

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries climbed off their worst levels but ended mostly weaker last Friday on inflation bets and also heavy upcoming coupon auctions whilst technical indicators displayed a bearish stance as well. The curve shifted higher as overall benchmark yields ended up between 0-4bps. The UST 2Y yield closed within 1bps lower at 0.13% and the much-watched UST 10Y yield rose 4bps compared to prior day's close at 1.12%; driven by expectations that the roll-out of vaccines improves the global growth outlook. The rise in UST yields the past week may challenge policy-makers efforts in the past to repress yields and keep them trading in a tight trading range. Following the mixed NFP/jobs reports for December, expect attention to shift to the upcoming release of US inflation data on Wednesday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.13	0
5-yr UST	0.47	2
10-yr UST	1.12	4
30-yr UST	1.88	2

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.88	0	1.92	1
5-yr	2.11	-1	2.27	0
7-yr	2.46	2	2.53	0
10-yr	2.67	10	2.76	4
15-yr	3.31	15	3.40	9
20-yr	3.50	3	3.58	6
30-yr	3.89	8	3.90	0

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	0
3-yr	2.06	0
5-yr	2.26	0
7-yr	2.42	2
10-yr	2.62	4

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GIII

- Last Friday, local govies saw the longer-ends end weaker with overall benchmark yields closing mostly between 0-15bps higher (save for the 5Y MGS) amid a sustained secondary market volume of RM3.35b. The 5Y MGS 9/25 yield edged 1bps lower at 2.11% whilst the 10Y MGS4/31 yield spiked 10bps at 2.67% on odd-lot trades. Interest was mainly seen in the off-the-run 21's, 28's (almost 25% of overall trades) and benchmark 15y MGS. GII bond trades rose to form ~37% of overall trades. Foreign holdings of overall govies rose m/m by RM3.55b or 1.6% to RM223.0b in December. Separately, the MYR slipped following dollar strength momentum coupled with heightened COVID-19 cases in the country. On the data front we have the November industrial production and manufacturing sales to be released at noon today.

Corp Bonds/Sukuk

- The Corporate Bond/Sukuk space saw sharp dip in investor interest ahead of the weekend amid a tepid secondary market volume of RM232m with interest seen across the AAA-AA part of the curve. Overall yields closed mostly mixed on trades involving a mere 17 bonds in total. The sole govt-guaranteed trade consisted of PRASA 11/28 which spiked 21bps compared to previous-done levels at 2.90%. AAA-rated BAKUN 8/26 declined 8bps at 2.80% whereas TNB 8/35 closed 15bps lower at 3.65%. AA-rated energy-related bond MALAKOFF 12/22 saw yields fall sharply at 2.66% whilst MRCB 8/23 closed 6bps lower at 3.53%. Single-rated Tan Chong which last traded on the 7th of Jan, exchanged hands again closing unchanged at 3.82%. Meanwhile, the banking space continued to see no activity.

Daily Trades : Government Bond

Securities	Closing	Vol	Previous	Previous	Chg
	YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	(bp)
MGS 02/21	1.715	81	1.742	07/01/2021	-3
MGS 07/21	1.750	324	1.671	07/01/2021	8
MGS 11/21	1.722	20	1.741	07/01/2021	-2
MGS 03/22	1.702	2	1.744	07/01/2021	-4
MGS 08/22	1.786	6	1.773	07/01/2021	1
MGS 09/22	1.820	3	1.749	07/01/2021	7
MGS 03/23	1.877	78	1.876	07/01/2021	0
MGS 08/23	1.889	11	1.878	07/01/2021	1
MGS 06/24	1.989	1	1.989	07/01/2021	0
MGS 07/24	2.028	7	2.001	07/01/2021	3
MGS 03/25	2.098	8	2.113	07/01/2021	-2
MGS 09/25	2.113	13	2.124	07/01/2021	-1
MGS 07/26	2.309	4	2.273	07/01/2021	4
MGS 11/26	2.275	3	2.284	07/01/2021	-1
MGS 03/27	2.404	6	2.389	07/01/2021	2
MGS 05/27	2.463	105	2.447	07/01/2021	2
MGS 11/27	2.490	5	2.432	07/01/2021	6
MGS 06/28	2.489	782	2.478	07/01/2021	1
MGS 08/29	2.679	98	2.645	07/01/2021	3
MGS 04/30	2.666	6	2.676	07/01/2021	-1
MGS 04/31	2.665	6	2.571	07/01/2021	9
MGS 06/31	2.817	76	2.760	07/01/2021	6
MGS 04/33	3.280	5	3.203	07/01/2021	8
MGS 11/33	3.329	4	3.294	07/01/2021	4
MGS 07/34	3.314	362	3.301	07/01/2021	1
MGS 04/37	3.450	26	3.365	06/01/2021	9
MGS 06/38	3.538	3	3.503	07/01/2021	3
MGS 05/40	3.503	20	3.471	07/01/2021	3
MGS 09/43	3.843	1	3.798	07/01/2021	4
MGS 07/48	3.906	1	3.827	07/01/2021	8
MGS 06/50	3.893	50	3.810	07/01/2021	8
GII 05/23	1.921	50	1.905	06/01/2021	2
GII 07/23	1.967	3	1.940	28/12/2020	3
GII 11/23	2.028	100	2.023	06/01/2021	0
GII 10/24	2.109	9	2.060	06/01/2021	5
GII 08/25	2.230	2	2.191	31/12/2020	4
GII 03/26	2.269	200	2.273	07/01/2021	0
GII 09/26	2.457	30	2.468	07/01/2021	-1
GII 07/27	2.507	10	2.530	23/12/2020	-2
GII 09/27	2.527	78	2.527	07/01/2021	0
GII 08/28	2.640	20	2.558	06/01/2021	8
GII 10/28	2.668	154	2.683	07/01/2021	-1
GII 07/29	2.755	110	2.736	07/01/2021	2
GII 09/30	2.824	60	2.736	06/01/2021	9
GII 10/30	2.759	172	2.719	07/01/2021	4
GII 06/33	3.320	10	3.343	07/01/2021	-2
GII 11/34	3.400	181	3.310	07/01/2021	9
GII 09/39	3.580	40	3.525	07/01/2021	6
		<u>3345</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*	
Prasarana Malaysia Berhad	11/28	GG	2.901	15	2.690	11/09/2020	21	34
Cagamas Berhad	03/21	AAA	1.978	50	2.111	28/07/2020	-13	23
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/26	AAA	2.799	60	2.880	02/12/2020	-8	48
Manjung Island Energy Berhad	11/27	AAA	2.879	10	2.699	28/08/2020	18	38
Tenaga Nasional Berhad	08/35	AAA	3.649	10	3.801	27/11/2020	-15	33
YTL Power International Berhad	08/23	AA1	2.975	10	3.022	27/11/2020	-5	110
YTL Corporation Berhad	11/26	AA1	3.443	10	3.351	24/12/2020	9	112
Perbadanan Kemajuan Negeri Selangor	10/23	AA3	3.337	10	3.806	20/09/2019	-47	146
UEM Sunrise Berhad	04/22	AA-	3.508	2	3.534	10/12/2020	-3	176
Malakoff Power Berhad	12/22	AA-	2.658	20	3.146	19/06/2020	-49	86
Malaysian Resources Corporation Berhad	08/23	AA-	3.531	10	3.587	24/11/2020	-6	166
SHC Capital Sdn Berhad	12/32	AA-	4.900	5	-	-	-	225
SHC Capital Sdn Berhad	12/33	AA-	5.000	5	-	-	-	168
Tan Chong Motor Holdings Berhad	11/21	A1	3.818	10	3.821	07/01/2021	0	207
Tropicana Corporation Berhad	06/25	A+	5.382	1	5.149	15/12/2020	23	336
Alliance Bank Malaysia Berhad	10/35	A2	3.875	3	3.628	06/01/2021	25	56
Eco World Capital Assets Berhad	08/24	-	6.199	1	6.163	22/12/2020	4	417
			<u>232</u>					

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

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
UEM Sunrise Berhad	Islamic Commercial Papers and Islamic Medium-Term Notes programmes ICP/IMTN-1 and ICP/IMTN-2	MARC-1IS / AA-IS	Affirmed
Suria KLCC Sdn Bhd	RM600 mil Islamic Medium-term Notes Programme (2014/2044)	AAA/Stable	Raffirmed

Source: RAM, MARC

Hong Leong Bank Berhad

Fixed Income & 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@hlbb.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. HLBB may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities mentioned herein. 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.