

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

##### US Treasuries

- USTs tanked on Wednesday due to poor 30Y bond auction and the stronger-than-expected October CPI print; the highest since November 1990. The earlier flattening moves seen were unwound as the curve shifted sharply higher with overall benchmark yields closing up between 9-14bps. **The UST 2Y yield jumped 9bps to 0.52% whilst the much-watched UST 10Y yield spiked 10bps to 1.55%.** Treasury's \$25b 30Y auction disappointed, tailing by ~5bps with bidding metrics registering a cover of only 2.20x (six previous auction average: 2.22x). The auction was awarded at a rate of 1.94% i.e. 11bps lower than than its previous equivalent sale in August with a larger issuance of \$27b. Rate hike expectations were being built in again following the latest elevated CPI data; with a full 25bps hike priced into July FOMC meeting next year and another 2<sup>nd</sup> hike priced by the end of next year. Expect some attention to shift to some peripheral data by University of Michigan tomorrow.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.52	9
5-yr UST	1.22	14
10-yr UST	1.55	10
30-yr UST	1.91	9

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	2.63	-1	2.68	0
5-yr	3.11	0	3.14	0
7-yr	3.36	-2	3.36	0
10-yr	3.52	0	3.62	0
15-yr	4.04	0	4.08	-7
20-yr	4.15	-1	4.20	1
30-yr	4.26	-2	4.47	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	2.08	1
3-yr	2.68	0
5-yr	2.92	0
7-yr	3.14	0
10-yr	3.32	0

Source: Bloomberg

##### MGS/GII

- Local govies saw the reverse instead on Wednesday with MGS mostly better-bid whilst GII were mostly unchanged with only the 7Y closing stronger on odd-lot trades. Overall benchmark yields closed between -7 to +1bps despite a slight 8% pullback in secondary market volume @ RM2.22b. **Both the 5Y benchmark MGS 11/26 and 10Y benchmark MGS 4/31 yields closed within 1bps higher at 3.11% and 3.52% each.** Interest was mainly seen in the off-the-run 21-22's, 29's and also 5Y, 10Y MGS. GII trades eased further to form 24% of overall trades. Meanwhile, expect attention to shift to release of 3Q2021 GDP numbers on Friday with our expectations of a small contraction for the quarter.

##### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk saw better interest on Wednesday amid markedly improved secondary market volume of RM324m with interest seen across the GG to single-A part of the curve. Overall yields continued to close mostly mixed, spanning across 24 names. Govt-guaranteed PRASA bonds were well-bid with the 9/27 and 3/29 tranches closing 15-27bps lower compared to previous-done levels at 3.55% whereas the long-end 2/50 tranche declined 7bps at 4.59%. AAA-rated TAQA 3/22 edged 2bps up to 3.17% on RM40m worth of trades whilst TNB western 30 spiked 58bps instead 4.17%. Quantum SOLAR dominated the AA-rated space with 2027-2028 tranches closing mixed on yields between 4.03-25% area. The 4/24 tranche declined 16bps at 3.47%. Meanwhile the banking/finance space saw Bank ISLAM 31NC26 make its debut trade at 3.88%; 22bps below its coupon rate of 4.10%.

##### Upcoming Government Bond Tender

Nil

## Daily Trades : Government Bond

Securities		Closing	Vol	Previous	Previous	Chg
		YTM	(RM mil)	YTM	Trade Date (dd/mm/yyyy)	
MGS	11/21	1.750	417	1.769	09/11/2021	-2
MGS	03/22	1.790	243	1.796	09/11/2021	-1
MGS	03/23	2.237	37	2.252	09/11/2021	-1
MGS	04/23	2.245	8	2.251	09/11/2021	-1
MGS	08/23	2.372	4	2.333	09/11/2021	4
MGS	06/24	2.632	5	2.644	09/11/2021	-1
MGS	07/24	2.693	4	2.655	09/11/2021	4
MGS	09/24	2.693	50	2.683	09/11/2021	1
MGS	03/25	2.872	6	2.839	08/11/2021	3
MGS	04/26	3.020	2	3.030	09/11/2021	-1
MGS	07/26	3.047	3	3.095	09/11/2021	-5
MGS	11/26	3.107	369	3.103	09/11/2021	0
MGS	05/27	3.264	10	3.205	09/11/2021	6
MGS	11/27	3.326	2	3.335	09/11/2021	-1
MGS	06/28	3.357	16	3.375	09/11/2021	-2
MGS	08/29	3.521	130	3.513	09/11/2021	1
MGS	04/31	3.517	238	3.516	09/11/2021	0
MGS	11/33	3.985	1	3.999	09/11/2021	-1
MGS	07/34	3.990	59	4.065	09/11/2021	-8
MGS	05/35	4.041	64	4.041	08/11/2021	0
MGS	04/37	4.212	11	4.244	09/11/2021	-3
MGS	06/38	4.217	5	4.225	05/11/2021	-1
MGS	05/40	4.154	5	4.162	09/11/2021	-1
MGS	06/50	4.259	1	4.278	09/11/2021	-2
GII	07/22	1.840	10	1.898	26/10/2021	-6
GII	07/23	2.325	28	2.171	20/10/2021	15
GII	11/23	2.428	10	2.397	08/11/2021	3
GII	08/24	2.659	1	2.670	05/11/2021	-1
GII	03/26	3.142	51	3.140	09/11/2021	0
GII	10/28	3.501	3	3.496	09/11/2021	0
GII	12/28	3.586	30	3.602	08/11/2021	-2
GII	07/29	3.602	140	3.662	09/11/2021	-6
GII	09/30	3.673	70	3.751	05/11/2021	-8
GII	10/30	3.617	40	3.613	09/11/2021	0
GII	07/36	4.081	13	4.148	09/11/2021	-7
GII	08/37	4.210	20	4.229	05/11/2021	-2
GII	09/39	4.285	2	4.317	09/11/2021	-3
GII	09/41	4.204	20	4.193	09/11/2021	1
GII	05/47	4.475	80	4.479	01/10/2021	0
GII	11/49	4.468	16	4.468	09/11/2021	0
			<u>2224</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*
Perbadanan Tabung Pendidikan Tinggi Nasional	03/24	GG	2.955	50	2.529	06/10/2021	43	71
Prasarana Malaysia Berhad	09/27	GG	3.552	20	3.699	21/10/2021	-15	25
Prasarana Malaysia Berhad	03/29	GG	3.740	10	4.010	21/10/2021	-27	37
Prasarana Malaysia Berhad	02/50	GG	4.589	20	4.655	28/04/2021	-7	41
Pengerang LNG (Two) Sdn Berhad	10/23	AAA	2.544	10	2.684	07/05/2021	-14	30
TNB Western Energy Berhad	01/30	AAA	4.167	10	3.584	06/08/2021	58	69
Abu Dhabi National Energy Company PJSC	03/22	AA1	3.170	40	3.155	09/06/2021	2	133
GENM Capital Berhad	03/27	AA1	4.851	15	4.936	05/11/2021	-9	175
GENM Capital Berhad	07/28	AA1	4.768	2	4.768	09/11/2021	0	139
UEM Sunrise Berhad	05/23	AA-	3.530	20	3.573	26/10/2021	-4	129
Perbadanan Kemajuan Negeri Selangor	08/23	AA3	3.298	15	3.307	26/10/2021	-1	105
UEM Sunrise Berhad	09/23	AA-	3.727	16	3.745	06/09/2021	-2	148
Quantum Solar Park (Semenanjung) Sdn Berhad	04/24	AA-	3.467	20	3.626	30/06/2021	-16	122
UEM Sunrise Berhad	10/25	AA-	4.522	10	4.499	29/10/2021	2	158
Quantum Solar Park (Semenanjung) Sdn Berhad	04/27	AA-	4.028	10	4.138	25/05/2021	-11	93
Quantum Solar Park (Semenanjung) Sdn Berhad	10/27	AA-	4.103	20	3.968	04/08/2021	14	81
Quantum Solar Park (Semenanjung) Sdn Berhad	04/28	AA-	4.178	10	4.037	04/08/2021	14	88
Quantum Solar Park (Semenanjung) Sdn Berhad	10/28	AA-	4.249	10	4.403	30/06/2021	-15	87
Lebuhraya DUKE Fasa 3 Sdn Berhad	08/31	AA-	5.139	2	4.979	04/05/2021	16	163
Bank Islam Malaysia Berhad	11/31	A1	3.880	10	-	-	-	37
DRB-Hicom Berhad	08/31	A+	5.238	1	4.991	10/09/2021	25	173
Alliance Bank Malaysia Berhad	10/30	A2	3.526	2	3.526	05/11/2021	0	0
Tropicana Corporation Berhad	09/19	A	6.301	1	6.245	17/09/2021	6	213
WCT Holdings Berhad	09/19	A	5.338	2	5.238	07/09/2021	10	116
				324				

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

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Perusahaan Otomobil Nasional Sdn Bhd's (PROTON or the Company)	Proposed RM4.0 bil Islamic Medium Term Notes Programme (2021/2051) and RM1.0 bil Islamic Commercial Papers Programme (2021/2028), with a combined limit of RM4.0 bil (the programmes)	AA3(s)/Stable and P1(s)	Assigned
Cenergi SEA Berhad	Corporate credit rating	A1/Stable/P1	Assigned
	Proposed Senior Sukuk/Subordinated Perpetual Sukuk Programme with a combined limit of RM1.5 bil	A3/Stable rating	Assigned

Source: RAM, MARC

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