

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries (USTs) came under continuous selloffs for the fifth consecutive day, resulting in yields settling 1-3bps higher across the curve. Extended risk rally amid hopes of massive stimulus spending under the Biden Administration and renewed inflation expectations prompted investors to dump safe haven USTs. Selling were seen more intense in the 7Y to 10Y of the curve, pushing yields up to its highest since last March. Benchmark 2Y yields inched up 1bp to 0.14% while the 10s added 3bpsto 1.15%. Sale of the \$58bn 3Y note yesterday was well received with a higher BTC of 2.52x (prior 2.28x) at a high yield of 0.23% . Next up will be the sale of \$38bn 10Y bonds, which we expect to attract similar decent interests given the current sentiments.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	0.14	1
5-yr UST	0.50	2
10-yr UST	1.15	3
30-yr UST	1.88	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	1.88	0	1.93	1
5-yr	2.14	2	2.28	1
7-yr	2.47	1	2.52	0
10-yr	2.66	0	2.80	4
15-yr	3.38	6	3.51	11
20-yr	3.50	0	3.61	3
30-yr	3.91	1	3.94	3

* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	1.92	0
3-yr	2.04	-2
5-yr	2.24	-2
7-yr	2.43	1
10-yr	2.65	3

Source : Bloomberg

Upcoming Government Bond Tender

Nil

MGS/GII

- MYR government bonds saw more subdued trading on Monday, as investors preferred to stay on the sideline awaiting the announcement of tighter movement control measures following recent spike in Covid-19 cases locally. This was later confirmed by the Prime Minister with six states and all three Federal Territories being placed under MCO for an initial two weeks. Secondary market volume pulled back sharply from RM3.35b last Friday to RM1.89bn yesterday. Trading was seen focused mainly on off-the-runs MGS/ GII skewed to the front end and the belly of the curve. Overall benchmark yields closed flat to higher between 1-11bps, with the biggest move in the 15Y MGS and GII. Meanwhile, benchmark 5Y MGS 9/25 yield edged 2bps up at 2.14% whilst the 10Y MGS4/31 yield was flat at 2.66%. GII bond trades gained further steam to form ~50% of overall trades (prior 37%). We expect some support to return to the local bond space as the economic impact may not as severe as that back in March/ April last year given the less restrictive movement control measures.

Corp Bonds/Sukuk

- On the contrary, the Corporate Bond/Sukuk saw a pick-up in trading activities. Secondary market volume more than doubled to RM504m, with trading spanning from the GG to AA part of the curve. Danainfra '28 and '29 were the sole issuances traded in the GG segment with a combined RM80m changed hands at 2.85% and 3.02% respectively. In the AA-rated segment, various tenors of JEP '23 and '24 saw RM190m dealt between 2.93-3.07% (-7 to -40bps). Other notable papers traded include MACB '22 and PKNS '22, last traded at 2.65% and 3.16%.

Daily Trades : Government Bond

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 02/21	1.752	100	1.715	08/01/2021	4
MGS 07/21	1.761	42	1.750	08/01/2021	1
MGS 09/21	1.754	40	1.683	07/01/2021	7
MGS 03/22	1.720	20	1.702	08/01/2021	2
MGS 08/22	1.771	1	1.786	08/01/2021	-2
MGS 09/22	1.797	245	1.820	08/01/2021	-2
MGS 04/23	1.877	52	1.879	08/01/2021	0
MGS 06/24	2.011	1	1.989	08/01/2021	2
MGS 07/24	2.022	1	2.028	08/01/2021	-1
MGS 09/25	2.136	51	2.113	08/01/2021	2
MGS 04/26	2.270	30	2.247	07/01/2021	2
MGS 07/26	2.317	13	2.309	08/01/2021	1
MGS 11/26	2.262	1	2.275	08/01/2021	-1
MGS 05/27	2.474	50	2.463	08/01/2021	1
MGS 11/27	2.487	1	2.490	08/01/2021	0
MGS 06/28	2.529	63	2.489	08/01/2021	4
MGS 08/29	2.692	16	2.679	08/01/2021	1
MGS 04/31	2.663	1	2.665	08/01/2021	0
MGS 06/31	2.820	22	2.817	08/01/2021	0
MGS 11/33	3.383	110	3.329	08/01/2021	5
MGS 07/34	3.377	69	3.314	08/01/2021	6
MGS 05/35	3.329	2	3.234	07/01/2021	10
MGS 04/37	3.362	6	3.450	08/01/2021	-9
MGS 06/38	3.601	7	3.538	08/01/2021	6
MGS 06/50	3.905	5	3.893	08/01/2021	1
GII 03/21	1.645	1	1.784	04/01/2021	-14
GII 07/22	1.853	100	1.864	05/01/2021	-1
GII 05/23	1.932	91	1.921	08/01/2021	1
GII 07/23	2.005	100	1.967	08/01/2021	4
GII 11/23	2.000	238	2.028	08/01/2021	-3
GII 10/24	2.083	1	2.109	08/01/2021	-3
GII 03/26	2.277	10	2.269	08/01/2021	1
GII 09/26	2.483	26	2.457	08/01/2021	3
GII 07/27	2.585	30	2.507	08/01/2021	8
GII 09/27	2.522	67	2.527	08/01/2021	-1
GII 10/28	2.735	10	2.668	08/01/2021	7
GII 07/29	2.798	40	2.755	08/01/2021	4
GII 10/30	2.795	75	2.759	08/01/2021	4
GII 06/33	3.310	43	3.320	08/01/2021	-1
GII 11/34	3.505	50	3.400	08/01/2021	11
GII 09/39	3.608	60	3.580	08/01/2021	3
GII 11/49	3.938	1	3.904	05/01/2021	3
		<u>1889</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*
Danainfra Nasional Berhad	05/28	GG	2.849	70	2.591	07/09/2020	26	35
Danainfra Nasional Berhad	09/29	GG	3.018	10	2.980	06/01/2021	4	38
Tenaga Nasional Berhad	12/21	AAA	2.106	10	3.921	30/04/2019	-182	35
Sarawak Energy Berhad	01/22	AAA	2.200	10	2.228	23/10/2020	-3	45
Malaysia Airports Capital Berhad	12/22	AAA	2.650	40	2.656	05/01/2021	-1	85
Cagamas Berhad	11/24	AAA	2.522	10	2.449	07/01/2021	7	50
DiGi Telecommunications Sdn Berhad	09/26	AAA	2.718	20	2.703	07/01/2021	2	40
Pengurusan Air SPV Berhad	06/27	AAA	2.819	4	2.820	31/12/2020	0	50
Sarawak Energy Berhad	06/30	AAA	3.142	6	2.899	18/08/2020	24	50
Perbadanan Kemajuan Negeri Selangor	12/22	AA3	3.164	40	3.161	30/10/2020	0	136
Edra Energy Sdn Berhad	07/33	AA3	4.039	10	4.070	29/12/2020	-3	138
Edra Energy Sdn Berhad	07/34	AA3	4.129	30	4.150	29/12/2020	-2	79
Edra Energy Sdn Berhad	01/35	AA3	4.179	10	4.188	28/12/2020	-1	84
Malakoff Power Berhad	12/21	AA-	2.446	30	2.496	08/12/2020	-5	69
Cerah Sama Sdn Berhad	01/22	AA-	2.783	10	4.686	18/01/2017	-190	103
Jimah East Power Sdn Berhad	06/23	AA-	2.928	40	3.326	18/06/2020	-40	113
Jimah East Power Sdn Berhad	12/23	AA-	2.978	50	3.047	25/09/2020	-7	110
Jimah East Power Sdn Berhad	06/24	AA-	3.009	60	3.130	24/07/2020	-12	114
Jimah East Power Sdn Berhad	12/24	AA-	3.067	40	3.271	23/07/2020	-20	104
Affin Bank Berhad	02/27	A1	2.996	1	3.270	17/12/2020	-27	68
MBSB Bank Berhad (fka Asian Finance Bank Berhad)	12/29	A3	3.539	1	3.572	22/10/2020	-3	90
Affin Bank Berhad	07/18	A3	4.598	1	3.628	18/11/2020	97	108
Tropicana Corporation Berhad	09/19	-	5.194	2	5.573	07/01/2021	-38	168
				<u>504</u>				

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

Rating Action			
Isuser	PDS Description	Rating/Outlook	Action
Dynasty Harmony Sdn Bhd	RM165 mil Islamic Medium-Term Notes (IMTN) (2018/2033)	AA3/Stable	Reaffirmed
Axis REIT Sukuk Berhad	Proposed RM105 mil fourth issue (Fourth Sukuk) under RM3 bil Islamic Medium Term Notes Programme: Class A Class B Class C Class D	AAA/ Stable AA1/ Stable AA2/ Stable AA3/ Stable	Assigned

Source: RAM, MARC

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