

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries ended weaker on Tuesday despite the strong 3Y auction as the active corporate issuance slate which included Intel and T-mobile, kept yields elevated. The passing of \$1 trillion infrastructure bill by the US Senate and possible talk on another \$3.5 trillion spending plan also impacted yields. The curve shifted higher as overall benchmark yields rose between 2-3bps. The UST 2Y yield edged up 2bps at 0.24% and the much-watched UST 10Y moved 3bps higher at 1.35%. The August refunding exercise began with a solid \$58b 3Y auction which was awarded at 0.465% (6 previous auction average: 0.335%) on a BTC ratio of 2.54x; the highest since March (6 previous auction average: 2.45x). Meanwhile the combination of strong jobs data and hawkish Fed speak may jerk yields higher with expectations of asset tapering possibly commencing sooner i.e. in November. Expect attention to shift to release of July CPI tonight followed by upcoming auctions involving 10Y and 30Y auctions.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.24	2
5-yr UST	0.83	3
10-yr UST	1.35	3
30-yr UST	2.00	3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.31	1	2.33	0
5-yr	2.69	6	2.65	0
7-yr	3.02	0	3.07	2
10-yr	3.23	0	3.34	4
15-yr	3.78	4	3.91	0
20-yr	4.00	-1	4.23	0
30-yr	4.34	10	4.40	-6

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.96	1
3-yr	2.35	2
5-yr	2.63	3
7-yr	2.86	2
10-yr	3.05	0

Source: Bloomberg

MGS/GII

- Local govies saw subdued activity on Monday i.e. the eve of the Maal Hijrah holiday, with the long-ends seeing substantial movements on odd-lot transactions. Overall benchmark yields closed between 0-10bps (save for the 30Y GII), amid a sharp drop in secondary market volume @ RM708m. The 5Y benchmark MGS 11/26 yield spiked 6bps at 2.69% whilst the 10Y MGS 4/31 closed unchanged at 3.23%. Some interest was seen in the shorter off-the-run 21's and also benchmark 10Y MGS/GII. GII maintained to form 29% of overall trades. Elsewhere June IPI continued to normalize from April's peak; underpinned by export-orientated sectors. We maintain our house view of a double-digit growth in 2Q2021.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw sharp decline in activity on Monday as well with interest seen mainly across the AAA-AA part of the curve amid secondary market volume of only RM295m. Overall yields closed mostly lower, spanning across a mere 19 names. Govt-guaranteed LPPSA 9/24 and PRASA 3/40 settled 4-5bps lower compared to previous-done levels at 2.41% and 4.29% respectively. AAA-rated PUNCAK Wangi 11/21 and TOYOTA 2/23 ended 4bps lower each between 2.69-76%. AA-rated energy-related bonds TADAU 7/22 edged 2bps lower at 3.06% whereas FIRST Resources 11/21 saw RM30m exchange hands, declining 25bps to 2.27%. Meanwhile the banking/finance sector saw HLF 29NC24 close 5bps lower at 3.09% whilst RHB Islamic 29NC24 settled unchanged at 3.14%.

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 09/21	1.759	172	1.764	06/08/2021	-1
MGS 11/21	1.643	9	1.761	06/08/2021	-12
MGS 03/23	1.941	7	1.925	06/08/2021	2
MGS 06/24	2.306	20	2.300	06/08/2021	1
MGS 09/25	2.617	60	2.557	06/08/2021	6
MGS 11/26	2.689	41	2.629	06/08/2021	6
MGS 04/31	3.225	60	3.225	06/08/2021	0
MGS 04/33	3.716	30	3.679	04/08/2021	4
MGS 11/33	3.773	3	3.727	04/08/2021	5
MGS 05/35	3.776	30	3.731	06/08/2021	4
MGS 05/40	4.001	70	4.008	06/08/2021	-1
MGS 06/50	4.341	2	4.240	06/08/2021	10
GII 05/24	2.350	13	2.292	02/08/2021	6
GII 03/26	2.646	70	2.642	06/08/2021	0
GII 09/27	3.070	20	3.053	06/08/2021	2
GII 10/30	3.344	80	3.307	06/08/2021	4
GII 11/49	4.395	21	4.456	03/08/2021	-6
		<u>708</u>			

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*	
Lembaga Pembiayaan Perumahan Sektor Awam	09/24	GG	2.417	20	2.459	13/07/2021	-4	12
Prasarana Malaysia Berhad	03/40	GG	4.290	20	4.340	28/07/2021	-5	25
Puncak Wangi Sdn Berhad	11/21	AAA	2.692	20	2.731	06/08/2021	-4	91
Toyota Capital Malaysia Sdn Berhad	02/23	AAA	2.755	40	2.797	06/08/2021	-4	80
Pengerang LNG (Two) Sdn Berhad	10/26	AAA	2.958	10	3.128	03/06/2021	-17	31
Sabah Development Bank Berhad	07/24	AA1	3.841	2	3.842	06/08/2021	0	154
GENM Capital Berhad	07/28	AA1	4.632	2	4.592	06/08/2021	4	162
First Resources Limited	10/21	AA2	2.268	30	2.522	07/05/2021	-25	49
Hong Leong Financial Group Berhad	06/29	AA2	3.094	40	3.143	12/07/2021	-5	-4
Tadau Energy Sdn Berhad	07/22	AA3	3.062	5	3.084	06/08/2021	-2	128
Country Garden Real Estate Sdn Berhad	02/23	AA3	5.213	1	5.227	03/08/2021	-1	326
Edra Energy Sdn Berhad	07/26	AA3	3.732	1	3.532	04/08/2021	20	109
RHB Islamic Bank Berhad	05/29	AA3	3.135	30	3.138	05/08/2021	0	0
UTM Solar Power Dua Sdn Berhad	03/22	AA-	3.044	3	3.064	06/08/2021	-2	126
Tan Chong Motor Holdings Berhad	11/21	A1	4.616	30	3.733	19/04/2021	88	284
CIMB Group Holdings Berhad	05/16	A1	3.374	5	3.389	27/07/2021	-1	-67
Eco World Capital Assets Berhad	08/22	-	4.413	1	4.484	21/05/2021	-7	263
Mah Sing Group Berhad	04/17	-	4.451	12	4.909	29/07/2021	-46	41
LBS Bina Group Berhad	03/20	-	6.491	24	6.809	04/08/2021	-32	245
			<u>295</u>					

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

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

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.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

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.