0 |
| MGS | 03/23 | 2.063 | 33 | 2.016 | 06/05/2021 | 5 |
| MGS | 04/23 | 2.073 | 37 | 2.096 | 06/05/2021 | -2 |
| MGS | 08/23 | 2.146 | 4 | 2.157 | 06/05/2021 | -1 |
| MGS | 06/24 | 2.322 | 108 | 2.326 | 06/05/2021 | 0 |
| MGS | 07/24 | 2.366 | 26 | 2.376 | 03/05/2021 | -1 |
| MGS | 09/24 | 2.378 | 13 | 2.371 | 05/05/2021 | 1 |
| MGS | 03/25 | 2.510 | 18 | 2.496 | 06/05/2021 | 1 |
| MGS | 09/25 | 2.540 | 54 | 2.532 | 06/05/2021 | 1 |
| MGS | 07/26 | 2.703 | 22 | 2.620 | 06/05/2021 | 8 |
| MGS | 03/27 | 2.791 | 4 | 2.824 | 03/05/2021 | -3 |
| MGS | 05/27 | 2.854 | 153 | 2.842 | 06/05/2021 | 1 |
| MGS | 11/27 | 2.850 | 11 | 2.863 | 06/05/2021 | -1 |
| MGS | 06/28 | 2.931 | 420 | 2.912 | 06/05/2021 | 2 |
| MGS | 08/29 | 3.146 | 4 | 3.141 | 06/05/2021 | 0 |
| MGS | 04/30 | 3.257 | 63 | 3.242 | 06/05/2021 | 2 |
| MGS | 04/31 | 3.080 | 36 | 3.077 | 06/05/2021 | 0 |
| MGS | 06/31 | 3.325 | 12 | 3.389 | 06/05/2021 | -6 |
| MGS | 07/34 | 3.808 | 258 | 3.818 | 06/05/2021 | -1 |
| MGS | 05/40 | 4.171 | 45 | 4.147 | 06/05/2021 | 2 |
| MGS | 03/46 | 4.307 | 3 | 4.352 | 05/05/2021 | -4 |
| MGS | 06/50 | 4.301 | 13 | 4.345 | 06/05/2021 | -4 |
| GII | 07/22 | 1.931 | 10 | 1.960 | 04/05/2021 | -3 |
| GII | 11/22 | 1.997 | 10 | 1.995 | 03/05/2021 | 0 |
| GII | 08/24 | 2.403 | 7 | 2.409 | 05/05/2021 | -1 |
| GII | 10/24 | 2.405 | 30 | 2.361 | 05/05/2021 | 4 |
| GII | 03/26 | 2.603 | 11 | 2.602 | 06/05/2021 | 0 |
| GII | 07/27 | 3.022 | 20 | 2.986 | 05/05/2021 | 4 |
| GII | 09/27 | 3.016 | 195 | 3.009 | 06/05/2021 | 1 |
| GII | 10/28 | 3.074 | 15 | 3.085 | 06/05/2021 | -1 |
| GII | 07/29 | 3.205 | 10 | 3.205 | 06/05/2021 | 0 |
| GII | 07/36 | 3.931 | 10 | 3.895 | 06/05/2021 | 4 |
| GII | 09/39 | 4.222 | 60 | 4.257 | 06/05/2021 | -3 |
| GII | 11/49 | 4.419 | 549 | 4.513 | 05/05/2021 | -9 |
| | | | <u>2668</u> | | | |

Daily Trades : Corp Bonds/ Sukuk

| Securities | | Rating | Closing YTM | Vol (RM mil) | Previous YTM | Previous Trade Date (dd/mm/yy yy) | Chg (bp) | Spread Against MGS* |
|---|-------|--------|----------------|-----------------|-----------------|--|-------------|---------------------------|
| Small Medium Enterprise Development Bank Malaysia B | 04/25 | GG | 2.842 | 40 | 3.028 | 23/03/2021 | -19 | 41 |
| Lembaga Pembiayaan Perumahan Sektor Awam | 10/25 | GG | 2.849 | 20 | 2.387 | 27/11/2020 | 46 | 42 |
| Cagamas Berhad | 12/21 | AAA | 2.102 | 5 | 2.080 | 04/05/2021 | 2 | 29 |
| Pengerang LNG (Two) Sdn Berhad | 10/23 | AAA | 2.684 | 10 | 2.783 | 25/03/2021 | -10 | 61 |
| DiGi Telecommunications Sdn Berhad | 09/26 | AAA | 3.160 | 10 | 3.218 | 14/04/2021 | -6 | 63 |
| Infracap Resources Sdn Berhad | 04/28 | AAA | 3.848 | 10 | 3.989 | 16/04/2021 | -14 | 91 |
| EKVE Sdn Berhad | 01/29 | AAA | 3.729 | 3 | 3.760 | 12/09/2019 | -3 | 70 |
| Tenaga Nasional Berhad | 08/30 | AAA | 3.762 | 10 | 3.999 | 01/04/2021 | -24 | 68 |
| West Coast Expressway Sdn Berhad | 08/31 | AAA | 4.147 | 60 | 5.169 | 18/12/2015 | -102 | 107 |
| Tenaga Nasional Berhad | 08/33 | AAA | 4.159 | 10 | 4.319 | 02/04/2021 | -16 | 108 |
| West Coast Expressway Sdn Berhad | 08/35 | AAA | 4.598 | 100 | 5.339 | 18/12/2015 | -74 | 76 |
| Infracap Resources Sdn Berhad | 04/36 | AAA | 4.600 | 1 | 4.589 | 06/05/2021 | 1 | 76 |
| West Coast Expressway Sdn Berhad | 08/36 | AAA | 4.668 | 100 | 5.379 | 18/12/2015 | -71 | 83 |
| First Resources Limited | 10/21 | AA2 | 2.522 | 10 | 2.536 | 06/05/2021 | -1 | 71 |
| Imtiaz Sukuk II Berhad | 04/28 | AA2 | 3.758 | 100 | 3.859 | 20/04/2021 | -10 | 82 |
| Perbadanan Kemajuan Negeri Selangor | 08/23 | AA3 | 3.608 | 4 | 3.660 | 26/04/2021 | -5 | 153 |
| Bumitama Agri Ltd | 07/26 | AA3 | 3.537 | 20 | 3.568 | 03/05/2021 | -3 | 101 |
| AEON Credit Service (M) Berhad | 02/28 | AA3 | 3.948 | 20 | 3.439 | 18/08/2020 | 51 | 101 |
| Sunsuria Berhad | 12/23 | A+ | 5.378 | 2 | 5.599 | 08/12/2020 | -22 | 306 |
| Tropicana Corporation Berhad | 10/25 | A+ | 5.172 | 1 | 5.194 | 13/04/2021 | -2 | 274 |
| Bank Islam Malaysia Berhad | 10/30 | A1 | 3.589 | 170 | 3.590 | 06/05/2021 | 0 | 50 |
| Hong Leong Financial Group Berhad | 11/17 | A1 | 3.352 | 1 | 3.389 | 09/04/2021 | -4 | -83 |
| Alliance Bank Malaysia Berhad | 10/35 | A2 | 3.775 | 1 | 3.775 | 06/05/2021 | 0 | -6 |
| MBSB Bank Berhad (fka Asian Finance Bank Berhad) | 12/31 | A3 | 4.496 | 1 | 4.107 | 23/04/2021 | 39 | 142 |
| YNH Property Berhad | 08/19 | - | 6.557 | 1 | 6.445 | 04/05/2021 | 11 | 238 |
| Tropicana Corporation Berhad | 09/19 | - | 5.353 | 1 | 5.313 | 05/05/2021 | 4 | 118 |
| Cypark Renewable Energy Sdn Berhad | 09/20 | - | 6.820 | 1 | 6.819 | 23/04/2021 | 0 | 264 |
| | | | | 709 | | | | |

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

| Rating Action | | | |
|-------------------------|--|----------------|------------|
| Issuer | PDS Description | Rating/Outlook | Action |
| Sparks Energy 1 Sdn Bhd | RM220.0 MILLION PROPOSED ASEAN GREEN SRI SUKUK | AA-IS/Stable | Reaffirmed |

Source: RAM, MARC

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