

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- USTs ended weaker last Friday as inflation-expectations outweighed the weaker-than-expected NFP data release which showed slower employment growth in September. The curve ended higher with overall benchmark yields closing up between 1-4bps. The UST 2Y yield edged 1bps up at 0.32% whilst the much-watched UST 10Y rose 4bps instead to 1.61%; levels last seen in early-June. A slew of Fed officials in the coming days is likely to reinforce the view that asset-tapering will go ahead. Elsewhere, investors will be watching to see if the Democrats come to an agreement over the content and size of the massive long-term stimulus amounting to \$3.5 trillion. Meanwhile expect investors to turn their attention to the FedSpeak event this week, release of September inflation data on Wednesday, followed by minutes of the FOMC meeting on Thursday.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.32	1
5-yr UST	1.06	4
10-yr UST	1.61	4
30-yr UST	2.17	4

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.47	-4	2.53	0
5-yr	3.09	6	3.09	6
7-yr	3.51	6	3.27	0
10-yr	3.63	4	3.65	5
15-yr	4.13	2	4.23	7
20-yr	4.23	0	4.33	2
30-yr	4.31	-4	4.52	1

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.00	-1
3-yr	2.59	4
5-yr	2.93	4
7-yr	3.14	5
10-yr	3.45	6

Source: Bloomberg

MGS/GII

- Local govies continued to weaken last Friday, taking cue from continued fixed-rate payers for IRS. Overall benchmark yields closed higher between 0-7bps (save for the 3Y and 30Y MGS), amid a 22% decrease in secondary market volume @ RM2.79b. The 5Y benchmark MGS 11/26 yield spiked 6bps to 3.09% whilst the 10Y MGS 4/31 yield rose 4bps to 3.63%. Interest was mainly seen in the longer off-the-run 27's and also 5Y MGS, 10Y MGS, 15Y GII. GII trades inched up to form ~24% of overall trades. The existing reversal of spreads against swaps extending out beyond 3-year tenures may be due to weaker buying support and earlier reports on additional local debt supply concerns. The anticipated commencement of asset-tapering exercise in the US has also spooked the local bond market of late.

Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw tepid secondary market activity with volume at a paltry RM140m with some interest seen mainly along the GG-AA part of the curve. Overall yields closed mostly mixed-to-higher, spanning across 11 names. The sole govt-guaranteed LPPSA 9/23 declined 5bps compared to previous-done levels at 2.36%. AAA-rated water management company PASB saw its 2026-2027 tranches spike 75-83bps to between 3.55-88%. In the AA-space, GAMUDA 11/22 edged 2bps lower at 2.77%. UEM Sunrise 5/23 settled unchanged at 3.62% on RM30m worth of trades. Meanwhile the banking/finance space saw AFFIN Islamic 28NC23 rise 7bps to 3.77%.

Upcoming Government Bond Tender

Nil

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/22	1.979	100	1.845	07/10/2021	13
MGS 03/23	1.912	119	1.939	07/10/2021	-3
MGS 04/23	1.948	1	1.931	07/10/2021	2
MGS 08/23	2.037	30	2.008	07/10/2021	3
MGS 06/24	2.473	15	2.508	07/10/2021	-4
MGS 07/24	2.482	55	2.479	05/10/2021	0
MGS 09/24	2.531	16	2.570	07/10/2021	-4
MGS 09/25	2.817	5	2.764	07/10/2021	5
MGS 04/26	2.979	1	2.961	07/10/2021	2
MGS 07/26	3.015	10	3.042	07/10/2021	-3
MGS 11/26	3.093	192	3.031	07/10/2021	6
MGS 03/27	3.332	46	3.075	01/10/2021	26
MGS 05/27	3.327	148	3.321	07/10/2021	1
MGS 11/27	3.437	191	3.385	07/10/2021	5
MGS 06/28	3.512	466	3.454	07/10/2021	6
MGS 08/29	3.633	2	3.495	07/10/2021	14
MGS 04/31	3.625	474	3.589	07/10/2021	4
MGS 04/33	3.991	20	3.809	06/10/2021	18
MGS 07/34	4.164	108	4.123	07/10/2021	4
MGS 05/35	4.130	3	4.108	07/10/2021	2
MGS 06/38	4.301	1	4.281	07/10/2021	2
MGS 05/40	4.233	3	4.238	07/10/2021	-1
MGS 06/50	4.312	88	4.350	07/10/2021	-4
GII 03/22	1.799	30	1.811	01/10/2021	-1
GII 08/24	2.579	146	2.559	07/10/2021	2
GII 10/25	2.842	6	2.580	29/07/2021	26
GII 03/26	3.086	130	3.027	07/10/2021	6
GII 10/28	3.545	7	3.444	07/10/2021	10
GII 10/30	3.645	41	3.596	07/10/2021	5
GII 07/36	4.231	265	4.159	07/10/2021	7
GII 09/41	4.327	40	4.304	07/10/2021	2
GII 11/49	4.522	1	4.508	05/10/2021	1
		<u>2785</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*	
								Lembaga Pembiayaan Perumahan Sektor Awam
Pengurusan Air SPV Berhad	02/26	AAA	3.545	10	3.058	12/07/2021	49	83
Pengurusan Air SPV Berhad	06/27	AAA	3.883	15	3.230	11/08/2021	65	75
Sarawak Energy Berhad	11/28	AAA	3.848	10	3.649	29/09/2021	20	56
Bakun Hydro Power Generation Sdn Berhad (fka Sarawak)	08/30	AAA	3.970	20	3.558	13/09/2021	41	60
Sabah Development Bank Berhad	07/26	AA1	3.923	6	3.923	07/10/2021	0	99
Gamuda Berhad	11/22	AA3	2.770	20	2.791	30/09/2021	-2	99
Gamuda Land (T12) Sdn Berhad	10/28	AA3	4.400	2	-	-	-	112
UEM Sunrise Berhad	05/23	AA-	3.616	30	3.611	07/10/2021	0	160
Affin Islamic Bank Berhad	10/28	A1	3.769	10	3.698	27/07/2021	7	49
Sunsuria Berhad	12/23	A+	5.336	2	5.378	07/05/2021	-4	332
				<u>140</u>				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Leader Energy Sdn Bhd	Outstanding ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk Wakalah of RM255 million	AA IS/Stable	Affirmed

Source: RAM/ MARC

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